SUPPLEMENTAL INFORMATION TO THE EARNINGS RELEASE

FULL-YEAR 2018

KLEPIERRE

SOMMAIRE

1

CONSOLIDATED FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In €m	12/31/2018	12/31/2017
Gross rental income	1,252.2	1,236.0
Land expenses (real estate)	(16.3)	(16.0)
Non-recovered rental expenses	(76.4)	(72.4)
Building expenses (owner)	(40.5)	(42.0)
Net rental income	**1,119.0**	**1,105.6**
Management, administrative and related income	86.0	85.6
Other operating income	8.9	10.5
Survey and research costs	(0.9)	(1.0)
Payroll expenses	(121.9)	(124.9)
Other general expenses	(65.4)	(63.6)
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	(13.0)	(15.2)
Provisions	(2.5)	(0.6)
Change in value of investment properties	313.7	825.9
Proceeds from disposals of investment properties and equity investments	526.8	243.0
Carrying amount of investment properties and equity investments sold	(537.5)	(236.1)
Income from the disposal of investment properties and equity investments	**(10.7)**	**6.8**
Goodwill impairment	**(43.4)**	**(1.7)**
Operating income	**1,269.8**	**1,827.5**
Net dividends and provisions on non-consolidated investments	0.0	0.0
Financial income	65.1	80.8
Financial expenses	(216.7)	(250.6)
Cost of net debt	**(151.6)**	**(169.8)**
Change in the fair value of financial instruments	(11.1)	(15.1)
Share in earnings of equity-accounted companies	31.0	74.4
Profit before tax	**1,138.2**	**1,717.0**
Income tax	(109.2)	(219.2)
Consolidated net income	**1,029.0**	**1,497.8**
Of which		
> *Attributable to owners of the parent*	*838.8*	*1,228.6*
> *Attributable to non-controlling interests*	*190.1*	*269.2*
Average number of shares – undiluted	**299,913,706**	**306,084,849**
UNDILUTED NET EARNINGS PER SHARE *(in €)* **– GROUP SHARE**	**2.80**	**4.01**
Average number of shares – diluted	**299,913,706**	**306,084,849**
DILUTED NET EARNINGS PER SHARE *(in €)* **– GROUP SHARE**	**2.80**	**4.01**

In €m	12/31/2018	12/31/2017
Consolidated net income	**1,029.0**	**1,497.8**
Other items of comprehensive income recognized directly in equity	**(145.9)**	**(58.6)**
> Effective portion of profits and losses on cash flow hedging instruments	35.1	67.0
> Translation gains and losses	(175.4)	(117.7)
> Tax on other items of comprehensive income	(8.9)	(14.1)
Items that will be reclassified subsequently to profit or loss	**(149.2)**	**(64.8)**
> Gains and losses on sales on treasury shares	2.3	4.7
> Actuarial gains and losses	1.0	1.4
Items that will not be reclassified subsequently to profit or loss	**3.3**	**6.2**
Share of other items of comprehensive income attributable to equity-accounted companies	0.0	0.0
Total comprehensive income	**883.1**	**1,439.1**
Of which		
> Attributable to owners of the parent	707.9	1,205.8
> Attributable to non-controlling interests	175.2	233.3
Undiluted comprehensive earnings per share *(in €)* **– Group share**	**2.36**	**3.94**
Diluted comprehensive earnings per share *(in €)* **– Group share**	**2.36**	**3.94**

1.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In €m	12/31/2018	12/31/2017
Goodwill	611.8	655.2
Intangible assets	33.7	39.3
Property, plant and equipment	9.9	14.1
Investment properties at fair value	21,692.2	21,494.2
Investment properties at cost	170.2	123.1
Investments in equity-accounted companies	1,050.2	1,074.1
Other non-current assets	299.0	319.3
Long-term derivative instruments	30.4	41.0
Deferred tax assets	20.7	24.5
Non-current assets	**23,918.0**	**23,784.6**
Fair value of properties held for sale	72.7	295.6
Trade and other receivables	127.1	144.5
Other receivables	328.1	346.6
> Tax receivables	120.8	137.5
> Other	207.3	209.1
Short-term derivative instruments	19.2	9.9
Cash and cash equivalents	304.5	564.5
Current assets	**851.7**	**1,361.2**
TOTAL ASSETS	**24,769.7**	**25,145.8**
Share capital	440.1	440.1
Additional paid-in capital	5,650.0	5,818.1
Legal reserves	44.0	44.0
Consolidated reserves	3,384.6	2,865.8
> Treasury shares	(568.6)	(419.2)
> Hedging reserves	(26.1)	(50.2)
> Other consolidated reserves	3,979.2	3,335.2
Consolidated earnings	838.8	1,228.6
Equity attributable to owners of the parent	10,357.5	10,396.6
Equity attributable to non-controlling interests	2,535.7	2,563.8
Total equity	**12,893.3**	**12,960.4**
Non-current financial liabilities	7,036.3	7,368.2
Long-term provisions	28.5	26.9
Pension obligations	13.5	13.4
Long-term derivative instruments	17.1	23.1
Deposits	147.1	145.3
Deferred tax liabilities	1,608.8	1,547.7
Non-current liabilities	**8,851.3**	**9,124.6**
Current financial liabilities	2,069.6	2,217.2
Bank overdrafts	224.7	130.0
Trade payables	145.7	205.1
Due to suppliers of property	21.9	16.2
Other liabilities	369.7	312.4
Short-term derivative instruments	12.1	7.4
Payroll and tax liabilities	181.5	172.5
Current liabilities	**3,025.2**	**3,060.7**
TOTAL EQUITY AND LIABILITIES	**24,769.7**	**25,145.8**

1.3 SEGMENT EARNINGS

	France-Belgium[a]		Scandinavia		Italy		Iberia		Netherlands	
In €m	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Gross rents	**439.7**	**442.6**	**187.1**	**191.6**	**206.0**	**206.2**	**132.4**	**122.1**	**75.0**	**64.6**
Other rental income	31.8	23.5	1.0	0.9	4.3	4.0	2.5	1.5	0.0	0.0
Gross rental income	**471.5**	**466.0**	**188.1**	**192.5**	**210.3**	**210.3**	**134.9**	**123.6**	**75.1**	**64.6**
Rental & building expenses	(43.0)	(44.1)	(19.7)	(19.9)	(13.8)	(15.1)	(13.6)	(13.6)	(18.3)	(15.3)
Net rental income	**428.5**	**421.9**	**168.4**	**172.6**	**196.5**	**195.2**	**121.3**	**110.0**	**56.7**	**49.3**
Management and other income	47.8	49.5	8.8	9.8	15.7	13.6	7.4	7.3	5.7	6.9
Payroll and other general expenses	(66.5)	(66.1)	(20.2)	(21.5)	(24.0)	(23.9)	(13.7)	(13.8)	(12.3)	(13.6)
EBITDA	**409.8**	**405.3**	**157.0**	**160.8**	**188.2**	**184.8**	**114.9**	**103.5**	**50.1**	**42.7**
Depreciation, amortization and impairment	(11.5)	(8.6)	(2.3)	(2.4)	(0.5)	(0.4)	(0.1)	(0.7)	(0.2)	(2.0)
Change in value of investment properties	28.5	234.4	24.8	150.1	104.1	203.8	72.1	153.4	11.7	37.2
Income from the disposal of investment properties and equity investments	(1.0)	(3.3)	2.5	13.0	(7.9)	0.0	(2.7)	(3.9)	(1.3)	1.2
Share in earnings of equity method investments	6.6	2.5	(0.5)	22.5	18.2	56.8	(0.5)	3.1	0.0	0.0
SEGMENT INCOME	**432.4**	**630.3**	**181.5**	**344.0**	**302.1**	**445.0**	**183.7**	**255.4**	**60.3**	**79.0**
Goodwill impairment										
Cost of net debt										
Change in the fair value of financial instruments										
PROFIT BEFORE TAX										
Corporate income tax										
NET INCOME										

(a) Shopping centers and Other activities.

	Germany		CE &Turkey		Not allocated		Klépierre Group	
In €m	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Gross rents	**51.8**	**54.4**	**118.8**	**123.7**			**1,210.8**	**1,205.2**
Other rental income	0.0	0.0	1.8	0.9			41.4	30.8
Gross rental income	**51.8**	**54.4**	**120.6**	**124.5**			**1,252.2**	**1,236.0**
Rental & building expenses	(12.3)	(11.6)	(12.5)	(10.7)			(133.2)	(130.4)
Net rental income	**39.5**	**42.8**	**108.1**	**113.8**			**1,119.0**	**1,105.6**
Management and other income	5.1	4.8	4.4	4.4			94.9	96.1
Payroll and other general expenses	(8.1)	(10.2)	(11.8)	(12.5)	(31.6)	(27.9)	(188.2)	(189.5)
EBITDA	**36.5**	**37.4**	**100.7**	**105.8**	**(31.6)**	**(27.9)**	**1,025.7**	**1,012.2**
Depreciation, amortization and impairment	(0.3)	(0.4)	(0.5)	(1.2)			(15.5)	(15.8)
Change in value of investment properties	(13.5)	(13.4)	86.0	60.4			313.7	825.9
Income from the disposal of investment properties and equity investments	(0.0)	0.0	(0.3)	(0.0)			(10.7)	6.8
Share in earnings of equity method investments	0.0	0.0	7.2	(10.6)			31.0	74.4
SEGMENT INCOME	**22.7**	**23.5**	**193.2**	**154.3**	**(31.6)**	**(27.9)**	**1,344.2**	**1,903.6**
Goodwill impairment							(43.4)	(1.7)
Cost of net debt							(151.6)	(169.8)
Change in the fair value of financial instruments							(11.1)	(15.1)
PROFIT BEFORE TAX							**1,138.2**	**1,717.0**
Corporate income tax							(109.2)	(219.2)
NET INCOME							**1,029.0**	**1,497.8**

1.4 CONSOLIDATED STATEMENTS OF CASH FLOW

In €m	12/31/2018	12/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from consolidated companies	1,029.0	1,497.8
Elimination of expenditure and income with no cash effect or not related to operating activities		0.0
> Depreciation, amortization and provisions	15.5	15.9
> Change in value of investment properties	(313.7)	(825.9)
> Goodwill impairment	43.4	1.7
> Capital gains and losses on asset disposals	10.7	(6.8)
> Current and deferred income taxes	109.2	219.2
> Share in earnings of equity-accounted companies	(31.0)	(74.4)
> Reclassification of interest and other items	199.6	210.8
Gross cash flow from consolidated companies	**1,062.7**	**1,038.3**
Income tax paid	(22.7)	11.5
Change in operating working capital	(19.8)	(15.5)
Cash flows from operating activities	**1,020.2**	**1,034.3**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment properties	336.8	126.3
Proceeds from sales of other fixed assets	0.0	0.0
Proceeds from disposals of subsidiaries (net of cash disposed)	192.5	115.9
Acquisitions of investment properties	(55.4)	(22.9)
Acquisition costs of investment properties	0.0	(1.1)
Payments in respect of construction work in progress	(327.0)	(296.3)
Acquisitions of other fixed assets	(5.9)	(8.9)
Acquisitions of subsidiaries and deduction of acquired cash	(53.0)	(259.3)
Movements in loans and advance payments granted and other investments	51.2	(2.9)
Net cash flows from investing activities	**139.3**	**(349.2)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the parent	(589.4)	(562.0)
Dividends paid to non-controlling interests	(100.4)	(47.6)
Capital increase of the parent company	0.0	0.0
Change in capital of subsidiaries with non controlling interests	(55.2)	14.7
Repayment of share premium	0.0	0.0
Acquisitions/disposals of treasury shares	(149.4)	(352.2)
New loans, borrowings and hedging instruments	1,805.0	3,096.3
Repayment of loans, borrowings and hedging instruments	(2,239.3)	(2,647.6)
Interest paid	(177.5)	(212.7)
Other cash flows related to financing activities	0.0	0.0
Net cash flows from financing activities	**(1,506.2)**	**(711.0)**
Effect of foreign exchange rate changes on cash and cash equivalents	**(8.0)**	**(7.5)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(354.6)**	**(33.5)**
Cash and cash equivalents at beginning of year	**434.5**	**467.9**
Cash and cash equivalents at end of year	**79.9**	**434.5**

2

BUSINESS OVERVIEW

2.1 ECONOMIC ENVIRONMENT

Economic growth in Europe slowed down in 2018, with eurozone GDP expected to increase by just 1.9% compared to 2.5% in 2017 and with most countries trimming between 40 bps and 90 bps off their growth rates. Domestic demand remained strong however, helping to improve labor market conditions, as evidenced by lower unemployment and higher wages. Inflation is set to hit 1.8% in 2018, fueled mainly by higher oil prices.

In 2019, eurozone GDP growth is expected to stabilize at 1.8% but could be further hampered by a combination of escalating global trade tensions, political upheaval, and tighter financial conditions. Unemployment is nevertheless set to continue on a downward trend and inflation to accelerate slightly.

► 2018 AND 2019 MACROECONOMIC FORECASTS BY GEOGRAPHY

	Real GDP growth rate			Unemployment rate			Inflation rate		
Geography	**2017**	**2018E**	**2019E**	**2017**	**2018E**	**2019E**	**2017**	**2018E**	**2019E**
EUROZONE	2.5%	1.9%	1.8%	9.1%	8.2%	7.6%	1.5%	1.8%	1.9%
France	**2.3%**	**1.6%**	**1.6%**	**9.4%**	**9.0%**	**8.8%**	**1.2%**	**2.2%**	**1.8%**
Belgium	**1.7%**	**1.5%**	**1.4%**	**7.1%**	**6.2%**	**6.0%**	**2.2%**	**2.3%**	**2.2%**
Italy	**1.6%**	**1.0%**	**0.9%**	**11.3%**	**10.4%**	**9.7%**	**1.3%**	**1.3%**	**1.6%**
Scandinavia									
Norway	2.0%	1.6%	1.9%	4.2%	3.7%	3.5%	1.9%	2.7%	2.3%
Sweden	2.4%	2.5%	1.9%	6.7%	6.2%	6.1%	1.8%	2.0%	2.4%
Denmark	2.3%	1.2%	1.9%	5.7%	5.2%	5.1%	1.1%	0.9%	1.8%
Iberia									
Spain	3.0%	2.6%	2.2%	17.2%	15.3%	13.8%	2.0%	1.9%	1.9%
Portugal	2.8%	2.2%	2.1%	8.9%	7.1%	6.4%	1.6%	1.3%	1.5%
CE & Turkey									
Czech Republic	4.5%	3.0%	2.7%	2.9%	2.3%	2.2%	2.5%	2.2%	2.4%
Poland	4.8%	5.2%	4.0%	4.9%	3.7%	3.2%	2.1%	1.9%	2.7%
Hungary	4.4%	4.6%	3.9%	4.2%	3.6%	3.2%	2.3%	3.0%	4.0%
Turkey	7.4%	3.3%	–0.4%	10.9%	10.8%	12.7%	11.1%	16.8%	19.5%
Netherlands	**3.0%**	**2.7%**	**2.5%**	**4.9%**	**3.9%**	**3.7%**	**1.3%**	**1.7%**	**2.5%**
Germany	**2.5%**	**1.6%**	**1.6%**	**3.8%**	**3.4%**	**3.0%**	**1.7%**	**1.9%**	**2.2%**

Source: OECD Economic Outlook, November 2018. Data correspond to the percentage change over the previous year.

