



**Annual Corporate Financial Statements  
as of December 31, 2008**

**CORPORATE FINANCIAL STATEMENTS**
**INCOME STATEMENT**

(in thousands of euros)

		December 2008	December 2007	December 2006
<b>OPERATING INCOME</b>				
Rental Income		49 083	45 666	47 477
Rents		47 089	43 573	45 285
Repayment of expenses		1 993	2 093	2 192
Write-back of provisions (and amortizations) & expense transfers		64	1 036	1 022
Other income		617	1 753	1 911
	<b>TOTAL I</b>	<b>49 764</b>	<b>48 455</b>	<b>50 410</b>
<b>OPERATING EXPENSES</b>				
Purchases and external expenses	-	14 385	12 445	13 770
Income taxes and similar payments	-	2 353	3 269	4 192
Depreciation and amortization allowances:				
- On fixed assets and deferred charges: depreciation and amortization	-	10 723	11 179	13 099
- On fixed assets: provisions	-	-	-	-
- On circulating assets: provisions	-	10	-	-
- For liabilities and charges : provisions	-	85	124	66
Other expenses	-	335	713	306
	<b>TOTAL II</b>	<b>- 27 892</b>	<b>- 27 730</b>	<b>- 31 433</b>
<b>OPERATING INCOME (I-II)</b>		<b>21 872</b>	<b>20 725</b>	<b>18 977</b>
<b>SHARE OF INCOME FROM JOINT OPERATIONS</b>				
Profits applied or losses transferred	III	154 553	165 211	137 987
Losses borne or profits transferred	IV	- 5 941	- 9 182	- 8 832
<b>FINANCIAL INCOME</b> (note 16)				
From investments		247 010	272 240	173 796
From other investment securities and receivables from capitalized assets		-	-	-
Other interest and similar income		12 707	226	674
Reversals of provisions and transfers of charges		11 686	6 174	7 637
Net proceeds from disposals of investment securities		167	208	187
	<b>TOTAL V</b>	<b>271 570</b>	<b>278 849</b>	<b>182 294</b>
<b>FINANCIAL EXPENSES</b> (note 17)				
Amortization expenses and provisions	-	46 125	8 362	3 352
Interest and similar charges	-	223 079	178 626	147 094
Negative exchange rate variances	-	27 223	-	-
Net expenses incurred on disposals of investment securities	-	-	-	-
	<b>TOTAL VI</b>	<b>- 296 428</b>	<b>- 186 987</b>	<b>- 150 446</b>
<b>NET FINANCIAL INCOME (III-IV)</b>		<b>- 24 858</b>	<b>91 861</b>	<b>31 848</b>
<b>PRE-TAX INCOME (I-II+III-IV)</b>		<b>145 626</b>	<b>268 616</b>	<b>179 980</b>
<b>NON-RECURRING INCOME</b>				
On management transactions		279	2 599	505
On capital transactions		65 748	50 866	197 996
Reversals of provisions and transfers of charges		-	-	-
	<b>TOTAL VII</b>	<b>66 028</b>	<b>53 464</b>	<b>198 501</b>
<b>NON-RECURRING EXPENSES</b>				
On management transactions	-	25	2	-
On capital transactions	-	46 768	20 960	164 699
Amortization expenses and provisions	-	-	-	-
	<b>TOTAL VIII</b>	<b>- 46 793</b>	<b>- 20 962</b>	<b>- 164 699</b>
<b>NET NON-RECURRING INCOME (V-VI)</b> (note 18)		<b>19 235</b>	<b>32 502</b>	<b>33 802</b>
<b>EMPLOYEE PROFIT SHARING</b>				
	IX	-	-	-
<b>CORPORATE INCOME TAXES</b> (note 19)				
	X	8 077	246	15 316
<b>TOTAL INCOME (I+III+V+VII)</b>		<b>541 914</b>	<b>545 980</b>	<b>569 192</b>
<b>TOTAL EXPENSES (II+IV+VI+VIII+IX+X)</b>		<b>- 368 977</b>	<b>- 245 107</b>	<b>- 370 726</b>
<b>NET INCOME FOR THE FISCAL YEAR</b>		<b>172 937</b>	<b>300 872</b>	<b>198 466</b>

**CORPORATE FINANCIAL STATEMENTS**
**BALANCE SHEET**

(in thousands of euros)

