KLEPIERRE

2014
INTERIM FINANCIAL REPORT

SUMMARY OF THE INTERIM FINANCIAL REPORT

MANAGEMENT REPORT

1. ECONOMIC ENVIRONMENT

As expected, the European economy began a slow recovery at the end of 2013. Within the Eurozone, GDP growth is expected to be moderate (+1.2%) in 2014, with domestic demand, business investment, and exports remaining moderate. The economic outlook has turned positive in every country where Klépierre operates, including Italy and Spain, which are emerging from recessions.
Overall, household spending in Europe is also expected to increase, albeit moderately, as the employment situation gradually improves.

GDP growth forecasts[1] for 2014 – 2015

	France-Belgium		Scandinavia			Italy	Iberia		Central Europe		
	France	Belgium	Norway	Sweden	Denmark		Spain	Portugal	Poland	Hungary	Czech Republic
2014	0.9%	1.5%	2.0%	2,8%	1.4%	0.5%	1.0%	1.1%	3.0%	2.0%	1.2%
2015	1.5%	1.9%	2.4%	3.1%	1.8%	1.1%	1.5%	1.4%	3.4%	1.6%	2.4%

2. CHANGE IN RETAILER SALES[2]

For the 5 months ended May 31, 2014 and compared to the same period in 2013, retailer sales in Klépierre's shopping malls were up 1.7% on a like-for-like basis (excluding the impact of asset sales and the opening of new spaces), as Klépierre's leasing activity in a reshaped portfolio continued to gain strength against the backdrop of slight recovery in European markets.

Like-for-Like year-on-year retail sales change through May 2014	
France	-0.2%
Belgium	2.0%
France-Belgium	**-0.1%**
Norway	5.4%
Sweden	3.8%
Denmark	-0.3%
Scandinavia	**3.8%**
Italy	**0.5%**
Spain[3]	3.0%
Portugal	4.4%
Iberia	**3.5%**
Poland	0.3%
Hungary	11.9%
Czech Republic	5.4%
Central Europe	**5.0%**
SHOPPING CENTERS	**1.7%**

[1] Source: OECD May 2014
[2] Aggregate changes in retailer sales are reported for the first five months of 2014 and are compared to the first five months of 2013
[3] Sales numbers for Spain include Meridiano's Primark sales estimates based on a conservative approach, i.e. based on Primark reports and publicly available information

1.1 FRANCE-BELGIUM

In France, retailer sales recovered in May (+3.3%), leading to a flat sales (-0.2%) over the first five months of 2014 (compared to a 1.0% decrease in the first quarter). Sales of personal products (+0.7%) and health and beauty (+1.0%) – the main segments as measured by sales – turned positive.
Regional malls, such as Odysseum (Montpellier: + 6.7%), Blagnac (Toulouse: +4.6%), and St Lazare in Paris (+12.0%), continue to post strong retail growth.

In Belgium, retail sales at L'esplanade (Louvain-la-Neuve) were up by 2.0% over the first 5 months of 2014.

1.2 SCANDINAVIA

In Sweden, after a significant increase in May (+5.6%), especially in the ready-to-wear sector thanks to clement weather, sales were up by 3.8% for the first five months of 2014. Emporia (Malmö: +15.4%) and Marieberg (Örebro: +7.2%) continue to rank among the most dynamic centers.

In Norway, retailer sales for May were also boosted by favorable weather conditions (+7.8%), with retailer sale growth reaching +5.4% for the first five months of 2014. Sales have recovered significantly, after being adversely impacted in 2013 by the fallout from the strategy executed by the major food operator ICA (which closed the ICAMAXI concept) and the reopening of major extensions by competitors.

In Denmark, for the same reason, retailer sales rose substantially in May (+8.5%) but were virtually unchanged (-0.3%) when aggregated for the first five months.Fields, the major shopping center in terms of sales, posted growth of 1.6%.

1.3 ITALY

In Italy, retailer sales were up by 0.5% over the first five months of 2014. Growth was moderate overall due to the poor performance of the medium sized household goods store. Conversely, the ready-to-wear segment – which is the major segment in terms of sales – remained on an upward course (+ 4.4%).

1.4 IBERIA

In Spain, shopping center retailer sales have shown steady improvement since the beginning of the year. Retailer sales increased by 3.0% for the first five months, driven once again by the strong performances of La Gavia (Vallecas – Madrid: +4.9%) and Meridiano, where a Primark store opened at the end of February. Over the first five months of the year, Meridiano posted like-for-like same store growth of 10.3%.

In Portugal, retailer sales also continued to improve, increasing by 4.4% for the first five months of 2014. All shopping centers except Gaia posted growth, in particular Aqua Portimao (in Algarve: +5.0%) and Parque Nascente (Gondomar, Porto: + 4.2%), which are the two largest holdings in the Portuguese portfolio.

1.5 CENTRAL EUROPE

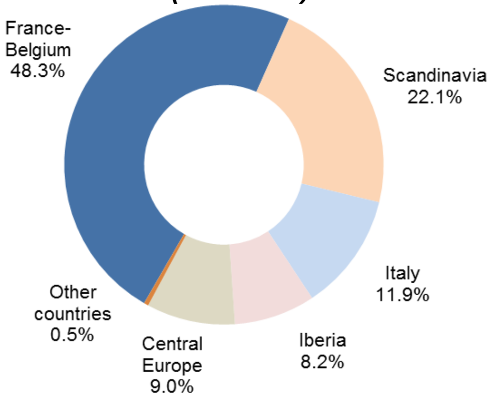
In Poland, retailer sales were virtually unchanged for the period (+0.3% over the first five months) following a significant recovery in May (+7.1%) attributable to favorable calendar effects. Overall, retailer sales growth was moderate, as malls face new competition (especially in Ruda and Lublin).

In Hungary, activity through the first five months was generally strong for the second year in a row. Shopping center sales reported substantial increases, such as Alba Plaza (+21.6%), Corvin (+16.8%), and Duna Plaza (+11.4%).

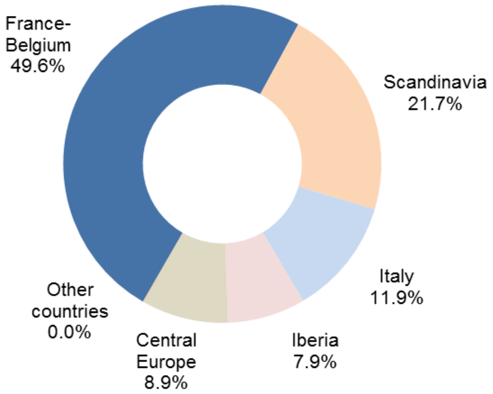
In the Czech Republic, retailer sales continued to grow during the second quarter and cumulative growth over five months, compared to last year, was +5.4%. The three malls kept on positive trends: Nový Smíchov (+4.6%), Plzen (+10.3%) and Novo Plaza (+3.2%).

3. RENTAL BUSINESS

Breakdown in gross rents by region Half-year ended June 30, 2014 (total share)



Breakdown in net rental income by region Half-year ended June 30, 2014 (total share)



3.1. SHOPPING CENTER SEGMENT (94.9% OF CONSOLIDATED NET RENTAL INCOME)

Shopping center net rental income rose by 3.0% on a like-for-like basis4. On a current portfolio basis, gross rents decreased by 5.9% to 415.8 million euros, mainly due to the impact of disposals. On April 16, 2014, Klépierre announced the disposal of 126 retail galleries to a Carrefour-led consortium. They accounted for 23.3 million euros of first half 2014 net rental income in France, 4.5 million in Italy, and 11.3 million in Spain. Less rental and building expenses, shopping center net rental income decreased by 4.0%.

Shopping center business summary

	Volume of leases renewed and relet (€M)	Reversion (%)	Reversion (€M)	OCR[1]	EPRA Vacancy rate[2]	Late payment rate [3]
France-Belgium	18.3	18.2%	3.3	11.7%	1.7%	1.3%
Scandinavia	19.5	3.8%	0.7	10.7%	3.8%	0.9%
Italy	7.4	-0.1%	0.0	12.3%	2.4%	3.4%
Iberia[4]	2.6	5.0%	0.1	13.8%	7.7%	2.2%
Central Europe[4]	6.3	-0.4%	0.0	13.3%	5.1%	2.8%
TOTAL[5]	**54.4**		**4.1**	**11.7%**	**3.2%**	**1.7%**

[1] Occupancy Cost Ratio
[2] Adoption of EPRA methodology from 2014 to report the vacancy rate
[3] Rate 6 months out
[4] Data for Iberia and Central Europe include temporary rental discounts
[5] Total for shopping centers, including Greece and Slovakia

3.1.1. France-Belgium (46.9% of shopping center net rental income)

in million euros (total share)	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
	06/30/2014	06/30/2013 (restated)	Change current	06/30/2014	06/30/2013 (restated)	Change like-for-like	06/30/2014	12/31/2013
France	171.2	170.9	0.2%	136.0	133.5	1.9%	1.7%	2.0%
Belgium	6.4	6.3	1.1%	6.4	6.3	1.1%	1.4%	0.8%
France-Belgium	**177.6**	**177.2**	**0.2%**	**142.4**	**139.8**	**1.8%**	**1.7%**	**2.0%**

[4] See Section 2, "Gross rents and net rental income".

[1] Rate 6 months out

France
Net rental income increased by 1.9% on a like-for-like basis, outperforming the index-linked adjustment (+160 bps over indexation) thanks to the positive impact of renewals and relets signed in the last twelve months, which resulted in a significant reversion.
On a current portfolio basis, the increase was limited to 0.2%, reflecting the impact of the disposal of 56 retail galleries, offset by the very positive impact of new developments such as Rives d'Arcins (Bordeaux), which opened in May 2013; the new Jaude Center (Clermont-Ferrand), which opened in November 2013; and the acquisition of a 50% stake in Odysseum (Montpellier), which resulted in Klépierre's full ownership of this leading shopping center.

Belgium
In Belgium, L'esplanade's (Louvain-la-Neuve) net rental income rose by 1.1%, driven by index-linked rent adjustments and leases or renewals signed during the first half of 2014, whose full impact will be felt in the second half of the year.

3.1.2. Scandinavia (22.9% of shopping center net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2014	06/30/2013 (restated)	Change current	06/30/2014	06/30/2013 (restated)	Change like-for-like	06/30/2014	12/31/2013
Norway	26.6	36.1	-26.4%	22.8	22.1	2.9%	2.0%	2.2%
Sweden	38.7	39.4	-1.8%	37.4	35.1	6.4%	3.9%	3.3%
Denmark	21.2	20.1	5.6%	20.4	20.1	1.7%	6.9%	6.2%
Scandinavia	**86.5**	**95.6**	**-9.5%**	**80.6**	**77.4**	**4.2%**	**3.8%**	**3.4%**

[1] Rate 6 months out

Norway
On a like-for-like basis, net rental income increased by +2.9%. Gulskogen shopping center continued to deliver sound performances.
On a current portfolio basis, net rental income was substantially impacted by the disposal of 4 shopping centers in November 2013 and a negative forex effect, which is partly neutralized by the extension and refurbishment of Vinterbro (Greater Oslo area) opened in June 2013.

Sweden
While indexation was flat, net rental rose by 6.4% on a like-for-like basis, thanks to outstanding performances of all shopping malls and notably Emporia (Malmö), which opened in October 2012 and continues to deliver steady rent increases. A total of 103 leases were signed in the country during the period. On a current portfolio basis, net rental income was impacted by a negative forex effect.

Denmark
The 1.7% increase in net rental income on a like-for-like basis is attributable to indexation. The current portfolio variation included a non-recurring property tax refund in the first half of 2014.

3.1.3. Italy (12.6% of shopping center net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2014	06/30/2013 (restated)	Change current	06/30/2014	06/30/2013 (restated)	Change like-for-like	06/30/2014	12/31/2013
Italy	**47.6**	**50.5**	**-5.8%**	**40.5**	**39.6**	**2.4%**	**2.4%**	**1.5%**

[1] Rate 6 months out

Net rental income from Italian shopping centers rose by 2.4% on a like-for-like basis, including a +1.0% index-linked adjustment. A total of 81 leases were signed during the period, including leases with Terranova in Val Vibrata and Desigual in Lonato.
The 5.8% decrease on a current portfolio basis reflects the completion of 7 retail gallery disposals in April 2014.

3.1.4. Iberia (8.3% of shopping center net rental income)

in million euros (total share)	Net rental income current 06/30/2014	06/30/2013 (restated)	Change current	Net rental income like-for-like 06/30/2014	06/30/2013 (restated)	Change like-for-like	EPRA Vacancy rate 06/30/2014	12/31/2013
Spain	24.2	29.5	-18.0%	12.9	12.4	3.5%	4.6%	13.2%
Portugal	7.2	6.9	3.4%	7.2	7.0	2.2%	12.8%	8.3%
Iberia	**31.3**	**36.4**	**-13.9%**	**20.0**	**19.4**	**3.1%**	**7.7%**	**12.2%**

[1] Rate 6 months out

In Spain, net rental income increased by 3.5% on a like-for-like basis driven by the performance of La Gavia in Madrid and Meridiano in Tenerife which benefited from the opening a Primark store, spread across two floors and 3000 sq. m. in February. On a current portfolio basis the -18.0% decrease reflects the disposals of 63 retail galleries completed in April 2014.

In Portugal, net rental income was up 2.2% as a result of a notable turnover recovery and a modest index-linked adjustment.

3.1.5. Central Europe (9.4% of shopping center net rental income)

in million euros (total share)	Net rental income current 06/30/2014	06/30/2013 (restated)	Change current	Net rental income like-for-like 06/30/2014	06/30/2013 (restated)	Change like-for-like	EPRA Vacancy rate 06/30/2014	12/31/2013
Poland	15.5	14.7	5.4%	15.6	14.8	5.9%	3.5%	2.3%
Hungary	8.5	8.4	1.0%	8.2	7.6	8.3%	11.0%	12.9%
Czech Republic	11.5	10.2	13.2%	11.3	10.5	7.6%	1.0%	3.3%
Central Europe	**35.5**	**33.3**	**6.7%**	**35.2**	**32.9**	**7.0%**	**5.1%**	**5.9%**

[1] Rate 6 months out

In Poland, net rental income was up by 5.9%, outperforming indexation (+0.9%) and benefiting from new signed leases.

In Hungary, net rental income rose by 8.3% on a like-for-like basis mainly driven by a streamlining of costs and an improvement in occupancy. On a current portfolio basis, the change included a non-recurring property tax refund in the first half of 2013.

In the Czech Republic, the increase in net rental income on a like-for-like basis (+7.6%), strongly outperformed indexation, benefiting also from new signed leases with Zara, Nike or Samsung in Nový Smíchov.

3.1.6. Forex impact on net rental income over 6 months

	6-month change like-for-like (total share) constant forex	current forex
Norway	2.9%	-6.7%
Sweden	6.4%	1.4%
Denmark	1.7%	1.6%
Scandinavia	**4.2%**	**-0.9%**
Poland	5.9%	5.7%
Hungary	8.3%	9.6%
Czech Republic	7.6%	9.0%
Central Europe	**7.0%**	**7.7%**
SHOPPING CENTERS	3.0%	1.8%
TOTAL RENTS	2.8%	1.6%

3.2. RETAIL SEGMENT – KLEMURS (4.6% of consolidated net rental income)

in million euros (total share)	Net rental income current 06/30/2014	06/30/2013 (restated)	Change current	Net rental income like-for-like 06/30/2014	06/30/2013 (restated)	Change like-for-like	Vacancy rate 06/30/2014	12/31/2013
RETAIL-KLEMURS	18.2	20.2	-9.6%	18.5	18.8	-1.6%	2.8%	0.5%

[1] Rate 6 months out

On a current portfolio basis, the main impacts on net rental income were the Frey portfolio disposal (10 units in February 2014) and the Chalon retail park sale (July 2013). On a like-for-like portfolio basis, net rents from retail properties fell by 1.6% due to the slight increase in vacancy since Defimode vacated 13 units in May 2014.

3.3. OFFICE PROPERTY SEGMENT (0.5% of consolidated net rental income)

As of June 30, 2014, Klépierre no longer owns any office properties, having completed its last 3 disposals in the first half of 2014. Net rental income from office properties totaled 1.9 million euros for the period.

3.4. FEE INCOME

Management and administrative income (fees) from service businesses totaled 34.4 million euros, down by 8.4 million euros, a decline that is mainly attributable to the delivery of large projects in the Group's development pipeline.

4. DEVELOPMENTS AND DISPOSALS

4.1. INVESTMENTS IN H1 2014

A total of 118.6 million euros was invested during the first half of 2014 in shopping centers:

- 24.0 million euros were invested in recently developed shopping malls such as St.Lazare Paris or Emporia (Malmö), or in leading assets such as Créteil Soleil.
- 31.2 million euros were spent to complete the acquisition of the 12% stake Klépierre did not own in IGC Italy (a portfolio of 9 shopping centers). In light of the acquisition of a 16.7% stake in December 2013, Klépierre now owns 100% of this portfolio.
- 63.4 million euros were allocated to the Group's development pipeline, mainly in France, in Sweden, in Denmark and in Italy (see the section entitled "H2 2014-2018 Development Pipeline"). This relatively limited amount reflects Klépierre's caution when it comes to committing to new projects.

4.2. H2 2014-2018 DEVELOPMENT PIPELINE

After two years of exceptional deliveries (St. Lazare Paris, Emporia, Rives d'Arcins, Jaude), Klépierre's pipeline now includes new opportunities created by its reshaped portfolio of 125 shopping centers. Extension projects have been revisited, with an emphasis on leading shopping centers such as Créteil Soleil, Grand Portet, Vitrolles, L'esplanade, and Arcades. The remarkable performances posted over the past few years by these assets, combined with their location in growing areas, have created strong demand for additional space. Between 2015 and 2018, around 10 leading shopping malls in Klépierre's portfolio are scheduled to undergo extensions.

Pipeline projects are concentrated in France, Belgium, Northern Italy and Scandinavia:

- 53.6% of the committed and controlled projects are extension-refurbishment plans intended to capitalize on retail facilities that have demonstrated leadership in their respective catchment areas.
- 46.4% are greenfield projects that are part of large urban redevelopment programs supported by powerful transportation network plans, housing and office building projects.

The Group's development pipeline[5] represents 2.7 billion euros worth of investments (of which 2.3 billion from assets fully consolidated and 0.4 billion from assets consolidated under the equity method), which includes 0.4 billion euros worth of committed projects with an average expected yield of 6.7%, 1.1 billion euros worth of controlled[6] projects, and 1.2 billion euros worth of identified[7] projects. In Group share terms, total pipeline represents 2.2 billion euros (including 0.4 billion euros from assets consolidated under the equity method), out of which 0.3 billion euros for committed projects, 0.9 billion euros for controlled and 1.0 billion euros for identified.

Works advanced according to schedule with respect to Klépierre's committed8 projects:

- Val d'Europe (Paris region, France): Works started in the first half of 2014. The strong demand from retailers for additional space in this mall accelerated the project launch. The extension should be delivered in early 2017 and will feature the best international retailers, including Primark, which will enhance this center's extraordinary success and appeal.
- Romagna Center (Rimini, Italy): Located in Emilia-Romagna, the extension set to open in September 2014 will bring new international names to this dynamic Italian region. H&M, Terranova, Sephora, Sergent Major and Harmont&Blaine will open brand new stores in this state-of-the-art extension. The new retail mix will be perfectly adapted to both the local customer base and the visitors attracted by this unique mall, located in a region that draws many tourists.
- Galleria Boulevard (Kristianstad, Sweden): Right after the first phase opened, Klépierre launched the last two phases of this development project. Located in one of Sweden's most attractive regions, the aim of the project is to refurbish the existing shopping center and thereby create a leading mall with the best retail mix this city has to offer.
- Field's (Copenhagen, Denmark): This leading center in Copenhagen will offer an enhanced experience to its customers. Besides a revamped shopping mall, the new complex will host several movie theaters, a redesigned and up-to-date dining area and a leisure center.

Development project	Country	City	Type	Klépierre equity interest	Estimated cost (1) (M€)	Cost to date (M€)	Floor area (sq.m.)	Expected opening date	Pre-let rate (%) MGR (2)
Romagna Center	Italy	Rimini	extension-refurbishment	100,0%	26,6	11,1	7 800	Q3 2014	85%
Galleria Boulevard	Sweden	Kristianstad	redevelopment	56,1%	140,2	105,4	27 300	Q1 2015	60%
Field's	Denmark	Copenhagen	extension	56,1%	15,4	4,7	8 500	Q2 2015	74%
Les Passages Pasteur	France	Besançon	new development	100,0%	56,2	27,2	15 000	Q3 2015	43%
Centre Bourse	France	Marseille	extension-refurbishment	50,0%	17,9	7,6	2 700	Q4 2015	-
Val d'Europe	France	Paris region	extension	55,0%	93,7	22,6	17 000	Q1 2017	26%
Other projets					25,8	23,0	8 050		
TOTAL COMMITTED PROJECTS					**375,8**	**201,7**	**86 350**		
Allum	Sweden	Allum	redevelopment	56,1%	51,9	5,0	14 500	Q3 2016	
Créteil Soleil - Phase 1	France	Paris region	extension-refurbishment	80,0%	69,3	0,4	11 000	Q4 2016	
Grand Portet	France	Toulouse region	extension-refurbishment	83,0%	51,0	3,8	8 000	Q2 2017	
Viva	Denmark	Odense	new development	56,1%	175,5	42,0	48 500	Q4 2017	
Pontault	France	Paris region	extension	83,0%	71,4	0,0	11 000	Q4 2017	
L'esplanade	Belgium	Brussels region	extension	100,0%	128,4	18,1	20 600	Q1 2018	
Givors	France	Lyon region	extension	83,0%	103,9	8,7	16 000	Q1 2018	
Vitrolles	France	Marseille region	extension	83,0%	45,4	0,0	10 900	Q4 2018	
Arcades	France	Paris region	extension	53,6%	142,0	0,0	28 000	Q4 2019	
Other projets					207,9	17,7	62 600		
TOTAL CONTROLLED PROJECTS					**1 046,6**	**95,5**	**231 100**		
TOTAL IDENTIFIED PROJECTS					**889,0**	**27,8**	**176 800**		
TOTAL					**2 311,5**	**325,1**	**494 250**		

[1] Estimated cost price before financial costs
[2] MGR: Minimum guaranteed rent

[5] Due to the change in the method of consolidation starting January 2014 in relation to IFRS 10/11, development projects of entities that are now consolidated under the equity method have been separated for reporting purposes from the development projects of fully consolidated entities
[6] Projects that are in the process of advanced review, for which Klépierre has control over the land (acquisition made or under offer, contingent on obtaining the necessary administrative approvals and permits)
[7] Projects that are in the process of being put together and negotiated
[8] Projects that are in the process of completion, for which Klépierre controls the land and has obtained the necessary administrative approvals and permits

Development pipeline for assets consolidated under the equity method[9]

Development project	Country	City	Type	Klépierre equity interest	Estimated cost (1) (M€)	Cost to date (M€)	Floor area (sq.m.)	Expected opening date	Pre-let rate (%) MGR (3)
Økernsenteret	Norway	Oslo	redevelopment	28.1%	97.1	2.9	108,870	Q4 2018	
Other projets					3.4	3.3	0		
TOTAL CONTROLLED PROJECTS					**100.5**	**6.2**	**108,870**		
TOTAL IDENTIFIED PROJECTS					**319.3**	**0.0**	**163,485**		
TOTAL ASSETS CONSOLIDATED UNDER EQUITY METHOD					**419.8**	**6.2**	**272,355**		

The launch of controlled projects is subject to profitability, timing, and pre-letting criteria. Supported by a high level of liquidity (over 2.0 billion euros on June 30, 2014), the Group will be able to strengthen its presence in targeted areas in Continental Europe, either by launching projects included in the pipeline or by seizing accretive acquisition opportunities.

