

2020 Universal Registration Document

INCLUDING THE ANNUAL
FINANCIAL REPORT



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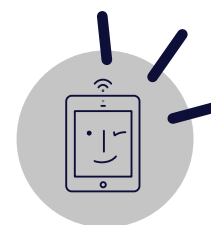
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READ THE DIGITAL VERSION
OF THE UNIVERSAL
REGISTRATION DOCUMENT
ON KLEPIERRE'S WEBSITE
WWW.KLEPIERRE.COM

Universal Registration Document 2020

including the annual
financial report



This Universal Registration Document was filed on March 31, 2021 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation. This is a translation into English of the Universal Registration Document of the Company issued in French. The universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if supplemented by a securities note and, if applicable, a summary and any amendments to the universal registration document. The whole document is approved by the AMF in accordance with Regulation (EU) 2017/1129. This Universal Registration Document is available on Klépierre's website, www.klepierre.com and on the website of the AMF, www.amf-france.org.



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CHAIRMAN'S MESSAGE



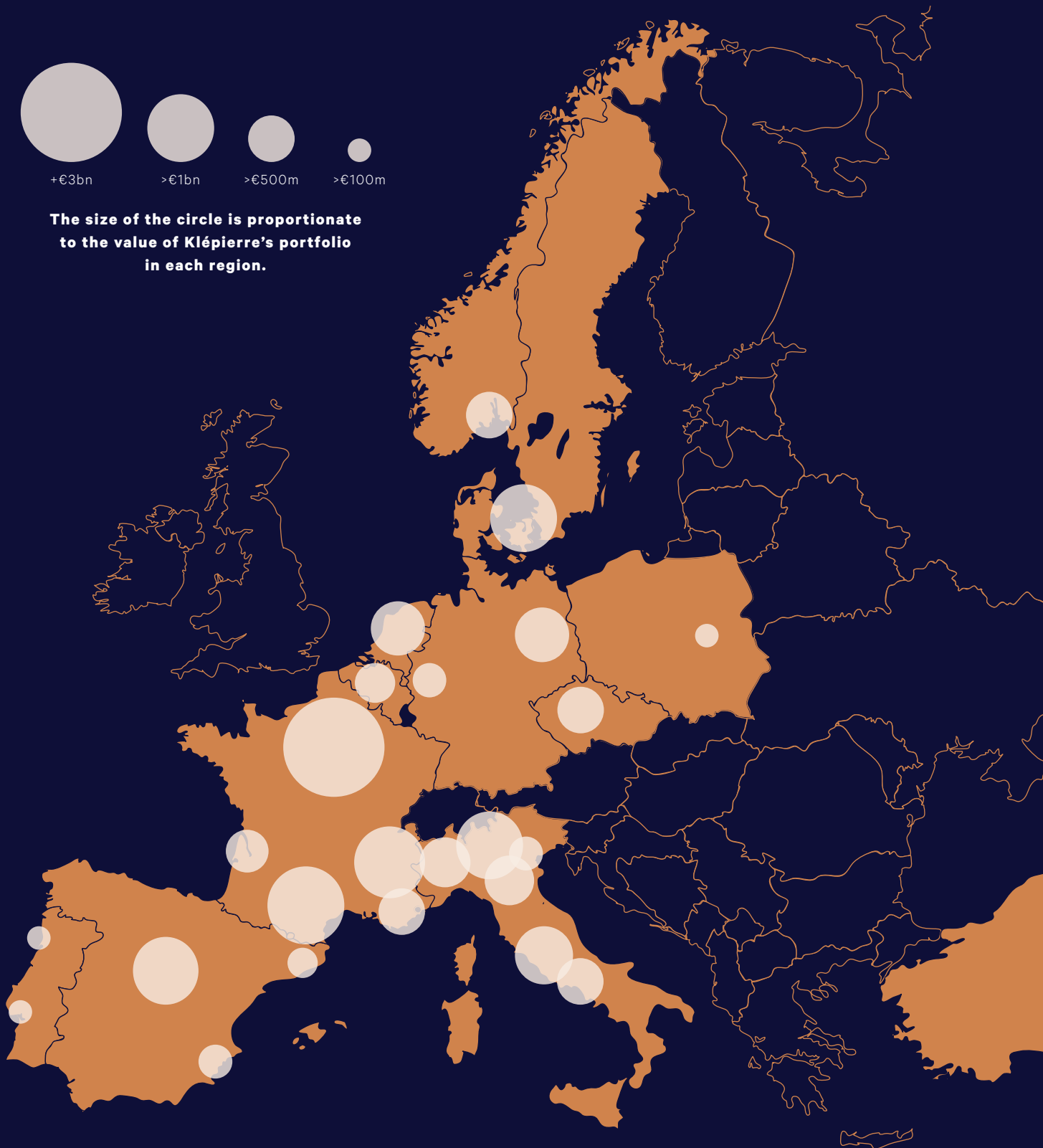
JEAN-MARC JESTIN

CHAIRMAN OF THE EXECUTIVE BOARD

“Klépierre is the European leader in shopping malls, with a portfolio of more than 100 premium shopping centers that draw hundreds of millions of visitors each year...”

...in a fast changing environment, we provide retailers with an unrivaled platform to support them as they grow their business. To consumers, we offer a shopping experience that is both entertaining and fun. Our operational excellence and our development, lease management and asset management expertise are also informed by a deep commitment to sustainable development, which ensures that Klépierre makes a positive contribution to the environment, to its host communities and to people. Backed by our strategic refocusing on assets located in fast growing metropolitan areas and by our innovative vision for shopping centers, our initiatives are all designed to take physical retail to a whole new level.”

KLÉPIERRE IN FIGURES



KLÉPIERRE, THE EUROPEAN LEADER IN SHOPPING MALLS



€22Bn
total portfolio value

€1.1Bn
in revenue

11,200
leases

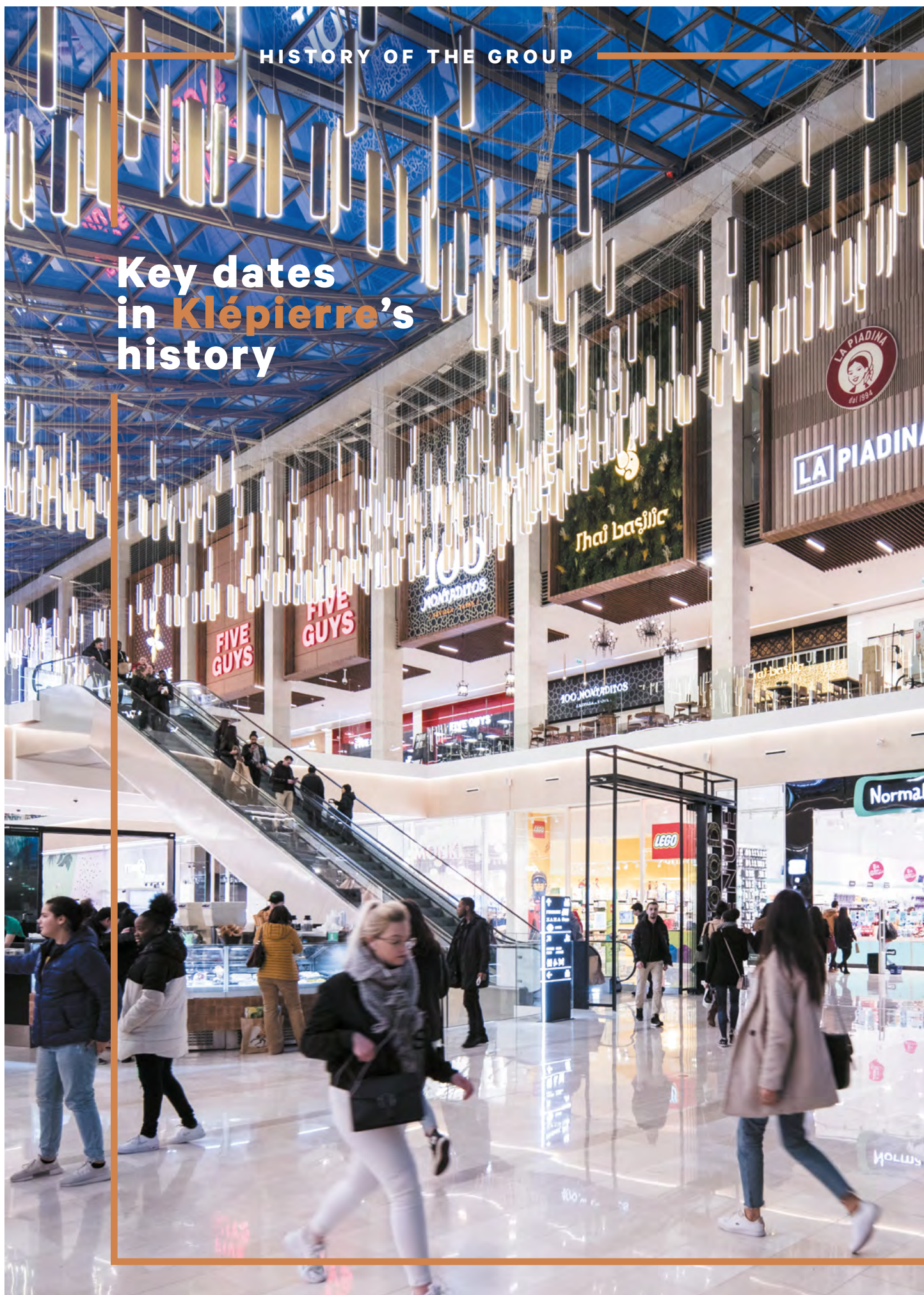
3,800
retailers

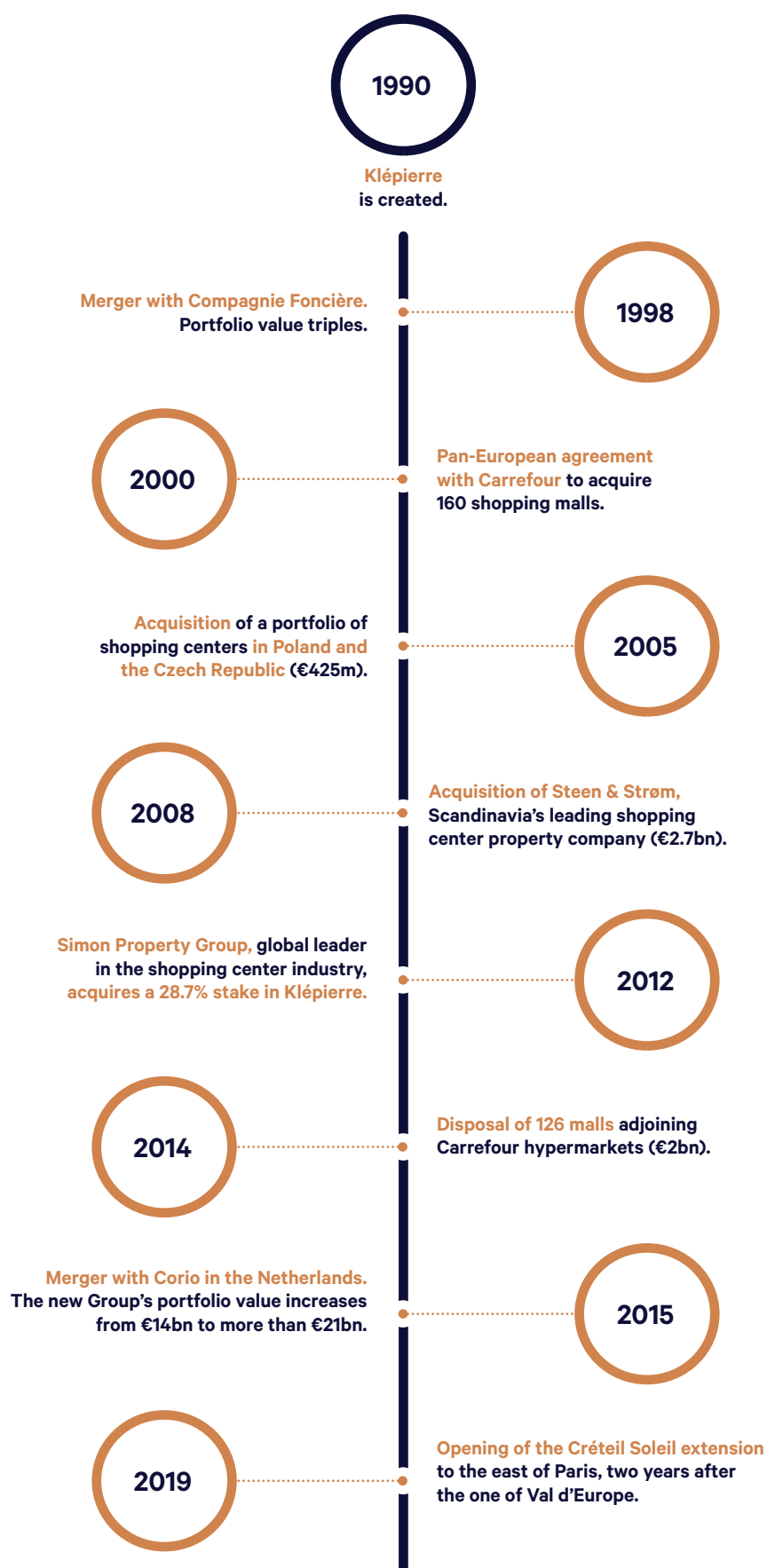
1,100
employees

4.3M
sq.m. rentable floor area

10+ COUNTRIES
in continental Europe

Key dates in Klépierre's history





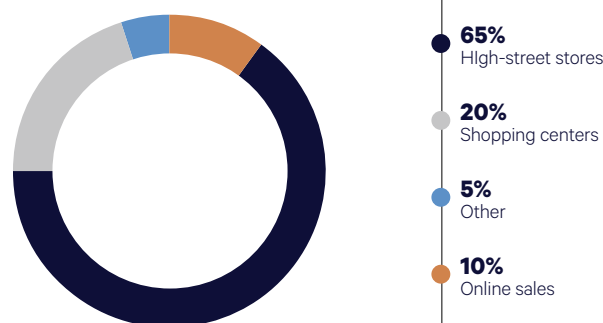
Retail, a highly fragmented industry largely dominated by brick-and-mortar stores

The retail industry is largely dominated by physical stores, which account for 90% of retail sales in Europe, compared with 10% for online sales (*chart #1*). In a constantly shifting environment, online sales have risen sharply in Europe in recent years, by 10 to 15% depending on the country, with a penetration rate varying widely from one country to the next (*chart #2*). Nevertheless, Klépierre has successfully driven continuous growth in recent years. This performance has been led by the Group's strategic focus on the shopping center segment, whose strong consumer appeal and highly modular features make it the clear preference of major international retail chains when they decide to open new stores (*chart #3*). Today, Klépierre is one of only two shopping mall companies with critical mass in most European countries (*chart #4*).

SEGMENTATION OF THE RETAIL INDUSTRY IN 2019

chart #1

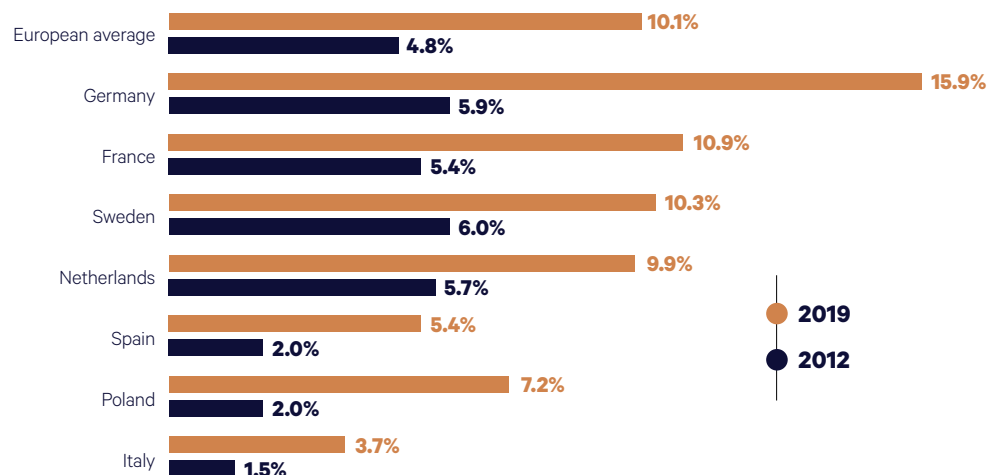
Source: PwC Strategy& study on shopping malls
in Continental Europe; Klépierre estimates.



PENETRATION RATE OF ONLINE SALES BY COUNTRY

chart #2

Source: Centre for Retail Research.



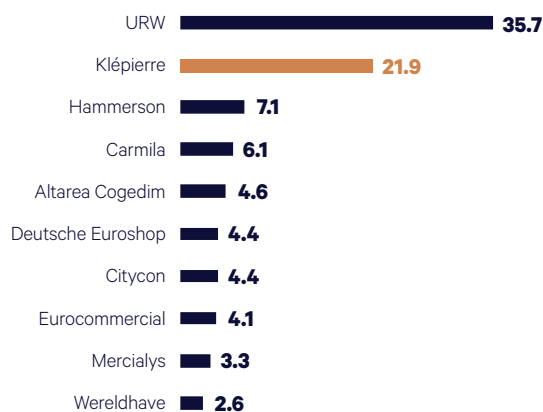
THE COMPETITIVE ADVANTAGES OF SHOPPING MALLS

chart #3



VALUE OF THE EUROPEAN RETAIL PROPERTY PORTFOLIO OF THE MAIN LISTED RETAIL REITS AT YEAR-END 2020

(in billions of euros, total share, including transfer taxes) chart #4



Source: Company disclosures. Proportionate European portfolio valuation for URW, Hammerson and Eurocommercial and Group share portfolio valuation for Carmila. Deutsche Euroshop, data as of September 30, 2020.



SHOP. MEET. CONNECT.®

In today's fast transforming retail landscape, our baseline – Shop. Meet. Connect.® – expresses our identity and informs our vision of a shopping center.



“Shopping malls are open, living environments where all types of communities, both physical and digital, come together to meet and connect.”

JEAN-MARC JESTIN

CHAIRMAN OF THE EXECUTIVE BOARD



SHOP.

Because Klépierre deeply believes that physical retail will continue to expand, led by an appealing and constantly refreshed offering.



MEET.

Because our centers are lifestyle environments where people meet and interact, and not just an e-tailer webpage. Customers come here to enjoy an experience full of excitement and fun.



CONNECT.

Because our shopping centers offer a unique service that blends the physical and the digital into a single universe. Connected to the city and its residents, they are seamlessly integrated into the omnichannel retailer platforms and offer visitors a array of digital services.

A vision and a strategy aligned with the changing world of retail

In recent years the Group has refocused its operations on destinations sought-after by retailers and on assets located in the most vibrant cities in Europe. Our unmatched operational expertise enables us to support customers as they grow their business and to regularly refresh the retail mix in our malls, which is a core driver of the promised visitor experience. This customer-centric approach is designed to make shopping fun and to offer shoppers unrivaled excitement and emotion.

Lastly, being the European leader in shopping centers is both a source of pride and a great responsibility, which is why we are engaged in a multitude of daily initiatives that help to positively address today's environmental, societal and social challenges.



1



CONTINUING TO INVEST IN PRE- EMINENT CENTERS IN THE HEART OF EUROPE'S LARGEST CITIES

Over the years, the Group has developed a unique portfolio of leading shopping centers in the most affluent, densely populated and fastest growing catchment areas in Europe. Its selection of assets is also aligned with the positioning and expansion plans of the leading national and international retailer chains, giving it a decisive competitive advantage in responding to the retail transformation.

2



REFRESHING THE RETAIL MIX AND SUPPORTING RETAILERS GROWTH

Leveraging its operational expertise and special relationship with the world's leading retail chains, the Group is constantly improving the retail mix in its centers and agilely responding to retailers' business development needs by offering them opportunities to expand in their latest formats.

3



OFFERING VISITORS THE FINEST CUSTOMER EXPERIENCE

To enhance the shopping experience in its malls, Klépierre is strengthening its marketing initiatives and paying careful attention to each center's architecture and interior design. This approach is embodied by two concepts: Let's Play® and Clubstore®. In addition, to respond more effectively to environmental, societal and social challenges, in late 2017, Klépierre deployed the new Act for Good® CSR program, aimed at ensuring that its operations make a positive contribution in addressing today's pressing issues.

A PORTFOLIO OF LEADING SHOPPING CENTERS IN THE MAJOR CONTINENTAL EUROPEAN CITIES

To integrate the phygital dimension into their value creation model, retail chains are deploying omnichannel strategies aimed at creating a symbiosis between their brick-and-mortar stores and their digital offering. As a result, retailers are becoming increasingly discerning in selecting their store locations. In recent years, Klépierre has kept pace this trend by refocusing on locations sought after by retailers in the most vibrant cities in continental Europe.



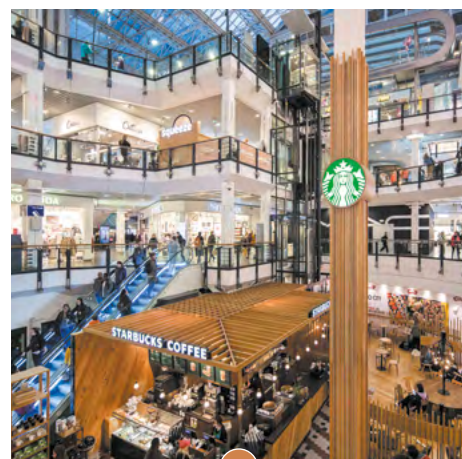
Val d'Europe
Paris - France



Field's
Copenhagen - Denmark



L'Esplanade
Louvain-La-Neuve - Belgium



Oslo City
Oslo - Norway



Portfolio value is highly concentrated in the leading European cities

42%

OF OUR PORTFOLIO IS CONCENTRATED IN EUROPEAN CAPITAL CITIES

AND

89%

IN REGIONAL METROPOLITAN AREAS WITH MORE THAN 500,000 RESIDENTS



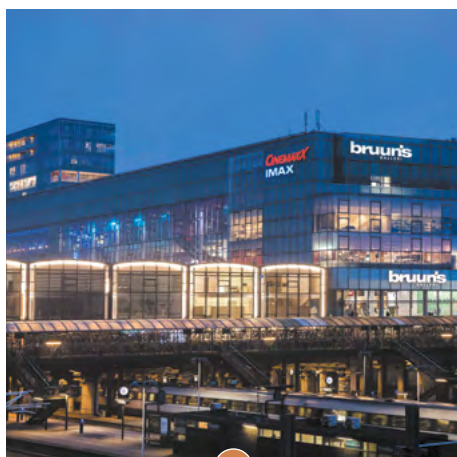
La Gavia
Madrid
Spain



Belle Epine
Paris
France



Les Passages
Paris
France



Bruun's
Aarhus – Denmark



Blagnac
Toulouse – France



Odysseum
Montpellier – France



Porta di Roma
Rome – Italy



Saint-Lazare
Paris – France



Campania
Naples – Italy

THE TOP 20 AND THE TOP 50 GROUP
ASSETS REPRESENT

50%
AND
79%

OF TOTAL PORTFOLIO VALUE,
RESPECTIVELY



Nový Smíchov
Prague – Czech Republic



Rives d'Arcins
Bordeaux – France



Shopville Le Gru
Turin – Italy



Créteil Soleil
Paris – France



Plenilunio
Madrid – Spain



Jaude
Clermont-Ferrand – France



Nueva Condomina
Murcia – Spain



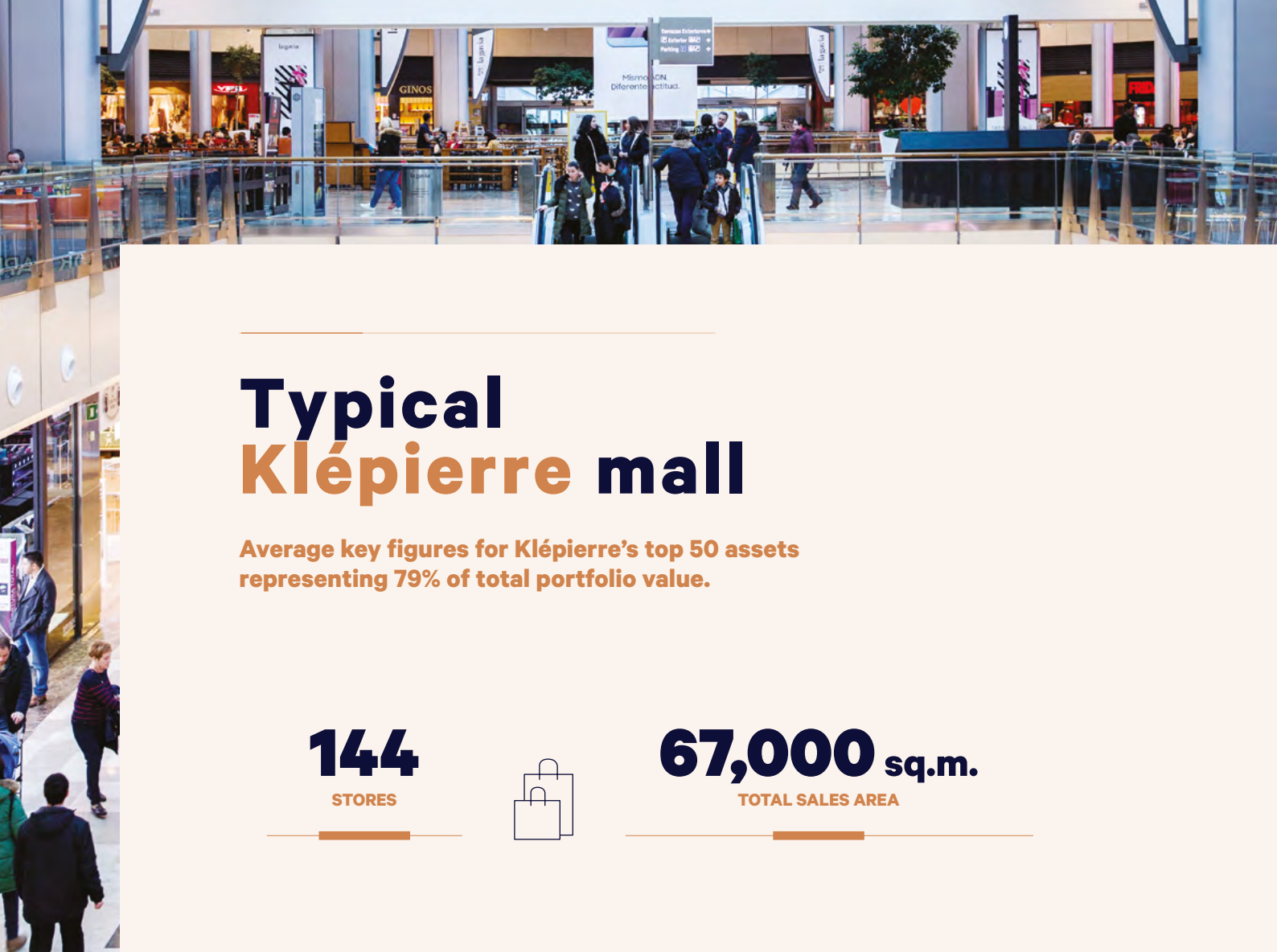
Hoog Catharijne
Utrecht – Netherlands



Emporia
Malmö – Sweden

A CENTER'S AVERAGE VALUE HAS TRIPLED SINCE 2012

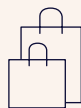
Since 2012, the Group has disposed of more than 100 assets, for total proceeds of €6.4 billion, and acquired/developed assets in an aggregate amount of €6.8 billion. These transactions have tripled the average value of a Klépierre shopping center.



Typical Klépierre mall

Average key figures for Klépierre's top 50 assets representing 79% of total portfolio value.

144
STORES



67,000 sq.m.
TOTAL SALES AREA

Typical shopping center layout

(in % of total GLA)

34%

FASHION

11%

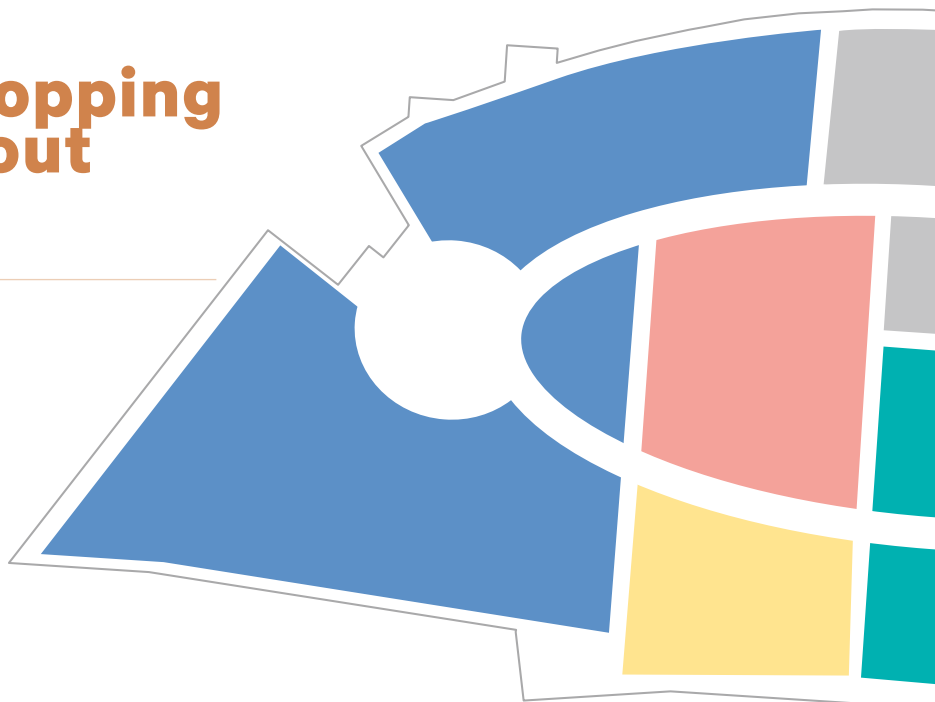
HOUSEHOLD EQUIPMENT
Household products,
DIY and gardening

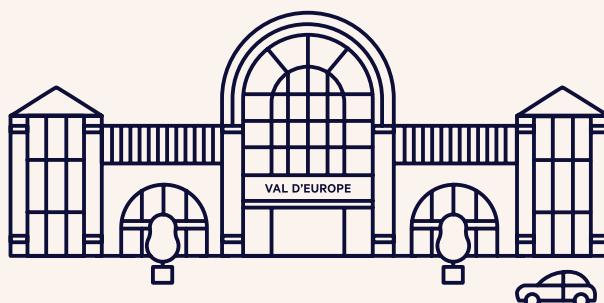
5%

HEALTH & BEAUTY
Perfumery & beauty, optics, pharmacy,
hair & body, and medical centers

12%

CULTURE, GIFTS & LEISURE
Sporting goods, toys & gifts, jewelry,
telephony, cultural products and tobacco





12M⁽¹⁾

VISITORS A YEAR

€370M

AVERAGE VALUE

13%⁽¹⁾

OCCUPANCY COST RATIO



89 kWh/sq.m.

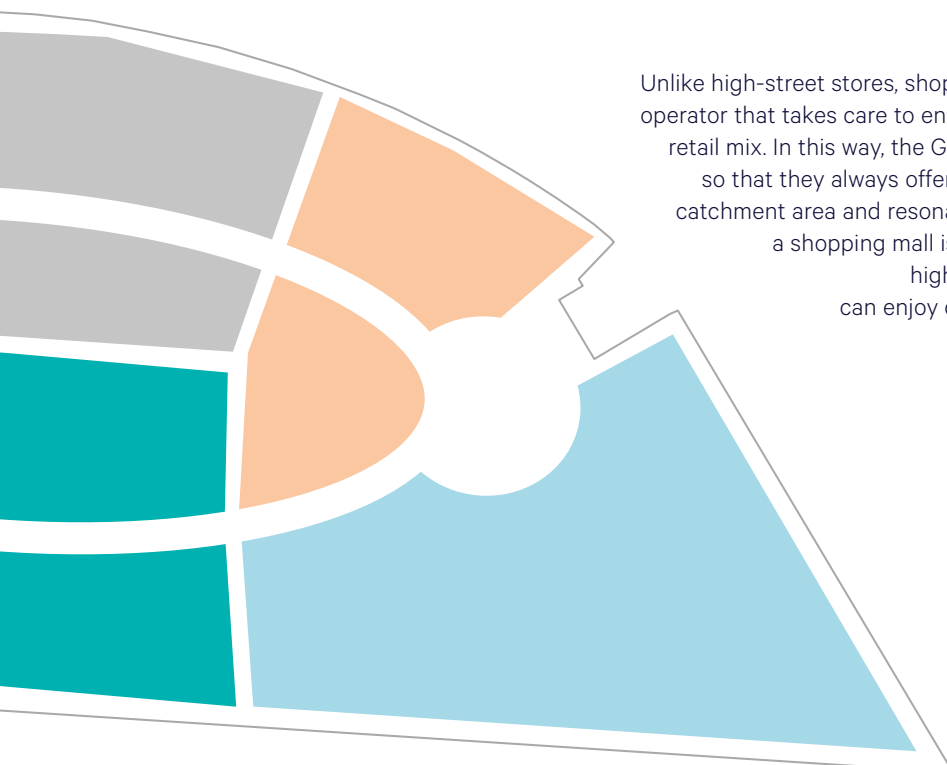
ENERGY INTENSITY

93%

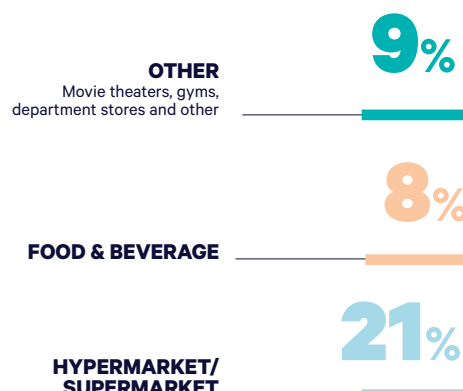
OF WASTE RECOVERED
AND REUSED

90%

OF SERVICES SOURCED
FROM LOCAL PROVIDERS



Unlike high-street stores, shopping malls are managed by a single, specialized operator that takes care to ensure both the consistency and the variety of the retail mix. In this way, the Group designs and manages its shopping centers so that they always offer the right merchandise and experience for each catchment area and resonate with the latest shopping trends. At Klépierre, a shopping mall is not just about shopping; it is a comprehensive, high quality, experiential environment where people can enjoy dining, entertainment, self-care and even sports.



(1) Data as of December 31, 2019. As the 2020 data have been affected by numerous mall closures, they are not representative of Klépierre's typical assets.

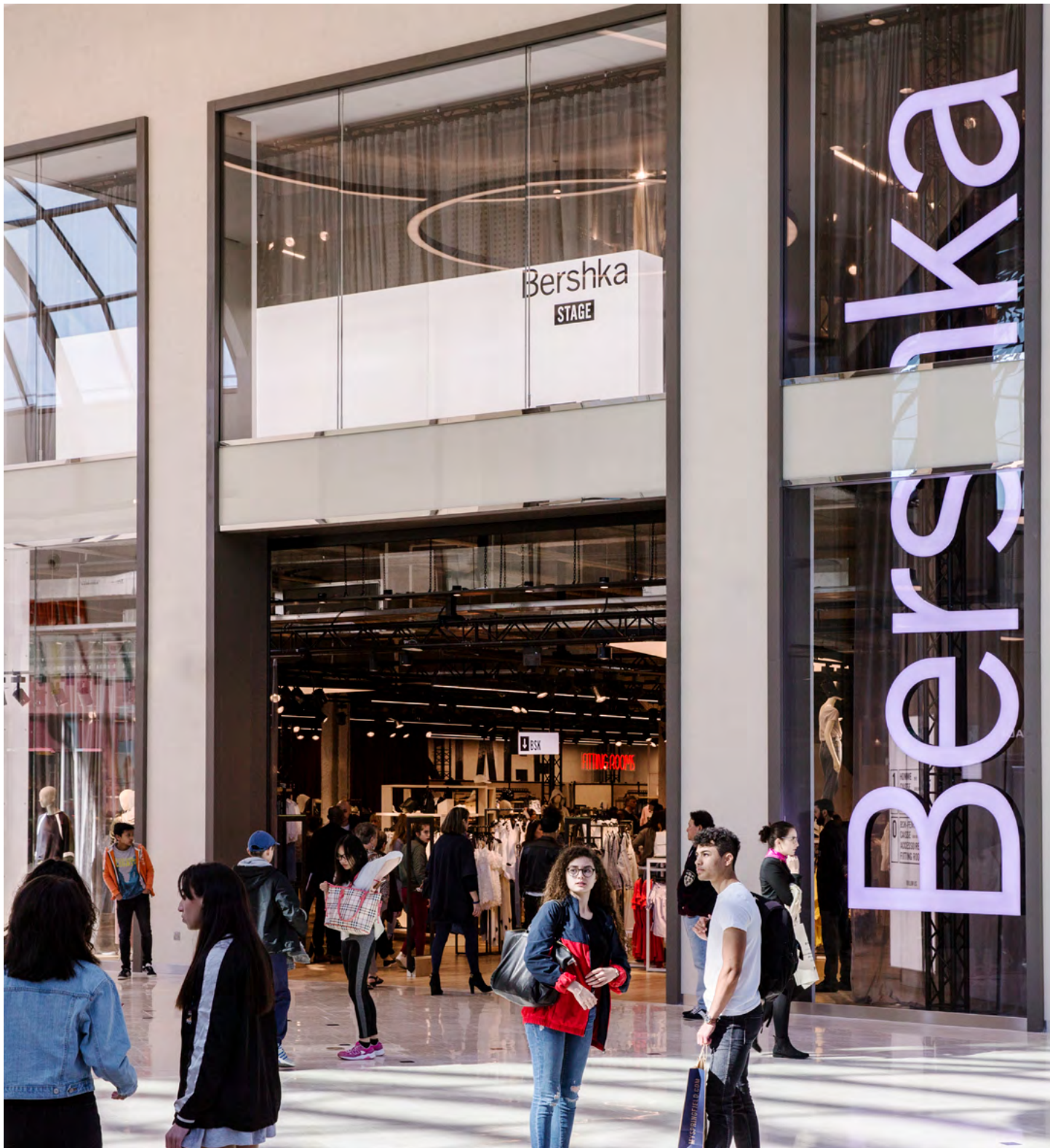
RETAIL FIRST®

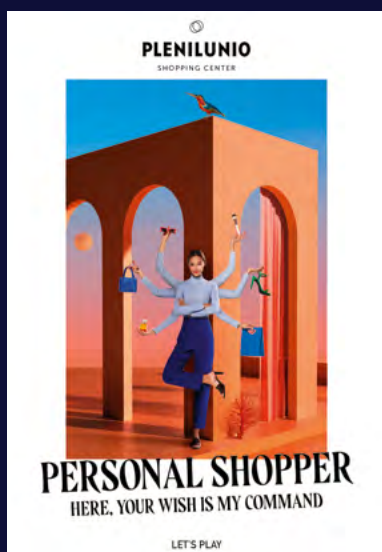
focus on the retail mix

To attract shoppers, a mall has to offer a comprehensive retail offering that resonates fully with their expectations. To do so, the Group leverages its unmatched platform of shopping centers and its close relationship and long-term partnerships with most of the leading international retail chains. From pop-ups to small boutiques to flagships, Klépierre supports retailers as they grow their business and offers them just the right size format for their positioning.

We also make sure our malls offer comprehensive, high-quality solutions for dining, with our Destination Food® concept, as well as for entertainment and self-care. The diversity of these opportunities and the emphasis on exclusive brands means that we can devise a entirely new kind of retail mix.







NEW LET'S PLAY®
CAMPAIGN LAUNCHED
IN 2020

KEY FIGURES FOR
THE GROUP'S EVENTS
BUSINESS

15-20
EVENTS A YEAR
IN EACH CENTER

+15M
ADDITIONAL
VISITORS ATTRACTED
BY THE EVENTS

100
LET'S PLAY®
CENTERS

LET'S PLAY® the exciting side of physical shopping

For customers, a shopping center is more than a place to shop; it's a lifestyle environment where they can meet up, have fun and share great experiences with other people. Klépierre has responded to this expectation with Let's Play®, a marketing program designed to transform shopping into a game, as seen in our latest campaign.

This approach, which offers shoppers the enhanced emotional appeal and just plain fun that online shopping lacks, is structured around three core vectors: events, the phygital experience and social media.



EVENTS AND RETAILTAINMENT

Cultural exhibitions, concerts, sports competitions, blockbuster events by global entertainment giants (Nickelodeon, Marvel Disney etc.)



PHYGITAL

Synergies between physical and digital retailing with promotional deals announced on social media, click & collect, information services, etc.



SOCIAL MEDIA

Playful, immersive shopper activities to foster closer ties and create communities outside the shopping center.



CLUBSTORE®

hospitality according to Klépierre

With its careful attention to detail and aim of making visitors feel welcome, Klépierre has designed a seamless, personalized, constantly enhanced customer journey.

The journey is built around 16 critical points in the customer experience, from digital access through websites and apps to center greeters, from amenities to ambient sounds and scents, from the parking lot to the storefronts.

All of these aspects help to nurture an increasingly smooth, simple, personal experience in a shopping center whose architecture and interior design exude comfort and well-being.

This is how Clubstore® expresses hospitality according to Klépierre. Applied across the portfolio, these standards are constantly being enhanced by integrating best practices and the increasingly granular knowledge of our visitors derived from regular satisfaction surveys.

CRITICAL POINTS ALONG THE SHOPPER'S JOURNEY THROUGH THE CENTERS



GETTING THERE
opening hours, online
information about
the mall, etc.



**PARKING
& SIGNAGE**



**ENTRANCES
AND FAÇADES**
iconic façades



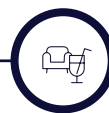
**MULTISENSORY
EXPERIENCE**
acoustics
and aromatic design



GUEST SERVICES
signage, assistants, guest
services desk, helmet
checkroom, etc.



LOOK & FEEL
design
and ergonomics



LOUNGE AREAS
design, connected spaces
with charging stations, etc.



DESTINATION FOOD
meal reservation apps,
Too Good To Go, etc.





**QUALITY
DISPLAY CASES**
large display windows,
shop displays, etc.



LIGHTING
environmentally-
friendly lighting



**CUSTOMER E-SERVICES
AND MESSAGES**



RESTROOMS
access, cleanliness, etc.



EVENTS
versatile, hybrid
event spaces



WOW EFFECT
iconic, "shareable" features,
such as chandeliers,
touchscreens and design
elements (lounge area)



KIDS ENTERTAINMENT
children's play area,
services



POP-UP STORES
hybrid and
polyvalent space



ACT FOR GOOD®

Located in the heart of cities and communities, shopping centers should contribute to environmental stewardship, to the development of their host regions and to the well-being of their visitors and employees. This, in essence, is our approach to sustainable development.

Launched in 2017 and co-designed with external stakeholders, Act for Good® seeks to amplify operational excellence while addressing environmental, societal and social challenges. It is based on objectives for 2022 and ambitions for 2030, organized around three main pillars⁽¹⁾:



⁽¹⁾ Our commitments for 2022 and outcomes in 2020 are described in detail in Chapter 5 "Sustainable development."

LEADERSHIP WIDELY RECOGNIZED BY EXTERNAL STAKEHOLDERS

Klépierre is regularly honored by the leading non-financial rating agencies and international organizations for its non-financial commitments and outcomes.



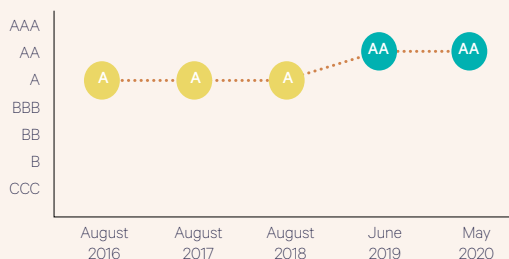
#1 EUROPE RETAIL LEADER
#1 GLOBAL RETAIL LISTED LEADER
#1 EUROPE LISTED LEADER
FIVE-STAR RATING

CLIMATE CHANGE STRATEGY CERTIFIED WITH THE HIGHEST TARGET CLASSIFICATION (BELOW 1.5°C)

Klépierre is one of only seven retail REITs in Europe to have been approved at this level.



MSCI 
RATED AA
For the second year



2020
LEADERSHIP
A List



2020 GOLD
AWARD
For the ninth straight year



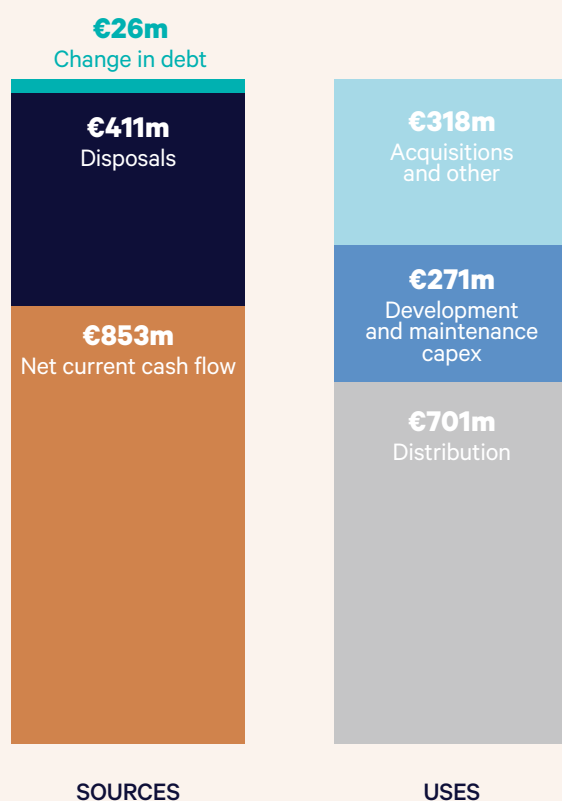
No long-term performance without financial discipline

We believe that long-term performance depends on the judicious use of financial leverage. This financial discipline is materialized in:

- our very robust financial indicators and BBB+ rating (stable outlook) from Standard & Poors (*chart #2*);
- our excellent access to debt markets and abundant liquidity, as demonstrated by the transactions completed in 2020 (*chart #3*); and
- our generally stable debt load in recent years, thanks to strong cash flow and regular asset disposals that have funded both dividend payments and capital expenditure (*chart #4*).

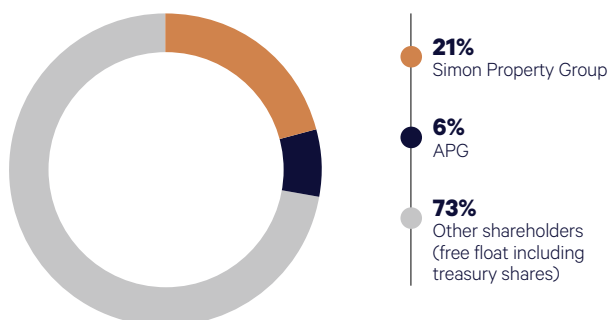
SOURCES AND USES OF FUNDS: DEBT HAS REMAINED STABLE OVERALL

chart #4 / average (2018-2020)



**A REFERENCE SHAREHOLDER THAT IS THE GLOBAL LEADER
IN THE SHOPPING CENTER INDUSTRY**

chart #1



**MAIN FINANCIAL
TRANSACTIONS IN 2020**

chart #3

**February
2020**

€600m in 9-year bonds
bearing a 2.0% coupon

**November
2020**

€600m in 10.3-year bonds
bearing a 0.875% coupon

**December
2020**

€1.4bn revolving
credit facility

**May
2024**

Refinancing covered
until May 2024



**MAIN
COVENANTS**

chart #2

LTV 41.4%

**INTEREST
COVERAGE
RATIO 7.3x**

**NET DEBT
TO EBITDA 10.8x**

**S&P RATING BBB+
(stable outlook)**



Business model

TRENDS

Increasing investments
in property

Shifting consumer practices, with the rise in online shopping,
short channels and sustainable shopping

Resources

FINANCIAL

- €21.9bn in assets
- €9.1bn in net debt
- €5.4bn in market capitalization

BUSINESS AND CORPORATE

- 3,800 retailers

HUMAN AND INTELLECTUAL

- 1,100 employees
- 40 proof of concepts

NATURAL

- 324,139 MWh in annual energy use
- 2.9m cu.m. in water consumption
- 93% of electricity from renewable sources

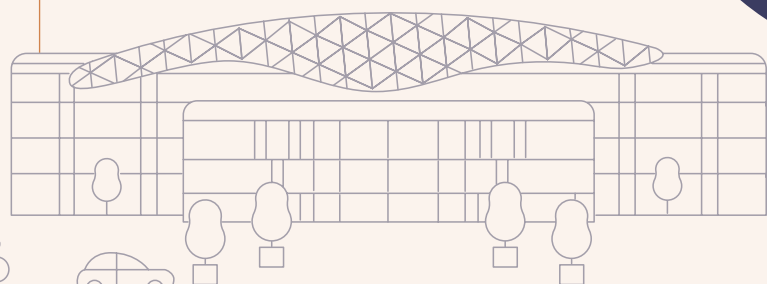
INFRASTRUCTURE & TECHNOLOGY

- 98% of assets accessible via public transport
- 10+ partnerships with start ups at Group level
- 190 TB of data (excluding backups)



OPERATING

More than 100 leading
centers in Europe



Increasingly
competitive job market

Growing urbanization
in Europe

Rising importance
of environmental issues

Value creation

Stakeholders

ACQUIRING AND SELLING

€21.9bn in portfolio value
at December 31, 2020

DEVELOPING AND REFURBISHING

€1.3bn pipeline of extension
and renovation projects



FINANCIAL

- €587m in net current cash flow
- €628m in dividends paid in respect of fiscal year 2019
- €127m in financial interests



BUSINESS AND CORPORATE

- 951 new leases
- 95% of centers having contributed to local employment
- 98% of centers having donated space to a local initiative
- Net Promoter Score up 8 points versus 2017
- €91 million in local taxes



HUMAN AND INTELLECTUAL

- 17% of employees promoted internally
- 100% of employees with access to training
- 100% of young graduates have been given the opportunity to receive personalized career guidance



NATURAL

- 44% reduction in carbon intensity versus 2019
- 20% reduction in energy intensity
- 100% of shopping centers environmentally certified
- 96% of recovered waste



Visitors



Employees



Retailers



Suppliers



Investors



Local
communities



Public
organizations



KEY OUTCOMES

INCOME STATEMENT

	2016	2017	2018	2019	2020
Gross rental income (in millions of euros)	1,214.0	1,236.0	1,252.2	1,242.3	1,062.4
Net rental income (in millions of euros)	1,083.4	1,105.6	1,119.0	1,130.6	846.2
EBITDA (in millions of euros)	990.6	1,012.2	1,025.7	1,053.2	797.2
Cost of debt (in millions of euros)	(197.7)	(169.8)	(151.6)	(122.2)	(108.6)
Net current cash flow (Group share, in millions of euros)	721.1	760.6	793.7	830.3	586.9
Net current cash flow per share (in euros)	2.31	2.48	2.65	2.82	2.05
Dividend per share (in euros)	1.82	1.96	2.10	2.20	— ⁽¹⁾

OPERATING INDICATORS

Reversion	13.4%	12.9%	11.1%	8.2%	4.5%
Occupancy cost ratio	11.9%	12.2%	12.3%	12.4%	13.2%
EPRA vacancy rate	3.5%	3.2%	3.2%	3.0%	4.8%
Bad debt rate	1.6%	1.5%	1.7%	1.6%	16.0%
Change in retailer sales (like-for-like)	1.6%	2.1%	0.9%	1.8%	-11.0%

TOTAL PORTFOLIO VALUE

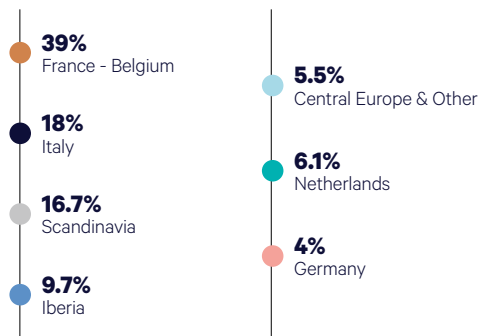
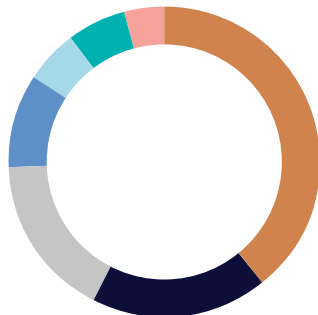
Portfolio (total share) (in million of euros, including transfer taxes)	23,416	24,419	24,440	23,673	21,859
EPRA net initial yield	4.9%	4.9%	4.9%	5.0%	5.3%
EPRA NAV per share (in euros)	36.70	39.60	40.50	39.50	33.90

FINANCIAL INDICATORS

Net debt (in millions of euros)	8,613.0	8,978.5	8,875.1	8,830.2	9,054.3
Cost of debt	2.1%	1.8%	1.6%	1.5%	1.2%
Interest coverage ratio	5.2x	6.3x	7.0x	8.0x	7.3x
Loan-to-value (LTV)	36.8%	36.8%	36.3%	37.3%	41.4%
Net debt to EBITDA	8.7x	8.6x	8.3x	8.0x	10.8x

PORTFOLIO VALUE BY COUNTRY

(in % of the total at December 31, 2020)



(1) The distribution will be decided in early May. For more information, see Chapter 3 "Business for the year".



ACT FOR THE PLANET

	2018	2019	2020
Reduction in energy consumption for common and serviced areas ⁽²⁾	-17%	-29%	-43%
Percentage of electricity from renewable sources used in common and serviced areas	73%	93%	93%
Percentage of recovered waste	90%	93%	96%
Percentage of centers with a sustainable development certification (<i>by value</i>)	74%	100%	100%



ACT FOR TERRITORIES

Percentage of centers contributing to local employment (<i>by value</i>)	48%	85%	95%
Percentage of centers having made space available for a local initiative (<i>by value</i>)	76%	97%	98%
Percentage of centers that have supported a responsible initiative organized by a retailer in the center (<i>by value</i>)	53%	79%	98%

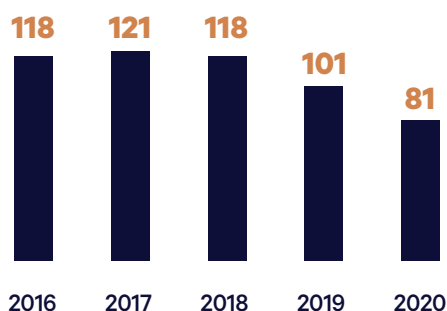


ACT FOR PEOPLE

Increase in the Group's Net Promoter Score (NPS) versus 2017	+ 2 pts	+ 10 pts	+ 8 pts
Percentage of employees attending at least one training session during the year	92%	98%	100%
Percentage of centers promoting health and well-being (<i>by value</i>)	56%	89%	99%

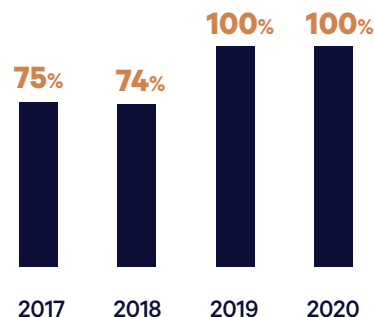
ENERGY INTENSITY IN COMMON AND SERVICED AREAS

(in kWh/sq.m., reported scope)



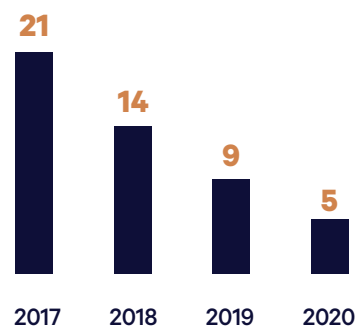
PERCENTAGE OF CENTERS WITH A SUSTAINABLE DEVELOPMENT CERTIFICATION

(in % of value, reported scope)



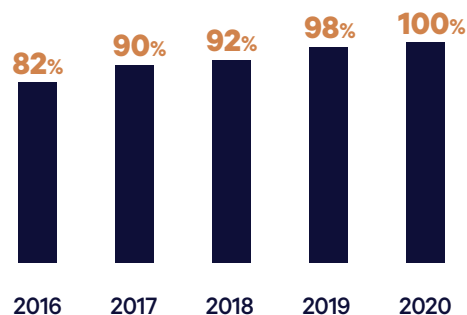
DIRECT GREENHOUSE GAS EMISSIONS

(Scopes 1 & 2) (in kgCO₂/sq.m., market-based, reported scope)



PERCENTAGE OF EMPLOYEES ATTENDING AT LEAST ONE TRAINING SESSION DURING THE YEAR

(reported scope)



(1) For more information on the scope of reporting and content of these indicators, please refer to Chapter 5 "Sustainable Development" below.

(2) Change versus the 2013 baseline.



Risk management

2.1 OBJECTIVES

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2.1 OBJECTIVES

Klépierre faces generic risks related to the economic and regulatory environment, as well as the inherent corporate risks, and specific risks related to its business sector and operations. As these risks are constantly changing, they must be regularly mapped and monitored. Risk management does not aim at the hypothetical elimination of risks, but makes it possible to define (in the sense of "knowing" and "assessing") the degree of risk control necessary for Klépierre to pursue its daily operations and execute its strategy.

In accordance with Regulation (EU) 2017/1129 on prospectuses ("Prospectus 3" or "PD3"), Klépierre describes below its significant and specific risks (see section 2.2).

Readers' attention is drawn to the fact that the list of risk factors presented in this chapter is not exhaustive and that other risks – unknown or whose occurrence is not considered as material at the date of this document – may or could exist or occur.

2.2 MAIN RISK FACTORS

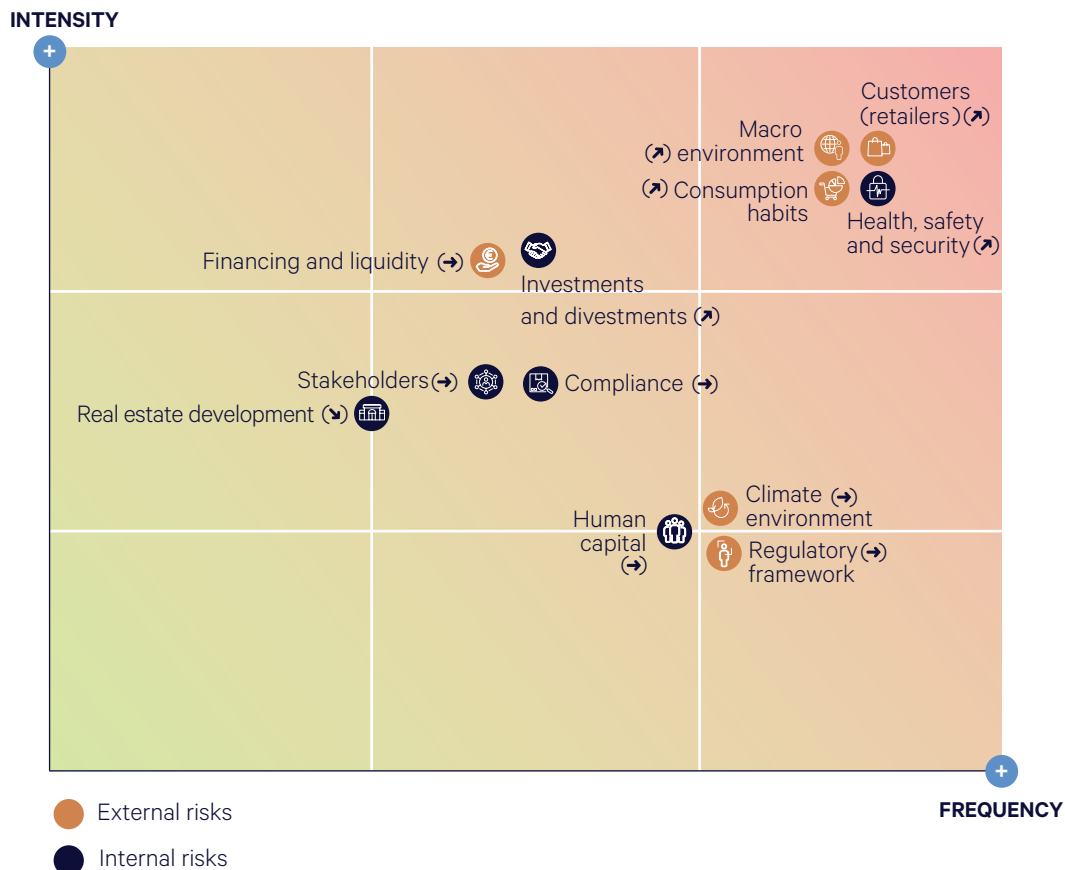
Below are presented the 12 material and specific risks for the Group, divided into two categories: external and internal risks.

Within each category, risks are presented as follows:

- In the form of net risks (i.e., gross risks after taking into account the effectiveness of mitigation, prevention and protection measures);
- In descending order of significance within each category. Significance is measured by the combination of the likelihood that the risk may materialize and the impact that it would have on Klépierre.

For each of these risks, the probability and frequency of occurrence, and level of impact in the event of occurrence, were detailed when the Group's 2020 risk map was updated.

Certain risks do not appear on the list, even though they concern essential issues for Klépierre, either because they are not specific (such as cybersecurity risks) or because their net rating is not material. In fact, once the prevention measures have been put into place, these risks are under control. Non-financial risks which are not significant or specific are described in the non-financial performance statement section of this Universal Registration Document (section 5.1.3 – Main non-financial risks and opportunities).



2.2.1 External risks



1 — MACRO ENVIRONMENT (ECONOMIC, DEMOGRAPHIC, POLITICAL)



Impact/Frequency



Trend

Description

In every country in which the Group does business, the success of its operations is dependent on the key macroeconomic indicators that underpin the commercial real estate markets: GDP growth, purchasing power, consumption, inflation, exchange rates, unemployment, urban growth, local demographic factors and geopolitical stability.

Impacts

A negative macroeconomic outlook is likely to manifest itself in lower footfall and a fall in tenant sales in Klépierre malls. This could compromise Klépierre's rental income as some retailers may delay rent payments, fail to pay rent at all, or even decide to close their stores. Deflationary pressures could lead to an adverse trend in the benchmarks against which most rents are indexed under leases. Falling rental income and higher vacancy rates could penalize asset values and appeal on the investment market. A change in the exchange rate outside the eurozone could have a negative impact on operating and financial costs, on conversion into euros. A sudden or unexpected deterioration in the geopolitical environment of one or several of the countries in which Klépierre operates could have adverse consequences on the Group's activity, return on investments or value of the assets concerned.

Risk mitigation measures

The diversified nature of Klépierre's portfolio, with more than 100 assets across numerous European countries and many thousands of tenants representing all retail sectors, mitigates risks associated with adverse changes in macro-economic conditions in any one market. Rents paid by the top ten tenants represent only 16% of Klépierre's revenue. The largest asset represents just 5% of the portfolio by value.

Assets are based in thriving urban locations, and can generally be accessed within 30 minutes by one million people, ensuring a satisfactory catchment area overall, including in times of a downturn in the consumer spending cycle.

Asset performance is regularly monitored by asset managers to ensure their performance is as forecast, and individual business plans are updated annually for all of its malls.

Asset disposals are executed regularly to streamline the portfolio, which also enables the Group to verify the accuracy of the valuations reported in its accounting books.

The Group's main tenants represent the leading companies in their sector. All tenants are subject to a financial health review before signing lease contracts, and must provide financial guarantees. The use of long-term leases with a significant portion of minimum guaranteed rents provides a stable rental income, with only a minority of early exit clauses activated.

New developments

An economic crisis followed hot on the heels of the Covid-19 outbreak. Border closures curtailed trade between countries, which led to supply problems for some customers and a drop in tourist traffic for some major sites (such as Maremagnum in Barcelona or Val d'Europe near Disneyland Paris). Other shopping centers, located near railway hubs, suffered from the slump in passenger traffic owing to the increase in home working (Paris Saint-Lazare, Utrecht Hoog Catharjine).

However, the fall in GDP did not trigger a rise in unemployment or in business failures, thanks to the support measures provided by governments and/or the European Union, which appear determined to continue their efforts to limit the economic fallout from the pandemic in 2021.



2 — CONSUMPTION HABITS



Impact/Frequency



Trend

Description

Technology-driven changes in consumer habits have seen e-commerce take hold across the markets in which Klépierre operates, prompting many retailers to reconsider their business models and their brick-and-mortar portfolio. In the current business ecosystem, physical stores' sales and online sales have merged into one. At the same time, consumers are becoming more environmentally and socially aware, which may ultimately affect how-and how much - they consume. Lastly, certain consumers are redirecting a portion of their budgets and free time to other types of activities (travel, sports, etc.).

Impacts

The continued growth of online retail may have a negative impact on footfall and tenant sales, cause a disruption in some retail segments, and/or render some stores unprofitable. This could impact demand for new retail space as brick-and-mortar retailers move their operations online. The growth in consumers' environmental awareness and the reallocation of their available resources (time and money) could have an impact on the profitability of certain tenants and in time, on the relevance of their presence in shopping centers (especially in view of the growing trend to buy used rather than new goods). As a consequence, increasing vacancy rates and downward pressure on rents would affect rental income and asset values.

Risk mitigation measures

For many years now, Klépierre's portfolio of shopping centers has been focused on key locations providing large international retailers with an unrivaled platform. Taking advantage of the new omnichannel environment means selecting those retailers agile and fast enough to offer an enhanced, quality-driven online and offline customer experience. The Group also has a duty to facilitate these trends by supporting retailers in transforming their store formats and enhancing their appeal.

Klépierre also leverages digital technology to both offer new services to its retailers and shoppers and use data to monitor the changing needs of its customers and thereby better meet their expectations.

The Group implements a series of initiatives aimed at giving customers more reasons to visit, or stay longer in, its malls: beyond constantly adapting the retail offering, these initiatives include creating entertaining concepts and events, enhancing the food offering, and enriching the customer journey.

Through its ambitious CSR strategy, Klépierre also aims to promote sustainable retail and increase the contribution of its malls to local economies and communities through job forums as well as sporting, cultural and charity events.

New developments

Consumption habits underwent a radical transformation in 2020, owing to restrictions placed on travel (which was limited or even prohibited during lockdown and curfew periods) in order to curb the spread of the virus in public places. These restrictions also affected shopping malls, where most cafés and bars, restaurants, fitness centers, movie theaters and other leisure facilities had to close, and many marketing events had to be canceled. The customer experience was also adversely impacted by the obligatory use of face masks, queues to enter stores, and so on. It is still too early to determine whether the shift to online shopping will remain at its current level over the long term, or whether it will diminish as the social situation gradually returns to normal. It is also too soon to know if the hundreds of billions of euros of forced savings will boost consumption from 2021. We can nonetheless see that the footfall in shopping centers rebounded vigorously and the average check-out increased (compared to the same months of 2019 and 2020) once the restrictions and closures were (partially) lifted, confirming the lasting appeal of physical retail. It seems that online retail preserved ties with consumers during the periods of closure and therefore contributed to the rebound.



3 — CLIMATE ENVIRONMENT



Impact/Frequency



Trend

Description

Climate change is predicted to lead to an increase in the number of extreme weather-related events. With assets spanning Europe, shopping centers are likely to be affected by weather phenomena including storms, snow, floods, heat waves and forest fires. Climate change could also lead to growing political pressure, including more stringent regulation.

Impacts

Extreme weather-related events could impact Klépierre's business continuity and result in the temporary or permanent closure of assets.

Climatic changes are also likely to result in an increase in costs for the development, construction and operation of assets. For example, additional costs are likely to be incurred in upgrading equipment and design and construction standards to deal with higher temperatures. Operating costs could also increase for heating, ventilation and air conditioning equipment designed to maintain pleasant ambient temperatures.

Other potential costs include an increase in insurance premiums, as insurers price in the risk of an increase in extreme weather-related events.

Risk mitigation measures

The Group's diversified geographic footprint mitigates in itself the exposure to extreme weather-related events. Major environmental risks are factored into acquisition and disposal decisions.

With regards to its standing assets, the Group has developed internal measures including energy audits and other procedures to reduce energy consumption and improve environmental efficiency. All Klépierre assets undergo an audit every five years to check their structural condition.

Klépierre has an ambitious environmental performance program designed to reduce natural resource consumption and improve supply quality by:

- Improving operational energy efficiency and reducing heating and/or air-conditioning needs, thereby managing potential temperature variations without excess consumption;
- Reducing carbon emissions;
- Limiting the use of drinking water.

The Group has also rolled out initiatives to limit its dependence on fossil fuel-based natural resources by increasing the use of on-site renewables, purchasing green electricity and promoting soft mobility. With a view to constantly reducing greenhouse gas emissions, Klépierre implements "BOOST" action plans (on-site workshops lasting two consecutive days aimed at identifying all the drivers for reducing energy consumption) for a large portion of its portfolio. Similar initiatives were launched to increase the rate of recycling and proportion of waste recovered with an objective of recovering 100% of waste produced by 2022.

For more information on the Group's commitments and actions to fight climate change, please see section 5.2 – Act for the Planet of this Universal Registration Document.

New developments

None of Klépierre's shopping centers in 2020 were subject to extreme weather conditions that significantly disturbed operations. Should such events occur, the Group has action plans for limiting the operational impact and property damage.

In addition, in 2020, 93% of the electricity used in the common and serviced areas of Klépierre's centers was drawn from renewable energy. Moreover, since 2019 – three years ahead of schedule – the Group has been the largest real estate portfolio in the world by value to be BREEAM In-Use certified for sustainable asset performance across its entire portfolio.

In 2020, the Klépierre Group was approved by the Science-Based Targets Initiative (SBTi), a scientific body working in partnership with the United Nations to ensure that companies' environmental commitments are in line with the 1.5°C objective set by the 2015 Paris Agreement. Klépierre was approved with the highest possible level of commitment (a 1.5°C-aligned target).

Moreover, Klépierre is one of the few real estate companies worldwide to once again this year appear in the prestigious "A list" compiled by CDP, an NGO specialized in corporate environmental disclosure. CDP scores companies from A to D based on the comprehensiveness of their disclosure, their management of environmental risks and their ability to set ambitious and meaningful targets. More than 5,800 companies worldwide were evaluated by CDP this year on environmental performance. Only 16 of these companies were included in the "A list" in the real estate sector, seven of them in Europe.

This dual distinction shows the relevance of the Act for Good® CSR policy for effectively combating global warming at the level of Klépierre's European portfolio.



4 — REGULATORY FRAMEWORK



Impact/Frequency



Trend

Description

Property companies such as Klépierre are subject to certain regulatory frameworks. A relaxation or tightening of certain rules could weaken Klépierre's position. The main regulatory risk factors include laws and regulations on urban planning, commercial licenses, commercial leases and so on. With regard to the operational management of assets that are open to the general public, new obligations could be incumbent upon Klépierre in terms of servicing and controlling technical equipment, or securing properties. Klépierre also benefits from special tax rules under the French "SIIC regime" (or its equivalent in other countries). Other regulatory changes beyond the real estate sector could also have consequences for Klépierre's operating processes (such as the implementation of the EU General Data Protection Regulation (GDPR) and the "Sapin II" anti-corruption law in France).

Impacts

A tightening of planning regulations, which would limit the availability of leasable space, may impact the development potential of the shopping centers and consequently hinder the Group's pace of growth.

Conversely, any easing of the same regulations may increase competition, resulting in a decrease in footfall, rental income and potentially higher vacancy rates. An unfavorable change in lease regulations (rent indexation

criteria, rules for rebilling expenses, etc.) could have an adverse impact on Klépierre's revenue. A hardening of regulations on maintenance, controls or safety procedures in shopping centers could have a significant impact on the costs of the associated providers.

Any changes to the tax regime resulting in a higher tax rate could have a negative impact on Klépierre's business and results, leading to lower profitability, a loss of attractiveness to equity investors or a decrease in corporate value.

More broadly, failing to identify and take into account changes in the regulatory framework could over time result in non-compliance, potentially leading to penalties or substantial fines being imposed on Klépierre.

Risk mitigation measures

The Group's broad geographical scope provides protection against the introduction of unfavorable legislation in an individual market. The Group's Legal Department regularly monitors the legislative environment in the countries in which the Group does business, and is assisted when necessary by external advisors. The Group also actively contributes to the work of domestic and international commercial real estate associations, as well as to wider industries bodies. At the level of the shopping centers, certain technical services include a contractual obligation to monitor local regulations, thereby limiting the risk of non-compliance due to an unanticipated regulatory change.

New developments

Klépierre's legal organization, consisting of Group-level support functions and local correspondents in the subsidiaries, anticipates regulatory changes, which in turn limits and optimizes their impact.

The health crisis has had an impact in two major areas. The first is the strengthening of standards and controls, thereby increasing shopping centers' operating costs while limiting their footfall. The second is the intervention of legislators in favor of tenants having trouble paying their rent, notably in order to reduce the rents owed during periods of government-ordered closures – a trend already observed in some countries.



5 — FINANCING AND LIQUIDITY



Impact/Frequency



Trend

Description

Since property investment is by definition a capital-intensive business, Klépierre needs to raise long-term financial resources in the form of loans or equity to fund its investments and refinance maturing debts. This exposes the Group to risks associated with fluctuations in equity and debt capital markets, liquidity crises and broader economic shocks.

Impacts

Any restrictions on credit conditions or cost of debt following a liquidity crisis or broader economic downturn would increase funding costs, resulting in an adverse impact on the Group's earnings and financial position. Such restrictions would limit its flexibility in conducting its business and pursuing growth.

Furthermore, in addition to the usual covenants, the loan agreements entered into by Klépierre also contain covenants obliging the Group to comply with specific financial ratios. If Klépierre were to breach one of its covenants and be unable to remedy that failure within the time contractually allowed, the lenders could demand early repayment of the loan, which could affect all of the Group's debt if cross-default clauses were exercised. The forced sale of assets may also impact the Group's earnings and its asset values.

Risk mitigation measures

Klépierre follows a prudent financial policy and aims to secure a high credit rating of at least investment grade. This is currently the case, with the Group rated BBB+ with a stable outlook by S&P. As of December 31, 2020, Klépierre's LTV was 41.4%, while the net debt/

EBITDA ratio was 10.8 and ICR was at 7.3. The Group also applies a prudent interest rate risk management policy. The Group's target hedging rate is approximately 70%. This rate is defined as the proportion of fixed-rate debt (after hedging) to gross borrowings. As of December 31, 2020, taking into account only fixed-rate debt and debt hedged at a fixed rate, the hedging rate was 77%, higher than the target rate. Factoring in hedging derivatives and options (caps), the rate was 105%.

Klépierre has access to several additional mitigation methods:

- Availability of undrawn bank credit lines to absorb scheduled refinancing needs for the coming years;
- Diversification of maturities and sources of financing, so as to facilitate rollovers;
- Range of different loan types and counterparties used with the banking market (syndicated loans, mortgage loans, etc.);
- Restriction of the level of outstanding commercial paper, which represents the bulk of short-term financing, to the amount of the backup lines. This means that the Company can refinance immediately if it has difficulty renewing its borrowings on the commercial paper market.

For more detailed information on exposure to financial risks (interest rates, liquidity, foreign exchange, counterparties, treasury shares, etc.) and the measures adopted to cover these risks, please refer to Note 9 of the consolidated financial statements in section 3.1.5 – Risk exposure and hedging strategy of this Universal Registration Document.

New developments

In the specific context of the health crisis, which impacted Klépierre's ability to collect rents, the Group managed to contain the increase in debt, in particular through the immediate reduction in its capex program. The Group has the necessary flexibility to continue funding its business activities, while ensuring a satisfactory level of investment without being dependent on possible disposals.

In 2020, the monetary support measures put in place by the European Central Bank made it easier for the Group to tap the financing markets. During the year, the Group successfully raised funds of €1.5 billion bearing an average interest rate of 1.5%, and rolled over €1.4 billion in revolving bank credit lines with a five-year maturity. Its liquidity position at end-2020 covers all of its financing needs until May 2024.



6 — CUSTOMERS (RETAILERS)



Impact/Frequency



Trend

Description

Klépierre's success is intrinsically linked to that of the tenants in its shopping centers. They are confronted with the challenges of the transformation of their industry, and most of the risks that concern them could have an indirect impact on the Group's results. It is therefore essential to select shopping center tenants on the basis of financial solidity, the appeal of their concepts and offerings, and the overall consistency of the merchandise mix for a given shopping center.

Impacts

The rents paid by Klépierre's tenants represent nearly all of the Group's operating income. The inability of one of Klépierre's major tenants to pay its rent could substantially impact Klépierre's revenue. Certain leases include a variable share of the rent indexed to the tenant's sales; a significant reduction in the tenant's sales would also automatically reduce Klépierre's revenue.

The retailer mix in malls affects attractiveness for visitors, and therefore profitability. The loss of an anchor retailer in a given shopping center could have a snowball effect

and lead to the departure of other tenants, adversely impacting Klépierre's revenue and by extension, the value of its assets.

Changes in the competitive retail landscape could result in an increasing concentration of retailers' physical points of sale at locations considered strategic for their business models. Failing to adequately reposition Klépierre's portfolio or realign its geographical footprint with that of its retailers could lead to higher vacancy rates at Klépierre malls and consequently, a decrease in the value of its assets.

Risk mitigation measures

Diversifying Klépierre's portfolio serves to limit its exposure to a bankruptcy or the departure of a key customer. The top 10 retailers in terms of their contributions to rental income only represent 12% of invoiced rents.

Klépierre's strategy of focusing its asset portfolio on thriving, fast-growing catchment areas is consistent with retailers' drive to reposition their physical points of sale in prime locations. Klépierre's international platform of over 100 assets in more than ten countries is also a gateway to new markets for expanding retailers.

New developments

For Klépierre's tenants, 2020 was a generally difficult year, with different degrees of severity depending on the sectors and countries concerned. Some had to close at the start of the health crisis without being able to reopen before or after the summer season (cafés/bars, restaurants, fitness centers, movie theaters and other leisure activities.) Others were forced to close off-and-on for part of the year following government-ordered measures, and when they were open, suffered from reduced footfall (see above, "Consumption habits" risk).

The calculation of variable rents – indexed to retailer sales – was directly impacted by the downturn in business. Fixed rents relating to periods of government-ordered closure were renegotiated on a case-by-case basis, leading the Group to grant concessions in some cases. Such concessions included monthly rather than quarterly billing, deferred payments, and rent reductions which may or may not have been in exchange for various types of consideration (renewal or extension of the non-cancelable lease term, opening of new stores, etc.) These concessions were granted on condition that tenants undertook to settle all amounts otherwise due.

It should be added that depending on their country and scale, tenants can also benefit from government aid aimed at supporting their businesses.

2.2.2 Internal risks



7 — HEALTH, SAFETY AND SECURITY



Impact/Frequency



Trend

Description

As publicly accessible buildings, Klépierre's shopping centers are exposed to health, safety and security risks whose occurrence may adversely affect the shopping centers image, business or performance (or Klépierre's as a whole). Material health, safety and security risks include:

- A terrorist attack taking place within a shopping center site or its immediate surroundings;
- Health risks associated with contaminants or the spread of bacteria and viruses;
- An abrupt or severe deterioration of public order within a shopping center site or its immediate surroundings;
- Small-scale crime, theft and/or antisocial behavior taking place within a shopping center or its immediate surroundings;
- Buildings or equipment becoming physically or technically obsolescent;
- A building collapse or severe structural damage to a shopping center due to unforeseen circumstances;
- A fire breaking out within a shopping center;
- Visitor accidents due to falls or to the failure of certain equipment (lifts, escalators, etc.).

Impacts

Failure to comply with relevant health and safety legislation or to protect people and assets against external safety and security threats could result in legal action and/or penalties for non-compliance.

Shopping centers may also be subjected to temporary closure following a major health, safety or security incident, leading to a loss of business. Visitors and employees of retailers may no longer feel safe within the shopping center and/or the surrounding area, leading to an adverse impact on the center's image and therefore on footfall and retailer sales, and/or on the Group's ability to retain or attract its customers.

Risk mitigation measures

Klépierre's mitigation strategy focuses on the four following intervention points:

Prevention

The Group implements preventative actions in accordance with its operating procedures covering significant health, safety and security risks. These include measures such

as building structure audits, seismic surveys in the areas concerned, hot work permits, air and water quality analyses as well as preventive installations such as security railings, fire/intrusion/gas alarms, anti-ram-car protection, etc.

Other preventative actions include the protection of sensitive areas (technical equipment, control rooms, offices, waste areas, etc.) and regular maintenance of equipment and upgrading of centers' video surveillance systems.

Shopping centers also provide the local police and fire service with round-the-clock access to all relevant support documents in the event of on-site emergency intervention.

Training

Shopping center directors and technical managers are trained or reskilled through face-to-face sessions managed by the Group's safety department or remotely through the Learn Up! platform of Klépierre University. These training sessions focus on crisis management, standard operating procedures, site safety quick-assessment tools and preparation of large-scale counter-terrorist exercises in the shopping centers.

Control tools and audits

The Group has reviewed and updated its crisis management procedures and deployed incident reporting and monitoring software. Visible safety and security is provided by dedicated teams and guards permanently on site and working under the control of shopping center management teams. Third-party inspections of technical equipment (such as elevators, travelators, sprinkler systems, etc.) guarantee their conformity.

Compliance with health standards to prevent Legionella is also monitored. The effectiveness of the entire system is tested every year using sampling techniques during internal operational audits.

Crisis management plan

Each of the Group's shopping centers conducts emergency evacuation drills once or twice a year to ensure that all of the stakeholders fully understand their roles.

For more information on measures to mitigate health, safety and security risks, refer to section 5.4.2 - Promote health, safety, security and well-being in our shopping centers of this Universal Registration Document.

New developments

Through the Covid-19 pandemic, 2020 witnessed the materialization of a risk listed in a secondary position in the Group's 2019 Universal Registration Document: "Health risks associated with contaminants or the spread of bacteria and viruses". The impact of the spread of the virus on the footfall of the shopping centers led to an automatic decrease in the number of safety and security incidents in 2020. If the health crisis were to continue over the long term, this could cause social unrest, in which case the risk listed in the third position in the 2019 Universal Registration Document – "an abrupt or severe deterioration of public order within a shopping center site or its immediate surroundings" – could arise, as occurred with the *gilets jaunes* (yellow jackets) movement in certain French towns and cities in 2019. Appropriate measures should then be taken. This "public order" risk has been anticipated since 2017, through the gradual deployment of a holistic approach to safety and more stringent safety procedures, making it possible to mitigate these risks more effectively with each passing year.



8 — STAKEHOLDERS



Impact/Frequency



Trend

Description

In the course of its day-to-day business, Klépierre interacts with a vast ecosystem of stakeholders that contribute to the smooth running of operations. This section concerns the two types of stakeholders deemed most exposed within Klépierre's risk environment: (i) suppliers and service providers and (ii) co-owners and co-investors. Risks concerning Klépierre employees (internal stakeholders) are discussed below in section 10 – Human capital of this chapter.

- Suppliers and service providers: the bulk of goods and services procured by the Group is made up of utilities (energy and water), cleaning, maintenance and safety and security. Klépierre also has recourse to a wide range of service providers in its development operations (i.e., architects, design offices, construction companies, etc.).
- Co-owners and co-investors: many of the Group's assets are part of larger real estate complexes, part of which are owned by third parties or are jointly owned with them by Klépierre. These multi-owner structures may limit Klépierre's ability to freely deploy its shopping center development strategy.

Impact

Suppliers and service providers: poor performance of a service – or even failure to perform the service in the event of bankruptcy – could have an operational impact on Klépierre and potentially impact its reputation.

Excessive dependence of a given service provider on Klépierre may lead to the requalification of service agreements as employment contracts, conflicting with the Group's subcontracting target.

Klépierre may be held liable and its image tarnished in the event of the failure of suppliers or service providers to comply with applicable regulations (e.g., undeclared or illicit work, corruption, etc.). Likewise, any instances

of non-compliance with internationally accepted human rights through its supply chain could lead to reputational damage for the Group.

Co-owners and co-investors: diverging strategic interests with the different co-owners could limit Klépierre's ability to deploy its development plan for the assets concerned (if building work proposed by Klépierre were not approved, for example), which would jeopardize the Group's development objectives for the assets concerned.

Failure to comply with obligations towards co-owners within the scope of an asset management agreement could lead to proceedings against Klépierre, or the loss of the mandate and the related income.

Risk mitigation measures

- Suppliers and service providers: the Group's main geographic areas (France, Italy, Iberia) have dedicated purchasing teams that ensure effective management of operational risks and optimize the Group's performance in this area. Their objectives are to streamline processes, select, evaluate and monitor a specific pool of approved suppliers and improve operating margins. Prior to signing a contract, service providers and suppliers are vetted for financial health by means of revenue checks, in order to avoid the risk of over-dependence on Klépierre. These checks are repeated over the course of the business relationship.
- Throughout their contract, service providers working in shopping centers must first have provided shopping center management with all of the statutory documents authorizing them to carry out work there (ID documents, certifications, etc.). To prevent undeclared or illicit work, employees must go to the control room to prove their identity.
- Co-owners and co-investors: under its investment policy, the Group ensures that it is in a position (ideally, through majority ownership) to guide decision-making in line with its strategy.

New developments

Since the start of the health crisis, Klépierre focused on securing the business continuity of its suppliers and service providers, which are contractually committed to maintaining a required level of service. This has been particularly important in the case of security guards and cleaning staff.



9 — COMPLIANCE



Impact/Frequency



Trend

Description

“Compliance” here means both regulatory compliance and compliance with contractual obligations and existing procedures that contribute to the operational implementation of strategic objectives.

The Group operates in a complex regulatory environment due to the sheer range of legal dimensions it has to deal with (i.e., laws and regulations in the fields of tax, securities, construction, town planning, real estate, labor, data protection (GDPR), the “Sapin II” anti-corruption law, the 4th EU Directive on money laundering and terrorism financing (AML/CFT), IFRS accounting standards, etc.), and the many different levels of regulations that must be complied with (local, regional, national, European.).

Impacts

Failure to comply with regulations could lead to criminal convictions, fines and/or damage to the Group's image. In certain cases, Klépierre may be held jointly liable in the event of the failure of suppliers or service providers to comply with regulations (GDPR, undeclared or illicit work, for example).

Non-compliance in a given shopping center could result in its temporary or permanent closure. A failure to keep the anti-corruption procedures required under Sapin II regulations up to date could result in a warning from the supervisory authorities, tarnishing the Company's reputation.

Preparing financial statements that do not present a true and fair view of the Company's assets and/or financial position could jeopardize certification of the accounts by the Statutory Auditors, which could in

turn damage Klépierre's standing with investors and financial partners.

Lastly, failure to comply with contractual clauses could in some cases automatically result in the termination of the contracts concerned and the related income.

Risk mitigation measures

As noted previously under “Regulatory Framework” risk, the Group's Legal Department tracks legislation on a regular basis, assisted, where necessary, by external consultants, providing it with extensive knowledge of the regulatory environment.

The Legal Department, through its representative at the fortnightly Corporate Management Team meetings, ensures that information about the policies that need to be adopted in the various regulatory domains is shared at senior management level.

The legal aspects of all of the Group's strategic operations (investments, disposals, mergers, etc.), as well as its legal structure, are tracked by in-house legal and tax teams with the support of external counsel where required. The Group's Legal Department – supported by the local legal teams – monitors the progress of the Group's main litigation and disputes at European level. Contractual deadlines and engagements are also tracked by the Legal Department.

Klépierre's organizational structure helps ensure that Group procedures are correctly applied based on two levels of control: country and corporate. The Internal Audit function, together with the use of external audits (in addition to the statutory audit), help ensure continuous process improvement and keep operating practices in line with strategic objectives.

New developments

Increasingly complex and tighter laws and regulations in Klépierre's business environment, especially in the form of new EU directives (Anti-Tax Avoidance Directive, General Data Protection Regulation (GDPR), 5th Directive on money laundering and the financing of terrorism), increases the risk of regulatory non-compliance. This increasing regulatory complexity is offset by the expertise acquired by the legal teams.

Moreover, the deployment of specific software tools (e.g., safety, security and maintenance), and periodic information-sharing sessions organized by the business lines (seminars, webinars, etc.), help to circulate procedures and ensure that they are being applied correctly.

The health crisis also led to an increase in the number of rules to comply with and to enforce, and therefore the risks of non-compliance. To ensure that we understood the requirements of the legislators and administrative authorities, Klépierre engaged the services of well-known external advisors and recognized external auditors who visited all of the portfolio's shopping centers to certify their compliance with each countries' health recommendations. Klépierre has also set up daily monitoring procedures within its crisis management unit, aided by external legal counsel, in order to monitor changes in regulations or interpretations and any ensuing court decisions.

Lastly, in response to the heightened risk of non-compliance with some regulations due to home working (data leaks, fraud attempts, etc.), Klépierre strengthened its defenses (firewall, e-learning, etc.).



10 — HUMAN CAPITAL



Impact/Frequency



Trend

Description

The Group's workforce is highly employable, which means that skill retention is a priority in order to build, develop and hold onto human capital that is an essential driver of the Group's performance.

Impacts

A decline in the Group's appeal as an employer would reduce its ability to attract, retain and develop talented employees, especially in key positions.

A loss of core skills, knowledge and expertise due to higher employee turnover, or a lack of commitment on the part of employees, may also impact the Group's corporate decision-making and operational efficiency.

Risk mitigation measures

The Group is careful to maintain and strengthen its employer brand. It offers competitive wages, which are regularly benchmarked, and partners with leading schools and universities along with renowned headhunting firms to identify and recruit the most talented individuals.

Klépierre participates in the main recruitment and employment forums and the main specialized social networks (LinkedIn, Welcome to the Jungle, Kununu).

Through its corporate academy, "Klépierre University", the Group promotes long-term investment in training which is open to all employees to: build a common base of knowledge; strengthen competencies; share experiences and best practices; support professional development; and promote employee mobility.

Specific integration paths for each profile have been defined to boost upskilling for new joiners. Mobility is further encouraged by the Group's policy to promote internal talent and meet employees' development ambitions. 21% of positions advertised by Klépierre were filled internally in 2020.

A variety of tools are used to promote a quality work environment (such as training on health and psychosocial risks), measures to ensure work-life balance (such as home working), and widespread initiatives to encourage well-being at work (such as sport events, yoga classes, etc.).

Measures have also been taken to mitigate psychosocial risks, including mandatory training of managers and an independent, toll-free and anonymous helpline. For more information on measures concerning employee welfare, refer to section 5.4.3 - Offer Group employees a positive experience of this Universal Registration Document.

New developments

In 2020 the health situation of the countries in which Klépierre operates strongly impacted its employees work organization. Measures were quickly taken to ensure employees' health security. An internal health and organizational protocol was defined in all the sites in strict compliance with the recommendations of the government protocols in the various countries. Technological and IT equipment was systematically adapted to enable home working, while maintaining group discussions via digital tools. Psychosocial risks associated with the anxiety created by the health situation, by travel on public transportation, and/or by the isolation created by home working, were carefully monitored and measures were taken to mitigate the risks: close individual monitoring, stronger support for managers and launch of a program of digital events aimed at maintaining social ties remotely.

Employee turnover in 2020 was 9%, down from 12% in 2019.

Thanks to the physical platform provided by Klépierre University, combined with a digital learning portal launched in March 2018 ("Learn Up!"), 100% of employees had access to training in 2020, up from 98% in 2019 and 92.5% in 2018. Training programs were extensively redesigned to be delivered remotely and via innovative digital tools.

In 2021, the Group will continue to develop its employee-focused efforts by increasing the number of initiatives aimed at enhancing the "employee experience", offering a working environment adapted to employees' needs and strengthening the employer brand to promote these advantages.

A project to overhaul the HR information systems is also underway in order to improve the resources for assisting the Group's managers and employees in their daily tasks.



11 — INVESTMENTS AND DIVESTMENTS



Impact/Frequency



Trend

Description

Portfolio rotation is an inherent part of Klépierre's strategy as a property investor. The Group's aim is to optimize the performance of its portfolio by constantly ensuring its shopping centers are positioned in the most profitable and dynamic catchment areas. Buying or selling an asset may give rise to risks related to a faulty assessment of the intrinsic quality and/or potential of the asset. This would then result in an inaccurate assessment of assets' actual value. Considering the cyclical nature of the property investment market, the timing of transactions may also be unfavorable.

Impacts

Inadequate acquisition or divestment decisions could have an adverse impact on the Group's financial position, operating results, and/or growth prospects. These may result in the loss of opportunities, a deterioration in the Group's performance and/or impairment losses. This could in turn result in disputes with buyers or sellers and/or a loss of investor confidence. Failure to pursue the

portfolio optimization strategy could harm the Group's performance and hence its market capitalization.

Risk mitigation measures

All proposals to acquire, develop or sell assets are subject to extensive audits. Klépierre also hires the services of specialized and highly reputed advisers (including lawyers, notaries, bankers, real estate experts and auditors) to support buy- and sell-side due diligence processes. Transactions and investments are successively challenged by the Executive Board, the Investment Committee and the Supervisory Board.

By contracting leading independent appraisal firms to value its portfolio assets twice a year, the Group can promptly detect emerging trends in the market. The findings of this external process are cross-checked with the analyses conducted by the Group's asset managers, helping to facilitate reallocation decisions. For more information on the valuation approaches used by these independent appraisal firms, see section 3.7.1.2 of this Universal Registration Document.

New developments

Klépierre did not acquire any new assets in 2020, except for part of the commercial premises of the Gran Reno hypermarket, acquired in connection with the extension of the shopping center. In a particularly complex business investment market due to the pandemic, the Group nevertheless continued its non-strategic asset disposal strategy, selling several shopping centers for a total amount of €158 million (3% above the latest appraisal values on average).

For more information, please see section 3.5.3 of this Universal Registration Document.



12 — REAL ESTATE DEVELOPMENT



Impact/Frequency



Trend

Description

Klépierre's development activity is focused on enhancing its own properties through refurbishments and/or extensions, and may also include the development of greenfield projects. In most European countries, commercial urban planning projects take many years and present significant risks in terms of obtaining the necessary administrative, building and lease authorizations.

Typical risks include delays in securing the building permits, in the execution of work, and in signing lease agreements. They also include construction cost overruns or shortfalls in meeting rental targets.

Impacts

The main potential impacts are:

- The abandonment of the project in the design phase and the loss of expenses already incurred;
- The sale of the land plot at a price potentially below its original value;
- A lower return on investment at completion of construction work or at the end of the lease.

In all cases these may result in adverse consequences on Klépierre's financial results, growth strategy and market reputation.

Risk mitigation measures

Before being committed, development projects must successively be examined by the internal Development Committee, the Executive Board, the Investment Committee, and the Supervisory Board.

The validation criteria include:

- Consistency of the project with the Group's capital allocation strategy and financial capacity, operational targets, and CSR policy;
- Technical feasibility and local acceptability;
- Satisfactory pre-leasing rate; and
- A return on investment in line with the project's risk profile and expected return on Klépierre's capital.

Progress on development projects is examined on a quarterly basis by the Corporate Management Team. To limit potential loss of up-front costs and the risk of not obtaining regulatory clearance, development teams engage with stakeholders to ensure they support the proposed project as soon as a feasibility study has been carried out. Detailed design costs are not incurred without having run a preliminary financial analysis confirming the viability of the project. Construction is not started before a high level of leasing is secured among retailers.

New developments

The commitments undertaken by the Group in terms of real estate development are few and far between at the present time, due namely to the health crisis but also to retailers' reluctance to commit to new projects at a time when growth in e-commerce is prompting them to consider the pertinence of their store portfolios. The health crisis led to the suspension of committed construction projects. It was deemed advisable to postpone these projects rather than attempt to make up for the delays, in order to (i) limit cash outflows and (ii) gain more visibility, enabling them to open in an optimal economic and health environment.

2.3 INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

2.3.1 Introduction

In accordance with the reference framework established in July 2010 by the French financial markets authority (*Autorité des marchés financiers* – AMF), Klépierre's internal risk management framework is predicated notably on:

- Complying with laws and regulations;
- Applying instructions and guidelines laid down by the Executive Board; and
- Ensuring the Group's internal processes work smoothly.

The internal framework is underpinned by the following principles:

- Collegiality of the strategic decision-making process (see section 2.3.3 – Organization of internal control);

- Delegation of responsibilities through the use of correspondents who are responsible for consistent implementation of the Group's policies. Every manager is required to implement effective controls over the activities for which he/she is responsible (see section 2.3.3 – Organization of internal control);
- Segregation of duties by keeping operational roles separate from supervisory roles; and
- Triple level of control recommended by international audit institutions: level 1 by self-assessment (employees and their managers); level 2 by corporate controls; level 3 by internal or external audits. (refer to section 2.3.3 – Organization of internal control).

2.3.2 Internal control principles

The organization of Klépierre's internal control follows the major principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – like guidelines comparable to the AMF reference framework previously mentioned, and particularly its five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The internal control environment put into place at Klépierre aims to ensure that the necessary measures are taken to limit the exposure to strategic and operational risks in order to provide reasonable assurance as to the achievement of the strategic objectives. It is based on a body of rules which must be complied with in all countries in which the Group operates. These rules are incorporated in the dedicated texts (for example the Code of Professional Conduct or the Anti-Corruption Code of Conduct) which underscore the Group's commitment to integrity and ethical values. Moreover, these rules are attached to the employment contract of each new employee and enable each of them to know Klépierre's expectations with respect to these topics. In addition, a whistle blowing system provides a way to report any discrepancies observed.

The organization chart as well as the powers and the responsibilities have been defined in agreement with the Supervisory Board with a view to facilitating the achievement of objectives. They are regularly reviewed in order to remain at all times appropriate to the various levels of the organization and throughout the Group's entities. At all levels, the job descriptions and delegations of authority serve to document the expected skills, necessary for managing operating risk (and thereby achieving objectives). The reporting procedures in place make it possible to periodically identify any discrepancies and correct them.

Risk assessment

In the second half of 2019, the risk map was completely revised at Group level. That served to identify the risks to which Klépierre is the most exposed. In the course of this campaign, more than 60 managers helped to identify and rate the risks, as well as to list and evaluate the associated prevention and protection measures. This map was updated in mid-2020 in order to incorporate the developments resulting from the Covid-19 pandemic. This update provided the basis for the drafting of section 2.2 – Main risk factors of this Universal Registration Document.

Maps dedicated to specific topics exist as well. In accordance with the third component of the "Sapin II" anti-corruption law in France, a corruption risk map exists, as well as a map of non-financial risks (see section 5.1.3 – Main non-financial risks and opportunities).

A constant monitoring of the external environment (regulatory, economic, physical) enables identification of new or growing risks.

Control activities

The written procedures set out the various manual control points with which business managers must comply. IT tools also serve to strengthen the controls, either by carrying out automated controls or by enabling the separation of tasks for critical processes via application rights management.

A more detailed description of accounting controls is available in section 2.3.5 – Details about the financial controls.

Lastly, the internal and external audits performed each year on various subjects approved by the Audit Committee assess the existence, relevance and proper application of controls on a given process, contributing to the continuous improvement of risk control.

Information and communication

The information related to internal control is available through several channels. A Group document management system centralizes the procedures and, more generally, the documentation useful to all Klépierre employees. In addition, the information produced from the internal data is available through a dedicated reporting portal that provides dashboards in real time that group together the Group indicators through which the achievement of the strategic and operational objectives can be assessed. Lastly, reporting processes are in place to report to governance bodies the information from the operational teams (for more information on financial reporting, refer to section 2.3.5 – Details about the financial controls).

External information that may have an impact on Klépierre's internal control environment is obtained via participation in the associations representing the sector in each country where Klépierre operates, through the use of database tools – such as that of the Dun & Bradstreet network which provides access to the KYBP ("Know Your Business Partner") controls, or subscription to specialized reviews.

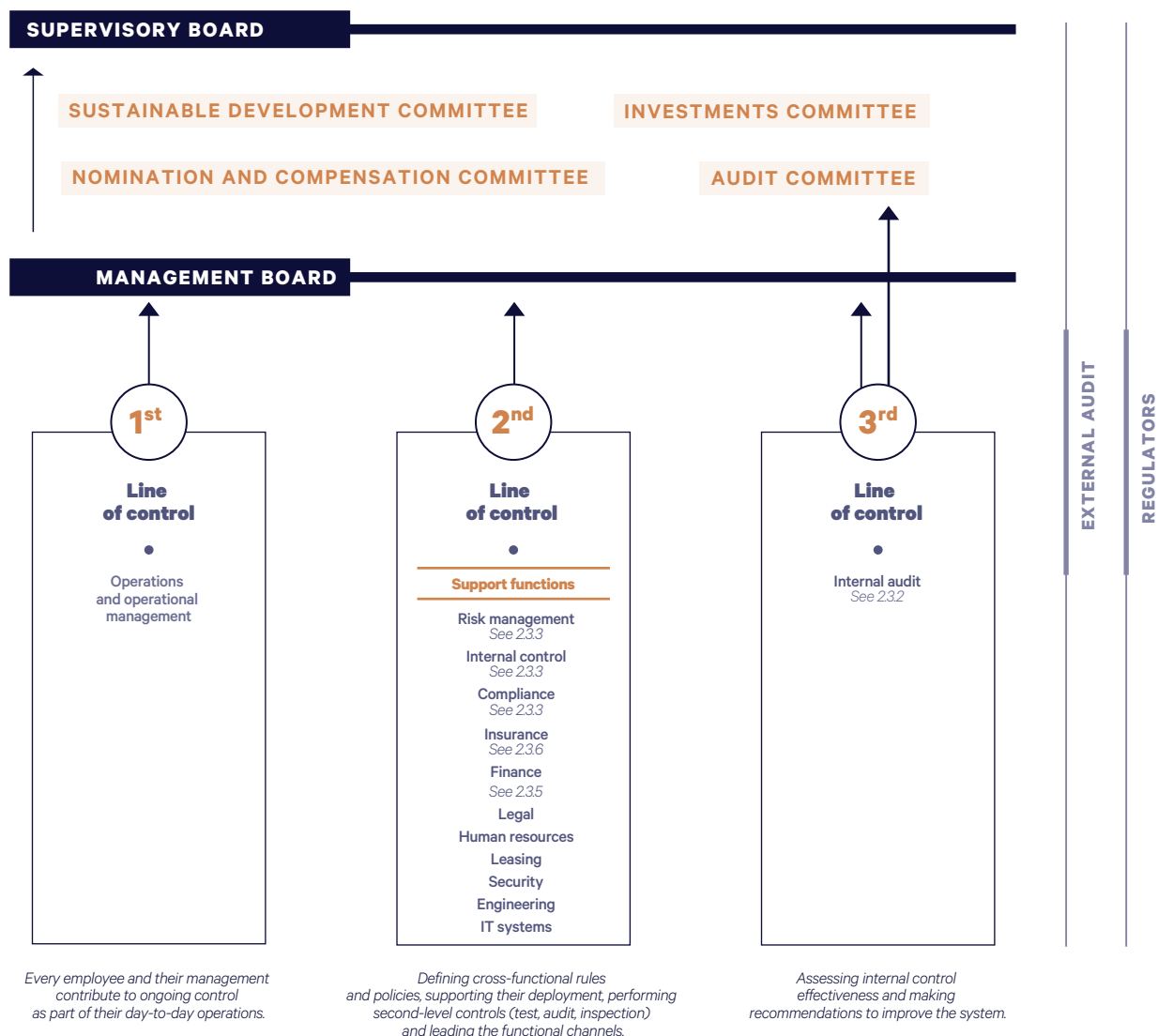
Information communication processes that may affect the functioning of internal control are also in place, offering Klépierre's various stakeholders access to essential information. Internally, traditional channels of communication exist to circulate information between the various levels and the various subsidiaries (to management via team meetings, to Group level via the functional channels, or during discussion sessions organized with the Executive Board). The existence of the whistleblower system also provides a specific channel that allows anonymous communication if the traditional channels prove ineffective or inoperative. As for external stakeholders (including investors and financial analysts), the periodic financial publications as well as the press releases allow transparent circulation of the information.

Monitoring

Continuous assessment is an integral part of the business processes and supplemented by one-off periodic reviews, whose timing is calibrated according to the risk level. For example, shopping center technical managers ensure the technical compliance of their equipment by following a timetable of regulatory controls ("continuous assessment") and once per half-year or year through a one-time review carried out by a regional or national technical manager ("periodic review").

The internal audit carries out assignments that identify possible internal control deficiencies, report them to the Executive Board, formulate corrective action plans and monitor their implementation within the appropriate deadlines ("periodic review").

2.3.3 Organization of internal control



The Supervisory Board drives the risk management process. It monitors the most significant risks, assesses the exposure to the risks in terms of strategy and ensures the effectiveness of the risk control systems.

It is assisted in this by four committees which include some of the Board's members: the Audit Committee, responsible for monitoring the internal control framework as a whole (and monitoring the accounting risks in particular, through review of the financial statements, verification of the relevance and the consistency of the accounting methods adopted for the preparation of the financial statements, and particularly the processing of significant and unusual transactions, the monitoring of the processes which contribute to the drawing up of the financial statements and the preparation of the financial information), as well as three committees responsible for monitoring all or part of one or more of the 12 risks put forward in this chapter ("acquisitions and disposals" as well as "real estate development" for the Investment Committee; "environment" for the Sustainable Development Committee; "human capital" for the Nomination and Compensation Committee).

The Executive Board's role is to lay down the general principles for the internal control framework, design and implement the appropriate internal control system and the corresponding roles and responsibilities and make sure that it works smoothly, improving it where necessary.

It is secured by three lines of control:

First line of control

This corresponds to daily controls and verifications performed by Klépierre internal and external staff as well as by their local management, according to the regulatory standards and internal procedures in force.

Second line of control

This encompasses a group of functions:

Support functions

These controls may be performed by the subsidiary's hierarchical chain (e.g., the Regional Technical Managers in France, who perform one or two controls of the site with the help of a dedicated checklist), but more often they fall within the responsibility of the corporate support functions, such as the Safety and Security Department through the tool for reporting incidents and accidents, the Sustainable Development Department through the tool for monitoring energy consumption, the head of IT Security through the monitoring of attempted hacking, etc.

These are the functions that propose to the Executive Board the procedures that the risk bearers must apply on a daily basis in their level 1 controls.

These are also the functions which, with the help of Klépierre University, prepare the training programs that aim to disseminate best practices.

These functions also steer the development and subsequent deployment of business tools, thereby providing greater operating security (among other things) through software including "Atlas" for Leasing/Legal/Rental Management teams, "Komply" for Safety and Security/Engineering and Maintenance teams, and "Let's Join" for Marketing and Center Management teams.

Accounting internal control

In this area, the Accounting Department performs its own level 2 controls. These controls are backed by a dedicated accounting Internal Control function, which carries out other targeted verifications.

Compliance

This function is performed by the Legal Department, which provides guidance on topics related to the legislative, regulatory and administrative provisions in force in the various countries in which the Group operates.

It includes the Data Protection Officer who is in charge of ensuring compliance with the General Data Protection Regulation (GDPR).

Ethics

This function aims in particular to design and coordinate the measures to combat corruption ("Sapin II" law in France), money laundering and terrorist financing (4th and 5th European directives), and insider trading (in particular through the monitoring of both permanent and temporary insiders).

Risk management

This function is performed by several support departments: risk mapping is the responsibility of the Internal Audit and Control Department, managing incidents and accidents is the responsibility of the Safety and Security Department while updating the Business Continuity Plan is a joint effort.

The Insurance function is also the responsibility of Risk Management (for more details, refer to the dedicated section 2.3.6).

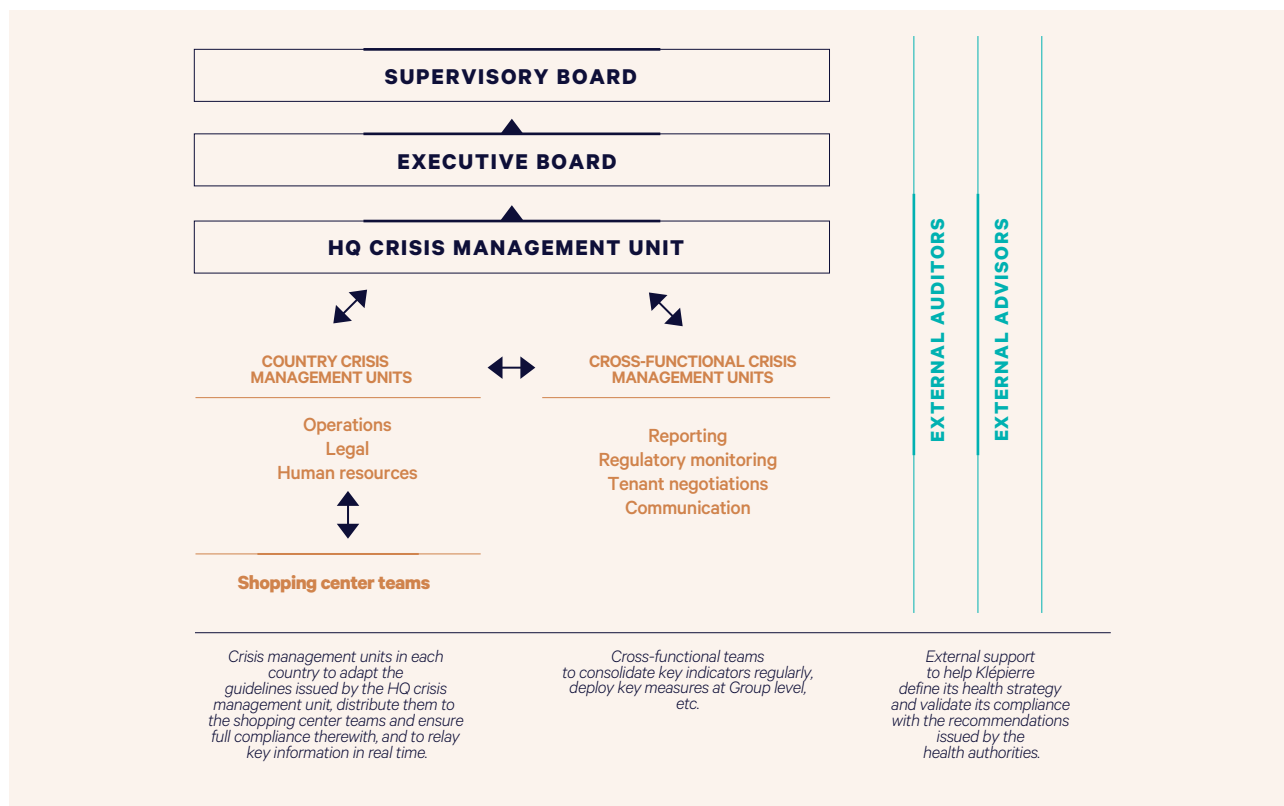
It should also be noted that national subsidiaries can establish their own bodies, as did France and Scandinavia, which this year set up an Operating Risks Committee, involving various internal stakeholders coming from the local business unit and the central headquarters.

Third line of control

The Internal Audit and Control Department independently and objectively assesses the effectiveness of the internal control and risk management procedures and the appropriateness of the processes with respect to the laws, standards or regulations in force. Its independence is guaranteed by direct connection to the Executive Board, and its reporting to the Audit Committee. At least once every year, the Internal Audit and Control Department reports to the Audit Committee any changes to the Group's internal control framework and the findings of the work performed by the various participants within the framework. In December 2020, a presentation was given to the Audit Committee on the 2020 activities and the 2021 roadmap.

External auditors, notably the Statutory Auditors and regulatory bodies, also perform the function of third-level controllers.

2.3.4 Crisis management framework (Covid-19)



In February 2020 the Group activated – at the corporate headquarters and in each country in which it operates – internal crisis management units, operational 24/7. This structure, recommended by an international medical assistance and scientific advisory organization, deployed strategies ensuring compliance with a minimum common health standard within the Group and also made it possible to operate in accordance with the national administrative directives for preventing Covid-19, including

in our shopping centers. The deployment of these strategies in the field was monitored by one of the world's largest certification bodies and a reputed R&D firm. It was also supported by a two-level internal audit system ("country" and "Group" levels). The crisis management unit provided daily Group crisis reporting and ensured the effective implementation of the "shopping centers" and "country" Business Continuity Plans.

2.3.5 Details about the financial controls

Accounting organization and management control

Accounting tasks are carried out by the Finance Department in each country in which the Group operates. The company and consolidated financial statements are prepared under the responsibility of the Group Finance Department. The deployment of an ERP system (SAP) across the Group makes it possible to record day-to-day transactions and enter accounting data in an integrated and automated manner. All the processes used to prepare accounting data are subject to accounting control programs at various levels, including validation rules, authorizations and instructions concerning supporting evidence for, and documentation of, accounting entries. The "Accounting Internal Control" unit, which reports directly to the Deputy CFO, is in charge of defining and providing the accounting control rules and ensuring the smooth operation of the internal control environment.

Klépierre's internal financial data is certified using a specific tool called "FACT" (Finance Accounting Control Tool). FACT relies on a series of validation mechanisms through which the staff involved in the evaluation of accounting controls formally certify the reliability of the data provided and the proper functioning of controls. This process contributes to the overall monitoring of the functioning of internal accounting controls within the Group. It also gives the Finance Department, which is responsible for the preparation and quality of the Klépierre Group's consolidated financial statements, the necessary level of assurance on the accuracy of financial statements of each entity. The content of the certifications is updated on a quarterly basis by the Group's accounting internal control function, and covers, among other items, regulatory requirements in terms of internal accounting control. The certifications' content is approved by the Deputy CFO.

The financial reporting system in place in all countries enables the Group to track trends in the main key performance indicators by country and by asset, and to ensure that these are properly geared to the objectives laid down in the annual budget approved by the Executive Board. Reports prepared at country level are reviewed on a quarterly basis by the Group Controlling Department, which also carries out a full reconciliation of the consistency of the accounting results with the consolidated management results.

Account closing process and consolidation

The accounts are consolidated by the Group Accounting and Consolidation Department. Data for the consolidation system used at almost all Klépierre's main subsidiaries is provided by the Finance Department in each country. A specific reporting tool is used to record off-balance sheet commitments. This allows each reporting unit to declare off-balance sheet commitments and the Consolidation Department to monitor controls and data consolidation.

The consolidated financial statements are prepared using a process laid down in detailed instructions circulated to the finance departments of each country to ensure that deadlines are met, and that the data provided complies with the Group's accounting standards.

The principal accounting controls carried out at each quarterly close during the consolidation process are:

- Controls on changes in the scope of consolidation and equity reconciliations;
- Analysis of supporting evidence for all consolidation adjustments;
- Analysis of and explanations for all deviations from budgets and forecasts; and
- Analysis of balance sheet movements and outstanding balances.

At each quarterly close, the Group Accounting and Consolidation Department coordinates an internal certification process for the accounting data reported by country, as well as the controls performed. As a part of this process, the CFO for each country certifies:

- The reliability and compliance of the accounting data provided with regard to the regulations in force and Group standards;
- Smooth operation of the accounting internal control system, safeguarding the quality of the accounting data; and
- Significant events that occurred after the accounts closing and their financial impact on the consolidated financial statements.

The clarity of financial reporting and the compliance of accounting methods are overseen by the Audit Committee, as well as the Statutory Auditors.

2.3.6 Risk insurance

The Group implements a policy of risk prevention which includes measures to reduce their probability and their impact. This policy facilitates negotiations with the insurers with respect to guarantees and premiums.

The Group is covered by insurance programs issued by a limited number of insurers and as part of Group programs in order to facilitate the management of its claims and to achieve economies of scale. For the same reason, the Group mainly works with a single broker, known worldwide.

These programs are managed by the Group's Insurance Department in partnership with the local teams and insurance brokers.

The Group's operational insurance policies fall into three categories:

- property damage insurance;
- construction and works insurance;
- liability insurance.

The programs related to the operating of the shopping centers are renewed annually, on July 1. The others are renewed on different dates that may correspond to the calendar year or the date of the start of construction work.

As of July 1, 2020, total insurance premiums amounted to €8.8 million. Most of these premiums were invoiced directly to third parties (particularly condominium associations, real estate companies, etc.) then, where applicable, re-invoiced to the tenants in accordance with the leases' provisions.

For all the insurance programs

- The guarantee limits are consistent with those of an international real estate company.
- The deductibles vary according to the programs concerned.
- The exclusions provided for in the contracts are consistent with market practices.

At the present time there is no captive insurer or insurance brokerage within the Group.

With regard to the Covid-19 pandemic, discussions are currently being held with insurers as to the potential coverage for the loss in revenues resulting from government-ordered closures of certain stores in the first half of 2020. At this stage, the Group does not have sufficient visibility to determine whether its insurers will cover these losses.

Property damage insurance

The assets can be guaranteed as part of a program entered into by the Group on its behalf and that of its customers or, on an exceptional basis, as part of contracts taken out by co-owners.

The program defined by the Group provides for the implementation in each country of an insurance contract that corresponds to local best practices and is reinsured by the Master policy taken out in France. The insurance terms and conditions are negotiated for the entire Group in the Master policy, which is the Group's reference policy.

These contracts cover the assets in the event of damage to property such as, in particular, fires, water damage, claims related to terrorism or political violence as well as operating losses and rent losses, within the contractual limits provided for in the Master policy.

The guarantees provided for by the Master policy are identical for all the assets regardless of the site's location.

The Group's real estate assets are insured up to their full replacement value. Replacement values are regularly assessed by external experts.

Construction and works insurance

The Group's construction activities are covered by specific construction policies (property damage and general liability), in compliance with the legal requirements in force in the countries in which the Group operates. Thus, in France, *dommages-ouvrage* insurance coverage is obtained when the construction work is subject to this requirement.

General liability insurance

The purpose of the Group's general liability insurance policies is to protect against the consequences of the liability of the Group's companies with respect to third parties due to their activities or professional misconduct. French subsidiaries that fall within the scope of the "Hoguet law" which regulates the real estate profession therefore benefit from the required coverage on that basis.

They also cover the liability of the owners of the assets (third parties or owners belonging to the Group), the liability of the various management entities (AFUL and condominium associations), as well as environmental liability.



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3.1 MITIGATING COVID-19

Over the course of 2020, the Covid-19 pandemic caused a worldwide health, economic and social shock. Lockdowns and restrictions significantly impacted Klépierre's activities, but the Group managed to preserve its operations despite an unprecedented and still uncertain context.

As soon as the first wave of the epidemic hit continental Europe in late February 2020, the Group set up a crisis management team supported by external experts, with a view to mitigating the impact of the epidemic on consumers and retailers in its shopping centers, as well as on the Group's employees. This team has coordinated Klépierre's response to the crisis in each affected area, ensuring that its operations were compliant with the measures enacted by the authorities on a real-time basis. The Group continuously reviewed its operating organization and resources so as to ensure the best possible health and safety conditions while maintaining business continuity. As recommended by health bodies and governments, it also adapted its working environment to the mass switch to home working by swiftly providing all employees with appropriate IT equipment and tools.

Further to the lifting of the initial restrictions, Klépierre's malls began reopening from early May, enjoying an encouraging restart and more broadly proving the resilience of the shopping center business as well as the relevance of the Klépierre malls to consumer demand in particular. Consumer behavior did not change dramatically on reopening, with total retailer sales reaching 90% of the prior-year level during the third quarter of 2020. By contrast, on the back of the mass switch to home working and the weak tourism season (international tourism was expected to have suffered a year-on-year contraction of around 80% in 2020), the return of consumers to places highly reliant on commuters

and tourists was more muted. This highly unpredictable environment significantly drove up household savings, constituting a high potential consumption pool when the situation ultimately stabilizes. With the resurgence of the pandemic since the end of October, however, most European countries have re-imposed restrictions, with a mechanical adverse impact on Klépierre's operations.

Since the first wave of lockdowns, Klépierre's teams have been working closely with tenants to provide them with the necessary flexibility, notably by adapting payment deadlines and granting partial rent waivers to ease their cash positions. While Klépierre's management is of the view that rents remain contractually due during closure periods, it engaged negotiations with retailers to offer rent abatements, when needed, in exchange for lease extensions.

On the financial front, the Group took a series of measures aimed at curbing cash outflows, especially non-essential capital expenditures and non-staff operating expenses, while accelerating its refinancing plan in order to prevent any material refinancing issues till May 2024 and preserve its strong liquidity position.

Notwithstanding the epidemic, the Group accelerated the delivery of its ambitious non-financial roadmap. Over the year, it reduced the energy intensity of its shopping centers by 16% and its greenhouse gas emissions by 30% on a like-for-like basis. In 2020, Klépierre's malls continued to serve their communities actively and bring value to the territories in which they are anchored. Virtually all of the Group's shopping centers contributed to local employment with dedicated actions, made space available for local initiatives and organized drives for the benefit of local charities.

3.2 BUSINESS OVERVIEW

3.2.1 Economic environment

In order to contain the persistent virus outbreak, a number of restrictions – lockdowns, curfews and store closures – were enforced in most countries, resulting in a sharp economic contraction, with eurozone Gross Domestic Product (GDP) as determined by the OECD decreasing by 7.5% in 2020. In that context, the unemployment rate rose to 8.1%, while inflation fell to close to zero.

To preserve the economy, most countries launched substantial plans consisting of measures such as furlough, fiscal stimulus, compensation for fixed costs, state-backed loans and guarantees, and specific programs targeting particularly hard-hit segments including hospitality, entertainment and small businesses.

In early 2021, the health situation remains highly volatile and additional lockdown measures have been imposed in several countries. Nevertheless, the large-scale distribution of vaccines across Europe and the prompt implementation of the European Union recovery plan, coupled with the European Central Bank's accommodative monetary policy and supportive domestic fiscal policies, should revive confidence and consumption, thereby contributing to the resilience of the economy in 2021 with gross domestic product bouncing back with growth of 3.6%.

2020 AND 2021 MACROECONOMIC FORECASTS BY GEOGRAPHY

Geography	Real GDP growth rate			Unemployment rate			Inflation rate		
	2019	2020E	2021E	2019	2020E	2021E	2019	2020E	2021E
EUROZONE	1.3%	-7.5%	3.6%	7.5%	8.1%	9.5%	1.2%	0.3%	0.7%
France	1.5%	-9.1%	6.0%	8.4%	8.4%	10.5%	1.3%	0.5%	0.4%
Belgium	1.7%	-7.5%	4.7%	5.4%	5.7%	7.9%	1.2%	0.5%	0.7%
Italy	0.3%	-9.1%	4.3%	9.9%	9.4%	11.0%	0.6%	-0.1%	0.4%
Scandinavia									
Norway	0.9%	-1.2%	3.2%	3.7%	4.5%	5.0%	2.2%	1.5%	1.9%
Sweden	1.4%	-3.2%	3.3%	6.8%	8.6%	9.0%	1.8%	0.6%	1.1%
Denmark	2.8%	-3.9%	1.8%	5.0%	5.7%	6.2%	0.8%	0.4%	0.7%
Iberia									
Spain	2.0%	-11.6%	5.0%	14.1%	15.8%	17.4%	0.8%	-0.3%	0.4%
Portugal	2.2%	-8.4%	1.7%	6.5%	7.3%	9.5%	0.3%	-0.2%	-0.2%
CE & Other									
Czech Republic	2.3%	-6.8%	1.5%	2.0%	2.6%	3.6%	2.8%	3.3%	2.2%
Poland	4.5%	-3.5%	2.9%	3.3%	3.8%	5.5%	2.2%	3.4%	2.3%
Turkey	0.9%	-1.3%	2.9%	13.7%	12.5%	14.8%	15.2%	12.0%	11.9%
Netherlands	1.6%	-4.6%	0.8%	3.4%	4.1%	6.1%	2.7%	1.0%	0.9%
Germany	0.6%	-5.5%	2.8%	3.1%	4.2%	4.8%	1.4%	0.4%	1.1%

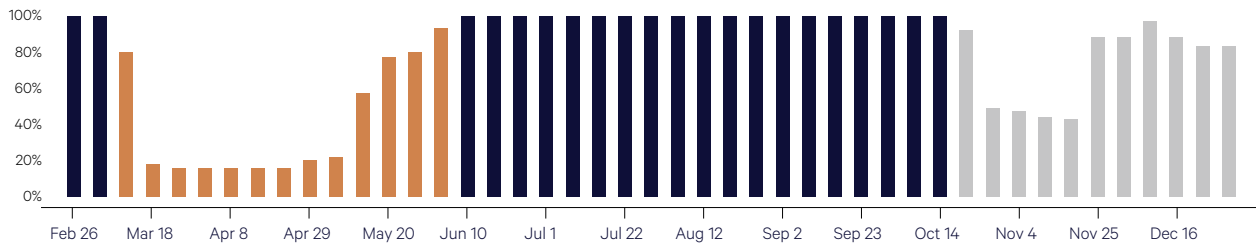
Source: OECD Economic Outlook, December 2020.

3.2.2 Operating context

In 2020, most of Klépierre's activities were adversely impacted by the pandemic and accompanying restrictions imposed across Europe, leading to a virtual standstill at malls in certain regions. Depending on the severity of the spread of the virus, the authorities opted either for lockdowns together with full store closures or for other trading restrictions in many countries where Klépierre operates:

- To contain the first wave, lockdowns were enforced from mid-March to early June at the latest, except in Norway, Sweden and the Netherlands;
- Restrictions were then gradually eased, leading to the reopening of malls and the resumption of business;

- To contend with the second wave, targeted restrictions were implemented (particularly for hospitality and entertainment activities), with a view to preserving the economy, with varied outcomes from country to country. Although France, the Czech Republic, Poland, the Netherlands and Germany, for example, imposed a second lockdown in November and/or December (see "2021 restrictions" below), Italy adopted measures with closures during weekends, Spain opted for limited mall closures but with severe travel restrictions, and certain other countries generally kept stores open.

OPEN MALLS AS A PERCENTAGE OF GROSS ASSET VALUE *(Group share)*


In that context, at Group level, stores were closed for 2.1 months on average due to lockdown.

CLOSURE PERIOD DURATION AS AN EQUIVALENT OF YEARLY RENTS AND CHARGES

(total share, excluding service charges and VAT) (by region)

<i>In months</i>	Average closure period
France-Belgium	2.5
Italy	2.6
Scandinavia	0.5
Iberia	2.1
CE & Other	1.9
Netherlands	1.0
Germany	1.4
TOTAL	2.1

As of March 23, 2021, ongoing restrictions include⁽¹⁾:

- **Full lockdowns:** in France, Italy, Denmark, Germany, Netherlands, Portugal, Poland and Czech Republic, all stores have been ordered to close, except for those selling essential goods (including grocery, small food stores and pharmacies).