ASSETS	December 2008			December 2007	December 2006
	Gross	Amortization and provisions	Net	Net	Net
<b>FIXED ASSETS</b>					
<b>INTANGIBLE FIXED ASSETS</b> (note 1, 2 and 3)	<b>5 858</b>	<b>369</b>	<b>5 490</b>	<b>5 613</b>	<b>4 791</b>
Set up costs	614	369	246	369	492
Research & Development costs	-	-	-	-	-
Concessions, patents and similar rights	19	-	19	19	19
Business assets	5 225	-	5 225	5 225	4 280
<b>TANGIBLE ASSETS</b> (note 1, 2 and 3)	<b>636 853</b>	<b>76 190</b>	<b>560 664</b>	<b>585 381</b>	<b>597 435</b>
Land	292 256	-	292 256	323 449	327 323
Construction and fixtures	267 564	75 794	191 770	210 694	235 220
- Capital works	163 293	28 690	134 603	147 168	167 237
- Façades, cladding and roofing	33 743	9 357	24 386	26 927	27 952
- General and Technical Installations	34 670	14 355	20 316	22 160	24 351
- Fixtures	35 858	23 392	12 465	14 439	15 680
Technical installations, equipment and fittings	389	384	4	5	55
Other	27	11	15	15	15
Tangible assets in progress	76 618	-	76 618	51 218	34 822
Advances and pre-payments	-	-	-	-	-
<b>LONG-TERM INVESTMENTS</b>	<b>6 619 779</b>	<b>36 003</b>	<b>6 583 776</b>	<b>5 260 159</b>	<b>4 279 031</b>
Equity holdings (note 4 and 5)	3 584 074	6 666	3 577 408	2 708 086	2 630 083
Loans to subsidiaries and affiliated companies (note 6)	2 829 679	6 251	2 823 428	2 492 421	1 617 276
Other long-term equity investments	179	152	27	-	-
Loans	149 288	-	149 288	17 597	31 544
Other (note 7)	56 560	22 935	33 625	42 055	128
<b>TOTAL I</b>	<b>7 262 491</b>	<b>112 562</b>	<b>7 149 930</b>	<b>5 851 153</b>	<b>4 881 257</b>
<b>CURRENT ASSETS</b>					
<b>ADVANCES AND PRE-PAYMENTS TO SUPPLIERS</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>265</b>	<b>310</b>
<b>RECEIVABLES</b>	<b>20 384</b>	<b>10</b>	<b>20 373</b>	<b>30 992</b>	<b>32 596</b>
Trade receivables and similar accounts	5 565	10	5 554	5 995	6 210
Other (note 8)	14 819	-	14 819	24 997	26 386
<b>INVESTMENT SECURITIES</b>	<b>54 517</b>	<b>12 525</b>	<b>41 992</b>	<b>54 889</b>	<b>38 372</b>
Treasury stock	54 517	12 525	41 992	51 300	30 783
Other securities	-	-	-	3 589	7 589
<b>CASH &amp; CASH EQUIVALENTS</b>	<b>45 606</b>	<b>-</b>	<b>45 606</b>	<b>8 108</b>	<b>850</b>
<b>Prepaid expenses</b> (note 9)	<b>24 797</b>	<b>-</b>	<b>24 797</b>	<b>48 321</b>	<b>77 804</b>
<b>TOTAL II</b>	<b>145 309</b>	<b>12 536</b>	<b>132 773</b>	<b>142 575</b>	<b>149 932</b>
Deferred charges (III) (note 9)	12 850	-	12 850	8 487	6 847
Loan issue premiums (IV) (note 9)	6 589	-	6 589	8 166	9 960
Translation adjustment - assets (V) (note 9)	-	-	-	-	-
<b>GRAND TOTAL (I+II+III+IV+V)</b>	<b>7 427 239</b>	<b>125 097</b>	<b>7 302 142</b>	<b>6 010 381</b>	<b>5 047 996</b>

**BALANCE SHEET**

(in thousands of euros)