2.2 RETAILER SALES

On a like-for-like basis[1], total retailer sales at Klépierre's malls rose by 0.9% in 2018. Over the first 11 months of the year, retailer sales outperformed aggregate national retailer sales indices by 80 bps.[2] With growth of 1.4%, the trend improved in the final quarter of the year in all countries except France, where sales decreased in the last two months as a result of the "yellow vest" protest movement (France down 0.7% in Q4; all areas excluding France up 2.3%).

On a geographical basis, as in 2017, the most dynamic regions in 2018 remained Iberia (up 4.9%) and Central Europe & Turkey (up 5.0%). Growth in Spain came out at 4.8%, on the back of supportive consumer spending trends and the leading positioning of Klépierre's malls, which has been strengthened by recent re-tenanting initiatives. The performance of CE & Turkey was mostly driven by the strong growth in Hungary (up 9.1%; government's measures to increase public and minimum wages) and Turkey (up 11.8%; high level of inflation), while Poland's sales (down 0.8%) were softer as a result of the Sunday trading ban put in place last March. Italy improved slightly during the fourth quarter (up 0.9%), but sales declined by 1.6% over the year as a whole, penalized by challenging economic conditions, inclement weather that impacted the fashion segment, and new competition in the north of the country.

► YEAR-ON-YEAR CHANGE IN RETAILER SALES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 *(by country)*

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

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

Food & Beverage was the best performing segment over the course of 2018, with growth of 5.1% powered by the rollout of our Destination Food® concept in several shopping centers across Europe. Health & Beauty recorded firm growth of 4.9%, largely benefiting from leasing initiatives through the deployment of on-trend concepts (Rituals: nine new stores; Normal: six new stores, etc.). In the Culture, Gifts & Leisure segment, Sports registered a strong increase, bolstered by expansion in our malls of retailers such as JD Sports, Adidas, Snipes and Decathlon. The inclement weather conditions hurt the Fashion segment (down 1.0%) in what remains a competitive market.

► YEAR-ON-YEAR CHANGE IN RETAILER SALES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 *(by segment)*

Segment	Year-on-Year change	Share in total reported retailer sales
Fashion	−1.0%	39%
Culture, Gifts & Leisure	+1.1%	18%
Health & Beauty	+4.9%	13%
Household Equipment	+0.5%	12%
Food & Beverage	+5.1%	11%
Others	−1.3%	7%
TOTAL	**+0.9%**	**100%**

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

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

2.3 GROSS RENTAL INCOME

► **GROSS RENTAL INCOME** *(on a total share basis)*

In €m	2018	2017	Reported change
France-Belgium	446.1	438.1	+1.8%
Italy	210.3	210.3	+0.0%
Scandinavia	188.1	192.5	–2.3%
Iberia	134.9	123.6	+9.1%
CE & Turkey	120.6	124.5	–3.2%
Netherlands	75.1	64.6	+16.1%
Germany	51.8	54.4	–4.8%
TOTAL SHOPPING CENTERS	**1,226.8**	**1,208.0**	**+1.6%**
Other retail properties	25.4	28.0	–9.2%
TOTAL	**1,252.2**	**1,236.0**	**+1.3%**

On a total share basis, shopping center gross rental income came in at €1,226.8 million in 2018, vs. €1,208 million for the same period one year ago. The 1.6% year-on-year increase in gross rental income reflects the combined impact of solid like-for-like growth, the openings of the Val d'Europe extension (Paris region, France) and of Prado (Marseille, France), the redevelopment of Hoog Catharijne (Utrecht, Netherlands), an extension to the shopping gallery on part of the former Tesco hypermarket in Nový Smíchov (Prague, Czech Republic), and the acquisition of Nueva Condomina (Murcia, Spain). Over the 12-month period, the disposal of three shopping malls in Italy, one in France, one in Spain, two malls and an office building in Hungary as well as an office building in Germany[(1)] negatively impacted rental income in these countries. In Scandinavia and Turkey, unfavorable foreign exchange effects weighed on rental income.

Adding in gross rental income generated by other retail properties (down 9.2% further to asset disposals), total gross rental income amounted to €1,252 million, vs. €1,236 million in 2017, representing growth of 1.3%.

2.4 NET RENTAL INCOME

► **NET RENTAL INCOME** *(on a total share basis)*

In €m	2018	2017	Reported change	Like-for-like change	Index-linked change
France-Belgium	405.1	394.9	+2.6%	+2.9%	+1.5%
Italy	196.5	195.2	+0.7%	+2.4%	+0.6%
Scandinavia	168.4	172.6	–2.4%	+2.4%	+1.4%
Iberia	121.3	110.0	+10.3%	+7.6%	+1.1%
CE & Turkey	108.1	113.8	–5.0%	+4.8%	+1.7%
Netherlands	56.7	49.3	+14.9%	+6.7%	+1.5%
Germany	39.5	42.8	–7.7%	–0.0%	+0.0%
TOTAL SHOPPING CENTERS	**1,095.6**	**1,078.6**	**+1.6%**	**+3.4%**	**+1.2%**
Other retail properties	23.4	27.1	–13.6%		
TOTAL	**1,119.0**	**1,105.6**	**+1.2%**		

Net rental income (NRI) generated by shopping centers totaled €1,095.6 million for the twelve-month period ended December 31, 2018, up 1.6% on a reported-portfolio, total share basis compared with the same period in 2017. This increase reflects the combined effect of the following factors:

> A €34.6 million like-for-like increase (up 3.4%)[(2)] driven by indexation (1.2% positive impact), solid reversion and higher income from specialty leasing;

> A €24.6 million positive scope impact reflecting the contribution of Nueva Condomina, acquired in the first half of 2017, and that from the openings of the Hoog Catharijne (Utrecht, Netherlands) redevelopment and the Prado (Marseille, France) shopping center;

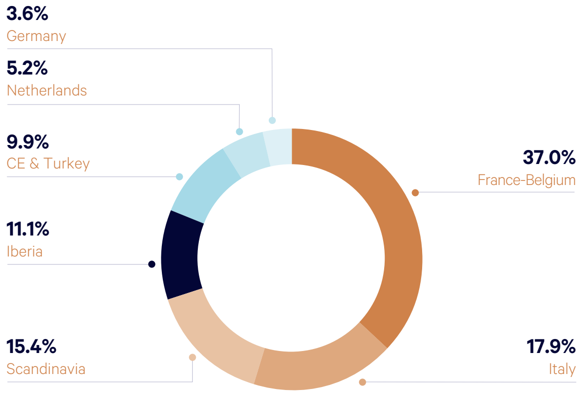
> A negative €22.0 million impact from disposals; and

> A negative €20.1 million impact attributable to the depreciation of the Turkish lira, the Swedish krona and the Norwegian krone, as well as other non-recurring items.

(1) *For more information, please refer to section 5 "Investments, development and disposals" of this document.*

(2) *Like-for-like data exclude the contribution of new spaces (acquisitions, greenfield projects or extensions), spaces being restructured, disposals completed since January 2017, and foreign exchange impacts.*

▶ BREAKDOWN OF SHOPPING CENTER NRI BY REGION FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 *(on a total share basis)*



▶ FOREIGN EXCHANGE IMPACT ON LIKE-FOR-LIKE NRI FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018

	Like-for-like NRI change		Forex impact on like-for-like NRI change
	At constant forex	**At current forex**	
Norway	+1.5%	−1.4%	−286 bps
Sweden	+3.0%	−3.3%	−625 bps
Denmark	+2.9%	+2.7%	−20 bps
Scandinavia	**+2.4%**	**−0.8%**	**−318 bps**
Czech Republic	+7.1%	+6.6%	−54 bps
Poland	+2.6%	+2.1%	−59 bps
Hungary	+12.5%	+12.5%	–
Turkey[(a)]	−2.5%	−20.4%	−1,796 bps
CE & Turkey	**+4.8%**	**+0.1%**	**−474 bps**
TOTAL	**+3.4%**	**+2.4%**	**−100 BPS**

(a) As per the Turkish Presidential Decree, most of the rents were translated from euros or US dollars into Turkish lira in the fourth quarter of 2018. Consequently, the foreign exchange impact shown in this table is twofold: for the first three quarters of 2018, it reflects the euro/dollar parity change as well as the rent discounts granted to retailers to compensate for the depreciation of the Turkish lira; for the last quarter of 2018, it reflects the euro/Turkish lira parity (see section 2.6 for more information).

2.5 CONTRIBUTION OF EQUITY-ACCOUNTED INVESTMENTS

The contribution to net rental income of equity-consolidated investments[1] amounted to €66.5 million in 2018. The Group's equity-accounted investments are listed below:

- **France:** Espace Coty (Le Havre), Le Millénaire (Paris), Les Passages (Boulogne), Mayol (Toulon);
- **Italy:** Porta di Roma (Rome), Il Corti Venete (Verona), Il Leone (Lonato), Il Destriero (Milan), Città Fiera (Udine);
- **Norway:** Økernsenteret (Oslo), Metro Senter (Oslo), Nordbyen (Larvik);
- **Portugal:** Aqua Portimão (Portimão); and
- **Turkey:** Akmerkez (Istanbul).

The following tables present the contributions of each of these countries to gross and net rental income, EBITDA, net current cash flow, and net income.

CONTRIBUTION OF EQUITY-ACCOUNTED INVESTMENTS

GROSS RENTAL INCOME – TOTAL SHARE

In €m	12/31/2018	12/31/2017
France	22.5	21.9
Italy	39.9	39.6
Norway[a]	7.6	7.9
Portugal	3.3	3.1
Turkey	10.3	9.9
TOTAL	**83.6**	**82.5**

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

NET RENTAL INCOME – TOTAL SHARE

In €m	12/31/2018	12/31/2017
France	16.6	15.9
Italy	34.2	34.1
Norway[a]	6.2	6.4
Portugal	3.0	2.7
Turkey	6.6	6.5
TOTAL	**66.5**	**65.7**

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

EBITDA – TOTAL SHARE

In €m	12/31/2018	12/31/2017
France	16.5	16.0
Italy	34.6	34.1
Norway[a]	6.2	6.4
Portugal	3.0	2.7
Turkey	6.2	5.9
TOTAL	**66.4**	**65.1**

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

NET CURRENT CASH FLOW – TOTAL SHARE

In €m	12/31/2018	12/31/2017
France	13.9	13.1
Italy	26.5	25.4
Norway[a]	6.2	6.4
Portugal	0.6	0.3
Turkey	7.0	6.3
TOTAL	**54.1**	**51.5**

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

NET INCOME – TOTAL SHARE[a]

In €m	12/31/2018	12/31/2017
France	6.6	2.5
Italy	18.2	56.8
Norway[b]	(0.5)	22.5
Portugal	(0.5)	3.1
Turkey	7.2	(10.6)
TOTAL	**31.0**	**74.4**

(a) Net income includes non-cash and non-recurring items, including changes in the value of investment properties.
(b) To determine the Group's share for Norway, data must be multiplied by 56.1%.

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

2.6 SHOPPING CENTER BUSINESS SUMMARY: LEASING HIGHLIGHTS

▶ KEY PERFORMANCE INDICATORS

Geography	Renewed and re-let leases (in €m)	Reversion (in %)	Reversion (in €m)	OCR[a]	EPRA vacancy rate	Bad debt rate[b]
France-Belgium	46.3	11.7%	4.9	12.9%	3.3%	2.0%
Italy	33.5	11.5%	3.5	11.5%	1.5%	1.9%
Scandinavia	26.1	9.1%	2.2	11.6%	4.5%	0.5%
Iberia	13.6	21.6%	2.4	13.1%	2.4%	0.2%
CE & Turkey	20.3	10.1%	1.9	13.4%	4.9%	3.8%
The Netherlands	2.9	11.4%	0.3	-	5.6%	1.3%
Germany	3.8	(9.6%)	(0.4)	11.0%	4.1%	2.1%
TOTAL	**146.4**	**11.1%**	**14.6**	**12.3%**	**3.2%**	**1.7%**

All assets (including equity-accounted investments) are presented on a 100% share basis.
(a) Occupancy cost ratio. Occupancy cost ratio is not calculated for the Netherlands as only a few Dutch retailers report their sales to Klépierre.
(b) On a rolling 12-month basis.

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

Through the leasing initiatives undertaken in 2018, Klépierre continued to adapt its tenant mix in line with evolving consumer expectations. Accordingly, the Group continued to prioritize fashion flagship stores (+23,000 sq.m.), which are better suited to an omni-channel retail environment, while reducing the space allocated to fashion boutiques. Greater emphasis has also been placed on other segments such as Health & Beauty, Sports and Food & Beverage. This has translated into a sustained deal flow with expanding retailers such as Rituals (11 leases including 9 new stores), Inditex (14 leases including 5 new stores), Bestseller (15 leases including 10 new stores), Calzedonia (14 leases including 7 new stores), Courir (6 leases including 5 new stores), Normal (6 new stores) and Levi's (8 leases including 6 new stores) among others.

This strategy has significantly enhanced the retail offering in many Klépierre malls, including Milanofiori (Milan), Field's (Copenhagen), Nový Smíchov (Prague) and Rives d'Arcins (Bordeaux). See section 3 "Business activity by region" for more information.

Lastly, the Group opened a number of iconic stores. In Porta di Roma (Rome, Italy) Victoria's Secret opened its first full-concept store in Italy. Sephora opened two near ~1,000 sq.m.-flagships in Nový Smíchov (Prague) and Saint-Lazare (Paris). Lastly, together with the right-sizing of its H&M store, the Swedish group also opened four stores for its satellite brands Arket, H&M Home, & Other Stories and Monki.

