SUPPLEMENTAL INFORMATION TO THE EARNINGS RELEASE

FULL-YEAR 2020

KLEPIERRE

/ TABLE OF CONTENTS

The audit procedures on the full-year financial statements have been completed. The Statutory Auditors' audit report is in the process of being issued.

1
CONSOLIDATED FINANCIAL STATEMENTS

1.1 Consolidated statements of comprehensive income

In millions of euros	12/31/2020	12/31/2019
Gross rental income	1,062.4	1,242.3
Land expenses (real estate)	(8.0)	(8.2)
Service charge income	241.9	280.3
Service charge expenses	(310.6)	(352.7)
Building expenses (owner)	(139.5)	(31.0)
Net rental income	**846.2**	**1,130.6**
Management, administrative and related income	68.4	83.3
Other operating income	20.7	8.9
Survey and research costs	(1.6)	(1.6)
Payroll expenses	(95.2)	(118.7)
Other general expenses	(41.4)	(49.3)
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	(20.0)	(20.4)
Provisions	0.3	2.1
Change in value of investment properties	(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	157.6	496.4
> Carrying amount of investment properties and equity investments sold	(154.0)	(472.5)
Goodwill impairment	(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	(8.2)	-8.4
Cost of net debt	**(108.6)**	**(122.2)**
Change in the fair value of financial instruments	(30.0)	(25.7)
Share in earnings of equity-accounted companies	(52.3)	19.5
Profit (loss) before tax	**(1,002.5)**	**396.1**
Income tax benefit (expense)	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 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 PER SHARE *(in euros)* **- ATTRIBUTABLE TO OWNERS OF THE PARENT**	**(2.75)**	**1.11**

In millions of euros	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 (expense)	**(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 EARNINGS PER SHARE *(in euros)* **- ATTRIBUTABLE TO OWNERS OF THE PARENT**	**(3.02)**	**1.06**
DILUTED COMPREHENSIVE EARNINGS PER SHARE *(in euros)* **- ATTRIBUTABLE TO OWNERS OF THE PARENT**	**(3.02)**	**1.06**

1.2 Consolidated statements of financial position

In millions of euros	12/31/2020	12/31/2019
Goodwill	583.5	602.9
Intangible assets	22.9	28.5
Property, plant and equipment	27.3	36.1
Investment properties at fair value	19,756.8	21,306.8
Investment properties at cost	132.9	133.8
Investments in equity-accounted companies	988.4	1,096.7
Other non-current assets	299.9	294.9
Long-term derivative instruments	31.7	11.5
Deferred tax assets	15.6	21.7
Non-current assets	**21,859.0**	**23,532.9**
Investment properties held for sale	28.3	105.0
Trade and other receivables	156.2	106.3
Other receivables	332.3	355.6
> Tax receivables	63.7	96.0
> Other	268.5	259.6
Short-term derivative instruments	30.6	53.7
Current deferred tax ssets	16.3	-
Cash and cash equivalents	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
Attributable net income (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	**10,434.4**	**12,258.0**
Non-current financial liabilities	7,244.1	7,092.0
Non-current leases liabilities	357.0	368.1
Long-term provisions	16.9	12.2
Pension obligations	11.8	11.2
Long-term derivative instruments	13.7	15.4
Deposits	143.3	146.4
Deferred tax liabilities	1,508.3	1,591.5
Non-current liabilities	**9,295.2**	**9,236.8**
Current financial liabilities	2,381.9	2,342.4
Current lease liabilities	14.2	14.6
Bank overdrafts	9.4	26.5
Trade payables	201.1	124.2
Due to suppliers of property	54.0	86.2
Other liabilities	322.3	358.6
Short-term derivative instruments	5.2	17.7
Payroll and tax liabilities	166.9	173.0
Current liabilities	**3,155.1**	**3,143.2**
TOTAL EQUITY AND LIABILITIES	**22,884.7**	**24,638.0**

1.3 Segment earnings

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

1.4 Consolidated statements of cash flows

In millions of euros	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 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)	15.1	26.7
Movements in loans and advance payments granted and other investments	(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**

2

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

BUSINESS OVERVIEW

3.1 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%.