- **Partial lockdown/limited restrictions:** a local lockdown is in place in the Oslo area (Norway). Lastly, malls in Sweden, Belgium and Spain are open.

Hence, 38% of stores (in rents) are open and operational, with all necessary measures taken to ensure the protection of visitors and staff through the application of strict health protocols.

⁽¹⁾ The following information is supplemental to the Management Report issued by the Executive Board on February 10, 2021.

3.2.3 Retailer sales

In 2020, **retailer sales**⁽¹⁾ stood at 89% of the prior-year level, illustrating the resilience of the business in an adverse health situation and the rapid rebound in the aftermath of the various lockdowns across Europe. The Group's assets posted better-than-anticipated performances – especially more convenience oriented malls (94% of the prior-year level) – except those located near transport hubs, which were impacted by low commuter and tourist numbers.

Factoring in the 2.1 months of closure, total retailer sales at Klépierre malls stood at 72% of the prior-year level, broadly due to the impact of the lockdowns. By country, the scale of the decrease was closely correlated to the nature and duration of the restrictions. For example, Scandinavian retailer sales (milder restrictions) were down 13%, while Iberian and Italian retailer sales (where stores remained closed for 2.1 and 2.6 months, respectively) were down 39% and 34% over the year.

By geographic area⁽¹⁾, France (retailer sales amounted to 94% of the prior-year level) registered two strong and swift sales recoveries after

the March to early June and November lockdowns, with retailer sales amounting to 94% of the prior-year level in the third quarter and even outpacing it in December (up 1%). Business was also fairly robust in Scandinavia (93% of the prior-year level), especially in Norway where sales were broadly stable year on year.

Conversely, in countries that endured lasting restrictions and more challenging health conditions, such as Iberia (78% of the prior-year level) and Italy (87%), retailer sales performance tended to be weaker.

Lastly by **segment**⁽¹⁾, Culture, Gifts & Leisure (94% of the prior-year level), Supermarkets (97% of the prior-year level) and Health & Beauty (92% of the prior-year level) posted resilient performances while Household Equipment (up 4%) even exceeded pre-Covid levels.

However, Food & Beverage (82% of the prior-year level) and Fashion (85% of the prior-year level) were more severely impacted by the challenging environment and unfavorable health measures.

YEAR-ON-YEAR CHANGE IN RETAILER SALES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020 (by country)

Country	Retailer sales change ^(a)		Share (in total reported retailer sales)
	Excluding closure days	Including closure days	
France	-6%	-27%	35%
Belgium	-13%	-29%	2%
France-Belgium	-6%	-27%	36%
Italy	-13%	-34%	22%
Norway	-1%	-4%	10%
Sweden	-15%	-15%	7%
Denmark	-6%	-24%	4%
Scandinavia	-7%	-13%	21%
Spain	-24%	-40%	6%
Portugal	-18%	-34%	2%
Iberia	-22%	-39%	8%
Czech Republic	-15%	-36%	2%
Poland	-20%	-34%	2%
Turkey	-1%	-21%	2%
CE & Other	-13%	-31%	7%
Netherlands	-19%	-20%	3%
Germany	-13%	-28%	3%
TOTAL	-11%	-28%	100%

(a) Change is on a constant-center basis and excludes the impact of asset sales and acquisitions.

YEAR-ON-YEAR CHANGE IN RETAILER SALES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020, EXCLUDING CLOSURE DAYS (by segment)

	Retailer sales change ^(a)	Share (in total reported retailer sales)
Fashion	-15%	36%
Culture, Gift & Leisure	-6%	19%
Health & Beauty	-8%	15%
Food & Beverage	-18%	9%
Household Equipment	+4%	14%
Other	-16%	7%
TOTAL	-11%	100%

(a) Change is on a constant-center basis and excludes the impact of asset sales and acquisitions.

(1) Change in retailer sales excluding closure days.

3.2.4 Rent collection

Over 2020, €1,381.8 million in rents and charges were invoiced.

We expect to collect 84% of the total invoicing. As of February 1, 2021, we have already collected 81% and €32 million have yet to be collected. Net of rent abatements (€116 million, out of which €102 million affecting 2020 NRI), the collection rate will stand at 91%. The outstanding amount (€108 million) has been provisioned for credit losses. It mainly relates to restaurants, movie theaters, travel agencies and insolvent and/or bankrupt tenants.

This collection rate varies from quarter to quarter as a pure reflection of the lockdowns that occurred in Q2 and Q4 (gross collection rate of respectively 64% and 79%), while collection was higher when stores were opened (98% in Q1 and 94% in Q3).

EXPECTED COLLECTION RATE ON RENTS AND SERVICE CHARGES^(a) (on a total share basis, excluding VAT)

Geography	Invoiced (in €m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Full-year 2020
France-Belgium	538.5	99%	53%	96%	73%	80%
Italy	215.8	93%	50%	90%	67%	75%
Scandinavia	211.7	99%	93%	98%	98%	97%
Iberia	154.7	97%	64%	87%	75%	81%
CE & Other	92.8	99%	81%	92%	82%	89%
Netherlands	84.9	100%	83%	97%	91%	93%
Germany	61.8	99%	69%	91%	96%	89%
TOTAL SHOPPING CENTERS	1,360.1	98%	65%	94%	79%	84%
Other retail properties	21.7	98%	47%	98%	47%	75%
TOTAL	1,381.8	98%	64%	94%	79%	84%

(a) As of December 31, 2020, excluding equity-accounted companies. Expected collection rates in Iberia and CE & Other take into account local regulations in Portugal and Poland which could, ultimately, slightly lower rent collection rates (see section 3.3 "Business activity by region").

3.2.5 Gross rental income and net rental income

RECONCILIATION BETWEEN INVOICED RENTS AND CHARGES AND GROSS RENTAL INCOME (on a total share basis)

In millions of euros	2020
Invoiced rents and charges	1,381.8
Charges	(241.9)
Rent abatements (cash)	(116.0)
Straight line-amortization of rent abatements ^(a)	24.3
Other	14.2
GROSS RENTAL INCOME	1,062.4

(a) In connection with Covid-19.

GROSS RENTAL INCOME (on a total share basis)

In millions of euros	2020	2019	Reported change
France-Belgium	390.4	446.0	-12.5%
Italy	173.7	205.7	-15.6%
Scandinavia	167.3	186.1	-10.1%
Iberia	115.7	137.7	-16.0%
CE & Other	76.0	109.8	-30.7%
Netherlands	73.1	81.4	-10.2%
Germany	47.4	51.9	-8.8%
TOTAL SHOPPING CENTERS	1,043.6	1,218.6	-14.4%
Other retail properties	18.8	23.7	-20.6%
TOTAL	1,062.4	1,242.3	-14.5%

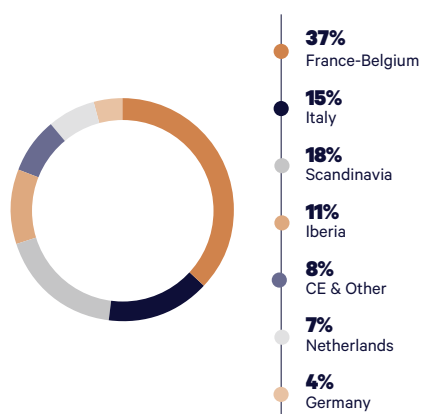
NET RENTAL INCOME (on a total share basis)

In millions of euros	2020	2019	Reported change	Change excl. disposals and forex	Index-linked change
France-Belgium	308.7	410.2	-24.7%	-24.5%	+2.1%
Italy	128.3	193.3	-33.6%	-33.2%	+0.4%
Scandinavia	148.5	168.1	-11.7%	-10.1%	+1.3%
Iberia	95.5	126.5	-24.5%	-22.4%	+0.5%
CE & Other	63.4	100.9	-37.2%	-21.9%	+1.4%
Netherlands	59.4	68.9	-13.8%	-8.9%	+1.3%
Germany	30.5	40.0	-23.6%	-23.6%	-
TOTAL SHOPPING CENTERS	834.3	1,108.0	-24.7%	-22.5%	+1.3%
Other retail properties	11.9	22.6	-47.4%		
TOTAL	846.2	1,130.6	-25.2%		

Net rental income (NRI) amounted to €846.2 million as of December 31, 2020, down 25.2% on a reported portfolio, total share basis compared with 2019, which triggered:

- A €210.5 million reduction related to rent abatements and provisions for credit losses (see section 3.2.4 "Rent collection");
- A €29.5 million mechanical decrease in variable revenues (down 26%), including turnover rents, car parking income and a downward adjustment to specialty leasing;
- A €31.9 million decrease from disposals, mostly attributable to the sale of the Hungarian portfolio at the end of 2019; and
- A €12.4 million impact reflecting unfavorable changes in exchange rates and other non-recurring items, partly offset by new rents stemming from recent extensions or developments.

BREAKDOWN OF SHOPPING CENTER NRI BY REGION FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020 (on a total share basis)



FOREIGN EXCHANGE IMPACT ON NRI YEAR-ON-YEAR GROWTH FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020

	At constant forex	At current forex	Forex impact
Norway	-1.8%	-11.0%	-924 bps
Sweden	-13.0%	-12.2%	+87 bps
Denmark	-14.8%	-14.7%	+14 bps
Scandinavia	-10.1%	-12.6%	-255 bps
Czech Republic	-13.7%	-13.7%	-
Poland	-22.5%	-22.5%	-
Turkey	-44.4%	-56.1%	-1,171 bps
CE & Other	-21.9%	-24.9%	-298 bps
TOTAL	-22.5%	-23.1%	-57 bps

3.2.6 Leasing update

In 2020, **leasing** activity was mainly focused on reaching agreements for lockdown periods in order to optimize rent collection and/or to extend leases on targeted stores. To date, 4,972 deals have been agreed with retailers, granting rent abatements for lockdown periods. In exchange for these rent waivers, the Group obtained an average 1.9 years in lease extensions on 1,933 leases, thereby securing rents for a comparable amount to the abatements.

In this unprecedented health context, letting operations naturally slowed down, with 951 leases signed in 2020 compared to 1,598 last year, generating a positive 4.5% reversion. The delay in leasing activity was the main factor behind the decrease in **occupancy** (EPRA vacancy rose 180 basis points to 4.8%), while the number of departures was broadly in line with 2019.

Among the transactions concluded during the year, Klépierre signed a structurally important deal with international retailer Primark in December 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, with the latest store having opened over 6,650 sq.m. at Belle Épine (Paris region, France) in early July.

The Group also continued to support the growing momentum of on-trend banners, as showcased by deals with value retailer Normal, high-tech reseller Hubsider and cosmetics brand Rituals. In addition, smartphone specialist Huawei opened its first two stores in Klépierre's malls in La Gavia (Madrid, Spain) and Créteil Soleil (Paris region, France), while Swarovski unveiled a new boutique in Hoog Catharijne (Utrecht, Netherlands) and Pandora launched new flagships at Globo (Milan, Italy) and Sadyba Best Mall (Warsaw, Poland). Over the year, deals were also signed in the sports sub-segment with the opening of new Decathlon (Nový Smíchov, Prague), XXL (Drammen, Gulslogen), Nike (Assago, Milan), and JD Sports (Centre Mayol, Toulon; Tourville, Rouen region) stores. Lastly, the Group also continued to broaden the Food & Beverage offering by rolling out the Destination Food® concept, notably at Emporia (Malmö, Sweden) and Nový Smíchov (Prague, Czech Republic), with a large variety of tenants from local concepts to international banners.

KEY PERFORMANCE INDICATORS

Geography	Renewed and re-let leases (in €m)	Reversion (in %)	Reversion (in €m)	OCR ^(a)	EPRA Vacancy Rate
France-Belgium	26.6	+3.4%	0.9	13.5%	5.1%
Italy	15.7	+5.3%	0.8	11.0%	2.4%
Scandinavia	15.9	-1.1%	(0.2)	12.7%	6.9%
Iberia	11.0	+16.9%	1.6	16.2%	5.9%
CE & Other	8.9	+10.4%	0.8	15.6%	5.1%
Netherlands	2.8	-2.9%	(0.1)	-	4.3%
Germany	3.0	-6.6%	(0.2)	11.7%	5.9%
TOTAL	83.9	+4.5%	3.6	13.2%	4.8%

All assets (including equity-accounted companies) are presented on a 100% share basis.

(a) Occupancy cost ratio. Due to the unprecedented situation, OCR represents the ratio of collected rents to retailer sales (including closure periods). Occupancy cost ratio is not calculated for the Netherlands as only a few Dutch retailers report their sales to Klépierre.

3.2.7 Lease expiration schedule

SHOPPING CENTER LEASE EXPIRATION SCHEDULE (as a percentage of minimum guaranteed rents)

Geography	≤ 2020	2021	2022	2023	2024	2025	2026	2027	2028+	Total	WALT ^(b)
France	15.3%	7.3%	9.0%	9.2%	7.6%	7.7%	9.0%	9.0%	26.0%	100.0%	4.5
Belgium	1.1%	2.3%	3.3%	52.1%	4.4%	6.5%	7.8%	4.6%	18.1%	100.0%	4.7
France-Belgium	14.8%	7.1%	8.8%	10.8%	7.5%	7.6%	9.0%	8.9%	25.7%	100.0%	4.5
Italy	15.5%	14.0%	12.9%	10.4%	10.4%	9.9%	7.1%	4.1%	15.7%	100.0%	3.7
Denmark ^(a)	-	-	-	-	-	-	-	-	-	-	-
Norway	1.3%	16.2%	12.3%	22.5%	18.3%	16.0%	3.3%	1.1%	9.0%	100.0%	3.3
Sweden	1.3%	13.3%	29.6%	20.5%	19.7%	8.3%	5.3%		2.0%	100.0%	3.5
Scandinavia	1.3%	15.0%	19.4%	21.7%	18.9%	12.8%	4.1%	0.7%	6.1%	100.0%	3.4
Spain	2.0%	7.8%	8.0%	11.1%	11.4%	8.5%	10.9%	5.1%	35.4%	100.0%	6.5
Portugal	1.6%	14.8%	11.4%	16.0%	14.9%	10.3%	6.7%	2.9%	21.4%	100.0%	4.9
Iberia	1.9%	9.1%	8.6%	12.1%	12.0%	8.8%	10.1%	4.6%	32.7%	100.0%	6.2
Czech Republic	0.3%	19.4%	20.2%	21.8%	12.6%	8.4%	6.4%	2.3%	8.5%	100.0%	3.2
Poland	0.2%	22.3%	23.6%	12.9%	11.4%	7.8%	11.0%	2.6%	8.3%	100.0%	2.6
Turkey	2.9%	18.6%	20.9%	26.3%	8.3%	11.5%	1.7%	1.9%	7.8%	100.0%	3.2
CE & Other	0.9%	20.2%	21.6%	19.7%	11.2%	8.9%	7.0%	2.3%	8.3%	100.0%	3.0
Netherlands	0.4%	5.4%	5.6%	1.3%	3.0%	1.4%	4.3%	16.6%	62.0%	100.0%	7.1
Germany	0.3%	5.4%	35.2%	13.9%	13.4%	4.7%	7.7%	2.8%	16.6%	100.0%	4.0
TOTAL	10.3%	10.4%	12.5%	12.3%	10.1%	8.6%	7.8%	6.1%	21.9%	100.0%	4.4

(a) Under Danish law, lease contracts are open-ended.

(b) Weighted average lease term (in number of years).

3.3 BUSINESS ACTIVITY BY REGION

3.3.1 France-Belgium (36.5% of net rental income)

NRI & EPRA VACANCY RATE IN FRANCE-BELGIUM

In millions of euros	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
	Actual	Expected	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019
France	77%	80%	295.2	391.7	-24.6%	5.1%	3.4%
Belgium	72%	78%	13.5	18.5	-27.0%	6.0%	0.8%
FRANCE-BELGIUM	77%	80%	308.7	410.2	-24.7%	5.1%	3.3%

After two national lockdowns from March to May and from November to mid-December, **French** GDP fell by 9.1% in 2020. To head off macroeconomic destabilization, the authorities enforced temporary emergency measures, including a €100 billion medium-term recovery plan, furlough, fiscal stimulus and government loan guarantees. Given the context, households massively opted for precautionary savings (up €90 billion over the year), constituting a high potential consumption pool when the situation ultimately stabilizes. Unemployment reached 8.4% in 2020 while inflation came out at 0.5%. In a still uncertain health situation, GDP is expected to surge by 6.0% in 2021, on the back of improving health conditions and the vaccine rollout, which should support consumption and investment, with households drawing on their high savings levels.

Against this backdrop, **retailer sales**⁽¹⁾ stood at 94% of the prior-year level, demonstrating the sharp recovery post lockdown. Sales reached 95% of the prior-year level in July-August and were even 1% higher year on year in December (after November's one-month closure). Taking into account the 2.5 months of closures, retailer sales stood at 73% of the prior-year level.

By **segment**⁽¹⁾, over the full year, Household Equipment registered very brisk momentum (up 6%), while Culture, Gifts & Leisure (down 3%), supermarkets (down 3%) and even Fashion (down 7%) showed good resilience. In contrast, with most points of sale closed since mid-October, Food & Beverage (down 13%) was hit harder by the health restrictions.

In 2020, **net rental income** came out at €308.7 million, down 24.7% compared to one year earlier, largely due to an 80% collection rate (89% net of rents abatements) and lower variable revenues.

Leasing activity was focused mainly on agreeing deals with retailers on the lockdown periods. Nonetheless, Klépierre did also manage to sign 257 renewal/releasing/reletting agreements, down 43% on 2019. This lower level of leasing activity translated into a 180-basis-point decrease in **occupancy** (EPRA vacancy rate of 5.1%), while the number of departures was broadly stable.

New leases signed during the year included an emblematic deal with Primark for the opening of two new flagships in France, demonstrating the relevance of the Klépierre platform. In 2020, Primark also joined Belle Épine, the newly-acquired, leading mall in southern Paris, and opened new Zara and Bershka stores further to right-sizing. In late September, Klépierre also inaugurated the first Huawei store in a French mall at Créteil Soleil (Paris region). The sports sub-segment maintained its growth momentum with the opening of JD Sports stores at Centre Mayol (Toulon) and Tourville (Tourville-la-Rivière), the unveiling of three Snipes boutiques (Blagnac, Bègles and Belle Épine) and the signing of four deals with Courir. More generally, Klépierre continued to support the expansion of growing retailers, illustrated by the signing of 12 stores with Hubsid, the high-tech reseller, four new Normal stores, three Free telecom boutiques and three Rituals points of sale.

3.3.2 Italy (15.2% of net rental income)

NRI & EPRA VACANCY RATE IN ITALY

In millions of euros	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
	Actual	Expected	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019
ITALY	72%	75%	128.3	193.3	-33.6%	2.4%	1.7%

In **Italy**, following the strict lockdown enforced from mid-March to mid-May, infection rates decreased sharply before rebounding from mid-October, with geographically dispersed clusters. Since then, the authorities have imposed fresh national restrictions on top of stricter local regulations to maintain social distancing whilst allowing economic activity to continue as much as possible. Government attempts to mitigate the effects on firms and households included measures such as a supportive fiscal policy, furlough programs and tax credits for retailers. However, from November 5, malls and other comparable spaces were forced by government decree to close on weekends and bank holidays (including the day before), which also weighed on the economy. Accordingly, GDP for full-year 2020 declined by 9.1%.

Notwithstanding the government's support in mitigating the impact of Covid-19 on firms and households, recent substantial job creation was brought to a halt and the unemployment rate climbed to 9.4% at the end of the year, with inflation remaining flat.

The wide rollout of vaccines and significant packages to support household spending as well as fiscal stimulus should result in higher consumption and investment, favoring a gradual recovery in 2021 with GDP growth of 4.3%. Nevertheless, the uncertainty will take time to clear, notably regarding exports and tourism which continue to suffer from weak global demand.

(1) Change in retailer sales excluding closure days.

In 2020, **retailer sales**⁽¹⁾ amounted to 87% of the prior-year level, with a better-than-anticipated recovery after reopening from mid-May to October before plunging again in November and December as the health situation deteriorated and fresh restrictions were imposed. Factoring in 2.6 months of closures due to lockdown and national restrictions, **retailer sales** for the year as a whole came out at 66% of the level recorded in 2019.

By **segment**⁽¹⁾, Household Equipment was a notable outperformer, with retailer sales up 1%, while Food & Beverage and Fashion came out at 72% and 84% respectively of prior-year levels.

In that context, **net rental income** in Italy amounted to €128.3 million, down 33.6% compared to last year, as a result of the 75% collection rate (85% net of rent abatements) and, to a lesser extent, lower levels of variable revenues.

Beyond the intense negotiations with retailers regarding the lockdown period (356 deals signed), recurring **leasing** activity slowed down significantly during the year (150 leases signed versus 368 in 2019). The subsequent delayed releasing of vacant units led to a decline in **occupancy** (EPRA vacancy rate of 2.4% versus 1.7% as of December 31, 2019).

Nevertheless, the Group managed to sign emblematic deals with leading retailers, which translated into a 5.3% positive reversion rate. The year was characterized by the signing of an emblematic deal with Primark for the opening of four stores in Italy (Bologna, Naples, Venice and Turin), demonstrating the pre-eminence of Klépierre's platform in Italy and its positioning central to the strategies of growth banners. In addition, at Porta di Roma, the Fashion offering was bolstered further with the opening of a brand-new Armani Exchange store as well as a New Balance store in July. Lastly, as part of long-standing partnerships with Klépierre, Nike unveiled a new flagship at Assago Milanofiori (Milan) while Pandora and KFC opened at Globo (Milan).

3.3.3 Scandinavia (17.5% of net rental income)

NRI & EPRA VACANCY RATE IN SCANDINAVIA

In millions of euros	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
	Actual	Expected	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019
Norway	98%	99%	57.4	63.0	-8.8%	7.5%	3.6%
Sweden	92%	94%	45.9	52.2	-12.2%	5.9%	4.4%
Denmark	95%	97%	45.2	52.9	-14.7%	7.2%	5.3%
SCANDINAVIA	95%	97%	148.5	168.1	-11.7%	6.9%	4.2%

Although the **Scandinavian** economies (Norway, Sweden and Denmark) were unable to entirely escape the effects of the Covid-19 pandemic in 2020, they were not impacted to the same extent as other areas of Europe, depending on the spread of the virus and the restrictions imposed locally. Covid-19 case and fatality numbers remained comparatively low in **Norway**, for example, with milder restrictions and as a result, a more limited decline in GDP (down 1.2% in 2020), despite the fall in global oil demand. Unemployment increased from 3.7% in 2019 to 4.5% in 2020, while inflation eased to 1.5%. Nevertheless, substantial monetary support from Norges Bank and a fiscal package are expected to reverse the economic downturn and translate into GDP growth of 3.2% in 2021. In **Sweden**, the initial restrictions were less stringent than in most countries but since September, case numbers have risen and rules tightened. Sizable fiscal stimulus and supportive furlough programs limited the decrease in GDP to 3.2% in 2020, while the unemployment rate climbed to 8.6% from 6.8% in 2019. Lastly, in **Denmark**, following a smaller initial hit from Covid-19 than elsewhere, the second lockdown from December 17 and the weak external environment acted as a drag on GDP in 2020, which declined by 3.9%. However, targeted fiscal measures and high levels of public investment shielded workers from the effects, resulting in only a slight uptick in the unemployment rate to 5.7%.

Over the period, the various governments implemented programs to support retailers. In Sweden, Denmark and Norway, depending on the scale of the decline in sales, companies were eligible to receive public support to cover their fixed costs.

In this context, Klépierre's Scandinavian malls broadly remained open over the period and posted excellent **retailer sales**⁽¹⁾ amounting to 93% of the prior-year level (87% including closure days), notably on the back of a dynamic start to the year (retailer sales up 6.5% over the first two months of 2020) and generally lighter-touch restrictions, which provided a platform for a sustained recovery after the first pandemic wave with sales approaching pre-Covid levels. The performance was led by Norway, with sales in Klépierre's malls coming out at 99% of the prior-year level, while Sweden outperformed the rest of Europe (13 percentage points above the Group average, thanks to a shorter closure period). In both cases, these countries opted only to recommend avoiding social gatherings and to impose partial administrative closures to contain the virus (mainly targeted at bars, restaurants and fitness centers), enabling malls to remain open. However, the lockdowns implemented in Denmark from mid-March to mid-May, and then from mid-December onwards, had a negative impact on the country's overall activity levels (sales amounted to 76% overall of the prior-year level, or 94% excluding closure days).

By **segment**⁽¹⁾, Household Equipment registered growth of 6% in the region, benefiting from strong consumer appetite during the pandemic. In contrast, retailer sales in the Fashion segment underperformed (82% of the prior-year level).

Despite recording the highest collection rate in Europe at 97%, **net rental income** declined by 11.7%, mainly due to the impact of lower variable revenues and negative foreign exchange effects in Norway.

(1) Change in retailer sales excluding closure days.

Lastly, Scandinavian **leasing** activity was characterized mainly by deals in the Food & Beverage segment, with the launch at Emporia (Malmö) of the first phase of Umami District, the new food court concept offering a large variety of flavors to visitors, and the opening of Thai Pad, Pita Pit, La Barraca and Two Monkeys. In addition, McDonald's signed up to join Field's (Copenhagen, Denmark) and Maxi (Hamar, Norway), while MaxBurgers, the local Swedish concept eatery, is set to open a new restaurant at Kupolen (Borlänge, Sweden). On top of this, the Group also added more services to its shopping centers, especially at Arkaden (Stavanger, Norway) with the construction of the

largest health center in the country. At Gulslogen (Drammen, Norway), 12,000 sq.m. of retail space was completely revamped to offer new concepts and stores in the Fashion, electronics and Food & Beverage segments, further increasing the appeal of this mall. Other store deals signed during the year included Elkjop, XXL and Meny, which unveiled new stores to further enhance the sports and convenience offering, and some newcomers to the portfolio (ICE telecom, Baker Hansen, and Kjell & Co). Meanwhile, Fredrik & Louisa enriched the cosmetics mix while Rituals chose to double the size of its flagship.

3.3.4 Iberia (11.3% of net rental income)

NRI & EPRA VACANCY RATE IN IBERIA

In millions of euros	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
	Actual	Expected	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019
Spain	82%	83%	84.2	106.9	-21.3%	6.6%	1.7%
Portugal	78%	71%	11.4	19.6	-42.0%	3.1%	1.8%
IBERIA	81%	81%	95.5	126.5	-24.5%	5.9%	1.7%

Spanish GDP was down 11.6% in 2020 due to harsh restrictions imposed in the wake of persistently-high infection rates. National closures, curfews and regional restrictions acted as a drag on the labor market and weighed on private consumption, while tourism suffered from negative global demand. Unemployment rose to 15.8% in 2020 from 14.1% in 2019, and core inflation turned negative at 0.3%. However, vaccines, the rebound in external demand as well as furlough programs and fiscal measures are expected to support activity in 2021, with GDP growth forecast to come in at 5.0%.

The **Portuguese economy** declined by 8.4% in 2020. The nationwide lockdown lasting from March 19 to June 1, as well as the partial lockdown from November onwards, weighed heavily on consumer demand and investment, resulting in an increase in the unemployment rate to 7.3% from 6.5% in 2019, and negative inflation of 0.2%. In an improved health situation, the economy's revival in 2021 – with GDP expected to be up 1.7% – will mainly be driven by public support such as fiscal packages and credit facilities, and on the scale of the recovery in the tourism sector.

In 2020, **retailer sales**⁽¹⁾ in Klépierre's Iberia region stood at 78% of the prior-year level. The overall performance was held back by more extended restrictions than elsewhere and gentler rebounds in consumption during the reopening phases. In Spain, the persistence of Covid-19 in Barcelona and Madrid weighed severely on tourism and dragged down footfall, while in Portugal, in addition to the spring

lockdown, the curfew in place since early November involving early closures at weekends and on bank holidays have also hampered store operations. Factoring in the 2.1 months of closures, retailer sales reached 61% overall of prior-year level.

By **segment**⁽²⁾, Household Equipment was a notable outperformer, with sales coming out at 92% of the prior-year level, while Food & Beverage and Fashion stood at 69% and 78% of the prior-year level.

In view of the above, **net rental income** fell by 24.5% to €95.5 million, with this decrease mainly attributable to the 81% collection rate (93% net of rent abatements), the negative impact of disposals in Portugal in 2019 and Spain in early 2020, as well as temporary regulations on rent invoicing⁽²⁾.

On the **leasing** side, the Group signed 132 leases (versus 189 in 2019, including renewals, releasing and re-lettings) in the region with a 16.9% positive reversion rate. Klépierre's malls continued to benefit from asset management and leasing initiatives, especially Nueva Condomina, the go-to retail destination in Murcia, where the Fnac flagship has been relocated and right-sized (1,500 sq.m.) on the former bowling unit. In January, Huawei opened its first store in a Klépierre shopping center at La Gavia (Madrid) while the retail offering at Meridiano (Santa Cruz de Tenerife), Canary Islands' standout mall, was further enriched with the introduction of Xiaomi, the fast-growing Chinese phone retailer, and the opening of Guess and Parfois stores.

(1) Change in retailer sales excluding closure days.

(2) Since the second quarter of the year, the Portuguese authorities have required landlords to temporarily switch to entirely sales-based rents, mechanically weighing on net rental income.

3.3.5 Central Europe and Other (7.5% of net rental income)

NRI & EPRA VACANCY RATE IN CE & OTHER

In millions of euros	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
	Actual	Expected	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019
Czech Republic	84%	90%	28.6	33.1	-13.7%	2.7%	0.3%
Poland	88%	84%	25.6	33.1	-22.5%	4.1%	0.9%
Hungary	-	-	-	16.6	-100.0%	-	-
Turkey	94%	97%	6.7	15.3	-56.1%	8.0%	10.3%
Other	87%	95%	2.4	2.8	-14.7%	8.9%	4.4%
CE & OTHER	87%	89%	63.4	100.9	-37.2%	5.1%	4.7%

The **Central European economies** (Czech Republic and Poland) were hit by the two waves of the virus in 2020, with Czech and Polish GDP down 6.8% and 3.5%, respectively. The Czech and Polish governments imposed three national lockdowns as well as severe restrictions in late December, with the second wave neutralizing the progress made during spring lockdown. To support the economy through the crisis, governments introduced job retention, loan and guarantee programs, compensation for fixed costs and tax deferrals to boost companies' liquidity. Against this backdrop, the unemployment rate climbed to 2.6% in the Czech Republic and to 3.8% in Poland. GDP growth is expected to gradually regain momentum in 2021, on the back of improving health conditions and the extension of public support measures, which are expected to lead to higher consumption and a rebound in investment.

Like many other countries, the **Turkish** economy faced significant headwinds in 2020 with GDP down 1.3%, penalized by partial lockdowns and curfew measures designed to fight the pandemic. However, job retention programs and youth recruitment supported the labor market (unemployment declined by 120 basis points to 12.5%) while the contraction in industrial output, exports, tourism and domestic demand resulted in lower inflation, which stood at 12.0% versus 15.2% in 2019. Recent stability-oriented policy measures are expected to drive domestic and international sentiment and support the recovery, with GDP growth forecast at 2.9% in 2021.

In 2020, **retailer sales**⁽¹⁾ in the Central Europe & Other area came out at 87% of the prior-year level, a comparatively lower performance than the other regions, as a result of more stringent restrictions. As was the case with other malls located close to transport hubs and/or large

business districts, Nový Smíchov (Prague, Czech Republic) temporarily suffered in terms of footfall and retailer sales.

By **segment**⁽²⁾, Household Equipment led the way with strong growth of 14%, while Food & Beverage (down 21%), Fashion (down 17%) and Health & Beauty were hit harder by the restrictions.

Against this backdrop, **net rental income** in the Central Europe & Other region was down 37.2% on a reported basis to €63.4 million, mainly as a result of the disposal of the Hungarian portfolio in late 2019 and, to a lesser extent, of temporary regulations on rent invoicing in Poland⁽²⁾.

Concerning **leasing** activity, the Group signed 159 renewal/releasing/relenting agreements over the year with a 10.4% positive reversion rate. Once again, Nový Smíchov (Prague, Czech Republic) made the headlines with the opening of a brand new Decathlon store on more than 1,800 sq.m. in May and the opening of two new GAP stores (adults and kids) during the fourth quarter. Klépierre also launched the renovation of the food court as part of the rollout of the Destination Food® concept, welcoming banners such as KFC, Burger King and trendy Asian cuisine restaurateurs Bombay Express, Thai Thai and Bali Bali. In addition, Marks & Spencer renewed its lease and is set to unveil a fully-refurbished store during the first quarter of 2021, further enhancing the international offering in Prague's leading mall. In the meantime, the retail mix in the Polish portfolio was enriched with the openings of a new Pandora flagship at Sadyba Best Mall (Warsaw) in March, while Lublin Plaza (Lublin, Poland) welcomed a New Balance store and a Costa Coffee outlet at the beginning of the year.

3.3.6 Netherlands (7.0% of net rental income)

NRI & EPRA VACANCY RATE IN THE NETHERLANDS

In millions of euros	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
	Actual	Expected	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019
NETHERLANDS	88%	93%	59.4	68.9	-13.8%	4.3%	2.4%

Dutch GDP decreased by 4.6% in 2020, hit by two pandemic waves that mechanically hampered activity. Nonetheless, the authorities opted for milder restrictions than elsewhere and only imposed a nationwide lockdown from mid-December. Accordingly, Klépierre's malls only suffered from 1.0 month of closures in 2020, among the shortest of the closure periods in the portfolio. Moreover, substantial policy support, notably lending guarantees, job retention programs and fiscal measures limited the rise in the unemployment rate to 4.1%, while inflation eased to 1.0%.

In that context, **retailer sales** at Klépierre's Dutch malls registered brighter performances (80% of the prior-year level versus 72% for the Group as a whole) than in other European countries, notably due to the fact that malls were only closed for 1.0 month over the year. Nevertheless, the overall performance was hampered by Markthal (Rotterdam; mall focused on the Food & Beverage offering) and Hoog Catharijne (Utrecht; dearth of commuter traffic from the train station). In contrast, Villa Arena (Amsterdam), with significant exposure to Household Equipment stores, benefited from the positive trend

(1) Change in retailer sales excluding closure days.

(2) In Poland, the authorities exempted tenants from paying rents and service charges during lockdown in exchange for seven-month lease extensions. Klépierre activated 168 deals of this type in 2020 for an average lease extension of 0.7 year.

recorded in this segment (up 12%). Culture, Gifts and Leisure also posted a good performance (flat over the year), while Fashion (down 27%) and Food & Beverage (down 33%) were hit hard by the health context.

Amid a challenging environment, **net rental income** decreased by 13.8% to €59.4 million, impacted by lower variable revenues and the disposal of Almere Centrum in June 2019.

Klépierre managed to sign a number of significant deals in 2020, and to introduce new retailers to its Dutch malls. At Hoog Catharijne, the iconic shopping center's food offering was enhanced by the

fully-refurbished Albert Heijn supermarket (1,300 sq.m.), to be rounded out by the opening of leading Asian supermarket Amazing Oriental (1,200 sq.m.) during the first half of 2021. In addition, the overall retail mix in the Netherlands' leading mall was further strengthened by the opening of a new Swarovski boutique as well as the arrival of Chinese minimalist lifestyle brand Miniso, the latest Bruna concept and the trendy YoYo! Fresh Tea Bar. Lastly, at Alexandrium, the fashion offering was further enriched by the opening of The Sting and Cotton Club stores (over 2,000 sq.m.), showcasing the international fashion retailer Costes group's latest concepts, while Pipoos and D-Reizen strengthened the southern portion of the mall and Happy Surinees and Chitir Chicken reinforced the fast food segment.

3.3.7 Germany (3.6% of net rental income)

NRI & EPRA VACANCY RATE IN GERMANY

In millions of euros	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
	Actual	Expected	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019
GERMANY	87%	89%	30.5	40.0	-23.6%	5.9%	3.3%

The **German** economy showed itself to be relatively resilient in 2020, with GDP decreasing by 5.5%, notably thanks to less stringent pandemic restrictions during the first half of the year. A robust test-and-trace system and self-isolation procedures succeeded in containing local outbreaks over the early months of the pandemic, before a resurgence in case numbers in late October. The second lockdown imposed from mid-December nevertheless hindered the expected rebound, and GDP growth is projected to be only 2.8% in 2021. Against this backdrop, private consumption and exports were penalized, although public support measures protected jobs and firms with the unemployment rate standing at a still-low 4.2%, while core inflation declined to 0.4% in 2020 from 1.4% in 2019.

Full-year **retailer sales**⁽¹⁾ came to 87% of the prior-year level, broadly in line with the rest of the Group. Taking into account the average 1.4 months of closures, retailer sales in 2020 stood at 72% of the prior-year level, reflecting the impact of government lockdown measures. On a

segment⁽¹⁾ basis, the Fashion and Food & Beverage segments were hardest hit with sales levels at 85% and 82% respectively of the prior year, while Household Equipment withstood the health situation better and posted resilient growth of 4%.

In light of the above, **net rental income** decreased by 23.6%, due to the combined effects of the 89% collection rate (95% net of rent abatements) and lower variable revenues.

On the **leasing** front, Rituals opened stores at Forum Duisburg and Centrum Galerie Dresden during the first half, enhancing the Health & Beauty offering. At Centrum Galerie Dresden, fashion retailer Ragazzi (700 sq.m.) unveiled a brand new boutique, while fast-growing German discount retailer TEDI opened a store in January over 800 sq.m. and the O₂ mobile phone store was relocated and refurbished to give it a fresh, new look for visitors.

3.3.8 Other retail properties (1.4% of net rental income)

NRI & EPRA VACANCY RATE OF OTHER RETAIL PROPERTIES

In millions of euros	Rents and service charges		Reported portfolio NRI			EPRA Vacancy Rate	
	Actual	Expected	12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019
OTHER RETAIL PROPERTIES	72%	75%	11.9	22.6	-47.4%	12.4%	9.3%

This segment includes standalone retail units located in France and mostly in the vicinity of large regional retail destinations. On a reported-portfolio basis, the decrease in net rental income is attributable to disposals completed over the past 18 months and to the negative

impact of lockdown measures on restaurants, representing a high proportion of tenants in this segment. Klépierre expects to collect 75% of 2020 rents for the other retail properties segment.

(1) Change in retailer sales excluding closure days.

3.4 NET CURRENT CASH FLOW

NET CURRENT CASH FLOW AND EPRA EARNINGS

	12/31/2020	12/31/2019	Change
Total share (in millions of euros)			
Gross rental income	1,062.4	1,242.3	-14.5%
Rental and building expenses	(216.2)	(111.7)	+93.5%
Net rental income	846.2	1,130.6	-25.2%
Management and other income	89.2	92.2	-3.3%
General and administrative expenses	(138.2)	(169.6)	-18.5%
EBITDA	797.2	1,053.2	-24.3%
Adjustments to calculate operating cash flow:			
• Depreciation charge for right-of-use assets ^(a)	(8.5)	(8.5)	
• Employee benefits, stock option expense and non-current operating expenses/incomes	(7.2)	12.6	
Operating cash flow	781.5	1,057.2	-26.1%
Cost of net debt	(108.6)	(122.2)	-11.1%
Adjustments to calculate net current cash flow before taxes:			
• Amortization of Corio debt mark-to-market	(16.9)	(19.2)	
• Financial instrument close-out costs	5.2	19.7	
Current cash flow before taxes	661.3	935.5	-29.3%
Share in equity-accounted companies	35.9	57.4	-37.4%
Current tax expense	(7.4)	(32.3)	-77.1%
Net current cash flow	689.9	960.6	-28.2%
Group share			
Net current cash flow	586.9	830.3	-29.3%
Add-back adjustments to calculate EPRA Earnings:			
• Employee benefits, stock option expense and non-recurring operating expenses/incomes	7.3	(7.7)	
• Depreciation, amortization and provisions for contingencies and losses	(10.5)	(8.4)	
EPRA Earnings	583.7	814.2	-28.3%
Average number of shares ^(b)	286,072,515	293,941,863	-2.7%
Per share (in euros)			
NET CURRENT CASH FLOW	2.05	2.82	-27.4%
IFRS 16 straight-lining	(0.08)	-	
NET CURRENT CASH FLOW	1.97	2.82	-30.2%
EPRA EARNINGS	2.04	2.77	-26.3%

(a) Right-of-use assets and lease liabilities related to head office and vehicle leases as per IFRS 16.

(b) Excluding treasury shares.

- **Net rental income** decreased by 25.2% on a total share basis, mainly reflecting higher provisions for credit losses, and rent abatements granted to tenants with regard to lockdown closures. Lower variable rental income (€36.8 million) – as a mechanical effect of Covid-19 – and disposals also weighed on revenue (see section 3.2.6 “Leasing update”).
- **Operating cash flow** was down 26.1% on a total share basis. In order to mitigate the revenue drop, Klépierre implemented a cost reduction plan aimed at containing cash outflows, with savings of €31.4 million (down 18.5%) in general and administrative expenses. This was mostly attributable to lower staff costs (deferred hires, furlough, lower variable compensation) and other administrative expenses (mainly a decrease in consulting fees and marketing spend).
- **Cost of net debt** decreased by €13.6 million to €108.6 million on a total share basis. Restated for non-cash and non-recurring items (amortization of Corio debt mark-to-market and financial instrument close-out costs), the cost of net debt declined by €1.4 million (see section 3.8.3 “Cost of debt”).
- **Current tax expense** decreased by €24.9 million to €7.4 million on a total share basis, reflecting the decline in current cash flow before taxes (mainly due to rent abatements and higher provisions for credit losses) and supportive fiscal measures implemented in Italy following the Covid-19 outbreak.
- **The average number of shares** outstanding fell from 293.9 million in 2019 to 286.1 million at the end of 2020, further to the share buyback program (€300 million in 2019 and €100 million in early 2020). Consequently, net current cash flow per share decreased by 27.4% year on year to €2.05. Restated for the impact (€0.08 per share) of the straight-line amortization of rent concessions, net current cash flow came out at €1.97 per share.

See section 3.9.1 for the reconciliation of net current cash flow to EPRA Earnings and net income.

3.4.1 Contribution of equity-accounted companies

The contribution of equity-accounted companies⁽¹⁾ to net current cash flow amounted to €35.9 million in 2020. The Group's equity-accounted investments are listed below:

- **France:** Les Passages (Boulogne; 50% equity interest), Espace Coty (Le Havre; 50% equity interest), Mayol (Toulon; 40% equity interest), Le Millénaire (Paris region; 50% equity interest), and Belle Épine (Paris region; a 10% stake acquired on December 13, 2019);
- **Italy:** Porta di Roma (Rome; 50% equity interest), Il Leone (Lonato; 50% equity interest), Il Corti Venete (Verona; 50% equity interest), Il Destriero (Milan; 50% equity interest), Città Fiera (Udine; 49% equity interest);

- **Norway:** Økernsenteret (Oslo; 50% equity interest), Metro Senter (Oslo; 50% equity interest), Nordbyen (Larvik; 50% equity interest);
- **Portugal:** Aqua Portimão (Portimão; 50% equity interest); and
- **Turkey:** Akmerkez (Istanbul; 46% equity interest).

The following tables present the contributions of these assets by country to gross and net rental income, EBITDA, net current cash flow, and net income. The loss in net income from equity-accounted companies stems from the decline in the fair value of jointly owned shopping malls (€61.4 million). In France, all figures include the acquisition of 10% stake in Belle Épine (Paris region).

Klépierre expects to collect 83% of 2020 rents for equity-accounted companies.

CONTRIBUTION OF EQUITY-ACCOUNTED COMPANIES

GROSS RENTAL INCOME

In millions of euros	12/31/2020	12/31/2019
France	22.5	22.5
Italy	34.6	41.2
Norway ^(a)	7.0	7.7
Portugal	2.3	3.7
Turkey	4.8	9.7
TOTAL	71.1	84.8

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET RENTAL INCOME

In millions of euros	12/31/2020	12/31/2019
France	14.4	17.0
Italy	22.4	35.6
Norway ^(a)	5.7	6.3
Portugal	2.0	3.2
Turkey	3.6	7.7
TOTAL	48.1	69.8

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

EBITDA

In millions of euros	12/31/2020	12/31/2019
France	14.2	17.0
Italy	22.2	35.6
Norway ^(a)	5.7	6.3
Portugal	2.0	3.2
Turkey	3.2	7.2
TOTAL	47.2	69.2

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET CURRENT CASH FLOW

In millions of euros	12/31/2020	12/31/2019
France	11.6	14.5
Italy	15.3	27.8
Norway ^(a)	5.7	6.3
Portugal	(0.6)	0.7
Turkey	3.9	8.1
TOTAL	35.9	57.4

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET INCOME^(b)

In millions of euros	12/31/2020	12/31/2019
France	(32.3)	(9.4)
Italy	(16.3)	19.9
Norway ^(a)	(0.5)	6.1
Portugal	(5.7)	1.0
Turkey	2.5	1.9
TOTAL	(52.3)	19.5

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

(b) Net income includes non-cash and non-recurring items, including changes in the value of investment properties.

(1) Equity-accounted companies include investments in jointly controlled companies and companies in which the Group exercises significant influence.

3.5 INVESTMENTS, DEVELOPMENTS, AND DISPOSALS

3.5.1 Capital expenditure

From the beginning of the lockdown period until the end of the year, Klépierre actively reduced capital expenditure in order to contain cash outflows.

On the **development pipeline**, the Group maintained its conservative approach to development and focused on its main committed projects:

- The completion of the redevelopment of Hoog Catharijne in Utrecht (Netherlands);
- The refurbishment of Créteil Soleil in the Paris region (France), scheduled for completion by the end of 2021; and

- The extension and refurbishment of Gran Reno in Bologna (Italy), slated to open in the first quarter of 2022.

Overall, €96.3 million was allocated to the development pipeline.

On the **standing portfolio** (excluding investments on extensions), €81.5 million was expensed (compared to €116.7 million in 2019; see section 3.9.6), and €3.4 million was allocated to **capitalized interest**.

Overall, total capital expenditure in 2020 amounted to €181.3 million, significantly below last year's level (€393.4 million).

3.5.2 Development pipeline

As of December 31, 2020, the Group's development pipeline (committed and controlled projects) represented €1.3 billion worth of potential investments, including €0.5 billion of committed projects⁽¹⁾ with an average expected yield of 6.7% and €0.8 billion of controlled projects⁽²⁾. Development projects also include alternative mixed-use opportunities representing €1.3 billion in potential investments (see paragraph below).

On a Group share basis, the total pipeline represented €1.1 billion, of which €0.5 billion committed and €0.6 billion controlled. Of the €0.5 billion committed, only €0.2 billion remained outstanding at year-end.

In 2020, the Group focused its development investments on its main geographies (France-Belgium, Italy and the Netherlands). Klépierre also launched restructuring operations in five malls in order to welcome brand new Primark stores at Gran Reno (Bologna, Italy), Campania (Naples, Italy), Le Gru (Turin, Italy), Nave de Vero (Venice, Italy) and Centre Deux (Saint-Étienne, France).

Accordingly, over the period, €96.3 million was spent on the pipeline, €92 million less than in 2019 in response to the Covid outbreak. Going forward, the Group will continue to carefully monitor cash outflows, while only €94 million is expected to be spent in 2021.

DEVELOPMENT PIPELINE AS OF DECEMBER 31, 2020 (on a total share basis)

Development projects	Country	Location	Type	Floor area (in sq.m.)	Expected opening date	Klépierre equity interest	Estimated cost ^(a) (in €m)	Cost to date (in €m)	Targeted yield on cost ^(b)
Hoog Catharijne Phase 3	Netherlands	Utrecht	Ext.-refurb.	23,844	2019-2022	100.0%	90	71	
Créteil Soleil	France	Paris region	Ext.-refurb.	11,400	2019-2021	80.0%	138	124	
Gran Reno	Italy	Bologna	Ext.-refurb.	24,876	2022	100.0%	143	47	
Grand Place	France	Grenoble	Ext.-refurb.	16,200	2021-2023	100.0%	70	13	
Other projects				34,875			72	27	
Total committed projects				111,195			513	282	6.7%
Le Gru ^(c)	Italy	Turin	Ext.-refurb.	24,316	2023	100.0%	120	7	
Maremagnum	Spain	Barcelona	Ext.-refurb.	8,740	2022-2023	100.0%	43	1	
Odysseum ^(c)	France	Montpellier	Ext.-redev.	15,300	2022	100.0%	52	8	
Porta di Roma ^(d)	Italy	Rome	Extension	4,880	2023	50.0%	14	0	
Val d'Europe	France	Paris region	Extension	9,000	2023	55.0%	61	1	
Blagnac	France	Toulouse region	Ext.-refurb.	4,393	2022	53.6%	17	1	
Grand Ouest	France	Ecully	Ext.-refurb.	2,980	2023	83.0%	26	0	
L'Esplanade	Belgium	Brussels region	Extension	19,475	2024	100.0%	131	15	
Økernsenteret ^(e)	Norway	Oslo	Redevelopment	64,650	2024	56.1%	154	48	
Viva	Denmark	Odense	New dev.	28,200	2024	56.1%	117	29	
Other projects				15,600			69	1	
Total controlled projects				197,534			805	111	
TOTAL				308,729			1,318	392	

(a) Estimated cost as of December 31, 2020, including any fitting-out costs and excluding any step-up rents, internal development fees and finance costs.

(b) Targeted yield on cost as of December 31, 2020, based on targeted NRI with full occupancy and excluding any lease incentives, divided by the estimated cost price as defined above.

(c) Including restructured surfaces: Le Gru for 15,670 sq.m. and Odysseum for 9,200 sq.m.

(d) Equity-accounted companies. Estimated costs and costs to date are reported proportionately for Klépierre's share of equity. Floor areas correspond to the total surface area of the projects.

(e) Including the foreign exchange impact on estimated costs and costs to date.

(1) Projects that are under construction or for which the Klépierre Executive Board has taken the decision to start work.

(2) Projects under advanced review, for which Klépierre has control over the land (acquisition made or under offer, contingent on obtaining the necessary clearance and permits).

To capture the benefits of the urbanization megatrend and rising demand in new sectors, mainly residential, a selection of projects is under study to create mixed-use developments that would replace certain retail projects already listed in the “Controlled” section of the development pipeline.

This alternative development plan aims at transforming the potential of building rights in Økernsenteret (Oslo, Norway), Viva (Odense,

Denmark), Blagnac (Toulouse, France), Nancy (France), L'Esplanade (Brussels, Belgium) and Field's (Copenhagen, Denmark).

With a timespan between three and seven years, these projects could be developed with local partners or, alternatively, sold upon approval of the re-zoning plans.

ALTERNATIVE MIXED-USE DEVELOPMENT OPPORTUNITIES AS OF DECEMBER 31, 2020 (on a total share basis)

Development projects	Country	Location	Type	Floor area (in sq.m.)	Expected opening date	Klépierre equity interest	Estimated cost ^(a) (in €m)	Cost to date (in €m)
Økernsenteret ^(a)	Norway	Oslo	Mixed use	102,500	2025-2027	56.1%	385	48
Viva	Denmark	Odense	Mixed use	90,100	2024	56.1%	332	29
Blagnac	France	Toulouse region	Mixed use	111,987	2025-2030	53.6%	215	10
L'Esplanade	Belgium	Brussels region	Mixed use	22,000	2026	100.0%	75	15
Nancy	France	Nancy	Mixed use	30,800	2025-2028	35.0%	49	9
Fields	Denmark	Copenhagen	Mixed use	67,500	2026	56.1%	209	42
TOTAL				424,887			1,264	153

(a) Including the foreign exchange impact on estimated costs and costs to date.

3.5.3 Disposals

In 2020, the Group divested assets for a total consideration of €155.6 million⁽¹⁾, 3% above valuation. This figure mainly includes the disposal of three non-core shopping centers in France and Spain and 37 other retail properties in France (including a portfolio of 19 Buffalo Grill restaurants).

As of December 31, 2020, taking into account sales under promissory agreements, total Group disposals amounted to €171.4 million⁽¹⁾.

3.5.4 Financial investments

Before the Covid-19 outbreak in early 2020, the Group repurchased 3,493,860 of its own shares at an average price of €28.55 and for an aggregate amount of €100 million.

(1) Excluding transfer taxes, total share.

3.6 PARENT COMPANY EARNINGS AND DIVIDEND

3.6.1 Summary earnings statement for the parent company, Klépierre SA

EARNINGS STATEMENT FOR KLÉPIERRE SA

<i>In millions of euros</i>	2020	2019
Operating income	36.3	49.1
Operating expenses	(47.1)	(49.0)
Net operating income (expense)	(10.8)	0.2
Share of income from joint operations	68.4	104.2
Net financial income	(221.1)	221.4
Net income (loss) from ordinary operations before tax	(163.5)	325.8
Net non-recurring expense	(7.9)	(6.1)
Income tax benefit/(expense)	1.2	(2.0)
NET INCOME (LOSS)	(170.1)	317.7

Klépierre SA recorded a **net loss** of €170.1 million in 2020, versus a net income of €317.7 million in 2019. The €487.9 million change was mainly attributable to the €442.5 million decline in net financial income resulting from the impairment of Klépierre SA shares further to the decrease in the fair value of property (see section 3.7).

3.6.2 Dividend

3.6.2.1 SIIC distribution obligations

Under the regulations applicable to French real estate investment trusts (*Sociétés d'investissement immobilier cotées* – SIIC), Klépierre's mandatory distribution is determined based on annual net income for tax purposes, of which Klépierre must distribute 95% of earnings from SIIC sector rental properties, 100% of profits received from SIIC sector subsidiaries and 70% of real estate capital gains arising in France. However, the aggregate amount of these distribution obligations may not exceed the net distributable income of Klépierre SA, corresponding to annual net income for accounting purposes, as recorded in the statutory financial statements of the holding company under French GAAP, plus retained earnings.

As set out in section 3.6.1, in 2020 Klépierre SA recorded a net loss of €170.1 million, while tax income amounted to €169.9 million, the difference being attributable to the non-deductibility for tax purposes of the impairment of equity investments. The €169.9 million in tax income was subsequently divided between the taxable sector (loss of €6.9 million) and the SIIC sector (net income of €176.9 million). In application of SIIC distribution requirements, this translates into a theoretical €170.2 million mandatory distribution for 2020.

However, due to the €147.1 million negative net distributable income recorded for the year (2020 loss of €170.1 million plus retained earnings of €23.0 million), Klépierre is not in a position to fulfill the distribution obligation, which will be deferred until the next year the Company records positive net distributable income.

3.6.2.2 Distribution in respect of 2020

From a legal standpoint, and for the same reason as described above, Klépierre will not be able to pay a "dividend" per se, and any distributions in relation to 2020 will be deducted from available equity premiums.

Klépierre's financial position is solid. The historical tight management of its balance sheet and its development pipeline particularly during this difficult time has always provided the company with the flexibility to declare a dividend. Following the recommendation by the Executive Board, the Supervisory Board has decided to call the Annual General Meeting on June 17, 2021 and therefore reserve its final stance on a distribution proposal for early May with higher visibility on the resumption of operations.

3.7 PORTFOLIO VALUATION

3.7.1 Property portfolio valuation

3.7.1.1 Property portfolio valuation methodology

3.7.1.1.1 Scope of the portfolio appraised by external appraisers

As of December 31, 2020, 99% of the value of Klépierre's property portfolio, or €21,664 million (including transfer taxes, on a total

share basis)⁽¹⁾, was estimated by external appraisers in accordance with the methodology described below. The remainder of the portfolio was valued as follows:

- Projects under development, carried at cost⁽²⁾; and
- Other non-appraised assets consisting mainly of assets held for sale are valued at the agreed transaction price, lands are valued at cost, and development projects are measured internally at fair value.

BREAKDOWN OF THE PROPERTY PORTFOLIO BY TYPE OF VALUATION (on a total share basis)

Type of asset	Value (in millions of euros)
Externally-appraised assets	21,664
Acquisitions	0
Investment property at cost	133
Other internally-appraised assets (land, assets held for sale, etc.)	62
TOTAL PORTFOLIO	21,859

3.7.1.1.2 Methodology used by external appraisers

On December 31 and June 30 of each year, Klépierre updates the fair market value of its properties using valuations provided by independent appraisers. Engagement terms are issued for three-year periods, covering six campaigns, after which Klépierre is committed to rotating appraisers in accordance with the recommendations of the French financial markets authority (*Autorité des marchés financiers* – AMF).

Further to a tender process launched in 2017, Klépierre selected new appraisers to serve from the June 2018 campaign onwards. The selected appraisers are BNP Paribas Real Estate, CBRE, Cushman & Wakefield and Jones Lang LaSalle. The fees payable to these firms are set at the time of signing the three-year term and depend on the number of property units appraised.

BREAKDOWN BY APPRAISER OF THE APPRAISED PROPERTY PORTFOLIO AS OF DECEMBER 31, 2020

Appraiser	Countries covered	Share of total portfolio (in %)
Cushman & Wakefield	• France, Norway, Sweden, Denmark, Belgium and Poland	44%
CBRE	• France, Spain, Italy, Netherlands, Czech Republic and Portugal	35%
Jones Lang LaSalle	• Italy, Turkey and Greece	16%
BNP Paribas Real Estate	• Germany and France (other retail properties)	5%
TOTAL		100%

All appraisers appointed by Klépierre comply with the professional standards applicable in France (*Charte de l'Expertise en Évaluation Immobilière*), the recommendations of the AMF dated February 8, 2010, and RICS (Royal Institution of Chartered Surveyors) standards.

To calculate the value of each asset, appraisers use the Discounted Cash Flow (DCF) method over a 10-year period. Klépierre provides them with all relevant information pertaining to rents in place (detailed rent rolls, footfall, retailer sales, occupancy cost ratios, etc.), which they use to make their assessment of projected rental revenue in addition to their own leasing assumptions (estimated rental values, vacancy, incentives, etc.). They also make their own estimates of future capital expenditure and non-recoverable operating expenses, including management costs. The terminal value is calculated based on the net rental income for the tenth year (indexed one year), capitalized by an exit yield. Lastly, appraisers apply a discount rate to the future

cash flows, combining the country risk-free rate, the liquidity premium related to the local investment market and an asset-specific risk premium reflecting the location, quality, size and technical specificities of the asset considered.

The value obtained by the DCF method is then benchmarked using metrics such as EPRA Net Initial Yield (NIY) for comparable property, value per square meter, and recent market transactions.

For every campaign, the Group's Statutory Auditors perform procedures on the property values as part of the annual audit or interim review of the consolidated financial statements.

A detailed report on the property valuation campaign is examined by the Audit Committee.

(1) Investments in equity-accounted assets are included based on the fair value of the equity owned by the Group in the companies holding the assets, taking into account receivables and facilities granted by the Group.

(2) Other projects (Gran Reno, Viva, Økern and Louvain) are carried at cost.

COMMENT ON THE MATERIAL VALUATION UNCERTAINTY CLAUSE

As of **June 30, 2020**, the external appraisers included in their reports a “material valuation uncertainty” clause, concerning the entire portfolio, stating that valuations could be relied upon, but needed to be monitored, due to the limited number of comparable market transactions and the fact that the long term effects of Covid-19 were yet to be determined. This clause reads as follows:

“As at the valuation date, in the case of the subject property (...), there is a shortage of market evidence for comparison purposes, to inform opinions of value. (...) The material valuation uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that Covid-19 might have on the real estate market and the difficulty in differentiating between short-term impacts and long-term structural changes, we recommend that you keep the valuation contained within this report under frequent review.”

As of **December 31, 2020**, the approach varies from country to country: **this clause has been removed for 60% of Klépierre's portfolio value** (France, Scandinavia and Germany) and remains in force on the residual 40% (Italy, Iberia, the Netherlands and Central Europe & Other).

For the above-mentioned countries, appraisers removed the material uncertainty clause based on the fact that transaction volumes and liquidity had recovered sufficiently to form an adequate opinion on values.

3.7.1.2 Valuation**3.7.1.2.1 Change in appraisers' assumptions**

Over the past 12 months, appraisers made the following changes to their assumptions:

- The discount and exit rates were increased by 20 basis points to 6.7% and 5.4% respectively. This reflects the decreased liquidity on the investment market and the greater uncertainty surrounding future cash flows due to Covid-19;
- The NRI CAGR was increased from 2.4% to 2.6%. This reflects the fact that appraisers have lowered short-term cash flows (higher rent holidays, unpaid and variable rents) more significantly than long-term cash flows (lower vacant unit ERVs and indexation), ultimately resulting in a 2.5% negative cash flow effect.

ASSUMPTIONS USED BY APPRAISERS FOR DETERMINING THE SHOPPING CENTER PORTFOLIO VALUATION AS OF DECEMBER 31, 2020^(a)

Geography	Average annual rent ^(b) (in €/sq.m.)	Discount rate ^(c)	Exit rate ^(d)	NRI CAGR ^(e)
France-Belgium	333	6.0%	5.0%	2.7%
Italy	370	7.0%	5.9%	2.4%
Scandinavia	292	7.0%	5.0%	2.5%
Iberia	322	7.7%	6.0%	2.2%
CE & Other	219	8.9%	7.3%	3.4%
Netherlands	239	6.9%	6.1%	3.3%
Germany	202	5.3%	4.6%	1.7%
TOTAL	296	6.7%	5.4%	2.6%

(a) Discount and exit rates weighted by shopping center appraised value (including transfer taxes, Group share).

(b) Average annual rent (minimum guaranteed rent plus sales-based rent) per asset per sq.m.

(c) Rate used to calculate the net present value of future cash flows to be generated by the asset.

(d) Rate used to capitalize net rental income at the end of the DCF period and calculate the terminal value of the asset.

(e) Compound Annual Growth Rate (CAGR) of net rental income as estimated by the appraiser over a 10-year period.

ASSUMPTIONS USED BY APPRAISERS FOR DETERMINING THE SHOPPING CENTER PORTFOLIO VALUATION AS OF DECEMBER 31, 2019^(a)

Geography	Annual rent ^(b) (in €/sq.m.)	Discount rate ^(c)	Exit rate ^(d)	NRI CAGR ^(e)
France-Belgium	355	5.8%	4.9%	2.6%
Italy	390	6.9%	5.7%	1.7%
Scandinavia	327	6.9%	4.9%	2.4%
Iberia	354	7.4%	5.7%	2.1%
CE & Other	243	9.1%	7.1%	3.9%
Netherlands	241	6.7%	5.9%	2.9%
Germany	220	5.2%	4.5%	0.8%
TOTAL	318	6.5%	5.2%	2.4%

(a) Discount and exit rates weighted by shopping center appraised value (including transfer taxes, Group share).

(b) Average annual rent (minimum guaranteed rent plus sales-based rent) per asset per sq.m.

(c) Rate used to calculate the net present value of future cash flows to be generated by the asset.

(d) Rate used to capitalize the net rental income at the end of the DCF period and calculate the terminal value of the asset.

(e) Compound Annual Growth Rate (CAGR) of net rental income as estimated by the appraiser over a 10-year period.

Accordingly, in 2020, the value of Klépierre's **shopping center portfolio** declined by 7.2% on a like-for-like basis, due to a 4.7% negative **market effect** attributable to the higher discount and exit rates. The slight downward revision on cash flows translated into a 2.5% negative cash flow effect.

LIKE-FOR-LIKE 12-MONTH CHANGE IN SHOPPING CENTER PORTFOLIO VALUATION: MARKET AND CASH-FLOW EFFECTS^(a)

Geography	LFL change	Market effect	Cash-flow effect
France-Belgium	-9.1%	-6.1%	-3.0%
Italy	-4.6%	-3.8%	-0.8%
Scandinavia	-5.3%	-2.5%	-2.7%
Iberia	-5.5%	-5.2%	-0.3%
CE & Other	-7.9%	-4.5%	-3.4%
Netherlands	-8.8%	-3.7%	-5.1%
Germany	-7.5%	-4.2%	-3.3%
TOTAL SHOPPING CENTERS	-7.2%	-4.7%	-2.5%

(a) Figures may not add up due to rounding.

3.71.2.2 Property portfolio valuation

Including transfer taxes, the value of the portfolio stood at €21,859 million on a total share basis as of December 31, 2020, down 7.7% or €1,814 million on a reported basis compared to December 31, 2019. This decrease reflects the combined impact of:

- A €158-million negative impact from disposals;
- A €120-million positive impact from acquisitions and developments;
- A €1,665-million like-for-like valuation decrease (down 7.2%); and
- A €110-million negative foreign exchange impact in Norway and Turkey.

VALUATION OF THE PROPERTY PORTFOLIO^(a) (on a total share basis, including transfer taxes)

In millions of euros	12/31/2020	% of total portfolio	Change over 6 months			Change over 12 months		
			06/30/2020	Reported	LfL ^(b)	12/31/2019	Reported	LfL ^(b)
France	8,133	37.2%	8,711	-6.6%	-6.0%	9,013	-9.8%	-9.1%
Belgium	402	1.8%	432	-6.9%	-7.2%	442	-9.0%	-9.4%
France-Belgium	8,535	39.0%	9,143	-6.7%	-6.1%	9,455	-9.7%	-9.1%
Italy	3,930	18.0%	4,017	-2.2%	-2.7%	4,077	-3.6%	-4.6%
Norway	1,371	6.3%	1,313	4.4%	-0.6%	1,471	-6.8%	-2.9%
Sweden	1,127	5.2%	1,111	1.4%	-3.5%	1,165	-3.2%	-7.5%
Denmark	1,143	5.2%	1,163	-1.7%	-2.2%	1,199	-4.7%	-5.6%
Scandinavia	3,641	16.7%	3,588	1.5%	-2.0%	3,835	-5.1%	-5.3%
Spain	1,832	8.4%	1,918	-4.5%	-4.5%	1,940	-5.6%	-5.4%
Portugal	293	1.3%	303	-3.2%	-3.3%	312	-6.1%	-6.7%
Iberia	2,125	9.7%	2,221	-4.3%	-4.3%	2,252	-5.6%	-5.5%
Czech Republic	633	2.9%	663	-4.5%	-4.4%	685	-7.6%	-7.7%
Poland	333	1.5%	353	-5.8%	-5.8%	372	-10.6%	-10.6%
Turkey	204	0.9%	244	-16.5%	-0.9%	292	-30.3%	-4.2%
Other	23	0.1%	22	3.8%	3.8%	24	-3.1%	-3.1%
CE & Other	1,193	5.5%	1,283	-7.0%	-4.1%	1,374	-13.2%	-7.9%
Netherlands	1,328	6.1%	1,426	-6.9%	-7.3%	1,437	-7.6%	-8.8%
Germany	871	4.0%	907	-4.0%	-4.0%	941	-7.4%	-7.5%
TOTAL SHOPPING CENTERS	21,623	98.9%	22,584	-4.3%	-4.5%	23,370	-7.5%	-7.2%
TOTAL OTHER RETAIL PROPERTIES	236	1.1%	256	-7.9%	-3.4%	303	-22.1%	-3.8%
TOTAL PORTFOLIO	21,859	100.0%	22,840	-4.3%	-4.5%	23,673	-7.7%	-7.2%

(a) Investments in equity-accounted assets are included based on the fair value of the equity owned by the Group in the companies holding the assets, taking into account receivables and facilities granted by the Group (€1,308 million as of December 31, 2020; total share, including transfer taxes). The corresponding gross asset value of these assets stands at €1,373 million.

(b) Like-for-like change. For Scandinavia and Turkey, change is indicated on a constant forex basis. Central European assets are valued in euros.

Overall, as of December 31, 2020, the average EPRA NIY⁽¹⁾ for the shopping center portfolio⁽²⁾ stood at 5.3%, up 30 basis points compared to one year ago.

(1) EPRA Net Initial Yield is calculated as the 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).

(2) Group share for the shopping center portfolio appraised (i.e., excluding retail parks and movie theaters).

CHANGE IN EPRA NET INITIAL YIELD OF THE SHOPPING CENTER PORTFOLIO⁽¹⁾
(on a Group share basis, including transfer taxes)

Country	12/31/2020	06/30/2020	12/31/2019
France	4.8%	4.4%	4.3%
Belgium	4.4%	4.0%	4.0%
France-Belgium	4.8%	4.4%	4.3%
Italy	5.8%	5.6%	5.5%
Norway	5.0%	5.0%	4.9%
Sweden	4.8%	4.6%	4.4%
Denmark	4.9%	4.8%	4.6%
Scandinavia	4.9%	4.8%	4.6%
Spain	5.8%	5.5%	5.5%
Portugal	7.1%	6.8%	6.6%
Iberia	6.0%	5.7%	5.7%
Poland	9.1%	8.6%	8.1%
Czech Republic	5.0%	4.8%	4.6%
Turkey	9.0%	8.6%	8.4%
Other	12.6%	13.0%	12.2%
CE & Other	7.0%	6.7%	6.5%
Netherlands	6.0%	5.5%	5.4%
Germany	4.8%	4.6%	4.5%
TOTAL SHOPPING CENTERS	5.3%	5.1%	5.0%

3.7.1.2.3 Other information related to December 31, 2020 valuation
VALUATION RECONCILIATION WITH THE STATEMENT OF FINANCIAL POSITION *(on a total share basis)*
In millions of euros

Investment property at fair value as per balance sheet	19,757
Right-of-use asset relating to ground leases	(350)
Investment property at cost ^(a)	133
Fair value of property held for sale	28
Leasehold and lease incentives	42
Transfer taxes	973
Klépierre's equity interest in assets accounted for under the equity method (incl. receivables)	1,276
TOTAL PORTFOLIO	21,859

(a) Including IPUC (Investment Property Under Construction).
SHOPPING CENTER PORTFOLIO VALUATION: SENSITIVITY TO CHANGES IN THE DISCOUNT RATE AND EXIT RATE
(on a total share basis, including transfer taxes)

The tables below present the change in the valuation of the shopping center portfolio using different discount and exit rate assumptions than those used by the appraisers.

Geography	Discount rate variance					
	-100 bps	-50 bps	-25 bps	+25 bps	+50 bps	+100 bps
France-Belgium	+7.4%	+3.5%	+1.6%	-2.0%	-3.7%	-7.1%
Italy	+7.7%	+3.7%	+1.9%	-1.8%	-3.6%	-7.0%
Scandinavia	+7.6%	+3.7%	+1.8%	-1.8%	-3.5%	-6.9%
Iberia	+7.8%	+3.9%	+2.0%	-1.6%	-3.3%	-6.6%
CE & Other	+7.0%	+3.4%	+1.7%	-1.6%	-3.3%	-6.4%
Netherlands	+11.0%	+5.4%	+2.7%	-2.5%	-5.0%	-9.7%
Germany	+8.7%	+4.2%	+2.1%	-2.0%	-4.0%	-7.9%
TOTAL SHOPPING CENTERS	+7.8%	+3.8%	+1.8%	-1.9%	-3.7%	-7.2%

Geography	Exit rate variance					
	-100 bps	-50 bps	-25 bps	+25 bps	+50 bps	+100 bps
France-Belgium	+15.8%	+6.8%	+3.1%	-3.1%	-5.8%	-10.5%
Italy	+12.5%	+5.6%	+2.7%	-2.4%	-4.7%	-8.7%
Scandinavia	+16.5%	+7.3%	+3.4%	-3.1%	-5.9%	-10.8%
Iberia	+12.2%	+5.6%	+2.8%	-2.1%	-4.3%	-8.2%
CE & Other	+9.9%	+4.5%	+2.2%	-2.0%	-3.8%	-7.0%
Netherlands	+16.4%	+7.2%	+3.4%	-3.1%	-5.9%	-10.8%
Germany	+20.3%	+8.9%	+4.2%	-3.8%	-7.2%	-13.0%
TOTAL SHOPPING CENTERS	+14.8%	+6.5%	+3.1%	-2.9%	-5.4%	-9.9%

⁽¹⁾ Excluding offices, retail parks, and retail boxes attached to shopping centers.

VALUATION OF THE PROPERTY PORTFOLIO^(a) (on a Group share basis, including transfer taxes)

In millions of euros	12/31/2020	% of total portfolio	Change over 6 months			Change over 12 months		
			06/30/2020	Reported	LfL ^(b)	12/31/2019	Reported	LfL ^(b)
France	6,476	35.0%	6,947	-6.8%	-6.0%	7,194	-10.0%	-9.1%
Belgium	402	2.2%	432	-6.9%	-7.2%	442	-9.0%	-9.4%
France-Belgium	6,878	37.1%	7,379	-6.8%	-6.0%	7,635	-9.9%	-9.2%
Italy	3,905	21.1%	3,991	-2.2%	-2.7%	4,049	-3.6%	-4.5%
Norway	769	4.2%	737	4.4%	-0.6%	825	-6.8%	-2.9%
Sweden	632	3.4%	623	1.4%	-3.5%	653	-3.2%	-7.5%
Denmark	641	3.5%	653	-1.7%	-2.2%	673	-4.7%	-5.6%
Scandinavia	2,043	11.0%	2,013	1.5%	-2.0%	2,151	-5.1%	-5.3%
Spain	1,832	9.9%	1,918	-4.5%	-4.5%	1,940	-5.6%	-5.4%
Portugal	293	1.6%	303	-3.2%	-3.3%	312	-6.1%	-6.7%
Iberia	2,125	11.5%	2,221	-4.3%	-4.3%	2,252	-5.6%	-5.5%
Czech Republic	633	3.4%	663	-4.5%	-4.4%	685	-7.6%	-7.7%
Poland	333	1.8%	353	-5.8%	-5.8%	372	-10.6%	-10.6%
Turkey	191	1.0%	229	-16.5%	-1.0%	275	-30.4%	-4.4%
Other	23	0.1%	22	3.8%	3.8%	24	-3.1%	-3.1%
CE & Other	1,180	6.4%	1,267	-6.9%	-4.1%	1,356	-13.0%	-7.9%
Netherlands	1,328	7.2%	1,426	-6.9%	-7.3%	1,437	-7.6%	-8.8%
Germany	827	4.5%	861	-4.0%	-4.0%	893	-7.4%	-7.5%
TOTAL SHOPPING CENTERS	18,286	98.7%	19,158	-4.6%	-4.6%	19,774	-7.5%	-7.2%
TOTAL OTHER RETAIL PROPERTIES	236	1.3%	256	-7.9%	-3.4%	303	-22.1%	-3.8%
TOTAL PORTFOLIO	18,522	100.0%	19,414	-4.6%	-4.6%	20,077	-7.7%	-7.1%

(a) Investments in equity accounted assets are included based on the fair value of the equity owned by the Group in the companies holding the assets, taking into account receivables and facilities granted by the Group (€1,233 million as of December 31, 2020; Group share, including transfer taxes). The corresponding gross asset value of these assets stand at €1,298 million.

(b) Like-for-like change. For Scandinavia and Turkey, change is indicated on a constant forex basis. Central European assets are valued in euros.

3.7.2 Management service activities

Klépierre's real estate management service activities include leasing, property and facility management, asset management, development and investment advisory services provided to property companies, most of which are owned by the Group.

These activities are valued once a year by Accuracy (as of end-December), an independent external consultant, using a DCF method based on a sum-of-the-parts approach for each country in which Klépierre operates.

As of December 31, 2020, Accuracy valued these activities using a DCF approach based on a business plan comprising projected future cash flows (fees charged to property companies, net of payroll

costs and other general and administrative expenses), including a terminal value calculated with a normative expected cash flow. In most countries, future cash flows are discounted at a rate of 6.9% to 8.4% (depending on the country) based on the weighted average cost of capital of comparable listed companies managing third-party real estate investments.

The fair market value of the Klépierre Group management service activities as of December 31, 2020 stood at €331.2 million on a total share basis (€327.6 million, Group share) compared to €378.5 million (€368.9 million, Group share) as of December 31, 2019.

3.8 FINANCING POLICY

Klépierre's financing policy aims at ensuring balance sheet stability, continuous access to financial resources, a strong liquidity position and the most competitive cost of capital. In 2020, in the context of uncertainties related to the Covid-19 pandemic, Klépierre accelerated its refinancing plan to strengthen its liquidity position and secure the bulk of its debt redemptions within the next 24 months. As a result, the current liquidity position covers all refinancing needs until May 2024. Despite lower rent collection due to the lockdowns,

the Group has managed to reduce its cash outflows and contain its debt. In the eurozone, financial conditions were volatile over the first half of 2020 with borrowing costs increasing significantly during the second quarter, mainly driven by risk aversion, before falling back again thereafter. The European Central Bank's proactive monetary policy has weighed on both interest rates and credit spreads, bringing funding costs back down to near-pre-Covid levels and allowing Klépierre to keep refinancing its debt at attractive conditions.

3.8.1 Financial resources

3.8.1.1 Change in net debt

As of December 31, 2020, consolidated net debt totaled €9,054 million, versus €8,830 million one year ago. Notwithstanding the material impact of the health crisis on the Group's cash flow, due to lower collection rates and non-recurring rent abatements, the increase in net debt was contained at €224 million. The Group took a series of measures aimed at containing cash outflows, especially capital expenditure. The main movements during the year were as follows:

- Cash inflows from operations and other items (foreign exchange, changes in working capital), amounting to €572 million;
- Cash outflows in respect of distributions for €781 million (including the 2019 dividend for €628 million, distributions to non-controlling interests for €53 million, and €100 million related to share buybacks carried out in January and February);

- Cash outflows in respect of capital expenditure for €171 million (see section 3.9.6 "EPRA capital expenditure") including €89 million in development projects and €79 million in standing assets; and
- Cash inflows from disposals of €156 million.

3.8.1.2 Debt ratios

As a result of the increase in net debt and a marked decline in the fair value of the property portfolio, the Loan-to-Value (LTV) ratio rose to 41.4% as of December 31, 2020, a 140 basis-point increase compared to June 30, 2020 and an increase of 410 basis points compared to year-end 2019.

LOAN-TO-VALUE CALCULATION AS OF DECEMBER 31, 2020 (as per covenant definitions, on a total share basis)

In millions of euros	12/31/2020	06/30/2020	12/31/2019
Current financial liabilities	2,381.9	2,925.9	2,342.4
Bank facilities	9.4	15.5	26.5
Non-current financial liabilities	7,244.1	7,008.0	7,092.0
Revaluation due to fair value hedge and cross currency swap	(30.7)	(27.6)	(7.1)
Fair value adjustment of debt ^(a)	(4.6)	(13.0)	(21.5)
Gross financial liabilities excluding fair value hedge	9,600.2	9,908.8	9,432.4
Cash and cash equivalents ^(b)	(545.9)	(779.9)	(602.2)
Net debt	9,054.3	9,128.9	8,830.2
Property portfolio value (incl. transfer taxes)	21,858.9	22,839.9	23,672.6
LOAN-TO-VALUE RATIO	41.4%	40.0%	37.3%

(a) Corresponds to the outstanding amount of the market value adjustment of Corio's debt recognized at the acquisition date.

(b) Including cash managed for principals.

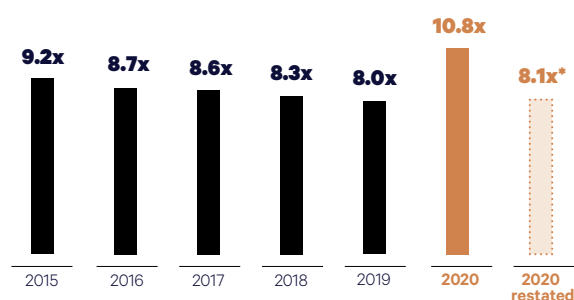
Weaker operating conditions also affected the net debt to EBITDA⁽¹⁾ ratio, which stood at 10.8x as of December 31, 2020. Nonetheless, given the unprecedented impact of Covid-19 on EBITDA, the ratio at year-end 2020 does not properly reflect the Group's capacity to

repay its debt from EBITDA, which is structurally higher once the impact of the lockdowns on rent collection is factored out. Restated for the impacts of Covid-19, the net debt to EBITDA ratio was 8.1x as of December 31, 2020⁽²⁾.

(1) This ratio is computed using 2020 EBITDA.

(2) Restated for €279 million of Covid-19 impacts including rent abatements, provisions for credit losses, a decrease in variable revenues partially offset by a decrease in general and administrative expense (total share, including equity accounted companies).

NET DEBT TO EBITDA⁽¹⁾



* Restated for €279 million of Covid-19 impacts including rent abatements, provisions for credit losses, decrease in variable revenues offset by decrease in general and administrative expense (total share, including equity accounted companies).

3.8.1.3 Available resources

At the end of December 2020, Klépierre's liquidity position stood at €3.2 billion. It comprises €452 million in cash at hand, €2.3 billion in unused committed revolving credit facilities (net of commercial paper) and €395 million in uncommitted credit facilities. Compared to the end of 2019, liquidity increased by €300 million during the year following the issuance of €1.5 billion in new notes under the EMTN program, mostly through two senior tranches of €600 million each issued in May and November. These bonds have an initial maturity of 9 and 10.25 years, and bear coupons of 2% and 0.875% respectively. A portion of the proceeds was immediately used to prepay a loan initially maturing in January 2021 (€350 million) and to reduce the outstanding amount of commercial paper by €300 million. The balance

covers €863 million in notes maturing in February (€299 million) and March 2021 (€564 million).

In parallel, Klépierre refinanced €1.4 billion in revolving credit lines with a new 5-year syndicated sustainability-linked revolving credit facility including two extension options of one year each. This successful transaction involved a pool of 19 banks from eight different countries, underscoring the very strong support that Klépierre enjoys from its banking partners. At December 31, 2020, the average remaining maturity of undrawn committed credit facilities stood at five years.

In Scandinavia, Steen & Strøm raised €38 million in NOK on the bond markets to refinance bonds and commercial paper in NOK and SEK, falling due within the period.

As a result of all of these transactions, the Group's average debt maturity stood at seven years at the year end.

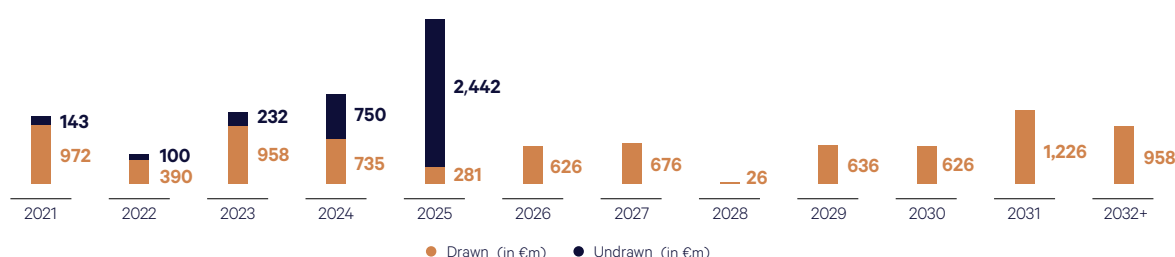
3.8.1.4 Debt structure

As of December 31, 2020, the share of financing sourced from capital markets in total debt stood at 92%, enabling Klépierre to benefit from excellent financing conditions. During the period, Klépierre reduced the outstanding amount of commercial paper by €300 million. These instruments were replaced by the issuance of long-term notes (see section 3.8.1.3 "Available resources"). Secured debt accounted for 8% of total debt, the bulk of which concerns debt raised in Scandinavia.

Klépierre's debt exposure to foreign currencies is adjusted to mirror that of its assets – except for the Czech Republic, Poland and Turkey. Considering the limited exposure of the Group's portfolio to these countries⁽²⁾ and the high cost of currency hedging, especially over long durations, the Group has decided not to hedge these positions.

The Group's liquidity position as of December 31, 2020 (€3.2 billion) covers all refinancing needs until May 2024.

DEBT MATURITY SCHEDULE AS OF DECEMBER 31, 2020 (% of authorized debt)

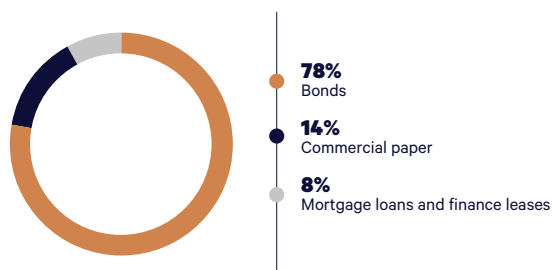


(1) Net debt to EBITDA (as per banking covenant definition) represents the ratio of net debt (€9,054.3 million) as broken down into the LTV calculation table (see section 3.8.1.2 Debt ratios) to the consolidated EBITDA presented in the P&L adjusted of share in earnings of equity-accounted companies and change in value of investment properties of equity-accounted companies (€840.3 million).

(2) On a total-share basis, including transfer taxes, the Czech Republic represented 2.9% of the total Klépierre portfolio, Poland 1.5% and Turkey 0.9%.

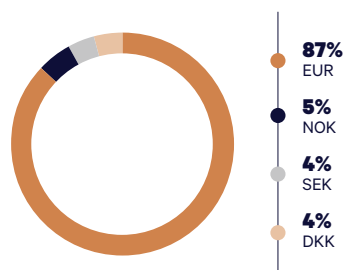
FINANCING BREAKDOWN BY TYPE OF RESOURCE AS OF DECEMBER 31, 2020

(utilizations, total share)



FINANCING BREAKDOWN BY CURRENCY AS OF DECEMBER 31, 2020

(utilizations, total share)

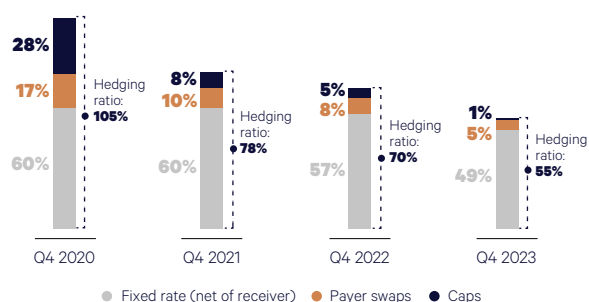


3.8.2 Interest rate hedging

In 2020, Klépierre strengthened its hedging profile by rolling over maturing instruments (€400 million in caps and €500 million in swaps) and lowering the average strike of its cap portfolio (€2,609 million)⁽¹⁾. As of December 31, 2020, the proportion of fixed-rate debt (including hedging instruments) was 105%⁽¹⁾, while its average maturity remained above four years (4.5 years).

Accordingly, taking into consideration the upcoming repayment schedule, the sensitivity of the Group's cost of debt to interest rate fluctuations should remain low in the coming years.

DEBT BY TYPE OF HEDGING INSTRUMENTS



Based on the interest rate yield curve as of December 31, 2020, the Group's annual cash-cost-at-risk stood at €1.5 million on a Group share basis. In other words, the annual loss resulting from short-term interest rate movements would be less than €1.5 million 99% of the time. This calculation does not factor in any assumptions regarding changes in the credit spread.

3.8.3 Cost of debt

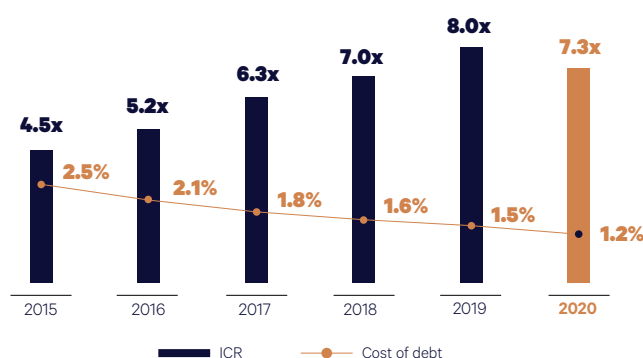
During the year, the Group's average cost of debt continued to fall, to 1.2% versus 1.5% in 2019, benefiting from low short-term interest rates and the attractive refinancing operations carried out in recent years. Based on the current debt structure and market conditions, and in view of the upcoming refinancing transactions, the cost of debt is expected to remain very low over the next three years.

BREAKDOWN OF COST OF DEBT

In millions of euros	12/31/2020	12/31/2019
Cost of net debt (as per IFRS consolidated statement of comprehensive income)	108.6	122.2
Non-recurring items	(0.2)	2.6
Non-cash impact	13.3	10.3
Interest on advances to associates	10.3	11.5
Liquidity cost	(5.7)	(5.9)
Interest expense on lease liabilities ^(a)	(8.2)	(8.4)
Cost of debt (used for cost of debt calculations)	118.2	132.2
Average gross debt	9,616.0	9,119.0
COST OF DEBT (in %)	1.2%	1.5%

(a) As per IFRS 16.

(1) Excluding €850 million in caps denominated in euros whose strike price is 50 basis points above underlying market rates ("out-of-the-money" caps).

INTEREST COVERAGE RATIO AND COST OF DEBT⁽¹⁾

3.8.4 Credit ratings and covenants

Standard & Poor's currently assigns a long-term BBB+ rating (A2 short-term rating) with a stable outlook to Klépierre and Steen & Strøm.

COVENANTS APPLICABLE TO KLÉPIERRE SA FINANCING

Financing	Ratios/covenants	Limit ^(a)	12/31/2020	06/30/2020	12/31/2019
Syndicated and bilateral loans	Net debt/Portfolio value ("Loan to Value")	≤ 60%	41.4%	40.0%	37.3%
	EBITDA/Net interest expense ^(b)	≥ 2.0x	7.3x	8.8x	8.0x
	Secured debt/Portfolio value ^(c)	≤ 20%	0.6%	0.6%	0.7%
	Portfolio value ^(d)	≥ €10 bn	€18.5 bn	€19.4 bn	€20.1 bn
BOND ISSUES	Secured debt/Revalued Net Asset Value ^(c)	≤ 50%	0.9%	0.8%	0.9%

(a) Covenants are based on the 2020 revolving credit facility.

(b) Excluding the impact of liability management operations (non-recurring items).

(c) Excluding Steen & Strøm.

(d) Group share, including transfer taxes.

(1) Interest coverage ratio (as per banking covenant definition) represents the ratio of the consolidated EBITDA presented in the P&L adjusted of share in earnings of equity-accounted companies and change in value of investment properties of equity-accounted companies (€840.3 million) to the net interest expenses (€114.34 million) calculated as of cost of net financial indebtedness less net deferral of upfront payments on swaps plus amortization of the fair value of debt less other non-recurring financial expenses.

3.9 EPRA PERFORMANCE INDICATORS

As a result of the lockdowns induced by the Covid-19 pandemic, the changes in certain EPRA indicators are significant, in some cases making year-on-year comparisons meaningless.

The following performance indicators have been prepared in accordance with the EPRA (European Public Real Estate Association) Best Practices Recommendations published in October 2019 and as set out in the guide available on its website (www.epra.com). These updated guidelines aim to reflect the significant shift in the listed real estate sector from long-term passive asset owners into highly-active asset managers and capital allocators.

EPRA SUMMARY TABLE^(a)

	12/31/2020	06/30/2020	12/31/2019	See section
EPRA Earnings (in millions of euros)	583.7	380.6	814.2	3.9.1
EPRA Earnings per share (in euros)	2.04	1.33	2.77	3.9.1
EPRA NRV (in millions of euros)	10,184	11,238	11,978	3.9.2.2
EPRA NRV per share (in euros)	35.70	39.40	41.50	3.9.2.2
EPRA NTA (in millions of euros)	8,957	9,942	10,643	3.9.2.2
EPRA NTA per share (in euros)	31.40	34.90	36.90	3.9.2.2
EPRA NDV (in millions of euros)	7,300	8,497	8,920	3.9.2.2
EPRA NDV per share (in euros)	25.60	29.80	30.90	3.9.2.2
EPRA Net Initial Yield Shopping centers	5.3%	5.1%	5.0%	3.9.3
EPRA "Topped-up" Net Initial Yield Shopping centers	5.6%	5.3%	5.2%	3.9.3
EPRA Vacancy Rate	4.8%	3.8%	3.0%	3.9.4
EPRA Cost Ratio (including direct vacancy costs)	26.1%	15.2%	15.4%	3.9.5
EPRA Cost Ratio (excluding direct vacancy costs)	24.3%	13.4%	13.9%	3.9.5

(a) Per-share figures rounded to the nearest 10 cents.

3.9.1 EPRA Earnings

EPRA Earnings is a measure of the underlying operating performance of an investment property company excluding fair value gains, investment property disposals, and limited other items considered as non-core activities for an investment property company.

EPRA EARNINGS

Group share In millions of euros	12/31/2020	12/31/2019
Net income as per IFRS consolidated statement of comprehensive income	(785.7)	324.9
Adjustments to calculate EPRA Earnings:		
(i) Changes in value of investment properties, development properties held for investment and other interests	1,575.9	526.3
(ii) Profit or losses on disposal of investment properties, development properties held for investment and other interests	(3.5)	(24.0)
(iii) Profit or losses on sales of trading properties including impairment charges in respect of trading properties	-	-
(iv) Tax on profits or losses on disposals	-	-
(v) Negative goodwill/goodwill impairment	16.8	8.0
(vi) Changes in fair value of financial instruments and associated close-out costs	18.3	26.2
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-	4.7
(viii) Deferred tax in respect of EPRA adjustments ^(a)	(78.7)	(8.1)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	88.2	37.9
(x) Non-controlling interests in respect of the above	(247.5)	(81.8)
EPRA EARNINGS	583.7	814.2
Company-specific adjustments to calculate net current cash flow:		
• Employee benefits, stock option expense and non-current operating expenses	(7.3)	7.7
• Depreciation, amortization and provisions for contingencies and losses	10.5	8.4
NET CURRENT CASH FLOW	586.9	830.3
Average number of shares ^(b)	286,072,515	293,941,863
Per share (in euros)		
EPRA EARNINGS	2.04	2.77
NET CURRENT CASH FLOW	2.05	2.82

(a) In 2020, this item includes €82.5 million in deferred tax and €3.8 million in non-current tax payables.

(b) Excluding treasury shares.

3.9.2 EPRA Net Asset Value metrics

Net Asset Value metrics are key performance indicators designed to provide stakeholders with relevant information on the fair value of the assets and liabilities of real estate companies. Replacing EPRA NAV and EPRA NNNNAV, the new reporting standards introduce three new measures of net asset value: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets Value (NTA) and EPRA Net Disposal Value (NDV). As recommended by EPRA, these new standards have been applied with effect from the 2020 interim consolidated financial statements.

For more detailed explanations of EPRA adjustments and requirements please refer to the EPRA Best Practices Recommendations.

3.9.2.1 Application by Klépierre

EPRA Net Reinstatement Value (NRV) aims to highlight the value of net assets on a long-term basis and to represent the value required to rebuild the entity assuming that no selling of assets takes place.

Consequently, deferred taxes as per IFRS and Real Estate Transfer Taxes (RETT) are added back. Intangible assets may be added if they are not already recognized in the IFRS statement of financial position and when their fair value can be reliably determined.

EPRA Net Tangible Assets value (NTA) reflects tangible assets only and assumes that companies buy and sell some of their assets, thereby crystallizing certain levels of unavoidable deferred tax liability and RETT. Based on the new EPRA methodology, the portfolio is broken down into three types:

- Assets that the Company does not plan to sell in the long run: 100% of deferred taxes as per IFRS are added back in addition to 50% of RETT optimization;
- Assets that may be sold in share deals: 50% of deferred taxes as per IFRS and RETT optimization are added back; and
- Assets that may be sold through asset deals: 50% of deferred taxes as per IFRS are added back, but there is no restatement for RETT.

TREATMENT OF DEFERRED TAXES AND RETT IN EPRA NET TANGIBLE ASSETS

	Fair value	As % of total portfolio	% of deferred tax excluded
Portfolio subject to deferred tax and intention is to hold and not to sell in the long run	11,797	64%	100%
Portfolio subject to partial deferred tax and to tax structuring	4,118	22%	40%
Other portfolio	2,607	14%	50%
TOTAL PORTFOLIO	18,522		

By definition, EPRA NTA aims at valuing solely tangible assets and therefore, as regards Klépierre, does not incorporate the fair value of management services companies (unlike the former indicators EPRA NAV and NNNAV). This wholly-integrated service management business collects fees not only from tenants and third parties but also from real estate companies, while the latter are deducted from rental income in the appraisers' discounted cash flows model. The fair value of these businesses is only included in the calculation of EPRA NRV.

Lastly, **EPRA Net Disposal Value** aims to represent the shareholders' value under an orderly sale of the business, where RETT, deferred taxes, financial instruments and certain other adjustments are calculated to the full extent of their liability while discarding completely any RETT or tax optimization. Intangible assets are also excluded from this methodology.

3.9.2.2 Calculation of EPRA Net Asset Value

Due to the change in methodology and for the purposes of meaningful comparison, the following tables present, for the transition year, EPRA AV and NNNAV as per the former methodology in addition to the new EPRA Net Asset Value metrics.

EPRA NET ASSET VALUES AS OF DECEMBER 31, 2020

Group share In millions of euros	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
IFRS Equity attributable to shareholders	8,182	8,182	8,182	8,182	8,182
Amounts owed to shareholders	0	0	0	0	0
Include/exclude:					
i) Hybrid instruments	0	0	0	0	0
Diluted NAV	8,182	8,182	8,182	8,182	8,182
Include:					
Diluted NAV at fair value	8,182	8,182	8,182	8,182	8,182
Exclude:					
ii) Deferred tax in relation to fair value gains of IP	1,438	1,216	0	1,438	1,099
iii) Fair value of financial instruments	9	9	0	9	0
iv) Goodwill as a result of deferred tax	(358)	(358)	(358)	(358)	(358)
v) Goodwill as per IFRS statement of financial position	(233)	(233)	(233)	(233)	(233)
Include:					
vi) Fair value of fixed-rate debt	0	0	(291)	0	(291)
vii) Revaluation of intangible assets at to fair value	300	0	0	300	300
viii) Real estate transfer tax	847	141	0	328	328
NAV	10,184	8,957	7,300	9,666	9,027
Fully diluted number of shares	285,469,856	285,469,856	285,469,856	285,469,856	285,469,856
NAV PER SHARE (in euros)	35.7	31.4	25.6	33.9	31.6

EPRA NET ASSET VALUES AS OF DECEMBER 31, 2019

Group share <i>In millions of euros</i>	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
IFRS Equity attributable to shareholders	9,774	9,774	9,774	9,774	9,774
Amounts owed to shareholders	0	0	0	0	0
Include/exclude:					
i) Hybrid instruments	0	0	0	0	0
Diluted NAV	9,774	9,774	9,774	9,774	9,774
Include:					
Diluted NAV at fair value	9,774	9,774	9,774	9,774	9,774
Exclude:					
ii) Deferred tax in relation to fair value gains of IP	1,519	1,271	0	1,519	1,164
iii) Fair value of financial instruments	8	8	0	8	0
iv) Goodwill as a result of deferred tax	(356)	(356)	(356)	(356)	(356)
v) Goodwill as per IFRS statement of financial position	(247)	(247)	(247)	(247)	(247)
Include:					
vi) Fair value of fixed-rate debt	0	0	(251)	0	(251)
vii) Revaluation of intangible assets at to fair value	340	0	0	340	340
viii) Real estate transfer tax	941	194	0	380	380
NAV	11,978	10,643	8,920	11,417	10,803
Fully diluted number of shares	288,736,070	288,736,070	288,736,070	288,736,070	288,736,070
NAV PER SHARE (in euros)	41.5	36.9	30.9	39.5	37.4

EPRA NTA – 12-MONTH RECONCILIATION PER SHARE^(a)

<i>In euros per share</i>	
EPRA NTA AT 12/31/2019	36.90
Cash flow	2.05
Like-for-like asset revaluation	(4.94)
Dividend	(2.20)
Forex and others	(0.41)
EPRA NTA AT 12/31/2020	31.40

(a) EPRA NTA per share figures are rounded to the nearest 10 cents.

EPRA NTA per share amounted to €31.40 at the end of December 2020, versus €36.90 12 months earlier⁽¹⁾. This decrease reflects the generation of net current cash flow (€2.05 per share), which was more than offset by the decrease in the value of the like-for-like portfolio (€4.94 per share) and the dividend payment (€2.20 per share). Foreign exchange and other items amounted to €0.41 per share.

(1) EPRA NTA per share figures are rounded to the nearest 10 cents.

3.9.3 EPRA Net Initial Yield

EPRA Net Initial Yield (NIY) is calculated as annualized rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the gross market value of the property. EPRA "Topped-up" NIY is calculated by making an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent-free periods and step-up rents). See section 3.71 "Valuation" for the geographical breakdown of EPRA NIY.

EPRA NET INITIAL YIELDS

<i>In millions of euros</i>	Shopping centers	Other retail properties	Total
Investment property – Wholly owned	17,053	236	17,289
Investment property – Share of joint ventures/funds	1,233	0	1,233
Total portfolio	18,286	236	18,522
Less: Developments, land and other	(1,064)	0	(1,064)
Completed property portfolio valuation (B)	17,222	236	17,458
Annualized cash passing rental income	1,027	22	1,050
Property outgoings	(108)	(2)	(110)
Annualized net rents (A)	919	21	940
Notional rent expiration of rent free periods or other lease incentives	37	0	38
Topped-up net annualized rent (C)	956	21	977
EPRA NET INITIAL YIELD (A/B)	5.3%	8.7%	5.4%
EPRA "TOPPED-UP" NET INITIAL YIELD (C/B)	5.6%	8.9%	5.6%

3.9.4 EPRA Vacancy Rate

The EPRA Vacancy Rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole property portfolio (including vacant spaces), excluding properties that are under development and strategic vacancies.

EPRA VACANCY RATE^(a)

<i>In thousands of euros</i>	Estimated rental value of vacant space (A)	Total estimated rental value (B)	EPRA Vacancy Rate(A/B)
France-Belgium	25,139	492,870	5.1%
Italy	6,977	289,018	2.4%
Scandinavia	11,761	169,924	6.9%
Iberia	8,439	142,892	5.9%
CE & Other	4,838	94,900	5.1%
Netherlands	2,973	69,692	4.3%
Germany	2,230	37,968	5.9%
TOTAL	62,356	1,297,264	4.8%

(a) Scope: all shopping centers, including those accounted for under the equity method, included based on a 100% share. The estimated rental values of leased and vacant spaces as of December 31, 2020, are based on internal assumptions. Shopping centers (or portions thereof) under restructuring that are excluded from the scope are as follows: Échirolles (Grenoble), the Créteil Soleil extension (Paris region), Nailloux Village (Toulouse), Økern (Oslo). Strategic vacancies are also excluded.

3.9.5 EPRA Cost Ratio

The purpose of the EPRA Cost Ratio is to reflect the relevant overhead and operating costs of the business. It is calculated by expressing the sum of property expenses (net of service charge recoveries and third-party asset management fees) and administrative expenses as a percentage of gross rental income.

EPRA COST RATIO

In millions of euros	12/31/2020	12/31/2019
Administrative and operating expenses ^(a)	(297.6)	(216.4)
Net service charge costs ^(a)	(68.7)	(72.4)
Net management fees ^(a)	68.4	83.3
Other net operating income intended to cover overhead expenses ^(a)	20.7	8.9
Share of joint venture expenses ^(b)	(23.1)	(14.1)
Exclude (if part of the above):		
Service charge costs recovered through rents but not separately invoiced	8.5	9.4
EPRA Costs (including vacancy costs) (A)	(291.8)	(201.3)
Direct vacancy costs	(20.7)	(19.9)
EPRA Costs (excluding vacancy costs) (B)	(271.0)	(181.4)
Gross rental income less ground rents ^(a)	1,054.4	1,234.0
Less: service fee/cost component of gross rental income	(8.5)	(9.4)
Add: share of joint ventures (gross rental income less ground rents) ^(b)	70.0	83.1
Gross rental income (C)	1,115.9	1,307.7
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (A/C)	26.1%	15.4%
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (B/C)	24.3%	13.9%

(a) As per the IFRS consolidated statements of comprehensive income.

(b) For more information, see section 3.4.1 "Contribution of equity-accounted investments".

In 2020, the increase in the EPRA Cost Ratio was mainly attributable to the impact of provisions set aside for credit losses, which increased administrative and operating expenses by €111.3 million, and offset cost savings.

3.9.6 EPRA Capital Expenditure

Investments in 2020 are presented in detail in section 3.5 "Investments, developments and disposals." This section presents Klépierre's capital expenditure based on EPRA financial reporting guidelines taking into account the latest EPRA Best Practices Recommendations as updated in October 2019.

EPRA CAPITAL EXPENDITURE

	12/31/2020		12/31/2019	
In millions of euros	Group (excl. Joint Ventures)	Joint Ventures (proportionate share)	Total Group	Total Group
Acquisitions	0.1	-	0.1	82.5
Development	88.5	7.8	96.3	190.0
Investment properties	79.1	2.5	81.5	116.7
Incremental lettable space	-	-	-	-
No incremental lettable space	61.1	2.2	63.3	83.0
Tenant incentives	11.6	0.2	11.9	20.5
Other material non-allocated types of expenditure	6.4	0.0	6.4	13.2
Capitalized interest	3.4	-	3.4	4.2
Total CAPEX	171.1	10.2	181.3	393.4
Conversion from accrual to cash basis	31.7	-	31.7	-42.0
TOTAL CAPEX ON CASH BASIS	202.8	10.2	213.0	351.3

3.9.6.1 Developments

Development capital expenditure includes investments related to new constructions and large extensions of existing assets. This year, these investments amounted to €96.3 million, mainly relating to the extension of Gran Reno (Bologna, Italy), the Hoog Catharijne redevelopment (Utrecht, Netherlands) and the Créteil Soleil (Paris region, France) and Grand Place (Grenoble, France) projects.

3.9.6.2 Investment properties

Capital expenditure on the operational investment property portfolio mainly comprises investments to maintain or enhance standing assets without creating additional leasing space and incentives provided to tenants (mainly fit-out contributions and eviction costs). In 2020, these investments totaled €81.5 million, breaking down as follows:

- €63.3 million in refurbishments, consisting in renovation work, mainly in common areas, without incremental lettable space and technical maintenance capital expenditure. Most of this expenditure was invoiced to tenants;
- €11.9 million in tenant incentives, mainly in connection with stores and other leasable units, including fit-out contributions and eviction costs; and
- €6.4 million in other types of expenditure including restructuring costs for re-leasing and initial leasing.

3.9.6.3 Capitalized interest

Capitalized interest amounted to €3.4 million in 2020.

3.10 OUTLOOK

For 2021, the Group expects net current cash flow to reach €1.90 per share (excluding the impact of amortizing Covid-19 rent concessions). This assumes that current lockdown measures which affect 60% of Klépierre's stores will not last beyond March 2021. Overall, this represents a closure period equivalent to 1.5 months for the whole portfolio and an estimated cash flow impact of €0.25 per share.



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4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated statements of comprehensive income

<i>In millions of euros</i>	Notes	12/31/2020	12/31/2019
Gross rental income	6.1	1,062.4	1,242.3
Land expenses (real estate)	6.2/8	(8.0)	(8.2)
Service charge income	6.3	241.9	280.3
Service charge expenses	6.3	(310.6)	(352.7)
Building expenses (owner)	6.4	(139.5)	(31.0)
Net rental income		846.2	1,130.6
Management, administrative and related income		68.4	83.3
Other operating income	6.5	20.7	8.9
Survey and research costs		(1.6)	(1.6)
Payroll expenses	11.1	(95.2)	(118.7)
Other general expenses		(41.4)	(49.3)
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	6.6/8	(20.0)	(20.4)
Provisions		0.3	2.1
Change in value of investment properties	6.7/8	(1,575.9)	(526.3)
Income from the disposal of investment properties and equity investments		3.5	24.0
• Proceeds from disposals of investment properties and equity investments	6.8	157.6	496.4
• Carrying amount of investment properties and equity investments sold	6.8	(154.0)	(472.5)
Goodwill impairment	5.1	(16.8)	(8.0)
Operating income (loss)		(811.6)	524.5
Net dividends and provisions on non-consolidated investments		(0.0)	0.0
Financial income		71.4	85.9
Financial expenses		(171.8)	(199.7)
Interest expense on leases liabilities	8	(8.2)	(8.4)
Cost of net debt	6.9	(108.6)	(122.2)
Change in the fair value of financial instruments		(30.0)	(25.7)
Share in earnings of equity-accounted companies	5.5	(52.3)	19.5
Profit (loss) before tax		(1,002.5)	396.1
Income tax benefit (expense)	7	71.3	(24.2)
Consolidated net income (loss)		(931.2)	371.9
Of which			
• Attributable to owners of the parent		(785.7)	324.9
• Attributable to non-controlling interests		(145.5)	47.0
Average number of shares – undiluted		285,827,741	293,941,863
UNDILUTED EARNINGS (LOSS) PER SHARE (in euros) – ATTRIBUTABLE TO OWNERS OF THE PARENT		(2.75)	1.11
Average number of shares – diluted		286,072,515	293,941,863
DILUTED EARNINGS (LOSS) PER SHARE (in euros) – ATTRIBUTABLE TO OWNERS OF THE PARENT		(2.75)	1.11

<i>In millions of euros</i>	12/31/2020	12/31/2019
Consolidated net income (loss)	(931.2)	371.9
Other items of comprehensive income recognized directly in equity	(88.5)	(20.5)
• Effective portion of gains and losses on cash flow hedging instruments	1.2	20.6
• Translation gains and losses	(88.2)	(42.5)
• Tax on other items of comprehensive income	(0.2)	(4.9)
Items that will be reclassified subsequently to profit or loss	(87.3)	(26.8)
• Gains and losses on sales on treasury shares	(1.2)	3.9
• Actuarial gains and losses	(0.0)	2.4
Items that will not be reclassified subsequently to profit or loss	(1.2)	6.3
Share of other items of comprehensive income attributable to equity-accounted companies	-	-
Total comprehensive income (loss)	(1,019.6)	351.5
Of which		
• Attributable to owners of the parent	(864.0)	312.1
• Attributable to non-controlling interests	(155.7)	39.4
Undiluted comprehensive earnings (loss) per share (in euros) – Attributable to owners of the parent	(3.02)	1.06
Diluted comprehensive earnings (loss) per share (in euros) – Attributable to owners of the parent	(3.02)	1.06

4.1.2 Consolidated statements of financial position

<i>In millions of euros</i>	Notes	12/31/2020	12/31/2019
Goodwill	5.1	583.5	602.9
Intangible assets	5.2	22.9	28.5
Property, plant and equipment	5.3	27.3	36.1
Investment properties at fair value	5.4	19,756.8	21,306.8
Investment properties at cost	5.4	132.9	133.8
Investments in equity-accounted companies	5.5	988.4	1,096.7
Other non-current assets	5.6	299.9	294.9
Long-term derivative instruments	5.13	31.7	11.5
Non-current deferred tax assets	7	15.6	21.7
Non-current assets		21,859.0	23,532.9
Investment properties held for sale	5.4	28.3	105.0
Trade and other receivables	5.7	156.2	106.3
Other receivables	5.8	332.3	355.6
• Tax receivables		63.7	96.0
• Other		268.5	259.6
Short-term derivative instruments	5.13	30.6	53.7
Current deferred tax assets	7	16.3	-
Cash and cash equivalents	5.9	462.1	484.5
Current assets		1,025.8	1,105.1
TOTAL ASSETS		22,884.7	24,638.0
Share capital		419.9	423.7
Additional paid-in capital		4,737.5	5,124.3
Legal reserves		44.0	44.0
Consolidated reserves		3,766.6	3,857.5
• Treasury shares		(441.3)	(427.9)
• Hedging reserves		(8.7)	(10.6)
• Other consolidated reserves		4,216.6	4,296.0
Consolidated earnings (loss)		(785.7)	325.0
Equity attributable to owners of the parent		8,182.3	9,774.4
Equity attributable to non-controlling interests		2,252.1	2,483.6
Total equity	5.11	10,434.4	12,258.0
Non-current financial liabilities	5.12	7,244.1	7,092.0
Non-current leases liabilities	8	357.0	368.1
Long-term provisions	5.14	16.9	12.2
Pension obligations	11.3	11.8	11.2
Long-term derivative instruments	5.13	13.7	15.4
Deposits		143.3	146.4
Deferred tax liabilities	7	1,508.3	1,591.5
Non-current liabilities		9,295.2	9,236.8
Current financial liabilities	5.12	2,381.9	2,342.4
Current lease liabilities	8	14.2	14.6
Bank overdrafts	5.9	9.4	26.5
Trade payables		201.1	124.2
Due to suppliers of property		54.0	86.2
Other liabilities	5.15	322.3	358.6
Short-term derivative instruments	5.13	5.2	17.7
Payroll and tax liabilities	5.15	166.9	173.0
Current liabilities		3,155.1	3,143.2
TOTAL EQUITY AND LIABILITIES		22,884.7	24,638.0

4.1.3 Consolidated statements of cash flows

<i>In millions of euros</i>	12/31/2020	12/31/2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from consolidated companies	(931.2)	371.9
Elimination of expenditure and income with no cash effect or not related to operating activities		
• Depreciation, amortization and provisions	135.9	18.3
• Change in value of investment properties	1,575.9	526.3
• Goodwill impairment	16.8	8.0
• Capital gains and losses on asset disposals	(3.4)	(24.0)
• Current and deferred income taxes	(71.3)	24.2
• Share in earnings of equity-accounted companies	52.3	(19.5)
• Reclassification of interest and other items	161.2	172.6
Gross cash flow from consolidated companies	936.1	1,077.9
Income tax (received) paid	(8.8)	(11.0)
Change in operating working capital	(132.3)	(24.6)
Net cash flow from operating activities	795.0	1,042.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment properties	155.6	288.2
Proceeds from disposals of subsidiaries (net of cash disposed)	(2.3)	203.8
Acquisitions of investment properties	-	-
Payments in respect of construction work in progress	(202.8)	(260.8)
Acquisitions of other fixed assets	(4.9)	(6.6)
Acquisitions of subsidiaries (net of cash acquired)	(7.0)	(89.9)
Dividends received (including dividends received from joint ventures and associates) ^(a)	15.1	26.7
Movements in loans and advance payments granted and other investments ^(a)	(15.9)	89.6
Net cash flows from (used in) investing activities	(62.2)	251.2
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the parent	(628.1)	(619.5)
Dividends paid to non-controlling interests	(53.0)	(111.6)
Change in capital of subsidiaries with non-controlling interests	(1.7)	(5.4)
Acquisitions/disposals of treasury shares	(100.0)	(276.1)
New loans, borrowings and hedging instruments	2,867.5	2,308.9
Repayment of loans, borrowings and hedging instruments	(2,669.1)	(2,013.3)
Net repayment of lease liabilities	(15.2)	(15.0)
Interest paid	(126.9)	(175.3)
Interest paid on lease liabilities	(8.2)	(8.4)
Other cash flows related to financing activities	-	-
Net cash flow used in financing activities	(734.6)	(915.5)
Effect of foreign exchange rate changes on cash and cash equivalents	(3.4)	0.0
CHANGE IN CASH AND CASH EQUIVALENTS	(5.3)	378.1
Cash and cash equivalents at beginning of period	458.0	79.9
Cash and cash equivalents at end of period	452.7	458.0

(a) From 2020, dividends received (including from joint ventures and associates) are presented separately. Movements in loans and advance payments granted and other investments presented for a positive amount of €116.3 million as of December 31, 2019, were divided between dividends received for €26.7 million and movements in loans and advance payments granted for €89.6 million.

4.1.4 Statements of changes in consolidated equity

<i>In millions of euros</i>	Share capital	Capital reserves	Treasury shares	Hedging reserves	Other consolidated reserves	Consolidated net income	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT 12/31/2018	440.1	5,694.0	(568.6)	(26.1)	3,979.2	838.8	10,357.5	2,535.7	12,893.3
Share capital transactions	(16.4)	(400.3)	416.7				0.0		0.0
Share-based payments									
Treasury share transactions			(276.0)				(276.0)		(276.0)
Net income allocation					838.8	(838.8)			
Dividends		(125.5)			(494.0)		(619.5)	(89.0)	(708.5)
Net income for the period						324.9	324.9	47.0	371.9
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY									
• Proceeds from sales of treasury shares					3.9		3.9		3.9
• Gains and losses from cash flow hedges				19.8			19.8	0.8	20.6
• Translation gains and losses					(34.6)		(34.6)	(7.9)	(42.5)
• Actuarial gains and losses					2.4		2.4		2.4
• Tax on other items of comprehensive income				(4.4)			(4.4)	(0.5)	(4.9)
Other items of comprehensive income				15.4	(28.3)		(12.9)	(7.6)	(20.5)
Changes in the scope of consolidation					0.1		0.1	(2.5)	(2.4)
Other movements				0.1	0.1		0.2	0.0	0.2
EQUITY AT 12/31/2019	423.7	5,168.3	(427.9)	(10.6)	4,296.0	324.9	9,774.4	2,483.6	12,258.0
Share capital transactions ^(a)	(3.8)	(79.5)	83.3						
Share-based payments									
Treasury share transactions			(96.7)		(3.3)		(100.0)		(100.0)
Net income allocation					324.9	(324.9)			
Dividends		(307.2)			(320.8)		(628.1)	(74.2)	(702.2)
Net income (loss) for the period						(785.7)	(785.7)	(145.5)	(931.2)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY									
• Proceeds from sales of treasury shares					(1.2)		(1.2)		(1.2)
• Gains and losses from cash flow hedges				2.3	0.4		2.7	(1.5)	1.2
• Translation gains and losses ^(b)					(79.3)		(79.3)	(8.9)	(88.2)
• Actuarial gains and losses					(0.0)		(0.0)		(0.0)
• Tax on other items of comprehensive income				(0.4)			(0.4)	0.2	(0.2)
Other items of comprehensive income				1.9	(80.1)		(78.3)	(10.2)	(88.5)
Changes in the scope of consolidation					(0.0)		(0.0)	(1.6)	(1.6)
Other movements					(0.0)		(0.0)	(0.1)	(0.1)
EQUITY AT 12/31/2020	419.9	4,781.5	(441.3)	(8.7)	4,216.6	(785.7)	8,182.3	2,252.1	10,434.4

(a) Movements in share capital transactions for a negative €3.8 million, negative €79.5 million and positive €83.3 million are due to the cancellation of treasury shares as described in note 5.11.1.

(b) The negative €79.3 million impact in translation gains and losses mainly concerns Norway (negative €60.5 million), Turkey (negative €57.2 million) and Sweden (positive €45.7 million).

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NOTE 1 SIGNIFICANT EVENTS OF THE YEAR

1.1 COVID-19 PANDEMIC

Fiscal year 2020 was marked by the Covid-19 pandemic, which significantly impacted the European economy from the beginning of 2020. Governments and other authorities have been forced to impose restrictions to control its spread, including business closures in countries where Klépierre owns or holds interests in properties.

Rent abatements

As a result of the Covid-19 pandemic and the abovementioned restrictions, the Company adopted special measures to propose rental arrangements for tenants by deferring payments or granting abatements in order to improve rent collection, settle potential disputes and negotiate certain targeted lease extensions.

Different categories of rent abatements were identified:

- Abatements on signed deals:
 - Abatements granted without any other changes to the lease agreement: the discount is recorded as a one-off deducted from gross rental income,
 - Abatements with lease modifications (mainly lease extensions): the discount is taken to income on a straight-line basis, in accordance with IFRS 16, and is deducted from gross rental income;
- Abatements on approved and expected deals:
 - If the deal is an abatement granted without any other changes to the lease agreement, the discount is recorded with a credit note as a deduction from gross rental income,
 - If the deal is an abatement with a lease modification, the abatement will be recognized in 2021 when the deal is signed (and will be taken to income on a straight-line basis, in accordance with IFRS 16). Consequently, based on the negotiation, no allowance is recognized on the unpaid receivable of the tenant in 2020.

€126 million of abatements before straight-lining have been signed or are under negotiation:

- €51 million of abatements have already been signed with tenants in which €20 million related to lease modification are straight-lined;
- €76 million are under negotiation in which €10 million related to lease modification will be straight-lined when signed (in 2021).

In the P&L as at the closing date, the total abatements deducted from the gross rental income amounted to €102 million, comprising:

- €96 million of abatements without lease modification recorded as one-off; and
- €6 million of abatements straight-lining in accordance with IFRS 16, corresponding to €30 million of abatements with lease modification.

Credit risk

Credit risk is assessed in accordance with IFRS 9.

The credit risk assessment was conducted differently for forced closure periods and for open periods. The main rules applied are detailed below:

- Specific tenants at risk:
 - Receivables related to insolvent or bankrupt tenants have been 100% impaired, after deducting any security deposits,
 - For businesses heavily impacted by forced closure periods, the related receivables have been 100% impaired without deducting security deposits;
- Forced closure periods:
 - The outstanding receivables (after deduction of abatements granted or to be granted) have been impaired based on a tenant-

by-tenant assessment of solvency profiles. The most significant amounts relate to France and Italy. In these two countries, tenants were ranked using different criteria such as the occupancy cost ratio, and three levels of allowance were defined, ranging from 66% to 100%. These allowances were recognized without deduction of security deposits,

- In the other countries, where there is an agreement for abatement, the outstanding amount net of abatements is maintained in receivables (no allowance or use of security deposits), as we consider that the outstanding receivable would be collected further to the rent abatement to be granted,
- These rules do not apply to receivables with the most heavily impacted businesses, which have been 100% impaired without deducting security deposits, as described above;
- Open period:
 - Where an abatement agreement has been signed, approved or expected, uncollected rents are maintained in receivables, with or without deduction of security deposits (depending on the quarter),
 - Where no abatement agreement has been signed, approved or expected, the outstanding amounts to be collected were assessed on a tenant-by-tenant basis taking into account the tenant's solvency profile. The most significant amounts concern France and Italy. In these two countries, tenants were analyzed using different parameters such as the occupancy cost ratio. Therefore different levels of allowance were defined, ranging from 0% to 100%. These allowances were recognized after deduction of security deposits. In the other countries, the approach is comparable but with a different tenant solvency analysis.

As at December 31, 2020, impairment for credit losses related to Covid-19 recognized in net rental income amounted to €116 million.

Investment property fair value measurement

As of December 31, 2020, 99.0% of the value of Klépierre's property portfolio (€21,664 million, including transfer taxes, on a total share basis), was estimated by external appraisers in accordance with the methodology described in note 5.4. External appraisers have factored in the potential impact of Covid-19 by modifying two specific sets of assumptions.

Assumptions affecting short-term cash flows: depending on the country and function of specific asset performances, the appraisers took into account various levels of rent holidays, prolonged void periods and higher levels of unpaid rents for the period 2020-2021. The appraisers also factored in lower levels of sales-based rents and of ancillary income over the same period.

Assumptions affecting long-term cash flows and values: the appraisers applied lower levels of indexation although future estimated market rents have not been significantly revised at this stage in view of the dearth of leasing transactions.

The appraisers increased discount rates and exit cap rates in most countries, despite lower inflation prospects, to reflect greater uncertainty over long-term cash flows, liquidity and value and growth prospects on exit.

Some appraisers have included a “material valuation uncertainty clause” in their reports, as per the RICS recommendation, which states that the valuations can be relied upon, but need to be monitored, due to the lack of market comparables and appreciation of the long-term effects of Covid-19.

During 2020, the value of Klépierre's shopping center portfolio declined by 7.2% on a like-for-like basis. This decrease is attributable to a combination of:

- Cash-flow effect (–2.5%): as a result of the Covid-19 assumptions described above on short-term cash flows, together with revised indexation projections;
- Market effect (–4.7%): also as a result of the impact of Covid-19 assumptions, reflecting the decrease in liquidity on the investment market and greater uncertainty surrounding future cash flows, the discount and exit rates have been increased further.

The tables below present the change in the valuation of the shopping center portfolio using different discount and exit rate assumptions than those used by the appraisers.

Geography	Discount rate variance					
	–100 bps	–50 bps	–25 bps	+25 bps	+50 bps	+100 bps
France-Belgium	+7.4%	+3.5%	+1.6%	–2.0%	–3.7%	–7.1%
Italy	+7.7%	+3.7%	+1.9%	–1.8%	–3.6%	–7.0%
Scandinavia	+7.6%	+3.7%	+1.8%	–1.8%	–3.5%	–6.9%
Iberia	+7.8%	+3.9%	+2.0%	–1.6%	–3.3%	–6.6%
CE & Other	+7.0%	+3.4%	+1.7%	–1.6%	–3.3%	–6.4%
Netherlands	+11.0%	+5.4%	+2.7%	–2.5%	–5.0%	–9.7%
Germany	+8.7%	+4.2%	+2.1%	–2.0%	–4.0%	–7.9%
TOTAL SHOPPING CENTERS	+7.8%	+3.8%	+1.8%	–1.9%	–3.7%	–7.2%

Geography	Exit rate variance					
	–100 bps	–50 bps	–25 bps	+25 bps	+50 bps	+100 bps
France-Belgium	+15.8%	+6.8%	+3.1%	–3.1%	–5.8%	–10.5%
Italy	+12.5%	+5.6%	+2.7%	–2.4%	–4.7%	–8.7%
Scandinavia	+16.5%	+7.3%	+3.4%	–3.1%	–5.9%	–10.8%
Iberia	+12.2%	+5.6%	+2.8%	–2.1%	–4.3%	–8.2%
CE & Other	+9.9%	+4.5%	+2.2%	–2.0%	–3.8%	–7.0%
Netherlands	+16.4%	+7.2%	+3.4%	–3.1%	–5.9%	–10.8%
Germany	+20.3%	+8.9%	+4.2%	–3.8%	–7.2%	–13.0%
TOTAL SHOPPING CENTERS	+14.8%	+6.5%	+3.1%	–2.9%	–5.4%	–9.9%

Assets under construction

In France and Italy, construction works have been halted since mid-March 2020, with a gradual resumption toward the end of the second quarter of 2020. In the Netherlands (Hoog Catharine) and Norway (Gulskogen), construction activity has been maintained, subject to specific protection measures. Following a detailed business review, the Group is set to limit spending on ongoing projects until further clarity is gained over the impact of Covid-19 on the Group's operations.

Cost reduction plan

Klépierre implemented a series of actions to reduce costs in light of the economic impacts of the pandemic, including:

- Property operating expenses, including marketing expenses;
- All non-essential corporate spending;
- Temporary furlough of certain employees due to the closure of the Company's properties as a result of government imposed lockdowns; and a temporary freeze on hiring;
- From April 1, 2020, both members of the Klépierre's Executive Board elected to reduce their base salary by 30% until the end of the year. All country managing directors and senior members of the Company's Corporate Management Team also elected to reduce their pay by 20%, in April and May 2020.