2.7 LEASE EXPIRATION SCHEDULE

▶ SHOPPING CENTER LEASE EXPIRATION SCHEDULE

Geography	≤ 2018	2019	2020	2021	2022	2023	2024	2025	2026+	Total	WALT[b]
France	11.2%	6.9%	7.2%	8.1%	10.5%	10.2%	9.0%	7.4%	29.4%	100.0%	5.1
Belgium	0.0%	4.0%	1.1%	2.5%	3.2%	56.3%	5.7%	6.2%	21.0%	100.0%	2.9
France-Belgium	**10.7%**	**6.8%**	**7.0%**	**7.9%**	**10.2%**	**12.1%**	**8.9%**	**7.4%**	**29.0%**	**100.0%**	**5.0**
Italy	**12.7%**	**12.8%**	**11.1%**	**12.7%**	**13.5%**	**8.5%**	**4.8%**	**6.8%**	**17.3%**	**100.0%**	**4.1**
Denmark[a]											
Norway	2.8%	23.0%	13.8%	14.2%	11.0%	18.4%	4.7%	4.0%	8.2%	100.0%	3.3
Sweden	2.5%	11.2%	19.7%	21.8%	26.3%	7.4%	3.0%	3.6%	4.5%	100.0%	3.0
Scandinavia	**2.7%**	**18.3%**	**16.2%**	**17.2%**	**17.1%**	**14.0%**	**4.0%**	**3.8%**	**6.7%**	**100.0%**	**3.2**
Spain	0.3%	8.0%	6.7%	9.3%	8.4%	12.6%	11.2%	4.1%	39.4%	100.0%	7.3
Portugal	0.0%	7.0%	6.9%	14.8%	14.8%	15.7%	15.5%	2.3%	22.9%	100.0%	5.8
Iberia	**0.2%**	**7.8%**	**6.7%**	**10.6%**	**9.8%**	**13.3%**	**12.2%**	**3.7%**	**35.7%**	**100.0%**	**7.0**
Czech Republic	1.6%	9.6%	22.9%	15.4%	20.6%	14.1%	3.8%	1.0%	11.0%	100.0%	3.1
Poland	1.4%	15.3%	22.9%	16.9%	12.0%	21.7%	3.5%	0.3%	6.1%	100.0%	4.0
Hungary	0.7%	8.4%	8.5%	17.9%	24.3%	22.5%	7.0%	1.2%	9.5%	100.0%	3.9
Turkey	0.0%	18.2%	15.9%	10.8%	17.0%	22.7%	4.6%	2.6%	8.3%	100.0%	3.9
CE & Turkey	**0.9%**	**12.1%**	**16.6%**	**15.3%**	**19.7%**	**19.9%**	**5.0%**	**1.3%**	**9.2%**	**100.0%**	**3.7**
Netherlands	**0.5%**	**24.2%**	**5.3%**	**9.6%**	**8.2%**	**12.8%**	**14.4%**	**1.1%**	**24.0%**	**100.0%**	**5.4**
Germany	**0.6%**	**8.3%**	**1.6%**	**8.3%**	**34.8%**	**13.0%**	**8.9%**	**0.9%**	**23.6%**	**100.0%**	**5.3**
TOTAL	**7.6%**	**10.5%**	**9.4%**	**11.0%**	**13.5%**	**12.3%**	**7.6%**	**5.5%**	**22.6%**	**100.0%**	**4.7**

(a) Under Danish law, leases are open-ended.
(b) Weighted average lease term (in number of years).

3

BUSINESS ACTIVITY BY REGION

3.1 FRANCE-BELGIUM (36.2% of net rental income)

▶ NRI & EPRA VACANCY RATE IN FRANCE-BELGIUM

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**	**2018**	**2017**
France	387,0	378,0	+2,4%	365,9	356,0	+2,8%	3,4%	3,5%
Belgium	18,1	16,8	+7,3%	17,9	16,8	+6,0%	1,0%	0,2%
FRANCE-BELGIUM	**405,1**	**394,9**	**+2,6%**	**383,8**	**372,9**	**+2,9%**	**3,3%**	**3,3%**

GDP growth in France is set to come in at 1.6% in 2018, reflecting a slight slowdown compared with 2017 (growth of 2.3%) as a result of global trade tensions as well as energy price hikes and tax rises. In the fourth quarter, the "yellow vest" protest movement weighed slightly on economic performance. However, the unemployment rate continued to decline, representing 9.0% at end-2018 (vs. 9.4% at end-2017), and is expected to fall further to 8.8% in 2019. GDP growth for 2019 is projected to remain firm at 1.6%, thanks mainly to tax reforms and favorable financing conditions which should support investment and further encourage job creation.

In 2018, like-for-like **retailer sales** growth at Klépierre malls came out at 0.4%. In France, the performance outpaced the national shopping center retail index by 240 bps in 2018[1]. Over the year as a whole, business activity was impacted by external factors such as the French national railway strike and more recently, the "yellow vest" protest movement in November and December, with sales down by 0.7% during the fourth quarter. On the upside, tenant sales were supported by recent leasing initiatives, including in Nice TNL (5,000 sq.m. Decathlon store), Écully (Lyon area; 2,100-sq.m. Zara store), and Bourse (Marseille; 900-sq.m. Boticinal store) which posted sound performances as a result. Eighteen months after its extension, Val d'Europe (Paris region) continued to deliver impressive performances that confirm its leadership position in the eastern Paris segment.

By segment, Household Equipment (up 2.8%), Health & Beauty (up 2.2%), and Food & Beverage (up 1.5%) all posted strong sales increases.

Net rental income in France grew by 2.8% on a like-for-like basis, outperforming indexation by 130 bps, mainly attributable to the firm positive rental reversion (10.9%), continued operating cost optimization driven by procurement initiatives, and higher specialty leasing income.

On a reported-portfolio basis (up 2.4%), the full-year impact of the extension of Val d'Europe (Paris) and the opening of Prado (Marseille) offset the disposal of Grand Vitrolles (Marseille).

The 7.3% increase in net rental income in Belgium mainly reflects high positive rental reversion on renewal and re-leasing agreements (50.2% over 11 leases), combined with a decrease in related charges.

Leasing activity remained dynamic in 2018, with 465 leases signed in France and Belgium, translating into an 11.7% positive rental reversion and a stable vacancy rate to 3.3%.

Over the 12-month period, momentum with key accounts accelerated the development of several retailers in the French portfolio: Inditex signed 12 deals, including five new stores, while Celio renovated 12 stores in Klépierre's malls. Action, the fast-growing retailer offering affordable everyday products, signed on to open four new stores in Klépierre's malls, including Le Millénaire (Paris area, 1,000 sq.m.), Grand Littoral (Marseille, 1,800 sq.m.), Mayol (Toulon, 1,150 sq.m.), and Villiers-en-Bière (Paris area, 2,700 sq.m. In the Sportswear segment, brands such as Snipes and Courir (three new stores each) and Project X (five new stores) continued to expand their footprint. From a mall-by-mall perspective, the renewal campaign at the Saint-Lazare (Paris) shopping center continued in 2018 with 19 new leases signed. Six years after opening, roughly 30% of the tenant mix has been rejuvenated, for example, the opening of a 1,100-sq.m. Sephora flagship store and the arrival of new brands such as Xiaomi, Kiehl's, Rituals, NYX and Nespresso, which should further confirm the success of this downtown Paris shopping center. In Rives d'Arcins, one of the leading shopping centers in the Bordeaux area, 12 leases were signed to significantly upgrade the mall's offering. Zara will open a 3,300-sq.m. flagship store together with two Inditex satellites, Pull&Bear and Stradivarius. Maisons du Monde (1,800 sq.m.) and I Concept (Apple reseller) will

(1) *The CNCC index was down 2.0% in 2018.*

also enhance the tenant mix. Lastly, a 6,000 sq.m. Decathlon store will be unveiled in April 2019 to complete the mall's transformation. Ahead of the extension planned in 2021, the Group continued to strengthen the tenant mix at the Grenoble Grand Place with the signature of eight new stores, including brands such as Adidas, Celio and Terranova.

3.2 ITALY (17.6% of net rental income)

▶ NRI & EPRA VACANCY RATE IN ITALY

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**	**2018**	**2017**
ITALY	**196.5**	**195.2**	**+0.7%**	**196.9**	**192.4**	**+2.4%**	**1.5%**	**1.2%**

The Italian **economy** underwent a slowdown over the 12-month period, with GDP growth declining from 1.6% in 2017 to 1.0% in 2018, mainly driven by a decline in domestic demand and political unrest. Energy price hikes pushed up inflation, which is expected to hit 1.6% in 2019 (vs. 1.3% in 2018). Nevertheless, labor market conditions were positive, with the unemployment rate projected to decrease to 10.4% at end-2018 from 11.3% one year earlier, driven largely by temporary contracts. The prevailing tight financing conditions are expected to act as a further drag on business confidence in 2019, pushing growth down to 0.9%.

In this challenging economic environment, 2018 **retailer sales** declined by 1.6% on a like-for-like basis, despite an improvement during the fourth quarter when sales were up by 0.9%. Unusual weather conditions (warmest year for the last two centuries) also affected the performance of Klépierre's malls, especially in the Fashion segment (down 3.9%), although other segments performed positively (up 0.3%). Lastly, certain northern shopping centers (Le Corti Venete, Il Leone, Moncalieri) continued to be penalized by new competition.

Despite this sluggish sales performance, **leasing activity** remained extremely buoyant with a total of 286 leases signed in 2018 (271 renewal and re-leasing agreements with an average positive rental reversion of 11.5%), confirming the quality of Klépierre's platform and ability to leverage its extensive relations with retailers. During 2018, the Assago shopping center was completely remodeled, significantly enhancing its appeal. The upgrades to the mall and newly extended food court have now been completed. Following the acquisition of a portion of the Carrefour hypermarket, Zara was repositioned in bigger premises (5,700 sq.m., of which 3,800 sq.m. in sales area). Dmail, a fast-expanding Italian retailer offering a wide variety of products from household goods to leisure equipment, opened its first stores in Klépierre malls at Le Gru (Turin), Grand Emilia (Modena) and Porta di Roma (Rome), where Victoria's Secret also opened its first Italian full-concept store on 940 sq.m. The Group also signed renewal and re-leasing agreements at Campania (Naples; 29 leases), Le Gru (Turin; 18 leases), Porta di Roma (Rome; 24 leases) with high positive rental reversion.

Overall, like-for-like **net rental income** growth remained strong at 2.4%, 180 bps above indexation. This outperformance was achieved thanks to very solid positive rental reversion, and an improvement in the gross-to-net rental income ratio (from 92.8% to 93.4% in 2018). The EPRA Vacancy Rate increased slightly by 30 bps, mostly in the assets that were impacted by new competition. On a reported basis, net rental income increased by only 0.7%, reflecting the disposal of three malls last September (see section 5.4 "Disposals" for more information).

3.3 SCANDINAVIA (15.1% of net rental income)

▶ NRI & EPRA VACANCY RATE IN SCANDINAVIA

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**	**2018**	**2017**
Norway	64.0	65.4	−2.2%	64.4	63.4	+1.5%	3.3%	2.2%
Sweden	53.5	56.0	−4.6%	52.6	51.1	+3.0%	5.9%	3.7%
Denmark	51.0	51.1	−0.3%	50.1	48.7	+2.9%	4.9%	4.0%
SCANDINAVIA	**168.4**	**172.6**	**−2.4%**	**167.1**	**163.2**	**+2.4%**	**4.5%**	**3.1%**

GDP growth in the Scandinavian countries (Norway, Sweden and Denmark) continued at the same pace over the second half of 2018, supporting a rise in employment. In Sweden, GDP growth (2.5% in 2018) was fueled mainly by strong international demand underpinned by a weaker Swedish krona. The Danish economy is expected to continue its steady growth in the coming years on the back of strong domestic demand and a favorable external environment for export-led industries, with GDP estimated at 1.2% for 2018 and 1.9% in 2019. In Norway, despite higher fixed investment and an uptick in household income, GDP growth is expected to soften to 1.6% in 2018 from 2.0% in 2017, as a contracting domestic property market weighs on the economy. In the meantime, inflation is forecast to increase to 2.7% from 1.9% on the back of a strong oil price rebound.

Retailer sales in the Scandinavian portfolio declined slightly by 1.4% in 2018. In Denmark (down 3.1%), business activity in Field's (Copenhagen) and Bruun's (Aarhus) was affected by significant re-tenanting activity in 2018, due especially to the right-sizing of H&M stores, which are significant traffic drivers for the center. In Sweden (down 0.6%), Galleria Boulevard (Kristianstad) sales declined following the recent opening of a new mall in the catchment area, while Emporia (Malmö) continued to perform very well. In Norway (down 1.2%), ongoing re-tenanting activity at Maxi Hamar (replacement of the former hypermarket operator with the opening of Norway's largest Coop Extra in February 2019) and Farmanstredet (Tønsberg, 12 deals to restructure a portion of the mall) should pave the way for improved retailer sales in these centers in 2019.

Despite the sluggish business context, like-for-like growth in **net rental income** came out at 2.4% in 2018 (growth of 1.5%, 3.0% and 2.9% for Norway, Sweden and Denmark, respectively) thanks to the 1.4% indexation rate and healthy positive rental reversion (9.1%), together with additional income from specialty leasing (mostly in Denmark).

Leasing activity in 2018 was sustained with 305 leases signed. Key account management accelerated the development of several retailers in Klépierre's portfolio. Normal expanded in eight malls through Norway and Sweden, while Rituals opened or reopened five stores in all three countries, with a groundbreaking performance in Norway:

> In Norway, 162 leases were signed, with 13.5% positive rental reversion on renewal and re-leasing agreements. This performance was primarily driven by 18 leasing operations in Oslo City. At Metro Senter (Oslo), 28 renewals and re-lettings were signed, many of which with double-digit positive rental reversion, while the mall was strengthened with key footfall drivers such as Kappahl and VinMonopolet;

> In Sweden, 120 deals were signed in 2018. Rental reversion at Emporia (Malmö) was positive, including deals with retailers such as Tiger of Sweden, Vacker, Gant, Lexington and Peak Performance, confirming Emporia's ability to attract differentiating brands; and

> At Field's (Copenhagen), the tenant mix continued to be improved through major deals, strengthening the positioning of Field's as the leading mall in Denmark. A reenergized retail offering (right-sized Zara and H&M stores), including an outstanding lineup of international brands (Rituals, Arket, Monki, & Other Stories, H&M Home, Skechers), round out a unique food and leisure offering that saw the opening during the year of Bounce Trampoline Park on 3,700 sq.m. Bruun's Galleri (Aarhus) enriched its retail offering by introducing JD Sports (490 sq.m.) and Monki.

3.4 IBERIA (10.8% of net rental income)

► NRI & EPRA VACANCY RATE IN IBERIA

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
Spain	99.3	89.6	+10.8%	92.9	86.3	+7.6%	1.8%	3.1%
Portugal	22.0	20.4	+8.0%	22.0	20.4	+8.0%	4.3%	7.6%
IBERIA	**121.3**	**110.0**	**+10.3%**	**114.9**	**106.7**	**+7.6%**	**2.4%**	**4.2%**

Economic growth in Spain remained robust in 2018, with GDP expected to grow by 2.6% in 2018. An uptick in household consumption and higher tourist traffic in the third quarter contributed significantly to the solid growth momentum. Unemployment continued to decline from 17.2% in 2017 to 15.3% in 2018, and is projected to fall further to 13.8% in 2019. Portuguese GDP growth decreased slightly to 2.2% in 2018 from 2.8% one year earlier, as exports contracted on the back of the overall slowdown in Europe. The country's unemployment rate is predicted to fall to 7.1% in 2018.