Exhibit 1 2020 and 2021 macroeconomic forecasts by geography

	Real GDP growth rate			Unemployment rate			Inflation rate		
Geography	**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 Operating context

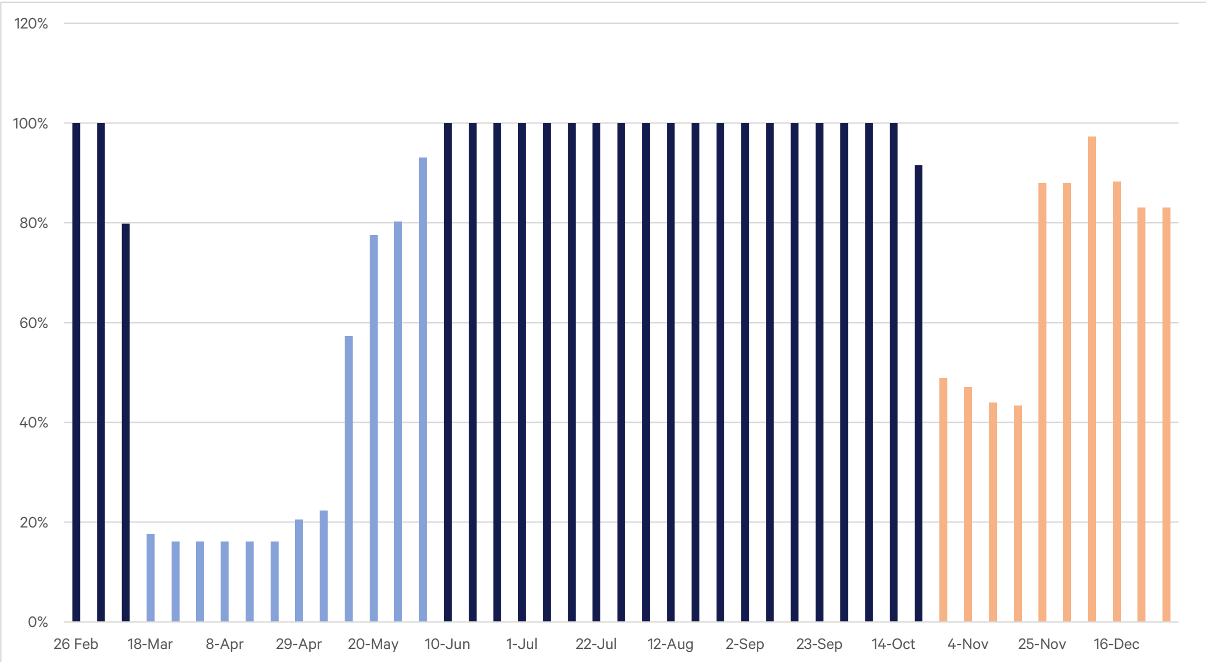
In 2020, most of Klépierre's activities were adversely impacted by the pandemic and accompanying restrictions imposed across Europe, leading to a virtual standstill at malls in certain regions. Depending on the severity of the spread of the virus, the authorities opted either for lockdowns together with 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 from the end of October, 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.

Chart 1 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.

Exhibit 2 Closure period duration as an equivalent of yearly rents and charges (total share, excluding service charges and VAT) *(by region)*

In months	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 February 16, 2021, ongoing restrictions 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, 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. are closed.

(1) Expected reopening dates are based on local official authorities' communications.

- **Partial lockdowns**: in Italy malls are closed during weekends and bank holidays (including the day before) from November 5, 2020 to March 5, 2021. In Spain, shopping centers are closed in Barcelona and Oviedo. Similarly, a local lockdown is 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.

