2010 INTERIM FINANCIAL REPORT

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A French corporation with an Executive Board and a Supervisory Board
Registered capital stock of 265 507 536.00 euros
Paris Trade and Companies Register (RCS) No. 780 152 914

CONTENTS

Management report for the six months ended June 30, 2010

A) CHANGE IN RETAILERS REVENUES

I) Economic environment

- The economic backdrop is sending mixed signals:
  - Growth forecast for the eurozone was revised upward in the 1st half of 2010 (+1.2% versus +0.9%) – a trend that applies to all countries in which Klépierre operates, excepted for Greece (source: OECD).
  - Large retailers confirmed their will to start expanding again.
  - Those improvements were not clearly visible as far a consumer spending is concerned, while consumer confidence has been impaired by the recovery measures set up to improve public finances.

- Growth forecasts for 2010

France-Belgium		Scandinavia			Italy-Greece		Iberia		Central Europe			
France	Belgium	Norway	Sweden	Denmark	Italy	Greece	Spain	Portugal	Poland	Hungary	Czech Republic	Slovakia
1,7%	1,4%	1,2%	1,6%	1,2%	1,1%	-3,7%	-0,2%	1,0%	3,1%	1,2%	2,0%	3,6%

OECD – May 26, 2010

II) Change in retail revenues (y-t-d January-June 2010)[1]

France-Belgium	Scandinavia	Italy-Greece	Iberia	Central Europe	TOTAL
-0,9%	1,1%	5,5%	-0,4%	-3,1%	**0,4%**

- For Group mall tenants, business in the 2nd quarter of 2010 was generally less sustained than in the 1st quarter, with several external factors weighing adversely (calendar effects, inclement weather, etc.). Overall, year-to-date for the first 6 months of 2010, retail mall sales rose slightly (+0.4%) versus a comparable period last year:
  - For France-Belgium, the decline was slight (-0.9%);
  - For Scandinavia, y-t-d end June was positive (+1.1%), thanks in particular to the performance of Sweden (+3.0%);
  - Italy continued to show strength (+5.8%);
  - Iberian sales growth was flat (-0.4%);
  - The decline was limited in Central Europe (-3.1%).

- With the exception of the Culture/Gifts/Leisure segment (-2.6%), all retail segments showed positive growth trends: Household goods (+4.0%), Beauty/Health (+2.3%), Restaurants (+0.7%). Personal products sales showed little change (-0.3%) compared with last year.

- **France – Belgium**
  - In France, the first half year shows a slight decrease of 1% mainly attributable to the June figures, which didn't benefit from the sales period effect this year.

  - In Belgium, sales at L'esplanade in Louvain-la-Neuve continued to rise (+3.0%) despite the negative impact of the closure of Avanti, a mid-sized unit (the closure was nationwide). Excluding the impact of this event, the rise would have been +4.0%.

- **Scandinavia**
  - In Norway, the main country of the region (18 of the 30 Scandinavian centers are there), business rebounded in June (+2.7%), resulting in a slight rise for the first six months of the year (+0.3%).
  - In Sweden (+3.0%), with the exception of the Etage center, all locations showed a rise in retail sales for the period. This was the case in particular for Allum (+3.5%, the Group's largest shopping center in Sweden).
  - In Denmark, sales for the first six months of 2010 were little changed compared with the same period last year (-0.2%).

- **Italy-Greece**
  - The Italian malls continued to post higher sales (+5.8%). The rise was observed across all retail segments. The household goods segment (+10.9%) got a big boost from purchases of new televisions (or decoders), attributable to the World Cup effect and the arrival of digital television to the Lombardy region. The personal products segment (+4.7%) confirmed its current positive dynamic.

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[1] Year-to-date through 6 months for France, Scandinavia, Italy, Poland, Hungary and the Czech Republic. Y-t-d through 5 months for Belgium, Greece, Spain, Portugal and Slovakia. The data are provided on a constant portfolio basis.

- In Greece, the rollout of austerity measures (higher VAT, wage cuts for civil servants) adversely affected private consumption in the 2nd quarter of the year. Against this backdrop, mall sales revenue was down by 3.2% versus a comparable period last year.

Iberia

- In Spain, after sales rebounded over the course of the 1st quarter of 2010, business once again fell off in April and May, reflecting national consumer spending trends. Y-t-d since January (+0.4%) was nonetheless slightly higher than last year's figure. Over the same period, La Gavia, which opened in late 2008, continued to show very satisfactory growth, with sales revenue up by 23%.

- For the first 5 months of this year, growth in sales revenue for Portugal was in negative territory (-3.6%), with the Braga and Loures shopping centers encountering particular difficulties. Conversely, the Telheiras center got a boost from the performance of the mid-sized unit Worten, while Parque Nascente, was positively impacted by the arrival of Primark: sales growth was +2.4% and +3.1%, respectively.

Central Europe

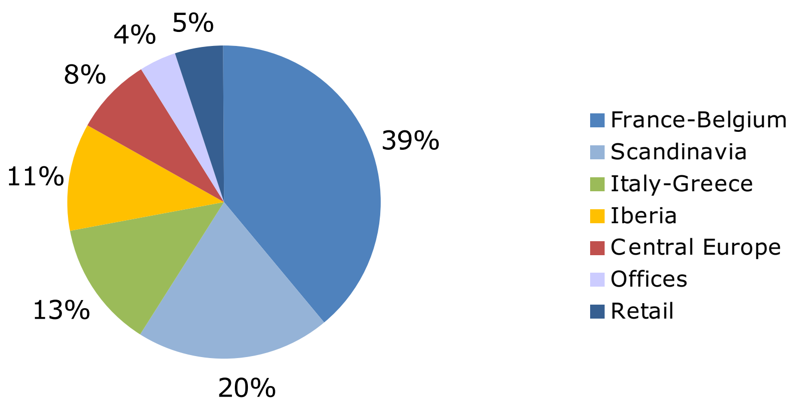
- In Poland, the first 6 months of this year show a decline of 2.3% compared with the same period last year. In the 2nd quarter, sales in April declined markedly (-12.3%), reflecting the nationwide impact of the week of mourning. In May, performances were somewhat penalized by flooding (particularly Krakow and, to a lesser extent, Sadyba, which nonetheless showed a 3.7% increase in its revenue for the six-month period as a whole).

- The decline for Hungarian malls remains substantial (-8.2%) over the six-month period, with some losses attributable to store closures. The decline appeared to slow in June, however (-5.0% globally and –2.5% on a constant store basis).

- In the Czech Republic, sales at Novy Smichov (3/4 of sales revenue for the Czech malls) began to recover in May, improving further in June (+4.0%).Y-t-d, the shopping center is now in positive growth territory (+0.6%). For all three of the country's malls, the annual y-t-d is identical to last year's (0.0%).

B) RENTAL BUSINESS

- Analysis of rents by region/activity (€453.8 M) through June 30, 2010:



I) Shopping center segment (91.0% of consolidated rents)

06/30/2010	Δ retailers revenues[1]	RENTS (€M)		Δ on a current portfolio basis	Δ on a constant portfolio and forex basis	Financial occupancy rate		Late payment rate[2]	
		H1 2010	H1 2009			H1 2010	H1 2009	H1 2010	H1 2009
France-Belgium	-0,9%	**178,1**	170,6	4,4%	0,8%	98,8%	98,9%	0,7%	0,1%
Scandinavia	1,1%	**89,6**	78,4	14,3%	0,1%	96,1%	97,9%	0,7%	0,8%
Italy-Greece	5,5%	**58,7**	50,0	17,4%	1,9%	98,0%	96,9%	2,6%	2,8%
Iberia	-0,4%	**47,8**	48,6	-1,5%	-1,5%	93,1%	93,4%	2,1%	1,9%
Central Europe	-3,1%	**38,7**	42,9	-7,3%	-7,3%	94,7%	94,9%	5,3%	1,8%
TOTAL	**0,4%**	**412,9**	**390,5**	**5,7%**	**-0,3%**	**97,0%**	**97,5%**	**1,7%**	**1,1%**

[1] Y-t-d through 6 months for France, Scandinavia, Italy, Poland, Hungary and the Czech Republic. Y-t-d through 5 months for Belgium, Greece, Spain, Portugal and Slovakia
[2] Rate 6 months out

- **Malls show resilience in the Group's principal countries of operation**
  - The situation in Spain is beginning to stabilize;
  - Business slowdown remains palpable in both Hungary and Portugal (4.4% of consolidated rents).

- **On a constant portfolio and exchange rate basis, shopping center rents showed little change (-0.3%)**
  - The slight increase in vacancy, as well as the temporary commercial incentives on rent levels that were mostly granted in 2009, erased the minimal impact of index-linked adjustments over the period (+0.3%).

1. France – Belgium (39.2% of consolidated rents)

06/30/2010	Δ retailers revenues	Rents (€M)		Δ on a current basis	Δ on a constant basis	Financial occupancy rate		Late payment rate[1]	
		H1 2010	H1 2009			H1 2010	H1 2009	H1 2010	H1 2009
France	**-1,01%**	**171,6**	**163,5**	**5,0%**	**0,8%**	**98,8%**	**98,9%**	**0,7%**	**0,0%**
Belgium	**3,0%**	**6,4**	**7,1**	**-8,8%**	**0,4%**	**99,3%**	**99,0%**	**2,9%**	**2,1%**
TOTAL	**-0,9%**	**178,1**	**170,6**	**4,4%**	**0,8%**	**98,8%**	**98,9%**	**0,7%**	**0,1%**

[1] Rate 6 months out

1.1. France (37.8% of consolidated rents)

- On a constant portfolio basis, the 0.8% rise in rents reflects the following factors:
  - The impact of index-linked adjustment (-0.2%):
    - 75% of leases in value terms were pegged to the ILC for the 2nd quarter of 2009 (+0.84%);
    - 21% of leases in value terms were pegged to the ICC for the 2nd quarter of 2009 (-4.10%).
  - A slight increase in the financial occupancy rate: 9 vacant premises were leased up over the course of the first six months of the year.
  - The contribution of rental reversions done in 2009 and over the course of the 1st half of the year: since the beginning of the year, 88 relets and 32 renewals of leases have been signed, with financial conditions up by 17.2% (or +€1.3M).
  - The rate of unpaid rents, while up compared with June 30, 2009, has stabilized since March 31, 2010.

- On a current portfolio basis, the French shopping center portfolio was boosted by the following transactions or events:
  - The opening of the Odysseum center in Montpellier in September of 2009 (+€3.0M);
  - The acquisition effective June 30, 2009, of an additional share of ownership in the Bègles Arcins shopping center (fully consolidated): +€2.4M;
  - The inauguration of the extension at Toulouse-Blagnac in October of 2009 (+€1.3M);
  - The extensions completed at Val d'Europe, particularly the opening of a Castorama (+€1.1M);
  - The phased opening of the Vaulx-en-Velin extension, finished on February 4, 2010 (+€0.6M).

- The rise in rents on a current portfolio basis also includes the impact of the disposals completed over the course of the 2nd half of 2009 and early 2010 (-€3.1M):
  - Tours Galerie Nationale (December 2009: -€1.4M);
  - Marché Saint–Germain (November 2009: -€1.1M);
  - Le Mans Centre Sud (June 2009: -€0.4M);
  - Puget-sur-Argens (July 2009: -€0.1M);
  - Douai – Flers-en-Escrebieux (June 2010: -€0.1M).

1.2. Belgium (1.4% of consolidated rents)

- The L'esplanade center continues to post good performances: rents, tenant sales revenue and footfall are all trending upward.
  - Changes of scope pertain to the premises that were previously occupied by the UGC cinema, for which rents had been billed but not paid up through the first half of 2010. Since June 15, the cinema has been operated by the Cinescope group.
- The rise in the rate of unpaid rents remains limited to a few tenants.

2. Scandinavia (19.7% of consolidated rents)

06/30/2010	Δ retailers revenues	Rents (€M)		Δ on a current portfolio and forex basis [3]	Δ on a constant portfolio and forex basis [1]	Financial occupancy rate		Late payment rate[2]	
		H1 2010	H1 2009			H1 2010	H1 2009	H1 2010	H1 2009
Norway	0,3%	45,4	39,5	14,9%	2,1%	97,6%	98,0%	0,5%	0,5%
Sweden	3,0%	26,7	19,6	36,2%	1,1%	96,9%	97,9%	0,9%	1,4%
Denmark	-0,2%	17,5	19,3	-4,8%	-4,5%	90,0%	96,0%	0,9%	1,4%
TOTAL	1,1%	89,6	78,4	15,6%	0,1%	96,1%	97,9%	0,7%	0,8%

[1] On a constant portfolio and exchange rate basis, the change is 13.5% for Norway, 12.1% for Sweden, -4.8% for Denmark and 8.3% for the Scandinavian portfolio as a whole.
[2] Change calculated from H1 2009 basis, corrected for the payment of variable rents
[3] Rate 6 months out

2.1. Norway (10.0% of consolidated rents)

- The dynamic performance of the Norwegian centers is driven by:
  - Further increases in retail tenant revenues;
  - The impact of index-linked adjustments (+0.7%);
  - The positive effect of rental reversions that were carried out over the course of the first six months of the year: 69 leases were renewed and 25 spaces relet to new tenants over the period, generating 0.3 million euros (+6.4%); 9 lease-ups were completed for rents of 0.2 million euros.

    Rental growth was particularly solid at Nordbyen (130 km south of Oslo; +8.0%), Sjosiden (+14.8%) and Åsane (Bergen; +4.9%).

- External growth was mainly driven by the June 2009 opening of the final phases of the extensions at Metro and the next-to-the-last phase of the extension-renovation at Gulskogen (+0.7 M€).
  - The disposal of Karl Johans Gate (Oslo; May 2010) had no significant impact on rents for the period.

2.2. Sweden (5.9% of consolidated rents)

- Despite negative index-linked adjustments (-1.5%), Swedish rents rose by 1.1% over the period on a constant portfolio basis.
  - 124 leases were renewed and 39 relets were completed, with financial conditions up by 0.9% (+€54K), and two vacant spaces were let in the course of the first half for a total of 0.1 million euros.
- The sharp increase on a current portfolio basis is also due to the additional contribution of the Marieberg center (last phase of the extension opened in August 2009: +€0.7M), the delivery in October 2009 of the next-to-the-last phase of the extension at Hageby (+€1.3M), and the completion of the extension-renovation at Sollentuna (north of Stockholm), for which the final phase was inaugurated on March 26, 2010 (+€2.6 M).

2.3. Denmark (3.9% of consolidated rents)

- The Bryggen and Brunn's centers (Arhus) turned in good rental performances, particularly Bryggen, where rents rose by 25.6%.

- Conversely, Field's (54% of rents produced by Danish holdings) showed a sharp drop in rents compared with the same period one year prior (-12.1%), mainly due to the impact of the higher vacancy rate, which is expected to come down between now and the end of the year. The vacancy rate has been temporarily pushed upward by the completion of a 300 sq.m. extension that will host an H&M outlet as of this coming fall.

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- Compared with the situation on March 31, 2010, Danish rents have stabilized and the unpaid rent rate has fallen. In the second half of 2010, rents will get a boost from the lease-up of vacant premises in Bryggen, to H&M and Burger King in particular.

3. Italy-Greece (12.9% of consolidated rents)

06/30/2010	Δ retailers revenues	Rents (€M)		Δ on current basis	Δ on constant basis	Financial occupancy rate		Late payment rate[1]	
		H1 2010	H1 2009			H1 2010	H1 2009	H1 2010	H1 2009
Italy	5,8%	54,7	46,1	18,7%	1,9%	98,1%	96,9%	2,2%	2,9%
Greece	-3,2%	4,0	3,9	2,5%	2,5%	97,2%	96,0%	8,6%	2,6%
TOTAL	5,5%	58,7	50,0	17,4%	1,9%	98,0%	96,9%	2,6%	2,8%

[1] Rate 6 months out

3.1. Italy (12.1% of consolidated rents)

- The rise in rents on a constant portfolio basis is attributable in part to the impact of index-linked rent adjustments (+1.2%), but also to:
  - The rise in tenant revenues, generating an increase of €0.4M in additional variable rents paid;
  - A total of 30 changes in tenant mix and 12 lease renewals have been signed since the beginning of the year, for a rental gain of 6.0% (+€0.2M).

- External growth was essentially driven by:
  - The full consolidation of 9 IGC centers since November of 2009 (+€6.4M);
  - The acquisition of Vittuone – Il Destriero in mid-October of 2009 (+€1.1M).

3.2. Greece (0.9% of consolidated rents)

- Rental growth for Greek shopping centers reflects the resilience of the hypermarket malls against an economic backdrop that has been difficult to say the least.
  - The occupancy rate remains high for the Greek portfolio as a whole;
  - The difficulties encountered by the leisure and recreation are of the Larissa center is mainly attributable to the higher rate of unpaid rents and higher rents versus 2009, slightly inferior to the impact of index-linked rent adjustments (-3,1%), as concessions had been granted.

4. Iberia (10.5% of consolidated rents)

06/30/2010	Δ retailers revenues	Rents (€M)		Δ on current basis	Δ on constant basis	Financial occupancy rate		Late payment rate[1]	
		H1 2010	H1 2009			H1 2010	H1 2009	H1 2010	H1 2009
Spain	0,4%	39,9	39,7	0,4%	0,4%	94,2%	94,1%	1,9%	1,6%
Portugal	-3,6%	8,0	8,9	-10,4%	-10,4%	87,7%	90,6%	2,7%	2,8%
TOTAL	-0,4%	47,8	48,6	-1,5%	-1,5%	93,1%	93,4%	2,1%	1,9%

[1] Rate 6 months out

4.1. Spain (8.8% of consolidated rents)

- Occupancy rates are unchanged compared with those observed on June 30, 2009, and slightly higher than they were in the first quarter of 2010.

- The positive impact of index-linked rent adjustments (+0.8%) was attenuated by temporary concessions granted to some tenants and by the signature of 97 renewals and 57 relets over the course of the first half of the year (-2.4%, or –€89 K).

- The rise in unpaid rents over the period mainly concerned Oviedo and Molina de Segura.

4.2. Portugal (1.8% of consolidated rents)

- In the absence of any indexation impact, the decline in the financial occupancy rate in most centers led to a decline in rents of 10.4%.

5. Central Europe (8.5% of consolidated rents)

06/30/2010	Δ retailers revenues	Rents (€M)		Δ on a current basis[1]	Δ on a constant portfolio and forex basis[1]	Financial occupancy rate		Late payment rate[2]	
		Q1 2010	Q1 2009			Q1 2010	Q1 2009	Q1 2010	Q1 2009
Poland	-2,3%	16,3	16,9	-0,8%	-0,8%	98,9%	96,9%	3,4%	2,4%
Hungary	-8,2%	11,9	14,5	-17,5%	-17,5%	87,8%	92,9%	7,9%	1,0%
Czech Republic	0,0%	9,6	10,6	-3,1%	-3,1%	97,3%	94,8%	3,5%	1,9%
Slovakia	-11,1%	0,9	1,0	-7,0%	-7,0%	97,5%	97,4%	13,9%	5,5%
TOTAL	-3,1%	38,7	42,9	-7,3%	-7,3%	94,7%	94,9%	5,3%	1,8%

[1] Change calculated from an H1 2009 basis, corrected for the payment of variable rents
[2] Rate 6 months out

5.1. Poland (3.6% of consolidated rents)

- On a constant portfolio and exchange rate basis, despite the impact of index-linked adjustments (+0.5%) and the satisfactory performance of the other malls, the decline in rents is related to the persistent vacancy of 5 lots since June 2009 in the Krakow mall.

5.2. Hungary (2.6% of consolidated rents)

- The economic situation in Hungary continues to weigh adversely on retail revenues for tenants (-8.2%). The decline in rents is due to higher vacancy (-€0.9M) as well as changes to lease terms that favor tenants (impact of -€0.7M).

- The restructuring project underway to prepare for the arrival of H&M at the Duna, Miskolc and Szeged centers should be completed by the fall of 2010.

5.3. Czech Republic / Slovakia (2.1% / 0.2% of consolidated rents)

- Czech rents declined by 3.1%, mainly due to the departure of a tenant at Novo Plaza and at Plzeň in mid-2009.

- The occupancy rate has nonetheless improved since March 31, 2010.

II) Retail segment – Klémurs (4.9% of consolidated rents)

06/30/2010	Rents (€M)		Δ on a constant portfolio basis	Δ on a current portfolio basis	Financial occupancy rate		Late payment rate	
	H1 2010	H1 2009			H1 2010	H1 2009	H1 2010	H1 2009
Retail-Klémurs	22,1	20,8	6,5%	-1,2%	100,0%	99,7%	0,2%	0,2%

- At the June 30, 2010 reporting date, rents from the Retail segment totaled 22.1 million euros, an increase of 6.5% over one year (+€1.3M).

- Nonetheless, rents declined by 1.2% on a constant portfolio basis (-€0.2M), primarily due to the combined impact of:
  - A negative indexation effect (-2.6%), with 68% of all leases in value terms pegged to the ICC for the 2nd quarter of 2009, down by 4.10%;
  - The positive contribution of rental reversion operations that were conducted for the Cap Nord holdings throughout 2009: the lease-up of the vacant property in Saint-Etienne-du-Rouvray and the signature of three relets to new tenants with financial conditions up by an average of 21%;
  - The rise in additional variable rents (+€0.2M) made possible by the increase in sales revenue for the restaurants operated by Buffalo Grill and by negative indexation.

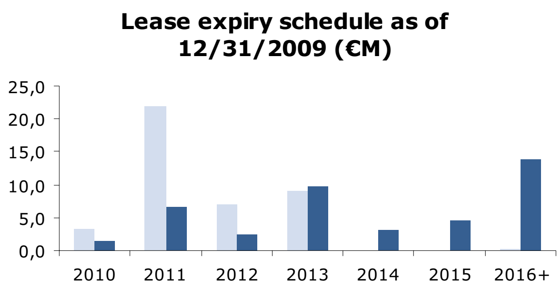
- On a current portfolio basis, the increase in rents was essentially driven by the additional acquisitions made in connection with the Défi Mode-Vivarte agreement over the course of the second half of 2009, as well as by the opening of the retail park Chalon Sud 2, which occurred in September of 2009 (+€1.9 M). The increase also reflects the impact of timely asset disposals made in the 1st half of 2009 (sale of the Truffaut asset, Paris 13th arrondissement) and in June 2010 (sale of retail storefronts in Rouen), for a total impact of 0.3 million euros.

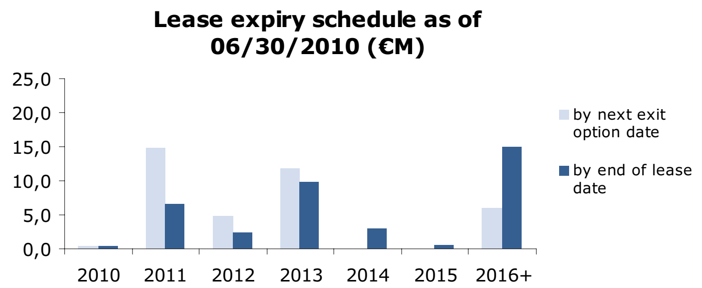
III) Office segment (4.1% of consolidated rents)

06/30/2010	Rents (€M)		∆ on a constant portfolio basis	∆ on a current portfolio basis	Financial occupancy rate		Late payment rate	
	H1 2010	H1 2009			H1 2010[1]	H1 2009	H1 2010	H1 2009
Offices	18,8	26,0	-27,8%	-7,4%	81,5%	84,1%	0,2%	0,0%

[1] Excluding Les Collines de l'Arche, which is being restructured

- On a constant portfolio basis, rents fell by 7.4% (-€1.5M), reflecting the combined impact of:
  - Index-linked adjustments (+0.8% on average, or +€0.2M);
  - Rental modifications that occurred in 2009 and 2010 (-€1.7M), related to relocations motivated by new market conditions and lease renegotiations intended to enable tenants to remain and extending lease terms.
  - Since the beginning of the year, 6 changes in tenant mix have been carried out, involving a global floor area of 2 558 sq.m. for rents of 0.9 million euros. 2 leases were renegotiated, involving a total of 9 155 sq.m., generating rents of 5.8 million euros. The average term on the new leases is 9 years (6 years firm).





- On a current portfolio basis, the decline of 27.8% is mainly attributable to the following:
  - The disposal of the building at 23/25 Avenue Kléber (Paris, 16th arrondissement), completed on November 30, 2009, as well as the sale of the Général Leclerc building (in Levallois Perret), which was completed on April 6, 2010;
  - The impact of voluntary vacancy in the Les Collines de l'Arche building (La Défense, 2 572 sq.m.).

- At the June 30, 2010 reporting date, the financial occupancy rate was 81.5% (compared with 84.1% one year earlier):
  - 2/3 of the total vacancy corresponds to the Séreinis building (Issy-les-Moulineaux), which is currently being leased up under exclusive agency; excluding Séreinis, the occupancy rate would be 92.5%.
  - The rest mainly involves available floor space in the building at 192 Avenue Charles de Gaulle (Neuilly-sur-Seine), which is currently being renovated.

- The rate of unpaid rents is 0.2%, due to late payments (no unpaid rents more than six months out).

- Over the course of the 2nd half of 2010, rents from the Office segment are expected to continue to fall due to the impact of disposals made or planned and, more marginally, due to the negative impact of index-linked adjustments for a significant percentage of leases in the portfolio.
  - 4 commercial tenants have already signaled their intention to vacate during the second half of this year (involving spaces of 982 sq.m.). Another 409 sq.m., located in the building at 21 Avenue Kléber, will be taken up by Klépierre as part of its head office extension. As a result, these rents will be eliminated from the consolidated financial statements as of August 1, 2010. The rest represents, pending their relocation, a loss of rent totaling 0.3 M€ over the full year.

C) DEVELOPMENT - DISPOSALS

I. The real estate investment market over the first six months of 2010

1. The commercial real estate investment market[2]

- In the 1st quarter of 2010, transactions in the commercial real estate market in Europe came to a total of €10.6 Bn, compared with €5 Bn for the 1st half of 2009.
  - The significant increase in amounts invested is noteworthy (twice more than in the 1st quarter of 2009).
  - Investor preference for shopping centers became more acute over the course of the first quarter of 2010, with 72% of all transactions involving this market segment (compared with 66% for 2009).

- Germany was the most active market in the first quarter, with €2.3 Bn of transactions – a higher number than in the UK for the 1st time in 10 years. The latter however came 1st in the 2nd quarter with €2 Bn of transactions. France recorded a very active 2nd quarter, ending up second with a volume of transactions of €0.8 Bn.

- The French market saw a number of large-scale deals come together (McArthurGlen in Troyes, Espace Saint-Georges in Toulouse, 65 Croisette in Cannes).
  - For the first time since the subprime crisis unfolded, the range of prime yields began to contract again, showing a decline of 25 to 50 basis points compared with the end of 2009. This trend is expected to be confirmed between now and the end of this year.
  - With the completion of the transaction concerning Cap 3000 in Saint-Laurent-du-Var and the equity investment made by Allianz in the Espace Saint Quentin shopping center in the 2nd quarter of 2010, the volumes invested in France in 2009 (€1.5 Bn) should be largely exceeded in 2010.

2. The office property investment market in Ile-de-France[3]

- With 1 043 300 m² let over the period, placed demand was up by 16% compared with the 1st half of 2009. The small and mid-sized rental properties (< 5 000 sq.m.) were the most dynamic.
- Immediate supply is unchanged compared with January 1, 2010, at 3.6 million sq.m.
- The vacancy rate is mainly unchanged at 6.8%; however, there are major differences from one geographic zone to the next: 5.9% for Paris CBD and 9.9% for the Western Crescent.

- Average face rents are unchanged at 305 €/sq.m., but behind this apparent stability lie significant discrepancies in terms of rental trends:
  - Rents on second hand buildings are down;
  - Rents on new or restructured buildings are unchanged;
  - For prime property in the CBD, rents are as high as €733/sq.m..
- Concessions are still significant, and can go as high as 15 to 20% of the firm term of the lease.
  - Tenants deciding to leave rented premises cite the search for savings as the primary motive for their moving project.

- The investment market shows signs of revival, totaling 3.6Bn€ in France.
  - Offices remain the most actively sought out type of real estate asset, with 61% of all commitments.
- Demand is strong and unmet, both for offices and for retail properties that are secured and of high quality.
  - For these assets, yields have compressed markedly, going below 5.5% for the most well-located properties;
  - Conversely, assets of lower quality are not highly sought after.

[2] Source: Jones Lang LaSalle
[3] Source: CBRE, BNP Paribas Real Estate

II. Investments made over the course of the 1st half of 2010

- Over the course of the 1st half of 2010, Klépierre invested a total of 245.8 million euros, principally in France (55%) and in Scandinavia (27%).
  - These investments were mainly focused on the Group's flagship projects: Gare Saint-Lazare, Aubervilliers (France), Emporia (Sweden), Corvin Atrium (Hungary) and Aqua Portimão (Portugal).
  - On June 28, 2010, Klépierre and its partner AXA acquired full ownership of the land surrounding the shopping center Val d'Europe, for 30 million euros payable immediately[4].
  - Lastly, a portion of the investments made concerned the Group's extension or renovation projects, including those that were inaugurated during the first six months of this year:
    - Opening of a Castorama outlet at Val d'Europe (Greater Paris Area);
    - Extension-renovation of the Arcades shopping center in Noisy-le-Grand (Greater Paris Area);
    - Extension-renovation of the Sollentuna shopping center (North of Stockholm, Sweden);
    - Les Arches de l'Estey retail park in Bègles (Southeast of Bordeaux, France).

For more information, download the related press releases from the company's website, under Information Space: www.klepierre.com

In €M	Total	Operating assets	Projects
SHOPPING CENTERS	**244,1**	**60,1**	**184,0**
France	**134,7**	**47,9**	**86,1**
		o/w Toulouse Blagnac (extension/renovation), Montpellier-Odysseum (inauguration), Noisy-Arcades (extension-renovation), Val d'Europe	o/w Aubervilliers* (56 000 sq.m.), Gare Saint-Lazare (10 000 sq.m.)
France-Belgium	**134,7**	**48,6**	**86,1**
Norway	**13,6**	-	**13,6**
		-	o/w Gulskogen (extension/renovation)
Sweden	**54,0**	**10,2**	**43,8**
		o/w Marieberg (extension/renovation last phase opened in August 2009) Sollentuna (extension/renovation, last phase opened in March 2009)	o/w Emporia (78 000 sq.m.) Hageby (extension/rénovation)
Scandinavia	**67,6**	**10,2**	**57,4**
Italy	**7,8**	**1,3**	
		o/w Pescara Nord (extension, +3 200 sq.m.), La Romanina (extension, +4 100 sq.m.)	-
Italia-Greece	**7,8**	**1,3**	-
Portugal	**7,6**	-	**7,6**
		-	Aqua Portimão* (project, 34 499 sq.m.)
Iberia	**7,6**	-	**7,6**
Hungary	**26,4**	-	**26,4**
		-	Corvin Atrium (project, 34 600 sq.m.)
Central Europe	**26,4**	-	**26,4**
RETAIL	**0,9**	**0,9**	-
OFFICES	**0,9**	**0,9**	-
TOTAL	**245,8**	**61,8**	**184,0**

* Klépierre share

III. Development pipeline for the period 2nd half of 2010 – 2014

- The Group has a global pipeline of 3.1 billion euros, including 789 million euros in committed projects and 890 million euros worth of controlled operations, in the hands of Klépierre. On a group share basis, the respective amounts are 553 million euros and 653 million euros.

[4] The remaining fixed rents paid in advance when the construction lease was signed in 1998 were kept by the seller (€17 M).

In millions of euros	Estimated cost[1]	Amounts to outlay 2S 2010-2014	Expected net initial yield[2]	Floor area (sq.m.)	Expected opening date	Pre-let rate (%)	
						MGR[3]	Floor area
Corvin Atrium (Budapest, Hungary)	157,0	31,3	6,0%	34 600	Q4 2010	62%	63%
*Aqua Portimão (Portimão, Portugal)**	45,8	29,7	7,5%	35 500	Q2 2011	41%	32%
*Le Millénaire (Aubervilliers, Paris)**	190,4	76,2	7,1%	56 000	Q2 2011	55%	66%
Gare Saint-Lazare (Paris)	135,5	39,6	7,6%	10 000	Q1 2012	20%	23%
Claye-Souilly (extension/rénovation - France)	32,4	32,3	8,8%	8 300	Q2 2012	-	-
Perpignan Claira (extension)	89,9	79,6	7,0%	12 000	Q4 2012	-	-
Emporia (Malmö, Sweden)	357,5	228,6	7,0%	78 000	Q4 2012	55%	47%
Carré Jaude 2 (Clermont-Ferrand - France)	106,4	87,5	7,1%	13 800	Q1 2014	-	-
Besançon Pasteur (France)	54,0	50,1	7,0%	14 800	Q3 2014	-	-
COMMITTED PROJECTS [4]	**1 376**	**789**	**7,0%**	**282 533**			
Torp (Sweden)	148,7	135,0	-	55 400			
Nancy-Bonsecours (France)	150,1	156,8	-	53 400			
Mölndal (Sweden)	205,8	192,4	-	45 000			
CONTROLLED PROJECTS [5]	**1 074**	**890**	**7-8%**	**374 555**			
IDENTIFIED PROJECTS [6]	**1 805**	**1 455**	**-**	**598 655**			
TOTAL	**4 255**	**3 134**	**-**	**1 255 743**			

* Klépierre share
[1] Estimated cost price after provisions
[2] Expected net rents / Total investment forecast
[3] MGR: Minimum Guaranteed Rent
[4] Committed transactions: Transactions in the process of completion, for which Klépierre controls the land and has obtained the necessary administrative approvals and permits.
[5] Controlled transactions: Transactions that are in the process of advanced review, for which Klépierre has control over the land (acquisition made or under suspensive promise contingent on obtaining the necessary administrative approvals and permits) and has not yet obtained the necessary administrative approvals and permits.
[6] Identified transactions: Transactions that are in the process of being put together and negotiated.

