

FIRST-QUARTER 2020 BUSINESS REVIEW

Paris — April 29, 2020

KEY FINANCIALS⁽¹⁾

<i>In € millions, total share</i>	Q1 2020	Q1 2019	Reported Change	Like-for-like Change ⁽²⁾
Gross rental income — Shopping centers	291.9	304.9	-4.3%	-
Gross rental income — Other retail properties	5.3	6.3	-15.8%	-
Total gross rental income	297.2	311.2	-4.5%	-
Management and development fees	19.7	19.5	+0.7%	-
Total revenues	316.8	330.7	-4.2%	-
Net rental income — Shopping centers	252.8	265.2	-4.7%	+0.1%

OPERATING PERFORMANCE

Revenues

Klépierre's total revenues for the three-month period ended March 31, 2020 amounted to €316.8 million, a 4.2% decrease compared to the same period last year, mainly attributable to the impact of disposals carried out in 2019.

Gross rental income generated by shopping centers amounted to €291.9 million over the first quarter of 2020 on a total share basis, compared to €304.9 million for the same period last year. The €13.0-million (4.3%) decrease mainly reflects the disposal of assets in Hungary, Portugal and the Netherlands in 2019 as well as a negative foreign exchange effect from Scandinavian currencies.

As of March 31, 2020, like-for-like basis⁽²⁾ shopping centers net rental income was broadly stable compared to the same period last year (up 0.1%). This was due to lower variable income (sales-based rents, specialty leasing and parking revenues) as a direct consequence of the lockdowns. Restated for this effect, like-for-like net rental income was up 2.3%.

Gross rental income from other retail properties amounted to €5.3 million, €1.0 million lower than in the same prior-year period as a result of disposals carried out in 2019 and early 2020.

Management and development fees increased slightly from €19.5 million to €19.7 million.

Retailer sales

On a like-for-like basis,⁽³⁾ total retailer sales were upbeat at the start of the year, with January climbing 0.9% and February up 4.4%. The closure of most of the stores in Klépierre shopping centers since mid-March makes it meaningless to compare sales of the first quarter of 2020 with those of last year.



UPDATE ON COVID-19

Operating context

Since mid-March, restrictive administrative measures varying from one country to the next have been implemented in Europe to contain the spread of the coronavirus. France, Belgium, Italy, Spain, Portugal, Denmark, Poland and the Czech Republic have ordered the closure of all stores except those selling basic necessities, including grocery and small food stores, and pharmacies. In other countries (Norway, Sweden, the Netherlands and Turkey) representing 18.4% of the Group's gross asset value (total share), only partial administrative closures have been issued (mainly for bars and restaurants), although some retailers have decided to close of their own volition.

Support measures

Klépierre has always valued a sustainable, trustworthy and long-term relationship with retailers. In the current environment, the Group has been in constant contact with them and has already taken the following decisions:

- to switch from quarterly to monthly invoicing of Q2 rents in countries where monthly invoicing was not already standard practice (France, Italy and Scandinavia);
- to defer the payment of April's rents to the second half of the year⁽⁴⁾; and
- to grant a three-month rent holiday to small businesses in France⁽⁵⁾ in line with the recommendation of several professional property owner associations.

The Group will continue to adjust the support provided to retailers on a case-by-case basis.

Cost reduction plan

To mitigate the impact of the crisis, Klépierre implemented the following action plan in the immediate aftermath of the lockdowns:

- **significant reduction in operating expenditure** to be translated into lower service charges for our retailers; and
- **savings on payroll and general and administrative expenses.** As part of this measure, both members of the Klépierre Executive Board have elected to cut their fixed compensation by 30% until the end of 2020. All country managing directors and senior members of the Group's Corporate Management Team have also elected to cut their pay by 20% in April and May.

Preparation for reopening

Over recent weeks, the Group has been concentrating its energy on preparing for the reopening of its shopping centers. All of the countries in which the Group has operations are preparing to lift the lockdowns, although at different paces. Closure orders for retailers have been eased notably in Germany with stores of up to 800 sq.m. now open; consequently, Klépierre has resumed operations at four of its German malls. Store reopenings are also accelerating in Norway, the Netherlands and the Czech Republic, while lockdown measures are expected to be eased gradually in Italy, Spain and France from mid-May.