4.3. DISPOSALS COMPLETED SINCE JANUARY 1, 2014

With more than 2 billion euros worth of assets sold during the first half-year of 2014, Klépierre completed the strategic reshaping of its portfolio:

- Klépierre announced[10] on April 16, 2014 that it had completed the disposal of a portfolio of 126 Carrefour-anchored retail galleries located in France, Spain and Italy. The portfolio included 56 assets in France, 63 assets in Spain and 7 assets in Italy. In addition, Klépierre disposed of the three remaining office buildings in its portfolio before June 30, 2014, achieving its objective of becoming a leading pure player in the shopping center segment.

Assets	GLA (sq.m.)	Sale price (€M)	Date
Retail galleries in France	252,000		04/16/2014
Retail galleries in Spain	177,000		04/16/2014
Retail galleries in Italy	40,000		04/16/2014
Total shopping centers		**1,879.8**	
Frey Portfolio (retail)	16,200		02/28/2014
Millénaire (Aubervilliers)	13,300		01/20/2014
Javel (Paris 15th)	6,000		02/11/2014
43 Grenelle (Paris 15th)	12,400		05/20/2014
Total retail and offices		**149.0**	
TOTAL DISPOSALS (€M, excl. duties)		**2,028.8**	

- Lastly, on July 1, 2014, Klépierre announced the disposal of 5 shopping centers located in Sweden – Familia (Hyllinge, 15,769 sq.m.), Etage (Trollhättan, 16,604 sq.m.), Mirum (Norrköping, 39,122 sq.m.), MittiCity (Karlstad 16,010 sq.m.), and Sollentuna Centrum (Stockholm, 35,713 sq.m.) – for a total consideration of 354 million euros[11] (MSEK 3 250).

[9] Estimated costs for assets consolidated under the equity method are reported for Klépierre's share of equity. Floor areas are the total areas of the projects.
[10] Please see press release dated April 16, 2014 – available on www.klepierre.com
[11] Foreign exchange rate as of June 30, 2014

5. CONSOLIDATED EARNINGS AND CASH FLOW

5.1. CONSOLIDATED EARNINGS

In millions of euros	06/30/2014	06/30/2013 (restated[1])	Change %
Gross rents	**437.5**	**468.6**	**-6.6%**
Other rental income	5.8	3.8	52.7%
Rental income	**443.3**	**472.4**	**-6.2%**
Rental & building expenses	-44.6	-53.7	-16.8%
Net rental income	**398.7**	**418.7**	**-4.8%**
Management and administrative income	34.4	42.8	-19.6%
Other operating income	6.6	7.4	-9.7%
Payroll expense	-55.3	-61.1	-9.6%
Survey & research costs	-2.5	-1.2	108.9%
Other general expenses	-22.6	-21.3	5.7%
EBITDA	**359.5**	**385.3**	**-6.7%**
D&A on investment property & PPE	-177.8	-216.1	-17.7%
Provisions	-0.8	-0.8	3.3%
Proceeds of sales	849.5	51.8	1540.5%
Results of operations	**1030.3**	**220.2**	**368.0%**
Net cost of debt	-131.2	-156.3	-16.1%
Change in the fair value of financial instruments	-11.9	5.3	NA
Share in earnings for equity method investees	3.2	9.1	-64.4%
Pre-tax current income	**890.5**	**78.3**	**1037.6%**
Corporate income tax	-22.0	-10.3	113.0%
Net income	**868.5**	**68.0**	**1178.1%**
Non-controlling interests	-165.8	-29.0	NA
NET INCOME (GROUP SHARE)	**702.8**	**39.0**	**1702.9%**

Gross rents amounted to 437.5 million euros, of which 415.8 million euros were contributed by shopping centers, 19.4 million euros by retail properties and 2.4 million euros by office properties.
Rental and building expenses for the period came to 44.6 million euros, a year-on-year decrease of 9.0 million euros (-16.8%). Net rental income for the first half of 2014 came to 398.7 million euros, a decrease of 4.8% compared with the period ended June 30, 2013.

Management and administrative income (fees) from service businesses totaled 34.4 million euros, down by 8.4 million euros mainly attributable to the delivery of large projects in the Group's development pipeline.
Other operating income primarily includes gains on works reinvoiced to tenants and various indemnities.
Payroll expense for the first half year of 2014 was 55.3 million euros, versus 61.1 million euros for the first half year of 2013. The average headcount fell to 1,229 as of June 30, 2014, versus 1,418 as of June 30, 2013. Other general expenses came to 25.0 million euros, including a 2.5 million euros expense on survey and research costs.

EBITDA for the first six months of 2014 was 359.5 million euros, a 6.7% decrease compared with the comparable period ended June 30, 2013.

Depreciation and impairment allowance on property & PPE was 177.8 million euros for the period, a decrease of 38.3 million euros. This variation includes a 41.6 million euros asset impairment allowance, a decrease of 23.9 million euros. The 14.2 million euro decrease in depreciation and amortization allowance is linked to the aforementioned disposals.
Depreciation and impairment allowance on intangible assets and equipment came to 5.7 million euros compared to 5.9 million euros for the same period last year.
Provisions for the first half year came to 0.8 million euros, unchanged compared to the period ended June 30, 2013.

Net proceeds from the sale of assets reached 849.5 million euros, compared with 51.8 million euros for the first half of 2013. This item includes the capital gains on the disposal of retail galleries to a consortium led by Carrefour in April 2014, the three remaining office building of the portfolio, and a retail unit portfolio.

Operating income increased to 1,030 million euros for the six-month period ended June 30, 2014, versus 220.2 million euros for the same period in 2013. The increase reflects the proceeds of asset sales.

The net cost of debt amounted to 131.2 million euros (-16.1%), a decrease mainly attributable to the deleveraging process using cash proceeds from 2014 disposals, the level of short-term interest rates and the restructuring of the hedging portfolio. The average cost of debt - the ratio of interest expense to average financing – stands at 3% for the first half of 2014.
The change in the fair value of financial instruments was -11.9 million euros for the first half of 2014, versus +5.3 million euros for the same period last year. Klépierre's financial policy and structure are described in more detail in paragraph 12.

Share of earnings for equity investees was down by 5.9 million euros partly explained by the change in consolidation method of Odysseum (Montpelier, France) following the acquisition of the remaining 50% stake held by ICADE.

Tax expenses was 22.0 million euros, compared to 10.3 million euros for the first half of 2013:

- Tax payable was 42.2 million euros, versus 14.3 million euros for the same period in 2013, including the impact of the 2.0 billion euros worth of retail galleries disposed and the 3% tax dividend in France.
- Deferred taxes amounted to a credit of 20.3 million euros, versus 4.0 million euros for the same period in 2013, mainly due to the recovery of deferred tax losses on investment properties sold through the retail gallery disposals to the Carrefour-led consortium.

Consolidated net income was 868.5 million euros, up 800.6 million euros compared to the period ended June 30, 2013.
The minority share of net income (non-controlling interests) for the period was 165.8 million euros, mainly from the shopping center segment, bringing group share of net income to 702.8 million euros, an increase of 663.8 million euros.

5.2. EPRA COST RATIO

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

In million of euros	06/30/2014	06/30/2013
Administrative/operating expense line per IFRS income statement	-108.9	-118.9
Net service charge costs/fees	-18.0	-20.3
Management fees less actual/estimated profit element	34.4	42.8
Other operating income/recharges intended to cover overhead expenses less any related profit	6.6	7.4
Share of Joint Ventures Expenses	-4.3	-5.6
Exclude (if part of the above):		
Invesment Property depreciation	-	-
Ground rents costs	-	-
Service charge costs recovered through rents but not separately invoiced	-	-
EPRA Costs (including vacancy costs) (A)	**-90.2**	**-94.6**
Direct vacancy costs	-8.8	-9.2
EPRA Costs (excluding vacancy costs) (B)	**-81.4**	**-85.4**
Gross Rental Income less ground rents - per IFRS	**439.7**	**468.5**
Less: service fee / cost component of Gross Rental Income	0.0	0.0
Add: share of Joint ventures (Gross Rental Income less ground rents)	26.1	32.1
Gross Rental Income (C)	**465.8**	**500.6**
EPRA Costs Ratio (including direct vacancy costs) (A/C)	**19.4%**	**18.9%**
EPRA Costs Ratio (excluding direct vacancy costs) (B/C)	**17.5%**	**17.1%**

The EPRA cost ratio was up 50 bps vs. same period last year as a result of disposals completed in the last 12 months and a decrease in fees from service business, not totally offset by the substantial decrease in operating expenses.

5.3. CHANGE IN NET CURRENT CASH FLOW

In millions of euros	06/30/2014	06/30/2013 (restated[1])	Change %
Total share			
EBITDA	**359.5**	**385.3**	**-6.7%**
Restatement payroll and deferred expenses	4.3	5.0	-13.9%
Operating cash flow	**363.8**	**390.3**	**-6.8%**
Net cost of debt	-131.2	-156.3	-16.1%
Restatement financial allowance	26.2	25.0	4.7%
Net current cash flow before taxes	**258.8**	**259.0**	**-0.1%**
Share in equity method investees	17.1	21.2	-19.4%
Current tax expenses	-11.5	-14.4	-20.4%
Net current cash flow (total share)	**264.4**	**265.8**	**-0.5%**
Group share			
Net current cash flow (group share)	**206.2**	**200.2**	**3.0%**
Restatement payroll expenses (employee benefits, stock-options)	-4.3	-5.0	
Restatement amortization allowances and provisions for contingencies and losses	-5.9	-5.6	
EPRA Earnings	**196.0**	**189.6**	**3.4%**
Number of shares	195,732,258	195,288,035	0.2%
Per share			
Net current cash flow per share (in euro)	**1.05**	**1.02**	**2.8%**
EPRA Earnings per share (in euro)	**1.00**	**0.97**	**3.2%**

After-tax, the total net current cash flow for the period came to 264.4 million euros, a decrease of 0.5%. Group share, it amounted to 206.2 million euros (1.05 euro per share), up by 3.0% (+2.8% per share) versus the first half of 2013.

6. NET ASSET VALUE (NAV)

6.1. APPRAISAL OF THE GROUP'S ASSETS

6.1.1. Methodology

On December 31 and June 30 of each year, Klépierre adjusts the value of its net assets per share (NAV). The valuation method used entails adding unrealized capital gains to the book value of consolidated shareholders' equity. These unrealized gains reflect the difference between independently appraised market values and book values recorded in the consolidated financial statements.
Klépierre entrusts the task of appraising its real estate assets to various appraisers. For the period ended June 30, 2014, these appraisals were carried out by the following appraisers:

Appraisers	Portfolios	Number of assets	Valuation[1]	%		June report	December report
JLL	France	202	3422	23.0%		summarized	detailed + summarized
	Italy	20	1359	9.1%		summarized	detailed + summarized
44%	Poland	7	442	3.0%		summarized	detailed + summarized
	Hungary	7	144	1.0%	0%	summarized	detailed + summarized
	Greece	5	26	0.2%		summarized	detailed + summarized
	Belgium	2	282	1.9%		summarized	detailed + summarized
	Norway	6	858	5.8%		summarized	detailed + summarized
DTZ	France	8	2436	16.3%		summarized	detailed + summarized
	Italy : Klépierre Italy	8	349	2.3%		summarized	detailed + summarized
	Hungary	7	133	0.9%		summarized	detailed + summarized
42%	Czech Republic and Slovakia	4	360	2.4%	0%	summarized	detailed + summarized
	Norway	6	596	4.0%		summarized	detailed + summarized
	Sweden	10	1439	9.7%		summarized	detailed + summarized
	Denmark	3	905	6.1%		summarized	detailed + summarized
Auguste Thouard / BNPP Real Estate	France (shopping centers and retail properties)	154	1365	9.2%	0%	summarized	detailed + summarized
14%	Spain : KFE, KFI and KFV	7	499	3.3%		summarized	detailed + summarized
	Portugal	7	286	1.9%		summarized	detailed + summarized

[1] Values in millions of euros including transfer duties

These appraisal assignments were conducted in accordance with the Code of Compliance for SIICs, as well as with the Real Estate Appraisal Guidelines (*Charte de l'Expertise en Evaluation Immobilière),* the recommendations of the COB/CNCC working group chaired by Mr. Barthès de Ruyther, and the standards set forth by the RICS and the IVSC.

6.1.2. Results of appraisals

The value of Klépierre's real estate holdings excluding transfer duties was 14.0 billion euros total share and 11.0 billion euros group share. In total share, shopping centers accounted for 96.2% of the portfolio and retail properties for 3.8%. On group share basis, these percentages are respectively 95.2% and 4.8%.
In accordance with IAS 40, the Group's committed development projects are taken into account at fair value using appraisals established by in-house teams. On June 30, 2014 only Besançon Pasteur (France) is concerned. Projects that are not appraised are carried at their cost price. These are mainly Scandinavian projects: in particular Kristianstad (Sweden) and Viva in Odense (Denmark). Projects under development represent 2.8% of the Group's property portfolio.

Valuation of the property portfolio, total share (excluding duties)

In millions of euros	06/30/2014	In % of total portfolio	Change over 6 months			Change over 12 months		
			12/31/2013	Current portfolio basis	Like-for-like change*	06/30/2013	Current portfolio basis	Like-for-like change*
France	6,048	43.2%	7,247	-16.5%	1.8%	6,940	-12.9%	3.3%
Belgium	301	2.2%	299	0.6%	0.6%	280	7.5%	8.1%
France- Belgium	**6,349**	**45.3%**	**7,546**	**-15.9%**	**1.8%**	**7,220**	**-12.1%**	**3.6%**
Norway	1,246	8.9%	1,209	3.1%	2.1%	1,561	-20.2%	1.3%
Sweden	1,558	11.1%	1,588	-1.9%	0.5%	1,586	-1.8%	0.6%
Denmark	984	7.0%	970	1.5%	1.6%	944	4.3%	4.3%
Scandinavia	**3,788**	**27.1%**	**3,767**	**0.6%**	**1.3%**	**4,091**	**-7.4%**	**1.8%**
Italy	**1,486**	**10.6%**	**1,728**	**-14.0%**	**0.7%**	**1,702**	**-12.7%**	**1.4%**
Spain	491	3.5%	845	-41.9%	2.1%	993	-50.5%	3.1%
Portugal	250	1.8%	247	1.1%	1.1%	247	1.0%	1.0%
Iberia	**741**	**5.3%**	**1,092**	**-32.2%**	**1.7%**	**1,240**	**-40.2%**	**2.3%**
Poland	441	3.1%	446	-1.2%	-1.2%	432	2.0%	2.0%
Hungary	282	2.0%	289	-2.4%	-2.2%	294	-3.9%	-0.1%
Czech Republic	346	2.5%	347	-0.4%	-0.4%	334	3.4%	3.4%
Central Europe	**1,069**	**7.6%**	**1,083**	**-1.3%**	**-1.2%**	**1,060**	**0.8%**	**1.9%**
Other countries	**40**	**0.3%**	**50**	**-**	**-**	**52**	**-**	**-**
TOTAL SHOPPING CENTERS	**13,474**	**96.2%**	**15,266**	**-11.7%**	**1.2%**	**15,366**	**-12.3%**	**2.5%**
TOTAL RETAIL ASSETS	**528**	**3.8%**	**574**	**-8.0%**	**-3.4%**	**596**	**-11.4%**	**-3.9%**
TOTAL OFFICES	**0**	**0.0%**	**132**	**-100.0%**	**NA**	**282**	**-100.0%**	**NA**
TOTAL PORTFOLIO	**14,002**	**100.0%**	**15,972**	**-12.3%**	**1.0%**	**16,244**	**-13.8%**	**2.2%**

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

Valuation of the property portfolio, group share (excluding duties)

In millions of euros	06/30/2014	In % of total portfolio	Change over 6 months			Change over 12 months		
			12/31/2013	Current portfolio basis	Like-for-like change*	06/30/2013	Current portfolio basis	Like-for-like change*
France	4,813	43.7%	5,813	-17.2%	1.7%	5,540	-13.1%	3.0%
Belgium	301	2.7%	299	0.6%	0.6%	280	7.5%	8.1%
France- Belgium	**5,114**	**46.4%**	**6,113**	**-16.3%**	**1.7%**	**5,820**	**-12.1%**	**3.3%**
Norway	699	6.3%	678	3.1%	2.1%	876	-20.2%	1.3%
Sweden	874	7.9%	891	-1.9%	0.5%	890	-1.8%	0.6%
Denmark	552	5.0%	544	1.5%	1.6%	530	4.3%	4.3%
Scandinavia	**2,125**	**19.3%**	**2,113**	**0.6%**	**1.3%**	**2,295**	**-7.4%**	**1.8%**
Italy	**1,437**	**13.0%**	**1,586**	**-9.4%**	**0.6%**	**1,489**	**-3.5%**	**1.0%**
Spain	460	4.2%	749	-38.6%	3.0%	871	-47.2%	3.9%
Portugal	250	2.3%	247	1.1%	1.1%	247	1.0%	1.0%
Iberia	**710**	**6.4%**	**996**	**-28.7%**	**2.3%**	**1,119**	**-36.5%**	**2.9%**
Poland	441	4.0%	446	-1.2%	-1.2%	432	2.0%	2.0%
Hungary	282	2.6%	289	-2.4%	-2.2%	294	-3.9%	-0.1%
Czech Republic	346	3.1%	347	-0.4%	-0.4%	334	3.4%	3.4%
Central Europe	**1,069**	**9.7%**	**1,083**	**-1.3%**	**-1.2%**	**1,060**	**0.8%**	**1.9%**
Other countries	**36**	**0.3%**	**45**	**-**	**-**	**46**	**-**	**-**
TOTAL SHOPPING CENTERS	**10,491**	**95.2%**	**11,936**	**-12.1%**	**1.1%**	**11,829**	**-11.3%**	**2.4%**
TOTAL RETAIL ASSETS	**528**	**4.8%**	**574**	**-8.0%**	**-3.4%**	**596**	**-11.4%**	**-3.9%**
TOTAL OFFICES	**0**	**0.0%**	**132**	**-100.0%**	**NA**	**282**	**-100.0%**	**NA**
TOTAL PORTFOLIO	**11,019**	**100.0%**	**12,642**	**-12.8%**	**0.9%**	**12,707**	**-13.3%**	**2.0%**

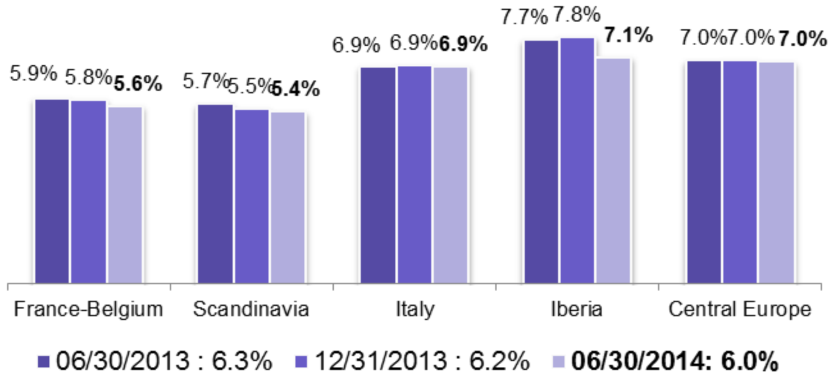
* For Scandinavia change is indicated on constant portfolio and forex basis

Shopping centers

The value of the shopping center portfolio, transfer duties excluded, was 13,474 million euros (10,491 million euros group share) on June 30, 2014, a decrease of 1,792 million euros compared to December 31, 2013 (-11.7%). Over 12 months, the portfolio decreased in value by 1,891 million euros (-12.3%).
This change is mainly attributable to the impact of the disposal program (-1,880 million euros), under which a portfolio of 126 Carrefour-anchored retail galleries located in France, Spain, and Italy was sold in April 2014. The change on a current portfolio basis includes the exchange rate impact related to the depreciation of Scandinavian currencies since December 31, 2013 (for -€61 million).

On a constant portfolio and exchange rate basis, the value of the shopping center holdings, excluding transfer duties, increased by 1.2% (+€150 m) over 6 months. Over one year, the increase is 2.5% (+€309 m).
The average yield rate of the portfolio stands at 6.0% excluding duties, a decrease of 20 bps compared with December 31, 2013 and -25 bps compared with June 30, 2013.

Change in yields (group share) – shopping center portfolio



Retail assets – Klémurs

The value of the retail assets portfolio excluding transfer duties stands at 528 million euros, a decrease of 8.0% over 6 months and -11.4% over 12 months. The change on a current portfolio basis is due to the disposal of 10 units in February 2014.
On constant portfolio basis, the change in the value of the retail assets is -3.4% over 6 months (-3.9% over 12 months) due to the increase in Buffalo Grill yield rates (+21 bps in average).
The average yield rate of the portfolio stands at 7.1% excluding duties, an increase of 20 bps compared with December 31, 2013 and +10 bps vs June 30, 2013.