- **Committed investments, controlled by the Group and tentatively planned for the second half of 2010 through 2014, will mainly focus on France (55%) and Scandinavia (36%).** They will involve:
  - Either the completion of **dominant shopping center projects**, most of which have already met with the approval of retailers;
  - Or **extension-renovation projects** for existing shopping centers, whose commercial appeal is proven and whose growth potential has been clearly detected.

- The lease-up of the major projects continued over the course of the first six months of 2010:
  - Corvin Atrium, which will be inaugurated during the 4th quarter of 2010, is already 62% leased up; in particular, it will feature major international retailers like H&M, C&A and L'Occitane, as well as local retailers.
  - Aqua Portimão, which will open its doors in the 2nd quarter of 2011, will feature a Jumbo hypermarket, plus Primark, Sephora and other major retailers.
  - Le Millénaire (Aubervilliers): 66% of the floor area is already reserved, and the center will feature such retail names as Carrefour, Fnac, Boulanger, C&A, H&M, Toys R Us and many international brand names that have chosen this location for their first foray into France, such as Decimas and Polinesia (brands owned by the Spanish textile group Gruposport).
  - Gare Saint-Lazare, which is scheduled for opening in the 1st quarter of 2012, has already attracted a number of major retailers (Carrefour City, Monop' and Virgin).
  - The launch of the vast Emporia project (in Malmö) was decided on in July 2010 when the pre-lease-up rate was 55%.

For more detailed information on these projects, go to the Projects section of the company's website: www.klepierre.com

IV. Asset sales completed in the course of the 1st half of 2010

- Assets sold in the course of the first six months of 2010 (€M, excluding transfer duties)

Shopping centers	**61,5**
Douai – Flers-en-Escrebieux	30,0
Oslo - Karl Johans Gate	31,5
Retail assets	**11,3**
Rouen Candé	11,3
Offices	**33,9**
Levallois - 77-79 Anatole France/11bis Gal Leclerc	33,9
TOTAL	**106,7**

- The total amount of disposals was 106.7 million euros for the first six months of 2010.

- On average, disposals were made for higher amounts (+16.5%) than the last appraised values (December 31, 2009).
- As a reminder, the Group plans to make disposals of property assets totaling between 250 and 400 million euros for 2010 as a whole.

D) CONSOLIDATED CASH FLOW AND EARNINGS

I. Segment earnings

1. Shopping center segment

In millions of euros	06/30/10	06/30/09	09/10
Rents	*412,9*	*390,5*	5,7%
Other rental income	*8,6*	*6,0*	43,2%
Rental income	**421,4**	**396,5**	**6,3%**
Land expenses (real estate)	- 1,2	- 1,1	8,8%
Non-recovered rental expenses	- 17,9	- 17,4	3,4%
Building expenses (owner)	- 26,6	- 25,3	5,1%
Net lease income	**375,6**	**352,7**	**6,5%**
Management, administrative and related income	37,0	37,6	-1,6%
Other operating income	13,1	10,0	31,2%
Survey and research costs	-	-	
Payroll expense	- 43,2	- 45,6	-5,2%
Other general expenses	- 15,2	- 11,4	33,5%
EBITDA	**367,3**	**343,3**	**7,0%**
D&A on investment property	- 185,4	- 174,5	6,2%
D&A on PPE	- 2,9	- 2,5	17,0%
Provisions for contingency and loss	- 1,0	- 1,6	-37,0%
Results of operations	**178,1**	**164,7**	**8,1%**
Share in earnings of equity-method investees	0,8	0,6	25,8%
Proceeds from sales	26,2	24,0	8,9%
SEGMENT EARNINGS	**205,0**	**189,4**	**8,2%**

Rental income amounted to 421.4 million euros, an increase of 24.9 million euros (+6.3%).

Other lease income includes deferred entry fees, as well as a margin on the provision of electricity to tenants in the Hungarian and Polish shopping centers. The increase observed versus the first six months of June 30, 2009 is primarily attributable to the straightlining of entry fees that were billed for the extensions at Blagnac, Val d’Europe and Créteil Soleil.

Non-recovered rental expenses reflect the impact of tenants who pay capped expenses, as well as expenses related to vacant premises and real estate taxes. The 0.5 million euro increase is primarily attributable to an increase in expenses related to vacant premises, offset by an improvement in the re-invoicing of actual shared expenses.

Building expenses increased by 1.3 million euros. This increase includes higher maintenance expenses for real estate assets and an improvement in the cost of client risk.

Management and administrative fee income fell by 0.6 million euros, in particular due to the acquisition of a 21.3% interest in IGC. Rental management fees, previously billed to our partner Finiper, are now eliminated from consolidated earnings.

Other operating income primarily includes re-invoicing to tenants and is up by 3.1 million euros compared with June 30, 2009.

Payroll expense came to 43.2 million euros, down by 5.2% versus June 30, 2009.

General operating expenses rose by 3.8 million euros, with the rise in operating rents attributable to the sale of the building at 18/20 La Pérouse, which the Group continues to occupy as a tenant.
EBITDA for the period was 367.3 million euros, an increase of 24.0 million euros (+7.0%).

Depreciation and amortization on properties for the period came to 185.4 million euros, up by 10.8 million euros. This increase is primarily the result of growth in the portfolio of holdings, including acquisitions in Italy of a 21.3% equity interest in IGC and of the Vittuone center, and in Scandinavia, with the opening of extensions at Gulskogen (Norway), Hageby and Sollentuna (Sweden). Asset impairment allowances declined by 6.5 million euros compared with the previous period, and mainly concerned the shopping centers acquired recently or under development, including the Corvin Atrium project in Budapest.

Contingency and loss allowance came to 1.0 million euros.

Proceeds from the sale of assets (26.2 million euros) mainly include the impact of the sale of shopping centers – in Douai and the Karl Johans Gate in Norway – for a total of 61.5 million euros.

Including the impact of earnings from equity method investees (Progest group) totaling 0.8 million euros, shopping center segment earnings rose by 8.2%, reaching 205.0 million euros for the six months ended June 30, 2010.

The table below presents a breakdown of segment earnings in accordance with IFRS 8 (operating segments), in force since January 1, 2009.

In millions of euros	France - Belgium		Scandinavia		Italy - Greece	
	06/30/10	06/30/09	06/30/10	06/30/09	06/30/10	06/30/09
Rents	178,1	170,5	89,6	78,4	58,7	50,0
Other rental income	*6,1*	*4,1*	-	-	*0,9*	*0,7*
Rental income	**184,2**	**174,7**	**89,6**	**78,4**	**59,6**	**50,7**
Land expenses (real estate)	- 1,2	- 1,1	-	-	-	-
Non-recovered rental expenses	- 3,2	- 4,5	- 7,0	- 6,0	- 2,0	- 1,5
Building expenses (owner)	- 9,3	- 10,3	- 6,3	- 5,9	- 4,1	- 3,7
Net lease income	**170,5**	**158,9**	**76,3**	**66,6**	**53,5**	**45,5**
Management, administrative and related income	19,1	19,1	9,9	10,0	2,9	3,3
Other operating income	5,4	5,8	4,8	3,4	2,2	0,3
Survey and research costs	-	-	-	-	-	-
Payroll expense	- 20,8	- 20,2	- 12,2	- 15,7	- 3,3	- 3,1
Other general expenses	- 4,2	- 6,1	- 4,7	- 2,4	- 2,1	- 1,0
EBITDA	**170,1**	**157,5**	**74,2**	**61,9**	**53,3**	**44,9**
D&A on investment property	- 38,4	- 50,7	- 57,1	- 29,2	- 15,8	- 18,2
D&A on PPE	- 1,0	- 0,7	- 0,8	- 0,8	- 0,6	- 0,5
Provisions for contingency and loss	- 0,5	- 1,3	-	-	- 0,0	0,1
Results of operations	**130,1**	**104,8**	**16,2**	**31,9**	**36,8**	**26,4**
Share in earnings of equity-method investees	0,8	0,6	-	-	-	-
Proceeds from sales	13,2	24,0	13,6	-	-	-
SEGMENT EARNINGS	***144,1***	***129,4***	***29,9***	***31,9***	***36,8***	***26,4***

In millions of euros	Iberia		Central Europe	
	06/30/10	06/30/09	06/30/10	06/30/09
Rents	47,8	48,6	38,7	42,9
Other rental income	*0,0*	*0,2*	*1,5*	*1,0*
Rental income	**47,9**	**48,7**	**40,2**	**44,0**
Land expenses (real estate)	- 0,1	- 0,1	- 0,0	- 0,0
Non-recovered rental expenses	- 2,0	- 2,3	- 3,8	- 3,2
Building expenses (owner)	- 2,8	- 2,3	- 4,1	- 3,1
Net lease income	**43,0**	**44,1**	**32,3**	**37,6**
Management, administrative and related income	3,7	3,7	1,4	1,5
Other operating income	0,1	0,2	0,5	0,3
Survey and research costs	-	-	-	-
Payroll expense	- 4,7	- 4,3	- 2,3	- 2,2
Other general expenses	- 2,2	- 1,0	- 2,0	- 0,9
EBITDA	**40,0**	**42,7**	**29,8**	**36,3**
D&A on investment property	- 23,5	- 21,7	- 50,5	- 54,7
D&A on PPE	- 0,1	- 0,1	- 0,4	- 0,4
Provisions for contingency and loss	- 0,4	- 0,4	- 0,0	-
Results of operations	**16,0**	**20,5**	**- 21,1**	**- 18,8**
Share in earnings of equity-method investees	-	-	-	-
Proceeds from sales	-	-	- 0,6	-
SEGMENT EARNINGS	***16,0***	***20,5***	***-21,7***	***-18,8***

2. Retail segment – Klémurs

In millions of euros	06/30/10	06/30/09	09/10
Rents	*22,1*	*20,8*	6,5%
Other rental income	*0,4*	*0,3*	34,6%
Rental income	**22,5**	**21,1**	**6,9%**
Land expenses (real estate)	- 0,0	- 0,0	0,0%
Non-recovered rental expenses	- 0,0	- 0,1	-97,7%
Building expenses (owner)	- 0,8	- 0,9	-16,5%
Net lease income	**21,8**	**20,1**	**8,4%**
Management, administrative and related income	0,2	0,3	-29,1%
Other operating income	0,1	0,1	21,9%
Survey and research costs	-	-	
Payroll expense	- 0,7	- 0,7	4,7%
Other general expenses	- 0,4	- 0,3	44,5%
EBITDA	**20,9**	**19,4**	**7,7%**
D&A on investment property	1,7	- 20,4	-108,3%
D&A on PPE	-	- 0,0	-100,0%
Provisions for contingency and loss	-	-	
Results of operations	**22,6**	**- 0,9**	
Share in earnings of equity-method investees	-	-	
Proceeds from sales	3,5	-	
SEGMENT EARNINGS	**26,1**	**- 0,9**	

For the six months ended June 30, 2010, rental income from retail properties rose by 6.9% (+1.4 M€), to 22.5 million euros. The increase reflected the opening of the retail park Chalon Sud 2 (Chalon-sur-Saône) in September 2009, as well as various acquisitions of retail store properties, mostly flying the Défi Mode banner.

Other rental income is attributable to the deferred payment of the entry fee that was billed when the Castorama lease for the Rue de Flandre property in Paris was concluded.

Building expenses came to 0.8 million euros, and mainly include fees paid to outside service providers, in particular for appraisals, and fees related to acquisitions. Rental and administrative management fees paid to Klépierre Conseil have been eliminated from this presentation.

Rental and administrative management fees for the period came to 0.2 million euros.

Personnel and general operating expenses came to 1.1 million euros, and primarily reflect the allocation of costs for personnel in charge of management and development for the company.

EBITDA for the period was up by 1.5 million euros (+7.7%), reaching 20.9 million euros.

Depreciation and amortization for the period was a credit of 1.7 million euros, compared with a charge of 20.4 million euros for the same period in 2009. The change mainly reflects the impact of asset impairment allowance reversals, leading to a net credit at the June 30, 2010 reporting date June 30, 2010 (9.1 M€).

The Retail segment generated proceeds from the sale of assets totaling 3.5 million euros for the period following the disposal on June 8, 2010 of a series of storefront properties located in Rouen for 11.3 million euros excluding transfer duties.

Segment earnings for the period were a profit of 26.1 million euros.

3. Office segment

In millions of euros	06/30/10	06/30/09	09/10
Rents	*18,8*	*26,0*	-27,8%
Other rental income	-	-	
Rental income	**18,8**	**26,0**	**-27,8%**
Land expenses (real estate)	- 0,2	- 0,1	57,1%
Non-recovered rental expenses	- 1,4	- 0,6	128,6%
Building expenses (owner)	- 0,2	- 0,7	-79,5%
Net lease income	**17,1**	**24,5**	**-30,4%**
Management, administrative and related income	-	-	
Other operating income	0,0	0,1	-54,4%
Survey and research costs	-	-	
Payroll expense	- 0,3	- 0,5	-37,5%
Other general expenses	- 0,3	- 0,1	149,8%
EBITDA	**16,5**	**24,0**	**-31,2%**
D&A on investment property	- 5,4	- 5,9	-8,6%
D&A on PPE	- 0,1	- 0,1	-7,8%
Provisions for contingency and loss	- 0,1	- 0,1	-50,9%
Results of operations	**10,9**	**17,8**	**-38,7%**
Share in earnings of equity-method investees	-	-	
Proceeds from sales	15,9	-	
SEGMENT EARNINGS	**26,8**	**17,8**	**50,4%**

Lease income for the period, of 18.8 million euros, declined by 27.8% compared with the same period in 2009, mainly due to the impact of the disposals made in late 2009 and early 2010 (23/25 Avenue Kléber and 11 Place du Général Leclerc in Levallois-Perret).

Land expenses pertain to the amortization of the building lease for the building at 43 Rue de Grenelle (Paris 15th).

Non-recovered charges for the period came to 1.4 million euros, mainly due to the cost of vacancy in the buildings at 192 Charles de Gaulle (Neuilly-sur-Seine) and Séreinis (Issy-les-Moulineaux). These charges are primarily attributable to the Séreinis building, which was completed 2nd quarter 2009, and is now being leased up.

Owner's building expenses for the period were 0.2 million euros, attributable to fees paid to outside suppliers and marketing costs.

Payroll expense for the period was 0.3 million euros, a decline of 0.2 million compared with the same period in 2009.

EBITDA for the period was 16.5 million euros, down by 31.2% compared with June 30, 2009.

Depreciation and amortization expense for the period declined by 0.5 million euros versus the same period in 2009 due to asset sales completed, the effect of which is offset by the delivery of the Séreinis building.

The Office segment generated proceeds from asset sales of 15.9 million euros for the six months ended June 30, 2010 following the sale on April 6, 2010 of the building at 11 Place du Général Leclerc in Levallois-Perret for a global amount of 36.0 million euros transfer duties included.

Earnings for the segment at the June 30, 2010 reporting date totaled 26.8 million euros, a 50.4% increase versus the same period in 2009.

II. Consolidated earnings and cash flow

1. Earnings

In millions of euros	06/30/2010	06/30/2009	Change €M	Change %
Rental income	462,7	443,6	19,2	4,3%
Building expenses	- 48,3	- 46,3	- 2,0	4,3%
Net lease income	**414,4**	**397,3**	**17,2**	**4,3%**
Management, administrative and related income	37,2	37,9	- 0,7	-1,8%
Other operating income	13,2	10,1	3,1	30,5%
Payroll expense	- 49,8	- 52,3	2,5	-4,8%
Other general expenses	- 20,3	- 15,4	- 4,9	31,9%
EBITDA	**394,8**	**377,6**	**17,2**	**4,5%**
D&A on investment property	- 192,3	- 203,6	11,3	-5,5%
D&A on PPE	- 1,0	- 1,7	0,6	-38,0%
Results of operations	**201,4**	**172,3**	**29,1**	**16,9%**
Proceeds of sales	45,5	24,0	21,5	89,4%
Net cost of debt	- 151,7	- 143,5	- 8,2	5,7%
Share in earnings for equity method investees	0,8	0,6	0,2	25,8%
Pre-tax current income	**96,1**	**53,5**	**42,6**	**79,6%**
Corporate income tax	2,2	33,8	- 31,6	-93,4%
Net income	**98,3**	**87,3**	**11,0**	**12,5%**
Minority share	- 34,8	- 18,4	- 16,4	89,1%
NET INCOME (GROUP SHARE)	***63,5***	***68,9***	***-5,4***	***-7,9%***
Ratios per share				
Average number of shares	186 749 331	185 859 532		
Net income per share (euro)	0,34	0,37	- 0,03	-8,3%

Number of shares adjusted after the payment of the dividend in the form of shares pursuant to IAS 33.

Net rental income for the first half of the year came to 414.4 million euros, an increase of 4.3% compared with the same period last year. Lease income amounted to 462.7 million euros, with 421.4 million euros of the total provided by shopping centers, 18.8 million euros provided by office properties and 22.5 million euros provided by retail properties. Compared with June 30, 2009, lease income from shopping centers rose by 5.7% on a current portfolio basis (-0.3% on a constant basis). Lease income from retail properties increased by 6.5% on a current basis (-1.2% on a constant basis). Lease income from office properties fell by 27.8% (-7.4% on a constant basis).

Management and administrative income (fees) from service businesses totaled 37.2 million euros for the period, declining by 0.7 million euros versus the same period last year. Of the total, 73% is attributable to recurrent property and rental management business carried out for third parties.

Other operating income mainly includes gains on charges reinvoiced to tenants.

Owner's building expenses came to 48.3 million euros, an increase of 2.0 million euros (+4.3%). This increase reflects higher maintenance costs for the real estate holdings and also factors in an improvement in the cost of the client risk.

Payroll expense for the period was 49.8 million euros, compared with 52.3 million euros for the preceding period. On June 30, 2010, the company had 1 512 employees, a decrease 26 compared with the preceding period.

Other general expenses came to 20.3 million euros, an increase of 31.9% compared with June 30, 2009. This increase mainly reflects rents payable on the building at 18/20 La Pérouse, which Klépierre Ségécé has been renting since the asset was sold in September 2009.

The operating ratio (total expenses/net operating income) for the period was 15.1%, versus 15.2% for the six months ended June 30, 2009.

EBITDA for the period was 394.8 million euros, a 4.5% increase compared with the six months ended June 30, 2009.

Depreciation and amortization for buildings was 192.3 million euros for the period, down by 11.3 million euros compared with the six months through June 30, 2009. This decrease includes an asset impairment allowance of 51.1 million euros, a decline of 29.3 million euros that reflects the appreciation in the market value of some assets for which impairment was recorded in prior

periods. Property depreciation and amortization expense (18.1 million euros) mainly reflects growth in the portfolio of real estate holdings.
Depreciation and amortization expense for contingencies for the period came to 1.0 million euros, versus 1.7 million euros for the six months ended June 30, 2009.

Results from operations, 201.4 million euros for the period, rose by 16.9% compared with the first six months of 2009.

The financial result for the period is a loss of 151.7 million euros, compared with a loss of 143.5 million euros for the six months ended June 30, 2009. The Group' interest expense rose by 8.2 million euros, mainly as a result of the increase in average debt. The cost of Klépierre's debt observed for the first half of 2010 – the ratio of interest expense to average financing debt – is basically unchanged. Lower short-term interest rates offset the full period impact of the renegotiation with banks that was conducted in June 2009, as well as the carrying cost of the April 2010 bond issues (fees for the non-use of credit lines temporarily reimbursed).

Klépierre's financial structure and financing policy are both described in more detail below, in section G. The financial result for the period also shows a discounting expense on an exit tax liability of 0.3 million euros, a provision for equity investment securities of 0.4 million euros, and a 1.3 million euros expense related to the marking to fair market value of a financial instrument.

Proceeds from the sale of assets came to 45.5 million euros for the period, compared with 24.0 million euros for the six months through June 30, 2009. This line item includes the proceeds from the sale of the Douai and Karl Johans Gate (Norway) shopping centers, as well as the proceeds from the sale of the Général Leclerc building in Levallois–Perret and storefront property located in Rouen.

Since it elected SIIC status, Klépierre distinguishes three tax segments:

- The SIIC segment that includes Klépierre and all eligible French real-estate affiliates. Some of the companies have opted for regular tax status.
- French companies that are not eligible for SIIC status and hence have regular tax status.
- Foreign affiliates.

For the six months ended June 30, 2010, these segments show a global tax gain of 2.2 million euros:

- A tax expense of 1.5 million euros for the SIIC segment;
- A tax expense of 1.8 million euros for the non-SIIC eligible French companies;
- A tax gain of 5.6 million euros for the foreign affiliates, mainly due to the deferred tax credit recorded in connection with the expense provisioned for the half year.

Consolidated net income for the six months ended June 30, 2010 was 98.3 million euros, an increase of 12.5% over June 30, 2009.

Minority share of net income for the period was 34.8 million euros, mainly from the shopping center segment, bringing group share of net income to 63.5 million euros, a decrease of 7.9%.

2. Change in net current cash flow

In millions of euros	06/30/2010	06/30/2009	Change €'M	Change %
Total share				
EBITDA - Shopping centers	367,3	343,3	24,0	7,0%
EBITDA - Offices	16,5	24,0	- 7,5	-31,2%
EBITDA - Retail properties	20,9	19,4	1,5	7,7%
Corporate and shared expenses	- 10,0	- 9,2	- 0,8	9,0%
EBITDA	**394,8**	**377,6**	**17,2**	**4,5%**
Restatement payroll expense	1,9	1,9	- 0,0	-0,1%
Restatement deferred expenses	- 1,9	- 1,5	- 0,4	25,4%
Operating cash flow	**394,7**	**377,9**	**16,8**	**4,4%**
Net cost of debt	- 151,7	- 143,5	- 8,2	5,7%
Restatement of discounting income/expenses	1,6	0,5	1,2	253,4%
Restatement financial allowance	9,3	7,6	1,7	22,2%
Net current cash flow before taxes	**254,0**	**242,5**	**11,5**	**4,7%**
Share in equity method investees	0,8	0,6	0,2	25,8%
Current tax expenses	- 10,3	- 11,3	1,0	-8,7%
Net current cash flow	***244,5***	***231,9***	***12,6***	***5,4%***
Group share				
Operating cash flow (group share)	**313,6**	**315,4**	**- 1,7**	**-0,5%**
Current cash flow before tax (group share)	**192,2**	**198,9**	**- 6,7**	**-3,4%**
Net current cash flow (group share)	***185,0***	***187,2***	***-2,3***	***-1,2%***
Number of shares	186 749 331	185 859 532	-	0,0%
Per share (in €)				
Current cash flow before tax	**1,03**	**1,07**	**- 0,04**	**-3,8%**
Net current cash flow	**0,99**	**1,01**	**- 0,02**	**-1,7%**

Number of shares adjusted after the payment of the dividend in the form of shares pursuant to IAS 33.

Pre-tax current cash flow amounted to 254.0 million euros for the six months ended June 30, 2010, up by 4.7% compared with the same period one year earlier. Group share, pre-tax current cash flow came to 192.2 million euros, down by 3.4%.

After-tax, net current cash flow was 244.5 million euros for the six months ended June 30, 2010, up by 5.4%. Expressed in terms of group share, it was 185.0 million euros (0.99 euro per share), a decline of 1.7%.

The difference in terms of performance is attributable both to changes in the way some entities are consolidated after Klépierre's ownership interest in them was modified (IGC +21.3%, Bègles Arcins +2%, SCOO -24%), and by the partial ownership of Steen & Strøm (56.1%), a major contributor to both organic and external growth for the period.

E) 2010 OUTLOOK

RENTS

- Lease expiration schedule for shopping center tenants, June 30, 2010 (as a % of the total)

Country/Area	< or = 2010	2011	2012	2013	2014	2015	2016	2017	2018+	Total
France	5,8%	5,2%	10,1%	6,2%	6,8%	5,9%	9,9%	10,8%	39,4%	100,0%
Belgium	0,3%	0,1%	-	0,6%	71,9%	8,0%	4,4%	3,0%	11,7%	100,0%
France-Belgium	**5,6%**	**5,0%**	**9,7%**	**6,0%**	**9,1%**	**6,0%**	**9,7%**	**10,5%**	**38,4%**	**100%**
Denmark	-	-	-	-	-	-	-	-	-	-
Norway	14,6%	14,5%	15,0%	18,8%	12,1%	11,6%	5,9%	2,9%	4,6%	100,0%
Sweden	25,9%	23,0%	18,5%	16,0%	7,2%	3,4%	4,0%	1,3%	0,8%	100,0%
Scandinavia	**11,4%**	**13,5%**	**12,7%**	**14,2%**	**8,4%**	**7,2%**	**4,2%**	**1,9%**	**2,7%**	**76,2%**
Italy	5,4%	11,9%	13,2%	10,1%	10,3%	6,7%	12,3%	7,3%	22,8%	100,0%
Greece	3,5%	0,2%	10,2%	0,5%	14,5%	4,3%	5,2%	4,6%	56,9%	100,0%
Italy-Greece	**5,3%**	**11,2%**	**13,0%**	**9,5%**	**10,6%**	**6,6%**	**11,9%**	**7,1%**	**24,9%**	**100,0%**
Spain	8,2%	11,5%	9,0%	8,6%	8,7%	7,9%	5,3%	4,0%	36,7%	100,0%
Portugal	3,1%	6,7%	18,7%	19,4%	8,3%	21,4%	3,4%	1,7%	17,4%	100,0%
Iberia	**7,4%**	**10,7%**	**10,6%**	**10,3%**	**8,6%**	**10,1%**	**5,0%**	**3,6%**	**33,6%**	**100,0%**
Hungary	8,7%	28,0%	17,6%	15,7%	14,7%	8,6%	1,6%	2,2%	3,0%	100,0%
Poland	13,9%	11,6%	34,5%	6,8%	3,8%	16,5%	0,6%	11,7%	0,6%	100,0%
Czech Republic	2,5%	26,9%	23,2%	7,1%	6,3%	10,4%	9,0%	4,0%	10,6%	100,0%
Slovakia	29,5%	13,8%	29,0%	9,3%	7,5%	10,9%	-	-	-	100,0%
Central europe	**9,8%**	**20,7%**	**26,2%**	**9,7%**	**7,9%**	**12,3%**	**3,0%**	**6,5%**	**3,8%**	**100,0%**
TOTAL	**7,4%**	**9,8%**	**12,4%**	**9,1%**	**9,0%**	**7,4%**	**7,7%**	**7,0%**	**24,9%**	**94,7%**

- Rents provided by the Shopping Center segment are expected to decline slightly on a constant portfolio basis and to increase slightly on a current basis, reflecting the contribution of acquisitions and inaugurations that occurred both in 2009 and in 2010.
  - In 2010, the rise in Retail rents on a constant portfolio basis will be roughly equivalent to that observed over the first half of 2010.
  - For 2010 as a whole, Office rents are expected to decline, reflecting the asset disposals that have been completed or that have been planned, as well as the application of negative index-linked rent adjustments for a large portion of leases.

DEVELOPMENT-DISPOSALS

- The Group plans to outlay around 500 to 700 million euros in 2010 as a whole, barring any new acquisition opportunities.

- 12 projects involving the creation or extension of shopping centers are underway at this time, for delivery between now and the end of 2012. Largely pre-leased up, they represent nearly 75 million euros in additional rents on a full-year basis; among them:
  - 5 new centers: Aubervilliers, Saint-Lazare, Emporia, Aqua Portimão, Corvin Atrium;
  - 7 extensions, the main ones being Claye-Souilly, Claye-Souilly, Perpignan Claira, Rennes Colombia, Pescara.

- The Group confirms its target of disposing of between 250 and 400 million euros worth of properties in 2010.

CASH FLOW

- As was the case in the first half, net current cash flow per share is expected to show a slight decline for the year 2010 as a whole.

F) REVALUED NET ASSETS (RNAV)

I. Appraisal of Group assets

1. Methodology

- Klépierre adjusts the value of its net assets per share on December 31 and June 30 of each year. The valuation method used entails adding unrealized capital gains to the book value of consolidated shareholders' equity. These unrealized gains reflect the difference between estimated market values and the net values recorded in the consolidated financial statements.
  - *For more detailed information on the methodology used to calculate RNAV, please refer to pages 199 and following of the 2010 registration document (document de référence 2010) filed with the AMF (Autorité des marchés financiers) on March 8, 2010 and available on the company's website: www.klepierre.com.*

- Klépierre entrusts the task of appraising its real estate holdings to various experts. Appraisals done in connection with the June 30, 2010 reporting date were carried out by the following property valuation experts:

Experts	Portfolios	Number of assets	Valuation[1]	%		June report	December report
RCGE	- France (incl. retail properties)	278	5 157	34,1%	55%	summarized	detailed and summarized
	- Italy	35	1 818	12,0%		summarized	detailed and summarized
	- Spain : KFE and KFV	37	705	4,7%		summarized	detailed and summarized
	- Czech Rep. And Slovakia	4	283	1,9%		summarized	detailed and summarized
	- Portugal	6	240	1,6%		summarized	detailed and summarized
	- Greece	5	89	0,6%		summarized	detailed and summarized
	- Hungary	4	58	0,4%		summarized	detailed and summarized
JLL	- France: Progest, Scoo, Le Havre Coty, Odysseum	22	1 303	8,6%	17%	summarized	detailed and summarized
	- Poland	7	386	2,6%		summarized	detailed and summarized
	- Spain: KFI	34	354	2,3%		summarized	detailed and summarized
	- Hungary	8	249	1,6%		summarized	detailed and summarized
	- Belgium	1	219	1,5%		summarized	detailed and summarized
DTZ	- Denmark	3	806	5,3%	14%	summarized	detailed and summarized
	- Norway	9	799	5,3%		summarized	detailed and summarized
	- Sweden	4	451	3,0%		summarized	detailed and summarized
NEWSEC	- Norway	9	850	5,6%	8%	summarized	detailed and summarized
	- Sweden	3	379	2,5%		summarized	detailed and summarized
BNPP Real Estate Valuation	- Offices and retail properties	165	962	6,4%	6%	summarized	detailed and summarized

[1] Amounts including transfer duties in millions of euros

- All of these appraisal assignments were awarded in compliance with the Code of Ethics governing SIICs, the prescriptions contained in the Real Estate Appraisal Guidelines (*Charte de l'Expertise en Evaluation Immobilière*), the recommendations issued by the COB/CNC work group chaired by Mr. Barthès de Ruyther, and pursuant to the RICS and IVSC standards.

2. Fees paid to appraisers

- Fees paid to appraisers are set prior to their property valuation work on a lump sum basis based on the size and complexity of the assets being appraised. These fees, which are entirely independent of the appraised value of the assets, are shown in the table below:

Experts	Appraisal fees	Consulting fees
RCG Expertise	360,4	-
Jones Lang LaSalle	169,2	26,8
BNP Paribas Real Estate	115,3	-
DTZ	53,0	-
NEWSEC	23,8	-
TOTAL	**721,6**	**26,8**

3. Results of the appraisals done for the 06/30/2010 reporting date

- The value of Klépierre's real estate holdings transfer duties included was 15.1 billion euros (total share) and 12.1 billion euros (group share). Total share, shopping centers represent 90.9%, retail properties represent 4.1%, and offices 5.0%. Group share, the respective percentages are 89.4%, 4.3% and 6.3%.
  - In accordance with the change in the scope of application of IAS 40, since June 30, 2009 the Group appraises the value of its sufficiently advanced development projects using an in-house team of experts. Currently, appraised development projects include Corvin Atrium (Hungary), Aqua Portimão (Portugal), Aubervilliers (France) and the renovation project involving Gare Saint-Lazare in Paris. Projects that are not appraised are carried at their cost price. They include Molndal (Sweden), Emporia (Sweden) and Hovlandsbanen (Norway). Development projects represent 5.0% of all real estate holdings.

- Assets acquired during the first six months of 2010 are carried at their acquisition price.

- Assessed on a constant portfolio and exchange rate basis, the value of shopping center assets increased by 1.8% over 6 months, while for the retail and office segments the increase in value was 2.4% and 1.6%, respectively. Over 12 months, the change in values for these same asset types is as follows: +1.9% for shopping center, -0.2% for retail properties, and +0.6% for office properties.