Retailer sales continued to grow at a sustained pace in 2018 (up 4.9% on a like-for-like basis, reflecting growth of 4.8% in Spain and 5.2% in Portugal). Klépierre is benefiting from solid economic momentum together with the leadership positions of its malls. The final quarter of the year registered a further uptick in sales growth on the back of the successful Black Friday campaign (5.6% increase in footfall in Spain) and strong Christmas sales. Further to improvements to the tenant mix in Nueva Condomina (Murcia), retailer sales soared by 13.5%. Retailer sales at Plenilunio's (Madrid) jumped by 7.2% following the completion of the full renovation of the shopping center.

Leasing activity remained buoyant in the region, as a total of 244 leases were signed in the year with very high positive rental reversion on renewals and re-lettings (21.6%). This dynamic leasing activity translated into a further reduction in vacancy rates (down 130 bps in Spain and 330 bps in Portugal, to 1.8% and 4.3% respectively).

Re-leasing campaigns were completed at Principe Pío (Madrid; 10 leases), Maremagnum (Barcelona; 7 leases) and La Gavia (Madrid; 14 leases), confirming the attractiveness of these shopping centers and leading to the opening of new stores such as Courir, Xiaomi, Snipes, Misako and Miniso (first store in Spain). At Nueva Condomina (Murcia), a total of 23 leases were signed in the year, including for 16 new stores such as Conforama (opening in April on 7,000 sq.m.), Xiaomi, Tim Hortons, Tous, and Bimba y Lola. Lastly, Zara opened its largest store (3,600 sq.m.) in the Murcia region in March, further strengthening the mall's exceptional Fashion offering (Primark, H&M, Bershka and Mango). All Inditex brands have now been right-sized in this leading mall.

In Portugal, the ongoing re-leasing campaign at Parque Nascente (Porto) helped diversify the tenant mix with popular new retailers such as iStore (Apple reseller), Rituals, Tous, Salsa, Chico, KFC and Fitness Hut. At Aqua Portimão (Portimão), 10 new retailers will join the mall including JD Sports, local fashion brand Tiffosi, Rituals and Parfois. Lastly, at Espaço Guimarães (Guimarães), a 4,000-sq.m. clinic opened in January 2019 together with a Fitness Hut gym (1,050 sq.m.).

Accordingly, **net rental income** saw like-for-like growth of 7.6% in Iberia (reflecting growth of 7.6% in Spain and of 8.0% in Portugal) in 2018, largely outperforming Iberian indexation (up 1.1%). This stellar performance was primarily driven by high positive rental reversion (21.6%) combined with a further decline in the vacancy rate (down 180 bps to 2.4%). Growth in specialty leasing and additional improvements in the gross-to-net ratio further boosted net rental income growth. On a reported-portfolio basis, net rental income in Spain grew by 10.8%, powered by the contribution of Nueva Condomina (acquired in May 2017), which more than offset the impact of the disposal of Gran Via de Hortaleza (Madrid) in February 2018.

3.5 CENTRAL EUROPE AND TURKEY (9.7% of net rental income)

▶ NRI & EPRA VACANCY RATE IN CE & TURKEY

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**	**2018**	**2017**
Czech Republic	33.4	30.3	+10.1%	32.1	30.0	+7.1%	1.5%	1.2%
Poland	31.7	31.5	+0.6%	31.7	30.9	+2.6%	1.5%	1.1%
Hungary	21.8	21.2	+3.3%	17.6	15.7	+12.5%	1.8%	2.4%
Turkey	18.6	28.6	−35.0%	18.7	19.1	−2.5%	10.2%	7.3%
Others	2.6	2.3	+16.3%	2.6	2.4	+11.3%	9.0%	7.0%
CE & TURKEY	**108.1**	**113.8**	**−5.0%**	**102.8**	**98.1**	**+4.8%**	**4.9%**	**3.9%**

The **Central European economies** (Poland, Czech Republic, and Hungary) continued their solid pace of expansion in 2018, mainly supported by higher consumption and rising employment. However, ongoing global trade tensions and a potential slowdown in the rest of the European Union may weigh on GDP growth in 2019 and, to a greater extent, in 2020. Poland remained the region's most dynamic country, with GDP expected to grow by 5.2% year-on-year in 2018. Inflation is set to stabilize at 1.9% in 2018 (vs. 2.1% in 2017), but is expected to increase to 2.7% in 2019, driven by rising energy prices and faster wage growth. In Hungary, lower unemployment (down to 3.6% in 2018 from 4.2% in 2017) and soaring wages boosted consumer spending. Inflation is set to climb to 3.0% in 2018, compared to 2.3% in 2017. In the Czech Republic, GDP is set to grow by 3.0%, in 2018. Average annual inflation is set to increase to 2.2% in 2018 and to 2.4% in 2019 on the back of higher commodity prices and tobacco duty increases. GDP growth was primarily supported by rising household incomes and low unemployment which now stands at 2.2%, the lowest of all countries in Klépierre's portfolio.

Turkish GDP growth more than halved in 2018 (from 7.4% in 2017 to an expected 3.3% in 2018), triggering a sharp depreciation in the Turkish lira in the second half of the year. In view of the economic environment, GDP is expected to contract by 0.4% in 2019, on the back of weaker domestic demand, higher unemployment (12.7%) and a spike in inflation (19.5%).

Retailer sales in CE & Turkey grew by 5.0% in 2018, with contrasting performances between countries. In Hungary (up 9.1%), Klépierre's malls benefited from higher spending power thanks to government measures to increase wages (public sector and minimum wages). In Turkey, retailer sales advanced by 11.8%. Retailer sales in Poland were relatively soft however (down 0.8%), as a result of the Sunday trading ban initiated in March 2018. Nevertheless, Rybnik Plaza (up 7.0%) and Sosnowiec Plaza (up 6.2%) continued to post solid sales growth, thanks to strong performances from leading retailers such as fashion group LPP and local electronics and household equipment operator Media Expert. In the Czech Republic, Plzeň Plaza (Plzeň) reported solid sales growth of 6.0%, buoyed by momentum in the Health & Beauty and Culture, Gifts & Leisure segments. At Nový Smíchov (Prague), footfall and sales growth accelerated sharply following the completion of reconstruction work and the reopening of the nearby subway station.

On the **leasing** front, a total of 359 leases were signed over the year, with a 10.1% positive rental reversion on renewals and re-lettings. In Nový Smíchov (Prague), major building works on the expansion (7,000 sq.m.) of the former first-floor Tesco unit were successfully completed, paving the way for emblematic tenants such as Zara (3,300 sq.m.), Sephora (1,000 sq.m.), Bershka (1,000 sq.m.) and Lindex (1,100 sq.m.). Meanwhile, 35 leases were signed, notably with Massimo Dutti (830 sq.m.), Sparkys (500 sq.m.), Benetton (420 sq.m.) and Celio (400 sq.m.). In Plzeň Plaza (Plzeň), a major restructuring operation was successfully completed with the relocation of the Luxor bookstore to the first floor and the 600-sq.m. Terranova store enlargement. In total, 24 brands were introduced into Klépierre's Czech portfolio, including Massimo Dutti, Benetton, iWant, Nespresso, Attrativo and Kazar. In Poland, 13 new leases were signed with leading fashion retailer LPP, including six brands and 7,300 sq.m. in Sosnowiec, Ruda, Sadyba and Lublin. In addition, Sephora renewed 5 leases (Sosnowiec, Poznan, Sadyba, Rybnik and Lublin). In Turkey, following the recent Presidential Decree requiring the conversion of all leases denominated in € and US dollars to Turkish lira for a period of two years, Klépierre has already secured 84% of its total leases (90% of gross leasable area), including the top 50 tenants. Under these new agreements, rents will be indexed to the Turkish consumer price inflation index.

Against this backdrop, like for like **net rental income** in CE & Turkey grew by 4.8%, outperforming the region's indexation by 310 bps. Hungary (up 12.5%) and the Czech Republic (up 7.1%) were the star performers, while Turkey (down 2.5%) dragged the overall performance down as a result of discounted rents granted to tenants. The strong overall performance in the region continued to be driven mainly by high positive rental reversion. On a reported basis, net rental income fell by 5.0%, principally attributable to the negative foreign exchange impact in Turkey and recent disposals in Hungary (see section 5.4 "Disposals" for more information).

3.6 NETHERLANDS (5.1% of net rental income)

▸ NRI & EPRA VACANCY RATE IN THE NETHERLANDS

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
NETHERLANDS	56.7	49.3	+14.9%	38.0	35.7	+6.7%	5.6%	6.0%

The Dutch **economy** remained robust in 2018, with GDP growing by 2.7% year-on-year. Upbeat consumer confidence and rising wages helped drive household consumption, while unemployment continued its decline to 3.9% in 2018 from 4.9% in 2017, the lowest level in a decade. Inflation is set to hit 1.7% in 2018, up from 1.3% in 2017.

Leasing activity remained strong, with 52 leases signed (excluding Hoog Catharijne) in the Dutch portfolio and a 11.4% positive rental reversion (36 leases renewed or re-let). At Hoog Catharijne (Utrecht), the successful openings of the F&B Pavilion in February and South Mile in November gave customers access to a complete shopping experience, including several popular national and international brands such as Five Guys, Vapiano, TGI Fridays, Wagamama and The Sea Food Bar in the former, and Nelson Premium, Levi's, Ray-Ban, Lindt, BALR, Ziengs, Lyle&Scott and Pearle in the latter. Leasing activity also progressed well, with the signing of international brands such as Samsung, Pandora and Livera that strengthen the Netherlands' leading mall. At Alexandrium (Rotterdam), the existing retail mix was also boosted by international brands such as Five Guys, Starbucks, Pandora, Expresso, Zizzi, Ecco, Miss Etam and Flying Tiger. In the Health & Beauty space, Clinique has chosen Alexandrium to host their first store in the country.

Net rental income grew by 6.7% like for like, significantly above the indexation of 1.5%, showing a strong improvement compared to 2017 (up 2.1%). Net rental income was boosted by higher rent collection and the ramp-up of car parking revenues at Hoog Catharijne (Utrecht). On a reported-portfolio basis, net rental income increased by 14.9%, mainly as a result of the successful opening of Hoog Catharijne during the year.

3.7 GERMANY (3.5% of net rental income)

▸ NRI & EPRA VACANCY RATE IN GERMANY

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
GERMANY	39.5	42.8	–7.7%	41.6	41.6	–0.0%	4.1%	5.9%

GDP growth in **Germany** is set to slow to 1.6% in 2018, from 2.5% in 2017. The economy is still benefiting from resilient domestic demand and a positive contribution from exports. The labor market continued to improve, with unemployment expected to fall to 3.4%. Nevertheless, global trade tensions and uncertainties in the European Union may weigh on German business confidence and hinder growth going forward.

Retailer sales in 2018 were broadly stable, inching up by 0.1%. Sales were affected by Boulevard Berlin in view of the preparations for the arrival of Maisons du Monde on 1,400 sq.m. (first store in Berlin, opened before Christmas 2018) and Vapiano (opening in April 2019; 925 sq.m.) held business activity back during the year. On the upside, Arneken Galerie (Hildesheim) was boosted by the opening of its new anchor, TK Maxx, in mid-September, which triggered a 25% increase in footfall. Sales in Forum Duisburg also improved in 2018, thanks to significant re-tenanting activity, including 11 new concepts helping to improve the tenant mix (Zara, Only and Orsay) and the arrival of popular new retailers (Snipes, Jack&Jones, Rituals, Eyes & More) to come in 2019.

With 37 leases signed or extended in 2018, **leasing activity** has been particularly intense, given ongoing renewal campaigns in Forum Duisburg (Duisburg) and Centrum Galerie (Dresden). Accordingly, leases representing around 42,000 sq.m. have been secured in these two malls. In Duisburg, all of the anchors have renewed their leases, with some being right-sized such as H&M (on 2,970 sq.m.), Saturn and Mayersche. Furthermore, 20 re-tenanting operations were completed, reflecting healthy tenant rotation and strong market interest for our portfolio. The Group leased 7,300 sq.m. to new tenants in 2018, with additional openings representing 3,300 sq.m. in the pipeline for 2019 (Vapiano in Berlin; Tally Weijl and Tétris in Dresden; and Snipes, Eyes and More, Rituals in Forum Duisburg).

Like-for-like **net rental income** remained flat vs. 2017, with positive indexation (up 1.3%) and a reduction in the EPRA Vacancy Rate (down 180 bps to 4.1%) being offset by negative rental reversion. On a reported basis, net rental income contracted by 7.7%, reflecting the disposal of Roncalli in Cologne.

3.8 OTHER RETAIL PROPERTIES (2.1% of net rental income)

▸ NRI & EPRA VACANCY RATE OF OTHER RETAIL PROPERTIES

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
OTHER RETAIL PROPERTIES	23.4	27.1	–13.6%	23.2	24.4	–5.0%	5.9%	5.2%

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 the disposals completed over the past 24 months (see section 5 "Investments, developments and disposals").

4

NET CURRENT CASH FLOW

▶ NET CURRENT CASH FLOW & EPRA EARNINGS

In €m	2018	2017	Change
Total share			
Gross rental income	1,252.2	1,236.0	+1.3%
Rental and building expenses	(133.2)	(130.4)	+2.2%
Net rental income	**1,119.0**	**1,105.6**	**+1.2%**
Management and other income	94.9	96.1	−1.3%
General and administrative expenses	(188.2)	(189.5)	−0.7%
EBITDA	**1,025.7**	**1,012.2**	**+1.3%**
Adjustments to calculate operating cash flow exclude:			
> Employee benefits, stock option expense and non-current operating expenses	17.2	14.4	+19.1%
Operating cash flow	**1,042.9**	**1,026.7**	**+1.6%**
Cost of net debt	(151.6)	(169.8)	−10.7%
Adjustments to calculate net current cash flow before taxes exclude:			
> Amortization of Corio debt mark-to-market	(19.7)	(34.4)	−42.6%
> Financial instruments close-out costs	29.0	48.5	−40.2%
Net current cash flow before taxes	**900.6**	**871.0**	**+3.4%**
Share in equity-accounted companies	54.1	51.5	+5.0%
Current tax expenses	(31.2)	(29.2)	+6.8%
Net cash flow	**923.5**	**893.4**	**+3.4%**
Group share			
Net current cash flow	**793.7**	**760.6**	**+4.3%**
Adjustments to calculate EPRA Earnings add back:			
> Employee benefits, stock option expense and non-recurring operating expenses	(11.9)	(13.8)	−13.8%
> Depreciation, amortization and provisions for contingencies and losses	(14.4)	(14.4)	-
EPRA Earnings	**767.3**	**732.4**	**+4.8%**
Average number of shares[a]	*299,913,706*	*306,084,849*	−2.0%
Per share *(in €)*			
NET CURRENT CASH FLOW	**2.65**	**2.48**	**+6.5%**
EPRA EARNINGS	**2.56**	**2.39**	**+6.9%**

(a) Excluding treasury shares.