6.2. CHANGE IN EPRA NNNAV PER SHARE

In millions of euros	06/30/2014	12/31/2013	06/30/2013	Change over 6 months		Change over 12 months	
Consolidated shareholders' equity (group share)	**2,482**	**2,089**	**1,981**	**393**	**18.8%**	**502**	**25.3%**
Unrealized capital gains on portfolio (duties included)	3,463	4,095	4,121	-632	-15.4%	-658	-16.0%
Fair value of financial instruments	109	182	293	-73	-40.3%	-184	-62.9%
Defered tax on asset values on the balance sheet	272	278	299	-6	-2.3%	-27	-9.0%
Reconstitution NAV	**6,326**	**6,644**	**6,693**	**-319**	**-4.8%**	**-368**	**-5.5%**
Duties and fees on the sale of assets	-263	-344	-354	81	-23.6%	90	-25.6%
EPRA NAV	**6,062**	**6,300**	**6,339**	**-238**	**-3.8%**	**-277**	**-4.4%**
Effective taxes on capital gains	-137	-144	-188	7	-4.9%	51	-27.1%
Fair value of financial instruments	-109	-182	-293	73	-40.3%	184	-62.9%
Fair value of fixed-rate debt	-191	-137	-125	-54	NA	-66	NA
EPRA NNNAV	**5,626**	**5,837**	**5,733**	**-212**	**-3.6%**	**-108**	**-1.9%**
Number of shares, end of period (after dilutive effect)	196,072,738	195,556,518	195,485,003				
Per share (€)							
Reconstitution NAV per share	**32.3**	**34.0**	**34.2**	**-1.7**	**-5.0%**	**-2.0**	**-5.8%**
EPRA NAV per share	**30.9**	**32.2**	**32.4**	**-1.3**	**-4.0%**	**-1.5**	**-4.7%**
EPRA NNNAV per share	**28.7**	**29.9**	**29.3**	**-1.2**	**-3.9%**	**-0.6**	**-2.2%**

As of June 30, 2014, the EPRA NAV per share was down 4.0% versus December 2013, to 30.9 euros, and the EPRA NNNAV per share stands at 28.7 euros, versus 29.9 euros as of December 2013. This change in EPRA NNNAV over 6 months reflects the positive impact of the half-year cash flow (+1.05 euros) offset by the payment of the 1.55 euro per share cash dividend to shareholders and a negative change of 0.6 euro per share on the fair value of financial instruments.

7. FINANCIAL POLICY

7.1. FINANCIAL RESOURCES

7.1.1. Change in net debt

Consolidated net debt stands at 5,723 million euros on June 30, 2014, compared to 7,141 million euros on December 31, 2013 (- €1,418 M).

This significant drop is attributable to the following factors:

- Financing needs for the period were modest and mainly reflect the following items: the 2013 dividend payment made in cash (304 million euros) in April, 119 million euros worth of investments, the restructuring of the euro hedging portfolio along, and the deleveraging process (125 million euros).
- Most of the proceeds of the disposal (2.0 billion euros in total share, excluding duties), especially the sale to Carmila of a portfolio of Carrefour-anchored retail galleries, were used to repay some floating-rate debts maturing in 2014 and 2015.
- The depreciation of the Scandinavian currencies against the euro generated a negative foreign-exchange effect on debt denominated in NOK and SEK of 34 million euros.

The decrease in net debt translates into an improvement in the Loan-to-Value ratio, which stands at 39.9% at the end of June 2014. After taking into account the sale of 5 Swedish assets in July 2014, net debt is 5,371 million euros and LTV 38.4%.

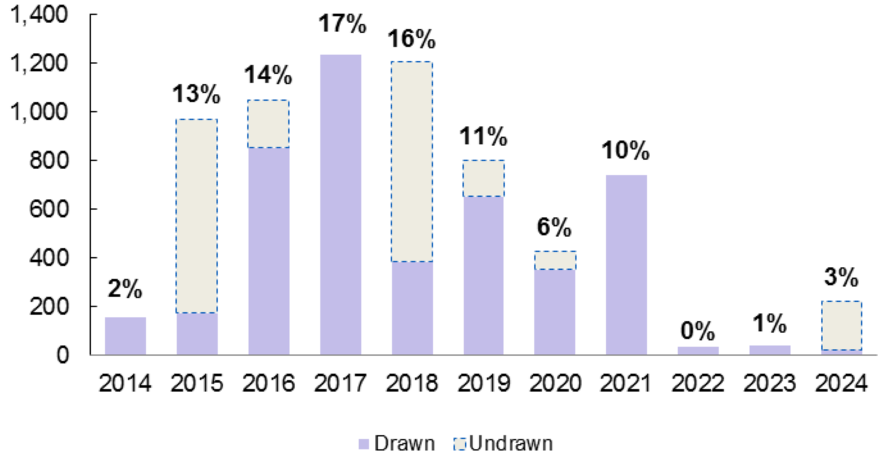
7.1.2. Available resources

The Group's level of liquidity remains high over 2.0 billion euros, a total which includes 1.6 billion euros of unused committed credit lines. The quality of liquidity remains strong as of June 30, 2014:

- The average remaining maturity of available credit lines is above 4 years
- The banking pool is diversified with a high level of creditworthiness
- The average duration on the Group's debt remains high (5.3 years)

Access to liquidity has improved thanks to the upgrade in the credit rating to A- (stable) by Standard and Poor's in April. By entering into the A category, Klépierre has joined the small club of best global players.

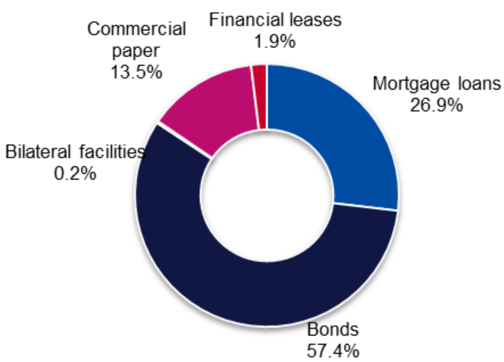
Klépierre Group debt maturity schedule
(% of authorized debt – in millions of euros)



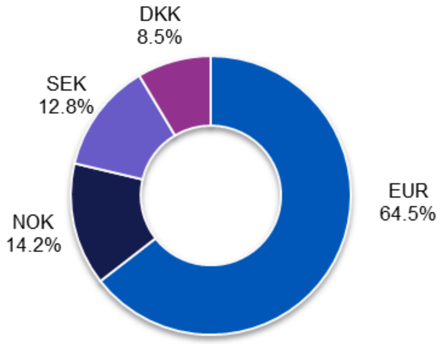
7.1.3. Debt structure and duration

The breakdown of funding by source remains balanced, with a good degree of diversification between the capital markets (71%) and banking resources (29%). The Group has continued to diversify its funding sources through the issuance of 1.1 billion NOK of medium-term unsecured notes on the Norwegian bond market. These transactions helped to reduce existing Norwegian mortgage loans and improved the terms of these loans.

Klépierre Group's financing breakdown by type of resource (Utilizations)



Klépierre Group's financing breakdown by currency (Utilizations)



The breakdown of financing resources by currency remains consistent with the geographic exposure of the Group's portfolio of assets and allows mitigating currency risks.

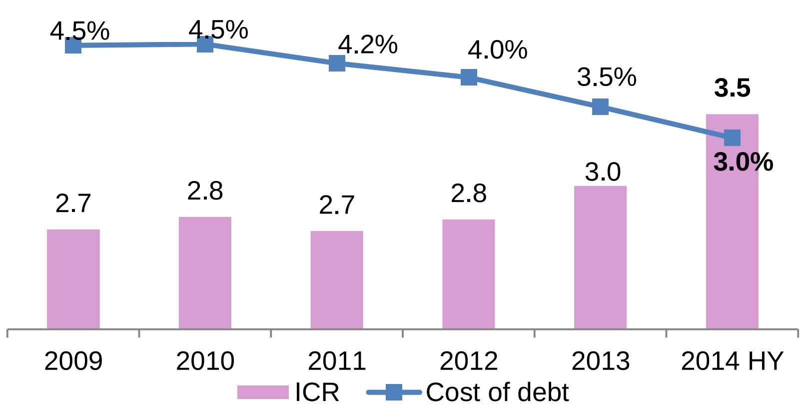
7.2. INTEREST RATE HEDGING

The euro part of the group's hedging position was restructured at the beginning of the year to adjust the portfolio along with the deleveraging program. Klépierre early terminated 1.5 billion euros worth of payer swaps (125 million euros outlaid). In the meantime, 800 million euros worth of medium-term caps were subscribed in order to adapt the hedging to the low interest-rate environment in the Euro area. These operations were struck at low level (below 1.5% on average) for an average maturity of 4 years. In Scandinavia, the group completed its portfolio by subscribing 1 billion NOK of 5-Year payer swaps.
After these transactions, the hedging ratio reached its 70% target at the Group level (69%) and the average duration of the fixed-rate position (circa 4 years) remains compliant with the balance-sheet structure.

7.3. COST OF DEBT

The average group cost of debt over the period continued to fall, reaching 3.0%. This figure reflects the low level of short-term interest rates, the restructuring of the hedging portfolio, and the positive effect of deleveraging. The low cost of debt during the H1 2014 led to an improvement in the Interest Coverage Ratio, which now stands at 3.5 x. Based on the structure of interest rates on June 30, 2014, the Group's annual cash-cost at risk stood at 11 million euros, i.e. the loss due to short-term interest rates moves would be less than 11 million euros 99% of the time.

Historical ICR and Cost of debt



7.4. FINANCIAL RATIOS AND RATING

As of June 30, 2014, the Group's financing covenants remain in line with the commitments within its financing agreements.
Following to the completion of the 2 billion euro disposal of retail galleries to a Carrefour-led consortium, the financial rating of Klépierre by Standard & Poor's was upgraded in April 2014 from BBB+ to A- (long-term rating) with a stable outlook.

Financing	Ratios / covenants	Limit [1]	06/30/2014	12/31/2013
Syndicated loans and bilateral loans Klépierre SA	Net debt / Portfolio value ("Loan to Value")	≤ 60%	39.9%	43.9%
	EBITDA / Net interest expenses	≥ 2,0 [2]	3.5	3.0
	Secured debt / Portfolio value	≤ 20%	12.1%	14.0%
	Portfolio value, group share	≥ €10 Bn	€11.3 Bn	€13.0 Bn
	Ratio of financings of subsidiaries (excluding Steen & Strøm) over total gross financial debt	≤ 25% [2]	1.2%	9.2%
Bond issues Klépierre SA	Secured debt / Revalued Net Asset Value (excluding Steen & Strøm)	≤ 50% [2]	2.4%	8.9%

[1] Where applicable, the limit imposed by the most restrictive contract is adopted
[2] Ratios are based on the revolving credit facility 2013

A portion of Steen & Strøm's debt is subject to a financial covenant that requires shareholders' equity to be equal to at least 20% of NAV at all times. On June 30, 2014, this ratio was 35.8%.

8. EVENTS SUBSEQUENT TO THE ACCOUNTING CUT-OFF DATE

On July 1 2014, Klépierre announced[12] that Steen & Strøm, its 56.1% controlled subsidiary, had completed the sale of 5 shopping centers located in Sweden for a total consideration of 354 million euros (MSEK 3,250). Rents on these 5 shopping centers for the first six months of 2014 represented 2.8% of Klepierre's rents in total share for the same period.
The Supervisory Board, which met on July 17, 2014, co-opted Mr. Philippe Thel to replace Mr. Vivien Lévy-Garboua who resigned from his position on the Supervisory Board of Klépierre effective July 1, 2014. The Supervisory Board also appointed Mrs. Dominique Aubernon as Vice Chairman of the Supervisory Board, a position previously held by Mr. Lévy-Garboua.

[12] See press release dated July 1st 2014 on www.klepierre.com

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 06.30.2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EPRA MODEL)

in thousands of euros	Notes	06/30/2014	06/30/2013 restated	IFRS 11 impacts	06/30/2013 published
Lease income	*6.1*	443 296	472 406	-31 874	504 280
Land expenses (real estate)	*6.2*	-3 621	-3 919	94	-4 013
Non-recovered rental expenses	*6.3*	-18 018	-20 302	1 901	-22 203
Building expenses (owner)	*6.4*	-22 993	-29 448	2 548	-31 996
Net rental income		***398 664***	***418 736***	***-27 332***	***446 068***
Management, administrative and related income		34 425	42 818	1 517	41 301
Other operating revenue	*6.5*	6 638	7 351	-240	7 591
Survey and research costs		-2 452	-1 174	0	-1 174
Payroll expenses	*10.1*	-55 261	-61 102	4	-61 106
Other general expenses		-22 558	-21 349	-52	-21 297
Depreciation and impairment allowance on investment property	*6.6*	-172 138	-210 269	11 434	-221 703
Depreciation and impairment allowance on intangible assets and property, plant and equipment	*6.6*	-5 663	-5 873	213	-6 086
Provisions		-791	-766	45	-811
Proceeds from disposal of investment properties and equity investments	*6.7*	1 952 395	121 142	0	121 142
Net book value of investment properties and equity investments sold	*6.7*	-1 102 937	-69 361	0	-69 361
Income from the disposal of investment properties and equity investments		***849 458***	***51 781***	***0***	***51 781***
Goodwill impairment		***0***	***0***	***0***	***0***
Operating income		**1 030 323**	**220 153**	**-14 413**	**234 566**
Net dividends and provisions on non-consolidated investments		6	8	0	8
Financial income		*56 633*	*55 223*	*4 504*	*50 719*
Financial expenses		*-187 820*	*-211 502*	*565*	*-212 067*
Net cost of debt	*6.8*	-131 187	-156 280	5 068	-161 348
Change in the fair value of financial instruments		-11 894	5 308	0	5 308
Effect of discounting		0	0	0	0
Share in earnings of equity method investments	*5.8*	3 223	9 097	8 220	877
Profit before tax		**890 471**	**78 286**	**-1 125**	**79 411**
Corporate income tax	*7*	-21 985	-10 322	1 125	-11 447
Net income of consolidated entity		**868 486**	**67 964**	**0**	**67 964**
Of which					
Group share		*702 757*	*38 985*	*0*	*38 985*
Non-controlling interests		*165 729*	*28 979*	*0*	*28 979*
Undiluted average number of shares		**195 732 258**	**195 288 035**		**195 288 035**
Undiluted comprehensive earnings per share (euro)		**3,6**	**0,2**		**0,2**
Diluted average number of shares		**195 732 258**	**195 288 035**		**195 288 035**
Diluted comprehensive earnings per share (euro)		**3,6**	**0,2**		**0,2**

in thousands of euros	06/30/2014	06/30/2013 restated	IFRS 11 impacts	06/30/2013 published
Net income of consolidated entity	**868 486**	**67 964**	**0**	**67 964**
Other comprehensive income items recognized directly as equity	**-41 075**	**28 783**	**0**	**28 783**
Effective portion of profits and losses on cash flow hedging instruments (IAS 39)	*-18 034*	*108 452*	*0*	*108 452*
Translation profits and losses	*-32 865*	*-60 713*	*0*	*-60 713*
Tax on other comprehensive income items	*7 545*	*-21 842*	*0*	*-21 842*
Items that will be reclassified subsequently to profit or loss	***-43 355***	***25 897***	***0***	***25 897***
Income from sales of treasury shares	*2 280*	*2 886*	*0*	*2 886*
Actuarial gains	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	***2 280***	***2 886***	***0***	***2 886***
Share of other comprehensive income items of equity method investees	-	-	-	-
Total comprehensive income	**827 411**	**96 747**	**0**	**96 747**
Of which				
Group share	*673 794*	*70 787*	*0*	*70 787*
Non-controlling interests	*153 617*	*25 960*	*0*	*25 960*
Undiluted comprehensive earnings per share (euro)	**3,4**	**0,4**	**0,0**	**0,4**
Diluted comprehensive earnings per share (euro)	**3,4**	**0,4**	**0,0**	**0,4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EPRA MODEL)

in thousands of euros	Notes	06/30/2014	12/31/2013 restated	IFRS 11 impacts	06/30/2013 published
Goodwill	*5.1*	130 705	130 767	-2 990	133 757
Intangible assets	*5.2*	37 913	36 648	-746	37 394
Property, plant and equipment and work in progress	*5.3*	14 377	15 017	-322	15 339
Investment property	*5.4*	8 710 212	9 207 798	-639 780	9 847 578
Investment property under construction	*5.5*	325 814	300 741	-16 261	317 002
Equity method securities	*5.8*	465 128	470 549	450 639	19 910
Other non-current assets	*5.9*	177 381	209 226	193 698	15 528
Non-current derivatives	*5.15*	110 755	118 703	0	118 703
Deferred tax assets	*7*	51 240	53 744	-3 965	57 709
NON-CURRENT ASSETS		***10 023 525***	***10 543 191***	***-19 728***	***10 562 920***
Investment property held for sale	*5.6*	321 789	1 079 391	-36 425	1 115 816
Investment held for sale	*5.7*	7 913	7 958	0	7 957
Inventory		437	433	0	433
Trade accounts and notes receivable	*5.10*	92 562	109 386	-3 856	113 242
Other receivables	*5.11*	237 485	204 093	-23 519	227 612
Tax receivables		*49 135*	*31 583*	*-620*	*32 203*
Other debtors		*188 350*	*172 510*	*-22 899*	*195 409*
Current derivatives	*5.15*	10 415	*0*	*0*	*0*
Cash and cash equivalents	*5.12*	167 691	127 496	-14 872	142 368
CURRENT ASSETS		***838 292***	***1 528 757***	***-78 671***	***1 607 428***
TOTAL ASSETS		**10 861 817**	**12 071 948**	**-98 399**	**12 170 347**
Share capital		279 259	279 259	0	279 259
Additional paid-in capital		1 773 630	1 773 630	0	1 773 630
Legal reserves		27 926	27 926	0	27 926
Consolidated reserves		-300 838	-45 027	0	-45 027
Treasury shares		*-81 462*	*-93 500*	0	*-93 500*
Hedging reserves		*-187 615*	*-181 861*	0	*-181 861*
Other consolidated reserves		*-31 761*	*230 334*	0	*230 334*
Consolidated earnings		702 757	53 601	0	53 601
Shareholders' equity, group share		2 482 735	2 089 390	0	2 089 390
Non-controlling interests		1 156 132	1 308 065	0	1 308 065
SHAREHOLDERS' EQUITY	*5.13*	***3 638 867***	***3 397 455***	***0***	***3 397 455***
Non-current financial liabilities	*5.14*	5 164 355	5 284 123	-59 792	5 343 915
Long-term provisions	*5.16*	14 798	13 744	-193	13 937
Pension commitments	*10.3*	14 871	14 666	-16	14 682
Non-current derivatives	*5.15*	157 688	172 771	-618	173 389
Security deposits and guarantees		111 232	143 939	-4 788	148 727
Deferred tax liabilities	*7*	314 757	352 995	-12 973	365 968
NON-CURRENT LIABILITIES		***5 777 701***	***5 982 238***	***-78 379***	***6 060 617***
Current financial liabilities	*5.14*	903 289	2 122 431	-5 453	2 127 884
Bank facilities	*5.12*	15 415	31 152	-182	31 334
Trade payables		129 315	102 719	-8 171	110 890
Payables to fixed asset suppliers		17 324	44 340	-603	44 943
Other liabilities	*5.17*	195 617	204 186	-3 909	208 095
Current derivatives	*5.15*	47 518	103 868	0	103 868
Social and tax liabilities	*5.17*	136 771	83 559	-1 703	85 262
Short-term provisions		0	0	0	0
CURRENT LIABILITIES		***1 445 248***	***2 692 256***	***-20 019***	***2 712 275***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**10 861 817**	**12 071 948**	**-98 399**	**12 170 347**

CONSOLIDATED CASH FLOW STATEMENT (EPRA MODEL)

in thousands of euros	06/30/2014	06/30/2013 restated	IFRS 11 impacts	06/30/2013 published
Cash flows from operating activities				
Net income from consolidated companies	868 486	67 964	-	67 964
Elimination of expenditure and income with no cash effect				
or not related to operating activities				
• *Depreciation, amortization and provisions*	179 138	217 193	-12 243	229 436
• *Capital gains and losses on asset disposals net of taxes and deferred taxes*	-824 690	-41 415	-1 125	-40 291
• *Reclassification of financial interests and other items*	157 984	167 202	-9 826	177 028
Gross cash flow from consolidated companies	**380 918**	**410 943**	**-23 194**	**434 137**
Paid taxes	-19 812	-12 589	1 077	-13 666
Change in operating working capital requirement	1 888	2 520	5 946	-3 426
Net cash flows from operating activities	**362 994**	**400 874**	**-16 171**	**417 045**
Cash flows from investing activities				
Income from sales of investment properties	1 557 256	119 067	-	119 067
Income from sales of other fixed assets	0	1 115	82	1 034
Income from disposals of subsidiaries (net of cash disposed)	380 444	197	-	197
Acquisitions of investment properties	-28 768	-38 785	897	-39 682
Acquisition costs of investment properties	-234	-625	-	-625
Payments in respect of construction work in progress	-74 612	-106 984	3 161	-110 144
Acquisitions of other fixed assets	-8 475	-5 332	30	-5 361
Acquisitions of subsidiaries through deduction of acquired cash	5 825	-33 931	-	-33 931
Issuing/repayment of loans and advance payments granted and other investments	44 118	16 201	9 073	7 128
Net cash flows from investing activities	**1 875 554**	**-49 075**	**13 241**	**-62 316**
Cash flows from financing activities				
Dividends paid to the parent company's shareholders	-303 492	-292 931	-	-292 931
Dividends paid to non-controlling interests	-304 154	-88 981	-	-88 981
Capital increase	-	-	-	-
Repayment of share premium	-	-	-	-
Acquisitions/disposal of treasury shares	12 038	4 184	-	4 184
New loans, borrowings and hedging instruments	326 244	1 085 662	2 107	1 083 555
Repayment of loans, borrowings and hedging instruments	-1 610 886	-820 729	-4 340	-816 389
Interest paid	-266 858	-236 177	548	-236 725
Other cash flows related to financing activities (1)	(31 195)	-	-	-
Net cash flows from financing activities	**-2 178 303**	**-348 972**	**-1 685**	**-347 286**
Effect of foreign exchange rate changes on cash and cash equivalents	**-4 311**	**2 169**	**719**	**1 450**
CHANGE IN CASH AND CASH EQUIVALENTS	**55 934**	**4 996**	**-3 896**	**8 892**
Cash at year-start	***96 343***	***148 080***	***-18 658***	***166 738***
Cash at year-end	***152 277***	***153 077***	***-22 553***	***175 630***

(1) Cash Flow resulting from the change of in the ownership interest in IGC Italy without change of control

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in thousands of euros	Capital	Capital related reserves	Treasury stock	Hedging reserves	Consolidated reserves	Equity, group share	Equity, non-controlling interests	Total equity
Equity at 06/30/2013	**279 259**	**1 801 556**	**-95 027**	**-297 993**	**292 719**	**1 980 514**	**1 324 213**	**3 304 728**
Share capital transactions	-	-			-	**-**		**-**
Share-based payments						**-**		**-**
Treasury share transactions			1 527			**1 527**		**1 527**
Dividends							- 2 173	**- 2 173**
Net income for the period					**14 616**	**14 616**	**54 440**	**69 056**
Gains and losses recognized directly in equity								
Income from sales of treasury shares					532	**532**	29	**561**
Income from cash flow hedging				138 997		**138 997**	2 296	**141 293**
Translation profits and losses					- 4 296	**- 4 296**	- 5 809	**- 10 105**
Tax on other comprehensive income items				- 22 556	770	**- 21 786**	- 772	**- 22 558**
Other comprehensive income items				**116 441**	**- 2 994**	**113 447**	**- 4 256**	**109 191**
Changes in the scope of consolidation				- 309	- 20 295	**- 20 604**	- 38 818	**- 59 422**
Other movements					- 111	**- 111**	- 25 340	**- 25 451**
Equity at 12/31/2013	**279 259**	**1 801 556**	**-93 500**	**-181 861**	**283 935**	**2 089 389**	**1 308 066**	**3 397 456**
Share capital transactions		-			-			
Share-based payments								
Treasury share transactions			12 038			**12 038**		**12 038**
Dividends					- 303 492	**- 303 492**	- 192 826	**- 496 318**
Net income for the period					**702 757**	**702 757**	**165 729**	**868 486**
Gains and losses recognized directly in equity								
Income from sales of treasury shares					2 280	**2 280**		**2 280**
Income from cash flow hedging				- 10 856	-	**- 10 856**	- 7 178	**- 18 034**
Translation profits and losses					- 26 318	**- 26 318**	- 6 547	**- 32 865**
Actuarial gain or loss					-			
Tax on other comprehensive income items				5 101	830	**5 931**	1 614	**7 545**
Other comprehensive income items				**- 5 755**	**- 23 208**	**- 28 963**	**- 12 111**	**- 41 074**
Changes in the scope of consolidation				-	-	**-**	- 767	**- 767**
Other movements				-	11 004	**11 004**	- 111 959	**- 100 955**
Equity at 06/30/2014	**279 259**	**1 801 556**	**-81 462**	**-187 615**	**670 996**	**2 482 733**	**1 156 132**	**3 638 865**

KLEPIERRE

1. SIGNIFICANT EVENTS OF THE FIRST HALF OF 2014

1.1. INVESTMENTS AND ACQUISITIONS

On February 27, 2014, the Group acquired 12% of the Italian company IGC from the company Finiper, increasing its share in the subsidiary to 100% (see note 4).