VALUE OF HOLDINGS, TOTAL SHARE (transfer duties included)

In millions of euros	06/30/2010	In % of total holdings	Change over 6 months			Change over 12 months		
			12/31/2009	current portfolio basis	constant portfolio basis*	06/30/2009	current portfolio basis	constant portfolio basis*
SHOPPING CENTERS								
France	6 153	40,6%	5 923	3,9%	2,6%	5 887	4,5%	2,5%
Belgium	219	1,4%	208	5,3%	5,3%	207	6,2%	6,2%
France - Belgium	**6 372**	**42,1%**	**6 131**	**3,9%**	**2,7%**	**6 093**	**4,6%**	**2,7%**
Norway	1 416	9,4%	1 306	8,4%	5,4%	1 113	27,2%	11,7%
Sweden	943	6,2%	913	3,3%	0,3%	741	27,3%	3,9%
Denmark	842	5,6%	837	0,6%	1,5%	868	-3,0%	-3,0%
Scandinavia	**3 201**	**21,1%**	**3 056**	**4,7%**	**3,1%**	**2 722**	**17,6%**	**5,4%**
Italy	1 651	10,9%	1 617	2,1%	1,3%	1 440	14,7%	0,5%
Greece	89	0,6%	95	-6,5%	-6,5%	99	-10,5%	-10,5%
Italy - Greece	**1 740**	**11,5%**	**1 712**	**1,6%**	**0,9%**	**1 539**	**13,1%**	**-0,2%**
Spain	1 059	7,0%	1 063	-0,3%	-0,3%	1 086	-2,4%	-2,4%
Portugal	265	1,7%	265	-0,2%	-4,0%	265	0,0%	-5,0%
Iberia	**1 324**	**8,7%**	**1 328**	**-0,3%**	**-1,0%**	**1 350**	**-1,9%**	**-2,9%**
Poland	386	2,5%	389	-0,9%	-0,9%	383	0,7%	0,7%
Hungary	456	3,0%	448	1,9%	-2,3%	479	-4,8%	-7,6%
Czech Republic	268	1,8%	273	-2,0%	-2,0%	263	1,9%	1,9%
Slovakia	15	0,1%	16	-5,6%	-5,6%	16	-5,6%	-5,6%
Central Europe	**1 125**	**7,4%**	**1 126**	**-0,1%**	**-1,7%**	**1 141**	**-1,4%**	**-1,8%**
TOTAL SHOPPING CENTERS	**13 762**	90,9%	**13 353**	3,1%	1,8%	**12 845**	7,1%	1,9%
TOTAL RETAIL ASSETS	**624**	4,1%	**619**	0,7%	2,4%	**614**	1,5%	-0,2%
TOTAL OFFICES	**756**	5,0%	**778**	-2,8%	1,6%	**928**	-18,5%	0,6%
TOTAL HOLDINGS	**15 142**	100,0%	**14 750**	2,7%	1,8%	**14 387**	5,2%	1,8%

* For Scandinavia, change is indicated on a constant portfolio and forex basis

VALUE OF HOLDINGS, GROUP SHARE (transfer duties included)

In millions of euros	06/30/2010	En % du patrimoine total	Change over 6 months			Change over 12 months		
			12/31/2009	current portfolio basis	constant portfolio basis*	06/30/2009	current portfolio basis	constant portfolio basis*
SHOPPING CENTERS								
France	4 945	41,0%	4 765	3,8%	2,4%	4 739	4,3%	2,1%
Belgium	219	1,8%	208	5,3%	5,3%	207	6,2%	6,2%
France - Belgium	**5 164**	**42,8%**	**4 973**	**3,8%**	**2,6%**	**4 946**	**4,4%**	**2,3%**
Norway	794	6,6%	733	8,4%	5,4%	625	27,2%	11,7%
Sweden	529	4,4%	512	3,3%	0,3%	415	27,3%	3,9%
Denmark	472	3,9%	470	0,6%	1,5%	487	-3,0%	-3,0%
Scandinavia	**1 796**	**14,9%**	**1 714**	**12,3%**	**3,1%**	**1 527**	**17,6%**	**5,4%**
Italy	1 425	11,8%	1 396	2,1%	1,4%	1 322	7,8%	0,5%
Greece	76	0,6%	82	-6,6%	-6,6%	86	-11,0%	-11,0%
Italy - Greece	**1 502**	**12,5%**	**1 478**	**1,6%**	**0,9%**	**1 408**	**6,7%**	**-0,3%**
Spain	922	7,6%	925	-0,3%	-0,3%	945	-2,4%	-2,4%
Portugal	265	2,2%	265	-0,2%	-4,0%	265	0,0%	-5,0%
Iberia	**1 186**	**9,8%**	**1 190**	**-0,3%**	**-1,1%**	**1 209**	**-1,9%**	**-3,0%**
Poland	386	3,2%	389	-0,9%	-0,9%	383	0,7%	0,7%
Hungary	456	3,8%	448	1,9%	-2,3%	479	-4,8%	-7,6%
Czech Republic	268	2,2%	273	-2,0%	-2,0%	263	1,9%	1,9%
Slovakia	15	0,1%	16	-5,6%	-5,6%	16	-5,6%	-5,6%
Central Europe	**1 125**	**9,3%**	**1 126**	**-0,1%**	**-1,7%**	**1 141**	**-1,4%**	**-1,8%**
TOTAL SHOPPING CENTERS	**10 773**	89,4%	**10 481**	2,8%	1,5%	**10 231**	5,3%	1,3%
TOTAL RETAIL ASSETS	**525**	4,4%	**521**	0,7%	2,4%	**517**	1,5%	-0,2%
TOTAL OFFICES	**756**	6,3%	**778**	-2,8%	1,6%	**928**	-18,5%	0,6%
TOTAL HOLDINGS	**12 053**	100,0%	**11 780**	2,3%	1,6%	**11 675**	3,2%	1,2%

* For Scandinavia, change is indicated on a constant portfolio and forex basis

3.1. Shopping centers

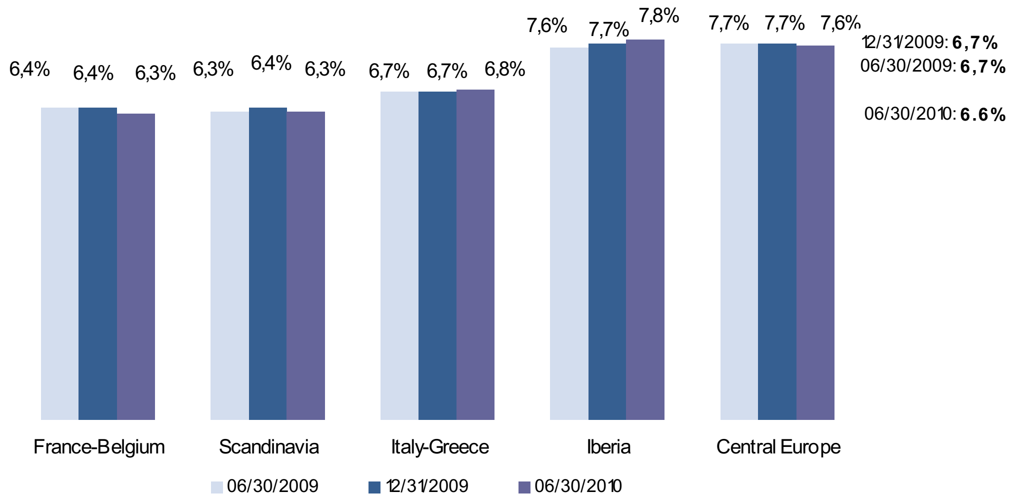
- Klépierre's shopping center holdings are valued at 13 762 million euros (10 773 million euros in group share), an increase of 410 million euros compared with December 31, 2009 (+3.1%). Over 12 months, the portfolio has increased in value by 917 million euros compared with June 30, 2009 (+7.1%).

    - 53 facilities and projects have an estimated unit value that exceeds 75 million euros, representing 58.8% of the estimated value of this portfolio; 105 have a unit value of between 15 and 75 million euros (28.6%); 114 have a unit value of less than 15 million euros (12.6%).

- On a constant portfolio and exchange rate basis, the transfer duties included value of the shopping center assets increased by 1.8% over 6 months, of which 0.8% is attributable to lower yields and 1.0% to higher revenues. Over one year, the 1.9% increase is due to lower yields (0.7%) and higher revenues (1.2%).

- The change on a current portfolio basis includes a forex impact related to the appreciation of Scandinavian currencies since December 31, 2009 (for 124 million euros).
    - External growth contributed to the increase in the value of these holdings over 6 month on a current basis for 60 million euros.
    - The change is attributable in particular to developments and acquisitions, in France (+€110M), in Hungary (+€16M), in Italy (+€14M) and in Portugal (+€9M). Significant changes are listed below:
        - In France, the status of the Aubervilliers project and the acquisition of land at Val d'Europe;
        - In Hungary, the status of the Corvin Atrium project in Budapest;
        - In Italy, the extension of the Pescara center;
        - In Portugal, the status of the Aqua Portimão project.
    - This change is partly offset in France by the sale of the Douai center and in Norway by the sale of the Karl Johans Gate asset.

- The average yield on the portfolio excluding transfer duties was 6.6% at the June 30, 2010 reporting date, down by 10 basis points compared with December 31, 2009 and June 30, 2009 (6.7%):



3.2. Retail properties – Klémurs

The value of the retail property portfolio was 623.6 million euros (524.5 M€, group share), an increase of 0.7% over 6 months (1.5% over 12 months).

On a constant portfolio basis, the value of retail properties (transfer duties included) increased by 2.4% (14.2 million euros) over 6 months (-0.2% over 12 months), of which 2.2% results from lower yields and 0.2% from higher revenues.

On a current portfolio basis, the change in assets includes the sale in the second quarter of 2010 of storefront properties in Rouen (€12.4M).

The average yield on the portfolio is 7.4% based on appraisals (transfer duties excluded) on June 30, 2010, a decline of 10 basis points versus December 31, 2009 and June 3, 2009 (7.5%).

3.3. Offices

The office portfolio is valued at 755.7 million euros.

5 of these properties have an estimated unit value that exceeds 75 million euros and represent 61.5% of the total appraised value of this portfolio. 10 have a unit value of less than 50 million euros.

On a constant portfolio basis, the value of Klépierre's office assets (total share) increased by 1.6% over 6 months (0.6% over 12 months): 2.9% due to the decline in yields and -1.3% resulting from lower revenues.

On a current portfolio basis, the change is -2.8% over 6 months (-18.5% over 12 months). The decline reflects disposals made in the second half of 2009 (23/25 Kléber and 18/20 La Pérouse) and in the first half of 2010 (Général Leclerc in Levallois Perret).

Transfer duties excluded, the immediate yield on the portfolio was 6.8% on June 30, 2010, down by 30bps compared with 31 December 2009 (7.1%) and by 50bps compared with the six months ended June 30, 2009 (7.3%).

II. Change in RNAV per share (transfer duties included)

Revalued net assets (transfer duties included) per share at the June 30, 2010 reporting dates rose by 1.2% compared with December 31, 2009 and by 1.4% over one year.

Based on transfer duties included appraisals, revalued net assets after deferred taxation and marking to market of debt came to 27.8 euros per share, compared with 27.5 euros per share on December 31, 2009 and 27.4 euros per share on June 30, 2009 (increases of 1.2% over 6 months and 1.4% over 12 months).

This 0.3 euro per share increase over 6 months is mainly attributable to the combined effect of the the rise in unrealized gains on assets in the portfolio (+€0.8), offset by the negative impact of the marking to market of financial instruments (-€0.6).

EPRA Triple NAV[5] is 26.0 euros per share, versus 25.7 euros on December 31, 2009 and 25.7 euros on June 30, 2009.

In millions of euros	06/30/2010	12/31/2009	06/30/2009	Change over 6 months		Change over 12 months	
Consolidated shareholder's equity (group share)	**2 206**	**2 269**	**2 074**	**- 63**	**-2,8%**	**132**	**6,4%**
Unrealized capital gains on holdings (duties included)	2 877	2 724	2 822	153	5,6%	55	2,0%
Duties and fees on the sale of assets	- 338	- 330	- 320				
Effective taxes on capital gains	- 126	- 118	- 139				
Restatement of deffered taxes on investment property on the balance sheet	248	258	260	- 10	-3,9%	- 12	-4,7%
Fair value of fixed rate debt	- 13	- 1	84	- 12		- 97	
EPRA liquidative triple NAV per share	**4 853**	**4 802**	**4 780**	**68**	**-1,0%**	**79**	**3,7%**
Duties and fees on the sale of assets	338	330	320				
RNAV (duties included)	**5 191**	**5 131**	**5 100**	**68**	**-1,0%**	**79**	**3,7%**
Number of shares, end of period (after dilutive effect)	186 683 885	186 767 317	185 887 288				
Per share (€)							
EPRA liquidative triple NAV per share	***26,0***	***25,7***	***25,7***	***0,3***	***1,1%***	***0,3***	***1,1%***
RNAV per share (duties included)	***27,8***	***27,5***	***27,4***	***0,3***	***1,2%***	***0,4***	***1,4%***

Number of shares for 2009 adjusted following the payment of the dividend in the form of shares in accordance with IAS 33

[5] RNAV excluding transfer duties, after taxation on unrealized gains and marking to market of debt

G) FINANCING POLICY

I. Financing resources

1. Change in net debt

- Consolidated net debt of Klépierre on June 30, 2010 came to 7 359 million euros, compared with 7 279 million euros on December 31, 2009 (+€80 M).

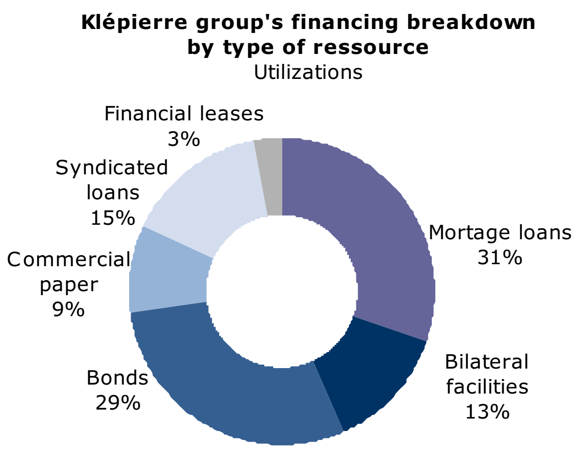
- Excluding the forex impact, net debt rose by 8 million euros:
  - The principal financing requirements for the period were generated by investments (€245.8 M) and the payout of the dividend payable in respect of 2009 (223.9 million euros).
  - Resources were divided between the capital increase following the proposed payment of the dividend in the form of shares (€189.5 M), disposals (€106.7 M) and free cash flow for the period.
  - The conversion into euros of the net liability position of Steen & Strøm generated a forex impact that contributed 71.8 million euros to the increase in consolidated net debt. It reflects the appreciation of Scandinavian currencies against the euro – a phenomenon that also increased the value in euros of Steen & Strøm assets.

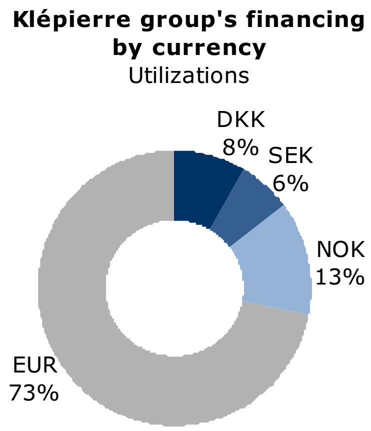
2. Available resources

- In the interest of strengthening and diversifying its sources of financing after its bank loan of 300 million euros matured in March 2010 and just ahead of significant refinancing needs in 2011 (in particular a €600 M bond), Klépierre took advantage of favorable conditions in the bond market to raise 900 million euros in April 2010:
  - A benchmark issue of 700 million euros due in 7 years was carried out, with a credit spread of 125bps above the swap rate. Oversubscribed nearly threefold, the issue was placed with buy and hold investors from across Europe, with strong participation from investment funds and insurance companies in France, as well as in the United Kingdom, Germany and Switzerland.
  - Concomitantly, Klépierre completed a private placement of 200 million euros due in 10 years, with a margin 135bps above the swap rate.
  - These transactions were carried out as part of the Euro Medium Term Notes (EMTN) program signed on April 1, 2010, which positions the Group to rapidly seize bond market opportunities in the years to come.
  - The funds raised have enabled the Group to reduce its reliance on credit lines and also to reduce by 200 million euros the maximum amount authorized under the bilateral credit agreement that was set up in October 2008.
- Thanks to these transactions, the Group has 1 268 million euros in available lines of credit, at the June 30, 2010 reporting date, of which 77 million euros available to Steen & Strøm.

3. Debt structure and due dates

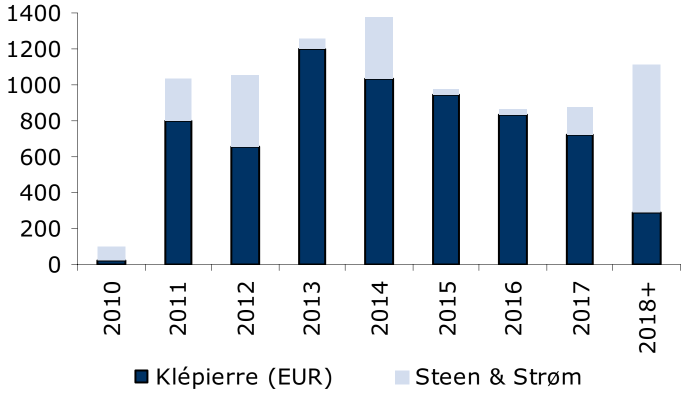
- The bonds issued in April 2010 allowed the Group to diversify and balance its sources of financing by increasing the percentage raised in the bond market. As of June 30, 2010, bond financing represents 29% of the Group's financing resources. The Group also increased its use of commercial paper, which amounted to 635 million euros on June 30, 2010.
  - On June 30, 2010, BNP Paribas accounted for 32% of the Group's financing, as opposed to 46% at year-end 2009.
- The breakdown by currency remains consistent considering the geographic distribution of the Group's portfolio of assets.





- As of June 30, 2010, the average duration of the Group's debt is 5.9 years.

Klépierre group's financing by due date
Authorizations - in millions of euros



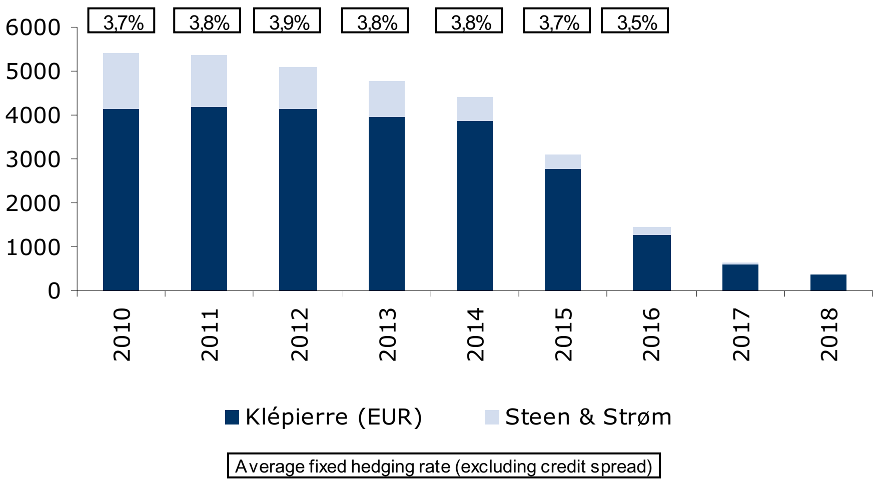
4. Reinforcement of shareholders' equity

- Most of Klépierre's shareholders supported the proposed payment of the dividend in the form of shares in respect of 2009: 84.6% of all voting rights were exercised in favour of this form of remuneration. As a result, the Group's shareholders' equity rose by 189.5 million euros on May 14, 2010.
- As a reminder, the price per share was set at 24.69 euros, or 90% of the average price quote over the twenty trading days preceding the annual meeting, less the amount of the dividend.

II) Interest rate hedges

- As of June 30, 2010, after hedging, fixed-rate debt represented 73% of Klépierre's financing (77% of euro-denominated debt and 61% of Steen & Strøm's debt). The Group took advantage of lower interest rates to extend the duration of its hedge portfolio over the first half of 2010:
  - During the period, the Group purchased 800 million euros in swaps with start dates deferred until 2011 and 2012, as well as 27 million euros in swaps with immediate effect to cover the mortgage financing of its Italian affiliate K2.
  - Steen & Strøm also anticipated its hedging needs, purchasing several swaps with deferred start dates for a total notional amount of 1 075 million Norwegian kroner (around €135M), and 300 million Swedish kroner (around €31M).
  - The fixed rate bonds issued in April 2010, with the proceeds used to temporarily repay variable rate bank borrowings were fully swapped for variable rates.
- As a result of these transactions, the average duration of the Group's hedges is 4.3 years, for an average fixed rate of 3.8% (excluding the credit margin).

Interest rate risk hedge profile
Annual average swaps and fixed-rate debt
(in millions of euros)



III) Cost of debt

- The cost of debt observed for Klépierre over the first six months of 2010 – cost of debt being defined as the ratio of interest expense to average financing debt – is virtually unchanged since last year (4.44% versus 4.48% for 2009).
  - The decline in short-term interest rates helped to offset the full-period impact of the renegotiation with the banks that was carried out in June 2009, as well as the carrying cost of the April 2010 bond issues (fees on unused lines of credit were temporarily repaid).
- Based on the financial structure and prevailing rates on June 30, 2010, the cost of the Group's debt would increase by 27 basis points if short-term rates rose by 100bps, which would have a negative impact on the cost of debt (of around 20.4 million euros).

IV) Financial ratios and ratings

On the June 30, 2010 reporting date, all of the Group's ratios remain in compliance with the applicable commitments on financing agreements.

Financing	Ratios / covenants	Limit [1]	06/30/2010	06/30/2009
Syndicated loans and bilateral loans of Klépierre SA	Net debt / Value of holdings ("Loan to Value")	**≤ 63% [2]**	**48,6%**	50,2%
	EBITDA / Net interest expenses	**≥ 1,9 [2]**	**2,6**	2,6
	Secured debt / Value of holdings	**≤ 20%**	**16,4%**	16,3%
	Value of holdings, group share	**≥ €6Bn**	**12,1**	11,7
	Ratio of financings of subsidiaries (excluding Steen & Strøm) over total gross financial debt	**≤ 30%**	**9,0%**	13,2%
Bond issues of Klépierre SA	Secured debt / Revalued Net Asset Value [3]	**≤ 50%**	**30,8%**	25,5%

[1] The most restrictive threshold on a credit agreement contracted by the Group
[2] Until June 2011; thereafter, 60% and 2, respectively, for LTV and EBITDA / Net interest expense ratio
[3] RNAV transfer duties included and after taxation of unrealized gains

- Around 28% of Steen & Strøm's debt is accompanied by a financial covenant requiring that shareholders' equity be equal to at least 20% of revalued assets at all times. For the six months ended June 30, 2010, this ratio was 26.7%.

- Standard & Poor's confirmed its BBB+/A2 rating for Klépierre (long-term notes and short-term notes, respectively), with a stable outlook.

H) EVENTS SUBSEQUENT TO THE ACCOUNTING CUT-OFF DATE

To the best of management's knowledge, no significant event has occurred between the half-year reporting date (June 30, 2010) and the date on which this report was drawn up that could change the assessment of the financial position of Klépierre with respect to the presentation of it that is contained in this report.

CONTENTS

COMPREHENSIVE INCOME STATEMENT

in thousands of euros	Notes	June 30, 2010	June 30, 2009
Lease income	6,1	462 736	443 563
Land expenses (real estate)		-1 430	-1 262
Non-recovered rental expenses		-19 324	-18 040
Building expenses (owner)		-27 535	-26 976
Net lease income		***414 447***	***397 285***
Management, administrative and related income		37 188	37 875
Other operating income		13 183	10 106
Survey and research costs		-895	-897
Payroll expense	9,1	-49 751	-52 273
Other general expenses		-19 406	-14 498
Depreciation and amortization allowance on investment property	6,2	-189 088	-200 820
Depreciation and amortization allowance on PPE	6,2	-3 204	-2 757
Provisions		-1 046	-1 686
Gains on the sale of investment property and equity interests	6,3	108 544	135 228
Net book value of investment property and equity investment sold	6,3	-63 018	-111 169
Income from the sale of investment property and equity investment securities		***45 526***	***24 059***
Profit on the sale of short term assets		***0***	***-23***
Results of operations		**246 954**	**196 371**
Net dividends and provisions on non-consolidated investments		-426	20
Net cost of debt	6,4	-149 599	-143 052
Change in the fair value of financial instruments		-1 346	0
Effect of discounting		-290	-463
Share in earnings of equity-method investees		787	626
Pre-tax earnings		**96 080**	**53 502**
Corporate income tax	6,5	2 217	33 840
Net income of consolidated entity		**98 297**	**87 342**
of which			
Group share		*63 460*	*68 919*
Non-controlling interests		*34 837*	*18 423*
Net income per share in euros	10,2	**0,3**	**0,4**
Net income fully diluted per share in euros	10,2	**0,3**	**0,4**

in thousands of euros	Notes	June 30, 2010	June 30, 2009
Net income of consolidated entity		**98 297**	**87 342**
Other comprehensive income items recognized directly as equity		-99 150	-197 879
Income from sales of treasury shares		*-897*	*219*
Effective portion of profits and losses on cash flow hedging instruments (IAS 39)		*-137 847*	*-52 956*
Translation profits and losses		*16 827*	*-154 247*
Tax on other comprehensive income items		*22 767*	*9 105*
Share of other comprehensive income items for associated companies		0	0
Total overall income		**-853**	**-110 537**
of which			
Group share		*-29 840*	*-82 548*
Non-controlling interests		*28 987*	*-27 989*
Overall earnings per share in euros	10,2	**-0,2**	**-0,4**
Diluted overall earnings per share in euros	10,2	**-0,2**	**-0,4**

KLEPIERRE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in thousands of euros	Notes	June 30, 2010	December 31, 2009
Non-allocated goodwill	*4,1*	133 107	132 492
Intangible assets	*4,2*	21 228	19 306
Tangible assets	*4,3*	24 337	23 783
Investment property	*4,4*	10 798 790	10 708 293
Fixed assets in progress	*4,4*	836 721	791 458
Equity method securities	*4,6*	32 463	36 363
Financial assets	*4,8*	111	491
Non-current assets	*4,9*	27 903	25 847
Interest rate swaps	*4,16*	73 721	35 394
Deferred tax assets	*4,18*	95 270	72 829
NON-CURRENT ASSETS		***12 043 651***	***11 846 256***
Investment property held for sale	*4,5*	0	0
Assets under construction held for sale		0	0
Inventory	*4,1*	1 975	2 674
Trade accounts and notes receivable	*4,11*	90 884	92 477
Other receivables	*4,12*	319 705	339 987
Tax receivables		*37 399*	*38 044*
Other debtors		*282 306*	*301 943*
Cash and near cash	*4,13*	254 643	235 951
CURRENT ASSETS		***667 207***	***671 089***
TOTAL ASSETS		**12 710 858**	**12 517 345**
Capital		265 507	254 761
Additional paid-in capital		1 570 048	1 391 523
Legal reserve		25 476	23 270
Consolidated reserves		281 203	437 238
Treasury shares		*-81 936*	*-81 345*
Fair value of financial instruments		*-308 131*	*-198 000*
Other consolidated reserves		*671 270*	*716 583*
Consolidated earnings		63 460	162 102
Shareholders' equity, group share		2 205 694	2 268 894
Non-controlling interests	*4,14*	1 247 246	1 262 235
SHAREHOLDERS' EQUITY		***3 452 940***	***3 531 129***
Non-current financial liabilities	*4,15*	6 809 772	6 670 504
Long-term allowances	*4,17*	10 641	9 536
Pensions commitments	*9,2*	9 231	8 620
Non-current interest rate swaps	*4,16*	403 674	255 055
Security deposits and guarantees		140 849	138 050
Deferred tax liabilities	*4,18*	436 435	448 223
NON-CURRENT LIABILITIES		***7 810 602***	***7 529 988***
Current financial liabilities	*4,15*	783 706	843 089
Bank overdrafts	*4,15*	116 968	81 100
Trade payables		93 984	101 808
Payables to fixed asset suppliers		91 219	82 143
Other liabilities	*4,19*	257 490	253 930
Current interest rate swaps	*4,16*	8 639	0
Social and tax liabilities	*4,19*	95 310	94 158
Short-term allowances		0	0
CURRENT LIABILITIES		***1 447 316***	***1 456 228***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**12 710 858**	**12 517 345**

CONSOLIDATED CASH FLOW STATEMENT

in thousands of euros	June 30, 2010	June 30, 2009
Cash flow from operating activities		
Net income from consolidated companies	98 297	87 342
Elimination of expenditure and income with no cash effect or not related to operating activities		
- Amortizations and provisions	195 812	207 565
- Capital gains and losses on asset sales net of taxes and deferred taxes	- 50 788	- 56 193
- Reclassification of financial interests and other items	172 256	173 779
Gross cash flow from consolidated companies	**415 577**	**412 493**
Paid taxes	- 18 002	- 13 249
Change in operating working capital requirement	- 1 726	37 770
Cash flow from operating activities	**395 849**	**437 014**
Cash flow from investment activities		
Income from sales of investment properties	77 251	13 261
Income from sales of properties under construction	-	-
Income from sales of other fixed assets	307	-
Income from disposals of subsidiary companies	30 861	122 099
Acquisitions of investment properties	- 55 276	- 136 883
Costs associated with acquisitions of investment properties	- 3 036	- 366
Payments in respect of construction work in progress	- 185 776	- 195 474
Acquisitions of other fixed assets	- 3 984	- 4 580
Acquisitions of subsidiaries through deduction of acquired cash	- 22 510	- 20 494
Change in fixed assets under the “real estate agent” regime.	-	
Change in loans and advance payments granted and other investments	- 359	- 3 666
Net cash flow from investment activities	**- 162 522**	**- 226 103**
Cash flow from financing activities		
Dividends paid to the parent company’s shareholders (1)	- 34 441	- 203 028
Dividends paid to non-controlling interests	- 45 338	- 30 630
Dividends payable	1 883	1 433
Change in net position	5 706	175 013
Repayment of share premium		-
Acquisitions/Sale of treasury shares	- 1 749	- 822
New loans, financial debts and hedging instruments	2 123 666	2 171 877
Repayment of loans, financial debts and hedging instruments	- 2 150 147	- 1 978 767
Financial interest paid	- 154 825	- 176 888
Net cash flows from financing transactions	**- 255 245**	**- 41 812**
Currency fluctuations	**4 742**	**- 7 520**
CHANGE IN CASH AND CASH EQUIVALENTS	**- 17 176**	**161 579**
Cash at beginning of period	***154 851***	***96 185***
Cash at end of period	***137 675***	***257 764***

(1) A total of 223.9 million euros paid in dividends; only 34.4 million euros of the total paid in cash.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in thousands of euros	Capital	Capital related reserves	Treasury stock	Hedging reserves	Consolidated reserves and earnings	Shareholders' equity, Group share	Equity held in non-controlling interests	Total equity
Total equity at June 30, 2009	**254 761**	**1 452 506**	**-107 760**	**-194 456**	**668 733**	**2 073 784**	**1 151 491**	**3 225 275**
Changes in accounting methods					-	-		-
Total equity at June 30, 2009 - corrected	**254 761**	**1 452 506**	**-107 760**	**-194 456**	**668 733**	**2 073 784**	**1 151 491**	**3 225 275**
Capital transactions					-	-		-
Share-based payments								
Treasury stock transactions			26 415		1 651	**28 066**		**28 066**
Dividends		-37 713			-	**-37 713**	-5 662	**-43 375**
Net income for the period					**93 183**	**93 183**	**33 610**	**126 793**
Gains and losses recognized directly in equity					**-**	**-**		
Income from sales of treasury shares					-1 331	**-1 331**	9	**-1 322**
Income from cash flow hedging				-5 104	-	**-5 104**	2 017	**-3 087**
Translation profits and losses					63 156	**63 156**	57 731	**120 887**
Tax on other comprehensive income items				4 024	-	**4 024**	-709	**3 315**
Other comprehensive income items	**-**	**-**	**-**	**-1 080**	**61 825**	**60 745**	**59 048**	**119 793**
Changes in the scope of consolidation					50 829	**50 829**	56 976	**107 805**
Other movements				-2 464	2 464	**-**	-33 228	**-33 228**
Total equity at December 31, 2009	**254 761**	**1 414 793**	**-81 345**	**-198 000**	**878 685**	**2 268 894**	**1 262 235**	**3 531 129**
Changes in accounting methods					-	-		-
Total equity at December 31, 2009 - corrected	**254 761**	**1 414 793**	**-81 345**	**-198 000**	**878 685**	**2 268 894**	**1 262 235**	**3 531 129**
Capital transactions	10 746	180 731			-2 206	**189 271**		**189 271**
Share-based payments								
Treasury stock transactions			-591		502	**-89**		**-89**
Dividends					-223 964	**-223 964**	-45 338	**-269 302**
Net income for the period					**63 460**	**63 460**	**34 837**	**98 297**
Gains and losses recognized directly in equity					**-**	**-**		
Income from sales of treasury shares					-902	**-902**	5	**-897**
Income from cash flow hedging				-131 838	-	**-131 838**	-6 009	**-137 847**
Translation profits and losses					17 733	**17 733**	-906	**16 827**
Tax on other comprehensive income items				21 707	-	**21 707**	1 060	**22 767**
Other comprehensive income items	**-**	**-**	**-**	**-110 131**	**16 831**	**-93 300**	**-5 850**	**-99 150**
Changes in the scope of consolidation					-	**-**	1 710	**1 710**
Other movements					1 422	**1 422**	-348	**1 074**
Total equity at June 30, 2010	**265 507**	**1 595 524**	**-81 936**	**-308 131**	**734 730**	**2 205 694**	**1 247 246**	**3 452 940**

KLEPIERRE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ELEMENTS OF THE FIRST HALF OF 2010

1.1. Investments made

The Group invested a total of 243.2 million euros during the first half of the year; the majority in France (57%) and Scandinavia (26%).

These investments focused essentially on the following ongoing projects: Gare Saint-Lazare and Aubervilliers (France), Malmö (Sweden), Corvin Atrium (Hungary) and Aqua Portimão (Portugal).

In June 2010, Klépierre also acquired the freehold of the land on which the Val d'Europe shopping center is built at a cost of 32.7 million euros (including rights).

1.2. Disposals

On May 31, 2010, Steen & Strøm disposed of its shares in Karl Johansgate 16 AS, the company that owns a shopping mall in central Oslo, at a price of approximately 31.5 million euros. The gross annual rent for this asset is approximately 1.2 million euros.

Two other retail assets were also disposed of in Quarter 2 of 2010:

- the 7,500 m², 40-store Douai Flers-en-Escrebieux shopping center at a price of 30 million euros
- a 2,848 m² mall in the Rue Candé in Rouen city centre at a price of 11.3 million euros

In Quarter 1, Klépierre sold a 5,833 m^2 office building in Levallois-Perret to the west of Paris at a price of 36 million euros.

1.3. Dividend payment

The General Meeting of Klépierre Shareholders held on April 8, 2010 approved the payment of a dividend of 1.25 euros per share in respect of the 2009 fiscal year, with shareholders free to opt for payment either in cash or in shares.

This issue increased Klépierre equity by 189.5 million euros through the creation of 7,676,081 new shares (4.2% of equity capital). Cash dividend payments totaled 34.4 million euros.

1.4. Changes in the debt position

Klépierre made two bond issues on April 7, 2010:

- The first for 700 million euros over 7 years, with a maturity date of April 13, 2017 and 4% coupon. The margin was fixed at 125 basis points above the swap rate
- The second, issued simultaneously, is a private placement of 200 million euros over 10 years, with a maturity date of April 14, 2020, a 4.625% coupon and a margin of 135 basis points above the swap rate

The funds raised were applied to reduce the amount of drawdown on bank credit lines and to reduce the maximum amount permitted under the bilateral loan contracted on October 2008 by 200 million euros.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. Corporate reporting

Klépierre is a French limited liability company (Société Anonyme or SA) subject to French company legislation, and more specifically the provisions of the French Commercial Code. The company's registered office is located at 21 avenue Kléber in Paris.