4 NET CURRENT CASH FLOW

In 2018, net current cash flow per share increased by 6.5% year-on-year to €2.65. This strong performance reflects the combined impact of the following factors:

- **Net rental income** increased by 1.2% on a total share basis, powered by 3.4% like-for-like growth for shopping centers (see section 2.4 "Net rental income" for more information). The openings of the Prado shopping center (Marseille, France), Hoog Catharijne redevelopment (Utrecht, Netherlands), and Nueva Condomina (Murcia, Spain) all made positive contributions to rental income growth. Disposals—mainly in France, Italy, and Central Europe—and changes in exchange rates had a negative overall impact;
- **Operating cash flow** increased by 1.6% on a total share basis, growing at a faster pace than net rental income, driven primarily by €4 million[(1)] in general and administrative cost savings. This translated into a further reduction in the EPRA cost ratio (from 16.3% to 15.6% excluding direct vacancy costs; see section 9.5);
- **Cost of net debt** decreased by €18.2 million to €151.6 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 came out at €142.3 million, representing a −€13.3 million year-on-year reduction and shaving the average cost of debt by 20 bps to 1.6%. See section 8.3 "Cost of debt" for more information;
- **Current tax expenses** increased by €2.0 million on a total share basis to €31.2 million, mostly impacted by a change in Italian legislation regarding the deduction of notional interest for income tax purposes;
- **Non-controlling** interests amounted to €129.9 million in 2018, vs. €132.8 million one year earlier, due to the acquisition by Klépierre of minority stakes in several shopping centers, notably Meridiano (Tenerife, Spain); and
- **The average number of shares** outstanding fell from 306 million to 300 million as a result of the share buyback program.

See section 9.1 for the reconciliation of net current cash flow to EPRA Earnings and net income.

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

5

INVESTMENTS, DEVELOPMENTS, AND DISPOSALS

5.1 INVESTMENT MARKET[1]

In 2018, the investment volumes in European retail properties amounted to €45.2 billion. After a strong first quarter, the market decelerated particularly towards the end of the year. 2018 was nonetheless a year of high investment volumes (20% above the 10-year average).

On a more granular basis, the retail investment market was characterized by the following trends:

> The geography of investment flows has diversified. Germany, UK and France, which used to attract about 60% of the total European investment volume every year, now only account for 22%. This resulted mainly from the current uncertainty around Brexit and the UK retail market as the share of transactions decreased from 29% in 2014 to 7% in 2018;

> Investment volumes have proved volatile in smaller markets such as Scandinavia (down 69% vs. 2017), Netherlands (down 29%), Portugal (up 194%), Poland (up 52%) and Italy (up 54%); and

> The decrease in the average deal size, which started in 2015, showed signs of stabilization.

5.2 INVESTMENTS

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

> €205 million allocated to the **development pipeline**, primarily relating to the extensions of:

- Hoog Catharijne: In the leading mall of the Netherlands, after the opening of the North Mile in April 2017, Klépierre unveiled the South Mile in November 2018. This has translated into a 9.1% footfall increase to 27.5 million. In 2019 and 2020, works will focus on the redevelopment of the mall lateral wings, which are used on a daily basis by station passengers as urban links to the city center, and
- Créteil Soleil (Paris region, France), where works are advancing on schedule and should be completed by the end of 2019. Leasing is progressing very well, with 81% of the space already let (signed or in advanced negotiations), at better conditions than initially budgeted. The expected yield-on-cost has been raised accordingly from 5.7% to 6.0%;

> €127 million allocated to the **standing portfolio** (of which €31 million are recharged to tenants) consisting in technical maintenance capex, refurbishment (excluding extensions) and leasing capex; and

> €110 million allocated to the **acquisitions** of additional spaces in some of our malls in Italy, as well as the minority interests of a Spanish partnership.

(1) *Source: JLL, preliminary figures.*

5.3 DEVELOPMENT PIPELINE

5.3.1 Development pipeline overview

Klépierre's development pipeline strategy is to ensure tomorrow's growth by taking reasonable risks. Considering the limited demand from retailers to expand on greenfield projects, the Group has focused its development strategy on extensions. Through this strategy, the Group is seeking to transform its assets while strengthening their leadership in their respective catchment areas. Accordingly, Klépierre has a diversified risk profile and invests an average of €70 million per project, with a strategy of securing the main anchor retailers early in the process.

At the end of 2018, the Group's development pipeline represented €2.6 billion worth of potential investments, including €0.3 billion worth of committed projects[(1)] with an average expected yield of 6.3%; €1.1 billion worth of controlled projects[(2)]; and €1.2 billion of identified projects[(3)]. On a Group share basis, the total pipeline represented €2.2 billion, of which €0.2 billion committed, €1.0 billion controlled, and €1.1 billion identified.

The Group focused its development investments on its main geographies (France-Belgium, Scandinavia, Italy, Netherlands and Spain).

► DEVELOPMENT PIPELINE AS OF DECEMBER 31, 2018 *(on a total share basis)*

Development projects	Country	Location	Type	Floor area *(in sq.m.)*	Expected opening date	Klépierre equity interest	Estimated cost[(a)] *(in €m)*	Cost to date *(in €m)*	Targeted yield on cost[(b)]
Hoog Catharijne Phase 3	Netherlands	Utrecht	Ext.-refurb.	23,844	2019-2020	100.0%	90	31	6.4%
Créteil Soleil	France	Paris region	Ext.-refurb.	11,187	2019-2020	80.0%	134	54	6.0%
Rives d'Arcins[(c)]	France	Bordeaux	Extension	12,925	2019-2020	52.0%	21	9	6.9%
Other projects				3,785			7	0	5.6%
Total committed projects				**51,741**			**252**	**95**	**6.3%**
Campania	Italy	Naples	Redevelopment	14,200	H1 2020	100.0%	32	15	
Gran Reno	Italy	Bologna	Extension	16,448	H1 2021	100.0%	123	17	
Le Gru	Italy	Turin	Ext.-refurb.	14,875	2020-2021	100.0%	126	2	
Grand Place	France	Grenoble	Extension	16,200	H1 2021	100.0%	55	1	
Maremagnum	Spain	Barcelona	Extension	8,200	H2 2021	100.0%	41	1	
Odysseum[(c)]	France	Montpellier	Ext.-refurb.	16,900	H2 2021	100.0%	54	5	
Porta di Roma[(d)]	Italy	Rome	Extension	4,880	H2 2021	50.0%	9	0	
Il Leone di Lonato[(d)]	Italy	Lombardy	Extension	9,300	H2 2021	50.0%	23	0	
Val d'Europe	France	Paris region	Extension	10,620	H1 2022	55.0%	48	0	
Blagnac	France	Toulouse region	Extension	5,000	H1 2022	53.6%	25	9	
Le Vele & Millenium	Italy	Sardinia	Extension	7,500	H2 2022	100.0%	37	0	
Allum	Sweden	Göteborg region	Redevelopment	12,500	H2 2022	56.1%	61	5	
Grand Portet	France	Toulouse region	Extension	8,000	H2 2022	83.0%	64	8	
L'esplanade	Belgium	Brussels region	Extension	19,475	H2 2022	100.0%	131	18	
Økernsenteret[(d)]	Norway	Oslo	Redevelopment	49,615	H2 2023	28.1%	76	23	
Viva	Denmark	Odense	New development	48,500	H2 2023	56.1%	185	23	
Other projects				10,100			27	2	
Total controlled projects				**272,313**			**1,116**	**129**	
Total identified projects				**243,440**			**1,204**	**6**	
TOTAL				**567,494**			**2,573**	**230**	

(a) Estimated cost as of December 31, 2018 including fitting-out (when applicable) and excluding step-up rents (when applicable), internal development fees and financial costs.
(b) Targeted yield on cost as of December 31, 2018, based on targeted NRI with full occupancy and excluding all lease incentives (when applicable), divided by the estimated cost price as defined above.
(c) Including restructured surfaces: Bègles Rives d'Arcins for 6.950 sq.m. and Odysseum for 9.200 sq.m.
(d) Assets consolidated under equity method. For these projects estimated cost and cost to date are reported for Klépierre share of equity. Floor areas are the total area of the projects.

(1) Projects that are under construction or for which the Klépierre Executive Board has taken the decision to start the works.
(2) Projects under advanced review, for which Klépierre has control over the land (acquisition made or under offer, contingent on obtaining the necessary clearance and permits).
(3) Projects in the process of being defined and negotiated.

5.3.2 Redevelopment of Hoog Catharijne

Hoog Catharijne in Utrecht is the most popular mall in the Netherlands. To enhance its leadership, Klépierre has undertaken a very ambitious redevelopment project aimed both at adding new retail and dining space and revamping the existing shopping center with state-of-the-art design to ensure the most enjoyable customer experience. The work on the large-scale redevelopment of this world-class mall has been carried out in several phases, with all of them slated for completion by the end of 2020. In March 2018, a new corridor was opened between Utrecht's central train station—hosting 88 million passengers each year—and the heart of the mall and city center. Along this new corridor, Hoog Catharijne presents a new urban sequence of urban retail experiences, animated by several landmarks, including:

> A new 3,500-sq.m. food pavilion (opened in March 2018) located outside of the mall between the new entrance and train station exit, which hosts trendy restaurants consistent with Klépierre's Destination Food® concept, such as Vapiano, Wagamama, Five Guys, TGI Fridays, and The Seafood Bar;

> The "North Mile" (opened in April 2017) and "South Mile" (opened in November 2018), running in parallel to the new entrance towards the city center. New iconic retailers have extended the mall's offering, including JD Sports, Douglas, Lush, G-Star, Guess, Levi's, Pandora, Ray-Ban and a Vodafone Experience Center. Vodafone Ziggo also took possession of its new 15,300-sq.m. head office;

> The "City Square" is the new heart of the mall, overlooking the future canal to be opened by the City of Utrecht in 2020 as part of major urban works in the area. This 2,400-sq.m. iconic space is organized around a varied Food & Beverage offering (including Starbuck's, Comptoir Libanais, Leon, Bistrot Bakery);

> In 2019 and 2020, works will focus on the redevelopment of the other mall pathways, which are used on a daily basis by station passengers as urban links to the city center. Spread over 23,800 sq.m., the offering will provide new services for commuters as well as a flagship Mediamarkt store;

> The sections of the project that have already opened, totaling 52,500 sq.m., are 95%-let and the leasing rate for the entire mall is 85% overall. In 2018, footfall for the center increased by 9.1% to 27.5 million.

5.3.3 Extension and refurbishment of Créteil Soleil

Works on the extension of Créteil Soleil (Paris region, France) is going to plan and should be completed by the end of 2019. The 11,200-sq.m. extension is located at the main entrance of the shopping center, which welcomes 35% of the total footfall (20.3 million). Spread over three floors, it will create an outstanding connection between the subway station and the heart of the center. The program consists of creating 18 new retail premises, 15 restaurants, and adding 6 screens to the existing 12-screen movie theater, expanding the capacity to 3,650 seats. The shopping experience will be considerably improved, leveraging the excellent synergy between the restaurants and the theater.

Leasing is progressing well, with 81% of the space already let (signed or in advanced negotiations), under better conditions than initially budgeted. The expected yield on cost has been raised accordingly from 5.7% to 6.0%. The extension will be rounded out by a full refurbishment, work on which kicked off in the final quarter of 2018 and will involve implementing the Destination Food® concept, combining the existing food offering with the extension to bring the total to 35 restaurants, all set in a welcoming, stimulating new environment.

5.3.4 Extension and refurbishment of Gran Reno

The Gran Reno shopping center is located in Casalecchio di Reno (Bologna, Italy), the main retail and leisure destination in Bologna with a total retail offering of 160,000 sq.m. comprising Gran Reno, Ikea, Leroy Merlin and Decathlon, plus the Unipol arena complex, the largest culture and sports complex in Italy. The 16,500-sq.m. extension, which rounds out the refurbishment of the existing center, will create a huge 54,400-sq.m. regional shopping center with an unrivalled offering in Italy's wealthiest catchment area. Together with the Destination Food® concept, 70 new brands will be added to the center's offering, as well as indoor and outdoor event areas in a brand new and stimulating environment.

The building permit has been obtained and pre-leasing activity is progressing well, with 43% of the space signed for or under advanced negotiations. Subject to finalizing the construction tender and other administrative clearances, construction should start by the end of first-half 2019 with the opening slated for the first half of 2021.

5.4 DISPOSALS

▶ DISPOSALS COMPLETED SINCE JANUARY 1, 2018

Assets (City, Country)	Area *(in sq.m.)*	Sale price[(a)] *(in €m)*	Date
Grand Vitrolles (Vitrolles, France)	16,619		01/26/2018
Gran Via de Hortaleza (Madrid, Spain)	6,291		01/26/2018
Metropoli (Milan, Italy)	30,619		09/27/2018
Settimo (Milan, Italy)	9,725		09/27/2018
Le Rondinelle (Brescia, Italy)	13,561		09/27/2018
Alba Plaza (Székesfehérvar, Hungary)	15,080		09/21/2018
Nyír Pláza (Nyíregyháza, Hungary)	13,997		09/21/2018
Shopping centers	**105,892**	**420.3**	
Roncalli (Cologne, Germany)	17,300		01/03/2018
Kristianstad (Kristianstad, Sweden)[(b)]	n.a.		02/01/2018
Portfolio of 4 Bufallo Grill units (France)	2,489		03/12/2018
Land (Caen Mondeville, France)	4,045		05/31/2018
Duna Plaza offices (Budapest, Hungary)	11,019		09/21/2018
Arkaden offices (Stavanger, Norway)	826		07/30/2018
Others	n.a.		n.a.
Other properties	**35,679**	**118.9**	
TOTAL DISPOSALS	**141,571**	**539.2**	

(a) Excluding transfer taxes, Total Share.
(b) Housing building rights.

Since January 1, 2018, the Group has completed disposals totaling €539.2 million (total share, excluding transfer taxes). This amount includes the sale of:

> **Seven malls:** three in Italy (Metropoli and Settimo in Milan, and Rondinelle in Brescia), two in Hungary (Alba Plaza in Székesfehérvar and Nyír Pláza in Nyíregyháza), one in France (Grand Vitrolles, Marseille), and one in Spain (Gran Via de Hortaleza, Madrid).

> **Other properties:** including buildings in Cologne (Germany) and offices next to Duna Plaza (Budapest, Hungary) and Arkaden Torgterrassen (Stavanger, Norway).

On average, these assets were sold slightly above appraised values for an average yield of 5.7%. As of December 31, 2018, taking into account sale promissory agreements, total Group disposals amounted to €613.4 million.

5.5 FINANCIAL INVESTMENTS

In 2018, the Group bought back 4,655,441 of its own shares at an average price of €32.21, for an aggregate amount of €150 million. Further to the €350 million bought back in 2017, this completes the ~€500 million share buyback program announced on March 13, 2017. Klépierre has decided to launch a new €400 million program, with the pace of execution planned to match that of its asset disposals.