1.2. DISPOSALS

On April 16, 2014, the group finalized the sale of a portfolio of 126 shopping centers adjoining Carrefour hypermarkets, to Carmila a consortium led by Carrefour and by institutional investors, for 2 billion euros (value of assets).

On June 5, 2014, Steen & Strøm announced that it had reached an agreement on the sale of five shopping centers in Sweden (Familia, Etage, Mirum, MittiCity and Sollentuna Centrum) for 3,250 million Swedish krona (or 354 million euros, 06/30/2014 exchange rate).

On February 11, 2014, and May 20, 2014, the Group completed the disposal of office properties located in the Paris Grenelle business district and Paris rue de Javel for a total amount of 82.2 million euros.

1.3. DIVIDEND

On April 10, 2014, the shareholders meeting approved the payout of a 1.55 euros per share dividend in respect of the 2013 fiscal year, and proposed a cash payment. Cash dividend payments totaled 303.5 million euros (excluding dividends paid out on treasury shares).

1.4. DEBT

Subsequently to the disposition of a gallery portfolio to Carmila, the debt denominated in euros has been significantly reduced by 1.3 billion euros. The paid-down debts are banking facilities maturing in 2014 and 2015. In Scandinavia, Klépierre was active on the bond market, issuing up to 1.1 billion Norwegian Kroner (131 million euros) of new medium-term unsecured notes in Norway.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. CORPORATE REPORTING

Klépierre is a French corporation (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 15, 2014, the Executive Board approved Klépierre SA's consolidated financial statements and authorized their publication for the period from January 1st to June 30th, 2014.

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

2.2. PRINCIPLES OF FINANCIAL STATEMENT PREPARATION

The interim consolidated financial statements are prepared and presented in the form of condensed financial statements, according to IAS 34, relative to Interim Financial Reporting. As the accounts are condensed financial statements, they do not include all the information required by IFRS, do not contain all the information and notes required to prepare annual financial statements and, in this respect, they have to be read alongside with the published consolidated financial statements (or the *registration document*) relative to the 2013 fiscal year.

In accordance with Regulation (EC) No. 1126/2008 of November 3, 2008 on the application of International Accounting Standards, the Klépierre group consolidated financial statements to June 30, 2014 have been prepared in accordance with IFRS published by the IASB, 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).

This framework is available on the website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

2.2.1. Standards, amendments and applicable interpretations as of January 1, 2014

The accounting principles applied to the condensed consolidated financial statements as of June 30, 2014 are identical to those used in the consolidated financial statements of December 31, 2013, with the exception of the adoption of the following new standards and interpretations, for which the application is mandatory for the Group:

■ Amendment to IAS 27	:	Separate Financial Statements
■ Amendment to IAS 28	:	Investments in Associates and Joint Ventures
■ Amendment to IAS 32	:	Offsetting Financial Assets and Financial Liabilities
■ IFRS 10	:	Consolidated Financial Statements
■ IFRS 11	:	Joint Arrangements
■ IFRS 12	:	Disclosure of Interests in Other Entities
■ Amendments to IFRS 10, 11 et 12	:	Transaction guidance
■ Amendment to IAS 36	:	Recoverable amount disclosures
■ Amendments to IFRS 10, IFRS 12 and IAS 27	:	Investment entities
■ Amendment to IAS 39	:	Novation of Derivatives and Continuation of Hedge Accounting

2.2.2. Standards, amendments and interpretations of not compulsory application as from January 1, 2014

Klépierre has not applied early the new standards, amendments and interpretations adopted by the European Union where application in 2014 is optional. This applies to the following standard:

■ IFRIC 21	■ ■ Levies

The measurement of the potential impacts of this text on the consolidated accounts of Klépierre is ongoing.

The following texts have been published by the IASB but not yet adopted by the European Union:

■ Amendement to IAS 19	:	Defined Benefit Plans: Employee Contributions
■ Amendments to IAS16 and IAS38	:	Clarification of acceptable methods of depreciation and amortization
■ Annual improvements of IFRS	:	Cycle 2010 – 2012
■ Annual improvements of IFRS	:	Cycle 2011 – 2013
■ IFRS 14	:	Regulatory Deferral Accounts
■ IFRS 15	:	Revenue from Contracts with Customers
■ Amendement to IFRS 9	:	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39
■ Amendement to IFRS 11	:	Accounting for Acquisitions of Interests in Joint Operations

2.2.3. Assessment of the impact of the new standards

2.2.3.1. IFRS 10 & 11

As part of the mandatory adoption of IFRS 10 and 11 on January 1, 2014, the Group first conducted an analysis of all shareholders agreements in order to evaluate the level of the Group's control over the assets concerned.

Application of the new standards would lead to the consolidation of 28 companies by the equity method that were previously consolidated by proportional method, in particular the companies owning the shopping centers Le Millénaire in France, Portimao in Portugal, Lonato and Verona in Italy and Asane and Okern in Norway.

The exhaustive list of the concerned companies by the change of consolidation method is described in note 4. Scope of consolidation.

The Financial statements as of June 30th, 2014 and December 31st, 2014 have been restated in order to reflect the new scope of consolidation and the retroactive impact of IFRS 10 and 11 applications. The change in method of consolidation of the companies concerned does not have any impact either on the "Net income of consolidated entity - Group share" or shareholders' equity.

2.2.3.2. IFRS 12

As part of the mandatory adoption of IFRS 12 on January 1, 2014, the Group performed an analysis on information disclosed in the notes of the annual report and revised some of them in order to satisfy required information for this standard.

This information is given in note 4. The scope of consolidation have been completed to determine the nature of its interests held in other entities and to distinguish, among the newly equity-consolidated entities, the companies that are jointly controlled from those in which it has significant influence.

2.3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – BASIS OF PREPARATION

The consolidated financial statements include the financial statements of Klépierre SA and its subsidiaries for the period until June 30, 2014. The financial statements of subsidiaries are prepared for the same accounting period as that of the parent company using consistent accounting methods.

The Group's consolidated financial statements are prepared on the basis of the historical cost principle, with the exception of financial derivatives and available-for-sale financial assets, which are measured at fair value. The book value 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.

2.4. USE 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.

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 book values 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 independent appraisers to perform half-yearly appraisals of its real estate assets in accordance with the methods described in Note 2.12.2 of the consolidated financial statements for the year ended December 31, 2013 and in accordance with IFRS 13.

The appraisers make assumptions concerning future flows and rates that have a direct impact on the value of the buildings.

Financial instruments

The Group assesses the fair value of the financial instruments it uses in accordance with the standard models practiced on the market and described in Note 2.21.4 of the consolidated financial statements for the year ended December 31, 2013 and in accordance with IFRS 13.

2.5. OPTIONS USED UNDER IFRS 1

As part of the first application of the IFRS framework, IFRS 1 provides exemptions from some provisions of other IFRS standards. The application of these exemptions is optional.

For the Group, they relate mainly to:

- business combinations: non-restatements of business combinations occurring before the date of transition to IFRS;
- fair value or revaluation as deemed cost: use as deemed cost for property, plant and equipment and investment properties of the fair value applied in the consolidated financial statements in the revaluation carried out on January 1, 2003 following the adoption of SIIC (listed real estate company) status;
- share-based payment transactions: only plans granted after November 7, 2002 whose rights were not yet vested at January 1, 2005 were recognized as an expense on the income statement.

2.6. INVESTMENT PROPERTY

According to IAS 40 almost all of Klépierre real estate meets the definition of “Investment property”. Buildings occupied by the Group are recognized as tangible assets.

Klépierre opted to adopt IAS 40 using the cost accounting model on May 26, 2004 to maintain consistency between the accounting methods used by Klépierre and its then majority shareholder. Note 11.1 sets out pro forma financial data for investment properties on a fair value basis.

2.6.1. Cost model

Fixed assets are recognized at cost, inclusive of duties and fees, and are depreciated using the component method.

The distribution between non-depreciable values (land) and depreciable values (buildings) is established according to the methods set by the appraisers, i.e.:

based on the land/building ratio for office buildings;

- by comparison with the reconstruction cost for shopping centers.

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 fixed assets 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, fixed assets are 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.

In addition, fixed assets 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 book value, and any impairment is recognized.

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

2.6.2. The component method

The component method is applied based on the recommendations of the Fédération des Sociétés Immobilières et Foncières (French Federation of Property Companies) for components and useful life:

- for properties developed by the companies themselves, assets are classified by component type and recognized at cost;
- for other properties, 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.

Components are broken down based on the history and technical characteristics of each building.

Klépierre uses the following matrix to determine components:

	Offices		Shopping centers		Retail stores	
	Period	QP	Period	QP	Period	QP
Structures	60 years	60%	35 to 50 years	50%	30 to 40 years	50%
Facades	30 years	15%	25 years	15%	15 to 25 years	15%
GTI	20 years	15%	20 years	25%	10 to 20 years	25%
Fittings	12 years	10%	10 to 15 years	10%	5 to 15 years	10%

A wear and tear ratio is applied when the acquired property is not new.

Purchase costs are split 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.

2.6.3. Fair value of investment property

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's investment properties is appraised by the independent appraisers responsible for valuing the Group's assets 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 asset, even though these costs can, in some cases, be reduced by selling the company that owns the asset). The fair values are determined in compliance with evaluation rules described in IFRS 13. In addition, given the complexity of real estate asset valuations and the nature of certain non-public data (such as the growth of lease rate, capitalization rates), the fair values of the investment properties have been classified as level 3 according to IFRS 13 criteria.

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 entrusts the task of appraising its real estate assets to various appraisers.

Shopping centers are appraised by:

- Jones Lang LaSalle (JLL) appraises French assets (except for Klécar France), all Polish, Greek and Belgian assets and 50% of Norwegian and Hungarian assets and a part of the Italian portfolio (shopping centers not fully owned by the Group);
- Auguste-Thouard appraises the Klécar France, the Roques-sur-Garonne shopping center, all of the Spanish and Portuguese assets;
- DTZ appraises 8 French assets (Maisonément, Boulogne, Créteil, Drancy, Pontault-Combault, Val d'Europe, Claye-Souilly and Saint-Lazare), Danish, Swedish, Czech and Slovakian assets, 50% of Norwegian and Hungarian assets and a part of the Italian portfolio (shopping centers 100% owned by the group).

Retail stores are appraised by:

- Jones Lang LaSalle (JLL) appraises Feu-Vert assets and Buffalo Grill restaurants;
- BNP Paribas Real Estate appraises the Défi Mode, Sephora, King Jouet, Cap Nord, Akene, Da Costa and Delbard portfolios.

All appraisals are conducted in accordance with the principles of the Charte de l'Expertise en Evaluation Immobilière, AMF recommendations of February 8, 2010 and RICS standards. The fees paid to appraisers, agreed prior to their appraisal of the properties concerned, 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 appraising methodology of appraisals of Retail assets and Shopping Centers corresponds to the one used in 2013, as indicated in paragraph 2.12.2 of the notes to the consolidated financial statements for the year ended December 31, 2013.

3. SEGMENT INFORMATION

3.1. SEGMENT INCOME STATEMENT AT JUNE 30, 2014

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

Shopping centers are structured into six operating segments:

- France/Belgium (France, Belgium);
- Scandinavia (Norway, Sweden and Denmark);
- Italy;
- Iberia (Spain, Portugal);
- Central Europe (Hungary, Poland, Czech Republic);
- Other countries (Greece, Slovakia).

The remaining two operating segment are retail assets and office buildings.

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

Group financial policy (including the impact of financial income and expenses), corporate activities and fiscal result calculation are handled at Group level, and are not allocated to the operating segments.

in thousands of euros	SHOPPING CENTERS											
	France-Belgium		Scandinavia		Italy		Iberia		Central Europe		Other countries	
	06/30/14	06/30/13*	06/30/14	06/30/13*	06/30/14	06/30/13*	06/30/14	06/30/13*	06/30/14	06/30/13*	06/30/14	06/30/13*
Rents	189,8	191,7	96,7	109,4	52,1	55,9	35,9	43,0	39,3	39,5	2,0	2,6
Other rental income	4,7	2,9	0,1	-0,1	0,9	0,8	-	-	0,1	0,1	-	-
Lease income	**194,4**	**194,6**	**96,8**	**109,3**	**53,0**	**56,7**	**35,9**	**43,0**	**39,4**	**39,5**	**2,0**	**2,6**
Rental & building expenses	-16,8	-17,3	-10,3	-13,7	-5,4	-6,1	-4,6	-6,6	-3,8	-6,2	-2,1	-1,2
Net rental income	**177,6**	**177,2**	**86,5**	**95,6**	**47,6**	**50,5**	**31,3**	**36,4**	**35,5**	**33,3**	**-0,1**	**1,3**
Management and other income	22,5	26,8	10,3	14,4	2,7	3,5	2,9	3,2	2,1	2,0	0,1	0,1
Payroll and other general expenses	-31,4	-31,3	-17,1	-20,4	-5,8	-6,0	-5,2	-6,3	-3,7	-4,0	-0,2	-0,2
EBITDA	**168,8**	**172,8**	**79,7**	**89,6**	**44,5**	**48,0**	**29,0**	**33,3**	**33,9**	**31,3**	**-0,3**	**1,2**
Income from disposals	747,7	15,6	-2,4	8,9	78,1	-	12,0	-	-0,4	-	-	-
												-
Share in earnings of equity method investees	-3,6	3,5	5,3	5,3	1,9	1,7	-0,5	-1,5	-	-	-	-
SEGMENT INCOME	**860,6**	**132,7**	**50,9**	**49,2**	**110,8**	**33,2**	**3,1**	**-18,4**	**6,5**	**3,5**	**-7,8**	**-1,1**

** restated for IFRS 10/11 application*

in thousands of euros	SHOPPING CENTERS		RETAIL		OFFICES		UNALLOCATED		KLEPIERRE GROUP	
	06/30/14	06/30/13*	06/30/14	06/30/13*	06/30/14	06/30/13*	06/30/14	06/30/13*	06/30/14	06/30/13*
Rents	415,8	441,9	19,4	21,0	2,4	5,8	-	-	437,5	468,6
Other rental income	5,8	3,8	-	-	-	-	-	-	5,8	3,8
Lease income	**421,6**	**445,7**	**19,4**	**21,0**	**2,4**	**5,8**	**-**	**-**	**443,3**	**472,4**
Rental & building expenses	- 43,1	- 51,2	- 1,1	- 0,8	- 0,4	- 1,6	-	-	- 44,6	- 53,7
Net rental income	**378,5**	**394,4**	**18,2**	**20,2**	**1,9**	**4,1**	**-**	**-**	**398,7**	**418,7**
Management and other income	40,6	50,0	0,1	0,1	0,4	0,1	-	-	41,1	50,2
Payroll and other general expenses	- 63,5	- 68,3	- 0,6	- 0,6	- 0,4	- 0,5	- 15,8	- 14,2	- 80,3	- 83,6
EBITDA	**355,7**	**376,2**	**17,7**	**19,6**	**1,9**	**3,7**	**- 15,8**	**- 14,2**	**359,5**	**385,3**
Depreciation and allowance	- 169,8	- 210,6	- 8,8	- 4,8	-	- 1,7	-	0,2	- 178,6	- 216,9
Income from disposals	834,9	24,5	1,4	-	13,1	27,3	-	-	849,5	51,8
Goodwill depreciation	-	-	-	-	-	-	-	-	-	-
Share in earnings of equity method investees	3,2	9,1	-	-	-	-	-	-	3,2	9,1
SEGMENT INCOME	**1 024,1**	**199,1**	**10,3**	**14,9**	**14,9**	**29,3**	**- 15,8**	**- 14,1**	**1 033,6**	**229,2**
Net dividends and provisions on non-consolidated investments									0,0	0,0
Cost of debt									- 131,2	- 156,3
Change in the fair value of financial instruments									- 11,9	5,3
Effect of discounting									-	-
PROFIT BEFORE TAX									**890,5**	**78,3**
Corporate income tax									- 22,0	- 10,3
NET INCOME									**868,5**	**68,0**

** restated for IFRS 10/11 application*

3.2. NET BOOK VALUE OF INVESTMENT PROPERTY BY OPERATING SEGMENT

in thousands of euros	Net book value of investment property
Shopping centers	**8 248 611**
France-Belgium	3 459 107
Scandinavia	2 582 482
Italy	1 012 133
Iberia	542 154
Central Europe	613 189
Other countries	39 546
Retail	**461 601**
Offices properties	**0**
TOTAL	**8 710 212**

3.3. INVESTMENT BY OPERATING SEGMENT

Investments include acquisitions and changes of scope.

in thousands of euros	Shopping centers	Retail	Offices properties	Total 06/30/2014
Property, plant and equipment	2 710	-	-	2 710
Investment property	30 829	24	-	30 853
Investment property under construction	71 197	38	3 377	74 612
TOTAL	**104 736**	**62**	**3 377**	**108 175**

Liabilities are unallocated.

3.4. CUSTOMER RECEIVABLES BY OPERATING SEGMENT

in thousands of euros	06/30/2014	12/31/2013 restated
Shopping centers	**90 582**	**105 566**
France-Belgium	36 255	48 982
Scandinavia	15 380	9 168
Italy	13 031	18 191
Iberia	7 192	10 077
Central Europe	17 349	16 659
Other countries	1 375	2 489
Retail	**1 180**	**2 084**
Offices properties	**800**	**1 736**
TOTAL	**92 562**	**109 386**

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4. SCOPE OF CONSOLIDATION

Companies	Country	*Methods at* 06/30/2014 (1)	*% of interest* 06/30/2014	*% of interest* 12/31/2013	*% of interest* Change	*% of control* 06/30/2014	*% of control* 12/31/2013	*% of control* Change
Holding - Head of the Group								
SA Klépierre	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
Shopping centers - France								
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 Klécar France	France	**FC**	83,00%	83,00%	-	83,00%	83,00%	-
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 KC7	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 LP7	France	**FC**	100,00%	100,00%	-	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%	-
SCI Sécovalde	France	**FC**	55,00%	55,00%	-	55,00%	55,00%	-
SAS Cécoville	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**	100,00%	100,00%	-	100,00%	100,00%	-
SCS Cécobil	France	**EM** [2]	50,00%	50,00%	-	50,00%	50,00%	-
SCI du Bassin Nord	France	**EM** [2]	50,00%	50,00%	-	50,00%	50,00%	-
SNC Le Havre Vauban	France	**EM** [2]	50,00%	50,00%	-	50,00%	50,00%	-
SNC Le Havre Lafayette	France	**EM** [2]	50,00%	50,00%	-	50,00%	50,00%	-
SCI Nancy Bonsecours	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	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
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	**EM** [2]	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%	55,00%	-	55,00%	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 Girardin	France	**EM** [2]	33,40%	33,40%	-	33,40%	33,40%	-
SARL Belvedere Invest	France	**FC**	55,00%	55,00%	-	55,00%	55,00%	-
SCI Haies Haute Pommeraie	France	**FC**	53,00%	53,00%	-	53,00%	53,00%	-
SCI Plateau des Haies	France	**FC**	100,00%	100,00%	-	100,00%	100,00%	-
SCI la Rocade Ouest	France	**EM**	36,73%	36,73%	-	36,73%	36,73%	-
SARL Forving	France	**FC**	93,15%	93,15%	-	93,15%	93,15%	-
SCI du Plateau	France	**EM**	19,65%	19,65%	-	30,00%	30,00%	-
SCI Saint Maximin Construction	France	**FC**	55,00%	55,00%	-	55,00%	55,00%	-
SCI Immobilière de la Pommeraie	France	**EM** [2]	50,00%	50,00%	-	50,00%	50,00%	-
SCI Pommeraie Parc	France	**FC**	60,00%	60,00%	-	60,00%	60,00%	-