On July 21, 2010, the Executive Board finalized the Klépierre SA consolidated financial statements for the period from January 1 to June 30, 2010 and authorized their publication.

Klépierre shares are traded on the Euronext Paris™ market (compartment A).

2.2. Principles of financial statement preparation

In accordance with Regulation (EC) No 1606/2002 of July 19, 2002 on the application of international accounting standards, the Klépierre Group consolidated financial statements to June 30, 2010 have been prepared in accordance with IFRS as adopted by the European Union and applicable on that date.

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

The consolidated financial statements to June 30, 2010 are presented in the form of complete accounts including all the information required by the IFRS.

The accounting principles applied to the consolidated financial statements to June 30, 2010 are identical to those used for the consolidated financial statements to December 31, 2009, with the exception of the following IFRS and interpretations, which have no significant effect on the Group financial statements.

- Amendment to IAS 39 : Financial instruments: Recognition and Measurement
- IFRS 3 R : Business Combinations
- IAS 27 R : Consolidated and Separate Financial Statements

The application of these revised standards is prospective, and therefore has no effect on the accounting treatment applied to transactions prior to January 1, 2010.

The application and/or revision of other standards compulsory from January 1, 2010 have had no effect on the half-yearly financial statements to June 30, 2010.

Lastly, Klépierre has not opted for early adoption of new standards, amendments or interpretations adopted by the European Union, since their application in 2010 is purely optional.

2.3. Compliance with accounting standards

The consolidated financial statements of Klépierre SA and all its subsidiaries have been prepared in accordance with IFRS (International Financial Reporting Standards).

2.4. Consolidated Financial Statements – Basis of preparation

The consolidated financial statements comprise the financial statements of Klépierre SA and its subsidiaries for the period to June 30, 2010. The financial statements of subsidiaries are prepared for the same accounting period as that of the parent company using consistent accounting methods.

Subsidiaries are consolidated with effect from the date on which they were acquired, which is the date on which the Group acquired a controlling interest; this accounting treatment continues until the date on which control ceases.

The Group's consolidated financial statements are prepared on the basis of the historical cost principle, with the exception of financial derivatives and financial assets held for sale, which are measured at fair value. The carrying amount of assets and liabilities covered by fair-value hedges, which would otherwise be measured at cost, is adjusted to reflect changes in the fair value of the hedged risks. The consolidated financial statements are presented in euros, with all amounts rounded to the nearest thousand unless otherwise indicated.

2.5. Summary of material judgments and estimates

In preparing these consolidated financial statements in accordance with IFRS, the Group management was required to use estimates and make a number of realistic and reasonable assumptions. Some facts and circumstances may lead to changes in these estimates and assumptions, which would affect the value of the Group's assets, liabilities, equity and earnings.

2.5.1. Use of estimates

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

- ***Measurement of goodwill***

The Group tests goodwill for impairment at least once a year. This involves estimating the value in use of the cash-generating units to which the goodwill is allocated. In order to determine their value in use, Klépierre prepares estimates based on expected future cash flows from each cash-generating unit, and applies a pre-tax discount rate to calculate the current value of these cash flows.

- ***Investment property***

The Group appoints third-party appraisers to conduct regular half-yearly appraisals of its real estate assets in accordance with the methods described in paragraph 10.1. The appraisers make assumptions concerning future flows and those rates that have a direct impact on the value of the buildings.

More information about IFRS can be found on the European Commission web site:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

2.6. Scope and method of consolidation

2.6.1. Scope of consolidation

The Klépierre consolidated financial statements cover all those companies over which Klépierre exercises majority control, joint control or significant influence.

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

Subsidiaries are consolidated with effect from the date on which the Group gains effective control.

The Group consolidates the Special Purpose Entities (SPEs) formed specifically to manage individual transactions (even where it has no equity interest), provided that the Group exercises substantial control over the relationship (the business of the entity is conducted exclusively on behalf of the Group, and the Group holds the decision-making and management powers). The Group has no Special Purpose Entities.

2.6.2. Method of consolidation

The method of consolidation is not based solely on the percentage of legal ownership of each subsidiary:

- Majority control: full consolidation. Control is presumed to exist where Klépierre directly or indirectly holds more than half of the company's voting rights. Control is also presumed to exist where the parent company has the power to direct the financial and operational policies of the company and appoint, dismiss or convene the majority of the members of the board of directors or equivalent management body
- Joint control: proportional consolidation. Joint control exists where operational decisions require unanimous agreement between the controlling parties
- Significant influence: consolidation using the equity method. Significant influence is defined as the power to contribute to a company's financial and operating policy decisions, rather than to exercise sole or joint control over those policies. Significant influence is presumed where the Group directly or indirectly holds 20% or more of an entity's voting rights. Holdings in associated companies are initially recognized in the balance sheet at cost, plus or minus the share of the net position generated after the acquisition, minus impairment
- No influence: the company is not consolidated

Changes in the equity of companies consolidated using the equity method are recognized on the asset side of the balance sheet under "Equity method securities", and on the liabilities side of the balance sheet under appropriated equity. The goodwill of companies consolidated using the equity method is also shown under the "Equity method securities" item.

2.6.3. Intercompany transactions

Intercompany balances and profits resulting from transactions between Group companies are eliminated. The internal profits eliminated relate chiefly to the internal margin made on development fees incorporated into the cost price of capitalized assets or inventories by purchasing companies.

Financial items billed to property development companies are listed among their inventories or capital assets and recognized in the income statement.

2.7. Accounting for business combinations

2.7.1. Business combinations created prior to January 1, 2010

Under IFRS 3, all business combinations covered by the standard must be accounted for using the acquisition method.

A business combination is defined as the bringing together of separate entities or businesses into a single reporting entity. An acquisition is treated as a business combination where an integrated business package is acquired in addition to property, where the criteria may be the number of property assets owned by the target business and the extent of the business processes acquired, especially the ancillary services supplied by the acquired entity.

On the date of acquisition, the acquiring company must allocate the acquisition cost by recognizing the identifiable assets, liabilities and contingent liabilities of the acquired entity (excluding non-current assets held for sale) at their fair value on this date.

The difference between the price paid to acquire the stock of consolidated companies and the Group's percentage interest in the net fair value of their identifiable assets and liabilities on the date of acquisition is recognized as goodwill.

On the acquisition date, the acquiring company recognizes positive goodwill as an asset. Negative goodwill is immediately recognized in the income statement.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortized. However, it must be tested for impairment at least annually, and more frequently if events or changes in circumstance indicate possible impairment.

For the purposes of this test, goodwill is broken down by Cash-Generating Unit (CGU), which is defined as the smallest identifiable group of assets that generates measurable cash flows.

Intangible assets are recognized separately from goodwill where they are individually identifiable, i.e. where they arise from contractual or legal rights or where they can be separated from the business activities of the acquired entity and are expected to generate future economic benefits.

Any adjustments to assets and liabilities recognized on a provisional basis must be made within twelve months of the acquisition date.

2.7.2. Business combinations created subsequent to January 1, 2010

The rules set out above have changed following adoption of IFRS 3 Revised. The key changes are as follows:

An entity must determine whether or not a transaction or other event constitutes a business combination by applying the definition contained in IFRS 3, which provides that the assets acquired and liabilities assumed must together constitute a business. The standard defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return (dividends, lower costs or other financial benefits) directly to investors.

In order to determine whether a transaction constitutes a business combination, the Group's key consideration is whether an integrated business package is acquired in addition to property, where the criteria may be the number of property assets owned by the target business and the extent of the business processes acquired, especially the ancillary services supplied by the acquired entity. Where the assets acquired do not constitute a business, the entity preparing the financial statements must recognize the transaction as an acquisition of assets.

Entities must recognize all business combinations on the basis of the acquisition method. The acquisition cost is measured as the fair value of the assets, issued equity and liabilities on the date of transaction. The identifiable assets and liabilities of the acquired business are measured at their fair value on the date of acquisition. Any liabilities are recognized only where they represent a real obligation on the date of the combination, and if their fair value can reliably be measured. Costs directly associated with the acquisition are expensed.

Any surplus remaining after deduction of the Group share of the net fair value of the identifiable assets and liabilities of the acquired business will be recognized as goodwill. The amounts recognized at the date of acquisition may be adjusted, but only where the information on which such adjustments are based is information new to the acquirer and originating in facts and circumstances occurring prior to the date of acquisition. After expiry of the evaluation period (a maximum of 12 months after the effective date on which control of the acquired business commenced), goodwill can no longer be adjusted; the subsequent acquisition or disposal of non-controlling interests will not result in the recognition of additional goodwill, but only as a reallocation of equity between that identified as the Group share and that identified as the non-Group share. Furthermore, additional acquisition-related payments are included in the cost of acquisition at their fair value on the acquisition date regardless of their probability of actual occurrence. During the evaluation period, subsequent adjustments are applied to goodwill where they result from information that goes beyond the facts and circumstances existing on the acquisition date; after expiry of the evaluation period, adjustments relating to additional acquisition-related payments are recognized directly in the income statement, unless they relate to equity instruments.

Non-controlling interests (previously referred to as minority interests) may be recognized using either of the following options for each combination:

- either pro rata of the total fair value of assets and liabilities (as previously)
- or at their fair value (full goodwill)

In a step acquisition, the previously-held equity interest will be remeasured at fair value on the effective date of control. The variance between the fair value and net carrying value of this equity interest is recognized directly in the income statement for the fiscal year.

Any change in percentage equity interest leading to the loss of control of an entity will result in the recognition of a profit or loss on disposal, remeasured at the fair value of the remaining proportion and shown in the income statement.

Lastly, IFRS 3 Revised also changes the treatment applied to deferred tax assets, since it imposes the recognition of a gain in the income statement in respect of those deferred tax assets not recognized at the acquisition date or during the evaluation period.

2.8. Foreign currency translation

The consolidated financial statements are presented in euro, which is the operating and reporting currency used by Klépierre. Each Group entity nominates its own operating currency, and all items in its financial statements are measured in this operating currency.

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

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

On the balance sheet date, the assets and liabilities of these subsidiaries are translated into the Klépierre S.A. reporting currency - the euro - at the exchange rate applying on that date. Their income statements are translated at the average weighted exchange rate for the year. Any resulting translation differences are allocated directly to shareholder equity under a separate item. In the event of disposal of a foreign operation, the total accrued deferred exchange gain/loss recognized as a distinct component of equity for that foreign operation is recognized in the income statement.

2.9. Intangible assets

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

IAS 38 states that an intangible asset should be amortized only where it has a known useful life. Intangible assets with no known useful life should not be amortized, but should be tested annually for impairment (IAS 36).

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

2.10. Investment property

IAS 40 defines investment property as property held by the owner or tenant (under a finance lease) for the purpose of rental income or capital growth or both, rather than:

- using the building for production, the supply of goods or services or administrative purposes
- selling the building in the ordinary course of business (trading)

Almost all Klépierre real estate meets this definition of “investment property”. Buildings occupied by the Group are recognized as tangible assets.

After initial recognition, investment property is measured:

- either at fair value (with changes in value recognized in the income statement)
- or at cost in accordance with the methods required under IAS 16, in which case the company must disclose the fair value of investment property in the notes to the financial statements

The Supervisory Board meeting of May 26, 2004 voted that Klépierre should adopt the IAS 40 cost model. There were two key issues behind this decision: the first was the need to maintain consistency between the accounting methods used by Klépierre and its majority shareholder, which has adopted the cost accounting method; the second was the intrinsic merits of the cost method, which include a clearer understanding of actual performance unaffected by variations in net asset value, at the same time as appending the pro forma financial data for investment property on the basis of the fair value model.

2.10.1. Cost model

Property, plant and equipment (PPE) is recognized at cost, inclusive of duties and fees, and is amortized using the component method.

Depreciation of these assets must reflect consumption of the related economic benefits. It should be:

- calculated on the basis of the depreciable amount, which is equivalent to the acquisition cost less the residual value of the assets
- spread over the useful life of the PPE components. Where individual components have different useful lives, each component whose cost is significant relative to the total cost of the asset must be depreciated separately over its own useful life

After initial recognition, property, plant and equipment is measured at cost, less any accumulated depreciation and impairment losses. These assets are straight-line depreciated over their useful life.

The depreciation period, depreciation method and residual asset values should be reviewed at each balance sheet date.

Property, plant and equipment are tested for impairment whenever there is evidence of a loss of value at June 30 or December 31. Where such evidence exists, the new recoverable asset value is compared against its net carrying amount, and any impairment is recognized (cf. §2.12).

Capital gains or losses realized on investment property disposals are recognized under "Income from sales of investment property" in the income statement.

Adoption of the cost model requires application of the component method. Klépierre has adopted the option offered by IFRS 1 to recognize the initial cost of its buildings (as shown in the opening balance sheet) as the revalued amount stated at January 1, 2003, the point at which the Group adopted SIIC status, this being their deemed market value at that date. The amounts concerned have been apportioned between land and buildings in accordance with the methods set by the appraisers, i.e.:

- on the basis of land/building apportionment rates for office buildings
- by comparison with rebuilding costs for shopping centers

An age-related weighting ratio has been applied to the cost of refurbishment to "as new" condition, which is then added to the rebuilding cost.

Properties acquired after January 1, 2003 and the extension and refurbishment of reappraised investment property have been recognized in the balance sheet at their acquisition cost.

2.10.2. The component method

The component method is applied principally on the basis of the recommendations issued by the *Fédération des Sociétés Immobilières et Foncières* (French Federation of Property Companies – FSIF) concerning components and their useful lives:

- where properties have been developed by the subsidiaries themselves, assets are classified by component type and measured at their realizable value
- where investment properties are held in the portfolio (sometimes for long periods), components are broken down into four categories: business premises, shopping centers, offices and residential properties

Four components have been identified for each of these asset types (in addition to land):

- Structures
- Facades, cladding and roofing
- General and Technical Installations (GTI)
- Fittings

Component classification is based on the historic and technical features of each property.

For first-time application of the components method, the historic cost of the property concerned is calculated on the basis of the percentage attributed to each component at the reappraisal values of January 1, 2003, which have been adopted as the presumed cost price.

	Offices		**Shopping centers**		**Shops**	
	Useful life	Share of total	Useful life	Share of total	Useful life	Share of total
Structures	60 years	60%	35-50 years	50%	30-40 years	50%
Facades	30 years	15%	25 years	15%	15-25 years	15%
GTI	20 years	15%	20 years	25%	10-20 years	25%
Fittings	12 years	10%	10-15 years	10%	5-15 years	10%

All component figures are based on assumed "as new" values. Klépierre has therefore calculated the proportions applied to fittings, technical services and facades at January 1, 2003 on the basis of the useful life periods shown in the table above, calculated from the date of construction or latest major refurbishment of the property. The percentage for structures is calculated using the figures shown for the other components, and is amortized over the residual term set by the appraisers in 2003.

Purchase costs are divided between land and buildings. The proportion allocated to buildings is amortized over the useful life of the structures.

The residual value is equivalent to the current estimate of the amount the company would achieve if the asset concerned were already of an age and condition commensurate with the end of its useful life, less disposal expenses.

Given the useful life periods applied, the residual value of components is zero.

2.11. Non-current assets held for sale

The provisions of IFRS 5 regarding presentation and measurement apply to investment property measured using the cost model under IAS 40 whenever the sales process is underway and the asset concerned fulfils the criteria for recognition as an asset held for sale. An impairment test is conducted immediately before any asset is recognized as being held for sale.

In accordance with the provisions of IFRS 5, the Klépierre Group reclassifies all property covered by a contract of sale.

The accounting impact is as follows:

- cost of sale is imputed to net carrying value or net fair value, whichever is the lower
- the assets concerned are presented separately
- amortization ceases

2.12. Impairment of assets

IAS 36 applies to property, plant and equipment and intangible assets, including goodwill. This standard requires an assessment to be made to establish whether there is any indication that an asset may be impaired.

Such indications may include:

- a major decline in market value
- significant changes in the technological, economic or legal environment

For the purposes of this test, assets are grouped into cash-generating units (CGUs). CGUs are standardized groups of assets whose continued use generates cash inflows that are largely separate from those generated by other asset groups.

Assets must not be recognized at more than their recoverable amount.

The recoverable amount is the fair asset value minus net selling expenses or its value in use, whichever is the higher.

Value in use is calculated on the basis of discounted future cash flows expected to arise from the planned use of an asset and from its disposal at the end of its useful life.

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

Under certain circumstances, the entity may later recognize all or part of such impairment losses in its income statement, with the exception of unallocated goodwill.

In most cases, the Klépierre Group treats each property and shopping center as a CGU.

Group goodwill relates chiefly to Ségécé and its subsidiaries. Appraisal tests are conducted at least annually by an independent appraiser. Appraisals are updated to take account of any significant event occurring during the year.

The appraisals conducted for Klépierre by Aon Accuracy are based chiefly on the range of estimated values generated by applying the Discounted Cash Flow (DCF) method over a period of 5 years. The first stage of this method involves estimating the future cash flows that could be generated by the business portfolio of each company, excluding any direct or indirect finance costs. The second stage involves estimating the value of the business portfolio, cash flows and the probable value of the portfolio at the end of the forecast period (end value) and discounting the outcome at an appropriate rate. This discount rate is arrived at on the basis of the Capital Asset Pricing Model (CAPM) and is the sum of the following three components: the risk-free interest rate, a general market risk premium (forecast market risk premium multiplied by the beta coefficient for the business portfolio) and a specific market risk premium (which takes account of the proportion of specific risk not already included in flows). In the third and final stage, a value is obtained for each company's equity by deducting its net debt from the value of its business portfolio, as well as the value of any non-controlling interests, as estimated on the valuation date.

2.13. Inventory

IAS 2 defines inventory as assets held for sale in the ordinary course of business, assets in progress and intended for sale and materials and supplies (raw materials) intended for consumption in the production of products and services.

Impairment must be recognized if the net realizable value (fair value net of exit costs) is lower than the recognized cost.

2.14. Leases

2.14.1. Leases

IAS 17 defines a lease as an agreement under which the lessor transfers to the lessee the right to use an asset for a given period of time in exchange for a single payment or series of payments.

IAS 17 distinguishes between two types of lease:

- A finance lease, which is a lease that transfers substantially all the risks and rewards incident to ownership of an asset to the lessee. Title to the asset may or may not eventually be transferred at the end of the lease term
- All other leases are classified as operating leases

2.14.2. Recognition of stepped rents and rent-free periods

Lease income from operating leases is recognized over the full lease term on a straight-line basis.

Stepped rents and rent-free periods are recognized as additions to, or deductions from, lease income for the financial year.

The reference period adopted is the first firm lease term.

2.14.3. Entry fees

Entry fees received by the lessor are recognized as supplementary rent.

Entry fees are part of the net amount exchanged between the lessor and the lessee under a lease. For this purpose, the accounting periods during which this net amount is recognized should not be affected by the form of the agreement or the rent payment schedule. Entry fees are spread over the first firm lease term.

2.14.4. Early termination charges

Lessees who terminate their leases prior to the contractual expiration date are liable to pay early termination penalties.

Such charges are allocated to the terminated contract and credited to income for the period in which they are recognized.

2.14.5. Eviction compensation

When a lessor terminates a lease prior to the expiration date, he must pay eviction compensation to the lessee.

- ***(i) Replacement of a lessee:***

Where the payment of eviction compensation enables asset performance to be maintained or improved (higher rent, and therefore higher asset value), IAS 16 revised allows for this expense to be capitalized as part of the cost of the asset, provided that the resulting increase in value is confirmed by independent appraisers. Where this is not the case, the cost is recognized as an expense.

- ***(ii) Renovation of a property requiring the removal of resident lessees:***

Where eviction compensation is paid as a result of the fact that major renovation or reconstruction of a property requires lessees to vacate the premises, the cost of the compensation is treated as a preliminary expense and recognized as an additional component of the total renovation cost.

2.14.6. Land and building leases: IAS 40 and IAS 17

Land and building leases are classified as operating or finance leases, and are treated in the same way as leases for other types of assets. However, since the useful life of land is usually indefinite, the majority of the risks and rewards inherent in ownership will not be transferred to the lessee (land leases are operating leases) unless title is intended to be transferred to the lessee at the end of the lease term. Initial payments made in this respect therefore constitute pre-lease payments, and are amortized over the term of the lease in accordance with the pattern of benefits provided. Analysis is on a lease-by-lease basis.

Under the IAS 40 components method, these initial payments are classified as accrued expenses.

2.15. Trade receivables and other debtors

Trade receivables are recognized and measured at invoice face value minus accruals for non-recoverable amounts. Bad debts are estimated when it is likely that the entire amount receivable will not be recovered. When identified as such, non-recoverable receivables are recognized as losses.

2.16. Borrowing costs

In April 2007, the IASB published an amendment to IAS 23. Under IAS 23 revised, borrowing costs directly attributable to the acquisition, construction or production of an eligible asset must be capitalized.

The previous accounting method used by Klépierre already consisted of including borrowing costs in the total cost of a qualifying asset where they were directly attributable to the acquisition, construction or production of that asset.

2.17. Provisions and contingent liabilities

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision is recognized where the Group has a liability towards a third party, and it is probable or certain that an outflow of resources will be required to settle this liability without an equivalent or greater amount expected to be received from the third party concerned.

IAS 37 requires that non-interest-bearing long-term liabilities are discounted.

2.18. Current and deferred taxes

2.18.1. The tax status of listed property investment companies

- ***General features of the SIIC tax status***

All listed property investment companies (SIICs) are entitled to the corporate tax exemption status introduced by Article 11 of the 2003 French Finance Act as implemented under the Decree of July 11, 2003 provided that their stock is listed on a regulated French market, that they are capitalized at 15 million euros or more and that their corporate purpose is either the purchase or construction of properties for rent or direct or indirect investment in entities with that corporate purpose. The option to adopt SIIC status is irrevocable. Subsidiaries subject to corporate income tax and owned at least 95% by the Group may also claim SIIC status.

In return for tax exemption, companies must distribute 85% of their rental income, 50% of the capital gains made on property disposals and 100% of the dividends received from SIIC-status subsidiaries subject to corporate income tax.

Opting for SIIC status makes the entity concerned immediately liable to 16.5% exit tax on unrealized gains on properties and on shares in partnerships not subject to corporate income tax. 25% of the exit tax is payable on December 15 of the year in which SIIC status is first adopted, with the balance payable over the following 3 years.

The General Meeting of Shareholders held on September 26, 2003 authorized Klépierre to opt into the new SIIC tax arrangements, with retrospective effect from January 1, 2003.

- ***Discounting of exit tax liability***

The exit tax liability is discounted on the basis of its payment schedule. This liability is payable over a 4-year period, commencing at the point when the entity concerned adopts SIIC status.

Following initial recognition in the balance sheet, the liability is discounted and an interest expense is recognized in the income statement on each balance sheet date. In this way, the liability is reduced to its present discounted value on that date. The discount rate is calculated on the basis of the interest rate curve, taking account of the deferment period and the Klépierre refinancing margin.

- ***Corporate income tax on companies not eligible for SIIC status***

Since adopting SIIC status in 2003, Klépierre SA has made a distinction between SIICs that are exempt from property leasing and capital gains taxes, and other companies that are subject to those taxes.

Corporate income tax on non-SIICs is calculated in accordance with French common law.

2.18.2. French common law and deferred tax

The corporate income tax charge is calculated in accordance with the rules and rates applicable in each Group operating country for the period to which the profit or loss applies.

Both current and future income taxes are offset where such offsetting is legally permissible and where they originate within the same tax consolidation group and are subject to the same tax authority.

Deferred taxes are recognized where there are timing differences between the carrying amounts of balance sheet assets and liabilities and their tax bases, and taxable income is likely in future periods.

A deferred tax asset is recognized where tax losses are carried forward on the assumption that the entity concerned is likely to generate future taxable income against which those losses can be offset.

Deferred tax assets and liabilities are measured using the liability method and the tax rate expected to apply when the asset is realized or the liability settled on the basis of the tax rates and tax regulations adopted, or to be adopted before the balance sheet date. The measurement of deferred tax assets and liabilities must reflect the tax consequences arising as a result of the way in which the company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

All current and deferred tax is recognized as tax income or expense in the income statement, except for deferred tax recognized or settled at the time of acquiring or disposing of a subsidiary or equity holding and unrealized capital gains and losses on assets held for sale. In these cases, the associated deferred tax is recognized as equity.

Deferred tax is calculated at the local rates applicable at the balance sheet date. The main rates applied are: 34.43% in France, 30% in Spain, 31.40% in Italy, 34% in Belgium, 24% in Greece, 26.5% in Portugal, 19% in Poland, 19% in Hungary, 19% in the Czech Republic, 19% in Slovakia and 28% in Norway.

2.19. Treasury shares

All treasury shares held by the Group are recognized at their acquisition cost and deducted from equity. Any gain arising on the disposal of treasury shares is recognized immediately as equity, such that disposal gains or losses do not impact on net profit or loss for the period.

2.20. Distinction between liabilities and equity

The difference between liabilities and equity depends on whether or not the issuer is bound by an obligation to make a cash payment to the other party. The fact of being able to make such a decision regarding cash payment is the crucial distinction between these two concepts.

2.21. Financial assets and liabilities

Financial assets include long-term financial investments, assets and loans, current assets representing accounts receivable, financial securities and investments (including derivatives) and cash.

Financial liabilities include borrowings, other forms of financing and bank overdrafts, derivatives and accounts payable.

IAS 39 “Financial instruments: recognition and measurement” describes how financial assets and liabilities must be measured and recognized.

2.21.1. Measurement and recognition of financial assets

- ***Loans and receivables***

These include receivables from equity investments, other loans and receivables. All are recognized at amortized cost, which is calculated using the effective interest rate method. The effective interest rate is the rate that precisely discounts estimated future cash flows to the net carrying amount of the financial instrument.

- ***Financial assets held for sale***

Financial assets held for sale include equity investments.

Equity investments are the holdings maintained by the Group in non-consolidated companies.

Investments in equity instruments not listed in an active market and whose fair value cannot be reliably measured must be measured at cost.

- ***Cash and near cash***

Cash and near cash includes cash held in bank accounts, short-term deposits maturing in less than three months, money market funds and other investment securities.

2.21.2. Measurement and recognition of financial liabilities

With the exception of derivatives, all loans and other financial liabilities are measured at amortized cost using the effective interest method.

- ***Recognition of liabilities at amortized cost***

In accordance with IFRS, redemption premiums on bond issues and debt issuance expenses are deducted from the nominal value of the loans concerned and incorporated into the calculation of the effective interest rate.

- ***Application of the amortized cost method to liabilities hedged at fair value***

Changes in the fair value of (the effective portion of) swaps used as fair value hedges are balanced by remeasurement of the hedged risk component of the debt.

Given that the characteristics of derivatives and items hedged at fair value are similar in most instances, any ineffective component carried to hedging profit or loss will be minimal.

If a swap is canceled before the due date of the hedged liability, the amount of the debt adjustment will be amortized over the residual term using the effective interest rate calculated at the date the hedge ended.

- ***Measurement and recognition of derivatives***

As the parent company, Klépierre takes responsibility for almost all Group funding and provides centralized management of interest and exchange rate risks. This financial policy involves Klépierre in implementing the facilities and associated hedging instruments required by the Group.

Klépierre hedges its liabilities using derivatives and has consequently adopted hedge accounting in accordance with IAS 39:

- Hedges to cover balance sheet items whose fair value fluctuates in response to interest rate, credit or exchange rate risks (e.g. a fixed-rate liability) cash flow hedges:
- Hedges to cover the exposure to future cash flow risk (cash flow hedges), which consists of fixing future cash flows of a variable-rate liability or asset

The Klépierre portfolio meets all IAS 39 hedge definition and effectiveness criteria.

The adoption of hedge accounting has the following consequences:

- Fair value hedges of existing assets and liabilities: the hedged portion of the asset/liability is accounted for at fair value in the balance sheet. The gains or losses resulting from changes in fair value are recognized immediately in profit or loss. At the same time, there is an opposite corresponding adjustment in the fair value of the hedging instrument, in line with its effectiveness
- Cash flow hedges: the portion of the gain or loss on the fair value of the hedging instrument that is determined to be an effective hedge is recognized directly in equity and recycled to the income statement when the hedged cash transaction affects profit or loss. The gain or loss from the change in value of the ineffective portion of the hedging instrument is recognized immediately in profit or loss

2.21.3. Recognition date: trade or settlement

IFRS seeks to reflect the time value of financial instruments as closely as possible by ensuring that, wherever possible, instruments with a deferred start date are recognized on the trade date, thus allowing calculation of the deferred start date.

However, this principle cannot be applied to all financial instruments in the same way. For example, commercial paper is often renewed a few days before its due date. If these instruments were recognized at their trade date, this would artificially inflate the amount concerned between the renewal trade date of a paper and its effective start date.

Klépierre applies the following rules:

- Derivatives are recognized at their trade date, since their measurement effectively takes account of any deferred start dates
- Other financial instruments (especially liabilities) are recognized on the basis of their settlement date

2.21.4. Determination of fair value

Financial assets and liabilities recognized at fair value are measured either on the basis of market price or by applying measurement models that apply the market parameters that existed on the balance sheet date. The term "model" refers to mathematical methods based on generally-accepted financial theories. The realizable value of these instruments may differ from the fair value adopted when preparing the financial statements.

For any given instrument, an active, and therefore liquid, market is any market in which transactions take place regularly on the basis of reliable levels of supply and demand, or in which transactions involve instruments that are very similar to the instrument being measured.

Where prices are quoted on an active market, they are used to determine fair value. Listed securities and derivatives traded on organized markets such as futures or option markets are therefore measured in this way.

Most OTC (Over The Counter) derivatives, swaps, futures, caps, floors and simple options are traded on active markets. They are measured using generally-accepted models (discounted cash flow, Black and Scholes, interpolation techniques, etc.) based on the market prices of such instruments or similar underlying values.

2.21.5. Tax treatment of changes in fair value

In the specific case of Klépierre:

- the non-SIIC part of the deferred tax on Klépierre SA financial instruments recognized at fair value is calculated pro-rata of financial profit or loss
- the financial instruments of foreign subsidiaries recognized at fair value generate a deferred tax calculation on the basis of the rates applying in the country concerned

2.22. Employee benefits

Employee benefits are recognized as required by IAS 19, which applies to all payments made for services rendered, except for share-based payment, which is covered by IFRS 2.

All employee benefits, whether paid in cash or in kind, short term or long term, must be classified into 1 of the following 4 main categories:

- short-term benefits, such as salaries and wages, annual vacation, mandatory and discretionary profit sharing schemes and company contributions
- post-employment benefits: these relate primarily to supplementary bank pension payments in France, and private pension schemes elsewhere
- other long-term benefits, which include paid vacation, long-service payments, and some deferred payment schemes paid in monetary units
- severance pay

Measurement and recognition methods vary depending on the category of benefit.

2.22.1. Short-term benefits

The company recognizes an expense when it uses services provided by its employees and pays agreed benefits in return.

2.22.2. Post-employment benefits

In accordance with generally-accepted principles, the Group makes a distinction between defined contribution and defined benefit plans.

Defined contribution plans do not generate a liability for the company, and therefore are not provisioned. Contributions paid during the period are recognized as an expense.

Defined benefit plans do generate a liability for the company, and are therefore measured and provisioned.

The classification of a benefit into one or other of these categories relies on the economic substance of the benefit, which is used to determine whether the Group is required to provide the promised benefit to the employee under the terms of an agreement or an implicit obligation.

Post-employment benefits classified as defined benefit plans are quantified actuarially to reflect demographic and financial factors.

The amount of the commitment to be provisioned is calculated on the basis of the actuarial assumptions adopted by the company and by applying the Projected Unit Credit Method. The value of any hedging assets (plan assets and redemption rights) is deducted from the resulting figure.

Measurement of the liabilities inherent in a plan and the value of its hedging assets may vary considerably from one accounting period to another as actuarial assumptions change, and may therefore give rise to actuarial gains or losses. The Group accounts for actuarial gains or losses on its commitments by applying the so-called “corridor” method. This method means that the proportion of actuarial gains or losses that exceeds the higher of the following values need not be recognized until the following period and may then be spread over time: 10% of the discounted value of the gross liability or 10% of the market value of the plan hedge assets at the end of the previous period.

2.22.3. Long-term benefits

These are benefits other than post-employment benefits and severance pay, which are not payable in full within twelve months of the end of the financial year in which the employees concerned provided the services in question.

The actuarial measurement method applied is similar to that used for post-employment defined benefits, except that actuarial gains or losses are recognized immediately and no corridor is applied. Furthermore, any gain or loss resulting from changes to the plan, but deemed to apply to past services, is recognized immediately.

2.22.4. Severance pay

Employees receive severance pay if their employment with the Group is terminated before they reach the statutory retirement age or if they accept voluntary redundancy. Severance pay falling due more than twelve months after the balance sheet date is discounted.

2.23. Share-based payment

According to IFRS 2, all share-based payments must be recognized as expenses when use is made of the goods or services provided in return for these payments.

For the Klépierre Group, this standard applies primarily to the purchase of shares to meet the commitments arising from its employee stock option scheme.

In accordance with IFRS 1, only plans granted after November 7, 2002 whose rights were exercised at January 1, 2005 need be recognized. Consequently, the stock option plan granted by the Klépierre Group in 1999 has not been restated. The exercise period for this particular plan ended on June 24, 2007.

2.24. Segment reporting

Application of IFRS 8 became obligatory with effect from January 1, 2009. This standard requires the presentation of information about the operating segments of the Group, and replaces the previous provisions applying to the determination of level one sectors (business sectors) and level two sectors (geographic sectors).

Operating sectors are identified on the basis of the internal reporting model used by management when evaluating performance and allocating resources. These are not limited, either by type of business or geography.