6

PARENT COMPANY EARNINGS AND DISTRIBUTION

6.1 SUMMARY EARNINGS STATEMENT FOR THE PARENT COMPANY KLÉPIERRE SA

► EARNINGS STATEMENT FOR KLÉPIERRE SA

In €m	**2018**	**2017**
Operating revenues	44.0	44.9
Operating expenses	(50.0)	(46.3)
Operating income	**(6.0)**	**(1.3)**
Share of income from joint operations	171.7	112.6
Net financial income	183.9	150.8
Net income from ordinary operations before tax	**349.7**	**262.0**
Non-recurring income	(2.1)	(10.4)
Income tax (benefit)/expense	2.6	18.1
NET INCOME	**350.2**	**269.7**

Net income for Klépierre SA came to €350.2 million in 2018, vs. €269.7 million in 2017. The €80.5 million increase was primarily attributable to two factors:

> A €59.1 million increase in the share in income from joint operations, reflecting the disposal of Grand Vitrolles; and

> A €33.1 million increase in net financial income as a result of higher dividends paid by subsidiaries.

6.2 DISTRIBUTION

The appropriation of profit for fiscal year 2018, as proposed hereafter, comprises net income of the year, retained earnings, merger surplus and merger premium.

The Executive Board will recommend that the shareholders present or represented at the Annual General Meeting to be held on April 16, 2019, approve the payment of a cash dividend in respect of fiscal year 2018 of €2.10 per share, representing a 7.1% increase on the 1.96 euro dividend paid in respect of fiscal year 2017. The dividend is consistent with Klépierre's general policy to distribute around 80% of net current cash flow on a Group share basis. As part of the proposed €2.10 dividend, 1.13 euro is attributable to the Group's SIIC-related activity and accordingly, will not be eligible for the 40% tax relief provided for in Article 158-3-2 of the French Tax Code *(Code général des impôts)*.

With a view to providing Klépierre's shareholders with more regular revenue streams, for the first time this year, the dividend will be paid in two equal installments of 1.05 euro on March 11, 2019 and July 10, 2019.

7

PORTFOLIO VALUATION

7.1 PROPERTY PORTFOLIO VALUATION

7.1.1 Property portfolio valuation methodology

7.1.1.1 Scope of the portfolio appraised by external appraisers

As of December 31, 2018, 99% of the value of Klépierre's property portfolio, or €24,211 million (including transfer taxes, on a total share basis[1]), was estimated by external appraisers in accordance with the methodology described below. The remainder of the portfolio was valued as follows:

> Projects under development, which are carried at cost[2]; and

> Other non-appraised assets consisting mainly of assets held for sale and valued at the agreed transaction price, land valued at cost, and development projects internally valued at fair value.

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

Type of asset	Value *(in €m)*
Externally-appraised assets	**24,211**
Acquisitions	47
Investment property at cost	170
Other internally-appraissed assets (land, assets held for sale, etc.)	11
TOTAL PORTFOLIO	**24,440**

7.1.1.2 Methodology used by external appraisers

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

Further to a tender process launched in 2017, Klépierre selected new appraisers to serve from the June 2018 campaign. Accordingly, in December 2018, 24% of the portfolio was valued by a different appraiser than in December 2017, meaning that 82% of the portfolio was rotated in the past six years. The selected appraisers are: BNP Paribas Real Estate, CBRE, Colliers, Cushman & Wakefield and Jones Lang LaSalle. The fees payable to these companies are set at the time of signing the three-year term and depend on the number of property units appraised.

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

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

▶ BREAKDOWN BY APPRAISER OF THE APPRAISED PROPERTY PORTFOLIO AS OF DECEMBER 31, 2018

Appraiser	Countries covered	Share in the total portfolio *(in value)*
Cushman & Wakefield	France, Norway, Sweden, Denmark, Belgium, Poland and Hungary	42.3%
CBRE	France, Spain, Italy, Netherlands, Czech Republic, Portugal and Slovakia	36.4%
Jones Lang LaSalle	Italy, Turkey and Greece	15.8%
BNP Paribas Real Estate	Germany and France (other retail properties)	5.2%
Colliers	Italy	0.2%
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 Institute of Chartered Surveyors) standards.

To calculate the value of each asset, appraisers use the discounted cash flow (DCF) method over a 10-year period. To determine future cash flows, the Group provides the appraisers 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. 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 Group's Statutory Auditors reviewed the appraisal documents as well as the property values. A detailed report on the property valuation campaign is examined by the Audit Committee.

▶ ASSUMPTIONS USED BY APPRAISERS FOR DETERMINING THE SHOPPING CENTER PORTFOLIO VALUATION[a]

Geography	Annual rent[b] *(in €/sq.m.)*	Discount rate[c]	Exit rate[d]	NRI CAGR[e]
France-Belgium	362	5.7%	4.8%	2.7%
Italy	398	7.1%	5.5%	2.0%
Scandinavia	337	6.7%	4.7%	2.0%
Iberia	313	7.4%	5.6%	2.3%
CE & Turkey	198	9.3%	7.1%	4.0%
Netherlands	244	6.5%	6.0%	2.9%
Germany	232	5.2%	4.4%	1.0%
TOTAL	**309**	**6.6%**	**5.2%**	**2.5%**

(a) Discount rate and exit rate 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.

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

7.1.2 Valuation

7.1.2.1 Property portfolio valuation

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

			Change over 6 months			Change over 12 months		
In €m	12/31/2018	% of total portfolio	06/30/2018	Reported	LfL[a]	12/31/2017	Reported	LfL[a]
France	9,231	37.8%	9,255	−0.3%	−0.9%	9,171	+0.6%	+0.6%
Belgium	454	1.9%	452	+0.5%	+0.3%	432	+5.2%	+5.0%
France-Belgium	**9,684**	**39.6%**	**9,707**	**−0.2%**	**−0.8%**	**9,603**	**+0.8%**	**+0.8%**
Italy	**4,052**	**16.6%**	**4,112**	**−1.5%**	**+0.4%**	**4,016**	**+0.9%**	**+3.1%**
Norway	1,424	5.8%	1,510	−5.7%	−1.6%	1,461	−2.6%	−2.1%
Sweden	1,252	5.1%	1,232	+1.6%	−0.3%	1,295	−3.3%	+0.6%
Denmark	1,196	4.9%	1,179	+1.5%	+0.4%	1,139	+5.1%	+4.0%
Scandinavia	**3,872**	**15.8%**	**3,921**	**−1.2%**	**−0.6%**	**3,894**	**−0.6%**	**+0.6%**
Spain	1,918	7.8%	1,878	+2.2%	+1.9%	1,896	+1.2%	+3.6%
Portugal	394	1.6%	394	+0.2%	+0.3%	389	+1.5%	+2.3%
Iberia	**2,313**	**9.5%**	**2,271**	**+1.8%**	**+1.7%**	**2,284**	**+1.2%**	**+3.4%**
Czech Republic	696	2.8%	680	+2.4%	+1.7%	622	+11.8%	+10.7%
Poland	388	1.6%	399	−2.8%	−4.4%	409	−4.9%	−7.8%
Hungary	201	0.8%	254	−20.8%	+4.9%	252	−20.0%	+7.6%
Turkey	363	1.5%	410	−11.4%	−0.9%	448	−19.1%	+6.6%
Others	23	0.1%	25	−6.3%	−6.3%	27	−14.2%	−14.2%
CE & Turkey	**1,672**	**6.8%**	**1,768**	**−5.4%**	**−0.1%**	**1,758**	**−4.9%**	**+4.2%**
Netherlands	**1,514**	**6.2%**	**1,471**	**+2.9%**	**+0.1%**	**1,419**	**+6.7%**	**+0.7%**
Germany	**976**	**4.0%**	**978**	**−0.2%**	**−1.0%**	**1,066**	**−8.4%**	**−1.4%**
Total shopping centers	**24,083**	**98.5%**	**24,229**	**−0.6%**	**−0.2%**	**24,040**	**+0.2%**	**+1.5%**
Total other retail properties	**357**	**1.5%**	**365**	**−2.3%**	**−1.8%**	**379**	**−5.9%**	**−3.5%**
TOTAL PORTFOLIO	**24,440**	**100.0%**	**24,594**	**−0.6%**	**−0.2%**	**24,419**	**+0.1%**	**+1.5%**

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

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

			Change over 6 months			Change over 12 months		
In €m	12/31/2018	% of total portfolio	06/30/2018	Current	LfL[a]	12/31/2017	Current	LfL[a]
France	7,385	35.5%	7,418	−0.4%	−1.0%	7,405	−0.3%	−0.2%
Belgium	454	2.2%	452	+0.5%	+0.3%	432	+5.2%	+5.0%
France-Belgium	**7,839**	**37.7%**	**7,869**	**−0.4%**	**−0.9%**	**7,836**	**+0.0%**	**+0.1%**
Italy	**4,021**	**19.3%**	**4,072**	**−1.2%**	**+0.5%**	**3,974**	**+1.2%**	**+3.2%**
Norway	799	3.8%	847	−5.7%	−1.6%	820	−2.6%	−2.1%
Sweden	702	3.4%	691	+1.6%	−0.3%	726	−3.3%	+0.6%
Denmark	671	3.2%	661	+1.5%	+0.4%	639	+5.1%	+4.0%
Scandinavia	**2,172**	**10.4%**	**2,200**	**−1.2%**	**−0.6%**	**2,185**	**−0.6%**	**+0.6%**
Spain	1,918	9.2%	1,878	+2.2%	+1.9%	1,895	+1.2%	+3.6%
Portugal	394	1.9%	394	+0.2%	+0.3%	389	+1.5%	+2.3%
Iberia	**2,313**	**11.1%**	**2,271**	**+1.8%**	**+1.7%**	**2,284**	**+1.3%**	**+3.4%**
Czech Republic	696	3.3%	680	+2.4%	+1.7%	622	+11.8%	+10.7%
Poland	388	1.9%	399	−2.8%	−4.4%	409	−4.9%	−7.8%
Hungary	201	1.0%	254	−20.8%	+4.9%	252	−20.0%	+7.6%
Turkey	341	1.6%	386	−11.7%	−1.4%	426	−19.9%	+5.4%
Others	23	0.1%	25	−6.3%	−6.3%	25	−6.2%	−15.4%
CE & Turkey	**1,650**	**7.9%**	**1,745**	**−5.4%**	**−0.2%**	**1,733**	**−4.8%**	**+4.0%**
Netherlands	**1,514**	**7.3%**	**1,471**	**+2.9%**	**+0.1%**	**1,419**	**+6.7%**	**+0.7%**
Germany	**927**	**4.5%**	**929**	**−0.2%**	**−1.1%**	**1,012**	**−8.4%**	**−1.4%**
Total shopping centers	**20,436**	**98.3%**	**20,557**	**−0.6%**	**−0.2%**	**20,443**	**−0.0%**	**+1.4%**
Total other retail properties	**357**	**1.7%**	**365**	**−2.3%**	**−1.8%**	**379**	**−5.9%**	**−3.5%**
TOTAL PORTFOLIO	**20,793**	**100.0%**	**20,922**	**−0.6%**	**−0.2%**	**20,822**	**−0.1%**	**+1.3%**

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

Including transfer taxes, the value of the property portfolio as of December 31, 2018 was €24,440 million on a total share basis (€20,793 million on a Group share basis). On a total share basis (including transfer taxes), shopping centers accounted for 98.5% of the portfolio and other retail properties for 1.5%[1].

(1) This segment refers to standalone retail units located in France and mostly in the vicinity of retail destinations.

▸ **VALUATION RECONCILIATION WITH THE STATEMENT OF FINANCIAL POSITION FIGURE** *(on a total share basis)*

In €m	
Investment property at fair value	**21,692**
Investment property at cost[a]	170
Fair value of property held for sale	73
Leasehold & lease incentives	40
Transfer taxes	1,119
Partners' share in assets consolidated under the equity method (incl. receivables)	1,345
TOTAL PORTFOLIO	**24,440**

(a) Including IPUC (Investment property under construction).

7.1.2.2 Shopping center portfolio valuation

Including transfer taxes, the value of the shopping center portfolio stood at €24,083 million on a total share basis as of December 31, 2018, up by 0.2% or €43 million on a reported basis. This increase reflects the combined impact of the following factors:

> A –€354 million like-for-like valuation increase (up 1.5%);

> A –€414 million increase related to acquisitions and development:

> A negative –€541 million impact from disposals; and

> A –€183 million decrease related to foreign exchange (due to the depreciation of the Turkish lira, the Swedish krona and Norwegian krone).

▸ **12-MONTH SHOPPING CENTER PORTFOLIO VALUATION RECONCILIATION** *(on a total share basis, including transfer taxes)*

in €m	
Shopping center portfolio at 12/31/2017	**24,040**
Disposals	–541
Acquisitions/developments	414
Like for like growth	354
Forex	–183
SHOPPING CENTER PORTFOLIO AT 12/31/2018	**24,083**

The 1.5% like-for-like increase in the shopping center portfolio valuation was supported by Italy (up 3.1%), Iberia (up 3.4%) and CE & Turkey (up 4.2%) and mostly occurred in the first half, while values remained broadly flat in the second half (down 0.2%). From June 30, 2018 to December 31, 2018, the portfolio valuation benefited from a 0.6% positive cash flow impact, while the market effect was a negative 0.8%.

▸ **LIKE-FOR-LIKE 6-MONTH CHANGE IN SHOPPING CENTER PORTFOLIO VALUATION: MARKET AND CASH FLOW EFFECTS**

Geography	LFL change	Market effect	Cash flow effect
France-Belgium	–0.8%	–1.7%	+0.9%
Italy	+0.4%	–2.1%	+2.6%
Scandinavia	–0.6%	+0.8%	–1.3%
Iberia	+1.7%	+1.2%	+0.5%
CE & Turkey	–0.1%	–1.2%	+1.1%
Netherlands	+0.1%	+1.5%	–1.4%
Germany	–1.0%	–0.2%	–0.9%
TOTAL SHOPPING CENTERS	**–0.2%**	**–0.8%**	**+0.6%**

Overall, as of December 31, 2018, the average EPRA NIY rate[1] of the portfolio[2] stood at 4.9%, a 10-bp increase compared to one year ago.