<b>LIABILITIES</b>	<b>December 2008</b>	<b>December 2007</b>	<b>December 2006</b>
<b>STOCKHOLDER EQUITY</b> (note 10)			
Capital (of which paid-up)	232 700	193 890	184 657
Additional paid-in capital (from share issues, mergers and contributions)	1 070 526	629 430	629 430
Positive merger variance	187 452	187 452	187 452
Positive cancelled share variance	18 307	18 305	13 740
Revaluation variances	-	-	-
Legal reserve	19 389	18 466	18 466
Other reserves	168 055	168 055	177 287
Retained earnings	433 497	302 964	250 894
<b>Income for the period</b>	<b>172 937</b>	<b>300 872</b>	<b>198 466</b>
Investment subsidies	-	-	-
Regulated provisions	-	-	-
<b>TOTAL I</b>	<b>2 302 862</b>	<b>1 819 432</b>	<b>1 660 392</b>
<b>Provisions for liabilities and charges</b> (note 11)			
Provisions for liabilities	254	208	841
Provisions for charges	34	34	34
<b>TOTAL II</b>	<b>288</b>	<b>242</b>	<b>875</b>
<b>DEBTS</b>			
<b>FINANCIAL DEBTS</b> (note 12)			
Other bond issues	1 336 578	1 954 263	1 954 263
Borrowings and loans from credit institutions	3 330 237	1 815 859	1 123 858
Other borrowings and financial debt	298 970	377 135	250 240
<b>Trade and similar accounts</b>	<b>569</b>	<b>570</b>	<b>540</b>
<b>TRADE PAYABLES</b>			
Trade and other payables	6 150	3 227	2 365
Tax and social security liabilities (note 13)	13 233	14 823	18 070
<b>OTHER DEBTS</b>			
Payables to fixed asset suppliers	6 651	1 553	1 501
Other (note 14)	3 307	12 529	11 457
<b>PREPAID INCOME</b> (note 15)	<b>3 296</b>	<b>10 748</b>	<b>24 435</b>
<b>TOTAL III</b>	<b>4 998 991</b>	<b>4 190 707</b>	<b>3 386 729</b>
Translation adjustment - liabilities (IV)	-	-	-
<b>GRAND TOTAL (I+II+III+IV)</b>	<b>7 302 142</b>	<b>6 010 381</b>	<b>5 047 996</b>

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# 1 SIGNIFICANT EVENTS OF THE 2008 FINANCIAL YEAR

## 1.1 Payment of dividend in the form of shares

The general meeting of shareholders held on April 4, 2008 approved the payment of a net dividend of 1.25 euros per share in respect of the 2007 fiscal year; the payment to be made in cash or in shares.

The option to receive payment of the dividend in the form of shares was taken up by 77.3% of shareholders.

The resulting increase in equity totals 130,996,648 euros, funded by the issue of 3,976,826 new shares.

The cash dividend payment totaled 38.4 million euros.

## 1.2 Acquisition of Scandinavia's leading shopping center operator

In cooperation with the Dutch pension fund ABP, Klépierre SA acquired Steen & Strøm at a cost of 2.7 billion euros. Steen & Strøm owns 30 shopping centers in Norway, Sweden and Denmark, which together constitute a portfolio valued at nearly 2.5 billion euros (total share). As a result of this transaction, Klépierre holds a 56.1% equity stake in Steen & Strøm.

## 1.3 Continuation of the disposal program

Klépierre SA continued to apply its investment policy during the year, resulting in the disposal of the following office building:

- 46, rue Notre-Dame des Victoires Paris 75

This disposal was the subject of a swap involving 230 membership shares in Galeries Drancéennes held by ASSURECUREUIL-PIERRE 3.

## 1.4 Internal restructuring of the offices segment

Complete transfer of assets and liabilities (CTAL)

On April 29, 2008, Klépierre SA proceeded with the winding-up without liquidation of the following company, with retrospective effect for taxation purposes from January 1, 2008:

- Poitiers Aliénor SAS

On August 1, 2008, Klépierre SA proceeded with the winding-up without liquidation of the following company, with retrospective effect for taxation purposes from January 1, 2008:

- Maille Nord SNC

These transactions are covered by the preferential tax scheme conferred under Article 210 of the French General Tax Code.

On October 24, 2008, Klépierre SA proceeded with the winding-up without liquidation of the following company, with retrospective effect for taxation purposes from January 1, 2008:

- Tour Marcel Brot SCI

This transaction was covered under the ordinary tax legislation.

## **1.5 New funding arrangements**

On June 11 and 12, 2008, Klépierre signed a 750 million euro term loan agreement, syndicated by 6 banks.