3.3 Retailer sales

In 2020, **retailer sales**(2) 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(2), France (retailer sales amounted to 94% of the prior-year level) registered two strong and swift sales recovery 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**(2), 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.

(2) Change in retailer sales excluding closure days.

Exhibit 3 Year-on-year change in retailer sales for the twelve months ended December 31, 2020 *(by country)*

Country	Retailer sales change[a] Excluding closure days	Retailer sales change[a] Including closure days	% *(in total reported retailer sales)*
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.

Exhibit 4 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.

3.4 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).

Exhibit 5 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	**1381.8**	**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 4 "Business activity by region").

3.5 Gross rental income and net rental income

Exhibit 6 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.

Exhibit 7 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%**

Exhibit 8 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%	+0.0%
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 3.4 “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.

Chart 2 Breakdown of shopping center NRI by region for the twelve months ended December 31, 2020
(on a total share basis)

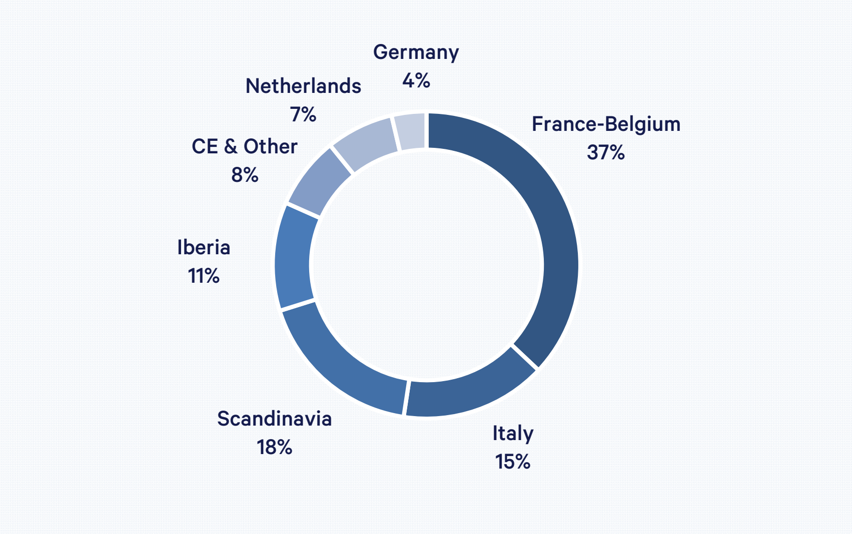


Exhibit 9 Foreign exchange impact on NRI year-on-year growth for the twelve months ended December 31, 2020

	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%	+0 bps
Poland	−22.5%	−22.5%	+0 bps
Turkey	−44.4%	−56.1%	−1,171 bps
CE & Other	**−21.9%**	**−24.9%**	**−298 bps**
TOTAL	**−22.5%**	**−23.1%**	**−57 bps**

3.6 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 rents 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 the 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 Hubside 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, Gulskogen), Nike (Assago, Milan), and JD Sports (Centre Mayol, Toulon; Tourville, Tourville-la-Rivière) 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.

Exhibit 10 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 represent 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.

3.7 Lease expiration schedule

Exhibit 11 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).

4

BUSINESS ACTIVITY BY REGION

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

Exhibit 12 NRI & EPRA Vacancy Rate in France-Belgium

	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
In millions of euros	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**[(3)] 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**[(3)], 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 a 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 twelve stores with Hubside, the high-tech reseller, four new Normal stores, three Free telecom boutiques and three Rituals points of sale.

(3) Change in retailer sales excluding closure days.

4.2 Italy (15.2% of net rental income)

Exhibit 13 NRI & EPRA Vacancy Rate in Italy

	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
In millions of euros	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.

In 2020, **retailer sales**(4) 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**(4), 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 results of the 75% collection rate (85% net of rents 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 did manage 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 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).

(4) Change in retailer sales excluding closure days.