1.2 DEBT AND FINANCING

During 2020, the Group successfully issued €1,500 million of new notes maturing in 2022 (€100 million), 2029 (€600 million), 2031 (€600 million) and 2032 (€200 million) with an average yield of 1.55%. A portion of the proceeds was immediately used to pay down a loan initially maturing in January 2021 (€350 million) and to reduce the outstanding amount of commercial paper (€300 million). The balance is intended to cover €863 million in notes maturing in February (€299 million) and March 2021 (€564 million).

In parallel, Klépierre refinanced €1.4 billion in revolving credit lines with a new 5-year syndicated sustainability-linked revolving credit facility including two extension options of one-year each.

In Scandinavia, Steen & Strøm raised €38 million in NOK on the bond markets to refinance bonds and commercial paper in NOK and SEK, falling due within the period.

Consequently, the Group's liquidity position remains strong, standing at €3.2 billion as of December 31, 2020, and comfortably covering its refinancing needs. Taking into account these transactions, the Group's average debt maturity stood at seven years.

In 2020, Klépierre implemented a new hedging program to adjust its fixed-rate position over the period 2021-2024 and secure its cost of debt at an attractive level, while limiting the cost of carry. Accordingly, Klépierre bought €1,700 million in caps and €500 million in payer swaps.

1.3 INVESTMENTS

The main investments during the period concern the following ongoing projects: Hoog Catharijne (the Netherlands), the Gulsbogen renovation works in Drammen (Norway), the Gran Reno extension in Bologna (Italy) and the Créteil Soleil refurbishment (France).

1.4 MAIN DISPOSALS

During 2020, Klépierre continued to streamline its portfolio and completed disposals totaling €155.6 million (total share, excluding transfer taxes) as follows:

- On January 17, 2020, Klépierre completed the disposal of the Gran Turia mall in Spain;
- On June 30, 2020, Klépierre completed the disposal of the car park in the Metz St-Jacques shopping center (France);
- On November 12, 2020, Klépierre completed the disposal of the Côte de Nacre shopping center in Caen (France);
- On December 16, 2020, Klépierre completed the disposal of the St Christoly shopping center in Bordeaux (France).

In addition, a group of 36 retail units in France was divested over the period for an aggregate amount of €56.8 million.

1.5 DIVIDEND

On April 30, 2020, the General Meeting of Shareholders approved the payment of a €2.20 per share cash dividend in respect of the 2019 fiscal year. The total dividend approved by Klépierre shareholders amounted to €628.1 million (excluding dividends payable on treasury shares).

On March 11, 2020, a €1.10 per share interim dividend was paid to shareholders, for a total amount of €314.3 million excluding taxes and fees. A further €1.10 per-share (€313.7 million) dividend was paid on July 9, 2020.

1.6 SHARE BUYBACK PROGRAM

During the first quarter of 2020, the Group completed its €400 million share buyback program by repurchasing 3,493,860 shares for an aggregate amount of €99.7 million.

1.7 CANCELLATION OF SHARES

On June 22, 2020, the Group canceled a total of 2,724,897 shares acquired in 2018 under the March 13, 2017 share buyback program for a total amount of €83.3 million.

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

This section presents the Group's significant accounting principles. Additional information on accounting principles is presented in the individual notes.

2.1 CORPORATE REPORTING

Klépierre is a French joint-stock corporation (*société anonyme*) subject to French company legislation, and more specifically the provisions of the French Commercial Code (*Code de commerce*). The Company's registered office is located at 26, boulevard des Capucines in Paris.

On February 10, 2021, the Executive Board approved the consolidated financial statements of Klépierre SA for the year ended December 31, 2020 and authorized their publication.

Klépierre is listed on Euronext Paris (compartment A).

2.2 APPLICATION OF IFRS

In accordance with Commission Regulation (EC) No. 1126/2008 of November 3, 2008 on the application of international accounting standards, the Klépierre Group's consolidated financial statements for

the year ended December 31, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the European Union and mandatorily applicable on that date.

The IFRS framework as adopted by the European Union includes the IFRS, the International Accounting Standards (IAS) and their interpretations (SIC, IFRIC and IFRS IC).

This framework is available on the following website: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02008R1126-20190101>

The consolidated financial statements for the year ended December 31, 2020 are presented in the form of a complete set of financial statements including all the information required by the IFRS.

The consolidated financial statements include the financial statements of Klépierre SA and its subsidiaries. The financial statements of subsidiaries are prepared for the same accounting period as that of the parent company using consistent accounting methods.

The consolidated financial statements are presented in millions of euros (€m), with all amounts rounded to the nearest hundred thousand, unless otherwise indicated. Slight differences between figures may exist between the different statements due to rounding.

2.2.1 Standards, amendments and interpretations whose application was mandatory as of January 1, 2020

The accounting principles applied to the consolidated financial statements for the year ended December 31, 2020 are identical to those used in the Group's consolidated financial statements for the year ended December 31, 2019, with the exceptions of the following new standards and interpretations, whose application is mandatory for the Group:

Amendments to IFRS 9, IAS 39 and IFRS 7 – Phase 1	Interest Rate Benchmark Reform
Amendments to IAS 1 and IAS 8	Definition of Material
Amendment to IFRS 3	Definition of a Business
Amendment to IFRS 16	Covid-19-Related Rent Concessions

These new amendments had no impact on the Group's consolidated financial statements.

2.2.2 Standards, amendments and interpretations whose application was not mandatory or permitted as of January 1, 2020

The following amendments published by the IASB have not been adopted by Klépierre for consolidated financial statements for the year ended December 31, 2020:

• IFRS 17	Insurance Contracts
• Amendments to IFRS 3	Reference to the Conceptual Framework
• Amendments to IAS 1	Presentation of Financial Statements
• Amendments to IFRS 4	Deferral of Effective Date of IFRS 9
• Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
• Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
• Annual Improvements to IFRS	2018-2020 Cycle

The Group decided not to early-adopt the amendments to IFRS 9 on interest rate benchmark reform (phase 2) published on August 31, 2020.

The reform of Ibor did not have a material impact on the Group's consolidated financial instruments, which are indexed to Euribor and Nordic Libor, which is not subject to index movements.

2.3 USE OF MATERIAL JUDGMENTS AND ESTIMATES

In preparing these consolidated financial statements in accordance with IFRS, Group management used certain estimates and certain realistic, reasonable assumptions. Changes in facts and circumstances may lead to changes in these estimates and assumptions, which would affect the value of the Group's assets, liabilities, equity and earnings.

The main assumptions made in respect of future events and other sources of uncertainty relating to the use of period-end estimates for which there is a significant risk of material change to the carrying amounts of assets and liabilities in subsequent years are presented below:

Measurement of goodwill of management companies

The Group tests goodwill for impairment at least once a year. This involves estimating the value in use of the cash-generating units to which the goodwill is allocated. In order to determine value in use, Klépierre prepares expected future cash flows for each cash-generating unit and applies a pre-tax discount rate to calculate the present value of these cash flows (see note 5.1).

Investment property and equity-accounted companies

The Group appoints independent appraisers to perform half-yearly valuations of its real estate assets in accordance with the methods described in note 5.4. The appraisers make assumptions concerning future cash flows and rates that have a direct impact on the value of the properties. The impact of Covid-19 on fair value measurements is described in note 1.1.

Credit risk assessment

Credit risk is assessed for in accordance with IFRS 9, as described in note 1.1.

Financial instruments

The Group assesses the fair value of the financial instruments it uses in accordance with standard market models and IFRS 13, as described in note 5.12.1.

Deferred tax

See note 7.

2.4 TRANSLATION OF FOREIGN CURRENCIES

The consolidated financial statements are presented in euros (€), which is the presentation currency of the consolidated group, as well as the presentation and functional currency used by Klépierre SA. Each Group entity selects its own functional currency, and all items in its financial statements are measured using this functional currency.

The Group's foreign subsidiaries conduct some transactions in currencies other than their functional currency. These transactions are initially recorded in the functional currency at the exchange rate prevailing on the transaction date.

At the reporting date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that day. Non-monetary items stated in foreign currencies and measured at historical cost are translated using the exchange rates prevailing on the dates of the initial transactions. Non-monetary items stated in foreign currencies and measured at their fair value are translated using the exchange rates applicable on the dates when the fair values were calculated.

For the preparation of the Group's consolidated financial statements, the assets and liabilities of the subsidiaries are translated into euros at the exchange rate as of the reporting date. Their income statements are translated at the average exchange rate for the year. Any resulting translation differences are allocated directly to equity under a separate line item.

In the event of the disposal of an operation in foreign currency, the total accrued deferred exchange gain or loss recognized as a distinct component of equity for that foreign operation is recognized in the income statement.

2.5 DISTINCTION BETWEEN LIABILITIES AND EQUITY

In distinguishing between liabilities and equity Klépierre primarily considers whether or not it is obliged to make a cash payment to the counterparty. Being able to make such a decision regarding cash payments is the crucial distinction between the two items.

2.6 EARNINGS PER SHARE

Earnings per share is calculated by dividing net income for the period attributable to ordinary shareholders by the weighted average number of shares outstanding, excluding treasury shares.

Diluted earnings per share is calculated by dividing net income for the period attributable to ordinary shareholders by the weighted average number of shares outstanding, excluding treasury shares, adjusted to reflect the effects of any diluting options.

NOTE 3 SEGMENT INFORMATION

ACCOUNTING POLICIES

Segment information

In accordance with IFRS 8, operating segments are identified on the basis of the internal reporting used by management when evaluating performance and allocating resources.

3.1 SEGMENT EARNINGS

For management purposes, the Group is structured into business segments corresponding to geographic regions. There are a total of seven operating segments, structured as follows:

- France-Belgium (including Other retail properties);
- Scandinavia (Steen & Strøm: Norway, Sweden and Denmark);
- Italy;
- Iberia (Spain & Portugal);
- Netherlands;
- Germany;
- Central Europe & Other (Poland, Czech Republic, Slovakia, Greece and Turkey).

The management team monitors the operating results of each operating segment independently as a basis for decision-making and performance evaluation.

The Group's financing policy (including its impact on financial income and expenses), corporate activities and income tax matters are handled at Group level, and the resulting impacts are not allocated to the operating segments. For the purposes of the presentation of segment earnings, goodwill impairment is treated as a corporate activity.

The "Scandinavia" segment includes all the legal entities of the Steen & Strøm Group. The fair value of the non-controlling interest in the Scandinavian segment amounted to €865.2 million as of December 31, 2020, versus €959.1 million as of December 31, 2019. As of December 31, 2020, the fair-value contribution of the Scandinavian portfolio in the consolidated statement of financial position represented an amount of €3,621.0 million in non-current assets, €68.9 million in current assets, €1,446.2 million in non-current liabilities and €422.7 million in current liabilities.

In millions of euros	France-Belgium ^(a)		Scandinavia		Italy		Iberia		Netherlands	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Gross rents	379.1	442.7	166.1	185.3	168.4	200.3	111.9	134.5	73.0	81.4
Other rental income	30.1	26.9	1.3	0.8	5.3	5.4	3.8	3.2	0.0	0.0
Gross rental income	409.2	469.7	167.3	186.1	173.7	205.7	115.7	137.7	73.1	81.4
Rental and building expenses	(88.6)	(36.8)	(18.8)	(18.0)	(45.4)	(12.4)	(20.1)	(11.2)	(13.7)	(12.5)
Net rental income	320.6	432.8	148.5	168.1	128.3	193.3	95.5	126.5	59.4	68.9
Management and other income	34.2	47.0	10.7	8.5	24.0	18.3	6.6	5.3	2.3	4.5
Payroll and other general expenses	(54.6)	(59.3)	(15.9)	(17.9)	(19.2)	(22.3)	(12.1)	(12.6)	(9.8)	(11.0)
EBITDA	300.3	420.5	143.2	158.7	133.1	189.3	90.1	119.2	51.9	62.4
Depreciation, amortization and impairment	(8.3)	(8.0)	(3.0)	(4.0)	(1.8)	(1.8)	(5.8)	(0.5)	(0.4)	1.1
Change in value of investment properties	(799.2)	(365.8)	(191.4)	(57.9)	(157.5)	(31.4)	(129.0)	21.5	(137.6)	(35.6)
Net proceeds from disposals of investment properties and equity investments	(0.5)	(1.1)	2.5	2.3	-	(0.3)	0.3	5.2	0.4	1.5
Share in earnings of equity accounted companies	(32.3)	(9.4)	(0.5)	6.1	(16.3)	19.8	(5.7)	1.0	-	-
SEGMENT INCOME	(540.0)	36.2	(49.2)	105.2	(42.5)	175.7	(50.0)	146.5	(85.7)	29.3
Goodwill impairment										
Cost of net debt										
Change in the fair value of financial instruments										
PROFIT BEFORE TAX										
Income tax										
NET INCOME										

(a) Shopping centers and other retail properties.

In millions of euros	Germany		CE & Other		Not allocated		Klépierre Group	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Gross rents	47.4	51.9	74.6	105.5	-	-	1,020.5	1,201.7
Other rental income	0.0	(0.0)	1.4	4.3	-	-	41.9	40.5
Gross rental income	47.4	51.9	76.0	109.8	-	-	1,062.4	1,242.3
Rental and building expenses	(16.9)	(12.0)	(12.7)	(8.8)	-	-	(216.2)	(111.7)
Net rental income	30.5	40.0	63.4	100.9	-	-	846.2	1,130.6
Management and other income	7.7	4.8	3.6	3.8	-	-	89.2	92.2
Payroll and other general expenses	(6.5)	(8.7)	(7.7)	(10.4)	(12.4)	(27.4)	(138.2)	(169.6)
EBITDA	31.7	36.1	59.3	94.3	(12.4)	(27.4)	797.2	1,053.2
Depreciation, amortization and impairment	(0.3)	(0.4)	3.7	(1.5)	(3.8)	(3.2)	(19.7)	(18.3)
Change in value of investment properties	(70.7)	(39.7)	(90.5)	(17.3)	-	-	(1,575.9)	(526.3)
Net proceeds from disposals of investment properties and equity investments	-	-	0.7	16.4	-	-	3.5	24.0
Share in earnings of equity accounted companies	-	-	2.5	1.9	-	-	(52.3)	19.5
SEGMENT INCOME	(39.2)	(4.1)	(24.3)	93.8	(16.3)	(30.6)	(847.2)	552.0
Goodwill impairment							(16.8)	(8.0)
Cost of net debt							(108.6)	(122.2)
Change in the fair value of financial instruments							(30.0)	(25.7)
PROFIT BEFORE TAX							(1,002.5)	396.1
Income tax							71.3	(24.2)
NET INCOME							(931.2)	371.9

3.2 INVESTMENT PROPERTIES BY OPERATING SEGMENT

The value of investment properties by operating segment, as shown in the consolidated statement of financial position, is presented below (excluding investment properties held by the equity-accounted affiliates):

In millions of euros	Value of investment properties at 12/31/2020 ^(a)	Value of investment properties at 12/31/2019 ^(a)
France-Belgium ^(b)	7,787.8	8,595.7
Scandinavia	3,420.9	3,609.5
Italy	3,234.8	3,357.9
Iberia	2,034.6	2,159.1
Netherlands	1,477.0	1,584.4
Germany	827.2	894.3
Central Europe & Other	1,107.3	1,239.6
TOTAL	19,889.7	21,440.6

(a) Including investment properties at fair value, investment properties at cost and excluding investment properties held for sale.

(b) Including other retail properties.

3.3 NEW INVESTMENTS OVER THE PERIOD BY OPERATING SEGMENT

In millions of euros	Investment properties at fair value	Investment properties at cost	New investments at 12/31/2020 ^(a)
Shopping centers	149.7	23.8	173.5
France-Belgium ^(b)	58.1		58.1
Scandinavia	36.1		36.1
Italy	10.6	23.8	34.4
Iberia	4.5		4.5
Netherlands	30.3		30.3
Germany	3.3		3.3
Central Europe & Other	6.8		6.8
TOTAL	149.7	23.8	173.5

(a) Investments include acquisitions, capitalized expenses and changes in scope.

(b) Including other retail properties.

Investments over the period (including capitalized interest) in France-Belgium mainly relate to the Créteil Soleil refurbishment near Paris, the Grand'Place extension in Grenoble, the Blagnac refurbishment near Toulouse and the Rives d'Arcins extension in Bègles near Bordeaux.

The bulk of capital expenditure in the Scandinavia segment corresponds to the Gulslogen Senter redevelopment in Drammen (Norway), and to the refurbishments of Emporia (Sweden) and Field's Copenhagen (Denmark).

Investments in Italy are attributable to the extension of the Gran Reno shopping center, located in Casalecchio di Reno near Bologna, and to the Le Gru shopping center near Turin.

In the Netherlands, investments mainly concern the final stages of Utrecht's Hoog Catharijne shopping center redevelopment.

NOTE 4 SCOPE OF CONSOLIDATION**ACCOUNTING POLICIES****Scope of consolidation**

The Klépierre Group's consolidated financial statements include all companies over which Klépierre has control, joint control or significant influence.

The percentage of control takes account of any potential voting rights that entitle their holders to additional votes whenever these rights are immediately exercisable or convertible.

Subsidiaries are consolidated starting on the date at which the Group obtains effective control.

Consolidation method

The consolidation method is based on the degree of control exercised by the Group.

- Control: full consolidation. Control is presumed to exist when Klépierre directly or indirectly holds more than half of the company's voting rights. Control is also presumed to exist where the parent company has the power to direct the financial and operating policies of the company and appoint, dismiss or convene the majority of the members of the Board of Directors or equivalent management body;
- Joint control and significant influence: equity-method accounting. Joint control exists where operating, strategic and financial decisions require unanimous agreement between the partners. The agreement is contractual, *i.e.*, subject to bylaws and shareholder agreements. Influence is defined as the power to contribute to a company's financial and operating policy decisions, rather than to exercise control over those policies. Significant influence is presumed where the Group directly or indirectly holds 20% or more of an entity's voting rights. Investments in associates are initially recognized in the statement of financial position at acquisition cost, and are subsequently adjusted for the share of the net cash generated after the acquisition and the changes in fair value;
- No influence: the Company is not consolidated.

Changes in equity of companies accounted for using the equity method are reported on the asset side of the statement of financial position under "Investments in equity-accounted companies" and under the corresponding item in equity. Goodwill in respect of companies accounted for using the equity method is also reported under "Investments in equity-accounted companies".

Intercompany transactions

Intercompany balances and profits resulting from transactions between Group companies are eliminated in consolidation.

As of December 31, 2020, the Group's scope of consolidation included 249 companies, of which 213 are fully consolidated and 36 are accounted for using the equity method. The list of consolidated companies is set out in note 12.8.

In accordance with IFRS 12, the Group discloses its control assessment to define the nature of the interest held in its subsidiaries and the associated risks (see note 10.4).

The main changes in scope of consolidation during the year 2020 were as follows:

- In December 2020, Klépierre SA sold 0.92% of its interest in Akmerkez Garymenkul Yatirim Ortakligi AS on the Istanbul stock market, bringing its shareholding in that company to 46%;
- The Group liquidated five companies during 2020: KFI Hungary KFT, Corio Torrelodones Office Suite SL, K2, KLP Polska Sp. z o.o. Ruda Śląska sp.k. and Sadyba Best Mall Sp. z o.o sp.k.;
- The Group completed four mergers during the year: Plateau Des Haies SNC, Combault SNC, Klépierre Mall Management I GmbH and Klépierre Mall Management II GmbH.

NOTE 5 NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 GOODWILL

ACCOUNTING POLICIES

Accounting for business combinations

The accounting rules for business combinations comply with IFRS 3 (revised).

To decide whether a transaction is a business combination the Group considers whether an integrated set of activities is acquired besides the investment property. The criteria applied may include the number of property assets held by the target company, the extent of the acquired processes and, particularly, the auxiliary services provided by the acquired entity. If the acquired assets are not a business, the transaction is recorded as an asset acquisition.

All business combinations are recognized using the acquisition method. The consideration transferred is measured as the fair value of assets contributed, equity issued and liabilities incurred at the transfer date. The identifiable assets and liabilities of the acquiree are measured at their fair value at the acquisition date. Any liabilities are only recognized if they are a present obligation at the date of the business combination and if their fair value can be reliably measured. For each business combination, the acquirer must measure all non-controlling interests held in the acquired company, either at their fair value at the acquisition date or at the corresponding share in the fair value of the assets and liabilities of the acquired company.

Any surplus of the consideration transferred and the value of non-controlling interests over the net fair value of the business' identifiable assets acquired and liabilities assumed, is recognized as goodwill. Costs directly linked to the acquisition are recognized as expenses.

IFRS 3 (revised) stipulates a maximum period of 12 months from the acquisition date for the accounting of the acquisition to be finalized: adjustments to values applied must be related to facts and circumstances existing at the acquisition date. Therefore, beyond this 12-month period, any earn-out adjustment must be recognized in income for the fiscal year unless the additional consideration is an equity instrument.

As regards the treatment of deferred tax assets, the Group recognizes an adjustment to income for deferred tax assets unrecognized at the acquisition date or during the measurement period.

Where a business is acquired in stages, the previous investment is remeasured at fair value at the date control is transferred. Any difference between fair value and carrying amount of this investment is recognized in income.

Any change in the Group's interest in an entity that results in a loss of control is recognized as a gain/loss on disposal and the remaining interest is remeasured at fair value with the change being recognized in income.

Transactions that do not affect control (additional acquisition or disposal) are accounted for as equity transactions for which the equity is allocated proportionally between the owners of the parent and the non-controlling interest without an impact on profit or loss and/or a goodwill adjustment.

Goodwill measurement and impairment

Goodwill is carried at cost less any accumulated impairment losses. In compliance with IAS 36, the Group performs impairment testing if there is any indication of impairment, and at least once a year. For the purposes of this test, assets are grouped into cash-generating units (CGUs). CGUs are standardized groups of assets whose continued use generates cash inflows that are largely separate from those generated by other asset groups.

An impairment loss must be recognized wherever the recoverable amount of the goodwill is less than its carrying amount.

Klépierre has two types of goodwill:

Goodwill corresponding to optimized value of deferred taxes

This goodwill results from the recognition of deferred taxes at the date of the business combination. It represents the difference between the deferred tax liabilities recognized in the statement of financial position in accordance with IAS 12, and the tax expected to be paid in the event of a sale by means of a share deal. Accordingly, impairment tests performed on this type of goodwill at each reporting date consist in comparing the carrying amount with the amounts expected to arise from optimizing deferred taxes.

Goodwill of management companies

Goodwill may relate to management companies. Impairment tests are performed annually or when triggering events arise and are based on internal or external valuations. These valuations are based on the discounted cash flow (DCF) method in every country where the Klépierre Group conducts management activities. This method consists of three stages.

In the first stage, cash flows that may be generated in the future by each company's portfolio of business (i.e., before consideration of explicit or implicit financing costs) are estimated on the basis of the specific business plans developed in each country where the Group conducts management activities for itself and for third parties.

In the second stage, forecast cash flows and the estimated future value of the management business portfolio at the end of the forecast period (terminal value) are discounted at an appropriate rate. This discount rate is determined on the basis of the capital asset pricing model (CAPM) and is the sum of the following three components: the risk-free interest rate, a general market risk premium (forecast average market risk premium multiplied by the beta coefficient for the business portfolio) and a specific market risk premium (which takes account of the proportion of specific risk not already included in cash flows).

In the third and final stage, the value of shareholders' equity is obtained by deducting the company's net debt on the valuation date from the value of its business portfolio.

In the context of Covid-19, as described in note 11, the assumptions used to determine forecast cash flows were revised compared to previous years.

Impairment tests consist in comparing the carrying amount of the entities with their net asset value.

As of December 31, 2020, goodwill totaled €583.5 million, *versus* €602.9 million as of December 31, 2019, breaking down as follows:

Goodwill of management companies

As of December 31, 2020, goodwill of management companies totaled €233.2 million, *versus* €248.0 million as of December 31, 2019.

<i>In millions of euros</i>	12/31/2019	Change in scope	Disposals, retirement of assets	Impairment	Currency movements	12/31/2020
France	117.7					117.7
Italy	53.7					53.7
Spain	32.0					32.0
Portugal	7.4			(0.3)		7.1
Netherlands	14.0			(6.8)		7.2
Germany	13.7					13.7
Scandinavia	9.5			(7.1)	(0.6)	1.9
GOODWILL RELATING TO MANAGEMENT ACTIVITIES	248.0	-	-	(14.2)	(0.6)	233.2

The main assumptions used to calculate the enterprise value based on the latest valuations were as follows:

- The discount rate applied to France, Spain, Italy remained stable compared to 2019 at 7.4%;
- The discount rate applied to Norway was 7.4% (down 2.0 basis points);
- The discount rate applied to Germany was 7.9% (up 1.0 basis point);
- The discount rate applied to other countries was 6.9% (down 0.5 basis points);
- Free cash flows over the duration of the business plan are based on business volume and operating margin assumptions that take into account economic and market assumptions at the date on which the plan was prepared. In particular, due to the effects of the lockdowns, development fees were suspended and disposal fees were considered to be nil for fiscal year 2020;
- A growth rate for the 2021-2025 period based on the assumptions of the internal business plan and approved by the Company's senior management;
- A terminal value determined using a growth rate of 1% applied from 2024.

Goodwill corresponding to the optimized value of deferred taxes

As of December 31, 2020, goodwill corresponding to the optimized value of deferred taxes totaled €350.3 million, *versus* €354.9 million as of December 31, 2019.

<i>In millions of euros</i>	12/31/2019	Change in scope	Disposals, retirement of assets	Impairment	Currency movements	12/31/2020
Former Corio assets	277.7			(0.8)		276.9
IGC	32.7			(1.4)		31.3
Oslo City	35.4				(2.0)	33.3
Nueva Condo Murcia	5.1			(0.4)		4.7
Other	4.0				(0.0)	4.0
GOODWILL ARISING ON DEFERRED TAX LIABILITIES	354.9	-	-	(2.6)	(2.1)	350.3

Further to the decrease in fair value of IGC assets, the related tax optimization decreased and the corresponding goodwill was impaired accordingly.

5.2 INTANGIBLE ASSETS

ACCOUNTING POLICIES

Intangible assets

An intangible asset is a non-monetary asset without physical substance. It must be simultaneously identifiable (and therefore separable from the acquired entity or arising from legal or contractual rights), controlled by the Company as a result of past events and provide an expectation of future financial benefits.

IAS 38 states that an intangible asset is amortized only where it has an identified useful life. Intangible assets with an indefinite useful life are not amortized, but are tested annually for impairment (IAS 36) or whenever there is evidence of a loss of value.

Assets recognized as intangible assets with finite useful lives are amortized on a straight-line basis over periods that equate to their expected useful life.

Impairment of intangible assets

After initial recognition, other intangible assets are recognized at cost, less any related amortization or impairment losses.

Useful lives are examined annually and an impairment test is conducted if there is any indication of impairment. Intangible assets with an indefinite useful life are not amortized. The “indefinite” nature of the useful life is reviewed at least annually. These assets are tested for impairment annually, or if there is any indication of impairment, by comparing their carrying amount with the recoverable amount. In the event of impairment, an impairment loss is recognized in income. The Klépierre Group’s intangible assets are not subject to independent valuation.

<i>In millions of euros</i>	12/31/2019	Acquisitions and capitalized expenses	Disposals, retirement of assets	Additions for the period	Currency movements	Reclassifications and other movements	12/31/2020
Leasehold rights	2.8						2.8
Goodwill	4.1						4.1
Software	92.0	4.1			(1.3)		94.8
Concessions, patents and similar rights	1.8						1.8
Other intangible assets	3.9						3.9
Total gross value	104.6	4.1			(1.3)		107.4
Leasehold rights	(1.1)						(1.1)
Goodwill	(2.5)						(2.5)
Software	(67.6)			(9.3)	0.9		(76.1)
Concessions, patents and similar rights	(1.5)						(1.5)
Other intangible assets	(3.4)						(3.4)
Total amortization	(76.1)			(9.3)	0.9		(84.5)
INTANGIBLE ASSETS – NET VALUE	28.5	4.1	-	(9.3)	(0.4)	-	22.9

“Software” includes software in service as well as ongoing IT projects.

5.3 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

Property, plant and equipment

In accordance with IAS 16, property plant and equipment are valued at their historical cost, less accumulated depreciation and any decreases in value. Depreciation is calculated based on the useful life of each operating asset class.

Property, plant and equipment include operating assets such as fixtures and other office equipment owned by the Group, related to headquarters buildings and offices.

Property, plant and equipment also include the remaining lease payments on head office leases, vehicle leases and other equipment leases, that are initially recognized in the form of a right-of-use asset in accordance with IFRS 16. They are subsequently depreciated on a straight-line basis over the lease term.

Despite the Covid crisis context, Klépierre has not modified its intended use of those assets.

In millions of euros	12/31/2019	Acquisitions and capitalized expenses	Disposals, retirement of assets	Additions for the period	Currency movements	Changes in the scope of consolidation	Reclassifications and other movements	12/31/2020
Depreciable assets and work in progress	32.9	0.7	(0.1)		(0.8)		(0.3)	32.4
Right-of-use relating to property, plant and equipment ^(a)	34.4	1.5	(0.7)		(0.3)		0.6	35.5
Total gross value	67.3	2.2	(0.8)	-	(1.1)	-	0.3	67.9
Depreciable assets	(22.7)		0.1	(2.1)	0.3			(24.4)
Right-of-use relating to property, plant and equipment ^(a)	(8.5)		0.5	(8.5)	0.1		0.2	(16.2)
Total depreciation	(31.2)	-	0.6	(10.6)	0.4	-	0.2	(40.6)
Impairment								
PROPERTY, PLANT AND EQUIPMENT AND WORK IN PROGRESS – NET VALUE	36.1	2.2	(0.2)	(10.6)	(0.7)	-	0.5	27.3

(a) The movements in property, plant and equipment relating to lease contracts are described in note 8 "IFRS 16 'Leases'".

5.4 INVESTMENT PROPERTIES

ACCOUNTING POLICIES

Investment properties (IAS 40, IFRS 13 and IFRS 16)

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. For all investment properties, current use equates to the best possible use.

Land held under operating leases is classified and accounted for by the Group as right-of-use asset under IFRS 16. After initial recognition, it is measured using the fair value model in accordance with IAS 40 "Investment Property".

Investment property is measured initially at cost, including related transaction costs and, where applicable, eviction and borrowing costs (see below).

After initial recognition, investment property is carried at fair value. Investment property under construction, or heavy restructured, is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- Stage of completion;
- Level of reliability of cash inflows after completion;
- Development risk specific to the property.

Additions to investment properties consist of capital expenditure, eviction costs, capitalized interest, letting fees and other internal costs related to development. Certain internal staff and associated costs directly attributable to the management of major projects during the construction phase are also capitalized.

The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset based on the latest appraisal value.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property continues to be held as an investment property.

In addition, investment properties recorded at cost are tested for impairment at June 30 and December 31, whenever there is evidence of a loss of value. Where such evidence exists, the recoverable amount of the asset is compared with its carrying amount, and an impairment loss is recognized.

In determining the carrying amount of investment properties under the fair value model, assets or liabilities that are recognized as separate assets or liabilities are not double counted.

Borrowing costs

Under IAS 23, borrowing costs directly attributable to the acquisition or construction of eligible assets are included in the cost of the respective assets.

When a loan is not directly attributable to an asset, Klépierre capitalizes the interest rate applied to the expenses related to the asset in order to measure the attributable cost; if several non-specific borrowing lines exist, the interest rate is the weighted average rate of those loans observed during the fiscal year.

Fair value of investment property

The fair value of Klépierre's investment properties is determined by professionally qualified independent appraisers who have relevant expertise and recent industry experience in the locations and segments of the investment properties being valued. They perform their valuation of the Group's assets as of June 30 and December 31 of each year.

Investment properties are presented at fair value excluding transfer costs. These transfer costs are measured on a basis of an asset disposal. The fair values of investment properties are determined in compliance with the measurement rules described in IFRS 13. In addition, given the complexity of real estate asset valuations and the nature of certain non-public data (such as projected rent increases, capitalization and discount rates), the fair values of investment properties have been classified as level 3 on the IFRS 13 fair value hierarchy (see note 5.10). Accordingly, there are no transfers of properties between the fair value categories.

Given the fact that these valuations are, by their nature, estimates, it is possible that the amount realized on the disposal of some real estate assets will differ from the estimated value of those assets, even where such disposal occurs within a few months of the reporting date.

Klépierre entrusts the task of valuing its real estate assets to various independent appraisers.

Shopping centers are valued by:

- Jones Lang LaSalle (JLL) values all Greek and Turkish assets and most of the Italian portfolio;
- CBRE values all assets in Spain, Portugal, the Czech Republic, Slovakia and the Netherlands, and several assets in France and Italy;
- BNP Paribas Real Estate values all German assets;
- Cushman & Wakefield values a portion of the French portfolio, all Danish, Swedish, and Norwegian assets, as well as Polish assets.

Other retail assets are valued by BNP Paribas Real Estate.

All valuations are conducted in accordance with the principles of the *Charte de l'Expertise en Évaluation Immobilière*, the recommendations of the French financial markets authority (*Autorité des marchés financiers* – AMF) dated February 8, 2010 and Royal Institution of Chartered Surveyors standards. The fees paid to appraisers, agreed prior to their valuation of the properties concerned, are determined on a lump sum basis to reflect the number and complexity of the assets appraised. The fee is entirely unrelated to the appraised value of the assets concerned.

<i>In thousand of euros</i>	2020 appraisal fees
Cushman & Wakefield	270.5
CBRE	338.1
Jones Lang Lasalle	137.5
BNP Paribas Real Estate	101.8
TOTAL	847.8

The valuations performed by the independent appraiser are reviewed internally by senior management in charge of investments and relevant people within each operating division. This process includes discussions of the assumptions used by the independent appraiser, as well as a review of the resulting valuations. Discussions of the valuation process and results are held between senior management in charge of investments and the independent appraiser on a half-yearly basis.

All Klépierre Group assets are systematically appraised using two methods: the yield method (or capitalization methodology) and the discounted cash flows method. However, Klépierre only retains the latter.

According to the yield method, to determine the fair value of a shopping center, appraisers apply a yield rate to total net rent for occupied premises, and to the net market rent for vacant properties, discounted for the anticipated period of vacancy.

The yield rate is set by the appraiser based on a range of inputs, the most important of which are: retail sales area, layout, competition, type and percentage of ownership, gross rental income and extension potential and comparability with recent transactions in the market.

As regards the discounted cash flows approach, appraisers estimate the different cash flows over a ten-year period. To determine future cash flows, appraisers are provided with all relevant information (detailed rent rolls, footfall, retailer sales, occupancy cost ratios, etc.), which they use to make their own assessment.

They factor in their own leasing assumptions (ERV, vacancy, incentives, etc.) as well as future capital expenditures and non-recoverable operating expenses. Lastly, they apply a discount rate that varies from one property to another since it is a combination of the risk-free rate and the risk premium attached to each property due to its location, quality, size, and technical specificities.

Terminal value is calculated based on the net rental income for the tenth year, capitalized by an exit yield.

The impact of Covid-19 on fair value measurement is described in note 1.1.

5.4.1 Investment properties at fair value

In millions of euros

INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 12/31/2019	21,306.8
Additions to the scope of consolidation	
Capital expenditures	147.1
Capitalized interest	2.6
Disposals and removals from the scope of consolidation	(58.5)
Other movements, reclassifications	14.4
Currency movements	(75.7)
Fair value adjustments	(1,579.8)
INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 12/31/2020	19,756.8

Investments for €147.1 million and capitalized interest for €2.6 million committed and recognized over the period mainly concern the Hoog Catharijne development project in Utrecht for €24.4 million, refurbishment and capital expenditures in France for €57.4 million and in Scandinavia for €36.1 million.

The Group completed disposals totaling €58.5 million, mainly attributable to the sales in France of the car parks of the St-Jacques shopping center in Metz and the St Christoly mall in Bordeaux. For other assets disposed over the year see note 5.4.3.

“Other movements, reclassifications” mainly concern the Shopville Le Gru shopping center, which was reclassified from investment properties at cost (see note 5.4.2).

The table below presents the data used to determine the fair value of investment properties:

Shopping centers (weighted average)	12/31/2020				
	Annual rent in € per sq.m. ^(a)	Discount rate ^(b)	Exit rate ^(c)	CAGR of NRI ^(d)	EPRA NIY
France-Belgium	333	6.0%	5.0%	2.7%	4.8%
Italy	370	7.0%	5.9%	2.4%	5.8%
Scandinavia	292	7.0%	5.0%	2.5%	4.9%
Netherlands	239	6.9%	6.1%	3.3%	6.0%
Iberia	322	7.7%	6.0%	2.2%	6.0%
Germany	202	5.3%	4.6%	1.7%	4.8%
Central Europe & Other ^(e)	219	8.9%	7.3%	3.4%	7.0%
TOTAL GROUP	296	6.7%	5.4%	2.6%	5.3%

Discount and exit rates are weighted by shopping center portfolio valuation (including transfer taxes).

(a) Average annual rent (minimum guaranteed rent plus sales-based rent) per asset per square meter.

(b) Rate used to calculate the present value of future cash flows.

(c) Rate used to capitalize the exit rent to determine the exit value of an asset.

(d) Compound annual growth rate of net rental income determined by the appraiser at 10 years.

(e) Turkey: the average annual rent per asset per square meter amounts to €124, the average discount rate stands at 15.6%, the average exit rate is 8.7%, the compound annual growth rate of net rental income is 10.3% and EPRA NIY stands at 7.6%.

As of December 31, 2020, the average EPRA Net Initial Yield (NIY) of the portfolio stood at 5.3% (including transfer taxes). A 10-basis-point increase in yields would result in a €317 million decrease in the portfolio valuation (attributable to owners of the parent).

5.4.2 Investment properties at cost

In millions of euros

INVESTMENT PROPERTIES AT COST – NET VALUE AS OF 12/31/2019	133.8
Capital expenditures	23.1
Capitalized interest	0.7
Disposals and removals from the scope of consolidation	-
Other movements, reclassifications	(28.8)
Currency movements	0.1
Impairment losses and reversals	4.0
INVESTMENT PROPERTIES AT COST – NET VALUE AS OF 12/31/2020	132.9

Investments over the period relate to the Shopville Gran Reno extension in Italy.

“Other movements, reclassifications” mainly concern the Shopville Le Gru shopping center in Turin (Italy), for which the first floor of the hypermarket has been reclassified to investment properties at fair value.

As of December 31, 2020, the main investment properties at cost comprise:

- In Italy: the extension of the Gran Reno shopping center in Bologna;
- In Denmark: a land plot in Odense;
- In Belgium: a land plot in Louvain-La-Neuve.

5.4.3 Investment properties held for sale

ACCOUNTING POLICIES

Investment properties held for sale

Investment properties that the Group has contractually committed to sell or entered into an agreement to sell are presented according to IFRS 5.

Klépierre has no held-for-sale investment property qualified as “discontinued”. Accordingly, the accounting impacts for investment at property at fair value are as follows:

- Reclassification as held for sale at fair value less costs to sell;
- Presentation on a separate line as current assets.

In millions of euros

INVESTMENT PROPERTIES HELD FOR SALE – NET VALUE AS OF 12/31/2019	105.0
Disposals and removals from the scope of consolidation	(92.5)
Other movements, reclassifications	15.8
Currency movements	-
Fair value adjustments	-
INVESTMENT PROPERTIES HELD FOR SALE – NET VALUE AS OF 12/31/2020	28.3

During the year, the Group proceeded with the disposals of:

- A set of 22 retail units in France;
- The Gran Turia shopping center in Spain;

- The Côte de Nacre shopping center located near Caen in France.

The main assets classified as “investment properties held for sale” as of December 31, 2020, concern assets in France.

5.4.4 Investment property portfolio reconciliation

The following table reconciles the carrying amount of investment properties to the value of the property portfolio disclosed in the management report:

<i>In millions of euros</i>	12/31/2020				Total portfolio value (including transfer taxes)
	Investment properties held by fully consolidated companies	Investments in equity accounted companies ^(a)	Transfer taxes	Lease liability ^(b)	
Investment properties	19,381.3	1,276.3	973.0		21,630.6
Right-of-use asset relating to ground leases	375.5			(350.3)	25.2
Incl. upfront payments on ground leases	25.2				25.2
Investment properties at fair value	19,756.8	1,276.3	973.0	(350.3)	21,655.8
Investment properties at cost	132.9				132.9
Investment properties held for sale	28.3				28.3
Operating lease incentives	41.9				41.9
TOTAL	19,959.8	1,276.3	973.0	(350.3)	21,858.9

(a) Investments in equity-accounted assets are included based on the fair value of the shares held and taking into account receivables and facilities granted by the Group.

(b) The lease liability as defined by IFRS 16 is deducted from the investment property value in the portfolio valuation.

5.5 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

<i>In millions of euros</i>	12/31/2019 Attributable to owners of the parent	Share for 2020 net income (loss)	Dividends received	Capital increases and decreases	Currency movements	Changes in scope of consolidation and other movements	12/31/2020 Attributable to owners of the parent
Investments in joint ventures	891.1	(50.4)	(9.9)	(3.3)	(9.0)	(1.0)	817.5
Investments in associates	205.6	(1.9)	(6.5)	0.1	(24.6)	(1.8)	170.9
EQUITY-ACCOUNTED COMPANIES	1,096.7	(52.3)	(16.4)	(3.2)	(33.6)	(2.8)	988.4

36 companies were accounted for using the equity method as of December 31, 2020, of which 27 joint ventures and 9 associates.

Non-current assets presented in this section mainly concerned investment property held by equity-accounted companies. The valuation of the investment property follows the Group's rules as described in note 5.4.

The main items of the statements of financial position and income statements of joint ventures⁽¹⁾ are presented below (the values shown below include consolidation adjustments):

<i>In millions of euros</i>	12/31/2020		12/31/2019	
	100%	Attributable to owners of the parent	100%	Attributable to owners of the parent
Non-current assets	2,335.2	1,156.3	2,508.5	1,241.0
Current assets	97.6	47.5	93.0	45.6
Cash and cash equivalents	99.8	48.1	92.7	44.1
Non-current external financial liabilities	(67.8)	(31.5)	(82.0)	(38.6)
Non-current financial liabilities (Group and associates)	(508.1)	(253.5)	(495.9)	(247.4)
Non-current liabilities	(243.7)	(121.5)	(259.8)	(129.5)
Current external financial liabilities	(14.5)	(7.2)	(14.0)	(6.9)
Current liabilities	(43.8)	(20.6)	(36.7)	(17.1)
NET ASSETS	1,654.6	817.5	1,805.9	891.1

The year-on-year decrease in non-current assets is mainly due to the decline in value of investment properties in connection with the Covid-19 crisis, as described in note 11.

Non-current liabilities mainly include deferred tax.

<i>In millions of euros</i>	12/31/2020		12/31/2019	
	100%	Attributable to owners of the parent	100%	Attributable to owners of the parent
Revenues from ordinary activities	123.6	61.2	148.3	73.3
Operating expenses	(43.3)	(21.5)	(27.7)	(13.8)
Change in value of investment properties	(176.3)	(86.0)	(55.4)	(26.9)
Financial income (expense)	(19.6)	(9.8)	(19.7)	(9.8)
Profit (loss) before tax	(115.5)	(56.1)	45.5	22.9
Tax	11.4	5.7	(11.8)	(5.9)
NET INCOME (LOSS)	(104.1)	(50.4)	33.6	17.0

Klépierre's share in the external net debt (current and non-current external financial liabilities adjusted for cash and cash equivalents) of its joint ventures swung from net debt of €1.4 million as of December 31, 2019 to net cash of €9.4 million as of December 31, 2020.

(1) Cécobil SCS, Du Bassin Nord SCI, Le Havre Vauban SNC, Le Havre Lafayette SNC, Girardin SCI, Girardin 2 SCI, Société Immobilière de la Pommeraye SC, Parc de Coquelles SNC, Kleprim's SCI, Celsius Le Murier SNC, Celsius Haven SNC, Clivia SpA, Galleria Commerciale Il Destriero SpA, CCDF SpA, Galleria Commerciale Porta di Roma SpA, Galleria Commerciale 9 Srl, Italian Shopping Centre Investment Srl, Holding Klege Srl, Hovlandparken AS, Metro Senter ANS, Økern Sentrum ANS, Økern Eiendom ANS, Metro Shopping AS, Hovlandparken DA, Økern Sentrum AS, Nordal ANS, and Klege Portugal SA.

The main components of the statement of financial position and income statements of associates⁽¹⁾ are presented below (the values shown below include consolidation adjustments):

	12/31/2020		12/31/2019	
<i>In millions of euros</i>	100%	Attributable to owners of the parent	100%	Attributable to owners of the parent
Non-current assets	1,043.2	176.0	1,145.6	211.6
Current assets	15.1	1.8	8.4	1.6
Cash and cash equivalents	21.0	5.4	7.3	3.1
Non-current external financial liabilities	(6.3)	(0.8)	(0.5)	(0.2)
Non-current financial liabilities (Group and associates)	(52.8)	(6.4)	(60.4)	(5.9)
Non-current liabilities	(10.5)	(1.5)	(10.9)	(1.6)
Current external financial liabilities	(0.1)	(0.0)	(0.1)	(0.0)
Current liabilities	(26.0)	(3.6)	(18.5)	(3.0)
NET ASSETS	983.6	170.9	1,071.0	205.6

	12/31/2020		12/31/2019	
<i>In millions of euros</i>	100%	Attributable to owners of the parent	100%	Attributable to owners of the parent
Revenues from ordinary activities	50.4	9.7	26.6	11.7
Operating expenses	(14.0)	(2.8)	(6.5)	(2.9)
Change in value of investment properties	(56.9)	(9.4)	(16.3)	(7.2)
Financial income (expense)	0.9	0.6	1.9	0.9
Profit before tax	(19.7)	(1.9)	5.7	2.5
Tax			0.0	0.0
NET INCOME	(19.7)	(1.9)	5.7	2.5

(1) La Rocade SCI, La Rocade Ouest SCI, Du Plateau SCI, Achères 2000 SCI, Le Champ de Mais SC, Société du bois des fenêtres SARL, Akmerkez Gayrimenkul Yatirim Ortakligi AS, Step In SAS and Secar SC.

5.6 OTHER NON-CURRENT ASSETS

ACCOUNTING POLICIES FOR FINANCIAL ASSETS (CURRENT AND NON-CURRENT)

Financial assets

Financial assets include long-term financial investments, current assets representing operating receivables, debt securities, investment securities (including derivatives) and cash.

The Group classifies financial assets in one of the categories identified by IFRS 9 on the acquisition date, based on the instrument's characteristics and the business model.

Assets at amortized cost

Financial assets are valued at amortized cost where they are recovered by collecting contractual cash flows (payments of principal and interest on the principal amount outstanding).

These assets comprise advances to equity-accounted companies, other loans and deposits. After initial recognition at fair value, they are recognized and measured at amortized cost using the effective interest method. The effective interest rate is the rate that precisely discounts estimated future cash flows to obtain the carrying amount of the instrument.

In accordance with IFRS 9, these assets are impaired based on a forward-looking expected credit loss (ECL) approach.

Assets at fair value through profit or loss

This category includes:

- Financial assets that are not held either to collect contractual cash flows or to sell the assets and whose contractual conditions do not solely give rise to payments of principal and interest on the principal amount outstanding;
- Assets designated at fair value whose performance and management are based on fair value and non-consolidated investments.

Fair value gains and losses are recognized in other financial income and expenses.

Assets at fair value through other comprehensive income with cumulative gains and losses reclassified to profit or loss upon derecognition

This category includes financial assets recovered by collecting contractual cash flows (payments of principal and interest on the principal amount outstanding) and potentially selling the assets.

Changes in the fair value of these assets are recognized directly in other comprehensive income, with the exception of interest income recognized in other financial income and expenses. Fair value gains and losses are released to net income on the sale of the assets.

Assets at fair value through other comprehensive income without reclassification to profit or loss upon derecognition

This category includes equity instruments not held for trading and primarily concerns non-consolidated investments.

Changes in the fair value of these assets are recognized directly in other comprehensive income, with the exception of dividends recognized in other financial income and expenses. Fair value gains and losses are not released to net income on the sale of the assets.

Movements in other non-current assets during 2020 are as follows:

<i>In millions of euros</i>	12/31/2019	Change in scope	Increases	Decreases	Other (including currency movements)	12/31/2020
Other long-term investments	0.3				0.1	0.4
Advances to equity-accounted companies and others	276.6		53.5	(45.2)	(3.0)	282.0
Loans	0.6		1.4	(2.0)		(0.0)
Deposits	16.3		1.9	(1.8)		16.4
Other long-term financial investments	1.1					1.1
TOTAL	294.9	-	56.8	(49.0)	(2.9)	299.9

The following table presents the net carrying amount of non-current assets as of December 31, 2020, in accordance with IFRS 9:

<i>In millions of euros</i>	Carrying amount 12/31/2020	Amounts recognized in the statement of financial position according to IFRS 9	
		Amortized cost	Fair value recognized in profit or loss
Other long-term investments	0.4		0.4
Advances to equity-accounted companies and others	282.0	282.0	
Deposits	16.4	16.4	
Other long-term financial investments	1.1		1.1
TOTAL	299.9	298.4	1.5

The following table presents the positions as of December 31, 2019:

<i>In millions of euros</i>	Carrying amount 12/31/2019	Amounts recognized in the statement of financial position according to IFRS 9	
		Amortized cost	Fair value recognized in profit or loss
Other long-term investments	0.3		0.3
Advances to equity-accounted companies and others	276.6	276.6	
Loans	0.6	0.6	
Deposits	16.3	16.3	
Other long-term financial investments	1.1		1.1
TOTAL	294.9	293.5	1.4

5.7 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Trade and other receivables

Trade receivables are recognized and measured at face value minus allowances for non-recoverable amounts, in accordance with IFRS 9, as described in note 5.6.

Other receivables under this heading include the effect of recognizing lease incentives granted to tenants over time (step-up rents and rent-free periods). All receivables have a maturity of less than one year, except step-up rents and rent-free periods, which are spread over the fixed term of the lease.

Impairment is based on the standard's simplified approach. Expected credit losses are calculated based on lifetime losses, using the Group's historical credit loss experience and forward-looking projections. In the context of the Covid-19 pandemic, a specific assessment method has been applied using a multi-criteria approach, as described in note 11.

<i>In millions of euros</i>	12/31/2020	12/31/2019
Trade receivables	280.8	142.9
Allowances for bad debts	(185.7)	(76.3)
Net value of trade receivables	95.2	66.6
Step-up rents and rent-free periods	61.0	39.7
TRADE AND OTHER RECEIVABLES	156.2	106.3

As per December 31, 2020, after deduction of impairment for credit losses, trade receivables reach €95.2 million. The impact of Covid-19 on trade receivables is presented in note 11.

5.8 OTHER RECEIVABLES

<i>In millions of euros</i>	12/31/2020			12/31/2019
	Total	Less than one year	More than one year	Total
Tax receivables	63.7	63.7		96.0
Income tax	9.4	9.4		22.7
VAT	41.3	41.3		53.0
Other tax receivables	13.0	13.0		20.3
Other	268.5	268.5		259.6
Service charges due	23.5	23.5		16.2
Downpayments to suppliers	96.6	96.6		62.8
Prepaid expenses	8.3	8.3		10.0
Funds from principals	83.8	83.8		117.7
Other	56.4	56.4		52.9
TOTAL	332.3	332.3		355.6

VAT mainly includes outstanding refunds in respect of construction projects in progress.

Funds managed by Klépierre Management on behalf of its principals stood at €83.8 million as of December 31, 2020 *versus* €117.7 million as of December 31, 2019. The management accounts of the principals are recognized under "Other liabilities" (see note 5.15) for the same amount.

The line "Other" mainly comprises receivables related to construction works borne by co-ownership associations.

5.9 CASH AND CASH EQUIVALENTS**ACCOUNTING POLICIES****Cash and cash equivalents**

Cash and cash equivalents include cash held in bank accounts, short-term deposits, money-market funds and other marketable securities.

Cash and cash equivalents meet the definition given by IFRS 9, *i.e.*, short-term, highly-liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash and cash equivalents are recognized and measured at fair value through profit or loss in accordance with IFRS 9, as described in note 5.6.

<i>In millions of euros</i>	12/31/2020	12/31/2019
Cash equivalents	10.0	55.1
• Treasury bills and certificates of deposit	10.0	0.1
• Money-market investments		55.0
Cash	452.1	429.4
Gross cash and cash equivalents	462.1	484.5
Bank overdrafts	(9.4)	(26.5)
NET CASH AND CASH EQUIVALENTS	452.7	458.0

Cash equivalents comprise French term deposits for €10.0 million.

5.10 FAIR VALUE OF FINANCIAL ASSETS

ACCOUNTING POLICIES

Measurement and recognition of financial assets and liabilities

The recognition and measurement of financial assets and liabilities is governed by IFRS 9, as described in notes 5.6 and 5.12.

Method used to determine fair value of financial instruments

Financial assets and liabilities recognized at fair value are measured either on the basis of market price or by using measurement models that apply the market inputs prevailing on the reporting date. The term “model” refers to mathematical methods based on generally-accepted financial theories. The realizable value of these instruments may differ from the fair value adopted when preparing the financial statements.

Where prices quoted on an active market are available on the reporting date, they are used to determine fair value. Listed securities, bonds, and derivatives traded on organized markets such as futures or option markets are therefore measured in this way.

Most over the counter (OTC) derivatives, swaps, futures, caps, floors and simple options are traded on active markets. They are measured using generally-accepted models (discounted cash flow, Black-Scholes, etc.) based on the market prices of such instruments or similar underlying assets.

For any given instrument, an active, and therefore liquid, market is any market in which transactions take place regularly, supply and demand are reasonably balanced, or in which transactions involve instruments that are very similar to the instrument being measured.

Fair value hierarchy of financial assets and liabilities

IFRS 13 sets out a fair value hierarchy that categorizes inputs to valuation techniques used to measure the fair value of all financial assets and financial liabilities into three levels.

Valuation techniques are based on:

- Quoted prices in an active market (level 1);
- Internal valuation techniques involving standard mathematical calculation methods integrating observable market data (forward rates, interest rate curves, etc.). Valuations produced by these models are adjusted to take account of a reasonable change in the credit risk of the Group or the counterparty (level 2);
- Internal valuation techniques integrating factors estimated by the Group in the absence of observable market data (level 3).

The following table presents the net carrying amount and the fair value hierarchy of Group financial assets as of December 31, 2020:

<i>In millions of euros</i>	Carrying amount 12/31/2020	Fair value	Level 1	Level 2	Level 3
Other long-term investments	0.4	0.4		0.4	
Advances to equity-accounted companies and others	282.0	282.0		282.0	
Deposits	16.4	16.4		16.4	
Other long-term financial investments	1.1	1.1		1.1	
Total other non-current assets	299.9	299.9		299.9	
Cash equivalents	10.0	10.0	10.0		
• Treasury bills and certificates of deposit	10.0	10.0	10.0		
• Money-market investments					
Cash	452.1	452.1	452.1		
Gross cash and cash equivalents	462.1	462.1	462.1		
Bank overdrafts	(9.4)	(9.4)	(9.4)		
NET CASH AND CASH EQUIVALENTS	452.7	452.7	452.7		

The following table presents the positions as of December 31, 2019:

<i>In millions of euros</i>	Carrying amount 12/31/2019	Fair value	Level 1	Level 2	Level 3
Other long-term investments	0.3	0.3		0.3	
Advances to equity-accounted companies and others	276.6	276.6		276.6	
Loans	0.6	0.6		0.6	
Deposits	16.3	16.3		16.3	
Other long-term financial investments	1.1	1.1		1.1	
Total other non current assets	294.9	294.9		294.9	
Cash equivalents	55.1	55.1	55.1		
• Treasury bills and certificates of deposit	0.1	0.1	0.1		
• Money-market investments	55.0	55.0	55.0		
Cash	429.4	429.4	429.4		
Gross cash and cash equivalents	484.5	484.5	484.5		
Bank overdrafts	(26.5)	(26.5)	(26.5)		
NET CASH AND CASH EQUIVALENTS	458.0	458.0	458.0		

The fair value of financial assets is identical to the carrying amount of the Group's financial assets at amortized cost, as they are not remeasured.

5.11 EQUITY

5.11.1 Share capital, additional paid-in capital and capital reserves

As of December 31, 2020, the share capital was made up of 299,939,198 fully paid-up shares each with a par value of €1.40. Shares are held in either registered or bearer form.

<i>In euros (except for share data)</i>	Number of shares	Share capital	Issue premiums	Merger premiums	Other premiums
As of January 1, 2020	302,664,095	423,729,733	4,506,297,952	184,631,328	433,330,000
Cancellation of shares in 2020	(2,724,897)	(3,814,856)	(79,529,401)		
Shares issued in 2020					
Dividend distribution in 2020				(177,758,613)	(129,487,026)
AS OF DECEMBER 31, 2020	299,939,198	419,914,877	4,426,768,551	6,872,715	303,842,974

On June 20, 2020, the Group canceled 2,724,897 shares acquired in 2018 under the March 13, 2017 share buyback program, as described in note 5.11.2. Pursuant to this transaction, the share capital was reduced to €419.9 million and issue premiums to €4,426.8 million.

On April 30, 2020, the General Meeting of Shareholders approved the payment of a €2.20 per share cash dividend in respect of the 2019 fiscal year. The total dividend approved by Klépierre shareholders amounted

to €665.9 million (including dividends payable on treasury shares) and €628.1 million (excluding dividends payable on treasury shares).

The dividend distribution was deducted from merger premiums (€177.8 million), other premiums (€129.5 million) and other consolidated reserves (€320.8 million), as described in note 5.11.3.

As of December 31, 2020, the legal reserve stood at €44 million.

5.11.2 Treasury shares

ACCOUNTING POLICIES

Treasury shares

All treasury shares held by the Group are recognized at their acquisition cost and deducted from equity. Any gain arising on the disposal of treasury shares is recognized immediately as equity, such that disposal gains or losses do not impact net income for the fiscal year.

	12/31/2020						12/31/2019					
	Future performance share plans	Performance shares	Liquidity agreement	External growth	Share buyback programs	Total	Future performance share plans	Performance shares	Liquidity agreement	External growth	Share buyback program	Total
Number of shares	631,374	244,774	53,500	706,442	13,078,026	14,714,116	34,752	877,768		706,442	12,309,063	13,928,025
<i>o/w allocated</i>		244,774				244,774		877,768				877,768
Acquisition value (in millions of euros)	6.3	19.5	1.6	14.3	399.6	441.3	1.2	29.3		14.3	383.2	427.9
Proceeds from sales (in millions of euros)		(1.2)	(0.2)			(1.4)	(0.2)	(1.2)	1.4			(0.0)

As of December 31, 2020, Klépierre held 14,714,116 treasury shares, versus 13,928,025 shares as of December 31, 2019, of which 13,078,026 arising from the February 2019 share buyback programs, breaking down as follows:

- In 2017 and 2018, Klépierre repurchased 14,416,865 shares, as part of the March 13, 2017 share buyback program. In 2019, Klépierre canceled 11,691,968 shares acquired under this program and on June 20, 2020 canceled the residual number of shares amounting to 2,724,897.
- On February 6, 2019, Klépierre announced a new share buyback program of up to €400 million. As of December 31, 2020, the Group had repurchased 13,078,026 shares for an aggregate amount of €399.6 million, of which 3,493,860 shares for an amount of €99.7 million during the year 2020.

5.11.3 Other consolidated reserves

The decrease in other consolidated reserves is mainly attributable to:

- The appropriation of 2019 consolidated net income for a positive €324.9 million (before distribution);

- The 2019 dividend distribution for a negative €320.8 million (see note 5.11.1);
- The movements of the other items in the comprehensive income for a negative €80.1 million that mainly relate to translation gains and losses.

5.11.4 Non-controlling interests

Non-controlling interests decreased by €231.5 million during fiscal year 2020, mainly reflecting:

- Net income for the period attributable to non-controlling interests (negative €145.5 million impact);
- Payment of dividends (negative €74.2 million impact);
- Foreign exchange impacts (negative €8.9 million impact), mainly in Scandinavia and in Turkey.

5.12 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

ACCOUNTING POLICIES

Financial liabilities

Financial liabilities include borrowings, other forms of financing, bank overdrafts, derivatives and operating payables.

IFRS 9 "Financial Instruments" describes how financial assets and liabilities must be measured and recognized.

Measurement and recognition of financial liabilities

With the exception of derivatives, all loans and other financial liabilities are measured at amortized cost using the effective interest method.

Recognition of liabilities at amortized cost

In accordance with IFRS, premiums on bonds and debt issuance expenses are deducted from the nominal value of the loans concerned and incorporated into the calculation of the effective interest rate.

Application of the amortized cost method to liabilities hedged at fair value

Changes in the fair value of (the effective portion of) swaps used as fair value hedges are offset by the remeasurement of the hedged risk component of the debt.

Given that the characteristics of derivatives and items hedged at fair value are similar in most instances, any ineffective portion carried to hedging profit or loss may be minimal.

If a derivative is canceled before the due date of the hedged liability, the amount of the debt adjustment will be amortized over the residual term using the effective interest rate calculated at the date the hedging relationship ceased.

Measurement and recognition of derivatives

As the parent company, Klépierre takes responsibility for almost all Group funding and provides centralized management of interest and exchange rate risks. This financing policy involves Klépierre implementing the facilities and associated hedging instruments required by the Group.

Klépierre hedges its liabilities using derivatives and has consequently adopted hedge accounting in accordance with IFRS 9:

- Hedges to cover statement of financial position items whose fair value fluctuates in response to interest rate, credit or exchange rate risks (fair value hedges);
- Hedges to cover the exposure to future cash flow risk (cash flow hedges), which consists of setting the amount of future cash flows arising on a floating-rate liabilities or assets.

Klépierre's derivatives portfolio qualified for hedge accounting meets all IFRS 9 hedge definition and effectiveness criteria.

The adoption of hedge accounting has the following consequences:

- Fair value hedges of existing assets and liabilities: the hedged portion of the asset/liability is accounted for at fair value in the statement of financial position. The gains or losses resulting from changes in fair value are recognized immediately in profit or loss with a corresponding adjustment in the fair value of the hedging instrument, in line with its effectiveness;
- Cash flow hedges: the portion of the gain or loss on the fair value of the hedging instrument that is determined to be an effective hedge is recognized directly in equity and reclassified to the income statement when the hedged cash transaction affects profit or loss. The gain or loss from the change in value of the ineffective portion of the hedging instrument is recognized immediately in profit or loss.

Financial instruments qualified in the trading category are measured at fair value with fair value movements recognized in profit or loss for the period.

Recognition date: trade or settlement

IFRS aims to reflect the time value of financial instruments as closely as possible by ensuring that, wherever possible, instruments with a deferred start date are recognized on the trade date, thus allowing calculation of the deferred start date.

However, this principle cannot be applied to all financial instruments in the same way.

For example, commercial paper is often renewed a few days before its due date. If these instruments were recognized at their trade date, this would artificially inflate the amount concerned between the renewal trade date of a paper and its effective start date.

Klépierre applies the following rules:

- Derivatives are recognized at their trade date, since their measurement effectively takes account of any deferred start dates;
- Other financial instruments (especially liabilities) are recognized on their settlement date.

Tax treatment of changes in fair value of financial instruments

Klépierre applies the following rules:

- Deferred taxes are calculated based on the change in fair value of financial instruments based on the tax-rate of the country where the instrument is held;
- For instruments held by SIIC eligible entities, deferred taxes are recognized for their non-SIIC portion in the SIIC/non-SIIC asset pro rata to Klépierre SA's statement of financial position.

5.12.1 Change in debt

Changes in debt presented below do not include leases liabilities under IFRS 16, which are presented in note 8.

Current and non-current financial liabilities amounted to €9,626.1 million as of December 31, 2020 *versus* €9,434.4 million at year-end 2019.

<i>In millions of euros</i>	12/31/2020	12/31/2019
NON-CURRENT		
Bonds net of costs/premiums	6,413.7	5,863.6
• Of which fair value hedge adjustments	28.9	7.1
Bank loans and borrowings – long term	677.6	1,048.2
Fair value adjustments to debt^(a)	4.5	21.4
Other loans and borrowings	148.3	158.8
• Advance payments to associates	141.1	151.6
• Other	7.2	7.2
Total non-current financial liabilities	7,244.1	7,092.0
CURRENT		
Bonds net of costs/premiums	950.8	550.0
• Of which fair value hedge adjustments	0.7	
Bank loans and borrowings – short term	29.9	49.0
• Of which other borrowings issue costs	3.2	3.2
Fair value adjustments to debt^(a)		
Accrued interest	72.5	81.5
• On bonds	68.0	74.0
• On bank loans	2.7	5.5
• On advance payments to associates	1.8	2.0
Commercial paper	1,326.1	1,659.9
Other loans and borrowings	2.7	2.0
• Advance payments to associates	2.7	2.0
Total current financial liabilities	2,381.9	2,342.4
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	9,626.1	9,434.4

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.

Net debt totaled €9,054 million as of December 31, 2020, *versus* €8,830 million as of December 31, 2019. Net debt is the difference between financial liabilities (excluding both fair value hedge adjustments and the mark-to-market of Corio's debt recognized at the acquisition date) plus bank overdrafts minus available cash and marketable securities.

<i>In millions of euros</i>	12/31/2020	12/31/2019
Non-current and current financial liabilities	9,626.1	9,434.4
Bank overdrafts	9.4	26.5
Revaluation due to fair value hedge and cross currency swap	(30.7)	(7.1)
Fair value adjustment of debt ^(a)	(4.6)	(21.4)
Cash and cash equivalents ^(b)	(545.8)	(602.2)
NET DEBT	9,054.4	8,830.2

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.

(b) Includes cash managed for principals for €83.8 million as of December 31, 2020 and for €117.7 million as of December 31, 2019.

The €224 million increase is attributable to:

- Cash inflows from operations and other items (foreign exchange, changes in working capital), amounting to €572 million;
- Cash outflows in respect of dividends for €781 million (including the 2019 dividend for €628 million, distributions to non-controlling interests for €53 million and share buybacks carried out in January and February for €100 million);
- Cash outflows in respect of capital expenditure for €171 million (see section 3.9.6 “EPRA Capital Expenditure” of the Chapter 3 - Business of the year) including €89 million in development pipeline projects and €79 million in standing assets; and
- Cash inflows from disposals for €156 million.

5.12.2 Main sources of financing

The Group's main financial resources are detailed in the table below (nominal value).

Group financing							
In millions of euros	Borrower	Issue currency	Reference rate	Maturity date	Repayment profile	Maximum amount	Amount used as at 12/31/2020
Bonds						6,549	6,549
	Klépierre SA	EUR	4.750%	03/14/2021	At maturity	564	564
	Klépierre SA	EUR	1.100%	05/25/2022	At maturity	100	100
	Klépierre SA	EUR	1.000%	04/17/2023	At maturity	750	750
	Klépierre SA	EUR	1.750%	11/06/2024	At maturity	630	630
	Klépierre SA	EUR	2.125%	10/22/2025	At maturity	255	255
	Klépierre SA	EUR	1.875%	02/19/2026	At maturity	500	500
	Klépierre SA	EUR	1.375%	02/16/2027	At maturity	600	600
	Klépierre SA	EUR	4.230%	05/21/2027	At maturity	50	50
	Klépierre SA	EUR	2.000%	05/12/2029	At maturity	600	600
	Klépierre SA	EUR	0.625%	07/01/2030	At maturity	600	600
	Klépierre SA	EUR	0.875%	02/17/2031	At maturity	600	600
	Klépierre SA	EUR	1.250%	09/29/2031	At maturity	600	600
	Klépierre SA	EUR	1.625%	12/13/2032	At maturity	700	700
						384	384
	Klépierre (formerly Corio)	EUR	3.250%	02/26/2021	At maturity	299	299
	Klépierre (formerly Corio)	EUR	3.516%	12/13/2022	At maturity	85	85
						459	459
	Steen & Strøm	NOK	NIBOR	08/09/2021	At maturity	67	67
	Steen & Strøm	NOK	2.620%	06/08/2022	At maturity	43	43
	Steen & Strøm	NOK	NIBOR	09/14/2022	At maturity	81	81
	Steen & Strøm	NOK	NIBOR	03/23/2023	At maturity	76	76
	Steen & Strøm	NOK	NIBOR	04/05/2023	At maturity	29	29
	Steen & Strøm	NOK	2.400%	11/07/2023	At maturity	48	48
	Steen & Strøm	NOK	2.550%	10/24/2024	At maturity	14	14
	Steen & Strøm	NOK	NIBOR	10/24/2024	At maturity	24	24
	Steen & Strøm	NOK	2.980%	05/23/2029	At maturity	10	10
	Steen & Strøm	SEK	STIBOR	02/22/2021	At maturity	18	18
	Steen & Strøm	SEK	1.093%	12/08/2022	At maturity	50	50
Bank loans and revolving credit facilities						3,668	
	Klépierre SA	EUR	Euribor	12/16/2025	At maturity	1,385	
	Klépierre SA	EUR	Euribor	^(b)	At maturity	2,025	
	Steen & Strøm	NOK	NIBOR	2021	At maturity	143	
	Steen & Strøm	NOK	NIBOR	2023	At maturity	57	
	Steen & Strøm	NOK	NIBOR	2025	At maturity	57	
Mortgage loans						702	702
	Massalia Shopping Mall	EUR	Euribor	06/23/2026	At maturity	99	99
	Steen & Strøm	SEK	STIBOR	^(b)		241	241
	Steen & Strøm	DKK	CIBOR	^(b)		293	293
	Steen & Strøm	DKK	Fixed	^(b)		68	68
Property finance leases						16	16
Short-term facilities and bank overdrafts						395	
Commercial paper						1,329	1,329
	Klépierre SA	EUR	Euribor	-	At maturity	1,200	1,200
	Steen & Strøm	NOK	NIBOR		At maturity	59	59
	Steen & Strøm	SEK	STIBOR		At maturity	70	70
GROUP TOTAL ^(a)						12,173	9,439

(a) Totals are calculated excluding backup lines of funding since the maximum amount of the "Commercial paper" line includes the backup line.

(b) These lines combine several facilities with maturities from 2022 to 2025 and different lenders.

As a general rule, the Group finances its assets with equity or debt raised by Klépierre SA. In some cases, especially in partnerships and in Scandinavian countries, the Group may use mortgage loans to fund its activities. The total amount of mortgages granted to secure these financings (€702 million) amounted to €922 million as of December 31, 2020.

5.12.3 Covenants

The Group's main credit agreements contain covenants. Failure to comply with these covenants could trigger mandatory repayment of the related debt.

Covenants applicable to Klépierre SA financing:

As of December 31, 2020, Klépierre SA complied with all its obligations arising from its borrowings.

Financing	Ratios/covenants	Limit ^(a)	12/31/2020	12/31/2019
Syndicated loans and bilateral loans	Net debt/Portfolio value ("Loan to Value")	≤ 60%	41.4%	37.3%
	EBITDA/Net interest expenses ^(b)	≥ 2.0x	7.3	8.0
	Secured debt/Portfolio value ^(c)	≤ 20%	0.6%	0.7%
	Portfolio value ^(d)	≥ €10bn	€18.5bn	€20.1bn
Bond issues	Secured debt/Revalued Net Asset Value ^(c)	≤ 50%	0.9%	0.9%

(a) Covenants are based on the 2020 revolving credit facility.

(b) Excluding the impact of liability management operations (non-recurring items).

(c) Excluding Steen & Strøm.

(d) Group share, including transfer taxes.

Financial covenants applicable to fully consolidated companies with non-controlling interests:

As of December 31, 2020 all the borrowing entities of the Group met their financial obligations arising from their financial debts. In relation to a non-recourse mortgage loan granted to Massalia Shopping Mall, one of the Group's subsidiaries, financial covenants which shall be tested during 2021 may not be complied with, given the worsening operating conditions due to the sanitary crisis. In case of such an event, discussions

would take place between the borrower and the lenders. In any case, this may not impact the rest of the Group's financing obligations.

A portion of Steen & Strøm's debt is subject to a covenant that requires shareholders' equity to be above or equal to 20% of net asset value at all times. On December 31, 2020, this ratio was 51.5%.

5.12.4 Breakdown of borrowings by maturity date

The breakdown of borrowings by maturity date presented below does not include leases liabilities under IFRS 16, which are presented in note 8.

In millions of euros	Total	Less than one year	One to five years	More than five years
NON-CURRENT				
Bonds net of costs/premiums	6,413.7		2,154.2	4,259.6
• Of which fair value hedge adjustments	28.9		28.9	
Bank loans and borrowings – long term	677.6		677.6	
Fair value adjustments to debt^(a)	4.5		4.5	
Other loans and borrowings	148.3		141.1	7.2
• Advance payments to associates	141.1		141.1	
• Other	7.2			7.2
Total non-current financial liabilities	7,244.1		2,977.4	4,266.8
CURRENT				
Bonds net of costs/premiums	950.8	950.8		
• Of which fair value hedge adjustments	0.7	0.7		
Bank loans and borrowings – short term	29.9	29.9		
Fair value adjustments to debt^(a)				
Accrued interest	72.5	72.5		
• On bonds	68.0	68.0		
• On bank loans	2.7	2.7		
• On advance payments to associates	1.8	1.8		
Commercial paper	1,326.1	1,326.1		
Other loans and borrowings	2.7	2.7		
• Advance payments to associates	2.7	2.7		
Total current financial liabilities	2,381.9	2,381.9		
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	9,626.1	2,381.9	2,977.4	4,266.8

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.

Commercial paper corresponds to short-term resources used on a rollover basis and fully covered by backup revolving credit facilities.

As of December 31, 2020, the maturity schedule of contractual flows including principal and interest (non-discounted) amounts are as follows:

Repayment year <i>In millions of euros</i>	2021	2022	2023	2024	2025	2026	2027	2028	2029 and beyond	Total
Principal	2,301	390	958	735	281	626	676	26	3,445	9,439
Interest	111	105	89	82	70	57	47	45	119	725
GROUP TOTAL (PRINCIPAL + INTEREST)	2,413	495	1,047	816	351	683	723	71	3,564	10,164

In 2021, two euro bonds facilities (€863 million) will mature. The €1,200 million in outstanding commercial paper expires in less than 1 year, but is expected to be rolled over.

As of December 31, 2019, the maturity schedule of contractual flows was as follows:

Repayment year <i>In millions of euros</i>	2020	2021	2022	2023	2024	2025	2026	2027	2028 and beyond	Total
Principal	2,254	1,359	299	950	749	288	632	683	1,992	9,205
Interest	137	98	84	66	59	47	34	24	88	635
GROUP TOTAL (PRINCIPAL + INTEREST)	2,391	1,457	383	1,016	807	334	666	706	2,080	9,840

5.12.5 Classification and fair value hierarchy of financial liabilities

ACCOUNTING POLICIES

Fair value hierarchy of financial liabilities

As described in note 5.10, IFRS 13 sets out a fair value hierarchy that categorizes the valuation techniques used to measure the fair value of all financial liabilities.

The table below presents the breakdown of financial liabilities by measurement approach in accordance with IFRS 9, as described in note 5.6.

		Amounts recognized in the statement of financial position according to IFRS 9			Fair value hierarchy		
<i>In millions of euros</i>	Carrying amount 12/31/2020	Liability at amortized cost	Liability at fair value recognized in profit or loss ^(a)	Fair value	Level 1	Level 2	Level 3
NON-CURRENT							
Bonds net of costs/premiums	6,413.7	5,778.8	634.9	6,778.7	6,778.7		
Bank loans and borrowings – long term	677.6	677.6		678.2		678.2	
Fair value adjustments to debt	4.5	4.5		4.5		4.5	
Other loans and borrowings	148.3	148.3		148.3		148.3	
Total non-current financial liabilities	7,244.1	6,609.2	634.9	7,609.7	6,778.7	831.0	
CURRENT							
Bonds net of costs/premiums	950.8	856.0	94.8	957.0	957.0		
Bank loans and borrowings – short term	29.9	29.9		29.9		29.9	
Fair value adjustments to debt							
Accrued interest	72.5	72.5		72.5		72.5	
Commercial paper	1,326.1	1,326.1		1,326.1		1,326.1	
Other loans and borrowings	2.7	2.7		2.7		2.7	
Total current financial liabilities	2,381.9	2,287.2	94.8	2,388.1	957.0	1,431.1	
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	9,626.1	8,896.4	729.7	9,997.9	7,735.7	2,262.2	

(a) Corresponds to the revaluated portion of the bonds as part of the fair value hedge presented in notes 5.9 and 5.13.

Fair value recognized in profit or loss amounted to €730 million as of December 2020. This corresponds to a fixed-rate bond that was converted to a floating rate debt through receiver swaps and is qualified under fair value hedge.

The following table presents the positions as of December 31, 2019:

In millions of euros	Carrying amount 12/31/2019	Amounts recognized in the statement of financial position according to IFRS 9		Fair value	Fair value hierarchy		
		Amortized cost	Fair value recognized in profit or loss		Level 1	Level 2	Level 3
NON-CURRENT							
Bonds net of costs/premiums	5,863.6	5,247.9	615.7	6,171.7	6,171.7		
Bank loans and borrowings – long term	1,048.2	1,048.2		1,049.0		1,049.0	
Fair value adjustments to debt	21.4	21.4		21.4		21.4	
Other loans and borrowings	158.8	158.8		158.8		158.8	
Total non-current financial liabilities	7,092.0	6,476.3	615.7	7,400.9	6,171.7	1,229.2	
CURRENT							
Bonds net of costs/premiums	550.0	199.3	350.7	562.4	562.4		
Bank loans and borrowings – short term	49.0	49.0		49.0		49.0	
Fair value adjustments to debt							
Accrued interest	81.5	81.5		81.5		81.5	
Commercial paper	1,659.9	1,659.9		1,659.9		1,659.9	
Other loans and borrowings	2.0	2.0		2.0		2.0	
Total current financial liabilities	2,342.4	1,991.7	350.7	2,354.7	562.4	1,792.3	
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	9,434.4	8,468.0	966.4	9,755.6	6,734.1	3,021.5	

5.13 HEDGING INSTRUMENTS

5.13.1 Interest rate hedging portfolio

As part of its risk management policy (see note 9 “Risk exposure and hedging strategy”), Klépierre has entered into interest-rate swap or cap agreements allowing it to convert debt from floating rate to fixed rate and vice-versa. As a result, the proportion of total debt arranged or hedged at a fixed rate was 114% as of December 31, 2020 (notional amounts). Excluding €850 million in “out of the money caps”, the proportion of total debts arranged or hedged at a fixed rate was 105%.

With regards to the reform of European benchmarks, Klépierre has not identified any material impact on the way it applies hedge accounting considering that the aggregate notional amount of derivatives concerned is limited (to €699.4 million as of December 31, 2020), of which:

- Four receiver swaps maturing in 2030 (notional amount of €600 million) are qualified as fair value hedges;
- Two payer swaps maturing in 2026 (notional amount of €99.4 million) are qualified as cash flow hedges.

Since all these contracts are indexed to Euribor, management anticipates that the replacement index (calculated using a hybrid methodology) will match that applied to the underlying borrowings, such that it will be able to maintain the hedging relationships.

As of December 31, 2020, the breakdown of derivatives by maturity was as follows:

Hedging relationship In millions of euros	Klépierre Group derivatives												
	Currency	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Cash flow hedge													887
	EUR	350					99						449
	NOK		48	29	38	62	29						205
	SEK	60	30					40					130
	DKK	63				40							103
Fair value hedge													708
	EUR	94									600		694
	NOK				14								14
	SEK												
	DKK												
Trading													4,913
	EUR	3,516	425	500	225								4,666
	NOK												
	SEK	40		60									100
	DKK		108	40									148
GROUP TOTAL		4,122	610	629	278	102	128	40			600		6,509

The “trading” category includes a portfolio of caps (for a notional amount of €3.2 billion), a portfolio of payer swaps (€700 million) and receiver swaps (€770 million).

As of December 31, 2020, the corresponding contractual flows (interest) broke down as follows (positive flows = payer flows):

<i>In millions of euros</i>	Hedging relationship	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Swaps	Cash flow hedge	1	1	1	1	1	0						6
Swaps	Fair value hedge	(5)	(4)	(4)	(4)	(3)	(3)	(2)	(2)	(1)	(0)		(28)
Swaps/caps	Trading	(3)	1	0	0								(2)
EUR-denominated derivatives		(7)	(2)	(3)	(3)	(2)	(2)	(2)	(2)	(1)	(0)		(25)
NOK-denominated derivatives		1	1	(0)	(1)	(0)	0						1
SEK-denominated derivatives		2	1	0	0	(0)	(0)	(0)					3
DKK-denominated derivatives		2	0	0	0	0							2
GROUP TOTAL		(2)	(0)	(2)	(3)	(3)	(3)	(2)	(2)	(1)	(0)		(18)

As of December 31, 2019, the breakdown of derivatives by maturity date was as follows:

Hedging relationship <i>In millions of euros</i>		Klépierre Group derivatives											
		Currency	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash flow hedge													822
	EUR		350					114					464
	NOK			51	30	41		30					152
	SEK	57	57	29									144
	DKK		62										62
Fair value hedge													959
	EUR	250	94									600	944
	NOK					15							15
	SEK												
	DKK												
Trading													5,252
	EUR	1,600	2,366	200	75		700						4,941
	NOK												
	SEK	48	38		38								124
	DKK	40		107	40								187
GROUP TOTAL		1,995	2,968	386	184	56	700	144				600	7,033

As of December 31, 2019, the corresponding contractual flows (interest) broke down as follows (positive flows = payer flows):

<i>In millions of euros</i>	Hedging relationship	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Swaps	Cash flow hedge	3	1	1	1	0	0	0					6
Swaps	Fair value hedge	(15)	(7)	(5)	(4)	(3)	(3)	(2)	(2)	1	(0)	1	(38)
Swaps/caps	Trading	(26)	(5)	0	0								(31)
EUR-denominated derivatives		(38)	(10)	(4)	(4)	(3)	(2)	(2)	(2)	1	(0)	1	(63)
NOK-denominated derivatives		(0)	(2)	(1)	(1)	(0)	(0)	(0)					(4)
SEK-denominated derivatives		4	2	0	0	0							6
DKK-denominated derivatives		2	2	0	0								4
GROUP TOTAL		(33)	(8)	(4)	(4)	(3)	(2)	(2)	(2)	1	(0)	1	(57)

Fair value of the interest rate derivatives portfolio:

<i>In millions of euros</i>	Fair value net of accrued interest as of 12/31/2020 ^(a)	Change in fair value during 2020	Matching entry
Cash flow hedge	(12.9)	0.5	Shareholders' equity
Fair value hedge	29.6	22.5	Borrowings/Net income
Trading	3.1	(30.0)	Net income
TOTAL	19.8	(7.0)	

(a) Fair value of the interest rate hedging portfolio are categorized on level 2.

The €30 million negative change in fair value on trading is fully offset by a financial interest income in the cost of net debt.

5.13.2 Currency hedging portfolio

At the end of 2019, Klépierre entered into a NOK/SEK cross currency swap (NOK 200 million or SEK 211 million). The economic effect of this swap is to convert a NOK bond into a SEK liability, and its carrying amount will evolve in line with the NOK/SEK exchange rate. This transaction is qualified as net investment hedge, its change in fair value over the year offset the foreign exchange revaluation of the net investment recorded in shareholders' equity. As of December 31, 2020, the fair value of this instrument is equal to a negative €2.1 million.

Fair value of the foreign exchange rate derivatives portfolio:

<i>In millions of euros</i>	Fair value net of accrued interest as of 12/31/2020 ^(a)	Change in fair value during 2020	Matching entry
Net investment hedge	(2.1)	(2.1)	Shareholders' equity
TOTAL	(2.1)	(2.1)	

(a) Fair value of the interest rate hedging portfolio are categorized on level 2.

5.14 LONG-TERM PROVISIONS

ACCOUNTING POLICIES

Provisions and contingent liabilities

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized where the Group has a liability towards a third party, and it is probable or certain that an outflow of resources will be required to settle this liability without an equivalent or greater amount expected to be received from the third party concerned.

Non-interest-bearing long-term liabilities are discounted in accordance with IAS 37.

Long-term provisions amounted to €16.9 million as of December 31, 2020 versus €12.2 million as of December 31, 2019, and mainly concern business-related litigation and taxes outside the scope of IFRIC 23 in the different countries in which Klépierre operates.

5.15 PAYROLL, TAX LIABILITIES AND OTHER LIABILITIES

<i>In millions of euros</i>	12/31/2020	12/31/2019
Payroll and tax liabilities	166.9	173.0
Employees and related accounts	37.0	41.6
Social security and other bodies	10.3	13.3
Tax payables		
• Income tax	42.0	54.6
• VAT	46.1	24.8
Other taxes and duties	31.5	38.7
Other liabilities	322.3	358.6
Creditor customers	14.8	13.7
Prepaid income	29.1	33.2
Other liabilities	278.5	311.7

Creditor customers amount to €14.8 million and correspond to advance payments received from tenants in respect of service charges.

Other liabilities also include funds representing the management accounts of Klépierre Management's principals, offset in full by other receivables (see note 5.8 "Other receivables"). These funds totaled €83.8 million as of December 31, 2020 (€117.7 million as of December 31, 2019).

NOTE 6 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**6.1 GROSS RENTAL INCOME****ACCOUNTING POLICIES****IFRS 16 “Leases”**

Klépierre has applied IFRS 16 “Leases” since January 1, 2019. In accordance with IFRS 16, the Group, as landlord, distinguishes between two types of leases:

- Finance leases, which transfer substantially all the risks and rewards inherent in the ownership of an asset to the lessee. Title to the asset may or may not be transferred at the end of the lease term;
- All other leases are classified as operating leases.

Recognition of step-up rents and rent-free periods

Gross rental income from operating leases is recognized over the full lease term on a straight-line basis.

Step-up rents and rent-free periods are recognized as additions to, or deductions from, gross rental income for the fiscal year.

The reference period adopted is the first non-cancelable lease term.

In the context of the Covid-19 pandemic, different categories of rent abatements were identified depending on the status of negotiation with tenants. The application of IFRS 16 to these different categories is described in note 1.1.

Entry fees

Entry fees received by the lessor are recognized as additional rent.

Entry fees are part of the net amount exchanged between the lessor and the lessee under a lease. For this purpose, the accounting periods during which this net amount is recognized should not be affected by the form of the agreement or the rent payment schedule. Entry fees are taken to income over the first non-cancelable lease term.

Early termination penalties

Tenants who terminate their leases prior to the contractual expiration date are liable to pay early termination penalties.

Such penalties are allocated to the terminated contract and credited to income for the period in which they are recognized.

IFRS 15 “Revenue from Contracts with Customers”

Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Gross rental income is excluded from the scope of IFRS 15.

Consequently, only service charges and management, administrative and related income are accounted for in accordance with IFRS 15.

Service charge revenues and services charge expenses are presented separately in the consolidated statements of comprehensive income.

Detail of gross rental income is presented below:

<i>In millions of euros</i>	12/31/2020	12/31/2019
MGR	1,072.6	1,116.2
Turnover rents	27.3	42.4
Specialty leasing	25.7	33.0
Parking	33.2	47.6
Lease incentives & discounts	(36.0)	(37.5)
Covid discounts	(102.3)	0.0
Gross rents	1,020.5	1,201.7
Other lease income	41.9	40.5
GROSS RENTAL INCOME	1,062.4	1,242.3

In the context of the Covid pandemic, the rent abatements have been identified according to the status of negotiation with tenants. The application of IFRS 16 on the different cases is described in note 1.1.

6.2 LAND EXPENSES (REAL ESTATE)**ACCOUNTING POLICIES****Ground leases: IFRS 16**

Since the application of IFRS 16 “Leases” as from January 1, 2019, ground leases are recognized as a right-of-use asset and lease liability in the statement of financial position for the present value of the lease payments (fixed portion only) and are subsequently measured at fair value in accordance with IAS 40 (see note 8). The lease expenses are reclassified to “Interest expenses” and “Change in value of investment properties”.

Consequently, “Land expenses” only comprises variable payments on ground leases not included in the right-of-use valuation, in accordance with IFRS 16.

For the year ended December 31, 2020, land expenses relating to variable payments on ground leases amounted to €8.0 million.

6.3 SERVICE CHARGES

Service charge income corresponds to service charges invoiced to tenants, and is presented separately. Service charge income is recorded as income in the period in which it is earned.

Service charge expenses cover the cost of services such as general maintenance and repairs, security, heating, cooling, lighting and cleaning of common areas. Service charge expenses are presented for their gross amounts.

6.4 OWNERS' BUILDING EXPENSES

These expenses comprise owners' rental expenses, expenses related to construction work and legal costs, costs associated with bad debts, and intermediaries and other fees.

<i>In millions of euros</i>	12/31/2020	12/31/2019
Allowance to provision for bad debts	(124.2)	(20.6)
Write-back provision for bad debts	7.9	18.4
Net impairment on credit losses	(116.3)	(2.2)
Other building expenses	(23.1)	(28.8)
BUILDING EXPENSES (OWNER)	(139.5)	(31.0)

The net impairment on credit losses in 2020 amounted to €116.3 million, which related mainly to the Covid-19 pandemic. The assessment method on the credit risk is described in note 1.1.

6.5 OTHER OPERATING INCOME

Other operating income notably includes works rebilled to tenants.

6.6 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

For the year ended December 31, 2020, depreciation, amortization and impairment of property, plant and equipment and intangible assets amounted to €20.0 million, of which €8.5 million in depreciation of right-of-use assets, as described in note 8.

6.7 CHANGE IN VALUE OF INVESTMENT PROPERTIES

As of December 31, 2020, changes in value of investment properties amounted to a negative €1,575.9 million, versus a negative €526.3 million as of December 31, 2019.

<i>In millions of euros</i>	12/31/2020	12/31/2019
Change in value of investment properties at fair value ^(a)	(1,579.9)	(520.3)
Change in value of investment properties at cost	4.0	(6.0)
TOTAL	(1,575.9)	(526.3)

^(a) The change in value of the right-of-use asset relating to ground leases amounts to a negative €6.9 million (see note 8).

Changes in the fair value of investment properties over the year are disclosed in note 1.1.

6.8 NET PROCEEDS FROM DISPOSALS OF INVESTMENT PROPERTIES AND EQUITY INVESTMENTS

Net proceeds from disposals in 2020 amounted to €3.5 million corresponding to €157.6 million in disposal proceeds (including transfer taxes) less book value in an amount of €154.0 million (including transaction costs).

The main disposals over the year were:

- The Gran Turia shopping center located in Valencia, Spain, on January 17, 2020;
- The car park in the Metz St-Jacques shopping center, France, on June 30, 2020;
- The Côte de Nacre shopping center located near Caen, France, on November 12, 2020;
- The St Christoly shopping center in Bordeaux, France, on December 16, 2020;
- A set of 36 retail units in France.

6.9 COST OF NET DEBT

The cost of net debt totaled €108.6 million in 2020, down by €13.6 million compared to end-2019. Excluding IFRS 16 interest expense on lease liabilities and other pure accounting items (amortization of the fair value of debt, deferral of payments on swaps and capitalized interest), the restated cost of net debt decreased slightly by €1.1 million over the year.

The actions taken over the last two years, such as the restructuring of the interest-rate derivatives portfolio as well as the latest attractive bond refinancing, generated significant savings in 2020. These were partly offset by a decrease in sundry interest, reflecting exceptional income recorded in 2019 that did not recur.

<i>In millions of euros</i>	12/31/2020	12/31/2019
Financial income	71.4	85.9
Income from sales of securities	0.0	0.0
Interest income on swaps	45.0	47.4
Deferral of payments on swaps	0.0	0.0
Capitalized interest	2.9	3.7
Interest on advances to associates	9.7	9.7
Sundry interest received	7.4	16.7
Other revenue and financial income	4.2	5.0
Currency translation gains	2.1	3.4
Financial expenses	(171.8)	(199.7)
Expenses from sales of securities		
Interest on bonds	(137.6)	(145.0)
Interest on bank loans	(9.8)	(10.4)
Interest expense on swaps	(15.3)	(23.2)
Deferral of payments on swaps	(3.3)	(18.7)
Interest on advances to associates	(2.3)	(1.8)
Sundry interest paid	(0.7)	(2.0)
Other financial expenses	(38.4)	(17.8)
Currency translation losses	(2.3)	(2.8)
Transfer of financial expenses	21.1	2.9
Amortization of the fair value of debt ^(a)	16.9	19.2
Cost of net debt	(100.4)	(113.8)
Interest expense on leases liabilities ^(b)	(8.2)	(8.4)
COST OF NET DEBT AFTER IFRS 16	(108.6)	(122.2)

(a) Corresponds to the amortization of the mark-to-market of Corio's debt recognized at the acquisition date.

(b) The breakdown of interest expense on leases liabilities by type of contract is disclosed in note 8.

NOTE 7 TAXES

ACCOUNTING POLICIES

Income tax and deferred tax

The corporate income tax charge is calculated in accordance with the rules and rates adopted at the end of the reporting period in each Group operating country for the period to which the profit or loss applies.

Income taxes are offset by losses where such offsetting is legally permissible and where they originate within the same tax consolidation group and are subject to the same tax authority. The same principle is also applicable for deferred taxes.

Deferred taxes are recognized where there are timing differences between the carrying amounts of assets and liabilities and their tax bases, and taxable income is likely in future periods.

A deferred tax asset is recognized where tax losses are carried forward on the assumption that the entity concerned is likely to generate future taxable income against which those losses can be offset.

Deferred tax assets and liabilities are measured using the balance sheet liability method and the tax rate expected to apply when the asset is realized or the liability settled on the basis of the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax assets and liabilities must reflect the tax consequences arising as a result of the way in which the company expects to recover or settle the carrying amounts of its assets and liabilities at the reporting date.

All current and deferred tax is recognized as tax income or expense in the income statement, except for deferred tax recognized or settled at the time of acquiring or disposing of a subsidiary or investment and unrealized capital gains and losses on assets held for sale. In these cases, the associated deferred tax is recognized as equity.

Deferred tax is calculated at the local rate prevailing at the reporting date. The rates applied are: France 28.92% or 27.37%, Spain 25%, Italy 27.9%, Belgium 25%, Greece 24%, Portugal 21% plus a surtax where applicable, Poland 19%, Czech Republic 19%, Slovakia 21%, Sweden 20.6%, Norway 22%, Luxembourg 24.94%, Netherlands 21.7% or 25%, Denmark 22%, Turkey 22% or 20% and Germany 15.83% or 18.20%.

Tax status of *Sociétés d'investissement immobilier cotée* (SIIC)

General features of SIIC tax status – France

All SIICs are entitled to an income tax exemption provided that their stock is listed on a regulated French market, that they have share capital of at least €15 million and that their corporate purpose is either the purchase or construction of properties for rent or the direct or indirect investment in entities with that corporate purpose. The option to adopt SIIC status is irrevocable. French subsidiaries subject to corporate income tax and at least 95%- owned by the Group may also claim SIIC status.

In return for the tax exemption, SIICs have to pay out 95% of rental income and 60% of the capital gains made on property disposals. In addition, they must pay out 100% of any dividends received from SIIC or SIIC equivalent subsidiaries. With effect from fiscal year 2019, the distribution rate for the capital gains generated by property disposals increased from 60% to 70%.

New entities claiming SIIC status are immediately subject to a 19% exit tax on unrealized gains on properties and on shares in partnerships not subject to income tax. The exit tax is payable over a four-year period, commencing at the point when the entity concerned adopts SIIC status.

Income tax on companies not eligible for SIIC equivalent

Since adopting SIIC status in 2003, Klépierre SA has made a distinction between SIICs that are exempt from rental income and capital gains taxes, and other companies that are subject to those taxes.

Income tax on non-SIIC French entities is calculated in accordance with French tax regulations.

Tax regime of Spanish SOCIMI entities

SOCIMIs are listed Spanish companies, or subsidiaries of listed companies subject to SOCIMI equivalent regulation, whose principal activity is the acquisition, promotion and rehabilitation of urban real estate assets for the purpose of leasing them, either directly or through equity investments in other real estate investment companies.

Real estate income for SOCIMIs is taxed at a 0% corporate tax (CIT) rate (instead of the general rate of 25%), provided that the requirements of the SOCIMI regime are met.

Capital gains prior to the entry into the SOCIMI regime are frozen and subject to current income tax when the asset is disposed of. However, capital gains realized after election for the SOCIMI regime are exempt from capital gain tax and are subject to a distribution requirement.

Furthermore, SOCIMIs have to meet minimum profit-sharing requirements, as follows:

- 100% of the dividends received from participating entities;
- 80% of the profit resulting from the leasing of real estate and ancillary activities;
- 50% of the profits resulting from the transfer of properties and shares linked to the Company's business provided that the remaining profits are reinvested in other real estate properties or equity investments within a maximum period of three years from the date of the transfer or, failing this, 100% of the profits must be distributed as dividends once such period has elapsed.

Spanish SOCIMIs may be subject to a special 19% withholding tax on dividend distributions unless it can be proven that shareholders with an ownership interest of 5% or more are subject to tax at a minimum rate of 10%. When a direct shareholder is a SOCIMI or subject to SOCIMI-equivalent regulations (such as Klépierre SA), this requirement is assessed at the level of the parent-company shareholders.

In millions of euros	12/31/2020	12/31/2019
Current tax	(11.2)	(26.5)
Deferred tax	82.5	2.3
TOTAL	71.3	(24.2)

For the year ended December 31, 2020, deferred tax income amounted to €82.5 million, versus deferred tax income of €2.3 million for the year ended December 31, 2019, with the change stemming mainly from deferred taxes on investment properties correlated to fair value movements and the utilization of tax loss carryforwards.

A breakdown of tax expense between French (SIIC sector and common law) and non-French companies is shown in the tax proof below:

In millions of euros	France			Total
	SIIC sector	Common law	Other companies	
Pre-tax earnings and earnings from equity-accounted companies	(507.7)	(5.0)	(437.5)	(950.2)
Theoretical tax expense at 28.92%	146.8	1.5	126.5	274.8
Tax-exempt earnings under the SIIC and SOCIMI tax regimes	(141.0)		(13.0)	(154.0)
TAXABLE SECTORS				
Impact of permanent differences	(2.5)	1.6	(17.3)	(18.1)
Untaxed consolidation adjustments	(2.7)	(3.7)	(6.9)	(13.2)
Impact of non-capitalized losses	(2.0)	(0.3)	(10.6)	(12.9)
Assignment of non-capitalized losses	0.1	0.0	3.8	3.9
Change of tax regime				
Change in tax rates and other taxes	(2.5)	0.2	12.3	10.1
Differences in tax rates between France and other countries		0.0	(19.2)	(19.2)
EFFECTIVE TAX EXPENSE	(3.7)	(0.6)	75.7	71.3

Breakdown of deferred taxes:

In millions of euros	12/31/2019	Change in scope	Change in net income	Cash flow hedging reserves	Asset, liability reclassifications	Other changes	12/31/2020
Investment properties	(1,616.3)	(0.0)	77.0		(0.0)	11.3	(1,528.0)
Derivatives	1.5		(0.0)	0.5		0.1	2.0
Tax loss carryforwards	26.1	0.0	(6.7)		1.0	0.3	20.7
Other items	(2.8)	(0.0)	0.2		0.0	(0.4)	(2.9)
Total for entities in a net liability position	(1,591.5)	(0.0)	70.4	0.5	1.0	11.2	(1,508.3)
Investment properties	(0.1)	(0.0)	0.2		0.0	(0.0)	0.0
Derivatives	0.7			(0.7)			0.0
Tax loss carryforwards	15.5	(0.0)	(4.0)		(1.0)	(0.0)	10.5
Other items	5.7	(0.0)	15.9		(0.0)	(0.2)	21.4
Total for entities in a net asset position	21.7	(0.0)	12.1	(0.7)	(1.0)	(0.2)	31.9
NET POSITIONS	(1,569.7)	(0.0)	82.5	(0.2)		11.0	(1,476.4)

Deferred tax in the income statement represents income of €82.5 million and mainly comprises:

- €10.7 million in deferred tax expense, of which a negative €11.6 million resulting from the utilization of tax loss carryforwards, partially offset by the recognition for a positive €0.4 million of additional tax loss carryforwards for the period, and a positive €0.5 million in income attributable to changes in tax rates in the Netherlands;
- €77.2 million in deferred tax income resulting from the change in temporary differences arising from changes in the fair market value and tax value of investment properties;

- €16.1 million in deferred tax income presented in "other items" which is mainly attributable to allowances for bad debts and provisions for discounts in Italy.

The positive amount of €11.3 million in deferred tax liabilities presented in "other changes" mainly relates to foreign exchange impacts in Scandinavia and Turkey.

Tax losses carried forward

Ordinary tax loss carryforwards are capitalized when their utilization is deemed probable. The expected time scale for recovering taxes loss carryforwards capitalized for all entities within the Group is three to nine years on average.

The inventory of tax losses carried forward by country is set out below:

Country	Tax rate	Inventory of ordinary tax losses			Deferred tax on ordinary losses				Comments
		12/31/2019	Change in 2020	12/31/2020	Capitalized at 12/31/2019	Change in capitalized amounts	Capitalized at 12/31/2020	Not Capitalized at 12/31/2020	
Belgium	25.00%	(42,534)	(1,499)	(44,033)				11,008	Carry forward of tax losses without time limit and up to €1 million + 70% of taxable profit exceeding €1 million
Denmark	22.00%								Carry forward of tax losses without time limit and up to DKK 8,768 million (2021) + 60% of taxable income exceeding DKK 8,768 million
	25.00%	(17,254)	3,856	(13,398)				3,350	Carry forward of tax losses without time limit and up to €1 million or up to 70% of the taxable profit if prior-year revenue did not exceed €20 million (50% if prior-year revenue was between €20 million and €60 million, 25% if prior-year revenue exceeded €60 million). These limitations do not apply during the first 3 financial years or in case of final liquidation of the company (not within the context of a restructuring). Historical tax losses available at the time of the SOCIMI election remain available for offset against the historic unrealized capital gain rolled over upon the SOCIMI and to be taxed upon sale of the properties
Spain	SOCIMI	(88,333)	(18,599)	(106,932)					
France ^(a)	27.37% SIIC	(325,478) (267,486)	(11,375) (6,169)	(336,853) (273,655)				92,212	Carry forward of tax losses without time limit and up to €1 million + 50% of taxable profit exceeding €1 million
Greece	24.00%	(3,955)	(159)	(4,114)				987	Carry forward of tax losses for 5 years without cap
	27.90%	(16,195)	12,967	(3,228)				901	For IRES, carry forward of tax losses without time limit and up to €1 million + 80% of taxable income (100% during the first 3 financial years of a newly created company and activity). Carry forward of tax losses not possible for IRAP
Italy	or 24.00%	(60,322)	25,111	(35,211)	11,315	(6,027)	5,288	3,163	
Luxembourg	24.94%	(64,361)	5,610	(58,751)				14,652	For tax losses incurred until 12/31/2016: carry forward without time limit and cap; For tax losses incurred as from 01/01/2017: carry forward without cap but for a period of 17 years.
Norway	22.00%	(29,102)	26,089	(3,013)	6,402	(5,739)	663	0	Carry forward of tax losses without time limit and without cap
	21.70%	(16,573)	16,573		3,596	(3,596)			Carry forward of tax losses for 6 years (9 years for losses incurred prior to 2019) but without cap. As from 2022, carry forward of tax losses will no longer be limited in time, but taxes losses may be used up to €1 million + 50% of the profit exceeding €1 million
Netherlands ^(b)	25.00%	(7,145)	(73,052)	(80,197)	735	4,460	5,195	14,854	
	19.00%	(21,665)	14,916	(6,749)				1,282	Carry forward of tax losses for 5 years and up to 50% of the loss of the relevant financial year used for each of the 5 years. Alternatively, up to PLN 5 million of the tax loss during the 5 years with the remainder deductible in the 4 remaining years subject to the 50% rule
Poland									
	21.00%	(10,874)	2,313	(8,561)	1,114	(274)	840	958	Carry forward of tax losses for 5 years (6 years for tax losses incurred before 2010, 4 years for tax losses incurred in 2010 or 2011, 5 years for tax losses incurred in 2012 or 2013 and 12 years for losses incurred between 2014 and 2016) and up to 70% of taxable profit
Portugal									
Czech Republic	19.00%	(288)	262	(26)	55	(50)	5		Carry forward of tax losses for 5 years without a cap
Turkey ^(c)	20.00%	(38,875)	(1,496)	(40,371)				8,074	Carry forward of tax losses for 5 years without a cap
	15.83%	(41,192)	(24,454)	(65,646)				10,392	Carry forward of tax losses without time limit and up to €1 million + 60% of taxable profit exceeding €1 million (for both corporate income tax and trade tax)
Germany ^(d)	18.20%	(31,392)	(22,898)	(54,290)				9,881	
Sweden	20.60%	(89,153)	(4,020)	(93,173)	18,356	815	19,171	23	Carry forward of tax losses without time limit and without a cap
TOTAL		(1,172,177)	(56,023)	(1,228,200)	41,573	(10,411)	31,162	171,737	

(a) As of December 31, 2020, the tax rate applicable to tax loss carryforwards in France changed from 28.92% to 27.37%.

(b) As of December 31, 2020, the tax rate applicable to tax loss carryforwards in the Netherlands changed from 21.70% and 25% to only 25%.

(c) As of December 31, 2020, the tax rate applicable to tax loss carryforwards in Turkey changed from 22% to 20%.

(d) Tax loss carryforwards in Germany are split between available tax losses for trade tax (at a rate of 18.20%) and available tax losses for corporate income tax (at a rate of 15.83%).

German tax loss carryforwards at 34.03%, presented for a negative amount of €61,280 million as of December 31, 2019, comprise a negative amount of €41,192 million at a rate of 15.83% and a negative amount of €31,392 million at a rate of 18.20%.

Non-capitalized deferred taxes on tax loss carryforwards amounted to €171.7 million as of December 31, 2020 versus €165.9 million as of December 31, 2019.

NOTE 8 IFRS 16 “LEASES”

ACCOUNTING POLICIES

Leases

Leases have been accounted under IFRS 16 since January 1, 2019. The manner in which Klépierre accounts for its leases, as lessee, is set below. IFRS 16 requires lessees to record all leases as follows (with an exemption for low value assets and short-term leases):

- Recognition of lease assets (right-of-use assets) and lease liabilities on the statement of financial position, initially measured at the present value of unavoidable lease payments;
- Depreciation of right-of-use assets and interest on lease liabilities over the lease term; and
- Separation of the total amount of cash paid into a principal portion and interest.

The main leases in the scope of IFRS 16 for the Group as lessee are ground leases, head office leases and vehicle leases. They are initially recognized as right-of-use assets and corresponding lease liabilities:

- Right-of-use assets relating to head office leases and vehicle leases are measured by applying a cost model and are depreciated on a straight-line basis over the lease term. They are recognized in property, plant and equipment;
- Right-of-use assets relating to ground leases that meet the definition of investment property are measured in accordance with IAS 40 using the fair value model. They are subsequently measured at an amount equal to the remaining balance of the lease liability. Right-of-use assets relating to ground leases are recognized in investment properties at fair value.

As of December 31 2020, the amounts recorded on the statement of financial position and relating to leases, as lessee, are as follows:

<i>In millions of euros</i>	12/31/2019	Increase (new leases)	Decrease (lease terminations)	Reevaluation and other movements	Allowances and debt reimbursement	Currency movements	Reclassi- fications	12/31/2020
Gross right-of-use asset relating to property, plant and equipment	34.4	1.5	(0.7)	0.7		(0.3)	(0.0)	35.5
Amortization of right-of-use asset relating to property, plant and equipment	(8.5)		0.5	0.2	(8.5)	0.1	0.0	(16.2)
Total net right-of-use asset relating to property, plant and equipment	25.9	1.5	(0.2)	0.9	(8.5)	(0.2)		19.3
Right-of-use asset relating to ground leases at fair value	387.5	2.4	(0.1)	(0.0)		(0.5)		389.1
Change in fair value of right-of-use asset relating to ground leases	(6.8)			0.0	(6.9)	0.1		(13.6)
Total right-of-use asset relating to ground leases	380.7	2.4	(0.1)		(6.9)	(0.4)		375.5
TOTAL ASSETS	406.6	3.9	(0.4)	0.9	(15.4)	(0.7)		394.8
Leases liabilities – non-current	368.1	3.4	(0.3)	0.5		(0.4)	(14.1)	357.0
Leases liabilities – current	14.6	0.5		0.4	(15.2)	(0.2)	14.1	14.2
TOTAL LIABILITIES	382.7	3.9	(0.3)	0.9	(15.2)	(0.6)		371.3

The breakdown of current and non-current lease liabilities as of December 31, 2020 is presented below:

<i>In millions of euros</i>	Total	Less than one year	One to five years	More than five years
Leases liabilities – non-current	357.0		36.7	320.4
Leases liabilities – current	14.2	14.2		
TOTAL LEASES LIABILITIES	371.3	14.2	36.7	320.4

As lessee, the amounts recognized in comprehensive income for the year ended December 31, 2020 in respect of leases, by nature of contracts, are as follows:

<i>In millions of euros</i>	Right-of-use asset related to property, plant and equipment	Right-of-use asset related to ground leases	Total
Depreciation, amortization and impairment of property, plant and equipment	(8.5)		(8.5)
Change in value of investment properties		(6.9)	(6.9)
Interest expense on leases liabilities	(0.3)	(8.0)	(8.2)
Deferred tax on IFRS 16 restatement			
TOTAL	(8.7)	(14.9)	(23.6)

Variable rents on ground leases not restated in accordance with IFRS 16 amount to €8.0 million as of December 31, 2020 (see note 6.2).

Short-term leases, low-value assets and variable rents on property, plant and equipment, do not fall within the scope of IFRS 16. The rental expenses recorded in 2020 in relation to these leases is not material.

NOTE 9 RISK EXPOSURE AND HEDGING STRATEGY

Klépierre identifies and regularly measures its exposure to the various sources of risk (interest rates, liquidity, foreign exchange, counterparties, equity market shares, etc.) and sets applicable management policies as required. The Group carefully manages the inherent financial risks in its business activity and the financial instruments it uses.

9.1 INTEREST-RATE RISK

9.1.1 Interest-rate risk – exposure to floating-rate debt

Recurrence of floating-rate financing requirement

Floating-rate debt represented 24% of the Group's borrowings as of December 31, 2020 (before hedging), and comprises bank loans (secured and unsecured) and commercial paper.

Identified risk

An increase in the interest rate against which floating-rate borrowings are indexed (Euribor, Nibor, Stibor and Cibor) could result in an increase in future interest rate expenses.

Measurement of risk exposure

The tables below show the exposure of Klépierre's net income to an increase in interest rates, before and after hedging.

The following table quantifies the likely impact on equity of an increase in interest rates based on Klépierre's cash flow hedge swaps portfolio at the period end.

Fair value of cash flow hedge <i>In millions of euros</i>	Notional	Fair value net of accrued interest	Impact of a 1% increase in interest rates on shareholders' equity
CASH FLOW HEDGE SWAPS AT 12/31/2020			
• Euro-denominated portfolio	449.4	(5.8)	5.2
• Steen & Strøm portfolio	437.9	(7.1)	6.9
CASH FLOW HEDGE SWAPS AT 12/31/2020	887.3	(12.9)	12.1

Breakdown of floating rate financial borrowings after derivatives:

Interest rate position after hedging <i>In millions of euros</i>	Amount	Impact of a 1% increase in interest rates on shareholders' equity
Gross position before hedging (floating-rate debt)	2,272.9	22.7
• Net hedge	(3,551.4)	(16.8)
Gross position after hedging	(1,278.5)	6.0
• Marketable securities	(10.0)	(0.1)
NET POSITION AFTER HEDGING	(1,288.5)	5.9

Breakdown of borrowings after interest rate hedging:

In millions of euros	Fixed-rate borrowings or borrowings converted to fixed-rate			Floating-rate borrowings			Total gross borrowings		Average all-in cost of debt at closing date ^(a)
	Amount	Rate	Fixed portion ^(b)	Amount	Rate	Floating portion ^(b)	Amount	Rate	
12/31/2018	8,589	1.58%	96%	333	1.09%	4%	8,921	1.56%	1.60%
12/31/2019	8,473	1.34%	92%	732	1.09%	8%	9,205	1.32%	1.42%
12/31/2020	9,439	1.15%	100%	-	-	-	9,439	1.15%	1.22%

(a) Including the deferral of issue cost/premiums.

(b) Fixed portion includes fixed rate bonds net of receiver swaps, payer swaps and caps. At the end of 2020, the hedging ratio comprise 77% (payer swaps and fixed rate bonds) and 37% (caps) reached 114%.

The average all-in cost of debt calculated as of December 31, 2020 does not constitute a forecast over the coming period.

Hedging strategy

Klépierre has set a target of hedging approximately 70% of its exposure, calculated as the ratio of fixed-rate debt (after hedging) to gross borrowings expressed as a percentage. Additional instruments with less effective hedging components such as caps may be added to raise hedging coverage to 100%. As of December 31, 2020, Klépierre was ahead of its objective, with 114% of its exposure hedged. This hedging ratio comprises 77% fixed-rate debt or payer swaps and 37% of caps. Restated for euro caps whose strike prices are 50 basis points above current market rates (€850 million of notional), the hedging rate came out at 105%.

In order to achieve its hedging target rate, Klépierre may use swaps in order to convert fixed-rate debt to floating rates.

Klépierre also hedges its risk from short-term rate increases by buying caps that limit the possible variations compared to a benchmark index.

Given the nature of its business as a long-term property owner and its growth strategy, Klépierre is structurally a borrower. Since the Group is not seeking to reduce the proportion of short-term debt in its total debt, it is highly likely that its short-term floating-rate loans will be renewed in the medium term. Accordingly, Klépierre's hedging strategy covers both the long-term and short-term portions of its borrowings.

Generally, payer swaps terms may exceed those of the underlying borrowings on condition that Klépierre's financing plan emphasizes the high probability of these borrowings being renewed.

9.1.2 Interest-rate risk – exposure to fixed-rate debt

Description of fixed-rate borrowings

The bulk of Klépierre's fixed-rate borrowing comprises bonds (denominated in euros, Norwegian kroner and Swedish kronor) and mortgage loans.

Identified risk

Klépierre's fixed-rate debt exposes the Group to changes in risk-free interest rates, as the fair value of fixed-rate debt increases as rates fall, and vice versa.

At any given time, Klépierre may also need to increase its future fixed-rate debt (e.g., for a future acquisition). It would then be exposed to the risk of a change in interest rates prior to arrangement of the loan. Klépierre may then consider hedging this risk, which may be treated as a cash flow hedge risk under IFRS.

Measurement of risk exposure and hedging strategy

As of December 31, 2020, the Group's fixed-rate debt stood at €7,166 million before hedging.

The fair value hedge strategy is calibrated to meet the overall hedging target. It is also based on the use of interest-rate instruments swapping fixed-rate payments for floating-rate payments. The credit margin component is not hedged.

As Klépierre intends to achieve a high level of hedge effectiveness as defined by IFRS 9, the terms of fair value hedging instruments never exceed the maturity of the underlying debt.

9.1.3 Marketable securities

As of December 31, 2020, cash equivalents held by Klépierre only comprise amounts invested in French term deposits (€10 million).

These investments expose Klépierre to a moderate interest rate risk in view of their temporary nature (cash investments) and the amounts involved.

9.1.4 Fair value of financial assets and liabilities

The Group recognizes borrowings in the statement of financial position at amortized cost.

The following table compares the fair values of borrowings with their corresponding nominal values. Fair values are established on the basis of the following principles:

- Floating-rate loans: fair value is equal to the nominal value;
- Fixed-rate bank debt: fair value is calculated solely on the basis of rate fluctuations;
- Bonds: use of prices quoted on an active market where these are available.

In millions of euros	12/31/2020			12/31/2019		
	Par value	Fair value	Impact of a 1% increase in interest rates on fair value ^(a)	Par value	Fair value	Impact of a 1% increase in interest rates on fair value ^(a)
Fixed-rate bonds	7,097.6	7,468.8	(317.2)	6,152.7	6,473.1	(236.2)
Fixed-rate bank loans	68.3	68.9	(1.0)	75.5	76.3	(1.1)
Other floating-rate loans	2,272.9	2,272.9		2,976.5	2,976.5	
TOTAL	9,438.8	9,810.6	(318.2)	9,204.7	9,525.9	(237.3)

(a) Change in the fair value of the debt as a result of a parallel shift in the rate curve.

Derivatives are recognized in the statement of financial position at their fair value. As of December 31, 2020, a 100-basis-point increase in interest would have resulted in a €21.2 million decrease in the value of the Group's euro-denominated interest rate derivatives.

9.2 LIQUIDITY RISK

Klépierre is attentive to the long-term refinancing needs of its business and the need to diversify maturity dates and sources of financing in such a way as to facilitate renewals.

The average maturity of debt as of December 31, 2020 was 6.9 years, with borrowings spread between different markets (the bonds and commercial paper represent 92% of debt, with the remainder raised on the banking market). Within the banking market, Klépierre uses a range of different loan types (syndicated loans, mortgage loans, etc.) and counterparties.

Outstanding commercial paper, which represents the bulk of short-term financing, never exceeds the backup credit lines. This means that the Group can refinance immediately if it has difficulty renewing its borrowings on the commercial paper market.

As of December 31, 2020, Klépierre had undrawn credit lines totaling €2,734 million (including bank overdrafts) and €452 million in cash at bank. These resources are sufficient to absorb all the refinancing scheduled until May 2024.

Generally speaking, access to financing for real estate companies is facilitated by the security offered to lenders in the form of property assets.

Some of Klépierre's sources of funding (bilateral loans, bonds, etc.) contain covenants. Failure to comply with these covenants may trigger early repayment. These covenants are based on the standard ratios applying to real estate companies, and the limits imposed leave Klépierre with sufficient flexibility. Failure to comply with these covenants may result in mandatory repayment.

Some of Klépierre SA's bonds (€6,933 million) include a bearer put option, entitling the holder to request early repayment in the event of a change of control giving rise to a downgrade in Klépierre's credit rating to below investment grade. None of the Group's other covenants refer to Standard & Poor's rating for Klépierre.

The main covenants are described in note 5.12.3.

9.3 CURRENCY RISK

The bulk of Klépierre's business is currently conducted within the Eurozone, with the exception of Norway, Sweden, Denmark, Poland, Czech Republic and Turkey.

Except for Scandinavia, the currency risk in these countries has not been deemed to be sufficiently high to warrant hedging, since any acquisitions and the corresponding financing has been denominated in euros.

In Poland and the Czech Republic, rents are billed to lessees in euros and converted into the local currency at the billing date. Lessees may choose to pay their rents in local currency or in euros. The currency risk on minimum guaranteed rents is therefore limited to any variance between the rent as billed and the rent actually collected if the currency should fall in value against the euro between the billing date and the date of payment in local currency by the lessee.

At the same time, Klépierre ensures that rent payments do not represent an excessively high proportion of tenants' revenue in order to avoid degrading their financial position in the event of a sharp increase in the value of the euro, which could increase the risk of defaulting on their payments to Klépierre.

In Turkey, rents are denominated in local currency, thereby eliminating any currency risk for tenants.

In Central Europe and in Turkey, financing is denominated in euros at Group level. Considering the limited exposure of the Group's portfolio to these countries and the expensive cost of forex hedging, especially for long durations, the Group has decided not to hedge this position.

In Scandinavia, however, leases are denominated in local currency. Funding is therefore also raised in local currency. The Klépierre Group's main source of exposure to Scandinavian currency risk is therefore limited essentially to equity funds invested in the company (Steen & Strøm) and financed in euros.

9.4 COUNTERPARTY RISK IN CONNECTION WITH FINANCING ACTIVITIES

Counterparty risk is limited by the fact that Klépierre is structurally a borrower. This risk is therefore essentially restricted to investments made by the Group and its derivative transaction counterparties.

9.4.1 Counterparty risk on marketable securities

The counterparty risk on investments is limited by the type of products used:

- Monetary UCITS managed by recognized institutions, and therefore carrying a range of signatures;
- Government debt (loans or borrowings) of countries in which Klépierre operates;
- Occasionally, certificates of deposit issued by leading banks.

9.4.2 Counterparty risk on hedging instruments

Klépierre conducts derivative instrument transactions only with financial institutions recognized as financially sound.

9.5 EQUITY RISK

As of December 31, 2020, Klépierre held 14,714,116 treasury shares, which are recognized in equity at their acquisition cost.

NOTE 10 FINANCE AND GUARANTEE COMMITMENTS**10.1 COMMITMENTS GIVEN**

<i>In millions of euros</i>	12/31/2020	12/31/2019
Commitments related to the Group's consolidated scope		3.0
Purchase commitments		3.0
Commitments related to the Group's financing activities		
Financial guarantees given	(a)	(a)
Commitments related to the Group's operating activities	69.7	73.3
Commitments under conditions precedent	8.5	16.9
Work completion commitments	28.5	27.9
Rental guarantees and deposits	1.7	2.2
Other commitments given	31.0	26.3
TOTAL	69.7	76.3

(a) Since December 31, 2018 this information has been transferred to note 5.12.2 "Main sources of financing".

10.1.1 Commitments related to the Group's consolidated scope**Purchase commitments**

As of December 31, 2020, the contingent consideration related to the acquisition of a project in France has expired.

10.1.2 Commitments related to the Group's operating activities**Commitments under conditions precedent**

The commitments under conditions precedent relate to purchase agreements on land or assets and contingent consideration on acquisitions.

Work completion commitments

Work completion commitments mainly relate to development projects in France.

Rental guarantees and deposits

"Rental guarantees and deposits" mainly comprise deposits related to local headquarters.

Other commitments given

Other commitments given mainly include payment guarantees given to tax authorities.

Other commitments given related to leases

The construction of the Saint-Lazare shopping center was authorized as part of the temporary occupation license of the public estate. The license agreement was signed in July 2008 between SOAVAL (Klépierre Group) and SNCF (National French Rail Network) for a 40-year period.

Within this period, at predetermined intervals and in return for compensation, SNCF is entitled (i) to exercise a call option on the SOAVAL shares, and (ii) to terminate the temporary occupation license.

10.2 MUTUAL COMMITMENTS

Commitments related to development projects amounted to €19.4 million as of December 31, 2020 versus €40.6 million as of December 31, 2019. These commitments concern development work engaged (but not paid) by the Group with contractors where financial completion warranties have been received, in connection with Hoog Catharijne in the Netherlands.

10.3 COMMITMENTS RECEIVED

<i>In millions of euros</i>	12/31/2020	12/31/2019
Commitments related to the Group's financing activities	2,338.9	2,012.3
Financing agreements obtained and not used ^(a)	2,338.9	2,012.3
Commitments related to the Group's operating activities	411.6	510.9
Sale commitments	30.2	115.2
Financial guarantees received in connection with management activities (<i>Loi Hoguet</i>)	190.0	195.0
Financial guarantees received from tenants and suppliers	191.4	200.7
TOTAL	2,750.5	2,523.2

(a) Net of drawings on the commercial paper program.

10.3.1 Commitments related to the Group's financing activities

Financing agreements obtained and not used

As of December 31, 2020, Klépierre had €2,339 million in undrawn committed credit facilities, net of commercial paper.

10.3.2 Commitments related to the Group's operating activities

Sale commitments

As of December 31, 2020, sale commitments relate mainly to certain assets in France.

Financial guarantees received in connection with management activities (*Loi Hoguet*)

As part of its real-estate, leasing and property management activities, banking guarantees have been delivered to Klépierre Management for an amount capped at €190 million as of December 31, 2020.

Financial guarantees received from tenants and suppliers

As part of its rental business, the Group receives payment guarantees issued by financial institutions guaranteeing the amounts owed by tenants and suppliers.

To the best of Klépierre's knowledge, there are no other material or potentially material off-balance sheet commitments, as defined by the applicable accounting standards.

10.4 SHAREHOLDERS' AGREEMENTS

The main shareholders' agreements are detailed below:

Companies (countries)	Parties to the agreement	Date of the agreement or last amendment	% controlled by the Group	Type of control	Comments
Secar SC (France)	Cardif Group, Union de Gestion Immobilière Civile	12/13/2019	10.00%	Significant Influence	The agreement contains provisions relating to the governance of the company, and the usual protections in the event of proposed share sales (first refusal, full tag-along rights, forced tag-along rights) and in particular in the event of end of the asset management mandate assigned to Klépierre Management.
Bègles Arcins SCS (France)	Assurécureuil Pierre 3 SC	09/02/2003	52.00%	Exclusive Control	The agreement contains provisions relating to the governance of the company, and the usual protections in the event of proposed share sales, as well as a dispute resolution clause.
Secovalde SCI, Valdebac SCI (France)	Vendôme Commerces SCI	11/23/2010	55.00%	Exclusive Control	The agreement contains the usual protections in the event of a proposed sale of shares to a third party (first refusal and full tag-along rights) and change of control of a shareholder.
Portes de Claye SCI (France)	Cardif Assurances Vie	04/16/2012	55.00%	Exclusive Control	The agreement contains provisions governing relations between the company's shareholders. It provides the usual protections in the event of a proposed sale of shares to a third party: reciprocal pre-emption right, reciprocal full tag-along right, full tag-along obligation for non-controlling shareholders in the event the controlling shareholder plans to sell its full equity stake. It also gives non-controlling shareholders a right of first offer in the event of a sale of assets by the company.
Massalia Invest SCI, Massalia Shopping Mall SCI (France)	Lacydon SA	09/27/2017	60.00%	Exclusive Control	The agreement contains provisions governing relationships between shareholders of said companies, particularly with respect to the governance of Massalia Invest and Massalia Shopping Mall SCI, the terms relating to the sale and divestment by shareholders of their investment in Massalia Invest (right of first refusal, tag-along right, a change of control clause, call option) and the conditions and main methods of funding of Massalia Invest and Massalia Shopping Mall SCI. The latest amendment modifies the rules applicable to the management committee when voting on decisions related to the shopping center's food superstore.
Nordica Holdco AB, Storm Holding Norway AS and Steen & Strøm AS (Sweden & Norway)	Stichting Pensioenfond ABP, Storm ABP Holding BV and PG Strategic Real Estate Pool NV and Stichting Depositary APG Real Estate Pool	10/07/2008	56.10%	Exclusive Control	The agreement contains the usual protections for non-controlling interests: qualified majority voting for certain decisions, call option in the event of deadlock and tag-along rights, as well as the following provisions: <ul style="list-style-type: none"> • A one-year lock-up period applied to Steen & Strøm shares from the date of acquisition; • Each party has a right of first offer on any shares which the other party wishes to transfer to a third party. However, if shares are transferred by a party (other than Klépierre or one of its affiliates) to a Klépierre competitor (as defined in the agreement), the shares concerned will be subject to a right of first refusal and not a right of first offer; • From the sixth year following the acquisition, either party may request a meeting of shareholders to vote on the disposal of all the shares or assets of Steen & Strøm, or a market flotation of the company. The vote will be subject to a two-thirds majority. The Group has the right to appoint three members to the Board of Directors including the Chairman, whereas the partner can appoint two members. The partner has protective rights pursuant to the shareholders' agreement and following the analysis of the decisions reserved for the partner.
Kleprim's SC (France)	Holdprim's SAS	11/30/2016	50.00%	Joint Control	The agreement gives Kleprojet 1 exit rights if the conditions precedent are not met as well as the usual protections in the event of a proposed sale of shares to a third party (first refusal and full-tag along rights), change of control of a shareholder and other provisions governing relations between shareholders.
Cecobil SCS (France)	Vendôme Commerces SCI	10/25/2007	50.00%	Joint Control	The agreement provides the usual protections in the event of a proposed sale of shares to a third party (first refusal and full tag-along rights) and change of control of a shareholder.