Klépierre has devised detailed sanitary protocols and proactively shared them with local authorities to contribute to setting reopening standards. These protocols are aimed, in particular, at ensuring the protection of staff and visitors and provide for the following:

- strict enforcement of social distancing rules: at both the entrance to the mall (filtering) and inside (organizing queues, preventing gatherings from forming, using ground markings and virtual line management applications, etc.);
- in line with local standards, body temperature checks and controls on the wearing of masks;
- an enhanced cleaning regime and more frequent renewal of air;
- partnering with retailers to identify non-compliant situations and adapt processes quickly; and
- active and transparent communication to visitors and staff through all our on-site media infrastructure (voice announcements, posters, digital panels).

DEVELOPMENT AND DISPOSALS

Pipeline

Klépierre is benefiting from its conservative approach to development with significant capacity to adapt the project pipeline. Accordingly, the Group only has three committed projects:

- the extension and redevelopment of Hoog Catharijne in Utrecht (Netherlands);
- the refurbishment of Créteil Soleil in Paris (France);
- the re-development of Gulskogen in Drammen (Norway); and
- the extension and refurbishment of Gran Reno in Bologna (Italy).

Over the three-month period ended March 31, 2020, €33 million was spent on the pipeline, mainly in relation to these projects.

In France and Italy, construction works have been halted since mid-March 2020, with a gradual resumption is expected toward the end of the second quarter. In the Netherlands and Norway, 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 and will not launch new constructions until further clarity is gained on the impact of Covid-19 on the Group's operations.

Consequently, the Group is in a position to limit its 2020 development capex to €130 million.

Disposals

Over the first three months of 2020, Klépierre continued to streamline its portfolio and completed disposals totaling €39.8 million (total share, excluding transfer taxes).

Despite a slowdown in the investment market, the Group is continuing negotiations in respect of non-core assets, that are expected to close in the coming months.

DEBT AND FINANCING

As of March 31, 2020, Klépierre's consolidated net debt amounted to €9.0 billion, a slight increase compared to December 31, 2019 (up €180 million). The Group's liquidity position remains strong, standing at €2.6 billion as of March 31, 2020, and comfortably covering its refinancing needs.

COMMUNITY ENGAGEMENT

Since the beginning of the pandemic, Klépierre has been helping territories and surrounding communities. The Group has made its shopping centers available to local stakeholders who need them. As an illustration, half of the French portfolio of shopping centers has dedicated spaces to welcome and assist women victims of domestic abuse. German shopping centers have organized blood donation campaigns while Italian and Spanish shopping centers have set up food drives for underprivileged families. The Group has also made all its car parks and external spaces available to hospitals, local authorities and charities.

Klépierre is also offering the use of its digital advertising space for free to aid agencies such as the Red Cross all around Europe, Secours Populaire and Allo Voisins in France, and to any other non-profit whose purpose is to raise public awareness or funds to fight the pandemic.

Klépierre has also launched tribute campaigns on its corporate social media channels dedicated to people working every day in its shopping centers, including employees of both Klépierre and its retailers.

WITHDRAWAL OF FULL-YEAR GUIDANCE

Due to the Covid-19 pandemic, the Group has decided to withdraw its full-year 2020 net current cash flow guidance of between €2.85 and €2.90.

Jean-Marc Jestin, Chairman of the Klépierre Executive Board, commented, *"In the first quarter of this year, Klépierre's revenues were barely impacted by Covid-19. However, the effect of the lockdowns enforced since*

mid-March in virtually all countries where we operate has triggered the closure of most shops in our malls. From the outset, our number one priority has been to preserve the health and safety of all our stakeholders whilst supporting our retailers. For a couple of weeks now, our teams have been fully committed to preparing the reopening of our shopping centers in the best sanitary conditions. I would like to pay tribute to them for their dedication and mobilization in these unprecedented times. While it is still too early to assess the full impact of the situation on our full-year earnings, we remain confident that our high-quality portfolio, robust balance sheet and strong liquidity position coupled with our unique know-how will be invaluable assets in overcoming this exceptional situation.”