4.3 Scandinavia (17.5% of net rental income)

Exhibit 14 NRI & EPRA Vacancy Rate in Scandinavia

	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
In millions of euros	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 effect 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**(5) 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 overall country's activity levels (sales amounted to 76% overall of the prior-year level, or 94% excluding closure days).

By **segment**(5), 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.

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 Gulskogen (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

(5) Change in retailer sales excluding closure days.

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.

4.4 Iberia (11.3% of net rental income)

Exhibit 15 NRI & EPRA Vacancy Rate in Iberia

	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
In millions of euros	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 support 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**[(6)] 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**[(6)], 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[(7)].

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.

(6) Change in retailer sales excluding closure days.
(7) 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.

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

Exhibit 16 NRI & EPRA Vacancy Rate in CE & Other

	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
In millions of euros	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**[(8)] 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**[(8)], 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[(9)].

Concerning **leasing** activity, the Group signed 159 renewal/releasing/reletting 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.

(8) Change in retailer sales excluding closure days.

(9) 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.

4.6 Netherlands (7.0% of net rental income)

Exhibit 17 NRI & EPRA Vacancy Rate in the Netherlands

	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
In millions of euros	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 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 did manage 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.

4.7 Germany (3.6% of net rental income)

Exhibit 18 NRI & EPRA Vacancy Rate in Germany

	Collection of rents & service charges		Reported portfolio NRI			EPRA Vacancy Rate	
In millions of euros	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**[10] 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**[10] 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 visitors a fresh, new look.

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

Exhibit 19 NRI & EPRA Vacancy Rate of Other retail properties

	Rents and service charges		Reported portfolio NRI			EPRA Vacancy Rate	
In millions of euros	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.

(10) Change in retailer sales excluding closure days.

5

NET CURRENT CASH FLOW

Exhibit 20 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	(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	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 3.6 "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 (−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 9.3 "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 10.1 for the reconciliation of net current cash flow to EPRA Earnings and net income.

5.1 Contribution of equity-accounted companies

The contribution of equity-accounted companies[11] 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; 56.1% equity interest), Metro Senter (Oslo; 56.1% equity interest), Nordbyen (Larvik; 56.1% equity interest);
- **Portugal:** Aqua Portimão (Portimão; 50% equity interest); and
- **Turkey:** Akmerkez (Istanbul; 46.9% 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.

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

Exhibit 21 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**

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**

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**

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**

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 fair value of investment properties.

6

INVESTMENTS, DEVELOPMENTS, AND DISPOSALS

6.1 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 10.6), 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).

6.2 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[12] with an average expected yield of 6.7% and €0.8 billion of controlled projects[13]. 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-Etienne, 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 are expected to be spent in 2021.

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

(13) 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).

Exhibit 22 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 millions of euros)*	Cost to date *(in millions of euros)*	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.

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 rezoning plans.

Exhibit 23 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 millions of euros)*	Cost to date *(in millions of euros)*
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.

6.3 Disposals

In 2020, the Group disposed assets for a total consideration of €155.6 million[14], 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[14].

6.4 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.

(14) Excluding transfer taxes, total share.

7

PARENT COMPANY EARNINGS AND DIVIDEND

7.1 Summary earnings statement for the parent company, Klépierre SA

Exhibit 24 Earnings statement for Klépierre SA

In millions of euros	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-reccuring 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 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 8).

7.1 Dividend

7.1.1 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 7.1, 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.

7.1.2 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.

8

PORTFOLIO VALUATION

8.1 Property portfolio valuation

8.1.1 Property portfolio valuation methodology

8.1.1.1 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)(15), 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;(16) 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.

Exhibit 25 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-appraissed assets (land, assets held for sale, etc.)	62
TOTAL PORTFOLIO	**21,859**

8.1.1.2 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.

(15) *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.*
(16) *Other projects (Gran Reno, Viva, Økern and Louvain) are carried at cost.*

Exhibit 26 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	> 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.

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.