Companies	Country	Methods at 06/30/2014 (1)	% of interest 06/30/2014	% of interest 12/31/2013	% of interest Change	% of control 06/30/2014	% of control 12/31/2013	% of control Change
Shopping centers - France								
SCI Champs des Haies	France	FC	60,00%	60,00%	-	60,00%	60,00%	-
SCI La Rive	France	FC	85,00%	85,00%	-	85,00%	85,00%	-
SCI Rebecca	France	FC	70,00%	70,00%	-	70,00%	70,00%	-
SCI Aulnes developpement	France	EM [2]	25,50%	25,50%	-	50,00%	50,00%	-
SARL Proreal	France	FC	51,00%	51,00%	-	51,00%	51,00%	-
SNC Parc de Coquelles	France	EM [2]	50,00%	50,00%	-	50,00%	50,00%	-
SCI Achères 2000	France	EM	30,00%	30,00%	-	30,00%	30,00%	-
SCI Le Mais	France	FC	80,00%	80,00%	-	80,00%	80,00%	-
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 LC	France	FC	88,00%	88,00%	-	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	100,00%	100,00%	-	100,00%	100,00%	-
SARL Immo Dauland	France	FC	100,00%	100,00%	-	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%	-
Kleprim's	France	EM [2]	50,00%	50,00%	-	50,00%	50,00%	-
SCI Portes de Claye	France	FC	55,00%	55,00%	-	55,00%	55,00%	-
Klecab SCI	France	FC	100,00%	100,00%	-	100,00%	100,00%	-
SCI Kleber Odysseum	France	FC	100,00%	100,00%	-	100,00%	100,00%	-
SCI Odysseum 2	France	FC	100,00%	100,00%	-	100,00%	100,00%	-
SNC Le Havre Colbert	France	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Massalia	France	FC	100,00%	0,00%	100,00%	100,00%	0,00%	100,00%
Klévannes	France	FC	100,00%	0,00%	100,00%	100,00%	0,00%	100,00%
Service providers - France								
SNC Klépierre Management	France	FC	100,00%	100,00%	-	100,00%	100,00%	-
SAS Klépierre Conseil	France	FC	100,00%	100,00%	-	100,00%	100,00%	-
SNC Klepierre Brand Ventures	France	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Gift Cards	France	FC	100,00%	100,00%	-	100,00%	100,00%	-
SAS Klépierre Finance	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'Accueil	Belgium	FC	100,00%	100,00%	-	100,00%	100,00%	-
Les Bureaux de l'Esplanade II	Belgium	FC	100,00%	100,00%	-	100,00%	100,00%	-
Steen & Strøm Holding AS	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
Bryggen, Vejle A/S	Danmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
Bruun's Galleri ApS	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%	-
Viva, Odense A/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
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%	-
Steen & Strøm CenterUdvikling VI A/S	Denmark	FC	56,10%	56,10%	-	100,00%	100,00%	-
SA Klecar Foncier Iberica	Spain	FC	83,06%	83,06%	-	100,00%	100,00%	-
SA Klecar Foncier Espana	Spain	FC	83,06%	83,06%	-	100,00%	100,00%	-
SA Klépierre Vallecas	Spain	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Molina	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%	-

KLEPIERRE

Companies	Country	Methods at	% of interest			% of control		
		06/30/2014 (1)	06/30/2014	12/31/2013	Change	06/30/2014	12/31/2013	Change
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%	-
Klépierre Corvin	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Corvin Vision	Hungary	FC	66,67%	66,67%	-	66,67%	66,67%	-
Klépierre Trading	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Spa IGC	Italy	FC	100,00%	88,00%	12,00%	100,00%	88,00%	12,00%
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	EM [2]	50,00%	50,00%	-	50,00%	50,00%	-
K2	Italy	FC	95,06%	95,06%	-	95,06%	95,06%	-
Klépierre Matera	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Il Destriero	Italy	EM [2]	50,00%	50,00%	-	50,00%	50,00%	-
SA Klépierre Luxembourg	Luxembourg	FC	100,00%	100,00%	-	100,00%	100,00%	-
Holding Klege	Luxembourg	EM [2]	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%	-
Slagenveien 2 AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Nordbyen Senter 2 AS	Norway	EM [2]	28,05%	28,05%	-	50,00%	50,00%	-
Amanda Storsenter AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Åsane Storsenter DA	Norway	EM [2]	27,99%	27,99%	-	49,90%	49,90%	-
Åsane Kulturutvikling AS	Norway	EM [2]	27,99%	27,99%	-	49,90%	49,90%	-
Åsane Hotellutvikling AS	Norway	EM [2]	27,99%	27,99%	-	49,90%	49,90%	-
Åsane Kontorutvikling AS	Norway	EM [2]	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%	-
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	EM [2]	28,05%	28,05%	-	50,00%	50,00%	-
Stavanger Storsenter AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Torvbyen Utvikling AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Økern Sentrum Ans	Norway	EM [2]	28,05%	28,05%	-	50,00%	50,00%	-
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%	-
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%	-
Asane Senter AS	Norway	EM [2]	27,99%	27,99%	-	49,90%	49,90%	-
Økern Eiendom ANS	Norway	EM [2]	28,05%	28,05%	-	50,00%	50,00%	-
Slagenveien AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Metro Shopping AS	Norway	EM [2]	28,05%	28,05%	-	50,00%	50,00%	-
Markedet Haugesund II AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Nordbyen Senter AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Nordbyen Senter DA	Norway	EM [2]	28,05%	28,05%	-	50,00%	50,00%	-
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%	-
Steen & Strøm Mediapartner Norge AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Økern Sentrum AS	Norway	EM [2]	28,05%	28,05%	-	50,00%	50,00%	-
Nordal ANS	Norway	EM [2]	28,05%	28,05%	-	50,00%	50,00%	-

Companies	Country	Methods at 06/30/2014 (1)	% of interest 06/30/2014	% of interest 12/31/2013	% of interest Change	% of control 06/30/2014	% of control 12/31/2013	% of control Change
Capucine BV	Netherlands	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Nordica	Netherlands	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klémentine	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 Best Mall Spzoo Spolka Komanditowa	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Krakow spzoo	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Pologne	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 Krakow Sp.z.o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Sadyba Best Mall Spzoo	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
KLP Poznan Sp. z o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
KLP Ruda Slaska Sp. z o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
KLP Sadyba Sp. z o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
KLP Rybnik Sp. z o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
KLP Lublin Sp. z o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
KLP Polzka Sp. z o.o	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Fiz Ipopema 96	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
SA Klélou-Immobiliare	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	EM [2]	50,00%	50,00%	-	50,00%	50,00%	-
Klépierre Cz	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Praha S.R.O.	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Plzen	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
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 Köpcentrum	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 Borlänge 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 Sverige 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%	-
Fastighets Västra Götaland AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Mässcenter Torp AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-
Grytingen Nya AB	Sweden	FC	36,35%	36,35%	-	64,79%	64,79%	-
FAB Lackeraren Borlänge	Sweden	FC	56,10%	56,10%	-	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%	-
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%	-
Klepierre Management Espana	Spain	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Hellas	Greece	FC	100,00%	100,00%	-	100,00%	100,00%	-

Companies	Country	Methods at 06/30/2014 (1)	% of interest			% of control		
			06/30/2014	12/31/2013	Change	06/30/2014	12/31/2013	Change
Klepierre Management Magyarorszag	Hungary	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Italia	Italy	FC	100,00%	100,00%	-	100,00%	100,00%	-
Nordbyen Senterforening AS	Norway	FC	41,85%	41,85%	-	74,60%	74,60%	-
Steen & Strøm Senterservice AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Asane Storsenter Drift AS	Norway	EM [2]	27,99%	27,99%	-	49,90%	49,90%	-
Steen & Strom Norge AS	Norway	FC	56,10%	56,10%	-	100,00%	100,00%	-
Klepierre Management Polska	Poland	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Portugal	Portugal	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Ceska Républika	Czech Republic	FC	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Slovensko	Slovakia	FC	100,00%	100,00%	-	100,00%	100,00%	-
Steen & Strøm Sverige AB	Sweden	FC	56,10%	56,10%	-	100,00%	100,00%	-

DECONSOLIDATED COMPANIES	Country	Methods at 06/30/2014 (1)	% interest		% control		Comments
			06/30/2014	12/31/2013	06/30/2014	12/31/2013	
Storebrand Kjøpesenter Metro AS	Norway	NC	0,00%	28,05%	0,00%	50,00%	Merged
SA Klépierre Portugal SGPS SA	Portugal	NC	0,00%	100,00%	0,00%	100,00%	Liquidated
Carmila Italia [3]	Italy	NC	0,00%	0,00%	0,00%	0,00%	Disposed
SNC KC1	France	NC	0,00%	83,00%	0,00%	100,00%	Disposed
SNC KC6	France	NC	0,00%	83,00%	0,00%	100,00%	Disposed
SNC KC8	France	NC	0,00%	83,00%	0,00%	100,00%	Disposed

(1) FC : Full Control

EM : Equity Method

NC : Not Consolidated

[2] Companies consolidated using the equity method since 01/01/2014 following the adoption of IFRS 10 and 11.

[3] New company created on the period, disposed on the period.

As of June 30, 2014 the Group scope of consolidation includes 248 companies compared to 251 at December 31, 2013, including 214 fully consolidated companies and 34 companies consolidated using the equity method.

4.1. MAIN EVENTS OF THE FIRST HALF OF 2014

28 companies that were previously proportionately consolidated are now consolidated using the equity method due to the adoption of IFRS 10 and 11 on January 1, 2014. This change in method concerns in particular the companies that own Le Millénaire shopping center in France, Portimão shopping center in Portugal, Lonato and Verona shopping centers in Italy and Åsane and Økern shopping centers in Norway (see 2.2 Principles of financial statement preparation for more details).

As part of the disposal of a portfolio of retail assets to a consortium led by Carrefour, three French companies (KC1, KC6 and KC8) were sold. These companies owned retail galleries respectively in Antibes, Montesson and Nice.

On February 27, 2014, Klépierre Luxembourg acquired 12% residual interest in the Italian company IGC from Finiper. Following this transaction, the Group now holds 100% of IGC. This transaction has no impact on the consolidation method. In accordance with IAS 27 revised, this acquisition of non-controlling interests was recorded as an equity transaction, being a transaction without change in control. Consequently, no additional goodwill was recognized.

4.2. CONTROL ASSESSMENT

As part of the mandatory adoption of IFRS 12 on January 1, 2014, the Group performed an analysis to determine the nature of its interests held in other entities and the associated risks and to distinguish, among the newly equity-consolidated entities, the companies that are jointly controlled from those in which it has significant influence.
The main partnerships of the Klépierre Group are described below.

- Asane Storesenter DA and Okern Sentrum Ans

The Group holds 56.10% of the equity shares and voting rights of the holding company holding respectively 49.9% of the company Asane Storesenter DA and 50% of the company Okern Sentrum. The remaining percentages are held by the partner Nordea for Asane and the partner Storebrand for Okern. In the two partnerships, each partner has the right to elect the same number of members of the Board of Directors.

Decisions require the consent of the two parties. These companies are thus jointly controlled. As these are joint-ventures, these companies are consolidated using the equity method starting January 1st 2014.

- SCI du Bassin Nord

The company Bassin Nord is jointly held by Klépierre SA and its partner Icade SA and is jointly managed. The co-managing directors compensation is approved by collective decision of the shareholders, and these latter can only withdraw themselves totally or partially when unanimously authorized by the other associates. Consequently, SCI du Bassin Nord is considered as being jointly controlled and is consolidated using the equity method.

- Holding Klege and Klege Portugal

The Group holds 50% of the equity shares and voting rights of the holding company owning 100% of the company Klege Portugal. Each partner has the right to appoint the same number of members to the Board of Directors. The Chairman is appointed for a period of twelve continuous months on an alternating basis with the partner. All decisions are adopted on simple majority. The sub-group is jointly controlled and is consolidated using the equity method.

- Clivia 2000 & Galleria Comerciale Il Destriero

The companies Clivia 2000 and Galleria Commerciale Il Destriero are 50% held by the Klépierre Group and its partner Finiper Group. Each shareholder has equal representation within the Board of Directors. The Chairman and the Vice Chairman are appointed for a period of three consecutive years, on an alternating basis with the partner. Consequently, these companies are consolidated by the equity method.

- Nordica Holdco SA (parent company of the Steen & Strøm Group)

Nordica Holdco SA is a company jointly held at 56.10% by the Klépierre Group and 43.9% by the ABP partner. The Group has the right to appoint three members to the Board of Directors including the Chairman, whereas the partner can appoint two members. This latter has protective rights pursuant to the shareholders agreement and following the analysis of the decisions reserved for the partner. As the Group controls Nordica Holdco SA it is consolidated by full integration.

5. NOTES TO THE FINANCIAL STATEMENTS: BALANCE SHEET

5.1. GOODWILL

The amount of goodwill at June 30, 2014 totaled 130.7 million euros against 130.8 million euros at December 31, 2013. The change is due to the revaluation of the goodwill of Steen & Strøm due to currency effect.

5.2. INTANGIBLE ASSETS

The “Software” item includes software in service as well as ongoing expenses. The change of this item is due to the deployment of the Group’s new management and accounting system (Scandinavia).

in thousands of euros	12/31/2013 restated	Acquisitions, new businesses and contributions	Reduction by disposals, retirement of assets	Allowances for the period	Currency fluctuations	Other movements, reclassification	06/30/2014
Leasehold right	1 804	-	-	-	-	-	1 804
Goodwill	4 202	-	-	-	1	-	4 203
Software	50 607	5 756	- 12	-	- 58	11	56 304
Concessions, patents and similar rights	1 714	-	-	-	- 2	-	1 712
Other intangible assets	4 896	9	-	-	- 9	-	4 896
TOTAL GROSS VALUE	**63 223**	**5 765**	**-12**	**0**	**-68**	**11**	**68 919**
Leasehold right	- 582	-	-	- 55	-	-	- 637
Goodwill	- 2 040	-	-	- 92	- 1	-	- 2 133
Software	- 18 998	-	- 1 261	- 2 966	18	- 8	- 23 215
Concessions, patents and similar rights	- 1 092	-	-	- 23	-	-	- 1 115
Other intangible assets	- 3 862	-	-	- 47	3	-	- 3 906
TOTAL DEPRECIATION AND AMORTIZATION	**-26 574**	**0**	**-1 261**	**-3 183**	**20**	**-8**	**- 31 006**
INTANGIBLE ASSETS – NET VALUE	**36 649**	**5 765**	**-1 273**	**-3 183**	**-48**	**3**	**37 913**

5.3. PROPERTY, PLANT AND EQUIPMENT AND WORK IN PROGRESS

Property, plant and equipment include operating furniture and equipment.

in thousands of euros	12/31/2013 restated	Acquisitions, new businesses and contributions	Reduction by disposals, retirement of assets	Allowances for the period	Currency fluctuations	Other movements, reclassification	06/30/2014
Non-depreciable assets	-	-	-	-	-	-	-
Depreciable assets and work in progress	42 031	2 329	- 1 711	-	- 534	- 1 476	40 639
TOTAL GROSS VALUE	**42 031**	**2 329**	**- 1 711**	**-**	**- 534**	**- 1 476**	**40 639**
Depreciable assets	- 27 014	-	118	- 2 480	365	2 749	- 26 262
Total depreciation and amortization	**- 27 014**	**-**	**118**	**- 2 480**	**365**	**2 749**	**- 26 262**
Impairment							
PROPERTY, PLANT AND EQUIPMENT AND WORK IN PROGRESS – NET VALUE	**15 017**	**2 329**	**-1 593**	**-2 480**	**-169**	**1 273**	**14 377**

5.4. INVESTMENT PROPERTY

in thousands of euros	12/31/2013 restated	Acquisitions, new businesses and contributions	Reduction by disposals, retirement of assets	Allowances for the period	Currency fluctuations	Other movements, reclassifications	06/30/2014
Non-depreciable assets	4 644 157	1 253	- 18 530	-	- 24 854	- 142 029	4 459 997
Depreciable assets	6 573 180	29 600	- 11 498	-	- 41 508	- 227 119	6 322 655
TOTAL GROSS VALUE	**11 217 337**	**30 853**	**- 30 028**	**-**	**- 66 362**	**- 369 148**	**10 782 652**
Amortization of depreciable assets	- 1 595 308	-	4 579	- 130 553	8 260	49 785	- 1 663 237
TOTAL DEPRECIATION AND AMORTIZATION	**- 1 595 308**	**-**	**4 579**	**- 130 553**	**8 260**	**49 785**	**- 1 663 237**
Impairment	- 414 231	-	-	- 41 737	-	46 765	- 409 203
INVESTMENT PROPERTY – NET VALUE	**9 207 798**	**30 853**	**-25 449**	**-172 290**	**-58 102**	**-272 598**	**8 710 212**

The main investments were made in Sweden (Kristianstad for 22.1 million euros).

Disposals mostly related to retail properties in Chambray-les-Tours, Clermont-Ferrand, Englos, Orléans, Rezé, Petite Forêt and in Le Mans (21.6 million euros).

The “Other movements and reclassifications” item represents the net balance arising as a result of the reclassification of investment properties as “Investment property held for sale”, and assets brought into use during the fiscal year and so reclassified from “Investment property under construction”.

The “Impairment” item recorded an impairment allowance net of reversals of 41.7 million euros and can be explained as follows:

- allowances of 57.7 million euros, mainly related to shopping centers in Spain (28.7 million euros), France (7.2 million euros), Greece (6.5 million euros), Czech republic (5.7 million euros) and in Poland (5.2 million euros);
- reversals of 16 million euros, mainly related to Sweden (9.6 million euros), France (2.7 million euros) and Portugal (1.7 million euros).

The table below presents the quantitative information used to determine the fair values of assets for the purposes of the impairment tests performed on the investment property:

KLEPIERRE

Shopping centers 06/30/2014		Yield rate	Discount rate (a)	Capitalization yield (b)
France / Belgium	Max	8,5%	10,0%	9,0%
	Min	4,4%	6,0%	4,6%
	Weighted average	*5,4%*	*5,7%*	*5,6%*
Iberia (Spain, Portugal)	Max	10,5%	12,5%	10,7%
	Min	6,3%	8,0%	6,4%
	Weighted average	*7,2%*	*8,7%*	*7,2%*
Central Europe (Hungary, Poland, Czech Républic)	Max	11,5%	12,5%	11,7%
	Min	5,9%	7,0%	5,9%
	Weighted average	*6,9%*	*8,1%*	*7,0%*
Scandinavia (Norway, Sweden, Denmark)	Max	6,9%	9,6%	12,6%
	Min	4,9%	6,8%	5,3%
	Weighted average	*5,4%*	*7,8%*	*5,4%*
Italy	Max	16,0%	15,2%	16,6%
	Min	6,2%	7,0%	6,3%
	Weighted average	*6,5%*	*7,6%*	*6,9%*
Other countries (Greece, Slovakia)	Max	15,0%	19,0%	15,0%
	Min	9,5%	10,6%	9,5%
	Weighted average	*10,2%*	*11,6%*	*10,2%*

Net initial yield, discount rate and capitalized yield weighted by gross market values (at 100% and not in group share).
(a) Rate used to calculate the net present value of future cash flows.
(b) Rate used to capitalize the exit rent to determine the exit value of an asset.

5.5. INVESTMENT PROPERTY UNDER CONSTRUCTION

in thousands of euros	12/31/2013 restated	Acquisitions, new businesses and contributions	Reduction by disposals, retirement of assets	Allowances for the period	Currency fluctuations	Other movements, reclassifications	06/30/2014
Investment property under construction	324 388	73 508	-32	-	-2 572	-45 924	349 368
Impairment	-23 646	-	-	92	-	-	-23 554
INVESTMENT PROPERTY UNDER CONSTRUCTION – NET VALUE	**300 742**	**73 508**	**-32**	**92**	**-2 572**	**-45 924**	**325 814**

The “Other movements and reclassifications” item relates to assets brought into use, mainly related to French assets (32.9 million euros).

Main investments properties under construction as of June 30, 2014 (gross amounts) are:

- in France: projects for a total amount of 112.0 million euros;
- abroad: Fields (44.0 million euros) and Odense (42.9 million euros) in Denmark, and several projects in Sweden (46.0 million euros, mainly related to Kristianstad) and in Norway (21.7 million euros).

5.6. INVESTMENT PROPERTY HELD FOR SALE

in thousands of euros	12/31/2013 restated	Acquisitions, new businesses and contributions	Reduction by disposals	Other movements, reclassifications	06/30/2014
INVESTMENT PROPERTY HELD FOR SALE	**1 079 391**	**0**	**-1 073 785**	**316 183**	**321 789**

Five shopping centers located in Sweden are classified as held for sale, representing a total floor area of approximately 123 000 sq.m. An agreement has been reached on the sale of Familia, Etage, Mirum, MittiCity and Sollentuna Centrum was signed on the 5th of June, 2014 with the Olav Thon Group.

The reduction by disposals on the period is related to the finalization of the sale of a portfolio of 126 shopping centers to Carmila a consortium led by Carrefour, that covers a total area of approximately 469 000 sq.m in France, Italy and Spain. This reduction is also related to the disposal of two office properties held by Klépierre, located in the Paris Grenelle business district and Paris rue de Javel.

5.7. INVESTMENT HELD FOR SALE

Investment held for sale amounts to 7.9 million euros and correspond to the remaining investment (10%) of the Group in four Norwegian centers sold during the fiscal year 2013 and considered as a short-term investment (see note 4).

5.8. INVESTMENT IN ASSOCIATES

in thousands of euros	
Investments in companies accounted for under the equity method at December 31, 2013 (restated)	**470 549**
Share in net income of associates 1st semester 2014	3 223
Dividends received from companies accounted for under the equity method	- 2 788
Capital increases and reductions in the companies consolidated using the equity method	- 5 203
Currency fluctuations	- 1 364
Changes in the scope of consolidation and other movements	711
Changes in the Group's interest and the consolidation methods	-
Investments in companies accounted for under the equity method at June 30, 2014	**465 128**

Thirty-four companies were consolidated under the equity method as of June 30, 2014, of which six are subject to significant influence and twenty-eight are jointly controlled (cf. Note 4 Scope of consolidation).

The main elements of the balance sheet and income statement of the companies subject to significant influence are presented below (100% values):

in thousands of euros	06/30/2014	12/31/2013
Investment property	49 507	49 396
Assets	**49 507**	**49 396**
Restated equity	52 817	63 733
Liabilities	**52 817**	**63 733**

in thousands of euros	06/30/2014	06/30/2013
Lease income	3 575	3 240
Net income	**3 317**	**2 614**

The main elements of the balance sheet and income statement of joint ventures (jointly-controlled companies) are presented below (the values shown are those of the Group's interest in each company, including consolidation restatements):

in thousands of euros	06/30/2014	12/31/2013 restated
Share in joint ventures' balance sheets		
Non-current assets	599 235	614 239
Current assets	33 893	65 275
Cash and cash equivalents	10 336	11 696
Non-current financial liabilities	- 43 363	- 70 400
Non-current liabilities	- 193 434	- 210 351
Current liabilities	- 23 351	- 22 306
Net Assets	**383 316**	**388 153**

in thousands of euros	06/30/2014	06/30/2013 restated
Share in net income of joint ventures		
Revenues from ordinary activities	22 317	24 157
Operating expenses	- 18 311	- 18 164
Financial income	- 4 158	- 4 349
Profit before tax	- 152	1 644
Tax	- 1 351	- 964
Net Income	**-1 503**	**680**

5.9. OTHER NON-CURRENT ASSETS

in thousands of euros	12/31/2013 restated	Newly consolidated	Increases	Reductions	Other	06/30/2014
Other long-term investments	146	-	-	-	- 28	118
Loans and advances to non-consolidated companies and companies consolidated using the equity method	195 596	-	36 985	- 50 138	- 12 709	169 734
Loans	141	-	-	- 98	-	43
Deposits	12 121	-	2 374	- 8 286	8	6 217
Other long-term financial investments	1 222	-	47	-	-	1 269
Total	**209 226**	**0**	**39 406**	**-58 522**	**-12 729**	**177 381**

5.10. TRADE ACCOUNTS AND NOTES RECEIVABLE

Trade accounts include the effect of the spreading of rental benefits granted to tenants of offices and shopping centers.