Companies (countries)	Parties to the agreement	Date of the agreement or last amendment	% controlled by the Group	Type of control	Comments
Du Bassin Nord SCI (France)	Icade SA	NA	50.00%	Joint Control	The company Bassin Nord is jointly held by Klépierre SA and Icade SA and is jointly managed. The co-managing directors' compensation is approved by collective decision of the shareholders, who can only withdraw totally or partially when unanimously authorized by the other shareholders.
Holding Klege Sarl (Luxembourg – Portugal)	Torelli SARL	11/24/2008	50.00%	Joint Control	The agreement contains the usual provisions governing share capital transactions, decision-making and the right to information. Both parties have pre-emption rights in the event of a proposed sale of shares in the company to a third party. Each partner has the right to appoint the same number of members to the Board of Directors. The Chairman is appointed for a period of twelve continuous months on an alternating basis with the partner. All decisions are adopted on simple majority.
Italian Shopping Centre Investment SRL (Italy)	Allianz Lebensversicherungs-Aktiengesellschaft	08/05/2016	50.00%	Joint Control	The agreement contains provisions governing the relationship between shareholders, including decisions which must be submitted to shareholders for approval. It includes a right of first offer and a "deadlock" dispute resolution clause.
Clivia SpA, Il Destriero SpA (Italy)	Finiper, Finiper Real Estate & Investment, Iper Montebello, Immobiliare Finiper et Cedro 99	12/14/2007 Tacitly renewed on 12/14/2017 for an additional 10-year period	50.00%	Joint Control	The agreement contains provisions governing relations between shareholders, including a pre-emption right in the event of the sale of shares to third parties, as well as a tag-along right. The agreement also contains provisions relating to the governance of the company, and to the majority required to approve certain company decisions.
Akmerkez Gayrimenkul Yatirim Ortakligi AS (Turkey)	Several individuals	2005	46.00%	Significant Influence	The agreement contains provisions governing relations between shareholders including the composition of the Board of Directors, particularly the number of representatives of each shareholder on said Board. It also contains provisions related to the majority required to adopt decisions which must be submitted to the Board of Directors for approval.

10.5 COMMITMENTS UNDER OPERATING LEASES WITH LESSORS

The main clauses contained in the lessor's lease agreement are described below.

Rental periods vary by country. The terms for setting and indexing rents are set out in the agreement.

Indexation is used to revise the minimum guaranteed rent. The indices applied vary from country to country.

Indexation specific to each country

In France, leases are indexed to the French commercial rents index (ILC) or cost of construction index (ICC). The ILC is a compound index derived from the French consumer price index (IPC), retail trade sales value index (ICAV) and cost of construction index (ICC). Leases are modified in line with the last known index at January 1 of each year. Most leases are indexed to the ILC for the second quarter, which is published in October and applicable from January 1 of the following year.

In Belgium, the index used is the Health index (the value of this index is determined by removing a number of products from the consumer price index product basket, in particular alcoholic beverages, tobacco products and motor fuels except for LPG). Leases are indexed every year on the effective date of the lease.

In Spain, the consumer price index is measured annually on January 1.

In Italy, the system is based on the consumer price indices (excluding tobacco) for working class and junior management (ISTAT), but is more complex in its implementation. Depending on the lease, either 75% (locazione regulated leases) or 100% of the ISTAT is applied.

In Portugal, the index used is the consumer price index, excluding real estate.

In Greece, the consumer price index is applied.

The Eurostat eurozone IPCH index used in Central Europe is based on consumer prices in the EMU countries.

In Norway, leases are usually written for periods of five or ten years. Unless agreed otherwise, each party may request an annual rent review based on the trend in the Norwegian consumer price index.

In Sweden, if a lease is signed for a period of more than three years, an annual indexation based on the Swedish consumer price index is usually included in the lease contract.

In Denmark, in most cases the rent is revised annually based on changes in the Danish consumer price index. Pursuant to Danish law applicable to commercial leases, either party may request that the rent is adjusted to reflect the market rate every four years. This provision applies unless the parties agree otherwise.

In the Netherlands, in most cases the rent is revised annually based on changes in the Dutch monthly consumer price index. Furthermore, pursuant to Dutch law applicable to commercial leases, either party may request the rent to be adjusted to reflect the market rate after the end of the first lease period, or every five years from the date of the new lease.

In Germany in most cases the index used is the consumer price index, however some tenants might have a contractually agreed minimum rate of indexation that differs from the consumer price index.

In Turkey, starting from September 2018, rents have been denominated in Turkish lira in advance for each rental year, with a large majority of leases subject to indexation of consumer price index per year. Leases are generally signed for a five-year period and allow the lessee to extend the contract every year, for a maximum period of ten years. In cases where the lessee uses the option to extend the lease period, the rent will increase by consumer price index per year.

Minimum guaranteed rent and variable rent

Appraised on a year-by-year basis, the rent payable is equivalent to a percentage of the revenues generated by the lessee during the calendar year concerned. The rate applied differs depending on business type. The total amount of this two-tier rent (a fixed portion plus a variable portion) can never be less than the minimum guaranteed rent (MGR).

The MGR is revised annually by applying the index rate according to the terms specified above. The variable portion of the rent is equivalent to the difference between the revenue percentage contained in the lease and the minimum guaranteed rent after indexation.

All or part of the variable rent is consolidated into the MGR on renewal of the lease. In this way, the variable portion of the rent is usually

reduced to zero at the beginning of the new lease. Every year, it is mechanically reduced in an amount equivalent to the rise in the MGR resulting from indexation.

Total amount of conditional rents recognized in income

The conditional rent is the portion of rental payments that is not fixed, but determined based on a factor other than time (e.g., percentage of revenues, degree of use, price indices, market interest rates, etc.).

Minimum payments made under the lease are payments that the lessee is, or may be, required to make during the term of the lease, excluding the conditional rent, the cost of services and taxes to be paid or refunded to the lessor.

Future minimum rents receivable

As of December 31, 2020, future minimum rents receivable under non-cancelable operating leases were as follows:

<i>In millions of euros</i>	12/31/2020
Less than one year	879.0
Between one and five years	1,444.7
More than five years	614.9
TOTAL	2,938.5

NOTE 11 EMPLOYEE COMPENSATION AND BENEFITS

11.1 PAYROLL EXPENSES

Total payroll expenses amounted to €95.2 million for the year ended December 31, 2020, and include fixed and variable salaries plus mandatory and discretionary profit sharing for €69.8 million, pension-related expenses, retirement expenses and payroll costs for €23.7 million, and taxes and similar compensation-related payments for €1.7 million.

11.2 HEADCOUNT

As of December 31, 2020, the Group had an average of 1,052 employees, breaking down as 429 employees in France-Belgium and 623 employees in the other geographic segments, including 132 employees at the Scandinavian real estate company Steen & Strøm. The Klépierre Group's average headcount in 2020 breaks down as follows:

	12/31/2020	12/31/2019
France-Belgium	429	448
Scandinavia	132	133
Italy	172	175
Iberia	111	111
Netherlands	55	55
Germany	45	48
Central Europe & Other	108	131
TOTAL	1,052	1,101

11.3 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

Employee benefits

Employee benefits are recognized as required by IAS 19, which applies to all payments made for services rendered, except for share-based payment, which is covered by IFRS 2.

All short or long-term employee benefits, whether paid in cash or in kind, must be classified into one of the following four main categories:

- Short-term benefits, such as salaries, annual vacation, mandatory and discretionary profit-sharing plans and employer top-up contributions;
- Post-employment benefits, which relate primarily to supplementary pension payments in France, and private pension plans elsewhere;
- Other long-term benefits, which include paid vacation, long-service payments, and certain deferred payment schemes paid in monetary units;
- Severance pay.

Measurement and recognition methods for employee benefits vary depending on the category.

Short-term benefits

The company recognizes an expense when it uses services provided by its employees and pays agreed benefits in return.

Post-employment benefits

In accordance with generally-accepted accounting principles, the Group makes a distinction between defined contribution plans and defined benefit plans.

Defined contribution plans do not generate a liability for the Group, and no provision is therefore set aside. Contributions paid during the period are recognized as an expense.

Only defined benefit plans generate a liability for the Group, and are therefore measured and provisioned.

The classification of a benefit into one of these categories depends on its economic substance, which is used to determine whether the Group is required to provide the promised benefit to the employee under the terms of an agreement or an implicit obligation.

Post-employment benefits classified as defined benefit plans are subject to actuarial valuations based on demographic and financial assumptions.

The amount of the commitment to be provisioned is calculated using the actuarial assumptions adopted by the Company and by applying the projected unit credit method. The value of any hedging assets (plan assets and reimbursement rights) is deducted from the resulting figure. In accordance with IAS 19 (revised), actuarial gains and losses are recognized in equity.

Long-term benefits

These are benefits other than post-employment benefits and severance pay, which are not payable in full within twelve months of the end of the financial year in which the employees concerned provided the services in question.

The actuarial measurement method applied is similar to that used for defined benefit plans, and the actuarial gains and losses are recognized directly in equity. Furthermore, any gain or loss resulting from changes in the plan, but deemed to apply to past services, is recognized immediately.

Severance pay

Employees receive severance pay if the Group terminates their employment contract before they reach the statutory retirement age or if they accept voluntary redundancy. Severance pay falling due more than twelve months after the reporting date is discounted.

Share-based payments

In accordance with IFRS 2, all share-based payments must be recognized as expenses when use is made of the goods or services provided in return for these payments.

For the Klépierre Group, this standard applies primarily to the purchase of shares to meet the commitments arising from its employee performance share plans.

Performance share plans granted to employees are measured at fair value at the grant date. This fair value is not subsequently remeasured for equity-settled share-based payment transactions.

This value is applied to the number of performance shares that vest at the end of the vesting period and is booked as an expense, with a corresponding increase in equity over the vesting period.

This employee expense reflecting the performance shares granted (corresponding to the fair value of services rendered by employees) is measured by an independent expert. The model adopted complies with the basic assumptions of the Black-Scholes model, adapted to the specific characteristics of the options concerned.

11.3.1 Defined contribution plans

In France, the Klépierre Group contributes to a number of national and inter-profession core and supplementary pension organizations.

11.3.2 Defined benefit plans

Provisions recognized for defined benefit pension plans totaled €11.8 million as of December 31, 2020.

<i>In millions of euros</i>	12/31/2019	Increases during the period	Reversals (utilized provisions)	Reversals (surplus provisions)	Other movements	Changes in the scope of consolidation	12/31/2020
Provisions for employee benefit obligations							
• Defined benefit plans	8.9	0.5			(0.0)		9.4
• Other long term benefits	2.3	0.1					2.4
TOTAL	11.2	0.6			(0.0)		11.8

The defined benefit plans in place in **France** are subject to an independent actuarial assessment, using the projected unit credit method to calculate the expense relating to rights vested by employees and the outstanding benefits to be paid to pre-retirees and retirees. The demographic and financial assumptions used when estimating the discounted value of the plan obligations and plan assets reflect the economic conditions specific to the monetary zone concerned.

Klépierre has set up supplementary pension plans under a corporate agreement. Under these supplementary plans, employee beneficiaries will, on retirement, receive additional income over and above their national state pensions (where applicable) in accordance with the type of plan they are entitled to.

Group employees also benefit from agreed or contractual personal protection plans in various forms, such as retirement benefits.

In **Italy**, Klépierre Management Italia operates a *Trattamento di Fine Rapporto* (TFR) plan. The amount payable by the employer on termination of the employment contract (as a result of resignation, dismissal or retirement) is calculated by applying an annual coefficient for each year worked. The final amount is capped. Since the liability is known, it can be recognized under other liabilities and not as a provision for contingencies.

Until December 31, 2014, Scandinavia had both public and supplementary pension plans. Both plans provided for mandatory annual contributions to pension funds. In addition to these plans, Steen & Strøm had put in place a private plan for some employees in **Norway**. This system met the definition of a defined benefit plan within the meaning of IAS 19 (revised). As of December 31, 2015, the subsidiary in Norway terminated their defined benefit plan and set-up a defined contribution plan. Under the defined contribution plan the entity's obligation is limited to the amount that it agrees to contribute to the fund responsible for the payment of the obligation.

In **Spain**, a provision for employee benefit commitments may be recognized where specific provision is made in the collective bargaining agreement, but this does not affect employees of the Klépierre Group in Spain. The existing commitments for post-employment medical assistance plans are measured based on assumed rises in medical costs. These assumptions, based on historical observations, take into account the estimated future changes in the cost of medical services resulting from both the cost of medical benefits and inflation.

COMPONENTS OF THE NET OBLIGATION (FIVE-YEAR COMPARISON OF ACTUARIAL LIABILITIES)

<i>In millions of euros</i>	2020	2019	2018	2017	2016
SURPLUS (PLAN ASSETS LESS OBLIGATIONS)					
Gross discounted value of obligations fully or partially funded by assets	9.1	10.5	10.5	11.1	11.3
Fair value of plan assets	(0.2)	(0.1)	(0.2)	(0.2)	(0.1)
Discounted value of unfunded obligations	8.9	10.4	10.4	11.0	11.2
Costs not yet recognized in accordance with IAS 19					
Past service cost	0.8	1.1	1.1	1.2	1.1
Net actuarial losses or gains	(0.0)	(2.4)	(1.0)	(1.4)	(0.3)
Acquisitions/Disposals				(0.1)	(0.6)
Length of service awards due	(0.3)	(0.2)	(0.2)	(0.2)	(0.4)
NET OBLIGATION RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION FOR DEFINED BENEFIT PLANS	9.4	8.9	10.4	10.4	11.1

CHANGE IN THE NET OBLIGATION

<i>In millions of euros</i>	12/31/2020
Net obligation at the beginning of the period	8.9
Retirement expense recognized in income for the period	0.8
Contributions paid by Klépierre recognized in income for the period	
Acquisitions/Disposals	
Benefits paid to recipients of unfunded benefits	(0.3)
Change in actuarial gains and losses, and other rights modifications	(0.0)
Translation differences	
NET OBLIGATION AT THE END OF THE PERIOD	9.4

COMPONENTS OF RETIREMENT EXPENSES

<i>In millions of euros</i>	12/31/2020
Cost of services rendered during the year	0.7
Financial cost	0.1
Expected return on plan assets	
Amortization of actuarial gains and losses	
Amortization of past services	
Impact of plan curtailments and settlements	
Translation differences	
TOTAL RECOGNIZED IN PAYROLL EXPENSES	0.8

MAIN ACTUARIAL ASSUMPTIONS USED FOR STATEMENT OF FINANCIAL POSITION CALCULATIONS

	12/31/2020	12/31/2019
Discount rate	0.16%	0.61%
Expected rate of return on plan assets	0.16%	0.61%
Expected rate of return on reimbursement rights	NA	NA
FUTURE SALARY INCREASE RATE	0.50% – 2.25%	0.50% – 2.25%

The discount rate is determined using the yield on the 10-year iBoxx AA corporate bonds index.

The impact of change in actuarial gains and losses recognized directly in equity was close to nil as of December 31, 2020.

11.4 PERFORMANCE SHARES

There are currently five performance share plans in place for Group executives and employees. Plans no. 1, no. 2 and no. 3 expired respectively in 2016, 2017 and 2018.

Plan authorized in 2015	Plan no. 4	
	France	Other
Date of General Meeting of Shareholders	04/14/2015	04/14/2015
Date of Executive Board meeting	05/04/2015	05/04/2015
End of vesting period	05/04/2018	05/04/2019
End of lock-up period	05/04/2021	-
Shares originally allotted	235,059	54,900
Discount on performance shares in 2020	221,059	37,900
Additional shares allotted	0	0
Shares canceled at December 31, 2020	14,000	17,000
Outstanding shares at December 31, 2020	0	0

	Plan no. 5	
	France	Other
Plan authorized in 2016		
Date of General Meeting of Shareholders	04/19/2016	04/19/2016
Date of Executive Board meeting	05/02/2016	05/02/2016
End of vesting period	05/02/2019	05/02/2020
End of lock-up period	05/02/2021	-
Shares originally allotted	240,500	84,000
Discount on performance shares in 2020	180,196	53,948
Shares canceled at December 31, 2020	21,666	18,852
Shares fully vested in 2019	38,638	0
Shares fully vested in 2020	0	11,200
Outstanding shares at December 31, 2020	0	0

	Plan no. 6	
	France	Other
Plan authorized in 2017		
Date of General Meeting of Shareholders	04/18/2017	04/18/2017
Date of Executive Board meeting	04/18/2017	04/18/2017
End of vesting period	04/18/2020	04/18/2021
End of lock-up period	04/18/2022	-
Shares originally allotted	216,300	94,600
Discount on performance shares in 2020	168,462	65,337
Shares canceled at December 31, 2020	22,666	19,500
Shares fully vested in 2020	25,172	0
Outstanding shares at December 31, 2020	0	9,763

	Plan no. 7	
	France	Other
Plan authorized in 2018		
Date of General Meeting of Shareholders	04/24/2018	04/24/2018
Date of Executive Board meeting	04/24/2018	04/24/2018
End of vesting period	04/24/2021	04/24/2022
End of lock-up period	04/24/2023	-
Shares originally allotted	223,800	88,800
Additional shares allotted	0	0
Shares canceled at December 31, 2020	24,966	9,900
Outstanding shares at December 31, 2020	198,834	78,900

	Plan no. 8	
	France	Other
Plan authorized in 2019		
Date of General Meeting of Shareholders	05/06/2019	05/06/2019
Date of Executive Board meeting	05/06/2019	05/06/2019
End of vesting period	05/06/2022	05/06/2023
End of lock-up period	05/06/2024	-
Shares originally allotted	222,000	95,800
Additional shares allotted	4,000	0
Shares canceled at December 31, 2020	29,200	7,000
Outstanding shares at December 31, 2020	196,800	88,800

Between May 7, 2020 and December 22, 2020, 320,150 shares were allotted to management and Group employees, as part of a performance share plan, authorized by the Executive Board. The characteristics of this plan are as follows:

Plan authorized in 2020	Plan no. 9	
	France	Other
Date of General Meeting of Shareholders	05/07/2020	05/07/2020
Date of Executive Board meeting	05/07/2020	05/07/2020
End of vesting period	05/07/2023	05/07/2024
End of lock-up period	05/07/2025	-
Shares originally allotted	222,550	97,600
Additional shares allotted	0	0
Shares canceled at December 31, 2020	6,500	0
Outstanding shares at December 31, 2020	216,050	97,600

The total expense recognized for the period for all performance share plans amounted to €0.9 million and includes updates to the performance criteria for Plans no. 7 and no. 8. It also takes into account an estimate of the number of beneficiaries at the end of each vesting period, as they may forfeit their entitlements if they leave the Klépierre Group during the period.

11.4.1 Other information

The following tables present the assumptions used to measure the value of performance share plans and the expenses recognized over the period.

Plan authorized in 2015	Plan no. 4	
	France	Other
Share price on the allotment date		
Average of the 40 opening share prices preceding May 4, 2015	€45.12	€45.12
Klépierre share price volatility:	20% Klépierre share and 13.50% FTSE	
Historical volatility over 3 years, as calculated as of May 4, 2015 based on daily variations	EPRA eurozone; correlation: 0.82	
Dividend per share	€1.60	€1.60
Share value	€17.00	€16.20
Expense for the period	€0.0 million	€0.0 million

Plan authorized in 2016	Plan no. 5	
	France	Other
Share price on the allotment date		
Average of the 40 opening share prices preceding May 2, 2016	€41.19	€41.19
Klépierre share price volatility:	22% Klépierre share and 18% FTSE	
Historical volatility over 3 years, as calculated as of May 2, 2016 based on daily variations	EPRA eurozone; correlation: 0.8	
Dividend per share	€1.70	€1.70
Share value	€17.52	€16.81
Expense for the period	€0.0 million	€0.0 million

Plan authorized in 2017	Plan no. 6	
	France	Other
Share price on the allotment date		
Average of the 40 opening share prices preceding April 18, 2017	€36.02	€36.02
Klépierre share price volatility:	21.5% Klépierre share and 15% FTSE	
Historical volatility over 3 years, as calculated as of April 18, 2017 based on daily variations	EPRA eurozone; correlation: 0.88	
Dividend per share	€1.82	€1.82
Share value	€18.39	€17.64
Expense for the period	€0.3 million	€0.3 million

Plan authorized in 2018	Plan no. 7	
	France	Other
Share price on the allotment date		
Average of the 40 opening share prices preceding April 28, 2018	€33.72	€33.72
Klépierre share price volatility:	22% Klépierre share and 14% FTSE	
Historical volatility over 3 years, as calculated as of April 28, 2018 based on daily variations	EPRA eurozone; correlation: 0.72	
Dividend per share	€1.96	€1.96
Share value	€21.12	€19.75
Income for the period	€0.5 million	€0.1 million

Plan authorized in 2019	Plan no. 8	
	France	Other
Share price on the allotment date		
Average of the 40 opening share prices preceding May 6, 2019	€31.45	€31.45
Klépierre share price volatility: Historical volatility over 3 years, as calculated as of May 6, 2019 based on daily variations	17% Klépierre share and 11% on the panel indicator; correlation: 0.61	
Dividend per share	€2.10	€2.10
Share value	€19.00	€17.66
Expense for the period	€0.4 million	€0.1 million

Plan authorized in 2020	Plan no. 9	
	France	Other
Share price on the allotment date		
Average of the 40 opening share prices preceding May 7, 2020	€17.91	€17.91
Klépierre share price volatility: Historical volatility over 3 years, as calculated as of May 7, 2020 based on daily variations	30% Klépierre share and 20% on the panel indicator; correlation: 0.61	
Dividend per share	€2.20	€2.20
Share value	€5.32	€4.63
Expense for the period	€0.2 million	€0.1 million

NOTE 12 ADDITIONAL INFORMATION

12.1 TRANSACTIONS WITH RELATED PARTIES

12.1.1 Transactions with Simon Property Group

To the Company's knowledge and including treasury shares, Simon Property Group held a 21.31% stake in Klépierre SA as of December 31, 2020.

As of the date this document was prepared, there were no transactions between these two companies.

12.1.2 Transactions with APG Group

To the Company's knowledge and including treasury shares, APG Group held a 5.88% stake in Klépierre SA as of December 31, 2020.

As of the date this document was prepared, there were no transactions between these two companies.

12.1.3 Relationships between Klépierre Group companies

Transactions between related parties are carried out at arm's length conditions. Period-end asset and liability positions and transactions conducted during the period between fully consolidated companies are eliminated in full in consolidation.

The following tables show the positions and transactions of equity-accounted companies (over which the Group has significant influence or joint control), which are not eliminated in consolidation. A full list of Klépierre Group companies accounted for using the equity method is provided in note 12.8 "List of consolidated entities".

ASSET AND LIABILITY POSITIONS WITH RELATED PARTIES AT PERIOD-END

In millions of euros	12/31/2020	12/31/2019
	Equity-accounted companies	Equity-accounted companies
Loans and advances to equity-accounted companies	259.4	253.3
Non-current assets	259.4	253.3
Trade and other receivables	2.2	1.9
Other	4.1	2.5
Current assets	6.3	4.4
TOTAL ASSETS	265.7	257.7
Loans and advances from equity-accounted companies	1.1	1.7
Non-current liabilities	1.1	1.7
Trade payables	1.2	0.4
Other liabilities		
Current liabilities	1.2	0.4
TOTAL LIABILITIES	2.3	2.1

INCOME STATEMENT ITEMS RELATED TO TRANSACTIONS WITH RELATED PARTIES

<i>In millions of euros</i>	12/31/2020	12/31/2019
	Equity-accounted companies	Equity-accounted companies
Management, administrative and related income	8.2	8.5
Operating income	8.2	8.5
Cost of net debt	9.6	9.7
Profit before tax	17.8	18.2
CONSOLIDATED NET INCOME	17.8	18.2

Most of these items relate to management and administration fees and income on financings provided mainly to equity-accounted investees.

12.2 POST-EMPLOYMENT BENEFITS

The main post-employment benefits are length-of-service awards and defined benefit or defined contribution pension plans.

Post-employment benefit plans are administered by insurance companies and other independent management companies external to the Klépierre Group.

Compensation for the Executive Board breaks down as follows:

<i>In thousand of euros</i>	12/31/2020
Short-term benefits excluding employer's contribution	4,968.5
Short-term benefits: employer's contribution	2,351.9
Post-employment benefits	1,420.2
Other long-term benefits	227.7
Share-based payment ^(a)	1,209.7

(a) Expense posted in the statement of comprehensive income related to free share plans.

12.4 CONTINGENT LIABILITIES

During the period, neither Klépierre nor its subsidiaries were subject to any governmental, judicial or arbitration proceedings (including any proceedings of which Klépierre has knowledge, which are currently suspended or are threatened) which have recently had a material impact on the financial position or profitability of the issuer and/or the Group.

A portion of the plot of land housing the Anatolium shopping center has been subject to a dispute with the Bursa Municipality (Turkey) since 2012. A claim was introduced by the previous landowners against the municipality following the expropriation of a portion of the land. Klépierre reserves the right to claim compensation from the municipality in case of prejudice.

12.5 SUBSEQUENT EVENTS

On January 19, 2021, the Klépierre Executive Board decided to cancel 5.1 million shares acquired between February 15, 2019 and June 18, 2019 as part of the February 2019 share buyback program.

Consequently, at that date, Klépierre's share capital amounted to €412.8 million, divided into 294,848,054 shares with a nominal value of €1.40 each carrying one theoretical voting right.

12.3 COMPENSATION FOR SUPERVISORY BOARD AND EXECUTIVE BOARD MEMBERS

Klépierre SA, the parent company of the Klépierre Group, is a French joint-stock corporation (*société anonyme*) with a dual governance structure comprising an Executive Board and a Supervisory Board.

Compensation allocated to members of the Supervisory Board for fiscal year 2020 totaled €675,804, including €91,389 payable to the Chairman of the Supervisory Board.

As of February 10, 2021, ongoing restrictions due to the Covid-19 pandemic include⁽¹⁾:

- Full lockdowns: in Denmark (from December 17, 2020 to February 28, 2021), Germany (from December 14, 2020 to March 7, 2021), the Netherlands (from December 14, 2020 to March 2, 2021), Portugal (from January 15, 2021) and the Czech Republic (from December 28, 2020 to February 28, 2021), all stores have been ordered to close, except for those selling essential goods (including grocery and small food stores and pharmacies). In France, from January 31 to March 1, 2021, all non-essential shops in enclosed shopping malls with a gross leasable area in excess of 20,000 sq.m. were closed;
- Partial lockdowns: in Italy malls were closed during weekends and bank holidays (including the day before) from November 5, 2020 to March 5, 2021. In Spain, shopping centers have been closed in Barcelona and Oviedo. Similarly, a local lockdown was in place in the Oslo area (Norway) from January 23, 2021 to February 18, 2021;
- Limited restrictions: in Sweden, while no lockdown has been imposed, the government recommends avoiding shopping areas. Lastly, Poland reopened shopping malls on February 1, 2021, after a one-month lockdown.

Hence, 40% of stores (in rents) are open and operational, with all necessary measures taken to ensure the protection of visitors and staff through the application of strict health protocols.

(1) Expected reopening dates are based on local official authorities' communications.

12.6 STATUTORY AUDITORS' FEES

In millions of euros	Deloitte				EY			
	2020	2019	2020	2019	2020	2019	2020	2019
Audit services	1.3	1.4	95%	95%	1.1	1.1	98%	92%
Audit and review of individual and consolidated financial statements								
• Issuer	0.2	0.2	17%	17%	0.2	0.2	20%	18%
• Fully-consolidated subsidiaries	1.0	1.1	73%	75%	0.8	0.9	73%	75%
Other services directly related to the Statutory Auditors' engagement								
• Issuer	0.0	0.0	2%	0%	0.0	0.0	3%	0%
• Fully-consolidated subsidiaries	0.0	0.0	2%	3%	0.0	0.0	3%	0%
Other non-audit services^(a)	0.1	0.1	5%	5%	0.0	0.1	2%	8%
• Legal, tax, employment-related and other services	0.1	0.1	5%	5%	0.0	0.1	2%	8%
TOTAL	1.4	1.4	100%	100%	1.1	1.2	100%	100%

(a) Other non-audit services for the year ended December 31, 2020 are mainly

- Comfort letter on Euro Medium Term Note program
- Report on interim dividends and reports on capital operations for Klépierre or its subsidiaries
- Report on funds managed by a subsidiary of the Group
- Certification of rents for a subsidiary of the Group

12.7 IDENTITY OF CONSOLIDATING COMPANIES

As of December 31, 2020, Klépierre was accounted for by the equity method in the consolidated financial statements of Simon Property Group, which holds a 21.31% stake in the share capital of Klépierre (including treasury shares).

Klépierre is included in the consolidated financial statements of APG Group, which as of December 31, 2020 held a 5.88% stake in the share capital of Klépierre (including treasury shares).

12.8 LIST OF CONSOLIDATED ENTITIES

List of consolidated companies Fully consolidated companies	Country	% interest			% control		
		12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019	Change
HOLDING COMPANY – HEAD OF THE GROUP							
Klépierre SA	France	100.00%	100.00%	-	100.00%	100.00%	-
SHOPPING CENTERS – FRANCE							
KLE 1 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
SCOO SC	France	53.64%	53.64%	-	53.64%	53.64%	-
Klécar France SNC	France	83.00%	83.00%	-	83.00%	83.00%	-
KC3 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC4 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC5 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC9 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC10 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC12 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC20 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
LP7 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Solorec SC	France	80.00%	80.00%	-	80.00%	80.00%	-
Centre Bourse SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Bègles Arcins SCS	France	52.00%	52.00%	-	52.00%	52.00%	-
Bègles Papin SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Sécovalde SCI	France	55.00%	55.00%	-	55.00%	55.00%	-
Cécoville SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Soaval SCS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klémurs SASU	France	100.00%	100.00%	-	100.00%	100.00%	-
Nancy Bonsecours SCI	France	100.00%	100.00%	-	100.00%	100.00%	-
Sodevac SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Odysseum Place de France SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klécar Participations Italie SAS	France	83.00%	83.00%	-	83.00%	83.00%	-
Pasteur SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Holding Gondomar 1 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Holding Gondomar 3 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Beau Sevrin Invest SCI	France	83.00%	83.00%	-	100.00%	100.00%	-
Valdebac SCI	France	55.00%	55.00%	-	55.00%	55.00%	-
Progest SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Belvedere Invest SARL	France	55.00%	55.00%	-	55.00%	55.00%	-

List of consolidated companies Fully consolidated companies	Country	% interest			% control		
		12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019	Change
Haies Haute Pommeraié SCI	France	53.00%	53.00%	-	53.00%	53.00%	-
Forving SARL	France	95.33%	95.33%	-	95.33%	95.33%	-
Saint Maximin Construction SCI	France	55.00%	55.00%	-	55.00%	55.00%	-
Pommeraié Parc SCI	France	60.00%	60.00%	-	60.00%	60.00%	-
Champs des Haies SCI	France	60.00%	60.00%	-	60.00%	60.00%	-
La Rive SCI	France	85.00%	85.00%	-	85.00%	85.00%	-
Rebecca SCI	France	70.00%	70.00%	-	70.00%	70.00%	-
Le Mais SCI	France	80.00%	80.00%	-	80.00%	80.00%	-
Le Grand Pré SCI	France	60.00%	60.00%	-	60.00%	60.00%	-
LC SCI	France	88.00%	88.00%	-	100.00%	100.00%	-
Kle Projet 1 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Créteil SCI	France	100.00%	100.00%	-	100.00%	100.00%	-
Albert 31 SCI	France	83.00%	83.00%	-	100.00%	100.00%	-
Galleries Drancéennes SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Portes de Claye SCI	France	55.00%	55.00%	-	55.00%	55.00%	-
Klecab SCI	France	100.00%	100.00%	-	100.00%	100.00%	-
Kleber Odysseum SCI	France	100.00%	100.00%	-	100.00%	100.00%	-
Klé Arcades SCI	France	53.69%	53.69%	-	100.00%	100.00%	-
Le Havre Colbert SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Massalia SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Massalia Shopping Mall SCI	France	60.00%	60.00%	-	100.00%	100.00%	-
Massalia Invest SCI	France	60.00%	60.00%	-	60.00%	60.00%	-
Klépierre & Cie SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Sanoux SCI	France	75.00%	75.00%	-	75.00%	75.00%	-
Centre Deux SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Mob SC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Alpes SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Galerie du Livre SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Les Portes de Chevreuse SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Caetoile SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Échirolles SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Sagep SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Maya SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Ayam SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Dense SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Grand Littoral SASU	France	100.00%	100.00%	-	100.00%	100.00%	-
SERVICE PROVIDERS – FRANCE							
Klépierre Management SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Conseil SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Brand Ventures SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Gift Cards SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Finance SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Financière Corio SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Kle Start SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Kle Dir SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Procurement International SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
SHOPPING CENTERS – INTERNATIONAL							
Klépierre Duisburg GmbH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Duisburg Leasing GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Duisburg Leasing II GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Dresden Leasing GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Duisburg II GmbH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Dresden GmH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Köln Holding GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Unter Goldschmied Köln GmbH	Germany	100.00%	94.99%	5.01%	100.00%	94.99%	5.01%
Klépierre Hildesheim Holding GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Projekt A GmbH & CoKG	Germany	94.90%	94.90%	-	94.90%	94.90%	-
Projekt A Vermietung GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Berlin GmbH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Berlin Leasing GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Coimbra SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Les Cinémas de l'Esplanade SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Foncière de Louvain-La-Neuve SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Bryggen, Vejle A/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Bruun's Galleri ApS	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Field's Copenhagen I/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-

List of consolidated companies Fully consolidated companies	Country	% interest			% control		
		12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019	Change
Viva, Odense A/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Steen & Strøm CenterUdvikling VI A/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Klecar Foncier Iberica SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klecar Foncier España SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Vallecás SA	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Molina SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Plenilunio Socimi SA	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Principe Pio Gestion SA	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Real Estate España SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
SC Nueva Condo Murcia SLU	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Nea Efkarpa AE	Greece	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Foncier Makedonia AE	Greece	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Peribola Patras AE	Greece	100.00%	100.00%	-	100.00%	100.00%	-
Immobiliare Gallerie Commerciali S.p.A	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Klecar Italia S.p.A	Italy	83.00%	83.00%	-	100.00%	100.00%	-
Galleria Commerciale Di Collegno S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Serravalle S.p.A	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Assago S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Klépierre S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Cavallino S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Solbiate S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Matera S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Caserta S.r.l	Italy	83.00%	83.00%	-	100.00%	100.00%	-
Shopville Le Gru S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Grandemilia S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Shopville Gran Reno S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Il Maestrale S.p.A.	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Comes – Commercio e Sviluppo S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Globodue S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Globotre S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Generalcostruzioni S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
B.L.O S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Gruliasco S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Corio Italia S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Acquario S.r.l	Italy	95.06%	95.06%	-	95.06%	95.06%	-
Reluxco International SA	Luxembourg	100.00%	100.00%	-	100.00%	100.00%	-
Storm Holding Norway AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Steen & Strøm AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Slagenveien 2 AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Amanda Storsenter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Farmandstredet Eiendom AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Nerstranda AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Hamar Storsenter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Stavanger Storsenter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Vinterbro Senter DA	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Steen & Strøm Mediapartner Norge AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Oslo City Kjøpesenter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Oslo City Parkering AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Gulskogen Senter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Capucine BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Nordica BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Corio Beleggingen I BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Corio Nederland Kantoren BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Nederland BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Hoog Catharijne BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Nederland BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Bresta I BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
CCA German Retail I BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
CCA German Retail II BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Sadyba SKA w likwidacji	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Poznań SKA	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Pologne Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Rybnik SKA	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Sosnowiec Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Lublin sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Kraków sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-

List of consolidated companies Fully consolidated companies	Country	% interest			% control		
		12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019	Change
Sadyba Best Mall Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Poznań Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Ruda Śląska Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Investment Poland Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Rybnik Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Lublin Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Klelou Imobiliaria Spa SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Galeria Parque Nascente SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Gondobrico SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Klenord Imobiliaria SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Kletel Imobiliaria SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Kleminho Imobiliaria SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Corio Espaço Guimarães SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Cz S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Plzen AS	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Nový Smíchov First Floor S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Arcol Group S.R.O.	Slovakia	100.00%	100.00%	-	100.00%	100.00%	-
Nordica Holdco AB	Sweden	56.10%	56.10%	-	56.10%	56.10%	-
Steen & Strøm Holding AB	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB CentrumInvest	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Emporia	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Borlänge Köpcentrum	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Marieberg Galleria	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Allum	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB P Brodalen	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
Partille Lexby AB	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB P Åkanten	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB P Porthälla	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Lackeraren Borlänge	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Centrum Västerort	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
Klépierre Gayrimenkul Yönetimi ve Yatırım Ticaret AS	Turkey	100.00%	100.00%	-	100.00%	100.00%	-
Miratur Turizm Insaat ve Ticaret AS	Turkey	100.00%	100.00%	-	100.00%	100.00%	-
Tan Gayrimenkul Yatırım Insaat Turizm Pazarlama ve Ticaret AS	Turkey	51.00%	51.00%	-	51.00%	51.00%	-
SERVICE PROVIDERS – INTERNATIONAL							
Projekt Arnekenstrasse Verwaltung GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Deutschland GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Belgique SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Finance Belgique SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Steen & Strøm CenterService A/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Steen & Strøm Danmark A/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Klépierre Management Espana SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Hellas AE	Greece	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Italia S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Finance Italia S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Steen & Strøm Senterservice AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Klépierre Vastgoed Ontwikkeling B.V.	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Polska Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Portugal SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Ceska Republika S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Energy CZ S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Slovensko S.R.O.	Slovakia	100.00%	100.00%	-	100.00%	100.00%	-
Steen & Strøm Sverige AB	Sweden	56.10%	56.10%	-	100.00%	100.00%	-

List of consolidated companies Equity-accounted companies: joint control	Country	% interest			% control		
		12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019	Change
Cécobil SCS	France	50.00%	50.00%	-	50.00%	50.00%	-
Du Bassin Nord SCI	France	50.00%	50.00%	-	50.00%	50.00%	-
Le Havre Vauban SNC	France	50.00%	50.00%	-	50.00%	50.00%	-
Le Havre Lafayette SNC	France	50.00%	50.00%	-	50.00%	50.00%	-
Girardin SCI	France	33.40%	33.40%	-	33.40%	33.40%	-
Girardin 2 SCI ⁽¹⁾	France	33.40%	33.40%	-	33.40%	33.40%	-
Société Immobilière de la Pommeraie SC	France	50.00%	50.00%	-	50.00%	50.00%	-
Parc de Coquelles SNC	France	50.00%	50.00%	-	50.00%	50.00%	-
Kleprim's SCI	France	50.00%	50.00%	-	50.00%	50.00%	-
Celsius Le Murier SNC	France	40.00%	40.00%	-	40.00%	40.00%	-
Celsius Haven SNC	France	40.00%	40.00%	-	40.00%	40.00%	-
Clivia S.p.A	Italy	50.00%	50.00%	-	50.00%	50.00%	-
Galleria Commerciale Il Destriero S.p.A	Italy	50.00%	50.00%	-	50.00%	50.00%	-
CCDF S.p.A	Italy	49.00%	49.00%	-	49.00%	49.00%	-
Galleria Commerciale Porta di Roma S.p.A	Italy	50.00%	50.00%	-	50.00%	50.00%	-
Galleria Commerciale 9 S.r.l	Italy	50.00%	50.00%	-	50.00%	50.00%	-
Italian Shopping Centre Investment S.r.l	Italy	50.00%	50.00%	-	50.00%	50.00%	-
Holding Klege S.r.l	Luxembourg	50.00%	50.00%	-	50.00%	50.00%	-
Hovlandparken AS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Metro Senter ANS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Økern Sentrum ANS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Økern Eiendom ANS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Metro Shopping AS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Hovlandparken DA	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Økern Sentrum AS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Nordal ANS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Klege Portugal SA	Portugal	50.00%	50.00%	-	50.00%	50.00%	-

(1) Shell company.

List of consolidated companies Equity-accounted companies: significant influence	Country	% interest			% control		
		12/31/2020	12/31/2019	Change	12/31/2020	12/31/2019	Change
La Rodea SCI	France	38.00%	38.00%	-	38.00%	38.00%	-
La Rodea Ouest SCI	France	36.73%	36.73%	-	36.73%	36.73%	-
Du Plateau SCI	France	19.65%	19.65%	-	30.00%	30.00%	-
Achères 2000 SCI	France	30.00%	30.00%	-	30.00%	30.00%	-
Le Champs de Mais SC	France	40.00%	40.00%	-	40.00%	40.00%	-
Société du bois des fenêtres SARL	France	20.00%	20.00%	-	20.00%	20.00%	-
Step In SAS	France	24.46%	24.46%	-	24.46%	24.46%	-
Secar SC	France	10.00%	10.00%	-	10.00%	10.00%	-
Akmerkez Gayrimenkul Yatirim Ortakligi AS	Turkey	46.00%	46.92%	(0.92%)	46.00%	46.92%	(0.92%)

List of deconsolidated companies at 12/31/2020		% interest			% control		Comments
		Country	12/31/2020	12/31/2019	12/31/2020	12/31/2019	
KFI Hungary KFT	Hungary		0.00%	100.00%	0.00%	100.00%	Liquidated
Corio Torrelodones Office Suite SL	Spain		0.00%	100.00%	0.00%	100.00%	Liquidated
K2	Italy		0.00%	95.06%	0.00%	95.06%	Liquidated
KLP Polska Sp. z o.o. Ruda Śląska sp.k.	Poland		0.00%	100.00%	0.00%	100.00%	Liquidated
Sadyba Best Mall Sp. z o.o. sp.k.	Poland		0.00%	100.00%	0.00%	100.00%	Liquidated
Combault SNC	France		0.00%	100.00%	0.00%	100.00%	Merged
Plateau des Haies SNC	France		0.00%	100.00%	0.00%	100.00%	Merged
Klépierre Mall Management II GmbH	Germany		0.00%	100.00%	0.00%	100.00%	Merged
Klépierre Mall Management I GmbH	Germany		0.00%	100.00%	0.00%	100.00%	Merged

4.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditor's report includes information required by French law, such as the verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Klépierre,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Klépierre for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of investment properties at fair value

Risk identified	Our response
<p>As at December 31, 2020, as mentioned in note 5.4.4 to the consolidated financial statements, the Group's investment properties, which are recognized at fair value, amount to €19,757 millions and investments in equity-accounted companies relating to investment properties recognized at fair value amount to €1,276 millions.</p> <p>The fair values used by Management are based on independent appraisals. These fair values incorporate many assumptions/estimates in particular projected rent increases, capitalization and discount rates, expected market rent levels, as well as recent transactions. For development assets, other factors are considered, such as projected development costs, rental stage of completion and the risks incurred until projects are completed.</p> <p>Determining the fair value of investment properties requires significant judgment, more particularly in the context of the Covid-19 pandemic and related impact on the decrease in revenues.</p> <p>Therefore, given the materiality of the item in the consolidated financial statements taken as a whole and the judgment used in determining the fair value, the valuation of investment property is considered as a key audit matter. Please refer to note 5.4 to the consolidated financial statements.</p>	<p>We obtained an understanding of Management's controls over data used for valuations as well as the controls on values' changes in comparison with prior periods and we tested the efficiency of the controls we considered the most relevant.</p> <p>We assessed the competence and independence of the independent appraisers.</p> <p>With specialists in real estate appraisal included in the audit team, we participated in meetings with independent appraisers, in order to understand the methodology adopted and the main assumptions used underlying the valuation of investment properties, and especially among these, market trends on expected rents, recent transactions, market yields and for development assets, future development costs. In the context of the Covid-19 pandemic, we have more particularly considered the potential impact of the decrease in the revenues in the basis of the valuation.</p> <p>We reconciled the valuations of the independent appraisers with the consolidated financial statements.</p> <p>We carried out specific procedures on investment properties whose valuation and variations were significant, as well as those whose assumptions and variations were not consistent with market data. In this context, we appreciated with specialists in real estate appraisal included in the audit team the main parameters used by experts, such as projected rent increases, capitalization and discount rates, expected market rent levels and recent market transactions, if any. Interviews with management were conducted when necessary.</p> <p>Moreover, we performed analytical procedures by comparing the valuations with prior periods, as well as the underlying assumptions of yields with the relevant market data.</p> <p>We also assessed the appropriateness of the investment properties at fair value information in the notes to the consolidated financial statements.</p>

Evaluation for rent abatements and provision for expected credit-losses on receivables in the context of the sanitary crisis of Covid-19

Risk identified	Our response
<p>As mentioned in note 1.1 to the consolidated financial statements, the Group adopted special measures to propose rental arrangements for tenants by deferring payments or granting abatements. As at December 31, 2020, the total abatements before straight lining amounted to €126 millions, of which €51 millions were already signed and €76 millions were under negotiation. After straight-lining, abatements deducted from the gross rental income amounted to €102 millions.</p> <p>In addition, in the context of the Covid-19 pandemic, a specific method of assessment has been applied for the determination of the expected credit loss taking into account various criteria depending on the risk for specific tenants and outstanding receivables related to compulsory closing periods of premises or open periods. Note 1.1 to the consolidated financial statements provides details for the main rules that were applied.</p> <p>As at December 31, 2020, impairment for credit losses recognized in net rental income amounted to €116 millions as stated in note 6.4, and net value of receivables after impairment amounted to €95.2 million as stated in note 5.7.</p> <p>We have considered these valuations as a key audit matter for the consolidation financial statements due to:</p> <ul style="list-style-type: none"> the materiality of abatements of rents and impairment for credit losses taken as a whole for the consolidated financial statements, and the judgment required by management in the context of the Covid-19 pandemic. 	<p>We obtained an understanding of the processes implemented and the controls in place regarding the assessment of abatements under negotiation and impairment of receivables.</p> <p>For abatements under negotiation, when deals were already approved but not yet signed, we reconciled the amounts recorded with supporting evidence of negotiation on a sample basis. When discussions were still in progress, we compared, for a sample, Management's assessment for abatements with trends of abatements signed in 2020, depending on the nature of the tenant. We also compared abatements subsequently signed in January 2021 with the December 2020 assessments.</p> <p>For impairment of receivables:</p> <ul style="list-style-type: none"> we understood the procedures implemented by Management to assess the solvency profile of tenants, we tested on a sample basis the parameters used by Management for ranking the tenants, we analysed the impairment of receivables by category of tenants considering deposits or tenants' guarantees, the case may be, we compared payments received in early 2021 with the impairment booked as at 31 December 2020. <p>Tests and reviews were adapted country by country, depending on the significance of the abatements and/or impairments.</p> <p>We assessed the appropriateness of the information in the notes to the consolidated financial statements.</p>

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Executive Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Klépierre by your Annual General Meeting held on June 28, 2006 for DELOITTE & ASSOCIES and on April 19, 2016 for ERNST & YOUNG Audit.

As at December 31, 2020, DELOITTE & ASSOCIES was in the fifteenth year of total uninterrupted engagement and ERNST & YOUNG Audit in the fifth year.

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single Electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La défense, March 29, 2021

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS

Damien Leurent

Laure Silvestre-Siaz

ERNST & YOUNG Audit

Bernard Heller

4.3 COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

4.3.1 Balance sheet

4.3.1.1 Assets

		12/31/2020		12/31/2019	
<i>In thousands of euros</i>	Notes	Gross	Depreciation, amortization and impairment	Net	Net
NON-CURRENT ASSETS					
Intangible assets	3.1	193,354	193,354	-	-
Property, plant and equipment	3.1	358,018	117,772	240,247	299,180
Land		62,614	8,534	54,079	70,125
Buildings and fixtures		237,362	109,008	128,354	147,372
Technical installations, plant and equipment		19	19	-	-
Other		51,779	211	51,568	78,707
Property, plant and equipment in progress		6,245	-	6,245	2,976
Advances and prepayments		-	-	-	-
Financial assets	3.2	15,308,876	1,687,139	13,621,738	13,813,583
Investments	3.2.1	9,856,380	1,616,653	8,239,728	8,637,989
Advances to equity investments	3.2.2	5,038,394	69,323	4,969,071	4,778,075
Other long-term investments		179	179	-	-
Loans		-	-	-	-
Other financial assets	3.2.3	413,923	985	412,938	397,520
TOTAL I		15,860,248	1,998,264	13,861,984	14,112,763
CURRENT ASSETS					
Advances and prepayments to suppliers		7,113	-	7,113	8,446
Receivables	3.3	21,978	5,141	16,837	24,549
Trade accounts and notes receivable		18,010	5,086	12,923	16,885
Other		3,969	55	3,914	7,664
Marketable securities	3.4	37,401	8,160	29,241	60,396
Cash and cash equivalents	3.5	424,794	-	424,794	367,012
Prepaid expenses	3.6	52	-	52	98
TOTAL II		491,338	13,301	478,037	460,502
Deferred expenses (III)	3.6	33,832	-	33,832	16,814
Loan issue premiums (IV)	3.6	33,527	-	33,527	20,648
Currency translation adjustment – assets (V)		-	-	-	-
GRAND TOTAL (I+II+III+IV+V)		16,418,945	2,011,565	14,407,380	14,610,727

4.3.1.2 Shareholders' equity and liabilities

<i>In thousands of euros</i>	Notes	12/31/2020	12/31/2019
SHAREHOLDERS' EQUITY	4.1		
Share capital (of which paid-up: 419,915)		419,915	423,730
Additional paid-in capital (from share issues, mergers and contributions)		4,737,847	5,124,259
Merger surplus		-	-
Share cancellation premium		-	-
Revaluation reserve		-	-
Legal reserve		44,010	44,010
Other reserves		-	-
Retained earnings		23,040	26,132
Net income		(170,135)	317,739
Regulated provisions		-	-
TOTAL I		5,054,676	5,935,870
Provisions for contingencies and losses	4.2	15,345	19,202
Provision for contingencies		15,300	19,202
Provision for losses		45	-
TOTAL II		15,345	19,202
LIABILITIES			
Borrowings	4.3	9,301,690	8,613,094
Bonds		7,001,224	6,057,238
Bank loans and borrowings		1,674	4,031
Other loans and borrowings		2,298,792	2,551,824
Due on trade receivables		449	361
Operating payables		15,845	21,383
Trade payables	4.4	11,649	15,330
Accrued taxes and payroll costs	4.5	4,196	6,053
Other payables	4.6	7,143	5,160
Due to suppliers of property and equipment		-	2
Other		7,143	5,158
Prepaid income	4.7	5,283	8,570
TOTAL III		9,330,410	8,648,568
Currency translation adjustment – liabilities (IV)	4.8	6,948	7,087
GRAND TOTAL (I+II+III+IV)		14,407,380	14,610,727

4.3.2 Income statement

<i>In thousands of euros</i>	Notes	12/31/2020	12/31/2019
OPERATING INCOME			
Rental income		30,217	36,906
• Property rentals		23,031	27,488
• Costs recharged to tenants		7,186	9,418
Fees		608	609
Reversals of depreciation, impairment, provisions, and expense transfers		3,580	8,565
Other income		1,857	3,065
Total I		36,262	49,145
OPERATING EXPENSES			
Purchases and external charges		(19,766)	(22,465)
Taxes other than on income		(2,932)	(7,516)
Wages and salaries		(1,655)	(2,839)
Payroll taxes		(940)	(1,288)
Depreciation, amortization, impairment and provisions			
• Depreciation and amortization of non-current assets and deferred expenses		(8,891)	(8,895)
• Impairment of non-current assets		(7,666)	(1,442)
• Impairment of current assets		(2,470)	(670)
• Provision for contingencies and losses		(133)	(1,636)
Other expenses		(2,638)	(2,199)
Total II		(47,091)	(48,951)
Net operating income (I+II)	5.1	(10,829)	195
SHARE OF INCOME FROM JOINT OPERATIONS	5.2		
Profits allocated or losses transferred	III	82,869	127,727
Losses incurred or profits transferred	IV	(14,429)	(23,495)
FINANCIAL INCOME	5.3.1		
From investments in subsidiaries and affiliates		252,485	796,623
From other marketable securities and receivables on non-current assets		-	-
Other interest income		27,319	23,203
Reversals of provisions and expense transfers		41,308	92,657
Foreign exchange gains		443	3,187
Net income from disposals of marketable securities		-	-
Total V		321,554	915,670
FINANCIAL EXPENSES	5.3.2		
Depreciation, amortization and impairment		(385,825)	(542,181)
Interest expense		(156,370)	(151,565)
Foreign exchange losses		(475)	(542)
Net expenses on disposals of marketable securities		-	-
Total VI		(542,670)	(694,288)
Net financial income (V+VI)		(221,116)	221,382
Net income from ordinary operations before tax (I+II+III+IV+V+VI)		(163,504)	325,810
NON-RECURRING INCOME			
On management transactions		45	-
On capital transactions		48,643	4,070
Reversals of provisions and expense transfers		9,806	10,987
Total VII		58,494	15,057
NON-RECURRING EXPENSES			
On management transactions		-	-
On capital transactions		(63,936)	(21,127)
Depreciation, amortization, impairment and provisions		(2,438)	-
Total VIII		(66,374)	(21,127)
Net non-recurring income/(loss) (VII-VIII)	5.4	(7,879)	(6,070)
Employee profit-sharing	IX	-	-
Income tax	5.5	1,249	(2,000)
Total income (I+III+V+VII)		499,179	1,107,600
Total expenses (II+IV+VI+VIII+IX+X)		(669,314)	(789,861)
NET INCOME		(170,135)	317,739

4.3.3 Notes to the Company financial statements

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NOTE 1 SIGNIFICANT EVENTS

Klépierre is a French joint-stock corporation (*société anonyme*) listed on Euronext Paris (compartment A). The Company's registered office is located at 26, boulevard des Capucines, 75009, Paris. The financial statements were prepared in thousands of euros, and were established for publication by the Executive Board on February 10, 2021.

1.1 IMPACTS OF THE COVID-19 HEALTH CRISIS

The year was characterized by the coronavirus epidemic, which impacted the European economy from the beginning of 2020. The government-imposed health restrictions in the countries in which Klépierre SA holds direct assets and equity interests had adverse impacts on the financial statements for the year ended December 31, 2020. The main financial impacts are summarized below:

- A €307.7 million decline in the value of Klépierre SA shares held due to lower revenues recorded by the Company's subsidiaries and a decline in the value of its assets (see note 3.2.1);
- A €35.8 million decrease in the share of income from subsidiaries attributable to Klépierre SA (see note 5.2);
- A €2.4 million decrease in rental income attributable mainly to rent abatements granted to tenants on assets held directly by Klépierre SA (see note 5.1);
- A €2 million net increase in allowances for doubtful debts relating to unpaid tenant arrears, particularly in respect of administrative closure periods (see note 5.1).

1.2 DIVIDEND

On April 30, 2020, the General Meeting of Shareholders approved the proposed payment of a €2.20 per share cash dividend in respect of the 2019 fiscal year. The total dividend approved by Klépierre shareholders amounted to €628.1 million (excluding dividends payable on treasury shares).

On March 11, 2020, a €1.10 per share interim dividend was paid to shareholders, for a total amount of €314.3 million excluding taxes and fees. The balance of €313.7 million was paid on July 9, 2020.

1.3 TREASURY SHARE TRANSACTIONS

During the first quarter of 2020, Klépierre SA completed a €400 million share buyback program by repurchasing 3,493,860 shares for an aggregate amount of €99.7 million.

On June 22, 2020, Klépierre SA canceled a total of 2,724,897 shares acquired in 2018 under the March 13, 2017 share buyback program for a total amount of €83.3 million.

1.4 CHANGES IN NET DEBT AND HEDGING PROGRAM

In 2020, Klépierre SA put in place a new hedging program to adjust its fixed-rate position over the period 2021-2024 and secure its cost of debt at an attractive level, while limiting the cost of carry. Accordingly, Klépierre SA bought €1,700 million in caps and €500 million in payer swaps.

During the year, Klépierre SA successfully issued €1,500 million in new notes under the EMTN program, maturing in 2022 (€100 million), 2029 (€600 million), 2031 (€600 million) and 2032 (€200 million) with an average coupon of 1.55%.

These issuances were used to reduce the outstanding amount of commercial paper (€300 million) and to cover the redemption of bonds maturing in February (€298.8 million) and March 2021 (€564.4 million).

In parallel, Klépierre SA successfully refinanced €1,385 million in revolving credit facilities with a new syndicated sustainability-linked revolving credit facility in the same amount and with a term of five years (if the two one-year extension options are not exercised). At December 31, 2020 the average remaining maturity of undrawn committed credit facilities stood at five years.

1.5 CORPORATE REORGANIZATION

On October 29, 2020, Klépierre SA dissolved Combault SNC without liquidation.

This transaction was completed under the ordinary corporate income tax regime.

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 APPLICATION OF ACCOUNTING POLICIES AND IMPACTS OF THE COVID-19 HEALTH CRISIS

The Company financial statements were prepared in accordance with the French Commercial Code (*Code de commerce*), the French General Chart of Accounts (*Plan comptable général*) in force (ANC Regulation no. 2014-03), French law and French generally accepted accounting principles.

Generally accepted accounting principles were applied in accordance with the principle of prudence, the accrual basis of accounting and on a going concern basis.

However, the annual financial statements at December 31, 2020 have been prepared in the evolving context of the health and economic crisis linked to Covid-19 and the accompanying difficulties in assessing its impact and the Company's future prospects.

Consequently, the accounting estimates used to prepare the annual financial statements at December 31, 2020 were made in an environment of heightened uncertainty. Accordingly, the future results of the Company's operations may differ from the estimates made at December 31, 2020.

2.2 CHANGES IN ACCOUNTING RULES AND METHODS

There was no change in accounting methods or estimates during the year.

2.3 MEASUREMENT METHODS

The Company applies the historical cost convention to measure and recognize assets. Property, plant and equipment and intangible assets are recognized as assets when both of the following conditions have been met:

- It is probable that the future economic benefits associated with the item will flow to the entity;
- Their cost or value can be measured reliably.

At the recognition date, asset values are measured either at acquisition cost or cost of construction.

2.3.1 Intangible assets

Intangible assets primarily comprise technical losses allocated to "Business goodwill", which is tested for impairment if there is an indication of a loss of value.

In accordance with Regulation no. 2014-03 issued by the French accounting standard setter (ANC), and based on the French Federation of Real Estate Companies' (*Fédération des Sociétés Immobilières et Foncières* – FSIF) studies, the gross value of real estate assets (other than land) is allocated to four separate components, based on the following percentages:

Components	Shopping center properties
Structures	50%
Facades	15%
General and technical installations	25%
Fittings	10%

As these scales were based on assumed "as new" values, a multiplier was applied at first time adoption depending on the age of the individual asset components. The same method has been applied to all subsequently acquired or contributed real estate assets.

Depreciation

Real estate assets are depreciated on a straight-line basis over the useful life of each component. Land is not depreciated. Based on the French Federation of Real Estate Companies' studies, depreciation periods are determined so as to obtain a nil residual value on maturity of the depreciation schedule. The depreciation periods are as follows:

Components	Depreciation period (straight-line basis)
Structures	35 to 50 years
Facades	25 years
General and technical installations	20 years
Fittings	10 to 15 years

Impairment of real estate assets

When the carrying amount of real estate assets exceeds estimated present value, an impairment loss is recognized to write down the carrying amount to present value. Present value corresponds to fair value or value in use. Impairment is first recognized against non-depreciable components. Where applicable, any technical losses allocated for accounting purposes to the related components are taken into consideration.

The fair value of real estate assets corresponds to the market value excluding transfer taxes at the reporting date, as determined by independent real estate appraisers or internally, with the exception of assets acquired within the past six months whose fair value is estimated only in the event of a loss in value. The fair value of assets covered by an agreement to sell (*promesse de vente*) is appraised at the selling price net of disposal costs.

In the current economic context, the valuations used for real estate assets (and for shares held in real estate companies) have been markedly affected by market conditions, transaction volumes and the economic environment and may not therefore reflect the true potential of these

2.3.2 Property, plant and equipment

Property, plant and equipment mainly include real estate assets held by the Company (principally shopping centers and adjacent land).

Gross value of property, plant and equipment

Real estate assets are recorded on the balance sheet at acquisition cost, contribution value or cost of construction or restructuring, based on the manner in which they are acquired. Gross value includes directly attributable acquisition costs (transfer taxes, fees, commissions, legal and administrative fees). Interest and other expense relating specifically to the development of property, plant and equipment is capitalized in the acquisition cost.

Acquisition cost also includes eviction indemnities paid to tenants when their departure is required in the context of building renovation, reconstruction and restructuring work.

assets and possible future changes in value. Discrepancies may exist between the valuations used and the prices at which disposals would actually be made, due to the added complexity of performing said valuations by management and appraisers in the current economic context.

Accordingly, since these are by nature estimates, the disposal price for certain real estate assets may differ from the appraised values, even where it occurs within a few months of the reporting date.

2.3.3 Non-current financial assets

Non-current financial assets mainly comprise:

- Equity investments held by Klépierre SA in companies directly or indirectly holding real estate assets;
- Advances to equity investments;
- Treasury shares recognized.

In accordance with ANC Regulation no. 2015-06, since January 1, 2016, this item also includes merger losses and share cancellation premiums arising on unrealized gains on shares.

Equity investments

Equity investments are recognized on the balance sheet at cost, contribution value or subscription value. Acquisition costs are expensed as incurred and are not included in the carrying amount of the shares on the balance sheet.

When the realizable value is lower than the acquisition cost plus the technical losses allocated for accounting purposes to equity investments, an impairment loss is booked first against the merger loss and subsequently against the equity investment. The carrying amount of equity investments corresponds to value in use, determined on a multi-criteria basis taking into account the subsidiaries' net asset value and profitability outlook.

The net asset value of real estate companies is estimated based on external appraisals conducted by independent real estate appraisers, internal appraisals, or based on the value of sale commitments, in the same manner as for directly-held properties (see impairment of real estate assets).

The carrying amount of management company shares is remeasured at each reporting date by an independent appraiser using the discounted future cash flows method.

Any technical losses allocated for accounting purposes to equity investments are included in the carrying amount of these assets for the purposes of impairment testing. Impairment is first recognized against technical losses.

Advances to equity investments

Advances to equity investments held by Klépierre SA are recognized at face value and may be written down in the event that there is a risk of non-recovery. The Company takes account of the characteristics of the advance granted, the ability of the subsidiary to reimburse the advance, and its future prospects as appropriate. Advances to equity investments are written down only where the corresponding shares have already been written down in full.

Treasury shares

Treasury shares are recognized at cost under non-current financial assets, except for treasury shares acquired in the context of employee share grants or for market-making purposes, which are shown in marketable securities.

An impairment loss is recognized if the average share price for the last month of the fiscal year is lower than the acquisition value, except for treasury shares held for cancellation as part of a capital decrease, and for shares allocated to employee share grants, which are never written down.

2.3.4 Receivables

Receivables are recognized at face value.

The Company conducted a line-by-line analysis of trade receivables to assess counterparty risk in the evolving context of the health and economic crisis, and the resulting write-downs were recognized in accordance with accounting principles.

An allowance is recognized against trade receivables where there is a risk of non-recovery, assessed on a multi-criteria basis taking into account the age of the receivables, their nature, the status of any ongoing recovery procedures, and the quality of any guarantees held. The amount of the allowance is calculated with or without deduction of security deposits further to the contract-by-contract risk assessment. Note 2.3.8 sets out the accounting treatment applied to receivables denominated in foreign currency.

Other receivables include balancing payments on swaps and deferred premiums paid further to the cancellation or restructuring of derivative hedging instruments (for further information, see the section on the accounting treatment of hedging transactions).

2.3.5 Marketable securities

Marketable securities are recognized at cost net of provisions. Marketable securities comprise term deposits and treasury shares other than those classified as non-current financial assets. They are held mainly to cover performance share plans or under the liquidity agreement.

Marketable securities are written down when their acquisition value exceeds fair value, determined based on the average stock market price for the last month of the fiscal year. For further information, see section 2.3.3 on treasury shares.

2.3.6 Deferred expenses – bond issue costs

Bond issue costs and premiums, and commissions and fees relating to bank loans are recognized under assets and taken to income on a straight-line basis over the term of the underlying agreement.

2.3.7 Borrowings, financial instruments and hedging transactions

Borrowings

Borrowings and other financial liabilities are recognized at their reimbursement face value, including accrued interest not yet due. Note 2.3.8 sets out the accounting treatment applied to borrowings denominated in foreign currency.

Derivative instruments – hedging transactions

Klépierre SA subscribes to various derivative contracts such as interest rate and currency swaps and interest rate caps to reduce the exposure of the Company's earnings, cash flows and equity to interest rate and currency fluctuations.

Klépierre SA applies the principles of hedge accounting set out in the French General Chart of Accounts (Articles 628-6 to 628-17) and ANC Regulation no. 2015-05 relating to forward financial instruments and hedging transactions.

Hedging costs (option premiums, balancing payments and other costs) are recognized to match the gains and losses on the hedged item.

Gains and losses arising on hedging transactions are recognized in the income statement to match the recognition of income and expenses of the hedged item. Gains and losses on forward financial instruments (swaps) contracted for the purpose of hedging exposure to changes in interest rates are taken to income at a rate that matches the recognition of the interest expense on the hedged borrowings.

Gains and losses on hedging instruments are classified in the same way as the hedged item and under the same income statement classification (operating or financial income and expenses).

Unrealized gains and losses on hedging transactions arising on the difference between the estimated market value of hedging agreements and their carrying amount at the reporting date are only recognized where doing so ensures matching treatment with the hedged item.

The value in use of an investment in a foreign operation may be hedged up to the equivalent value of the carrying amount in foreign currency. The impact of hedging is taken into account in the calculation of impairment losses on shares.

Gains and losses on foreign exchange derivatives arranged in connection with the hedging of foreign currency loans are taken to income over the hedging period to match gains and losses on the hedged item.

Derivative instruments – transactions not meeting the qualifying criteria for hedging

Transactions that do not qualify for hedge accounting are treated for accounting purposes as “isolated open positions”, in accordance with Article no. 628-18 of the French General Chart of Accounts.

Gains and losses arising on these transactions are immediately recognized in the income statement, in financial income and expenses.

Any unrealized gains and losses arising on the difference between the estimated market value of the agreements and their carrying amount at the reporting date are recognized in financial income and expenses, with a contra-entry to provisions. Pursuant to the prudence principle, unrealized gains are not taken to income regardless of the market on which the instrument is traded.

Interest income and expense on these transactions is recognized in financial income and expenses.

2.3.8 Currency translation adjustments – transactions denominated in foreign currency

Receivables and payables denominated in foreign currency are translated at the period end and recognized in local currency based on the latest exchange rate published by Banque de France.

If the application of the exchange rate on the reporting date changes the previously-recognized local currency amounts, any translation differences are recorded under currency translation adjustments.

Unrealized gains (“Currency translation adjustment – liabilities”) are not recognized in income but are recorded under liabilities, whereas a provision for contingencies (“Currency translation adjustment – assets”) is set aside for unrealized losses to the extent of the unhedged risk.

Payments related to these receivables and payables are compared to the original historical values and give rise to the recognition of foreign exchange gains and losses. These gains and losses are not offset.

2.3.9 Operating income and expenses

Operating income and expenses mainly comprise rents and rebilled expenses. Rents are recognized on a straight-line basis over the term of the lease. Building expenses are rebilled to tenants on payment.

Step-up rents and rent-free periods

Step-up rents and rent-free periods are recognized over the reference period as an adjustment to rental income for each period. The reference period adopted is the first non-cancelable lease term.

Rent abatements granted as a result of the Covid-19 health crisis:

- Abatements for rents already invoiced with no reciprocal benefits expected by the lessor other than the retention of the lessee are taken immediately in full to the income statement;
- Abatements for rents already invoiced in connection with reciprocal benefits expected by the lessor are recognized in the income statement and straight-lined according to the method initially used for the recognition of rent-free periods.

In both cases, the immediate or deferred impact of these abatements is recognized as a deduction from rental income.

Early termination penalties

Tenants who terminate leases prior to the contractual expiration date are liable to pay early termination penalties, which are credited to income for the period in which they are recognized.

Key money

Key money paid by tenants is recognized over the non-cancelable lease term.

Letting fees

Letting, re-letting and renewal fees are recognized as expenses for the fiscal year.

Recognition of income from fixed assets passed on to tenants

Income from fixed assets passed on to tenants is recognized over the non-cancelable lease term to the extent that the annual amount exceeds €0.6 million per property.

2.3.10 Employee benefits

In accordance with Recommendation no. 2013-02 of November 7, 2013, pension obligations are provided for in full (preferred method) and are valued in accordance with the recommended method in IAS 19 (revised). This is the same accounting treatment that is applied in the consolidated financial statements.

2.3.11 Mergers and similar transactions

Gains and losses arising on merger transactions are determined as the difference between the net financial position of the merged entity and the carrying amount of the shares in the balance sheet of the parent entity.

Technical surpluses

Any gains from these transactions are recognized in financial income to the extent of the share in the merged entity's accumulated retained earnings since the acquisition of its shares. Any surpluses are taken to equity.

Technical losses

Losses arising on mergers that cannot be justified by unrealized gains that are not recognized in the financial statements of the merged entity are recognized in financial income and expenses. Technical losses corresponding to unrealized and unrecognized gains (generally the case for mergers of entities under joint control carried out at book value) are recognized under other property, plant and equipment, intangible assets, non-current financial assets or in a current asset account based on the classification of the unrealized gains on the underlying transferred assets. Technical losses are subject to the same depreciation, amortization and impairment rules as the underlying asset to which they are allocated.

2.3.12 Tax regime adopted by the Company

Having elected to apply the regime provided for by Article 11 of the French Finance Act of December 30, 2002 ("SIIC" regime applicable to listed real estate companies), Klépierre SA is exempt from income tax on the income stemming from its non-taxable sector activities and observes the following distribution obligations:

- Distribution of 95% of profits from building lease transactions prior to the end of the fiscal year following the year in which they were made;
- Distribution of 70% of capital gains made on disposals of buildings, equity investments in companies covered by the provisions of Article 8 of the French Tax Code (tax transparency) which purpose is identical to the one of a SIIC or stocks in subsidiaries subject to corporate income tax, where such companies have elected to the SIIC regime

prior to the end of the second financial year following the year in which the gains were made;

- Distribution of all dividends received from subsidiaries having elected for the SIIC regime during the fiscal year following the year in which the dividends were received.

Taxable and exempt income is determined in accordance with the applicable regulations:

- Direct allocation of income and expenses, wherever possible;
- Allocation of overheads pro rata to the income of each sector;
- Allocation of financial expenses pro rata to the gross non-current assets of each sector.

NOTE 3 NOTES TO BALANCE SHEET ASSETS

3.1 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

3.1.1 Gross non-current assets

<i>In thousands of euros</i>	Gross amount at 12/31/2019	Acquisitions, new businesses and contributions	Reductions by disposals, retirement of assets	Inter-item transfers	Gross amount at 12/31/2020
INTANGIBLE ASSETS					
Set-up costs	-	-	-	-	-
Other intangible assets	193,353	-	-	-	193,353
• Technical merger loss	184,564	-	-	-	184,564
• Other	8,790	-	-	-	8,790
Total	193,353	-	-	-	193,353
PROPERTY, PLANT AND EQUIPMENT					
Land	85,035	-	(22,422)	-	62,613
Structures	140,965	-	(14,232)	18	126,752
Facades, cladding and roofing	35,884	-	(5,618)	142	30,408
General and technical installations	60,641	-	(9,434)	123	51,330
Fittings	30,838	-	(3,727)	1,762	28,873
Property, plant and equipment in progress	2,976	5,410	(86)	(2,055)	6,245
Other property, plant and equipment	78,880	-	(27,083)	-	51,797
• Technical loss on land	76,447	-	(27,083)	-	49,364
• Technical loss on structures	2,399	-	-	-	2,399
• Other	34	-	-	-	34
Total	435,218	5,410	(82,601)	(9)	358,018
TOTAL GROSS NON-CURRENT ASSETS	628,572	5,410	(82,601)	(9)	551,372

The amount of €184.6 million in technical losses corresponds to the unallocated portion of the technical loss resulting from the merger of Corio NV. This technical loss was written down in full at the end of the 2015 fiscal year.

Technical merger losses allocated to land and structures

Transaction	Date	Underlying assets transferred in the merger or transfer of assets and liabilities	Gross amount
Merger Centre Jaude	06/08/2015	Real estate asset (Centre Jaude shopping center)	46,342
Merger Carré Jaude 2	07/31/2015	Real estate asset (Carré Jaude 2 shopping center)	1,459
Merger Corio SAS	03/13/2017	Real estate asset (Saint-Étienne Centre Deux shopping center)	3,963
TOTAL			51,763

The €27.1 million decrease in technical losses allocated to land for 2020, and the bulk of the decrease in property, plant and equipment, is related to the sale of the Caen shopping center on November 12, 2020.

Property, plant and equipment in progress mainly corresponds to investment expense related to work on the Clermont Jaude, Saint-Étienne and Metz Saint-Jacques shopping centers.

3.1.2 Depreciation, amortization and impairment

<i>In thousands of euros</i>	Depreciation and amortization at 12/31/2019	Additions	Disposals	Inter-item transfers	Depreciation and amortization at 12/31/2020
INTANGIBLE ASSETS					
Set-up costs	-	-	-	-	-
Other intangible assets	193,353	-	-	-	193,353
• Technical merger loss	184,564	-	-	-	184,564
• Other	8,789	-	-	-	8,789
Total	193,353	-	-	-	193,353
PROPERTY, PLANT AND EQUIPMENT					
Structures	50,982	2,974	(11,859)	-	42,097
Facades, cladding and roofing	16,807	1,178	(4,244)	-	13,741
General and technical installations	31,909	2,527	(8,628)	-	25,808
Fittings	15,353	1,836	(3,205)	-	13,984
Other property, plant and equipment	175	55	-	-	230
• Technical loss on land	-	-	-	-	-
• Technical loss on structures	155	55	-	-	211
• Other	19	-	-	-	19
Total	115,225	8,571	(27,936)	-	95,860
TOTAL DEPRECIATION AND AMORTIZATION	308,579	8,571	(27,936)	-	289,214

<i>In thousands of euros</i>	Impairment at 12/31/2019	Additions	Reversals	Inter-item transfers	Impairment at 12/31/2020
PROPERTY, PLANT AND EQUIPMENT					
Land	14,910	192	(6,568)	-	8,534
Structures	5,903	7,474	-	-	13,377
TOTAL IMPAIRMENT	20,813	7,666	(6,568)	-	21,911
TOTAL DEPRECIATION AND IMPAIRMENT	329,392	16,237	(34,504)	-	311,125

The changes in this item in 2020 were mainly attributable to:

- The sale of the Caen shopping center on November 12, 2020 and the neutralization of the corresponding depreciation, as well as the reversal of impairment for €6.3 million; and
- Impairment of the Metz Saint-Jacques shopping center for €7.5 million.

3.1.3 Net non-current assets

<i>In thousands of euros</i>	Net amount at 12/31/2019	Increases net of depreciation, amortization and impairment	Decreases net of reversals	Inter-item transfers	Net amount at 12/31/2020
INTANGIBLE ASSETS					
Set-up costs	-	-	-	-	-
Other intangible assets	-	-	-	-	-
• Technical merger loss	-	-	-	-	-
• Other	-	-	-	-	-
Total	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT					
Land	70,125	(192)	(15,854)	-	54,079
Structures	84,080	(10,448)	(2,373)	18	71,278
Facades, cladding and roofing	19,077	(1,178)	(1,374)	142	16,667
General and technical installations	28,732	(2,527)	(806)	123	25,521
Fittings	15,485	(1,836)	(522)	1,762	14,889
Property, plant and equipment in progress	2,976	5,410	(86)	(2,055)	6,245
Other property, plant and equipment	78,705	(55)	(27,083)	-	51,567
• Technical loss on land	76,447	-	(27,083)	-	49,364
• Technical loss on structures	2,244	(55)	-	-	2,189
• Other	15	-	-	-	15
Total	299,180	(10,827)	(20,928)	(9)	240,247
TOTAL NET NON-CURRENT ASSETS	299,180	(10,827)	(20,928)	(9)	240,247

3.2 NON-CURRENT FINANCIAL ASSETS

3.2.1 Equity investments

In thousands of euros

GROSS EQUITY INVESTMENTS AT BEGINNING OF YEAR	9,947,394
Acquisitions of shares	1,426
• Received in consideration of equity investments	-
• Purchases, capital increases and contributions	1,426
Decreases in shares	(76,826)
• Decreases, capital reductions and contributions	(76,826)
Disposals and transfers of shares	(15,614)
• Cancellation of shares	(7,762)
• Sales of shares	(7,852)
Technical losses on equity investments	-
GROSS EQUITY INVESTMENTS AT END OF YEAR	9,856,380

Acquisitions of shares mainly correspond to capital increases at Klé Start SAS for €0.9 million and Financière Corio SAS for €0.4 million.

Decreases in shares mainly correspond to the capital decreases and the distribution of premiums by Klémurs SAS for €67 million and Du Bassin Nord SCI for €9.8 million.

Disposals and transfers of shares mainly correspond to:

- The cancellation of shares following the merger of Combault SNC into Klépierre SA for €7.8 million;
- The disposal of portion of the shares of Akmerkez Gayrimenkul for €4.6 million and shares of Le Plateau des Haies SNC for €3.3 million.

Impairment of equity investments

<i>In thousands of euros</i>	Impairment at 12/31/2019	Additions	Reversals	Mergers	Impairment at 12/31/2020
Non-current financial assets					
Investments	1,309,405	320,597	(12,915)	(435)	1,616,653
TOTAL IMPAIRMENT	1,309,405	320,597	(12,915)	(435)	1,616,653

Impairment of equity investments mainly corresponds to:

- Impairment losses recognized mainly during the year concerning:
 - Klépierre Nederland BV for €141.3 million,
 - Klépierre Berlin GmbH for €44.1 million,
 - Akmerkez Gayrimenkul for €25.8 million,
 - Klépierre Real Estate SL for €20.8 million,
 - Centre Deux SNC for €16.6 million,
 - Principe Pio Gestion SA for €11.2 million,
 - Klémurs SAS for €10.7 million,
 - Klécar Foncier España SL for €8.3 million,
 - Klépierre Grand Littoral SAS for €7.1 million;
- Reversals of impairment losses on the shares of:
 - Plateau des Haies SNC for €3.3 million further to the disposal of the corresponding shares, and
 - Sagep SAS for €5.8 million.

Financial information on subsidiaries and investments

Financial information on subsidiaries and investments <i>In thousands of euros</i>	Share capital	Shareholders equity other than share capital and net income	% interest	Net income at year end	Pre-tax revenues	Gross book value	Net book value	Guarantees and sureties given	Loans and advances granted	Dividends received
1. SUBSIDIARIES MORE THAN 50% OWNED										
Ayam SNC	3	-	90	218	-	8,029	5,216		1,038	-
Bègles d'Arcins SCS	26,679	18,817	52	6,204	19,967	44,991	44,991		50,682	-
Bègles Papin SNC	765	6,871	100	554	2,064	7,636	7,636		10,238	-
Bresta I BV	23	(17)	100	(27)	-	21,088	-		-	-
Caetoile SNC	3	38,365	90	4,894	9,962	152,582	152,582		781	8,520
Capucine BV	39,494	352,394	100	26,006	-	515,979	515,979		-	-
Cécoville SAS	3,286	181,296	100	2,020	31,464	256,588	256,588		78,265	8,258
Centre Bourse SNC	3,813	-	100	212	3,659	47,419	11,326		29,367	-
Centre Deux SNC	3	27,175	90	1,516	5,504	82,913	55,643		-	7,652
Klépierre et Cie SNC	503	10,128	100	2,420	-	40,205	38,475		-	-
Corio Italia SRL	62,390	36,243	100	7,465	-	1,144,425	1,144,425		1,122,061	-
Klépierre Real Estate España SL	54,437	11,924	100	1,680	12,590	262,059	143,522		41,931	5,388
Dense SNC	3	19,284	90	2,839	7,293	83,010	83,010		12,925	4,363
Financière Corio SAS	3	27	100	(38)	-	1,571	-		49,552	-
Foncière de Louvain-la-Neuve SA	12,062	(17,464)	100	2,416	-	12,061	12,061		48,694	-
Galerie du livre SAS	76	1,987	100	8	75	6,309	6,309		-	97
Galeria Commerciale Klépierre SRL	1,560	41,611	100	(995)	3,141	41,052	41,052		2,800	-
Galleries Drancéennes SNC	4	600	100	1,093	3,972	58,341	21,166		10,578	-
Le Havre Colbert SNC	80	9,947	100	765	1,481	10,016	10,016		3,191	-
Holding Gondomar 1 SAS	5,085	24,358	100	2,868	6,218	64,739	64,739		8,790	2,830
Holding Gondomar 3 SAS	835	6,432	100	525	-	8,021	8,021		-	495
KLE 1 SAS	8,785	36,153	100	5,565	143	98,166	98,166		52,143	9,052
Klecab SCI	450	1,350	100	(28)	324	1,800	1,800		1,786	-
Klé Projet 1 SAS	3,754	20,178	100	(86)	791	37,201	30,796		7,979	-
Kleber Odysseum SCI	743	77,273	100	3,292	-	78,016	78,016		42,915	-
Klécar Foncier España SL	250	1,708	100	3,442	12,139	192,735	152,635	9,422	52,513	6,429
Klécar France SNC	333,086	-	83	25,069	2,483	455,060	455,060		6,812	-
Klécar Foncier Iberica SL	251	50	100	443	286	46,316	3,433		-	662
Klécar Participations Italie SAS	20,456	2,051	83	2,918	-	17,587	17,587		32,016	104
Klékurs SAS	91,542	77,924	100	16,247	20,797	238,942	228,220		-	13,090
Klépierre Alpes SAS	153	46,026	100	4,699	16,395	232,597	232,597		45,346	8,751
Klépierre Beleggingen I BV	18	(30)	100	(26)	-	2,348	-		-	-
Klépierre Berlin GmbH	25	104,955	95	(10,595)	11,162	122,199	28,722		215,509	-
Klépierre Berlin leasing GmbH	25	3,117	100	(290)	5,577	4,447	4,025		14,780	-
Klépierre Conseil SAS	1,108	5,622	100	90	82	7,934	7,934		119	557
Klépierre Créteil SCI	21,073	28,445	100	(5,341)	4,176	75,624	46,834		27,513	-
Klépierre Échirolles SNC	3	(2,391)	100	(515)	141	6,566	5,697		15,290	-
Klépierre Foncier Macedonia SA	190	(12,803)	100	(229)	923	1,999	-		18,958	-
Klépierre Grand Littoral SAS	69,427	(11,123)	100	(7,041)	12,882	360,115	58,508		63,167	-
Klépierre Finance SAS	38	(1,163)	100	(177)	627	38	-		-	-
Klépierre Management Ceska Republika SRO	114	(168)	100	72	2,681	10,500	10,445		-	-
Klépierre Management Deutschland GmbH	25	(9,325)	100	1,653	11,678	25	25		13,200	-
Klépierre Management Espana SL	205	1,654	100	(585)	9,620	37,862	37,862	598	-	1,639
Klépierre Management Hellas SA	48	(224)	100	(146)	120	1,597	-		-	-
Klépierre Management Polska Sp.z o.o.	11	1,029	100	245	2,719	10,900	10,900		-	-
Klépierre Management Portugal SA	200	434	100	75	1,826	16,965	7,772		-	496
Klépierre Management SNC	1,682	11,131	100	3,913	87,603	136,473	136,473	1,208	-	-
Klépierre Massalia SAS	10,864	(6,434)	100	(5,997)	-	13,208	-		14,099	-
Klépierre NEA Efkarpi SA	90	(444)	100	53	159	240	-		1,657	-
Klépierre Nederland BV	136,182	1,343,806	100	(1,395)	-	1,888,564	1,407,554		756,382	-
Klépierre Nordica BV	377,640	370,240	100	48,495	-	675,657	675,657		-	-
Klépierre Perivola Patras SA	674	577	100	180	669	675	675		4,005	-
Klépierre Plenilunio Socimi SA	5,000	42,658	100	13,660	24,197	234,514	234,514		94,787	14,957
Klépierre Procurement International SNC	3,693	-	100	64	2,843	3,693	3,517		-	-
Klépierre Vallecás SA	60	69,590	100	12,259	22,516	248,900	248,900		106,927	15,003

Financial information on subsidiaries and investments <i>In thousands of euros</i>	Share capital	Shareholders equity other than share capital and net income	% interest	Net income at year end	Pre-tax revenues	Gross book value	Net book value	Guarantees and sureties given	Loans and advances granted	Dividends received
Klé start SAS	5	(20)	100	17	-	861	42		17	-
Les Portes de Chevreuse SNC	2	(17,081)	99	(202)	-	-	-		16,095	-
LP 7 SAS	45	53	100	(27)	-	380	64		-	-
Maya SNC	3	-	90	1,347	-	33,596	25,541		3,534	-
Mob SCI	-	(833)	100	(687)	110	4,104	-		-	-
Nancy Bonsecours SCI	3,054	3,053	100	(90)	-	6,565	6,342		1,608	-
Nueva Condo Murcia SLU	6,949	106,473	100	8,021	18,289	174,068	174,068		31,528	8,888
Pasteur SC	227	(3,815)	100	(1,087)	2,938	2,091	-	2,427	25,693	-
Portes de Claye SCI	56,262	170,318	55	(12,349)	14,623	124,619	124,619		-	-
Principe Pio Gestion SA	7,212	35,070	100	6,471	13,856	180,000	158,566		5,000	8,024
Progest SAS	7,703	25,462	100	5,145	1,093	116,055	116,055		4,594	16,981
Reluxco International SA	730	8,238	100	(4,581)	-	122,080	-		112,807	-
Sagep SAS	329	1,614	100	7,749	1,589	28,004	9,669		1,008	-
Saint Maximin Construction SCI	2	-	55	47	48	524	331		-	-
Sanoux SCI	14	(10,427)	75	(596)	6,519	-	-		-	-
SCOO SC	25,215	341,882	54	5,856	48,034	207,856	207,856		-	-
Sécovalde SCI	12,189	115,929	55	17,242	44,490	92,482	92,482		62,584	-
Soaval SCS	4,501	33,346	99	3,084	26,070	42,046	42,046		52,800	-
Sodévac SNC	2,918	26,245	100	1,594	5,641	29,163	29,163		3,014	-
Total I				209,580	546,249	9,292,994	7,833,927	13,655	3,379,078	142,236
2. INVESTMENTS BETWEEN 10% AND 50% OWNED										
Akmerkez Gayrimenkul Yatirim Ortakligi AS	1,881	7,655	47	2,730	-	230,006	79,684	-	-	3,027
Du Bassin Nord SCI	89,583	36,289	50	(23,003)	11,664	62,936	62,936	-	-	-
Cecobil SCS	5,122	10,165	50	6,868	15,958	7,642	7,642	-	17,121	-
Klépierre Köln Holding GmbH	25	2,695	10	(43)	-	2,703	1,723	-	-	-
Forving SARL	11	27	26	-	-	682	379	-	-	-
Klépierre Brand Ventures SNC	330	-	49	905	9,241	490	154	-	-	-
Klépierre Management Slovensko SRO	7	27	15	28	252	4	4	-	-	9
Le Havre Lafayette SNC	525	9	50	2,747	6,149	1,702	1,702	-	6,254	-
Le Havre Vauban SNC	300	5	50	9	1,244	463	463	-	4,013	-
Odysseum Place de France SNC	97,712	-	50	6,536	20,063	49,004	49,004	1,495	47,786	-
Secar SC	9,150	-	10	19,869	43,884	80,330	75,153	-	5,810	-
Solorec SC	4,869	2,768	49	18,030	44,901	124,104	124,104	-	97,291	-
Ucgen bakım ve yönetim hizmetleri A	-	-	10	-	-	16	-	-	-	-
Total II				34,676	153,356	560,082	402,949	1,495	178,275	3,036
3. INVESTMENTS LESS THAN 10% OWNED										
Du Plateau SCI	-	502	4	1,686	1,880	895	895	-	-	-
Kle Arcades SC	10	-	-	131	318	-	-	-	-	-
Klépierre Gayrimenkul Yönetimi ve Yatirim Ticaret AS	62,181	(55,118)	1	(11,809)	10,161	760	367	-	-	-
La Rive SCI	2	-	2	2,820	3,961	709	709	-	-	-
La Rocade Ouest SCI	383	-	8	541	640	908	866	-	-	-
Miratur Turizm Insaat ve Ticaret AS	1,209	653	-	(317)	1,063	21	2	-	-	-
Valdebac SCI	1,324	11,916	-	222	250	-	-	-	-	-
Total III				(6,726)	18,273	3,293	2,839	-	-	-
GRAND TOTAL I + II + III				237,530	717,878	9,856,370	8,239,715	15,150	3,557,353	145,272

3.2.2 Advances to equity investments

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Advances to equity investments	4,879,189	4,566,347
Accrued interest on advances	89,337	88,596
Share of net income and dividends	69,868	153,718
Impairment of advances to equity investments	(69,323)	(30,586)
TOTAL	4,969,071	4,778,075

Changes in advances to equity investments are mainly attributable to:

- The capitalization at January 1, 2020 of outstanding interest at December 31, 2019 for €616 million;
- Increases in advances for the following entities:
 - Klépierre Nederland BV for €300 million,
 - Solorec SC for €21.5 million,
 - Klécar Foncier España SL for €12.2 million,
 - Klépierre Vallecás SA for €9 million,
 - Klépierre Alpes SAS for €7.9 million,
 - Klépierre Plenilunio Socimi SA for €6 million;

- Decreases in the advances for the following entities:

- Sagep SAS for €29 million,
- Klécar Participations Italie SAS for €26.5 million,
- Progest SAS for €20 million,
- Sécovalde SCI for €14.7 million,
- Cécoville SAS for €9.5 million,
- Soaval SCS for €6.4 million.

Impairment of advances to equity investments chiefly concern:

- Les Portes de Chevreuse SNC for €16.3 million;
- Reluxco International SA for €15.5 million;
- Klépierre Foncier Macedonia SA for €13.4 million; and
- Massalia Invest SCI for €13.3 million.

3.2.3 Other financial assets

<i>In thousands of euros</i>	12/31/2019	Increases	Decreases	12/31/2020
Treasury shares (buyback of shares in view of their subsequent cancellation)	383,186	99,747	(83,344)	399,589
Treasury shares (external growth transaction)	14,334	-	-	14,334
Deposits paid	-	-	-	-
TOTAL	397,520	99,747	(83,344)	413,923

Buybacks of shares in view of their subsequent cancellation amounted to €399.6 million at December 31, 2020. These shares are not impaired if they have not been canceled by the year end. If these shares had been remeasured at the year-end based on the average share price for the last month of the fiscal year, it would have given rise to the recognition of impairment for €152.5 million.

Treasury shares acquired to be transferred to the seller as part of external growth transactions totaled €14.3 million. The corresponding impairment charge against these shares amounted to €1 million.

3.3 TRADE AND OTHER RECEIVABLES

Receivables amounted to €16.8 million compared to €24.5 million at December 31, 2019, and included gross trade receivables for €18 million, or €12.9 million on a net basis after deducting the €5.1 million allowance for doubtful debts. The net value of trade receivables at December 31, 2019 was €16.9 million (see note 2.3.4 for a description of the accounting principles applicable to receivables).

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Trade receivables	18,010	20,058
Allowances for bad debts	(5,086)	(3,173)
Net value of trade receivables	12,923	16,885

The bulk of trade receivables are due in less than one year.

Other receivables (detailed below) represent €3.9 million on a net basis, corresponding mainly to work not yet re-invoiced to tenants in respect of the renovation of the Clermont Jaude center.

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Tax receivables	1,818	2,616
• VAT	1,254	1,665
• Other taxes and duties	564	951
Deferral of payment on swaps	-	3,115
Other receivables	2,095	1,933
TOTAL	3,914	7,664

Maturity schedule of other receivables

<i>In thousands of euros</i>	Total	Less than one year	One to five years	More than five years
Tax receivables	1,818	1,254	564	-
• VAT	1,254	1,254	-	-
• Other taxes and duties	564	-	564	-
Deferral of payment on swaps	-	-	-	-
Other receivables	2,095	2,095	-	-
TOTAL	3,914	3,349	564	-

3.4 MARKETABLE SECURITIES AND TREASURY SHARES

Marketable securities amounted to €37.4 million, of which:

- €27.4 million in treasury shares held in connection with the liquidity agreement and performance share plans;
- €10 million in term deposits.

Information on treasury shares

At December 31, 2020, the Company held a total of 14,714,116 treasury shares (4.91% of shares in issue), with a carrying amount of €441.3 million (see note 3.2.3 and below).

These treasury shares are allocated as follows:

- 9,763 shares held for the 2017 performance share plan;

- 53,547 shares held for the 2018 performance share plan;
- 73,106 shares held for the 2019 performance share plan;
- 108,358 shares allocated on May 7 and December 22, 2020 to the 2020 performance share plan;
- 53,500 shares held under the liquidity agreement;
- 631,374 shares held to cover future performance share plans;
- 706,442 shares held to cover external growth transactions, recognized in non-current financial assets (see note 3.2.3);
- 13,078,026 shares acquired in view of their subsequent cancellation as part of the share buyback program, recognized in non-current financial assets (see note 3.2.3).

220,301 treasury shares held under the liquidity agreement were sold during 2020, resulting in a net loss of €0.2 million.

3.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents correspond mainly to bank accounts and accrued interest on swaps.

3.6 PREPAID EXPENSES – DEFERRED EXPENSES

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Prepaid expenses	52	98
Deferred expenses	33,832	16,814
• Bond issue costs	24,200	12,451
• Bank loan issue costs	9,632	4,363
Bond premiums	33,527	20,648
TOTAL	67,411	37,560

Refinancing transactions are described in note 4.3.

NOTE 4 NOTES TO BALANCE SHEET LIABILITIES

4.1 SHAREHOLDERS' EQUITY

<i>In thousands of euros</i>	12/31/2019	Appropriation of profit	Distribution	Other	12/31/2020
Share capital^(a)	423,730	-	-	(3,815)^(b)	419,915
Additional paid-in capital from share issues, mergers and contributions					
• Issue premiums	4,506,298	-	-	(79,529) ^(b)	4,426,769
• EOC issue premiums	174,012	-	-	-	174,012
• Contribution premiums	259,318	-	(137,404)	7,917 ^(c)	129,831
• Merger premiums	184,631	-	(184,631)	6,873 ^(c)	6,873
Technical merger surplus	-	-	-	362	362
Share cancellation premium	-	-	-	-	-
Legal reserve	44,010	-	-	-	44,010
Other reserves					
• Untaxed reserves	-	-	-	-	-
• Other reserves	-	-	-	-	-
Retained earnings	26,132	317,739	(343,825)	22,994^(c)	23,040
Net income/(loss) for the year	317,739	(317,739)		(170,135)	(170,135)
TOTAL	5,935,870	-	(665,861)	(215,332)	5,054,676
<i>(a) Composition of share capital.</i>					
Ordinary shares	302,664,095			(2,724,897)	299,939,198
Par value (in €)	1.40				1.40
<i>(b) Capital decrease by the cancellation of 2,724,897 shares.</i>					
<i>(c) Parts of the dividend relating to treasury shares.</i>					

On June 22, 2020, the Company canceled 2,724,897 shares acquired in 2018 under the March 13, 2017 share buyback program (note 3.2.3). Pursuant to this transaction, the share capital was reduced to €419.9 million and issue premiums to €4,426.8 million.

In accordance with the resolutions approved by the General Meeting of Shareholders on April 30, 2020, the Company distributed a total amount of €665.9 million in the form of dividends (including dividends payable

on treasury shares). The dividend distribution included €317.7 million in respect of 2019 net income, €26.1 million in retained earnings, €184.6 million in merger premiums and €137.4 million in contribution premiums.

Dividends payable on treasury shares were allocated to retained earnings in an amount of €23 million, to contribution premiums for €7.9 million and to merger premiums for €6.9 million.

4.2 PROVISIONS FOR CONTINGENCIES AND LOSSES

<i>In thousands of euros</i>	12/31/2019	Additions	Reversals	12/31/2020
Other provisions for contingencies and losses	19,202	6,467	10,323	15,345
TOTAL	19,202	6,467	10,323	15,345

Additions for the period are mainly attributable to a provision for a litigation for €2.4 million, a provision for performance share plans for €1.6 million and a provision set aside for risks on Sanoux SCI shares for €1.9 million.

Reversals for the period mainly concern a provision set aside for performance shares plans in an amount of €9.9 million.

4.3 LOANS AND BORROWINGS

In thousands of euros	12/31/2020	12/31/2019
Bonds	7,001,224	6,057,238
• Principal	6,933,211	5,983,211
• Accrued interest ^(a)	68,013	74,027
Bank loans and borrowings	1,674	4,031
• Credit facilities	-	-
• Accrued interest on credit facilities	445	764
• Bank overdrafts	113	505
• Accrued interest on swaps	1,115	2,763
Other loans and borrowings	2,298,792	2,551,824
• Security deposits and guarantees received	4,437	5,137
• Cash pooling	1,073,808	1,021,628
• Accrued interest on cash pooling	319	549
• Commercial paper	1,200,000	1,500,000
• Share in net income	20,227	24,511
TOTAL	9,301,690	8,613,094

(a) Coupon payable annually depending on the due date of the loan.

During the year, Klépierre SA issued €1,500 million in notes with an average coupon of 1.55%. These issuances were used to reduce the outstanding amount of commercial paper and to cover the redemption of bonds maturing in February and March 2021.

The maturity dates of borrowings were as follows as of December 31, 2020:

In thousands of euros	Total	Less than one year	One to five years	More than five years
Bonds	7,001,224	931,224	1,820,000	4,250,000
• Principal	6,933,211	863,211 ^(a)	1,820,000 ^(b)	4,250,000 ^(c)
• Accrued interest	68,013	68,013	-	-
Bank loans and borrowings	1,674	1,674	-	-
• Credit facilities	-	-	-	-
• Accrued interest on credit facilities	445	445	-	-
• Bank overdrafts	113	113	-	-
• Accrued interest on swaps	1,115	1,115	-	-
Other loans and borrowings	2,298,792	2,294,354	-	4,437
• Security deposits and guarantees received	4,437	-	-	4,437
• Cash pooling	1,073,808	1,073,808	-	-
• Accrued interest on cash pooling	319	319	-	-
• Commercial paper	1,200,000	1,200,000	-	-
• Share in net income	20,227	20,227	-	-
TOTAL	9,301,690	3,227,252	1,820,000	4,254,437

(a) February 2021: €298,811,000, March 2021: €564,400,000.

(b) May 2022: €100,000, December 2022: €85,000,000, April 2023: €750,000,000, November 2024: €630,000,000, October 2025: €255,000,000.

(c) February 2026: €500,000,000, February 2027: €600,000,000, May 2027: €50,000,000, May 2029: €600,000,000, July 2030: €600,000,000, February 2031: €600,000,000, September 2031: €600,000,000, December 2032: €700,000,000.

The Group's main credit agreements contain covenants. Failure to comply with these covenants could trigger mandatory repayment of the related debt. As of December 31, 2020, Klépierre SA complied with all its obligations arising from its borrowings, as regards the covenants applicable to the following financing:

Financing	Ratios/covenants	Limit ^(a)	12/31/2020	12/31/2019
Syndicated loans and bilateral loans	Net debt/portfolio value ("Loan to Value")	≤60%	41.4%	37.3%
	EBITDA/Net interest expenses ^(b)	≥2.0x	6.9	8.0
	Secured debt/portfolio value ^(c)	≤20%	0.6%	0.7%
	Portfolio value ^(d)	≥€10 bn	€18.5 bn	€20.1 bn
Bond issues	Secured debt/Revalued Net Asset Value ^(c)	≤50%	0.9%	0.9%

(a) Covenants are based on the 2020 revolving credit facility.

(b) Excluding the impact of liability management operations (non-recurring items).

(c) Excluding Steen & Strøm.

(d) Group share including transfer taxes.

4.4 TRADE PAYABLES

On average, suppliers are paid within approximately 34 days of receipt of the related invoice (compared to 26 days at December 31, 2019).

In order to improve the readability of the balance sheet, advances and payments on invoices relating to charges on buildings are presented as a deduction from trade payables.

4.5 ACCRUED TAXES AND PAYROLL COSTS

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Payroll and other	917	1,978
Other taxes	3,279	4,075
TOTAL	4,196	6,053

In 2020, "Other taxes" mainly correspond to VAT for €1.8 million and accrued payroll taxes for €0.8 million.

4.6 OTHER PAYABLES

Most of these payables are due in less than one year.

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Discounts granted to customers	3,009	175
Deferral of payment on swaps	-	15
Other	4,134	4,968
TOTAL	7,143	5,158

"Discounts granted to customers" in the Other payables corresponds mainly to Covid-19-related rent abatements for €2.7 million with VAT (see note 1.1).

"Other" mainly corresponds to the following items:

- €1.4 million in credit notes to be issued to tenants in respect of the settlement of charges;
- €1.5 million in earn-out on shares formerly held in Bulgaria;
- €0.7 million in compensation payable to directors.

4.7 PREPAID INCOME

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Prepaid income	5,283	8,570
• Deferral of bond issue premiums	2,035	5,246
• Key money	510	277
• Other	2,738	3,047
TOTAL	5,283	8,570

Other prepaid income corresponds to the recognition of deferred interest income on commercial paper for €1.4 million and the recognition of income from capital expenditure rebilled to tenants for €1.4 million.

4.8 CURRENCY TRANSLATION ADJUSTMENT - LIABILITIES

Currency translation adjustments recorded under liabilities correspond to the cumulative foreign exchange gains realized on currency swaps hedging USD exposure in connection with Akmerkez's Turkish assets for an amount of €6.9 million.

NOTE 5 NOTES TO INCOME STATEMENT ITEMS

5.1 NET OPERATING INCOME (EXPENSE)

As of December 31, 2020, operating items amounted to a net expense of €10.8 million, a year-on-year change of €11 million chiefly reflecting the decrease in rental income and impairment of real estate assets.

The decrease in rental income is attributable to Covid-19-related rent waivers for €2.4 million, as well as the departure of certain tenants for €0.8 million and the closure of the parking lots at the Jaude Clermont shopping center for €0.8 million.

Operating expenses include the impairment of property, plant and equipment assigned to the Metz center for €7.5 million.

5.2 SHARE OF INCOME FROM JOINT OPERATIONS

This item amounted to €82.9 million in 2020, and mainly included:

- The Company's share of 2020 net income in Cécobil SCS, Soaval SCS and Bègles Arcins SCS for €20 million, which was distributed

in accordance with the decisions of the shareholders of the limited partnerships;

- The Company's share of 2020 net income in Klécar France SNC for €20.8 million, Sécovalde SCI for €9.4 million and Solorec SCI for €8.9 million; and
- The Company's share of the 2020 net losses recorded at Bassin Nord SCI and Portes de Claye SCI.

The €35.8 million year-on-year decrease in this item is mainly attributable to:

- The impact of Covid-19, with the largest decreases at Klécar France SNC (€12.8 million), SCOO SC (€7.4 million), Solorec SC (€5.4 million), and Sécovalde SCI (€3.9 million);
- The absence of the share in income of Combault SNC further to its merger into Klépierre SA, for €4.8 million;
- The absence of the share in income of Le Plateau des Haies SNC following the sale of its shares, for €4.1 million.

5.3 NET FINANCIAL EXPENSE

The Company recorded net financial expense of €221.1 million for the year ended December 31, 2020, versus net financial income of €221.4 million for the year ended December 31, 2019.

5.3.1 Financial income

In thousands of euros	12/31/2020	12/31/2019
Income from equity investments	149,373	673,828
Interest on advances to associates	103,112	122,795
Bank interest on loans ^(a)	3,481	3,882
Interest on current accounts and deposits ^(a)	89	27
Other financial income	23,749	19,294
Reversal of financial provisions	20,188	89,987
Transferred financial expenses	21,119	2,670
Income from swaps not qualifying for hedge accounting ^(a)	8	2,616
Other foreign exchange gains	435	570
TOTAL FINANCIAL INCOME	321,554	915,670

(a) Gains and losses on swaps, interest on borrowings and cash pooling are netted.

Income from equity investments mainly corresponds to dividends in respect of 2019 received during the year from the following subsidiaries: Progest SAS, Klépierre Vallecass SA, Klépierre Plenilunio Socimi SA, Klémurs SAS, Klé1 SAS, Nueva Condo Murcia SL, Klépierre Alpes SAS, Caétoile SNC, Cécoville SAS, Principe Pio Gestion SA, Klécar Foncier España SL, Klépierre Real Estate SL, and other miscellaneous subsidiaries. This item also includes distributions of merger surpluses for €6.3 million.

Other financial income mainly included provisions for rebilling performance share plans not yet vested to Group employees for €6.7 million, the deferral of issue premiums received on bonds for €3.2 million and income on financial guarantees granted for €1.6 million.

Reversals of financial provisions primarily correspond to reversals of provisions for equity investments in an amount of €11.2 million (see note 3.2.1) and the reversal of provision on treasury shares for €9 million.

In 2020, transferred financial expenses mainly comprise costs incurred in connection with bond issuances and the new syndicated revolving credit facility.

5.3.2 Financial expenses

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Interest on bonds	125,756	133,427
Interest on associates' advances	67	-
Interest on current accounts and deposits ^(a)	1,310	1,430
Swap-related and other hedging instrument expenses ^(a)	2,219	7,595
Other financial expenses	27,018	9,113
Amortization of bond premiums	3,510	2,579
Amortization of loan issue costs	5,137	4,109
Additions to financial provision	377,178	535,493
Other foreign exchange losses	475	542
Net expense from disposals of marketable securities	-	-
TOTAL FINANCIAL EXPENSES	542,670	694,288

(a) Gains and losses on swaps, interest on borrowings and cash pooling are netted.

Interest on current accounts and deposits mainly corresponds to interest from cash pooling arrangements with Klépierre Finance SAS for a net amount of €1.2 million.

In 2020, the net expense on interest rate swaps and other hedging transactions corresponds to:

- Premiums and balancing payments on swaps and hedging instruments, representing a net expense of €38.5 million;
- Net gains of €36.3 million on interest rate swaps qualifying as hedges.

Other financial expenses mainly correspond to commissions on borrowings for €26.9 million.

Additions to financial provisions primarily correspond to provisions for equity investments in an amount of €363.3 million (see note 3.2.1) and provision to unallocated treasury shares for €9.1 million. In 2019, charges to financial provisions were mainly due to a write-down of the shares of a Dutch subsidiary.

5.4 NON-RECURRING EXPENSE

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Gains and losses on disposals of investments properties and intangible assets	(9,470)	(3,352)
Gains and losses on disposals of equity investments	(5,369)	(14,961)
Gains and losses on disposals of treasury shares	(1,408)	(29)
Other non-recurring income	999	1,285
Reversals of provisions and impairment	7,070	10,448
Transferred non-recurring expenses	299	539
TOTAL	(7,879)	(6,070)

- Gains and losses on disposals of investments properties and intangible assets comprises the disposal of the Caen Côte de Nacre property.
- Gains and losses on disposals of equity investments mainly includes the disposal of shares held in Akmerkez Gayrimenkul and Le Plateau des Haies SNC.
- Reversals of provisions and impairment losses mainly includes reversals of provisions further to the disposals of Caen Côte de Nacre and of shares held in Le Plateau des Haies SNC.

5.5 INCOME TAX

<i>In thousands of euros</i>	12/31/2020	12/31/2019
Income tax and contributions	1,249	(2,000)
TOTAL	1,249	(2,000)

The provision booked in the financial statements at December 31, 2019 was €1.9 million. In 2019, taxable income generated in the non-SIIC sector gave rise to income tax expense of €0.7 million.

NOTE 6 NOTES TO OFF-BALANCE SHEET COMMITMENTS

6.1 RECIPROCAL COMMITMENTS RELATING TO HEDGING INSTRUMENTS

As of December 31, 2020, Klépierre SA holds a portfolio of interest-rate hedging instruments intended to hedge a portion of current and future debt on the basis of the total funding requirements and corresponding terms set out in the Group's financing policy.

The fair value of derivative instruments is measured on the basis of data communicated by the Company's partners as of December 31, 2020.

Interest rate derivatives

In thousands of euros	12/31/2020	
	Notionals by type of instrument	Fair values excluding accrued interest (net by type of instrument)
Fixed payer swaps – hedging transactions	1,050,000	(2,353)
Fixed receiver swaps – hedging transactions	1,814,400	34,318
Swaps – unqualified of hedging ("isolated open position")	-	-
Caps	3,195,330	177

Impact on income

Interest booked In thousands of euros	12/31/2020	
	Income	Expenses
Fixed payer swaps – hedging transactions	1,809	4,476
Fixed receiver swaps – hedging transactions	40,936	2,041
Swaps – unqualified of hedging ("isolated open position")	21	14
Caps	53	-

6.2 OTHER COMMITMENTS

In thousands of euros	12/31/2020	12/31/2019
COMMITMENTS GIVEN		
Financial guarantees given	383,998	373,172
Other commitments given	6,929	15,080
TOTAL	390,927	388,252
COMMITMENTS RECEIVED		
Deposits received from tenants	1,234	1,161
Financing commitments received from financial institutions	2,210,000	1,950,000
Commitments on sale of buildings	-	48,700
TOTAL	2,211,234	1,999,861

Shareholders' agreements in respect of Bègles Arcins SCS

This agreement was entered into between Klépierre and Assurécureuil Pierre 3 on September 2, 2003, and contains provisions relating to the governance of the company, and the customary protections in the event of proposed share sales, as well as a dispute resolution clause.

Shareholders' agreement between the Klépierre Group and the main shareholders of Akmerkez (Turkish listed company)

Entered into in 2005, this agreement contains provisions governing relations between shareholders, including the composition of the Board of Directors, particularly the number of representatives of each shareholder on the Board. It also contains provisions relating to the majority required to adopt decisions which must be submitted to the Board of Directors for approval.

Shareholders' agreement between Klépierre and Vendôme Commerces SCI in respect of Cécobil SCS

Entered into on October 25, 2007 following the conversion of Cécobil SCS into a limited partnership, this agreement contains the customary protections in the event of a proposed sale of shares to a third party (first refusal and full tag-along rights) and the change of control of a shareholder.

Klépierre is the successor to the rights and obligations of Kléber La Pérouse SNC in respect of this agreement, further to the transfer of all of its assets and liabilities to Klépierre on July 4, 2012.

Shareholders' agreements between Klépierre and Vendôme Commerces SCI in respect of Sécovalde SCI and Valdebac SCI

Entered into on October 25, 2007, this agreement contains the customary protections in the event of a proposed sale of shares to a third party (first refusal and full tag-along rights) and the change of control of a shareholder.

The agreement was amended *via* addenda on December 29, 2008 and November 23, 2010, and is also applicable to Valdebac SCI since December 8, 2010, the date on which more than 99.99% of the shares were transferred from Kléber La Pérouse SNC and Vendôme Commerces SCI to Sécovalde SCI. Consequently, the shareholders' agreement exclusively concerning Valdebac SCI, entered into by Kléber La Pérouse SNC and Vendôme Commerces on June 21, 2010, was terminated on December 8, 2010.

Klépierre is the successor to the rights and obligations of Kléber La Pérouse SNC in respect of this agreement, further to the transfer of all of its assets and liabilities to Klépierre on July 4, 2012.

Shareholders' agreements between Klépierre, Finiper, Finiper Real Estate & Investment, Ipermontebello, Immobiliare Finiper and Cedro 99 in respect of Clivia

With regard to Clivia, the agreement dated December 14, 2007 initially concluded for a period of ten years was tacitly renewed for a further ten-year period. The agreement contains provisions for a right of first refusal in the event of a sale of shares to third parties and a tag-along right, as well as provisions relating to the governance of the company and to the majority required to approve certain company decisions.

Shareholders' agreements between Klépierre and Stichting Pensioenfonds ABP in respect of Swedish company Nordica Holdco AB, and Norwegian companies Storm Holding Norway AS and Steen & Strøm

Shares in Steen & Strøm were acquired *via* Storm Holding Norway AS, a company registered in Norway and wholly-owned by Nordica Holdco AB, a company registered in Sweden.

This agreement was entered into on July 25, 2008 and was amended on October 7, 2008. It contains the customary protections for non-controlling interests: qualified majority voting for certain decisions, call option in the event of deadlock and tag-along rights, as well as the following provisions:

- A one-year lock-up period applied to Steen & Strøm shares from the date of acquisition;
- Each party has a right of first offer on any shares which the other party wishes to transfer to a third party. However, if the shares are transferred by a party (other than Klépierre or one of its affiliates) to a Klépierre competitor (as defined in the agreement), the shares concerned will be subject to a right of first refusal and not a right of first offer;
- From the sixth year following acquisition, either party may request a meeting of shareholders to vote on the disposal of all the shares or assets of Steen & Strøm, or a market flotation of the Company. The vote will be subject to a two-thirds majority;
- Through deeds of adherence dated December 23, 2009, Storm ABP Holding BV and APG Strategic Real Estate Pool NV became party to the shareholders' agreement;
- Through a deed of adherence dated September 30, 2011, Stichting Depositary APG Real Estate Pool became party to the shareholders' agreement.

Shareholders' agreement between Klépierre and Torelli in respect of Holding Klege

Entered into on November 24, 2008, the agreement contains the customary provisions governing share capital transactions, decision-making and the right to information. Both parties have pre-emption rights in the event of a proposed sale of shares in the company to a third party.

Each partner has the right to appoint the same number of members to the Board of Directors. The Chairman is appointed for a period of twelve continuous months on an alternating basis with the partner. All decisions are adopted on simple majority.

Shareholders' agreement between Klépierre and Cardif Assurance Vie in respect of Portes de Claye SCI

Entered into on April 16, 2012, this agreement contains provisions governing relations between the Company's shareholders.

It provides for the customary protections in the event of a proposed sale of shares to a third party:

- Reciprocal pre-emption right;
- Reciprocal full tag-along right;
- Full tag-along obligation for non-controlling shareholders in the event the controlling shareholder plans to sell its full equity stake.

It also gives non-controlling shareholders a right of first offer in the event of a sale of assets by the Company.

Klécar France SNC became the successor to the rights and obligations of KC 2 SNC in respect of this agreement following the transfer of all of its assets and liabilities to Klécar France SNC on June 5, 2012.

Klépierre is the successor to the rights and obligations of Klécar France SNC in respect of this agreement following the transfer of its stake in Portes de Claye SCI to Klépierre.

Shareholders' agreement between Klépierre, Klépierre Massalia SAS and Lacydon SA in respect of Massalia Invest SCI and Massalia Shopping Mall SCI

Entered into on November 14, 2014, this agreement contains provisions governing relations between the shareholders of said companies, particularly with respect to the governance of Massalia Invest SCI and Massalia Shopping Mall SCI, the terms relating to the sale and divestment by shareholders of their investment in Massalia Invest SCI (right of first refusal, tag-along right, change of control clause, call option) and the conditions and main methods of funding of Massalia Invest SCI and Massalia Shopping Mall SCI.

An amendment dated September 27, 2017 modified the rules applicable to the management committee when voting on decisions relating to the shopping center's food superstore.

Shareholders' agreement between Klépierre and Allianz Levenversicherun Gs-Aktiengesellschaft in respect of Italian Shopping Centre Investment

Entered into on August 5, 2016, the agreement contains provisions governing the relationship between shareholders, including decisions which must be submitted to shareholders for approval. It includes a right of first offer and a clause of dispute resolution process ("deadlock").

Shareholders' agreement between Klépierre and Icade in respect of SCI du Bassin Nord

SCI du Bassin Nord is jointly and equally held by Klépierre SA and Icade, and is jointly managed. The co-managing directors' compensation is approved by collective decision of the shareholders, who can only withdraw totally or partially when unanimously authorized by the other shareholder.

Shareholders' agreement between Klépierre and Holprim's in respect of Kléprim's

Entered into on September 24, 2010, the agreement gives Kléprojet 1 exit rights if the conditions precedent are not met, as well as the customary

protections in the event of a proposed sale of shares to a third party (first refusal and full-tag along rights), change of control of a shareholder and other provisions governing relations between shareholders.

Shareholders' agreement between Klépierre and Cardif, Union de Gestion Immobilière, in respect of Secar SC

Entered into on December 13, 2019, this agreement contains provisions relating to the governance of the company, and provides for the customary protections in the event of proposed share sales (first refusal, full tag-along rights, forced tag-along rights), and in particular in the event of the termination of the asset management mandate held by Klépierre Management.

NOTE 7 OTHER DISCLOSURES

7.1 CASH POOLING

On November 30, 2000, Klépierre SA joined a cash pool managed by Klépierre Finance SAS. A new agreement was entered into for the cash pool on April 5, 2017. At December 31, 2020, Klépierre SA's liability with respect to the cash pool with Klépierre Finance SAS amounted to €1,073.8 million.

7.2 HEADCOUNT

At December 31, 2020, Klépierre SA has no employees.

7.3 LOANS AND GUARANTEES IN RESPECT OF EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

None.

7.4 COMPENSATION PAID TO CORPORATE OFFICERS AND SUPERVISORY BOARD MEMBERS

Klépierre SA, the parent company of the Klépierre Group, is a French joint-stock corporation (*société anonyme*) with a dual governance structure comprising an Executive Board and a Supervisory Board.

Gross compensation paid to corporate officers for 2020 amounted to €2,691,840.

Compensation allocated to Supervisory Board members in respect of their duties for fiscal year 2020 totaled €675,804, including €91,389 corresponding to the gross annual amount allocated to the Chairman of the Supervisory Board.

7.5 SUBSEQUENT EVENTS

On January 19, 2021, Klépierre SA canceled 5,091,144 shares acquired in 2019 under the February 6, 2019 share buyback program. Further to the cancellation of these shares, Klépierre SA's share capital was reduced by €7,127,601.60 to €412,787,275.60 for 294,848,054 shares, and share premiums were reduced to €4,276,055,017.15.

On January 29, 2021, to head off a resurgence of Covid-19, the French government ordered the closure for one month of all non-essential shops in enclosed shopping malls with a gross leasable area in excess of 20,000 sq.m. from January 31, 2021. This timing of the reopening may evolve depending on the health situation.

NOTE 8 INFORMATION ON CONSOLIDATION AND TRANSACTIONS WITH RELATED PARTIES

Klépierre SA's company financial statements are fully consolidated by the Klépierre Group, of which it is the consolidating entity.

As of December 31, 2020, the Klépierre Group is accounted for under the equity method by Simon Property Group and APG, which at that date held 21.31% and 5.88% stakes in the share capital of Klépierre SA (including treasury shares), respectively.

Transactions with related parties are conducted at arm's length terms.

4.4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2020.

This is a translation into English of the statutory auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of KLÉPIERRE,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Klépierre for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Klépierre as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from January 1, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Impairment of equity investments

Risk identified	Our response
<p>As at December 31, 2020, Klépierre holds equity investments for a net amount of €8,239,728 thousand after impairment of €1,616,653 thousand, in companies mainly owning shopping centers.</p> <p>As detailed in note 2.3.3 of the financial statements, impairment tests for equity investments are based on revalued net assets. Revalued net assets are calculated by considering the historical asset value compared to the appraisal value of the underlying investment properties and adjusting accordingly.</p> <p>The valuations retained by management are determined principally by third-party appraisers, internal expert assessments or market sale transactions.</p> <p>Determining the appraised value of investment properties requires significant judgement, more particularly in the context of the Covid-19 pandemic and related impact on the decrease in revenues.</p> <p>Therefore, the impairment of equity investments is considered to be a key audit matter due to the significance of the item in the financial statements as a whole, combined with the judgment exercised in determining the net asset values.</p> <p>Please refer to notes 1.1, 2.3.3 and 3.2.1 to the annual financial statements.</p>	<p>We obtained an understanding of Management's controls over revalued net assets. With respect to the valuation of the underlying assessing the revalued net asset amount, we considered Management's controls on the data used for these valuations and the controls over the analysis of the changes of values compared with prior periods. We tested the efficiency of the controls that we considered to be most relevant.</p> <p>We assessed the competence and independence of the third-party appraisers.</p> <p>We included our real estate valuation specialists at our meetings with the external appraisers to familiarize ourselves with the methodology applied, the main assumptions underlying their valuations of the investment properties and, in particular, market trends, market yields and recent market transactions if any. In the context of the Covid-19 pandemic, we have more particularly considered the potential impact of the decrease in the revenues in the basis of valuation.</p> <p>We performed specific procedures on the investment properties for which the valuation and value changes were significant, as well as those for which the assumptions and value changes observed were not consistent with market data. In this context, we assessed with our real estate appraisal specialists who are part to the audit team the main parameters selected by the third-party appraisers. When necessary, we held further discussions with Management.</p> <p>Moreover, we performed analytical procedures by comparing to last year the valuations and the investment property assumptions underlying the net asset values. We compared the main assumptions used with relevant market data.</p> <p>We recomputed the revalued net asset amounts based on the valuation of the underlying investment properties, taking into account the related transfer taxes.</p> <p>We assessed the need to recognize impairment for the equity investments by comparing their carrying amount to the revalued net asset amounts.</p>

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to remunerations and benefits received by or awarded to the members of the Executive Board and of the Supervisory Board and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single Electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Klépierre by the Annual General Meeting held on April 19, 2016 for ERNST & YOUNG Audit and held on June 28, 2006 for Deloitte & Associés.

As at December 31, 2020, ERNST & YOUNG Audit was in the fifth year of total uninterrupted engagement and Deloitte & Associés in the fifteenth year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 29, 2021

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS

Damien Leurent

Laure Silvestre-Siaz

ERNST & YOUNG Audit

Bernard Heller

4.5 REPORT OF THE SUPERVISORY BOARD TO THE ANNUAL GENERAL MEETING TO BE HELD ON JUNE 17, 2021

In respect of the management report and financial statements as at December 31, 2020

Dear Shareholders,

Pursuant to the provisions of Article L. 225-68 of the French Commercial Code, we are required to present to the Annual General Meeting our observations on the management report of the Executive Board and on the social and consolidated financial statements as at December 31, 2020 as established by the Executive Board.

We have duly been provided with the social and consolidated financial statements as well as the management report of the Executive Board within three months after the end of the financial year.

The Supervisory Board has also been kept regularly informed by the Executive Board about the operations and business of the Company and its group, and has carried out, for the purposes of its duties, the necessary audits and controls. The Supervisory Board was able to perform its duties after having examined the recommendations made by its specialized committees (Investment Committee, Audit Committee, Nominations and Compensation Committee and Sustainable Development Committee).

After having examined the recommendations made by the Audit Committee on February 15, 2021, neither the Executive Board's report nor the social and consolidated financial statements as at December 31, 2020 raise any observation from us.

We wish to thank most sincerely the Executive Board and all employees for their hard work and efforts in 2020.

Done on February 16, 2021

The Supervisory Board

4.6 OTHER INFORMATION

4.6.1 Financial summary for the past five fiscal years (data provided under the terms of Article R. 225-102 of the French Commercial Code)

In euros	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
TOPIC NAMES					
CAPITAL AT YEAR-END					
Share capital	419,914,877	423,729,733	440,098,488	440,098,488	440,098,488
Number of existing ordinary shares	299,939,198	302,664,095	314,356,063	314,356,063	314,356,063
TRANSACTION AND INCOME FOR THE FISCAL YEARS					
Pre-tax revenues	30,825,521	37,514,455	35,837,366	35,069,108	25,530,355
Earnings before tax, employee profit-sharing, amortization and provisions	204,206,417	766,727,962	566,377,797	158,692,858	311,977,949
Corporate income tax	(1,249,201)	2,000,073	(2,636,003)	(18,142,909)	729,300
Earnings after tax, employee profit-sharing, amortization and provisions	(170,134,750)	317,738,694	350,223,680	269,749,180	575,552,047
Dividends paid	0 ^(a)	665,861,009	660,147,732	616,137,883	572,128,035
EARNINGS PER SHARE					
Earnings before tax, employee profit-sharing, amortization and provisions	0.68	2.53	1.80	0.50	0.99
Earnings after tax, employee profit-sharing, amortization and provisions	(0.57)	1.05	1.11	0.86	1.83
Net dividend per share	0.00 ^(a)	2.20	2.10	1.96	1.82
PERSONNEL^(b)					
Average labor force employed during the fiscal year	2.1	2.4	3.6	3.8	3
Total payroll and employee benefits	2,343,761	3,517,997	3,488,169	1,887,157	2,435,419

(a) The proposed distribution is scheduled for early May and subject to shareholder approval at a General Meeting on June 17, 2021 without including future share cancellations.

(b) The average labor force and the related payroll and employee benefits include corporate officers who don't have an employment contract.

4.6.2 Acquisition of equity holdings and movements in equity securities impacting the corporate financial statements of Klépierre SA

No significant new shareholdings or takeovers are to be reported in 2020.