This new funding is subject to the following conditions:

- a firm term of 3 years
- an overall cost of 5.05%

financial covenants identical to those applying to the syndications signed in January 2006 and January 2007, the key conditions being the Loan-To-Value ratio (capped at 52%), Interest/EBITDA coverage (at least 2.5) and the secured debt/RNAV ratio (capped at 20%).

The participating banks are: BNP Paribas (coordinator), BECM (Crédit Mutuel Group), Crédit Foncier de France (Groupe Caisse d'Épargne), ING Real Estate Finance, Landesbank Hessen-Thüringen Girozentrale and Intesa San Paolo (lender).

On October 7, 2008 Klépierre SA also opened a 4-year confirmed line of credit with BNP Paribas for 400 millions euros.

## **1.6 Capital increase**

Klépierre SA concluded a successful rights issue on November 6 to raise part of the funding required for the Steen & Strøm acquisition.

The gross value of the transaction was 356.2 million euros, funded by the issue of 23,744,918 new shares.

Following these transactions, the share capital of Klépierre SA totaled 232,700,203.40 euros in the form of 166,214,431 shares, each with a par value of 1.40 euros.

## **2 ACCOUNTING PRINCIPLES AND METHODS**

### **2.1 Application of accounting conventions**

The annual financial statements for the period ended December 31, 2008 have been prepared in accordance with the general chart of accounts.

The general accounting conventions have been applied in compliance with the following principles:

- prudence
- independence of fiscal years

compliance with the general rules applying to the preparation and presentation of annual financial statements, and on the basis of assumed continuity of operation

No changes were made to methods or estimations during the fiscal year.

### **2.2 Measurement methods**

#### **2.2.1 FIXED ASSETS**

General criteria applied to the recognition and measurement of assets

Tangible and intangible fixed assets are recognized as assets when all the following conditions are met:

- it is likely that the entity will enjoy the corresponding future financial benefits
- their cost or value can be assessed with a sufficient level of reliability

At the date on which they enter the company's asset base, asset values are measured either at their cost of acquisition or their cost of construction.

Financial interest relating specifically to the production of fixed assets is included in their cost of acquisition.

#### **2.2.2 INTANGIBLE ASSETS: THE TECHNICAL NEGATIVE VARIANCE**

Generally recognized for mergers or complete transfers of assets and liabilities measured at their carrying value, the technical negative variance or "false" negative variance is recognized where the net value of the acquired company's shares as stated in the assets of the acquiring company is higher than the net book asset contributed.

To determine whether the negative merger variance is "true" or "false", it must be compared with the underlying capital gains on the asset items recognized or not in the accounts of the acquired company after deduction of liabilities not recognized in the accounts of the absorbed company for lack of accounting obligation to do so (pensions accruals, deferred tax liabilities).

The technical negative variance shown in the "Business assets" item is not amortizable, since the time over which its future economic benefits may be enjoyed cannot reliably be determined.

□ **Depreciation of the technical negative variance**

The negative variance is depreciated when the present value (the market value or value in use, whichever is the greater) of one or more underlying assets to which a percentage of the negative variance has been assigned falls below the carrying value of the assets concerned plus the proportion of negative variance assigned.

### 2.2.3 TANGIBLE ASSETS

□ **Definition and recognition of components**

Based on *Fédération des Sociétés Immobilières et Foncières* (Federation of Property Companies) recommendations concerning components and useful life, the component method is applied as follows:

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

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

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

When applying regulations 2004-06 and 2002-10, the components of existing retail buildings have been broken down using the following percentages (arrived at on the basis of the FSIF table):

Components	Offices	Amortization period (straight line)
<b>Structures</b>	60 %	60 years
<b>Façades</b>	15 %	30 years
<b>GTI</b>	15 %	20 years
<b>Fittings</b>	10 %	12 years

The table of components is an "as-new table". The company has therefore calculated the proportions of the fittings, technical installations and facade components on the basis of the periods shown in the table applied since the date of construction or most recent major renovation of the property asset concerned. The proportion for structures is calculated on the basis of the proportions previously identified for the other components.

In accordance with the recommendations of the *Fédération des Sociétés Immobilières et Foncières* (Federation of Property Companies), the amortization periods have been determined in such a way as to obtain a zero residual value on maturity of the amortization plan.