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

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

► CHANGE IN EPRA NET INITIAL YIELD OF THE SHOPPING CENTER PORTFOLIO[(a)]

(on a Group share basis, including transfer taxes)

Country	12/31/2018	06/30/2018	12/31/2017
France	4.2%	4.2%	4.2%
Belgium	4.0%	3.9%	4.1%
France-Belgium	**4.2%**	**4.1%**	**4.2%**
Italy	**5.5%**	**5.5%**	**5.4%**
Norway	4.9%	4.8%	4.7%
Sweden	4.2%	4.3%	4.4%
Denmark	4.5%	4.4%	4.2%
Scandinavia	**4.5%**	**4.5%**	**4.4%**
Spain	5.1%	5.0%	4.8%
Portugal	6.7%	6.2%	5.8%
Iberia	**5.4%**	**5.2%**	**5.0%**
Poland	7.7%	7.6%	6.8%
Hungary	8.4%	8.9%	8.0%
Czech Republic	4.9%	4.6%	4.9%
Turkey	8.4%	7.0%	7.2%
CE & Turkey	**6.8%**	**6.6%**	**6.5%**
Netherlands	**5.1%**	**5.0%**	**5.1%**
Germany	**4.6%**	**4.6%**	**4.6%**
TOTAL SHOPPING CENTERS	**4.9%**	**4.8%**	**4.8%**

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

► 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 rate 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	+7.8%	+3.8%	+1.8%	−2.0%	−3.8%	−8.0%
Italy	+7.8%	+3.8%	+1.9%	−1.8%	−3.6%	−7.1%
Scandinavia	+7.9%	+3.9%	+1.9%	−1.9%	−3.7%	−7.2%
Iberia	+7.6%	+3.7%	+1.8%	−1.8%	−3.6%	−6.9%
CE & Turkey	+7.2%	+3.5%	+1.7%	−1.7%	−3.4%	−6.6%
Netherlands	+7.9%	+4.0%	+2.0%	−1.9%	−3.8%	−7.5%
Germany	+8.5%	+4.1%	+2.0%	−2.0%	−3.9%	−7.7%
TOTAL SHOPPING CENTERS	**+7.8%**	**+3.8%**	**+1.9%**	**−1.9%**	**−3.7%**	**−7.5%**

	Exit rate variance					
Geography	**-100 bps**	**-50 bps**	**-25 bps**	**+25 bps**	**+50 bps**	**+100 bps**
France-Belgium	+19.1%	+8.2%	+3.6%	−3.5%	−6.6%	−11.8%
Italy	+14.0%	+6.2%	+3.0%	−2.7%	−5.2%	−9.5%
Scandinavia	+17.9%	+7.8%	+3.7%	−3.3%	−6.3%	−11.5%
Iberia	+13.3%	+6.0%	+2.8%	−2.6%	−4.9%	−9.1%
CE & Turkey	+10.7%	+4.8%	+2.3%	−2.1%	−4.0%	−7.5%
Netherlands	+17.5%	+7.7%	+3.6%	−3.3%	−6.2%	−11.3%
Germany	+20.7%	+9.0%	+4.3%	−3.8%	−7.2%	−13.1%
TOTAL SHOPPING CENTERS	**+16.8%**	**+7.3%**	**+3.4%**	**−3.2%**	**−6.0%**	**−10.8%**

7.1.2.3 Other retail properties

Including transfer taxes, the value of the other retail property portfolio stood at €357 million, down 2.3% over 6 months, due to the disposal of seven retail boxes and a 1.8% decrease on a like-for-like portfolio basis. The EPRA NIY of the portfolio came out at 6.7%, down 20 bps compared with December 31, 2017.

7.2 MANAGEMENT SERVICE ACTIVITIES

Klépierre's real estate management service activities include 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, an independent external consultant, using a DCF method based on a sum-of-the-parts approach for each country in which Klépierre operates. The DCF is based on a business plan of 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. Future cash flows are discounted based on the weighted average cost of capital of comparable listed companies managing third-party real estate investments.

As of December 31, 2018, the fair market value of the Klépierre Group management service activities stood at €373.5 million on a total share basis (€364.5 million, Group share) compared to €361.2 million (€353.7 million, Group share) as of December 31, 2017. This increase mainly reflects improvements in the business operations in Klépierre's portfolio.

8

FINANCIAL POLICY

Based on a moderate use of financial leverage, Klépierre's financial policy aims at ensuring balance-sheet stability, continuous access to financial resources and the most competitive cost of capital. Further to numerous initiatives in recent years aimed at refinancing its shortest and most expensive debts in advance of term, in 2018 Klépierre focused on optimizing its liquidity and hedging positions.

8.1 FINANCIAL RESOURCES

8.1.1 Change in net debt

As of December 31, 2018, consolidated net debt totaled €8,875 million, vs. €8,978 million as of December 31, 2017, a €101 million decrease that was mainly attributable to:

> Cash outflows in respect of corporate actions for €881 million (including the dividend payment in April for €589 million, distribution to non-controlling interests for €142 million and the buyback of Klépierre shares for an aggregate amount of €150 million);

> Cash outflows in respect of investments for €443 million (see section 9.6 "EPRA Capital Expenditure") including €332 million in capital expenditure (€205 million in development pipeline projects and €127 million in standing assets) and €110 million relating to acquisitions (mainly of hypermarket space and minority stakes in Spanish assets);

> Cash inflows from disposals for €539 million, corresponding to assets sold in France, Germany, Italy and Spain; and

> Cash inflows from operations and other items (foreign exchange, changes in working capital), amounting to €886 million.

8.1.2 Loan-to-Value ratio

Given the reduction in net debt, the Loan-to-Value (LTV) ratio decreased to 36.3% as of December 31, 2018, a 50-bp reduction compared to year-end 2017. This is consistent with Klépierre's strict financial discipline, reflecting the Group's long-term LTV target of between 35% and 40%.

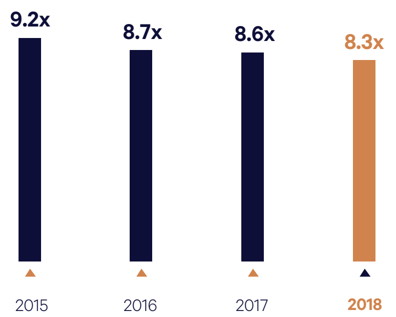
► **LOAN-TO-VALUE CALCULATION AS OF DECEMBER 31, 2018** *(as per covenant definitions, on a total share basis)*

In €m	**12/31/2018**	**12/31/2017**
Current financial liabilities	2,069.6	2,217.2
Bank facilities	224.7	130.0
Non-current financial liabilities	7,036.3	7,368.2
Revaluation due to fair value hedge	(18.2)	(28.8)
Fair value adjustment of debt[(a)]	(40.6)	(60.4)
Gross financial liabilities excluding fair value hedge	**9,271.8**	**9,626.2**
Cash and cash equivalents[(b)]	(396.7)	(647.8)
Net debt	**8,875.1**	**8,978.5**
Property portfolio value (incl. transfer taxes)	24,439.6	24,419.4
LOAN-TO-VALUE RATIO	**36.3%**	**36.8%**

(a) Corresponds to the outstanding amount of the market value adjustment for Corio's debt recognized at the acquisition date.
(b) Inclusive of cash managed for principals.

The net debt to EBITDA ratio continued on its downward trend to 8.3x as of year-end 2018, compared to 8.6x as of December 31, 2017.

▶ **NET DEBT TO EBITDA**



8.1.3 Available resources

During 2018, Klépierre's liquidity position increased to €2.2 billion as of December 31, 2018 as a result of the following initiatives:

> €475 million worth of new bilateral revolving credit facilities were signed with a five-year maturity, each with two one-year extension options;

> Two bilateral facilities originally maturing in 2022 were extended to 2023 for an aggregate amount of €200 million;

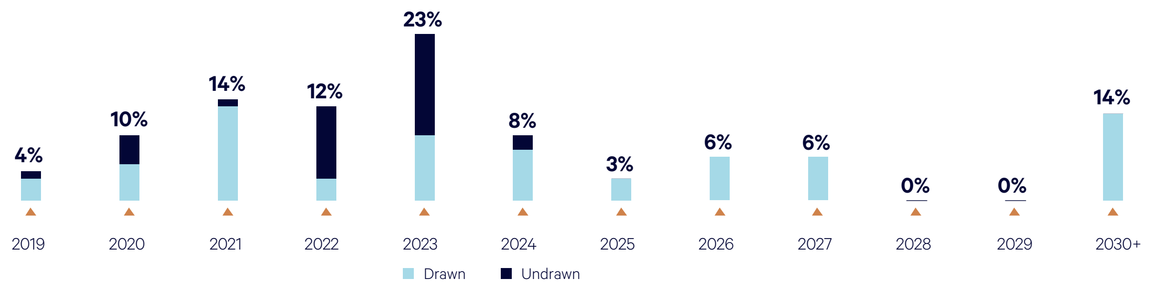
> €875 million worth of existing bank facilities were extended and amended, reflecting the improved market conditions for Klépierre; and

> The syndicated revolving credit facility maturing in July 2020 was reduced by €275 million.

In Scandinavia, Steen & Strøm raised the equivalent of €109 million in NOK and SEK in the unsecured bond market, set aside to refinance NOK 700 million (€70 million) and SEK 400 million (€39 million) worth of commercial paper. In addition, NOK 1.3 billion (€131 million) worth of committed credit facilities were signed in Norway to back up the issuance of commercial paper.

Taking into account these transactions, the Group's average debt maturity stood at 5.7 years as of December 31, 2018, vs. 6.3 years at year-end 2017; the average remaining maturity of the undrawn committed credit facility remained high, at 4.6 years, compared to 4.8 years at year-end 2017.

▶ **DEBT MATURITY SCHEDULE AS OF DECEMBER 31, 2018** *(% of authorized debt)*

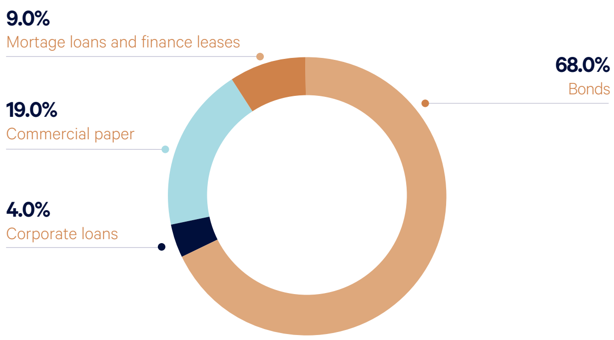


8.1.4 Debt structure

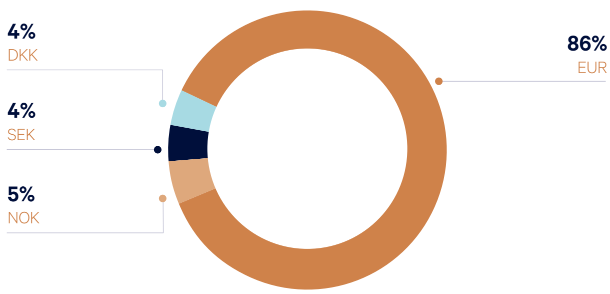
As of December 31, 2018, the share of financing sourced from capital markets in total debt stood at 87%, enabling Klépierre to benefit from excellent financing conditions. Bank facilities accounted for 13%, of which 9% concerned asset-backed debt raised mainly in Scandinavia (7.3%), France (1.4%) and Italy (0.2%).

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[1] and the cost of currency hedging, especially over long durations, the Group decided not to hedge this position.

▶ **FINANCING BREAKDOWN BY TYPE OF RESOURCE AS OF DECEMBER 31, 2018**
(utilizations, total share)



▶ **FINANCING BREAKDOWN BY CURRENCY AS OF DECEMBER 31, 2018** *(utilizations, total share)*



(1) On a Total-Share basis, excluding transfer taxes, Czech Republic represented 2.8% of the total Klépierre portfolio, Poland 1.6% and Turkey 1.5%.

8.2 INTEREST-RATE HEDGING

Over 2018, Klépierre strengthened its hedging profile through the following actions:

> At the beginning of the year, Klépierre purchased €700 million worth of caps on Euribor with an average maturity of three years and an average strike below 0.6%. The aim of these transactions was to replace the caps maturing in 2018;

> In October 2018, Steen & Strøm, the leading mall property company in Scandinavia in which Klépierre has a controlling stake, subscribed €68 million worth of hedging instruments denominated in SEK and DKK to increase its hedging ratio to 77% at year-end 2018 (four percentage points higher than at year-end 2017);

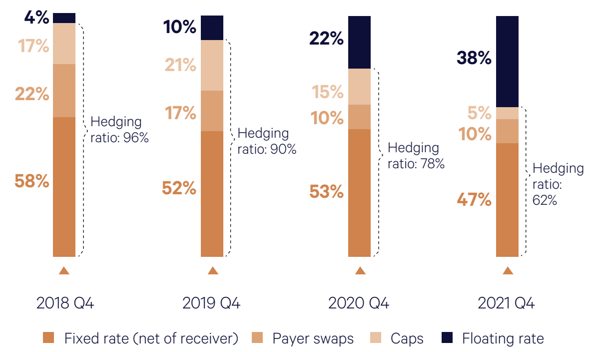
> At the end of 2018, Klépierre switched €250 million of its short-term fixed-rate exposure to optional hedging instruments. This transaction will limit the cost of carry of the hedging portfolio in the next two years;

> Klépierre started also to implement a new hedging program to increase the share of fixed-rate debt over the 2021-2025 period and consequently secure its cost of debt at an attractive level. Accordingly, Klépierre bought €200 million in payer swaptions in December 2018 and a further €500 million in early January 2019;

> In early January 2019, Klépierre bought €250 million worth of caps to renew the same amount of instruments maturing in 2019. The new average maturity is three years and the average strike below 0.25%.

As of December 31, 2018, the proportion of fixed-rate debt (including hedging instruments) was stable compared to year-end 2017 at 96%, while its average maturity remained around five years. Accordingly, the Group's cost of debt for the coming years is expected to remain stable, with less sensitivity to interest rate fluctuations.

▶ DEBT BY TYPE OF HEDGING INSTRUMENTS



Based on the interest rate yield curve as of December 31, 2018, the Group's annual cash-cost-at-risk stood at €1 million on a total share basis. In other words, the annual loss resulting from short-term interest rate movements would be less than €1 million 99% of the time. This calculation does not factor in any assumptions regarding changes in the credit spread.

8.3 COST OF DEBT

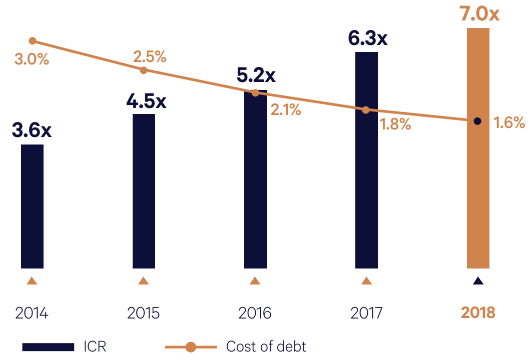
In 2018, the Group's average cost of debt continued to fall, to 1.6% vs. 1.8% in 2017, benefiting from the low interest rates environment which materialized in attractive refinancing operations carried out in recent years. Based on the current debt structure and market conditions, and in view of the upcoming refinancing transactions, the cost of debt is expected to remain very low over the next three years.

In view of the low cost of debt and robust operating performances, the interest coverage ratio (ICR, EBITDA divided by net interest expense) stood at 7.0x.