4.6.3 Average supplier payment period and of customers (data provided under the term of Article L. 441-6-1 of the French Commercial Code)

On average, suppliers are paid approximately 34 days from the receipt date.

As at December 31, 2020, Klépierre's suppliers balances stand at €4.4 million to be paid no later than February 3, 2021.

In euros	Article D.441 I-1°: Invoices received but not paid at the closing date of the fiscal year for which the term has expired						Article D.441 I-2°: Unpaid invoices issued at the closing date of the fiscal year for which the term has expired					
	0 day (optional)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (one day and more)	0 day (optional)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (one day and more)
(A) LATE PAYMENT INSTALMENTS												
Number of invoices concerned	0					21	0					1,997
Total amount of invoices concerned (including VAT)	0	67,584	35,796	1,241	11,780	116,401	0	927,773	1,365,672	288,911	8,563,619	11,145,975
Percentage of total purchases for the year (including VAT)	0%	0%	0%	0%	0%	1%						
Percentage of sales for the financial year (including VAT)							0.00%	2.36%	3.48%	0.74%	21.81%	28.38%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNISED DEBTS AND RECEIVABLES												
Number of invoices excluded			13							0		
Total amount of invoices excluded (including VAT)			49,916							0		
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUEL OR EGAL TERM - ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE COMMERCIAL CODE)												
Payment terms used to calculate payment delays			deadlines: 45 days						deadlines: 45 days			

4.6.4 Outcome of the share buyback program (data provided under the terms of Article L. 225-211 of the French Commercial Code)

In number of treasury shares	Liquidity	Future bonus shares	Bonus shares	External growth	Share buy-back program	Total
POSITION AT 12/31/2019	0	34,752	877,768	706,442	12,309,063	13,928,025
Bonus share plan adjustments ^(a)		596,622	(596,622)			0
Allocations exercised during the year			(36,372)			(36,372)
Cancellation of shares					(2,724,897)	(2,724,897)
Purchases	273,801				3,493,860	3,767,661
Sales	(220,301)					(220,301)
POSITION AT 12/31/2020	53,500	631,374	244,774	706,442	13,078,026	14,714,116

(a) Updating of the number of beneficiaries to reflect employee turnover.

During 2020 as a whole, 3,767,661 shares were bought back at an average price per share of €28.82 and 220,301 shares were sold at an average price per share of €32.42. At December 31, 2020, Klépierre held 14,714,116 of its own shares (directly or indirectly) representing a total value of €441.3 million based on book value and €20.6 million at par value.



Sustainable development

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5.1 KLÉPIERRE'S SUSTAINABILITY STRATEGY, GOVERNANCE AND MAIN ACHIEVEMENTS

5.1.1 Environmental and social context



Klépierre adapting and collaborating to navigate the Covid-19 crisis

The pandemic has been a real-life resilience test and has thrown up new challenges for businesses all over the world. In Europe, starting with Italy, Klépierre was broadly impacted by the Covid-19 pandemic and the lockdowns enforced since mid-March in all countries where the Group operates. Amid unprecedented uncertainty, this crisis has highlighted not only business challenges but also opportunities to find new ways of managing buildings, supporting the local communities and innovating to find solutions to keep in contact even in a fully home-working world.

Klépierre has been able to effectively adapt its organization to deal with the crisis. Firstly, anticipating the oncoming emergency, the Group set up a crisis cell in mid-February with a strong relay network in each country. As Klépierre's priority has been to preserve the health and safety of all stakeholders whilst supporting our retailers, crisis cell members have been working on temporary and lasting measures to ensure the safety of customers and staff while preparing for the reopening of centers in the best possible health conditions.

In addition, in order to guarantee the safety and well-being of its employees, Klépierre quickly deployed home working arrangements. Through a holistic approach to well-being, the Human Resources teams have adapted to offer employees new tools and services to support their mental health and enrich the quality of their working conditions. Traditional training sessions have been replaced with online courses, regular discussions with management, employee representatives and the entire body of staff were held remotely, and an array of digital activities has been proposed to employees, from sport sessions to eye-opening presentations. In addition, the Group has forged new partnerships with leading organizations such as International SOS.

On the operational side, shopping center management teams have been truly committed to supporting their retailers and to working closely with the Corporate teams on stringent cost cuts in order to pass on service charge savings to them. Despite the complexity of this unprecedented situation, the crisis period had a positive impact on environmental issues. Klépierre continued to improve its assets' environmental performance while using the lockdown period to analyze the specificities of its malls more deeply. Like their colleagues from the technical teams, the marketing teams played a key role in dealing with this troubled period, innovating and creating new concepts to support both local communities and retailers. Although this period has been challenging, the capacity to innovate, to collaborate closely between departments and countries, and the agility shown by Klépierre's teams have ensured that the quality of the Group's portfolio has been maintained.

Klépierre's business model (explained in section 1) covers the development, management and operation of shopping centers in 12 European markets. With a portfolio consisting of largely dominant assets in dynamic urban centers, the Group delivers value for its stakeholders through a proactive approach to shopping center management, its commitment to developing strong partnerships with its retailers, and its relentless focus on delivering compelling destinations for its customers.

The principal non-financial resources that Klépierre's business model relies upon include human capital to deliver its strategy, technology for the maintenance and safe operation of the Group's assets, its marketing activities and engagement with visitors, innovation to develop its service offering and anticipate consumer trends, and natural capital to power its properties and provide the raw materials necessary for development projects.

The availability of these resources, and their importance to the Group's strategy, has changed significantly in recent years. This has been fueled by broader macro-trends that are not exclusive to the retail industry.

LONG-TERM TRENDS AFFECTING THE GROUP'S PRINCIPAL NON-FINANCIAL RESOURCES

Increasing awareness of environmental issues	Consumers are more concerned than ever about where their products come from, and how they are produced, sustainability considerations increasingly shape their purchasing decisions. Grassroots movements such as the Global Carbon Strike have pushed climate change to the forefront of the political, social and business agenda. Its prominence in public discourse and impact on policy makers, investors and occupiers alike is materializing in the international and domestic policy arena with the emergence of regulations covering minimum energy efficiency standards and carbon emissions.
A competitive job market	Global demand for talent and the shift to a knowledge-based economy mean that organizations must hire and retain the right people, and up-skill existing employees in new ways of working to retain their competitive advantage. In a marketplace where competition for the right skills is fierce, leading companies need to offer a dynamic and engaging work environment that places a premium on development and well-being. At the same time, organizations must demonstrate their sustainability credentials and their adaptation to new methods such as home working as employees look to join companies that match their values.
New modes of consumption	Digitalization and the rise of e-commerce were major trends before the pandemic, and the ongoing health crisis has accelerated them. During the lockdown, e-commerce enabled millions of people to shop from home. In order to maintain customer access, Klépierre centers relayed news from retailers through its websites and social network pages. As lockdowns were lifted, click & collect services allowed consumers to regain human contact while guaranteeing safety. Despite the rapid growth of e-commerce, demand for social contact remains and consumers continue to expect it when making purchases. As people begin returning to shopping centers after lockdowns, Klépierre ensures that its sites are secure so that visitors and retailers can communicate safely on collection of their goods.
European metropolization	According to UN projections, 65% of the population will be urban by 2025, and more than 80% in many countries. By 2050, more than two-thirds of the world's population will live in cities. This gives rise to a number of challenges, including (but not limited to) preserving social cohesion, guaranteeing safety, limiting pollution and guaranteeing air quality. Klépierre has a role to play in this transformation. Shopping centers – whether inside or outside the city – are spaces that where people from different horizons mix and come together. Klépierre's objective in its centers is to re-create genuine communities in which people can come together in a safe and healthy environment.

5.1.2 Approach to sustainability

Klépierre views its real estate investments as an inherently long-term undertaking. How its shopping centers are designed, built and managed has far-reaching impacts on the environment and society over the many decades of their operational lives.

The size of the Group's portfolio, covering a total floor area of 4 million sq.m., more than 13,000 leases and hundred of millions of visits annually, means its direct impacts on the consumption of natural resources and the people who use its buildings can be significant. It also has a much wider influence through the actions of its retailers and visitors, and its contribution to the economic and social fabric of local communities.

Understanding how these impacts may evolve over time and their relationship with the resources that Klépierre relies upon, is fundamental to delivering sustainable financial returns and creating value for the Group's stakeholders.

This long-term perspective is built into Klépierre's business model. The Group's approach is characterized by a commitment to both its physical assets and the communities in which they are located, and manifests itself through a strategy that prioritizes assets, people and territories.

Given the complex interaction between these impacts and resources, Klépierre's ability to thrive and extract value from its portfolio is underpinned by its relationships with its key stakeholders. These include the national and international brands that occupy its properties (many of whom represent the dominant retailers in their segment), the millions of consumers who visit its shopping centers each year, its shareholders and lenders, employees and local communities.

BEST-IN-CLASS PERFORMANCE WITH NON-FINANCIAL RATING AGENCIES

Klépierre's CSR performance is recognized by a number of external bodies, including non-financial rating agencies.

Klépierre has been recognized as Global Retail Sector Leader by the Global Real Estate Sustainability Benchmark (GRESB), the world's leading environmental, social and governance ("ESG") benchmark for real estate and infrastructure investments. In 2020, out of hundreds of real estate portfolios assessed by the GRESB for ESG performance, Klépierre was ranked first in the following categories: Global Retail Listed Companies, European Listed Companies and European Retail Companies. With a score of 97/100, a four-point increase since 2019, the Group maintained its five-stars rating.

Moreover, in 2020, Klépierre was one of the few real estate companies in the world to be included in the prestigious Climate "A list" of the CDP, a non-governmental organization specializing in corporate environmental transparency. The CDP assigns a grade from A to D based on the completeness of information provided, the management of environmental risks and the setting of ambitious and relevant targets. More than 5,800 companies worldwide were rated by CDP this year for their environmental performance. Of these, only 16 real estate companies made it on to the Climate "A list", including just seven in Europe. The CDP distinction is testament to the ambition of the Act for Good® policy and attests to the quality of the operational implementation of this climate strategy.

In March, Klépierre's climate strategy was also approved by the SBTi, the UN-backed scientific body responsible for verifying the adequacy of environmental commitments with the 2015 Paris Climate Agreement. The approval was made with the highest level of recognition possible ("well below 1.5°C"), demonstrating Klépierre's commitment to the fight against climate change. This SBTi target classification is derived from the Paris Agreement, which calls for a global commitment to limit temperature increases to 1.5°C above pre-industrial levels.

Klépierre also obtained an "AA" ESG rating from MSCI, the best ranking achieved among real estate companies. MSCI's ESG rating is designed to measure companies' long-term resilience and assess material ESG risks. According to MSCI, companies with an "AA" rating demonstrate leadership in their industries when it comes to managing their most significant ESG risks and opportunities.

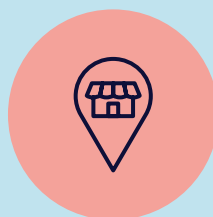
Lastly, Klépierre received a "Gold" award from the European Public Real Estate Association (EPRA), which promotes, develops and represents the European public real estate sector. Since 2011, EPRA has actively participated in the debate on sustainability practices through different initiatives including the development of Sustainability BPR (Best Practices Recommendations) and guidance for European listed real estate companies. A separate report presenting the Group's performance against these EPRA SBPR is available on the CSR section of Klépierre website (<https://www.klepierre.com/en/notre-identite/l-engagement-rse>).

ACT FOR GOOD[®] WITH KLÉPIERRE



ACT FOR THE PLANET

Ensure that Klépierre has a positive impact on the environment



ACT FOR TERRITORIES

Contribute to our centers' territorial integration and to the development of local communities with which we are involved



ACT FOR PEOPLE

Put people at the heart of actions to create value for all



ACT FOR THE PLANET



- Climate strategy
- Energy efficiency
- Renewable energy sourcing



- Responsible waste management
- Circular economy approach together with retailers



- Sustainable certification for all assets in operation
- Sustainable certification for development projects
- Using of certified wood in development projects



- Connection to public transportation
- Support to the electric vehicles usage



ACT FOR TERRITORIES



- Local recruitment of partners to operate our assets
- Contribution to local employment facilitating stakeholders meetings



- Free allocation of spaces in our asset to showcase local economic & charity players



- Solutions for a second life of products bought in our malls through charitable drives
- Impacts amplification of our retailers' own CSR initiatives in shops



Development projects :

- Systematic integration of local concertation
- Responsible procurement
- Biodiversity action plan



ACT FOR PEOPLE



- Visitors care in every step of the customer path
- Customer listening and feedback



- Promotion of healthy lifestyle to visitors
- Special attention to our retailers' staff



- Development & meaningful career paths
- Work-life balance
- Associate employees to the future of the Company



- Internal trainings & external sensitization to ethical business practices
- Responsible procurement practices



- Organization of charity initiatives for our staff
- Philanthropy

CO-CONSTRUCTION WITH STAKEHOLDERS

Act for Good® was developed following Klépierre's most recent materiality review, which was conducted in 2017.

This was a rigorous, multi-stakeholder engagement exercise involving a representative panel of Klépierre's main, internal and external stakeholders, including retailers, investors, human resources and CSR experts, scientists, non-governmental organizations and public authorities.

The panel assessed 38 pre-identified items based on their importance to Klépierre and ranked the top ten issues in terms of risks or opportunities for the Group. Following this assessment, the panel was asked to contribute to the development of a new sustainability strategy that would achieve the following objectives:

- Meet the expectations of Klépierre's stakeholders;
- Ensure a positive correlation between sustainability activities and financial performance;
- Focus on key impact areas; and
- Reflect the Group's operating context and make it meaningful for employees.

With these goals in mind, the panel and Group representatives explored stakeholders' perceptions of the Group's sustainability activities and developed its strategy for consultation. Klépierre's Executive Board participated in these discussions and in the joint development of the Act for Good® strategy by sharing its vision and goals for Klépierre, and by outlining its commitment to the development and roll-out of the new strategy.

This collaboration produced four key themes for Klépierre, which became the major commitments underpinning the Act for Good® strategy: climate change, sustainable assets, health and well-being, and local value creation.

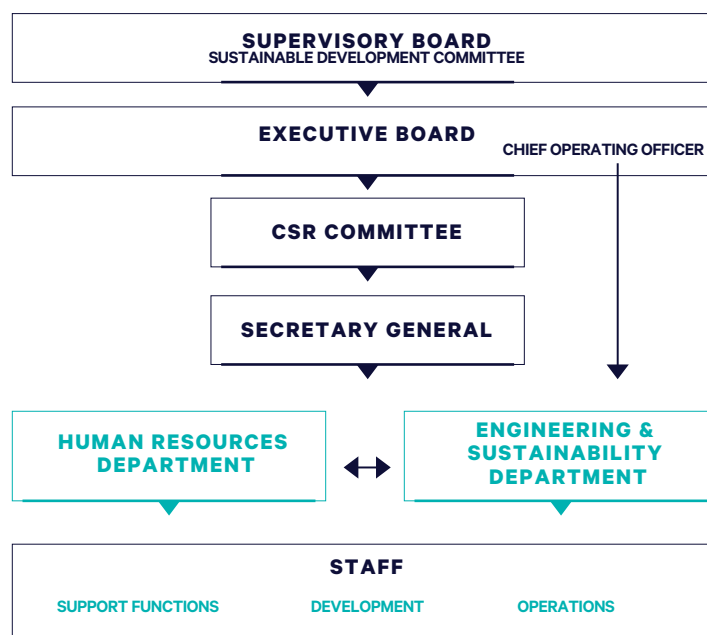
The draft strategy was then discussed with all Country Directors, practice leaders and the internal CSR Committee, before being reviewed by the Klépierre Supervisory Board's Sustainable Development Committee.

In addition to the materiality review, the materiality matrix is a foundation element in the definition of the Act for Good® strategy. Materiality analysis helps define issues that can have a significant impact on the organization's activities. It also helps determine the Group's ability to create value, both for Klépierre and its stakeholders. For more information, the business model provides further details on Klépierre's stakeholders (see Chapter 1 of Klépierre's 2020 Universal Registration Document), and the materiality matrix (published in the 2020 non-financial data supplement on the Group website) presents the initial CSR risks and opportunities analysis.

5.1.2.1 Sustainability governance

Klépierre's sustainability strategy is firmly rooted in the Group's management structure. The commitments are implemented across all countries and supported by dedicated tools used to track performance. Sustainability is also embedded within the various external initiatives in which the Group participates.

Sustainability governance is integrated within Klépierre's corporate operations and governance structure.



The Supervisory Board has overall responsibility for the Group's sustainability performance. The Board is supported by the Sustainable Development Committee which reports to it. This Committee reviews the Group's processes and performance with respect to sustainability, including climate risks and opportunities.

The Committee comprises four Board members and is chaired by Steven Fivel, General Counsel and Corporate Secretary of Simon Property Group (Klépierre's leading shareholder). It met three times in 2020.

The CSR Committee supports Klépierre's Executive Board in implementing the Group's sustainability strategy. The Committee is responsible for setting targets and approving action plans, and reports to the Board on results achieved. It is chaired by Klépierre's Secretary General, who is responsible for CSR within the Corporate Management Team. The Committee includes all other members of the Corporate Management Team as well as members of the CSR team representing the following Group-level departments:

- The Engineering & Sustainability Department, which brings together employees responsible for technical engineering in centers, operational investments and sustainable development. This department reports to the Chief Operating Officer and oversees all technical challenges facing the operation of the Group's shopping centers. It also ensures the distribution of the Group's environmental and societal policy across its portfolio. Within this department, three staff are dedicated to sustainability matters; and
- The Human Resources Department, which oversees the Group's Human Resources strategy. This includes talent management, skills development and performance challenges in line with the Group's values and social commitments. Two members of staff are dedicated to the implementation and continuous improvement of the HR aspects of the Group's CSR policy.

Responsibility for implementing Act for Good® commitments is reflected within the objectives of Executive Board members, country managers, country heads, country technical directors and officers at regional and shopping center levels. Moreover, key Act for Good® commitments are incorporated within the performance share allocation criteria for the Group's principal managers.

Country management and operational departments implement the Group's goals and policies, as appropriate given their local context, across Klépierre's 12 markets. Each country then determines its annual action plan – in terms of investment and management – for all technical and sustainable development issues shaping its performance level. This includes setting tailored targets for individual assets in collaboration with the Corporate Engineering & Sustainability Department. They are supported by best practices guides which help define the appropriate actions a country can take, based on initiatives already implemented across the Group under each Act for Good® pillar.

These action plans are then discussed at a special annual meeting that brings together the entire European network, before being presented to the Group's Chief Operating Officer.

A network of approximately 30 local ambassadors covering all Klépierre subsidiaries is responsible for carrying out local actions and reporting on best practices. These representatives work in close contact with head office teams, including the Engineering & Sustainability Department through regular monthly meetings. These meetings assist with accelerating the rollout of approved actions, increasing information-sharing and building stronger cross-functional teams. In addition, all representatives meet in person twice a year for two days of discussions, strategy setting and inter-country collaborative work.

Finally, the Group's Act for Good® approach is systematically addressed in all communications intended for employees. The Group's Executive Board clearly communicates its vision, ambition and requirements in these areas.

In 2020, the assessments and projects developed at local level made it possible to adapt swiftly to the Covid-19 crisis. Throughout the crisis, central teams were able to quickly mobilize resources, make decisions and act on them, in large part thanks to their knowledge of the specificities of each center and their involvement in ensuring their safety. The daily management of buildings, both in terms of energy and safety, was effectively adapted to the situation. With their deep local roots, centers were able to provide support conducive to the needs of each territory.

5.1.2.2 Investments

The European Taxonomy sets out technical criteria on activities for mitigation and adaptation to climate change. As a leader in its sector, Klépierre strives to consider sustainable criteria in its investments decisions, all in accordance with recommendations of the Taskforce for Climate-Related Disclosure (TCFD). This consideration meets expectations of the Company's internal and external stakeholders and allows Klépierre to play a part in transforming society towards a more sustainable future.

In order to align investment decisions with its Act for Good® strategy, Klépierre has defined a set of sustainable development criteria. The objective is to embed these criteria within maintenance, renovation and extension Capex.

For Renovation and Extension Capex, depending on the specific needs, investments are approved using a special assessment grid created by Klépierre, which includes criteria related to safety, security and the environment. For example, it involves determining the investment's impact on energy, waste and water consumptions. Return on investment is measured in financial terms but also in terms of operational gains (management of flow of waste, water consumption, etc.).

A 10-year vision has been developed to smooth out investments and maintain these at a consistent level. Track – a Group tool set up three years ago – is used by both project teams and management to monitor the investments.

5.1.3 Main non-financial risks and opportunities

Social, environmental, human rights and anti-corruption risks affecting Klépierre's business model and core activities are reviewed on an annual basis as part of the Group's overall risk assessment. The Group's Risk Management Framework is described in detail in chapter 2 "Risk management".







At Group level, 12 risks (grouped in 2 main categories) were identified following the latest risk analysis work in 2020. This analysis includes a description of the Group's main risk factors, impacts and mitigation measures. Seven of them relate to non-financial issues, including:

- Health, safety and security;
- Compliance;
- Climate change, and;
- Human resources.






In parallel, the Group has identified six non-financial risk themes covering the scope of its environmental, social and governance impacts⁽¹⁾, following the most recent materiality review conducted in 2017, the results of which also informed the development of the Group's Act for Good® sustainability strategy.





This list is reviewed annually by the CSR Committee drawing on internal and external research to ensure that it accurately reflects the most immediate non-financial risks and opportunities facing the Group's operations. In 2020, the impact of Covid-19 was considered for each risk assessed. Klépierre found that human resources risks are now more prevalent and mental health risks related to home working were among the main extra-financial risks.

The tables on the following pages present the non-financial risks identified during this exercise. Issues are defined based on their importance to stakeholders and the gross risk they present to Klépierre before taking into account the mitigation measures the Group has put in place. The table provides further information on each risk, Klépierre's management approach and the key performance indicators used.








Theme	Associated risks	Stakeholders	Evaluation	Change	Controls and actions	Key indicators	United Nations Sustainable Development Goals	Reference in this document
Climate change	Closure or deterioration of centers due to weather events (snow, flooding...)	Visitors, Tenants, Providers, Shareholders and Investors	Moderate	Stable	<ul style="list-style-type: none"> • Analysis of the portfolio's exposure to physical and transition risks (asset by asset) • Structure audits every five years with associated Capex plan (monthly review) • Energy saving approach • Increased use of renewable energy • Internal digital tool for steering and monitoring deployed for all assets 	<ul style="list-style-type: none"> • Number of assets with a carbon neutral balance sheet: 23 (2030 target: carbon neutrality of the entire portfolio) • Reduction in the carbon intensity of assets: 44% (reported, market based) versus 2019 (objective 2030: carbon neutrality of the entire portfolio) 	     	Section 5.2.1
	Regulatory tightening in building energy efficiency requirements	Tenants and Public authorities	Moderate	Increasing	<ul style="list-style-type: none"> • BREEAM In-Use certification of the entire portfolio • Support to tenants • Participation in specialized industry bodies • Approval of the climate strategy by the Science-Based Targets initiative (SBTi) 	<ul style="list-style-type: none"> • Reduction in energy consumption in common areas: -43% (reported) against 2013 (objective 2022: -40%) • Proportion of electricity consumption from renewable sources: 93% (reported) (target 2022: 100%) • Percentage of assets certified BREEAM In-Use: 100% (target 2022: 100%) 		



⁽¹⁾ In view of the publication of French Act no. 2018-898 of October 23, 2018 on combatting tax fraud, the Group has not identified fraud as a material risk. For more information on the Group's management of risks associated with business ethics, please see section 5.4.4.1.

Theme	Associated risks	Stakeholders	Evaluation	Change	Controls and actions	Key indicators	United Nations Sustainable Development Goals	Reference in this document
Natural resources and circular economy	Inadequate performance on waste management in operations	Tenants, Visitors, Providers	Moderate	Stable	<ul style="list-style-type: none"> Internal digital tool for piloting and monitoring deployed for all assets Renegotiation of contracts with waste service providers to include performance targets (sorting, recovery, etc.) Customer support and training BREEAM In-Use certification of the entire portfolio BREEAM New Construction certification (Excellent level minimum) Use of environmentally-friendly materials in construction projects Pilot projects for certifications and innovative projects linked to the circular economy (Too Good To Go partnership, Cradle to Cradle certification, Cycle Up partnership, etc.) 	<ul style="list-style-type: none"> Percentage of assets certified BREEAM In-Use: 100% (target 2022: 100%) Percentage of recovered waste: 96% (target 2022: 100%) Percentage of assets that have engaged their customers (brands) in a circular economy approach: 86% (target 2022: 100%) Proportion of development projects certified by BREEAM New Construction, minimum level Excellent: 100% (target 2022: 100%) 	    	Section 5.2.2
	Tension over materials needed for development projects	Providers and Suppliers, Public authorities	Moderate	Stable				

Theme	Associated risks	Stakeholders	Evaluation	Change	Controls and actions	Key indicators	United Nations Sustainable Development Goals	Reference in this document
Human capital	Lack of staff engagement	Employees	Low	Increasing	<ul style="list-style-type: none"> Priority given to internal mobility Promotion of co-building of company's future 	<ul style="list-style-type: none"> Happiness Index (staff component): 3.56/5 (summer 2020) Share of staff participating to co-building of company's future in 2020: 38% 		Section 5.4.3
	Difficulty in attracting and retaining staff	Employees	Moderate	Stable	<ul style="list-style-type: none"> Development of training policy Individual development interviews campaign 	<ul style="list-style-type: none"> Staff access to training in 2020: 100% Share of recent graduates who have been given the opportunity to receive personalized career guidance in 2020: 100% Turnover in 2020: 9.1% 	  	
	Lack of diversity and gender equality	Employees	Moderate	Stable	<ul style="list-style-type: none"> Objectives of proportion of women among management bodies Comprehensive gender diversity policy (training, personalized coaching, mentoring, etc.) 	<ul style="list-style-type: none"> Share of women among managers in 2020: 40% 		
	Ill mental health	Employees	Low	Stable	Free psychological support platform	<ul style="list-style-type: none"> Absenteeism rate in 2020: 2.6% 		

Theme	Associated risks	Stakeholders	Evaluation	Change	Controls and actions	Key indicators	United Nations Sustainable Development Goals	Reference in this document
Health, safety and security	Assault (terrorist attack, armed robbery, etc.)	Visitors, Tenants, Providers	Low	Stable	<ul style="list-style-type: none"> On-site internal and external audits Development and deployment of specific Covid-19 policies 	<ul style="list-style-type: none"> Percentage of shopping centers audited and certified by Bureau Veritas in the context of the health crisis: 100%. 	 	Section 5.4.2
	Fire	Visitors, Tenants, Providers	Low	Stable	<ul style="list-style-type: none"> Legionella tests Anti ram cars barriers Alarm and/or 24/7 security agents Video protection systems Structure audits every five years 	<ul style="list-style-type: none"> Major incidents caused by building defaults: none 		
	Non-compliance with regulations	Employees, Tenants, Providers	Low	Stable	<ul style="list-style-type: none"> Operational standards on all EHS risks, monitoring in the future Komply IT tool Training Quarterly follow-up of incidents (country and regional levels) before consolidation by internal audit to prepare a remediation plan 			
	Pandemic	Employees, Tenants, Service providers, Public authorities, Shareholders and investors	Moderate/ Strong	Increasing				
	Building collapse	Visitors, Tenants, Providers	Low	Stable				

Theme	Associated risks	Stakeholders	Evaluation	Change	Controls and actions	Key indicators	United Nations Sustainable Development Goals	Reference in this document
Territorial anchoring, local impact	Inadequate contribution to local social and economic development	Public authorities, Local communities, Customers	Moderate	Stable	<ul style="list-style-type: none"> Use of local service providers for the day-to-day operation of centers Local partnerships and events to promote local employment Opening of spaces within centers to members of the local community Solidarity-based operations in response to the needs of the territories Support and strengthening of customers' responsible initiatives in centers Local consultation for each new development project 	<ul style="list-style-type: none"> Proportion of centers using local service providers for their day to day operation: 87% (2022 target: 100%) Proportion of centers having promoted local employment: 95% (2022 target: 100%) Proportion of centers having offered space to members of the local community: 98% (2022 target: 100%) Proportion of centers having organized a solidarity collection: 96% (2022 target: 100%) Proportion of centers having supported a citizen's initiative organized by a retailer in the center: 98% (2022 target: 100%) Proportion of development projects having organized local consultations upstream: 100% (2022 target: 100%) 	      	Sections 5.3.1 and 5.3.3
	Risk of local protest and local unacceptability of activities (especially during construction, extension, renovation work)	Public authorities, Local communities, Customers	Low	Stable				

Theme	Associated risks	Stakeholders	Evaluation	Change	Controls and actions	Key indicators	United Nations Sustainable Development Goals	Reference in this document
Business ethics	Bribery and non-compliance with regulations on advocacy	Employees vs. public authorities, Tenants, Suppliers and Providers	Low	Stable	<ul style="list-style-type: none"> Code of business ethics Anti-corruption Code of Conduct Third-party evaluation procedures Internal accounting controls E-learning ("InKorruptibles!") Disciplinary sanctions provided within internal regulations 	<ul style="list-style-type: none"> Percentage of employees aware of the fight against corruption in 2020: 100% Percentage of employees trained in the fight against corruption in 2020: 96% 	 	Section 5.4.4
	Money laundering	Tenants	Low	Stable	<ul style="list-style-type: none"> Multi-channel alert device (internal and external, phone and web) Annual internal audit of the sourcing and monitoring of suppliers and service providers Prior checks of on-site workers Responsible Purchasing Charter 	<ul style="list-style-type: none"> Number of "key" employees trained in the fight against fraud in 2020: 110 Share of service providers selected on the basis of CSR criteria: 100%* (objective 2022: 100%) Share of external stakeholders aware of business ethics: 50% (target 2022: 100%) 		
	Fraud and conflicts of interest	Employees	Low	Stable				
	Economic dependence of service providers	Suppliers and Providers	Low	Stable				
	Business partners with poor CSR practices	Suppliers and Providers	Low	Stable				

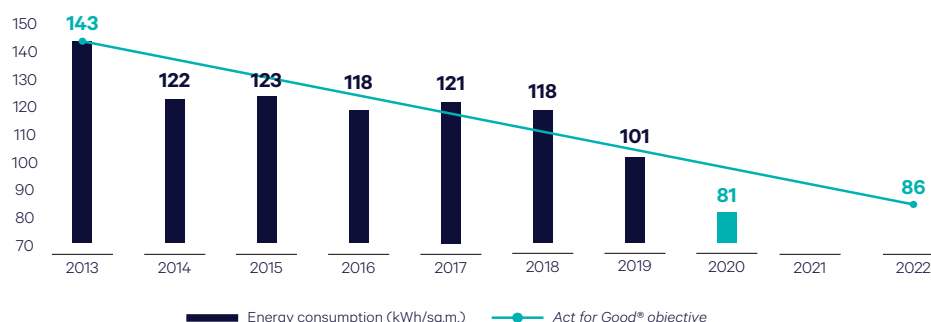
5.1.4 2020 main achievements

Thanks to the active involvement of its teams, Klépierre has accelerated the implementation of its sustainability strategy with a strong performance in 2020, and the Group is confident in its ability to achieve its ambitious long-term targets. The most significant 2020 achievements include:

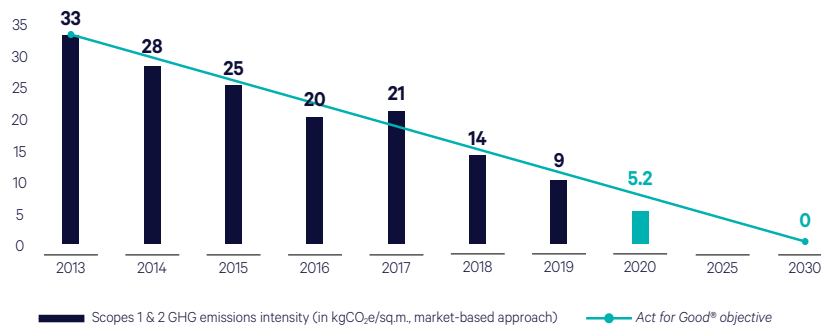
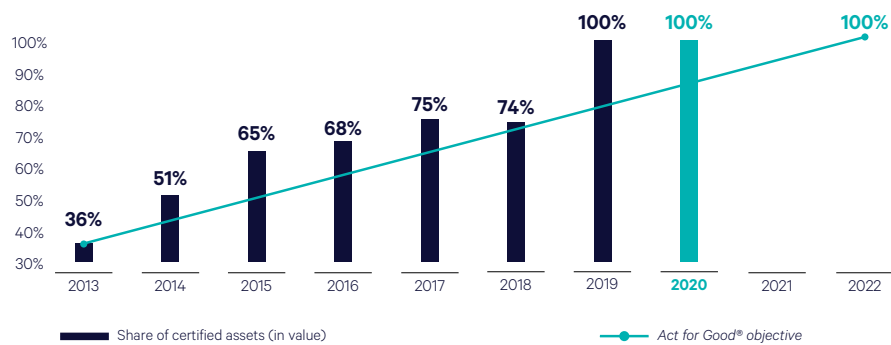
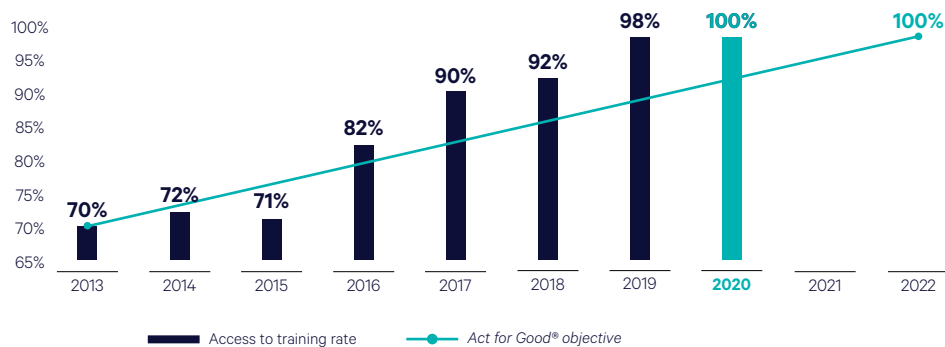
- A 20% reduction in common and serviced areas energy intensity across the Group's shopping centers compared to 2019, and a 43% reduction against the 2013 baseline;

- A 44% reduction in the Group's direct greenhouse gas emissions intensity compared with 2019, and an 84% reduction against the 2013 baseline (Scopes 1 & 2, market-based approach, reported scope);
- BREEAM In-Use certification for 100% of its portfolio – Klépierre's portfolio being the largest by value fully certified; and
- 100% access to training for Klépierre employees.

ENERGY INTENSITY FOR COMMON AND SERVICED AREAS (kWh/sq.m., reported scope, baseline: 2013)



* Calculated on the scope managed by the Group Procurement Department, i.e., 42% of Klépierre (key) suppliers.

DIRECT GHG EMISSIONS INTENSITY (SCOPES 1 & 2) SINCE 2013 (kgCO₂e/sq.m., reported scope, baseline: 2013)**PROPORTION OF SHOPPING CENTERS WITH A SUSTAINABLE CERTIFICATION** (in value, reported scope, baseline: 2013)**RATE OF STAFF ACCESS TO TRAINING** (baseline: 2013)

5.2 ACT FOR THE PLANET





ACT FOR THE PLANET

The first pillar, Act for the Planet, brings together the major environmental challenges that Klépierre faces as it carries on its activities: acting in favor of a low-carbon future, contributing to a circular economy, innovating for sustainable mobility, and developing a portfolio of fully-certified assets. It extends the initiatives undertaken by the Group over the past few years and demonstrates Klépierre's determination to raise its ambitions in these areas and cement its industry leadership.

While Klépierre continues to target improvements in the environmental performance of its assets, such as reducing their dependence on fossil fuels, this pillar requires the Group to work more closely with brands and suppliers to achieve sustainable and meaningful results, particularly in terms of energy consumption and waste reduction. It also provides a framework for the Group to respond more broadly to emerging trends in its sector and in society, notably through the promotion of a zero carbon and zero end-waste portfolio.

In recent years, Klépierre has achieved a very encouraging environmental performance, which it intends to capitalize on to accelerate the environmental innovation and differentiation of its assets. Thanks to its continuous improvement system, Klépierre has made significant progress towards these commitments. The Group remains on track to accomplish its long-term targets and has achieved BREEAM In-Use certification for its entire portfolio, and has fostered a culture of constructive engagement among its key stakeholders, supported by robust internal reporting mechanisms to identify inefficiencies and put in place improvement plans. This approach is manifested in the successful "BOOST" interventions which have contributed to successive reductions in the Group's energy consumption and have been extended to support the Group's target of eliminating waste to landfill.

2030 AMBITIONS	Turn promising assets into an efficient carbon neutral portfolio	Operate a zero end-waste business in collaboration with our retailers	Support new trends in mobility to accelerate customers' switch to sustainable modes of transportation.	Be a recognized leader in environmental performance
2022 COMMITMENTS	 Act for a low-carbon future	 Contribute to a circular economy	 Innovate for a sustainable mobility	 Develop a 100% certified assets portfolio
OPERATIONAL TARGETS	<p>-40% Reduction in energy consumption for common and serviced areas compared with 2013.</p> <p>100% Percentage of electricity coming from renewable sources in the total consumption of electricity of common and serviced areas.</p> <p> Certification of the Group's climate strategy by the Science Based Targets Initiative.</p> <p>TOP 5 The five biggest shopping centers in our portfolio are committed to having a positive carbon footprint within five years.</p>	<p>100% Percentage of recovered waste.</p> <p>100% Percentage of centers that have involved retailers in a circular economy effort (joint action to repurpose products, awareness raising in shopping centers, etc.).</p>	<p>100% Percentage of centers accessible via public transportation and equipped with charging stations for electric vehicles.</p>	<p>100% Percentage of centers that have earned a sustainable development certification (BREEAM In-Use, ISO 14001, etc.).</p> <p>100% Percentage of development projects that have obtained a BREEAM New Construction certification (with a minimum level of "Excellent").</p> <p>100% Percentage of new developments using wood from a certified forest during construction.</p>

5.2.1 Act for a low-carbon future

Climate change is a central concern for investors, citizens and governments. As an industry leader, Klépierre has a duty to ensure that its assets are sustainably embedded in their environment. The Group is committed to the fight against climate change and to putting in place all possible actions to reduce its portfolio's carbon footprint, thereby contributing to the goal of limiting global warming to 1.5°C above pre-industrial levels.

Klépierre is attentive to climate-related good practices and guidelines upgrades such as the TCFD, and the EU taxonomy for sustainable activities. The Group's climate strategy launched in 2017 is threefold: reducing energy consumption, seeking alternatives to energy derived from fossil fuels, and building a resilient portfolio.

The climate policy aims to implement a dynamic framework for managing Klépierre's direct environmental footprint, as well as active commitments relating to mitigate climate-related risks and to develop the opportunities.

Klépierre's commitments have been recognized externally: in 2020, Klépierre was recognized by the SBTi for its carbon strategy (see below) and was once again included in the CDP "A list". On decarbonizing its portfolio, the intermediary results of the strategy are highly promising. Twenty-three Klépierre centers are already carbon neutral, including one of its five largest centers.

KLÉPIERRE RECOGNIZED BY THE SCIENCE BASED TARGETS INITIATIVE FOR ITS LOW CARBON STRATEGY

The SBTi is a collaboration between the CDP, the World Resources Institute (WRI), the World Wide Fund for Nature (WWF) and the United Nations Global Compact (UNGC). It promotes the best practices of companies aiming to sustain their growth by transitioning to a low-carbon economy. The SBTi is one of the only global external bodies able to provide third-party validation of organizations' climate strategies.

To approve Klépierre's low-carbon approach, the SBTi steering committee specifically considered the Group's target to decrease direct greenhouse gas emissions by 80% per sq.m. by 2030 from the 2017 baseline (Scopes 1 & 2). It also considered the Group's commitment to reducing the indirect emissions of its assets generated by retailers in its shopping centers (Scope 3) by 41% per sq.m. over the same period. This certification positions Klépierre as the leading European real estate company in the fight against climate change, with SBTi approval being obtained at the highest possible level ("well below 1.5°C").

Jean-Marc Jestin, Chairman of the Klépierre Executive Board, commented: *"The approval of our low-carbon strategy is a very encouraging mark of recognition for all of our teams and partners. Carbon neutrality represents a long-term challenge that we intend to take up with our brands and our visitors. We are resolutely determined to turn this commitment – one of the Group's core engagements – into reality."*

Achieving ever greater levels of energy efficiency remains a priority for Klépierre. Doing so helps the Group curb greenhouse gas emissions and reduce exposure to energy market risks, as well as providing an indicator of the strength of the Group's operational management and contributing significantly to cost control strategies on behalf of the Group and its retailers.

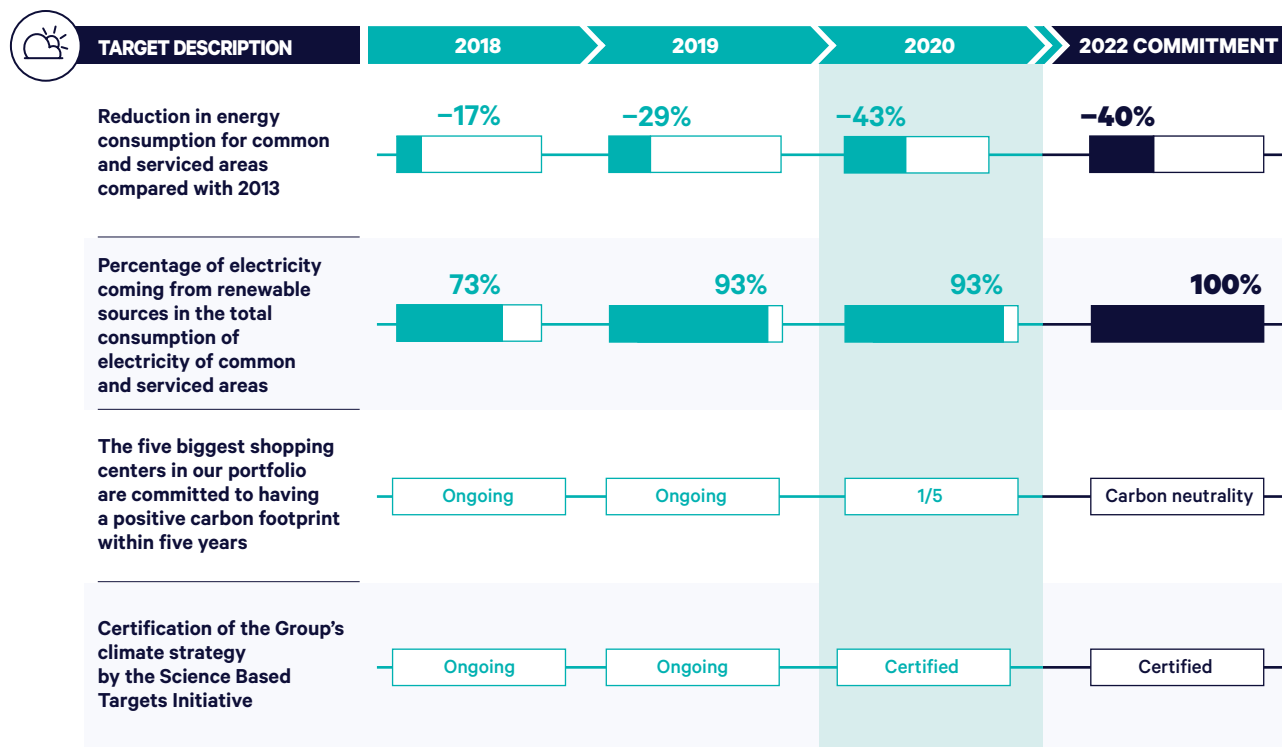
The commitment of every Klépierre employee is fundamental to this strategy, and while the good results in 2020 are partly attributable to the effect of lockdown, they mainly reflect the efforts of the technical management team to limit energy costs and optimize building

management (see section 5.2.1.1 "Energy performance management in a Covid-19 context" for further information on this topic).

In 2020, the Group's total energy consumption was approximately 324 GWh, reflecting a cost of around €35 million and contributing to 20,883 metric tons of CO₂e emissions. On a like-for-like basis, this equates to a 20% reduction in energy consumption compared to 2019, enabling the Group to save €7.8 million in energy costs and avoid 7,988 tons of greenhouse gas emissions (market based, like-for-like scope).

SUMMARY OF PERFORMANCE AGAINST TARGETS

ACT FOR A LOW-CARBON FUTURE

5.2.1.1 Energy⁽¹⁾

5.2.1.1.1 Energy efficiency

Klépierre tracks the performance of its portfolio and individual assets in relation to energy efficiency and has set a long-term target to reduce energy consumption (kWh per sq.m.) in shopping centers' common and serviced areas by 40% by 2022, compared to the 2013 baseline.

ENERGY INTENSITY FOR COMMON AND SERVICED AREAS (kWh/sq.m., reported scope, baseline: 2013)

2013 (baseline)	2019	2020	2020 v. 2013	2022 target
143	101	81	-43%	-40%

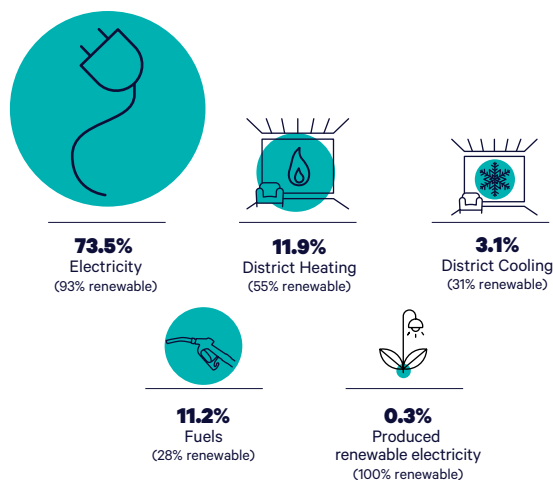
In 2020, effective energy consumption across the Group's shopping centers decreased by 20% compared to 2019. This equates to a 43% reduction since 2013, lowering the average shopping center consumption from 143 kWh/sq.m. to 81 kWh/sq.m. in 2020.

The bulk (73.5%) of the Group's energy consumption is electricity used to power its centers' electrical and mechanical equipment. 11.2% of energy consumed is derived from the on-site combustion of gas and fuel oil to operate heating and power generators, with the remaining

14.9% drawn externally from district heating and cooling systems in some of its markets. The remaining 0.4% corresponds to energy produced on site.

The improvements in Klépierre's energy efficiency can be attributed to an effective energy reduction strategy (see the following page) that combines monitoring, in-depth analysis of an individual shopping center's energy performance, the sharing of best practices and investments in energy efficient equipment.

(1) Unless otherwise specified, all 2020 energy consumption figures contained in this section apply to the following scope: 123/124 owned and managed shopping centers (excluding Utrecht, Hoog Catharijne) + 8/8 managed only shopping centers + 5/8 owned only shopping centers (excluding Greece). The corresponding coverage rate amounts to 95.8% of owned and managed shopping centers.

ENERGY MIX IN COMMON AND SERVICED AREAS *(Reported scope)*

ENERGY PERFORMANCE MANAGEMENT IN THE CONTEXT OF COVID-19

Even though the health crisis and Europe-wide lockdowns forced the technical teams to find new ways of working and to adapt the way they run shopping centers, Klépierre was able to maintain a strong energy performance in 2020.

In France, for example, the technical teams set up a twice-weekly monitoring process. The idea of this periodic control was to support shopping center teams in identifying possible progress in both reducing energy consumption and baseload savings.

Operating under unprecedented constraints has pushed Klépierre to delve deeper into analyzing shopping centers' technical performance and to better understand the specificities of each one.

During lockdown, Klépierre immediately implemented "100% fresh air" circulation (regular automatic renewal of all air in the centers) to protect the health and security of its customers, retailers and staff, in accordance with the recommendations of the international HVAC Association (REHVA in Europe – Federation of European Heating, Ventilation and Air Conditioning Association) and International SOS medical consultants.

The operation of air conditioning was meticulously monitored to take account of health risks, without neglecting its environmental impact. While this could have led to a spike in consumption, the management setup and inter-territory best practice sharing enabled continuous improvement in building performance.

Anticipating the positive impacts of Covid-19 on environmental performance, during 2020, Klépierre decided to reset its energy targets and fix even more ambitious objectives. The aim was to ensure that at the end of the year, data reflect the work done by all teams to optimize energy consumption. In addition, Klépierre has conducted data analysis to separate out the impact of Covid-19 from the impact of the overall operating performance⁽¹⁾.

Energy, water and waste consumption is monitored using Deepki, a tool implemented in all centers that enables the Group to implement a standardized approach to monthly data reporting for these categories. Energy consumption is measured based on Watt hours (Wh) divided by floor area (sq.m.) and benchmarked according to opening hours and other variables.

Deepki allows the Group to analyze data at the shopping center and portfolio level, control climate factors and undertake a robust shopping center performance benchmarking assessment. By establishing 'clusters' of shopping centers that have similar variables such as retailer density, car park management, coverage of heating and cooling supply, surface area and inauguration and/or renovation dates, the Group has been able to identify the strongest and weakest performing assets in its portfolio and target energy management interventions accordingly. This benchmark is also used to determine centers requiring "BOOST" interventions as a matter of priority (details on BOOST interventions in the inset below).

Klépierre's energy reduction strategy is supported by energy management software, which records and analyzes shopping center energy performance data.

These systems use a range of meters to record the energy use of individual appliances, which is then reported in real-time at shopping center, territory and Group level. As of the end of 2020, these systems covered 76% of the Group's portfolio with five new centers equipped during the year.

The Group has also intensified communication with technical directors and shopping center teams to develop a culture of energy management optimization. Monthly webinars provide an opportunity to take stock of environmental performance data and highlight best practices. Individual shopping centers are encouraged to share successful initiatives that have helped them reduce energy consumption. The meetings encourage further engagement within countries and between regions, while fostering a spirit of positive competition among shopping center teams. Since the onset of the health crisis, these discussions have increased in frequency so as to better deal with arising issues and maintain contact between shopping centers.

Together with quarterly Act for Good® meetings, monthly webinars are used to review performance against targets for each region, as well as for individual shopping centers. This approach ensures accountability among country managers, country function heads, shopping center managers, and shopping center technical managers for the performance of their assets.

⁽¹⁾ The full 2020 energy results, as well as the details on the analysis regarding Covid-19, can be consulted in the supplement "2020 Non-financial data" available on the website.

“BOOST” INTERVENTIONS: KLÉPIERRE’S TAILORED METHOD TO IMPROVE PERFORMANCE

Klépierre uses “BOOST” interventions for poorer-performing assets identified according to their benchmark performance and/or weather-adjusted performance.

The Group convenes specialist and on-site staff over two days to assess each shopping center’s operations (looking at both common and retailers areas) and consults with all relevant members of the shopping center team to develop an action plan that is practical and feasible.

The team analyzes energy consumption and operational systems during opening hours, and when the center is closed, builds up a comprehensive understanding of its energy patterns. The findings are used to develop concrete action plans supported by tailored performance targets which are reviewed during monthly follow-up calls to track progress.

BOOST action plans prioritize no- or low-cost interventions. For shopping centers that have already implemented all identifiable operational measures to increase energy efficiency, investments are made to upgrade technical equipment such as heating, ventilation and air-conditioning (HVAC) components, retrofitting LED lighting and the roll-out of CO₂ sensors to reduce air flow and optimize the functioning of air-treatment plants.

BOOST’s inclusive approach bringing together multiple stakeholders helps shopping center teams to identify both quick win actions and medium-term energy efficiency interventions that could improve the asset’s performance. These interventions are also an opportunity for the teams involved to go beyond usual practices and daily tasks. The aim is to create a disruptive and collaborative moment to identify solutions that may initially seem “outside the box” but add real value when implemented. BOOST results are also a good means to enrich ongoing discussions with retailers, providing them with feedback on what could be optimized to make savings on a store-wide scale.

By the end of 2020, BOOST interventions had been conducted at 79% of the Group’s portfolio to address energy performance (93 assets). The results have been marked, with some centers reporting reductions in energy consumption of up to 40% immediately following the intervention. In 2020, in France, fifteen centers benefited from this program with swift impacts on energy consumption. For instance, Nîmes Étoile reduced its energy consumption by 38% in 2020, further to applying the BOOST methodology.

Best practices are also promoted as reference guidelines presenting possible efficiency improvements across the Group’s portfolio, as well as the corresponding savings. These range from managing the temperature and operation schedules of HVAC system equipment, to purchasing new devices such as sensors and variable speed drives to better control energy-consuming equipment. Additionally, new best practices are shared among peers on a regular basis during webinars led by shopping center technical managers. Cross-center experience-sharing and innovation proposals provide staff with informative examples of projects and initiatives (Do’s and Don’ts, idea of cost, identified partners, etc.).

In terms of investments, capex approvals may be reviewed based on whether shopping centers have been diligent in implementing all operational energy efficiency measures identified. In order to make the right investments, Klépierre first ensures that the center is as close as possible to its optimum performance.

Lastly, energy efficiency is an important consideration for the development of shopping center expansions and renovations. The Group targets the BREEAM “Excellent” rating, which sets out expectations covering both energy performance and energy efficient design, as the minimum performance standard. This evaluates a range of energy-related management and operational impacts, from life-cycle assessments and construction practices, to energy monitoring, lighting and technical equipment specification. In addition, the Group aims to implement energy efficiency measures above and beyond BREEAM requirements by focusing on local conditions, for example by making sure to build insulation and ventilation that reduces energy demands from heating and air-conditioning.

5.2.1.1.2 Renewable energy supply

Klépierre’s long-term target is to ensure that 100% renewable electricity is used to power the common and serviced parts of its shopping centers by 2022. As the Group renegotiates electricity contracts, it is progressively switching over to “green” tariffs. By the

end of 2020, 93% (reported scope) of Group electricity consumption originated from renewable sources.

“Green gas” is also procured across the Group’s operations in some regions as all French and Belgium centers but also in other countries like on the site of La Romanina in Italy.

At the regional level, Scandinavia, Iberia, the Netherlands and Germany all procure 100% of electricity for their common and serviced areas from renewable sources, and 100% of district heating consumption in the Netherlands comes from renewable sources as well.

Overall, 80% of the total energy consumed in Klépierre’s centers in 2020 was from renewable sources, an improvement of five percentage points compared to the previous year.

5.2.1.1.3 On-site renewable energy production

Klépierre is developing on-site renewable energy production to strengthen its environmental commitments. Renewable energy systems have already been installed, and represent a generating capacity of 929 MWh at eight sites: Nave de Vero (Venice, Italy), Romagna Shopping Valley (Rimini, Italy), Hoog Catharijne (Utrecht, the Netherlands), Field’s (Copenhagen, Denmark), Maremagnum (Barcelona, Spain), Grand Portet (Toulouse, France) L’Esplanade (Louvain-la-Neuve, Belgium) and Riom Menetrol (Riom, France). Feasibility studies are underway across the Group’s portfolio to identify further opportunities, including its development portfolio.

The L’Esplanade shopping center in Louvain-la-Neuve (Belgium) recently installed 1,538 solar panels on its roof, producing 425 MWh per year. Less than a year elapsed between the first installation and effective energy production. This now accounts for 28% of the shopping center’s total electricity consumption – equivalent to the annual electricity consumption of 210 Belgian households.

On-site electricity generation is a local initiative that forms part of the Group’s energy optimization program.

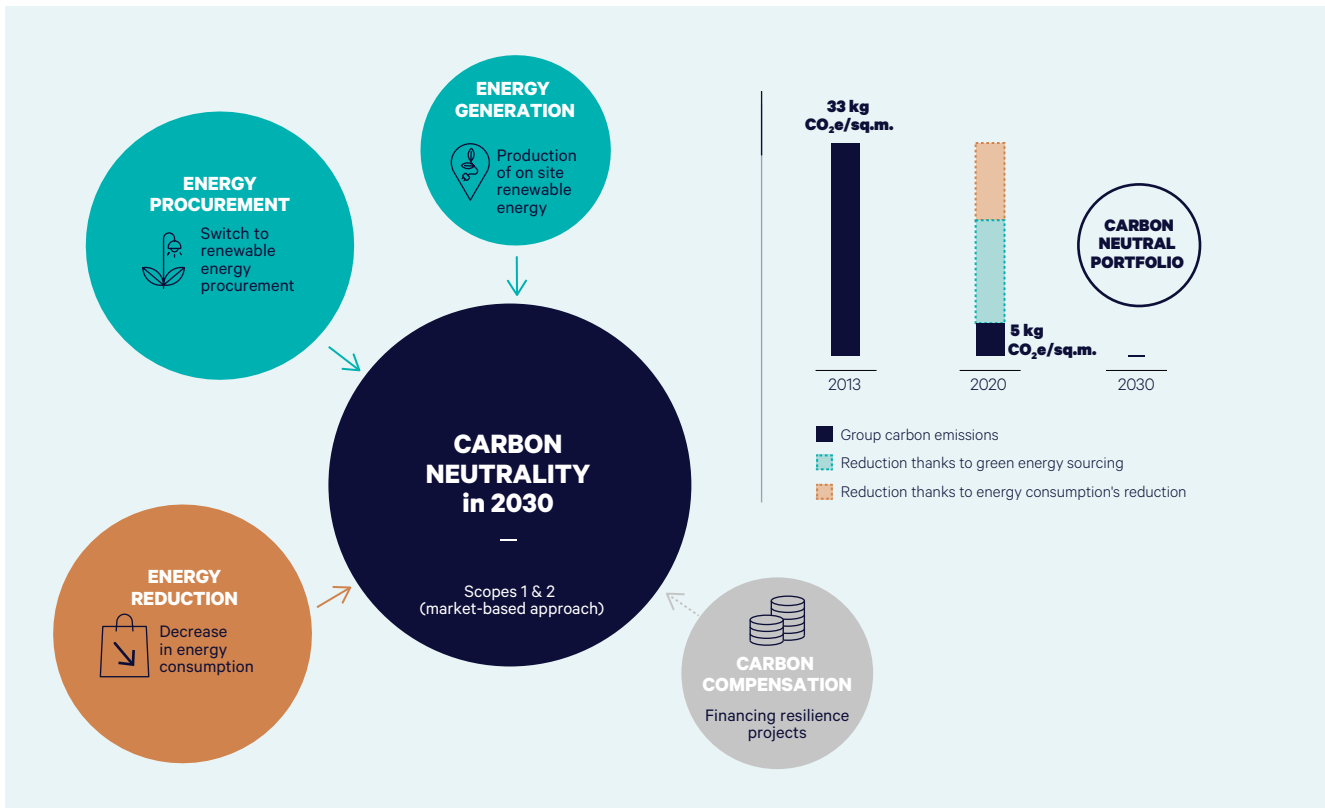
5.2.1.2 Climate change⁽¹⁾

Klépierre is committed to the fight against global warming, and is targeting carbon neutrality for its entire portfolio across Europe by 2030. The results from this strategy are highly encouraging –Klépierre's carbon footprint has already decreased by 84% (Scopes 1 & 2, market-based, reported scope) since the adoption of this strategy. The outcomes can be attributed to four key actions:

- Reducing energy consumption (see section 5.2.1.1): reduction is the first step of any relevant energy plan. Klépierre tracks the energy efficiency performance of its portfolio and individual assets, so that concrete actions can be implemented. Monthly reporting and follow-ups are carried out using the Deepki reporting tool. These can be adapted to each center's specificities, in order to ensure a dedicated and efficient energy-saving program led by on-site managers;
- Renewable energy supply (see section 5.2.1.2): in order to decrease the carbon footprint associated with its energy consumption, the Group engaged to reduce its dependency on fossil sources of energy. This is why Klépierre has committed to use 100% of electricity

produced from renewable sources in 2022. Current contracts are being re-negotiated, or new contracts are being signed with green energy suppliers;

- On-site renewable energy production (see section 5.2.1.3): Klépierre believes that sustainable solutions are even more meaningful when local. The Group is therefore developing its own on-site renewable energy production to provide direct access to renewable energy for shopping malls. In Europe, eight centers are already partially supplied by their own renewable energy production;
- Carbon offsetting: in addition to a strong operational strategy for reducing carbon emissions, carbon offsetting projects also help to mitigate climate change. These generate financing for projects dedicated to supporting carbon-positive actions, such as reducing GHG emissions and strengthening natural carbon sinks. Klépierre considers carbon offsetting to be the "finishing touch" after having drastically reduced its carbon emissions through operational actions in its malls. Accordingly, the Group is currently investigating the most suitable and relevant offsetting projects to support its long-term climate ambition.

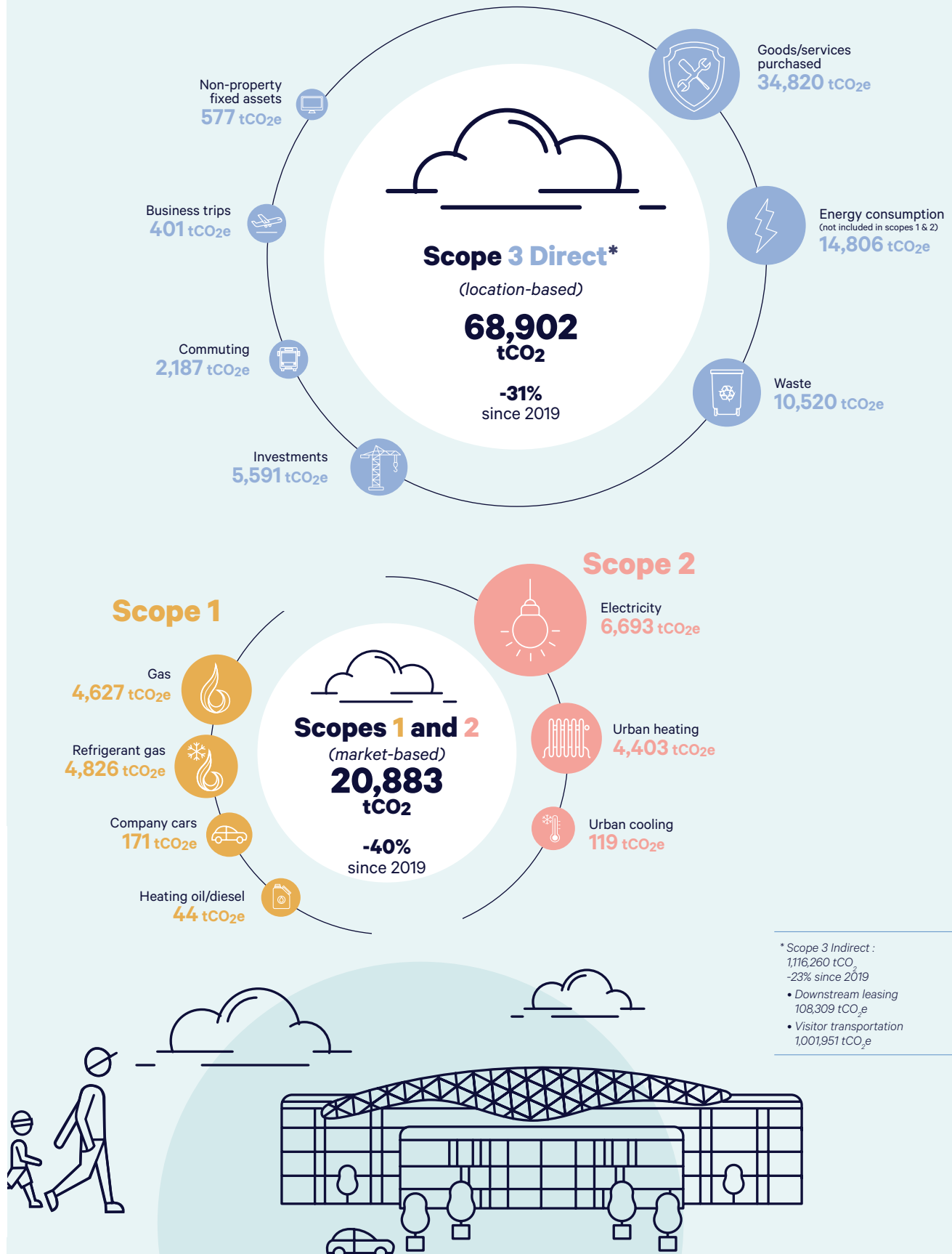


Klépierre tracks its direct and indirect greenhouse gas (GHG) emissions in accordance with Scopes 1 & 2 of the GHG Protocol, using both location- and market-based methods. Together, these account for 10.9% (Scopes 1, 2 & 3 direct leverage, location-based, reported scope) of the Group's total carbon footprint

Beyond accounting for its Scopes 1 & 2 GHG emissions, Klépierre seeks to measure the broader carbon footprint of its activities by calculating emissions associated with sources identified under Scope 3 of the GHG Protocol. In order to develop its action plans, Klépierre has identified parts of Scope 3 which are related to direct and indirect leverage (see section 5.2.1.2.2).

(1) Unless otherwise specified, all 2020 GHG emissions figures contained in this section apply to the following scope: 123/124 owned and managed shopping centers (excluding Utrecht, Hoog Catharijne) + 8/8 managed only shopping centers + 5/8 owned only shopping centers (excluding Greece). The corresponding coverage rate amounts to 95.8% of owned and managed shopping centers.

GROUP GHG EMISSIONS, REPORTED SCOPE



Klépierre discloses its carbon strategy using a global approach. It is one of the few real estate companies to publish its GHG emissions for all three Scopes in a genuinely extensive manner. Scope 3 emissions are divided into:

- Direct leverage sources of emissions: for which Klépierre can directly implement reduction actions;
- Indirect leverage sources of emissions: for which direct actions are managed by Klépierre's stakeholders.

5.2.1.2.1 Direct GHG emissions performance: Scopes 1 & 2

In 2020, Klépierre achieved Scopes 1 & 2 GHG emissions intensity from building energy consumption of 5.2 kgCO₂/sq.m. across its portfolio using the market-based calculation method of the GHG protocol. This represents a 44% reduction compared with 2019, and an overall reduction of 84% since 2013.

DIRECT GHG EMISSIONS INTENSITY (SCOPES 1 & 2) SINCE 2013 (kgCO₂e/sq.m., reported scope)

2013 baseline	2019	2020	2020 v. 2013	2030 target
33	9.4	5.2	-84%	Carbon neutrality

The Group's performance reflects both the implementation of the energy management measures described in section 5.2.1.1 above, incremental increases in the proportion of renewable energy supplied through the national grid mixes in the countries where it operates, and purchases of electricity from renewable sources.

The market-based calculation method enables energy purchased through renewable energy tariffs to be counted as lower emissions in comparison to national average (because utilizing the emission factor directly from the supplier), and illustrates the impact of efforts to switch to these in Belgium, France, Italy, Norway, Sweden, the Netherlands, Portugal and Spain.

The Group continues to pilot measures to make its five largest centers (by value) "carbon neutral" by 2022. The centers – Field's (Copenhagen, Denmark), Créteil Soleil (Greater Paris Area, France), Val d'Europe (Greater Paris Area, France), Porta di Roma (Rome, Italy) and Emporia (Malmö, Sweden) – represent a diverse range of climatic conditions, energy mixes and ages. Therefore, they provide an ideal testing ground for different strategies as the Group expands its carbon neutral program to cover all assets in its portfolio by 2030.

In 2020, Emporia (Malmö, Sweden) had already achieved carbon neutrality with Val d'Europe (Greater Paris Area, France) close behind (a residual three tons of CO₂). For the three other major centers, the Group is working on different local solutions to achieve carbon neutrality for them by 2022.

Carbon emissions forecasts have been conducted for each of these assets based on estimated reductions in line with the Act for Good® strategy, and taking into account emissions-cutting actions already planned such as equipment upgrades and changes to the energy mix from renewable electricity purchases. Based on these forecasts, Klépierre has identified a range of further measures that can be taken to achieve neutrality at these five centers. Options under review include the installation of renewable energy infrastructure, shifting technical equipment from local gas to district connections, and identifying local offsetting opportunities.

Emissions-cutting actions have also been taken in collaboration with the district heating/cooling production and distribution companies. This made it possible to reduce the carbon footprints of sites and the territory as a whole.

Klépierre uses carbon offsetting for certain emissions. Carbon offsetting involves generating finance to reduce GHG emissions and strengthen natural carbon sinks (forests, land use, oceans) or technological sinks. It is used for residual emissions and as a last resort, so accordingly, local emissions reduction projects are preferred. Using this offsetting model, for example, Klépierre's operations in Iberia have established a carbon neutrality plan following the Group's participation in a government-sponsored reforestation program.

5.2.1.2.2 Broader carbon footprint: Scope 3

The Corporate Value Chain Standard for Scope 3 emissions published by the GHG Protocol identifies 15 broad categories of Scope 3 emissions, covering both upstream and downstream activities such as purchased goods and services, transportation and product use.

Klépierre's measurement of Scope 3 emissions is amongst the most comprehensive in its industry. The Group reports nine categories of Scope 3 emissions. These are divided between those the Group has direct leverage over, meaning they fall under its immediate sphere of influence (e.g., waste, the purchase of goods and services and business travel), and those it has indirect leverage over. Indirect emissions constitute the bulk of Klépierre's Scope 3 emissions, and are mainly associated with retailers' activities and visitors travelling to and from its centers.

In 2020, the carbon footprint of Scope 3 (reported scope) is distributed between:

- Direct leverage: 68,902 tCO₂e (energy (used by retailers), investments, commuting, business trips, non-property fixed assets, goods/services purchased, waste);
- Indirect leverage: 1,116,260 tCO₂e (visitor travel, downstream leasing).

Indirect leverage represents emissions from visitor travel (90%) and downstream leasing (10%). These emissions are not directly controllable. However, Klépierre has taken actions to raise awareness among its external stakeholders, which may reduce them. Emissions from upstream leasing are not yet included in the Scope 3 calculations, and represent a non-material share of Klépierre's global GHG emissions.

In approving Klépierre's low-carbon approach, the SBTi committee considered its various quantitative objectives that the Group has committed on. These are equivalent to reducing direct greenhouse gas emissions from centers by 80% per sq.m. between 2017 and 2030 (Scopes 1 & 2). It also considered the Group's commitment to reducing indirect emissions from its assets and retailers (Scope 3) by 41% per sq.m. over the same period. Klépierre's indirect emissions are far from negligible:

- Retailers consume a significant amount of energy, making them important stakeholders to take into account in environmental planning. Their GHG emissions are calculated from available sources of information, completed by extrapolation methodology to cover retailers' overall footprints;
- Visitor travel also represents a significant proportion of Scope 3 emissions. As such, visitors have been identified as a key stakeholder to support in order to reduce Klépierre's carbon footprint. GHG emissions are calculated using a survey on visitor travel habits (to and from shopping centers), extrapolated in line with the total number of visitors.

In 2020, retailers' energy consumption in Klépierre shopping centers accounted for 108,309 tCO₂e, equal to 9% of the whole Group's Scope 3 emissions. This falls outside Klépierre's direct control as its relationship with retailers is influenced by operational and legal factors that are common to the shopping center industry. Retailers' electricity is mostly sub-metered directly to each unit, meaning data collection and monitoring is not available without their permission. Furthermore, in most countries where Klépierre operates, commercial leases provide no obligation for retailers to reduce their energy consumption or share information about their consumption with landlords.

However, Klépierre does encourage its retailers to reduce energy consumption. At the corporate level, the Group is promoting a collaborative approach with its strategic retailers to achieve reductions in energy use, and dedicated clauses to that effect are included in contracts.

At the local level, the Group encourages shopping center teams to engage with retailers to help reduce energy consumption and associated GHG emissions. BOOST action plans and operational best practice guides are also shared with retailers to raise awareness and provide support on the steps they can take to improve energy efficiency in their stores, along with other environmental impacts including water consumption and waste management. In 2020 a pilot project was set up in France, both within the framework of the Tertiary Decree but also to move ahead on Scope 3 emissions linked to direct leverage. For two shopping centers, all retailers' consumption data were collected. These data will then be used to conduct analysis and to define energy efficiency improvement measures.

Furthermore, sustainability clauses are included in all signed standard lease contracts for the Group's retailers across Europe. Sustainability clauses have also been introduced for new leases in Sweden and Denmark since the end of 2019. These clauses cover requirements to share waste and utility data, integrate sustainability considerations into store fit-outs and design to minimize waste and energy consumption, and a commitment to adhere to practices that are consistent with each center's environmental management system and building certification.

The largest contribution to the Group's carbon footprint is, by a considerable margin, visitor travel to and from its shopping centers. In 2020, this generated 1,007,951 tCO₂e, accounting for 85% of the Group's entire Scope 3 emissions (location-based method). In this context, and in keeping with national and local strategies to encourage sustainable urban travel, Klépierre has made sustainable mobility a priority and is already taking action on this front (see section 5.2.4.1 below).

5.2.2 Contribute to a circular economy and resource conservation

Consumption patterns are constantly evolving, and consumers are becoming increasingly interested in business operating procedures – notably information on the use, reuse and recycling of raw materials.

The operation, refurbishment and expansion of shopping centers consumes a significant amount of natural resources and generates substantial volumes of waste. Conventional shopping center development and management follows the typical linear economy model, whereby resources and products are sourced or made, used and then disposed of without being recovered or replenished. This often occurs in ways that pollute the natural environment.

5.2.1.2.3 Develop resilient assets

With the impacts of climate change already manifesting themselves, and some degree of further global warming inevitable, Klépierre has been seeking to anticipate and prepare for the potential effects of extreme weather and increased regulation in relation to its assets.

The Group is decreasing its dependence on fossil fuels, having achieved a 43% reduction in common and serviced area energy consumption since 2013 and increasing the proportion of energy procured from renewable sources to 80%. It also participates in industry working groups on reducing risks associated with energy market volatility and changes to the regulatory regime.

The fact that the Group's assets are located in major European cities decreases their relative exposure to physical risks from climate change. Nonetheless, in 2017 the Group commissioned a specialized consultancy firm to conduct an extensive study of the climate change impacts that could affect its entire portfolio of shopping centers over the next 70 to 100 years. This included risks from higher average temperatures, and from changes in the intensity or frequency of heatwaves, cold spells, intense rainfall and/or snowfall and droughts. While the findings revealed that no assets were exposed to significant physical risks, they have nonetheless informed the review of structural requirements for the Group's assets. This has included the introduction of a mandatory requirement for an asset-level structure audit every five years, including additional components relating to climate change risks.

The Group is also using scenario planning to influence the design and specification of its development activity. Modelling software is being developed to predict how energy management systems and building materials can be designed and optimized given different climatic conditions, and thereby influence the operational performance of shopping centers.

As part of its existing activities, Klépierre is acting to protect its assets from higher heating and cooling requirements due to temperature change, and to ensure that the physical building fabric is designed to withstand the impact of extreme weather events. This is reflected both in relation to operational management (e.g., energy efficiency measures) and development and refurbishment (e.g., efficient, high-quality and locally-adapted design).

Several of the Group's assets feature green roofs and walls that help to reduce flood risks. Nový Smíchov in Prague (Czech Republic), for example, featured a green wall that is being partially funded by the municipality due to the wider impact it will have on improved air quality and reduced noise pollution. At the same time, features such as green roofs can decrease heat gain to the mall, reducing the need for air-conditioning and thereby contributing to the Group's energy, carbon and green building targets.

A circular economy model, by contrast, is one which decouples economic activity from the consumption of finite resources, designs out waste and pollution, keeps products and materials in use and regenerates natural systems. Beyond reducing impacts on the environment, following a circular economy model can increase efficiency by extending the useful life of materials and resources, while also reducing costs.

As Klépierre integrates new models of product use and recycling, including closed-loop and circular economy principles into its business model, it is rethinking the management of waste and resource consumption associated with the operation of its shopping centers. Crucially, this extends to the Group's retailers. Klépierre has set a goal for all shopping centers to involve their retailers in a circular economy approach by 2022.

To date, Klépierre has focused on limiting waste and controlling the consumption of natural resources, including water. This has been done by applying the BREEAM certification standard, and by specifying products and materials that promote resource efficiency and are associated with low emissions. Such products and materials are easy to maintain, recycle and reuse, and have an eco-label and/or a lower environmental impact (such as PEFC™ or FSC-certified timber). At all stages of the building life cycle, preference is given to suppliers with certified environmental management systems.

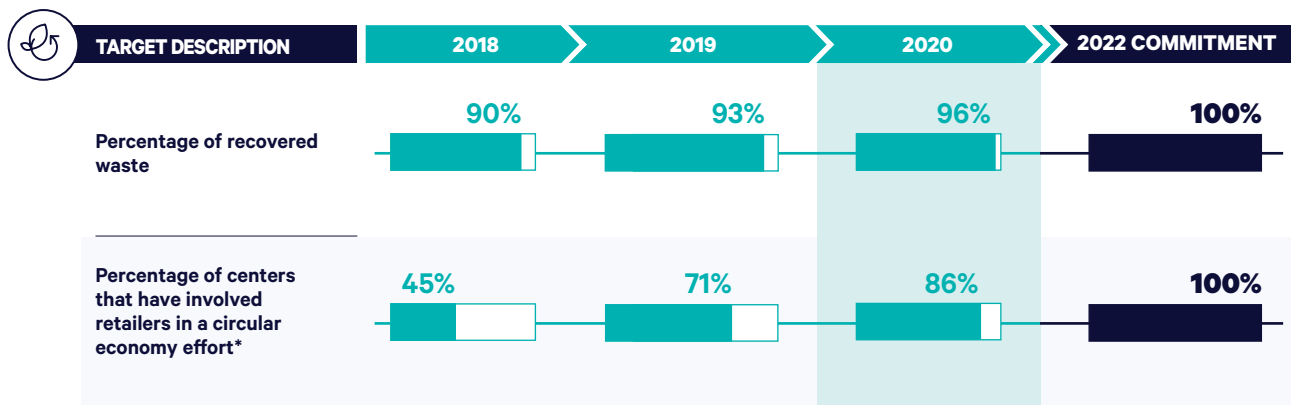
On development projects, Klépierre positions itself as an opinion leader. Increasingly, the Group is working with its architects and designers

to specify materials that contain recycled contents and are easily recyclable themselves. The Group has subsequently embarked on partnerships with organizations such as Cycle Up to promote the reuse of construction materials during the renovation of two assets in France: Créteil Soleil in Greater Paris and Grand Place in Grenoble.

On the operational side, waste management issues depend on the centers' specificities. Performance improvements require the daily involvement of technical teams and close collaboration with retailers' employees and waste management companies.

SUMMARY OF PERFORMANCE AGAINST TARGETS

CONTRIBUTE TO A CIRCULAR ECONOMY



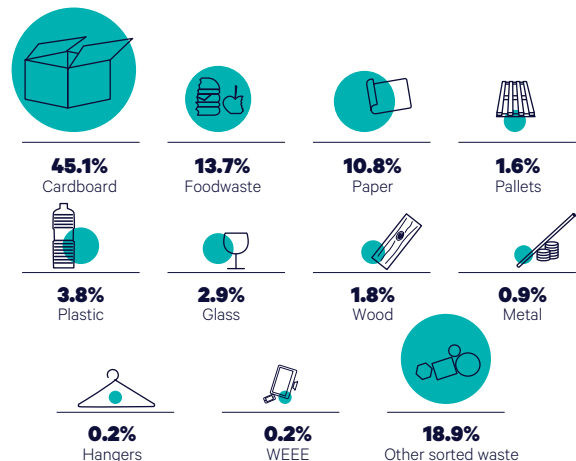
* Every collaboration with retailers to improve waste sorting and recycling performance in the centers.

5.2.2.1 Waste management⁽¹⁾

Klépierre has set a target to ensure that 100% of shopping centers' operational waste is recovered by 2022. In 2020, the Group adjusted the methodology used to calculate this KPI, excluding shopping centers for which municipalities or hypermarkets are in charge of waste removal – where Klépierre has no direct leverage on waste sorting – from the calculation. Over the past seven years, the proportion of recovered waste has increased from 59% in 2013 to 96% in 2020 (reported scope).

The bulk of the waste generated in the Group's shopping centers (99.6%) is classified as non-hazardous and is made up of a range of recyclable waste streams, including: cardboard, organic waste, paper, plastic, glass wood and metal. Hazardous waste, which accounts for just 0.4% of total waste production, mostly comprises used lightbulbs and fluorescent tubes, electronic waste, electrical appliances and paint. These waste streams are separated on site and processed through special recovery channels.

BREAKDOWN OF SORTED WASTE BY TYPE (by tonnage)



(1) Unless otherwise specified, all 2020 waste figures contained in this section apply to the following scope: 93/124 owned and managed shopping centers (excluding Bratislava, Danubia; Duisburg, Königsgalerie; Angoulême, Champ de Mars; Bordeaux, Saint-Christoly; Valence, Victor Hugo; Chartres, la Madeleine; Paris Saint-Lazare; Bergamo, Seriate Alle Valli; Bologna, Shopville Gran Reno; Lecce, Cavallino; Modena, Grand Emilia; Varese, Belforte; Metz, Saint Jacques; Toulon, Mayol; Citta S. Angelo, Pescara Nord; Pavia Montebello d.B. Montebello; Pesaro, Rossini Center; Savignano s.R. Romagna Center; Venice, Nave de Vero; Kristianstad, Galleria Boulevard; Adapazarı, Adacenter; Bursa, Anatolium; Denizli, Teras Park; Tarsus, Tarsu; Tekirdag, Tekira; Madrid, Principe Pio; Oviedo, Los Prados; Santa Cruz de Tenerife, Meridiano; Vallecas, La Gavia; Madrid, Plenilunio; Orebro, Marieberg) + 7/8 managed-only shopping centers (excluding Nîmes, Étoile) + 4/8 owned only (excluding Greek shopping centers & Istanbul, Akmerkez). This corresponds to a coverage rate of 84.3% of owned and managed shopping centers.

The Group's strategy is to increase the proportion of waste that can be sorted on site, thereby reducing overall waste management costs. Most of its assets are equipped with multi-compartment trash cans to promote waste awareness towards visitors, and retailers receive training on correct waste segregation as well as being provided with appropriate facilities.

Approximately 30 different types of waste can be sorted at the best-performing centers, and where combined with proper incentives for employees, retailers and contractors, waste recovery rates of 100%

have been achieved, as demonstrated by centers in Germany, the Netherlands and Scandinavia.

France and Belgium achieved a waste recovery rate of 99% in 2020 making it one of the Group's top performing regions. Its achievements are partly due to a concerted effort to increase engagement with its waste contractors and to set key performance indicators supported by targets and training to increase the number of waste streams that can be sorted and collected.

THE SORTING AMBASSADOR: A NEW POINT OF CONTACT TO DEVELOP THE CIRCULAR ECONOMY

At the Blagnac shopping center in Toulouse, a dedicated person is designated as the waste sorting contact. The "sorting ambassadors" ensure that the waste zones function correctly. Their responsibilities are as follows: research and development, performance monitoring, support for retailers, communication and education, management of bio-waste, of the teams and of relations with service providers. The "Greeners" – a community of committed retailers – was created to instill a team ethic and boost sorting performance. Communications (posters, social media posts, etc.) are regularly distributed to raise awareness among all those in the sorting chain. These investments have already brought about positive results:

- 90% of retailers sort their bio-waste compared to 21% in July 2019;
- Common waste decreased from 250 tons in 2018 to 150 tons in 2020, thanks to better sorting;
- New specific sorting channels have been set up for glass, cigarette ends, cartridges and cans.

The success enjoyed with the sorting ambassadors will provide the stimulus to continue developing and sharing waste treatment best practices.

Each shopping center's waste data is entered and analyzed on a monthly basis in Deepki, the reporting platform. Using Deepki helps the Group monitor waste flows using specific performance indicators, focusing on the types of waste being processed as well as waste disposal destinations, and enables the Group to set appropriate targets at the level of each asset.

Klépierre has extended its BOOST interventions to cover waste management (see section 5.2.1.1 above), and by the end of 2020, these had been conducted at 11 assets across France, Spain, Italy and Scandinavia. Operating based on a similar format pioneered by the Group's energy audits, the program brings together shopping center teams, suppliers, waste contractors and Group or country-level technical experts to conduct a deep-dive analysis of individual shopping center waste management practices over a 24-hour period. This timeframe allows teams to observe waste management practices during the shopping center's operating hours, focusing not only on the number of waste streams but also the facilities, processes and products in place to ensure they are operating effectively. Following this period of observation, the team creates an action plan which can include a range of low-cost measures such as changes to the layout and design of waste substations and storage facilities, improved signage and guidance for retailers, changes to cleaning schedules to increase the number or frequency of visits to certain areas of the shopping center, and the introduction of new waste streams for waste contractors.

5.2.2.2 Circular economy

The deployment of BOOST interventions has enabled Klépierre to increase its direct engagement with retailers, bringing it closer to its target of 100% of shopping centers involving their retailers in a circular economy approach.

As well as identifying specific training needs or improved communications, BOOST action plans provide a much deeper insight into the potential challenges faced by retailers that prevent 100% diversion rates. These may include the use of products or packaging which are not compatible with shopping center waste flows and that prevent the effective sorting of waste and/or cannot be recycled. In these cases, the solution is often to engage directly with the retailer's corporate headquarters and procurement departments to encourage them to seek alternative materials.

The Company is also piloting innovative approaches to embed circular economy principles into the daily management of its assets. For example, Klépierre was the first company in its industry to sign a Europe-wide partnership with the start-up "Too Good to Go" which provides a mobile app to facilitate the sale of unsold food on its last possible purchase day. In order to promote the use of the app, Klépierre will continue to communicate on this initiative raise in order to awareness among visitors to its centers.

START-UP SUPPORT FOR MOBILIZATION AGAINST FOOD WASTE

Starting June 2020, Hoog Catharijne in the Netherlands initiated an innovative partnership with De Clique, a local start-up in charge of collecting food waste.

Since the beginning of the project, De Clique has collected a significant amount of waste: 489 kg of coffee grounds, 951 kg of orange peel and 1,645 kg of pallets. By August, a total of 2,959 kg CO₂e had already been saved. Beyond the success of the collections, De Clique also gives a second life to recovered waste, with materials used to form the basis of new products for projects led by the startup and its partners. As an example, collected orange peel has been used to create essential oils, which are used to make locally-produced soap.

This circular economy approach is virtuous and benefits many stakeholders. It also enables the shopping center to involve its retailers in a shared project with visible and tangible results.

As the initial results of this partnership are encouraging, the project will be prolonged and extended to other types of waste in 2021.

This type of project enables Klépierre to be involved in promoting the work and commitment of a local startup, while making it possible to educate both employees and visitors on social and environmental challenges.

Klépierre's focus on the circular economy extends to its visitors, retailers and communities. At Tarsu (Turkey), the center gathers food waste from restaurants every day, which is then collected daily by the local authorities and delivered to animal shelters. In 2020, an average of 13 kg of food waste was collected per day. The center also encourages visitors to take part by inviting food court customers to separate out non-food items on their plates.

Klépierre also launches actions that allow visitors to genuinely participate in the circular economy. In Germany, a special market was set up for children to sell their old toys, with a total of 40 families participating and almost 3,500 people attending this family event. Unsold toys were donated local charities.

5.2.2.3 Water use⁽¹⁾

Although Klépierre has not identified water as having a material environmental impact, the Group nonetheless measures its water consumption and applies best practices to ensure the most efficient use as part of its broader efforts to reduce consumption of natural resources.

In 2020, 2.9 million cu.m. of water was consumed across Klépierre's shopping centers. This includes retailers' water consumption, as retailer data is collected across all centers. On a like-for-like portfolio basis, water consumption intensity by building use (measured as liters per visit) was down 3% over the past 12 months, from 4.6 in 2019

to 4.5 in 2020. This decrease can be explained by improved monitoring of leaks, best practice sharing, and the continued upgrading of equipment, although it also reflects the effect the lockdown period and the consequent lower footfall.

Water consumption data is recorded and analyzed monthly using the Deepki reporting platform, which also enables Klépierre to benchmark shopping centers' water efficiency based on the same analysis by type of center used for energy benchmarking. In the case of water, shopping centers are grouped together according to similarities in relation to the proportion of greenery present, the characteristics of their cooling towers and the proportion of retailers' and operators' floor space dedicated to more water intensive services (e.g., restaurants and hairdressers).

Water efficiency interventions are targeted at the three largest water consuming systems and activities in the Group's shopping centers (air-conditioning, toilets and cleaning), as well as the use of more drought-tolerant plant species in green areas and the recovery and reuse of rainwater where feasible. Investments in more efficient equipment, such as cooling towers and low-flow sanitary fittings are made as and when replacements are required. As an example, in the Créteil Soleil center, a rainwater recovery tank has been installed, allowing water to be stored for sanitary purposes. This system makes it possible to limit water consumption from the mains supply, using the latest technologies available to limit water requirements.

5.2.3 Develop a fully-certified portfolio

The appetite for certified "green" and "healthy" buildings is growing among investors, and numerous studies point to the economic benefits that these assets can yield in terms of retailer attraction and retention, and operational cost savings.

In the retail industry, green building certification provides an opportunity for developers and owners to differentiate their products by demonstrating higher standards of environmental quality and implementing design features to sustain long-term asset values. Furthermore, studies show a correlation between sustainability features such as indoor air quality, greenery and daylight levels, increased visitor dwell time, visitor loyalty and retailer sales⁽²⁾.

Klépierre favors the use of two green building certification standards, BREEAM New Construction for extensions and BREEAM In-Use for shopping centers in operation and undergoing renovation, as well as ISO 14001 certification for operational shopping centers' environmental management systems.

The Group has found these standards to be complementary: ISO 14001 provides a framework to target, deliver and monitor environmental improvements at each center, and establish procedures for continuous improvement; BREEAM standards, meanwhile, provide a consistent and comparable framework for assessing impacts and costs from a lifecycle perspective, and enhancing the environmental quality of the building and its socio-economic contribution to the local area. BREEAM gives retailers, visitors and investors the assurance that the project has been developed, and that it operated based on a robust process to minimize damage to ecosystems and natural resources while exploiting opportunities to create a better built environment for people and the planet.

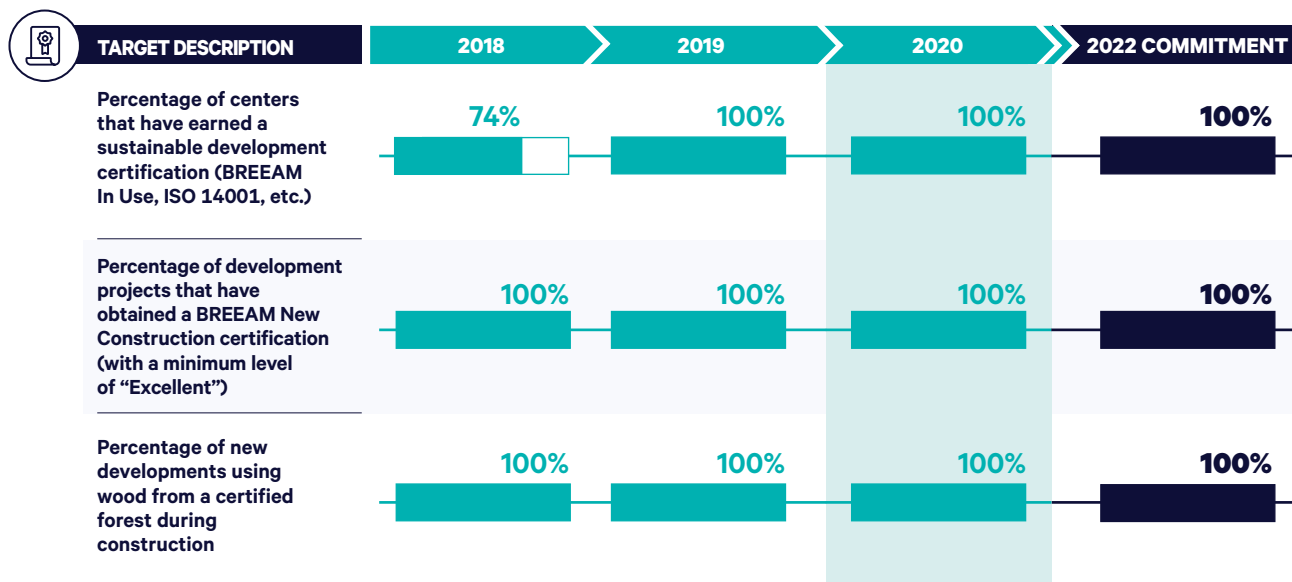
In addition, Klépierre operates a portfolio-wide environmental management system covering 100% of the assets it owns and manages. This means that all assets establish environmental targets, implement actions and monitor their performance, with this process being supported and reviewed by dedicated specialists at national and Group levels.

(1) Unless otherwise specified, all the 2020 water figures contained in this section apply to the following scope: 123/124 owned and managed shopping centers (excluding Vittuone Il Destriero) + 8/8 managed only shopping centers + 4/8 owned only (excluding Riom Menetrol & Greece shopping centers). The corresponding coverage amounted to 99.4% of shopping centers owned and managed or owned only.

(2) See World Green Business Council, "Health, Well-being & Productivity in Retail: The Impact of Green Buildings on People and Profit" (February 2016), pages 22, 26 and 33.

SUMMARY OF PERFORMANCE AGAINST TARGETS

DEVELOP A FULLY-CERTIFIED PORTFOLIO

5.2.3.1 Standing assets⁽¹⁾

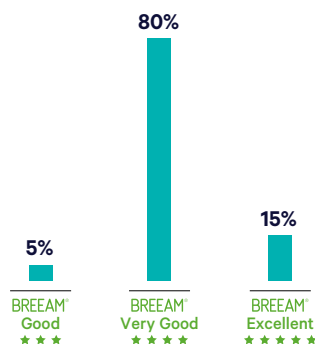
In 2019, the Group reached its long-term target to certify all centers according to BREEAM In-Use.

The certification of all the Group's assets three years ahead of schedule followed an intensive program of work launched in 2018. The Group now boasts as a minimum Part 1 BREEAM In-Use certification covering asset performance for its entire portfolio. Of these Part 1 certifications, 15% have been awarded a rating of "Excellent", with the majority (80%) achieving "Very Good" and a further 5% achieving "Good". In addition, 66% of centers have achieved Part 2 certification that focuses on building management.

By certifying its entire portfolio under BREEAM In-Use (Part 1), Klépierre is the second company in its industry – but the largest portfolio under management – to be fully covered by the BREEAM In-Use portfolio approach. Under this approach, BREEAM does not require every property to be reassessed every three years for the certificates to remain valid. Instead, Klépierre will adopt a sampling approach whereby a smaller group of properties that are representative of its wider portfolio will be submitted for an audit, with all certificates renewed on this basis, allowing the Group to reinvest and concentrate its efforts on asset optimization.

2020 was devoted to analyzing shopping centers' scores and performances, while 2021 will be dedicated to working closely with the various countries to define a challenging roadmap to maintain or achieve higher certification, taking into account the new version of the standard.

In addition, 44% of the Group's properties operate ISO 14001-certified environmental management systems. A further five shopping centers in Spain have obtained ISO 50001 certification, recognizing their best-in-class approach to energy management: La Gavia and Plenilunio (both located in Madrid), Maremagnum (Barcelona), Nueva Condomina (Murcia) and Santa Cruz de Tenerife (Tenerife).

SUSTAINABILITY CERTIFICATIONS OF ASSETS –
BREAKDOWN BY BREEAM IN-USE LEVELS
(Reported scope)

122/124 owned and managed shopping centers (excluding Paris, Saint Lazare; Bratislava, Danubia) + 8/8 managed-only shopping centers. The corresponding coverage rate amounted to 98.8% of owned and managed shopping centers.

⁽¹⁾ Unless otherwise specified, all 2020 certification figures contained in this section apply to the following scope: 122/124 owned and managed shopping centers (excluding Paris, Saint-Lazare; Bratislava, Danubia) + 8/8 managed-only shopping centers + 5/8 owned-only shopping centers. The corresponding coverage rate amounted to 98.8% of owned and managed shopping centers.

5.2.3.2 New construction and renovation

The Group's development activity focuses on its standing assets, where there are significant opportunities to unlock additional value through expansions and/or refurbishments. The Group's overarching development strategy, which is tailored to the unique needs of each project, pursues four objectives:

- Better integrating the assets, and adding greater value to the surrounding district;
- Positioning projects towards mixed-use themes, while maintaining retail as the predominant activity;
- Extending existing assets when sufficient potential is identified; and
- Implementing the Group's operational initiatives (Retail First®, Destination Food® and Clubstore®) to fine-tune the retail mix and introduce new retail, leisure and culinary concepts to enhance the Group's customer-centric approach.

The Group's Act for the Planet approach is deployed alongside these pillars through the application of the BREEAM standards for New Construction or Refurbishment and Fit-Out (as befits the project). BREEAM Excellent for New Construction, for example, sets out criteria that benefit the customer experience, including internal and external lighting levels, indoor air quality and acoustic performance. Requirements to improve accessibility to and from the site by providing alternative forms of transport promote integration with the broader community and the urban environment.

Adhering to the BREEAM standard is therefore fundamentally important for the Group's developments. BREEAM certification with "Excellent" as a minimum level is a key requirement of the Group's Act for Good® Development Checklist, which is applied to all projects involving the creation of over 10,000 sq.m. of new development area. It also includes requirements for:

- All timber to be certified to PEFC™ or FSC standards;
- Undertaking community engagement at the initial stages of the project;
- Ensuring that the main contractor has committed to adhering to the sustainability standards set by Klépierre during the procurement and worksite phases; and
- Creating a biodiversity action plan.

In 2020, one development project over 10,000 sq.m has been delivered: the extension of Créteil Soleil in France. In line with the Group's commitments, this new project has obtained the BREEAM New Construction certification with the Excellent level. Moreover, Créteil Soleil achieved "Gold" level WELL certification for its renovation and extension, which is a first for a shopping center. WELL is the leading tool for advancing health and well-being in buildings globally. The wider renovation includes a complete update to the center's technical equipment as well as improvements to the look and feel of the property, in order to improve its appearance and visitor comfort.

5.2.4 Innovate towards sustainable mobility

Air pollution is currently considered to be one of the greatest environmental risks to public health in Europe. Concerns about air quality, congestion and global warming are prompting national and local governments to develop plans to increase the use of more environmentally sustainable and healthier forms of mobility, including walking, cycling, the use of public transport and electric vehicles.

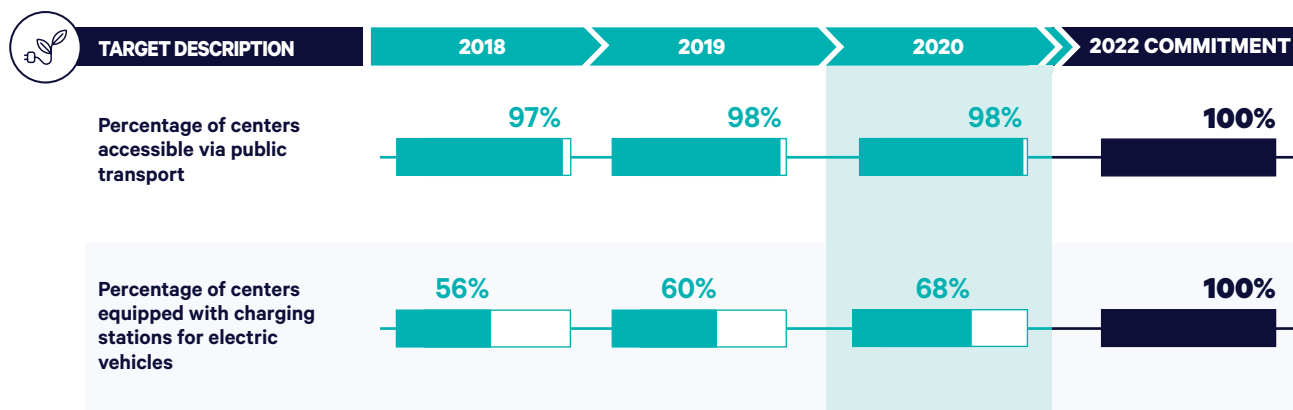
Ensuring accessibility by different forms of mobility is an integral part of Klépierre's strategy. Location, urban density and transport connectivity are key criteria which are reviewed as part of the Group's investment selection process. Across its operational portfolio, Klépierre

is undertaking actions to diversify the transportation and mobility offer associated with its shopping malls.

The intentions behind this approach are fourfold: it supports the integration of its assets within the communities they serve, supplements efforts to increase footfall by enabling easy access by as many people as possible, reduces pollution and GHG emissions associated with the use of motor vehicles and helps to future-proof the Group's assets in the context of the shift towards greater use of electric and automated vehicles, walking and cycling.

SUMMARY OF PERFORMANCE AGAINST TARGETS

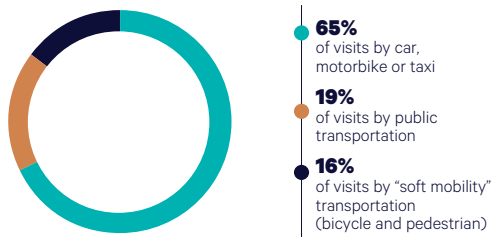
INNOVATE FOR SUSTAINABLE MOBILITY



5.2.4.1 Visitors' travel modes⁽¹⁾

In 2020, 35% of visits to Klépierre's shopping centers were made using soft mobility (walking, cycling, etc.) or public transport.

VISITORS' TRAVEL MODES



Klépierre has set a target for 100% of its shopping centers to be accessible by public transport and equipped with charging stations for electric vehicles by 2022. As of December 31, 2020, 98% of the Group's centers met this definition, meaning that at least one bus, train or tram stop located less than 500 meters away from a mall entrance with services at least every 20 minutes.

Also, 99% of the Group's shopping centers are easily accessible by bicycle, including all centers located in Scandinavia, Germany and the Netherlands.

This summer at the Lublin Plaza center (Poland), a dedicated and permanent space was created in the parking lot for electric scooters, in partnership with a local operator. This new mode of transport is easy to use and allows users to travel to the center in an innovative way. Environmentally friendly transport is also promoted in Germany. Residents and visitors can use the new bicycle repair station with a range of tools, various air pumps and a rack for their bikes.

2020 saw the Group expand its electric vehicle charging station coverage, with 73 shopping centers across France, Germany, Denmark, Italy, the Netherlands, Sweden, Norway, Portugal and Spain equipped with charging stations. This figure reflects both charging points managed by the shopping centers and available stations within a radius of 200 meters (managed by the local authorities or by private

operators). Electric vehicle charging stations are also installed in the Group's development projects, including Créteil Soleil and Gran Reno.

By the end of 2020, 68% of the Group's assets (in value) had electric vehicle charging points in place, including 98% of centers in Scandinavia and 97% of centers in the Netherlands (where the use of electric vehicles is most prominent).

The Group promotes initiatives to reduce private vehicle use to and from its shopping centers. These include car-sharing, renting and encouraging alternative forms of transport. A sample of other initiatives to promote more sustainable travel to and from various shopping centers includes:

- Dedicated parking spaces for carpooling (26% of centers);
- Private shuttle bus services (11% of centers); and
- Live displays of public transport timetables (19% of centers).

5.2.4.2 Master planning transport solutions

Klépierre's development activity offers additional opportunities to promote sustainable mobility by integrating shopping centers successfully within neighborhood masterplans, and by engaging with local authorities and services. Indeed, all assets developed, extended or renovated by the Group since 2012 are served by public transport owing to these efforts.

The Group exploits all possible opportunities to connect with new and existing public transport infrastructure, cycling paths and pedestrian zones in its redevelopment activities. Créteil Soleil (Greater Paris Area, France), for example, is already well served by public transport – in 2020 almost 47% of visitors arrived by public transport, and the new extension at this center should enhance this further. Whereas previously visitors arriving at the adjacent Créteil metro station had to cross the shopping center car park, they now access the center directly from the station. Furthermore, the car park has been remodeled to improve traffic flows and increase cycle access, with expanded bicycle storage facilities.

The Group takes a longer-term view as it seeks to future proof assets in light of evolving trends in mobility, urban transportation, logistics and supply chains. This includes studying the impact of changes in visitor travel on shopping center design, taking into account factors such as the expected growth in autonomous cars, and understanding how assets will need to adapt to retailers' changing needs in view of new retail and distribution models.

⁽¹⁾ Unless otherwise specified, all 2020 travel mode figures contained in this section apply to the following scope: 123/124 owned and managed shopping centers (excluding Paris, Saint-Lazare) + 8/8 managed-only shopping centers + 5/8 owned only SC (excluding Greece). This corresponded to a coverage rate of 98.8% of owned and managed shopping centers.

5.3 ACT FOR TERRITORIES



ACT FOR TERRITORIES

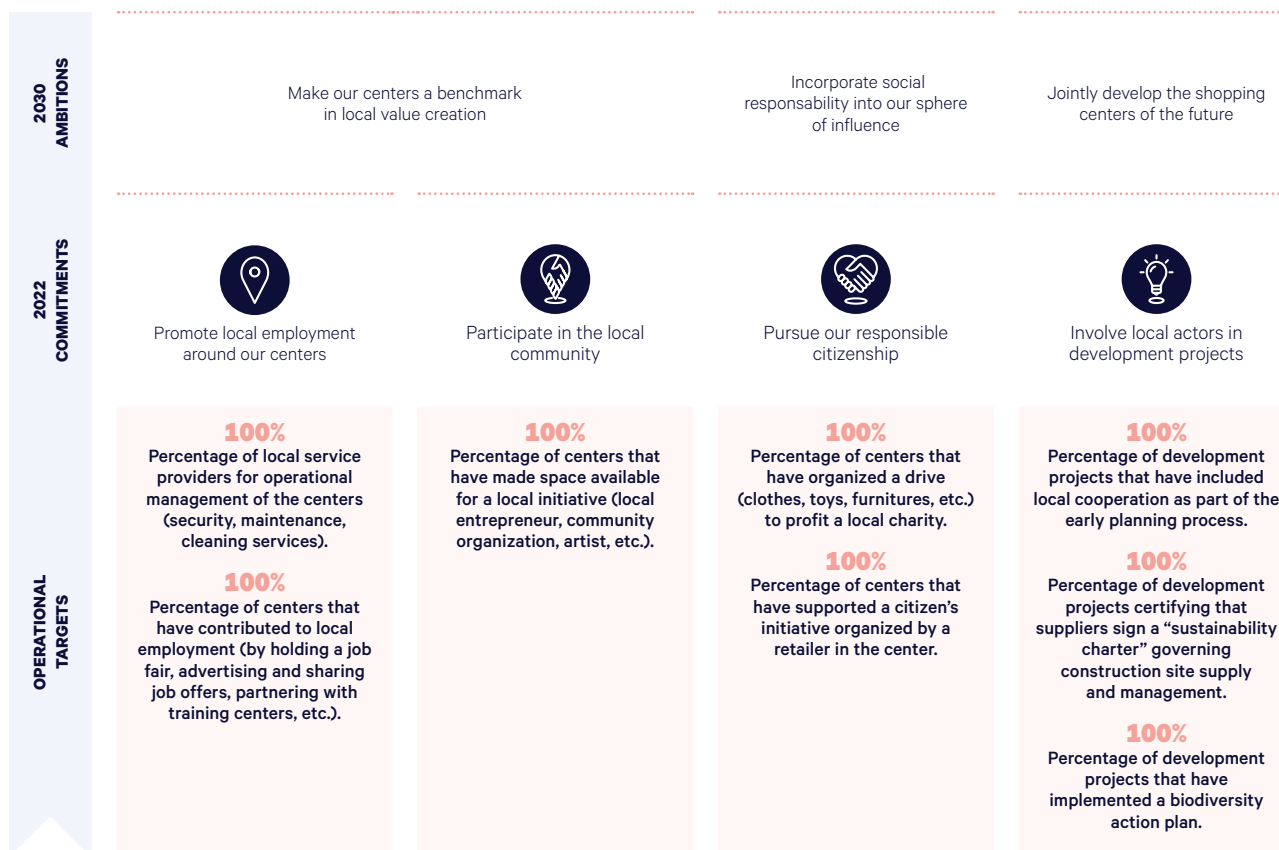
The Group's commitments under this pillar cover a large range of actions, which position each Klépierre shopping center at the heart of local challenges. Under the Act for Territories pillar, the Group believes that it can fully play its role as a catalyst in supporting many community-based initiatives, and amplifying actions initiated by local community players on key issues: tackling unemployment, supporting local economic development, encouraging better social outcomes and participating in the local community.

Driven by its conviction that the best way to support territories is to offer a local response to their needs and to propose tailored action, the Group's strategy is to structure the many initiatives developed by shopping centers under priority commitments and let each team find a local response that reflects the specific circumstances and priorities of its catchment area.

Through the Act for Territories pillar, Klépierre wishes to meet complementary objectives – reinforce the sense of community among its main stakeholders: suppliers, tenants, customers, local organizations, amplify meaningful local initiatives, contribute to the social and economic life and development of its territories.

Klépierre's efforts have been supported by best practice guidelines that highlight examples of successful initiatives from across the Group's portfolio. The guidelines help shopping centers address each target within their local context. Monitoring the progress of each Act for Territories target is also part of the Group's quarterly performance reporting. In 2020, a new reporting tool was implemented to reinforce oversight of the Group's commitments at both shopping center and country level, and a comprehensive review of actions and expectations was conducted to attest to the quality of its initiatives.

In order to maintain strong relations with the community even during the Covid-19 crisis, exceptionally this year, on-the-ground actions were replaced by digital initiatives for most commitments. Klépierre's shopping centers were nonetheless always able to offer space to local organizations – in compliance with health protocols – to respond to emergencies. The Covid-19 crisis has confirmed the relevance of the Act for Territories strategy and its ability to respond rapidly to local basic needs. Thanks to the commitment of its local teams, Klépierre is on track to achieve its 2022 objectives and is now focusing on nurturing the long-term relationships that will be required to achieve its 2030 ambitions.



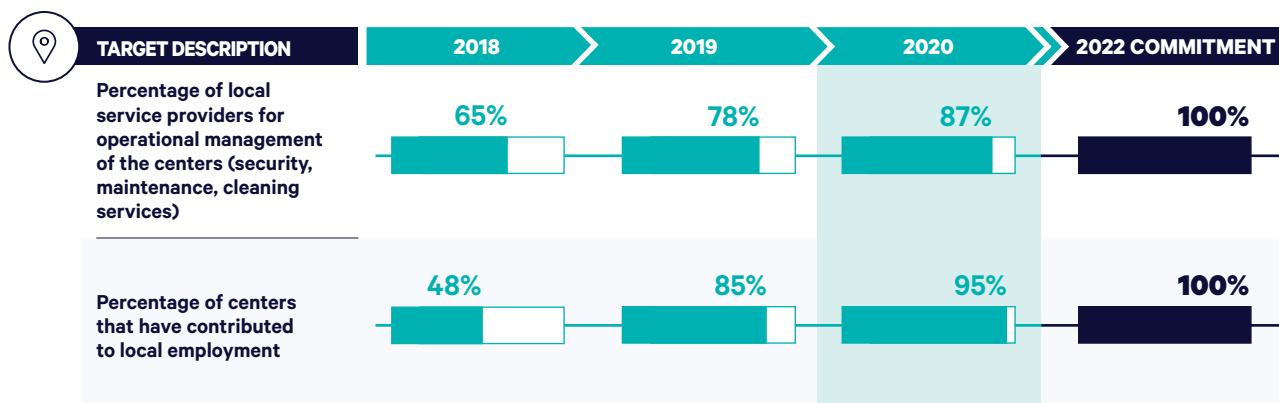
5.3.1 Promote local employment around shopping centers

As major economic hubs that attract many thousands of visitors daily, Klépierre's shopping centers make a significant contribution to local employment. Firstly, the Group generates employment in the construction sector when it launches new shopping center developments or redevelopments. It then recruits staff directly to fill shopping center management posts. Jobs are subsequently

created by the suppliers it contracts to provide cleaning, security and maintenance functions, as well as by its retailers, who require personnel to run their shop units. Klépierre's presence has a strong overall bearing on local economic development by favoring local partners and acting in support of local companies and retailers in meeting their human capital needs.

SUMMARY OF PERFORMANCE AGAINST TARGETS

PROMOTE LOCAL EMPLOYMENT AROUND OUR CENTERS



The Group's long-term ambition is to make its centers a benchmark in local value creation. As such, it has set out a long-term commitment to ensure that all shopping centers in its portfolio promote local employment. The Group's strategy to deliver this commitment is twofold:

- Through its supply chain, by ensuring all service suppliers behind the day-to-day operations of its centers are recruited from the local community;
- Using its local networks to facilitate employment opportunities by working with tenants and employment agencies, and more widely with local employment actors.

5.3.1.1 Encourage procurement from local suppliers

The Group's annual shopping center operating budget amounted to ca. €465 million in 2020, and was mostly redistributed to locally-based service suppliers. Klépierre is committed to ensuring that 100% of its shopping centers use local service suppliers by 2022. As of the end of 2020, 87% of service suppliers met the Group's definition of local (regional and/or within 300 km of the shopping center) *versus* 78% in 2019.

Procurement activities are managed at country level, and as contracts come up for renewal, procurement teams prioritize suppliers that meet the Group's definition of local. As of the end of 2020, Scandinavia, Iberia, Netherlands and Germany had already reached the target. Future calls for tenders should also make it possible for the remaining centers to join them.

5.3.1.2 Partnerships to boost local employment

Most job opportunities generated through the Group's operations are created indirectly by its tenants, which represent a broad spectrum of small businesses, national and international brands. Since recruitment

can be a resource-intensive process for both employers and job seekers, the most significant role Klépierre can play is to facilitate local employment opportunities using both its local presence and national scale to work with employment organizations such as recruitment agencies and specialized non-governmental organizations to bring retailers and job seekers together.

Since the launch of the strategy, the number of shopping centers facilitating local employment has steadily increased, with 117 centers organizing an initiative in 2020. The Group's long-term target for all centers to facilitate local employment is integrated into each shopping center's marketing plan, with marketing and center management responsible for finding relevant partners to propose events and initiatives adapted to each shopping center. This approach encourages marketing teams to think creatively about what actions can be organized, such that they reflect both the needs of each center's retailers and the communities within their broader catchment areas.

While recognizing that local needs are best identified at shopping center level, Klépierre also promotes certain regional initiatives to amplify its impact. These include organizing recruitment fairs, posting job offers on shopping center websites and within the centers themselves, and by working with local and national recruitment organizations.

In France, shopping centers frequently collaborate locally with the government employment agency, Pôle emploi. In 2020, nine job fairs could be maintained in collaboration with Pôle emploi to connect retailers and local businesses with job seekers. In Poland, all shopping centers added a job offer space on their website to share retailers' career opportunities. A successful pilot initiative was run with Swarovski, leading the way for a more widespread deployment to other retailers. In Spain, billboards have been erected to advertise open positions within the shopping centers, with the center's teams in charge of collecting job offers from retailers and updating the displays. This in-mall initiative gives retailers a free opportunity to promote vacant positions and facilitates communication with potential applicants.

KLÉPIERRE COMMITTED TO GIVING YOUNG PEOPLE PROFESSIONAL FUTURES

Set against the backdrop of persistently high youth unemployment in many of its territories, Klépierre's centers are committed to act.

French shopping centers naturally focus on actions in favor of young people. In 2020, Klépierre continued to support *La Cravate Solidaire*, an employment-focused charity. In two shopping centers near Paris, car parks were made available to host *La Cravate Solidaire*'s mobile caravan, which is used to offer job seekers 360-degree coaching covering CVs, job interviews and interview presentation.

In Marseille, Le Prado also joined forces with *L'Académie des métiers*, which for five weeks trained a group of young people on sales techniques. This course included three weeks of theory lessons and a one-week internship in shopping center stores, rounded out with a week of personalized coaching. At the end of the course, a job-dating event was organized to help participants secure job opportunities.

Working together with the charity *Les Apprentis d'Auteuil*, as part of its Skola program at Place d'Armes (Valenciennes), a vacant space was transformed into a pop-up store where for three months a dozen participants were trained for their future positions as salespeople. In addition to the professional experience they acquired, the proud participants attended a graduation evening with the local mayor and journalists.

A similar type of partnership is in progress in the Group's Italian centers, through the Generation program. Proposed by the consultancy McKinsey, this program is organized in three phases: collecting CVs in nine shopping centers, selecting thirty motivated applicants and lastly, the selected candidates are trained up to become salesmen over a three-week period.

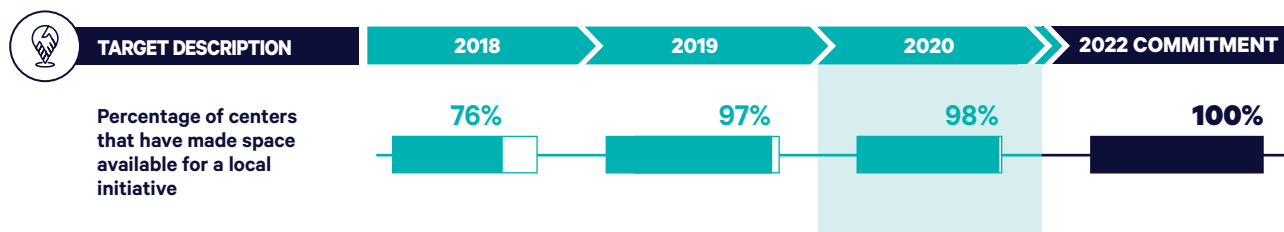
5.3.2 Participate in the local economy

Klépierre positions its shopping centers as 'local hubs' at the heart of the communities they serve. They are dynamic places that bring people together from the immediate catchment area and further afield to gather, shop, meet and connect. Their outreach provides a significant opportunity for local organizations and charities to engage with the millions of visitors who pass through the Group's shopping centers each and every day.

The Group has a long-term commitment to make its centers a benchmark in local value creation. It encourages shopping center teams to strengthen their ties with local residents and organizations, and provide the best possible experience for visitors, thereby fostering mutually beneficial relationships as well as increasing footfall and customer loyalty.

SUMMARY OF PERFORMANCE AGAINST TARGETS

PARTICIPATE IN THE LOCAL COMMUNITY



To fulfil its commitment, the Group has set a long-term target for all centers to participate in the local economy by offering free space to showcase local initiatives at least once a year. In 2020, 98% of the centers across Klépierre's portfolio met this target.

In parallel with Klépierre's approach to job creation, each shopping center has the freedom to select initiatives based on their local circumstances and community needs within an overarching framework that provides a consistent Group-wide approach. It provides guidance for shopping centers in identifying relevant initiatives and establishes comparable metrics that can be used to calculate the Group's overall value created, such as footfall and social media reach. The range of organizations supported covers non-governmental organizations, local entrepreneurs and sports clubs, student bodies and local artists. Due to Covid-related restrictions in 2020, when it was not possible to host initiatives in the mall, shopping centers showed their support by providing digital visibility on their websites and social networks.

In Italy, Klépierre's marketing team created a successful social media campaign dubbed "Time for kindness" for the Red Cross. The animation helped to address the Red Cross' urgent needs by sharing a meaningful message. The two-minute video campaign was published on the social media pages of 29 shopping centers and presents the Italian Red Cross teams day-to-day work and missions, demonstrating the positive impact they have on people in need and encouraging people to join forces with them. The aim was to support the Italian Red Cross' national campaign, designed to recruit volunteers to fetch and deliver groceries to elderly and disadvantaged individuals. The video generated thirty thousand views in the first week, thanks in particular to the buzz created by Klépierre's online community, allowing the Red Cross to expand its care capacities. For Klépierre's Italian team, it was also a means of driving social responsibility and making it possible for everyone to help.

Since the annual “Une Jonquille pour Curie” daffodils sale could not be held due to lockdown, the French centers had to adapt the format in order to honor their long-term partnership with the Institut Curie charity. The annual daffodil event was therefore transformed into a mask sale to raise money for the charity. In total, nine shopping centers in France participated in the operation, 1,136 masks were sold and over €5,700 was collected. The teams’ agility and strong coordination with the national marketing team enabled them to stage a physical event in compliance with all health protocols.

The Akmerkez center in Turkey partnered with Givin, an app that allows users to make clothing donations to create offline stores. Thanks to customer donations and the support of famous artists and

influencers, €3,000 was handed over to around fifteen charities in support of causes such as the fight against cancer, the education of young girls, animal protection, etc. The success of this kind of action has encouraged Klépierre’s teams to innovate and to propose new concepts to visitors. In another innovative example, the Beaulieu center in Nantes showcased the popularity of solidarity initiatives that allow everyone to take part. A vacant space was transformed into an “anti-waste and solidarity store”, where people with disabilities magically turned unsold products into delicious pastries, cookies and jam. This project was driven by the unique synergy created between the various contributors, including the center hypermarket, the ESAT center, which works to promote employment among people with disabilities, and the shopping center team.

KLÉPIERRE SHOPPING CENTERS PLAYED A MAJOR ROLE IN RESPONDING TO COVID-19

When the initial social and economic effects of the Covid crisis emerged, thanks to their local anchoring all over Europe, Klépierre’s shopping centers were able to swiftly and efficiently address urgent local needs.

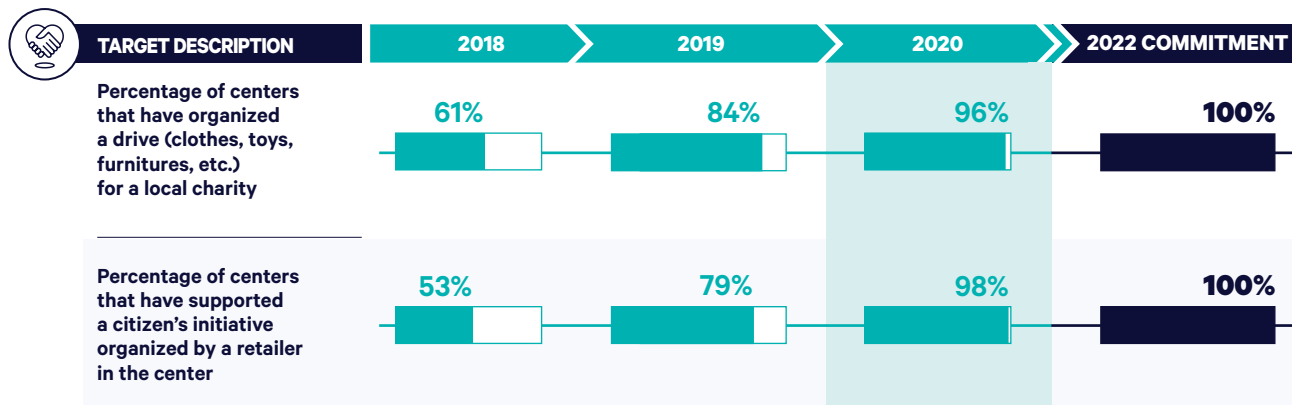
Once again, the agility and ingenuity of the Group’s teams came to the fore in organizing solidarity actions to meet the needs of the territories.

- Supporting local NGOs: all over Europe, Klépierre’s centers have set aside space for local charities, all while observing social distancing and other health protocols to help them pursue their missions:
 - In several European centers, food, essential goods and clothes drives were put in place to support both large and local NGOs;
 - In France, in partnership with organizations for women victims of domestic violence, 22 centers answered the government’s call to set aside zones free of charge for mental health support, anonymous counselling and legal services for women abuse sufferers.
- Providing health assistance:
 - In several European centers, masks and hand sanitizer were donated to hospitals;
 - With blood donation being a real concern during the crisis, most shopping centers set aside safe spaces for donors;
 - Caregivers and frontline workers were given priority access to malls, including dedicated time slots, in order to help facilitate their lives as much as possible during this challenging time;
 - Facilitating access to tests: in France, shopping centers organized dedicated spaces in parking lots for Covid-19 testing. These measures freed up space for laboratories while ensuring social distancing between patients.
- Maintaining contact with the local community:
 - Thanks to their digital communities, Klépierre’s centers right across Europe successfully maintained contact with their visitors and, above all, amplified the local initiatives of their partners and boosted visibility for retailers’ actions during this crisis.

5.3.3 Pursue our corporate citizenship

Klépierre uses its influence to generate positive economic benefits for communities. As it wishes to support its stakeholders’ projects, ranging from their business activities to social actions, the Group’s long-term ambition is to boost the social impact of its operations as it pursues its commitment to be a responsible member of the various communities it serves.

To do so, the Group believes that it must offer visitors the possibility to take part in meaningful actions and collaborate with its retailers to co-build projects that have real purpose and meet visitor expectations.

SUMMARY OF PERFORMANCE AGAINST TARGETS
PURSUE OUR CORPORATE CITIZENSHIP

5.3.3.1 Promoting charitable giving among shopping center visitors

Klépierre is aiming for all its shopping centers to organize a clothing, toys and/or furniture drive for a charity by 2022. The Group remains firmly on track, as 96% of shopping centers organized at least one initiative in 2020. These events provide an opportunity for centers to help local charitable organizations, and support visitors who are keen to donate new or second-hand gifts and objects to help those who are less fortunate.

While Klépierre centers are places for buying and promoting new products, the Group wants to gradually promote the idea that shopping centers can also be a place where products such as clothes or toys bought in the shopping centers themselves can be given a "second life" by being donated to charity. For instance, the Principe Pio (Spain) center set up a permanent clothing and footwear collection space, in collaboration with the San Isidro Homeless Shelter. Two boxes were installed at the entrance, where people could drop off items at any time. By encouraging consumers to recycle and repurpose old belongings such as clothing, toys and furniture, the events have also prompted visitors to consider the benefits of the circular economy.

Certain times of the year are particularly propitious for organizing this kind of action. Christmas, for example, is traditionally the busiest time of year for many of the Group's centers, and the spirit of giving is strongly encouraged. At Alexandrium in the Netherlands, in collaboration with the Prins Alexander poverty platform, a wishing tree is installed each year where children note down their wishes and hang them on the tree. Visitors could then choose one of the wishes and buy the desired gift for the child.

In 2020, due to the health crisis, major events that are usually held physically had to be cancelled or postponed. However, shopping centers were creative in finding solutions to maintain these actions while observing all health protocols.

In Berlin, to help people overcome the effects of the pandemic, a donation area was created in front of the main entrance where visitors were invited to drop off items such as food, personal hygiene products, books and clothes, and from which the disadvantaged could take what they needed.

In addition, the Group's Italian centers, in collaboration with the municipality in Rome, helped create a dedicated and safe area to collect food parcels. By the end of the initiative, more than 1,200 food parcels for around 250 families has been collected.

The success of these actions has been amplified by strong communications on social networks, showcasing centers' ability to involve their visitors in their projects.