KLEPIERRE

3. SCOPE OF CONSOLIDATION

COMPANY	Country	*Methods at June, 30 2010 (1)*	*% holding*			*% control*		
			June 2010	December 2009	Change	June 2010	December 2009	Change
Klépierre SA	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
Office buildings								
SAS Klépierre Finance	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS LP7	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS CB Pierre	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Général Leclerc n°11 Levallois	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Jardins des Princes	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Barjac Victor	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
Shopping centers - France								
SNC Kléber La Perouse	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS KLE 1	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC SCOO	France	**FC**	53,64%	53,64%	-	53,64%	53,64%	-
SNC Angoumars	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Klécar France	France	**FC**	83,00%	83,00%	-	83,00%	83,00%	-
SNC KC1	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC2	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC3	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC4	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC5	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC6	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC7	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC8	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC9	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC10	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC11	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC12	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC20	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SAS Centre Jaude Clermont	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCS Klécar Europe Sud	France	**FC**	83,00%	83,00%	-	83,00%	83,00%	-
SC Solorec	France	**FC**	80,00%	80,00%	-	80,00%	80,00%	-
SNC Centre Bourse	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCS Begles Arcins	France	**FC**	52,00%	52,00%	-	52,00%	52,00%	-
SCI Bègles Papin	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Soccendre	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI Sécovalde	France	**FC**	55,00%	55,00%	-	55,00%	55,00%	-
SAS Cécoville	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Foncière Saint-Germain	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS Soaval	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCA Klémurs	France	**FC**	84,11%	84,11%	-	84,11%	84,11%	-
SCS Cécobil	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI du Bassin Nord	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SNC Le Havre Vauban	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SNC Le Havre Lafayette	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI Nancy Bon Secours	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Sodevac	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI Odysseum Place de France	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SAS Klécar Participations Italie	France	**FC**	83,00%	83,00%	-	83,00%	83,00%	-
SNC Pasteur	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SA Holding Gondomar 1	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS Holding Gondomar 3	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS Klépierre Participations et Financements	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI Combault	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Klétransactions	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI La Plaine du Moulin à Vent	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI Beau Sevran Invest	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SCI Valdebac	France	**FC**	55,00%	0,00%	55,00%	55,00%	0,00%	55,00%
SAS PROGEST	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI La Rocade	France	**EM**	38,00%	38,00%	-	38,00%	38,00%	-
SCI l'Emperi	France	**EM**	15,00%	15,00%	-	15,00%	15,00%	-
SCI Girardin	France	**PC**	33,40%	33,40%	-	33,40%	33,40%	-

COMPANY	Country	Methods at June, 30 2010 (1)	% holding			% control		
			June 2010	December 2009	Change	June 2010	December 2009	Change
Shopping centers - France (cont.)								
SC Boutiques St Maximin	France	**EM**	42,50%	42,50%	-	42,50%	42,50%	-
SARL Belvedere Invest	France	**FC**	75,00%	75,00%	-	75,00%	75,00%	-
SCI Haies Haute Pommeraie	France	**FC**	53,00%	53,00%	-	53,00%	53,00%	-
SCI Plateau des Haies	France	**FC**	90,00%	90,00%	-	90,00%	90,00%	-
SCI Boutiques d'Osny	France	**FC**	38,27%	38,27%	-	67,00%	67,00%	-
SCI la Rocade Ouest	France	**EM**	36,73%	36,73%	-	36,73%	36,73%	-
SARL Forving	France	**FC**	90,00%	90,00%	-	90,00%	90,00%	-
SCI du Plateau	France	**EM**	24,25%	24,25%	-	30,00%	30,00%	-
SA Rezé Sud	France	**EM**	15,00%	15,00%	-	15,00%	15,00%	-
SCI Maximeuble	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI Saint Maximin Construction	France	**FC**	55,00%	55,00%	-	55,00%	55,00%	-
SCI Immobilière de la Pommeraie	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI Pommeraie Parc	France	**FC**	60,00%	60,00%	-	60,00%	60,00%	-
SCI Champs des Haies	France	**FC**	60,00%	60,00%	-	60,00%	60,00%	-
SCI La Rive	France	**FC**	47,30%	47,30%	-	47,30%	47,30%	-
SCI Rebecca	France	**FC**	70,00%	70,00%	-	70,00%	70,00%	-
SCI Aulnes developpement	France	**PC**	25,50%	25,50%	-	50,00%	50,00%	-
SARL Proreal	France	**FC**	51,00%	51,00%	-	51,00%	51,00%	-
SCI Sandri-Rome	France	**EM**	15,00%	15,00%	-	15,00%	15,00%	-
SCI La Roche Invest	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI Osny Invest	France	**FC**	57,12%	57,12%	-	57,12%	57,12%	-
SNC Parc de Coquelles	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI Sogegamar	France	**EM**	33,12%	33,12%	-	33,12%	33,12%	-
SCI Achères 2000	France	**EM**	30,00%	30,00%	-	30,00%	30,00%	-
SCI Le Mais	France	**FC**	60,00%	60,00%	-	60,00%	60,00%	-
SCI le Grand Pré	France	**FC**	60,00%	60,00%	-	60,00%	60,00%	-
SCI Champs de Mais	France	**EM**	40,00%	40,00%	-	40,00%	40,00%	-
SCI des Salines	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI les Bas Champs	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI Des dunes	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI la Française	France	**PC**	50,00%	50,00%	-	50,00%	50,00%	-
SCI LC	France	**FC**	36,00%	36,00%	-	60,00%	60,00%	-
SCI Klepierre Tourville	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SARL Société du bois des fenêtres	France	**EM**	20,00%	20,00%	-	20,00%	20,00%	-
SAS KLE PROJET 1	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS KLECAPNOR	France	**FC**	84,11%	84,11%	-	100,00%	100,00%	-
SAS Vannes Coutume	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS Holding Gondomar 4	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI Besançon Chalezeule	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SARL Immo Dauland	France	**FC**	84,13%	84,13%	-	100,00%	100,00%	-
SAS Carré Jaude 2	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Créteil	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI Albert 31	France	**FC**	83,00%	83,00%	-	100,00%	100,00%	-
SCI Galeries Drancéennes	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
Service providers - France								
SCS Ségécé	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SAS Klépierre Conseil	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SNC Galae	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
Shopping centers - International								
SA Coimbra	Belgium	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SA Cinémas de l'Esplanade	Belgium	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SA Foncière de Louvain La Neuve	Belgium	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SA Place de l'acceuil	Belgium	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
Steen & Strøm Holding AS	Denmark	**FC**	56,10%	56,10%	-	100,00%	100,00%	-
Anpartsselskabet af 18. september 2007	Denmark	**FC**	56,10%	56,10%	-	100,00%	100,00%	-
Bryggen, Vejle A/S	Denmark	**FC**	56,10%	56,10%	-	100,00%	100,00%	-
Bruun's Galleri ApS	Denmark	**FC**	56,10%	56,10%	-	100,00%	100,00%	-
Ejendomsselskabet Klampenborgvej I/S	Denmark	**PC**	28,05%	28,05%	-	50,00%	50,00%	-
Field's Eier I ApS	Denmark	**FC**	56,10%	56,10%	-	100,00%	100,00%	-
Field's Eier II A/S	Denmark	**FC**	56,10%	56,10%	-	100,00%	100,00%	-
Field's Copenhagen I/S	Denmark	**FC**	56,10%	56,10%	-	100,00%	100,00%	-

COMPANY	Country	Methods at June, 30 2010 (1)	% holding			% control		
			June 2010	December 2009	Change	June 2010	December 2009	Change
Prosjektselskabet af 10.04.2001 ApS	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strøm Centerudvikling IV A/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strøm Centerudvikling V A/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strøm CenterUdvikling VI A/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
Entreprenørselskapet af 10.04.2001 P/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
SA Klecar Foncier Iberica	Spain	FC	83,00%	83,00%	-	100,00%	100,00%	-
SA Klecar Foncier Espana	Spain	FC	83,00%	83,00%	-	100,00%	100,00%	-
SA Klépierre Vinaza	Spain	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Klépierre Vallecas	Spain	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Klépierre Nea Efkarpia	Greece	FC	83,00%	83,00%	-	100,00%	100,00%	-
SA Klépierre Foncier Makedonia	Greece	FC	83,01%	83,01%	-	100,00%	100,00%	-
SA Klépierre Athinon A.E.	Greece	FC	83,00%	83,00%	-	100,00%	100,00%	-
SA Klépierre Peribola Patras	Greece	FC	83,00%	83,00%	-	100,00%	100,00%	-
Klépierre Larissa	Greece	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Szeged plaza	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Szolnok plaza	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Zalaegerszeg plaza	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Nyiregyhaza Plaza	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Duna Plaza	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl CSPL 2002 (Cespel)	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl GYR 2002 (Gyor)	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Debrecen 2002	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Uj Alba 2002	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Miskolc 2002	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Kanizsa 2002	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl KPSVR 2002 (Kaposvar)	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Duna Plaza Offices	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Corvin	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Corvin Retail	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Trading	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Spa IGC	Italy	FC	71,30%	71,30%	-	71,30%	71,30%	-
Spa Klecar Italia	Italy	FC	83,00%	83,00%	-	100,00%	100,00%	-
Spa Klefin Italia	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Collegno	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Serravalle	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Assago	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Klépierre	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Cavallino	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Solbiate	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Clivia 2000	Italy	PC	50,00%	50,00%	-	50,00%	50,00%	-
K2	Italy	FC	85,00%	85,00%	-	85,00%	85,00%	-
Klépierre Matera	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Il Destriero	Italy	PC	50,00%	50,00%	-	50,00%	50,00%	-
Sarl Klépierre Météores	Luxembourg	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Klépierre Luxembourg	Luxembourg	FC	100,00%	100,00%	-	100,00%	100,00%	-
Holding Klege	Luxembourg	PC	50,00%	50,00%	-	50,00%	50,00%	-
Storm Holding Norway	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strom AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Amanda Storsenter AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Åsane Storsenter DA	Norway	PC	27,99%	27,99%	-	49,90%	49,90%	-
Farmandstredet Eiendom AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Farmandstredet ANS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Hovlandbanen AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Nerstranda AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Os Alle 3 AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Sjøsiden AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
SSI Lillestrøm Torv AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Hamar Storsenter AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Metro Senter ANS	Norway	PC	28,05%	28,05%	-	50,00%	50,00%	-
Stavanger Storsenter AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Stovner Senter AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Torvbyen Senter AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Torvbyen Utvikling AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
KS Markedet	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Gulskogen Senter ANS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Økern Sentrum Ans	Norway	PC	28,05%	28,05%	-	50,00%	50,00%	-

COMPANY	Country	Methods at June, 30 2010 (1)	% holding			% control		
			June 2010	December 2009	Change	June 2010	December 2009	Change
Torvhjørnet Lillestrøm ANS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Vintebro Senter DA	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Besloten vennootschap Capucine BV	The Netherlands	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Nordica	The Netherlands	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klémentine	The Netherlands	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Sadyba	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Krakow	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Poznan	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Ruda Slaska Plaza spzoo	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sadyba Center SA	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Krakow spzoo	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Poznan SA	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Pologne	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Rybnik Plaza Sp.z.o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sosnowiec Plaza Sp.z.o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Rybnik	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Sosnowiec	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Movement Poland SA	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Lublin	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Galeria Poznan Sp.z.o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Galeria Krakow Sp.z.o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Warsaw Sp.z.o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Klélou-Immobiliare	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Klépierre Portugal SGPS SA	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Galeria Parque Nascente	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Gondobrico	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Klenor Imobiliaria	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Klétel Imobiliaria	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
Kleminho	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klege Portugal	Portugal	PC	50,00%	50,00%	-	50,00%	50,00%	-
Klépierre Cz	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Bestes	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Entertainment Plaza	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Plzen	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Plzen	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Akciova Spolocnost ARCOL	Slovakia	FC	100,00%	100,00%	-	100,00%	100,00%	-
Nordica Holdco	Sweden	FC	56,10%	56,10%	-	56,10%	56,10%	-
Steen & Strøm Holding AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB CentrumInvest	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Emporia	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Överby KölPentrum	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Detaljhandelshuset i Hyllinge AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Sollentuna Centrum	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Borlange Köpcentrum	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Marieberg Centrum	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Västra Torp Mark AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
NorthMan Suède AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Viskaholm	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Uddevallatorpet	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Hageby Centrum	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Mitt i City i Karlstad FAB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Allum	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB P Brodalen	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Partille Lexby AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB P Åkanten	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB P Porthälla	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Mölndal Centrum	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Mässcenter Torp AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Mölndal Centrum Byggnads FAB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Grytingen Nya AB	Sweden	FC	36,35%	36,35%	-	64,79%	64,79%	-
Service providers - International								
Steen & Strøm CenterDrift A/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strøm CenterService A/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strøm Danemark A/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-

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COMPANY	Country	Methods at June, 30 2010 (1)	% holding			% control		
			June 2010	December 2009	Change	June 2010	December 2009	Change
Ségécé Espana	Spain	FC	100,00%	100,00%	-	100,00%	100,00%	-
Ségécé Hellas	Greece	FC	100,00%	100,00%	-	100,00%	100,00%	-
Ségécé Magyarorszag	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Ségécé Italia	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Ségécé India	India	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sandens Drift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strøm Eiendomsforvaltning AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Fritzøe Brygge Drift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Gulskogen Prosjekt & Eiendom AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Lille Eiendom AS	Norway	FC	37,03%	37,03%	-	66,00%	66,00%	-
Nordbyen Senterforening AS	Norway	FC	38,82%	38,82%	-	69,20%	69,20%	-
Norsk Kjøpesenterforvaltning AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strøm Senterservice AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Arken Drift AS	Norway	PC	27,99%	27,99%	-	49,90%	49,90%	-
Down Town Drift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Holmen Senterdrift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Krokstadelva Senterdrift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Kvadrat Drift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Mosseporten Drift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
SST Stavanger Drift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Tillertorget Drift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Torvbyen Drift AS	Norway	FC	21,32%	21,32%	-	38,00%	38,00%	-
Økern Sentrum AS	Norway	PC	28,05%	28,05%	-	50,00%	50,00%	-
Østfoldhallen Drift AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Nordal ANS	Norway	PC	28,05%	28,05%	-	50,00%	50,00%	-
Økern Eiendom ANS	Norway	PC	28,05%	28,05%	-	50,00%	50,00%	-
Senterdrift Åsane Senter AS	Norway	PC	27,99%	27,99%	-	49,90%	49,90%	-
Steen & Strom Norge AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Økern Holding AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
KS Down Town Senter	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
KS Down Town Senter II	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Svenor AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Ségécé Polska	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Ségécé Portugal	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
Ségécé Ceska Républika	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Ségécé Slovensko	Slovakia	FC	100,00%	100,00%	-	100,00%	100,00%	-
FAB Centrum Västerort	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
FAB Lantmäteribacken	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strøm Sverige AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-

DECONSOLIDATED COMPANIES	Country	Methods at June, 30 2010 (1)	% holding		% control	
			June 2010	December 2009	June 2010	December 2009
Kléaveiro	Portugal	NC	0%	100,00%	0%	100,00%
Steen & Strøm Narvik AS	Norway	NC	0%	56,10%	0%	100,00%
Karl Johansgate 16 AS	Norway	NC	0%	56,10%	0%	100,00%
SSI Amanda Senterdrift AS	Norway	NC	0%	56,10%	0%	100,00%
SSI Gulskogen Senterdrift AS	Norway	NC	0%	56,10%	0%	100,00%
Os Alle Drift AS	Norway	NC	0%	56,10%	0%	100,00%
SSI Lillestrøm Senterdrift AS	Norway	NC	0%	56,10%	0%	100,00%
Markedet Drift AS	Norway	NC	0%	56,10%	0%	100,00%
Metro Drift AS	Norway	NC	0%	56,10%	0%	100,00%
Nerstranda Drift AS	Norway	NC	0%	56,10%	0%	100,00%
Sjøsiden Drift AS	Norway	NC	0%	56,10%	0%	100,00%
Stovner Senterdrift AS	Norway	NC	0%	56,10%	0%	100,00%
Vinterbro Eiendomsdrift AS	Norway	NC	0%	56,10%	0%	100,00%
Økern Sentrum Drift AS	Norway	NC	0%	56,10%	0%	100,00%
Steen & Strøm Drift AS	Norway	NC	0%	56,10%	0%	100,00%
Farmanstredet Drift AS	Norway	NC	0%	56,10%	0%	100,00%
Hamar Storsenterdrift AS	Norway	NC	0%	56,10%	0%	100,00%

(1) FC: Full consolidation
PC: Proportional consolidation
EM: Equity method consolidation
NC: Deconsolidated during the period

At June 30, 2010, the Group scope of consolidation included 285 companies, compared with 301 at December 31, 2009. The principal changes are as follows:

- ***Entry of SCI Valdebac***

The French company was formed in 2010 to assume ownership of the land at Val d'Europe. The company is owned 55% by Kléber la Pérouse, and is fully consolidated.

- ***Disposal of the Norwegian company Karl Johansgate 16 AS***

Steen & Strøm disposed of its shares in this company, which owns a shopping mall in central Oslo. This sale generated a net capital gain of 13.6 million euros.

- ***Other companies leaving the scope of consolidation:***

- 15 non-trading Scandinavian companies
- the Portuguese company Kleaveiro

4. NOTES TO THE FINANCIAL STATEMENTS: BALANCE SHEET

4.1. Non-allocated goodwill

in thousands of euros	December 31, 2009	Acquisitions, new businesses and contributions	Reductions from disposals, retirement of assets	Other movements, reclassification	June 30, 2010
* Metropoli	913				913
* Vignate	520				520
* Galeria Parque Nascente	1 713				1 713
* Ségécé Espana	11 977				11 977
* Ségécé	52 374				52 374
* Ségécé Magyarorszag	3 391				3 391
* Scoo	546				546
* ICD (Brescia)	910				910
* IGC	36 328			130	36 458
* Ségécé Italia	8 424				8 424
* Effe Kappa	-				-
* Steen & Strøm	11 341			485	11 826
* Coimbra	3 378				3 378
* Other entities	677				677
NET GOODWILL	**132 492**	**0**	**0**	**615**	**133 107**

The “Other changes” item refers to the remeasurement of Steen & Strøm goodwill to reflect currency exchange rates.

4.2. Intangible assets

The project to revise the Group management and accounting system was recognized under “Other intangible assets” until the revisions came into effect at the end of 2009. It was reclassified to “Software” in the first half of 2010.

in thousands of euros	December 31, 2009	Acquisitions, new businesses and contributions	Reductions from disposals, retirement of assets	Allowances for the period	Changes in consolidation scope	Currency fluctuations	Other movements, reclassification	June 30, 2010
Lease rights	1 804							1 804
Goodwill	4 920					- 472	953	5 401
Software	7 370	5	- 13			- 26	9 374	16 710
Other intangible assets	18 200	3 530				37	- 10 577	11 190
GROSS TOTAL VALUE	**32 293**	**3 535**	**-13**	**0**	**0**	**-461**	**-250**	**35 104**
Lease rights	- 142			- 55				- 197
Goodwill	- 1 028			- 254		472	- 694	- 1 504
Software	- 5 726		13	- 649		24	1	- 6 337
Other intangible assets	- 6 090			- 485		- 13	749	- 5 839
TOTAL AMORTIZATION	**-12 986**	**0**	**13**	**-1 443**	**0**	**483**	**56**	**- 13 877**
INTANGIBLE ASSETS - Net value	**19 306**	**3 535**	**0**	**-1 443**	**0**	**22**	**-194**	**21 226**

4.3. Tangible assets

Tangible assets refer to the operational building at 21 Rue La Pérouse in the 16th *arrondissement* of Paris, complete, operational fixtures and fittings.

in thousands of euros	December 31, 2009	Acquisitions, new businesses and contributions	Reductions from disposals, retirement of assets	Allowances for the period	Currency fluctuations	Changes in consolidation scope	Other movements, reclassification	June 30, 2010
Land	10 210							10 210
Buildings and fixtures	6 878						235	7 113
Furniture and equipment	18 317	997	- 338		- 35		2 479	21 420
GROSS TOTAL VALUE	**35 405**	**997**	**- 338**	**-**	**- 35**	**-**	**2 714**	**38 743**
Buildings and fixtures	- 1 757			- 135				- 1 892
Furniture and equipment	- 9 866		100	- 1 627	59		- 1 181	- 12 515
TOTAL AMORTIZATION	**- 11 623**	**-**	**100**	**- 1 762**	**59**	**-**	**- 1 181**	**- 14 407**
Provision for impairment								-
TANGIBLE ASSETS - Net value	**23 783**	**997**	**-238**	**-1 762**	**24**	**0**	**1 533**	**24 337**

4.4. Investment property and fixed assets in progress

in thousands of euros	December 31, 2009	Acquisitions, new businesses and contributions	Reductions from disposals, retirement of assets	Amortization allowances and changes in provisions	Currency fluctuations	Changes in consolidation scope	Other movements, reclassification	June 30, 2010
Land	5 367 665	33 394	- 5 707		51 035	- 15 343	- 57 141	5 373 903
Buildings and fixtures	6 479 369	44 215	- 3 498		57 278	- 9 045	143 908	6 712 227
GROSS TOTAL VALUE	**11 847 034**	**77 609**	**- 9 205**	**-**	**108 313**	**- 24 388**	**86 767**	**12 086 130**
Buildings and fixtures	- 1 035 166		- 1 575	- 137 852	- 753	610	9 110	- 1 165 626
TOTAL AMORTIZATION	**- 1 035 166**	**-**	**- 1 575**	**- 137 852**	**- 753**	**610**	**9 110**	**- 1 165 626**
Provision for impairment	- 103 575			- 18 139				- 121 714
INVESTMENT PROPERTY - Net value	**10 708 293**	**77 609**	**-10 780**	**-155 991**	**107 560**	**-23 778**	**95 877**	**10 798 790**

Investments for the half year (excluding investments in progress) totaled 77.6 million euros.

The increase of 32.9 million euros seen in France relates solely to the acquisition of land at the Val d'Europe shopping center in Marne la Vallée.

Outside France, the most significant investments were made in Sweden at the Sollentuna center (8.5 million euros) and Hageby center (17.3 million euros), in Norway at the Gulskogen center (9 million euros) and in Denmark at the Fiedls center (2.7 million euros).

Disposals consisted chiefly of the Rue Candé mall in Rouen, France.

The "Changes in consolidation scope" item refers exclusively to the disposal of shares in the Norwegian company Karl Johansgate 16 AS.

The **"Other movements and reclassifications"** item represents the net balance arising as a result of reclassifying investment property as "Properties held for sale", and assets commissioned during the period, which have been reclassified from "Fixed assets in progress".

The "Provision for impairment" item includes real estate provisions recognized in respect of shopping centers in the Czech Republic (17.8 million euros), Spain (16.9 million euros), Portugal (7.9 million euros), Greece (6.3 million euros), Scandinavia (28 million euros), Poland (5.5 million euros), Belgium

(8.5 million euros), Italy (6.4 million euros) and France (23.1 million euros).

in thousands of euros	December 31, 2009	Acquisitions, new businesses and contributions	Reductions from disposals, retirement of assets	Amortization allowances and provisions	Currency fluctuations	Changes in consolidation scope	Other movements, reclassification	June 30, 2010
Fixed assets in progress	857 350	185 228			- 4 712		- 102 263	935 603
Provision for impairment	- 65 892			- 32 990				- 98 882
NET FIXED ASSETS IN PROGRESS	**791 458**	**185 228**	**0**	**-32 990**	**-4 712**	**0**	**-102 263**	**836 721**

The “Other movements and reclassifications” item refers to the commissioning of assets, and specifically: Goutte d’Eau in Bègles (29 million euros), Noisy le Grand (20 million euros), Lonato (20 million euros) and Vaux en Velin (10.8 million euros).

The following projects were still at the development stage at June 30, 2010 (amounts are shown gross):

- In France: BHV in Créteil (70.3 million euros), Aubervilliers (137 million euros), Rennes Columbia (19.5 million euros), Gare Saint Lazare (98 million euros), the Chalon sur Saône center (9.7 million euros), Claye Souilly (18.4 million euros) and Carré Jaude in Clermont (19.9 million euros)
- Outside France: Corvin (221.2 million euros) in Hungary, Gulskogen (39 million euros) in Norway, Sollentuna, Hageby and Emporia (114 million euros) in Sweden and Field’s (35.8 million euros) in Denmark

The Corvin project in Budapest has been impaired by 92.5 million euros.

4.5. Properties held for sale

in thousands of euros	December 31, 2009	Acquisitions, new businesses and contributions	Reductions from disposals, retirement of assets	Other movements, reclassification	June 30, 2010
BUILDINGS HELD FOR SALE	**0**		**-28 576**	**28 576**	**0**

The “Reductions" item refers to the disposal of the Douai mall and Levallois Perret offices.

No building was held for sale at June 30, 2010.

4.6. Equity method securities

Equity method investments at December 31, 2009	in thousands of euros	36 363
Share of 2010 earnings from companies accounted for by the equity method		787
Dividends received from companies accounted for by the equity method.		- 1 576
Other movements		- 3 111
Equity method investments at June 30, 2010		**32 463**

At June 30, 2010, 11 companies were consolidated under the equity method.

The “Other movements” item refers to an unrealized capital loss on the disposal of shares in Rézé Sud. Commenced in June 2010, this disposal will be completed in July 2010, and will generate a net capital loss of 3.1 million euros in the Group’s results.

The unrealized capital loss is recognized in the “Net book value of investment property and equity investments sold” item of the income statement.

The key balance sheet and income statement data for companies consolidated using the equity method are shown below (100% values reflecting consolidation restatements):

in thousands of euros	**June 30, 2010**	**December 31, 2009**
Investment property	12 522	12 630
Assets	**12 522**	**12 630**
Restated equity	13 183	9 418
Liabilities	**13 183**	**9 418**
Lease income	4 350	9 550
Net income	**2 684**	**8 488**

4.7. Holdings in associate companies

Associate companies are proportionally consolidated (cf. Note 3 Scope of Consolidation).

in thousands of euros	June 30, 2010	December 31, 2009
Share in balance sheet of associate companies		
Current assets	51 879	41 899
Non-current assets	314 507	261 983
Total Assets	**366 386**	**303 882**
Current liabilities	259 035	192 823
Non-current liabilities	107 351	111 059
Total Liabilities	**366 386**	**303 882**

in thousands of euros	June 30, 2010	December 31, 2009
Share in the earnings of associate companies		
Income from regular business	15 108	22 503
Operating expenses	- 13 439	- 16 683
Financial income	- 2 274	- 3 376
Pre-tax earnings	- 604	2 444
Corporate income tax	811	- 213
Net income	**207**	**2 232**

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4.8. Financial assets

The “Financial assets” item represents the shares held in Sovaly, the company formed to develop a specific development project.

4.9. Non-current assets

in thousands of euros	Dec. 31, 2009	Changes in consolidation scope	Increases	Decreases	Other	June 30, 2010
Advance payments to non-consolidated, equity-consolidated and proportionally-consolidated companies	**6 559**		5 551	- 2 879	- 32	**9 199**
Loans	**77**			- 83	361	**355**
Security deposits	**16 035**		1 118	- 1 950	1	**15 204**
Other long-term financial investments	**3 176**			- 36	5	**3 145**
TOTAL	**25 847**	**0**	**6 669**	**-4 948**	**335**	**27 903**

4.10. Inventory

Inventory totaled 1.9 million euros at June 30, 2010. The inventory item comprised lots acquired under the “real estate agent” regime.

4.11. Trade accounts and notes receivable

Trade accounts include the effect of spreading the benefits granted to office and shopping center lessors.

in thousands of euros	Rental activities	Other activities	June 30, 2010	December 31, 2009
Receivables	87 476	29 492	116 968	117 809
Provisions	- 23 383	- 2 701	- 26 084	- 25 332
Total	**64 093**	**26 791**	**90 884**	**92 477**

4.12. Other receivables

in thousands of euros	June 30, 2010	December 31, 2009
State	**37 399**	**38 044**
- Corporate income tax	4 605	6 049
- V.A.T.	32 794	31 995
Other debtors	**282 304**	**301 943**
- Calls for funds	122 039	121 850
- Down payments to suppliers	7 674	9 121
- Prepaid expenses	76 781	87 123
- Other	75 810	83 849
Total	**319 703**	**339 987**

in thousands of euros	June 30, 2010	Less than 1 year	More than 1 year
State	**37 399**	**37 399**	
- Corporate income tax	4 605	4 605	
- V.A.T.	32 794	32 794	
Other debtors	**282 304**	**225 563**	**56 741**
- Calls for funds	122 039	122 039	-
- Down payments to suppliers	7 674	7 334	340
- Prepaid expenses	76 781	30 582	46 199
- Other	75 810	65 608	10 202
Total	**319 703**	**262 962**	**56 741**

The “VAT” item includes outstanding refunds due from local tax authorities: Carré Jaude 2 (3.5 million euros), Gare Saint Lazare (1.7 million euros) and Cécoville (1 million euros). No VAT credit refund was received during the period.

The pre-lease payments received under construction leases or long-term lease rights and amortized over the term of the lease agreement are recognized as prepaid expenses (60.7 million euros).

The 51 million euros in funds managed by Ségécé on behalf of its principals are shown under “Other”.

4.13. Cash and near cash

in thousands of euros	June 30, 2010	December 31, 2009
Near cash	***77 795***	***100 670***
- Treasury bills and certificates of deposit	6 908	4 911
- Other fixed revenue securities		-
- Money market investments	70 887	95 759
Cash	***176 848***	***135 281***
Total	**254 643**	**235 951**

Near cash refers to French money market mutual funds (UCITS) (70.8 million euros) and Spanish one-month and two-month deposit certificates (6.9 million euros).

The funds managed by Ségécé on behalf of its principals are classified in "Other debtors" (51 million euros at June 30, 2010 and 55.2 million euros at December 31, 2009).

The available cash and investment securities that make up "Cash and near cash", plus the amount of funds managed by Ségécé on behalf of its principals, totaled 305.5 million euros.

in thousands of euros	June 30, 2010	December 31, 2009
Near cash	77 795	100 670
Cash	176 848	135 281
Gross cash and near cash	***254 643***	***235 951***
Bank credit balances	116 968	81 100
Net cash and near cash	**137 675**	**154 851**

4.14. Equity

4.14.1. Share capital

Adopted by 84.6% of shareholders, the proposal to pay the 2009 dividend in the form of shares resulted in the creation of 7,676,081 new shares and a capital increase that raised a gross total of 189.5 million euros.

At June 30, 2010, capital was represented by 189,648,240 shares each of 1.40 euros nominal value. The share capital is fully paid up, and shares are either registered or bearer.

	June 30, 2010	December 31, 2009
Authorized		
ordinary shares of 1.4 euros	189 648 240	181 972 159
refoundable convertible preferencial shares	N/A	N/A
Total	**189 648 240**	**181 972 159**

4.14.2. Treasury shares

The Group acquired shares in Klépierre S.A. during the year, as authorized by the ordinary general meetings of shareholders.

Treasury shares totaled 2,964,355 at June 30, 2010 (compared with 2,880,923 at December 31, 2009) at a total cost of 81.9 million euros.

Capital losses made on sales of treasury shares were recognized under equity at -0.9 million euros at June 30, 2010 and -1 million euros at December 31, 2009. The cost of acquiring shares and the revenue from share sales were respectively debited from, and credited to, equity.

4.14.3. Non-controlling interests

Changes in the scope of consolidation of non-controlling interests amount to 1.7 million euros:

- 5.9 million euros as a result of the entry of Valdebac
- - 4.4 million euros from the discounting of the two PUT options granted in 2009 by Klépierre to Finiper, the minority shareholder in IGC; the total commitment, recognized as debt on the liabilities side of the balance sheet as a contra to a reduction in non-controlling interests, totaled 27.3 million euros at June 30, 2010.

4.15. Current and non-current financial liabilities

4.15.1. Change in indebtedness

Current and non-current financial liabilities totaled 7,593 million euros at June 30, 2010.

Net financial debt totaled 7,359 million euros, compared with 7,279 million euros at December 31, 2009. Net financial debt is the difference between financial liabilities (excluding Fair Value Hedge revaluation), plus bank overdrafts, minus available cash and investment securities.

This increase of 80 million euros is the result of the following influences:

- The principal funding requirements for the fiscal year were driven by investment (243.2 million euros) and payment of the 2009 dividend (223.9 million euros)
- Resources were distributed between the capital increase of 189.5 million euros resulting from the proposal to pay the divided in the form of shares, disposals (107.2 million euros) and free cash flow for the period
- The conversion to euros of Steen & Strøm net debt generated an exchange rate effect that added 71.8 million euros to consolidated net debt. This reflects the appreciation of Scandinavian currencies against the euro, which also has the effect of increasing the euro value of Steen & Strøm assets

in thousands of euros	June 30, 2010	December 31, 2009
NON-CURRENT		
Bond issues net of costs/premiums	**2 220 586**	**1 305 897**
** of which reevaluation of Fair Value Hedges*	45 531	24 332
Borrowings and debts with credit institutions over 1 year	**4 509 434**	**5 299 908**
Sundry loans and financial debts	79 752	64 699
** Advance payments to the group and associates*	79 752	64 699
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**6 809 772**	**6 670 504**
CURRENT		
Bond issues net of costs/premiums	**-**	**48 196**
Borrowings and debts from credit institutions under 1 year	**89 455**	**373 837**
Accrued interest	**56 430**	**52 606**
* on bond issues	43 050	36 118
* on loans from credit institutions	12 398	12 949
* on advance payments to the group and associates	982	3 539
Commercial paper	**635 486**	**365 679**
Sundry loans and financial debts	**2 335**	**2 771**
* Advance payments to the group and associates	2 335	2 771
TOTAL CURRENT FINANCIAL LIABILITIES	**783 706**	**843 089**

4.15.2. Principal sources of financing

The main sources of financing available to the Group are shown in the following two tables.

The most notable changes during the period were the two bond issues made in April, which together totaled 900 million euros. The funds raised were applied to reduce the amount of drawdown on bank credit lines and to reduce the maximum amount permitted under the bilateral loan contracted on October 2008 by 200 million euros.

The Group also contracted new mortgage-based finance in Sweden totaling 340 million Swedish Krona (35.7 million euros).