8.1.2 Valuation

8.1.2.1 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**.

Exhibit 27 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.

Exhibit 28 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.

Exhibit 29 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.*

8.1.2.2 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.

Exhibit 30 Valuation of the property portfolio[(a)]
(on a total share basis, including transfer taxes)

		% of total	Change over 6 months			Change over 12 months		
In millions of euros	12/31/2020	portfolio	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[17] for the shopping center portfolio[18] stood at 5.3%, up 30 basis points compared to one year ago.

Exhibit 31 Change in EPRA Net Initial Yield of the shopping center portfolio[19]

(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%**

8.1.2.3 Other information related to December 31, 2020 valuation

Exhibit 32 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).

(17) 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).
(18) Group share for the shopping center portfolio appraised (i.e., excluding retail parks and movie theaters).
(19) Excluding offices, retail parks, and retail boxes attached to shopping centers.

Exhibit 33 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.

	Discount rate variance					
Geography	**−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%**

	Exit rate variance					
Geography	**−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%**

Exhibit 34 Valuation of the property portfolio[(a)] on a Group share basis, including transfer taxes

		% of total	Change over 6 months			Change over 12 months		
In millions of euros	12/31/2020	portfolio	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.*

8.2 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.

9

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.

9.1 Financial resources

9.1.1 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 10.6 "EPRA capital expenditure") including €89 million in development projects and €79 million in standing assets; and

> Cash inflows from disposals of €156 million.

9.1.2 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.

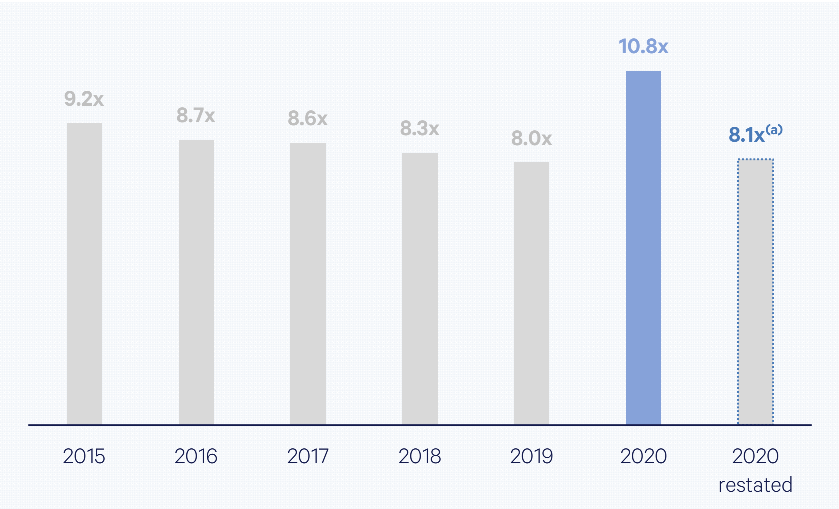
Exhibit 35 Loan-to-Value calculation as of December 31, 2020
(as per covenant definitions, on a total share basis)

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 for Corio's debt recognized at the acquisition date.
(b) Including cash managed for principals.

Weaker operating conditions also affected the net debt to EBITDA[20] 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[21].

Chart 3 Net debt to EBITDA



(a) 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).

9.1.3 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

(20) This ratio is computed using 2020 EBITDA.
(21) 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).

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.