Amortization is calculated on the basis of the useful lifespan of each component.

The maintenance expenses involved in multi-year capital repairs programs or major refurbishments governed by legislation, regulations or the standard practices of the entity concerned must be recognized from the outset as distinct asset components, unless a provision has been recognized for capital repairs or major refurbishments. This convention is intended to cover those maintenance expenses whose sole purpose is to verify the condition and serviceability of installations and to carry out maintenance to such installations without extending their working life beyond that initially intended, subject to compliance with the applicable accounting recognition conditions.

#### □ **Principles of asset depreciation**

At each full-year and interim balance sheet date, the company carries out an appraisal to determine any indication that an asset could have suffered a significant loss in value (PCG art. 322-5).

An asset is depreciated it when its actual value falls below that of its net carrying value. The actual value is the market value (appraised value excluding rights at the balance sheet date) or the value in use (PCG art 322-1), whichever is the higher.

The market value of the asset held is determined by independent appraisers, with the exception of those assets acquired less than 6 months earlier, whose market value is estimated as the cost of acquisition.

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 their appraised value, even where such disposal occurs within a few months of the balance sheet date.

Assets covered by a contract to sell are appraised at their selling price net of exit expenses.

### **2.2.4 FINANCIAL ASSETS**

Equity investments are recognized at their cost of acquisition.

Provisions for impairment may be entered for equity investments where their inventory value is less than their acquisition value at the fiscal year end. The inventory value of equities is equivalent to their value in use, as calculated to take account of the net reappraised situation and yield outlook.

The net reappraised situations of real estate companies are estimated on the basis of appraisals conducted by independent real estate appraisers. Management company shares were valued at December 31, 2008 by a third party appraiser. On the basis of these appraisals, there was no necessity to recognize a provision for the impairment of these shares.

Treasury stock acquired for the purpose of transfer to a vendor as part of an external growth transaction is provisioned if the average stock market price for the last month of the fiscal year is lower than the acquisition value.

### **2.2.5 ACQUISITION COST OF FIXED ASSETS**

Transfer duties, fees, commissions and legal expenses are included in the capitalized cost of the asset.

The company has exercised the option of recognizing the acquisition cost of financial assets as expenses (PCG Articles 321-10 and 321-15).

### **2.2.6 ÉVICTION PENALTIES**

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

Where eviction compensation is paid as a result of major renovation or reconstruction work on a property requiring the prior removal of tenants, the cost is included in preliminary expenses and recognized as a supplementary component of total renovation costs.

Expenditure that does not meet the combined criteria applying to the definition and recognition of assets and which cannot be allocated to acquisition or production costs is recognized as an expense: eviction penalties paid to tenants during commercial restructuring are recognized as expenses for the fiscal year.

### **2.2.7 MARKETING EXPENDITURE**

Marketing, re-marketing and renewal fees are recognized as expenses for the fiscal year.

## **2.3 Mergers and similar transactions**

CNC recommendation 2004-01 of March 25, 2004, as approved on May 04, 2004 by the Comité de Réglementation Comptable (CRC), relating to the treatment of mergers and similar transactions states the following rule regarding positive or negative variances in respect of cancelled shares:

### **□ Negative variance**

A negative variance arising from these transactions must be treated in the same way as a negative merger variance:

- recognition of the technical negative variance in intangible assets
- recognition of the balance of the negative variance in financial expenses

### **□ Positive variance**

The positive variance from these transactions must be treated in the same way as a positive merger variance: Any positive variance in the percentage of earnings accumulated by the merged entity (since the acquisition of the acquired company's equity by the acquiring company) remaining undistributed must be shown in the investment earnings of the acquiring company. Any residual balance is recognized as shareholders' equity.

## **2.4 Receivables, debts and cash & cash equivalents**

Receivables, debts and cash and cash equivalents were measured at par value.

Les Trade receivables are estimated individually at each balance sheet date, and a provision entered wherever there is a perceived risk of non-recovery.

## **2.5 Investment securities**

Investment securities are recognized at their cost of acquisition.

Provisions for depreciation are calculated in accordance with the following rules:

- Treasury shares traded under a market liquidity agreement: a provision is recognized when the inventory value (determined relative to the average market price for the last month of the fiscal year) is lower than the acquisition value.
- Shares allotted to employees: a provision is recognized if the average purchase price exceeds the purchase option price offered to employees.