▶ BREAKDOWN OF COST OF DEBT

In €m	12/31/2018	12/31/2017
Cost of net debt (as per IFRS consolidated income statement)	**152**	**170**
Non-recurring items	(3)	(12)
Non-cash impact	(10)	(7)
Interest on associate advances	12	17
Liquidity cost	(6)	(7)
Cost of debt (used for cost of debt calculations)	**145**	**161**
Average gross debt	**9,058**	**9,161**
COST OF DEBT *(IN %)*	**1.6%**	**1.8%**

► **INTEREST COVERAGE RATIO AND COST OF DEBT**



8.4 COVENANTS AND RATINGS

As of December 31, 2018, the Group's covenants remained in line with the commitments taken in its financing agreements.

Standard & Poor's currently assigns a long-term A- rating (A2 short-term rating) with a stable outlook to Klépierre and Steen & Strøm, while Moody's continues to assign a rating of A3 (stable outlook) to the notes initially issued by Corio NV that are still outstanding.

► **COVENANTS**

Financing	Ratios/covenants	Limit[(a)]	12/31/2018	12/31/2017
Syndicated loans and bilateral loans	Net debt/Portfolio value ("Loan to Value")	≤ 60%	36.3%	36.8%
	EBITDA/Net interest expenses[(b)]	≥ 2.0x	7.0x	6.3x
	Secured debt/Portfolio value[(c)]	≤ 20%	0.7%	0.7%
	Portfolio value[(d)]	≥ €10 bn	€20.8 bn	€20.8 bn
Bond issues	Secured debt/Revalued Net Asset Value[(c)]	≤ 50%	0.8%	0.9%

(a) Covenants are based on the 2015 revolving credit facility.
(b) Excluding the impact of liability management operations (non-recurring items).
(c) Excluding Steen & Strøm.
(d) Group share, including transfer taxes.

A portion of Steen & Strøm's debt is subject to a covenant that requires shareholders' equity to be equal to at least 20% of net asset value at all times. On December 31, 2018, this ratio was 54.5%.

9

EPRA PERFORMANCE INDICATORS

The following performance indicators have been prepared in accordance with the best practice recommendations of EPRA (European Public Real Estate Association) as set out in the guide available on its website (www.epra.com).

9.1 EPRA EARNINGS

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

► EPRA EARNINGS

In €m, Group share	**12/31/2018**	**12/31/2017**
Net income as per IFRS consolidated statement of comprehensive income	**838.8**	**1,228.6**
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	313.7	825.9
(ii) Profit or losses on disposal of investment properties, development properties held for investment and other interests	(10.7)	6.9
(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	(43.4)	(1.7)
(vi) Changes in fair value of financial instruments and associated close-out costs	(20.3)	(29.2)
(vii) Acquisition costs on share deals and non-controlling joint venture interests	(5.3)	(0.6)
(viii) Deferred tax in respect of EPRA adjustements[(a)]	(78.1)	(190.9)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(23.1)	22.9
(x) Non-controlling interests in respect of the above	(61.4)	(137.1)
EPRA EARNINGS	**767.3**	**732.4**
Company-specific adjustments:		
> Employee benefits, stock-options expenses and non-current operating expenses	11.9	13.8
> Depreciation, amortization and provisions for contingencies and losses	14.4	14.4
NET CURRENT CASH FLOW	**793.7**	**760.6**
Average number of shares[(b)]	*299,913,706*	*306,084,849*
Per share *(in €)*		
EPRA EARNINGS	**2.56**	**2.39**
NET CURRENT CASH FLOW	**2.65**	**2.48**

(a) Goodwill impairment mostly relates to a change in the disposal scenarios for German assets. These scenarios now assume asset deals instead of share deals, which led to the write-off of the goodwill corresponding to the optimized value of deferred taxes.
(b) This item includes €68.8 million in deferred tax, and €9.2 million in non-current taxes (mostly related to disposals).
(c) Excluding treasury shares.

9.2 EPRA NET ASSET VALUES

EPRA Net Asset Value (NAV) is a measure of the fair value of net assets assuming a normal investment property company business model, *i.e.*, it is assumed that investment property is owned and operated over the long term. EPRA Triple Net Asset Value (NNNAV) is similar to EPRA NAV, but includes debt and financial instruments at fair value as well as the optimization of deferred tax liabilities.

9.2.1 Methodology

EPRA NAV and EPRA NNNAV are calculated by restating consolidated equity for several items.

9.2.2 Goodwill

Goodwill as a result of deferred taxes is excluded from the NAV calculation, as the corresponding deferred tax liability is also eliminated as explained below. Goodwill on other assets related to Klépierre's management services business is excluded, because these assets are taken at fair market value in the calculation of NAV.

9.2.3 Unrealized capital gains on management companies

The management services companies are appraised annually. The difference between the market values and the carrying amounts recognized in the consolidated financial statements is included in the calculation of NAV and NNNAV.

9.2.4 Fair value of financial instruments

The net mark-to-market adjustment to the value of financial instruments used for hedging purposes—where Klépierre has the intention of holding the position until the end of the contractual duration—is excluded from the calculation of NAV but added back for the calculation of NNNAV. NNNAV also incorporates the fair value of debt and interest rate hedging instruments that are not recognized under consolidated net assets in accordance with IAS 32 and IFRS 9, which essentially involves marking fixed-rate debt to market.

9.2.5 Deferred taxes on asset values

Deferred taxes are deducted from the fair value of assets in the IFRS consolidated financial statements. These taxes are recognized as the difference between the net carrying amounts and the tax values, as determined by capital gains tax rates in force in each country where Klépierre does not benefit from tax exemption rules.

For EPRA NAV, which measures the fair value of net assets on an ongoing, long-term basis, deferred taxes must be restated as they become payable only when the assets are sold.

For EPRA NNNAV, taxes on unrealized capital gains are calculated property by property, on the basis of applicable local tax regulations, using the most likely transaction scenario between direct sales of property ("asset deals") and disposals *via* the sale of shares of a company owning the property ("share deals").

9.2.6 Transfer taxes

Originally valued by the external appraisers based on the assumption that all properties will be sold through asset deals, transfer taxes on the sale of assets are restated by Klépierre to reflect the most likely transaction scenario between share deals and asset deals, as is done to determine the effective tax on unrealized capital gains pursuant to applicable local tax regulations (see section 9.2.5 above).

9.2.7 Calculation of EPRA Net Asset Values

► EPRA NET ASSET VALUES

In €m, Group share	12/31/2018	06/30/2018	12/31/2017	6-month change	12-month change
Consolidated shareholders' equity[(a)]	**10,358**	**10,242**	**10,397**	**+1.1%**	**−0.4%**
Unrealized capital gains on management service activities[(b)]	346	336	335	+2.9%	+3.0%
Goodwill restatement[(a)]	(611)	(657)	(656)	−7.0%	−6.9%
Fair value of hedging instruments	8	2	9	–	–
Deferred taxes on asset values as per SOFP[(a)]	1,525	1,507	1,470	+1.2%	+3.7%
Transfer taxes restatement[(c)]	413	419	396	−1.6%	+4.0%
EPRA NAV	**12,038**	**11,848**	**11,952**	**+1.6%**	**+0.7%**
Optimized deferred taxes on unrealized capital gains	(400)	(386)	(392)	+3.4%	+1.9%
Fair value of hedging instruments	(8)	(2)	(9)	–	–
Fair value of fixed-rate debt	(39)	(116)	(189)	–	–
EPRA NNNAV	**11,591**	**11,345**	**11,362**	**+2.2%**	**+2.0%**
Number of shares, end of period	297,430,644	300,243,165	302,099,375		
Per share *(in €)*[(d)]					
EPRA NAV	**40.50**	**39.50**	**39.60**	**+2.6%**	**+2.3%**
EPRA NNNAV	**39.00**	**37.80**	**37.60**	**+3.1%**	**+3.6%**

(a) As per the IFRS consolidated statements of financial position on a Group share basis, including equity-accounted items.
(b) The external valuation of Klépierre's management service activities stood at €365 million (see section 7.2), while their carrying amount in the consolidated financial statements was €19 million, giving rise to an unrealized capital gain on these activities in an amount of €346 million.
(c) External appraisers valued transfer taxes payable on the whole portfolio at €984 million, considering that all properties would be sold through asset deals. Klépierre's assessment of such transfer taxes totals €571 million, as the Group considered it would be likely to secure share deals instead of asset deals in several instances. The €413 million restatement is the difference between these two valuations.
(d) Per-share figures rounded to the nearest 10 cents.

▶ **EPRA NAV 12-MONTH RECONCILIATION PER SHARE**[(a)]

In € per share	
EPRA NAV at 12/31/2017	**39.60**
Cash flow	2.65
Like-for-like asset revaluation	0.87
Dividend	(1.96)
Forex and others	(0.66)
EPRA NAV at 12/31/2018	**40.50**

(a) NAV per shares figures are rounded to the nearest 10 cents.

EPRA NAV per share amounted to €40.50 at the end of December 2018, vs. €39.60 one year earlier[(1)]. This improvement reflects net current cash flow generation (€2.65 per share) and the increase in the value of the like-for-like portfolio (0.87 euro per share), partly offset by the dividend payment (1.96 euro per share). Foreign exchange and other items had a negative impact of 0.66 euro per share.

9.3 EPRA NET INITIAL YIELDS

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 the "Shopping center portfolio valuation" section of this document (7.1.2.2) for the geographical breakdown of EPRA NIY.

▶ **EPRA NET INITIAL YIELDS**

In €m	**Shopping centers**	**Other retail properties**	**Total**
Investment property – Wholly owned	19,143	357	19,500
Investment property – Share of JVs/Funds	1,294	0	1,294
Total portfolio	**20,436**	**357**	**20,793**
Less: Developments, land and other	(1,146)	0	(1,146)
Completed property portfolio valuation (B)	**19,290**	**357**	**19,647**
Annualized cash passing rental income	1,065	25	1,090
Property outgoings	(122)	(2)	(124)
Annualized net rents (A)	**943**	**24**	**967**
Notional rent expiration of rent free periods or other lease incentives	37	1	38
Topped-up net annualized rent (C)	**980**	**25**	**1,005**
EPRA NET INITIAL YIELD (A/B)	**4.9%**	**6.7%**	**4.9%**
EPRA "TOPPED-UP" NIY (C/B)	**5.1%**	**7.0%**	**5.1%**

9.4 EPRA VACANCY RATE

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

▶ **EPRA VACANCY RATE**[(a)]

In €k	**France-Belgium**	**Italy**	**Scandinavia**	**Iberia**	**CE & Turkey**	**Netherlands**	**Germany**	**Total**
Estimated rental value of vacant space (A)	14,129	4,262	8,333	3,413	6,397	2,029	1,683	40,247
Estimated rental value (B)	433,194	277,277	186,552	143,816	130,106	36,409	40,866	1,248,219
EPRA VACANCY RATE (A/B)	**3.3%**	**1.5%**	**4.5%**	**2.4%**	**4.9%**	**5.6%**	**4.1%**	**3.2%**

(a) Scope: all shopping centers, including those accounted for under the equity method, included based on a 100% share. The estimated rental values of leased and vacant spaces as of December 31, 2018 are based on internal assumptions. Shopping centers (or portions thereof) under restructuring that are excluded from the scope are as follows: Bourse and Prado (Marseille), Échirolles (Grenoble), Odysseum (Montpellier), the Val d'Europe extension (Paris region), Nailloux Village (Toulouse), Økern (Oslo), Allum (Partille) and Hoog Catharijne (Utrecht). Strategic vacancies are also excluded.

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

9.5 EPRA COST RATIO

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

▸ EPRA COST RATIO

In €m	12/31/2018	12/31/2017
Administrative and operating expenses[a]	(236.4)	(246.7)
Net service charge costs[a]	(76.4)	(72.4)
Net management fees[a]	86.0	85.6
Other net operating income intended to cover overhead expenses[a]	8.9	10.5
Share of joint ventures expenses[b]	(15.7)	(14.9)
Exclude (if part of the above):		
Service charge costs recovered through rents but not separately invoiced	8.5	7.1
EPRA Costs (including vacancy costs) (A)	**(225.1)**	**(230.8)**
Direct vacancy costs	(20.9	(20.7)
EPRA Costs (excluding vacancy costs) (B)	**(204.2)**	**(210.1)**
Gross rental income less ground rents[a]	1,235.9	1,220.0
Less: service fee/cost component of gross rental income	(8.5)	(7.1)
Add: share of joint ventures (gross rental Income less ground rents)[b]	81.7	79.8
Gross rental income (C)	**1,309.1**	**1,292.7**
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (A/C)	**17.2%**	**17.9%**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (B/C)	**15.6%**	**16.3%**

(a) As per the IFRS consolidated statements of comprehensive income.
(b) For more information, see section 2.5 "Contribution of equity-accounted investments".

9.6 EPRA CAPITAL EXPENDITURE

Investments made over the course of 2018 are presented in detail in section 5 "Investments, developments and disposals". This section presents Klépierre's capital expenditure based on EPRA financial reporting guidelines.

▸ EPRA CAPITAL EXPENDITURE[a]

In €m	12/31/2018	12/31/2017
Acquisitions	75.3	285.6
Development	190.0	187.6
Like-for-like portfolio	127.3	95.6
Others	15.0	17.8
TOTAL	**407.7**	**586.6**

(a) Inclusive of expenses charged to tenants.

9.6.1 Acquisitions

During 2018, Klépierre spent €75.3 million in Italy allocated to the acquisitions of additional spaces in some of our malls.

9.6.2 Developments

Development capital expenditure includes investments related to new constructions and extensions of existing assets. In 2018, these investments amounted to €190.0 million, mainly including the Hoog Catharijne redevelopment (Utrecht, Netherlands), Créteil Soleil extension (Paris region, France) and Prado greenfield project (Marseille, France).

9.6.3 Like-for-like portfolio

Capital expenditure on the "like-for-like portfolio" includes investments made to maintain or enhance standing assets without creating additional leasing space. In 2018, these investments amounted to €127.3 million (of which €31.3 million recharged to tenants), breaking down as follows:

> **€25.8 million in refurbishment,** consisting in renovation work, mainly in common areas. In 2018, this related to Plenilunio (Madrid), Assago (Milan), Grand Portet (Toulouse, France). Most of this expenditure was charged to tenants;

> **€77.7 million in leasing capital expenditure,** mainly in relation with stores and other leasable units, including restructuring costs for re-leasing and initial leasing, fit-out contributions and eviction costs. In 2018, the expenditure concerned the significant re-tenanting activity in various shopping centers including Field's (Copenhagen); malls in Poland (LPP package deal signed last year), Germany (Forum Duisburg, Arneken Galerie, Boulevard Berlin), and France (Noisy Arcades and Créteil Soleil in the Paris region); and

> **€23.8 million in technical maintenance**, aimed at replacing obsolete or dysfunctional equipment relating to assets. A large portion of these investments is charged to tenants.

9.6.4 Other capital expenditure

Other capital expenditure amounted to €15.0 million and consisted in development fees, leasing fees and capitalized interest (€5.8 million).

10

OUTLOOK

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