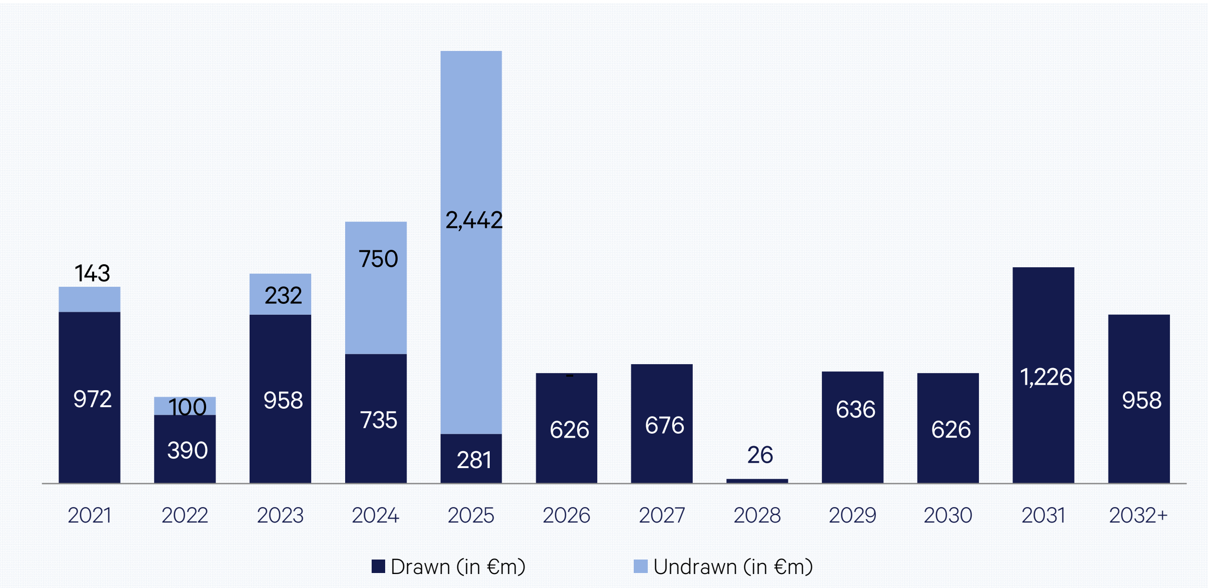
9.1.4 Debt structure

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 9.1.3 "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[22] 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.

Chart 4 Debt maturity schedule as of December 31, 2020 *(% of authorized debt)*



(22) 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%.

Chart 5 Financing breakdown by type of resource as of December 31, 2020
(utilizations, total share)

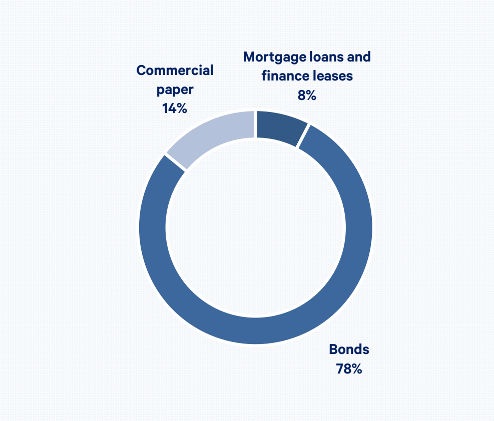
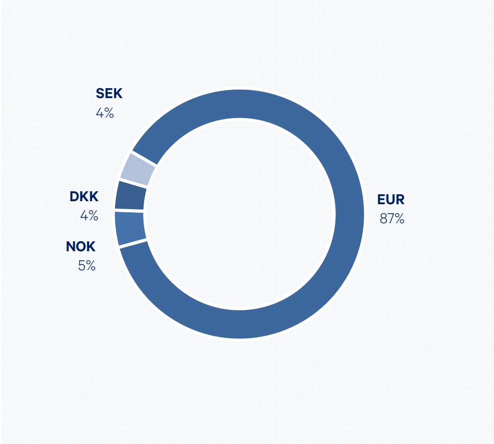


Chart 6 Financing breakdown by currency as of December 31, 2020
(utilizations, total share)