KLEPIERRE GROUP SOURCES OF FUNDING IN EUROS *(in millions of euros)*		Borrower	% holding by Klépierre	Reference rate	Maturity date	Repayment profile	Maximum amount	Amount used
Bond issues							**2189**	**2189**
	of which:	Klepierre	100%	4,625%	15/07/2011	*in fine*	600	600
		Klepierre	100%	4,250%	16/03/2016	*in fine*	689	689
		Klepierre	100%	4,000%	13/04/2017	*in fine*	700	700
		Klepierre	100%	4,625%	14/04/2020	*in fine*	200	200
Syndicated loans							**1150**	**1150**
	of which:	Klepierre	100%	Euribor	21/09/2014	*in fine*	1000	1000
		Klémurs	84,1%	Euribor	12/12/2011	*in fine*	150	150
Bilateral loans							**2600**	**940**
	of which:	Klepierre	100%	E3m	30/06/2015	*Amortizable*	2100	940
		Klépierre (back-up)	100%	E3m	30/06/2015	*in fine*	300	-
		Klépierre (back-up)	100%	E3m	07/10/2012	*in fine*	200	-
Mortgages							**306**	**306**
	of which:	Klecar Italia	83%	E3m	30/06/2015	*Amortizable*	106	106
		GC Assago	100%	E3m	03/07/2015	*Amortizable*	101	101
		GC Collegno	100%	E3m	15/07/2015	*Amortizable*	16	16
		K2	85%	E3m	15/01/2023	*Amortizable*	52	52
		Le Havre Vauban et Lafayette	50%	E3m	31/12/2014	*in fine*	24	24
Property finance leases							**248**	**248**
	of which:	IGC	71%	E3m	12/03/2022	*Amortizable*	29	29
		Cecoville	100%	E3m	27/12/2019	*Amortizable*	41	41
		Cecoville	100%	E3m	03/04/2020	*Amortizable*	60	60
		Clivia	50%	E3m	02/07/2022	*Amortizable*	61	61
		Klémurs / Cap Nord	84,1%	E3m / fixed rate	-	*Amortizable*	40	40
Short-term lines and bank overdrafts							**58**	**36**
	of which:	Klépierre Finance (overdraft)	100%	Eonia	-	-	50	28
		IGC	71%	E3m	09/03/2011	*in fine*	8	8
Commercial paper							**500**	**491**
		Klépierre (commercial paper)	100%	-	-	*in fine*	500	491
Total for the Group (EUR) [1]							**6551**	**5360**

[1] The totals are calculated excluding backup lines of funding, inasmuch as the maximum amount of the "commercial paper" line includes that of the backup lines

FUNDING SOURCES OF STEEN & STRØM *In millions of euros equivalent*	Issue currency	% holding by Klépierre	Reference rate	Repayment profile	Maximum amount	Amount used
Bond market	NOK	56,1%	NIBOR	*in fine*	0	0
Mortgages	NOK	56,1%	NIBOR	-	852	852
Bank overdrafts	NOK	56,1%	NIBOR	-	31	0
Commercial paper	NOK	56,1%	NIBOR	*in fine*	144	144
Sub-total (NOK)					**1028**	**996**

In millions of euros equivalent	**Issue currency**	**% holding by Klépierre**	**Reference rate**	**Repayment profile**	**Maximum amount**	**Amount used**
Mortgages	SEK	56,1%	STIBOR	-	465	465
Bank overdrafts	SEK	56,1%	STIBOR	-	5	0
Sub-total (SEK)					**470**	**465**

In millions of euros equivalent	**Issue currency**	**% holding by Klépierre**	**Reference rate**	**Repayment profile**	**Maximum amount**	**Amount used**
Mortgages *	DKK	56,1%	CIBOR / fixed rate	-	668	628
Sub-total (DKK)					**668**	**628**

* including fixed-rate debt: 212 million euros

Total for Steen & Strøm	**2165**	**2089**
TOTAL for the Group (Klépierre + Steen & Strøm)	**8716**	**7449**

4.15.3. Financial covenants relating to finance and rating

The Group's main credit agreements include clauses, which, if not complied with, could result in demands for early refund of the relevant finance.

All the financial ratios, the amounts involved and their levels at June 30, 2010 are shown in paragraph 7.2 "Liquidity risk" of section 7 "Exposure to risks and hedging strategy".

4.15.4. Breakdown of financial debts by maturity date

Breakdown of current and non-current financial liabilities:

in thousands of euros	Total	Less than 1 year	1-5 years	More than 5 years
NON-CURRENT				
Bond issues net of costs/premiums	**2 220 586**		**600 000**	**1 620 586**
* *of which reevaluation of Fair Value Hedges*	45 531			
Borrowings and debts with credit institutions over 1 year	**4 509 434**		**3 151 071**	**1 358 363**
Sundry loans and financial debts	**79 752**	**-**	**79 752**	**-**
* *Advance payments to the group and associates*	79 752	-	79 752	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**6 809 772**	**0**	**3 830 823**	**2 978 949**
CURRENT				
Bond issues net of costs/premiums	**-**	**-**		
Borrowings and debts from credit institutions under 1 year	**89 455**	**89 455**		
Accrued interest	**56 430**	**56 430**		
* *on bond issues*	43 050	43 050		
* *on loans from credit institutions*	12 398	12 398		
* *on advance payments to the group and associates*	982	982		
Commercial paper	**635 486**	**635 486**		
Sundry loans and financial debts	**2 335**	**2 335**		
* *Advance payments to the group and associates*	2 335	2 335		
TOTAL CURRENT FINANCIAL LIABILITIES	**783 706**	**783 706**		

Financing amortization table (amounts used in millions of euros equivalent):

Repayment year	Issue currency	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2 017	2018-2023	TOTALS
Bond issues	EUR	-	600	-	-	-	-	689	700	200	**2189**
Borrowings and debts with credit institutions	EUR	23	195	30	43	1453	640	143	26	91	**2644**
Short-term lines and bank overdrafts	EUR	28	8	-	-	-	-	-	-	-	**36**
Commercial paper	EUR	491	-	-	-	-	-	-	-	-	**491**
Funding issued in EUR		**542**	**803**	**30**	**43**	**1 453**	**640**	**832**	**726**	**291**	**5360**
Funding issued in NOK	**NOK**	**35**	**175**	**289**	**14**	**304**	**10**	**10**	**95**	**64**	**996**
Funding issued in SEK	**SEK**	**6**	**55**	**107**	**29**	**36**	**11**	**11**	**41**	**169**	**465**
Funding issued in DKK	**DKK**	**2**	**3**	**3**	**7**	**7**	**20**	**20**	**20**	**546**	**628**
TOTAL FOR THE GROUP		**585**	**1 036**	**429**	**93**	**1 800**	**681**	**872**	**882**	**1 070**	**7449**

in millions of euros

The majority of maturity dates occurring in the second half of 2010 relate principally to amortization of the Group's bank loans and Group renewable short-term funding: overdrafts and commercial paper (respectively 28 million euros and 491 million euros). Klépierre's outstanding euro-denominated commercial paper can be refinanced by drawing on two confirmed lines of bank credit with maturity dates of 2012 (200 million euros) and 2015 (300 million euros).

The contractual flows including principal and interest (not discounted) by maturity date are as follows (in millions of euros equivalent):

Repayment year	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2 017	2018-2023	TOTALS
Bond issues	40	680	67	67	67	67	734	716	202	**2639**
Borrowings and debts with credit institutions	45	239	71	84	1 482	651	146	27	92	**2837**
Bank overdrafts	28	8	-	-	-	-	-	-	-	**36**
Commercial paper	493	-	-	-	-	-	-	-	493	**986**
Funding issued in EUR	**606**	**927**	**138**	**150**	**1 548**	**717**	**880**	**744**	**787**	**6497**
Funding issued in NOK	**69**	**205**	**311**	**31**	**315**	**16**	**15**	**99**	**67**	**1 128**
Funding issued in SEK	**13**	**62**	**112**	**31**	**36**	**11**	**11**	**42**	**171**	**491**
Funding issued in DKK	**11**	**12**	**12**	**15**	**15**	**28**	**28**	**28**	**559**	**707**
TOTAL FOR THE GROUP	**699**	**1 206**	**573**	**228**	**1 914**	**772**	**934**	**912**	**1 585**	**8 824**

Calculated on the basis of interest rates at June 30, 2010

At June 30, 2009, the amortization table for these contractual flows was as follows (in millions of euros):

Repayment year	2 009	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2 017	2018-2023	TOTALS
Bond issues	57	57	643	29	29	29	29	696	-	-	**1571**
Borrowings and debts from credit institutions	60	414	259	172	1 515	1 084	748	26	26	85	**4391**
Bank overdrafts	49	-	-	-	-	-	-	-	-	-	**49**
Commercial paper	91	-	-	-	-	-	-	-	-	-	**91**
Funding issued in EUR	**258**	**471**	**902**	**201**	**1 544**	**1 114**	**777**	**723**	**26**	**85**	**6102**
Funding issued in NOK	**38**	**96**	**31**	**272**	**27**	**283**	**17**	**15**	**89**	**80**	**948**
Funding issued in SEK	**28**	**14**	**56**	**84**	**12**	**26**	**11**	**11**	**12**	**313**	**568**
Funding issued in DKK	**10**	**9**	**15**	**15**	**16**	**16**	**29**	**29**	**29**	**410**	**580**
TOTAL FOR THE GROUP	**334**	**591**	**1 005**	**573**	**1 600**	**1 439**	**834**	**778**	**156**	**888**	**8 197**

Calculated on the basis of interest rates at June 30, 2009

4.16. Hedging instruments

4.16.1. Rate hedging portfolio

As part of its risk management policy (cf. corresponding section), Klépierre has contracted interest rate swap agreements allowing it to switch from variable rate to fixed rate debt and vice-versa. Under this arrangement, the Klépierre hedge rate (the proportion of gross financial debt arranged or hedged at fixed rate) was 73% at June 30, 2010.

At June 30, 2010, the breakdown of derivatives by maturity date was as follows:

KLEPIERRE

in millions of euros	Hedging relationship	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2017	2 018	2 019	2 020	TOTAL
DERIVATIVES USED BY THE KLEPIERRE GROUP													
Klepierre	Cash Flow Hedge	-	800	300	200	-	1450	450	250	500	50	-	**4000**
	. Of which spot start swaps	-	*800*	*300*	*200*	-	*1450*	-	-	*100*	-	-	*2850*
	. Of which forward start swaps	-	-	-	-	-	-	*450*	*250*	*400*	*50*	-	*1150*
	Fair Value Hedge	-	600	-	-	-	-	-	700	-		200	**1500**
Klecar Italia	Cash Flow Hedge	90	-	-	-	-	-	-	-	-			**90**
Klémurs	Cash Flow Hedge	-	-	-	-	100	250	-	-	-	-	-	**350**
	. Of which spot start swaps	-	-	-	-	*100*	*250*	-	-	-	-	-	*350*
	. Of which forward start swaps	-	-	-	-	-	-	-	-	-	-	-	-
GC Assago	Cash Flow Hedge	-	-	-	-	-	-	85	-	-	-	-	**85**
GC Collegno	Cash Flow Hedge	-	-	-	-	-	-	15	-	-	-	-	**15**
Le Havre Vauban et Lafayette	Cash Flow Hedge	-	-	-	-	22	-	-	-	-	-	-	**22**
K2	Cash Flow Hedge	1	2	2	2	2	18	-	-	-	-	-	**27**
IGC (tunnel)	Trading	-	-	-	-	-	-	-	-	-			**-**
EUR-denominated derivatives		**91**	**1 402**	**302**	**202**	**124**	**1 718**	**550**	**950**	**500**	**50**	**200**	**6089**
Steen & Strøm	Cash Flow Hedge												
	. Of which swaps	*38*	*50*	*123*	-	*188*	-	*151*	*72*	-	-	-	**622**
	. Of which caps/tunnels	-	*38*	-	-	-	-	-	-	-	-	-	**38**
NOK-denominated derivatives		**38**	**88**	**123**	**-**	**188**	**-**	**151**	**72**	**-**	**-**	**-**	**660**
Steen & Strøm	Cash Flow Hedge												
	. Of which swaps	-	*73*	*94*	-	-	*16*	*21*	*31*	-	-	-	**236**
	. Of which caps/tunnels	-	-	*21*	-	*63*	-	-	-	-	-	-	**84**
	. Of which swaps	-	*42*	-	-	-	-	-	-	-	-	-	**42**
SEK-denominated derivatives		**-**	**115**	**115**	**-**	**63**	**16**	**21**	**31**	**-**	**-**	**-**	**362**
Steen & Strøm	Cash Flow Hedge												
	. Of which swaps	-	-	*70*	-	*67*	-	-	-	-	-	-	**137**
	. Of which caps/tunnels	-	-	-	*27*	-	-	*40*	-	-	-	-	**67**
DKK-denominated derivatives		**-**	**-**	**70**	**27**	**67**	**-**	**40**	**-**	**-**	**-**	**-**	**204**
TOTAL FOR THE GROUP		**129**	**1 605**	**610**	**229**	**442**	**1 734**	**762**	**1 054**	**500**	**50**	**200**	**7315**

The corresponding contractual flows (interest) break down as follows (positive flows = payer flows):

in millions of euros	Hedging relationship	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2017	2 018	2 019	2 020	TOTAL
Spot start swaps	Cash Flow Hedge	54	104	80	72	69	32	4	3	1	-	-	419
Forward start swaps	Cash Flow Hedge	-	5	29	32	32	32	28	13	10	-	-	181
Spot start swaps	Fair Value Hedge	-26	-28	-19	-19	-19	-19	-19	-9	-5	-5	-1	-169
Tunnel	Trading	-	-	-	-	-	-	-	-	-	-	-	-
EUR-denominated derivatives		**28**	**81**	**90**	**85**	**82**	**45**	**13**	**7**	**6**	**-5**	**-1**	**431**
NOK-denominated derivatives		**7**	**6**	**5**	**3**	**2**	**0**	**0**	**-0**	**0**	**0**	**0**	**24**
SEK-denominated derivatives		**8**	**9**	**6**	**4**	**3**	**2**	**1**	**-0**	**-0**	**-**	**-**	**32**
DKK-denominated derivatives		**4**	**5**	**4**	**3**	**2**	**1**	**1**	**-**	**-**	**-**	**-**	**20**
TOTAL FOR THE GROUP		**46**	**102**	**106**	**94**	**89**	**48**	**15**	**7**	**6**	**-5**	**-1**	**507**

Calculated on the basis of interest rates at June 30, 2010

At June 30, 2009, the breakdown of derivatives by maturity date and the amortization schedule for the corresponding interest flows were as follows (in millions of euros):

DERIVATIVES USED BY THE KLEPIERRE GROUP												
in millions of euros	Hedging relationship	2 009	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2017	2 018	Total
Klepierre	Cash flow hedge	300	200	1100	300	200	-	1450	150	-	100	**3800**
	. Of which spot start swaps	*300*	*200*	*800*	*300*	*200*	-	*1450*	-	-	*100*	*3350*
	. Of which forward start swaps	-	-	*300*	-	-	-	-	*150*	-	-	*450*
	Fair Value Hedge	-	-	600	-	-	-	-	-	-	-	**600**
Klecar Italia	Cash Flow Hedge	-	90	-	-	-	-	-	-	-	-	**90**
Klémurs	Cash Flow Hedge	-	-	-	-	-	100	250	-	-	-	**350**
	. Of which spot start swaps	-	-	-	-	-	*100*	*250*	-	-	-	*350*
	. Of which forward start swaps	-	-	-	-	-	-	-	-	-	-	-
GC Assago	Cash Flow Hedge	-	-	-	-	-	-	-	85	-	-	**85**
GC Collegno	Cash Flow Hedge	-	-	-	-	-	-	-	15	-	-	**15**
Le Havre Vauban et Lafayette	Cash Flow Hedge	-	-	-	-	-	22	-	-	-	-	**22**
IGC (collar)	Trading	3	-	-	-	-	-	-	-	-	-	**3**
EUR-denominated derivatives		**303**	**290**	**1 700**	**300**	**200**	**122**	**1 700**	**250**	**-**	**100**	**4965**
Steen & StrØm	Cash Flow Hedge											
	. Of which swaps/FRAs	*111*	*111*	*78*	*108*	-	*166*	-	*78*	-	-	**651**
	. Of which caps/tunnels	-	-	*33*	-	-	-	-	-	-	-	**33**
NOK-denominated derivatives		**111**	**111**	**111**	**108**	**-**	**166**	**-**	**78**	**-**	**-**	**684**
Steen & StrØm	Cash Flow Hedge											
	. Of which swaps/FRAs	-	*46*	*74*	*83*	-	-	*14*	*37*	-	-	**254**
	. Of which caps/tunnels	-	-	-	*18*	-	*55*	-	-	-	-	**74**
SEK-denominated derivatives		**-**	**46**	**74**	**102**	**-**	**55**	**14**	**37**	**-**	**-**	**328**
Steen & StrØm	Cash Flow Hedge											
	. Of which swaps/FRAs	*54*	-	-	*70*	-	*67*	-	-	-	-	**191**
	. Of which caps/tunnels	-	-	-	-	*27*	-	-	*40*	-	-	**67**
	Fair Value Hedge		222									**222**
DKK-denominated derivatives		**54**	**222**	**-**	**70**	**27**	**67**	**-**	**40**	**-**	**-**	**480**
TOTAL FOR THE GROUP		**467**	**669**	**1 885**	**580**	**227**	**411**	**1 714**	**405**	**-**	**100**	**6457**

in millions of euros	Hedging relationship	2 009	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2017	2 018	Total
Spot start swaps	Cash Flow Hedge	54	102	89,5	72	65	62	28	4	3	1	480
Forward start swaps	Cash Flow Hedge	0	8	11,4	4	4	4	4	0	-	-	35
Spot start swaps	Fair Value Hedge	-22	-17	-9,2	-	-	-	-	-	-	-	-49
Tunnel	Trading	-	-	-	-	-	-	-	-	-	-	-
EUR-denominated derivatives		**31,5**	**93,3**	**91,7**	**76,0**	**68,6**	**65,4**	**32,0**	**3,8**	**3,1**	**0,6**	**466,0**
NOK-denominated derivatives		**3,1**	**7,3**	**9,6**	**8,2**	**7,1**	**5,1**	**2,9**	**1,8**	**0,6**	**-**	**45,7**
SEK-denominated derivatives		**5,3**	**10,9**	**10,5**	**9,4**	**5,9**	**3,5**	**2,4**	**2,2**	**1,6**	**-**	**51,8**
DKK-denominated derivatives		**-0,4**	**-0,9**	**0,2**	**0,2**	**0,2**	**-0,9**	**-0,9**	**0,1**	**0,0**	**-**	**-2,2**
TOTAL FOR THE GROUP		**39,6**	**110,6**	**112,0**	**93,8**	**81,8**	**73,2**	**36,4**	**8,0**	**5,3**	**0,6**	**561,3**

Calculated on the basis of interest rates at June 30, 2009

Fair value of the rate hedging portfolio

Derivatives *in millions of euros*	Fair value net of accrued interest at June 30, 2010	Fair value change in 2010	Counterparty
Cash flow hedge	-385,3	-148,7	Stockholder equity
Fair value hedge	35,9	12,9	Financial liabilities
Trading	-1,4	-1,4	Income/loss
TOTAL	**-350,8**	**-137,2**	

4.16.2. Exchange rate hedging portfolio

At June 30, 2010, the hedging portfolio also included two exchange rate hedging instruments subscribed by Steen & Strøm to convert a loan initially denominated in Danish Krone to Swedish Krona based on a notional total of 725 million Danish Krone (maturity December 31, 2010). The fair value net of accrued interest for these instruments is -8.7 million euros.

4.17. Long-term provisions

These include a 4.8 million euro provision to cover the risk presented by a Major Retailer tax investigation instigated by the Principality of Asturias.

4.18. Deferred taxes

in thousands of euros	December 31, 2009	Change in earnings	Cash flow hedging reserves	Other changes	June 30, 2010
Buildings	- 496 682	7 627		- 4 504	- 493 559
Derivatives	6 787	2 470	2 324	503	12 084
Deficits	41 266	- 1 162		1 363	41 467
Other items	406	2 968		199	3 573
Total for entities in a net liability position	**-448 223**	**11 903**	**2 324**	**-2 439**	**-436 435**

in thousands of euros	December 31, 2009	Change in earnings	Cash flow hedging reserves	Other changes	June 30, 2010
Buildings	4 814	51		- 343	4 522
Derivatives	38 452	158	20 443	- 175	58 878
Deficits	24 605	- 1 103		10	23 512
Other items	4 958	2 374		1 026	8 358
Total for entities in a net asset position	**72 829**	**1 480**	**20 443**	**518**	**95 270**
NET POSITIONS	**-375 394**	**13 383**	**22 767**	**-1 921**	**-341 165**

The “Other changes” item recognizes a -1.7 million euro currency fluctuation effect.

4.19. Tax liabilities, staff benefits and other payables

in thousands of euros	June 30, 2010	December 31, 2009
Social and tax liabilities	**95 310**	**94 158**
Personnel and related accounts	23 738	22 904
Social security and other bodies	6 374	7 774
State		
* Corporate income tax	17 541	25 393
* V.A.T.	24 824	19 294
Other taxes and duties	22 832	18 794
Other liabilities	**257 490**	**253 930**
Creditor customers	114 747	101 315
Deferred income	42 656	37 057
Other liabilities	100 087	115 558

The 114.7 million euros in advance payments received from lessors in respect of charges are recognized in “Creditor customers”.

The “Other liabilities” item consists primarily of funds representing the management accounts of Ségécé principals, balanced by an equal amount in “Other debtors” on the asset side of the balance sheet. These funds totaled 51 million euros at June 30, 2010.

5. SEGMENT INFORMATION

5.1. Segment Income Statement at June 30, 2010

For management reasons, the Group is structured into business segments and geographic regions. There are 7 operating segments.

Shopping centers are structured into 5 operating segments:

- France and Belgium
- Scandinavia
- Italy and Greece
- Iberia (Spain and Portugal)
- Central Europe

The remaining 2 operating segments are Retail Units and Office Buildings.

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

Group financial policy (including the impact on financial expenses and revenues), corporate activities and corporate income tax liability are handled at Group level, and are not allocated by operating segment.

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In millions of euros	SHOPPING CENTERS									
	France and Belgium		Scandinavia		Italy and Greece		Iberia		Central Europe	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
Lease income	*178,1*	*170,5*	*89,6*	*78,4*	*58,7*	*50,0*	*47,8*	*48,6*	*38,7*	*42,9*
Other rental income	*6,1*	*4,1*	-	-	*0,9*	*0,7*	*0,0*	*0,2*	*1,5*	*1,0*
Lease income	**184,2**	**174,7**	**89,6**	**78,4**	**59,6**	**50,7**	**47,9**	**48,7**	**40,2**	**44,0**
Land expenses (real estate)	- 1,2	- 1,1	-	-	-	-	- 0,1	- 0,1	- 0,0	- 0,0
Non-recovered rental expenses	- 3,2	- 4,5	- 7,0	- 6,0	- 2,0	- 1,5	- 2,0	- 2,3	- 3,8	- 3,2
Building expenses (owner)	- 9,3	- 10,3	- 6,3	- 5,9	- 4,1	- 3,7	- 2,8	- 2,3	- 4,1	- 3,1
Net lease income	**170,5**	**158,9**	**76,3**	**66,6**	**53,5**	**45,5**	**43,0**	**44,1**	**32,3**	**37,6**
Management, administrative and related income	19,1	19,1	9,9	10,0	2,9	3,3	3,7	3,7	1,4	1,5
Other operating income.	5,4	5,8	4,8	3,4	2,2	0,3	0,1	0,2	0,5	0,3
Survey and research costs	-	-	-	-	-	-	-	-	-	-
Payroll expense	- 20,8	- 20,2	- 12,2	- 15,7	- 3,3	- 3,1	- 4,7	- 4,3	- 2,3	- 2,2
Other general expenses	- 4,2	- 6,1	- 4,7	- 2,4	- 2,1	- 1,0	- 2,2	- 1,0	- 2,0	- 0,9
GROSS OPERATING SURPLUS	**170,1**	**157,5**	**74,2**	**61,9**	**53,3**	**44,9**	**40,0**	**42,7**	**29,8**	**36,3**
Cost/income ratio (1)	*12,8%*	*14,3%*	*18,5%*	*22,6%*	*9,2%*	*8,5%*	*14,7%*	*11,1%*	*12,7%*	*7,8%*
Amortization and provisions on investment property	- 38,4	- 50,7	- 57,1	- 29,2	- 15,8	- 18,2	- 23,5	- 21,7	- 50,5	- 54,7
Amortization of PPE	- 1,0	- 0,7	- 0,8	- 0,8	- 0,6	- 0,5	- 0,1	- 0,1	- 0,4	- 0,4
Provisions	- 0,5	- 1,3	-	-	- 0,0	0,1	- 0,4	- 0,4	- 0,0	-
OPERATING INCOME/LOSS	**130,1**	**104,8**	**16,2**	**31,9**	**36,8**	**26,4**	**16,0**	**20,5**	**- 21,1**	**- 18,8**
Share in earnings of equity-method investees	0,8	0,6	-	-	-	-	-	-	-	-
Income from disposals	13,2	24,0	13,6	-	-	-	-	-	- 0,6	-
SEGMENT REPORTING	***144,1***	***129,4***	***29,9***	***31,9***	***36,8***	***26,4***	***16,0***	***20,5***	***-21,7***	***-18,8***
Net dividends and provisions on non-consolidated investments										
Net cost of debt										
Change in the fair value of financial instruments										
Effect of discounting										
PRE-TAX EARNINGS										
Corporate income tax										
NET EARNINGS										

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In millions of euros	SHOPPING CENTERS Total		OFFICE BUILDINGS France		RETAIL UNITS France		UNALLOCATED		KLEPIERRE GROUP	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
Lease income	*412,9*	*390,5*	*18,8*	*26,0*	*22,1*	*20,8*	-	-	*453,8*	*437,3*
Other rental income	*8,6*	*6,0*	-	-	*0,4*	*0,3*	-	-	*8,9*	*6,3*
Lease income	**421,4**	**396,5**	**18,8**	**26,0**	**22,5**	**21,1**	**-**	**-**	**462,7**	**443,6**
Land expenses (real estate)	- 1,2	- 1,1	- 0,2	- 0,1	- 0,0	- 0,0	-	-	- 1,4	- 1,3
Non-recovered rental expenses	- 17,9	- 17,4	- 1,4	- 0,6	- 0,0	- 0,1	-	-	- 19,3	- 18,0
Building expenses (owner)	- 26,6	- 25,3	- 0,2	- 0,7	- 0,8	- 0,9	-	-	- 27,5	- 27,0
Net lease income	**375,6**	**352,7**	**17,1**	**24,5**	**21,8**	**20,1**	**-**	**-**	**414,4**	**397,3**
Management, administrative and related income	37,0	37,6	-	-	0,2	0,3	-	-	37,2	37,9
Other operating income.	13,1	10,0	0,0	0,1	0,1	0,1	-	-	13,2	10,1
Survey and research costs	-	-	-	-	-	-	- 0,9	- 0,9	- 0,9	- 0,9
Payroll expense	- 43,2	- 45,6	- 0,3	- 0,5	- 0,7	- 0,7	- 5,5	- 5,5	- 49,8	- 52,3
Other general expenses	- 15,2	- 11,4	- 0,3	- 0,1	- 0,4	- 0,3	- 3,6	- 2,8	- 19,4	- 14,5
GROSS OPERATING SURPLUS	**367,3**	**343,3**	**16,5**	**24,0**	**20,9**	**19,5**	**- 10,0**	**- 9,2**	**394,8**	**377,6**
Cost/income ratio (1)	*13,7%*	*14,2%*	*3,3%*	*2,4%*	*5,0%*	*4,7%*			*15,1%*	*15,2%*
Amortization and provisions on investment property	- 185,4	- 174,5	- 5,4	- 5,9	1,7	- 20,4	-	-	- 189,1	- 200,8
Amortization of PPE	- 2,9	- 2,5	- 0,1	- 0,1	-	- 0,0	- 0,2	- 0,1	- 3,2	- 2,8
Provisions	- 1,0	- 1,6	- 0,1	- 0,1	-	-	-	-	- 1,0	- 1,7
OPERATING INCOME/LOSS	**178,1**	**164,7**	**10,9**	**17,8**	**22,6**	**- 0,9**	**- 10,2**	**- 9,3**	**201,4**	**172,3**
Share in earnings of equity-method investees	0,8	0,6	-	-	-	-	-	-	0,8	0,6
Income from disposals	26,2	24,0	15,9	-	3,5	-	-	-	45,5	24,0
SEGMENT REPORTING	***205,0***	***189,4***	***26,8***	***17,8***	***26,1***	***-0,9***	***-10,2***	***-9,3***	***247,7***	***197,0***
Net dividends and provisions on non-consolidated investments									- 0,4	0,0
Net cost of debt									- 149,6	- 143,1
Change in the fair value of financial instruments									- 1,3	-
Effect of discounting									- 0,3	- 0,5
PRE-TAX EARNINGS									**96,1**	**53,5**
Corporate income tax									2,2	33,8
NET EARNINGS									***98,3***	***87,3***

(1) (Payroll expenses + General expenses) / (Net lease income + fees + other income)

5.2. Net carrying amounts for investment property

At June 30, 2010, the net carrying amounts for investment property for each operating segment were as follows:

in thousands of euros	Net carrying value of investment property
Shopping centers	**9 739 962**
France and Belgium	*3 537 629*
Scandinavia	*3 093 326*
Italy and Greece	*1 325 806*
Iberia	*1 060 254*
Central Europe	*722 947*
Retail units	**554 244**
Office buildings	**504 584**
Total	**10 798 790**

5.3. Capital investment

At June 30, 2010, capital investments, acquisitions and changes in consolidation scope for each segment were broken down as follows:

in thousands of euros	Shopping centers	Retail units	Office buildings	Total at June 30 2010
Tangible assets	997	-	-	**997**
Investment property	77 450	159	-	**77 609**
Fixed assets in progress	184 323	167	738	**185 228**
TOTAL	**262 770**	**326**	**738**	**263 834**

6. NOTES TO THE FINANCIAL STATEMENTS: COMPREHENSIVE INCOME STATEMENT

6.1. Operating revenue

6.1.1. Rental income includes:

- Rents: rents from buildings and rent-related income, such as car park rentals and early termination penalties
- Other rental income: income from entry fees and other sundry income

6.1.2. Other operating income comprises building works re-billed to lessors and sundry income.

Group revenue comprises lease income and management and administration income received by the service provider companies. At June 30, 2010, the sector breakdown was as follows:

in thousands of euros	Lease income	Management income	Total
Shopping centers	*412 873*	*37 008*	**449 881**
France and Belgium	*178 054*	*19 110*	***197 164***
Scandinavia	*89 618*	*9 863*	***99 481***
Italy and Greece	*58 711*	*2 932*	***61 643***
Iberia	*47 835*	*3 716*	***51 551***
Central Europe	*38 655*	*1 387*	***40 042***
Retail units	*22 140*	*180*	**22 320**
Office buildings	*18 773*	*0*	**18 773**
TOTAL	**453 786**	**37 188**	**490 974**

Revenues generated from business outside France represented 52.8%, compared with 51.66% at June 30, 2009.

Rents from shopping centers rose by 5.7%, reflecting an increase of 22.4 million euros, as a result of external growth in the form of the acquisitions and extensions completed in 2009, the majority of which were in Italy and Scandinavia.

Rents from office buildings fell by 7.2 million euros (27.8%), as a result of building sales made in 2009 (23-25 Avenue Kléber, Paris) and at the start of 2010 (Place du Général Leclerc in Levallois Perret).

Retail unit segment rentals rose by 6.5% to 22.1 million euros as a result of the external growth achieved in this segment during 2009: retail assets acquired under the terms of the Défi Mode/Vivarte agreement, Buffalo Grill restaurants (4 in February 2009), Chausséa assets, etc.

Fees from service companies fell by 0.7 million euros to 37.2 million euros, largely as a result of the acquisition of a 21.3% share in IGC at the end of 2009. Since the company has been fully consolidated in 2010, fees billed by the service companies are fully eliminated from Group revenue.

6.2. Amortization and provisions on investment property

Amortization allowances and provisions on investment property and other assets were down by 11.3 million euros to 192.3 million euros.

Allowances excluding provisions rose by 18.2 million euros. Of this increase, 7.5 millions euros relate to Scandinavia (the effect of Swedish extension projects), 4.3 million euros to Italy (full consolidation of IGC following the acquisition of a 21.3% stake in 2009 and the acquisition of the Vituone center) and 5 million euros to France (including an allowance of 1.4 million euros recognized following full consolidation of Bègles).

Net impairment provisions totaled 51 million euros, compared with 80.5 million euros at June 30, 2009.

6.3. Income from sales of investment property and equity interests

Income from sales totaled 45.5 million euros. This income arose as follows:

- The sale of shares in Karl Johansgate 16 AS for 13.6 million euros
- The sale of the shopping malls in Douai (16.3 million euros) and in the Rue Candé in Rouen (3.5 million euros), and the Place du Général Leclerc office building in Levallois-Perret (15.9 million euros)
- The unrealized capital loss of 3.1 million euros on the sale of shares in Rézé Sud

6.4. Net cost of debt

The net cost of debt totaled 149.6 million euros, compared with 143.1 million euros at June 30, 2009.

The majority of this 6.5 million euro increase reflects the rise in outstanding debt, especially in Scandinavia. It also includes a slight fall in the average cost of debt relative to the first half of 2009 (4.44%, compared with 4.46% in the previous year), the fall in short-term interest rates, which offset the impact of the June 2009 bank renegotiation and the cost of the April 2010 bond issues.

Capitalized financial expenses totaled 12.8 million euros, compared with 19.4 million euros at June 30, 2009.

in thousands of euros	June 30, 2010	June 30, 2009
Capitalized interest	12 816	19 411
Interest on advance payments	-1 205	-262
Interest on bond issues	-37 017	-29 109
Interest on loans from credit institutions	-64 151	-89 093
Other bank interest	-20	-3 996
Sundry interest	1 259	747
Income form currency translation	249	-1 747
Income from sale of investment securities	165	772
Net interest on swaps	-50 548	-31 007
Net deferral of payments on swaps	-7 360	-4 925
Transfer of financial charges	2 475	3 221
Other financial income and expenses	-6 262	-7 064
Cost of indebtedness	**-149 599**	**-143 052**

6.5. Corporate income tax

in thousands of euros	June 30, 2010	June 30, 2009
Current taxes payable	- 11 166	- 17 275
Deferred tax	13 383	51 115
Total	**2 217**	**33 840**

The Group reported a net tax income of 2.2 million euros for the half-year.