## **2.6 Deferred charges: loan issue costs**

Expenditure that does not meet the combined criteria applying to the definition and recognition of assets must be recognized as an expense. It is no longer possible to amortize these costs over several periods.

CNC recommendation 2004-15 on assets of June 23, 2004 does not apply to financial instruments and related expenditure, such as loan issue costs, share premiums and loan repayment premiums.

The commissions and fees relating to bank loans are spread over the full loan period.

## **2.7 Forward financial instruments**

Expenses and gains on forward financial instruments entered into for the purpose of hedging the group's risk exposure to interest rate fluctuations (SWAPS) are recognized pro rata in the income statement.

Unrealized losses and gains arising as a result of the difference between the market value of agreements estimated at the end of the year and their par value are not recognized.

## **2.8 Operating income and expenses**

Rental income is recognized on a straight line basis over the full duration of the lease agreement, building expenses are rebilled to clients on payment and interest is entered on receipt or payment. At the end of the fiscal year, gains and expenses are adjusted by the addition of accrued amounts not yet due and the subtraction of pre-posted non accrued amounts.

Accruals for building expenses are recognized as payables in "Suppliers – invoices to be received".

### **2.8.1 LEASES**

Rental income is recognized on a straight line basis throughout the full period of the lease.

Stepped rents and rent-free periods are recognized as additions to, or deductions from, lease income for the financial year. The reference period is the first agreed lease period.

### **2.8.2 EARLY TERMINATION PENALTIES**

Tenants who terminate their leases prior to the contractual expiration date are liable to pay early termination penalties. This income is allocated to the terminated lease and credited to income for the period in which they are recognized.

## 2.9 The tax regime adopted by the company

As a result of opting to apply the tax regime provided for in Article 11 of the French finance act of December 30, 2002, Klépierre SA is exempt from corporate income tax, subject to compliance with the three following conditions applying to the distribution of its profits:

- distribution of 85% of the profits generated from the rental of real estate assets prior to the end of the fiscal year following the year in which they were earned
- distribution of 50% of capital gains made on the disposal of buildings, equity holdings in companies covered by the provisions of article 8 and whose purpose is identical to that of an SIIC or stocks in subsidiary companies subject to corporate income tax, where such companies have exercised the option prior to the second fiscal year following the year in which the gains were made
- distribution of all dividends received from subsidiary companies exercising the option during the fiscal year following the year in which the dividends were paid.

Income relating to the exempt sector is distinguished from that of the taxable sector in accordance with the applicable legal requirements:

- Direct allocation of expenses and income, wherever possible
- Allocation of general expenses pro rata to the income of both sectors
- Allocation of net interest expenses pro rata to the gross fixed assets of both sectors

Klépierre SA also calculates the taxable income of the sector subject to corporate income tax.

Further to adopting the reconstitution of the historic cost in the context of implementing the component method, the new Article 237 *septies* of the CGI (French General Tax Code) requires that the resulting net amortization adjustments must be reintegrated for tax purposes in equal installments over five years.