All receivables have a maturity of less than one year, except stepped rents and rent-free periods which are spread over the fixed term of the lease.

in thousands of euros	06/30/2014	12/31/2013 restated
Trade receivables	116 385	126 735
Stepped rents and rent-free periods of leases	18 321	21 491
Gross value	**134 706**	**148 226**
Provisions on bad debts	- 42 144	-38 840
Net value	**92 562**	**109 386**

KLEPIERRE

5.11. OTHER RECEIVABLES

in thousands of euros	06/30/2014 total	06/30/2014 Less than one year	06/30/2014 More than one year	12/31/2013 restated total
Tax receivables	**49 135**	**48 897**	**238**	**31 583**
- Corporate income tax	13 125	13 125	-	6 043
- VAT	36 010	35 772	238	25 540
Other receivables	**188 350**	**159 771**	**28 579**	**172 510**
- Service charges due	2 176	2 176	-	2 044
- Down payments to suppliers	34 419	34 419	-	18 295
- Prepaid expenses	31 315	9 862	21 453	28 336
- Other	120 440	113 314	7 126	123 835
Total	**237 485**	**208 668**	**28 817**	**204 093**

The VAT item includes outstanding refunds due from local tax authorities in respect of recent acquisitions or construction projects in progress.

Pre-lease payments on building leases or emphyteutic rights are amortized over the lifetime of the lease and recognized under prepaid expenses, totaling 21.4 million euros.

Funds managed by Klépierre Management on behalf of principals are recognized under the line “Other” and amount to 90.6 million euros as of June 30, 2014, compared to 82.4 million euros as of December 31, 2013. The management accounts of the principals are recognized under “Other debts” for the same amount.

All receivables have a maturity of less than one year, except the non-current portion of building leases, which totaled 21.4 million euros at June 30, 2014.

5.12. CASH AND CASH EQUIVALENTS

in thousands of euros	06/30/2014	12/31/2013 restated
Cash equivalents	**12 869**	**12 575**
Treasury and certificates of deposit		3 500
Money market investments	12 869	9 075
Cash	**154 822**	**114 921**
Gross cash and cash equivalents	**167 691**	**127 496**
Bank facilities	15 415	31 152
Net cash and cash equivalents	**152 276**	**96 344**

Cash equivalents refer to 12.9 million euros invested in French open-ended money market funds.

After taking into consideration the available funds managed by Klépierre Management on behalf of its principals (see note 5.11), the available cash and cash equivalents stand at 258.3 million euros.

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KLEPIERRE

5.13. SHAREHOLDERS' EQUITY

5.13.1. Share Capital

At June 30, 2014, capital was represented by 199,470,340 shares each of 1.40 euros par value. The capital is fully paid up. Shares are either registered or bearer.

in thousands of euros	Number of shares	Capital	Issue premiums
At January 1, 2014	199 470 340	279 259	1 773 630
Issuing of new shares over the 2014 1st semester			
At December 31, 2013	**199 470 340**	**279 259**	**1 773 630**

5.13.2. Treasury shares

	06/30/2014				12/31/2013			
	Stock options	Free shares	Liquidity	External growth	Stock options	Free shares	Liquidity	External growth
Number of shares (1)	1 507 385	763 500	78 143	1 048 574	2 098 631	512 350	97 000	1 205 841
Acquisition value *(in millions of euros)*	39.7	17.4	2.4	22.0	54.3	10.9	2.9	25.5
Income from sale *(in millions of euros)*	1.3		1.0		0.4		2.9	
(1) Of which allocated	1 463 670	763 500			2 000 398	512 350		

The Group sold shares in Klépierre SA during the year, as authorized by the ordinary general meetings of shareholders.

The acquisition cost of purchased securities and gains realized on sales of securities were respectively debited from, and credited to, equity.

5.13.3. Non-controlling interests

Non-controlling interests recorded a negative change of 151.9 million euros as of June 30, 2014, including 112 million euros related to the share capital reduction and the issue premiums repayment of the companies Klecar France and Klecar Europe Sud.

The remaining changes concern the payment of the dividends and the net income of the period of non-controlling interests.

5.14. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

5.14.1. Change in indebtedness

Current and non-current financial liabilities amount to 6,068 million euros as of June 30, 2014.

Net indebtedness totals 5,723 million euros compared with 7,141 million euros at December 31, 2013 (restated amount).

This decrease of 1,418 million can be explained by the following:

- The disposal program has reached an amount of 2 billion euros during the semester thanks to the sale of a portfolio of galleries to Carmila (1.8 billion euros, total share, excl. transaction costs and duties). These proceeds were fully dedicated to redeem existing debts and to restructure the portfolio of payer swaps in euros. Other disposals amounted to 149 million euros and mainly concern the office portfolio.
- Financing needs for the period were generated by investments (120 million euros) and the payment of the dividend in respect of fiscal year 2013 (303.5 million euros);
- The conversion of foreign currency net debt into euros generated a negative foreign exchange impact of 34 million euros, which reflects the depreciation of Scandinavian currencies against Euro, especially Norwegian and Danish Krone.

in thousands of euros	06/30/2014	12/31/2013 restated
NON-CURRENT		
Bonds net costs/premiums	**3 453 953**	**3 307 787**
** Of which revaluation due to fair value hedge*	102 168	87 113
Loans and borrowings from credit institutions – more than one year	**1 622 438**	**1 874 116**
Other loans and borrowings	**87 964**	**102 220**
** Advance payments to the Group and associates*	87 964	102 220
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**5 164 355**	**5 284 123**
CURRENT		
Bonds net costs/premiums	**-**	**-**
** Of which revaluation due to fair value hedge*	-	-
Loans and borrowings from credit institutions – less than one year	**54 651**	**1 324 875**
Accrued interest	**47 096**	**97 115**
** On bonds*	*38 503*	*85 950*
** On loans from credit institutions*	*7 533*	*7 462*
** On advance payments to the Group and associates*	*1 060*	*3 703*
Commercial paper	**793 547**	**698 386**
Other loans and borrowings	**7 995**	**2 055**
** Advance payments to the Group and associates*	*7 995*	*2 055*
TOTAL CURRENT FINANCIAL LIABILITIES	**903 289**	**2 122 431**
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**6 067 644**	**7 406 554**

5.14.2. Principal sources of financing

The Group's main financial resources are detailed in the table below.

The main changes lie in the repayment of floating-rate debts in euros following to the sale to galleries to Carmila. In that context, a syndicated revolving credit facility of 1 billion euros, maturing end of 2014, was cancelled after all the drawings were reimbursed.

In Scandinavia, the group has optimized its sources of financing through the issuance of 1.1 billion of Norwegian Kroner (131 million euros) of new bonds on the Norwegian markets in order to early repay some mortgage financings.

GROUP'S FINANCING							
in millions of euros	Borrower	Issue currency	Reference rate	Maturity date	Repayment profile	Maximum amount	Amount used as at 06/30/2014
Bonds						**3 363**	**3 363**
	Klépierre	EUR	4,250%	3/16/2016	*In fine*	689	689
	Klépierre	EUR	4,000%	4/13/2017	*In fine*	850	850
	Klépierre	EUR	2,750%	9/17/2019	*In fine*	500	500
	Klépierre	EUR	4,625%	4/14/2020	*In fine*	300	300
	Klépierre	EUR	4,750%	3/15/2021	*In fine*	600	600
	Klépierre	EUR	4,230%	5/21/2027	*In fine*	50	50
	Steen & Strom	NOK	NIBOR	11/8/2016	*In fine*	74	74
	Steen & Strom	NOK	NIBOR	11/11/2016	*In fine*	36	36
	Steen & Strom	NOK	NIBOR	4/26/2017	*In fine*	46	46
	Steen & Strom	NOK	NIBOR	9/14/2017	*In fine*	86	86
	Steen & Strom	NOK	NIBOR	5/22/2017	*In fine*	48	48
	Steen & Strom	NOK	NIBOR	2/21/2018	*In fine*	48	48
	Steen & Strom	NOK	NIBOR	2/21/2019	*In fine*	36	36
Syndicated loans						**750**	**0**
	Klépierre	EUR	Euribor	6/4/2018	*In fine*	750	0
Bilateral loans						**1 500**	**0**
	Klépierre	EUR	E3m	6/30/2015	*In fine*	800	0
	Klépierre (others revolving credit facilities in euros)	EUR	E3m		*In fine*	700	0
	of which back-up lines	*EUR*				*800*	*0*
Mortgage loans						**1 574**	**1 574**
	K2	EUR	E3m	1/15/2023	*Amortized*	38	38
	Steen & Strom [3]	NOK	NIBOR			288	288
	Steen & Strom [3]	SEK	STIBOR			748	748
	Steen & Strom [3]	DKK	CIBOR/Fixed [2]			500	500
Property finance leases						**114**	**114**
Short-term lines and bank overdrafts						**217**	**15**
Commercial papers						**973**	**795**
	Klépierre	EUR			*In fine*	800	621
	Steen & Strom	NOK			*In fine*	173	173
Total FOR THE GROUP [1]						**7 690**	**5 859**

[1] Totals are calculated excluding the backup lines of funding since the maximum amount of the "commercial paper" line includes that of the backup line

[2] Of which fixed rate debt for 151 million euros

[3] Steen & Strom has several loans in the three different Scandinavian currencies (NOK,SEK,DKK)

5.14.3. Financial covenants relating to financing and rating

The Group's main credit agreements contain financial covenants, which could lead to a mandatory prepayment of the debt.

As of June 30, 2014, the Group's financing covenants remain in line with the commitments agreed to under its contracts. The financial ratios are disclosed in the interim financial report.

5.14.4. Breakdown of borrowings by maturity date

Breakdown of current and non-current financial liabilities

in thousands of euros	Total	Less than one year	One to five years	More than five years
NON-CURRENT				
Bonds net costs/premiums	**3 453 953**		**2 003 953**	**1 450 000**
** Of which revaluation due to fair value hedge*	102 168		102 168	
Loans and borrowings from credit institutions – more than one year	**1 622 438**		**762 774**	**859 664**
Other loans and borrowings	**87 964**		**87 964**	**-**
** Advance payments to the Group and associates*	87 964		87 964	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**5 164 355**	**0**	**2 854 691**	**2 309 664**
CURRENT				
Bonds net costs/premiums	**-**			
** Of which revaluation due to fair value hedge*	-			
Loans and borrowings from credit institutions – less than one year	**54 651**	**54 651**		
Accrued interest	**47 096**	**47 096**		
** On bonds*	38 503	38 503		
** On loans from credit institutions*	7 533	7 533		
** On advance payments to the Group and associates*	1 060	1 060		
Commercial paper	**793 547**	**793 547**		
Other loans and borrowings	**7 995**	**7 995**		
** Advance payments to the Group and associates*	7 995	7 995		
TOTAL CURRENT FINANCIAL LIABILITIES	**903 289**	**903 289**	**0**	**0**
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**6 067 644**	**903 289**	**2 854 691**	**2 309 664**

Maturity schedule of financing including principal and interests (non-discounted) amounts are as follows (million euros equivalent):

Repayment year	2014	2015	2016	2017	2018	2019	2 020	2 021	2022 and after	TOTAL
Principal	742	178	846	1 275	381	652	350	739	695	**5 859**
Interest	84	166	146	108	90	79	59	30	188	**951**
TOTAL FOR THE GROUP (principal + interests)	**827**	**344**	**992**	**1 384**	**471**	**731**	**410**	**769**	**883**	**6 810**

in million euros

In 2014, the main loan maturities are related to commercial paper issued in euros (621 million euros), fully covered by back-up lines and 700 million of Norwegian Kroner of commercial paper (83 million euros).

At December 31, 2013 (restated), the amortization table for these contractual flows was as follows (in millions of euros):

Repayment year	2013	2014	2015	2016	2017	2018	2019	2 020	2021 and after	TOTAL
Principal	1 926	415	853	1 166	345	619	395	747	709	**7 175**
Interest	174	170	152	120	99	86	64	33	207	**1 106**
TOTAL FOR THE GROUP (principal + interests)	**2 100**	**585**	**1 005**	**1 285**	**445**	**706**	**459**	**780**	**916**	**8 281**

in million euros

5.15. HEDGING INSTRUMENTS

5.15.1. Rate hedging portfolio

As part of its risk management policy (see section 8 “Exposure to risks and hedging strategy”), Klépierre has settled interest rate swap agreements allowing it to switch from floating rate to fixed rate debt and vice-versa. Thanks to these instruments, the group’s hedging rate (the proportion of gross financial debt arranged or hedged at fixed rate) was 69% at June 30, 2014.

At June 30, 2014, the breakdown of derivatives by maturity date was as follows:

in millions of euros	DERIVATIVES OF KLEPIERRE GROUP											
Hedging relationship	**Currency**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**TOTAL**
Cash flow hedge												**1 680**
	EUR	-	13	6	-	200	-	500	-	-	-	719
	NOK	71	-	143	104	-	119	-	-	-	-	437
	SEK	-	16	22	54	22	44	98	65	33	-	354
	DKK	67	-	40	-	-	-	-	63	-	-	170
Fair value hedge												**1 100**
	EUR	-	-	-	750	-	-	250	100	-	-	1 100
	NOK	-	-	-	-	-	-	-	-	-	-	-
	SEK	-	-	-	-	-	-	-	-	-	-	-
	DKK	-	-	-	-	-	-	-	-	-	-	-
Trading												**1 600**
	EUR	-	400	-	350	750	100	-	-	-	-	1 600
	NOK	-	-	-	-	-	-	-	-	-	-	-
	SEK	-	-	-	-	-	-	-	-	-	-	-
	DKK	-	-	-	-	-	-	-	-	-	-	-
TOTAL GROUPE		**138**	**429**	**211**	**1 259**	**972**	**263**	**848**	**228**	**33**	**-**	**4 380**

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

in millions of euros	hedging relationship	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Swaps	Cash flow hedge	4	26	21	19	14	8	0	-	-	-	91
Swaps	Fair value hedge	-15	-29	-22	-11	-5	-3	-1	-0	-	-	-85
Swaps/cap	Trading	1	13	12	7	1	-0	-	-	-	-	33
EUR-denominated derivatives		**-10**	**10**	**10**	**15**	**11**	**5**	**-1**	**-0**	**-**	**-**	**39**
NOK-denominated derivatives		**4**	**6**	**3**	**0**	**-0**	**-0**	**-**	**-**	**-**	**-**	**13**
SEK-denominated derivatives		**4**	**7**	**5**	**3**	**1**	**0**	**-0**	**-0**	**-0**	**-**	**21**
DKK-denominated derivatives		**2**	**2**	**1**	**1**	**1**	**0**	**-0**	**-0**	**-**	**-**	**6**
TOTAL FOR THE GROUP		**-1**	**25**	**20**	**19**	**12**	**5**	**-1**	**-1**	**-0**	**-**	**79**

At December 31, 2013, the breakdown of derivatives by maturity date and the amortization schedule for the corresponding interest flows were as follows (restated):

in millions of euros	DERIVATIVES OF KLEPIERRE GROUP											
Hedging relationship	Currency	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Cash flow hedge												**2 302**
	EUR	-	213	7	-	500	50	500	-	-	-	1 270
	NOK	179	-	144	105	-	-	-	-	-	-	428
	SEK	68	17	23	56	23	45	102	68	34	-	435
	DKK	67	-	40	-	-	-	-	62	-	-	170
Fair value hedge												**1 100**
	EUR	-	-	-	750	-	-	250	100	-	-	1 100
	NOK	-	-	-	-	-	-	-	-	-	-	-
	SEK	-	-	-	-	-	-	-	-	-	-	-
	DKK	-	-	-	-	-	-	-	-	-	-	-
Trading												**1 536**
	EUR	390	150	346	450	200	-	-	-	-	-	1 536
	NOK	-	-	-	-	-	-	-	-	-	-	-
	SEK	-	-	-	-	-	-	-	-	-	-	-
	DKK	-	-	-	-	-	-	-	-	-	-	-
TOTAL GROUPE		**704**	**380**	**559**	**1 361**	**723**	**95**	**852**	**230**	**34**	**-**	**4 938**

in millions of euros	hedging relationship	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Swaps	Cash flow hedge	27	37	31	25	15	7	0	-	-	-	142
Swaps	Fair value hedge	-28	-26	-22	-9	-4	-2	-1	-0	-	-	-92
Swaps/cap	Trading	38	32	25	6	1	-	-	-	-	-	103
EUR-denominated derivatives		**36**	**43**	**34**	**22**	**13**	**5**	**-1**	**-0**	**-**	**-**	**153**
NOK-denominated derivatives		**7**	**5**	**2**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**15**
SEK-denominated derivatives		**7**	**5**	**2**	**-0**	**-2**	**-2**	**-2**	**-1**	**-0**	**-**	**7**
DKK-denominated derivatives		**4**	**2**	**1**	**0**	**-0**	**-0**	**-1**	**-1**	**-**	**-**	**4**
TOTAL FOR THE GROUP		**55**	**54**	**40**	**22**	**11**	**3**	**-3**	**-2**	**-0**	**-**	**179**

Fair value of the interest rate hedging portfolio

Derivatives *in millions of euros*	Fair value net of accrued interest as at 06/30/2014	Change in fair value during 2014	Counterparty
Cash flow hedge	- 108,9	54,6	Shareholders' equity
Fair value hedge	102,2	15,1	Borrowings
Trading	- 35,3	64,9	Earnings
TOTAL	**- 42,0**	**134,6**	

5.15.2. Exchange rate hedging

When it carried out the capital increase of its subsidiary Steen & Strøm, Klépierre SA raised funding in Swedish kronor in order to hedge its balance sheet position in that currency. This operation was booked as a "net investment hedge" until maturity in March 2014. This debt was refinanced in euros and the hedge is consequently no longer in place.

5.16. LONG-TERM PROVISIONS

Increased by 1.1 million euros, long-term provisions came to 14.8 million euros at June 30, 2014. Including a 7.6 million euros provision to cover the risk related to the Major Retailer Tax established by the Principality of Asturias (Spain). The balance of 7.2 million euros mainly concerns provisions for litigation and provisions for other business-related risks.

5.17. SOCIAL AND TAX LIABILITIES AND OTHER LIABILITIES

in thousands of euros	06/30/2014	12/31/2013 restated
Social and tax liabilities	**136 771**	**83 560**
Personnel and related accounts	31 175	30 292
Social security and other bodies	11 316	15 075
Tax payables		
* Corporate income tax	29 615	8 743
* VAT	33 270	24 831
Other taxes and duties	31 395	4 619
Other liabilities	**195 617**	**204 185**
Creditor customers	7 085	5 032
Prepaid income	44 556	53 480
Other liabilities	143 976	145 673

The increase of Income tax and other taxes payable is mainly due to the income taxes and other taxes to be paid following the disposal of the investments properties to Carrefour.

The 7.1 million euros advance payments received from tenants to cover common charges are recognized in "Creditor customers".

The "Other liabilities" item consists primarily of funds representing the management accounts of Klépierre Management principals, balanced by an equal amount in "Other receivables" on the asset side of the balance sheet. These funds totaled 90.6 million euros at June 30, 2014, compared to 82.4 million euros at December 31, 2013.

KLEPIERRE

6. NOTES TO THE FINANCIAL STATEMENTS: COMPREHENSIVE INCOME STATEMENT

6.1. LEASE INCOME

Lease income includes:

- rents from investment property and rent-related income, such as car park rentals and early termination indemnities;
- other lease income: income from entry fees and other income.

Stepped rents, rent-free periods and entry fees are spread over the fixed term of the lease.

Charges invoiced to tenants are not included in lease income but deducted from rental expenses.

6.2. LAND EXPENSES (REAL ESTATE)

Land expenses (real estate) correspond to lease payments (or depreciation of initial payments) for properties built on land subject to a building lease or an operating contract (concession).

6.3. NON-RECOVERED RENTAL EXPENSES

These expenses are stated net of charges re-invoiced to tenants and mainly comprise expenses on vacant premises.

6.4. BUILDING EXPENSES (OWNER)

These expenses are composed of owners' rental expenses, expenses related to construction works, legal costs, expenses on bad debts and costs related to real estate management.

6.5. OTHER OPERATING REVENUE

Other operating revenue includes:

- building works re-invoiced to tenants;
- other income.

6.6. DEPRECIATION AND IMPAIRMENT ALLOWANCE ON INVESTMENT PROPERTY, TANGIBLE AND INTANGIBLE ASSETS

Depreciation and impairment allowances on investment properties and other fixed assets, amount to 177.8 million euros, decreased by 38.4 million euros.

This figure includes asset impairment allowances for 41.6 million euros, down by 24.4 million euros. The depreciation of investment properties was 130.6 million euros, down by 13.7 million euros over the period. Moreover depreciation and impairment allowance on intangible and tangible assets are in line (0.3 million euros).

6.7. INCOME FROM DISPOSALS OF INVESTMENT PROPERTIES AND EQUITY INTERESTS

Income from disposals totaled 849.5 million euros, from the sale of:

- a portfolio of 126 shopping centers disposed to a consortium led by Carrefour including 56 assets in France, 63 in Spain and 7 in Italy.
- Office properties located in the Paris Grenelle business district and Paris rue de Javel.
- Retail assets located in Chambray-les-Tours, Clermont-Ferrand, Englos, Orléans, Rezé, Petite Forêt and in Le Mans.

Income from disposals includes also registration fees and the expenses incurred as part of the disposals.

6.8. NET COST OF DEBT

The net cost of debt amount to 131.2 million euros, compared with 156.3 million euros at June 30, 2013.

The net cost of debt has decreased following to the repayment of part of the floating-rate debt in euros and the early termination of euro payer swaps subsequent to the sale of a portfolio of galleries to Carmila.

in thousands of euros	06/30/2014	06/30/2013 restated
Financial income	**56 633**	**55 223**
Income from sale of securities	148	71
Interest income on swaps	30 495	30 130
Deferral of payments on swaps	168	168
Capitalized interest	1 375	2 988
Interest on associates' advances	5 625	4 594
Sundry interest received	664	1 478
Other revenue and financial income	8 096	8 040
Currency translation gains	10 064	7 754
Financial expenses	**-187 820**	**-211 502**
Expenses from sale of securities	0	0
Interest on bonds	-66 300	-65 809
Interest on loans from credit institutions	-25 479	-37 234
Interest expense on swaps	-39 689	-56 496
Deferral of payments on swaps	-26 381	-25 199
Interest on associates' advances	-3 686	-1 685
Sundry interest paid	-519	-196
Other financial expenses	-15 569	-21 357
Currency translation losses	-11 893	-8 013
Transfer of financial expenses	1 696	4 487
Net cost of debt	**-131 187**	**-156 279**

7. TAXES

in thousands of euros	06/30/2014	06/30/2013 restated
Current tax	- 42 245	- 14 298
Deferred tax	20 260	3 976
Total	**- 21 985**	**- 10 322**

The Group’s tax expense amounted to -22.0 million euros, versus -10.3 million euros at June 30, 2013. This increase of current tax can be explained mainly by non-recurrent expenses related to capital gain taxation on the disposals performed in Spain and Italy, and by the 3% French tax on dividends.