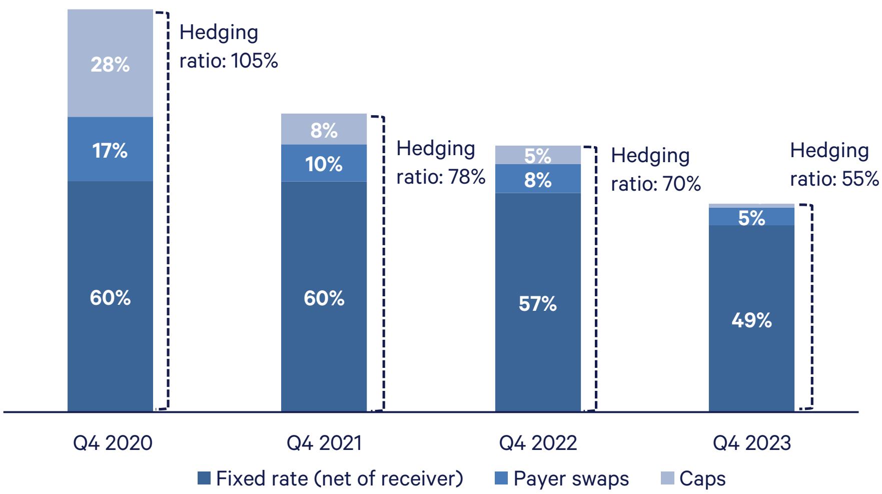


9.2 Interest rate hedging

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)[(23)]. As of December 31, 2020, the proportion of fixed-rate debt (including hedging instruments) was 105%[(23)], 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.

Chart 7 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.

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

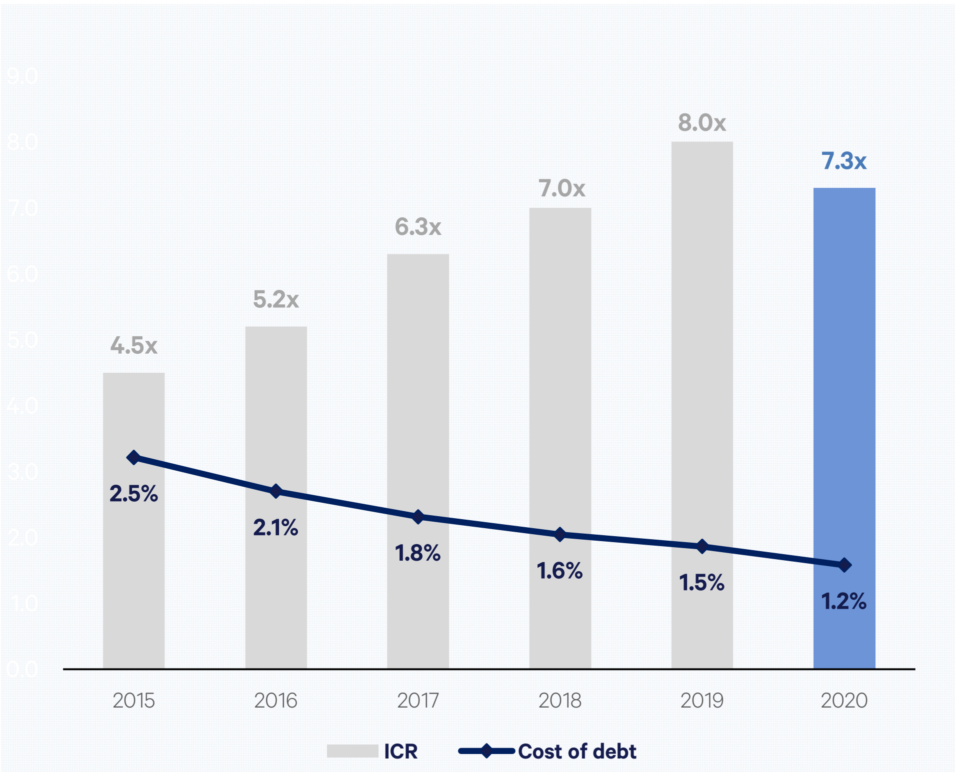
9.3 Cost of debt

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.