## 3 NOTES TO THE BALANCE SHEET: ASSETS

### 3.1 Intangible assets and property, plant and equipment

#### 3.1.1 GROSS FIXED ASSETS

**Note 1 - Gross Fixed Assets**

<i>in thousands of euros</i>	Gross Value at 31-12-2007	Acquisitions, new businesses and spinoffs	Reductions from disposals and retirement of assets	Inter-item transfers	Merger	Gross values at fiscal year end
<b>INTANGIBLE FIXED ASSETS</b>						
Set up costs	614	-	-	-	-	614
Other intangible fixed assets	5 244	-	-	-	-	5 244
- Technical negative variance	5 225	-	-	-	-	5 225
- Other	19	-	-	-	-	19
<b>Total</b>	<b>5 858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 858</b>
<b>TANGIBLE ASSETS</b>						
<b>Land</b>	<b>323 449</b>	<b>-</b>	<b>31 193</b>	<b>-</b>	<b>-</b>	<b>292 256</b>
- Finance lease	280	-	-	-	-	280
- Operating lease	300 139	-	31 193	-	-	268 946
- Operational lease	23 030	-	-	-	-	23 030
<b>Capital works</b>	<b>177 065</b>	<b>-</b>	<b>13 772</b>	<b>-</b>	<b>-</b>	<b>163 293</b>
- Finance lease	1 638	-	-	-	-	1 638
- Operating lease	163 570	-	13 772	-	-	149 798
- Operational lease	11 857	-	-	-	-	11 857
<b>Façades, cladding and roofing</b>	<b>36 510</b>	<b>-</b>	<b>2 809</b>	<b>42</b>	<b>-</b>	<b>33 743</b>
- Finance lease	409	-	-	-	-	409
- Operating lease	33 842	-	2 809	42	-	31 075
- Operational lease	2 257	-	-	-	-	2 257
<b>General and Technical Installations</b>	<b>36 754</b>	<b>-</b>	<b>2 934</b>	<b>850</b>	<b>-</b>	<b>34 670</b>
- Finance lease	409	-	-	-	-	409
- Operating lease	34 255	-	2 934	850	-	32 171
- Operational lease	2 090	-	-	-	-	2 090
<b>Fixtures</b>	<b>37 261</b>	<b>-</b>	<b>2 371</b>	<b>968</b>	<b>-</b>	<b>35 858</b>
- Finance lease	273	-	-	-	-	273
- Operating lease	35 507	-	2 371	968	-	34 104
- Operational lease	1 481	-	-	-	-	1 481
<b>Fixtures and construction in progress</b>	<b>51 218</b>	<b>27 260</b>	<b>-</b>	<b>1 860</b>	<b>-</b>	<b>76 618</b>
<b>Other tangible assets</b>	<b>415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>415</b>
<b>Total</b>	<b>662 672</b>	<b>27 260</b>	<b>53 079</b>	<b>-</b>	<b>-</b>	<b>636 853</b>
<b>TOTAL GROSS FIXED ASSETS</b>	<b>668 530</b>	<b>27 260</b>	<b>53 079</b>	<b>-</b>	<b>-</b>	<b>642 711</b>

In 2006, Klépierre SA acquired a future office building to be constructed in the Forum Seine urban development area in Issy Les Moulineaux under a *Contrat de Promotion Immobilière or CPI* (Property Development Contract). A total of 20.3 million euros (including taxes) was paid under this contract in 2008. Interest expenses for the 2008 fiscal year totaled 2.7 million euros.

The disposal refers 100% to the exchange of the office building at 46, rue Notre Dame des Victoires in Paris.

## 3.1.2 AMORTIZATIONS AND PROVISIONS

### Note 2 - Amortization and provisions

#### Note 2 - Amortization

<i>in thousands of euros</i>	Amortization at 31-12-2007	Allowances	Disposals	Other movements	Merger	Amortization at fiscal year end
<b>INTANGIBLE FIXED ASSETS</b>						
Set up costs	246	123	-	-	-	369
Other intangible fixed assets	-	-	-	-	-	-
- Technical negative variance	-	-	-	-	-	-
- Other	-	-	-	-	-	-
<b>Total</b>	<b>246</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>369</b>
<b>TANGIBLE ASSETS</b>						
Capital works	29 896	4 187	5 393	-	-	28 690
- Finance lease	980	48	-	-	-	1 028
- Operating lease	27 595	3 875	5 393	-	-	26 077
- Operational lease	1 321	264	-	-	-	1 585
Façades, cladding and roofing	9 583	1 311	1 536	-	-	9 357
- Finance lease	186	9	-	-	-	195
- Operating lease	8 963	1 215	1 536	-	-	8 642
- Operational lease	434	87	-	-	-	521
General and Technical Installations	14 595	2 091	2 331	-	-	14 355
- Finance lease	236	12	-	-	-	248
- Operating lease	13 707	1 949	2 331	-	-	13 325
- Operational lease	652	131	-	-	-	783
Fixtures	22 822	2 851	2 281	-	-	23 392
- Finance lease	203	10	-	-	-	213
- Operating lease	21 708	2 659	2 281	-	-	22 086
- Operational lease	911	182	-	-	-	1 093
Other tangible assets	394	1	-	-	-	395
<b>Total</b>	<b>77 291</b>	<b>10 440</b>	<b>11 541</b>	<b>-</b>	<b>-</b>	<b>76 190</b>
<b>TOTAL AMORTIZATION</b>	<b>77 538</b>	<b>10 563</b>	<b>11 541</b>	<b>-</b>	<b>-</b>	<b>76 559</b>