A breakdown of tax expenses between the tax-exempt sector (SIIC), the French common law sector and foreign companies is shown in the reconciliation between theoretical and actual tax expense:

in thousands of euros	France		Foreign companies	Total
	SIIC sector	*Common law*		
Pre-tax earnings and earnings from equity-method companies	781 019	32 110	74 119	**887 248**
Theoretical tax expense at 34.43%	-268 905	-11 055	-25 519	**-305 479**
Exonerated earnings of the SIIC sector	210 143	-	-	**210 143**
Taxable sectors	-	-	-	**-**
Impact of permanent time lags	34 043	8 548	16 087	**58 678**
Untaxed consolidation restatements	23 005	1 416	4 244	**28 664**
Impact of non-capitalized losses	-2 048	-46	-3 832	**-5 926**
Assignment of non-capitalized losses	47	34	8 650	**8 731**
Exit tax on special reserve of long-term capital gains	-	-	0	**0**
Change of tax regime	-	-	-	**-**
Discounting of deferred tax following restructuring	-	-	-	**-**
Discounting of tax rates and other taxes	-4 738	-2 688	-20 142	**-27 568**
Rate differences	2 917	51	7 804	**10 772**
Actual tax expense	**-5 536**	**-3 741**	**-12 708**	**-21 985**

Deferred taxes are composed of:

in thousands of euros	12/31/2013 restated	Change in net income	Cash flow hedging reserves	Asset, liability reclassifications	Other changes	06/30/2014
Investment properties	-397 369	21 659		596	3 300	-371 814
Derivatives	7 669	-362	3 676		-157	10 826
Losses carried forward	46 923	4 517		77	-926	50 591
Other items	-10 218	3 580		-248	2 526	-4 360
Total for entities in a net liability position	**-352 995**	**29 394**	**3 676**	**425**	**4 743**	**-314 757**

in thousands of euros	12/31/2013 restated	Change in net income	Cash flow hedging reserves	Asset, liability reclassifications	Other changes	06/30/2014
Investment properties	5 278	1 659		-596	-47	6 294
Derivatives	36 345	-2 966	3 040		830	37 249
Losses carried forward	16 784	-7 516		-77	-46	9 145
Other items	-4 662	-311		248	3 277	-1 448
Total for entities in a net asset position	**53 744**	**-9 134**	**3 040**	**-425**	**4 014**	**51 240**
NET POSITIONS	**-299 251**	**20 260**	**6 716**	**0**	**8 757**	**-263 517**

The deferred tax in the income statement showed a net gain of 20.3 million euros. This gain mainly comprised:

- a 23.4 million euros gain, due to the variation of deferred taxes on temporary differences related to investment properties; mainly due to the write-off of deferred taxes further to disposals in Spain and Italy;
- a 3.0 million euros expense due to the use of tax losses carried forward partly compensated by tax losses recognized during the period;
- a 0.1 million euros expense related to the movement of other temporary differences (including deferred taxes on translation differences and derivatives).

The "Other changes" column showing a variation of 8.8 million euros mainly records the effect of currency fluctuations.

The ordinary tax losses carried forward are capitalized when their realization is deemed probable. The expected time scale for recovering tax loss carried forward capitalized for all entities within the Group is five to seven years.

Non-capitalized deferred taxes on tax losses carried forward amount to 143.7 million euros at June 30, 2014 compared to 159.5 million euros at December 31, 2013.

8. 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 shares, 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.

8.1. INTERESTS RATE RISK

8.1.1. Interest rate risk – exposure to variable-rate debt

Recurrence of variable-rate financing requirement

Variable-rate debt represents a significant proportion of the Group's borrowings (46% at June 30, 2014 before hedging). It includes bank loans (standard and mortgages), drawdowns on credit lines, commercial paper and the use of authorized overdrafts.

Identified risk

An increase in the interest rate against which variable-rate debts are indexed could result in an increase in future interest rate expenses.

Measurement of risk exposure

The two following tables show the exposure of Klépierre's 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% increase in interest rates
Gross position before hedging	**2 716**	**27,2**
- Marketable securities	- 13	- 0,1
Net position before hedging	**2 703**	**27**

Interest rate position after hedging *(in millions of euros)*	Amount	Change in financial expenses caused by a 1% increase in interest rates
Gross position before hedging	**2 716**	**27,2**
- Net hedge	880	8,8
Gross position after hedging	**3 596**	**36,0**
- Marketable securities	- 13	- 0,1
Net position after hedging	**3 583**	**36**

Given the changes in the fair value of "cash-flow hedge" swaps are recognized in equity, the following table quantifies the likely impact on equity of an interest rate rise based on Klepierre's cash flow hedge swaps portfolio at the period end (including forward start swaps).

Fair value of cash flow hedge *(in millions of euros)*		Fair value net of accrued interest	Change in financial expenses caused by a 1% increase in interest rates
Cash-Flow Hedge Swaps at 06/30/2014			
. Euro-denominated portfolio	-	109	34,9
. Steen & Strøm portfolio	-	45	33,4
Cash-Flow Hedge Swaps at 06/30/2014	**-**	**154**	**68**

Break down of financial borrowings after interest rate hedging:

In millions of euros	Fixed-rate borrowings Converted to fixed-rate			Variable-rate borrowings			Total gross borrowings		Average cost of debt, base 06/30/2014
	Amount	Rate	Fixed part	Amount	Rate	Variable part	Amount	Rate	
12/31/2010	4 735	4,54%	63%	2 741	2,10%	37%	7 476	3,65%	**4,07%**
12/31/2011	5 872	4,46%	76%	1 865	2,72%	24%	7 736	4,04%	**4,20%**
12/31/2012	6 029	3,92%	81%	1 392	2,12%	19%	7 421	3,58%	**3,86%**
12/31/2013	5 019	4,01%	69%	2 218	1,72%	31%	7 237	3,31%	**3,38%**
06/30/2014	4 024	3,44%	69%	1 835	1,71%	31%	5 859	2,90%	**3,00%**

N.B.: The average cost of debt, "base 06/30/2014" is calculated on the basis of the interest rates and funding structure in place at June 30, 2014, and does not therefore constitute a forecast of the average cost of debt for Klépierre over the coming period. It includes the spreading of issue costs and premiums.

Hedging strategy

Klépierre has set a target hedging ratio of approximately 70%. This rate is defined as the proportion of fixed-rate debt (after hedging) to gross borrowings. As the previous table shows, this proportion was 69% as at June 30, 2014.

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

Klépierre also hedges its risk from short-term rate increases by buying caps that limit the possible variations compared to a benchmark index.

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

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

8.1.2. Interest rate risk – exposure to fixed-rate debt

Description of fixed-rate borrowing

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

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

Identified risk

Klépierre's fixed-rate debt exposes it to fluctuations in risk-free interest rates, as the fair value of fixed-rate debt increases as rates fall, and vice-versa.

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

Measurement of risk exposure and hedging strategy

At June 30, 2014, fixed rate debt totaled 3,143 million euros before hedging.

The “fair value hedge” strategy is calibrated to meet the overall hedging ratio target. It is also based on the use of interest 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 “effectiveness”, as defined by IAS 32/39.

8.1.3. Marketable securities

At June 30, 2014, Klépierre held 12.9 million euros of marketable securities.

Cash equivalents refer only to amounts invested in French open-ended money market funds.

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

8.1.4. Fair value of financial assets and liabilities

The Group recognizes the borrowings in the balance sheet at amortized cost.

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

- variable-rate bank debt: the fair value is equal to the par value;
- fixed-rate bank debt: the fair value is calculated solely on the basis of rate fluctuations;
- bonds (and convertibles, where applicable): use of market quotations where these are available.

Klépierre has chosen not to revalue the margin component of these unlisted loans as the exceptionally difficult credit market conditions 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.

	06/30/2014			12/31/2013		
In millions of euros	Par value	Fair value	Change in fair value caused by a 1% increase in interst rate*	Par value	Fair value	Change in fair value caused by a 1% increase in interst rate*
Fixed-rate bonds	2 989	3 318	- 104	2 989	3 241	- 133
Fixed-rate bank loans	154	154	-	171	183	- 2
Other variable-rate loans	2 716	2 716	-	4 001	4 001	-
Total	**5 859**	**6 188**	**- 104**	**7 161**	**7 424**	**- 135**

** change in the fair value of the debt as a result of a parallel shift in the rate curve*

Derivatives are recognized in the balance sheet at their fair value. At June 30, 2014, a 1% rise in rates would have resulted in a decrease of 42 million euros in the value of the Group’s euro-denominated interest rate derivatives.

8.2. 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.

The average duration of indebtedness at June 30, 2014 was more than five years, with borrowings spread between different markets (the bond market and commercial paper represent 71%, with the balance being raised in the banking market). Within the banking market, the company uses a range of different loans types (syndicated loans, mortgage loans, etc.) and counterparties.

Outstanding commercial paper in euros, which represents the bulk of short-term financing, never exceeds the “backup” lines. This means that the company can refinance them immediately if it has difficulty in renewing its borrowings on the commercial paper market.

Klépierre also has unused credit lines (including bank overdrafts) totaling 2 billion euros at June 30, 2014. These lines will be sufficient to absorb the main refinancing scheduled for the next two years.

Generally speaking, access to finance for real estate companies is facilitated by the security offered to lenders in the form of the companies' property assets.

Some Klépierre finance sources (bilateral loans, bonds, etc.) are accompanied by financial covenants. These covenants are based on the standard ratios applying to real estate companies, and the limits imposed leave Klépierre with sufficient flexibility. Failure to comply with these covenants may result in mandatory early repayment.

Klépierre SA bonds (2,989 million euros) include a put option, providing the possibility of requesting early repayment in the event of a change of control generating a change of Klépierre's rating to "non-investment grade". Apart from this clause, no other financial covenant refers to Standard & Poor's rating for Klépierre.

The main financial covenants are detailed in the financial report.

8.3. 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.

The currency risk in these countries has not been assessed sufficiently high to warrant derivative hedging, since the 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 rent payments from tenants 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 local currency. Funding is therefore also raised in local currency. The principal exposure of the Klépierre group to Scandinavian currency risk is therefore limited essentially to the funds invested in the company (share in equity of Steen & Strøm), which were financed in euros. The Group maintains the funding opportunities in Scandinavian currencies to reduce its translation risk exposure.

8.4. COUNTERPARTY RISK

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

8.4.1. Counterparty risk on marketable securities

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

- monetary UCITS managed by recognized institutions, and therefore carrying a range of signatures;
- Government debt (loans or borrowings) of countries in which Klépierre operates;
- Occasionally, deposit certificates issued by leading banks

8.4.2. Counterparty risk on hedging instruments

Klépierre conducts derivative instrument transactions only with financial institutions recognized as financially sound.

8.5. EQUITY RISK

Klépierre holds no equities other than its own shares (3,397,602 shares at June 30, 2014), which are recognized in the equity at their historical cost.

9. FINANCE AND GUARANTEE COMMITMENTS

9.1. COMMITMENTS GIVEN

Commitments given *in thousands of euros*	06/30/2014	12/31/2013 restated
Commitments related to the Group's consolidated scope	**150 100**	**527**
Purchase commitments	150 100	527
Commitments related to Group financing	**1 755 027**	**2 172 691**
Financial guarantees given	1 755 027	2 172 691
Commitments related to the Group's operating activities	**163 169**	**166 516**
Commitments on works contracts (Property development /Sale before completion)	97 946	119 766
Commitments under conditions precedent	10 996	14 364
Work completion commitments	41 598	21 276
Rental guarantees and deposits	1 258	1 338
Other commitments given	11 371	9 772
Total	**2 068 296**	**2 339 734**

9.1.1. Commitments related to the Group's consolidated scope

Equity acquisition commitments

At June 30, 2014, this item includes an equity acquisition and financing commitment regarding a development project in France.

The price paid for Sadyba (part of the Polish acquisitions made in 2005) is subject to an earn-out clause. Klépierre does not own the land of the center fully but under a lease that expires July 31, 2021. An earn-out payment shall be made to the seller if the seller obtains, within ten years starting from July 2005, an extension of the lease or full ownership. As the probability of the lease being extended or full ownership being obtained cannot be measured, the earn-out payment is not currently recognized.

9.1.2. Commitments related to Group financing

Financial guarantees given

In general terms, the Group finances its assets from equity or debt contracted by its parent company, rather than pledging its own assets. In some cases, especially in Scandinavian countries, Steen & Strøm mainly relies on local currency mortgages to fund its activities.

The breakdown by country of guaranteed debts and mortgages is shown in the following table:

in thousands of euros	Loan amount at 06/30/2014	Mortgage amount at 06/30/2014
. France	47 165	77 693
. Italy	37 168	97 000
. Norway	508 324	605 600
. Sweden	662 143	658 464
. Denmark	500 227	971 471
Total	**1 755 027**	**2 410 229**

9.1.3. Commitments related to the Group's operating activities

Commitments on works contracts (Property Development/Sale Before Completion)

The commitments on works contracts 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).

At June 30, 2014, the Group's main commitments are related to shopping center and office construction projects, such as Besançon and Pantin projects in France, the Vasterort Kristianstad project in Sweden and Fields project (extension) in Denmark.

Commitments under conditions precedent

The commitments under conditions precedent relate to purchase promissory agreements on land or assets and earn-out payments on acquisitions.

Commitments have been given for acquisition of a land for the amount of 4.6 million euros. The Group is committed to acquire assets as part of the Centre Bourse in Marseille project for a total amount of 5.8 million euros.

Work completion commitments

The increase in performance bonds compared to 2013 is largely due to advances in the Val d'Europe cours du Danube works (25 million euros). It is offset by the reduction in performance bonds on the Pasteur works (4 million euros).

The main ongoing works in France are: Passages Pasteur (1.9 million euros), Créteil Soleil (2.7 million euros), Portet sur Garonne (3 million euros), Val d'Europe cours du Danube (26.5 million euros), Centre Bourse Marseille (1.9 million euros), Marzy Lenoir (1.8 million euros) and Savignano in Italy (2.7 million euros).

Rental guarantees and deposits

The "Rental guarantees and deposits" item is mainly composed of deposits for the business premises of the Group's management subsidiaries (Klépierre Management) abroad.

Other commitments given

Other commitments are given for payment guarantees on amounts owed to the state (7.5 million euros) and deposits on loans to employees (3.9 million euros).

9.2. COMMITMENTS RECEIVED

Commitments received *in thousands of euros*	06/30/2014	12/31/2013 restated
Commitments related to Group financing	**1 629 000**	**1 633 500**
Financing agreements obtained and not used	1 629 000	1 633 500
Commitments related to the Group's operating activities	**696 829**	**385 735**
Sale commitments	354 177	35 300
Deposits received guaranteeing the real-estate management activity (under the "Hoguet" law)	260 030	260 030
Deposits received from tenants	82 621	90 405
Total	**2 325 829**	**2 019 235**

9.2.1. Commitments related to Group financing

Financing agreements obtained and not used

As of June 30, 2014, Klépierre has 1,629 million euros of committed and undrawn credit lines on bilateral and syndicated revolving credit facilities.

An additional amount of 96 million euros is also available in the form of an uncommitted unused bank overdraft granted by four prominent banks, as of June 30, 2014. Steen & Strøm has 107 million euros available credit lines as overdrafts.

9.2.2. Commitments related to the Group's operating activities

Sale commitments

Steen & Strom Holding AB has undertaken to sell the shares of the companies owning the five shopping centers (Familia, Etage, Mirum, MittiCity and Sollentuna Centrum) located in Sweden.

Deposits received guaranteeing the real estate management activity (under the "Hoguet" law)

As part of its real-estate management activities in 2014, the Klépierre group, via Klépierre Management, enjoyed a financial guarantee from CGE (Natixis) for a variable amount capped at 260 million euros.

Deposits received from tenants

As part of its rental business, the Group receives payment guarantees issued by financial institutions guaranteeing the amounts owed by tenants.

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.

9.3. SHAREHOLDERS' AGREEMENTS

The Group is subject to the shareholders' and partners' agreements previously signed and which correspond to those applied in 2013, as indicated in paragraph 9.3 of the notes to the consolidated financial statements at December 31, 2013. As of June 30, 2014 the Group holds 100% of the shares of the Italian subsidiary IGC. As a consequence the shareholders' agreement related to this company is no longer in force.

9.4. COMMITMENTS UNDER OPERATING LEASES – LESSORS

The main clauses contained in the lessor's lease agreement correspond to those applied in 2013, as indicated in paragraph 9.4 of the notes to the consolidated financial statements at December 31, 2013.

At June 30, 2014, the total future minimum rents receivable under non-cancelable operating leases were as follows:

in thousands of euros	06/30/2014
Less than one year	682 512
Between one and five years	1 142 181
More than five years	314 701
Total	**2 139 394**

9.5. RETENTION COMMITMENTS

In France, some assets are subjects to the tax regime set out in article 210-E of the French General Tax Code, under which the buildings must be retained for at least five years after acquisition. These are:

- The Annecy Courrier shopping center Monoprix store ;
- 3 finance leases acquired in 2011 and relating to real estate assets located in Rocques-sur-Garonne.

For reminder, the article 210 E applies to the disposals realized before December 31st, 2011.

10. EMPLOYEE COMPENSATION AND BENEFITS

10.1. PAYROLL EXPENSES

At June 30, 2014, total payroll expenses amounted to 55.3 million euros.

Fixed and variable salaries and wages plus incentives and profit sharing totaled 41.3 million euros, pension-related expenses, retirement expenses and other staff benefits were 12.9 million euros, taxes and similar compensation-related payments were 1.1 million euros.

10.2. EMPLOYEES

At June 30, 2014, the Group had an average of 1 229 employees: 726 work outside France, including 322 in the Scandinavian real estate company Steen & Strøm. The average headcount of the Klépierre group in the first half of 2014 breaks down as follows:

	06/30/2014	12/31/2013
France-Belgium	503	542
Scandinavia	322	389
Italy	112	121
Iberia	110	142
Central Europe	182	191
Total	**1 229**	**1 385**

10.3. EMPLOYEE BENEFITS

10.3.1. Defined contribution pension plans

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

10.3.2. Defined benefit pension plans

The defined benefit pension plans set up by Klépierre, as well as their actuarial appraisals, correspond to those indicated in section 10.3 of the notes to the Group's consolidated financial statements for the year ended December 31, 2013.

The provisions recognized for defined benefit pension plans totaled 14.9 million euros at June 30, 2014.

in thousands of euros	12/31/2013 restated	Allowances for the period	Write-backs (provision used)	Write-backs (provision unused)	Other movements	Changes in the scope of consolidation	12/31/2014
Provisions for employee benefit commitments							
. Defined benefit schemes	11 450	153		- 1	- 12		11 590
. Other long term benefits	3 216	66					3 282
Total	**14 666**	**219**	**-**	**- 1**	**- 12**	**-**	**14 872**

The assumptions used at December 31, 2013 are given in section 10.3.2 of the notes to the Group's consolidated financial statements for the year ended December 31, 2013.

At June 30, 2014, the main assumptions used were reviewed to take into account any changes during the first semester.

10.4. STOCK-OPTIONS

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

	Plan n°1	Plan n°2	Plan n°3	
			Without performance conditions	With performance conditions
Date of the general meeting of shareholders	07-avr-06	07-avr-06	07-avr-06	07-avr-06
Date of the Executive Board	30-mai-06	15-mai-07	06-avr-09	06-avr-09
Start date for exercising options	31-mai-10	16-mai-11	06-avr-13	06-avr-13
Expiration date	30-mai-14	15-mai-15	05-avr-17	05-avr-17
Subscription or purchase price (1)	29,49	46,38	22,60	between 22,6 and 27,12
Stock purchase options originally granted before any adjustment	195 000	143 000	377 750	103 250
Stock purchase options originally granted (number adjusted to reflect the division of the face value per 3 and the discount of preferential rights granted for the capital increase of December 2008)	603 490	443 146	NA	NA
Stock purchase options canceled or obsolete at June 30, 2014	97 818	70 730	43 500	7 500
Stock purchase options exercised at June 30, 2014	505 672	0	247 450	21 688
Outstanding stock purchase options at June 30, 2014 (after additional adjustment to reflect the discount of preferential rights granted for the capital increase of December 2008)	0	372 416	86 800	74 062

(1) After adjustment of the division per three of the face value in 2007 and the discount of preferential rights granted for the capital increase of December 2008.

	Plan n°4		Plan n°5	
	Without performance conditions	With performance conditions	Without performance conditions	With performance conditions
Date of the general meeting of shareholders	09-avr-09	09-avr-09	09-avr-09	09-avr-09
Date of the Executive Board	21-juin-10	21-juin-10	27-mai-11	27-mai-11
Start date for exercising options	21-juin-14	21-juin-14	27-mai-15	27-mai-15
Expiration date	20-juin-18	20-juin-18	26-mai-19	26-mai-19
Subscription or purchase price	22,31	between 22,31 and 26,77	27,94	between 27,94 and 33,53
Stock purchase options originally granted before any adjustment	403 000	90 000	492 000	114 000
Stock purchase options originally granted (number adjusted to reflect the division of the face value per 3 and the discount of preferential rights granted for the capital increase of December 2008)				
Stock purchase options canceled at June 30, 2014	61 500		73 500	6 000
Stock purchase options exercised at June 30, 2014				
Outstanding stock purchase options at June 30, 2014	287 500	90 000	418 500	108 000

The first two are standard stock option plans, and are therefore not performance linked. The third, fourth and fifth plans are performance-related for Executive Board members and partly performance-related for the Executive Committee.

The features of the two first plans are unchanged and can be consulted in section 10.4 of the notes to the Group's consolidated financial statements for the year ended December 31, 2013.

The expense recognized for the period amounts to 0.6 million euros for all plans and takes into account an estimate of the population of beneficiaries at the end of each vesting period, as a beneficiary may lose his or her entitlements should he or she leave the Klépierre group during this period.

10.5. FREE SHARES

There are currently 3 free shares plans in place for Group executives and employees.