5.3.3.2 Partnering with tenants to amplify their collective impact

As the Group's strategic partners on a local, national and international level, Klépierre works closely with its retailers on shared sustainability objectives to amplify their impact and strengthen cooperation.

The Group has set a target for all of its centers to support an in-house responsible initiative organized by a retailer. By the end of 2020, 98% of Klépierre's shopping centers had promoted at least one action by providing mall space, media coverage or logistical support.

In Denmark, Field's launched the #TakeCareTuesday campaign to create regular content on the commitments of its brands. Every Tuesday, publications presenting environmental or social initiatives initiated by retailers are shared on the center's social media pages. This digital campaign has allowed the center to forge a special link with its community while sharing sustainable initiatives and advice.

Following in the footsteps of Field's, many centers have relayed the initiatives of their retailers. During the pandemic, for example, most centers shared their retailers' actions in support of their local territories. In France, the centers' social networks were used to disseminate the contributions of their retailers, including Jeff de Bruges, Kiabi, Rituals, Pharmacy, Figaret, Sabon, and La Fabrique de cookies. These initiatives also helped retailers maintain their local bond with shoppers.

In Norway, an initial local collaboration was set up with H&M to present its conscious collection in the Oslo City center. The video was presented by a famous local influencer introducing the new conscious collection and explaining H&M's program in the local shop of this international brand.

In Italy, Le Gru provided free space to LEGO for a Christmas workshop with a charity purpose. LEGO organized a construction zone where children could create their own Christmas decorations. For each ornament, LEGO gave free toys to children in hospital.

5.3.4 Involve local actors in development projects

The Group's development activities predominantly involve the expansion, repurposing and modernization of existing assets within its portfolio. Given the nature of the Group's properties as prime assets located in major urban centers throughout Europe, development activities inherently bring a unique set of challenges with potentially significant impacts on local communities, the urban environment and infrastructure.

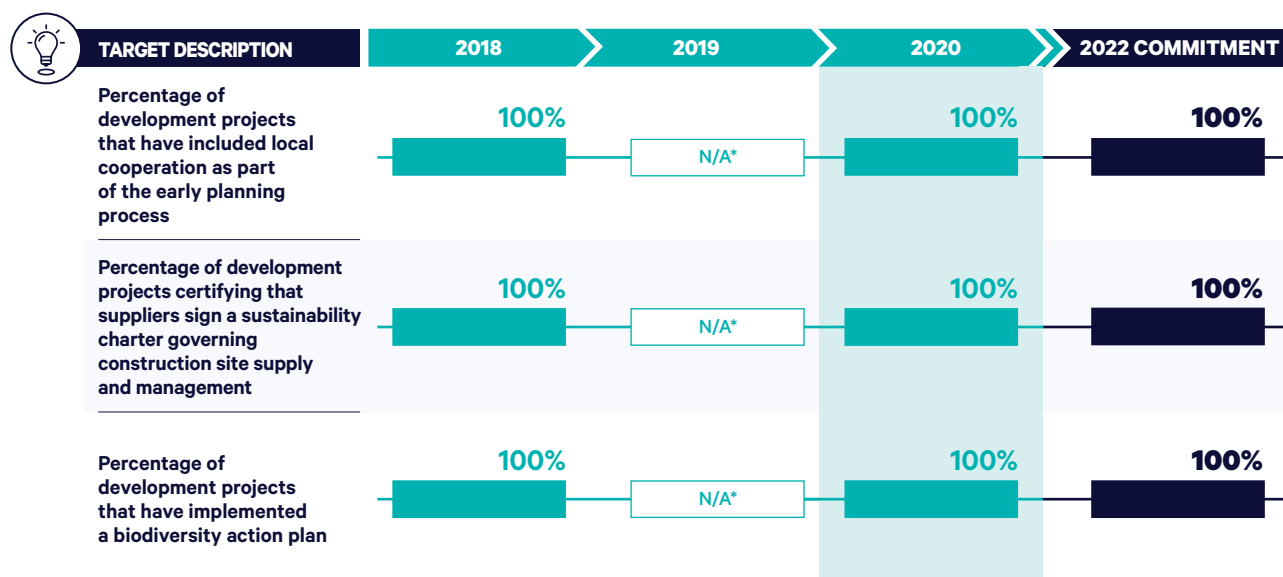
Klépierre has set long-term commitments to not only minimize potentially adverse impacts on the environment and society, but also to deliver positive outcomes by developing properties that meet local needs.

Firstly, the Group aims to engage with local stakeholders to influence the design, purpose, facilities and retail mix of its shopping centers to ensure each one reflects the unique context of their respective catchment areas and creates a compelling commercial and leisure offer. Secondly, the Group has committed to taking positive steps to embed responsibility into its supply chain and protect and enhance biodiversity. Further details concerning this can be found below in sections 5.3.4.2. and 5.3.4.3.

The Créteil Soleil project, completed at the end of 2019, meets all of the Group's commitments in terms of local involvement. At the beginning of the project and during its various phases, local actors were consulted, suppliers signed responsible construction charters and a biodiversity impact study was conducted.

SUMMARY OF PERFORMANCE AGAINST TARGETS

INVOLVE LOCAL ACTORS IN DEVELOPMENT PROJECTS



* No development project was delivered in 2019.

5.3.4.1 Local participation

Klépierre aims for its developments to follow a participatory process by integrating stakeholder views into the development and planning process. This enables the Group to secure local support and contributes to the commercial success of each project. The Group has set a long-term target to guarantee that all development projects include a locally-agreed participatory initiative to ensure this commitment is embedded into the Group's development activities.

The Group complies with all legal planning and consultation requirements in each market where it is present, and goes a step further by actively seeking the views of the communities surrounding its projects. By encouraging local participation, seeking stakeholder input and consulting with residents from the outset, the Group gathers valuable feedback on the local commercial offering, leisure facilities and infrastructure to identify unique opportunities to introduce mutually beneficial outcomes into each project.

Klépierre has refined its approach by using the experiences gained from its development activity to ensure best practice is shared and a consistent standard is applied to new developments, while allowing enough flexibility to reflect the specific circumstances of each project. The approach blends structured engagement between development and shopping center management teams with local municipalities and residents at specific intervals, such as traffic impact studies, market research and surveys. In addition, shopping center managers regularly consult with community members in advance of proposed developments and also discuss local issues with them. For example, the Créteil Soleil center has submitted several potential designs for its vegetable garden to the wider community for consultation and feedback.

5.3.4.2 Supplier participation

The Group's development activities can have significant indirect impacts through the actions of its suppliers. Throughout its supply chain – from the procurement of construction materials to site management – Klépierre's priority is to work with its suppliers to ensure the Group's sustainable procurement standards are adhered to and integrated into the procurement process.

The Group's long-term target is for all development suppliers to sign a sustainability charter covering both procurement and construction site management. The charter sets out Klépierre's expectations regarding the selection of materials, employment conditions and broader community impacts. Each of the service providers is briefed on integrating the three pillars of the Act for Good® strategy into each project action. By signing the charter, suppliers commit to minimizing the adverse impacts of their activities, such as air pollution, noise and waste management, and to meeting required standards on working conditions and the selection of materials.

5.3.4.3 Biodiversity action plans

In the context of its urban portfolio setting, Klépierre takes active measures to protect and enhance biodiversity, not just during the operational phase of its shopping centers, but also during the design and development of new projects, in alignment with its long-term target for all development projects to implement a biodiversity plan. Ecologists and landscapers are systematically involved in the design of every project.

As well as a mandatory requirement within Klépierre, and a legal obligation in some markets, taking steps to conserve and enhance biodiversity aligns with the Group's broader goals by supporting credits towards green building standards such as BREEAM New Construction. Accordingly, Klépierre has developed a standardized approach to biodiversity enhancement that assesses significant biodiversity impacts and mitigation measures aligned with BREEAM "Excellent" level requirements, while allowing enough flexibility to account for local conditions.

The Group's design and development teams regularly solicit the advice of ecologists during development projects for new assets or extensions of existing buildings to develop a greater understanding of the surrounding natural environment. Their advice guides the architects and developers to consider existing ecosystems and select the most appropriate plant species to preserve local flora and fauna. Green roofs are now a common feature across the portfolio, having been incorporated at the design stage of new projects.

At Créteil Soleil, the development team worked with an external ecologist to design the center's green areas included the revegetation of a large portion of the roof and the development of a vegetable garden on an accessible terrace that will be used as an educational tool to engage visitors.

5.4 ACT FOR PEOPLE



ACT FOR PEOPLE

Klépierre's business project places people at the heart of its strategy and value creation. It mobilizes women and men around a shared project. It is devoted to the well-being of visitors, employees, retailers and suppliers.

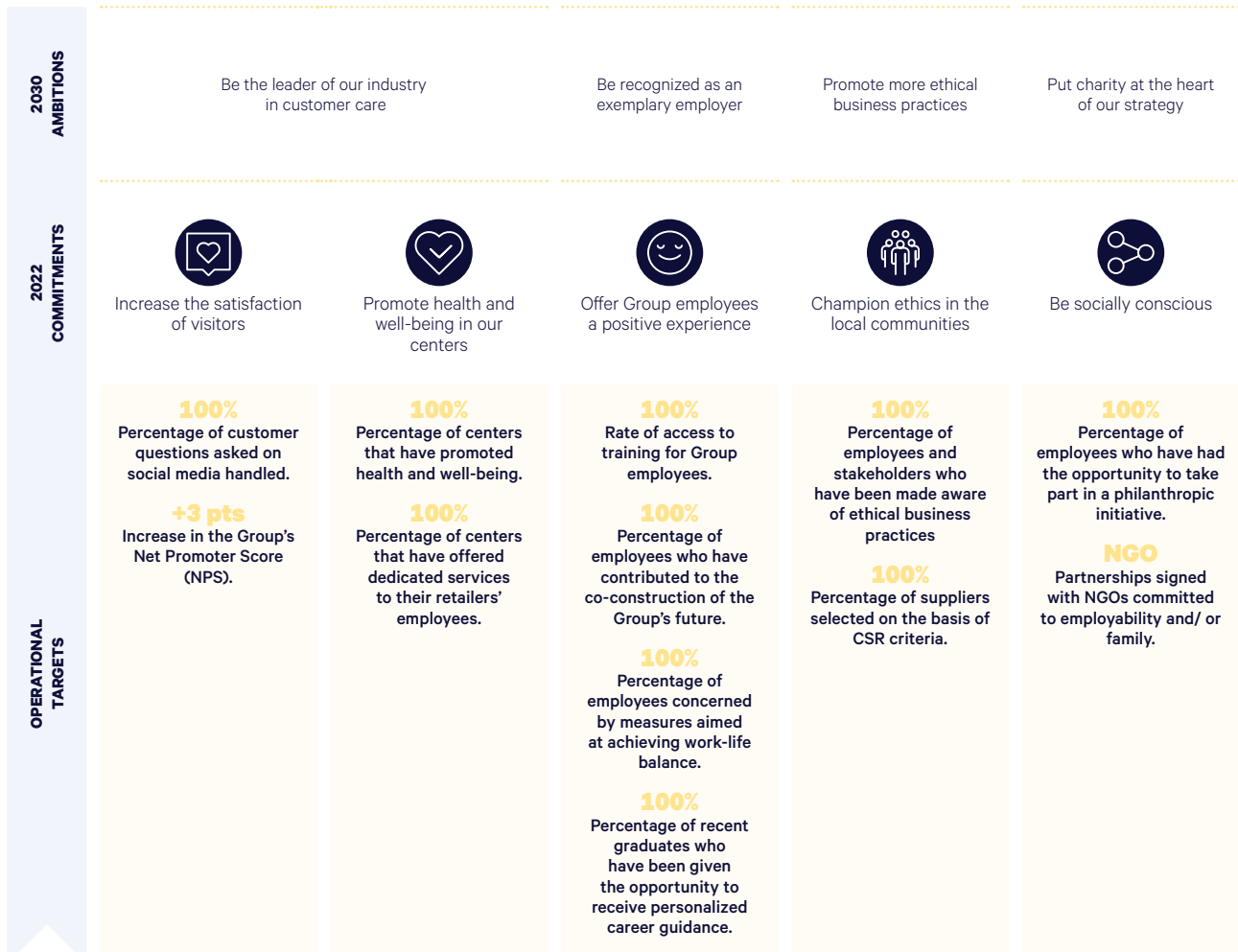
With hundreds of millions of people visiting its shopping centers annually, Klépierre is first and foremost committed to offering each visitor a veritable shopping experience, in centers where safety and well-being are key priorities, but which also offer high quality services and a broad range of activities. The care to visitors extends to the retailers' employees who work daily in the shopping centers of the Group.

The Group's workforce is much less numerous than the visitors of its malls. Yet integrating the main priorities of the human resources policy of Klépierre into the Act for People pillar of its sustainability strategy is not only a matter of consistency, it is also a matter of efficiency. For the Group, taking care of its human capital directly contributes to

running a sustainable business, which entails focusing on adequate and continuous training, engaging the staff on the co-building of the future of the Company, ensuring a proper work-life balance and granting recent graduates a personalized career path support.

Klépierre's sphere of responsibility extends to suppliers and business partners which the Group aims at aligning on a shared view business ethics.

The Group's 2030 ambitions are to position its centers as leading destinations in their communities, be recognized as an exemplary employer, promote ethical business practices and place charity at the core of its strategy. These ambitions are supported by 13 long-term targets that will guide the Group's activities until 2022. Klépierre's commitments are embedded in its everyday operations, whether it is in ensuring visitor satisfaction or in providing special care for its employees.



5.4.1 Increase visitors' satisfaction

Shopping centers must offer more than just a shopping experience to remain relevant in today's increasingly competitive retail market. Consumer expectations are changing, fueled by advances in technology that offer new and innovative experiences. This comes alongside rapid change in social and environmental attitudes, as concerns about climate change and waste rise to the top of the social and political agenda.

Against this backdrop – and as the volume of online purchases continues to grow – the traditional 'brick and mortar' retail model must evolve. Its success depends on the ability of retail property owners and operators to support innovation that provides new and compelling experiences; to foster a diverse mix of tenants; to provide a safe and welcoming environment that is highly accessible and encourages long dwell times, and to create a physical and emotional connection with the products and services it offers.

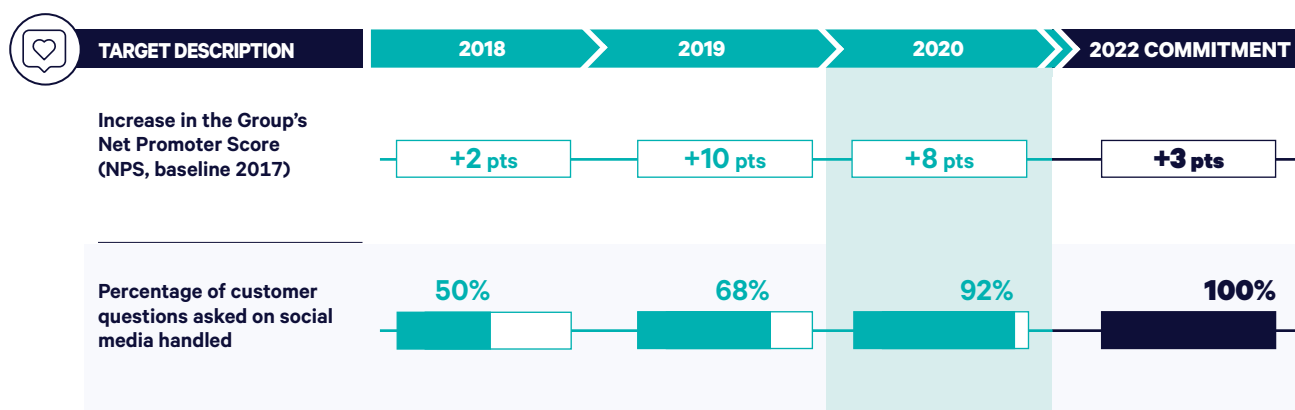
In practice, this means housing a range of international, local and niche brands and broadening the service offering to enrich the

visitor experience, including click & collect services, family zones and children's plays areas, concerts and cultural events, healthcare facilities, high-quality dining and experiential entertainment that attracts and maintains higher footfall and increases visitors' loyalty. Moreover, an increasing number of shopping center owners and retailers are offering omnichannel services, providing customers with a unified experience connecting multiple touchpoints and physical stores.

Industry insights are corroborated by the Group's own research which demonstrates the importance of convenience, accessibility, tenant mix and a welcoming and safe environment as variables that influence visitor satisfaction. This is why Klépierre aims to position its shopping centers as leading destinations by continually innovating its offering, and tailoring shopping center experience to the needs of each visitor. Its success is contingent on engagement with retailers and developing sound partnerships with tenants – its first-tier customers. These allow Klépierre to effectively cater to the evolving needs of individual people and the wider communities served by its shopping centers.

SUMMARY OF PERFORMANCE AGAINST TARGETS

INCREASE THE SATISFACTION OF VISITORS



5.4.1.1 A customer-centric approach

Clubstore® is Klépierre's comprehensive approach to creating a compelling customer experience that builds visitor loyalty and drives footfall into the Group's shopping centers. The approach encompasses a holistic set of 16 touchpoints that define Klépierre's customer journey.

The Clubstore® standards inform shopping center design, services and hospitality, and are applied across the entire portfolio. They cover aspects ranging from digital connectivity and online or in-person services (such as pre-booking of tables in restaurants, matching service for lost items), to streamlined access and parking (indications of free spaces, car parks designed to make it easier to locate the vehicle), creating enticing spaces that appeal to all the senses.

The Clubstore® standards allow centers to offer visitors an enjoyable time, from planning their visit through to the moment they leave the center:

- A new website that makes life easier for visitors (up-to-date news, multi-device access, etc.);
- Consistent accessibility (building on all points of contact);

- Efficient digital equipment (interactive terminals, provision of charging stations, etc.); and
- A perfectly connected center (broadband Wi-Fi, 4G, etc.).

Internally, a platform is used to share best practices between employees and service providers, in order to promote continuous improvement in visitor hospitality, and driving up visitor satisfaction.

Since 2018, the Group has gathered feedback through visitor surveys (more than 100,000 in 2020) and online reviews to track customer preferences on individual shopping centers using a tool called Critizr.

Critizr is a multi-functional tool that can collate and monitor visitor feedback from multiple social media and online channels (including Google My Business, TripAdvisor and Facebook). The system gives each center a dashboard view, enabling them to understand how the customer journey is being experienced by visitors. Each shopping center has a target of collecting at least 1,500 such surveys per year. In 2020, the Group performed 100,522 surveys, a decreased number in comparison to last year because of the many lockdowns as part of the pandemic. The Group remains with its yearly target to have 212,500 surveys performed each year. In turn, this allows the Group to fine-tune its offering, improve the consumer journey and provide a unique experience.

Klépierre also uses the Net Promoter Score (NPS) to measure customer satisfaction based on whether the respondent is a “promoter” or “detractor” for the mall. It enables the Group to track the number of positive, neutral and negative comments, allowing it to go beyond customer satisfaction measuring how likely each visitor is to recommend the shopping center to their friends and family. In 2020, the Group achieved an 8-point increase in its average NPS score from 2017.

The Clubstore® Charter strengthens synergies with other elements of Klépierre's Act for Good® strategy by promoting features which demonstrate the Group's commitments to People, Territories and the Planet. These include dedicated electric vehicle charging stations, bicycle racks, renewable energy and rainwater harvesting systems, the use of natural materials and biophilic design elements. Such features support the Group's commitment to reducing its ecological footprint, and match visitors' increased concerns regarding the environment and the impact of their own purchasing decisions.

Building on these synergies, local marketing teams are responsible for organizing Act for Good®-related marketing initiatives to strengthen the integration of sustainability into customer marketing. The events ranged from fundraising activities for local charitable organizations to environmental awareness campaigns. Also, a new event strategy with a strong focus on “Act for Good®” topics will be rolled-out in 2021. The main idea of this updated roadmap is to reinforce the link between the Act for Good® strategy and the events proposed by shopping centers. Local marketing teams are encouraged to build their events around at least one CSR topic. Significant emphasis is placed on event design and content, with the aim of reinforcing communication on Klépierre's responsible commitment to its end customers.

5.4.1.2 Maintaining the connection to visitors through digital

Klépierre has developed a strong social media presence with around 4.82 million combined Facebook and Instagram subscribers across its

individual shopping center profiles. This provides another important tool for interacting with visitors, collecting feedback and gauging consumer trends. To keep this community active and respond to requests, in 2020, the marketing teams took training courses to develop their digital skills (social media, digital media buying, CRM, website content management, etc.). More than 100 employees have been trained remotely in 12 countries.

The Group's long-term target is to respond to 100% of customer questions on social networks. To achieve this, Klépierre has initiated a customer care commitment available via Facebook – #JustAsk – selected based on visitors' stated preference for this particular communications platform. #JustAsk promises to answer all questions through Facebook Messenger during opening hours. The service, which is available at 91 shopping centers, has enabled Klépierre to increase the number of conversations it has with visitors threefold, and to provide up-to-date information about shopping center brands, products, promotions, services and events.

Also, as surveys are a key tool for stakeholder dialogue, the marketing teams will be systematically initiating surveys on social networks with center visitors. The goal is to gather opinions on key areas that would improve their customer experience, and thereby reinforce the sense of community. For instance, Créteil Soleil's visitors participated in selecting the new installation of a kids' playground. Additionally, at the end of the year, a social wall has been set up on Klépierre's website. This new functionality showcases content posted by our communities and is already available in seven shopping centers including Val d'Europe and Hoog Catharijne. By the end of 2021, it will be deployed to the Group's 50 largest centers.

In 96 shopping centers this year, a real-time footfall meter was added to Klépierre's websites to inform customers about the busy and quieter periods in the shopping centers. This tracking tool was useful during the Covid-19 crisis, giving visitors the option to choose the best time to visit the center based on footfall.

5.4.2 Promote health, safety and well-being

Klépierre's malls attract hundreds of millions visits across Europe each year. They also provide a workplace for tens of thousands of people.

First and foremost, Klépierre has a responsibility to ensure the safety of all shopping center users, guaranteeing that the risk of incidents and injuries is minimized and that the mall complies with all applicable safety standards and regulations, especially so since the onset of the Covid-19 pandemic. However, above and beyond risk management necessities, health and well-being present opportunities for the Group. Klépierre drives visitor attraction and retention by positioning its shopping centers as places where people can feel safe, relaxed and well, and by actively promoting health and well-being products, services and activities to visitors and staff.

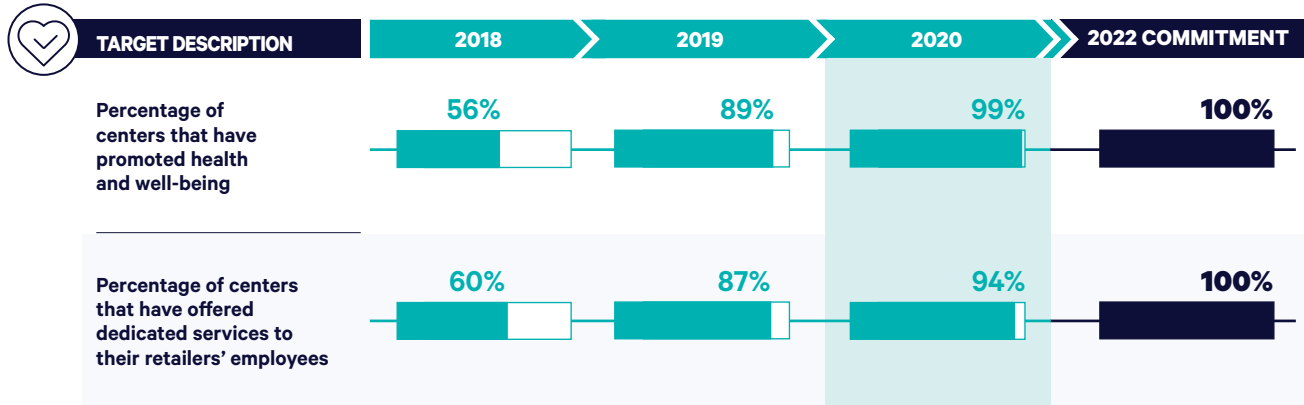
The Group works to improve the quality of working life for all workers in its centers in the same way as for Klépierre's own employees. For each center, Klépierre encourages initiatives allowing non-Klépierre employees to feel like they are full members of the center, that they are treated with consideration and benefit from services that make their daily lives easier. Annual events also help strengthen the feeling of belonging (team building events for salespeople, Christmas parties, breakfast functions). People working in the center can also enjoy

specific advantages (internal discount cards, reserved parking spaces, access to local fruit and vegetable delivery plans, facilities for team meetings, rest and meals).

Klépierre also provides a comfortable work environment for its employees and tenants, and contributes to broader efforts to create a healthier society by using its ability to communicate with millions of people.

Klépierre's approach to promoting health and well-being is fully integrated within the Act for Good® program and is also in line with the Group's operational strategy for customer service. It encompasses engagement with tenants and consumers to encourage healthier lifestyles.

Consequently, Klépierre is constantly monitoring risks, adapting its safety and security strategies and implementing robust control practices and staff training to maintain high standards within its shopping centers, as well as sharing its expertise with partners and retailers. Responsibility for safeguarding the public in the context of the heightened safety risk surrounding the pandemic is overseen by the Group's Safety & Security Department, and Group and country crisis management teams, with support from Internal Audit.

SUMMARY OF PERFORMANCE AGAINST TARGETS
PROMOTE HEALTH AND WELL-BEING IN OUR CENTERS

5.4.2.1 Health and safety standards

Health and safety risk prevention is a top priority for Klépierre. Each shopping center takes responsibility for identifying, assessing and managing safety risks in accordance with the Group's policy and management systems, which are reviewed on an ongoing basis to ensure that they constantly abide by local regulations and the highest international standards, to ensure the same level of compliance and efficiency across all countries and assets within our portfolio.

Fire, building collapse due to extreme weather conditions or other unforeseen events, major pollution and public health risks, slips, trips and falls, and work at height, constitute the most serious health and safety risks for the Group. These risks with a priority status are addressed through several procedures, including:

- Crisis management response testing, involving a simulation of an emergency scenario once or twice a year (with or without visitors present) in every shopping center;
- Dedicated training on health and safety risks and prevention measures, covering aspects such as fire risk prevention, health and safety in the workplace and first aid. In 2020, 1,091 hours of health and safety and risk prevention training were provided by the Group to 412 members of staff;
- Relentless monitoring by operational teams and periodic checks by Internal Audit to ensure that all relevant risk controls are in place, including:
 - Continuous monitoring of cooling equipment to guarantee the prevention of Legionella contaminations, and bacterial and/or viral propagation. Procedures for Legionella control were updated for 2019;
 - Standardized Group safety measures designed to minimize safety incidents occurring as a result of day-to-day activities by Klépierre's staff, subcontractors or even tenants' staff and/or suppliers within shop units;
- Incidents among visitors are monitored on a regular basis and reported at management level, with incident investigation and data analysis forming the basis of action plans to further improve risk prevention;
- Accidents that occur within tenants' units fall outside the scope of Klépierre's responsibility, nevertheless the Group does require tenants to submit plans for any work being undertaken and inspects shop units once these are completed;
 - Based on these plans, Klépierre issues a permit that identifies the significant safety risks associated with the proposed work and any recommended preventative measures;
 - Ongoing work is inspected on a regular basis by the shopping center safety and technical management team;
 - Additional permits are required for any hot work (such as welding or metal cutting); the work itself is inspected on a regular basis as well as within two hours of its completion so as to prevent any fire risks;
- Creation of a Group-wide health, safety and environment compliance application to support the management and reporting of health and safety performance data at shopping center level. In 2019, a cross-departmental team including the Group's Engineering & Sustainability and Safety & Security departments, Internal Audit and IT, worked together to define the specifications and roll out the tool;
- Intensification of compliance checks and safety and security reminders for all shopping centers. The actions of technical center managers and directors is coordinated via monthly Engineering & Sustainability and Safety webinars;
- Integration of Health and Safety key performance indicators in the annual objectives for all supporting functions, including Country Directors, Operations Directors and Engineering & Sustainability departments at the country and shopping center level.

A SPECIFIC AND LOCAL RESPONSE TO THE COVID-19 CRISIS

In February 2020, thanks to its presence in Italy and ability to quickly comprehend the severity of the approaching crisis, Klépierre immediately activated Group and regional crisis cells in each country, to ensure a swift, efficient and round-the-clock crisis management response. This organization, recommended by International SOS and backed by regulatory intelligence law firms, has produced numerous strategy documents defining a stringent "Covid prevention standard" within the Group, thereby guaranteeing compliance with local and national guidelines for the prevention of Covid-19 at head offices and shopping centers.

The proper implementation of these strategies by our operational teams has been audited, via a two-level internal audit system, at country and Group levels, with oversight from Bureau Veritas and building testing, inspection and certification specialist, Socotec.

Bureau Veritas certification attests to Klépierre's centers' compliance with its Global Safe Site Excellence standard. In total, more than 100 centers are affected by Global Safe Site certification. Klépierre has selected Bureau Veritas to assess the maturity, relevance and effectiveness of the procedures implemented for Covid-19 risk prevention and reduction, thanks to the specific Covid-19 risk management action plan implemented throughout its multi-site network. Klépierre has requested that Bureau Veritas inspect all sites in order to confirm that the centralized hygiene and safety system has been correctly implemented and is in line with organizational requirements as well as best health practices (surface cleaning procedures, layout modifications to reduce risks, systems to minimize contamination, etc.). Inspections also address measures designed to minimize the risk of contamination for Klépierre staff, retailers and visitors, as well as auditing compliance among suppliers and sub-contractors with Klépierre's rules and guidelines in addition to their own.

Twelve of the centers audited were located in Spain and Portugal: *"With all of these measures, we are sending a clear message about our unwavering commitment to safety and the prevention of Covid-19. At the same time, we are positioning ourselves for the resumption of business activity by facilitating access for visitors to our shopping centers to the extent possible, insofar as is permitted by law. The well-being of the people who visit our shopping centers is our absolute priority. This is why we sought out the support of Bureau Veritas' experts in ensuring that each and every regulatory requirement for reopening is met,"* explains Luis Pires, Managing Director of Klépierre Iberia.

Throughout the crisis, the Group crisis cell, which centralizes all information reported by the country crisis cells, has been processing information on a daily basis to support decision-making at Group level, as well as monitoring the implementation of business continuity plans at shopping center and country levels.

Health awareness information and training for staff, in addition of robust processes, has been the cornerstone of the Group's Crisis Management Plan, ensuring psychological resilience and safety from a health perspective. All employees have been trained to factor Covid prevention into their daily routines, and dedicated presentations have been led by International SOS at various key stages of the crisis, including lockdown and reopening phases.

This robust and proven crisis management system has evolved and adapted quickly to unforeseen developments in the health crisis to cope with the unexpected challenges brought about by the pandemic.

5.4.2.2 Security risk management

Klépierre has adopted a comprehensive security strategy and a phased action plan to anticipate, mitigate and thwart the evolving security threats facing the Group's assets. This strategy covers crime; anti-social behavior and civil unrest, as well as terrorism risks.

Klépierre's vision of security is based on a wide-spectrum approach that takes into account all stakeholders, a holistic approach to security where knowledge of the environment is paramount. E-learning courses deployed in 2020 promote this approach so as to enable employees to take ownership of their security environment, develop partnerships with stakeholders, including tenants, municipal and governmental authorities, civil protection organizations, emergency services, state or local police forces, and other private security teams deployed in the area.

The Group's strategy to strengthen its security resilience and preparedness focuses on the implementation of Standard Operating Procedures (SOPs), dedicated training at all levels, employee empowerment, investment in physical infrastructure to ensure the resilience of its assets, as well as standardized Group security purchasing and procurement processes.

On-site implementation of the security strategy is overseen by the Group Head of Security and Safety whose role is to assist operational teams with all elements of the Group's SOPs.

The Group Security SOPs deal with the protection of strategic on-site zones including technical premises, security control rooms, management office protection, delivery dock protection, fire control room surveillance and new air intake equipment protections. They

also organize the Group's response to terrorist attack, including the prevention of vehicle-ramming attacks, reaction to the discovery of suspicious packages and cars. Since their launch in 2017, the SOPs have been rolled out across the Group's portfolio and all Country and Shopping Center managers and Technical Directors have been trained in their implementation.

All shopping centers are required to complete a self-assessment using a Group security tool that provides an analysis of their level of security preparedness and compliance with the SOPs. This focuses not only on the technical and physical aspects of each center, but also on the security processes implemented by management and security teams. This assessment is updated annually, and is used to orientate site action plans identifying the steps to be followed to ensure each center is fully compliant.

Any investments in physical security infrastructure required to comply with Group standards are identified via self-assessment tools and are reviewed closely by each business unit under the control of the Group's Security Department. Group Internal Audit ensures, through annual checks, that this self-assessment tool is used properly to ensure compliance with security standards and the improvement of physical security in a streamlined and cost-effective manner.

The Group Head of Security and Safety, whose main role is to guarantee security preparedness throughout the portfolio, adapts the SOPs and action plans to evolving threats, oversees the preparation and delivery of dedicated training for key employees, produces Group security standards to be included in tenders for security services, reinforces security awareness throughout the organization, and advises management at all levels on dealing with security challenges.

Security is included as a standard agenda item in all team meetings at both management and shopping center levels to ensure risks and mitigation measures are monitored and tracked. Through this process, the Group is progressively strengthening the capabilities of individual shopping center management teams to respond to security threats.

The emphasis on the holistic approach of security involving the broader stakeholders surrounding the Group's assets, anchors Klépierre's shopping centers within their unique environment to create a tactical bubble. This allows a coordinated approach to detecting and thwarting potential security threats. With its local presence, the Group can also play a valuable role as an intermediary to facilitate coordination between tenants and regional security forces. The most visible demonstration of this partnership is the regular drills the Group organizes to test and refine its procedures and the tools developed to improve interaction with local security and civil protection agencies. In 2019, the Group launched an "intervention assistant server" tool to strengthen the Group's partnership approach. The tool shares shopping center information such as property maps, videos and photographs with emergency services to improve response quality.

Through this symbiotic approach to security of actively sharing of information and coordinating responses, the Group has enhanced its centers' ability to anticipate and respond to security risks, while at the same time positioning them as secure and friendly destinations where visitors can have a relaxing time in complete security.

5.4.2.3 Promote health and well-being for visitors and tenants

In line with the operational objectives described in the previous section, Klépierre seeks to promote the health and well-being of its retailers and visitors through various touchpoints.

When developing and refurbishing its shopping centers, the Group sets high standards for health quality, including the use of materials with low volatile organic compound content and effective ventilation systems, and encourages the integration of biophilic design features such natural light and vegetation. Additional minimum standards covering internal and external lighting levels, indoor air quality and acoustic performance are applied as part of the Group's commitment to achieve BREEAM New Construction "Excellent" certification for all new developments with a gross leasable area in excess of 10,000 sq.m.

During the operational phase, a broad range of activities are offered to visitors and tenants, from regular sports activities to promoting meetings with healthcare professionals and nutritionists. Through such initiatives, Klépierre's shopping centers forge closer connections with their visitors and tenants.

With visitors seeking more active and healthier lifestyles, the Group has set a target for 100% of its shopping centers to promote health and well-being by 2022. Currently 99% of shopping centers have implemented this goal with a wide range of events and initiatives across the portfolio in 2020. This commitment covers three dimensions of health and well-being:

- Facilitate access to care: this aspect of well-being implies helping people to stay informed and access good quality care. In Campania (Naples, Italy), there is a permanent health center where all customers can access medical examinations and checks,

fitness tests and holistic treatments for free, thus contributing to the health and well-being of the community. The Sadyba Best mall also organized a health promotion project in 2020, with free consultations by private coaches and sports diet specialists. These professionals prepared personalized programs to address individual visitors' needs. This year, due to the health situation, many centers have oriented their actions towards organizing free collective testing campaigns in partnership with hospitals and local laboratories. For instance, in June and July, near Caen (France), two shopping centers offered vacant space to a medical team to conduct a total of 577 Covid-19 tests. To address other local needs, many shopping centers have joined forces with community members to organize blood donations in compliance with the applicable health protocols. For example, at La Gavia (Madrid, Spain), a special zone was set aside for the Red Cross where over two days, 82 donors gave blood for the benefit of 246 patients.

- Promote healthy lifestyles and offer new services: together with a focus on health and well-being, visitors are also increasingly concerned about environmental and societal issues. In that context, Klépierre is aiming to offer new services and create new leisure hubs for its visitors, enabling them for example to join in group sports sessions, participate in collective cooking classes or learn more about sustainability challenges. This year, in order to maintain contact with consumers during lockdown, most of the shopping centers decided to produce digital content proposing recreational activities such as cooking lessons via Instagram, sports session on Facebook and arts and crafts activities for kids.
- Position shopping centers as third places: the objective is to turn shopping centers into communal venues where visitors can meet, share experiences, learn together and discover new things. For instance, the Grand Littoral Center (Marseille, France) initiated a partnership with the Marseille museums collective and Paris' Centre Pompidou to relocate French sculptor Henri Laurens' *La Sirène* in the mall. This type of partnership is a great way to position shopping centers as places where visitors can do more than shopping, by making art and culture accessible for all.

Klépierre also aims for all of its malls to offer dedicated services to retailers. The purpose of this commitment is to improve the work-life quality of retailers' employees and offer them a great place to work. The Group sets out to create a sense of community among those working in its shopping centers and to ensure that everyone feels warmly welcomed and motivated. Currently 94% of shopping centers have such services in place, ranging from dedicated rest areas to sports and fitness sessions through to childcare services. For example, at Place d'Armes (Valenciennes, France), free and secure bike and scooter storage has been installed for the employees of its retailers in order to promote sustainable, healthy commuting. Elsewhere, Grand Place (Grenoble, France) partnered with Potager City to provide a fresh fruit and vegetable delivery service for the center's management team and tenants, and Marieberg Galleria (Örebro, Sweden) organized first aid training for tenants, which is crucial for increasing accident survival rates.

LET'S JOIN: INTRANET IN YOUR POCKET

The Let's Join application was created to facilitate communication between retailers and center management. This app helps foster and strengthen the sense of community within each center and improves communication between all members. Center management and retailer teams, technical managers and security staff all have access to *Let's Join*. Members can easily communicate using the online chat function, and have access to a range of different services: shopping center news, job offers, ticketing system for maintenance and cleaning requests, alert system and a summary of discounts and services available to retailers.

Launched in September 2018, as a pilot project in seven shopping centers across five countries, the test phase has been a great success with 96% of the stores in the centers continuing to use the app.

According to the Marketing manager of Val d'Europe (Paris region, France), "*Let's Join is an effective way for Val d'Europe to maintain the link with our retailers, to instantly send information and to receive information from them (good deals, shop operations, sales, etc.). Today and during the closure periods, the app has helped us strengthen our bonds with retailers by adapting the platform for other uses such as quizzes, reopening guidelines, sharing advice during lockdown, etc.*"

In view of its success, *Let's Join* is set to be deployed on a larger scale during 2021 and 2022.

5.4.3 Offer Group employees a positive experience

Klépierre has long acknowledged the link between a positive employee experience and business success. Attracting and retaining highly skilled employees, while ensuring their competencies remain relevant and up to date, is a continuous challenge in an environment where competition for skills and experience is fierce. Therefore, the Group commits to providing a quality workplace that spurs engagement, innovation and creativity.

As part of its HR policy, the Group has set four long-term targets that reflect its ambition to be recognized as an exemplary employer, covering talent management and development, quality of life at work and engagement with the Company.

As it works towards these targets, the Group positions its Human Resources function within the executive management team,

reflecting its strategic role in supporting the Group's performance and the importance of providing an attractive offering to employees to boost appeal. These steps are being supported by the formation of a Group-wide Human Resources Committee to share policies and best practices and establish common guidance across all Klépierre's operating countries. The Committee is attended by all HR leads in each country and provides an opportunity to discuss successful initiatives and share strategies as the Group aligns its approach and employee value proposition.

A Group-wide Human Resources dashboard tracks the Group's performance against its Act for Good® targets, as well as country level performance indicators such as turnover to identify potential risks and put in place remediation plans that draw from the Group's collective experience.

ADAPTING TO COVID-19: MAINTAINING SOCIAL CONNECTIONS, STAYING SAFE

At the onset of the health crisis, immediate measures such as home working were organized to protect the staff. IT offered all the necessary equipment such as large screens and smartphones to guarantee efficient home working conditions. The availability of IT equipment was quickly adjusted and more accessible to all employees. In addition, working methods were adapted to focus on business continuity, including for instance, the roll-out of collaborative web conferencing tools that had been initiated in 2019 was stepped up a gear to cover 100% of employees in 2020.

Klépierre collaborated with International SOS to ensure the safety of all its employees. Once on site, employees were provided with four surgical masks for each day's work. Social distancing and other Covid-prevention behaviors were instilled, especially thanks to revisions to the layout of open spaces and the ground marking of a circulation direction in the office building. Special attention was paid to on-site staff given that they interact with more people, so they were equipped with FFP2 masks and given detailed guidelines, while staff rotation schedules were put in place to minimize contamination risk.

Numerous consultations with employee representative bodies made it possible to adapt in a way that protected the health of employees. For instance, employees wishing to go by bicycle to work could benefit from a bicycle bonus to avoid public transport.

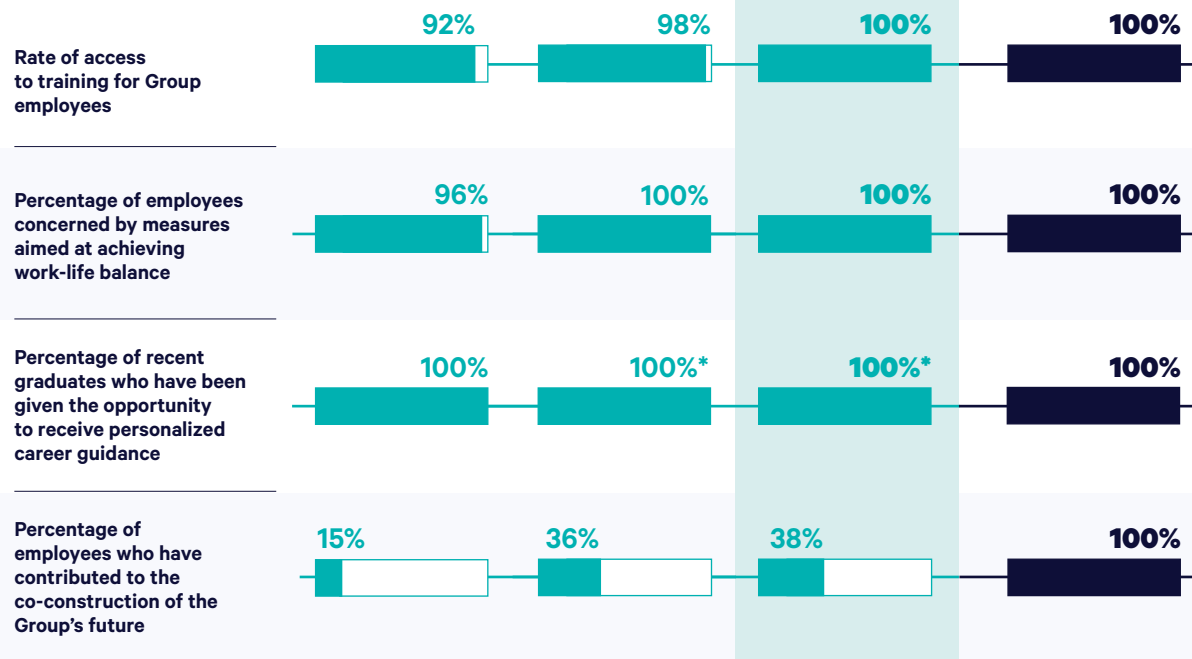
Frequent communication with staff has been key to maintaining social links and sharing good practices. Members of senior management have regularly communicated on business organization, and a weekly Group newsletter entitled "Connected" was designed to keep in touch with employees.

During the second half of 2020, a dedicated program of remote weekly activities dubbed "Let's stay connected" was set up for Group staff. Averaging 45 minutes per day, the program covered five key themes, including:

- Let's stay connected to Klépierre, with business update presentations from the Executive Board;
- Let's stay connected to self, focusing on employee well-being with yoga classes and talks on sleep and nutrition;
- Let's stay connected to retail, which provides insights on retail and innovation;
- Let's stay connected together, with fun items such as cooking classes; and
- Let's stay connected to the future, with inspiring personal and professional development sessions covering a variety of themes.

Let's stay connected has been a success, with several hundreds staff attending the same event simultaneously and even more employees reached thanks to replay links accessible on the Group's intranet.

SUMMARY OF PERFORMANCE AGAINST TARGETS
OFFER GROUP EMPLOYEES A POSITIVE EXPERIENCE

TARGET DESCRIPTION
2018
2019
2020
2022 COMMITMENT


*99.8%.

5.4.3.1 Talent management

Klépierre's talent management policy is based on five pillars: attraction, onboarding, learning and development, performance review and internal mobility. In 2020, for each of these pillars and associated projects, the focus was on digitization, internationalization and promoting the "Klépierre culture."

By the end of 2020, Klépierre directly employed 1,096 employees, including 1,057 on permanent contracts. Klépierre's continued investment in its workforce is reflected in the average length of service of the Group's employees (8.9 years in 2020). Taking into account the departures in 2020, Klépierre's turnover rate decreased to 9.1% from 12% in 2019, which should be viewed within the context of a highly competitive yet more challenging job market.

TOTAL HEADCOUNT

Territory	2020	2019
France-Belgium	444	463
Italy	180	187
Scandinavia	139	143
Iberia	114	113
Central Europe & Other	112	115
Netherlands	57	58
Germany	50	52
GROUP TOTAL	1,096	1,131

HEADCOUNT AT YEAR-END, BY TYPE OF CONTRACT

	2020	2019
Permanent	1,057	1,094
Temporary	39	37
TOTAL	1,096	1,131

HEADCOUNT AT YEAR-END, BY AGE

	2020	2019
<30	12%	13%
30–39	31%	33%
40–49	34%	33%
≥50	23%	21%

5.4.3.1.1 Attraction

Klépierre's ability to attract and retain talented employees is key to its capacity to grow and thrive. By investing in a diverse workforce through recruitment and retention, the Group sustains a wellspring of knowledge and skills that remains one of the most important success factors for its business and employer brand.

In 2020, 139 new hires joined the Group with the majority being recruited by the Group's businesses in France, Central Europe and Scandinavia. Given the competition for talent, and the importance of growing its brand as an employer of choice, Klépierre has developed partnerships with leading business and engineering schools to identify and attract top talent. The Group's HR team and representatives from across the business regularly attend careers fairs to connect directly with high-potential candidates, with the objective of hiring and training them on the job to circumvent the current talent shortage.

Klépierre offers students exciting internships, apprenticeships and permanent positions to build its talent pipeline. The Group also continues to provide "VIE" international work experience volunteer placements (*Volontariat international en entreprise*), cooperating with the French government agency Business France to create international assignments for European graduates. In 2020, 50% of VIE recruits were hired on permanent contracts at the end of their international assignments. In addition, 50% of the new VIE recruitments were filled by former Klépierre interns.

From January to November 2020, Klépierre attended half a dozen forums organized by business schools. These were an opportunity to present the Company and meet students. Despite the lockdown and home working, Klépierre maintained 93% of its planned internships this year and welcomed 25 of its 57 interns through online onboarding sessions. During the second half of the year, the Group digitalized recruitment processes through online forums organized by partner schools. To deepen its brand attractiveness, the Group also leverages online tools such as the graduate recruitment platform Jobteaser to expand the reach of its recruitment activities.

In 2020, Klépierre continued strengthen its external communications in order to raise the Group's profile, its career opportunities and the broader employment offering. For example, the Group collaborated with recruitment platform Welcome to the Jungle to increase its brand awareness among talented young people working in the marketing, technology and innovation sectors. The Klépierre profile page includes interviews with current employees detailing their experience of working for the Company, along with a description of their roles to directly appeal to this target audience.

In the Czech Republic, a partnership has been set up with Cocuma, a community site that brings together companies with a strong culture. It allows companies to create a profile and share their convictions through interactive content (testimonials, videos, etc.). This popular site is visited by young talent looking to join companies where the working atmosphere is young, flexible and embodies their values.

5.4.3.1.2 Onboarding

The Group's onboarding programs enable new employees to acquire essential knowledge about the Company's business lines and build their internal network. Onboarding programs are organized at both a Group and country level to provide new employees with a tailored introduction to the Company based on their role and location.

All new managers and graduates are invited to the Group-level onboarding program which includes presentations by members of the Executive Board and insights into the Group's organization, strategy and corporate culture. The program provides a valuable networking opportunity and supports internal mobility by introducing new joiners to the senior management team, as well as improving their understanding of the business. Importantly, this includes an introduction to the Group's various business lines and the roles and responsibilities of key people, including shopping center teams who represent its core function. 39 hires from six countries benefited from this initiative in 2020. This year all onboarding programs were adapted and turned into remote courses due to the health situation.

For French new joiners on permanent contracts, the customary local onboarding was also adapted to a remote format. For one day, new staff had the opportunity to get to know each other virtually and discover Klépierre's vision and strategy, operational challenges and development opportunities, before learning about the Company's organization and human resources structure. A virtual escape game was organized to forge links between participants.

On a local scale, and despite the Covid-19 crisis, special events continue to be organized for newcomers. In 2020, the Iberia head office created a video focused on young people and the experiences of new joiners. The video presented training sessions, development projects, social benefits and CSR actions. This type of project allows new joiners to discover Klépierre in a unique and less formal way.

5.4.3.1.3 Learning and development

Klépierre promotes learning and development among all of its employees, both to build the technical and professional skills required by the Group to execute its business model and fulfil its objectives, and to support employee engagement. In 2020, two years ahead of plan, the Group reached its target of 100% rate to access to training for Group employees, up from 98% in 2019. Among other success factors, this achievement results from the creation of key business e-learning modules, the transformation of face-to-face training sessions into virtual classrooms and the implementation of a learning influencer community whose role is to spread the word and emphasize communication on all training modules at country level.

The Group's priority is to provide clear development pathways for its employees, mapping out the professional and soft skills that will support their career aspirations and internal mobility, with a focus on new joiners, experienced hires and existing long-term employees.

Klépierre University is the Group's main learning and development hub that supports the Group's HR ambitions in five main areas:

- Training new graduates with a general academic background in the Group's specific businesses;
- Helping the Group adapt to evolving business needs and market changes through the development of soft skills;
- Providing a wide range of training to all employees to favor cross-business and cross-country mobility;
- Supporting managers in adapting to scattered teams and to distance management;
- Propagating a common corporate culture of innovation across all lines of business.

In the Covid-19 context, and with the development of home working, Klépierre University has placed digitization at the heart of its development so that every employee can easily access all Group content. Emphasis is also placed on the development of individual courses and personalization, with training courses tailored to each person's career (senior employees, young talent, etc.) being put in place. Examples include the setting up of a new managerial program, with 90% of the Group's leasing managers attending this training during 2020. The program supports managers in improving key aspects of their roles, such as managing complex situations, mobilizing stakeholders and negotiating.

Klépierre offers over 150 courses to support its objectives, and over 12,250 hours of training were delivered by the University in 2020. This was done through a blended approach that combined face-to-face and e-learning sessions.

Classroom and virtual classroom sessions provide a valuable opportunity for unique teaching methods, such as interactive discussions and case studies delivered by subject matter experts (many of whom are Klépierre employees). In 2020, 25% of the Group's face-to-face hours were delivered by internal trainers, reflecting the Group's technical expertise. To cope with the unusual context in 2020, Klépierre University quickly acted to transform face-to-face sessions – whether delivered by internal or external trainers – into virtual classrooms.

In first-quarter 2020, special e-modules on working efficiently from home were put in place to ensure the well-being of home workers. Two modules have been made available online, one for staff and another for managers addressing the issues specific to their role.

The Group continued projects in 2020 to internationalize and digitize training, in order to ensure accessibility for its employees. Importantly, the Group has extended its common international training catalog to complement its classroom offering and build up a core foundation of knowledge for all employees, regardless of their location or business area. By the end of 2020, 107 courses were available through the *Learn Up!* digital training app.

Since its launch in 2018, *Learn Up!* has established itself as a core component of Klépierre's training program by providing all employees with a comprehensive suite of online training modules. In 2020, a total of 1,060 employees (97%) completed more than 1,700 hours of training using *Learn Up!* Beyond increasing access to the Group's training offering, the ongoing digitalization of training supports the Group's goal of personalizing training paths in line with individuals' career aspirations, knowledge and specific needs. It also improves access, reduces training times and costs, and makes learning relevant and accessible by encouraging on-the-go training.

Over the past two years, Klépierre employees have grown accustomed to personalized training via the internal e-learning application, which is accessible from any device (cellphone, tablet and laptop) and facilitated the rollout of digital programs during the Covid-19 crisis. Digital training has become the core solution, with staff benefiting greatly from innovative and fun online content. For instance, the first edition of the Digital Summer School in July and August gave employees the opportunity to train on a range of subjects of their choice, with 29% of staff participating in at least one e-course.

5.4.3.1.4 Performance and development review

The Group's performance and development review process is delivered through two one-to-one meetings each year, one on performance and the other on career development. By providing separate meetings, the Group allows employees and their line managers to focus their discussions on these separate, but complementary topics.

The performance review is mandatory for each employee. The meeting takes place between November and January and aims to assess the accomplishments of the past year and set personal objectives for the coming year. It also helps identify the resources and training needed for each employee to develop their skills in line with the Group's priorities.

An additional mid-year review is available for employees at their discretion and/or that of their manager. This provides employees with the opportunity to review their performance and check progress against objectives. Despite its optional nature, 383 employees (37% of the workforce) took advantage of the mid-year review procedure in 2020, updating individual objectives to the priorities resulting from the Covid-19 crisis.

All managers are expected to take responsibility for the development of their team members by offering feedback and support in setting out personalized development plans. Development reviews are organized at the request of any employee. The review provides an opportunity for employees to discuss their career and mobility aspirations in the short, medium and long term, and identify training that may be needed to bridge any gaps in their competencies. Employees are invited to self-assess their skills, which encourages self-reflection and greater engagement in the process and its outcome. The goal is to make each person's development path consistent with the resources put in place to achieve it, in order to ensure that the business has the right people for the right jobs at the right time. Staff training requirements are therefore collected systematically during performance and career development reviews.

While the career development review is optional, the Group recommends that each employee takes advantage of this set-piece occasion at least every other year, and once a year for junior employees under 30. Throughout the process, all Group employees are offered personalized career guidance, meeting the Group's long-term target for 2022.

In 2020, 62% of graduates participated in the career development process compared with 61% in 2019. This demonstrates an increasing willingness to discuss their development early in their career with the Company. This continuous rise in participation reflects targeted and intensified communications and outreach by the HR Department toward recent graduates, despite the home working conditions.

The Group is also aiming to improve career opportunities for more senior employees, who represent 23% of its workforce, as it seeks to retain their knowledge and skills. Options under review to achieve this include a program for long-serving employees to refresh their knowledge of the Group's strategy, involving them in a mentoring program for new hires and promoting internal mobility.

These annual meetings and evaluations have taken on a renewed importance in light of the Covid-19 crisis and increase in home working arrangements. Beyond informal daily conversations, these meetings provide a space for focused discussions on key subjects and challenges, and are an important vector for engaging and reassuring Group employees.

5.4.3.1.5 Internal mobility

For employees, the opportunity to advance their careers, broaden their skills and experience new cultures is increasingly important in determining their professional choices. The Group is very well positioned to offer these opportunities due to its international footprint. Employee mobility, both within functions and between businesses, is promoted to support the Group's succession planning, recruitment and retention objectives. Klépierre pushes job opportunities to high-potential employees in order to develop their specialist expertise, take on new responsibilities, consolidate their leadership through

managing cross-functional projects, and enhance their ability to grow in a multicultural environment.

Most positions in the Company are eligible for internal promotion, and the Group's HR practices – such as development reviews and training and development programs – are designed to support this.

The Group favors internal candidates over external hires, and in 2020, 17% of open job positions were filled by internal mobility.

HR teams from across the Group coordinate and guide employees throughout the entire mobility process, starting with the identification and matching of job opportunities with individual employee's mobility objectives, through to the stage when the employee effectively moves into the new position. The process is supported by the Group's competitive compensation and benefits program. For executive-level promotions, a support team and mentoring program are in place to assist in the transition and in acclimatizing to the responsibilities that executive positions entail.

5.4.3.2 Diversity and inclusion

In 2020, Klépierre renewed its dedicated policy on diversity. Going forward, the adoption of this diversity policy is a key priority in the human resources space, as Klépierre aims to ensure equal treatment for all employees.

Over 30 nationalities are represented throughout the Group, making Klépierre an inherently diverse organization. The real estate industry nonetheless faces diversity challenges, particularly regarding gender balance at senior management levels.

Klépierre is committed to promoting greater diversity in its workforce and to rely on inclusion in daily HR practices to benefit from all talents, and across the wider industry, with a focus on gender, age and disability. As a proof of this long-standing commitment, the Klépierre Diversity Charter (signed in 2010), demonstrates its ambition to promote equal opportunities for all employees and prohibit discrimination based on age, disability, family status, race, religion or gender.

PROPORTION OF WOMEN IN THE WORKFORCE

	2020	2019
Executive Management ^(a)	27%	27%
Managers	40%	39%
Non-managers	74%	73%
TOTAL	60%	59%

(a) Executive Board and Corporate management team.

In 2020, the Company completed its second equal pay index as required by French legislation. With an index score of 90/100, Klépierre is compliant with its legal obligations in France in terms of equal pay, but intends to raise this score by ensuring more stringent controls over the absence of gender biases in pay raises and promotions. In this context, a new training course is being distributed to employees. This half-day training session on unconscious biases has been launched

successfully for a pilot group of 15 participants and will be rolled out Group-wide in 2021. Unconscious biases are implicit positive or negative convictions and acquired beliefs, which result in thoughts or actions that may disadvantage or exclude an individual from a group. The objective of this training course is to help employees understand that teams, and especially organizations, perform to a higher standard when they are diverse and inclusive.

A NEW AMBITIOUS POLICY FOR GENDER EQUALITY

Ethics & Boards, the independent international observatory of governance within listed companies, ranked Klépierre in 40th place out of 119 firms assessed in 2019, a 7-place jump compared to 2018. Evaluation criteria considered the composition of management bodies, proportion of women in the top 100 positions of greatest responsibility, awareness and training of managers in professional equality and the existence of a network for women.

Progress made by Klépierre in terms of diversity, recognized both by Ethics & Boards and by the professional equality index, must still be consolidated and sustained going forward.

Although the Group's workforce to date is predominantly female (60% female, 40% male), senior management is primarily male: the proportion of women within the management team (Executive Board and Corporate Management Team) is 27%, and 21% of the top 100 positions in the Group are occupied by women.

In late 2020, Klépierre adopted a new gender equality policy which sets to bring the proportion of women on the management team up to at least 30% by December 31, 2022, and at least 40% by December 31, 2025. The same targets are set for the top 100 managers by December 31, 2022, and December 31, 2026 respectively.

To do so, Klépierre will deploy an action plan focusing on women's career development, parenthood and family-work balancing measures; equal pay; training, support and development programs; and networking, events and communication.

5.4.3.3 Quality of life at work

The mutual benefits of a high-quality workplace are increasingly acknowledged as a growing body of research shows a positive correlation between healthy workplaces, employee well-being and productivity.

5.4.3.3.1 Health, safety and well-being at work

Occupational health and safety is a central component of Klépierre's commitment to enhance employees' working life, and the Group promotes health and safety training, awareness raising and well-being initiatives to improve the quality of its workplaces and spaces.

Given the nature of its workforce and the type of work undertaken, serious health and safety incidents such as fatalities are extremely rare. Instead, occupational health and safety issues such as mental-health risks are among the most significant incidents contributing to employee absence. In the current health crisis context, home working has been extended to many employees. New mental health risks have materialized and must be anticipated and taken into account in order to ensure that employees in need receive the requisite support.

Accordingly, the management of mental-health risks such as stress is a priority for Klépierre. The Group provides mental health and well-being training to managers and all employees. This is administered through Klépierre University and delivered through online modules and face-to-face sessions. The Group also provides a free and anonymous mental health helpline available to all French and Belgian employees in partnership with Axis Mundi, and a similar assistance program has been set up in Turkey. At the Netherlands head office, an extensive preventive medical examination for all of Klépierre's Dutch employees was put in place on a voluntary basis, with employees registering online. It took place in two stages: first, employees answered an online survey so that the medical team could prioritize cases. Then, a one-hour medical visit was planned to fit in with employees' schedules. Employees could choose to attend examinations in several locations country wide, facilitating access to care for all.

In addition, operating countries offer a range of well-being initiatives designed to promote physical and mental well-being. These include fruit baskets and yoga classes at the French head office, and a physiotherapy service available to all head office employees in Spain and Portugal.

5.4.3.3.2 Benefits and work-life balance

Klépierre's benefits and work-life programs are largely managed at a country level and designed to reflect local needs and practices. While each country is responsible for the development of their own benefits program, the Group nonetheless ensures that certain benefits are available to all employees, thereby meeting its long-term target for all employees to be covered by work-life balance measures.

Providing a competitive benefits and compensation program supports the Group's recruitment activities and helps to improve retention and engagement levels. Compensation is only one element, and the Group aims to offer a range of non-financial benefits that collectively provide a rewarding work environment and lessen the challenge employees face in managing work-life commitments.

While the extent and range of benefits and work-life balance measures differ across the Group, flexible work arrangements are offered in Italy, Germany, the Netherlands, Scandinavia and Poland. Additional parental leave and part time working opportunities are available in France and Sweden, and Klépierre offers a benefits allowance in Italy and Spain that employees can put towards health and well-being activities.

The Company also applies a "right to disconnect" policy outside of working hours following a collective bargaining agreement enacted in France in 2017.

Thanks to these initiatives, the transition to home working during the health crisis was made smoothly by all staff. All employees were equipped with laptops, cloud solutions were deployed company wide and the daily use of collaborative tools has been widespread. This has facilitated remote team-based work and enhanced employee responsiveness on various subjects.

In France, Klépierre launched its first employee share plan to boost participation and engagement in the Group's long-term performance. Employees were given the opportunity to invest all or a portion of their profit share in Klépierre shares for a five-year period, with Klépierre matching employees' investments up to a certain amount. The shares were offered at a 20% discount, and close to 82% of eligible employees participated in it.

5.4.3.4 Co-design of the Company's future

Klépierre believes an effective working environment is founded on trust and inclusivity. Its approach to employee engagement seeks to provide employees with the opportunity to positively contribute to the Group's success. Accordingly, it has set a long-term target for all employees to contribute to building the Company's future.

5.4.3.4.1 Co-construction for long-term social relations

Klépierre promotes transparent and direct communication between all management levels, and encourages employees to actively take part by expressing their views. Maintaining a good level of social dialogue is central in all Klépierre countries where the management has continuous and qualitative discussions with employee representatives.

In France, Klépierre's representative body – the Social and Economic Committee (CSE) – is made up of 26 members. The Committee discusses issues such as gender diversity, compensation and benefits and working conditions with Group management.

Aside from these channels, the Group's internal social network, Workplace by Facebook, connects virtually all Klépierre's employees.

Everyone is encouraged to join, and the social network has established itself as the go-to place to share individual and collective initiatives, experiences, achievements and new ideas.

On a more intimate level, small-scale "Let's Chat" breakfast meetings with the Chief Executive Officer are organized to provide direct feedback about the Group's strategy and the state of the industry. This emphasis on two-way dialogue is further promoted through performance reviews and career development interviews that encourage employees and line managers to talk frankly about their objectives and share their opinions. In July, networking lunches with members of the senior management team rounded out this program, aimed at tightening bonds and sharing feedback about the gradual reopening of the shopping centers.

In Scandinavia, all employees were invited to a two-day workshop in January to share their vision of Klépierre's future on topics such as agility, sales and cost efficiency. The findings of the workshops led each Scandinavian country to implement concrete action plans.

Encouraging these types of interactions and empowering all employees to feel like they can make an active contribution to the development of the Company remain priorities going forward.

HAPPINESS INDEX: A NEW SURVEY TO MEASURE EMPLOYEE SATISFACTION

In 2020, as part of its innovation workstreams, Klépierre introduced a new key performance indicator: the Happiness Index. This KPI is intended to enable the Group to measure the satisfaction of its four main stakeholders on an annual basis: employees, retailers, shoppers, and suppliers.

To measure the satisfaction of employees, Klépierre surveys all staff with permanent employment contracts, regardless of which country they work in or what position they hold within the Group.

The survey is completed anonymously using a dedicated web platform. Respondents are asked to assess their satisfaction with the following seven items: their physical and digital working environment, the daily interactions with their co-workers, their professional development, their missions and assignments, their compensation and benefits, their workload and work-life balance, and their manager.

The survey conducted during the third quarter of 2020 recorded a score of 3.56 for employee satisfaction. This second score reflects Klépierre's investment in the well-being and development of its employees. Our wish is to anchor the Happiness Index in our Group practices. Our current projects and actions cover all the topics addressed in the survey. For instance, we plan to continue working on labor flexibility, maintaining bonds in between teams and accompanying people and managers in their adaptation to a changing environment.

5.4.3.4.2 Fostering employee innovation

Innovation is essential to the Group's success, and supports targets covered in all pillars of the Act for Good® strategy. By encouraging the exchange of ideas, Klépierre positions itself as a leader in the retail real estate sector.

Internal innovation is led by a network of 28 ambassadors from 10 different branches, with contributions from over 100 Klépierre employees representing virtually all the Group business lines. Employees are divided into seven project groups tackling some of the most pressing issues facing the Group: outstanding customer/retailer care, smart buildings, city connection and mobility; new ways of working and more. These 28 ambassadors are part of the Group-wide

"Klépierre ID" open innovation platform that aims to create value for the business by responding to rapidly evolving technological, social and environmental factors that are transforming the industry.

Due to Covid-19, innovation projects could not progress as initially planned, but the teams continue to work on these projects. For example, in January 2020, around ten people were able to attend the CES Consumer Electronics Show and find inspiration. In the German head office, a two-day hackathon event was organized by the local team, including special guest talks on innovation and a start-up elevator pitch. Teams engaged in brainstorming sessions to generate ideas and recommendations for process optimization. The results were presented to the staff, with local teams exchanging on how the ideas generated could be used in the future.

5.4.4 Champion ethics in the local communities

The Group's relationships with its service providers and suppliers are governed by a concern for propriety and integrity. Klépierre endeavors to extend its principles of responsibility through its value chain, which is crucial to the safety and quality of the shopping experience offered to retailers and visitors (see section 5.4.4.2 below).

The main principles are covered in two documents: The Responsible Procurement Charter, which is distributed to external partners, and the Code of Professional Conduct for Klépierre personnel.

Klépierre's Code of Professional Conduct sets out the Group's commitment to ethics and human rights. It is available on the corporate website and has been distributed to all Group personnel.

It informs employees on what is expected of them, and in turn, what they are entitled to expect from Klépierre. It is applied on the basis that national laws take priority when they impose regulations that are stricter than the Code and, conversely, that the Code's stipulations take priority if they are more stringent than national regulations, providing that national regulations are nonetheless respected.

The rules of conduct outlined by the Code cover the following aspects:

- Respect for the law and local customs;
- Customer service;
- Confidentiality and observance of professional secrecy;

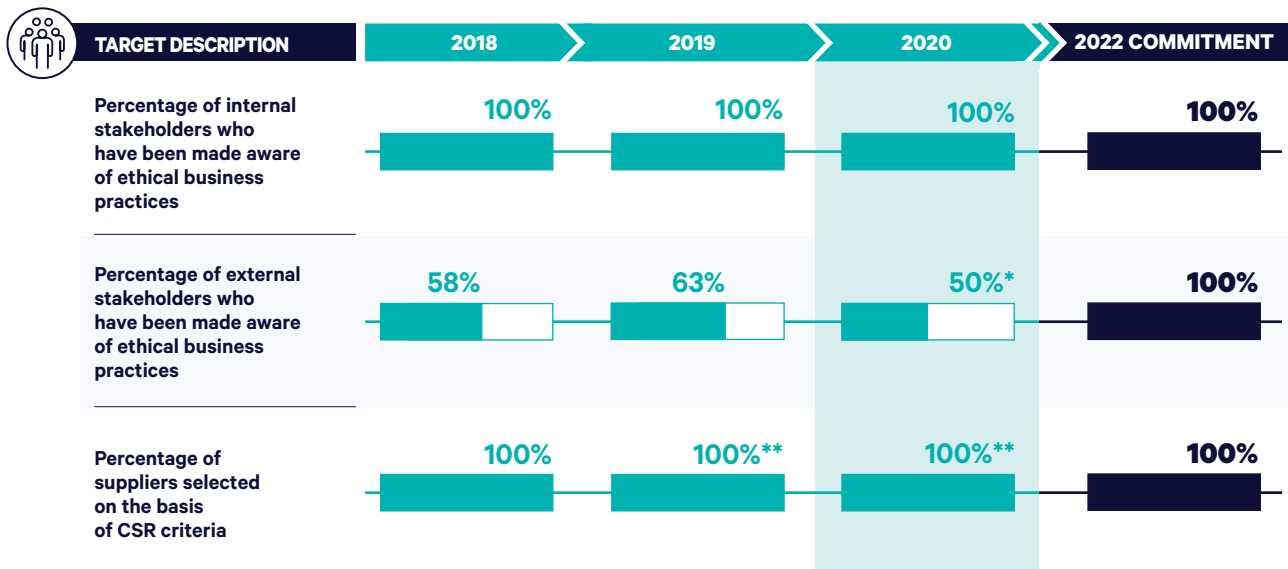
- Financial and media communication;
- Delegations of authority and signatures;
- Protection and utilization of Company assets;
- Whistleblowing;
- Health and safety;
- Prevention of acts of discrimination and harassment, and respect for privacy; and
- Environmental responsibility.

Human rights standards are also supported by strict national and European regulations. All Klépierre employees, and indeed all of the Group's first-tier suppliers and service providers, are based in countries that have ratified the eight fundamental conventions of the International Labor Organization (ILO) including: the elimination of discrimination in the workplace, respect for freedom of association and the right to collective bargaining, the elimination of any form of forced or compulsory labor and the abolition of child labor.

Klépierre became a signatory to the United Nations Global Compact in 2012, and the Group conducts an annual review of human rights risks, policies, monitoring and reporting procedures across all countries where it operates using the UN Global Compact's analysis tool.

SUMMARY OF PERFORMANCE AGAINST TARGETS

CHAMPION ETHICS IN THE LOCAL COMMUNITIES



* Suppliers, service providers and M&A teams.

** Calculated on the scope managed by the Group Procurement Department, i.e., 42% of Klépierre (key) suppliers.

5.4.4.1 Key business ethics standards

5.4.4.1.1 Main texts governing business ethics

At Klépierre, business ethics is fundamental. Klépierre is committed to applying its values in all business practices, including its relationships with employees and external stakeholders.

France's "Sapin II" law stipulates that large companies must establish an anti-corruption program to identify and mitigate relevant risks. This includes obligations to draw up a risk map, a dedicated Code of Conduct, an internal whistleblowing system, third-party due diligence, accounting controls, a compliance training program, a disciplinary mechanism and internal evaluation controls.

At Klépierre, two ethical codes responding to different issues are deployed. They are embedded within internal procedures for enforceability purposes:

- The Code of Professional Conduct governs all ethical issues such as money laundering and insider trading; and
- The Anti-corruption Code of Conduct sets out the Group's expectations regarding the giving and receiving of gifts and invitations, conflicts of interest, facilitation payments, patronage and sponsorship and lobbying activities.

Whistleblowers can use two separate channels to raise alerts. Internally, based on a confidential reporting procedure, or externally, using an independent specialist service provider to act as an intermediary with Klépierre. Whistleblowers can choose to raise an alert anonymously or publicly, provided that local regulations allow for this. Klépierre updated its internal procedure to extend and specify requirements, and the Group then launched a communication campaign throughout Europe in 14 different languages, in order to reach all of the Group's territories.

In January 2020, the Group's Chief Executive Officer reissued the Anti-corruption Code of Conduct by email (in both English and French) to all internal and external Group employees and partners, ensuring that everyone was aware of Klépierre's policy on ethics. It is also available in Spanish, Italian, German and Polish, meaning it is accessible to all of the Group's employees.

Additionally, during 2019, the Group developed its first e-learning course on anti-corruption issues. The module was completed in 2019 by several key function holders. In 2020, the *InKorruptible!* training course was made mandatory for all Klépierre employees. It aims to strengthen the internal approach to the prevention of corruption, and to continue to raise awareness among internal stakeholders. To promote the dissemination of this mandatory training module, the Chief Executive Officer spearheaded a dedicated communication campaign and the contents were translated in seven languages.

5.4.4.1.2 Money laundering and terrorism financing

In order to ensure compliance with the anti-corruption aspects of the "Sapin II" law, and with the French transposition of the 4th and the 5th European Directive on money laundering and terrorist financing, the Compliance team has drawn up a set of specific "Know Your Business Partner" procedures. These are primarily applicable to business relationships with retailers, but also to buyers and sellers of assets, key suppliers and service providers, and intermediaries recruited as part of development transactions.

In 2013, the Group adopted an electronic tool to assess the probity risk of third parties through a database containing lists of sanctions, convictions, politically exposed persons and negative press articles. In 2019, the Group also acquired an electronic tool to facilitate identifying beneficial owners and external stakeholders.

These processes enabled Klépierre to raise awareness of business ethics with 50% of its external stakeholders⁽¹⁾ in 2020, bringing it within reach of the target set for 2022, which is to raise awareness of business ethics with all internal (employees) and external stakeholders (retailers, suppliers, service providers, buyers and sellers of assets).

5.4.4.1.3 Insider trading

As previously mentioned, the Code of Professional Conduct sets out the Group's procedures with regard to insider trading and inside information.

In addition, the Inside Information Committee meets on a regular basis – as well as on an ad hoc basis where required – to assess whether business event and decisions such as acquisition or disposal transactions could be considered insider information using guidance published by the French financial markets authority (*Autorité des marchés financiers* – AMF).

However, the Group also goes beyond the minimum legal requirements defined by the AMF: all key function holders (members of the Corporate Management Team, Executive Board, Supervisory Board and Board Committees) receive a quarterly email informing them of when closed periods (during which the buying and selling of Klépierre shares is forbidden) start and end.

5.4.4.2 Responsible purchasing

Klépierre purchases goods and services from approximately 14,000 suppliers across the 12 countries it operates in. They range from small local businesses, to the large regional, national and international companies which together constitute Klépierre's first-tier supply chain. This is characterized by five major service categories, which together represent approximately 90% of the Group's operating budget. They include: utilities (energy and water), general operations, cleaning, maintenance, and safety and security.

Klépierre views its major suppliers as partners, and its relationship with them is built on trust and mutual respect. The Group is proud of its reputation for maintaining on-time payments to service providers and endeavoring to develop long-term relationships which extend beyond the bounds of each formal contractual agreement. As an example, the annual "partners' day" brings together the Group's key suppliers to meet Klépierre's senior management at the Company's head office. The day is dedicated to share challenges and identify opportunities to work on common objectives. This type of action helps to strengthen the Group's long-term partnerships with its service providers.

Klépierre's procurement activities are overseen by a central procurement team in France which evaluates and monitors the Group's top 120 suppliers (representing 42% the Company's supply chain by spend) and provides support and advice for country-level procurement teams to ensure the consistent application of the Group's standards and procedures. The provision of services is closely controlled at country level, where decision-making is supported by local multi-disciplinary teams, and overseen by Country Heads, Operational Departments and Procurement Departments. Within this context, most of the Group's procurement activities are administered locally with country procurement teams managing the procurement process on behalf of their shopping centers and according to the specific context, such as prioritizing local businesses to support the Group's long-term targets (see Act for Territories).

(1) Suppliers, service providers and M&A teams.

Also, suppliers must commit to and sign the CSR responsible purchasing Charter in order to work with Klépierre. Updated in 2020, Klépierre's Responsible Procurement Charter sets out the standards which the Group expects of its suppliers in relation to environmental and social aspects. More specifically, the Charter sets out requirements in relation to human rights, ethics, security, energy performance, waste management, sustainable behavior, local development and building certification. It requires a signature of formal commitment from all of Klépierre's service providers. The charter has been signed by the Group's top suppliers (92 at the end of 2020) and shared with each operating company for wider distribution. In order to constantly improve business practices, new elements have been added, focusing on responsible sourcing. By 2022, and in accordance with Klépierre commitments, all suppliers and service providers will have been selected based on CSR criteria.

For technical services, the Group prefers to select suppliers with management systems certified to ISO 9001 or 14001 as an indicator of responsible business practices. Across Europe, 83% of cleaning suppliers and 75% of facility management suppliers are certified against at least one of these standards. For all key suppliers, the Group uses an assessment matrix that evaluates a potential suppliers' policies and practices against several requirements, including social and environmental practices as a prerequisite for further engagement.

In 2020 Klépierre devoted around €465 million to services and supplies for the operational management of its shopping centers. As these operating expenses are mostly passed on to tenants through the service charge, they are subject to extensive scrutiny by retailers. The Group continually seeks to reduce costs on behalf of its tenants, for example by consolidating energy and waste management

contracts at regional and/or national level. The Group also operates a stringent selection and approval processes. The signing of framework agreements and continuous on-site monitoring ensures that risks in relation to operating expenses are identified and minimized. The financial sustainability of suppliers is considered as part of this process, and the proportion of suppliers' total revenue that is derived from business with Klépierre may not exceed 22%.

Purchasing teams pay close attention to corporate responsibility and business ethics considerations. Firstly, they follow two fundamental principles: neutrality, to ensure fair, ethical, objective and transparent processes; and the consideration of the life-cycle cost of purchased products. Secondly, they have progressively incorporated the Group's social and environmental commitments into contractual agreements.

As part of the Happiness Index survey (see inset in section 5.4.3.4.1), Klépierre has measured the satisfaction of its main suppliers. A range of questions was put to the Group's major partners, from the quality of business relationships to compliance with contractual terms, and they gave Klépierre an excellent 4.5/5 rating.

Lastly, since the onset of the health crisis, the purchasing team has been reactive and has found solutions to efficiently adapt its partnerships to the urgency of the situation. On the procurement side, more than two million masks have been ordered, along with 25,000 liters of hand sanitizer. In addition, 350 amendments to the local application of contracts were signed to meet additional needs in terms of security, allowing Klépierre to host visitors in the best possible health conditions. Agility, strong relationship and great collaboration with suppliers have been key to maintaining a high level of service quality for all stakeholders.

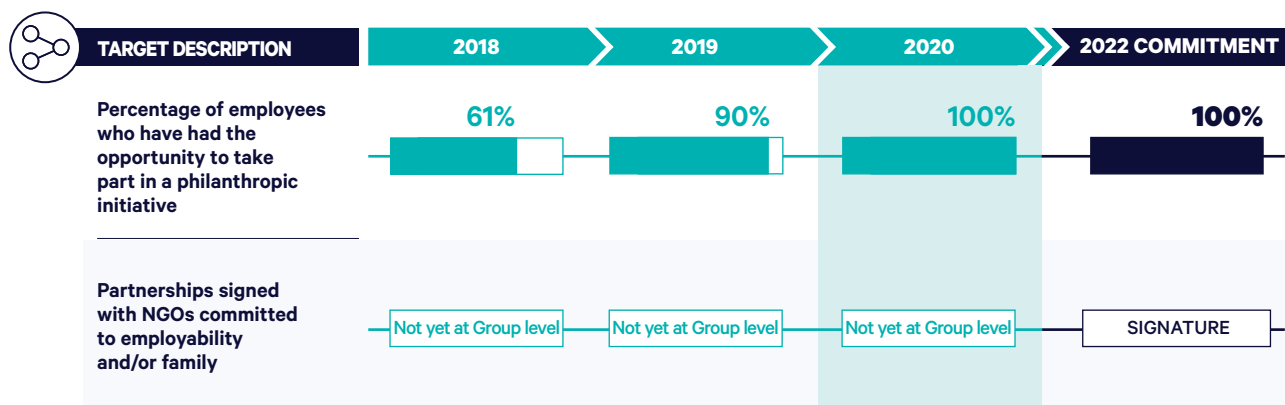
5.4.5 Be socially conscious

Beyond the involvement of the Company, Klépierre makes sure to provide its employees with the opportunity to support local charities. Convinced that it can positively contribute to engagement and satisfaction levels, while at the same time strengthening the

Group's ties with its communities, Klépierre encourages its employees to play an active part in their communities and has set a long-term commitment for all employees to have the opportunity to support a charitable organization.

SUMMARY OF PERFORMANCE AGAINST TARGETS

BE SOCIALLY CONSCIOUS



By the end of 2020, 100% of the Group's employees had been given the opportunity to donate time to support local charitable organizations, achieving the Group's target initially intended for 2022 in advance.

As Klépierre works towards its target to sign a Group-level partnership with a non-governmental organization dedicated to employability

and family, individual shopping centers continue to take the lead in supporting families and young people in their catchment areas. In 2020, 94% of the Group's properties organized at least one philanthropic activity, and shopping centers are encouraged to identify long-term partnerships with community organizations that enable them to leverage their key strengths and scale up their support.

LONG TERM SUPPORT FOR THE LOCAL COMMUNITY

In Spain, near Madrid, the head office and La Gavia shopping center teams have been providing support for many years to the local community of Vallecas, a district of Madrid that has suffered financial hardship for several decades and a high unemployment rate (around 50% of inhabitants are impacted by long-term unemployment, and 30% of the under 30s).

For more than 10 years, Klépierre teams have created meaningful and long-term projects within the community. They provide assistance in three ways. First, they help children born into poverty by donating food and milk to families. Each month, more than 30 tons of food is donated to the local community, and clothes amassed during year-round collection drives are given to the charity.

Second, Klépierre's teams act in the field of education, providing training subsidies and the resources needed to set up tutoring schemes. These actions include setting up a computer room, offering scholarships to higher education and hosting trainees from the local community. Activities such as football and dance are proposed to youngsters to get them off the street.

Lastly, particularly through the La Gavia shopping center, Klépierre gives the community a warm welcome and a sense of belonging. According to the representative of the community: *"Young people are always welcome at the mall, and that is really important for a segment of our community that is used to being rejected. They always have a special thought for the young people. For instance, each year they give Christmas vouchers to them so they can come to the center and buy gifts or food for their families."*

In 2020, the Klépierre CSR team in France organized its Solidarity Week initiative, which allows employees to get involved in charities and support them in their missions. This year, in order to comply with health constraints and expectations of all participants, Klépierre changed the range of workshops offered, with workshops being run remotely.

No specific skills were required, making participation open to all. This was an opportunity to contribute working hours toward solidarity initiatives, in parallel with charitable actions already carried out in shopping centers. The results of the week were very positive, with three charity organizations benefitting from 130 hours of volunteering by French Klépierre staff.

5.5 SUMMARY OF PERFORMANCE AGAINST LONG-TERM COMMITMENTS, METHODOLOGY AND CONCORDANCE TABLES

5.5.1. Summary performance against 2022 Act for Good® commitments

For all indicators, the reference year is 2017 as this corresponds to the baseline of the current Act for Good® strategy, with the exception of energy for which the Group has chosen a target in relative terms (40% decrease vs. 2013).

ACT FOR THE PLANET

	2019	2020	2022 commitment
ACT FOR A LOW-CARBON FUTURE			
Reduction in energy consumption for common and serviced areas compared with 2013 ^(a)	-29%	-43%	-40%
Percentage of electricity from renewable sources in common and serviced areas	93%	93%	100%
The five biggest shopping centers in our portfolio to be carbon neutral (Scopes 1 & 2)	Ongoing	1/5	Carbon neutral
Certification of the Group's climate strategy by the Science Based Targets Initiative	Ongoing	Achieved	Certification achieved
CONTRIBUTE TO A CIRCULAR ECONOMY			
Percentage of recovered waste	93%	96%	100%
Percentage of centers that have involved retailers in a circular economy effort	71%	86%	100%
DEVELOP A FULLY CERTIFIED PORTFOLIO			
Percentage of centers that have earned a sustainable development certification (BREEAM In-Use, ISO 14001, etc.)	100%	100%	100%
Percentage of development projects that have obtained BREEAM New Construction certification (with a minimum level of "Excellent")	100%	100%	100%
Percentage of new developments using wood from a certified forest during construction	100%	100%	100%
INNOVATE FOR SUSTAINABLE MOBILITY			
Percentage of centers accessible via public transport	98%	98%	100%
Percentage of centers equipped with electric vehicle charging stations	60%	68%	100%

(a) 2013 baseline : 143 kWh/sq.m.

ACT FOR TERRITORIES

	2019	2020	2022 commitment
ENCOURAGE LOCAL EMPLOYMENT AROUND OUR CENTERS			
Percentage of local service providers for operational management of the centers (security, maintenance, cleaning services)	78%	87%	100%
Percentage of centers by value that have contributed to local employment	85%	95%	100%
PARTICIPATION IN THE LOCAL COMMUNITY			
Percentage of centers that have made space available for a local initiative	97%	98%	100%
PURSUDE OUR CORPORATE CITIZENSHIP			
Percentage of centers that have organized a drive (clothes, toys, furniture, etc.) for the benefit of a local charity	84%	96%	100%
Percentage of centers that have supported a citizen's initiative organized by a retailer in the center	79%	98%	100%
INVOLVE LOCAL STAKEHOLDERS IN DESIGNING NEW DEVELOPMENTS			
Percentage of development projects that have included local cooperation as part of the early planning process	N/A ^(a)	100%	100%
Percentage of development projects certifying that suppliers sign a sustainability charter governing construction site supply and management	N/A ^(a)	100%	100%
Percentage of development projects that have implemented a biodiversity action plan	N/A ^(a)	100%	100%

(a) No development projects were completed during the year.

ACT FOR PEOPLE

	2019	2020	2022 commitment
CONTINUOUSLY INCREASE VISITOR SATISFACTION			
Increase in the Group's Net Promoter Score (NPS) ^(a)	+10 pts	+8 pts	+3 pts
Percentage of customer questions asked on social media handled	68%	92%	100%
PROMOTE HEALTH AND WELL-BEING IN THE CENTERS			
Percentage of centers promoting health and well-being	89%	99%	100%
Percentage of shopping centers offering dedicated services to the employees of their retailers	87%	94%	100%
OFFER GROUP EMPLOYEES A POSITIVE EXPERIENCE			
Rate of access to training for Group employees	98%	100%	100%
Percentage of employees concerned by measures aimed at achieving work-life balance	100% ^(b)	100% ^(b)	100%
Percentage of recent graduates who have been given the opportunity to receive personalized career guidance	100%	100%	100%
Percentage of employees who have contributed to the co-construction of the Group's future	36%	38%	100%
SPREAD ETHICS IN OUR COMMUNITIES			
Percentage of internal stakeholders who have been made aware of ethical business practices	100%	100%	100%
Percentage of external stakeholders who have been made aware of ethical business practices	63%	50%	100%
Percentage of service suppliers selected based on CSR criteria	100% ^(c)	100% ^(c)	100%
BE SOCIALLY CONSCIOUS			
Percentage of employees who have had the opportunity to take part in a philanthropic initiative	90%	100%	100%
Sign Group partnerships with NGOs dedicated to employability and/or family	Not yet at Group level	Not yet at Group level	Signature

(a) 2017 baseline

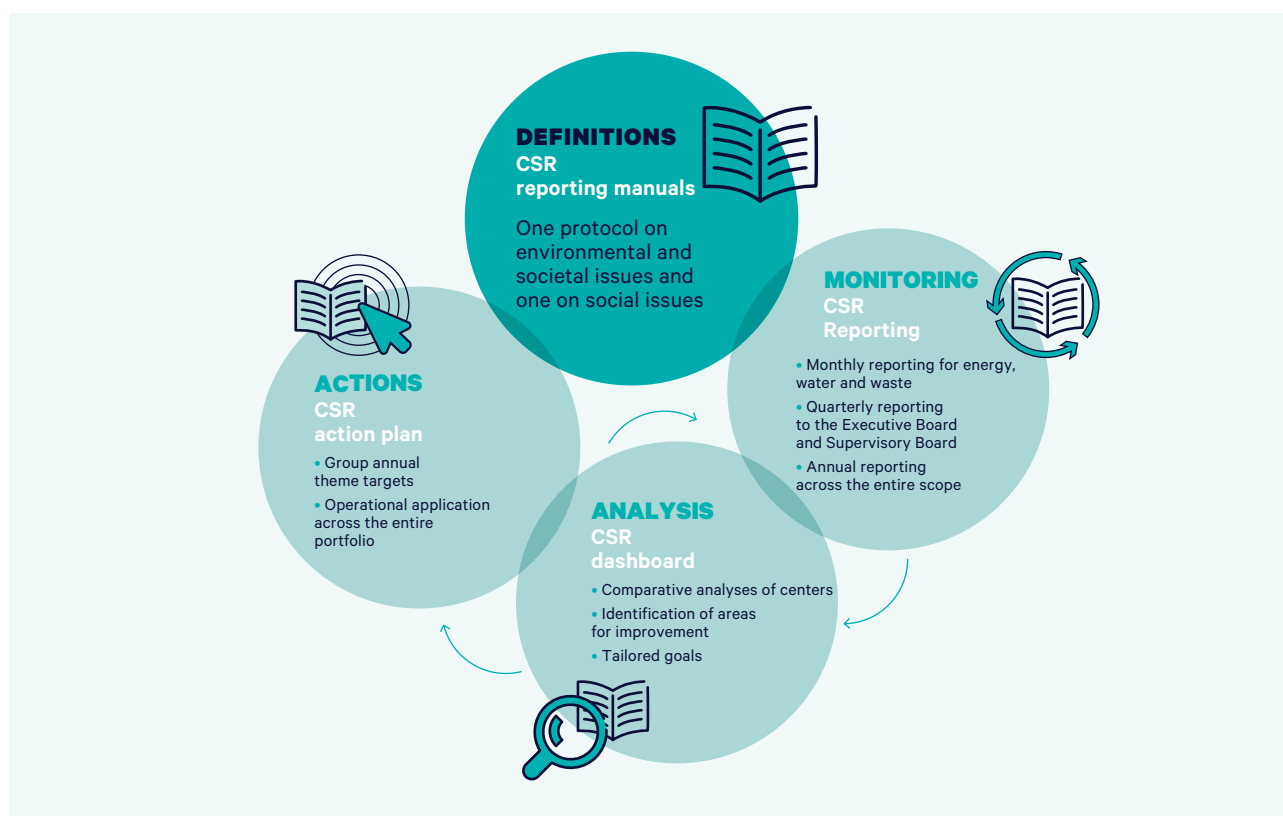
(b) 99.8%

(c) Calculated on the scope managed by the Group Procurement Department, i.e., 42% of Klépierre key suppliers.

5.5.2 Management system and tools

The Group uses a suite of tools and processes to integrate environmental and societal issues into its operational procedures. These tools cover all the Group's operations to provide a uniform approach and are organized into four families for greater clarity internally:

1. Definitions;
2. Monitoring;
3. Analysis;
4. Actions.



5.5.2.1 Definitions: CSR reporting manuals

The Group has established standard definitions for the environmental, social and societal impacts that all shopping centers and Group operations are expected to monitor.

The definitions are grouped into two reporting protocols:

- One on social aspects, which is sent to Human Resources Managers in each country, and which includes both quantitative and qualitative data; and
- The other on environmental and societal aspects, which is communicated to each country and to each asset, and which contains approximately 120 data points to be collected for each shopping center in the portfolio.

These documents are updated annually to reflect developments in the business activities of the Group, and changes to regulation in each of the Group's operating countries.

5.5.2.2 Monitoring: CSR reporting

5.5.2.2.1 Internal reporting

Klépierre monitors environmental, social and societal data covering 96% of its portfolio of owned shopping centers by value and of all its staff, against the defined impacts and key performance indicators (for full details on reporting scope, please refer to section 4.6).

Center Managers and Technical Directors monitor utility consumption (energy and water) and waste production at least once a month. 76% of centers are also equipped with energy measurement systems that enable automated reporting (by directly hooking up to utility suppliers, for example) and provide real-time analyses of the actual performance of assets. Performance data is collected and analyzed using Deepki, a tool which allows for a standardized approach to monthly reporting of energy, water and waste data. Deepki enables the Group to analyze data at shopping center and portfolio level, control for climate factors, and undertake a robust shopping center performance benchmarking assessment.

Social data in relation to the Group's Act for People activities are monitored using an information system shared with all Group Human Resources teams, thereby enabling standardized and structured management of data based on a single source. The Group's progress against its Act for Territories activities is monitored on a country and shopping center basis during quarterly meetings (see below) which are supported by regular communications between relevant teams and the Group's Engineering & Sustainability Department. Since 2020, a dedicated Deepki reporting schedule has been put in place: open all year round, it allows a quarterly review for each commitment.

Both data sets and supporting qualitative information are compiled and reported quarterly to the Executive Board and to the Supervisory Board's Sustainable Development Committee.

Quarterly meetings attended by Country Directors, Technical and Marketing Directors, Human Resources Directors and Heads of Operations are organized to share progress against each Act for Good® pillar and monitor key performance indicators. The meetings also serve to identify areas where individual countries and/or shopping centers may need additional support, and this is aided by the best practice guidelines referred to above (see section 5.1.2.1 "Sustainability governance").

5.5.2.2.2 External reporting

The Group reports performance against its Act for Good® commitments, key performance indicators, non-financial risks and opportunities annually through its universal registration document. The report is prepared in accordance with the provisions of Article R.225-105 of the French Commercial Code.

Klépierre also chooses to report is environmental, social and governance performance using voluntary reporting standards including the EPRA Sustainability Best Practices Recommendations (sBPR), the Global Reporting Initiative Reporting Standards, the Task Force on Climate-related Financial Disclosures (TCFD) and the UN Sustainable Development Goals.

A separate supplementary report presenting the Group's performance against the third edition of the EPRA sBPR is available for download from the CSR section of the Klépierre website (<https://www.klepierre.com/en/notre-identite/l-engagement-rse>).

Although the report is not fully prepared in accordance with the GRI Standards, a cross-reference table with the relevant GRI Standards covered by the contents of this report is available in section 4.6.3.

5.5.2.2.3 Actions: CSR action plan

The detailed performance analysis described above makes it possible for the Engineering & Sustainability Department and Group Human Resources Department to identify areas for improvement at all levels, and in particular at the beginning of the year:

- Shared Group goals; each country then implements them within its own organization, in line with the most suitable local processes and regularly reports on them during the year;
- Proposed individual goals for shopping centers; these are discussed with each country department for possible readjustment considering local conditions. Once jointly approved, these goals are implemented in each center. Progress is monitored monthly.

All these goals are first approved by the internal CSR Committee chaired by the Executive Board.

5.5.3 Industry initiatives and charters supported by Klépierre

Klépierre is an active member of the following national and international trade associations that the Group considers strategic for its business. In several of them, it holds a position on the governance body and/or sits on their key committees, including those dealing with sustainable development issues.

European Public Real Estate Association (EPRA)

EPRA's members include more than 200 European listed real estate companies. EPRA publishes the EPRA Sustainability Best Practices Recommendations (sBPR) that aim to establish a standardized approach to reporting on the environmental and social impacts that are material for publicly traded real estate companies. Klépierre is a member of the Sustainability Committee.

French Council of Shopping Centers (CNCC)

CNCC promotes and represents the shopping center industry in France. Klépierre is involved in the Sustainable Development Commission which is tasked with the oversight, sharing of best practice and coordination of industry players.

French Real Estate Association (FSIF)

FSIF promotes and represents the shared business interests of French real estate companies, including sustainability through awards and member discussions.

Global Real Estate Sustainability Benchmark (GRESB)

GRESB's primary purpose is to assess the environmental and social performance of private and publicly listed real estate companies and funds. Klépierre has participated in this benchmark since its beginning and is also a member.

United Nations Global Compact

As signatory to the United Nations Global Compact since 2012, Klépierre makes an annual Communication on Progress summarizing its commitment to implementing the 10 universal principles promoted by the Global Compact (covering human rights, labor standards, the environment and the fight against corruption). In 2017, the Group reached the "advanced" level in this improvement process, thus affirming the maturity of its commitment and accomplishments.

5.5.4 Methodological note

Group CSR reporting is one of the key methods of monitoring, organizing and overseeing Klépierre's CSR initiatives. Klépierre uses a comprehensive management system to quantify and pinpoint the main environmental, societal and social impacts of the Group and its activities.

The key reporting principles are as follows:

- **Relevance:** material sources of impacts and opportunities for each topic are considered;
- **Representativeness:** selected indicators are representative of the Group's sites and activities;
- **Consistency:** a guarantee that data comparisons by region and period are relevant;
- **Transparency:** assumptions and calculation methods are clearly defined; and
- **Accuracy and reliability:** records are kept at site level and at the various sub-groups, to ensure traceability.

Charter for energy efficiency of tertiary buildings

The Charter provides a framework for real estate companies to improve the energy efficiency of their portfolios and anticipate future regulatory obligations related to tertiary buildings' energy performance. The Group has been a signatory since November 2013 and signed up again in 2017 following publication of the new version of the Charter.

Diversity Charter

The Charter commits signatories to promote diversity in their workplaces and confirm their commitment to non-discrimination and equal opportunities. Klépierre has been a signatory since 2010.

Charter for Parenthood

Enacted by the French Monitoring Agency for Parenthood in the Workplace (OPE), this Charter promotes better work-life balance and has three objectives: to bring about a change in attitudes towards working parents, to create a favorable environment for working parents, and to respect the principle of non-discrimination in career development for such employees. The Group has been a signatory since 2009.

The Palladio Foundation

Klépierre is a founding member of the Palladio Foundation. The Palladio Foundation was created in 2008 (under the aegis of Fondation de France) to promote sustainable urban development with a focus on construction and buildings. It is a unique organization that brings together all sectors involved in the building and development of towns and cities to make urban environments as human and livable as possible.

Association pour le développement du Bâtiment Bas Carbone (BBCA)

BBCA's goal is to reduce the carbon footprint of buildings, and to promote approaches that help develop low carbon buildings. It has developed a certification program that was published in 2016.

5.5.4.1 Methodological note for environmental and societal indicators

5.5.4.1.1 Key industry indicators and benchmarks

Definitions of key indicators

A reporting protocol for environmental and societal indicators has been circulated Group-wide since 2006 to ensure the consistency and reliability of the CSR reporting procedure and the qualitative and quantitative data published by the Group. It acts as a reference framework for all participants in the reporting process. The protocol is updated each year to ensure that it is as relevant as possible to Klépierre's CSR commitments and strategy, and to take account of feedback received following each reporting period, of regulatory changes and of evolving industry practices and standards.

Above all, it sets out the method for collecting and calculating the data underlying the indicators, including definitions, scopes, units, formulas, contributors involved, data entry processes, etc.

Units of measurement

- Portfolio coverage rates are mostly expressed as percentages of the value of the underlying assets (as opposed to the number of assets, for example) in order to better reflect their contribution to the Group's overall portfolio.
- Energy, carbon and water data are presented both in gross terms (kWh, tCO₂e, cu.m.) for the purposes of assessing volumes, and as ratios (gross value divided by floor area or footfall) in order to discern the performance of assets on each of the given topics.
- The reference surface for non-financial indicators is the surface that the Group directly manages (common areas and private areas served by common facilities for heating and cooling). It is different from the total surface area of the portfolio, which includes private portions and other outdoor areas.

Additional clarifications

- Energy efficiency and greenhouse gas emissions of serviced areas and shared equipment: consumption intensity and energy performance indicators expressed in kWh or kWh/sq.m. reflect the heating and air conditioning consumption of serviced areas which include the common areas of the shopping centers and the private areas (shops, storage rooms, etc.) that are connected to shared equipment without a sub-metering system.
- Greenhouse gas emissions are presented using "location-based" and "market-based" methods. For location-based data, emissions factors used in the calculations are sourced from the French Environment and Energy Management Agency's (ADEME) Bilans GES database (average national factors). For market-based data, emissions factors are sourced directly from each energy supplier.
- For energy and water consumption, the Group uses meter reading data (as opposed to invoices) to ensure shorter data collection lead times and greater relevance.
- Where Klépierre neither owns nor manages head office buildings it occupies, the related consumption data are not included in this report.
- Water consumption corresponds to drinking water consumption for the entire building in question (both common and private areas), exclusive of water used for heat pumps.
- Development projects included in the 2020 reporting scope correspond to projects delivered during the course of the year, except for carbon data, for which emissions relating to project construction are spread over the years of the corresponding work.
- All key indicators are calculated based on actual and exhaustive data. For certain missing data, Klépierre has provided estimates detailed in the charts or tables concerned.

Industry frameworks

The environmental and societal management system takes into account the recommendations included in the four leading industry and/or international frameworks, namely:

- Global Reporting Initiative (GRI) Standards;
- European Public Real Estate Association (EPRA), Sustainability Best Practices Recommendations;

- French Council of Shopping Centers (*Conseil national des centres commerciaux – CNCC*) – CSR industry reporting guide/Non-financial performance statement;
- United Nations (UN) Sustainable Development Goals (SDGs); and
- Taskforce on Carbon-related Financial Disclosure (TCFD)

Cross-reference tables with the non-financial information presented by Klépierre in this document covering the CNCC non-financial performance statement, the GRI Standards and the UN SDGs are provided in section 4.6.3

5.5.4.1.2 Reporting scope

2020 reporting scope and coverage rate

Acquisitions, disposals and developments (extensions and/or new constructions) may alter the reporting scope and distort period-on-period comparisons for the various indicators.

So as to provide data that is both exhaustive and comparable, Klépierre distinguishes between "reported" and "like-for-like" scopes for most of its indicators.

In addition, the notion of operational management, which is specific to the shopping center industry, is used to determine which assets are included in the scope.

The Group's scope aggregates assets owned and managed by Klépierre, and assets managed but not owned by the Group (where data are available), in order to reflect its activities as accurately as possible. Assets owned but not managed by Klépierre are included in the Group's reporting scope when data are available. For these assets, the Group is only responsible as a delegate. However, as owners of these assets, Klépierre strives each year to increase the amount of information it collects, and which the Group is gradually including in the coverage scope.

Reported scope

The reported scope is used to assess the CSR impact of the property portfolio over a calendar year. It reflects the impacts of management, renovation and arbitrage (acquisitions and disposals) policies. In 2020, it includes:

- All shopping centers owned and managed by Klépierre (124 assets);
- Shopping centers not owned by Klépierre but managed by the Group on behalf of third parties, and for which operating data are available (8 assets, all in France);
- Shopping centers owned by Klépierre but not managed by a third party, and for which operating data are available (8 assets: 2 in France, 3 in Greece, 2 in Italy and 1 in Turkey).

Shopping centers acquired and managed by the Group are included in the scope as from the first full year following the acquisition. Real estate development projects are not included in the reporting scope during development or construction, but as from the first full year following completion (except for carbon footprint calculation). Additionally, certain centers under redevelopment, extension and/or renovation may be excluded from the reported scope. As an illustration, Hoog Catharijne (Utrecht, the Netherlands) was excluded from this year's energy calculations due to the fact that work is still ongoing and would distort results accordingly.

This configuration may vary slightly for assets managed on behalf of third parties. Depending on the situation, Klépierre may have full management of electricity, for example, but be charged by a third party (hypermarket, etc.) for fuel usage. Waste may also be collected by a third party (such as a local authority) on a flat rate basis, for example. Some of these configurations may hinder the collection of reliable quantitative data and lead the Group to exclude the corresponding shopping centers from the reported scope for certain items. Typically, only centers that Klépierre manages outright and has full control over energy, water and waste consumption data are included in the reported scope, which explains the difference in coverage rates between the various indicators.

Coverage rates are expressed in terms of the total value of owned and managed shopping centers. Shopping centers which are only managed are not included in the coverage rate calculation as their values are unavailable.

The 2020 reported scope represented 96% of the Group's total shopping center portfolio value as of December 31, 2020, which comprises all owned shopping centers. The remaining 4% represents shopping centers which Klépierre does not manage.

Like-for-like scope

The like-for-like scope is used to assess changes in performance across an identical scope on a comparable basis, and reflects the Group's ability to manage and optimize its asset portfolio. It excludes the impact of acquisitions and disposals and includes all shopping centers owned and managed. However, it excludes shopping centers acquired or completed during the year as well as those not managed for the entire period.

The 2020 like-for-like scope represents 95% of the Group's portfolio as of December 31, 2020.

Lastly, where assets are excluded from the scope of a given indicator, they are indicated in the footnotes to the tables and charts in this chapter.

Reporting periods

Klépierre uses two different reporting periods, depending on the indicator. This arises from the Group's determination to minimize the use of estimates and to collect and consolidate real data.

In order to reflect actual data promptly within the short reporting time frame, the Group decided to use a rolling one-year measurement period for consumption indicators.

For all energy, climate change, waste, water and transportation indicators, the reporting period corresponds to a rolling 12 months from October 1 of the prior year, to September 30 of the current year (i.e., October 1, 2020 to September 30, 2020 for the 2020 reporting scope). Social impact indicators, such as NPS data, suppliers and initiatives carried out by centers, are also included within this period.

All other indicators (including building certifications, human resources data, etc.) are calculated based on the calendar year, i.e., from January 1, 2020 to December 31, 2020 for the 2020 reporting scope.

5.5.4.1.3 Data collection process

Data collection tool

In 2017, the Group began rolling out an online data collection tool to its entire reporting scope aimed at automating and improving the reliability of data collection for the environmental and societal impacts of its activities. Now deployed for all assets, the online tool is accessible remotely and in real time by all teams on-site in the shopping centers, as well as by the head offices of the national subsidiaries and by Klépierre's corporate teams.

The tool was selected for its ability to meet the reporting requirements of the Group's annual publications process, as well as – and especially – for its functionality in terms of the daily monitoring of the buildings owned and/or managed by the Group.

Collection frequency

Consumption and billing data for energy, waste and water are collected on a monthly basis for all assets. Data for certain additional indicators are collected quarterly (Act for Good® follow-up meeting per country) and/or annually, in particular for the production of the universal registration document.

5.5.4.2 Methodological note for social indicators

5.5.4.2.1 Period and reporting scope

For all social indicators, the reporting period is the calendar year, from January 1 to December 31 of the year under review.

The data collection and reporting scope covers all Group subsidiaries as of December 31, 2020, in which the employees hold employment contracts with the Group.

Changes in scope arise from acquisitions of new entities and disposals of existing entities. Employees within these entities are included in or removed from the Klépierre reporting scope with effect from the month following the transaction date.

5.5.4.2.2 Definitions and clarifications

Workforce: total number of employees at December 31 on open-ended and temporary contracts, regardless of the number of hours worked or duration of employment during the year.

Average workforce: average number of employees as of the end of each month during the year.

Average gross wages: sum of contractual fixed annual salaries of employees in the Group as of December 31, on a full-time equivalent basis excluding variable compensation, divided by the workforce as of December 31 (excluding Executive Board members).

5.5.4.3 Audit by the independent third-party verifier

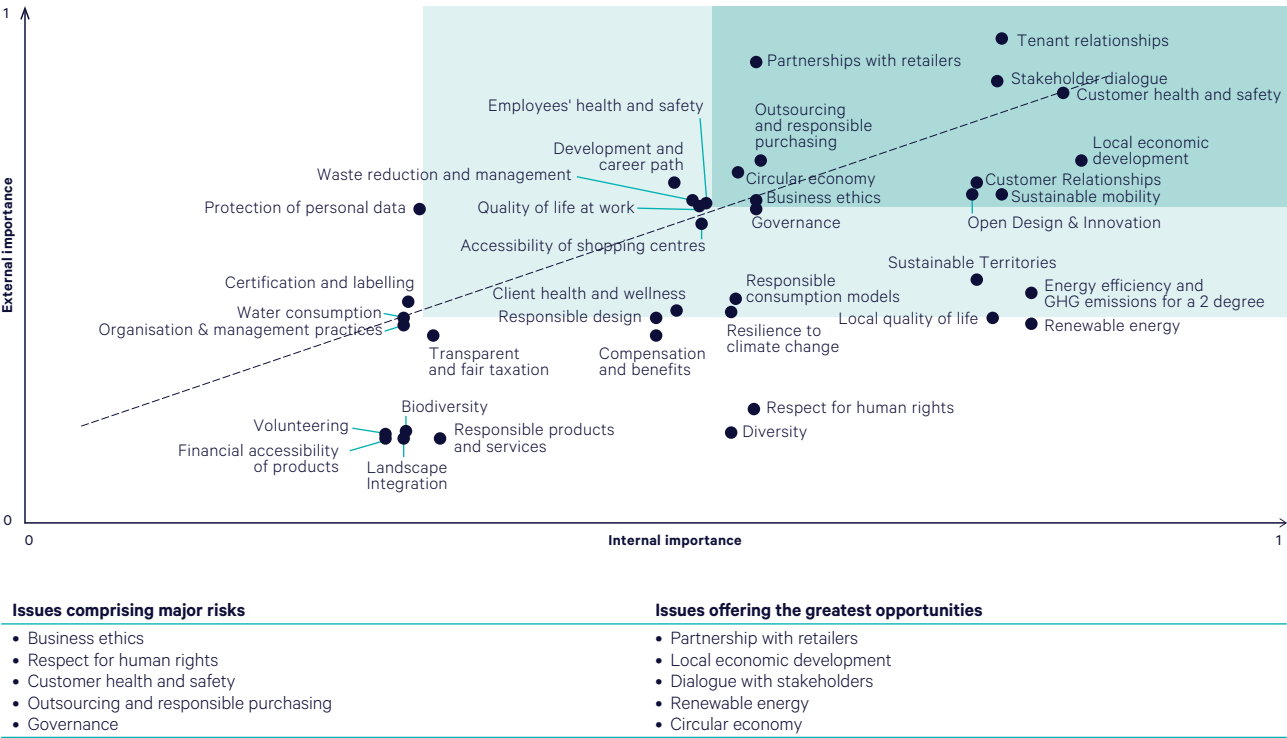
Over the last nine years, Klépierre has been committed to ever greater transparency and accordingly, all of its non-financial information is independently verified.

This external audit is carried out each year, based on the Group's regulatory obligations and industry best practices.

5.5.5 Materiality analysis

Materiality analysis helps to define issues which can have a significant impact on the organization’s activities. It also helps to determine the ability to create value for itself and its stakeholders. In order to adapt to permanent changes and maximize its value creation with its stakeholders, the Klépierre materiality analysis is at the heart of the Act for Good® strategy. This analysis allows Klépierre to

identify environmental, human resources and social issues in order to implement relevant actions. The materiality analysis also guides Klépierre in defining projects in compliance with NFPD requirements, G4 guidelines from the Global Reporting Initiative (GRI) and the European Public Real Estate Association (EPRA).



5.5.6 Cross-reference tables

The following tables include an analysis of the cross-referencing between the information published by Klépierre in this document and the main (European and Global) reporting standards for non-financial information: the Global Reporting Initiative GRI Standards and the TCFD.

A separate report presenting the Group's performance against the third edition of the EPRA Sustainability Best Practices Recommendations (sBPR) is available to download from the CSR section of the Klépierre website (<https://www.klepiere.com/en/notre-identite/l-engagement-rse>).

Links between the UN SDGs and CSR risks and opportunities can be identified in the table included in section 5.1.3.

Non-financial statement

Topics	Universal Registration Document
Description of the business model	1
Description of the principal non-financial risks relating to the Company's business	5.1.3
Description of the policies to identify, prevent and mitigate non-financial risks and their outcomes, including key indicators	5.1.3/5.5.1
Respect for human rights	5.4.4
Anti-corruption measures	5.4.4
Climate change (contribution and adjustments)	5.2.1.2
Circular economy	5.2.2
Food waste	5.2.2.2
Collective bargaining agreements and their impacts	5.4.3.3.2
Measures taken to combat discrimination and promote diversity	5.4.3.2
Societal commitments	5.3/5.4

Global Reporting Initiative GRI Standards (2016)

GRI Standard	GRI Standard no.	Universal Registration Document
Economic	200	
Economic performance	201	4
Market presence	202	1
Indirect economic impacts	203	1
Procurement practices	204	5.3.1.1/5.3.4.2
Anti-corruption	205	5.4.4.1
Anti-competitive behavior	206	5.4.4.1
Environmental	300	
Materials	301	5.2.3
Energy	302	5.2.1.1
Water	303	5.2.2.3
Biodiversity	304	5.3.4.3
Emissions	305	5.2.1.2
Effluents and waste	306	5.2.2
Environmental compliance	307	5.1.3/5.1.2.1/5.5
Supplier environmental assessment	308	5.4.4.2
Social	400	
Employment	401	5.4.3
Labor/management relations	402	5.4.3
Occupational health and safety	403	5.4.3.3
Training and education	404	5.4.3.1.3
Diversity and equal opportunity	405	5.4.3.2
Non-discrimination	406	5.4.3.2
Freedom of association and collective bargaining	407	5.4.3.3.2
Child labor	408	5.4.4
Forced or compulsory labor	409	5.4.4
Security practices	410	5.4.2.2
Rights of indigenous peoples	411	
Human rights assessment	412	5.4.4
Local communities	413	5.3.4
Supplier social assessment	414	5.4.4.2
Public policy	415	
Customer health safety	416	5.4.2
Marketing and labeling	417	5.4.2.1
Customer privacy	418	
Socio-economic compliance	419	

TCFD cross reference table

Topics	TCFD recommendations	Cross-Reference
1. Governance Describe the organization's governance of climate-related risks and opportunities.	1. a) Describe the Board's oversight of climate-related risks and opportunities. 1. b) Describe the role of management in assessing and managing climate-related risks and opportunities.	2.3 Risk Management – Organization 2.2 Risk Management – Main risk factors 5.1.2.1 Sustainability governance 2.1 Risk Management 5.2.1 Act for a low carbon future
2. Strategy Describe the existing and potential impacts of climate-related risks and opportunities on the organization's operations, strategy and financial planning, to the extent that the information is relevant	2. a) Describe the climate-related risks and opportunities that the organization has identified for the short, medium and long term. 2. b) Describe the impacts of climate-related risks and opportunities on the organization's operations, strategy, and financial planning. 2. c) Describe the resilience of the organization's strategy, taking into consideration different climate scenarios, including a scenario at 2°C or less.	2.3 Risk Management 5.1.3 Main non-financial risks and opportunities 5.2.1 Act for a low carbon future 5.2.1.2.3 Develop resilient assets 5.2.1 Act for a low carbon future
3. Risk Management Describe how the organization identifies, assesses and manages climate-related risks.	3. a) Describe the organization's processes for identifying and assessing climate-related risks. 3. b) Describe the organization's processes for managing climate-related risks. 3. c) Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organization's risk management.	2.3 Risk Management – Organization 5.1.3 Main non-financial risks and opportunities 2.3 Risk Management – Organization 2.2 Risk Management – Main risk factors 5.1.2.1 Sustainability governance 2.3 Risk Management 5.1.3 Main non-financial risks and opportunities 5.2.1 Act for a low carbon future
4. Metrics & Targets Describe the indicators and targets used to assess and manage climate-related risks and opportunities, to the extent that the information is relevant.	4. a) Describe the indicators used by the organization to assess climate-related risks and opportunities in relation to its strategy and risk management process. 4. b) Publish greenhouse gas (GHG) emissions from Scope 1, Scope 2, and, where relevant, Scope 3, and the corresponding risks. 4. c) Describe the objectives used by the organization to manage climate-related risks and opportunities, and its performance against the objectives.	5.2 Act for the Planet (indicators) 5.2.1.2 Climate change 5.2 Act for the Planet (indicators and objectives)

5.5.7 Independent third party's report on consolidated non-financial statement

Year ended on December 31st, 2020

Independent third party's report on consolidated non-financial statement presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your company Klépierre (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on December 31st, 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

The management board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement or which are available on request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular with the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000⁽¹⁾.

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (safety and security), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of sites: Grand Place and Odysseum (France), Plenilunio (Spain), Campania (Italy), Emporia (Sweden) and Poznan Plaza (Poland);
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 10% and 13% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (10% of energy consumption, 12% of waste production, 13% of water consumption and 13% of headcount);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of five people and took place between September 2020 and March 2021 on a total duration of intervention of about ten weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement representing in particular the CSR, maintenance, human resources and health and safety departments.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, March 26th, 2021

French original signed by:
Independent third party
EY & Associés

Jean-François Bélorgey
Partner

Thomas Gault
Partner, Sustainable Development

Appendix 1 : The most important information

Social Information	
Quantitative Information (including key performance indicators) <ul style="list-style-type: none"> • Turnover rate • Absenteeism rate • Rate of access to training and average number of training hours per employee • Representation of women in the Group and by management level • Percentage of employees concerned by measures aimed at achieving work-life balance • Percentage of employees who have contributed to the co-construction of the Group's future 	Qualitative Information (actions or results) <ul style="list-style-type: none"> • Employment (attractiveness, retention), • Organization of work (organization, absenteeism), • Social relations (social dialogue, collective agreements), • The digitalization of training and the development of soft skills and managerial training • Equal treatment (equality between men and women, fight against discrimination) • Employee health, safety and well-being • Strengthening measures to guarantee the health, safety and well-being of employees in the context of a health crisis
Environmental Information	
Quantitative Information (including key performance indicators) <ul style="list-style-type: none"> • Primary energy consumption in kWh and kWh/m² • The share of energy consumed from renewable sources in the common areas • Reduction in energy consumption for common areas compared to 2013 • The Group's greenhouse gas emissions in tCO₂ and per m² (scopes 1, 2 and 3) in location-based and market-based • Percentage of CO₂ emissions reduction compared to 2013 • Percentage of waste not landfilled and percentage of recovered waste • Percentage of centers that have involved retailers in a circular economy effort • Water consumption in m³ and m³/visitor • Percentage of centers certified BREEAM In-Use • Percentage of centers accessible via public transport • Percentage of centers equipped with electric vehicle charging stations 	Qualitative Information (actions or results) <ul style="list-style-type: none"> • Improving energy performance (especially through the implementation of BOOST programs) • Improvement of technical equipment • Implementation of energy metering and monitoring systems • Use of energy sources that emit less greenhouse gases • Limiting the exposure to climate change • Implementing waste sorting and recovery solutions • Promoting circular economy among tenants • Strengthening green value and environmental quality (quality, labels and certifications) • Use of rainwater in the centers (sanitary facilities, watering, etc.)
Societal Information	
Quantitative Information (including key performance indicators) <ul style="list-style-type: none"> • Percentage of centers that have contributed to local employment • Visitor satisfaction score (Net Promoter Score) • Percentage of centers promoting health and well-being • Percentage of centers that have made space available for a local initiative • Percentage of internal and external stakeholders who have been made aware of ethical business practices • Percentage of service suppliers selected based on CSR criteria 	Qualitative Information (actions or results) <ul style="list-style-type: none"> • Promotion of local employment around the centers • Dialogue with retailers and visitors • Visitor satisfaction and implementation of well-being and comfort measures • Promoting safety and security in shopping centers • Health measures in the centers and measures to prevent the Covid-19 epidemic implemented during the year (in particular the "SAFEGUARD" label from Bureau Veritas) • Actions in favor of human rights, in particular the compliance with the fundamental conventions of ILO • Actions taken to prevent corruption and tax evasion

Supervisory Board's report on corporate governance

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At its meeting on March 18, 2021, in accordance with Article L. 22-10-20 of the French Commercial Code (*Code de commerce*), the Supervisory Board approved this corporate governance report, which will be presented to the next General Meeting. The report includes the information referred

to in Articles L. 22-10-9 to L. 22-10-11, L. 22-10-26, L. 225-100 II and L. 225-100 III of the French Commercial Code ("**Required Information**"), and the Supervisory Board's observations on the report of the Executive Board and on the financial statements for the fiscal year ended.

The table below sets out the Required Information and specifies the sections of the Company's Universal Registration Document in which this information is presented.

Required Information	References
COMPENSATION	
Presentation of total compensation and benefits in kind paid to each corporate officer during the fiscal year or allocated to them in respect of that year	Section 6.2.3 "Compensation of corporate officers for fiscal year 2020"
Relative proportion of fixed and variable compensation	
Use of the possibility to request the repayment of variable compensation	
Presentation of all commitments made by Klépierre in favor of its corporate officers, including components of compensation, compensation or benefits due or conditionally due on taking up, termination or change of function, or following the exercise of such rights, in particular pension obligations and other lifetime benefits, the methods for determining these commitments and estimates of the amount that may be paid in their respect	
Presentation of any compensation paid or allotted by an undertaking within the scope of consolidation	
Presentation of executive corporate officer compensation in relation to the average compensation, on a full-time equivalent basis, of employees other than corporate officers	
Presentation of executive corporate officer compensation in relation to the median compensation, on a full-time equivalent basis, of employees other than corporate officers	
Presentation of the year-on-year change in Klépierre's performance-based compensation, the average compensation on a full-time equivalent basis of employees other than corporate officers, and the average of the aforementioned ratios over the last five years	
How the total compensation complies with the compensation policy adopted, including how it contributes to the long-term performance and how the performance criteria were applied	
Consideration of the vote of the April 30, 2020 General Meeting	
Description of any discrepancies with or departure from the compensation policy	
GOVERNANCE	
Application of a Corporate Governance Code	Section 6.1 "Oversight and management of the Company"
Provisions of the Corporate Governance Code not applied along with the reasons for non-application	
Location at which the Corporate Governance Code can be consulted	
List of all offices and positions held in any company by Supervisory Board members during the fiscal year	Section 6.1.1.1 "Membership of the Supervisory Board"
List of all offices and positions held in any company by Executive Board members during the fiscal year	Section 6.1.3.1 "Membership and operating methods of the Executive Board"
List of agreements signed, directly or by proxy, between, on the one hand, a corporate officer or a shareholder owning more than 10% of the voting rights of a company and, on the other, a second company over which the first exercises control within the meaning of Article L. 233-3 of the French Commercial Code, with the exception of agreements relating to ordinary transactions concluded under arm's length conditions	Section 7.1.4.3 "Related-party agreements"
Procedure for reviewing agreements entered into and concluded under arm's length conditions	Section 7.1.4.3 "Related-party agreements"
Explanation of the choice of one of the two general management methods stipulated in Article L. 225-51-1 of the French Commercial Code	Section 6.1 "Oversight and management of the Company"
Membership, conditions of preparation and organization of the work of the Supervisory Board	Section 6.1.1.2 "Operating methods of the Supervisory Board" Section 6.1.1.3 "Work of the Supervisory Board in fiscal year 2020"
Description of the diversity policy applied to members of the Supervisory Board with regard to criteria such as age, gender, qualifications and professional experience, and a description of the objectives of this policy, the ways in which it is implemented and the results achieved in the last fiscal year	Section 6.1.1.1 "Membership of the Supervisory Board"
Information on how Klépierre seeks to ensure gender balance within its executive bodies and details on diversity in the top 10% of senior responsibility positions	Section 6.1.3.4 "Gender policy within governance bodies"
Gender policy within governance bodies	Section 6.1.3.4 "Gender policy within governance bodies"
Limitations placed by the Supervisory Board on the Executive Board's powers	Section 6.1.1.2 "Operating methods of the Supervisory Board", sub-section "Role of the Supervisory Board"
OTHER	
Special arrangements regarding shareholder attendance at the General Meeting	Title V ("General Meetings") of the Company's bylaws (available online at www.klepierre.com/en)
Table summarizing the delegations in force that have been approved by the General Meeting of Shareholders in the area of capital increases, by application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, and showing the use made of these delegations during the fiscal year	Section 7.1.1.2 "Delegations of authority and authorizations granted to Klépierre's Executive Board"
Factors that may have an impact in the event of a takeover bid or public exchange offer	Note 9.2 "Liquidity risk" to the consolidated financial statements Section 7.1.1 "General information on the share capital" Section 7.1.2 "Changes in the share capital – Breakdown of the share capital and voting rights"
Supervisory Board's observations on the report of the Executive Board and the financial statements for the fiscal year	Section 4.5 "Report of the Supervisory Board to the Ordinary and Extraordinary General Meeting"

6.1 OVERSIGHT AND MANAGEMENT OF THE COMPANY

The Company has chosen to refer to the Corporate Governance Code for Listed Companies published by the French association of private sector businesses (*Association française des entreprises privées* – AFEP) and the French employers' association (*Mouvement des entreprises de France* – MEDEF) ("the AFEP-MEDEF Code"), which can be consulted on the AFEP website at the following address: www.afep.com.

Klépierre complies with the all of the applicable recommendations of the AFEP-MEDEF Code⁽¹⁾.

The Company was converted into a French joint-stock corporation (*société anonyme*) with an Executive Board and Supervisory Board on July 21, 1998. This general management method was adopted to allow for a separation between the Company's management bodies and the bodies that oversee them.

6.1.1 Supervisory Board

The Supervisory Board is responsible for duties determined by the French Commercial Code, the Company's bylaws and its rules of procedure⁽²⁾. More specifically, the Supervisory Board provides oversight of the management of the Company by the Executive Board, and for the company and consolidated financial statements adopted by the Executive Board.

6.1.1.1 Membership of the Supervisory Board

The relevant provisions of the French Commercial Code, the Company's bylaws and the rules of procedure⁽²⁾ are used to determine the membership of the Supervisory Board.

As of the date of this document, the Supervisory Board comprised nine members, all of whom were domiciled for professional purposes at 26, Boulevard des Capucines, 75009 Paris (France) and hold Klépierre shares.

(1) Recommendation 18.1 of the AFEP-MEDEF Code in which companies are advised to allow an employee director to sit on the compensation committee is not applicable to Klépierre insofar as the Company is not required to appoint members representing employees under the French Commercial Code.

(2) The Company's bylaws and the rules of procedure of the Supervisory Board can be consulted on Klépierre's corporate website at www.klepierre.com/en.

Biographies of Supervisory Board members



DAVID SIMON

CHAIRMAN AND MEMBER OF THE SUPERVISORY BOARD
CHAIRMAN AND MEMBER OF THE INVESTMENT COMMITTEE

Aged 59

BS degree from Indiana University and MBA from Columbia University's Graduate School of Business

US national

Attendance rate in 2020

- On the Supervisory Board: 100%
- On the Investment Committee: 100%

CAREER

David Simon is Chairman of the Board and Chief Executive Officer of Simon Property Group, Inc., which he joined in 1990. In 1993, he led the efforts to take Simon Property Group public, and became CEO in 1995. Before joining Simon Property Group, he was a Vice President of Wasserstein Perella & Co., a Wall Street firm specializing in mergers and acquisitions and leveraged buyouts. He was a member and the Chairman of the National Association of Real Estate Investment Trusts (NAREIT) Board of Governors and a trustee of the International Council of Shopping Centers (ICSC).