- ***The SIIC segment reported a tax charge of 1.5 million euros made up principally as follows:***
  - A one-off charge of 0.6 million euros in additional exit tax
  - A charge of 0.8 million euros on the segment's taxable earnings

- ***Other French companies outside the SIIC segment reported a tax charge of 1.8 million euros made up as follows:***
  - A tax charge of 0.8 million euros relating to the limited partners of Klécar Europe Sud
  - Tax payable of 0.6 million euros for the half-year by entities in this segment
  - A deferred tax charge of 0.5 million euros arising as a result of capitalizing deficits, pensions and amortization restatements

- ***Foreign companies recognized a tax credit of 5.6 million euros made up as follows:***
  - Current tax payable of 8.4 million euros, the majority of which relates to Italy (4.4 million euros), Poland (1 million euros) and Hungary (0.8 million euros)
  - Deferred tax credits of 16.2 million euros arising principally as a result of unrealized exchange rate gains and income and amortization allowances restated using the component method
  - A tax charge of 2.2 million euros arising as a result of discounting tax deficits

Reconciliation between theoretical tax and actual tax at June 30, 2010:

in thousands of euros	France		Foreign companies	Total
	SIIC segment	Common law		
Pre-tax earnings and earnings from equity-method cor	125 462	14 356	- 41 416	**98 402**
Theoretical tax charge at 34.43%	**- 43 197**	**- 4 943**	**14 260**	**- 33 880**
Tax-exempt SIIC segment income	41 434			**41 434**
Taxable segments				
Effect of permanent time lags	5 410	3 660	669	**9 739**
Restatements of untaxed consolidations	152	- 168	- 4 112	**- 4 128**
Impact of non-activated deficits	- 5 049	- 299	- 1 485	**- 6 833**
Assignment of non-activated deficits			- 3 380	**- 3 380**
Discounting of rates and other taxes	- 489	- 94	3 423	**2 840**
Rate differences	228	-	- 3 803	**- 3 575**
Actual tax charge	**- 1 511**	**- 1 844**	**5 572**	**2 217**

Ordinary deficits are capitalized where their realization is deemed probable:

Country	Statutory tax rate	Inventory of ordinary deficits at December 31, 2009	Inventory of ordinary deficits at June 30, 2010	Change in OD in 2010	Capitalized deferred tax at December 31, 2009	Amounts capitalizable at June 30, 2010	Change in capitalized amounts	Amounts capitalized at June 30, 2010	Amounts not capitalized at June 30, 2010	Remarks
Belgium	34,00%	(26 413)	(27 967)	(1 554)	1 437	9 509	(91)	1 346	8 162	unlimited deferral of ordinary losses
Denmark	25,00%	(60 265)	(64 042)	(3 777)	15 066	16 010	944	16 010	0	unlimited deferral of ordinary losses
Spain	30,00%	(43 284)	(43 389)	(105)	11 295	13 017	(263)	11 033	1 984	losses deferrable over 15 years.
France	34,43% 33,00% 16,50%	(74 149)	(90 263)	(16 114)	4	30 737	1	5	30 733	unlimited deferral of ordinary losses
Greece	24,00%	(4 264)	(2 961)	1 303	1 066	711	(356)	710	0	losses deferrable over 5 years.
Hungary	19,00%	(11 485)	(5 069)	6 416	2 182	963	(1 219)	963	0	unlimited deferral of ordinary losses
India	33,99%	-	(147)	(147)	-	44	-	-	44	
Italy	27,50% or 31,40%	(8 673)	(8 590)	83	2 511	2 486	(25)	2 486	0	ordinary losses deferrable over 5 years, except the first 3 years, which have unlimited deferral
Luxembourg	28,59%	(20 516)	(28 486)	(7 970)	-	8 144	(0)	(0)	8 145	tax losses not capitalized
Norway	28,00%	(72 657)	(87 981)	(15 325)	11 859	24 635	1 112	12 971	11 663	unlimited deferral of ordinary losses
The Netherlands	25,50%	(7 036)	(8 670)	(1 634)	-	2 211	0	0	2 211	holding company: dividends and capital gains from sales of shares exempt
Poland	19,00%	(36 466)	(34 518)	1 948	6 337	6 558	(348)	5 989	570	losses deferrable over 5 years
Portugal	26,50% or 25,00%	(1 094)	(3 170)	(2 077)	279	824	546	825	(1)	losses deferrable over 6 years.
Czech Republic	19,00%	(3 474)	(1 804)	1 670	-	343	(0)	(0)	343	
Sweden	26,30%	(62 612)	(56 737)	5 875	13 835	14 922	(1 194)	12 641	2 281	unlimited deferral of ordinary losses
TOTAL		(432 388)	(463 794)	(31 406)	65 871	131 114	(892)	64 979	66 135	

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7. EXPOSURE TO RISKS AND HEDGING STRATEGY

Klépierre identifies and regularly measures its exposure to the various sources of risk (interest rates, liquidity, foreign exchange, counterparties, equity markets, legal risks, etc.) and sets applicable management policies as required.

The Group pays close attention to managing the financial risks inherent in its business activity and the financial instruments it uses.

7.1. Interest rate risk

7.1.1. A) Cash Flow Hedge rate risk

- ***Recurrence of variable rate financing requirement***

In structural terms, variable rate debt represents a significant proportion of Group borrowing (68% of debt at June 30, 2010, before hedging). It includes: bank loans (standard and mortgages), drawdowns on syndicated loans, commercial paper and the use of agreed overdrafts.

- ***Identified risk***

An increase in the interest rate against which variable rate debts are indexed (primarily 3-month EURIBOR) could result in an increase in the future interest rate expense.

- ***Measurement of risk exposure***

The first two of the following tables show the exposure of Klépierre income to an interest rate rise, before and after hedging.

Interest rate position before hedging *(in millions of euros)*	Amount	Change in financial expenses caused by a 1% rise in interest rates
Gross position	**5 041**	**50,4**
- Marketable securities	-78	-0,8
Net position before hedging	**4963**	**49,6**

Interest rate position after hedging *(in millions of euros)*	Amount	Change in financial expenses caused by a 1% rise in interest rates
Gross Position before hedging	**5 041**	**50,4**
- Net hedge	-2998	-30,0
Gross Position after hedging	**2 043**	**20,4**
- Marketable securities	-78	-0,8
Net position after hedging	**1965**	**19,6**

Given that changes in the fair value of Cash Flow Hedge swaps are recognized in equity, the following table quantifies the likely impact of an interest rate rise on equity based on the Klépierre Cash Flow Hedge swaps portfolio at the period end (including deferred swaps).

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Fair value of Cash Flow Hedge (in millions of euros)	Fair value net of accrued interest	Change in equity caused by a 1% rise in interest rates
Cash Flow Hedge swaps at June 30, 2010	**-385**	**215**
. Euro-denominated portfolio	-351	181
. Steen & Strøm portfolio	-34	34
Cash Flow Hedge swaps at December 31, 2009	**-237**	**180**

Financial debt after interest rate hedging breaks down as follows:

(in millions of euros)	Fixed-rate borrowings			Variable-rate borrowings			Total gross financial borrowings		Average cost of debt to base June 30, 2010
	Amount	Rate	Fixed part	Amount	Rate	Variable part	Amount	Rate	
12/31/2007	3 200	4,20%	70%	1 367	5,35%	30%	4 567	4,54%	**4,65%**
12/31/2008	5 952	4,33%	83%	1 246	3,49%	17%	7 198	4,19%	**4,38%**
12/31/2009	5 613	4,56%	76%	1 773	1,73%	24%	7 386	3,88%	**4,08%**
06/30/2010	5 406	4,55%	73%	2 043	1,94%	27%	7 449	3,83%	**4,11%**

N.B.: The “Average cost of debt to base June 30, 2010” is calculated on the basis of the interest rates and funding structure in place at June 30, 2010 and does not therefore constitute a forecast of the average cost of debt for Klépierre over the coming period. It includes non-utilization commissions and spreading of issue costs and premiums.

▪ *Hedging strategy*

Klépierre has set a target hedging rate of approximately 70%. This rate is defined as the proportion of fixed-rate debt (after hedging) to gross financial debt. As the previous table shows, this proportion was 73% at June 30, 2010.

In order to achieve its target level, Klépierre focuses on the use of swap agreements, which enable fixed rates to be swapped for variable rates, and vice-versa.

Klépierre can also contain its Cash Flow Hedge rate risk by limiting the scope for variation around the benchmark index by buying a cap on that index, for example.

Given the nature of its business as a long-term property owner and its growth strategy, Klépierre is structurally a borrower. Since the Group is not seeking to reduce short-term debt as a proportion of total indebtedness, it is highly likely that its short-term variable rate loans will be renewed in the medium term. This is the reason why the Klépierre hedging strategy addresses both the long-term and short-term aspects of its borrowings.

Generally, hedge terms may exceed those of the debts hedged, on condition that the Klépierre finance plan emphasizes the high probability of these debts being renewed.

7.1.2. Fair Value Hedge rate risk

- ***Description of fixed rate borrowing***

The majority of Klépierre's fixed rate borrowing currently consists of bond issues and mortgage loans in Scandinavia.

The main sources of additional fixed rate debt are potentially the bond market or convertible bonds and other "equity-linked" products.

- ***Identified risk***

Its fixed-rate debt provides Klépierre with risk-free exposure to fluctuations in interest rates, insofar as the fair value of fixed-rate debt increases when rates fall, and vice-versa.

At any given time, Klépierre may also find itself in the position of needing to increase its fixed-rate debt at a future date (e.g.: at a time of planned acquisition). It would then be exposed to the risk of a change in interest rate prior to arrangement of the loan. Klépierre may then consider hedging against this risk, which is treated as a "cash flow hedge" risk under IFRS.

- ***Measurement of risk exposure and hedging strategy***

At June 30, 2010, fixed rate debt totaled 2,408 million euros before hedging.

The "Fair Value Hedge" strategy is calibrated to address the overall hedge rate target. It is also based on the use of rate swaps allowing fixed rate payments to be swapped to variable rate payments. The "credit margin" component is not hedged.

The duration of "Fair Value Hedge" instruments is never longer than that of the debt hedged, since Klépierre wishes to obtain a very high level of "efficiency", as defined by IAS 32/39.

7.1.3. Investment securities

At June 30, 2010, Klépierre held investment securities of 77.8 million euros.

Near cash refers to French and Scandinavian money market mutual funds (UCITS) (70.8 million euros) and Spanish one-month and two-month deposit certificates (6.9 million euros).

These investments expose Klépierre to a moderate interest rate risk as a result of their temporary nature (cash investments) and the amounts involved.

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7.1.4. Fair value of financial assets and liabilities

Under IFRS, financial debts are recognized in the balance sheet at amortized cost and not at fair value.

The following table compares the fair values of debts with their corresponding nominal values. Fair values are arrived at on the basis of these principles:

- Variable rate bank debt: the fair value is equivalent to the nominal amount
- Fixed rate bank debt: the fair value is calculated solely on the basis of rate fluctuations
- Bond issues (and convertibles, where applicable): use is made of market quotations where these are available

Klépierre has elected not to remeasure the margin component of these unlisted loans inasmuch as the exceptionally difficult conditions seen in the credit markets since the beginning of the financial crisis have accentuated the differences between margins in individual markets (bonds, corporate lending, mortgages, etc.) and made any assessment very uncertain.

	06/30/2010			12/31/2009		
(in millions of euros)	Par value	Fair value	Change in fair value caused by a 1% rise in interest rates*	Par value	Fair value	Change in fair value caused by a 1% rise in interest rates*
Fixed-rate bond issues	2 189	2 247	-96	1 289	1 323	-48
Fixed-rate bank loans	219	227	-5	522	526	-13
Other variable-rate loans	5041	5041	-	5 575	5575	0
Total	**7449**	**7515**	**-101**	**7386**	**7424**	**-61**

** Change in fair value of the debt as a result of a parallel "shift" in the rates curve*

Derivatives are recognized in the balance sheet at their fair value. At June 30, 2010, a 1% rise in rates would have resulted in a rise of 148 million euros in the value of the Group's euro-denominated interest rate swaps (Cash Flow Hedge and Fair Value Hedge).

On the asset side, unconsolidated securities are recognized under "securities available for sale", and are therefore measured at their fair value. Given the nature of business conducted by the companies concerned, it is estimated that their net book value is close to their fair value.

7.1.5. Measures and resources for managing interest rate exposure

Given the importance to Klépierre of managing interest rate risk, its management team is involved in all decisions concerning the hedging portfolio. The Financial Division uses IT systems to provide real-time tracking of market trends and calculate the market values of its financial instruments, including derivatives.

7.2. Liquidity risk

Klépierre is attentive to the long-term refinancing needs of its business and the need to diversify maturity dates and the sources of finance in such a way as to facilitate renewals.

With this objective in mind, the average loan period at June 30, 2010 was 6 years, with borrowings spread between markets (the bond market and commercial paper account for 38% of debt, with the balance being raised in the banking market). A range of different sources (syndicated loans, mortgages, etc.) and counterparties are used within the banking market itself.

Outstanding commercial paper (which represents the bulk of short-term financing) never exceeds the amount of the “back-up” lines, which would enable immediate refinancing of this borrowing in the event of refinancing problems in the market.

Klépierre also had unused lines of credit (including bank overdrafts) totaling 1,268 million euros at June 30, 2010. These lines will be easily sufficient to absorb the main refinancing transactions scheduled for the second half of the year.

Generally speaking, access to finance for real estate companies is facilitated by the security offered to lenders in the form of a legal charge on their property assets.

Some Klépierre finance sources (syndicated loans, bond issues, etc.) are accompanied by financial covenants. Failure to comply with these covenants may result in compulsory early repayment (cf. the note concerning financial liabilities). These covenants are based on the standard ratios applying to real estate companies, and the limits imposed leave Klépierre with sufficient flexibility.

Klépierre SA bond issues (2,189 million euros) include a bearer option, providing the option of requesting early repayment in the event of a change of control capable of changing Klépierre’s rating to “non-investment grade”. Apart from this clause, no other financial covenant refers to Standard & Poor’s rating for Klépierre

Principal covenants	Maximum amount of related finance (€M)	Impact of non-compliance	Contractual limit (1)	Level at December 31, 2009	Level at June 30, 2010
Klépierre financing					
Loan-To-Value	3 600	Default case	≤ 63% (2)	49,4%	48,6%
EBITDA / Net cost of funding			≥ 1,9 (2)	2,6	2,6
Secured debt / Revalued assets			≤ 20%	17%	16%
Revalued asset value - group share			≥ 6 billion euros	11,8	12,1
Percentage of financial debt belonging to subsidiaries (exc. Steen & Strøm)			≤ 30%	9%	9%
Secured debt / RNAV	2 189	Default case	≤ 50%	29,0%	31%
Klémurs financing					
Loan-To-Value	150	Default case	Total ratio ≤ 65%	60,8%	61,1%
			Senior debt ratio ≤ 55% *	39,8%	40,2%
EBITDA / Net cost of financing			Total ratio ≥ 1.8	2,4	2,4
			Senior debt ratio ≥ 2.5 *	3,04	2,8
Secured debt / Revalued assets			≤ 20%	7,2%	6,2%
Revalued asset value - group share			≥ €300 M	619,44	623,6
* excluding subordinated loans					
Steen & Strøm financing					
Book equity ratio (stockholder equity/revalued asset total)	565	Default case	≥ 20%	29,1%	26,7%

(1) where applicable, the limit imposed by the most restrictive contract is adopted
(2) until June 2011, after which the values will be 60% for LTV and 2 for the EBITDA / Net cost of funding ratio

7.3. Currency risk

Until its acquisition of Steen & Strøm in October 2008, the majority of Klépierre's business was conducted within the eurozone, with the exception of the Czech Republic, Hungary and Poland.

To date, the currency risk posed by these countries has not been assessed as sufficiently high to warrant derivative hedging, since acquisitions and the acquisition financing were denominated in euros.

Generally, rents are invoiced to lessees in euros and converted into the local currency on the billing date. Lessees have the choice of paying their rents in local currency or in euros (or in dollars for some minority leases). The currency risk on minimum guaranteed rents is therefore limited to any variance between the rent as invoiced and the rent actually collected if the currency should fall in value against the euro between the invoice date and the date of payment in local currency by the lessee.

At the same time, Klépierre ensures that lease payments from lessees do not represent an excessively high proportion of their revenue in order to avoid any worsening of their financial position in the event of a sharp increase in the value of the euro, which could increase the risk of their defaulting on payments due to Klépierre.

In Scandinavia though, leases are denominated in the local currency. Funding is therefore also raised in the local currency. However, some Swedish assets are funded by the debt denominated in Danish Krone (DKK 725 million). The underlying currency risk is fully hedged using exchange rate swaps (at June 30, 2010, the fair value of these swaps was negative at -8.7 million euros).

The principal exposure of the Klépierre Group to Scandinavian exchange rate risks is therefore limited essentially to the funds invested in the company (601 million euros).

7.4. Counterparty risk

Counterparty risk is limited by the fact that Klépierre is structurally a borrower. This risk is therefore limited essentially to those investments made in derivative transactions by the Group and its counterparties.

7.4.1. Counterparty risk on investment securities

The counterparty risk on investments is limited by the type of products used:

- monetary UCITS managed by recognized institutions, and therefore carrying a range of signatures
- loans from the governments of countries in which Klépierre operates (in the form of loans/borrowings)
- occasionally certificates of deposit issued by top-rated banks

7.4.2. Counterparty risk on hedging instruments

Klépierre conducts derivative instrument transactions only with financial institutions recognized as financially sound. In no event would the Group deal with an institution rated lower than A- by S&P or an equivalent agency.

7.5. Equity risk

Klépierre holds no equities other than its own shares (2,964,355 shares at June 30, 2010), which are recognized as treasury stock at their historic cost.

7.6. Legal risk

During 2009, Buffalo Grill decided to withhold payment of a portion of some rentals wich coincides with application of the indexation clause contained in its lease. Following the issue of a provisional court order (*ordonnance de référé*) later confirmed by the court of appeal and upholding the application made by Klémurs, Buffalo Grill is now up to date with all its rental payments. Nevertheless, substantive proceedings remain pending.

This situation apart, in the six months covered by these consolidated financial statements, neither Klépierre nor its subsidiary companies have been the subject of any governmental, judicial or arbitration action (including any action of which the issuer has knowledge, is currently suspended or is threatened) that would recently have had any significant impact on the financial position or profitability of the issuer and/or the Group.

8. FINANCE AND GUARANTEE COMMITMENTS

8.1. Reciprocal commitments

The reciprocal commitments shown are reciprocal guarantees given under property development contracts and sale before completion contracts (under which payment is guaranteed by the buyer, and completion by the developer).

in thousands of euros	June 30, 2010	December 31, 2009
Guarantees under Property Development/Sale Before Completion contracts	252 094	316 575
Total	**252 094**	**316 575**

8.2. Commitments given and received

in thousands of euros	June 30, 2010	December 31, 2009
Commitments given		
- Security deposits on loans to employees	8 945	9 664
- Guarantees, deposits and mortgages	22 595	24 584
- Purchase commitments	118 590	145 114
Total	**150 130**	**179 362**
Commitments received		
- Deposits received as guarantees in real-estate management and transactions	300 030	300 030
- Sale commitments	-	-
- Deposits received from tenants	78 934	64 394
- Other guarantees received	12 120	12 120
- Unused confirmed credit lines	1 169 000	825 000
Total	**1 560 084**	**1 201 544**

8.2.1. Purchase commitments

Via its subsidiary Steen & Strøm, the Klépierre Group is committed to extension works totaling 51.3 million euros, broken down as follows: 46.8 million euros in Sweden (Hageby, Emporia and Sollentuna) and 4.5 million euros in Norway (Gulskogen).

Earnout clauses also exist for some acquisitions. In accordance with Articles 32 and 34 of IFRS 3, the price adjustment applied to the cost of the business combination on the acquisition date must be recognized where adjustment is likely and can be reliably estimated on the balance sheet date.

The price paid for Sadyba (part of the Polish acquisitions made in 2005) is subject to an earnout clause. Klépierre does not fully own the land on which the center is built, but holds a lease with an expiry date of July 31, 2021. An earnout will be paid to the seller if the latter secures an extension to, or full ownership of, the lease within a period of 10 years from July 2005. Since the likelihood of the lease being extended or full ownership being obtained cannot be measured, this earnout is not currently recognized.

Under the terms of Klépierre's acquisition of an additional 21.30% equity holding in IGC, an additional amount is payable if the capitalization rate applied to the appraisals conducted on December 31, 2010 is below that applied on June 30, 2009.

Klémurs has a firm option on new outlets now at the planning stage or under construction, as well as a 5-year priority purchase option on all new developments undertaken by Buffalo Grill. The acquisitions made in 2008 and 2009 contain a price and rental adjustment clause linked to restaurant annual revenue.

8.2.2. Deposits received as guarantees in real estate management

As part of its real estate management activities in 2010, the Klépierre Group (via Ségécé) was able to use a variable BNP Paribas financial guarantee capped at 300 million euros.

8.2.3. Credit lines confirmed but not used.

At June 30, 2010, Klépierre had access to 1,246 million euros in credit lines confirmed but not used. This total was made up as follows:

- a 1,160 million euro line of credit available under the BNP Paribas bilateral loan (with maturity dates of 2012 and 2013)
- 9 million euro in potential commercial paper issues (the difference between the amount of the backup lines and paper already issued)
- a 77 million euro line of credit available to Steen & Strøm.

An additional amount of 22 million euros is also available in the form of an unconfirmed BNP Paribas overdraft, which had been partially used at June 30, 2010.

- ***Other guarantees received***

To the best of our knowledge, we have not omitted any significant or potentially-significant off-balance sheet commitment as defined by the applicable accounting standards.

8.3. Guarantees

in thousands of euros	June 30, 2010	December 31, 2009
Secured debts	304 689	309 686
Total	**304 689**	**309 686**

In general terms, the Group finances its assets from equity or debt contracted by its parent company, rather than pledging its own assets. The only exception is in Scandinavia, where Steen & Strøm relies largely on mortgage-based finance to provide local currency funding of its business.

At June 30, 2010, the outstanding mortgage borrowings of Steen & Strøm totaled the equivalent of 1,945 million euros in Norwegian Kroner, Swedish Krona and Danish Krone.

The details of euro-denominated debts secured by pledges are as follows:

in thousands of euros	Loan amount at June 30, 2010	Mortgage Amount	Pledge start date	Pledge expiry date	NCV of pledged assets as shown in the
on tangible assets					
K2					
Metropoli / Vignate	30 254	52 500	01/15/2008	01/15/2023	126 387
Settimo	6 051	10 500	01/15/2008	01/15/2023	19 883
Rondinelle	16 156	27 000	01/15/2008	01/15/2023	68 300
Klecar Italia	105 624	331 500	06/30/2003	06/30/2015	218 644
SCI Rebecca	2 628	5 764	10/17/2002 07/20/2000	12/30/2014 07/31/2015	4 479
SCI LC	543	377	01/05/2000	01/02/2012	866
GC Collegno	15 900	37 500	07/15/2008	07/15/2015	23 770
SRL Assago	101 200	214 000	07/03/2008	07/03/2015	144 439
Holding Gondomar 1	393	2 287	11/20/2001	12/14/2011	3 178
SC SCOO	1 530	20 123	01/29/1997	02/05/2012	40 732
Le Havre - Vauban & Lafayette	24 410	26 119	06/12/2009	12/31/2014	17 346
TOTAL					**668 024**

8.4. Shareholder agreements

■ *Shareholder agreements relating to Klécar France, Klécar Europe Sud, Solorec and Klécar Participations Italie*

The shareholder agreements between Klépierre and CNP Assurances and Ecureuil Vie were amended by a rider signed on December 30, 2004, the effect of which was to cancel the liquidity commitments given by Klépierre to its partners.

The agreement provides for the usual minority protections: pre-emption right, joint exit right and the decision-making process applying to investment or disinvestment. Each agreement contains two additional clauses:

- one in favor of Klépierre: an obligation for the minority shareholders to exit at the request of Klépierre in the event of Klécar assets being sold to a third party
- the other in favor of the minority shareholders: a process enabling the latter to consider a range of exit scenarios in 2011, 2016 and 2017 (for the Italian companies) or 2010, 2014 and 2015 (for the other malls):
  - asset sharing or sale
  - purchase of minority shareholdings by Klépierre (with no obligation for Klépierre)
  - sale to a third party with payment of a discount by Klépierre if the offer is less than the Revalued Net Asset value

■ *Partners' agreement in respect of Bègles Arcins*

Signed on September 2, 2003, this agreement between Klépierre and Assurécureuil Pierre 3 contains provisions regulating the relationship between the company partners, and, more specifically, a dispute resolution clause.

- ***Partners' agreement between SNC Kléber la Pérouse and SCI Vendôme Commerces in respect of SCS Cecobil***

Signed on October 25, 2007 following the transition of Cecobil to a general partnership, this agreement provides for the usual protections regarding the planned sale of equity shares to a third party (first refusal and total joint exit rights) and change of control of a partner.

- ***Partners' agreement between SNC Kléber la Pérouse and SCI Vendôme Commerces in respect of SCI Secovalde***

Signed on October 25, 2007, this agreement provides for the usual protections regarding the planned sale of equity shares to a third party (first refusal and total joint exit rights) and change of control of a partner.

- ***Partners' agreements between Klépierre, Klefin Italia, Finiper, Finiper Real Estate & Investment, Ipermontebello, Immobiliare Finiper and Cedro 99 in respect of Clivia, and between Klépierre, Klefin Italia, Klépierre Luxembourg, Finiper, Finiper Real Estate & Investment, Ipermontebello, Immobiliare Finiper and Cedro 99 in respect of Immobiliari Gallerie Commerciali (IGC)***

A partners' agreement was signed in 2002 during the acquisition of IGC shares by the Klépierre Group.

Its main provisions – including those regarding Klépierre's preemptive right – were restated in a new agreement of 2007 applying to IGC and/or Clivia (the owner of the Lonato, Verona and Vittuone malls). In the case of IGC, this was replaced by an agreement signed on July 23, 2009.

All these agreements grant Finiper a PUT (option to sell) enabling the latter to sell its shares in IGC and/or Clivia to Klépierre. This PUT expires in 2017 and can be split into two parts:

- one of 12% and one of 16.70% for IGC
- two parts - each of 25% - for Clivia

Any refusal by Klépierre regarding the second IGC part and/or both Clivia parts will result in a penalty becoming payable to the Finiper Group.

- ***Partners' agreement between Klépierre and Stichting Pensioenfonds ABP in respect of the Swedish company Nordica Holdco AB, and the Norwegian companies Storm Holding Norway AS and Steen & Strøm***

The shares in Steen & Strøm were acquired via Storm Holding Norway AS, a company registered in Norway and wholly-owned by Nordica Holdco AB, a company registered in Sweden.

This agreement was signed on July 25, 2008 and modified with the insertion of additional clauses on October 7, 2008. It provides for the usual protections for minority shareholders: qualified majority voting for certain decisions, purchase option in the event of deadlock and joint exit rights, as well as the following provisions:

- a one-year inalienability period applied to Steen & Strøm shares from the date of acquisition
- each party has a right of first offer on any shares which the other party wishes to transfer to a third party, subject to the proviso that where shares are transferred by one party (other than Klépierre where the transfer is to an associated company) to a Klépierre competitor (as defined in the agreement), the shares concerned will be subject to a right of first refusal and not a right of first offer
- from the sixth year following acquisition, either party may request a meeting of shareholders to approve, subject to a two-thirds majority, the disposal of all the shares or assets of Steen & Strøm, or a market flotation of the company

- ***Partners' agreement between Klépierre Luxembourg S.A and Torelli SARL in respect of Holding KLEGE SARL***

Signed on November 24, 2008, this partners' agreement sets out the operating structure for Holding KLEGE SARL, and includes the usual provisions governing share capital transactions, decision-making and the right to information. Both parties enjoy preemption rights in the event of planned disposals of shares in the company to a third party.

Holding KLEGE SARL owns 100% of the equity of KLEGE Portugal SA, the company formed specifically to manage the construction of a shopping center in Portimao, Portugal.

8.5. Commitments on operating leases - Lessors

General description of the main clauses contained in the lessor's lease agreement:

8.5.1. Shopping centers

Lease periods vary from country to country. The terms governing the fixing and indexing of rents are set out in the agreement.

Indexation enables the reappraisal of the minimum guaranteed rent. The indices used vary from country to country.

- ***Indexation specific to each country***

French leases are indexed against the national Commercial Rents Index (ILC) and Cost-of-Construction Index (ICC). The ILC is a compound index derived from the consumer prices index (IPC), the retail trade sales value index (ICAV) and the cost of construction index (ICC). Leases are subject to indexation on January 1 every year. The majority of leases (75%) are indexed against the ILC for the second quarter published in October and applicable from January 1 the following year.

In Spain, the consumer price index (CPI) is recorded annually every January 1.

In Italy, the system is based on the consumer price indices (excluding tobacco) for working class and junior management (ISTAT), but is more complex in its implementation: depending on the lease, either the ISTAT is applied at 75% or the full reference segment index is applied.

In Portugal, the retained index is the consumer price index (CPI), excluding property.

The Consumer Price Index (CPI) is applied in Greece.

The Eurostat IPCH eurozone index used in Central Europe is based on consumer prices in the EMU countries.

There is no obligatory minimum or maximum period in Norway. However, leases are usually written for periods of five or ten years. Unless agreed otherwise, either party may request an annual rent review based on the trend in the Norwegian consumer price index.

In Sweden, the period of a commercial lease is agreed by the parties to the agreement. Leases are open-ended by default, but most commercial leases are written for at least three years. Where the lease is written for a period in excess of three years, annual indexation linked to the national consumer price index is the norm.

In Denmark, the parties are free to agree the amount of rent and rent payment methods. Rents may be fixed or indexed against the revenue reported by the lessee. In most cases, the rent is reviewed annually on the basis of the trend in the Danish consumer price index. Under the terms of commercial letting legislation, either party may request that the rent is adjusted to reflect the market rate every four years. This provision applies unless the parties agree otherwise.

- ***Guaranteed minimum rent and variable rent***

Appraised on a year-by-year basis, the rent payable is equivalent to a percentage of the revenue generated by the lessee during the calendar year concerned. The rate applied differs depending on business type. The total amount of this two-part rent (a fixed part + a variable part) can never be less than the Minimum Guaranteed Rent (MGR). The MGR is reappraised annually by application of the index. The variable part of the rent is equivalent to the difference between the revenue percentage contained in the lease and the minimum guaranteed rent after indexation.

Wherever possible, all or part of the variable rent is consolidated into the MGR at the point of lease renewal. In this way, the variable part of the rent is usually reduced to zero at the end of the lease (every 5 to 12 years, depending on the nature of the lease). It is also deducted annually from the indexation rise in MGR.

The variable rent clause traditionally included in most existing French and Italian real estate leases has gradually been incorporated into other leases at the point of renewal or renegotiation.

8.5.2. Office buildings

100% of Klépierre's property assets are located in France and are therefore governed by French law.

Commercial businesses are covered by Articles L. 145-1 to L. 145-60 of the French Commercial Code and the non-codified articles of Decree 53-960 of September 30, 1953 (the "statute"). Some of these clauses are public policy. For example: the length of leasing agreements, which may not be shorter than 9 years (in terms of the lessor's commitment), the right to renewal, the formal conditions to be complied with in the event of cancellation, vacation, renewal, eviction, etc.

In exceptional circumstances, leases of two years or less may be granted outside the provisions of the statute.

The most usual lease term is 9 years, during which only the lessee may terminate the lease at the end of each three-year period by sending a six-month prior notice by extrajudicial act. The parties may grant exemption from this three-yearly termination clause.

The rent is usually paid quarterly in advance and is indexed in full annually against the INSEE construction cost index. The rent may be progressive or constant, and may include rent-free periods, but is always set at the point when the lease is signed and for its full term (excluding any riders added during the lease term).

All charges, including property and office taxes, are usually met by the lessee, with the exception of works regulated by Article 606 of the French Civil Code, which are usually paid for by the lessor.

Professionals (lawyers, chartered accountants, architects, etc.) are not covered by the statute. The minimum duration for such leases is six years, with the lessee free to terminate at any time by giving six months' notice. The "credit margin" component is not hedged. The other conditions they contain are based more closely on those of commercial leases.

The total amount of conditional rents recognized in income: the conditional rent is that portion of the total rent which is not a fixed amount, but is a variable amount based on a factor other than time (e.g. percentage of revenue, degree of use, price indices, market interest rates, etc.).

Minimum payments made under the lease are those payments which the lessee is, or may be, required to make during the term of the lease, excluding the conditional rent, the cost of services and taxes to be paid or refunded to the lessor.

At June 30, 2010, the total future minimum rents receivable under non-cancellable operating lease agreements were as follows:

in thousands of euros	June 30, 2010
less than 1 year	852 863
1 to 5 years	1 591 627
more than 5 years	264 643
Total	**2 709 133**

8.6. Commitments relating to lease agreements - Financing

At June 30, 2009, Klépierre still had a finance lease agreement in place for the office space in the Rue Nationale, Lille. This 18-year agreement expired on July 31, 2009, at which time the tenant exercised the option to buy the building on expiry of the contractual term of the finance lease.

8.7. Retention commitments

Several assets are covered by the tax status governed by Article 210-E of the French General Tax Code, and are covered by a 5-year retention commitment commencing on their date of acquisition:

- All the buildings and finance leases acquired by Klémurs and Klécapnor With the exception of the Castorama store in the Rue de Flandres
- Shares in Galeries Drancéennes (owner of the Drancy Avenir shopping center)
- BHV store at Créteil Soleil

8.8. Payroll expense

At June 30, 2010, the total payroll expense was 49.8 million euros.

Fixed and variable salaries and wages plus incentives and profit sharing totaled 42.6 million euros, pension-related expenses, retirement expenses and other staff benefits were 6.1 million euros, and income tax and similar compensation-related payments were 1 million euros.

At June 30, 2010, the Group employed a total of 1,512 people. 958 of those employees work outside France, including 430 in the Scandinavian real estate company Steen & Strøm.