10.5.1. Summary data

Plan authorized in 2012	Plan no. 1				
	FRANCE			*FOREIGN COUNTRIES*	
	Without performance conditions	Without performance conditions	With performance conditions	Without performance conditions	With performance conditions
Date of the general meeting of shareholders	4/12/2012	4/12/2012	4/12/2012	4/12/2012	4/12/2012
Date of the Executive Board	10/23/2012	10/23/2012	10/23/2012	10/23/2012	10/23/2012
End of period of acquisition	1/31/2016	10/23/2015	10/23/2015	10/23/2016	10/23/2016
End of period of conservation	1/31/2018	10/23/2017	10/23/2017	-	-
Shares originally granted	40 000	22 100	159 000	13 600	25 500
Shares canceled at June 30, 2014				1 700	3 500
Outstanding shares at June 30, 2014	40 000	22 100	159 000	11 900	22 000

Plan authorized in 2013	Plan n°2	
	With performance conditions	
	FRANCE	FOREIGN COUNTRIES
Date of the general meeting of shareholders	4/12/2012	4/12/2012
Date of the Executive Board	2/25/2013	2/25/2013
End of period of acquisition	2/25/2016	2/25/2017
End of period of conservation	2/25/2018	-
Shares originally granted	230 000	25 000
Shares canceled at June 30, 2014	2 000	
Outstanding shares at June 30, 2014	228 000	25 000

Plan authorized in 2014 i.e. under 10.5.2	Plan n°3	
	With performance conditions	
	FRANCE	FOREIGN COUNTRIES
Date of the general meeting of shareholders	4/12/2012	4/12/2012
Date of the Executive Board	3/10/2014	3/10/2014
End of period of acquisition	3/10/2017	3/10/2018
End of period of conservation	3/10/2019	-
Shares originally granted	210 000	45 500
Shares canceled at June 30, 2014	0	
Outstanding shares at June 30, 2014	210 000	45 500

10.5.2. Other information

On March 10, 2014, 255,000 shares have been allocated to management and Group employees, as part of a free share plan authorized by the Executive Board. The allocation is divided into two fractions with the following characteristics:

Plan authorized in 2014	Plan n°3	
	With performance conditions	
	FRANCE	FOREIGN COUNTRIES
Share price on the date of allocation Average of the 20 opening quotations preceeding March 10, 2014	33,19 €	29,54 €
Volatility for Klepierre share quotes : Historical volatility over 8 years, as calculated as of March 10, 2014 based on daily variation	23,68 % Klepierre share and FTSE EPRA Euro zone ; correlation : 0,66	
Dividend per share	1,55 €	1,55 €
Share value	15,67 €	15,06 €
Expense for the period	319 thousand euros	49 thousands euros

The features of the two first plans are unchanged and can be consulted in section 10.4 of the notes to the Group's consolidated financial statements for the year ended December 31, 2013.

The expense recognized for the period amounts to 1.6 million euros and takes into account an estimate of the population of beneficiary at the end of each vesting period, as a beneficiary may lose his or her entitlements should he or she leave the Klépierre group during this period.

11. ADDITIONAL INFORMATION

11.1. DISCLOSURES ABOUT THE FAIR VALUE MODEL

Klépierre chose to apply the IAS 40 cost model and, as a result, must disclose the fair value of investment property in the notes to the financial statements.

Comprehensive income statement at fair value (EPRA model) *in thousands of euros*	06/30/2014 Fair value model	06/30/2013 Fair value model Restated	IFRS 11 impacts	06/30/2013 Fair value model Published
Lease income	443 296	472 406	-31 874	504 280
Land expenses (real estate)	-3 292	-3 169	0	-3 169
Non-recovered rental expenses	-18 018	-20 302	1 901	-22 203
Building expenses (owner)	-22 699	-29 279	2 533	-31 812
Net rental income	***399 287***	***419 655***	***-27 441***	***447 096***
Management, administrative and related income	34 425	42 818	1 517	41 301
Other operating revenue	6 638	7 351	-240	7 591
Change in the fair value of investment property	36 511	-78 500	-16 857	-61 643
Survey and research costs	-2 452	-1 174	0	-1 174
Payroll expenses	-55 261	-61 106	0	-61 106
Other general expenses	-24 083	-21 349	-52	-21 297
Depreciation and impairment allowance on investment property	91	-3 061	0	-3 061
Depreciation and impairment allowance on intangible assets and property, plant and equipment	-5 663	-5 873	213	-6 086
Provisions	-791	-766	45	-811
Gains on the disposal of investment property and equity investments	1 952 395	121 142	0	121 142
Net book value of investment property and equity investments sold	-2 006 710	-106 457	0	-106 457
Income from the disposal of investment property and equity investments	**-54 315**	**14 685**	**0**	**14 685**
Goodwill impairment	0	0	0	0
Operating income	**334 388**	**312 681**	**-42 814**	**355 495**
Net dividends and provisions on non-consolidated investments	6	8	0	8
Financial income	*56 633*	*55 223*	*4 504*	*50 719*
Financial expenses	*-187 820*	*-211 503*	*564*	*-212 067*
Net cost of debt	-131 187	-156 280	5 068	-161 348
Change in the fair value of financial instruments	-11 894	5 308	0	5 308
Effect of discounting	0	0	0	0
Share in earnings of equity method investees	5 435	39 101	38 118	983
Profit before tax	**196 748**	**200 818**	**372**	**200 446**
Corporate income tax	-13 880	-19 572	-372	-19 200
Net income of consolidated entity	**182 868**	**181 246**	**0**	**181 246**
of which				
Group share	*119 091*	*128 461*	*0*	*128 461*
Non-controlling interests	*63 777*	*52 787*	*0*	*52 787*
Undiluted average number of shares	**195 732 258**	**195 288 035**		**195 288 035**
Undiluted comprehensive earnings per share in euros	**0,6**	**0,7**		**0,7**
Diluted average number of shares	**195 732 258**	**195 288 035**		**195 288 035**
Diluted comprehensive earnings per share in euros	**0,6**	**0,7**		**0,7**

in thousands of euros	06/30/2014 Fair value model	06/30/2013 Fair value model Restated	IFRS 11 impacts	06/30/2013 Fair value model Published
Net income of consolidated entity	**182 868**	**181 248**	**0**	**181 248**
Other comprehensive income items recognized directly as equity	**-40 878**	**9 757**	**0**	**9 757**
Effective portion of profits and losses on cash flow hedging instruments (IAS 39)	*-18 034*	*108 452*	*0*	*108 452*
Translation profits and losses	*-32 668*	*-79 739*	*0*	*-79 739*
Tax on other comprehensive income items	*7 545*	*-21 842*	*0*	*-21 842*
Items that will be reclassified subsequently to profit or loss	***-43 158***	***6 871***	***0***	***6 871***
Income from sales of treasury shares	*2 280*	*2 886*	*0*	*2 886*
Actuarial gains	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	***2 280***	***2 886***	***0***	***2 886***
Share of other comprehensive income items of equity method investees	-	-	-	-
Total comprehensive income	**141 990**	**191 005**	**0**	**191 005**
Of which				
Group share	*92 393*	*145 235*	*0*	*145 235*
Non-controlling interests	*49 597*	*45 770*	*0*	*45 770*
Undiluted comprehensive earnings per share (euro)	**0,5**	**0,7**		**0,7**
Diluted comprehensive earnings per share (euro)	**0,5**	**0,7**		**0,7**

Consolidated statement of financial position (EPRA model) *in thousands of euros*	06/30/2014 Fair value model	12/31/2013 Fair value model Restated	IFRS 11 impacts	12/31/2013 Fair value model Published
Goodwill	126 732	126 794	-2 313	129 107
Intangible assets	37 913	36 648	-746	37 394
Property, plant and equipment and work in progress	14 377	15 017	-322	15 339
Investment property at fair value	12 159 207	12 430 869	-877 239	13 308 108
Investment property at cost model	333 692	327 886	-389	328 275
Equity method securities	664 453	674 099	647 396	26 703
Other non-current assets	177 381	213 070	197 542	15 528
Non-current derivatives	110 755	118 703	0	118 703
Deferred tax assets	56 213	53 772	-3 964	57 736
NON-CURRENT ASSETS	***13 680 724***	***13 996 859***	***-40 034***	***14 036 893***
Fair value of property held for sale	339 739	2 001 162	-39 284	2 040 446
Investment held for sale	7 957	8 249	292	7 957
Inventory	437	433	0	433
Trade accounts and notes receivable	92 562	109 386	-3 856	113 242
Other receivables	212 726	180 002	-9 670	189 672
Tax receivables	*49 135*	*31 583*	*-620*	*32 203*
Other debtors	*163 591*	*148 419*	*-9 050*	*157 469*
Current derivatives	10 415	0	0	0
Cash and cash equivalents	167 691	127 496	-14 872	142 368
CURRENT ASSETS	***831 527***	***2 426 728***	***-67 390***	***2 494 118***
TOTAL ASSETS	**14 512 250**	**16 423 587**	**-107 424**	**16 531 010**
Share capital	279 259	279 259	0	279 259
Additional paid-in capital	1 773 630	1 773 630	0	1 773 630
Legal reserves	27 926	27 926	0	27 926
Consolidated reserves	3 011 007	3 143 029	0	3 143 029
Treasury shares	-81 462	-93 500	0	-93 500
Hedging reserves	-187 615	-181 861	0	-181 861
Fair value of investment property	3 326 455	3 204 553	0	3 204 553
Other consolidated reserves	-46 371	213 837	0	213 837
Consolidated earnings	119 091	176 441	0	176 441
Shareholders' equity, group share	5 210 914	5 400 286	0	5 400 286
Non-controlling interests	1 835 991	2 096 812	0	2 096 812
SHAREHOLDERS' EQUITY	***7 046 905***	***7 497 098***	***0***	***7 497 098***
Non-current financial liabilities	5 164 355	5 284 123	-59 792	5 343 915
Long-term provisions	14 798	13 744	-193	13 937
Pension commitments	14 871	14 666	-16	14 682
Non-current derivatives	157 688	172 771	-618	173 389
Security deposits and guarantees	111 232	143 939	-4 788	148 727
Deferred tax liabilities	557 153	600 086	-26 902	626 988
NON-CURRENT LIABILITIES	***6 020 097***	***6 229 329***	***-92 309***	***6 321 637***
Current financial liabilities	903 289	2 126 567	-1 317	2 127 884
Bank facilities	15 415	31 152	-181	31 334
Trade payables	129 315	102 719	-8 170	110 890
Payables to fixed asset suppliers	17 324	44 340	-603	44 943
Other liabilities	195 617	204 954	-3 141	208 095
Current derivatives	47 518	103 868	0	103 868
Social and tax liabilities	136 771	83 559	-1 703	85 262
Short-term provisions	0	0	0	0
CURRENT LIABILITIES	***1 445 248***	***2 697 160***	***-15 115***	***2 712 275***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14 512 251**	**16 423 587**	**-107 424**	**16 531 010**

Comprehensive income statement at fair value (EPRA model) in thousands of euros	06/30/2014 Cost model	Fair value restatements	06/30/2014 Fair value model
Lease income	443 296		443 296
Land expenses (real estate)	-3 621	329	-3 292
Non-recovered rental expenses	-18 018		-18 018
Building expenses (owner)	-22 993	294	-22 699
Net rental income	***398 664***	***623***	***399 287***
Management, administrative and related income	34 425		34 425
Other operating revenue	6 638		6 638
Change in the fair value of investment property		36 511	36 511
Survey and research costs	-2 452		-2 452
Payroll expenses	-55 261		-55 261
Other general expenses	-22 558	-1 525	-24 083
Depreciation and impairment allowance on investment property	-172 138	172 229	91
Depreciation and impairment allowance on intangible assets and property, plant and equipment	-5 663		-5 663
Provisions	-791		-791
Gains on the disposal of investment property and equity investments	1 952 395		1 952 395
Net book value of investment property and equity investments sold	-1 102 937	-903 773	-2 006 710
Income from the disposal of investment property and equity investments	***849 458***	***-903 773***	***-54 315***
Goodwill impairment	***0***		***0***
Operating income	**1 030 323**	**-695 935**	**334 388**
Net dividends and provisions on non-consolidated investments	6		6
Financial income	*56 633*		*56 633*
Financial expenses	*-187 820*		*-187 820*
Net cost of debt	-131 187		-131 187
Change in the fair value of financial instruments	-11 894		-11 894
Effect of discounting	0		0
Share in earnings of equity method investees	3 223	2 212	5 435
Profit before tax	**890 471**	**-693 723**	**196 748**
Corporate income tax	-21 985	8 105	-13 880
Net income of consolidated entity	**868 486**	**-685 618**	**182 868**
of which			
Group share	*702 757*	-583 666	*119 091*
Non-controlling interests	*165 729*	*-101 952*	*63 777*
Undiluted average number of shares	**195 732 258**		**195 732 258**
Undiluted comprehensive earnings per share (euro)	**3,6**		**0,6**
Diluted average number of shares	**195 732 258**		**195 732 258**
Diluted comprehensive earnings per share (euro)	***3,6***		***0,6***

in thousands of euros	06/30/2014 Cost model	Fair value restatements	06/30/2014 Fair value model
Net income of consolidated entity	**868 486**	**-685 618**	**182 868**
Other comprehensive income items recognized directly as equity	**-41 075**	**197**	**-40 878**
Effective portion of profits and losses on cash flow hedging instruments (IAS 39)	*-18 034*	*0*	*-18 034*
Translation profits and losses	*-32 865*	*197*	*-32 668*
Tax on other comprehensive income items	*7 545*	*0*	*7 545*
Items that will be reclassified subsequently to profit or loss	***-43 355***	197	*-43 158*
Income from sales of treasury shares	*2 280*	*0*	*2 280*
Actuarial gains	-	-	-
Items that will not be reclassified subsequently to profit or loss	***2 280***	0	***2 280***
Share of other comprehensive income items of equity method investees	-	-	-
Total comprehensive income	**827 411**	**-685 421**	**141 990**
Of which			
Group share	*673 794*	-581 401	*92 393*
Non-controlling interests	*153 617*	-104 020	*49 597*
Undiluted comprehensive earnings per share (euro)	**3,4**	**0**	**0,5**
Diluted comprehensive earnings per share (euro)	**3,4**	**0**	**0,5**

Consolidated statement of financial position (EPRA model) ***in thousands of euros***	**06/30/2014 Cost model**	**Fair value restatements**	**06/30/2014 Fair value model**
Goodwill	130 705	-3 973	126 732
Intangible assets	37 913		37 913
Property, plant and equipment and work in progress	14 377		14 377
Investment property	8 710 212	-8 710 212	0
Investment property under construction	325 814	-325 814	0
Investment property at fair value	0	12 159 207	12 159 207
Investment property at cost model	0	333 692	333 692
Equity method securities	465 128	199 325	664 453
Other non-current assets	177 381		177 381
Non-current derivatives	110 755		110 755
Deferred tax assets	51 240	4 973	56 213
NON-CURRENT ASSETS	***10 023 525***	***3 657 199***	***13 680 724***
Fair value of property held for sale	321 789	17 950	339 739
Investment held for sale	7 957		7 957
Inventory	437		437
Trade accounts and notes receivable	92 562		92 562
Other receivables	237 485	-24 759	212 726
Tax receivables	*49 135*		*49 135*
Other debtors	*188 350*	*-24 759*	*163 591*
Current derivatives			
Cash and cash equivalents	167 691		167 691
CURRENT ASSETS	***838 336***	***-6 809***	***831 527***
TOTAL ASSETS	**10 861 861**	**3 650 390**	**14 512 250**
Share capital	279 259		279 259
Additional paid-in capital	1 773 630		1 773 630
Legal reserves	27 926		27 926
Consolidated reserves	-300 838	3 311 845	3 011 007
Treasury shares	-81 462		*-81 462*
Hedging reserves	-187 615		*-187 615*
Fair value of investment property		*3 326 455*	*3 326 455*
Other consolidated reserves	-31 761	*-14 610*	*-46 371*
Consolidated earnings	702 757	-583 666	119 091
Shareholders' equity, group share	2 482 735	2 728 179	5 210 914
Non-controlling interests	1 156 132	679 859	1 835 991
SHAREHOLDERS' EQUITY	***3 638 867***	***3 408 038***	***7 046 905***
Non-current financial liabilities	5 164 355		5 164 355
Long-term provisions	14 798		14 798
Pension commitments	14 871		14 871
Non-current derivatives	157 688		157 688
Security deposits and guarantees	111 232		111 232
Deferred tax liabilities	314 757	242 396	557 153
NON-CURRENT LIABILITIES	***5 777 701***	***242 396***	***6 020 097***
Current financial liabilities	903 289		903 289
Bank facilities	15 415		15 415
Trade payables	129 315		129 315
Payables to fixed asset suppliers	17 324		17 324
Other liabilities	195 617		195 617
Current derivatives	47 518		47 518
Social and tax liabilities	136 771		136 771
Short-term provisions	0		0
CURRENT LIABILITIES	***1 445 248***	***0***	***1 445 248***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10 861 817**	**3 650 434**	**14 512 251**

11.2. TRANSACTIONS WITH RELATED PARTIES

11.2.1. Transactions with the BNP Paribas group

As of June 30, 2014, the BNP Paribas share of bank finance amounts to 1,226 million euros which are not utilized at this date. This amount compares with total authorized financing of 7,473 million euros, of which 5,859 million euros have been used.

11.2.2. Transactions with the Simon Property Group

At this date, there are no reciprocal transactions between the two companies.

11.2.3. Relationships between Klépierre group consolidated companies

A full list of Klépierre group companies is given in section 4 “Scope of consolidation”.

Transactions between related 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 of proportionally consolidated companies (jointly controlled by the Group) and companies consolidated using the equity method (over which the Group has significant influence) that have not been eliminated.

Balance sheet positions with related parties at period-end

in thousands of euros	06/30/2014	12/31/2013 restated
	Companies consolidated using the equity method	Companies consolidated using the equity method
Non-current assets	168 857	194 400
NON-CURRENT ASSETS	**168 857**	**194 400**
Trade accounts and notes receivable	724	1 848
Other receivables	3 232	3 432
CURRENT ASSETS	**3 956**	**5 280**
TOTAL ASSETS	**172 813**	**199 680**
Non-current financial liabilities	3 392	
NON-CURRENT LIABILITIES	**3 392**	**12 578**
Trade payables	55	191
Other liabilities	1 605	1 617
CURRENT LIABILITIES	**1 660**	**1 808**
TOTAL LIABILITIES	**5 052**	**14 386**

"Income" items related to transactions with related parties

in thousands of euros	06/30/2014	06/30/2013 restated
	Companies consolidated using the equity method	Companies consolidated using the equity method
Management, administrative and related income	2 046	2 280
Operating income	**2 046**	**2 280**
Net cost of debt	1 174	1 719
Profit before tax	**3 220**	**3 999**
Net income of the consolidated entity	**3 220**	**3 999**

The majority of these items relate to management and administration fees and income on financing arrangements for these companies' businesses.

11.2.4. Off-balance sheet items related to transactions with related parties

Commitments given *in thousands of euros*	06/30/2014	12/31/2013 restated
Commitments related to the Group's consolidated scope	**-**	**-**
Purchase commitments	-	-
Commitments related to Group financing	**-**	**184 800**
Financial guarantees given	-	184 800
Commitments related to the Group's operating activities	**9 277**	**9 060**
Commitments on works contracts (Property development/Sale before completion)	-	-
Commitments under conditions precedent	-	-
Work completion commitments	-	-
Rental guarantees and deposits	36	36
Other commitments given	9 241	9 024
Total	**9 277**	**193 860**

Commitments received *in thousands of euros*	06/30/2014	12/31/2013 restated
Commitments related to Group financing	**776 000**	**776 000**
Financing agreements obtained and not used	776 000	776 000
Commitments related to the Group's operating activities	**30**	**30**
Deposits received guaranteeing the real-estate management activity (under the "Hoguet" law)	30	30
Deposits received from tenants	-	-
Total	**776 030**	**776 030**

11.2.5. 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.

11.3. CONTINGENT LIABILITIES

In the last fiscal year, neither Klépierre nor its subsidiaries have been the subject of any governmental, judicial or arbitration action (including any action of which the issuer has knowledge, which is currently suspended or is threatened) which has recently had a significant impact on the financial position or profitability of the issuer and/or the Group.

11.4. POST-BALANCE SHEET DATE EVENTS

On July 1, 2014, Steen & Strom Holding AB completed the sale of shares of companies owning five shopping centers (Familia, Etage, Mirum, MittiCity et Sollentuna Centrum) for a total consideration of 3,250 million Swedish krona, value of assets (or 354 million euros).

In July 2014, Klépierre cancelled 900 million Swedish Krona fixed-rate-paying swaps following the disposal of assets mentioned here above.

11.5. IDENTITY OF THE CONSOLIDATING COMPANIES

At June 30, 2014, Klépierre is consolidated using the equity method by Simon Property Group and BNP Paribas.

KLEPIERRE

Limited Liability Company
21, avenue Kléber
75116 Paris

Statutory Auditors' review report on the first half-year financial information

Period from January 1, 2014 to June 30, 2014

MAZARS

HEAD OFFICE: 61, RUE HENRI REGNAULT - 92400 COURBEVOIE

SOCIETE ANONYME D'EXPERTISE COMPTABLE ET DE COMMISSARIAT AUX COMPTES
EQUITY: € 8 320 000 - RCS NANTERRE B 784 824 153

DELOITTE & ASSOCIES

HEAD OFFICE : 185, AVENUE CHARLES DE GAULLE - 92200 NEUILLY-SUR-SEINE

SOCIETE ANONYME D'EXPERTISE COMPTABLE ET DE COMMISSARIAT AUX COMPTES
EQUITY: € 1 723 040 - RCS NANTERRE 572 028 041

KLEPIERRE

Statutory Auditors' review report on the first half-year financial information

This is a free translation into English of the Statutory Auditors' review report issued in 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:

- our review of the accompanying condensed half-yearly consolidated financial statements of Klépierre covering the period January 1, 2014 to June 30, 2014;
- the verification of the information contained in the interim management report.

These condensed 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 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the note 2.2.3 to the condensed half-yearly consolidated financial statements, which sets out the consequences of the initial application as of January 1, 2014 of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of interests in other entities".

2. Specific verification

We have also verified the information given in the interim management report commenting the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Signed in Paris-La-Défense and Neuilly-sur-Seine, July 21, 2014

The statutory auditors

French original signed by

Mazars	Deloitte & Associés	
Gilles Magnan	Joël Assayah	José Luis Garcia

KLEPIERRE

STATEMENT OF THE PERSON RESPONSIBLE

Paris – July 25, 2014

I certify that, to the best of my knowledge, these condensed consolidated 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

STATUTORY AUDITORS

DELOITTE & ASSOCIÉS
185, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
572028041 R.C.S. NANTERRE
José Luis Garcia/Joël Assayah
1st appointment: OGM of June 28, 2006.
End of term: fiscal year 2015.

MAZARS
61, rue Henri Régnault
92400 Courbevoie
784824153 R.C.S. NANTERRE
Gilles Magnan
1st appointment: OGM of November 4, 1968.
End of term: fiscal year 2015.

ALTERNATE STATUTORY AUDITORS

Société BEAS
7-9, villa Houssay
92200 Neuilly-sur-Seine
315172445 R.C.S. NANTERRE
1st appointment: OGM of June 28, 2006.
End of term: fiscal year 2015.

Patrick DE CAMBOURG
61, rue Henri Régnault
92400 Courbevoie
1st appointment: OGM of April 8, 2004.
End of term: fiscal year 2015.

PERSON RESPONSIBLE FOR FINANCIAL DISCLOSURES

Jean-Michel GAULT
Member of the Executive Board, Deputy CEO
Tel: +33 1 40 67 55 05