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Chairman of the Supervisory Board
- Chairman of the Investment Committee

Outside Klépierre

- Director, Chairman of the Board and Chief Executive Officer:
 - Simon Property Group, Inc. (US-listed company)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- Director, Chairman of the Board and Chief Executive Officer:
 - Simon Property Group (US-listed company)
 - The Retail Property Trust
 - M.S. Management Associates, Inc.
- Chairman of the Board and Chief Executive Officer:
 - Simon Management Associates, LLC
 - CPG Holdings, LLC



JOHN CARRAFIELL

MEMBER OF THE SUPERVISORY BOARD
CHAIRMAN AND MEMBER OF THE AUDIT COMMITTEE

Aged 55

BA degree from Yale University

US national

Attendance rate in 2020

- On the Supervisory Board: 100%
- On the Audit Committee: 100%

CAREER

From 1987 to 2009, John Carrafiell held various roles at Morgan Stanley, as Head of Real Estate Europe from 1995, Managing Director from 1999, Global Co-Head of Real Estate from 2005, member of the Global Investment Banking Division Operating and Management Committee from 2006 to 2007, and Global Co-Head and Co-CEO of Real Estate Investing from 2007. In 2009, he founded Alpha Real Estate Advisors (UK) and acted as Managing Partner of that company until 2010, at which point he co-founded GreenOak Real Estate. In 2019, GreenOak merged with Bentall Kennedy to form BentallGreenOak – a global real estate asset management firm, managing USD 48 billion in assets. He is currently a Senior Managing Partner of BentallGreenOak.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Member of the Supervisory Board
- Chairman of the Audit Committee

Outside Klépierre

- Chairman:
 - Chelsea & Westminster Hospital NHS Foundation Trust Development Board (United Kingdom)
 - The Anna Freud National Centre for Children and Families Development Board (United Kingdom)
 - The Yale University School of Architecture Dean's Council (United States)
- Member of the Board of Directors:
 - Shurgard (Belgium-listed company)
 - Lineage logistics

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- Member of the Board of Directors:
 - Grupo Lar (Spain)



BÉATRICE DE CLERMONT-TONNERRE

MEMBER OF THE SUPERVISORY BOARD

MEMBER OF THE SUSTAINABLE DEVELOPMENT COMMITTEE

MEMBER OF THE AUDIT COMMITTEE

Aged 48

Graduate of Institut d'études politiques de Paris (Public Service Section) and ESSEC (École supérieure des sciences économiques et commerciales) Business School (MBA)

French national

Attendance rate in 2020

- On the Supervisory Board: 75%
- On the Sustainable Development Committee: 100%
- On the Audit Committee: 100%

CAREER

Béatrice de Clermont-Tonnerre is currently an investor and member of the Executive Committee of Kayros. She was previously Director of Artificial Intelligence Partnerships at Google, after having headed up the southern Europe Sell Side division for five years. Prior to Google, she was Senior VP, Business Development at Lagardère (2008-2013) and Head of Interactive TV and co-Head of Programming at Canalsatellite – Groupe Canal+ (2001-2005). She began her career as an analyst in the High Technologies division of Lagardère's Strategy Department, covering aerospace and telecoms.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Member of the Supervisory Board
- Member of the Sustainable Development Committee
- Member of the Audit Committee

Outside Klépierre

- Chairwoman of the Nomination Committee:
 - Prisa
- Member of the Nomination Committee and the Strategy Committee:
 - SES

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- Board member of Ceva Logistics
- Vice Chairwoman of the Board of Directors: Hurriyet
- Board member of LaCie



STEVEN FIVEL

MEMBER OF THE SUPERVISORY BOARD
CHAIRMAN AND MEMBER OF THE SUSTAINABLE DEVELOPMENT COMMITTEE
MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE
MEMBER OF THE INVESTMENT COMMITTEE

Aged 60

BS degree in accounting from Indiana University and doctorate in law (JD) from the John Marshall Law School, Chicago

US national

Attendance rate in 2020

- On the Supervisory Board: 88%
- On the Sustainable Development Committee: 100%
- On the Nomination and Compensation Committee: 100%
- On the Investment Committee: 100%

CAREER

Steven Fivel began his career as Deputy Attorney General at the Office of the Attorney General of the State of Indiana, where from 1988 he handled shopping center finance transactions, real estate development and re-development transactions, joint ventures and corporate transactions as an attorney. In 1997, he joined BrightPoint and occupied the functions of Executive Vice President, General Counsel and Secretary. In March 2011, he joined Simon Property Group as Assistant General Counsel and Assistant Secretary, leading Development and Operations, the Legal Department, and Operations within the Tax Department. Steven Fivel was appointed General Counsel and Secretary of Simon Property Group on January 1, 2017.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Member of the Supervisory Board
- Chairman of the Sustainable Development Committee
- Member of the Nomination and Compensation Committee
- Member of the Investment Committee

Outside Klépierre

- Member of the Board of Directors:
 - Simon Global Development BV

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- None



ROBERT FOWLDS

MEMBER OF THE SUPERVISORY BOARD

MEMBER OF THE INVESTMENT COMMITTEE

Aged 59

BS degree in Real Estate Management from the University of Reading and MBA in Finance from Cass Business School, member of the Royal Institution of Chartered Surveyors

UK national

Attendance rate in 2020

- On the Supervisory Board: 100%
- On the Investment Committee: 100%

CAREER

Robert Fowlds has been a Senior Advisor in real estate and finance since 2016. Previously, he was Managing Director, Head of Real Estate Investment Banking for the United Kingdom and Ireland at JP Morgan Cazenove, where he supervised a large team with expertise in capital markets, mergers and acquisitions, advisory and debt markets, before becoming Vice Chairman in 2013. Between 1987 and 2006, he held various positions in financial institutions such as Merrill Lynch, Kleinwort Benson Securities, Crédit Lyonnais Secs and Morgan Grenfell. He is also a director of UK Commercial Property REIT (listed fund), as well as LondonMetric PLC (listed company).

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Member of the Supervisory Board
- Member of the Investment Committee

Outside Klépierre

- Member of the Board of Directors:
 - UK Commercial Property REIT (UK-listed fund)
 - LondonMetric PLC (UK-listed company)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- None



STANLEY SHASHOUA

MEMBER OF THE SUPERVISORY BOARD
MEMBER OF THE INVESTMENT COMMITTEE
MEMBER OF THE AUDIT COMMITTEE
MEMBER OF THE SUSTAINABLE DEVELOPMENT COMMITTEE

Aged 50

BA degree in International Relations from Brown University and MBA in Finance from The Wharton School
US national

Attendance rate in 2020

- On the Supervisory Board: 100%
- On the Investment Committee: 100%
- On the Audit Committee: 100%
- On the Sustainable Development Committee: 100%

CAREER

Stanley Shashoua is Investments Director at Simon Property Group. Previously, he was Managing Partner at LionArc Capital LLC, a private investment fund, which has invested in and managed real estate and private equity transactions for a total amount of over USD 500 million since 2007. Prior to joining LionArc Capital LLC, Stanley Shashoua was a Partner at HRO Asset Management LLC, where he was in charge of the acquisition and management of properties on behalf of institutional clients, managing transactions representing over USD 1 billion and comprising over 278,700 sq.m. He was also Vice President at Dresdner Kleinwort Wasserstein.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Member of the Supervisory Board
- Member of the Investment Committee
- Member of the Audit Committee
- Member of the Sustainable Development Committee

Outside Klépierre

- Member of the Board of Directors:
 - Simon Canada Management Limited (Canada)
 - Mitsubishi Estate Simon Co. Ltd (Japan)
 - Shinsegae Simon Co. Inc. (South Korea)
 - Genting Simon Sdn Bhd (Malaysia)
 - Premium Outlets de Mexico, S. de RL de CV (Mexico)
 - CPGOM Partners de Mexico, S. de RL de CV (Mexico)
 - Outlet Services HoldCo Ltd (Jersey)
- Managing Partner:
 - Outlet Site JV Sarl (Luxembourg)
 - HBS Global Properties LLC (US)
 - Sparc Group Holdings II, LLC (US)
 - Cooper Retail Holdings LLC (US)
 - RueLala, Inc. (US)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- None



CATHERINE SIMONI

MEMBER OF THE SUPERVISORY BOARD

CHAIRWOMAN AND MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE

MEMBER OF THE INVESTMENT COMMITTEE

Aged 56

Engineering degree from the University of Nice (France)

French national

Attendance rate in 2020

- On the Supervisory Board: 100%
- On the Nomination and Compensation Committee: 100%
- On the Investment Committee: 100%

CAREER

For 14 years, Catherine Simoni was Director for France and Belgium of the European real estate funds of the Carlyle group, which she left in December 2014. She was previously a Director at SARI Développement, the development division of Nexity, where she was responsible for implementing several major French office developments, including leasing and sales. Prior to this, Catherine Simoni was a Director at Robert & Finestate, a subsidiary of J.E. Robert Company, where she worked on transactions in real estate and real estate-backed loan portfolios in France, Spain, Belgium and Italy.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Member of the Supervisory Board
- Chairwoman and member of the Nomination and Compensation Committee
- Member of the Investment Committee

Outside Klépierre

- None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- None



ROSE-MARIE VAN LERBERGHE

VICE CHAIR AND MEMBER OF THE SUPERVISORY BOARD
MEMBER OF THE SUSTAINABLE DEVELOPMENT COMMITTEE
MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE

Aged 74

Graduate of ENA (École nationale d'administration), École normale supérieure and Institut d'études politiques of Paris and philosophy lecturer, with an undergraduate degree in history

French national

Attendance rate in 2020

- On the Supervisory Board: 88%
- On the Sustainable Development Committee: 100%
- On the Nomination and Compensation Committee: 100%

CAREER

Rose-Marie Van Lerberghe began her career as an Inspector at IGAS (General Inspectorate, Social Affairs) before becoming Assistant Director for the defense and promotion of jobs at the French Labor Ministry. In 1986, she joined the Danone group, where she was group Director of Human Resources. In 1996, she became Executive Director in charge of employment and professional training at the French Ministry of Labor and Solidarity. She then became Executive Director of the Paris hospital trust (APHP). From 2006 to 2011, she was Chairwoman of the Executive Board of Korian. From January 2010 to January 2014 Rose-Marie Van Lerberghe was a member of *Conseil supérieur de la magistrature* (the French High Council of the Judiciary). She is currently a member of the Council of the Order of the Legion of Honor.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Vice Chair and member of the Supervisory Board
- Member of the Sustainable Development Committee
- Member of the Nomination and Compensation Committee

Outside Klépierre

- Member of the Board of Directors:
 - Bouygues (listed company)
 - CNP Assurances (listed company)
 - Fondation Hôpital Saint-Joseph
- Chairwoman of the Board of Directors:
 - Orchestre des Champs-Élysées led by Philippe Herreweghe

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- Chairwoman of the Board of Directors:
 - Fondation Institut Pasteur
- Member of the Board of Directors:
 - Air France
 - Casino, Guichard-Perrachon



FLORENCE VON ERB

MEMBER OF THE SUPERVISORY BOARD

MEMBER OF THE AUDIT COMMITTEE

MEMBER OF THE SUSTAINABLE DEVELOPMENT COMMITTEE

Aged 61

Graduate of HEC Paris, specializing in finance

French national

Attendance rate in 2020

- On the Supervisory Board: 100%
- On the Sustainable Development Committee: 100%
- On the Audit Committee: 100%

CAREER

Florence Von Erb began her finance career working in JP Morgan's Paris, London and New York offices, where she specialized in international securities markets. She held positions in the firm's Treasury Department, Merchant Bank division, Latin America Debt Restructuring Unit and Equity Derivatives Group. In 2000, she joined Adair Capital, a New York-based investment management firm, where she served as Managing Director. She switched her focus to the not-for-profit world in 2004 when she became President and United Nations Representative of Make Mothers Matter International. In 2006, she co-founded Sure We Can Inc. Since 2014, she has been an active member of the UN NGO Social Development Committee and the Commission on the Status of Women, as well as serving as an Independent Director of Ipsos SA.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Member of the Supervisory Board
- Member of the Audit Committee
- Member of the Sustainable Development Committee

Outside Klépierre

- Member of the Board of Directors:
 - Ipsos (listed company)
 - Ipsos Foundation

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- Member of the Board of Directors: Fourpoints

Membership of the Supervisory Board

Summary table

The table below summarizes the membership of the Supervisory Board as at the date of this document:

			Committee membership				Age	Nationality	Other appointments in other listed companies ^(a)	Investment	Audit	Nomination and Compensation	Sustainable Development	Term of appointment	Years of Board membership ^(b)	Number of Klépierre shares held
David Simon <i>Chairman of the Board</i>	Chairman of the Board and Chief Executive Officer of Simon Property Group, Inc.		59	US	1									2021 GM	9	62
John Carrafiell	Managing Partner of BentallGreenOak		55	US	1									2021 GM	6	60
Béatrice de Clermont-Tonnerre	Investor, member of the Executive Committee of Kayrros		48	French	0									2022 GM	5	60
Steven Fivel	General Counsel of Simon Property Group, Inc.		60	US	0									2021 GM	9	62
Robert Fowlds	Senior Advisor in real estate and finance		59	UK	2									2021 GM	3	100
Stanley Shashoua	Investments Director of Simon Property Group, Inc.		50	US	0									2023 GM	6	60
Catherine Simon	Former Chief Executive for France and Belgium of the European real estate funds of the Carlyle group		56	French	0									2023 GM	8	60
Rose-Marie Van Lerberghe <i>Vice Chair of the Board</i>	Director of CNP Assurances and Bouygues		74	French	2									2022 GM	9	100
Florence Von Erb	Representative of Afammer (NGO) at the United Nations and former Managing Director of Adair Capital		61	French	1									2023 GM	5	150

(a) Offices held within the Company are not taken into consideration in this calculation.

(b) As of June 17, 2021, the date of the next General Meeting of Shareholders.

 Independent

 Chair


5
**NON-FRENCH
SUPERVISORY BOARD
MEMBERS**

58
**AVERAGE AGE OF SUPERVISORY
BOARD MEMBERS
AS OF DECEMBER 31, 2020**

56%
**INDEPENDENT
SUPERVISORY BOARD
MEMBERS**

44%
**FEMALE
SUPERVISORY BOARD
MEMBERS**

Review of the membership of the Supervisory Board

When reviewing its membership and proposals for appointment or re-appointment submitted to the General Meeting, the Supervisory Board regularly examines the individual situation of each member, particularly:

- The skills and experience they contribute to the work of the Board and the Committees;
- Their availability and attendance at meetings, as well as their commitment;
- Their situation as regards conflicts of interest and their independence;
- Their contribution to the diversity of the Board in terms of qualifications, age, gender, nationality, length of time on the Board and professional experience.

Taking into account the elements set out below and the above-mentioned criteria, the membership of the Supervisory Board is satisfactory. Nevertheless, the Supervisory Board remains open to any potential improvements that may be appropriate.

Varied and complementary skills and experience

The Supervisory Board believes that the skills of the members of the Board are varied and complementary, with some members of the Board having strategic skills and others financial or more specific competences (financial communication, human resources and legal expertise, knowledge of the real estate or commercial sector – particularly digital – or management experience).

Due to the diverse and complementary experience and expertise of the Supervisory Board members, they quickly gain a detailed understanding of Klépierre's development challenges and ensure that the decision-making process is efficient.

The skills matrix of the various members of the Board as of December 31, 2020, as reviewed by the Nomination and Compensation Committee, is shown below.

Name	International experience	Real estate sector	Finance	Retail	Managerial experience	Human resources and governance	Digital
David Simon	X	X	X	X	X	X	
John Carrafiell	X	X	X		X	X	
Béatrice de Clermont-Tonnerre	X		X		X		X
Steven Fivel	X	X	X		X	X	
Robert Fowlds	X	X	X		X		
Stanley Shashoua	X	X	X	X	X		
Catherine Simoni	X	X			X	X	
Rose-Marie Van Lerberghe			X		X	X	
Florence Von Erb	X		X		X		

Availability and attendance

The individual attendance rates at Supervisory Board and Board Committee meetings, listed in the biographies above, attest to the availability and attendance of Supervisory Board members.

Conflicts of interest and independence of the members of the Supervisory Board

Conflict of interests

The rules of procedure of the Supervisory Board state that members must inform the Board of any actual or potential conflict of interest in respect of the Company and abstain from discussing or voting on the corresponding decisions.

Members of the Supervisory Board regularly receive a questionnaire setting out multiple possible examples of conflicts of interest, inviting them to declare any situations that might represent a potential conflict of interest with respect to Klépierre.

The Board concluded, further to an analysis carried out in December 2020, that none of its members were in a situation of conflict of interest, potential or otherwise, or had any direct or indirect business relationships with Klépierre. Since that date, just one potential conflict of interest has been brought to the attention of the Company, it being specified that the Supervisory Board member concerned abstained from all related discussions and votes.

Klépierre has no knowledge of any arrangements or agreements with its main stakeholders pursuant to which any Supervisory Board members were appointed as corporate officers of another entity.

Independence

Supervisory Board member independence is reviewed based on the definition contained in the AFEP-MEDEF Code.

This status is reviewed by the Nomination and Compensation Committee on an annual basis through individual independence questionnaires sent to Supervisory Board members (see table below in respect of 2020). The Nomination and Compensation Committee's recommendations are then communicated to the Supervisory Board, which subsequently reviews the situation of each member of the Supervisory Board.

The specific business relationship review consists of two steps. First, the Nomination and Compensation Committee and then the Supervisory Board review the various relationships in question to ascertain whether or not they constitute business relationships. Where this is the case, to assess whether a given relationship is significant or not, a second, more in-depth review is carried out based on qualitative criteria (context, history and organization of the relationship, respective powers of the parties) and quantitative criteria (materiality of the relationship for the parties).

At the date of this document, the reviews carried out revealed that none of the members of the Supervisory Board had any business relationships with Klépierre.

The following table shows the findings of the 2020 review of the independence classification of members of the Supervisory Board:

Name	Criteria							
	Position as Group employee or corporate officer within the last five years	Cross-directorships	Significant business relationship	Close family ties with a corporate officer	Statutory Auditor to Klépierre Group entity within the last five years	Member of the Supervisory Board for more than 12 years	Recipient of variable compensation in cash or shares or of any compensation linked to Klépierre's performance	Member representing major Klépierre shareholders
D. Simon <i>Not independent</i>	No	No	No	No	No	No	No	Yes
R.-M. Van Lerberghe <i>Independent</i>	No	No	No	No	No	No	No	No
J. Carrafiell <i>Independent</i>	No	No	No	No	No	No	No	No
B. de Clermont-Tonnerre <i>Independent</i>	No	No	No	No	No	No	No	No
S. Fivel <i>Not independent</i>	No	No	No	No	No	No	No	Yes
R. Fowlds <i>Not independent</i>	No	No	No	No	No	No	No	Yes
S. Shashoua <i>Not independent</i>	No	No	No	No	No	No	No	Yes
C. Simoni <i>Independent</i>	No	No	No	No	No	No	No	No
F. Von Erb <i>Independent</i>	No	No	No	No	No	No	No	No

Further to its review, the Supervisory Board concluded that five of the nine members (i.e., 56%) are independent.

Following the recommendation of the French financial markets authority (*Autorité des marchés financiers* – AMF), a table showing the list of the Supervisory Board members considered independent, as of the date of this document, with regard to the Supervisory Board's assessment and the AFEP-MEDEF Code is presented below:

	Independence of Board members with regard to	
	Supervisory Board assessment	AFEP-MEDEF Code
David Simon	No	No
John Carrafiell	Yes	Yes
Béatrice de Clermont-Tonnerre	Yes	Yes
Steven Fivel	No	No
Robert Fowlds	No	No
Stanley Shashoua	No	No
Catherine Simoni	Yes	Yes
Rose-Marie Van Lerberghe	Yes	Yes
Florence Von Erb	Yes	Yes

The Supervisory Board regularly reflects on the desirable balance of its membership and that of the Board Committees in order to guarantee shareholders and the market that its duties are carried out with the necessary independence and objectivity, in line with the Group's challenges and strategy.

Diversity

Gender balance

The Supervisory Board comprises nine members, four of whom (i.e., 44%) are women, a ratio exceeding the minimum 40% stipulated

in the French Commercial Code and the recommendations of the AFEP-MEDEF Code. This diversity is also evident in the membership of its Committees.

A strong international profile

The Company seeks to reflect the international environment in which the Group conducts its business. The Supervisory Board therefore consists of three different nationalities (US, British and French) and has five non-French members (David Simon, John Carrafiell, Steven Fivel, Robert Fowlds and Stanley Shashoua).

Changes in the membership of the Supervisory Board during fiscal years 2020 and 2021

Changes in 2020

Departures/appointments/re-appointments in fiscal year 2020	
Stanley Shashoua	Re-appointed for a period of three years by the General Meeting of Shareholders of April 30, 2020
Catherine Simoni	Re-appointed for a period of three years by the General Meeting of Shareholders of April 30, 2020
Florence Von Erb	Re-appointed for a period of three years by the General Meeting of Shareholders of April 30, 2020

Terms of office expiring in 2020

With their terms of office due to expire at the end of the General Meeting of June 17, 2021, David Simon, John Carrafiell, Steven Fivel and Robert Fowlds are seeking to be re-appointed.

After reviewing the individual situation of each of these four members and given their skills, the quality of their contribution to the Supervisory Board's work and to the Committees of which they are members, their solid understanding of the Group's challenges and their regular attendance at meetings, both the Nomination and Compensation Committee and the Supervisory Board are in favor of re-appointing the four members, as follows:

- **David Simon:** the June 17, 2021 General Meeting is asked to re-appoint David Simon as a member of the Supervisory Board for a period of three years as from said Meeting. If this re-appointment is approved, the Supervisory Board will re-appoint David Simon as Chairman of the Supervisory Board, and Chairman and member of the Investment Committee;

- **John Carrafiell:** the June 17, 2021 General Meeting is asked to re-appoint John Carrafiell as a member of the Supervisory Board for a period of three years as from said Meeting. If this re-appointment is approved, the Supervisory Board will re-appoint John Carrafiell as Chairman and member of the Audit Committee;
- **Steven Fivel:** the June 17, 2021 General Meeting is asked to re-appoint Steven Fivel as a member of the Supervisory Board for a period of three years as from said Meeting. If this re-appointment is approved, the Supervisory Board will re-appoint Steven Fivel as Chairman of the Sustainable Development Committee, member of the Investment Committee and member of the Nomination and Compensation Committee;
- **Robert Fowlds:** the June 17, 2021 General Meeting is asked to re-appoint Robert Fowlds as a member of the Supervisory Board for a period of three years as from said Meeting. If this re-appointment is approved, the Supervisory Board will re-appoint Robert Fowlds as member of the Investment Committee.

The table below summarizes the planned changes to the membership of the Supervisory Board for 2021:

Date	Departures	Appointments	Re-appointments
June 17, 2021	None	None	David Simon
June 17, 2021	None	None	John Carrafiell
June 17, 2021	None	None	Steven Fivel
June 17, 2021	None	None	Robert Fowlds

Subject to the approval of the General Meeting to be held on June 17, 2021 of these re-appointments, the Supervisory Board will continue to be composed as follows:

Membership after the 2021 General Meeting of Shareholders	
Percentage of independent members	56%
Percentage of female members	44%
Percentage of non-French members	56%

6.1.1.2 Operating methods of the Supervisory Board

The operating methods of the Supervisory Board are governed by the applicable legal and regulatory provisions, as well as the Company's bylaws and the Supervisory Board's rules of procedure⁽¹⁾.

Meetings of the Supervisory Board without the executive corporate officers in attendance

Given the Company's dual board structure, executive corporate officers are not members of the Supervisory Board, but are regularly invited to take part in the Board's meetings to discuss operational issues and other matters relating to the Group's activities. In addition, the Supervisory Board may meet without the executive corporate officers in attendance, particularly when the meeting agenda pertains to their performance or compensation.

Discussions and informal contact between the members of the Supervisory Board, to which the Executive Board members are not party, may also take place on an ad hoc basis over the year.

Role of the Chairman and Vice Chair of the Supervisory Board

In addition to the duties assigned to him/her by law, the Chairman of the Board oversees the proper operation of the Board. In particular, the Chairman of the Board ensures that there is a culture of openness and transparency within the Board, so that its discussions are insightful. The Chairman ensures that Board members receive adequate information in advance of each Board meeting so that the discussions and resolutions are effective. The Chairman also regularly ensures that Board members receive appropriate training to enable them to carry out their duties.

(1) The Company's bylaws and the rules of procedure of the Supervisory Board can be consulted on Klépierre's corporate website at www.klepierre.com/en.

The Chairman of the Board discusses the Group's strategic and/or sensitive goals with Executive Board members, particularly those relating to the Group's orientation and organization (from both an operational standpoint and in terms of performance and objectives, especially in the environmental sphere), along with significant external growth projects, major financial transactions and the Group's financial information. If certain decisions require prior authorization by the Supervisory Board, the Chairman may be called upon to assist the Executive Board in its preparatory work on these various projects. As in previous years, the Chairman was called upon in 2020 to share his insight into the industry, his experience and vision for the Group and the Executive Board.

In some circumstances, the Chairman may from time to time be required to represent the Group in contacts with its tenants, major shareholders, service providers or partners.

In accordance with the Company's bylaws, in the absence of the Chairman, the Vice Chair chairs the meetings of the Supervisory Board and General Meetings.

Dialogue with shareholders

In accordance with the provisions of the AFEP-MEDEF Code, the members of the Supervisory Board may also be required to communicate directly with the Company's shareholders in order to explain the positions taken by the Supervisory Board in their areas of expertise.

Assessment of the Supervisory Board

The Board periodically assesses its membership, organization and procedures, as well as those of its Committees. The Board discusses these matters once a year and carries out a formal assessment every three years.

As required by the AFEP-MEDEF Code, this involves reviewing the operating methods of the Board, verifying that important matters are properly prepared and discussed, and evaluating the contribution of each member to the Board's work. The conclusions of these assessments are reported on in the Universal Registration Document, so that shareholders are kept informed each year of the content of the assessments and any follow-up.

Klépierre's Supervisory Board was formally assessed in 2019 by way of questionnaires with 25 questions sent to Supervisory Board members. The findings of these assessments were presented on page 233 of Klépierre's 2019 Universal Registration Document.

At its meeting of February 16, 2021, the members of the Supervisory Board said they were generally satisfied with the operating methods of the Board and of its Committees. The members noted that the discussions of the Board and the Committees were of high quality

and took place in the context of an open, calm dialogue in which each member was able to express their point of view. The Chairman of the Board expressed his satisfaction with the quality of the work carried out by the Board Committees and the reports given to the Board. The Chairman also commended the attendance rate of various members, which reflects their commitment to the work of Klépierre's governance bodies.

Training of Supervisory Board members

On appointment and throughout their term of office, Supervisory Board members may receive training on specific aspects of the Group, its activities and business lines.

A program primarily aimed at new Supervisory Board members but which is also open to existing members wishing to participate, is deployed when members first take office, with the purpose of meeting the following objectives:

- Introducing them to the Group as a whole;
- Familiarizing them with the Group's specific business lines (center management, finance and investments, leasing and marketing, etc.);
- Familiarizing them with the Group's organization;
- Facilitating access to useful information for the smooth exercise of their duties.

This program primarily entails site visits and exchanges with different operational staff. New Board members are also given training on Diligent Board Books, to familiarize them with the Board's governance management tool.

In terms of ongoing training, during their term of office any Supervisory Board member who so wishes is entitled to:

- Legal training to enable them to clearly ascertain the general and specific rights and obligations incumbent upon them, including those resulting from legal or regulatory texts, the bylaws, rules of procedure and any other legally binding text;
- Visits to one or more property assets, accompanied by an operational staff member, in order to gain insight into the Company's business lines.

Selection of new Supervisory Board members

In the event of a vacancy of one or more independent members, the Nomination and Compensation Committee is responsible for proposing new members to the Supervisory Board, after having assiduously reviewed all factors required to achieve a balanced Board membership. To this end, the Nomination and Compensation Committee organizes a procedure aimed at selecting the future independent members and commissions any research that it considers relevant in this undertaking.

Work of the Supervisory Board in fiscal year 2020

The Committee met or was consulted eight times in fiscal year 2020, with an average attendance rate of 94%.

At Board meetings, the Committee Chairmen gave account of their work and presented the recommendations from the Committees on topics that fall within their remit.

The main issues discussed by the Supervisory Board in 2020 were as follows:

Topics	Items on the agenda
Financial policy, reporting on the budget and accounting, dividend	<ul style="list-style-type: none"> Review of the Audit Committee's work Review of the Company and consolidated financial statements as of December 31, 2019 and related documents Review of the interim consolidated financial statements as of June 30, 2020 and related documents Review of Executive Board quarterly business reviews Updates on the 2020 budget Approval of the 2021 budget Review of the Group's financial policy Review of the Group's financial position (net asset value, debt) Appropriation of profit proposed at the 2020 General Meeting Consultation of management documents used for budgeting and forecasting purposes Review of all statutory Executive Board reports
Strategy	<ul style="list-style-type: none"> Review of strategic and financial impacts of the Covid-19 pandemic
Investments/divestments and authorizations given to the Executive Board	<ul style="list-style-type: none"> Review of the Investment Committee's work Approval of asset divestments in France Review of related-party agreements entered into and authorized by the Supervisory Board during previous fiscal years that remained in force during 2020 Authorizations of guarantees and endorsements
Governance	<ul style="list-style-type: none"> Review of the Nomination and Compensation Committee's work Review of the membership of the Supervisory Board and its Committees Proposals for re-appointment of members of the Supervisory Board Appointment of a member of the Executive Board Annual review of the operating methods of the Board and Committees Adoption of the annual report on corporate governance Preparation for the Annual General Meeting called to approve the financial statements for the year ended December 31, 2019 Amendments to the rules of procedure for the Sustainable Development Committee, the Nomination and Compensation Committee and the Investment Committee Approval of the internal procedure for selecting candidates for membership of the Executive Board with the aim of achieving gender equality Approval of the internal charter relating to the classification of agreements Approval of the internal procedure applicable to agreements entered into in the ordinary course of business and on arm's length terms
Compensation policy and talent review	<ul style="list-style-type: none"> Adoption of Klépierre's gender diversity policy Annual review of the policy on gender equality and equal pay Review of the situation and compensation of Executive Board members Adoption of exceptional measures concerning the reduction of the compensation of Executive Board members in the context of the Covid-19 pandemic Definition of the compensation policy Release of the 2020 performance share plan

6.1.2 Board Committees

To assist it in carrying out its duties, the Supervisory Board has set up four Board Committees whose reports are sent to the Supervisory Board before its meetings. Within its area of expertise, each Committee issues proposals, recommendations and opinions, where required, and reports on its duties to the Supervisory Board.

6.1.2.1 Investment Committee

Membership of the Investment Committee

This Committee has at least three members chosen by the Supervisory Board from among its members.

The following table shows the membership of the Committee as of the date of this document, and any changes to the membership of the Committee over the past fiscal year:

Name	Changes during the past fiscal year
David Simon, Chairman	None
Robert Fowlds	None
Steven Fivel	None
Stanley Shashoua	None
Catherine Simoni	None

Role and operating methods of the Investment Committee

The role and operating methods of the Investment Committee are described in the rules of procedure (available online at www.klepierre.com/en).

Work of the Investment Committee

In 2020, the Investment Committee met or was consulted three times, with an average attendance rate of 100%.

The main issues discussed at these meetings in 2020 were as follows:

Topics	Items on the agenda
Divestments	<ul style="list-style-type: none"> Review of various property asset divestments and recommendations in this regard
General review and oversight	<ul style="list-style-type: none"> Oversight of transactions approved by the Supervisory Board Review of major transactions on commercial property assets in Europe

6.1.2.2 Audit Committee

Membership of the Audit Committee

This Committee has at least three and no more than five members chosen by the Supervisory Board from among its members.

The following table shows the membership of the Committee as of the date of this document, and all changes to the membership of the Committee over the past fiscal year:

Name	Changes during the past fiscal year
John Carrafiell, Chairman	None
Béatrice de Clermont-Tonnerre	None
Stanley Shashoua	None
Florence Von Erb	None

The proportion of independent members was 75%, including the Chairman.

In accordance with the report of the AMF working group on audit committees, the Supervisory Board has determined criteria for assessing whether a person is skilled in particular financial and/or accounting matters, particularly with regard to listed companies. To this end, the Board takes into account candidates' professional experience and/or academic training.

In light of their professional experience in particular, all members of the Audit Committee are considered by the Board to have specific competence in financial matters.

Role and operating methods of the Audit Committee

The role and operating methods of the Audit Committee are described in the rules of procedure (available online at www.klepierre.com/en).

Work of the Audit Committee

In 2020, the Audit Committee met four times, with an average attendance rate of 100%.

The main issues discussed at these meetings in 2020 were as follows:

Topics	Items on the agenda
Financial policy and reporting on budget and accounting	<ul style="list-style-type: none"> Review of the company and annual and interim consolidated financial statements, review of material subsequent events and their impact, and review of off-balance sheet commitments and risks Review of the main litigation and disputes to ensure that they are appropriately recorded in the accounts Update on tax matters Summary of the real estate valuation campaign Monitoring key performance and financial indicators (especially EPRA indicators) Proposed dividend policy Engagements of the Statutory Auditors and review of the fee proposal Review of the statutory audit conclusions issued by the Statutory Auditors and their statement of independence Regular updates on changes in the tax, accounting and regulatory environment
Audit, internal control and risk management	<ul style="list-style-type: none"> Review of the 2020 internal control action plan (risk management, audit and internal control, ethics and compliance) Review of the Statutory Auditors' findings on the 2020 internal audit Approval of the 2021 internal audit plan
Specific items	<ul style="list-style-type: none"> Annual assessment of the operating methods of the Audit Committee Review of the allowance policy for receivables in connection with Covid-19, and the application of IFRS 16

Training for Audit Committee members

On appointment and at their request, Audit Committee members receive information on specific accounting, financial or operational aspects of the Company's business.

6.1.2.3 Nomination and Compensation Committee

Membership of the Nomination and Compensation Committee

The Committee comprises at least two members chosen by the Board from among its members.

The following table shows the membership of the Committee as of the date of this document, and all changes to the membership of the Committee over the past fiscal year:

Name	Changes during the past fiscal year
Catherine Simoni, Chairman	None
Steven Fivel	None
Rose-Marie Van Lerberghe	None

The proportion of independent members was 66.67%, including the Chairman.

Role and operating methods of the Nomination and Compensation Committee

The role and operating methods of the Nomination and Compensation Committee are described in the rules of procedure (available online at www.klepierre.com/en).

A virtual library (available on the Diligent Board Books platform) of relevant publications on compensation and governance is made available to members of the Nomination and Compensation Committee and is updated regularly, providing members with access to reports and news from the AMF, the French association of private sector businesses (AFEP) and the French employers' association (MEDEF), the French high committee for corporate governance, and the OECD, as well as the voting policies of the main proxy advisors and investors, benchmarks, and various studies by experts and specialists.

Work of the Nomination and Compensation Committee

In 2020, the Nomination and Compensation Committee met or was consulted six times, with an average attendance rate of 100%.

The main issues discussed at these meetings in 2020 were as follows:

Topics	Items on the agenda
Governance	<ul style="list-style-type: none"> Review of the membership of the Supervisory Board and of Board Committees Review of the membership of the Executive Board Review of the independence of the members of the Supervisory Board and of any business relationships Assessment of the Supervisory Board Update of the succession plan of Klépierre's executive corporate officers and key senior executives Preparation of Klépierre's gender diversity policy
Compensation	<ul style="list-style-type: none"> Review of the situation of members of the Executive Board and setting their compensation Study on assessing the quantitative performance criteria applicable to Executive Board members in the context of Covid-19 Definition of the compensation policy Review of the 2020 bonus share allotment plans Review of the final vesting rates of performance shares for plans whose vesting period has expired

6.1.2.4 Sustainable Development Committee

Membership of the Sustainable Development Committee

The Committee comprises at least two members chosen by the Board from among its members. The following table shows the membership of the Committee as of the date of this document, and all changes to the membership of the Committee over the past fiscal year:

Name	Changes during the past fiscal year
Steven Fivel, Chairman	None
Béatrice de Clermont-Tonnerre	None
Stanley Shashoua	None
Rose-Marie Van Lerberghe	None
Florence Von Erb	None

Role and operating methods of the Sustainable Development Committee

The role and operating methods of the Sustainable Development Committee are described in the rules of procedure (available online at www.klepierre.com/en).

Work of the Sustainable Development Committee

In 2020, the Sustainable Development Committee met three times, with an average attendance rate of 100%.

The main issues discussed at these meetings in 2020 touched on the following topics:

- Summary of the 2019 "Act for Good" performance and presentation of the 2019 CSR results based on the "Act for the Planet", "Act for Territories" and "Act for People" initiatives;
- Presentation of the 2020 "Act for Good" performance;
- Presentation of the "carbon neutrality" roadmap;
- Presentation of the "ISO 14001" project;
- Review of a benchmark for Klépierre's CSR performance versus a panel of comparables.

6.1.3 Executive Board

The Executive Board is Klépierre's collective management body. It is responsible for duties provided for in the French Commercial Code and the Company's bylaws, including management of the Group's business so that it meets its financial targets, and is also in charge of strategy and any changes therein as defined in tandem with the Supervisory Board. The Executive Board members are collectively responsible for Klépierre's management.

6.1.3.1 Membership and operating methods of the Executive Board

The provisions of the French Commercial Code and the bylaws are used to define the membership and operating methods of the Executive Board. The bylaws are available on the Company's website (www.klepierre.com/en).

As of the date of this document, the Executive Board comprised three members, all of whom were domiciled for professional purposes at 26, Boulevard des Capucines, 75009 Paris (France):

- Jean-Marc Jestin, Chairman of the Executive Board;
- Jean-Michel Gault, Chief Financial Officer, member of the Executive Board; and
- Beñat Ortega, Chief Operating Officer, member of the Executive Board.

Biographies of current Executive Board members⁽¹⁾



JEAN-MARC JESTIN

CHAIRMAN AND MEMBER OF THE EXECUTIVE BOARD

Aged 52

Graduate of HEC

French national



Number of Klépierre shares held: 89,646

Date of first appointment as a member of the Executive Board:

October 18, 2012

Date of first appointment as Chairman of the Executive Board:

November 7, 2016

Term of appointment (as Chairman and member of the Executive Board)

June 22, 2019 – June 21, 2022

CAREER

Jean-Marc Jestin has been Chairman of the Klépierre Executive Board since November 7, 2016, after serving as Chief Operating Officer and member of the Klépierre Executive Board since October 18, 2012. Previously, Jean-Marc Jestin held a number of positions in real estate companies. He was Chief Financial Officer and then Chief Operating Officer of the pan-European platform Simon Ivanhoe from 1999 to 2007. He then joined the Unibail-Rodamco International teams, acting as Deputy Chief Investment Officer in charge of acquisitions, sales and M&A transactions. Jean-Marc Jestin started his career in 1991 at Arthur Andersen in an audit role where he contributed to the development of the real estate practice.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Positions held in several subsidiaries^(a)

Outside Klépierre

- None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

- None

^(a) No compensation is paid or due under offices held at Group subsidiaries.

⁽¹⁾ In accordance with Annex I of Delegated Regulation (EU) no. 2019/280, this section does not include Klépierre subsidiaries in which the corporate officers are also members of a governing, management or supervisory body, or have been in the last five years.



JEAN-MICHEL GAULT

EXECUTIVE BOARD MEMBER

Aged 60

Graduate of École supérieure de commerce de Bordeaux

French national



**Number of Klépierre
shares held:** 75,605

Date of first appointment:

June 1, 2005

Term of appointment:

June 22, 2019 – June 21, 2022

CAREER

Jean-Michel Gault has been an Executive Board member since June 1, 2005. He joined Klépierre in 1998 as Chief Financial Officer, after a ten-year career in the Paribas group. In 2009, his role was expanded to include the Office Property division. In this role, he supervised Klépierre's merger with Compagnie Foncière for which he was acting as Chief Financial Officer within the Real Estate Investment division of Paribas. Previously, he was Head of Financial Services and then appointed Chief Financial Officer at Cogedim, which was a subsidiary of Paribas at that time. Jean-Michel Gault began his career with GTM International (Vinci group) as a financial controller.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Positions held in several subsidiaries^(a)

Outside Klépierre

- None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

- None

^(a) No compensation is paid or due under offices held at Group subsidiaries.



BEÑAT ORTEGA

EXECUTIVE BOARD MEMBER

Aged 40

Ecole Centrale, Paris

French national



Number of Klépierre shares held: 6,011

Date of first appointment as a member of the Executive Board:

November 16, 2020

Term of appointment:

November 16, 2020

to June 21, 2022

CAREER

Beñat Ortega has been a member of the Klépierre Executive Board since November 16, 2020. He was appointed Chief Operating Officer (COO) of the Group in November 2016, in charge of Klépierre's operations in all of the countries in which the Group does business. He began his career in 2002 as an analyst for Royal Bank of Scotland, before joining Unibail-Rodamco where he held several positions in the investment and asset management departments. Beñat joined Klépierre in November 2012 as Group Deputy Chief Operating Officer.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2020

Klépierre

- Positions held in several subsidiaries^(a)

Outside Klépierre

- None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

- None

(a) No compensation is paid or due under offices held at Group subsidiaries.

Conflicts of interest and independence

Executive Board members must consult the Supervisory Board before accepting any new appointments in a listed company, it being specified that no individual member of the Executive Board may hold more than two offices in listed companies, including non-French companies, outside the Group.

As of the date of this document and to the knowledge of the Company, there were no conflicts of interest between the duties toward Klépierre of any members of the Executive Board or of the Supervisory Board and their private interests and/or other duties. Furthermore:

- There are no family ties between members of the Executive Board and/or members of the Supervisory Board;

- None of the members of the Executive Board and/or members of the Supervisory Board have been convicted for fraud in the last five years;
- None of the members have been subject to bankruptcy, receivership, liquidation or court-ordered administration proceedings in the last five years;
- No conviction and/or official public sanction has been handed down against any member of the Executive or Supervisory Boards;
- No member has been automatically disqualified by a court from acting as a member of an administrative, executive or supervisory body of an issuer or from managing or running the affairs of an issuer in the last five years.

Klépierre has no knowledge of any arrangements or agreements with its main stakeholders pursuant to which any Executive Board members were appointed as corporate officers of any non-Group entities.

6.1.3.2 Work of the Executive Board in fiscal year 2020

The main issues submitted to the Executive Board in 2020 were as follows:

Topics	Items on the agenda
Investments/divestments and implementation of strategy	<ul style="list-style-type: none"> Review of plans for development, investments, divestments, extensions, refurbishments and restructuring Intragroup financial structuring transactions
Group financial policy, performance and reporting	<ul style="list-style-type: none"> Preparation and approval of the company and consolidated financial statements for the fiscal year ended December 31, 2019 and the interim financial statements for first-half 2020 Quarterly management reports Budget preparation and tracking The Group's dividend policy and decisions related to payment of the dividend Cancellation of shares Intragroup restructuring transactions Restructuring of the Group's revolving credit facilities Interest rate hedging policy Issue of warranties, endorsements and guarantees
Group operations	<ul style="list-style-type: none"> Review of the performance of portfolio assets Monitoring commercial relationships with the Group's main clients, especially in the context of Covid-19 Reviewing, validating and overseeing running costs and capital expenditure on the portfolio Rolling out new operational management tools Monitoring CSR objectives in line with the Act for Good® policy
Internal control and risk management	<ul style="list-style-type: none"> Preparation of the audit plan Review of the Group's main risks
Governance and ethics	<ul style="list-style-type: none"> Review of the Stock Market Code of Conduct Management of the list of insiders and preparation of meetings of the inside information committee Review of the Group procedure for managing inside information Appointment of two members of the Supervisory Board of Klépierre Mercury, a company mutual fund Annual review of the ordinary agreements entered into pursuant to the internal charter on classifying agreements, as prepared in accordance with the French law of May 22, 2019 (the "PACTE Law") Definition of gender balance targets and an action plan within the scope of developing the Group's new gender policy
Compensation and human resources	<ul style="list-style-type: none"> Annual talent and compensation review Allotment of performance shares Continuation of the policy commitments on gender equality in the workplace
Shareholder relations	<ul style="list-style-type: none"> Communication with investors and roadshows Preparation for and convening of the General Meeting of Shareholders Establishment of the Universal Registration Document

6.1.3.3 Executive management team

The Executive Board is backed by a Corporate Management Team (CMT) which meets every fortnight to:

- Discuss all transactions and operations relating to the Group's organization;
- Encourage discussions between operating departments and corporate functions, for example in terms of operations, finance, information systems, legal affairs and human resources.

The Corporate Management Team comprises the following members:

- General Secretary;
- Chief Legal Officer;
- Chief Development Officer;
- Chief Investment Officer;
- Managing Director for France-Belgium Shopping Centers;
- Chief Human Resources Officer;
- Group Head of Leasing;
- Deputy Chief Financial Officer.



43

Average age of CMT members
as of December 31, 2019



50 %

Percentage of women
CMT members

To strengthen the collaborative working methods within the Group, the Chief Operating Officer regularly brings together all country managers and corporate operating teams under the aegis of the Group Operations Management Team (GOMT). The GOMT is a platform for sharing Group best practices and discussing the key priorities from the standpoints of strategy, operational organization, asset management, marketing, leasing, maintenance, and safety and security. GOMT meetings are also an opportunity to discuss country operating performances and to provide progress reports on development projects.

6.1.3.4 Gender policy within governance bodies

The real estate sector has traditionally been a male-dominated one in France, and for many years the proportion of women in senior management roles at Klépierre was low. The Group takes decisions which help it to achieve better gender equality – not only within its management team but in positions of senior responsibility in general.

In 2020, the Supervisory Board approved Klépierre's gender policy within its governance bodies, in line with the recommendations of the Nomination and Compensation Committee and pursuant to paragraph 7 of the AFEP-MEDEF Code. The gender policy is underpinned by two diversity targets defined by the Executive Board, which are to be met over the short- and medium-term, and includes a dedicated action plan.

- The first target is to increase the percentage of women in the Group's executive and management teams (Executive Board and Corporate Management Team) over the short- and medium-term. Specifically, the aim is for women to hold more than 30% of these positions by December 31, 2022 and 40% by December 31, 2025.
- The second target is to increase the percentage of women in the 100 most senior roles⁽¹⁾ within the Group over the short- and medium-term. Specifically, the aim is for women to hold more than 30% of the most senior roles by December 31, 2023 and 40% by December 31, 2026.

In applying its gender policy, Klépierre aims to meet quantitative targets while transforming its culture. Klépierre strongly believes in the need to support more women in taking on senior management roles and has devised a series of measures as part of its overall drive to increase diversity and transform its culture to identify and retain female talent. It has rolled out a plan focusing on career, parenting, equal pay, training, mentoring and development, communication, networks and engagement in and establishment of special events. Several concrete measures have been defined for each issue, along with a specific budget where appropriate.

In accordance with the AFEP-MEDEF Code, each year the Executive Board will inform the Supervisory Board of the results of its efforts in this regard. The Supervisory Board will report on these measures in the Universal Registration Document so that shareholders are kept informed of the annual progress made in terms of gender equality or, where appropriate, the reasons why objectives were not met and the measures taken to remedy the situation.

Executive Board

Pursuant to Article L. 225-58 of the French Commercial Code, Klépierre has established an internal procedure for selecting Executive Board members with the aim of achieving gender equality. The procedure, which was prepared by the Nomination and Compensation Committee with support from the Executive Board and the Group's Legal Department, was approved by the Supervisory Board on February 4, 2020. It details the actions to be taken to ensure that at least one man and one woman are included among Executive Board candidates submitted to the Supervisory Board.

Corporate Management Team

At the date of this document, the percentage of women in the Corporate Management Team was 50%, compared to 25% on the date the previous Universal Registration Document was filed.

The increase in the proportion of women on the Corporate Management Team is in line with Klépierre's gender balance policy, and brings the proportion of women in the executive management teams (Executive Board and the Corporate Management Team) to 36%.

Positions of senior responsibility

At Group level, of the 100 most senior positions in the Group, 22 were held by women at December 31, 2020⁽²⁾.

This improved performance is the result of Klépierre's policy over the past few years, which has primarily looked to fill positions internally, including senior management positions. Accordingly, further increasing the proportion of women in senior management roles within the Group requires establishing a pool of high-performing female employees in its businesses and at levels of the organization that give access to positions of senior responsibility.

In the agreement on gender equality in the workplace in France (which accounts for over 40% of the Group's total headcount), signed with social partners on July 31, 2017, the Group therefore undertook to increase the proportion of women in its core businesses of asset management, marketing and leasing, and shopping center management.

An action plan has also been rolled out across the Group in connection with the gender policy outlined above. This plan features various measures, including (i) systematically analyzing and rectifying any observed gender pay gaps for equivalent positions (the Group has observed no significant pay gaps in France since 2015), and (ii) organizing an annual review of female talent to effectively identify high-potential employees (second- and third-tier positions below the CMT and GOMT) looking to progress in their careers, and offer them professional opportunities or targeted development measures.

⁽¹⁾ Defined as the 100 highest paid positions in the Group, based on purchasing power parity.

⁽²⁾ Under the terms of Article L. 22-10-10 of the French Commercial Code, 10% of the positions within Klépierre are classified as positions of senior responsibility (i.e., 110 positions in total). As of December 31, 2020, 32 (29%) of these positions were held by women. This percentage is higher than the previous year, with 25% of women holding the top 10% most senior roles at December 31, 2019.

Succession plan

Klépierre's succession plan applies to both Group's executive corporate officers and key senior executives. It was drawn up by the Corporate Secretary with assistance from the Human Resources Department (for key senior executive successions) and the Legal Department, under the supervision of the Executive Board. The senior executives concerned were also involved in preparing their own succession plan.

The Nomination and Compensation Committee is closely involved in preparing and monitoring the succession plan and finished its review in December 2020 as part of its annual assessment. During this review, the Committee verified as far as possible that the envisaged successors provided gender balance in line with Klépierre's gender policy.

The succession plan details the roles and responsibilities of the Nomination and Compensation Committee and Supervisory Board in the event that a vacancy arises, notably on the Executive Board. It covers a number of time frames:

- Short-term succession, in the event of an unplanned vacancy (e.g., impediment, resignation or death);
- Medium- or long-term succession (e.g., retirement or end of term of office).

The plan also includes a procedure for identifying and providing support for high-potential talent within the Group, as well as organizing dedicated training to foster the development of this talent.

The Group also has a procedure for selecting candidates for membership of the Executive Board with the aim of achieving gender equality, and an emergency procedure in the event of an unplanned vacancy on the Executive Board.

6.1.3.5 Prevention of insider trading/stock market compliance

As a listed company, Klépierre abides by the rules concerning insider trading. To prevent the risk of insider trading, Klépierre has adopted a Stock Market Code of Conduct, which is updated regularly.

The main objectives of the Code of Conduct are to:

- Define inside information and the general rules applicable to its use;
- Identify the people concerned by inside information;
- Detail the specific rules applying to persons holding inside information;

- List the applicable penalties in the event of a breach of the requirements regarding the holding of inside information.

The Code of Conduct applies to corporate officers (the Chairman of the Executive Board and the members of the Executive Board and Supervisory Board) and persons of similar status, and more generally to permanent insiders, as well as persons holding inside information who are subject to closed periods and employees who may have access to inside information on Klépierre or Klépierre securities.

Under the terms of the Code of Conduct, corporate officers and persons of similar status and any persons with close personal ties to corporate officers and persons of similar status have an obligation to disclose any transactions they make involving securities issued by the Company.

Senior executives and other persons holding inside information who are subject to closed periods are prohibited from conducting any personal transactions in Klépierre securities during the following periods:

- For 30 calendar days before the publication of the press release announcing the annual financial statements;
- For 30 calendar days before the publication of the press release announcing the interim financial statements;
- For 15 calendar days before the publication of the quarterly information with respect to the first and third fiscal quarters.

This restriction applies until the day after the publication of the quarterly, interim or annual information concerned.

Employees may be identified as occasional insiders and as such be temporarily covered by the same ban during periods in which transactions may influence Klépierre's share price.

Furthermore, beneficiaries of performance shares must comply with certain sale restrictions at the end of the lock-up period, under the conditions provided for in Article L. 22-10-59 of the French Commercial Code.

In addition to the Code of Conduct, the Group has also drawn up supporting procedures and practical information sheets, which are communicated to all Klépierre senior executives and employees.

An Inside Information Committee was set up in 2017, comprising the Executive Board members, the Group Chief Legal Officer and the Group Head of Internal Audit & Control. The role of the Committee is to decide whether to classify information as "inside", to closely monitor information that may potentially be classified as "inside", and to draw up the list of insiders in each case so that they may be reminded of their obligations.

6.2 COMPENSATION OF CORPORATE OFFICERS

6.2.1 Compensation policy for corporate officers

This section will be submitted to the Ordinary and Extraordinary General Meeting of June 17, 2021 for approval by way of specific resolutions, and complies with all the recommendations of the AFEP-MEDEF Code as regards compensation.

6.2.1.1 Basic principles for setting the compensation policy

In Klépierre's long-term corporate interest, the Supervisory Board sets the compensation policy, acting on the recommendation of the Nomination and Compensation Committee and taking into account the principles of the AFEP-MEDEF Code (namely comprehensiveness, balance between the compensation components, comparability, consistency, clarity of the rules, and proportionality), in order to meet the objectives set out below.

Compensation levels enable us to attract and retain the best talent

Appropriate compensation, both fixed and variable, is essential to attract, retain and motivate the best talent. The compensation offered should therefore be competitive and in line with market practices for comparable companies. In compliance with the principle of comparability recommended by the AFEP-MEDEF Code, the Nomination and Compensation Committee regularly reviews its approach using studies conducted by various independent specialists based on panels of companies of a similar size and/or operating in the same business sector as Klépierre, and with comparable international exposure.

Compensation packages are balanced and take into account areas of responsibility

Compensation paid to Supervisory Board members includes a fixed amount and a predominantly variable amount based on actual attendance at meetings of the Supervisory Board and/or Committees on which they sit.

Regarding Executive Board members, the Supervisory Board ensures that compensation is balanced (fixed, short-term variable and long-term variable components), with each component representing about one-third of total compensation for the year. In accordance with section 25.1.2 of the AFEP-MEDEF Code, the compensation of corporate officers is based on work performed, responsibility taken on board, and the duties entrusted to them.

Compensation of executive corporate officers is performance-based

The recognition of the performance of executive corporate officers strikes a balance between their interests, those of Klépierre and those of its shareholders. Accordingly, the compensation package for Executive Board members is subject to performance conditions, concerning both the short-term variable portion and the allotment of performance shares.

The performance criteria are financial, operating and non-financial. They are based on the achievement of various targets relating in particular to Klépierre's commercial strategy and to the ability of management to adapt Klépierre's organization to the environment and changes in its markets.

These criteria are regularly updated by the Nomination and Compensation Committee, as well as by the Supervisory Board.

Compensation of executive corporate officers takes into account the compensation and employment conditions applicable to Klépierre employees

Pertinent information on the Group's compensation policy is regularly provided to the Nomination and Compensation Committee.

For Executive Board members, the Supervisory Board ensures that their compensation package is consistent with that of the Group's senior managers, i.e., that it comprises both fixed components and short- and long-term variable components. Performance conditions applicable to the Group's key senior managers are the same as those applied to shares allotted to Executive Board members under the long-term incentives currently in force.

In addition, the Supervisory Board also includes criteria related to employment conditions for the Group's employees in the objectives underpinning the variable compensation payable to Executive Board members. For example, the short-term variable compensation objectives assessed include initiatives promoting diversity and talent development.

Compensation of executive corporate officers reflects Klépierre's CSR objectives to promote long-term growth

Both short- and long-term variable components are subject to non-financial criteria regarding CSR issues. These criteria are determined in line with the Group's targets in order to promote sustainable, environmentally-friendly development over the long term.

6.2.1.2 Decision-making process for setting, revising and implementing the compensation policy

At the beginning of each year, the Nomination and Compensation Committee conducts a review of the different components of compensation of Supervisory Board and Executive Board members. Based on the Nomination and Compensation Committee's work, the Supervisory Board then sets the compensation policy to be put to the vote at Klépierre's next General Meeting. The same process applies if the compensation policy is revised, or if exceptions are made.

Supervisory Board

In accordance with Article 17, paragraph 1 of the Company's bylaws, the General Meeting sets the total amount allotted to the Supervisory Board members in respect of their duties on the Board and on its Committees during the fiscal year.

This annual amount set by the Ordinary and Extraordinary General Meeting of April 19, 2016 was €700,000. This amount is maintained

for subsequent fiscal years unless modified by the General Meeting. At the beginning of each year, acting on the recommendation of the Nomination and Compensation Committee, the Supervisory Board allots the previous year's compensation among its members, taking into account the offices held by each member on the Board and its various Committees and their attendance record.

Executive Board

The table below presents the steps and timeline for setting the compensation of the Chairman and the Executive Board members.

POST-GENERAL MEETING OF PRIOR YEAR AND FIRST QUARTER OF CURRENT YEAR

Nomination and Compensation Committee

The Nomination and Compensation Committee analyzes the applicable governance rules and any changes. It reviews reports on the meetings organized as part of the annual governance roadshows. The Committee subsequently issues its recommendations on the compensation policy to the Supervisory Board, especially as regards the following aspects:

- **Overall structure of corporate officers' compensation:** the Committee reviews and assesses its appropriateness each year, taking into account all components of compensation, including any severance pay.
- **Fixed annual compensation:** the Committee evaluates its amount each year, taking into account events affecting the Group and other compensation components.
- **Short-term variable compensation:**
 - The Committee sets the amount of short-term variable compensation due in respect of the prior year on the basis of performance criteria as specified in the compensation policy.
 - It then makes proposals for the performance criteria applicable to the short-term variable compensation due in respect of the current year.
- **Long-term incentive plans:**
 - The Committee discusses the general policy for the allotment of performance shares each year and ensures that there is a sufficiently large group of beneficiaries within the Group. For information, in 2020 these allotments covered 10% of employees.
 - The Committee then proposes performance criteria applicable to all performance shares allotted within the Group for the current year, based on ambitious targets assessed over a three-year period.
 - As regards plans that have matured, the Committee assesses the achievement levels with regard to the applicable performance conditions.
 - Lastly, the Committee proposes a number of performance shares to be allotted to the Chairman and members of the Executive Board for the current year.
- **Benefits in kind:** the Committee reviews and values the various benefits in kind granted and includes them in its assessment of Executive Board compensation.

FROM FEBRUARY/MARCH OF CURRENT YEAR

Supervisory Board

On the basis of the Nomination and Compensation Committee's work and recommendations:

- The Supervisory Board sets the current year's compensation policy.
- The amount of **short-term variable compensation payable to the Chairman and members of the Executive Board in respect of the prior year** is set by the Supervisory Board based on its assessment of their performance with regard to the quantitative and qualitative criteria. The quantitative criteria relating to financial or stock market indicators are assessed on the basis of the consolidated financial statements as approved by the Supervisory Board, or on the basis of market data. The qualitative criteria are assessed on the basis of the Nomination and Compensation Committee's report.
- As regards **long-term incentive plans that have matured**, the Board takes due note of the performance levels achieved with regard to the applicable performance conditions.

FIRST HALF OF CURRENT YEAR

General Meeting of Shareholders

The compensation policy for the current year is submitted to the vote of the General Meeting (*ex ante* say on pay).

The compensation and benefits paid during or allotted for the previous year (i) to all corporate officers as a whole and (ii) to each executive corporate officer are also submitted to the vote (*ex-post* say on pay).

POST-GENERAL MEETING OF CURRENT YEAR

Nomination and Compensation Committee

The Nomination and Compensation Committee, and then the Supervisory Board based on the Committee's work, prepare a report on the General Meeting, including an analysis of results of the vote on the resolutions and an analysis of comments from investors and proxy advisors.

Supervisory Board

The Nomination and Compensation Committee and the Supervisory Board rely in particular on the following resources when setting the compensation policy:

- **Highly reputed independent specialized consultants**, in particular for benchmarking;
- **Meetings with the Group's General Secretary, who supervises the Legal and Human Resources Departments**, for example to obtain information about the compensation and employment terms of the Group's employees;
- **Meetings with investors and proxy advisors.**

To avoid conflicts of interest and in accordance with AFEP-MEDEF Code recommendations:

- Executive Board members do not attend Nomination and Compensation Committee meetings;
- Executive Board members are not present during the Supervisory Board's deliberations on their compensation.

The rules governing conflicts of interest concerning the members of the Executive Board are described in detail on page 278.

6.2.2 Compensation of corporate officers for fiscal year 2021

6.2.2.1 Compensation of the Chairman and the members of the Supervisory Board for fiscal year 2021

Taking into account the fact that the number of Supervisory Board members was reduced to nine following the General Meeting of April 18, 2017, the utilization in fiscal year 2021 of the fixed annual budget of €700,000 is not expected to exceed €688,000.

The annual amount is allotted based on the offices held by each member on the Board and/or its various Committees, distinguishing between Chair or Vice Chair and members, as well as their attendance record at Board and Committee meetings during the year:

Office	Compensation	Total
Chair (Board and Committees) or Vice Chair	Fixed portion: €22,000 per office Chairman of the Supervisory Board, Vice Chair of the Supervisory Board, Chairs of the Audit Committee, Investment Committee, Nomination and Compensation Committee and Sustainable Development Committee Variable portion: N/A	€132,000
Supervisory Board member	Fixed portion: €12,000 per Board member Variable portion: Amount based on attendance record at Board meetings	€108,000 €224,000
Committee members	Fixed portion: N/A Variable portion: Amount based on attendance record at the relevant Committee meetings	€224,000
TOTAL		€688,000

Supervisory Board members may also obtain the reimbursement of all reasonable costs and expenses arising from the exercise of their duties, subject to providing the necessary supporting documentation.

No other components of compensation are awarded to members of the Supervisory Board or its Committees, and no agreements (employment or service agreements) have been entered into by Board or Committee members with the Company (or within the Group).

6.2.2.2 Compensation of the Chairman and members of the Executive Board for fiscal year 2021

Subject to the approval by the shareholders of the resolutions submitted to the General Meeting of Shareholders of June 17, 2021, the following tables provide a summary and breakdown of the components of the compensation of Executive Board members in respect of 2021.

No changes are envisaged in the compensation policy of the Chairman and the members of the Executive Board for 2021 versus the policy in place for fiscal year 2020.

On the recommendation of the Nomination and Compensation Committee, the Supervisory Board will propose to the General Meeting of Shareholders of June 17, 2021 to grant it the power to adapt or amend in prescribed and specific circumstances the performance criteria and calculation scale applicable to the compensation of the Chairman and the members of the Executive Board for 2021.

Summary of the structure of the compensation of the Chairman and the Executive Board members and changes during the year ended December 31, 2021

Fixed compensation	Short-term variable compensation	Long-term incentives			
Fixed compensation	Quantitative criteria (capped at 80% of fixed compensation) + Qualitative criteria (capped at 50% of fixed compensation)	Absolute stock market performance of Klépierre (TSR)	Relative stock market performance versus a panel of comparable companies (TSR)	Internal performance (change in shopping center net rental income)	CSR performance
Benefits in kind		10%	30%	40%	20%
Performance assessed over three years, followed by a two-year lock-up period					
Shareholding obligation					

Component	Comments	Change in 2021 versus 2020 ^(a)
Fixed compensation	The fixed compensation of Executive Board members must remain unchanged until the end of their term of office. For information, over the past few years, the Supervisory Board has been gradually raising the fixed compensation of Executive Board members to ensure that it remains competitive and appropriate. In the context of the Covid-19 pandemic, the Chairman of the Executive Board and the Chief Financial Officer, member of the Executive Board, voluntarily waived 30% of their fixed compensation between April 1, 2020 and December 31, 2020.	No change
Short-term variable compensation	As in 2020, the level of net cash flow per share in 2021 will be broadly dictated by the severity of the health crisis and the resulting lockdown measures. However, the Supervisory Board nonetheless considered that this criterion – one of the key indicators the Company discloses to the markets – remains appropriate. Therefore, the criteria used to set variable compensation for fiscal year 2020 will remain in force. The bulk of these criteria are quantitative (quantitative component capped at 80% of fixed compensation of the senior executives concerned), with the qualitative component remaining capped at 50% of fixed compensation of the senior executives concerned.	No change
Long-term variable compensation	Vesting of performance shares is subject to service and performance conditions assessed over a three-year period (except in cases of early vesting). These performance conditions are presented in section 6.2.2.2.1.	No change

^(a) The General Meeting of April 30, 2020 approved the components of compensation paid or allotted for fiscal year 2019 to Jean-Marc Jestin (by 95.12% of votes cast) and to Jean-Michel Gault (by 96% of votes cast).

6.2.2.2.1 Components of the Chairman of the Executive Board's compensation for fiscal year 2021

Jean-Marc Jestin was re-appointed as Chairman of the Executive Board for a term of three years effective from June 22, 2019.

Should a new Chairman of the Executive Board be appointed, the principles and criteria provided for in the last compensation policy approved by the General Meeting would also apply to him. In such cases, acting on the recommendation of the Nomination and Compensation Committee, the Supervisory Board will, in light of existing practices and based on the situation of the executive concerned, determine the different components of compensation, which shall not exceed those set out in said policy. The Supervisory Board may decide exceptionally to award an on-boarding package as a recruitment incentive for a new executive joining from another group. The payment of this package, which may take different forms, is designed to offset the loss of benefits to which executives may have been entitled in their previous position. In compliance with section 25.4 of the AFEP-MEDEF Code, in the event that such a package is granted, it must be explained and the amount made public at the time it is set, even where payment is made in installments or deferred.

To summarize, Jean-Marc Jestin's compensation is typically split into equal portions between the fixed component (including benefits in kind), the short-term variable component and the long-term variable component.

The Chairman of the Executive Board's compensation includes the following components:

a) Fixed annual compensation

The fixed annual compensation of the Chairman of the Executive Board for 2021 is based on a gross amount of €750,000, unchanged from the fixed annual compensation set for 2020, it being stated that in the context of the Covid-19 pandemic, the Chairman of the Executive Board voluntarily waived 30% of his fixed compensation between April 1, 2020 and December 31, 2020.

b) Short-term variable compensation

Short-term variable compensation for the Chairman of the Executive Board is determined with regard to the achievement of specific, ambitious quantitative and qualitative objectives whose detail and weighting are set at the beginning of the year (these objectives are not disclosed publicly for confidentiality reasons, although they are made public *ex-post*):

Quantitative component		
Weighting	Description	Comments
Capped at 80% of fixed annual compensation (i.e., 61.5% of the maximum total short-term variable compensation)	<p>Net current cash flow guidance as disclosed to the markets at the beginning of the year.</p> <p>The net current cash flow per share target disclosed to the markets and the performance scale were prepared based on the assumption of a certain number of enforced closure days for the Group's shopping centers in 2021.</p> <p>The scales may be adjusted in the event that the effective enforced closure days differ from these assumptions.</p> <p>Achieving the target net current cash flow per share announced by Klépierre as guidance to the market grants entitlement to 60% of the fixed annual compensation. In addition, a performance floor has been set at more than 92% of the target.</p>	<p>This financial indicator is particularly relevant for a real estate company such as Klépierre as it enables the following to be measured:</p> <ul style="list-style-type: none"> • Changes in income based on organic and external growth; • Cost management efficiency (operating and financial costs); • Tax exposure of recurring operations. <p>It is one of the key indicators that Klépierre discloses to the markets. Net current cash flow per share growth and its regularity are fundamental inputs in the valuation of the Klépierre share price.</p> <p>The quantitative component is applied identically to all Executive Board members because it measures their performance as an executive team with collective responsibility.</p>
Qualitative component		
Weighting	Description	Comments
Capped at 50% of fixed annual compensation (i.e., 38.5% of the maximum total short-term variable compensation)	<p>The qualitative portion of variable compensation is measured by applying several criteria and for 2021 is based around the following topics:</p> <ul style="list-style-type: none"> • Promotion of CSR; • Strategy implemented to enhance the quality of the portfolio (developments, investments, disposals); • Management of the health crisis; • Management of human capital. 	<p>The qualitative component measures the individual performance of the Chairman of the Executive Board based on specific targets for the relevant year.</p> <p>These specific targets are decided by the Supervisory Board for the year concerned according to the priorities set by the Board, acting on the recommendation of the Nomination and Compensation Committee, and are communicated to the Chairman of the Executive Board.</p>

The overall short-term variable compensation paid to the Chairman of the Executive Board is capped at 130% of his fixed annual compensation as stated in the 2021 compensation policy.

In accordance with Article L. 22-10-34 II, paragraph 2 of the French Commercial Code, the annual variable compensation due for fiscal year 2021 will be paid after the Ordinary General Meeting to be called in 2022 to approve the 2021 financial statements, and is contingent on its approval by that Meeting.

Faculty of the Supervisory Board

In exceptional circumstances, the Supervisory Board, having solicited the opinion of the Nomination and Compensation Committee, may exercise its judgment to adapt and/or amend the performance criteria and/or the calculation scale (upwards or downwards) used to determine the short-term variable compensation of the Chairman of the Executive Board in the event that the impact of such an exceptional circumstance were disproportionate with regard to the fundamental principles of the compensation policy described in section 6.2.11. In any event, the Supervisory Board's powers in this regard may not give rise to a change in the weighting of the quantitative component of short-term variable compensation (which would remain capped at 80% of fixed compensation) or of the qualitative component of short-term variable compensation (which would remain capped at 50% of fixed compensation). Exceptional circumstances that may give rise to the use of this power include any exogenous event that could not reasonably have been taken into consideration or quantified at the time the compensation policy was set, such as the Covid-19 health crisis and subsequent developments, any comparable events or the prolongation thereof.

The Supervisory Board is required to give account in the event that it exercises these powers.

c) Long-term variable compensation

The General Meeting of April 16, 2019 authorized Klépierre to allot performance shares to the Group's executive corporate officers and senior managers.

The rules of the plan to be implemented in 2021 for corporate officers will include a three-year vesting period (save for specific cases of early vesting)⁽¹⁾, subject to a service condition and performance conditions, followed by a two-year lock-up period.

These performance conditions are based on financial, non-financial and operating targets that contribute to the goals of the compensation policy:

- Conditions that encourage the achievement of the Group's operating and financial targets and thus drive greater value creation for shareholders. They therefore promote the alignment of the beneficiaries' interests with those of the Company and of its shareholders.
- Varied and demanding conditions, which differ from those applicable to short-term variable compensation and which are for the most part assessed based on financial and quantitative criteria along with criteria linked to the environmental or social issues facing the Group.
- Conditions based on Klépierre's performance, improvements in which depend on the work put in by the teams and their results, based on an approach designed to create value over the long term.

⁽¹⁾ Including in the event of the death or disability of the beneficiary, transactions resulting in a change in control, and delisting.

The conditions underlying the performance shares to be allotted to the executive corporate officers in 2021 are detailed in the table below:

SERVICE CONDITION

The beneficiary must remain within the Group until the end of the vesting period, except in the event of early vesting under the terms and conditions of the plan (notably in the event of the death or disability of the beneficiary, transactions resulting in a change in control, and delisting). Should the beneficiary leave the Group before the end of the performance assessment period for the performance shares not provided for in the plan rules, entitlement to all or a portion of the performance shares is subject to the decision of the Supervisory Board and must be substantiated. The Supervisory Board will only authorize a partial waiver of the service condition, such that the performance shares vest pro rata to members' service to the Group, and performance conditions will continue to apply until the end of the vesting period.

FOUR PERFORMANCE CONDITIONS

Performance assessed	Indicator	Calculation method	Weighting	Justification of choice
Absolute stock market performance	Total Shareholder Return (TSR, change in share price plus dividend) of the Klépierre share.	Comparison of the share price during the initial allotment period compared to the share price during the final allotment period. The achievement scale is presented on page 288.	10% of the total allotment	This condition measures the returns for shareholders based on stock market performance and dividends received. Its weighting must nevertheless be limited insofar as it mainly depends on Klépierre's share price performance, which is not solely influenced by the Company's intrinsic operating performance, but is also impacted by macroeconomic trends that may be unrelated to the Company's business.
Relative stock market performance	TSR of a panel of European retail real estate firms, comprising: URW, CityCon OYJ, Eurocommercial Properties, Deutsche Euroshop, Wereldhave N.V., Mercialis, Vastned Retail NV, Immobiliare Grande Dis, Atrium European Real Estate and Carmila.	Comparison of Klépierre's TSR with that of the panel. The achievement scale is presented on page 288.	30% of the total allotment	This criteria compares Klépierre's TSR with that of companies whose primary business activity is operating shopping centers and are therefore faced with comparable issues and economic cycles.
Internal performance	Change over three years in net rental income.	Calculation of the average annual change in shopping center like-for-like net rental income, as reported by the Group in its annual consolidated financial statements over the last three fiscal years preceding the reference date. The achievement scale is presented on page 288.	40% of the total allotment	This is an operating criterion directly linked to the business of the Company, appropriate for measuring the Company's business growth and the teams' efforts to optimize like-for-like rental income and therefore maximize returns from the Group's real estate portfolio. Growth in like-for-like net rental income includes: <ul style="list-style-type: none"> Increases in minimum guaranteed rents when the lease is renewed, which reflect the Group's capacity to host the most attractive retailers in its centers and to optimize the rental value of available space; Reductions in vacancy rates, which are key to the attractiveness of a given shopping center; Optimal management of shopping center costs.
CSR performance	(i) GRESB rating: Klépierre must rank in the top five in its category and have a "5-star" rating, which is awarded only to the top performers. (ii) Level of achievement of certain targets in the CSR road map.	The achievement of objectives is assessed annually by an independent third party (Ernst & Young). The achievement scale is presented on page 288.	20% of the total allotment	These criteria reflect Klépierre's desire to unite its employees and executives around corporate social responsibility issues in line with Klépierre's CSR road map.

The number of performance shares that may fully vest to the eligible executive corporate officers under this 2021 allotment will be calculated using the following achievement scale:

Performance assessed	Performance	% of shares delivered ^(a)	Assessment of the requirements for the chosen performance conditions
Absolute stock market performance (10% of the allotment)	≤16.5%	0%	The percentage of shares allotted is zero where the TSR is less than or equal to 16.5%. To achieve the maximum target, the TSR must be greater than or equal to 30%. Exceeding the 30% threshold does not result in the allotment of additional shares, which is capped at 10% of the initial number of shares allotted.
	20%	33.3%	
	22.5%	50%	
	25%	66.7%	
	27.5%	83.3%	
	≥30%	100%	
Relative stock market performance (30% of the allotment)	Index -100 bps	0%	If Klépierre's TSR is equal to the TSR of the panel ("Index"), only 33.33% of the shares will be allotted. To achieve the maximum target, Klépierre's TSR must outperform the TSR of the panel ("Index") by 300 basis points. Exceeding this threshold does not result in the allotment of additional shares, which is capped at 30% of the number of shares initially allotted.
	Index	33.3%	
	Index +100 bps	50%	
	Index +200 bps	66.7%	
	Index +300 bps	100%	
Internal performance (40% of the allotment)	<1%	0%	If the growth in net rental income over three years is equal to 1%, only 30% of the shares will be allotted. To achieve the maximum target, the increase must be greater than or equal to 3%. Exceeding the 3% threshold does not result in the allotment of additional shares, which is capped at 40% of the initial number of shares allotted. This is a very ambitious growth target considering that the Group renews an average of only 8% of its leases each year. The level of ambition of this target can be measured in light of the historical performance of Klépierre and of its main competitors. Based on Klépierre's results since 2010 ^(b) , the performance criterion has been met in only five fiscal years, i.e., in almost every other year over the 2010 to 2020 period (2010 being the first year the three-year average was calculated). As regards the results of Klépierre's main competitors since 2012, none of them have reported average growth in like-for-like net rental income ^(c) in excess of 3% for the 2012-2020 period.
	1%	30%	
	≥3%	100%	
CSR performance (20% of the allotment)	GRESB rating: Klépierre must rank in the top five and have a "5-star" rating; (12% of the allotment)		GRESB (Global Real Estate Sustainable Benchmark) is an organization that assesses the ESG performance of real estate companies. The objective is to rank among the top five companies in its category ^(d) and to obtain the highest "5-star" rating. Klépierre has set out an ambitious CSR strategy with a number of priorities. The shares vest only if the conditions are fulfilled. No shares are allotted if performance is below the target.
	Reduction in the Group's shopping center energy consumption since 2013 (2% of the allotment)	Objective ^(e) : R > -40%	
		R ≤ -44%	
	Shopping centers obtaining sustainable development certification (2% of the allotment)	Objective: 100% of shopping centers (by value)	
	Shopping centers contributing to local employment (2% of the allotment)	Objective: 100% of shopping centers (by value) having implemented at least one initiative during the year to promote local employment ^(f)	
	Employees receiving training (2% of the allotment)	Objective: 100% of employees	

(a) If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.

(b) For the years prior to 2013, the Company calculated growth in like-for-like rental income on the basis of its gross rental income only. In addition, for purposes of comparability, the calculations were made over the entire period by retaining just the shopping center portfolio which represents, since 2013, more than 95% of the value of the property portfolio.

(c) Based on reported like-for-like net rental income, using shopping center portfolios for which data are available.

(d) The category (European / Retail / Listed / Real Estate Company) had 11 members in 2020.

(e) The targets will be adjusted in future performance share plans based on those set in the CSR road map.

(f) Including the organization of an employment forum, partnerships with a local employment organization, partnership with an association supporting employment/integration, publication of jobs available at the center on the center's website and/or through posting, etc.

Caps on allotments

The General Meeting of April 16, 2019 capped the number of shares that may be allotted at 0.5% of the share capital for a period of 38 months and, within this limit, capped the number of shares that may be allotted to the Chairman and members of the Executive Board at 0.2% of the share capital.

In accordance with the compensation policy approved by the Supervisory Board, annual allotments made to the Chairman and members of the Executive Board may not represent more than 125% of short-term compensation⁽¹⁾ for the Chairman and the members of the Executive Board.

Holding obligation

Pursuant to Article L. 225-197-1 of the French Commercial Code as set out in the AFEP-MEDEF Code, the Supervisory Board set the holding obligation for the Chairman and members of the Executive Board as follows: they are required to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of tax and expenses as calculated on delivery of the shares, until the end of their term of office. The Chairman and Executive Board members are encouraged to hold a large and increasing number of shares.

In accordance with the AFEP-MEDEF Code, this amount will be reviewed and set by the Supervisory Board in light of the situation of each executive corporate officer periodically, and at least each time they are re-appointed. Because of the stringent holding obligations, the Supervisory Board does not require the Chairman or members of the Executive Board to buy shares using their own capital on delivery of the performance shares.

Other restrictions

In accordance with the AFEP-MEDEF Code, the Chairman and the members of the Executive Board undertake not to enter into hedging transactions until the end of the lock-up period imposed by the performance share plans.

d) Other components of compensation

Employment contract and severance package

The Chairman of the Executive Board does not have an employment contract.

However, he is eligible for a severance package in the event of his forced departure from Klépierre, the main terms and conditions of which are set out below:

- The severance package will be paid in all cases of forced departure regardless of the method (removal, resignation, etc.), except in the event of serious or gross misconduct and in the event of non-re-appointment as a member of the Executive Board at the end of his term of office. In accordance with the AFEP-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim full retirement benefits within six months of termination.
- In the event of the Chairman of the Executive Board's forced departure, he may be entitled to receive under the package a severance payment in an initial amount of one year's annual compensation, calculated by reference to the (gross) fixed compensation as of the last day of his term of office and the most recent (gross) short-term variable compensation paid as at the date of termination, it being specified that this initial amount may increase on a linear basis according to the Chairman of the Executive Board's length of service as a corporate officer (in the case of Jean-Marc Jestin, on a basis

of one month for each additional year of service with effect from January 1, 2017) and up to a maximum of two years' compensation, in accordance with the AFEP-MEDEF Code. At January 1, 2021, the severance payment would therefore be equal to 16 months based on the latest (gross) fixed and short-term variable compensation.

- It is paid subject to the following performance conditions:
 - In the two fiscal years preceding the year of termination of his term of office, the Chairman of the Executive Board received or will be entitled to receive overall annual variable compensation (quantitative plus qualitative) representing an amount equal to at least 100% of his fixed compensation (the maximum being 130%); and
 - The quantitative portion of the short-term annual variable compensation must, as a minimum, have been paid in an amount equal to the target in said two fiscal years.

These conditions are directly related to the achievement of the short-term compensation objectives applicable to the Chairman of the Executive Board and are therefore among the basic principles of the compensation policy applicable to the Chairman, taking into account performance related to the Group's commercial strategy.

Extraordinary compensation

Extraordinary compensation does not form part of the general compensation policy and may only be awarded in very specific circumstances, in accordance with section 25.34 of the AFEP-MEDEF Code. In accordance with Article L. 22-10-26 of the French Commercial Code, if the decision were made to award this type of compensation, payment would in any event be subject to prior approval by the General Meeting.

For 2021, no extraordinary compensation will be paid to the Chairman of the Executive Board.

Other benefits

The Chairman of the Executive Board has:

- Use of a company car;
- The same occupational insurance and healthcare benefits plan as other Group employees in France. The amount of annual contributions paid by the Company for this purpose is not material, amounting to €3,371 in 2020;
- Unemployment insurance subscribed with GSC.

No loans or guarantees have been granted to him by Klépierre.

Compensation in respect of Board memberships

The Chairman of the Executive Board does not receive any compensation for his offices in the various Group companies.

Deferred variable compensation or multi-annual variable compensation

Klépierre's compensation policy does not include the payment of any deferred variable compensation or multi-annual variable compensation. Consequently, there are no arrangements for such payments.

Defined benefit or defined contribution pension plan

There are no defined benefit or defined contribution pension plans. The Chairman of the Executive Board qualifies for the same compulsory private sector supplementary pension plan as other Group managers.

⁽¹⁾ Calculated as follows: fixed annual compensation as specified in the 2021 compensation policy + target quantitative portion of short-term variable compensation + maximum qualitative portion of short-term variable compensation.

6.2.2.2.2 Components of compensation of members of the Executive Board (excluding the Chairman)

In addition to the Chairman, the Executive Board has two other members:

- Jean-Michel Gault, Chief Financial Officer, who was re-appointed to the Executive Board for a term of three years effective from June 22, 2019; and
- Beñat Ortega, Chief Operating Officer, who was appointed to the Executive Board on November 16, 2020 for a term that expires on June 21, 2022.

Should a new Executive Board member be appointed, the principles and criteria provided for in the last compensation policy approved by the General Meeting would also apply to him. In such cases, acting on the recommendation of the Nomination and Compensation Committee, the Supervisory Board will, in light of existing practices and based on the situation of the executive concerned, determine the different components of compensation, which shall not exceed those set out in said policy. The Supervisory Board may decide exceptionally to award a new corporate officer with an on-boarding package as a recruitment incentive for a new executive joining from another group. The payment of this package, which may take different forms, is designed to offset the loss of benefits to which executives may have been entitled in their previous position. In compliance with section 25.4 of the AFEF-MEDEF Code, in the event that such a package is granted, it must be explained and the amount made public at the time it is set, even where payment is made in installments or deferred.

To summarize, the compensation of the members of the Executive Board is typically split into equal portions between the fixed component (including benefits in kind), the short-term variable component and the long-term variable component.

The compensation of the Executive Board members includes the following components:

a) Fixed annual compensation

The fixed annual compensation of the members of the Executive Board for fiscal year 2021 is set as follows:

- Jean-Michel Gault: €480,000 (unchanged from the amount set in the 2020 compensation policy, it being noted that in the context of the Covid-19 pandemic, the Chief Financial Officer voluntarily waived 30% of his fixed compensation between April 1, 2020 and December 31, 2020); and
- Beñat Ortega: €450,000.

b) Short-term variable compensation

The principles described in section 6.2.2.2.1 ("Components of the Chairman of the Executive Board's compensation for fiscal year 2021", "Short-term variable compensation") also apply to the members of the Executive Board.

Short-term variable compensation for the members of the Executive Board is determined based on the two quantitative and qualitative components set out in section 6.2.2.2.1.

The following qualitative objectives were set for 2021:

- For Jean-Michel Gault, the qualitative component of his variable compensation will be measured based on several criteria relative to oversight of financial transactions and improving Group profitability, managing tax risks, the internal audit function and investor relations.
- Beñat Ortega: the qualitative component of his variable compensation will be based on leasing and marketing initiatives, in particular adapting the Klépierre offering to the latest consumer trends, as well as the areas of shopping center management in connection with CSR issues. His crisis management skills will also be assessed.

The overall short-term variable compensation paid to Executive Board members is capped at 130% of their fixed annual compensation as stated in the 2021 compensation policy.

In accordance with Article L. 22-10-34 II, paragraph 2 of the French Commercial Code, the annual variable compensation due for fiscal year 2021 will be paid after the Ordinary General Meeting to be called in 2022 to approve the 2021 financial statements and is contingent on its approval by that Meeting.

Faculty of the Supervisory Board

In exceptional circumstances, the Supervisory Board, having solicited the opinion of the Nomination and Compensation Committee, may exercise its judgment to adapt and/or amend the performance criteria and/or the calculation scale (upwards or downwards) used to determine the short-term variable compensation of the members of the Executive Board in the event that the impact of such an exceptional circumstance were disproportionate with regard to the fundamental principles of the compensation policy described in section 6.2.1.1. In any event, the Supervisory Board's powers in this regard may not give rise to a change in the weighting of the quantitative component of short-term variable compensation (which would remain capped at 80% of fixed compensation) or of the qualitative component of short-term variable compensation (which would remain capped at 50% of fixed compensation). Exceptional circumstances that may give rise to the use of this power include any exogenous event that could not reasonably have been taken into consideration or quantified at the time the compensation policy was set, such as the Covid-19 health crisis and subsequent developments, any comparable events or the prolongation thereof.

The Supervisory Board is required to give account in the event that it exercises these powers.

c) Long-term variable compensation

The principles and methods described in section 6.2.2.2.1 ("Components of the Chairman of the Executive Board's compensation for fiscal year 2021", "Long-term variable compensation") also apply to the members of the Executive Board.

d) Other components of compensation

Rules applicable to all Executive Board members

Employment contract and severance package

Should a Group employee be appointed as an Executive Board member, the Supervisory Board may, based on the situation of the executive concerned, either request the termination of the employment contract without compensation or maintain but suspend the employment contract.

In the latter case, and in order to limit the financial risk arising from the termination of an employment contract, said contract would be amended to include the employee's agreement to forgo any severance pay exceeding the total amount of their last two years' fixed and variable compensation.

Furthermore, the Supervisory Board may, in the event of forced-departure, authorize a severance package along the same lines as those applicable to the Chairman of the Executive Board and Executive Board members, whose terms and conditions are set out on pages 289 and 291, respectively.

Severance is paid in all cases of forced departure regardless of the method (removal, request for resignation, etc.), except in the event of serious or gross misconduct and in the event of non-re-appointment as Executive Board member at the end of his term of office. In accordance with the AFEP-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim full retirement benefits within six months of termination.

Non-statutory severance is also subject to the achievement of the same performance conditions as applicable to the Chairman of the Executive Board.

These conditions are directly related to the achievement of the short-term compensation objectives applicable to the members of the Executive Board and are therefore among the basic principles of the compensation policy applicable to them, taking into account performance related to the Group's commercial strategy.

Jean-Michel Gault's situation

Jean-Michel Gault has had an indefinite employment contract with the Klépierre Group since August 1, 1998. Pursuant to the national collective bargaining agreement for the real estate industry, the applicable notice period is three months. This employment contract, which has been suspended since July 1, 2016, was amended on November 21, 2017 in order to (i) insert therein Jean-Michel Gault's agreement to waive any severance pay exceeding two years of the last fixed and variable compensation received as a member of the Executive Board (including in respect of the termination of his employment contract) and (ii) to implement a non-statutory package in the event of his forced departure.

The waiver referred to above allows the Company to contain the financial risk linked to any termination of the latter's employment contract, by limiting the severance to two years under all circumstances. Signing this amendment did not lead to any payment in favor of Jean-Michel Gault.

In the event of Jean-Michel Gault's forced departure from Klépierre, the amount of the severance payment under this package will be limited to two years of his fixed annual compensation on the last day of his term of office and the most recent (gross) short-term variable compensation as at the date of termination, less any amount paid for any statutory severance or due under a collective bargaining agreement that Jean-Michel Gault may otherwise receive under his employment contract. Note that the amount of the statutory severance pay to which Jean-Michel Gault may be entitled in the event of the termination of his employment contract is estimated at approximately €0.7 million.

Beñat Ortega's situation

Beñat Ortega resigned from his salaried duties following his appointment to the Executive Board and does not have an employment contract.

In the event of Beñat Ortega's forced departure from Klépierre, he may be entitled to receive under the package a severance payment in an initial amount of one year's annual compensation, calculated by reference to the fixed compensation as of the last day of his term of office and the most recent (gross) short-term variable compensation paid as at the date of termination, it being specified that this initial amount may increase on a linear basis according to Beñat Ortega's length of service as a corporate officer (on a basis of one month for each additional year of service with effect from January 1, 2021) and up to a maximum of two years' compensation, in accordance with the AFEP-MEDEF Code.

Extraordinary compensation

Extraordinary compensation does not form part of the general compensation policy and may only be awarded in very specific circumstances, in accordance with section 25.34 of the AFEP-MEDEF Code. In accordance with Article L. 22-10-26 of the French Commercial Code, if the decision were made to award this type of compensation, payment would in any event be subject to prior approval by the General Meeting.

For 2021, no extraordinary compensation will be paid to the members of the Executive Board.

Other benefits

The members of the Executive Board have:

- Use of a company car;
- The same occupational insurance and healthcare benefits plan as other Group employees in France. The amount of annual contributions paid by the Company for this purpose is not material, amounting to €3,371 per member of the Executive Board in 2020;
- Unemployment insurance subscribed with GSC.

No loans or guarantees have been granted to them by Klépierre.

Compensation in respect of Board memberships

The members of the Executive Board do not receive any compensation for their directorships in the various Group companies.

Deferred variable compensation or multi-annual variable compensation

Klépierre's compensation policy does not include the payment of any deferred variable compensation or multi-annual variable compensation. Consequently, there are no arrangements for such payments.

Special defined benefit or defined contribution pension plan

There are no defined benefit or defined contribution pension plans. The members of the Executive Board qualify for the same compulsory private sector supplementary pension plan as other Group managers. In addition, Jean-Michel Gault is eligible for a supplementary pension plan for senior executives of Compagnie Bancaire. This plan has been capped and closed to new beneficiaries since December 31, 2000. As indicated on page 298, this amount is capped at €7,122.

6.2.3 Compensation of corporate officers for fiscal year 2020

6.2.3.1 Compensation of the Chairman and members of the Supervisory Board for fiscal year 2020

The compensation of the Chairman and members of the Supervisory Board presented below was set by the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee pursuant to the compensation policy approved by the General Meeting of April 30, 2020 (10th resolution) by 99.95% of the votes cast.

This policy complies with the basic principles described in section 6.2.1.1, as it helps to promote long-term growth.

In accordance with the rules for allotting compensation to Supervisory Board members described in section 6.2.2.1, the aggregate amount of annual compensation paid or awarded in fiscal year 2020 in respect of their corporate offices was €675,804.

The compensation of Supervisory Board members was structured as shown in the table below:

In euros	Gross amounts allotted for fiscal year 2019 (to be paid in 2020)					Gross amounts allotted for fiscal year 2020 (to be paid in 2021)				
	Position as Chair	Fixed portion	Variable portion	Other	Total	Position as Chair	Fixed portion	Variable portion	Other	Total
CHAIRMAN OF THE SUPERVISORY BOARD										
David Simon	44,000	12,000	42,120	–	98,120	44,000	12,000	35,389	–	91,389
OTHER SUPERVISORY BOARD MEMBERS										
John Carrafiell	22,000	12,000	35,227	–	69,227	22,000	12,000	38,889	–	72,889
Béatrice de Clermont-Tonnerre	–	12,000	38,674	–	50,674	–	12,000	43,167	–	55,167
Steven Fivel	22,000	12,000	69,689	–	103,689	22,000	12,000	63,902	–	97,902
Robert Fowlds	–	12,000	42,120	–	54,120	–	12,000	35,389	–	47,389
Stanley Shashoua	–	12,000	62,797	–	74,797	–	12,000	59,889	–	71,889
Catherine Simoni	22,000	12,000	59,350	–	93,350	22,000	12,000	56,389	–	90,389
Rose-Marie Van Lerberghe	22,000	12,000	52,458	–	86,458	22,000	12,000	53,402	–	87,402
Florence Von Erb	–	12,000	42,120	–	54,120	–	12,000	49,389	–	61,389
TOTAL	132,000	108,000	444,555	–	684,555	132,000	108,000	435,804	–	675,804

Comparative analysis of the total compensation of the Chairman and Supervisory Board members and that of Klépierre employees

Klépierre referred to the AFEP-MEDEF guidelines as updated for the comparative analysis of the total compensation of the Chairman of the Supervisory Board and that of Klépierre employees.

The relationship between the Chairman of the Supervisory Board's compensation and the average and median full-time equivalent compensation of Klépierre employees (the "average ratio" and "median ratio", respectively) was as follows:

- 2020 average ratio: 1.17;
- 2020 median ratio: 1.62.

The following table sets out the year-on-year change in the compensation of the Chairman and members of the Supervisory Board, Klépierre's performance, the average full-time equivalent compensation of Klépierre employees, and the average and median ratios over the last five years:

PAY RATIOS REFERRED TO IN PARAGRAPHS I. 6° AND 7° OF ARTICLE L. 22-10-9 OF THE FRENCH COMMERCIAL CODE, PREPARED IN ACCORDANCE WITH THE AFEP GUIDELINES, AS UPDATED IN FEBRUARY 2021

	2020	2019	2018	2017	2016
Change (%) in the compensation of the Chairman of the Supervisory Board (David Simon) ^(a)	+0.33%	-3.32%	+34.75%	+28.08%	+8.64%
Change (%) in the compensation of the members of the Supervisory Board (excluding the Chairman) ^(a)	+1.31%	+2.49%	+24.20%	+33.55%	+38.40%
DATA ON THE KLÉPIERRE SA SCOPE					
		N/A (no employees)			
DATA ON THE ENLARGED SCOPE (KLÉPIERRE MANAGEMENT, WHICH EMPLOYS THE GROUP'S ENTIRE FRENCH WORKFORCE)					
Change (%) in the average compensation of Klépierre employees	+1.97%	+0.91%	-1.33%	+1.95%	-4.02%
Concerning the Chairman of the Supervisory Board (David Simon)					
Ratio of the average compensation of Klépierre employees	1.17	1.19	1.24	0.91	0.72
Year-on-year change (%)	-1.61%	-4.20%	+36.57%	+25.63%	+13.19%
Ratio of the median compensation of Klépierre employees	1.62	1.55	1.60	1.17	0.95
Year-on-year change (%)	+4.18%	-2.76%	+36.58%	+23.29%	+10.89%
Concerning the members of the Supervisory Board (excluding the Chairman)					
Ratio of the average compensation of Klépierre employees	6.99	7.04	6.93	5.50	4.20
Year-on-year change (%)	-0.65%	+1.56%	+25.88%	+30.99%	+44.19%
Ratio of the median compensation of Klépierre employees	9.67	9.19	8.92	7.08	5.51
Year-on-year change (%)	+5.20%	+3.08%	+25.89%	+28.56%	+41.27%
KLÉPIERRE PERFORMANCE					
Financial criterion (net current cash flow)	2.05	2.82	2.65	2.48	2.31
Year-on-year change (%)	-27.30%	+6.42%	+6.85%	+7.36%	+6.45%

(a) Components of compensation included in the calculation correspond to the total (gross) amount paid during the year in respect of: compensation linked to the duties as chair or member of the Supervisory Board (and Chair or member of the Board's Committees) that have been effectively received by the officer, and paid during the year in respect of the prior year. The components are presented on page 292 of this document, as well as pages 251 of the 2019 Universal Registration Document, 245 of the 2018 Registration Document and 241 of the 2017 Registration Document.

6.2.3.2 Compensation of the Chairman of the Executive Board for fiscal year 2020

Summary tables based on the AMF and AFEP-MEDEF Code recommendations are presented in section 6.2.5 of this Universal Registration Document.

The compensation of the Chairman of the Executive Board presented below was set by the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee pursuant to the compensation policy approved by the General Meeting of April 30, 2020 (11th resolution) by 96.03% of the votes cast.

This policy complies with the basic principles described in section 6.2.1.1, as it helps to promote long-term growth. These principles were devised after taking into account the vote of the April 30, 2020 General Meeting (13th resolution, approved by 99.53% of votes cast).

Fixed annual compensation

The Chairman of the Executive Board was supposed to receive fixed annual compensation of €750,000 in 2020. However, in the context of the Covid-19 pandemic, the Chairman voluntarily waived 30% of his fixed compensation between April 1, 2020 and December 31, 2020 (€168,750).

Short-term variable compensation

Short-term variable compensation paid in fiscal year 2020 (for fiscal year 2019) approved by the General Meeting of April 30, 2020

On the basis of the Nomination and Compensation Committee's work, the Supervisory Board meeting of February 4, 2020 decided that:

- The variable portion of 2019 compensation due for achieving the quantitative target would amount to 80% of the fixed annual compensation; and

- The variable portion of 2019 compensation due for achieving the qualitative targets would amount to 50% of the fixed annual compensation;

representing a total of €975,000.

Details of the achievement rates for the quantitative and qualitative criteria are presented on page 253 of Klépierre's 2019 Universal Registration Document. This compensation was approved by the General Meeting of April 30, 2020 (15th resolution, approved by 95.12% of votes cast).

Short-term variable compensation allotted for fiscal year 2020 submitted for approval at the General Meeting of June 17, 2021

The short-term variable compensation for fiscal year 2020 was set by the Supervisory Board on March 18, 2021, acting on the recommendation of the Nomination and Compensation Committee. It should be noted that, in accordance with the recommendations of the AFEP-MEDEF Code, Jean-Marc Jestin was not present during the deliberations of the Supervisory Board regarding his compensation.

In application of the compensation policy approved by the General Meeting of April 30, 2020 (11th resolution, approved by 96.03% of votes cast):

- the quantitative component grants entitlement to 0% of fixed compensation, in view of the impact of the Covid-19 crisis on the Group's businesses:

Objective		Achievement for fiscal year 2020
Net current cash flow per share target	The quantitative component is based on the target announced to the markets in February 2020 of €2.90 per share. In addition, a performance floor was set at a minimum of 97% of the target.	€2.05
As a % of fixed compensation	From 0% to 80%	0%
2020 QUANTITATIVE TOTAL (as a % of fixed compensation)		0%

- the qualitative component grants entitlement to 50% of the fixed compensation as presented in the table below:

Subject area of target	Target	Main achievements	Achievement for fiscal year 2020
Strategy (weighting: 25%)	Execution of real estate development projects and meeting the objectives set by the Investment Committee	<ul style="list-style-type: none"> • The objectives set by the Investment Committee were met or exceeded 	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 100% corresponding to 12.5% of Jean-Marc Jestin's fixed compensation.
	Improvement in the quality of Klépierre's property portfolio	<ul style="list-style-type: none"> • Successful continuation of the Group's non-strategic asset disposal strategy • Closing of a strategic acquisition in Italy 	
Corporate social responsibility (weighting: 25%)	Consideration of social, environmental and economic matters in the Group's activities	<ul style="list-style-type: none"> • Accelerated implementation of Act for Good® (the Group's five-year CSR plan) covering energy, waste, mobility, local employment and health/well-being, with numerous concrete achievements 	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 100% corresponding to 12.5% of Jean-Marc Jestin's fixed compensation.
Corporate image (weighting: 25%)	Promoting Klépierre's image through specific social initiatives	<ul style="list-style-type: none"> • Organization of home working capacity and development of programs aimed at maintaining the corporate bond • Promotion of the Klépierre employer brand 	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 100% corresponding to 12.5% of Jean-Marc Jestin's fixed compensation.
	Promotion of Klépierre's image through targeted marketing initiatives	<ul style="list-style-type: none"> • Transformation of shopping centers into safe and secure spaces adapted to the concerns and expectations of visitors • Acceleration of footfall initiatives 	
Management (weighting: 25%)	Quality of initiatives implemented to promote workforce diversity and talent	<ul style="list-style-type: none"> • Implementation of recruitment, training, compensation and internal promotion programs aimed at improving the gender balance • Designation of Klépierre Group diversity ambassadors tasked with driving a cultural transformation • Specific development initiatives and recognition/loyalty programs for the profiles identified • Promotion and development of talent 	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 100% corresponding to 12.5% of Jean-Marc Jestin's fixed compensation.
2020 QUALITATIVE TOTAL (as a % of fixed compensation)			50%

For fiscal year 2020, the short-term variable compensation of Jean-Marc Jestin amounts to €375,000, i.e., 50% of his fixed compensation.

Long-term variable compensation

Performance shares vested in fiscal year 2020

Plan	End of vesting period	Number of shares vested
2017 Plan	April 18, 2020	4,550, representing a vesting rate of 13%

Performance shares allotted in fiscal year 2020

Performance shares were allotted to the Chairman of the Executive Board under the 2020 Plan, with the following characteristics:

- Plan of May 7, 2020 authorized by the General Meeting of April 16, 2019 (22nd resolution);
- Allotment of 35,000 shares to the Chairman of the Executive Board, representing:
 - €186,200, based on the measurement of the performance shares in accordance with IFRS,
 - 11.18% of the total allotment under this plan for all beneficiaries concerned,
 - 0.01% of the Company's share capital at the date of the allotment;
- Allotment subject to four performance conditions (absolute, relative, internal and CSR) assessed over a three-year period. Details of the four performance conditions and the achievement scale are presented on page 322;
- Obligation to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares, until the end of his term of office.

Severance package

It should be recalled that the Chairman of the Executive Board is eligible for a severance package in the event of his forced departure from Klépierre. The conditions attached to this package are detailed on page 289.

At January 1, 2021, the severance payment would be equal to 16 months based on the latest (gross) fixed and short-term variable compensation.

Other benefits

The Chairman of the Executive Board received the following benefits in 2020, valued at €39,407:

- Use of a company car;
- The same occupational insurance and healthcare benefits plan as other Group managers;
- Unemployment insurance subscribed with GSC.

He is also entitled to the same compulsory private sector supplementary pension plan as other Group managers.

Comparative analysis of the total compensation of the Chairman of the Executive Board and that of Klépierre employees

Klépierre referred to the AFEP-MEDEF guidelines as updated for the comparative analysis of the total compensation of the Chairman of the Executive Board and that of Klépierre employees (see page 292 of this Universal Registration Document for more details).

For the Chairman of the Executive Board, the compensation ratios are as follows:

- 2020 average ratio: 21.24;
- 2020 median ratio: 29.38.

The following table sets out the year-on-year change in the Chairman of the Executive Board's compensation, Klépierre's performance, the average full-time equivalent compensation of Klépierre employees, and the average and median ratios over the last five years:

PAY RATIOS REFERRED TO IN PARAGRAPHS I. 6° AND 7° OF ARTICLE L. 22-10-9 OF THE FRENCH COMMERCIAL CODE, PREPARED IN ACCORDANCE WITH THE AFEP GUIDELINES, AS UPDATED IN FEBRUARY 2021

	2020	2019	2018	2017	2016
Change (%) in the compensation of the Chairman of the Executive Board (Jean-Marc Jestin, since November 7, 2016, and previously Laurent Morel until that date) ^(a)	-22.29%	+10.37%	+25.43%	+7.04%	+4.79%
DATA ON THE KLÉPIERRE SA SCOPE					
					N/A (no employees)
DATA ON THE ENLARGED SCOPE (KLÉPIERRE MANAGEMENT, WHICH EMPLOYS THE GROUP'S ENTIRE FRENCH WORKFORCE)					
Change (%) in the average compensation of Klépierre employees	+1.97%	+0.91%	-1.33%	+1.95%	-4.02%
Ratio of the average compensation of Klépierre employees	21.24	27.87	25.48	20.05	19.09
Year-on-year change (%)	-23.79%	+9.37%	+27.12%	+5.00%	+9.18%
Ratio of the median compensation of Klépierre employees	29.38	36.41	32.80	25.80	25.04
Year-on-year change (%)	-19.31%	+11.01%	+27.13%	+3.04%	+6.97%
KLÉPIERRE PERFORMANCE					
Financial criterion (net current cash flow)	2.05	2.82	2.65	2.48	2.31
Year-on-year change (%)	-27.30%	+6.42%	+6.85%	+7.36%	+6.45%

(a) Components of compensation included in the calculation are the total (gross) amount paid during the year. (i) the fixed portion; (ii) the variable portion paid during the year in respect of the prior year; (iii) extraordinary compensation paid during the year; (iv) performance shares allotted during the year (IFRS value) and (v) benefits in kind. The components are presented on pages 305 and 306 of this document, as well as pages 261 of the 2019 Universal Registration Document, 260 of the 2018 Registration Document and 256 and 257 of the 2017 Registration Document.

Under this approach, the IFRS valuation of performance shares allotted for a given fiscal year are included in the calculation. This component historically represents a significant portion (more than one-third) of the total compensation of the Chairman of the Executive Board, whereas their vesting rate at Klépierre varies considerably from one year to the next, as shown in the table below.

	2015	2016	2017	2018	2019	2020
Vesting rate of performance shares	91.52%	44.23%	4.83%	0%	17.67%	13%

6.2.3.3 Compensation of the other Executive Board members for fiscal year 2020

Summary tables based on the AMF and AFEP-MEDEF Code recommendations are presented in section 6.2.5 of this Universal Registration Document.

The compensation of the members of the Executive Board presented below was set by the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee pursuant to the compensation policy approved by the General Meeting of April 30, 2020 (12th resolution) by 96.03% of the votes cast.

This policy complies with the basic principles described in section 6.2.1.1, as it helps to promote long-term growth. These principles were devised after taking into account the vote of the April 30, 2020 General Meeting (13th resolution, approved by 99.53% of votes cast).

Fixed annual compensation

The Chief Financial Officer, member of the Executive Board, was supposed to have received fixed annual compensation of €480,000 in 2020. However, in the context of the Covid-19 pandemic, the Chief Financial Officer voluntarily waived 30% of his fixed compensation between April 1, 2020 and December 31, 2020 (€108,000).

Since his appointment, the Chief Operating Officer and Executive Board member's compensation has been calculated pro rata for the period from November 16, 2020 to December 31, 2020 on the basis of fixed annual compensation amounting to €450,000 (€57,143).

Short-term variable compensation
Short-term variable compensation paid in fiscal year 2020 (for fiscal year 2019) approved by the General Meeting of April 30, 2020

For the Chief Financial Officer, the only other member of the Executive Board in 2019, on the basis of the Nomination and Compensation Committee's work, the Supervisory Board meeting of February 4, 2020 decided that:

- The variable portion of 2019 compensation due for achieving the quantitative target would amount to 80% of the fixed annual compensation; and
- The variable portion of 2019 compensation due for achieving the qualitative targets would amount to 50% of the fixed annual compensation;

representing a total of €624,000.

Details of the achievement rates for the quantitative and qualitative criteria are presented on page 256 of Klépierre's 2019 Universal Registration Document. This compensation was approved by the General Meeting of April 30, 2020 (16th resolution, approved by 96% of votes cast).

Short-term variable compensation allotted for fiscal year 2020 submitted for approval at the General Meeting of June 17, 2021

The short-term variable compensation due to Executive Board members for fiscal year 2020 was set by the Supervisory Board on March 18, 2021, acting on the recommendation of the Nomination and Compensation Committee. It should be noted that, in accordance with the recommendations of the AFEP-MEDEF Code, the members of the Executive Board were not present during the deliberations of the Supervisory Board regarding their compensation.

In application of the compensation policy approved by the General Meeting of April 30, 2020 (12th resolution, approved by 96.03% of votes cast):

- the quantitative component grants entitlement to 0% of fixed compensation, in view of the impact of the Covid-19 crisis on the Group's businesses:

Objective	Achievement for fiscal year 2020
Net current cash flow per share target	€2.05
The quantitative component is based on the target announced to the markets in February 2020 of €2.90 per share. In addition, a performance floor was set at a minimum of 97% of the target.	
As a % of fixed compensation	0%
2020 QUANTITATIVE TOTAL (as a % of fixed compensation)	0%

- the qualitative component grants entitlement to 50% of the fixed compensation as presented in the tables below:

Jean-Michel Gault

Subject area of target	Target	Main achievements	Achievement for fiscal year 2020
Financial optimization (weighting: 40%)	Management of financial transactions	<ul style="list-style-type: none"> Acceleration of Klépierre's financing plan Strengthening of Group liquidity Implementation of new interest rate hedging programs 	After reviewing the main achievements, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 100%, corresponding to 20% of Jean-Michel Gault's fixed compensation.
Risk management (weighting: 30%)	Quality of the risk management policy	<ul style="list-style-type: none"> New internal control initiatives, especially revising the Group's risk map Mandatory training of all employees on anti-corruption guidelines 	After reviewing the main achievements, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 100%, corresponding to 15% of Jean-Michel Gault's fixed compensation.
Corporate image (weighting: 30%)	Roll-out of initiatives contributing to developments in this area	<ul style="list-style-type: none"> "A-" rating from Standard & Poor's maintained Interaction with the financial community to promote Klépierre's strategy Enhancing Klépierre's corporate profile and consolidating its digital ecosystem 	After reviewing the main achievements, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 100%, corresponding to 15% of Jean-Michel Gault's fixed compensation.
2020 QUALITATIVE TOTAL (as a % of fixed compensation)			50%

For fiscal year 2020, the short-term variable compensation of Jean-Michel Gault amounts to €240,000, i.e., 50% of his fixed compensation.

Beñat Ortega

Subject area of target	Target	Main achievements	Achievement for fiscal year 2020
Corporate image (weighting: 100%)	Roll-out of initiatives contributing to developments in this area	<ul style="list-style-type: none"> Consolidation of the Group's digital transformation Strengthening the customer-centric approach in the context of renovations and continuation of innovative service initiatives 	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 100% corresponding to 50% of Beñat Ortega's fixed compensation (as calculated pro rata for the period from November 16, 2020 to December 31, 2020).
TOTAL 2020 QUALITATIVE COMPONENT (as a % of fixed compensation as calculated pro rata for the period from November 16, 2020 to December 31, 2020)			50%

For fiscal year 2020, the short-term variable compensation of Beñat Ortega amounts to €28,571.50, i.e., 50% of his fixed compensation as calculated pro rata for the period from November 16, 2020 to December 31, 2020.

Long-term variable compensation

Performance shares vested in fiscal year 2020

Executive Board member	Plan	End of vesting period	Number of shares vested
Jean-Michel Gault	2017 Plan	April 18, 2020	3,900, representing a vesting rate of 13%
Beñat Ortega	N/A ^(a)	N/A ^(a)	N/A ^(a)

(a) Beñat Ortega joined the Klépierre Executive Board on November 16, 2020, after the vesting period for the 2017 plan.

Performance shares allotted in fiscal year 2020

Jean-Michel Gault

Performance shares were allotted to Jean-Michel Gault under the 2020 Plan, with the following characteristics:

- Plan of May 7, 2020 authorized by the General Meeting of April 16, 2019 (22nd resolution);
- Allotment of 30,000 shares to the Chief Financial Officer, member of the Executive Board, representing:
 - €159,600, based on the measurement of the performance shares in accordance with IFRS;
 - 9.59% of the total allotment under this plan for all beneficiaries concerned;
 - 0.01% of the Company's share capital at the date of the allotment;
- Allotment subject to four performance conditions (absolute, relative, internal and CSR) assessed over a three-year period. Details of the four performance conditions and the achievement scale are presented on page 322;
- Obligation to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares, until the end of his term of office.

Beñat Ortega

Performance shares were allotted to the Chief Operating Officer and Executive Board member under an additional award granted on December 22, 2020 following his appointment to the Executive Board, with the following characteristics:

- Plan of December 22, 2020 authorized by the General Meeting of April 16, 2019 (22nd resolution);
- Allotment of 1,250 shares to the Chief Operating Officer and Executive Board member, representing:
 - €12,050, based on the measurement of the performance shares in accordance with IFRS;
 - 17.24% of the total allotment under this plan;
 - 0% of the Company's share capital at the date of the allotment;
- Allotment subject to four performance conditions (absolute, relative, internal and CSR) assessed over a three-year period. Details of the four performance conditions and the achievement scale are presented on page 322;
- Obligation to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares, until the end of his term of office.

Severance package

It should be recalled that the Executive Board members are eligible for a severance package in the event of their forced departure from Klépierre. The conditions attached to this package are detailed on page 291.

For Jean-Michel Gault, at January 1, 2021 the severance payment would be equal to 24 months based on the latest (gross) fixed and short-term variable compensation, including the statutory severance to which Jean-Michel Gault may be entitled under the collective bargaining agreement in the event of the termination of his employment contract.

For Beñat Ortega, at January 1, 2021, the severance payment would be equal to 12 months based on the latest (gross) fixed and short-term variable compensation.

Other benefits

The members of the Executive Board received the following benefits in 2020, valued at €38,881 for Jean-Michel Gault and at €4,522 for Beñat Ortega:

- Use of a company car;
- The same occupational insurance and healthcare benefits plan as other Group managers;
- Unemployment insurance subscribed with GSC;
- The same compulsory private sector supplementary pension plan as other Group managers.

Jean-Michel Gault also benefits from the supplementary pension plan for senior executives of the former Compagnie Bancaire, which provides for an additional pension on retirement of a maximum annual amount of €7,122.

Comparative analysis of the total compensation of the members of the Executive Board and that of Klépierre employees

The compensation ratios of the Chief Financial Officer, member of the Executive Board, are as follows:

- 2020 average ratio: 14.24;
- 2020 median ratio: 19.69.

Beñat Ortega having joined the Executive Board from November 16, 2020, his compensation ratios will be published in the next Universal Registration Document.

The following table sets out the year-on-year change in the compensation of the Chief Financial Officer, member of the Executive Board, Klépierre's performance, the average compensation, on a full-time equivalent basis, of Klépierre employees, and the average and median ratios over the last five years:

PAY RATIOS REFERRED TO IN PARAGRAPHS I. 6° AND 7° OF ARTICLE L. 22-10-9 OF THE FRENCH COMMERCIAL CODE, PREPARED IN ACCORDANCE WITH THE AFEP GUIDELINES, AS UPDATED IN FEBRUARY 2021

	2020	2019	2018	2017	2016
Change (%) in the compensation of the Chief Financial Officer, member of the Executive Board (Jean-Michel Gault) ^(a)	-27.90%	+2.04%	+14.21%	+12.79%	+4.78%
Change (%) in the compensation of Chief Operating Officer, member of the Executive Board (Beñat Ortega, member of the Executive Board since November 16, 2020) ^(b)					
					N/A ^(b)
DATA ON THE KLÉPIERRE SA SCOPE					
					N/A (no employees)
DATA ON THE ENLARGED SCOPE (KLÉPIERRE MANAGEMENT, WHICH EMPLOYS THE GROUP'S ENTIRE FRENCH WORKFORCE)					
Change (%) in the average compensation of Klépierre employees	+1.97%	+0.91%	-1.33%	+1.95%	-4.02%
<i>Concerning the Chief Financial Officer, member of the Executive Board</i>					
Ratio of the average compensation of Klépierre employees	14.24	20.14	19.92	17.21	15.55
Year-on-year change (%)	-29.30%	+1.12%	+15.75%	+10.63%	+9.17%
Ratio of the median compensation of Klépierre employees	19.69	26.31	25.63	22.14	20.39
Year-on-year change (%)	-25.13%	+2.63%	+15.76%	+8.57%	+6.95%
<i>Concerning the Chief Operating Officer, member of the Executive Board</i>					
Ratio of the average compensation of Klépierre employees					
Year-on-year change (%)					
Ratio of the median compensation of Klépierre employees					
Year-on-year change (%)					
KLÉPIERRE PERFORMANCE					
Financial criterion (net current cash flow)	2.05	2.82	2.65	2.48	2.31
Year-on-year change (%)	-27.30%	+6.42%	+6.85%	+7.36%	+6.45%

(a) Components of compensation included in the calculation are the total (gross) amount paid during the year. (i) the fixed portion; (ii) the variable portion paid during the year in respect of the prior year; (iii) extraordinary compensation paid during the year; (iv) performance shares allotted during the year (IFRS value) and (v) benefits in kind. The components are presented on pages 305 and 306 of this document, as well as pages 261 of the 2019 Universal Registration Document, 260 of the 2018 Registration Document and 256 and 257 of the 2017 Registration Document.

(b) Beñat Ortega joined the Executive Board on November 16, 2020. His compensation ratios will be published in the next Universal Registration Document.

Summary:
CHANGES IN TOTAL COMPENSATION PAID TO THE CHAIRMAN AND EXECUTIVE BOARD MEMBERS

In euros	Chairman of the Executive Board		Chief Financial Officer, member of the Executive Board		Chief Operating Officer, member of the Executive Board ^(a)	
	2019	2020	2019	2020	2019	2020
Fixed compensation	750,000	581,250 ^(b)	480,000	372,000 ^(c)	N/A	57,143 ^(d)
Short-term variable compensation (paid in current year with respect to previous year)	838,000	975,000	568,000	624,000	N/A	N/A
Number of performance shares allotted during the fiscal year concerned	35,000 shares	35,000 shares	30,000 shares	30,000 shares	N/A	1,250 shares
Number of performance shares vested during the fiscal year concerned	5,301 shares (out of 30,000 shares initially allotted)	4,550 shares (out of 35,000 shares initially allotted)	5,301 shares (out of 30,000 shares initially allotted)	3,900 shares (out of 30,000 shares initially allotted)	N/A	N/A

(a) Compensation paid in respect of his term of office as an Executive Board member from November 16, 2020 (Beñat Ortega having resigned from his employment contract as of that date without receiving a termination benefit)

(b) Including the voluntary waiver of 30% of the fixed compensation of the Chairman of the Executive Board for the period from April 1, 2020 to December 31, 2020, in the context of the Covid-19 pandemic.

(c) Including the voluntary waiver of 30% of the fixed compensation of the Chief Financial Officer for the period from April 1, 2020 and December 31, 2020, in the context of the Covid-19 pandemic.

(d) Calculated pro rata for the period from November 16, 2020 (date of appointment to the Executive Board) to December 31, 2020, based on a fixed annual compensation of €450,000.

6.2.4 Components of compensation paid during or allotted for fiscal year 2020 to corporate officers

6.2.4.1 Chairman of the Supervisory Board

Components of compensation put to the vote	Amounts paid during or allotted for fiscal year 2020 or accounting value	Presentation
Fixed annual compensation	None	
Annual variable compensation	None	
Deferred variable compensation	None	
Multi-annual variable compensation	None	
Extraordinary compensation	None	
Performance shares	None	
Stock options	None	
Compensation in respect of Board membership	None	
Value of benefits in kind	None	
Severance payment	None	
Non-compete benefit	None	
Supplementary pension plan	None	
Other	None	
Compensation in respect of his role as Chairman and member of the Supervisory Board	91,389	Calculated in accordance with the rules for allotting compensation to the members of the Supervisory Board, as described in sections 6.2.2.1 and 6.2.3.1.