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

(2) Like-for-like change excludes the contribution of new spaces (acquisitions, greenfield projects or extensions), spaces being restructured, disposals completed in 2019 and 2020, and foreign exchange impacts.

(3) Like-for-like change is on a same-center basis and excludes the impact of asset sales, acquisitions and foreign exchange.

(4) Stores concerned by closure orders enforced by local authorities.

(5) Companies with a revenue of less than €2 million and fewer than 10 employees.

**LIKE-FOR-LIKE CHANGE IN RETAILER SALES
FOR THE FIRST TWO MONTHS OF 2020
VS THE SAME PERIOD IN 2019**

Countries	Like-for-like change ^(a)	Share in total reported retailer sales
France	-0.7%	35%
Belgium	+3.9%	2%
France-Belgium	-0.5%	37%
Italy	-0.6%	23%
Norway	+6.1%	8%
Sweden	+6.7%	7%
Denmark	+7.2%	4%
Scandinavia	+6.5%	19%
Spain	+5.3%	8%
Portugal	+8.8%	2%
Iberia	+6.0%	10%
Czech Republic	+1.0%	2%
Poland	+4.9%	3%
Turkey	+23.7%	2%
Central Europe & Other	+7.7%	7%
Netherlands^(b)	n.m.	n.m.
Germany	+4.1%	3%
TOTAL	+2.5%	100%

(a) Like-for-like change is on a same-center basis and excludes the impact of asset sales, acquisitions and foreign exchange.

(b) Only recently-opened shops in Hoog Catharijne (Utrecht) report their sales to Klépierre.

TOTAL REVENUES

In € millions	Total share		Group share	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
France	103.9	106.7	84.4	86.9
Belgium	4.7	4.4	4.7	4.4
France–Belgium	108.6	111.1	89.1	91.3
Italy	51.0	51.3	50.4	50.7
Norway	15.8	17.2	8.9	9.6
Sweden	13.9	14.7	7.8	8.2
Denmark	13.7	14.4	7.7	8.1
Scandinavia	43.3	46.2	24.3	25.9
Spain	29.3	29.1	29.3	29.1
Portugal	4.6	6.3	4.6	6.3
Iberia	33.9	35.4	33.9	35.4
Poland	8.7	8.8	8.7	8.8
Hungary	0.0	4.9	0.0	4.8
Czech Republic	7.9	8.3	7.9	8.3
Turkey	5.0	5.3	4.5	4.8
Others	0.9	0.8	0.9	0.8
CE & Turkey	22.5	28.1	22.0	27.6
Netherlands	20.1	20.3	20.1	20.3
Germany	12.4	12.4	11.9	11.8
SHOPPING CENTER GROSS RENTAL INCOME	291.9	304.9	251.7	263.1
Other retail properties	5.3	6.3	5.3	6.3
TOTAL GROSS RENTAL INCOME	297.2	311.2	257.0	269.4
Management and development fees	19.7	19.5	18.7	18.6
TOTAL REVENUES	316.8	330.7	275.7	287.9
Equity-accounted investees*	21.4	20.9	20.6	20.0

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

AGENDA

July 7, 2020	Ex-dividend date for the final dividend
July 9, 2020	Final dividend payment
July 29, 2020	First-half 2020 earnings (after market close)

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ABOUT KLÉPIERRE

Klépierre, the European leader in shopping malls, combines development, property and asset management skills. The company's portfolio is valued at €23.7 billion at December 31, 2019 and comprises large shopping centers in 12 countries in Continental Europe which together host 1.1 billion visits per year. Klépierre holds a controlling stake in Steen & Strøm (56.1%), Scandinavia's number one shopping center owner and manager. Klépierre is a French REIT (SIC) listed on Euronext Paris and is included in the CAC Next 20, EPRA Euro Zone and GPR 250 indexes. It is also included in ethical indexes, such as DJSI World and Europe, FTSE4Good, STOXX® Global ESG Leaders, Euronext Vigeo France 20 and World 120. These distinctions underscore the Group's commitment to a proactive sustainable development policy and its global leadership in the fight against climate change.

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