Exhibit 36 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%

Chart 8 Interest coverage ratio and cost of debt



9.4 Credit ratings and covenants

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

Exhibit 37 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]	≥ €10bn	€18.5bn	€19.4bn	€20.1bn
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.

10

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.

Exhibit 38 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	10.1
EPRA Earnings per share *(in euros)*	2.04	1.33	2.77	10.1
EPRA NRV *(in millions of euros)*	10,184	11,238	11,978	10.2.2
EPRA NRV per share *(in euros)*	35.70	39.40	41.50	10.2.2
EPRA NTA *(in millions of euros)*	8,957	9,942	10,643	10.2.2
EPRA NTA per share *(in euros)*	31.40	34.90	36.90	10.2.2
EPRA NDV *(in millions of euros)*	7,300	8,497	8,920	10.2.2
EPRA NDV per share *(in euros)*	25.60	29.80	30.90	10.2.2
EPRA Net Initial Yield Shopping centers	5.3%	5.1%	5.0%	10.3
EPRA "Topped-up" Net Initial Yield Shopping	5.6%	5.3%	5.2%	10.3
EPRA Vacancy Rate	4.8%	3.8%	3.0%	10.4
EPRA Cost Ratio (including direct vacancy costs)	26.1%	15.2%	15.4%	10.5
EPRA Cost Ratio (excluding direct vacancy costs)	24.3%	13.4%	13.9%	10.5

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

10.1 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.

Exhibit 39 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.

10.2 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 NNNAV, 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.

10.2.1 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:

(i) 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;
(ii) Assets that may be sold in share deals: 50% of deferred taxes as per IFRS and RETT optimization are added back; and
(iii) 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.

Exhibit 40 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.

10.2.2 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 NAV and NNNAV as per the former methodology in addition to the new EPRA Net Asset Value metrics.

Exhibit 41 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:					
v) Deferred tax in relation to fair value gains of IP	1,438	1,216	0	1,438	1,099
vi) Fair value of financial instruments	9	9	0	9	0
vii) Goodwill as a result of deferred tax	(358)	(358)	(358)	(358)	(358)
viii) Goodwill as per IFRS statement of financial position	(233)	(233)	(233)	(233)	(233)
Include:					
ix) Fair value of fixed-rate debt	0	0	(291)	0	(291)
x) Revaluation of intangible assets at to fair value	300	0	0	300	300
xi) 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**

Exhibit 42 EPRA Net Asset Values as of December 31, 2019

Group share *(in millions of euros)*	**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					
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:					
v) Deferred tax in relation to fair value gains of IP	1,519	1,271	0	1,519	1,164
vi) Fair value of financial instruments	8	8	0	8	0
vii) Goodwill as a result of deferred tax	(356)	(356)	(356)	(356)	(356)
viii) Goodwill as per IFRS statement of financial positio	(247)	(247)	(247)	(247)	(247)
Include:					
ix) Fair value of fixed-rate debt	0	0	(251)	0	(251)
x) Revaluation of intangible assets at to fair value	340	0	0	340	340
xi) 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**

Exhibit 43 EPRA NTA – 12-month reconciliation per share[a]

In euros per share	
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 twelve months earlier[24]. 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.

10.3 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 8.1.2 "Valuation" for the geographical breakdown of EPRA NIY.

Exhibit 44 EPRA Net Initial Yields

In millions of euros	**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%**

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

10.4 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.

Exhibit 45 EPRA Vacancy Rate[a]

In thousands of euros	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, which are 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, France), Nailloux Village (Toulouse, France), Cholet La Seguiniere outlet (Cholet, France), Økern (Oslo, Norway). Strategic vacancies are also excluded.*

10.5 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.

Exhibit 46 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 2.7 "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.

10.6 EPRA Capital Expenditure

Investments in 2020 are presented in detail in section 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.

Exhibit 47 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**

10.6.1 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.

10.6.2 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.

10.6.3 Capitalized interest

Capitalized interest amounted to €3.4 million in 2020.

11

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.