8.9. Retirement commitments

8.9.1. Defined contribution pension plans

In France, the Klépierre Group contributes to a number of national and inter-profession basic and supplementary pension organizations.

8.9.2. Defined benefit pension plans

The fixed benefit plans in place in France and Italy are subject to independent actuarial appraisal, which uses the projected unit credit method to calculate the expense relating to employee entitlements and the outstanding benefits to be paid to pre-retirees and retirees. The demographic and financial assumptions used when estimating the discounted value of the bonds and hedge assets used with these plans reflect the economic conditions specific to the monetary zone concerned. The fraction of actuarial variances to be amortized after application of the agreed limit of 10% (corridor method) is calculated separately for each defined benefit plan.

The provisions recognized for defined benefit pension plans totaled 6.5 million euros at June 30, 2010.

in thousands of euros	December 31, 2009	Allowances for the period	Releases (provisions used)	Releases (provisions unused)	Other movements	Changes in consolidation scope	June 30, 2010
Provisions for employee benefits commitments							
. Defined benefits schemes	6 035	418					6 453
. Other long-term benefits	2 585	193					2 778
Total	**8 620**	**611**	**0**	**0**	**0**	**0**	**9 231**

Klépierre has set up supplementary pension plans under a corporate agreement. Under these supplementary plans, employee beneficiaries will, on retirement, receive additional income over and above their national state pensions (where applicable) in accordance with the type of plan they are entitled to.

Group employees also benefit from agreed or contractual personal protection plans in various forms, such as retirement gratuities.

In Italy, Ségécé Italia operates a “Trattamento di Fine Rapporto” (TFR) plan. The amount payable by the employer on termination of the employment contract (as a result of resignation, dismissal or retirement) is calculated by applying an annual coefficient for each year worked. The final amount is capped. Since the liability is known, it can be recognized under other debts and not as a provision for contingencies.

In Spain, a provision for retirement commitments may be recognized where specific provision is made in the collective agreement, but this does not affect the staff working in the Spanish subsidiaries of the Klépierre Group.

In Scandinavia, general and professional pension schemes require an obligatory annual contribution to a pension fund. In addition to these national schemes, Steen & Strøm has introduced a separate scheme for some employees in **Norway.** Entitlement to the benefits conferred by this pension scheme is dependent on 30 years of contributions. The scheme pays 60% of the basic final salary applying on January 1 of the year in which the scheme member reaches 67 years of age. Survivorship and inheritance arrangements are also covered by the scheme. Approximately 100 employees are scheme members.

The existing commitments for post-employment medical assistance plans are valued on the basis of assumed rises in medical costs. These assumptions, based on historic observations, take into account the estimated future changes in the cost of medical services resulting both from the cost of medical benefits and inflation.

Components of the net commitment

In thousands of euros at	June 30, 2010
Surplus of obligations over the assets of funded schemes	7 679
Gross discounted value of obligations fully or partly funded by assets	9 567
Fair value of scheme assets	- 1 888
Discounted value of non-funded obligations	7 679
Costs not yet recognized in accordance with the provisions of IAS 19	
Cost of past services	- 411
Net actuarial losses or gains	- 815
Net obligation recognized in the balance sheet for defined benefit schemes	6 453

Change in the net commitment

In thousands of euros at	June 30, 2010
Net obligation at the start of the period	6 035
Pension expense recognized in income for the period	418
Contributions paid by Klépierre recognized in income for the period	-
Acquisition / Disposal	-
Benefits paid to recipients of unfunded benefits	-
Net obligation at the end of the period	6 453

Components of the retirement expense

In thousands of euros at	June 30, 2010
Cost of services rendered during the year	255
Financial cost	183
Forecast yield of scheme assets	- 37
Amortization of actuarial gains and losses	6
Amortization of past services	11
Effect of scheme reductions or liquidation	
Total recognized in "payroll expenses"	**418**

Principal actuarial assumptions used for balance sheet date calculations

	France
Discount rate	4,25%
Forecast yield of scheme assets	4,00%
Forecast yield of reimbursement rights	n/a
Future salary increase rate	**3,00 % - 4,50 %**

8.10. Stock options

There are currently 4 stock option plans in place for Group executives and employees.

The first 2 are standard stock option plans, and are therefore not performance linked. The 3rd and 4th plans are performance-linked for the Executive Board members and some Management Board members.

In accordance with the provisions of IFRS 1, only stock options granted after November 7, 2002 are recognized.

In accordance with IFRS 2, Klépierre appraises the market value of options on their grant date and recognizes a *pro rata* expense during the vesting period. This appraisal is made by a specialist third-party company. The model adopted complies with the basic assumptions of the Black & Scholes model, adapted to the specific characteristics of the options concerned (particularly dividends in discrete amounts and the possibility of exercising options from May 31, 2010 for the plan authorized in 2006 and from May 16, 2011 for the plan authorized in 2007).

The calculated expense also reflects the estimated population of beneficiaries at the end of each vesting period, because beneficiaries may lose their rights if they leave the Klépierre Group during this period.

8.10.1. Plan authorized in 2006

On the basis of the nominal share price on the day of allocation, 195,000 options were granted under the stock option plan authorized by the Executive Board meeting of May 30, 2006. Following the 3-for-1 stock split, adjustments and retirements, the number of current options granted under this plan at June 30, 2010 was 563,093.

The current exercise option price for this plan is 29.49 euros.

These options may be freely exercised between May 31, 2010 and May 30, 2014 inclusive.

The key data adopted for the purpose of measuring the stock options granted in 2006 are shown below, restated to reflect the 3-for-1 stock split of 2007 (but before the effect of the discount granted as part of the DPS capital increase of December 2008):

- exercise option price: 30.5 euros
- share price on the date of allocation: 27.9 euros
- volatility: 21.5%
- risk-free interest rate: 4.10% for an 8-year maturity period
- dividend: 1 euro per share in 2006 followed by assumed growth calculated as a straight-line regression of the dividends for previous years

On these bases, the unit value of the stock options has been estimated at 4.6 euros. The expense recognized in the income statement for the 2010 fiscal year is 251,000 euros.

8.10.2. Plan authorized in 2007

On the basis of the nominal share price on the day of allocation, 143,000 options were granted under the stock option plan authorized by the Executive Board meeting of May 15, 2007. Following the 3-for-1 stock split, adjustments and retirements, the number of current options granted under this plan at June 30, 2010 was 419,035.

The current exercise option price for this plan is 46.38 euros.

These options may be freely exercised between May 16, 2011 and May 15, 2015 inclusive.

The key data adopted for the purpose of measuring the stock options granted in 2007 are shown below, restated to reflect the 3-for-1 stock split of 2007 (but before correction of the discount granted as part of the DPS capital increase of December 2008):

- exercise option price: 47.9 euros
- share price on the date of allocation: 47.3 euros
- volatility: 21.2%
- risk-free interest rate: 4.51% for an 8-year maturity period
- dividend: growth of approximately 10% in 2007, followed by assumed growth calculated as a straight-line regression of the dividends for previous years.

On these bases, the unit value of the stock options has been estimated at 10.4 euros. The expense recognized in the income statement for the 2010 fiscal year is 512,000 euros.

8.10.3. Plan authorized in 2009

481,000 options were granted under the stock option plan authorized by the Executive Board meeting of April 6, 2009. The allocation was made in two fractions:

- A "principal" fraction of 385,250 options with an exercise price of 22.60 euros
- A "secondary" fraction of 102,500 options with an exercise price that varies from 22.60 euros to 27.12 euros, depending on how well the Klépierre share performs against the FTSE EPRA Eurozone (EPEU) index. If the Klépierre share under-performs the index by more than 20%, the options become null and void
- This second fraction is split into four equal groups, each relating to a different performance measure and each determining one fraction of the allocation independently of the others. These are:
    - a 2009 secondary fraction: performance measured between the 2008 and 2009 fiscal years
    - a 2010 secondary fraction: performance measured between the 2009 and 2010 fiscal years
    - a 2011 secondary fraction: performance measured between the 2010 and 2011 fiscal years
    - a 2012 secondary fraction: performance measured between the 2011 and 2012 fiscal years

All these options may be freely exercised between April 6, 2013 and April 5, 2017 inclusive.

The key data adopted for the purpose of measuring the stock options granted in 2009 are shown below.

- exercise option price: 22.60 euros
- share price on the date of allocation: 15.3 euros; EPRA Eurozone index level: 1141.59
- volatility: 30.7% for the Klépierre share; 19.4% for the EPRA Eurozone index; correlation of 0.87
- risk-free interest rate: 3.19% for an 8-year maturity period
- dividend: 1.25 euro per share in 2009 and 1.06 euro per share thereafter

On these bases, the unit value of these options has been estimated as follows:

- "principal" fraction: 1.20 euro
- 2009 secondary fraction: 0.97 euro
- 2010 secondary fraction: 1.12 euro

- 2011 secondary fraction: 1.13 euro
- 2012 secondary fraction: 1.12 euro

Following adjustments and retirements, the number of current options granted under this plan at June 30, 2010 was 464,500.

The expense recognized in the income statement for 2010 is 67,000 euros.

8.10.4. Plan authorized in 2010

493,000 options were granted under the stock option plan authorized by the Executive Board meeting of June 21, 2010. The allocation was made in two fractions:

- A "principal" fraction of 403,000 options with an exercise price of 22.31 euros
- A "secondary" fraction of 90,000 options with an exercise price that varies from 22.31 euros to 26.77 euros, depending on how well the Klépierre share performs against the FTSE EPRA Eurozone (EPEU) index. If the Klépierre share under-performs the index by more than 20%, the options become null and void
- This second fraction is split into four equal groups, each relating to a different performance measure and each determining one fraction of the allocation independently of the others. These are:
    - a 2010 secondary fraction: performance measured between the 2009 and 2010 fiscal years
    - a 2011 secondary fraction: performance measured between the 2010 and 2011 fiscal years
    - a 2012 secondary fraction: performance measured between the 2011 and 2012 fiscal years
    - a 2013 secondary fraction: performance measured between the 2012 and 2013 fiscal years

All these options may be freely exercised between June 21, 2014 and June 20, 2018 inclusive.

The key data adopted for the purpose of measuring the stock options granted in 2010 are shown below.

- share price on the date of allocation: 23.43 euros; EPRA Eurozone index level: 1202.90
- volatility: 33.3% for the Klépierre share; 22.2% for the EPRA Eurozone index; correlation of 0.75
- risk-free interest rate: 2.83% for an 8-year maturity period
- dividend: 1.25 euro per share

On these bases, the unit value of these options has been estimated as follows:

- "principal" fraction: 5.53 euro
- 2009 secondary fraction: 5.39 euro
- 2010 secondary fraction: 4.78 euro
- 2011 secondary fraction: 5.03 euro
- 2012 secondary fraction: 5.03 euro

Given the plan allocation date, no expense has been recognized for the half-year.

	Plan 1	Plan 2	Plan 3		Plan 4	
			without performance link	with performance link	without performance link	with performance link
Date of General Meeting	April 7, 2006	April 7, 2006	April 7, 2006	April 7, 2006	April 7, 2006	April 7, 2006
Date of Executive Board meeting	May 30, 2006	May 15, 2007	April 6, 2009	April 6, 2009	June 21, 2010	June 21, 2010
Start date for exercising options	May 31, 2010	May 16, 2011	April 6, 2013	April 6, 2013	June 21, 2014	June 21, 2014
Expiration date	May 30, 2014	May 15, 2015	April 5, 2017	April 5, 2017	June 20, 2018	June 20, 2018
Subscription or purchase price (1)	29,49	46,38	22,60	between 22.6 and 27.12	22,31	between 22.31 and 26.77
Stock purchase options originally allocated prior to any adjustment	195 000	143 000	378 500	102 500	403 000	90 000
Stock purchase options originally allocated (number adjusted only to reflect the 3-for-1 stock split and the discount granted as part of the DPS capital increase of December 2008)	603 593	446 911				
Stock purchase options cancelled at June 30, 2010	40 500	27 876	16 500			
Number of shares subscribed at June 30, 2010 (number adjusted only to reflect the 3-for-1 stock split)						
Stock purchase options outstanding at June 30, 2010 (after additional adjustment to reflect the discount granted as part of the DPS capital increase of December 2008)	563 093	419 035	362 000	102 500	403 000	90 000

(1) after adjustment to reflect the 3-for-1 stock split of 2007 and the effect of the discount granted as part of the DPS capital increase of December 2008

KLEPIERRE

9. ADDITIONAL INFORMATION

9.1. Disclosures about the fair value model

INCOME STATEMENT AND BALANCE SHEET

Fair Value Income Statement (EPRA format) *in thousands of euros*	June 30, 2010 Fair value model	June 30, 2009 Fair value model
Lease income	462 736	443 563
Land expenses (real estate)	0	0
Non-recovered rental expenses	-19 324	-18 040
Building expenses (owner)	-27 308	-26 717
Net lease income	***416 104***	***398 806***
Management, administrative and related income	37 188	37 875
Other operating income	13 183	10 106
Change in the fair value of investment property (a)	72 743	-1 123 756
Survey and research costs	-895	-897
Payroll expense	-49 751	-52 273
Other general expenses	-19 406	-14 498
Depreciation and amortization allowance on investment property	0	0
Depreciation and amortization allowance on PPE	-3 204	-2 757
Provisions	-1 046	-1 686
Gains on the sale of investment property and equity interests	108 544	135 228
Net book value of investment property and equity investment sold	-91 318	-151 563
Income from the sale of investment property and equity investment securities	17 226	-16 335
Profit on the sale of short term assets	0	-23
Results of operations	**482 142**	**-765 438**
Net dividends and provisions on non-consolidated investments	-426	20
Net cost of debt	-149 599	-143 052
Change in the fair value of financial instruments	-1 346	0
Effect of discounting	-290	-463
Share in earnings of equity-method investees	4 457	-3 743
Pre-tax earnings	**334 938**	**-912 676**
Corporate income tax	-22 155	161 677
Net income of consolidated entity	**312 783**	**-750 999**
of which		
Group share	*232 121*	*-584 136*
Non-controlling interests	*80 663*	*-166 863*

Fair Value Balance Sheet (EPRA format) *in thousands of euros*	June 30, 2010 Fair value model	December 31, 2009 Fair value model
Non-allocated goodwill	116 631	116 501
Intangible assets	21 228	19 306
Tangible assets	24 337	23 783
Investment property	0	0
Fair value of investment property	14 229 925	14 038 007
Fixed assets in progress	262 006	100 677
Equity method securities	32 480	32 710
Financial assets	111	491
Non-current assets	27 903	25 847
Interest rate swaps	73 721	35 394
Deferred tax assets	83 415	60 341
NON-CURRENT ASSETS	***14 871 757***	***14 453 057***
Fair value of property held for sale	0	0
Inventory	1 975	2 674
Trade accounts and notes receivable	90 884	92 477
Other receivables	258 120	262 026
Tax receivables	37 399	*38 044*
Other debtors	220 721	*223 982*
Cash and near cash	254 643	235 951
CURRENT ASSETS	***605 622***	***593 128***
TOTAL ASSETS	**15 477 379**	**15 046 185**
Capital	265 507	254 761
Additional paid-in capital	1 570 048	1 391 523
Legal reserve	25 476	23 270
Consolidated reserves	2 369 470	3 232 893
Treasury shares	-81 936	*-81 345*
Fair value of financial instruments	-308 131	*-198 000*
Fair value of investment property	2 106 067	*2 814 257*
Other consolidated reserves	653 470	*697 981*
Consolidated earnings	232 121	-546 207
Shareholders' equity, group share	4 462 622	4 356 240
Non-controlling interests	1 642 164	1 613 023
SHAREHOLDERS' EQUITY	***6 104 786***	***5 969 263***
Non-current financial liabilities	6 809 772	6 670 504
Long-term allowances	10 641	9 536
Pensions commitments	9 231	8 620
Non-current interest rate swaps	403 674	255 055
Security deposits and guarantees	140 849	138 050
Deferred tax liabilities	551 110	538 929
NON-CURRENT LIABILITIES	***7 925 277***	***7 620 694***
Current financial liabilities	783 706	843 089
Bank overdrafts	116 968	81 100
Trade payables	93 984	101 808
Payables to fixed asset suppliers	91 219	82 143
Other liabilities	257 490	253 930
Current interest rate swaps	8 639	0
Social and tax liabilities	95 310	94 158
Short-term allowances	0	0
CURRENT LIABILITIES	***1 447 316***	***1 456 228***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**15 477 379**	**15 046 185**

INCOME STATEMENT AND BALANCE SHEET: TRANSITION FROM THE COST METHOD TO FAIR VALUE

Income Statement (EPRA format) in thousands of euros	June 30, 2010	Fair value restatements	June 30, 2010 Fair value model
Lease income	462 736		462 736
Land expenses (real estate)	-1 430	1 430	0
Non-recovered rental expenses	-19 324		-19 324
Building expenses (owner)	-27 535	227	-27 308
Net lease income	***414 447***	***1 657***	***416 104***
Management, administrative and related income	37 188		37 188
Other operating income	13 183		13 183
Change in the fair value of investment property		72 743	72 743
Survey and research costs	-895		-895
Payroll expense	-49 751		-49 751
Other general expenses	-19 406		-19 406
Depreciation and amortization allowance on investment property	-189 088	189 088	0
Depreciation and amortization allowance on PPE	-3 204		-3 204
Provisions	-1 046		-1 046
Gains on the sale of investment property and equity interests	108 544		108 544
Net book value of investment property and equity investment sold	-63 018	-28 300	-91 318
Income from the sale of investment property and equity investment securities	***45 526***	***-28 300***	***17 226***
Profit on the sale of short term assets	***0***		***0***
Results of operations	**246 954**	**235 188**	**482 142**
Net dividends and provisions on non-consolidated investments	-426		-426
Net cost of debt	-149 599		-149 599
Change in the fair value of financial instruments	-1 346		-1 346
Effect of discounting	-290		-290
Share in earnings of equity-method investees	787	3 670	4 457
Pre-tax earnings	**96 080**	**238 858**	**334 938**
Corporate income tax	2 217	-24 372	-22 155
Net income of consolidated entity	**98 297**	**214 486**	**312 783**
of which			
Group share	*63 460*	168661	*232 121*
Non-controlling interests	*34 837*	*45 825*	*80 663*

BALANCE SHEET in thousands of euros	June 30, 2010	Fair value restatements	June 30, 2010 Fair value model
Non-allocated goodwill	133 107	-16 476	116 631
Intangible assets	21 228		21 228
Tangible assets	24 337		24 337
Investment property	10 798 790	-10 798 790	0
Fair value of investment property		14 229 925	14 229 925
Fixed assets in progress	836 721	-574 715	262 006
Equity method securities	32 463	17	32 480
Financial assets	111		111
Non-current assets	27 903		27 903
Interest rate swaps	73 721		73 721
Deferred tax assets	95 270	-11 855	83 415
NON-CURRENT ASSETS	***12 043 651***	***2 828 106***	***14 871 757***
Fair value of property held for sale	0		0
Inventory	1 975		1 975
Trade accounts and notes receivable	90 884		90 884
Other receivables	319 705	-61 585	258 120
Tax receivables	37 399		*37 399*
Other debtors	282 306	-61 585	*220 721*
Cash and near cash	254 643		254 643
CURRENT ASSETS	***667 207***	***-61 585***	***605 622***
TOTAL ASSETS	**12 710 858**	**2 766 521**	**15 477 379**
Capital	265 507		265 507
Additional paid-in capital	1 570 048		1 570 048
Legal reserve	25 476		25 476
Consolidated reserves	281 203	2 088 267	2 369 470
Treasury shares	-81 936		*-81 936*
Fair value of financial instruments	-308 131		*-308 131*
Fair value of investment property		*2 106 067*	*2 106 067*
Other consolidated reserves	671 270	*-17 800*	*653 470*
Consolidated earnings	63 460	168 661	232 121
Shareholders' equity, group share	2 205 694	2 256 928	4 462 622
Non-controlling interests	1 247 246	394 918	1 642 164
SHAREHOLDERS' EQUITY	***3 452 940***	***2 651 846***	***6 104 786***
Non-current financial liabilities	6 809 772		6 809 772
Long-term allowances	10 641		10 641
Pensions commitments	9 231		9 231
Non-current interest rate swaps	403 674		403 674
Security deposits and guarantees	140 849		140 849
Deferred tax liabilities	436 435	114 675	551 110
NON-CURRENT LIABILITIES	***7 810 602***	***114 675***	***7 925 277***
Current financial liabilities	783 706		783 706
Bank overdrafts	116 968		116 968
Trade payables	93 984		93 984
Payables to fixed asset suppliers	91 219		91 219
Other liabilities	257 490		257 490
Current interest rate swaps	8 639		8 639
Social and tax liabilities	95 310		95 310
Short-term allowances	0		0
CURRENT LIABILITIES	***1 447 316***		***1 447 316***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12 710 858**	**2 766 521**	**15 477 379**

Fair value is the amount at which an asset may be traded between fully-informed, consenting parties acting under the conditions of normal competition.

The fair value is the most likely price (excluding transaction fees and expenses) that could be reasonably obtained in the market on the balance sheet date.

The fair value of Klépierre buildings is determined by third-party appraisers who appraise the Group's portfolio on June 30 and December 31 of each year, exclusive of transfer duties and fees.

However, given the fact that these appraisals are, by their nature, estimates, it is possible that the amount realized on the disposal of some real estate assets will differ from the appraised value of those assets, even where such disposal occurs within a few months of the balance sheet date.

Klépierre has entrusted the task of appraising the value of its holdings to a number of appraisers. Office buildings are appraised by BNP Paribas Real Estate Valuation.

Shopping centers are appraised by the following firms:

- Retail Consulting Group Expertise (RCGE) appraises all French assets (with the exception of the Progest, SCOO, Le Havre Coty and Montpellier Odysseum portfolios), approximately 50% of Spanish assets (the centers held by Klecar Foncier Espana and Klecar Foncier Vinaza), 4 Hungarian assets and all the Italian, Czech, Slovakian, Belgian, Portuguese and Greek portfolios
- Jones Lang LaSalle (JLL) appraises the Progest, SCOO, Le Havre Coty and Montpellier Odysseum portfolios in France, all Polish and Belgian assets, 8 Hungarian assets and the Spanish assets managed by Klecar Foncier Iberica
- DTZ appraises Denmark, 50% of Norwegian assets and 50% of Swedish assets
- NEWSEC appraises 50% of Norwegian assets and 50% of Swedish assets

All appraisals are conducted in accordance with the principles of the Real Estate Appraisal Guidelines (*Charte de l'Expertise en Evaluation Immobilière*), the "Barthès de Ruyter" COB/CNC working group recommendations and RCIS standards. The fees paid to appraisers are agreed prior to their appraisal of the properties concerned, and are fixed on a lump sum basis to reflect the number and complexity of the assets appraised. The fee is entirely unrelated to the appraised value of the assets concerned.

The market value is the value as appraised by the independent appraisers responsible for valuing the Group's holdings on June 30 and December 31 of each year, but excludes transfer duties and fees (fees are measured on the basis of a direct sale of the building, even though these costs can, in some cases, be reduced by selling the company that owns the asset).

9.1.1. Office buildings

BNP Paribas Real Estate Valuation adopts two approaches: the first involves a direct comparison with similar transactions completed in the market during the period, whilst the second involves capitalizing recognized or estimated revenue. Analysis of this revenue identifies the existence of one of three scenarios, depending on whether the lease income is broadly in line with, higher than or lower than the market value. Where lease income and market value are broadly in line, the lease income used for the purpose of the appraisal is the actual lease income earned from the property. Where the lease income is higher than the market value, the appraisal uses the market value and takes account of the capital gain arising from the difference between the actual lease income and the market value. Where lease income is lower than the market value, the appraisers take account of the time remaining before the lease will be reviewed and the rental amount will be aligned with the market rate. In accordance with the French decree of September 30, 1953, the rental amounts payable on properties used solely as office premises are automatically aligned with market rates when their leases come up for renewal. The appraisers therefore worked on the assumption that the owners of such property would be able to align rents with market rates when the leases concerned come up for renewal, and have reflected the current occupancy circumstances in the form of a capital loss calculated as described above. The appraisers did not limit their approach to properties coming up for renewal in the forthcoming three years, on the grounds that the investors involved in current market transactions plan further ahead than three years. In the third scenario, the recognized financial gain has been added to the calculated value. This equates to the (5.5%) discounted value of the difference between the actual lease income and the market price until the first firm period of the lease expires. In the third scenario, the capital loss has been deducted from the calculated value. This equates to the (5.5%) discounted value of the difference between the actual lease income and the market price until the lease expires.

Since December 31, 2005, appraisers have based their work on the rate of return (yield) rather than the capitalization rate. In other words, the rate used was that applied to the income calculated as described above in order to arrive at an appraised value inclusive of transfer duties. Previously, the rate used resulted in a valuation exclusive of transfer duties. The decision to use this rate is the result of observing the market from the point of view of transactions actually completed by investors. In arriving at the appraised value exclusive of transfer duties, the transfer duties and fees were deducted at the local national rate.

9.1.2. Shopping centers

In determining the fair market value of a shopping center, appraisers apply a yield rate to net annual lease income for occupied premises, and to the net market rental price for vacant properties, discounted over the anticipated period of vacancy. The discounted value of rebates on minimum guaranteed rent payments, expenses payable on currently vacant premises and non-chargeable work are all deducted from this first value, arrived at by capitalizing net lease income. A standard vacancy rate is then defined for each asset. The discount rate applied is the same as the yield rate used in the fair market value calculation.

Gross lease income comprises the minimum guaranteed rent, the variable part of the rent and the market rental price for vacant properties. The net total lease income is calculated by deducting the following expenses from the gross lease income: management charges, non-rebillable charges, expenses relating to provisions for vacant premises and the average loss on bad debts over the previous 5 years.

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

As a result of the way in which its portfolio is structured and for reasons of economy and efficiency, Klépierre uses two methods to appraise those assets posing specific appraisal problems. Assets appraised for the first time and those where the most recent appraisal is no greater than 110% of net book value (excluding deferred taxes) are appraised in two ways: the first is a yield-based appraisal, as explained above, whilst the second is an appraisal based on the discounted future flows method.

This second method calculates the value of a property asset as the sum of discounted financial flows based on a discount rate defined by the appraiser.

The appraiser estimates anticipated total revenues and expenses on the asset side, and then measures an “ultimate value” at the end of the analysis period (10 years on average). By comparing the market rental values with face rental values, the appraiser takes account of the rental potential of the property asset by retaining the market rental value at the end of the lease, after deduction of the expenses incurred in remarketing the property. Lastly, the appraiser discounts the forecast cash flow to determine the actual value of the property asset.

The discount rate adopted reflects the market risk-free rate (OAT 10 years) plus a property market risk and liquidity premium and an asset-specific premium reflecting the location, specification and tenancy of each building.

Investment properties under construction were previously subject to the provisions of IAS 16, even where they were intended to become investment properties measured at fair value, whereas buildings undergoing renovation remained subject to IAS 40.

The IASB has changed the scope of the two standards applying to properties under construction.

Consequently, on June 30, 2009 and again on June 30, 2010, Klépierre conducted internal valuations of those buildings under construction and covered by irrevocable development permission.

9.2. Earnings per share

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

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

In accordance with IAS 33, the average number of shares at June 30, 2009 has been adjusted following the May 2010 payment of the dividend in the form of shares.

		June 30, 2010	June 30, 2009
Numerator			
Net income, group share (€K)	**a**	**63 460**	**68 919**
Overall income, Group share (€K)	***a'***	***-29 840***	***-82 548***
Denominator			
Average weighted number of shares before diluting effect '(1)	**b**	**186 749 331**	**185 859 532**
Effect of dilutive options *Stock options*		*0*	*0*
Total potential dilutive effect	**c**	**0**	**0**
Average weighted number of shares after diluting effect	***d=b+c***	**186 749 331**	**185 859 532**
Group share of net income per share - undiluted (in euros)	***a/b***	**0,3**	**0,4**
Group share of net income per share - diluted (in euros)	***a/d***	**0,3**	**0,4**
Group share of comprehensive income per share - undiluted (in euros)	***a'/b***	***-0,2***	***-0,4***
Group share of comprehensive income per share - diluted (in euros)	***a'/d***	***-0,2***	***-0,4***

9.3. Affiliated companies

9.3.1. Equity relationship with the BNP Paribas Group

The BNP Paribas Group holds a 50.91% equity stake in Klépierre SA. Excluding this holding, the Klépierre Group is unaware of any shareholder agreement or group of individuals capable of exercising control over the Klépierre Group.

At June 30, 2010, the BNP Paribas share of bank funding totaled 2,889 million euros, of which 1,705 million euros had been used. This figure does not include the two back-up lines of commercial paper totaling 500 million euros agreed by BNP Paribas (not yet drawn down). This equity interest compares with authorized total funding of 8,717 million euros, of which 7,449 million euros have been used.

9.3.2. Relationships between Klépierre Group consolidated companies

A full list of Klépierre Group companies is given in Note 3 “Scope of consolidation”.

Transactions between affiliated parties were governed by the same terms as those applying to transactions subject to normal conditions of competition.

The end-of-period balance sheet positions and transactions conducted during the period between fully consolidated companies are fully eliminated. The following tables show the positions and reciprocal transactions conducted by proportionally consolidated companies (jointly controlled by the Group) and those consolidated using the equity method (over which the Group has significant influence) that have not been eliminated.

End-of-period balance sheet positions with affiliated parties:

	June 30, 2010		December 31, 2009	
in thousands of euros	Companies consolidated proportionally	Companies consolidated using the equity method	Companies consolidated proportionally	Companies consolidated using the equity method
Non-current assets	770	55	365	45
NON-CURRENT ASSETS	***770***	***55***	***365***	***45***
Trade accounts and notes receivable	416	77	1 016	100
Other receivables	704	159	704	-
CURRENT ASSETS	***1 120***	***236***	***1 720***	***100***
TOTAL ASSETS	**1 890**	**291**	**2 085**	**145**
Non-current financial liabilities	7	1 680	7	2 329
NON-CURRENT LIABILITIES	***7***	***1 680***	***7***	***2 329***
Trade payables	10	-	7	-
Other liabilities	442	-	346	84
CURRENT LIABILITIES	***452***	***0***	***353***	***84***
TOTAL LIABILITIES	**459**	**1 680**	**360**	**2 413**

KLEPIERRE

Income items related to transaction with affiliated parties:

in thousands of euros	June 30, 2010		June 30, 2009	
	Companies consolidated proportionally	Companies consolidated using the equity method	Companies consolidated proportionally	Companies consolidated using the equity method
Management, administrative and related income	5 717	303	3 047	184
Results of operations	**5 717**	**303**	**3 047**	**184**
Net cost of debt	2 456	-	2 887	-
Pre-tax earnings	**8 173**	**303**	**5 934**	**184**
Net income of consolidated entities	**8 173**	**303**	**5 934**	**184**

The majority of these transactions relate to management and administration fees and income from company business funding transactions.

Off-balance sheet items related to transaction with affiliated parties:

in thousands of euros	June 30, 2010	December 31, 2009
Commitments given		
- Security deposits on loans to employees	8 945	9 664
- Guarantees, deposits and mortgages	22 285	24 042
- Purchase commitments	165	270
Total	**31 395**	**33 976**
Commitments received		
- Deposits received as guarantees in real-estate management and transactions	300 030	300 030
- Unused confirmed credit lines	1 169 000	378 000
Total	**1 469 030**	**678 030**

in thousands of euros	June 30, 2010	December 31, 2009
Secured debts	117 100	117 400
Total	**117 100**	**117 400**

9.3.3. Post-employment benefit plans

The main post-employment benefits are severance pay and defined benefit or defined contribution pension plans.

Post-employment benefit plans are administered by insurance companies and other independent management companies external to the Klépierre Group.

9.4. Post-balance sheet date events

No significant event has occurred after the balance sheet date.

9.5. Identity of the consolidating company

At June 30, 2010, Klépierre was fully consolidated by the BNP Paribas Group. BNP Paribas holds a 50.91% equity stake in Klépierre (including treasury shares).

KLEPIERRE

Limited Liability Company (*Société Anonyme*)

21, Avenue Kléber
75016 PARIS

Statutory Auditors' review report on the first half year financial information

Period from 1 January 2010 to 30 June 2010

KLEPIERRE

Limited Liability Company *(Société Anonyme*)

21, Avenue Kléber
75016 PARIS

Statutory Auditors' review report on the first half-year financial information

Period from 1 January 2010 to 30 June 2010

This is a free translation into English of the statutory auditors' limited review report issued in the French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying half-year consolidated financial statements of Klépierre covering the period January 1 to June 30, 2010 ;
- the verification of the information contained in the interim management report.

These half-year consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Base on our limited review, nothing has come to our attention that causes us to believe that the accompanying half-year consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2010 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

Without modifying the conclusion expressed above, we draw your attention to the matter discussed in note 2 to the consolidated financial statements concerning the changes in accounting rules and methods.

2. Specific verification

We have also verified the information given in the interim management report commenting the half-year consolidated financial statements subject to our limited review. We have no matters to report as to its fair presentation and consistency with the half-year consolidated financial statements.

Signed in Courbevoie and Neuilly-sur-Seine, July 26, 2010

The Statutory Auditors

French original signed by

Mazars		**Deloitte & Associés**	
Guillaume Potel	Julien Marin-Pache	Pascal Colin	Laure Silvestre-Siaz

STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

Paris, August 30, 2010

I certify that, to the best of my knowledge, these complete financial statements for the 1st half of the year, have been drawn up in accordance with the applicable accounting standards and accurately reflect the assets, financial position and earnings of the company and all of its consolidated subsidiaries, and that the attached interim management report presents a faithful description of the important events arisen during the first six months of the fiscal year, their incidence on the accounts, the main related-party transactions as well as a description of the principal risks and uncertainties for the remaining six months of the fiscal year.

Laurent MOREL
Chairman of the Executive Board

PERSONS RESPONSIBLE FOR AUDITS

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End of term: fiscal year 2015.

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ALTERNATE STATUTORY AUDITORS

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End of term: fiscal year 2015.

PERSON RESPONSIBLE FOR FINANCIAL DISCLOSURES

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