6.2.4.2 Chairman of the Executive Board

Components of compensation put to the vote	Amounts paid during or allotted for fiscal year 2020 or accounting value	Presentation
Fixed annual compensation	€581,250	The Chairman of the Executive Board was to receive fixed annual compensation of €750,000 in 2020. In the context of the Covid-19 pandemic, the Chairman of the Executive Board voluntarily waived 30% of his fixed compensation between April 1, 2020 and December 31, 2020.
Annual variable compensation	€375,000	<p>Annual variable compensation paid in 2020 (in respect of 2019): on the basis of the Nomination and Compensation Committee's work, the Supervisory Board meeting of February 4, 2020 decided that:</p> <ul style="list-style-type: none"> • The variable portion of 2019 compensation due for achieving the quantitative target would amount to 80% of the fixed annual compensation; and • The variable portion of 2019 compensation due for achieving the qualitative targets would amount to 50% of the fixed annual compensation; representing a total of €975,000. <p>Details of the achievement rates for the quantitative and qualitative criteria are presented on page 253 of Klépierre's 2019 Universal Registration Document.</p> <p>This compensation was approved by the General Meeting of April 30, 2020 (15th resolution, approved by 95.12% of votes cast).</p> <p>Annual variable compensation allotted for fiscal year 2020: for information, the Chairman of the Executive Board's variable compensation for fiscal year 2020 could vary between 0% and 130% of his fixed annual compensation and is set as follows:</p> <ul style="list-style-type: none"> • 0% to 80% of the fixed annual compensation based on net current cash flow per share; and • 0% to 50% of the fixed annual compensation, based on the following areas and targets set for 2020: (i) strategy, (ii) corporate social responsibility, (iii) corporate image, and (iv) management. <p>In view of the exceptional circumstances arising due to the Covid-19 pandemic, at its meeting of March 18, 2021, the Supervisory Board set:</p> <ul style="list-style-type: none"> • The variable portion of 2020 compensation due for achieving the quantitative target would amount to 0% of the fixed annual compensation; and • The variable portion of 2020 compensation due for achieving the qualitative target would amount to 50% of the fixed annual compensation; representing a total of €375,000. <p>Details of the achievement rates for the quantitative and qualitative criteria are presented on page 294 of this document.</p> <p>Payment of this compensation is subject to the approval of the General Meeting of June 17, 2021.</p>
Deferred variable compensation	None	
Multi-annual variable compensation	None	
Extraordinary compensation	None	
Performance shares	€186,200 (accounting value)	<p>The allotment of performance shares is examined in light of the total annual compensation of the executive corporate officer concerned, while ensuring that the interests of shareholders are respected. Shares are allotted in the scope of annual plans and the number of shares is set at pre-determined times.</p> <p>The main characteristics of the 2020 Plan are as follows:</p> <ul style="list-style-type: none"> • Plan of May 7, 2020 authorized by the General Meeting of April 16, 2019 (22nd resolution); • Allotment of 35,000 shares to the Chairman of the Executive Board, representing: <ul style="list-style-type: none"> – €186,200, based on the measurement of the performance shares by an expert and in accordance with IFRS (i.e., €5.32 per share at the time of the allotment); – 11.18% of the total allotment under this plan for all beneficiaries concerned; – 0.01% of the Company's share capital; • Allotment subject to four performance conditions (absolute, relative, internal and CSR) assessed over a three-year period. Details of the four performance conditions and the achievement scale are presented on page 322; • Obligation to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares, until the end of his term of office.
Stock options	None	
Compensation in respect of Board membership	None	
Value of benefits in kind	€39,407	<p>Provision of a company car.</p> <p>Contributions paid by the Company for Jean-Marc Jestin to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees.</p> <p>Unemployment insurance subscribed with GSC.</p>

Components of compensation put to the vote	Amounts paid during or allotted for fiscal year 2020 or accounting value	Presentation
Severance payment	None	<p>Jean-Marc Jestin is eligible for a severance package in the event of his forced departure from Klépierre.</p> <p>The severance package will be paid in all cases of forced departure regardless of the method (removal, resignation, etc.), except in the event of serious or gross misconduct and in the event of non-re-appointment as a member of the Executive Board at the end of his term of office. In accordance with the AFEP-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim full retirement benefits within six months of termination.</p> <p>In the event of Jean-Marc Jestin's forced departure, he may be entitled to receive under the package a severance payment in an initial amount of one year's annual compensation, calculated by reference to the fixed compensation as of the last day of his term of office and the most recent (gross) short-term variable compensation paid as at the date of termination, it being specified that this initial amount may increase on a linear basis according to Jean-Marc Jestin's length of service as a corporate officer (on a basis of one month for each additional year of service with effect from January 1, 2017) and up to a maximum of two years' compensation, in accordance with the AFEP-MEDEF Code. At January 1, 2021, the severance payment would therefore be equal to 16 months based on the latest (gross) fixed and short-term variable compensation.</p> <p>In terms of performance conditions, the severance package may only be paid in the event that:</p> <ul style="list-style-type: none"> • In the two fiscal years preceding the year of termination of his term of office, Jean-Marc Jestin received or is entitled to receive overall annual variable compensation (quantitative plus qualitative) representing an amount equal to at least 100% of his fixed compensation (the maximum being 130%); and • The quantitative portion of the short-term annual variable compensation must, as a minimum, have been paid in an amount equal to the target in said two fiscal years.
Non-compete benefit	None	
Supplementary pension plan	None	Jean-Marc Jestin is not eligible for benefits under a specific supplementary pension plan but is eligible for the same compulsory private sector supplementary pension plan as other Group managers.
Other	None	

6.2.4.3 Chief Financial Officer, member of the Executive Board

Components of compensation put to the vote	Amounts paid during or allotted for fiscal year 2020 or accounting value	Presentation
Fixed annual compensation	€372,000	The Chief Financial Officer was to receive fixed annual compensation of €480,000 in 2020. In the context of the Covid-19 pandemic, the Chief Financial Officer voluntarily waived 30% of his fixed compensation between April 1, 2020 and December 31, 2020.
Annual variable compensation	€240,000	<p>Annual variable compensation paid in 2020 (in respect of 2019): on the basis of the Nomination and Compensation Committee's work, the Supervisory Board meeting of February 4, 2020 decided that:</p> <ul style="list-style-type: none"> • The variable portion of 2019 compensation due for achieving the quantitative target would amount to 80% of the fixed annual compensation; and • The variable portion of 2019 compensation due for achieving the qualitative targets would amount to 50% of the fixed annual compensation; <p>representing a total of €624,000.</p> <p>Details of the achievement rates for the quantitative and qualitative criteria are presented on page 256 of Klépierre's 2019 Universal Registration Document. This compensation was approved by the General Meeting of April 30, 2020 (16th resolution, approved by 96% of votes cast).</p> <p>Annual variable compensation allotted for fiscal year 2020: for information, the variable compensation allotted to the Chief Financial Officer, member of the Executive Board for fiscal year 2020 could vary between 0% and 130% of his fixed annual compensation and is set as follows:</p> <ul style="list-style-type: none"> • 0% to 80% of the fixed annual compensation based on net current cash flow per share; and • 0% to 50% of the fixed annual compensation, based on the following areas and targets set for 2020: (i) strategy, (ii) corporate social responsibility, (iii) corporate image, and (iv) management. <p>In view of the exceptional circumstances arising due to the Covid-19 pandemic, at its meeting of March 18, 2021, the Supervisory Board set:</p> <ul style="list-style-type: none"> • The variable portion of 2020 compensation due for achieving the quantitative target would amount to 0% of the fixed annual compensation; and • The variable portion of 2020 compensation due for achieving the qualitative target would amount to 50% of the fixed annual compensation; <p>representing a total of €240,000.</p> <p>Details of the achievement rates for the quantitative and qualitative criteria are presented on page 297 of this document. Payment of this compensation is subject to the approval of the General Meeting of June 17, 2021.</p>
Deferred variable compensation	None	
Multi-annual variable compensation	None	
Extraordinary compensation	None	

Components of compensation put to the vote	Amounts paid during or allotted for fiscal year 2020 or accounting value	Presentation
Performance shares	€159,600 (accounting value)	<p>The allotment of performance shares is examined in light of the total annual compensation of the executive corporate officer concerned, while ensuring that the interests of shareholders are respected. Shares are allotted in the scope of annual plans and the number of shares is set at pre-determined times.</p> <p>The main characteristics of the 2019 Plan are as follows:</p> <ul style="list-style-type: none"> Plan of May 7, 2020 authorized by the General Meeting of April 16, 2019 (22nd resolution); Allotment of 30,000 shares to the Chief Financial Officer, member of the Executive Board, representing: <ul style="list-style-type: none"> – €159,600, based on the measurement of the performance shares by an expert and in accordance with IFRS, (i.e., €5.32 per share at the time of the allotment), – 9.59% of the total allotment under this plan for all beneficiaries concerned, – 0.01% of the Company's share capital; Allotment subject to four performance conditions (absolute, relative, internal and CSR) assessed over a three-year period. Details of the four performance conditions and the achievement scale are presented on page 322; Obligation to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares, until the end of his term of office.
Stock options	None	
Compensation in respect of Board membership	None	
Value of benefits in kind	€38,881	<p>Provision of a company car.</p> <p>Contributions paid by the Company for Jean-Michel Gault to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees.</p> <p>Unemployment insurance subscribed with GSC.</p>
Severance payment	None	<p>Jean-Marc Gault is eligible for a severance package in the event of his forced departure from Klépierre.</p> <p>The severance package will be paid in all cases of forced departure regardless of the method (removal, resignation, etc.), except in the event of serious or gross misconduct and in the event of non-re-appointment as a member of the Executive Board at the end of his term of office. In accordance with the AFEF-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim full retirement benefits within six months of termination.</p> <p>In the event of Jean-Michel Gault's forced departure, the amount of the severance payment under this package will be limited to two years of the fixed annual compensation and (gross) short-term variable compensation calculated on the basis of the fixed annual compensation as of the last day of his term of office and his most recent (gross) short-term variable compensation as of the date of his termination, less any amount paid for any statutory severance or due under a collective bargaining agreement that Jean-Michel Gault may otherwise receive under his employment contract.</p> <p>The payment of the non-statutory severance is also subject to the achievement of the same performance conditions as applicable to the Chairman of the Executive Board, namely:</p> <ul style="list-style-type: none"> In the two fiscal years preceding the year of termination of his term of office, Jean-Michel Gault received or will be entitled to receive overall annual variable compensation (quantitative plus qualitative) representing an amount equal to at least 100% of his fixed compensation (the maximum being 130%); and The quantitative portion of the annual variable compensation must, as a minimum, have been paid in an amount equal to the target in said two fiscal years.
Non-compete benefit	None	
Supplementary pension plan	€7,122	<p>Jean-Michel Gault is eligible for the supplementary pension plan for senior executives of the former Compagnie Bancaire, which provides for an additional pension of a maximum amount determined on the basis of reference compensation and seniority as of December 31, 2000. This maximum amount is capped (subject to the application of an increase based on the growth rate of the AGIRC point value) at €7,122, and no increase in the conditional rights may vest in respect of seniority or increases in compensation after December 31, 2000. This plan has been closed to new beneficiaries since December 31, 2000.</p> <p>Jean-Michel Gault's compensation package takes this pension plan into account.</p> <p>Jean-Michel Gault is also entitled to the same compulsory private sector supplementary pension plan as other Group managers.</p>
Other	None	

6.2.4.4 Chief Operating Officer, member of the Executive Board

Components of compensation put to the vote	Amounts paid during or allotted for fiscal year 2020 or accounting value	Presentation
Fixed annual compensation	€57,143	The fixed annual compensation due to the Chief Operating Officer amounts to €450,000 and was calculated pro rata for the period from November 16, 2020 (date of appointment to the Executive Board) to December 31, 2020.
Annual variable compensation	€28,571.50	<p>Annual variable compensation paid in 2020 (for fiscal year 2019): N/A</p> <p>Annual variable compensation allotted for fiscal year 2020: for information, the variable compensation allotted to the Chief Operating Officer, member of the Executive Board for fiscal year 2020 could vary between 0% and 130% of his fixed annual compensation (calculated on a pro rata basis from his appointment to the Executive Board) and is set as follows:</p> <ul style="list-style-type: none"> • 0% to 80% of the fixed annual compensation based on net current cash flow per share; and • 0% to 50% of the fixed annual compensation, based on the following areas and targets set for 2020: (i) strategy, (ii) corporate social responsibility, (iii) corporate image, and (iv) management. <p>In view of the exceptional circumstances arising due to the Covid-19 pandemic, at its meeting of March 18, 2021, the Supervisory Board set:</p> <ul style="list-style-type: none"> • The variable portion of 2020 compensation due for achieving the quantitative target would amount to 0% of the fixed annual compensation; and • The variable portion of 2020 compensation due for achieving the qualitative target would amount to 50% of the fixed annual compensation; <p>representing a total of €28,571.50.</p> <p>Details of the achievement rates for the quantitative and qualitative criteria are presented on page 297 of this document.</p> <p>Payment of this compensation is subject to the approval of the General Meeting of June 17, 2021.</p>
Deferred variable compensation	None	
Multi-annual variable compensation	None	
Extraordinary compensation	None	
Performance shares	€12,050 (accounting value)	<p>The allotment of performance shares is examined in light of the total annual compensation of the executive corporate officer concerned, while ensuring that the interests of shareholders are respected. Shares are allotted in the scope of annual plans and the number of shares is set at pre-determined times.</p> <p>The main characteristics of the 2020 Plan are as follows:</p> <ul style="list-style-type: none"> • Plan of December 22, 2020 authorized by the General Meeting of April 16, 2019 (22nd resolution); • Allotment of 1,250 shares to the Chief Operating Officer and Executive Board member, representing: <ul style="list-style-type: none"> – €12,050, based on the measurement of the performance shares by an expert and in accordance with IFRS, (i.e., €9.64 per share at the time of the allotment), – 17.24% of the total allotment, – 0% of the Company's share capital; • Allotment subject to four performance conditions (absolute, relative, internal and CSR) assessed over a three-year period. Details of the four performance conditions and the achievement scale are presented on page 322; • Obligation to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares, until the end of his term of office.
Stock options	None	
Compensation in respect of Board membership	None	
Value of benefits in kind	€4,522	<p>Provision of a company car.</p> <p>Contributions paid by the Company for Beñat Ortega to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees.</p> <p>Unemployment insurance subscribed with GSC.</p>
Severance payment	None	<p>The Chief Operating Officer is eligible for a severance package in the event of his forced departure from Klépierre.</p> <p>The severance package will be paid in all cases of forced departure regardless of the method (removal, resignation, etc.), except in the event of serious or gross misconduct and in the event of non-re-appointment as a member of the Executive Board at the end of his term of office. In accordance with the AFEP-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim full retirement benefits within six months of termination.</p> <p>In the event of the Chief Operating Officer's forced departure from Klépierre, he may be entitled to receive under the package a severance payment in an initial amount of one year's annual compensation, calculated by reference to the fixed compensation as of the last day of his term of office and the most recent (gross) short-term variable compensation paid as at the date of termination, it being specified that this initial amount may increase on a linear basis according to Beñat Ortega's length of service as a corporate officer (on a basis of one month for each additional year of service with effect from January 1, 2021) and up to a maximum of two years' compensation, in accordance with the AFEP-MEDEF Code. At January 1, 2021, the severance payment would therefore be equal to 12 months based on the latest (gross) fixed and short-term variable compensation.</p> <p>In terms of performance conditions, the severance package may only be paid in the event that:</p> <ul style="list-style-type: none"> • In the two fiscal years preceding the year of termination of his term of office, Beñat Ortega received or is entitled to receive overall annual variable compensation (quantitative plus qualitative) representing an amount equal to at least 100% of his fixed compensation (the maximum being 130%); and • The quantitative portion of the short-term annual variable compensation must, as a minimum, have been paid in an amount equal to the target in said two fiscal years.
Non-compete benefit	None	
Supplementary pension plan	None	Beñat Ortega is not eligible for benefits under a specific supplementary pension plan but is eligible for the same compulsory private sector supplementary pension plan as other Group managers.
Other	None	

6.2.5 Summary tables based on AMF and AFEF-MEDEF Code recommendations

**TABLE 1 – SUMMARY OF COMPENSATION IN STOCK OPTIONS AND SHARES
ALLOTTED TO EACH EXECUTIVE CORPORATE OFFICER** *(in euros)*

David Simon – Chairman of the Supervisory Board	2019	2020
Compensation due in respect of the fiscal year (itemized in Table 2)	98,120	91,389
Value of options allotted during the fiscal year	–	–
Value of performance shares allotted during the fiscal year	–	–
TOTAL	98,120	91,389

Jean-Marc Jestin – Chairman of the Executive Board	2019	2020
Compensation due in respect of the fiscal year (itemized in Table 2)	1,764,419	995,657
Value of options allotted during the fiscal year	–	–
Value of performance shares allotted during the fiscal year	665,000	186,200
TOTAL	2,429,419	1,181,857

Jean-Michel Gault – Chief Financial Officer, member of the Executive Board	2019	2020
Compensation due in respect of the fiscal year (itemized in Table 2)	1,143,089	650,881
Value of options allotted during the fiscal year	–	–
Value of performance shares allotted during the fiscal year	570,000	159,600
TOTAL	1,713,089	810,481

Beñat Ortega – Chief Operating Officer, member of the Executive Board	2019	2020
Compensation due in respect of the fiscal year (itemized in Table 2)	–	90,236.5
Value of options allotted during the fiscal year	–	–
Value of performance shares allotted during the fiscal year	–	12,050
TOTAL	–	102,286.5

TABLE 2 – SUMMARY OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER (in euros)

	2019		2020	
	Amount due	Amount paid	Amount due	Amount paid
David Simon – Chairman of the Supervisory Board				
Fixed compensation	–	–	–	–
Short-term variable compensation	–	–	–	–
Extraordinary compensation	–	–	–	–
Compensation in respect of Board membership	–	–	–	–
Benefits in kind	–	–	–	–
Other	–	–	–	–
Compensation in respect of his role as Chairman and member of the Supervisory Board	98,120	97,800	91,389	98,120
TOTAL	98,120	97,800	91,389	98,120

	2019		2020	
	Amount due	Amount paid	Amount due	Amount paid
Jean-Marc Jestin – Chairman of the Executive Board				
Fixed compensation	750,000	750,000	581,250	581,250
Short-term variable compensation	975,000 ^(a)	838,500 ^(b)	375,000 ^(c)	975,000
Extraordinary compensation	–	–	–	–
Compensation in respect of Board membership	–	–	–	–
Benefits in kind ^(d)	39,419	39,419	39,407	39,407
Other	0	0	0	0
TOTAL	1,764,419	1,627,919	995,657	1,595,657

(a) Jean-Marc Jestin's variable compensation for fiscal year 2019 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 253 of the 2019 Universal Registration Document filed with the AMF under number D.20-0123.

(b) Jean-Marc Jestin's variable compensation for fiscal year 2018 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 262 of the 2018 registration document filed with the AMF under number D.19-0119.

(c) Jean-Marc Jestin's variable compensation for fiscal year 2020 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 294 of this document.

(d) Corresponds to the provision of a company car, contributions paid by the Company for Jean-Marc Jestin to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees, and the unemployment insurance subscribed with GSC.

	2019		2020	
	Amount due	Amount paid	Amount due	Amount paid
Jean-Michel Gault – Chief Financial Officer, member of the Executive Board				
Fixed compensation	480,000	480,000	372,000	372,000
Short-term variable compensation	624,000 ^(a)	567,600 ^(b)	240,000 ^(c)	624,000
Extraordinary compensation	–	–	–	–
Compensation in respect of Board membership	–	–	–	–
Benefits in kind ^(d)	39,089	39,089	38,881	38,881
Other	0	0	0	0
TOTAL	1,143,089	1,086,689	650,881	1,034,881

(a) Jean-Michel Gault's variable compensation for fiscal year 2019 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 256 of the 2019 Universal Registration Document filed with the AMF under number D.20-0123.

(b) Jean-Michel Gault's variable compensation for fiscal year 2018 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 264 of the 2018 registration document filed with the AMF under number D.19-0119.

(c) Jean-Michel Gault's variable compensation for fiscal year 2020 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 297 of this document.

(d) Corresponds to provision of a company car, contributions paid by the Company for Jean-Michel Gault to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees, and the unemployment insurance subscribed with GSC.

	2019		2020	
	Amount due	Amount paid	Amount due	Amount paid
Beñat Ortega – Chief Operating Officer, member of the Executive Board				
Fixed compensation	–	–	57,143 ^(a)	57,143 ^(a)
Short-term variable compensation	–	–	28,571.5 ^(b)	–
Extraordinary compensation	–	–	–	–
Compensation in respect of Board membership	–	–	–	–
Benefits in kind ^(c)	–	–	4,522	4,522
Other	–	–	–	–
TOTAL	–	–	90,236.5	61,665

(a) The fixed annual compensation due to the Chief Operating Officer amounts to €450,000 and was calculated pro rata for the period from November 16, 2020 (date of appointment to the Executive Board) to December 31, 2020.

(b) Beñat Ortega's variable compensation for fiscal year 2020 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 297 of this document.

(c) Corresponds to the provision of a company car, contributions paid by the Company for Beñat Ortega to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees, and the unemployment insurance subscribed with GSC.

TABLE 3 – COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Non-executive corporate officers	2019		2020	
	Amount allotted	Amount paid	Amount allotted	Amount paid
David Simon				
Fixed/variable compensation	98,120	97,800	91,389	98,120
Other compensation	-	-	-	-
John Carrafiell				
Fixed/variable compensation	69,227	70,678	72,889	69,227
Other compensation	-	-	-	-
Béatrice de Clermont-Tonnerre				
Fixed/variable compensation	50,674	48,678	55,167	50,674
Other compensation	-	-	-	-
Jeroen Drost^(a)				
Fixed/variable compensation	-	17,354	-	-
Other compensation	-	-	-	-
Steven Fivel				
Fixed/variable compensation	103,689	106,047	97,902	103,689
Other compensation	-	-	-	-
Stanley Shashoua				
Fixed/variable compensation	74,797	80,117	71,889	74,797
Other compensation	-	-	-	-
Catherine Simoni				
Fixed/variable compensation	93,350	86,398	90,389	93,350
Other compensation	-	-	-	-
Rose-Marie Van Lerberghe				
Fixed/variable compensation	86,458	83,660	87,402	86,458
Other compensation	-	-	-	-
Florence Von Erb				
Fixed/variable compensation	54,120	48,678	61,389	54,120
Other compensation	-	-	-	-
Robert Fowlds				
Fixed/variable compensation	54,120	37,258	47,389	54,120
Other compensation	-	-	-	-

(a) Term expires: April 24, 2018.

TABLE 4 – STOCK OPTIONS ALLOTTED DURING THE FISCAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE COMPANY AND BY ANY GROUP COMPANY

Not applicable.

TABLE 5 – STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR

Not applicable.

TABLE 6 – PERFORMANCE SHARES ALLOTTED DURING THE FISCAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER

Beneficiary	Plan date	Number of shares allotted during the fiscal year	Value of shares based on method used in the consolidated financial statements	End of vesting period	End of lock-up period	Performance conditions
David Simon Chairman of the Supervisory Board	-	-	-	-	-	-
Jean-Marc Jestin Chairman of the Executive Board	Plan of May 7, 2020	35,000	€5.32	May 7, 2023	May 7, 2025	All of these shares are subject to performance conditions in accordance with the principles set out on page 322 of this document.
Jean-Michel Gault Chief Financial Officer, member of the Executive Board		30,000				
Beñat Ortega Chief Operating Officer, member of the Executive Board	Plan of December 22, 2020	1,250	€9.64	December 22, 2023	December 22, 2025	All of these shares are subject to performance conditions in accordance with the principles set out on page 322 of this document.

TABLE 7 – VESTING OF PERFORMANCE SHARES FOR EACH EXECUTIVE CORPORATE OFFICER

Beneficiaries	Plan	Number of shares that vested during the fiscal year	Vesting conditions
David Simon	-	-	-
Jean-Marc Jestin	2015 Plan	0	Yes
Jean-Michel Gault	2015 Plan	0	Yes
Beñat Ortega	N/A ^(a)	N/A ^(a)	N/A ^(a)

(a) Beñat Ortega joined the Klépierre Executive Board on November 16, 2020, after the end of the lock-up period for the 2015 plan.

Senior executives remain bound by a holding obligation under Article L. 225-197-1 of the French Commercial Code as recommended in the AFEP-MEDEF Code.

The additional chart below sets out the number of performance shares allotted to Executive Board members as corporate officers, which vested during the fiscal year:

Beneficiaries	Plan	End of vesting period	Number of shares vested
David Simon	-	-	-
Jean-Marc Jestin	2017 Plan	April 18, 2020	4,550
Jean-Michel Gault	2017 Plan	April 18, 2020	3,900
Beñat Ortega	N/A ^(a)	N/A ^(a)	N/A ^(a)

(a) Beñat Ortega joined the Klépierre Executive Board on November 16, 2020, after the vesting period for the 2017 plan.

TABLE 11

	Employment contract		Supplementary pension plan		Compensation or benefits due or conditionally due on termination or change of function		Compensation related to non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
David Simon Chairman of the Supervisory Board Date appointed: March 14, 2012 Term expires: June 17, 2021 (re-appointment proposed)		X		X		X		X
Jean-Marc Jestin Chairman of the Executive Board Date appointed ^(a) : June 22, 2019 Term expires ^(a) : June 21, 2022		X		X	X			X
Jean-Michel Gault Chief Financial Officer Executive Board member Date appointed ^(a) : June 22, 2019 Term expires ^(a) : June 21, 2022	X ^(b)		X ^(c)		X			X
Beñat Ortega Chief Operating Officer Executive Board member Date appointed ^(a) : November 16, 2020 Term expires ^(a) : June 21, 2022		X		X	X			X

(a) On the Executive Board.

(b) In the past, Jean-Michel Gault exercised his corporate office as an Executive Board member without consideration and received compensation for his employment contract. In order to allow him to fully undertake his role as an Executive Board member, the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee, decided to suspend his employment contract for the duration of his corporate office, with effect from July 1, 2016.

(c) Jean-Michel Gault is eligible for the supplementary pension plan for senior executives of the former Compagnie Bancaire, which provides for an additional pension on retirement of a maximum annual amount of €7,122.



Share capital, share ownership and treasury share buyback program

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7.1 SHARE CAPITAL AND SHARE OWNERSHIP

7.1.1 General information on the share capital

7.1.1.1 Share capital – Type of shares

As of December 31, 2020, share capital totaled €419,914,877.20, divided into 299,939,198 fully paid-up shares each with a par value of €1.40.

In accordance with Article 29 of the Company's bylaws, each share confers a single vote.

The shares may be held in either registered or bearer form, at the shareholder's discretion. The share capital may be modified under the conditions provided by law.

7.1.1.2 Delegations of authority and authorizations granted to Klépierre's Executive Board

As of the date of this document, the Executive Board holds the following delegations of authority or authorizations pursuant to various decisions made by the General Meetings of Shareholders of April 16, 2019 and April 30, 2020:

Delegations of authority or authorizations granted by the General Meeting of Shareholders of April 16, 2019

Purpose of the resolution	Maximum nominal amount or percentage	Duration of the authorization	Utilization during fiscal year 2020
Capital increase with preemptive subscription rights through the issue of shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities ^(a)	Maximum nominal amount: €90 million and €1,500 million for debt securities	26 months with effect from April 16, 2019 (14 th resolution)	None
Capital increase without preemptive subscription rights through the issue of shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities, by means of a public offering or private placement ^{(a)(b)}	Maximum nominal amount: €42 million and €1,500 million for debt securities	26 months with effect from April 16, 2019 (15 th and 16 th resolutions)	None
Increase in the number of securities to be issued in the event of an issue of ordinary shares and/or securities giving rights to shares of the Company, any subsidiary and/or any other company, with or without preemptive subscription rights ^(a)	At the same price as that decided for the initial issue, within the periods and limits specified by the applicable regulations at the date of the issue ^(c)	26 months with effect from April 16, 2019 (17 th resolution)	None
Capital increase without preemptive subscription rights through the issue of shares and/or securities giving rights to shares of the Company as consideration for contributions in kind in the form of equity securities and/or securities giving rights to shares of the Company ^(a)	Up to 10% of the share capital	26 months with effect from April 16, 2019 (18 th resolution)	None
Capital increase by capitalizing premiums, reserves, profits or other items ^(a)	€100 million	26 months with effect from April 16, 2019 (19 th resolution)	None
Authorization to allot free shares of the Company without preemptive subscription rights	0.5% of the share capital	38 months from April 16, 2019 (22 nd resolution)	Allotment of 320,150 free shares representing 0.11% of the share capital as of December 31, 2020

(a) Overall maximum nominal amount of the share capital increases, whether immediate and/or future, that may be carried out pursuant to the authorizations granted to the Executive Board: €100 million (21st resolution) (plus the nominal amount of any additional shares issued to protect the rights of the holders of securities giving rights to shares of the Company). Overall maximum nominal amount of debt securities giving rights to shares of the Company: €1.5 billion (21st resolution).

(b) Private placement: issues may not exceed the limits specified by the applicable regulations at the date of the issue (at the date hereof, 20% of the share capital per year, pursuant to Article L. 225-136-2 of the French Commercial Code).

(c) At the date hereof, within 30 days of the close of the subscription period and within the limit of 15% of the initial issue, pursuant to Article R. 225-118 of the French Commercial Code.

Delegations of authority or authorizations granted by the General Meeting of Shareholders of April 30, 2020

Purpose of the resolution	Maximum nominal amount or percentage	Duration of the authorization	Utilization during fiscal year 2020
Authorization for the Company to buy back its own shares	Maximum program amount: 10% of the share capital and €1,271,189,178 Maximum purchase price: €42 per share with a par value of €1.40	18 months with effect from April 30, 2020 (17 th resolution)	Purchase of 3,493,860 shares during fiscal year 2020 under the authorization granted by the General Meeting of Shareholders of April 16, 2019 (12 th resolution) No shares purchased under this authorization
Authorization to reduce the share capital by canceling treasury shares	10% of the share capital in a 24-month period	26 months with effect from April 30, 2020 (18 th resolution)	Cancellation of 2,724,897 shares during fiscal year 2020 under this authorization

7.1.1.3 Dividends

The dividends distributed for the last five fiscal years are as follows:

Fiscal year	2015	2016	2017	2018	2019
Number of shares	314,356,063	314,356,063	314,356,063	(a)	(b)
Net dividend	€1.70	€1.82	€1.96	€2.10	€2.20
Net amount distributed	€534,405,307.10	€572,128,034.66	€616,137,883.48	€642,619,152	€665,861,009

(a) The dividend of €2.10 consisted of (i) an interim dividend in a total amount of €322,794,781.05, or €1.05 per share (based on a total of 307,423,601 shares), with the shares going ex-dividend on March 7, 2019 and the interim dividend being paid in cash on March 11, 2019; and (ii) a final dividend to the shareholders representing an additional distribution of €319,824,370.95, or €1.05 per share (based on a total of 304,594,639 shares), with the shares going ex-dividend on July 8, 2019 and the final dividend being paid in cash on July 11, 2019.

(b) The dividend of €2.20 consisted of (i) an interim dividend in a total amount of €332,930,504.50, or €1.10 per share (based on a total of 302,664,095 shares), with the shares going ex-dividend on March 9, 2020 and the interim dividend being paid in cash on March 11, 2020; and (ii) a final dividend to the shareholders representing an additional distribution of €319,824,370.95, or €1.10 per share (based on a total of 299,939,198 shares), with the shares going ex-dividend on July 7, 2020 and the final dividend being paid in cash on July 9, 2020.

Dividends unclaimed after a period of five years from the date of payment are paid to the French State.

Shares held by the Company do not confer rights to dividends.

7.1.1.4 Share capital and stock market

Shares

All the Company's share capital is traded on Euronext Paris (compartment A).

	2016	2017	2018	2019	2020
Market capitalization (in millions of euros) ^(a)	11,740	11,526	8,475	10,245	5,516
Number of shares traded (daily average)	622,113	654,615	718,289	726,782	1,456,093
SHARE PRICE (in euros)					
High	43.17	38.13	37.32	33.85	34.66
Low	34.56	32.24	26.50	26.53	10.21
Closing	37.35	36.67	26.96	33.85	18.39

(a) At the fiscal year end. Source: Bloomberg.

Trading volume over the last 18 months (in number of shares and amount of equity traded)

		High (in euros)	Low (in euros)	Number of shares traded	Amount of equity traded (in euros)
2019	September	31.16	27.49	16,163,880	478,348,619
	October	33.55	29.88	16,098,200	514,568,762
	November	33.40	32.16	13,973,453	460,485,682
	December	33.85	32.28	13,481,389	442,701,719
2020	January	34.66	30.73	18,872,907	618,624,246
	February	31.34	27.02	24,818,400	742,122,186
	March	27.33	14.50	47,985,772	956,710,152
	April	19.28	14.95	20,481,887	351,751,024
	May	18.45	13.64	25,153,254	404,006,948
	June	22.65	17.02	37,700,730	717,032,820
	July	18.70	14.59	22,941,140	374,678,642
	August	15.92	13.44	26,710,164	383,361,541
	September	13.82	10.21	41,314,600	491,201,767
	October	13.14	10.65	34,896,410	419,132,636
	November	20.55	11.06	53,533,394	910,354,056
	December	20.31	17.60	27,087,689	511,301,407
2021	January	21.60	16.53	33,031,652	636,854,324
	February	19.87	17.23	29,269,610	542,346,779

Source: Bloomberg.

Dilutive instruments

There are no outstanding dilutive instruments.

Any changes with respect to the use of dilutive instruments as a result of the delegations of authority and authorizations granted to the Executive Board are presented on pages 312 and 313 of this document.

7.1.1.5 Bonds

Issue date	Maturity date	Currency	Outstanding nominal	Coupon	ISIN code
EUROBOND ISSUES LISTED ON THE PARIS STOCK EXCHANGE (EMTN)^(a)					
03/14/2011 – 06/06/2011 – 12/03/2012	03/14/2021	EUR	564,400,000	4.75%	FR0011019397
05/21/2012	05/21/2027	EUR	50,000,000	4.23%	FR0011255280
11/06/2014 – 01/28/2015 – 11/06/2015	11/06/2024	EUR	630,000,000	1.75%	FR0012283653
04/17/2015	04/17/2023	EUR	750,000,000	1.00%	FR0012674661
10/22/2015	10/22/2025	EUR	255,000,000	2.125%	FR0013030038
02/19/2016	02/19/2026	EUR	500,000,000	1.875%	FR0013121753
09/29/2016	09/29/2031	EUR	600,000,000	1.250%	FR0013203825
02/16/2017 – 02/27/2017	02/16/2027	EUR	600,000,000	1.375%	FR0013238045
12/11/2017 – 05/06/2020 – 06/16/2020	12/13/2032	EUR	700,000,000	1.625%	FR0013300605
07/01/2019	07/01/2030	EUR	600,000,000	0.625%	FR0013430741
05/12/2020	05/12/2029	EUR	600,000,000	2.00%	FR0013512233
05/25/2020	05/25/2022	EUR	100,000,000	1.10%	FR0013514213
11/17/2020	02/17/2031	EUR	600,000,000	0.875%	FR0014000KT3
EUROBOND ISSUES LISTED ON THE AMSTERDAM STOCK EXCHANGE (EMTN)^(a)					
12/13/2012	12/13/2022	EUR	85,000,000	3.516%	XS0864386825
02/28/2013	02/26/2021	EUR	298,811,000	3.250%	XS0896119384

(a) Prospectuses for the EMTN (Euro Medium Term Notes) program are available on Klépierre's website (www.klepierre.com), in the "Finance" section.

7.1.2 Changes in the share capital – Breakdown of the share capital and voting rights

7.1.2.1 Changes in the share capital over the last five fiscal years as of December 31, 2020

Dates	Nature of change	Number of shares concerned	Additional paid-in capital	Share capital on completion of the transaction
01/15/2015	Share capital increase ^(a)	96,589,672	€3,456,461,412.52	€414,484,016.80
01/19/2015	Share capital increase ^(b)	10,976,874	€420,030,083.61	€429,851,640.40
03/31/2015	Share capital increase ^(c)	7,319,177	€2,913,689,402.20	€440,098,488.20
02/20/2019	Share capital reduction	6,932,462	€240,363,057.51	€430,393,041.40
06/20/2019	Share capital reduction	2,828,962	€96,011,667.47	€426,432,494.60
12/17/2019	Share capital reduction	1,930,544	€63,912,225.52	€423,729,733
06/22/2020	Share capital reduction	2,724,897	€79,529,401.12	€419,914,877.20

(a) Issue of ordinary shares of the Company as consideration for shares tendered during the initial offer period of the public exchange offer initiated by the Company for the shares of Corio, at an exchange rate of 1.14 Klépierre shares for 1 Corio share.

(b) Issue of ordinary shares of the Company as consideration for Corio shares tendered during the post-acceptance period of the offer, at an exchange rate of 1.14 Klépierre shares for 1 Corio share.

(c) Issue of ordinary shares of the Company as consideration for Corio shares tendered as part of the merger between Klépierre and Corio, at an exchange rate of 1.14 Klépierre shares for 1 Corio share.

7.1.2.2 Changes in the breakdown of the share capital and voting rights over the last three fiscal years

To the Company's knowledge and based on disclosures of crossings of thresholds set in the bylaws, the share capital breaks down as follows:

	Position as of December 31, 2018				Position as of December 31, 2019				Position as of December 31, 2020			
	Number of shares	% of share capital	% of theoretical voting rights ⁽¹⁾	% of voting rights exercisable in GMS ⁽²⁾	Number of shares	% of share capital	% of theoretical voting rights ⁽¹⁾	% of voting rights exercisable in GMS ⁽²⁾	Number of shares	% of share capital	% of theoretical voting rights ⁽¹⁾	% of voting rights exercisable in GMS ⁽²⁾
Simon Property Group	63,924,148	20.33	20.33	21.49	63,924,148	21.12	21.12	22.14	63,924,148	21.31	21.31	22.41
APG Group	37,533,266	11.94	11.94	12.62	30,431,632	10.05	10.05	10.54	17,648,751	5.88	5.88	6.19
BlackRock	18,854,509	5.99	5.99	6.34	18,212,011	6.02	6.02	6.31	19,063,125	6.36	6.36	6.68
Norges Bank	–	–	–	–	–	–	–	–	14,898,142	4.97	4.97	5.22
Employees/ corporate officers	349,956	0.11	0.11	0.12	523,811	0.17	0.17	0.18	571,905	0.19	0.19	0.20
Free float	176,768,765	56.23	56.23	59.43	175,644,468	58.03	58.03	60.83	169,119,011	56.38	56.38	59.30
Treasury shares	16,925,419	5.38	5.38	–	13,928,025	4.60	4.60	–	14,714,116	4.91	4.91	–
TOTAL	314,356,063	100	100	100	302,664,095	100	100	100	299,939,198	100	100	100

(1) Theoretical voting rights correspond to the total number of voting rights attached to the total number of outstanding shares, including any shares that do not have voting rights.

(2) Exercisable voting rights correspond to the total number of voting rights, less any shares that do not have voting rights.

Since December 31, 2020, the share capital was reduced in the amount of €7,127,601.60 on January 19, 2021, with the cancellation of 5,091,144 treasury shares (in accordance with the delegation of authority granted in the eighteenth resolution to the Ordinary and Extraordinary General Meeting of April 30, 2020).

To the Company's knowledge, there have been no material changes since December 31, 2020 in the ownership of the share capital or voting rights.

Employee share ownership

In December 2018, the Executive Board decided to set up a share ownership plan reserved for certain Klépierre Management employees (the "Beneficiaries"), through the Klépierre Management company savings plan (*plan d'épargne d'entreprise* – PEE). Under this plan, the Beneficiaries had the opportunity to purchase Klépierre shares at a price of €24.96 per share.

Following centralization of the Beneficiaries' purchase requests, the Executive Board noted that 326,689 shares had been sold to the Beneficiaries, for a total price of €8,154,157.44.

Shareholders' agreements

To the Company's knowledge, no agreement existed as of December 31, 2020 that could result in a change of control at a later date.

Upon the conclusion of the agreement between Klépierre and Corio on July 29, 2014, Simon Property Group ("SPG"), BNP Paribas SA ("BNPP"), Klépierre's reference shareholders, and the Dutch foundation (*stichting*) Stichting Depository APG Strategic Real Estate Pool, represented by its management company APG Asset Management NV ("APG"), Corio's reference shareholder, each acting directly or through affiliates (respectively, the "SPG group", the "BNPP group" and the "APG group", and together, the "Parties"), entered into a shareholders' agreement (the "Shareholders' Agreement") to organize their relationship as Klépierre shareholders. The agreement was published by the French financial markets authority (*Autorité des marchés financiers* – AMF) as required by law, in decision 214C2161 of October 16, 2014.

The Shareholders' Agreement entered into force on January 15, 2015 (the "Completion Date").

To the Company's knowledge, the provisions of the Shareholders' Agreement are no longer applicable to the BNPP group, since its stake in Klépierre fell below 5% in November 2015.

I – Klépierre's Governance

Representation on the Supervisory Board

Under the Shareholders' Agreement, both the SPG and APG groups must be represented on Klépierre's Supervisory Board. As such, each group undertakes to vote in favor of the representatives presented by the other at General Meetings of Shareholders and Supervisory Board meetings (solely for appointments by way of co-option).

In particular, the Shareholders' Agreement provides that three Supervisory Board members must be representatives of the SPG group (including the Chairman of the Board who will have a casting vote) and one member must be a representative of the APG group. The Supervisory Board must have at least five independent members within the meaning of the AFEP-MEDEF Code, appointed by Klépierre's General Meeting of Shareholders.

In the event that the SPG group's stake falls below the lowest of (i) 13.6% of the total number of Klépierre shares, (ii) the BNPP group's stake in the Company or (iii) the APG group's stake in the Company:

- (i) the number of representatives of each Party on the Supervisory Board will be determined pro rata to their respective stakes in Klépierre; and
- (ii) The Chairman of the Board will no longer be appointed on a proposal from the SPG group.

Representation on the Supervisory Board committees

Under the Shareholders' Agreement, the Supervisory Board is assisted by the following advisory committees: the Audit Committee, the Nomination and Compensation Committee, the Sustainable Development Committee and the Investment Committee.

The Shareholders' Agreement also determines the membership of the Investment Committee and provides for mutual voting commitments on the part of the SPG and APG groups for that purpose, such that the representatives of each Party on the Supervisory Board are appointed as members of the Investment Committee.

II – Transfers of securities

The Shareholders' Agreement includes the following commitments with regard to transfers of Klépierre securities, which were still in force as of the date of this document:

Right of first refusal

After the completion date, (i) the APG group undertook to give the SPG group, and (ii) the SPG group undertook to give the APG group, a right of first refusal on all the securities offered at the price proposed by the selling entity within the SPG or APG groups (the "**Seller**"), within a period of five business days from the date of receipt of the notice.

This right of first refusal applies in the event of a transfer of Klépierre securities to a third party, on the understanding that "transfer" includes any transfer of the right of ownership, immediately or in the future, as well as any division of ownership, any form of security or trust and any derivative transaction.

However, the following transactions are excluded from the right of first refusal: (i) the tendering of securities to a public takeover bid for the Company; (ii) sales on the market (in the form of block sales, market placements or similar procedures); (iii) derivative contracts providing for settlement in cash; (iv) issues of indexed debt securities; and (v) securities lending and other temporary ownership transfer transactions (a "**Market Transaction**").

By way of exception, the right of first refusal will in any event apply in the case of the Market Transactions referred to in (i), (iii) and (v) above, as well as in the case of a Market Transaction with an identified third party, provided that the transfer is made to a competitor of SPG, and in the case of a Market Transaction (in the form of a placement) representing at least 7.5% of Klépierre's share capital and voting rights. In the case of Market Transactions in the form of a sale on the market or a placement below this threshold, or in the case of the Market Transactions referred to in (iv) above, they will be conducted in good faith, in order to avoid the transfer of a substantial portion of the stake whose sale to a competitor of SPG is under consideration.

In the case of Market Transactions to which the right of first refusal applies, the abovementioned period of five days is reduced to three business days.

Lastly, each Party undertakes to ensure that sales take place in an orderly fashion so as not to disrupt the market in Klépierre securities.

The Shareholders' Agreement was concluded for a term of 10 years. It may be terminated at any time as regards a Party, in the event that such Party comes to own less than 5% of Klépierre's share capital and voting rights.

Under the terms of the Shareholders' Agreement, SPG and APG declared that they were not acting in concert as regards Klépierre (within the meaning of Article L. 233-10 of the French Commercial Code [*Code de commerce*]), which was a key prerequisite to the signature of the Shareholders' Agreement, and they also undertake not to act in concert.

7.1.2.3 Crossing of thresholds set by law or in the bylaws

According to Article 7 of the bylaws, any individual or legal entity, acting alone or in concert, that acquires at least 2% of the Company's share capital (or any multiple thereof) is required to inform the Company by registered letter with acknowledgment of receipt indicating the number of shares held, within five trading days of the date of the threshold crossing.

If the 10% threshold of the Company's share capital is directly or indirectly exceeded (i.e., ownership of 10% or more of the rights to the dividends paid by the Company), any shareholder other than an individual is required to indicate in its threshold crossing disclosure whether or not it is a Shareholder Subject to Withholding (as defined in Article 32 of the bylaws). Should such shareholder declare that it was not a Shareholder Subject to Withholding, it would have to substantiate such claim whenever so requested by the Company, as well as provide the Company with a legal opinion from an internationally reputed tax law firm whenever so requested. Any shareholder other than an individual who informs the Company that it has directly or indirectly exceeded the 10% threshold of the Company's share capital must promptly notify the Company of any change in its tax status that may cause it to acquire or lose the status of Shareholder Subject to Withholding.

Unless they have been disclosed in accordance with the conditions set out above, the shares exceeding the disclosure threshold subject to the declaration requirement will be stripped of voting rights at General Meetings of Shareholders where the failure to disclose is brought to the attention of the Meeting or where one or more shareholders together holding at least 2% of the Company's share capital ask the Meeting to do so. Voting rights will be suspended at all General Meetings of Shareholders held within two years of the date on which the appropriate disclosure is duly made.

All shareholders are also required to inform the Company, in accordance with the procedures and deadlines set out above, if their shareholding falls below any of the abovementioned thresholds.

The table below summarizes all crossings of thresholds, set by law or in the bylaws, of which the Company was notified during fiscal year 2020:

	Date of crossing	Number of shares held after threshold crossing	Date of the letter of notification sent to the Company	Above or below/ (% share capital held)	Above or below/ (% voting rights held)
BlackRock Inc. ^(a)	February 14, 2020	18,190,701	February 17, 2020	Above/(6.01%)	Above/(6.01%)
	February 17, 2020	18,089,582	February 18, 2020	Below/(5.98%)	Below/(5.98%)
	February 18, 2020	18,166,071	February 19, 2020	Above/(6.00%)	Above/(6.00%)
	February 19, 2020	18,130,658	February 20, 2020	Below/(5.99%)	Below/(5.99%)
	February 26, 2020	18,443,923	February 27, 2020	Above/(6.09%)	Above/(6.09%)
	March 17, 2020	18,095,958	March 18, 2020	Below/(5.98%)	Below/(5.98%)
	March 20, 2020	19,063,125	March 23, 2020	Above/(6.30%)	Above/(6.30%)
Cohen & Steers	May 19, 2020	6,043,344	May 19, 2020	Above/(2.00%)	Above/(2.00%)
Citigroup Inc.	June 1, 2020	8,923,972	June 2, 2020	Below/(2.95%)	Below/(2.95%)
	July 1, 2020	16,188,723	July 3, 2020	Above/(5.40%)	Above/(5.40%)
	July 24, 2020	2,975,104	July 27, 2020	Below/(0.99%)	Below/(0.99%)
	September 7, 2020	6,076,887	September 8, 2020	Above/(2.03%)	Above/(2.03%)
	September 9, 2020	5,890,944	September 10, 2020	Below/(1.96%)	Below/(1.96%)
	October 13, 2020	6,153,079	October 14, 2020	Above/(2.05%)	Above/(2.05%)
	October 20, 2020	5,929,687	October 21, 2020	Below/(1.98%)	Below/(1.98%)
	November 26, 2020	6,798,982	November 27, 2020	Above/(2.27%)	Above/(2.27%)
	November 30, 2020	5,639,151	December 1, 2020	Below/(1.88%)	Below/(1.88%)
CDC group	January 2, 2020	6,418,055	January 8, 2020	Above/(2.12%)	Above/(2.08%)
	March 26, 2020	6,119,484	March 31, 2020	Individual crossing below the threshold by CNP Assurances (1.33%)	Individual crossing below the threshold by CNP Assurances (1.33%)
	September 22, 2020	4,772,173	September 28, 2020	Below/(1.59%)	Below/(1.59%)
	December 15, 2020	7,492,765	December 18, 2020	Above/(2.49%)	Above/(2.49%)
Norges Bank	January 8, 2020	12,907,859	January 10, 2020	Above/(4.26%)	Above/(4.26%)
	January 28, 2020	15,264,858	January 29, 2020	Above/(5.04%)	Above/(5.04%)
	January 30, 2020	15,072,929	January 31, 2020	Below/(4.98%)	Below/(4.98%)
	February 3, 2020	15,351,804	February 4, 2020	Above/(5.07%)	Above/(5.07%)
	February 25, 2020	14,822,889	February 26, 2020	Below/(4.90%)	Below/(4.90%)
	February 26, 2020	16,003,968	February 27, 2020	Above/(5.29%)	Above/(5.29%)
	March 2, 2020	14,920,354	March 3, 2020	Below/(4.93%)	Below/(4.93%)
	March 20, 2020	15,595,321	March 23, 2020	Above/(5.15%)	Above/(5.15%)
	April 16, 2020	14,747,803	April 20, 2020	Below/(4.87%)	Below/(4.87%)
	June 16, 2020	15,700,192	June 18, 2020	Above/(5.19%)	Above/(5.19%)
	June 23, 2020	14,833,257	June 24, 2020	Below/(4.90%)	Below/(4.90%)
	June 29, 2020	16,306,935	July 1, 2020	Above/(5.39%)	Above/(5.39%)
	June 30, 2020	14,797,435	July 1, 2020	Below/(4.89%)	Below/(4.89%)
	July 13, 2020	15,025,126	July 14, 2020	Above/(5.01%)	Above/(5.01%)
	July 24, 2020	14,747,803	July 27, 2020	Below/(4.92%)	Below/(4.92%)
	August 12, 2020	15,995,801	August 14, 2020	Above/(5.33%)	Above/(5.33%)
	August 17, 2020	14,839,991	August 19, 2020	Below/(4.95%)	Below/(4.95%)
	August 25, 2020	15,432,431	August 27, 2020	Above/(5.15%)	Above/(5.15%)
	August 28, 2020	14,848,991	August 31, 2020	Below/(4.95%)	Below/(4.95%)
	September 16, 2020	16,450,582	September 17, 2020	Above/(5.48%)	Above/(5.48%)
	November 3, 2020	14,942,803	November 5, 2020	Below/(4.98%)	Below/(4.98%)
	November 4, 2020	15,136,199	November 5, 2020	Above/(5.05%)	Above/(5.05%)
	November 5, 2020	14,897,750	November 6, 2020	Below/(4.97%)	Below/(4.97%)
	November 9, 2020	15,188,243	November 13, 2020	Above/(5.06%)	Above/(5.06%)
	November 13, 2020	14,882,118	November 18, 2020	Below/(4.96%)	Below/(4.96%)
	December 7, 2020	16,507,016	December 10, 2020	Above/(5.50%)	Above/(5.50%)
	December 9, 2020	14,747,803	December 10, 2020	Below/(4.92%)	Below/(4.92%)
	December 18, 2020	15,026,737	December 22, 2020	Above/(5.01%)	Above/(5.01%)
	December 21, 2020	14,898,142	December 22, 2020	Below/(4.97%)	Below/(4.97%)
Crédit Agricole	March 18, 2020	5,721,044	March 24, 2020	Below/(1.89%)	Below/(1.89%)
	November 30, 2020	7,953,268	December 7, 2020	Above/(2.65%)	Above/(2.65%)
	December 1, 2020	5,252,268	December 7, 2020	Below/(1.75%)	Below/(1.75%)
Crédit Suisse	September 3, 2020	6,079,864	September 3, 2020	Above/(2.02%)	Above/(2.02%)
	October 21, 2020	5,400,128	October 21, 2020	Below/(1.80%)	Below/(1.80%)

	Date of crossing	Number of shares held after threshold crossing	Date of the letter of notification sent to the Company	Above or below/ (% share capital held)	Above or below/ (% voting rights held)
Goldman Sachs Group, Inc.	September 7, 2020	22,279,299	September 10, 2020	Above/(7.43%)	Above/(7.43%)
	September 10, 2020	6,134,321	September 15, 2020	Below/(2.05%)	Below/(2.05%)
	September 21, 2020	23,412,317	September 25, 2020	Above/(7.81%)	Above/(7.81%)
	September 22, 2020	14,894,235	September 28, 2020	Individual crossing below the threshold by Goldman Sachs International (4.97%)	Individual crossing below the threshold by Goldman Sachs International (4.97%)
	September 23, 2020	16,737,851	September 29, 2020	Individual crossing above the threshold by Goldman Sachs International (5.58%)	Individual crossing above the threshold by Goldman Sachs International (5.58%)
	September 30, 2020	14,622,527	October 5, 2020	Individual crossing below the threshold by Goldman Sachs International (4.88%)	Individual crossing below the threshold by Goldman Sachs International (4.88%)
	October 22, 2020	15,475,661	October 27, 2020	Individual crossing above the threshold by Goldman Sachs International (5.16%)	Individual crossing above the threshold by Goldman Sachs International (5.16%)
	November 16, 2020	14,924,716	November 18, 2020	Individual crossing below the threshold by Goldman Sachs International (4.98%)	Individual crossing below the threshold by Goldman Sachs International (4.98%)
	November 17, 2020	15,032,211	November 19, 2020	Individual crossing above the threshold by Goldman Sachs International (5.01%)	Individual crossing above the threshold by Goldman Sachs International (5.01%)
	November 25, 2020	14,028,601	November 27, 2020	Individual crossing below the threshold by Goldman Sachs International (4.68%)	Individual crossing below the threshold by Goldman Sachs International (4.68%)
	November 27, 2020	12,774,699	December 3, 2020	Below/(4.26%)	Below/(4.26%)
Morgan Stanley Corp.	September 17, 2020	20,260,563	September 23, 2020	Above/(6.75%)	Above/(6.75%)
	September 18, 2020	14,638,021	September 24, 2020	Individual crossing below the threshold by Morgan Stanley & Co. International (4.88%)	Individual crossing below the threshold by Morgan Stanley & Co. International (4.88%)
	September 21, 2020	15,253,304	September 25, 2020	Individual crossing above the threshold by Morgan Stanley & Co. International (5.09%)	Individual crossing above the threshold by Morgan Stanley & Co. International (5.09%)
	September 22, 2020	14,893,155	September 28, 2020	Individual crossing below the threshold by Morgan Stanley & Co. International (4.97%)	Individual crossing below the threshold by Morgan Stanley & Co. International (4.97%)
	September 28, 2020	6,065,039	October 2, 2020	Below/(2.02%)	Below/(2.02%)
UBS Group AG	September 24, 2020	15,626,285	September 30, 2020	Above/(5.21%)	Above/(5.21%)
	September 25, 2020	0	October 1, 2020	Below/(0.00%)	Below/(0.00%)

(a) Acting on behalf of customers and funds, which it manages.

7.1.2.4 Transactions by corporate officers and similar individuals in Company securities (Article L. 621-18-2 of the French Monetary and Financial Code [Code monétaire et financier])

Transactions reported by corporate officers and similar individuals to the AMF during fiscal year 2020 were as follows:

Name	Type of transaction	Financial instruments	Description of transaction	Total amount of transactions (in euros)
Jean-Marc Jestin	Purchase	Shares	Purchase of 4,550 shares at a unit price of €17.10	(77,805)
	Purchase	Shares	Purchase of 3,900 shares at a unit price of €17.10	(66,690)
Jean-Michel Gault	Share transfer – Share loan agreement	Shares	Loan of a single share without consideration	0
Beñat Ortega	-	-	-	-

7.1.3 Stock purchase options and performance shares

7.1.3.1 Stock option and performance share allotment policy

Stock options and performance shares are allotted to executive corporate officers and employees in order to strengthen their motivation over the long-term, thus aligning the interests of senior executives with those of shareholders with a view to creating long-term value.

Prior to 2012, the Company implemented several stock purchase option plans for its senior executives and certain employees. However, since 2012, the Company has given preference to performance shares.

Beneficiaries

The beneficiaries of these plans are senior executives, to whom allotments are made in accordance with the executive corporate officer compensation policy, and particularly dedicated Group employees, in order to foster loyalty. As a result, the list of beneficiaries changes each year, along with the number of shares allotted to each beneficiary.

Allotment by the Supervisory Board

These allotments are made pursuant to the recommendations of the AFEP-MEDEF Code and occur each year during the same calendar period.

7.1.3.2 Stock purchase option plan

The most recent stock option plan was adopted by the Executive Board on May 27, 2011. The stock options had a term of eight years and therefore expired on May 26, 2019, as described on page 275 of the 2019 Universal Registration Document.

TABLE 8 – AMF/AFEP-MEDEF CODE RECOMMENDATIONS – HISTORY OF STOCK SUBSCRIPTION OR PURCHASE OPTIONS ALLOTTED – INFORMATION ON STOCK PURCHASE OPTIONS

N/A

TABLE 8A – AMF/AFEP-MEDEF CODE RECOMMENDATIONS – STOCK SUBSCRIPTION OR PURCHASE OPTIONS ALLOTTED TO THE TOP 10 EMPLOYEES NOT HOLDING CORPORATE OFFICE/OPTIONS EXERCISED DURING THE YEAR BY THE TOP 10 EMPLOYEES NOT HOLDING CORPORATE OFFICE WHO PURCHASED THE HIGHEST NUMBER OF SHARES

N/A

Cap on the number of performance shares offered

Pursuant to the AFEP-MEDEF Code, the Supervisory Board determines the maximum percentage of performance shares that may be allotted to the members of the Executive Board (currently 0.2% of the share capital over a 38-month period from the General Meeting of Shareholders of April 16, 2019, which is deducted from the overall percentage of 0.5% of the share capital authorized by that General Meeting of Shareholders over the same period).

The number of performance shares allotted to individual members of the Executive Board must be previously approved by the Supervisory Board after recommendation by the Nomination and Compensation Committee, and is determined with regard to the executive corporate officer's total annual compensation.

Hedging arrangements

In accordance with the AFEP-MEDEF Code, the members of the Executive Board have not implemented any hedging instruments with regard to the stock options and performance shares allotted to executive corporate officers.

7.1.3.3 Performance share plans

Conditions common to all plans adopted up to December 31, 2020

Share vesting period and lock-up period

- **Vesting period:** the shares allotted to beneficiaries vest and are delivered in the form of Company shares at the end of a vesting period set by the Executive Board. In accordance with the authorization of the General Meeting of Shareholders, the vesting period cannot be less than three years.
- **Lock-up period:** following the vesting period, beneficiaries are required to hold the shares for a period of two years. Where the vesting period for all or a portion of an allotment is at least four years, the Executive Board may not impose any lock-up period for the relevant shares.
- **Plans implemented by the Supervisory Board:** on the basis of the above principles, the Executive Board has implemented "3+2" plans (three-year vesting period and two-year lock-up period) for French tax residents and "4+0" plans (four-year vesting period and no lock-up period) for non-French tax residents.

Service condition

The shares will only vest if the beneficiary is still with the Group at the end of the vesting period, barring exceptional cases where rights are maintained pursuant to the rules of the relevant plan.

Should the beneficiary leave the Group before the expiration of the term set for assessing the performance share performance criteria, maintenance of all or a portion of the entitlement to the performance shares is subject to the decision of the Supervisory Board and must be substantiated. With respect to the Executive Board members, the Supervisory Board will authorize a partial waiver of the service condition, such that performance shares vest pro rata to members' service to the Group.

Performance conditions

Performance conditions are determined by the Executive Board after consultation with the Nomination and Compensation Committee and the Supervisory Board. They are identical for all performance share beneficiaries, as described below.

Overview of plans adopted between January 1, 2014 and December 31, 2020

2014 Plan

On March 10, 2014, the Executive Board adopted a plan for 255,500 shares in respect of 61 beneficiaries, representing, on the basis of the Company's share capital as of December 31, 2020, a maximum potential dilution of 0.09%.

At the end of the vesting period, the performance conditions were measured as follows:

Criteria	Weighting		Outcome
Absolute performance of Klépierre	30%	16.11% of performance shares vested	
Relative performance of Klépierre	70%	0% of performance shares vested	

2015 Plans

On May 4, 2015 and July 6, 2015, the Executive Board adopted two plans for, respectively, 287,559 performance shares in respect of 64 beneficiaries and 2,400 performance shares in respect of two beneficiaries, representing, on the basis of the Company's share capital as of December 31, 2020, a maximum potential dilution of 0.10%.

At the end of the vesting period, the performance conditions were measured as follows:

Criteria	Weighting		Outcome
Absolute performance of Klépierre	30%	0% of performance shares vested	
Relative performance of Klépierre	70%	0% of performance shares vested	

2016 Plan

On May 2, 2016, the Executive Board adopted a plan for 324,500 performance shares in respect of 107 beneficiaries, representing, on the basis of the Company's share capital as of December 31, 2020, a maximum potential dilution of 0.11%.

At the end of the vesting period, the performance conditions were measured as follows:

Criteria	Weighting		Outcome
Absolute performance of Klépierre	30%	0% of performance shares vested	
Relative performance of Klépierre	50%	0% of performance shares vested	
Internal performance of Klépierre	20%	17.67% of performance shares vested	

2017 Plan

On April 18, 2017, the Executive Board adopted a plan for 310,900 performance shares in respect of 116 beneficiaries, representing, on the basis of the Company's share capital as of December 31, 2020, a maximum potential dilution of 0.10%.

At the end of the vesting period, the performance conditions were measured as follows:

Criteria	Weighting	Outcome
Absolute performance of Klépierre	30%	0% of performance shares vested
Relative performance of Klépierre	50%	0% of performance shares vested
Internal performance of Klépierre	20%	65% of performance shares vested

2018 Plans

On April 24, 2018 and July 9, 2018, the Executive Board adopted two plans for, respectively, 309,300 shares in respect of 119 beneficiaries and 3,300 shares in respect of one beneficiary, representing, on the basis of the Company's share capital as of December 31, 2020, a maximum potential dilution of 0.10%.

Under the 2018 Plan, performance conditions are assessed against the following achievement scale:

Absolute performance: 10% weighting		Relative performance: 30% weighting		Internal performance: 40% weighting		CSR performance: 20% weighting	% of shares delivered
Performance	% of shares delivered	Performance	% of shares delivered	Performance	% of shares delivered	Performance	
≤16.5%	0%	Index -1%	0%	<1%	0%	GRESB rating: Klépierre must rank in the top five and have a "5-star" rating;	8%
20%	33.3%	Index	33.3%	1%	30%	Reduction in the Group's energy consumption (target: 30% reduction)	3%
22.5%	50%	Index +1%	50%	≥3%	100%	Shopping centers with sustainable development certification (target: 80% of shopping centers)	3%
25%	66.7%	Index +2%	66.7%			Shopping centers contributing to local employment (target: 70% of shopping centers having implemented at least one initiative during the year to promote local employment)	3%
27.5%	83.3%	Index +3%	100%			Employees receiving training (target: 94% of employees)	3%
≥30%	100%						

If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.

2019 Plans

On May 6, 2019 and October 31, 2019, the Executive Board adopted two plans for, respectively, 317,800 shares in respect of 106 beneficiaries and 4,000 shares in respect of one beneficiary, representing, on the basis of the Company's share capital as of December 31, 2019, a maximum potential dilution of 0.11%.

Under the 2019 Plan, performance conditions are assessed against the following achievement scale:

Absolute performance: 10% weighting		Relative performance: 30% weighting		Internal performance: 40% weighting		CSR performance: 20% weighting	% of shares delivered
Performance	% of shares delivered	Performance	% of shares delivered	Performance	% of shares delivered	Performance	
≤16.5%	0%	Index -1%	0%	<1%	0%	GRESB rating: Klépierre must rank in the top five and have a "5-star" rating;	8%
20%	33.3%	Index	33.3%	1%	30%	Reduction in the Group's energy consumption (target: ≥35%)	3%
22.5%	50%	Index +1%	50%	≥3%	100%	Net asset value of Group shopping centers with sustainable development certification (target: ≥90%)	3%
25%	66.7%	Index +2%	66.7%			Number of Group shopping centers having implemented at least one initiative during the year to promote local employment (target: ≥85%)	3%
27.5%	83.3%	Index +3%	100%			Number of Group employees having received training (target: ≥97%)	3%
≥30%	100%						

If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.

2020 Plans

On May 7, 2020 and December 22, 2020, the Executive Board adopted two plans for, respectively, 312,900 shares in respect of 109 beneficiaries and 7,250 shares in respect of two beneficiaries, representing, on the basis of the Company's share capital as of December 31, 2020, a maximum potential dilution of 0.11%.

Under the 2020 Plan, performance conditions are assessed against the following achievement scale:

Absolute performance: 10% weighting		Relative performance: 30% weighting		Internal performance: 40% weighting		CSR performance: 20% weighting	% of shares delivered
Performance	% of shares delivered	Performance	% of shares delivered	Performance	% of shares delivered	Performance	
≤16.5%	0%	Index -1%	0%	<1%	0%	GRESB rating: Klépierre must rank in the top five in its category and have a "5-star" rating	8%
20%	33.3%	Index	33.3%	1%	30%	Reduction in the Group's energy consumption Objective: 40% reduction	3%
22.5%	50%	Index +1%	50%	≥3%	100%	Shopping centers with sustainable development certification Objective: 100% of shopping centers	3%
25%	66.7%	Index +2%	66.7%			Shopping centers contributing to local employment Target: 100% of shopping centers having implemented at least one initiative during the year to promote local employment	3%
27.5%	83.3%	Index +3%	100%			Employees receiving training Target: 100% of employees	3%
≥30%	100%						

If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.

TABLE 9 – AMF/AFEP-MEDEF CODE RECOMMENDATIONS – HISTORICAL DATA OF FREE SHARES ALLOTTED – INFORMATION ON PERFORMANCE SHARES

	2014 Plan	2015 Plans	2016 Plan	2017 Plan	2018 Plans	2019 Plans	2020 Plans
Date of Executive Board meeting	March 10, 2014	May 4, 2015 July 6, 2015	May 2, 2016	April 18, 2017	April 24, 2018 July 9, 2018	May 6, 2019 October 31, 2019	05/07/2020 12/22/2020
Total number of performance shares allotted	255,500	289,959	324,500	310,900	312,600	321,800	320,150
o/w allotted to corporate officers:							
• Jean-Marc Jestin	25,000	32,353	30,000	35,000	35,000	35,000	35,000
• Jean-Michel Gault	25,000	32,353	30,000	30,000	30,000	30,000	30,000
• Beñat Ortega*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	2020 Plan no. 1: N/A* 2020 Plan no. 2: 1,250
End of vesting period	France Plan: March 10, 2017 International Plan: March 10, 2018	France Plan: May 4, 2018 International Plan: May 4, 2019	France Plan: May 2, 2019 International Plan: May 2, 2020	France Plan: April 18, 2020 International Plan: April 18, 2021	France Plan: April 24, 2021 International Plan: April 24, 2022	France Plan: May 6, 2022 International Plan: May 6, 2023	France Plan: 05/07/2023 and 12/22/2023 International Plan: 05/07/2024
End of lock-up period	France Plan: March 10, 2019 International Plan: March 10, 2018	France Plan: May 4, 2020 International Plan: Plans: May 4, 2019 and July 6, 2019	France Plan: May 2, 2021 International Plan: May 2, 2020	France Plan: April 18, 2022 International Plan: April 18, 2021	France Plan: April 24, 2023 International Plan: April 24, 2022	France Plan: May 6, 2024 International Plan: May 6, 2023	France Plan: 05/07/2025 and 12/22/2025 International Plan: 05/07/2024
Performance condition	Performance conditions assessed based on two criteria: • TSR of the Klépierre share; • Performance of the Klépierre share relative to the FTSE EPRA Eurozone Index.	Performance conditions assessed based on two criteria: • TSR of the Klépierre share; • Performance of the Klépierre share relative to the FTSE EPRA Eurozone Index.	Performance conditions assessed based on three criteria: • TSR of the Klépierre share; • Performance of the Klépierre share relative to the FTSE EPRA Eurozone Index. • Internal performance assessed based on the average change over three years in net rental income, net of indexation, on a like-for-like basis.	Performance conditions assessed based on three criteria: • TSR of the Klépierre share; • Performance of the Klépierre share relative to the FTSE EPRA Eurozone Index. • Internal performance assessed based on the average change over three years in net rental income, net of indexation, on a like-for-like basis.	Performance conditions assessed based on four criteria: • TSR of the Klépierre share; • Performance of the Klépierre share compared to a panel of peers; • Internal performance assessed based on the average change over three years in net rental income on a like-for-like basis; • Group CSR performance, assessed based on the GRESB rating and on the achievement within three years of the Group's CSR strategic priorities.	Performance conditions assessed based on four criteria: • TSR of the Klépierre share; • Performance of the Klépierre share compared to a panel of peers; • Internal performance assessed based on the average change over three years in net rental income on a like-for-like basis; • Group CSR performance, assessed based on the GRESB rating and on the achievement within three years of the Group's CSR strategic priorities.	Performance conditions assessed based on four criteria: • TSR of the Klépierre share; • Performance of the Klépierre share compared to a panel of peers; • Internal performance assessed based on the average change over three years in net rental income on a like-for-like basis; • Group CSR performance, assessed based on the GRESB rating and on the achievement within three years of the Group's CSR strategic priorities.
Number of shares vested as of December 31, 2020	11,667	0	49,838	25,172	0	0	0
Total number of shares canceled or lapsed	243,833	289,959	274,662	275,965	34,866	36,200	6,500
Shares outstanding at the fiscal year end	0	0	0	9,763	277,734	285,600	313,650

* Beñat Ortega has been a member of the Klépierre Executive Board since November 16, 2020.

7.1.4 Material contracts

7.1.4.1 Material financing contracts

2019

Credit facility agreements

- Purpose: credit facility agreement for a total maximum amount of €200 million.
- Repayment terms: in full at maturity (2024).
- Interest: indexed to three-month Euribor, plus a fixed margin and a drawdown fee.

Update of the Euro Medium Term Note (EMTN) program

- Purpose: legal framework enabling the rapid issuance of a broad range of bonds.
- Maximum amount €7 billion.
- Listing: Paris.
- Governing law: French.
- Dealers: ABN Amro, Banca IMI, BBVA, Barclays, BNP Paribas, BofA Merrill Lynch, Caixa, Citigroup, CM-CIC, Crédit Agricole CIB, Deutsche Bank, DnB, Goldman Sachs, HSBC, ING, JP Morgan, Mediobanca, Mizuho, Morgan Stanley, MUFG, Natixis, NatWest Markets, Santander, Société Générale, SMBC, UBS, and Unicredit.
- Program rating: A-.

Under the EMTN program, a euro-denominated fixed-rate issue with an 11-year maturity was launched in 2019 for a total amount of €600 million.

2020

Credit facility agreements

- Purpose: credit facility agreement for a total maximum amount of €1,385 million.
- Repayment terms: in full at maturity (2025) where the two one-year extension options are not exercised.
- Interest: indexed to three-month Euribor, plus a fixed margin and a drawdown fee. The interest rate on the facility may be adjusted (upwards or downwards) based on the attainment of ESG objectives (per-sq.m. carbon intensity reduction objectives for the Klépierre's asset portfolio).

Update of the Euro Medium Term Note (EMTN) program

- Purpose: legal framework enabling the rapid issuance of a broad range of bonds.
- Maximum amount €7 billion.
- Listing: Paris.
- Governing law: French.
- Dealers: ABN Amro, Banca IMI, BBVA, Banco Sabadell, Barclays, BNP Paribas, BofA, CaixaBank, Citigroup, CIC, Crédit Agricole, Deutsche Bank, DnB, Goldman Sachs, HSBC, ING, JP Morgan, Mediobanca, Mizuho, Morgan Stanley, MUFG, Natixis, NatWest, Santander, Société Générale, SMBC, UBS, Unicredit.
- Program rating: A-.

Under the EMTN program, several euro-denominated fixed-rate issues of varying maturities (2 to 13 years) for a total amount of €1.5 billion were launched in 2020.

7.1.4.2 Material investment and disposal contracts

This section sets out transactions exceeding €100 million.

2019

Sale of four assets and closure of operations (Hungary)

Date of agreement: November 14, 2019 (signature: July 23, 2019)

- Parties: Capucine BV and Klépierre SA, and GSZ Monument Kft and Rockhampton Property Kft.
- Purpose: sale of Corvin Plaza, Duna Plaza, Győr Plaza and Miskolc Plaza and two management companies.

2020

None.

7.1.4.3 Related-party agreements

Annual review of related-party agreements

On February 16, 2021, the Supervisory Board reviewed (i) the related-party agreements and commitments entered into and authorized by the Supervisory Board during fiscal year 2020 as well as (ii) the related-party agreements entered into and authorized by the Supervisory Board during previous fiscal years that remained in force during fiscal year 2020. The agreements and commitments are presented in the following tables:

Related-party agreements authorized in 2020

No related-party agreements or commitments were entered into and authorized by the Supervisory Board during fiscal year 2020.

PREVIOUSLY AUTHORIZED RELATED-PARTY AGREEMENTS THAT REMAINED IN FORCE DURING FISCAL YEAR 2020

Date of the authorization granted by the Supervisory Board	Date of signature of the agreement	Parties to the agreement	Purpose of the agreement	Description of the agreement
October 3, 2008	October 6, 2008	Nordica Holdco AB and Stichting Depository APG Real Estate Pool assuming the rights of APG Real Estate Pool NV, the latter itself assuming the rights of Stichting Pensionfonds ABP.	Intra-group loan granted as part of the Steen & Strøm transaction	Amount as of December 31, 2020: €76,910,002.74 Term: perpetual Interest rate: 3.30% since October 6, 2018. Interest accrued in 2020: €2,516,480.80
November 30, 2015	December 18, 2015	Klépierre and APG Strategic Real Estate Pool NV (parent companies of the shareholders of Nordica Holdco AB) in favor of Nordica Holdco AB.	Intra-group loan granted as part of the Oslo Center acquisition	Amount as of December 31, 2020: €21,128,508.14 Term: perpetual Interest rate: 3.20% until December 17, 2020, then 3% Interest accrued in 2020: €664,907.75
February 5, 2019	February 22, 2019	Simon Property Group LP, via Simon Global Development BV	Tax representation of Simon Global Development BV by Klépierre SA in France	Appointment of Klépierre as tax representative of Simon Global Development BV in France, in exchange for the issue by Simon Property Group LP of a guarantee payable on first demand for an unlimited amount in favor of Klépierre. Fee: None

Internal charter relating to the classification of agreements (the "Charter")

Klépierre SA has adopted a Charter that clarifies the rules used internally to classify the various agreements likely to be entered into within the Klépierre Group. The Charter applies to the French companies of the Group.

The Charter was implemented in response to AMF recommendation no. 2012-05 of July 2, 2012 as amended on October 5, 2018, and more specifically to proposal no. 4.1, which recommends that companies:

- "Introduce an internal charter [...] governing the classification of agreements and their submission to the procedure applicable to related-party agreements. The charter should define the criteria adopted by the company, by adapting the CNCC guide to its own situation, in agreement with their Statutory Auditors; and
- Submit the charter to their Board for approval and publish it on their website.

The Charter is available for consultation at www.klepierre.com.

Procedure applicable to agreements entered into by Klépierre SA in the ordinary course of business and on arm's length terms (the "Procedure")

Article L. 22-10-29 of the French Commercial Code states that: "in companies whose shares are admitted to trading on a regulated market, the Supervisory Board shall put in place a procedure to regularly assess whether agreements entered into in the ordinary course of business and on arm's length terms, as stated in Article L. 225-87, still qualify as such. All persons directly or indirectly involved in any such agreements shall not take part in their assessment". Accordingly, Klépierre SA introduced the Procedure applicable to agreements entered into by Klépierre SA in the ordinary course of business and on arm's length terms.

It is available for consultation at www.klepierre.com.

In accordance with the Procedure, the Executive Board⁽¹⁾ shall meet at least once a year to identify all existing agreements entered into in the ordinary course of business and on arm's length terms and to verify whether they still qualify as such. Thus, for each agreement entered into in the ordinary course of business and on arm's length terms, the Executive Board shall specifically assess, on a case-by-case basis:

- "Ordinary course of business" condition: Several criteria shall be examined, in particular the ordinary nature of the agreement in view of the business of the Company, as well as the legal importance or the economic consequences of the agreement;
- "Arm's length terms" condition: The terms usually employed by the Company in its relations with third parties can be regarded as arm's length, provided that they are also in line with the practices of external companies engaged in the same business. For example, an agreement could be regarded as having not been entered into at arm's length if the economic data of that agreement differ too much from the terms under which agreements are usually entered into with third parties.

After its examination, the Executive Board shall recommend either (i) that the agreement continue to be classified as an agreement entered into in the ordinary course of business and on arm's length terms, on the grounds that the related conditions are still satisfied; or otherwise, (ii) that the agreement be reclassified as a related-party agreement. The Executive Board shall then submit its recommendations to the Audit Committee in a written report. The Audit Committee shall decide whether or not to reclassify each agreement in question submitted to it by the Executive Board. In this respect, it may ask the opinion of the Statutory Auditors. It may also decide to involve any experts or, more generally, request any further information it deems useful. In the event that the original classification as an agreement entered into in the ordinary course of business and on arm's length terms is retained by the Audit Committee, the Procedure will no longer apply to that agreement. Otherwise, the Audit Committee shall issue a recommendation to the Supervisory Board to approve or reject the agreement concerned. In addition, the agreement shall be disclosed to the Statutory Auditors, who may prepare a special report explaining the circumstances under which the advance authorization procedure provided for in Article L. 225-86 of the French Commercial Code was not followed. If the Supervisory Board approves the agreement, the following General Meeting of Klépierre SA will then be asked to ratify it.

7.1.5 Statutory Auditors' report on related-party agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2020

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of KLÉPIERRE,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related-party agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying why they benefit the Company, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-58 of the French Commercial Code (*Code de Commerce*) in respect of the performance of the agreements, already authorized by the Annual General Meeting and having continuing effect during the year, if any.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These guidelines require that we verify the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

Agreements authorized and concluded during the year ended December 31, 2020

We have not been informed of any agreement authorized and concluded during the year ended to be submitted for approval of the Annual General Meeting pursuant to Article R. 225-86 of the French Commercial Code (*Code de Commerce*).

Agreements previously approved by the Annual General Meeting

Agreements, previously approved by the Annual General Meeting during previous fiscal years, continued during the year

Pursuant to Article R. 225-57 of the French Commercial Code (*Code de commerce*), we have been informed that the performance of the following agreements, previously approved by the Annual General Meeting during previous fiscal years, continued during the year.

With Nordica Holdco AB, 56.1% indirectly held by KLÉPIERRE Company

⁽¹⁾ In the event that the Executive Board cannot carry out the assessment of an agreement, such agreement will be assessed by the Deputy Chief Financial Officer and/or the Group General Counsel.

Agreement n° 1

Nature and purpose

On October 3, 2008, your Supervisory Board approved the granting of an inter-group loan to Nordica Holdco AB bearing fixed interest of 6.5% with indefinite life duration. This interest rate came from 4.7% in January 1, 2014 to 3.3% since October 6, 2018 in accordance with the interest rate adjustment mechanism stipulated in the agreement.

Terms and conditions

This loan was granted on October 6, 2008. As of December 31, 2020, the loan balance totaled €76,910,002.74 and the interest recorded in respect of the fiscal year amounted to €2,516,480.80.

Agreement n° 2

Nature and purpose

On November 30, 2015, your Supervisory Board authorized an open-ended intercompany loan, granted by your Company and APG Strategic Real Estate Pool NV to Nordica Holdco AB and bearing fixed interest of 3.2%. This interest rate have been reduced to 3% starting December 17, 2020 in accordance with the interest rate adjustment mechanism stipulated in the agreement.

Terms and conditions

This loan was granted on December 18, 2015. As of December 31, 2020, the loan balance totaled €21,128,508.14 and the interest recorded in the respect of the fiscal year amounted to €664,907.75.

With Simon Property Group LP, in which your Company holds more than 10% of the voting rights through Simon Global Development BV

Nature and purpose

Your Supervisory Board held on February 5, 2019 authorized your Company to be the tax representative of Simon Global Development BV.

Terms and conditions

In accepting this role, your Company will not incur or bear any cost. Tax representation ceased on December 21, 2020.

Agreements, previously approved by the Annual General Meeting during previous fiscal years, without performance during the year

Moreover, we are aware of the following continued agreements, previously approved by the Annual General Meeting during previous fiscal years, which have not resulted in performance during the year.

With Mr. Jean-Marc JESTIN, Chairman of the Executive Board

Nature and purpose

Your Supervisory Board held on April 16, 2019 authorized the implementation of a severance package in the event of a forced departure of Mr. Jean-Marc JESTIN from KLÉPIERRE.

Terms and conditions

The amount of the payment will correspond to one year's annual compensation increased on a linear basis according to his length of service as a corporate officer (on a basis of one month for each additional year of service with effect from January 1, 2017) and up to a maximum of two years' short term variable and fixed compensation (gross) received for that corporate office over the twelve months preceding the departure.

In addition, in terms of performance conditions, the severance package may only be paid in the event that:

- Mr. Jean-Marc JESTIN has received or will be entitled to receive, during the last two fiscal years preceding the year of termination of his mandate, an annual overall variable remuneration (i.e., quantitative and qualitative) representing an amount at least equal to 100% of his fixed remuneration (the maximum being 130%), and
- the quantitative part of the annual variable remuneration has been paid in an amount equal, at the very least, to the objectives set during these fiscal years.

In accordance with the AFEP-MEDEF Code, no termination benefits will be owed if the beneficiary has the possibility of claiming full retirement benefits, within six months after termination of his functions.

With Mr. Jean-Michel GAULT, Executive Board member**Nature and purpose**

Your Supervisory Board held on April 16, 2019 authorized the implementation of a severance package in the event of a forced departure of Mr. Jean-Michel GAULT from KLÉPIERRE.

Terms and conditions

The amount of the payment will be limited to two years of short-term variable and fixed compensation (gross) received for his corporate office over the twelve months preceding the departure, less any amount paid for any statutory severance or conventional agreement that Jean-Michel GAULT may otherwise receive under his employment contract.

In addition, in terms of performance conditions, the severance package may only be paid in the event that:

- Mr. Jean-Michel GAULT has received or will be entitled to receive, during the last two fiscal years preceding the year of termination of his mandate, an annual overall variable remuneration (i.e., quantitative and qualitative) representing an amount at least equal to 100% of his fixed remuneration (the maximum being 130%), and
- the quantitative part of the annual variable remuneration has been paid in an amount equal, at the very least, to the objectives set during these fiscal years.

In accordance with the AFEP-MEDEF Code, no termination benefits will be owed if the beneficiary has the possibility of claiming full retirement benefits, within six months after termination of his functions.

Paris-La Défense, March 30, 2021

The Statutory Auditors

Deloitte & Associés

Damien LEURENT

Laure SILVESTRE-SIAZ

ERNST & YOUNG Audit

Bernard HELLER

7.2 DESCRIPTION OF THE TREASURY SHARE BUYBACK PROGRAM

Pursuant to Articles 241-1 *et seq.* of the General Regulation of the French financial markets authority (*Autorité des marchés financiers* – AMF), this section provides details of the treasury share buyback program that will be submitted to the Ordinary and Extraordinary General Meeting of June 17, 2021 (the “2021 Share Buyback Program”).

7.2.1 Date of the General Meeting of Shareholders called to approve the 2021 Share Buyback Program

June 17, 2021

7.2.2 Shares held by the Company as of January 31, 2021

As of January 31, 2021, Klépierre directly or indirectly held 9,622,972 shares, representing 3.26% of its share capital for an overall amount of €412,787,175.60 (book value).

The above figures and the following information take into account the total number of shares comprising the Company's share capital as of January 31, 2021, i.e., 294,848,054 shares.

7.2.3 Breakdown by objective of the shares held by Klépierre as of January 31, 2021

As of January 31, 2021,

- 1,582,590 shares are allocated to any stock purchase option plans offered by the Company, allotments of free shares or external growth transactions;
- 53,500 shares are allocated to maintaining a liquid market in the Klépierre share on Euronext Paris under the liquidity agreement entered into with Rothschild Martin Maurel in January 2019 that

complies with the applicable legal framework, in particular Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, Commission Delegated Regulation (EU) No. 2016/908 of February 26, 2016, Articles L. 22-10-62 *et seq.* of the French Commercial Code, decision 2018-01 of the AMF of July 2, 2018 and the legislation referred to therein;

- 7,986,882 shares are allocated for cancellation.

7.2.4 Objectives of the 2021 Share Buyback Program

The objectives of the 2021 Share Buyback Program are as follows:

- To maintain the secondary market in or liquidity of the Klépierre share through an investment services provider pursuant to a liquidity agreement that complies with a code of conduct recognized by the AMF or market practices permitted by the AMF; or
- To deliver shares (by way of exchange, payment or otherwise) as part of an acquisition, merger, spin-off or asset transfer transaction; or
- To allot free shares pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- To allot or sell shares to employees in connection with an employee profit-sharing plan or pursuant to an employee savings plan under the conditions provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code, through the sale of shares previously purchased by the Company under authorizations that have already been granted or will be granted by the General Meeting of Shareholders or by making provision for a free allotment of those shares by way of a Company contribution in the form of securities and/or by replacing the discount; or
- To implement any Company stock purchase option plan in accordance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code or any other similar plan; or
- In general, to honor obligations with respect to stock option programs or other share allotments to employees or corporate officers of the issuer or of a related company; or
- To deliver shares on the exercise of rights attached to securities giving rights to shares of the Company by redemption, conversion, exchange, presentation of a warrant or by any other means; or
- To cancel all or a portion of the securities purchased in this way.

7.2.5 Maximum portion of the share capital to be acquired and maximum number of shares that may be acquired under the 2021 Share Buyback Program

The number of shares that the Company will be authorized to purchase may not exceed 10% of the shares comprising the Company's share capital at any time, this percentage being applied to the share capital as adjusted to take into account any transactions affecting the share capital after this General Meeting.

For information purposes, based on the share capital as of January 31, 2021, less the 9,622,972 shares held at this date, the maximum number of shares that may be purchased is 19,861,833.

The number of shares that the Company will be authorized to hold at any given time may not exceed 10% of the shares comprising the Company's share capital at the relevant date. For information purposes, based on the share capital as of the date of the General Meeting, the maximum number of shares that can be held is 29,484,805.

7.2.6 Maximum authorized purchase price per share

The maximum purchase price would be €32 per share, on the understanding that this price may be adjusted in the event of any transactions affecting the share capital or shareholders' equity, in order to take into account the impact of such transactions on the share value.

The maximum amount of funds used to finance the 2021 Share Buyback Program is estimated at €943,513,760, calculated based on a maximum purchase price of €32 per share and on Klépierre's share capital as of the date of the General Meeting.

7.2.7 Duration of the 2021 Share Buyback Program

In accordance with the twentieth resolution of the General Meeting, the Share Buyback Program may be carried out over an 18-month period following that date, i.e., until December 17, 2022.



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8.1 GENERAL INFORMATION

8.1.1 Company name

Klépierre

8.1.2 Paris Trade and Companies Registry

SIREN registration number: 780 152 914

SIRET number: 780 152 914 00237

NAF/APE code: 6820B

8.1.3 Legal entity identifier

969500PB4U31KEFHZ621

8.1.4 Term of the Company

Its term was set at 99 years, expiring on October 3, 2067.

8.1.5 Legal form

Klépierre is a French joint-stock corporation (*société anonyme*) with an Executive Board and a Supervisory Board subject to the legal provisions applicable to French joint-stock corporations, in particular Articles L. 225-57 to L. 225-93 of the French Commercial Code (*Code de commerce*) and by its own bylaws.

8.1.6 Registered office

26, boulevard des Capucines - 75009 Paris (France)

Tel.: +33 (0)1 40 67 57 40

8.1.7 Corporate purpose

Klépierre's corporate purpose is set out in Article 2 of the bylaws, as follows:

- to acquire, sell or exchange, whether directly or indirectly, any land, real-estate rights and buildings, located in France or abroad, as well as all goods and rights that might constitute an addition or annex to said buildings;
- through its subsidiaries, to construct buildings on its own account or on behalf of Group companies and engage in all operations directly or indirectly related to the construction of these buildings;

- to operate and enhance property value by leasing such properties or otherwise;
- to enter into any lease agreement as a tenant, in France or abroad;
- to acquire direct or indirect equity interests in the persons indicated in Article 8 and in paragraphs 1, 2 and 3 of Article 206 of the French Tax Code (*Code général des impôts*) and, more generally, to acquire equity interests in any company whose purpose is to operate rental properties;
- as a subsidiary matter, to acquire or dispose of equity interests in any company or enterprise exercising any type of activity in the real estate sector; and
- more generally, to engage in all types of civil, commercial, financial, investment and real estate transactions directly related to the aforementioned purpose or in the furtherance thereof, in particular, borrowing and the constitution of any guarantees or pledges required in relation thereto.

8.1.8 Tax regime

The Company has elected to be taxed under the French real estate investment company (*Sociétés d'investissement immobilier cotées* – SIIC) tax regime in accordance with the terms of Article 208 C of the French Tax Code.

As such, it is exempt from corporate income tax on:

- earnings from rental properties, provided that 95% of such earnings are distributed to shareholders before the end of the fiscal year that follows the year in which they are generated;
- capital gains from the sale of property, investments in partnerships with a corporate purpose identical to that of a SIIC or shareholdings in subsidiaries that have elected for the SIIC regime, provided that 70% of these capital gains are distributed to shareholders before the end of the second fiscal year following the year in which they are generated;
- dividends received from subsidiaries having elected for SIIC status where these dividends arise as a result of profits and/or capital gains that are exempt from corporate income tax under the SIIC regime, provided that they are distributed during the fiscal year following the year in which they are generated.

8.1.9 Other disclosures

The address of the Group's corporate website is: www.klepierre.com⁽¹⁾.

Klépierre's bylaws are available in full on the Group's website and are incorporated by reference in this Universal Registration Document.

⁽¹⁾ The information on the corporate website does not form part of this document, unless incorporated by reference.

8.2 DOCUMENTS ON DISPLAY

The updated bylaws, as well as appraisals and statements made by experts at the Company's request, and all other documents that must be kept at the disposal of shareholders in accordance with the law, may be consulted at the Company's registered office:

26, boulevard des Capucines - 75009 Paris (France).
Tel.: +33 (0)1 40 67 57 40

Copies of this Universal Registration Document are available free of charge from Klépierre's registered office and on its corporate website (www.klepierre.com), as well as on the website of the French financial markets authority (*Autorité des marchés financiers* – AMF) (www.amf-france.org).

8.3 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT, WHICH SERVES AS THE ANNUAL FINANCIAL REPORT

I hereby declare that the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omissions likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and of all the entities included in the scope of consolidation, and that

the management report on page 345 presents fairly the changes in business, results of operations and financial position of the Company and of all the entities included in the scope of consolidation and describes the main risks and uncertainties facing them.

Paris, March 31, 2021

Jean-Marc Jestin
Chairman of the Executive Board

8.4 PERSONS RESPONSIBLE FOR THE STATUTORY AUDIT AND THE FINANCIAL INFORMATION

Persons responsible for the statutory audit

Statutory Auditors

Deloitte & Associés

6, place de la Pyramide

92908 Paris-La Défense Cedex, France

572 028 041 RCS Nanterre

Damien Leurent/Laure Silvestre-Siaz

First appointed: General Meeting of Shareholders of June 28, 2006

Last renewed: General Meeting of Shareholders of April 19, 2016

Term expires: General Meeting of 2022 to be called to approve the financial statements for fiscal year 2021

Ernst & Young Audit

1-2, place des Saisons

92400 Courbevoie-Paris-La Défense 1, France

344 366 315 RCS Nanterre

Bernard Heller

First appointed: General Meeting of Shareholders of April 19, 2016

Term expires: General Meeting of 2022 to be called to approve the financial statements for fiscal year 2021

Alternate Statutory Auditors

Société BEAS

6, place de la Pyramide

92908 Paris-La Défense Cedex, France

315 172 445 RCS Nanterre

First appointed: General Meeting of Shareholders of June 28, 2006

Last renewed: General Meeting of Shareholders of April 19, 2016

Term expires: General Meeting of 2022 to be called to approve the financial statements for fiscal year 2021

Picarle & Associés

1-2, place des Saisons

92400 Courbevoie-Paris-La Défense 1, France

410 105 894 RCS Nanterre

First appointed: General Meeting of Shareholders of April 19, 2016

Term expires: General Meeting of 2022 to be called to approve the financial statements for fiscal year 2021

Person responsible for the financial information

Jean-Michel Gault

Chief Financial Officer, member of the Executive Board

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8.5 PROPERTY PORTFOLIO AS OF DECEMBER 31, 2020

8.5.1 Shopping centers

France-Belgium

Property valuation of €8,453 million (on a total share basis, including transfer taxes)⁽¹⁾

Center	Country	Region	Opening date	Last renovation/extension	Acquired by Klépierre	Gross leasable area ⁽²⁾	Rentable floor area ⁽³⁾	Klépierre equity interest
Créteil, Créteil Soleil	France	Île-de-France	1974	2019-20	1991	129,018	100,928	80.0%
Marne-la-Vallée - Serris, Val d'Europe	France	Île-de-France	2000	R/E 2017	2000	135,174	89,327	55.0%
Thiais, Belle Épine	France	Île-de-France	1971	R 2015	2019	135,742	135,742	10.0%
Toulouse, Blagnac	France	Occitanie	1993	R/E 2009	2004	96,323	96,323	54.0%
Bègles, Rives d'Arcins	France	Nouvelle-Aquitaine	1995	R/E 2013	1996	97,857	75,657	52.0%
Montpellier, Odysseum	France	Occitanie	2009		2009	73,447	53,447	100.0%
Louvain-la-Neuve, L'esplanade	Belgium	Walloon Brabant	2005		2005	56,040	56,040	100.0%
Noisy-le-Grand, Arcades	France	Île-de-France	1978	R/E 2009	1995	58,871	42,784	54.0%
Boulogne-Billancourt, Les Passages de l'Hôtel de Ville	France	Île-de-France	2001	R 2013	2001	23,738	23,738	50.0%
Clermont-Ferrand, Jaude	France	Auvergne - Rhône-Alpes	1980	R/E 2015	1990	43,206	43,206	100.0%
Grenoble, Grand Place	France	Auvergne - Rhône-Alpes	1976	R/E 2002	2015	71,467	45,787	100.0%
Paris, Saint-Lazare	France	Île-de-France	2012		2012	18,813	12,275	100.0%
Écully, Grand Ouest	France	Auvergne - Rhône-Alpes	1972	R (car park) 2009	2001	47,503	16,973	83.0%
Claye-Souilly, Les Sentiers de Claye-Souilly	France	Île-de-France	1972	E 2012	2001	63,747	32,798	55.0%
Caen, Mondeville 2	France	Normandy	1995		2015	38,538	17,727	100.0%
Portet-sur-Garonne, Grand Portet	France	Occitanie	1972	2018	2001	51,030	23,653	83.0%
Villiers-en-Bière	France	Île-de-France	1971	2016	2001	72,932	31,651	83.0%
Marseille, Grand Littoral	France	Provence-Alpes-Côte d'Azur	1996	R/E 2013	2015	107,500	58,023	100.0%
Marseille, Prado	France	Provence-Alpes-Côte d'Azur	2018		2018	23,146	23,146	60.0%
Roques-sur-Garonne	France	Occitanie	1995	R/E 2009	2011	52,044	39,443	100.0%
Nice, Nice TNL	France	Provence-Alpes-Côte d'Azur	1981	R 2005	2015	27,406	12,430	100.0%
Lattes, Grand Sud	France	Occitanie	1986	R/E 1993	2002	39,893	15,941	83.0%
Aubervilliers, Le Millénaire	France	Île-de-France	2011		2011	59,551	59,551	50.0%
Toulouse, Saint-Orens	France	Occitanie	1991	R/E 1998	2004	38,793	38,793	54.0%
Le Havre, Espace Coty	France	Normandy	1999		2000	26,799	26,799	50.0%
Annecy, Courier	France	Auvergne - Rhône-Alpes	2001	R 2016	2001	21,120	21,120	58.0%
Pontault-Combault	France	Île-de-France	1978	R/E 1993	2001	38,883	13,892	83.0%
Rennes, Colombia	France	Brittany	1986	R 2016	2005	25,727	17,807	100.0%
Toulon, Centre Mayol	France	Provence-Alpes Côte d'Azur	1990		2015	43,499	20,704	40.0%
Tourville, Tourville-la-Rivière	France	Normandy	1990	R 2011	2007	27,571	9,970	85.5%
Saint-Étienne, Centre 2	France	Auvergne - Rhône-Alpes	1979		2015	35,158	27,898	100.0%
Givors, 2 Vallées	France	Auvergne - Rhône-Alpes	1976	R 2016	2001	38,185	19,988	83.0%

14 other assets, accounting for 4.9% of the property valuation of France-Belgium, are not included in the above table: Valenciennes, Place d'Armes - Creil, Saint Maximin - Sevrans, Beau Sevrans - Toulouse, Nailloux Outlet Village - Valence, Victor Hugo - Marseille, Bourse - Dieppe, Belvédère - Riom, Riom Sud - Drancy, Avenir - Sète Balaruc - Cholet La Séguinière Outlet - Chartres, La Madeleine - Besançon, Les Passages Pasteur - Angoulême, Champ de Mars.

(1) Excluding €82 million reclassified to "Convenient shopping centers and other retail properties".

(2) Total sales area (including the hypermarket if there is one), plus storage area and not including aisles and shared tenant space.

(3) Area owned by Klépierre and on which Klépierre collects rents.

Italy

Property valuation of €3,848 million (on a total share basis, including transfer taxes)⁽¹⁾

Center	Region	Opening date	Last renovation/extension	Acquired by Klépierre	Gross leasable area ⁽³⁾	Rentable floor area ⁽⁴⁾	Klépierre equity interest
Roma, Porta di Roma	Lazio	2007	R 2016	2015	96,954	73,282	50.0%
Turin, Shopville Le Gru	Piedmont	1994	R 2013	2015	86,951	86,951	100.0%
Naples, Campania	Campania	2007	E 2014	2015	93,467	88,157	100.0%
Assago (Milan), Milanofiori	Lombardy	1988	E 2018	2005	50,195	31,413	100.0%
Venice, Nave de Vero	Veneto	2014		2015	39,039	39,039	100.0%
Bologna, Shopville Gran Reno	Emilia-Romagna	1993		2015	37,836	22,537	100.0%
Milan, Globo I-II-III	Lombardy	1993/2001/2004	E 2006	2015	94,302	30,442	100.0%
Modena, Grand Emilia	Emilia-Romagna	1996		2015	39,688	19,779	100.0%
Savignano s. Rubicone (Rimini), Romagna Center	Emilia-Romagna	1992	R/E 2014	2002	72,566	51,389	100.0%
Lonato, Il Leone di Lonato	Lombardy	2007		2008	46,529	30,225	50.0%
Cagliari, Le Vele & Millennium	Sardinia	1998	R 2013	2015	43,536	32,306	100.0%
Udine, Citta Fiera	Friuli Venezia Giulia	1992	E 2015	2015	116,851	47,698	49.0%
Varese, Belforte	Lombardy	1988	E 2012	2002	28,228	10,029	100.0%
Pavia, Montebello della Battaglia, Montebello	Lombardy	1974	E 2005	2002	62,789	43,994	100.0%
Vittuone, Il Destriero	Lombardy	2009		2009	27,218	16,142	50.0%
Bergamo, Seriate, Alle Valli	Lombardy	1990	R/E 2008	2002	34,590	10,984	100.0%
Citta S. Angelo, Pescara Nord	Abruzzo	1995	R/E 2010	2002	33,718	19,515	83.0%
Verona, Le Corti Venete	Veneto	2006		2008	29,383	16,393	50.0%
Rome, La Romanina	Lazio	1992	R/E 2009	2002	31,737	19,832	83.0%

7 other assets, accounting for 6.2% of the property valuation of Italy, are not included in the table above: Colonnella (Teramo), Val Vibrata – Vignate (Milan), Acquario Center – Rome, Tor Vergata – Lecce, Cavallino – Pesaro, Rossini Center – Senigallia, Il Maestrale – Solbiate Olona, Le Betulle.

Scandinavia

Property valuation of €3,565 million (on a total share basis, including transfer taxes)⁽²⁾

Center	Country	Opening date	Last renovation/extension	Acquired by Klépierre	Gross leasable area ⁽³⁾	Rentable floor area ⁽⁴⁾	Klépierre equity interest
Copenhagen, Field's	Denmark	2004	E 2015	2009	93,886	93,886	56.1%
Malmö, Emporia	Sweden	2012		2008	68,803	68,803	56.1%
Oslo, Oslo City	Norway	1988		2015	23,289	23,289	56.1%
Aarhus, Bruun's Galleri	Denmark	2003		2008	37,581	37,581	56.1%
Partille, Allum	Sweden	2006		2008	49,734	49,734	56.1%
Drammen, Gulslogen Senter	Norway	1985	2010	2008	40,629	40,629	56.1%
Örebro, Marieberg	Sweden	1988	2009	2008	33,437	33,437	56.1%
Tønsberg, Farmandstredet	Norway	1997	2008	2008	37,881	33,631	56.1%
Lørenskog, Metro Senter	Norway	1988	2009	2008	53,142	53,142	28.1%
Borlänge, Kupolen	Sweden	1989	2005	2008	49,236	49,236	56.1%
Ås, Vinterbro Senter	Norway	1996	R 2013	2008	41,212	41,212	56.1%
Haugesund, Amanda	Norway	1997	1997	2008	24,678	14,678	56.1%
Larvik, Nordbyen	Norway	1991	2006	2008	16,019	16,019	28.1%
Stavanger, Arkaden Torgterrassen	Norway	1993	2010	2008	19,773	17,540	56.1%

4 other assets, accounting for 6.4% of the property valuation of Scandinavia, are not included in the above table: Tromsø, Nerstranda (Norway) – Hamar, Maxi Storsenter (Norway) – Viejle, Bryggen (Denmark) – Kristiansstad, Galleria Boulevard (Sweden).

(1) Excluding €82 million reclassified to "Convenient shopping centers and other retail properties".

(2) Excluding €76 million reclassified to "Convenient shopping centers and other retail properties".

(3) Total sales area (including the hypermarket if there is one), plus storage area and not including aisles and shared tenant space.

(4) Area owned by Klépierre and on which Klépierre collects rents.

Iberia

Property valuation of €2,118 million (on a total share basis, including transfer taxes)⁽¹⁾

Center	Country	Region	Opening date	Last renovation/extension	Acquired by Klépierre	Gross leasable area ⁽³⁾	Rentable floor area ⁽⁴⁾	Klépierre equity interest
Madrid Vallecas, La Gavia	Spain	Madrid	2008	R/E 2013	2008	85,382	50,102	100.0%
Madrid, Plenilunio	Spain	Madrid	2006	R 2018	2015	70,561	70,561	100.0%
Murcia, Nueva Condomina	Spain	Murcia	2006	R 2014	2017	110,391	110,391	100.0%
Santa Cruz de Tenerife, Meridiano	Spain	Canary Islands	2003	R 2015	2003	42,948	27,361	100.0%
Madrid, Principe Pio	Spain	Madrid	2004		2015	28,981	28,981	100.0%
Gondomar (Porto), Parque Nascente	Portugal	North	2003		2003	66,249	49,749	100.0%
Barcelona, Maremagnum	Spain	Catalonia	1995	R 2012	2015	22,632	22,632	100.0%
Portimão, Aqua Portimão	Portugal	South	2011		2011	35,713	23,999	50.0%
Guimarães, Espaço Guimarães	Portugal	North	2009		2015	49,391	33,107	100.0%

2 other assets, accounting for 2.7% of the property valuation of Spain, are not included in the table above: Jaén, La Loma (Spain) – Parla, El Ferial (Spain).

Central Europe & Other

Property valuation of €1,126 million (on a total share basis, including transfer taxes)⁽²⁾

Center	Country	Opening date	Last renovation/extension	Acquired by Klépierre	Gross leasable area ⁽³⁾	Rentable floor area ⁽⁴⁾	Klépierre equity interest
Prague, Nový Smíchov	Czech Republic	2001	R 2011	2001	57,245	44,585	100.0%
Istanbul, Akmerkez	Turkey	1993	2010	2015	33,055	33,055	46.0%
Warsaw, Sadyba Best Mall	Poland	2000		2005	26,243	26,243	100.0%
Poznan, Poznan Plaza	Poland	2005	R 2019	2005	29,445	29,445	100.0%
Lublin, Lublin Plaza	Poland	2007	R 2018	2007	26,041	26,041	100.0%
Plzeň, Plzeň Plaza	Czech Republic	2007		2008	19,704	19,704	100.0%

4 other assets, accounting for 12.4% of the property valuation of Central Europe and Other, are not included in the table above: Tekirdag, Tekira (Turkey) – Bursa, Anatolium (Turkey) – Denizli, Teras Park (Turkey) – Rybnik, Rybnik Plaza (Poland).

(1) Excluding €6.7 million reclassified to "Convenient shopping centers and other retail properties".

(2) Excluding €67 million reclassified to "Convenient shopping centers and other retail properties".

(3) Total sales area (including the hypermarket if there is one), plus storage area and not including aisles and shared tenant space.

(4) Area owned by Klépierre and on which Klépierre collects rents.

Netherlands

Property valuation of €1,265 million (on a total share basis, including transfer taxes)⁽¹⁾

Center	Region	Opening date	Last renovation/extension	Acquired by Klépierre	Gross leasable area ⁽³⁾	Rentable floor area ⁽⁴⁾	Klépierre equity interest
Utrecht, Hoog Catharijne	Utrecht	1973	R/E 2015	2015	196,525	165,693	100.0%
Rotterdam, Alexandrium	Zuid-Holland	1984	R 2001	2015	49,988	47,509	100.0%
Rotterdam, Markthal	Zuid-Holland	2014		2015	11,802	11,802	100.0%

Germany

Property valuation of €841 million (on a total share basis, including transfer taxes)⁽²⁾

Center	Region	Opening date	Last renovation/extension	Acquired by Klépierre	Gross leasable area ⁽³⁾	Rentable floor area ⁽⁴⁾	Klépierre equity interest
Dresden, Centrum Galerie Dresden	Sachsen	2009	R/E 2014	2015	68,414	68,414	95.0%
Berlin, Boulevard Berlin	Berlin	2013	R/E 2013	2015	87,588	87,588	95.0%
Duisburg, Forum Duisburg	Nordrhein Westfalen	2008	R/E 2008	2015	59,227	59,227	95.0%
Hildesheim, Arneken Galerie Hildesheim	Niedersachsen	2012	R/E 2012	2015	27,969	27,969	95.0%

8.5.2 Convenient shopping centers and other retail properties

Property valuation of €642 million (on a total share basis, including transfer taxes)

Country	City, center
France	<p>Convenient shopping centers:</p> <ul style="list-style-type: none"> Marseille, Le Merlan – Metz, St-Jacques – Mérignac, Mérignac Soleil PAC – Orgeval, Capteur – Marzy (Nevers) – Carcassonne, Salvaza – Vannes, Vannes Nouvelle Coutume Other retail properties (formerly Klémurs, 184 retail units)
Other countries	<p>Convenient shopping centers:</p> <ul style="list-style-type: none"> Italy: Serravalle Scrivia, Serravalle – Cremona (Gadesco), Cremona Due – Moncalieri (Turin) – Collegno (Turin), La Certosa – Bergamo, Brembate – Como, Grandate – Matera Scandinavia: Oslo, Økernsenteret (Norway) – Odense, Viva (Denmark) Iberia: Oviedo, Los Prados (Spain) – Vinaroz, Portal Mediterráneo (Spain) Central Europe & Other: Sosnowiec, Sosnowiec Plaza (Poland) – Tarsus, Tarsu (Turkey) – Ruda Slaska, Ruda Slaska Plaza (Poland) – Bratislava, Danubia (Slovakia) – Thessaloniki, Makedonia (Greece) – Adapazari, Adacenter (Turkey) – Patras, Patra Mall (Greece) – Thessaloniki, Efkarpi (Greece) Netherlands: Amsterdam, Villa Arena – Flevoland, T Circus Almere Germany: Duisburg, Königsgalerie

(1) Excluding €63 million reclassified to "Convenient shopping centers and other retail properties".

(2) Excluding €30 million reclassified to "Convenient shopping centers and other retail properties".

(3) Total sales area (including the hypermarket if there is one), plus storage area and not including aisles and shared tenant space.

(4) Area owned by Klépierre and on which Klépierre collects rents.

8.5.3 Overview of valuation reports prepared by Klépierre's independent external appraisers

General context of the valuation

Context and instructions

This is a free translation into English of the valuation report issued in French and is provided solely for the convenience of English speaking readers.

Context and terms of the engagement

In accordance with the instructions of Klépierre ("the Company") as detailed in the signed valuation agreements between Klépierre and the appraisers, we have valued the assets held by the Company taking account of the nature of their ownership (freehold, ground lease, etc.). This Summary Report, which outlines the terms of our engagement, has been prepared for inclusion in the Company's Universal Registration Document.

The valuations were undertaken by our valuation teams in each of the various countries and were reviewed by the pan-European valuation teams. In order to estimate the market value for each asset, we have taken into consideration domestic real estate transactions as well as the other valuations undertaken in Europe, in order to maintain a consistent approach and to take account of all available market transactions and information.

The valuations were performed using the discounted cash flow and capitalization methods, which are regularly used for these types of assets.

Our valuations were performed as of December 31, 2020.

Standards and general principles applied

We confirm that our valuations were performed in accordance with the appropriate sections of the June 2017 Edition of the RICS Valuation – Global Standards 2017 ("Red Book"), effective July 1, 2017. This is an internationally-accepted valuation basis. Our valuations are compliant with IFRS and IVSC guidance. The valuations were prepared on the basis of the recommendation of the French financial markets authority (*Autorité des marchés financiers* – AMF) on valuation data pertaining to the real estate assets of listed companies, as published on February 8, 2010. They also take into account the recommendations of the Barthès de Ruyter report on the valuation of real estate of listed companies, as published in February 2000.

We confirm that we have prepared our valuations as external and independent valuers, as defined by the RICS Red Book. We also confirm that the appraisals were performed in accordance with the principles of IFRS 13, i.e., on the basis of the "highest and best use" of each asset.

The market value set out hereafter generally approximates fair value within the meaning of IFRS, and particularly IFRS 13.

Basis of valuation

Our valuations correspond to market values and are reported to the Company on both a net basis (after deduction of transfer duties and costs) and gross basis (before deduction of transfer duties and costs).

Valuation considerations and assumptions

Information

The Company's management was asked to confirm that the information provided relating to the assets and tenants was complete and accurate in all significant aspects. Consequently, we have assumed that all relevant information known by Company employees that could have an impact on values was made available to us and that this information was up to date in all material respects. This includes running costs, work undertaken, financial information (including doubtful debts), turnover rents, lettings signed or in the process of being signed and lease incentives, in addition to the list of leases in force and vacant units.

Floor areas

We have not measured the assets and have therefore based our valuations on the floor areas that were provided to us.

Environmental analysis and ground conditions

We have not been asked to undertake a study of ground conditions or an environmental analysis, and therefore have not investigated past events in order to determine if the ground or buildings are or have been contaminated. Unless provided with information to the contrary, we have worked on the assumption that the assets are free from historic ground contamination or potential contamination, and that the condition of the land will not affect its current or future usage.

Planning regulations

We have not reviewed the relevant planning permissions and have assumed that the assets have been built, and are occupied and used, in conformity with all necessary authorizations and that the land is free of legal restrictions. We have assumed that the layout of the assets conforms to legal requirements and planning regulations, including as regards structures, fire protection, health and safety, and security. We have also assumed that any extensions in progress are being undertaken in line with planning regulations and that all necessary authorizations have been obtained.

Title deeds and tenancy schedules

Our work was based on the tenancy schedules, summaries of additional revenues, non-recoverable charges, capital projects and business plans provided to us. We have assumed, beyond that which is set out in our individual asset reports, that the assets are not subject to any constraints that could impede a sale, and that they are free from any restrictions or charges. We have not reviewed the title deeds and have taken as correct the rental, occupational and all other pertinent information provided to us by the Company.

Condition of the assets

We observed the general condition of each asset during our inspection. While our engagement does not include a building or structural survey, we have indicated in our report any disrepair that was visible during our inspection. The assets were valued based on the information provided by the Company, which state that no deleterious or harmful materials were used in their construction.

Taxation

Our valuations were performed without taking into account any fees or taxes that may be applicable in the event of a transfer. Rental and market values are stated net of value-added taxes.

Confidentiality and disclosure

In accordance with our standard practice, we confirm that our valuation reports are confidential and are addressed solely to the Company. Accordingly, we accept no liability to third parties. This report, or an extract thereof, may not be published or reproduced in any document, declaration, memorandum or communication with any third party without our prior written consent as regards the form and context in which this information may appear. In signing this Summary Report, the individual valuation firms accept no liability for the valuations carried out by the other firms.

Jean-Philippe Carmarans

Head of Valuation France
Cushman & Wakefield

Jean-Claude Dubois

Chairman
BNP Paribas Real Estate Valuation France

Arabella Edwards

Head of Valuation, JLL France
JLL Expertises

Christian Robinet


Senior Director
CBRE Valuation


8.6 SIMPLIFIED ORGANIZATION CHART AS OF DECEMBER 31, 2020


Shopping centers


France	Klécar France	83	Progest	100	Real estate business								
	Klépierre Management	100	Klépierre Brand Ventures	100	Klépierre Gift Cards	100	Klépierre Procurement International	100	Klépierre Finance	100	Financière Corio	100	
Belgium	Real estate business 100												
	Klépierre Management Belgique	100	Klépierre Finance Belgique			100							
Spain	Real estate business 100		Klépierre Molina										100
	Klépierre Management España		100										
Italy	Klécar Italia	83	Clivia SPA	50	Corio Italia	100	Real estate business	100	ISCI	50			
	Klépierre Management Italia	100	Klépierre Finance Italie			100							
Portugal	Real estate business 100												
	Klépierre Management Portugal		100										
Luxembourg	Holding Klégé	50											
	Reluxco		100										
Greece	Real estate business 100												
	Klépierre Management Hellas		100										
Netherlands	Capucine B.V.	100	Klépierre Nordica B.V.	100	Klépierre Nederland B.V.	100	Real estate business	100					
	Klépierre Management Nederland B.V.		100										
Turkey	Real estate business												
Germany	Real estate business												
	Klépierre Management Deutschland		100										
Poland	Real estate business 100												
	Klépierre Management Polska		100										
Czech Republic	Real estate business 100												
	Klépierre Management Ceska Republika		100										
Slovakia	Real estate business 100												
	Klépierre Management Slovensko		100										
* Norway	Steen & Strøm AS	56.1	Real estate business										* Subsidiary (Steen & Strøm) covering the Nordic countries and 56.1% owned, with Storm ABP
Sweden													
Denmark	Management companies												

Key

 % Direct or indirect control of Klépierre SA at December 31, 2020

 Real estate business

 Service business

 Running, management and/or administration of companies

Key

- % Direct or indirect control of Klépierre SA at December 31, 2020
- Real estate business
- Service business
- Running, management and/or administration of companies
- * Subsidiary (Steen & Strøm) covering the Nordic countries and 56.1% owned, with Storm ABP

Other activities

France	Klémurs	100	Klé dir	100
	Klépierre Conseil	100	Klé Start	100

8.7 SHARES

Klépierre shares are traded on compartment A of Euronext Paris.

Stock information

ISIN code	FR0000121964
Ticker symbol	LI
Trading market	Euronext Paris – Compartment A
Number of shares	294,848,054
Core indices	Euronext CAC Next 20, Euronext SBF 120, FTSE Global All Cap, MSCI World, MSCI Europe, S&P Developed ex-US, S&P Europe 350, Stoxx Europe 600
Real Estate Sector indices	DJ Global Select Real Estate Securities, Euronext IEIF SIIC France, Euronext REIT Europe, FTSE EPRA/NAREIT Global, FTSE EPRA/NAREIT Developed, FTSE EPRA/NAREIT Developed Europe, FTSE EPRA/NAREIT Europe, FTSE EPRA/NAREIT Eurozone, S&P Global Ex-US Property, Stoxx Europe 600 Real Estate Cap
ESG indices	Euronext CAC 40 ESG Index, MSCI World ESG, MSCI Socially Responsible Index, DJ Sustainability Europe, DJ Sustainability World, Euronext CDP Environment, Euronext Vigeo France 20, Euronext Vigeo Europe 120, Euronext Vigeo World 120, FTSE4Good Global, FTSE4Good Europe, Stoxx Global Climate Change Leaders, Stoxx Global ESG Leaders, Stoxx Global ESG Environmental Leaders, Stoxx Global ESG Social Leaders, Stoxx Global ESG Impact, Stoxx Europe Sustainability

For more information, please see chapter 7 of this Universal Registration Document, “Share capital, share ownership, General Meeting and share buyback program”.

8.8 CROSS-REFERENCE TABLES

Reconciliation table for the Universal Registration Document – Annex 1 & Annex 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017

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Information incorporated by reference

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference into this Universal Registration Document:

- **For fiscal 2019:** the consolidated financial statements and the Statutory Auditors' Report on the consolidated financial statements for the year ended December 31, 2019, and the Company financial statements and the Statutory Auditors' Report on the Company financial statements for the year ended December 31, 2019, as well as the financial information included in the management report, as presented in the Universal Registration Document filed with the AMF on March 13, 2020, under number D.20-0123;

- **For fiscal 2018:** the consolidated financial statements and the Statutory Auditors' Report on the consolidated financial statements for the year ended December 31, 2018, and the Company financial statements and the Statutory Auditors' Report on the Company financial statements for the year ended December 31, 2018, as well as the financial information included in the management report, as presented in the registration document filed with the AMF on March 6, 2019, under number D.19-0119.

The portions of these documents that are not referred to above are either not relevant for the investor, or are included elsewhere in this Universal Registration Document.

Annual financial report cross-reference table

This Universal Registration Document contains all of the elements of the annual financial report mentioned in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and in Article 222-3 of the General Regulation of the AMF. A cross-reference table for the documents mentioned in Article 222-3 of the AMF's General Regulation and the corresponding sections of this Universal Registration Document is provided below.

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Glossary

Act for Good®

Act for Good® is Klépierre's CSR approach. Through the implementation of its Act for Good® policy, Klépierre reconciles the requirements of operational excellence with environmental, societal and social performance.

Act for Good® with Klépierre is based on three pillars:

- "Act for the Planet", which sums up the Group's ambition to make a positive contribution to the environment;
- "Act for Territories", which illustrates the importance of the Group's local involvement in the regions in which it operates;
- "Act for People," which is devoted to the well-being of Klépierre's visitors, employees and clients.

Each of the three pillars is broken down into specific quantified commitments, with a five-year timeframe (2022) supplemented by medium-term goals (2030).

More information on this strategy is available in chapter 5 "Sustainable development" of this Universal Registration Document.

Anchor tenant

A retailer whose broad appeal as a consumer magnet plays a leading role in attracting and driving footfall within a specific retail or commercial zone, or shopping center.

Box

A stand-alone retail space that is generally situated near or in the parking lot of a shopping mall or retail park, designed to enhance its appeal.

BREEAM (Building Research Establishment Environmental Assessment Method)

Method of environmental assessment for buildings that was developed by the Building Research Establishment (UK).

Capitalization rate (cap rate)

The average capitalization rate corresponds to the ratio of total expected net rents for occupied and vacant properties to the value, excluding transfer taxes, of these same properties. Transfer taxes are paid upon change in ownership when the asset or its owning company is sold (notary fees, deed and title, registration, etc.).

Catchment area

A habitual or theoretical area from which a point of sale or shopping center draws its potential customers. The scope of this area is influenced by the distance and time it takes to gain access.

Clubstore®

All the actions taken to enhance the customer journey and experience in the Group's shopping centers. Clubstore® is one of Klépierre's strategic pillars. More information is available in chapter 1 "Group overview" of this Universal Registration Document.

Collection rate

The collection rate is calculated as the ratio of rents and charges collected to the amount of rents and charges billed to tenants.

Corporate governance

The system of rules, practices and processes through which the executive officers and Board of Directors or Supervisory Board direct and control a company in the interest of its shareholders and other stakeholders. Corporate governance also provides the framework within which corporate objectives are set, the resources needed to achieve them are defined, and performance assessment standards are agreed.

Destination Food®

Destination Food® is a comprehensive plan aimed at developing and enhancing the food and beverage offer in Klépierre's shopping centers. More information is available in chapter 1 "Group overview" of this Universal Registration Document.

Development pipeline

Name given to all investments that the Group plans to undertake over a given period of time, concerning the creation, extension and/or renovation of portfolio assets or the acquisition of assets or companies.

The Klépierre development pipeline is generally broken down into two categories:

- Committed projects: projects that are in the process of completion or for which the Klépierre Executive Board has decided to commence work; and
- Controlled projects: projects that are in the process of advanced review, for which Klépierre has control over the land (acquisition made or under offer, contingent on obtaining the necessary administrative clearance and permits).

Diversity Charter

An initiative undertaken in late 2004, this document formally condemns discrimination in hiring and employment. It expresses the desire of the signatories to promote a better reflection of the diversity of the French population in their workforce. The Group signed the Diversity Charter on July 31, 2010.

Environmental Management System (EMS)

A management tool that allows businesses to roll out processes that help mitigate adverse environmental impacts. These systems are designed to help organizations achieve lasting improvements and make continuous progress in environmental matters. The ISO 14001 family of standards, for example, set out specifications and guidelines for the implementation of EMS, as well as defining the principles, procedures and criteria governing environmental audits.

European Public Real Estate Association (EPRA)

The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 270 members, EPRA's mission is to promote, develop and represent the European public real estate sector. It achieves this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices (financial and non-financial) and the cohesion and strengthening of the industry. Financial and non-financial best practice recommendations contribute to improving the transparency, comparability and relevance of reporting in the whole industry.

EPRA Cost Ratio

The purpose of the EPRA Cost Ratio is to reflect the relevant overhead and operating costs of the business. It is calculated by expressing the sum of property expenses (net of service charge recoveries and third-party asset management fees) and administrative expenses as a percentage of gross rental income.

EPRA NDV (Net Disposal Value)

EPRA Net Disposal Value (NDV) aims to represent the shareholders' value under an orderly sale of business, where RETT, deferred taxes, financial instruments and certain other adjustments are calculated to the full extent of their liability while discarding completely any tax optimization. Intangible assets are excluded from this methodology.

EPRA Net Initial Yield (NIY)

The EPRA NIY is calculated as the annualized rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the gross market value of the property.

EPRA NRV (Net Reinvestment Value)

The EPRA Net Reinvestment Value (NRV) scenario aims to highlight the value of net assets on a long-term basis and to represent the value required to rebuild the entity assuming that no selling of assets takes place.

EPRA Net Tangible Assets (NTA)

The EPRA Net Tangible Assets value (NTA) reflects the Company's tangible assets only, and assumes that companies buy and sell some of their assets, thereby crystallizing certain levels of unavoidable deferred tax liability and RETT. By definition, EPRA NTA aims at valuing solely tangibles assets and therefore, as regards Klépierre, does not incorporate the fair value of management services companies (unlike the former indicators EPRA NAV and NNNAV).

EPRA Vacancy Rate

EPRA Vacancy Rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole property portfolio (including vacant spaces), excluding properties that are under development and strategic vacancies. See chapter 3 "Business for the year" of this Universal Registration Document for more information on the methodology used to calculate this indicator.

Estimated rental value (ERV)

Estimated rental value is the value at which space would be let in market conditions prevailing at the valuation date assuming that the space would be re-let to a tenant operating in the same business sector.

Flagship

A large, iconic shop in a strategic location within Klépierre's shopping centers.

French commercial rent index (Indice des loyers commerciaux – ILC)

The ILC is published quarterly by the French National Institute of Statistics and Economic Studies (INSEE) and comprises the ICC (25%), ICAV (retail trade sales index, expressed in value, 25%), and IPC (consumer price index, 50%) indices. The ICAV index, published monthly by INSEE, is calculated using a sample of revenue reports filed by 31,000 businesses. The IPC index is published monthly in the French legal gazette, and is commonly used to measure inflation. Further to the August 4, 2008 law on economic modernization and its application decree dated November 4, 2008, the ILC index can be used for retail rental price adjustments.

French cost of construction index (Indice du coût de la construction – ICC)

This is one of two benchmark indices used to adjust rents on retail properties. It is published quarterly by the French National Institute of Statistics and Economic Studies (INSEE), and is calculated using data from the quarterly survey on trends in the cost of new housing (PRLN). Using a representative sample of building permits, it provides information on market trends, construction characteristics and factors that can be used to derive the cost of land (price of land, demolitions, taxes, etc.). It is also currently the benchmark index used to adjust office rents.

French council of shopping centers (Conseil national des centres commerciaux – CNCC)

Trade organization bringing together a range of stakeholders in the promotion and development of shopping centers: developers, owners, managers, retailers, service providers and merchant organizations.

French REIT (Société d'Investissement Immobilier Cotée – SIIC)

Tax regime allowed under Article 208-C of the French General Tax Code that allows joint stock companies that are publicly listed and whose stated share capital exceeds €15 million, optionally, as part of their primary business activity of acquiring and/or constructing buildings for the purpose of leasing them and direct or indirect ownership of equity in corporations whose business purpose is identical, to qualify for corporate tax exemption on:

- Earnings from rental properties, provided that 95% of such earnings are distributed to shareholders before the end of the fiscal year that follows the year in which they are generated;
- Capital gains from the sale of property, investments in partnerships with a purpose identical to that of a SIIC or shareholdings in subsidiaries that have elected for the SIIC regime, provided that 70% of these capital gains are distributed to shareholders before the end of the second fiscal year following the year in which they are generated; and
- Dividends received from subsidiaries having elected for SIIC status (or SIIC equivalent) where these dividends arise as a result of profits and/or capital gains that are exempt from corporate income tax under the SIIC regime, provided that they are distributed in full during the fiscal year following the year in which they are generated.

Klépierre elected for SIIC status in 2003. No shareholder, acting alone or in concert with others, may control more than 60% of the equity capital of a company that has opted for SIIC status. Failing to comply with this threshold would lead to the Company losing SIIC status.

Global Real Estate Sustainability Benchmark (GRESB)

Non-profit organization whose primary purpose is to assess the environmental and social performance of companies specializing in the real estate sector. Created in 2009, it brings together the leading pension fund managers and key property sector bodies, including EPRA (European Public Real Estate Association) and ECCE (European Centre for Corporate Engagement – an international research association based at the University of Maastricht).

Global Reporting Initiative (GRI)

Originally established in 1997, this initiative seeks to develop directives that are applicable internationally in the area of sustainable development and report on the economic, environmental and social performances of companies. It proposes a range of benchmarks and indicators used to measure progress made in corporate sustainability programs.

Gross leasable area (GLA)

Total sales area of a shopping center (including the hypermarket, where applicable), plus storage area and excluding aisles and shared tenant space.

Gross rent

Contractual rent calculated as the minimum guaranteed rent plus any additional variable rent based on retailer sales.

Hypermarket

A large retail establishment that displays and sells a broad assortment of both food and non-food products over a sales space that exceeds 2,500 sq.m.

Interest coverage ratio (ICR)

This ratio measures the company's ability to cover the cost of its debt. See chapter 3 "Business for the year" of this Universal Registration Document for more information on the methodology used to calculate this indicator.

ISO 14001

International environmental certification used for the implementation of Environmental Management Systems (EMS).

Klépierre University

The Group's corporate university, which aims to share know-how inside the Company and promote the emergence of a common culture.

Late payment

Late payment (rent, utilities and taxes, including VAT) corresponds to any payment that has not been received on the due date, recorded as of the first day it is observed as past due.

Let's Play®

Name given to the Group's marketing strategy aiming at making visiting its shopping centers an entertaining retail experience. More information is available in chapter 1 "Group overview" of this Universal Registration Document.

Like-for-like/reported portfolio basis

The Group analyzes changes in certain indicators either based on all holdings actually owned during the comparative periods (reported portfolio), or by separating out the impact of any acquisitions, extensions or disposals during the period under review, in order to obtain a stable underlying comparison basis with the prior period (like-for-like portfolio).

Liquidity position

Liquidity position is 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 year, confirmed and unused revolving credit facilities (net of commercial paper) and uncommitted credit facilities.

Loan-to-Value ratio (LTV)

Calculated by dividing consolidated net debt by the total value of the Group's property portfolio as determined by independent appraisers (total share, including transfer taxes).

Mid-size unit

A retail outlet whose sales area covers more than 750 sq.m.

Minimum guaranteed rent (MGR)

The minimum guaranteed rent payable under the terms of the lease. Also known as base rent.

Net Asset Value (NAV)

NAV is an indicator that measures the break-up value of a real estate company. It essentially represents the difference between the value of the Company's assets (as estimated by independent appraisers) and the total sum of its liabilities. See chapter 3 "Business for the year" of this Universal Registration Document for more information on the methodology used to calculate this indicator.

Net current cash flow

This indicator corresponds to cash flow generated by the recurring operations and business of the Company, after interest and tax. See chapter 3 "Business for the year" of this Universal Registration Document for more information on the methodology used to calculate this indicator.

Net rent

Gross rent less fees, non-recovered rental charges (in particular due to vacancies), expenses chargeable to the owner and, where applicable, expenses related to the land on which the rental unit is situated.

Non-financial rating agencies

Agencies that rate businesses on their performances in the three key sustainability areas: quality of environment, governance and social performance. They provide investors with guidelines for assessing businesses from a non-financial perspective.

Occupancy cost ratio

The occupancy cost ratio represents the ratio of rent and tenant charges (excluding taxes) to revenues (excluding taxes).

Rentable floor area

Gross leasable area owned by Klépierre and in respect of which Klépierre collects rents.

Re-tenanting

Leasing initiative involving proactively replacing existing tenants with more appealing and dynamic ones, in the aim of enhancing the center's overall retail mix.

Reversion

Additional minimum guaranteed rent (MGR) obtained as a result of re-letting or when a lease is renewed with the same tenant (excluding additional MGR obtained when a property is leased for the first time). Therefore, the rate is calculated by comparing the resulting additional rent obtained (excluding inflation) with the former minimum guaranteed rent (MGR). Reversion is negative if the new rent is lower than the previous one.

Right-sizing

A Klépierre initiative consisting of ensuring that retailers are able to offer the right format for the right location. In many cases, this implies expanding or reducing the size of stores, and/or relocating them to more appropriate sites within a given shopping center.

Sale and purchase promissory agreement

A contractual instrument signed between seller and buyer, under which both parties undertake to proceed with the sale of an asset at an agreed price and before a specified date.

Senior workers

Pursuant to applicable law in France, any employee who is aged 55 or over is considered to be a senior worker with respect to career management. For new hires, the threshold is set at 50. The Group entered into an agreement pertaining to the employment of senior workers in October 2009.

Shopping center

A group of at least 20 stores and services that form a gross leasable area (GLA) of at least 5,000 sq.m., designed, built and managed as a single entity.

Specialty leasing

Package of services offering a wide range of communication media to retail chains in order to promote their products (in- and out-of-store poster campaigns for shopping centers, plasma screens, event organization, temporary lets for promotional purposes, etc.). Klépierre Brand Ventures is the Group's entity dedicated to this activity.

Stakeholders

Any individual or group that may affect or be affected by the accomplishment of the objectives of the organization. Stakeholders may be part of the Group (employees) or be external parties (clients, suppliers, shareholders, lenders, etc.).

Universal Registration Document (URD)

In accordance with the entry into force of the Prospectus Regulation (EU) 2017/1129 (the "Prospectus Regulation 3" or "PD 3"), the new Universal Registration Document (also known as the URD) has replaced the Registration Document as of July 20, 2019. The document presents the Company's organization, business, financial position, earnings and prospects. In addition to the information already presented in the Registration Document, more information is provided and/or presented differently on: strategy, non-financial information and risk factors.

Yield

Unlike the cap rate, the yield is based on property values excluding transfer taxes, and is used by independent appraisers to estimate the value of the Group's property portfolio. It is determined using analyses of comparable recent transactions and criteria specific to the type of asset under consideration (location, sales area, rental reversion potential, possibility of extensions, percentage of ownership, etc.).

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