#### Note 2 - Provisions

<i>in thousands of euros</i>	Provisions at 31-12-2007	Allowances	Write-backs	Inter-item transfers	Merger	Provisions at fiscal year end
<b>TANGIBLE ASSETS</b>						
Construction and fixtures	-	-	-	-	-	-
- Operating lease	-	-	-	-	-	-
Capital works	-	-	-	-	-	-
- Operating lease	-	-	-	-	-	-
Façades, cladding and roofing	-	-	-	-	-	-
- Operating lease	-	-	-	-	-	-
General and Technical Installations	-	-	-	-	-	-
- Operating lease	-	-	-	-	-	-
Fixtures	-	-	-	-	-	-
- Operating lease	-	-	-	-	-	-
<b>TOTAL PROVISIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL AMORT. AND PROVISIONS</b>	<b>77 538</b>	<b>10 563</b>	<b>11 541</b>	<b>-</b>	<b>-</b>	<b>76 559</b>

### 3.1.3 NET FIXED ASSETS

#### Note 3 - Net Fixed Assets

<i>in thousands of euros</i>	Net value at 31-12-2007	Net increases in allowances	Net reduction in write-backs	Inter-item transfers	Merger	Net value at fiscal year end
<b>INTANGIBLE FIXED ASSETS</b>						
Set up costs	368	-	123	-	-	245
<b>Other intangible fixed assets</b>	<b>5 244</b>	-	-	-	-	<b>5 244</b>
- Technical negative variance	5 225	-	-	-	-	5 225
- Other	19	-	-	-	-	19
<b>Total</b>	<b>5 613</b>	-	<b>123</b>	-	-	<b>5 490</b>
<b>TANGIBLE ASSETS</b>						
<b>Land</b>	<b>323 449</b>	-	-	<b>31 193</b>	-	<b>292 256</b>
- Finance lease	280	-	-	-	-	280
- Operating lease	300 139	-	-	31 193	-	268 946
- Operational lease	23 030	-	-	-	-	23 030
<b>Capital works</b>	<b>147 168</b>	-	<b>4 187</b>	-	<b>8 379</b>	<b>134 602</b>
- Finance lease	658	-	48	-	-	610
- Operating lease	135 975	-	3 875	-	8 379	123 722
- Operational lease	10 536	-	264	-	-	10 272
<b>Façades, cladding and roofing</b>	<b>26 927</b>	-	<b>1 311</b>	-	<b>1 273</b>	<b>24 386</b>
- Finance lease	223	-	9	-	-	214
- Operating lease	24 880	-	1 215	-	1 273	22 434
- Operational lease	1 823	-	87	-	-	1 736
<b>General and Technical Installations</b>	<b>22 160</b>	-	<b>2 091</b>	-	<b>603</b>	<b>20 317</b>
- Finance lease	173	-	12	-	-	161
- Operating lease	20 548	-	1 949	-	603	18 846
- Operational lease	1 438	-	131	-	-	1 307
<b>Fixtures</b>	<b>14 439</b>	-	<b>2 851</b>	-	<b>90</b>	<b>12 466</b>
- Finance lease	70	-	10	-	-	60
- Operating lease	13 799	-	2 659	-	90	12 018
- Operational lease	570	-	182	-	-	388
<b>Fixtures and construction in progress</b>	<b>51 218</b>	-	<b>27 260</b>	-	<b>1 860</b>	<b>76 618</b>
<b>Other tangible assets</b>	<b>20</b>	-	<b>1</b>	-	-	<b>19</b>
<b>Total</b>	<b>585 381</b>	-	<b>16 820</b>	-	<b>41 538</b>	<b>560 664</b>
<b>TOTAL NET FIXED ASSETS</b>	<b>590 994</b>	-	<b>16 697</b>	-	<b>41 538</b>	<b>566 154</b>

## 3.2 Financial assets

### 3.2.1 EQUITY SECURITIES

Changes in equity securities

#### **Note 4 - changes in equity securities**

<i>in thousands of euros</i>	
<b>gross equity securities at year start</b>	<b>2 713 448</b>
<b>Acquisitions of equities</b>	<b>914 466</b>
* received in payment for contributions of buildings or shares to subsidiaries	101 813
* received in payment for for equity securities (proportion)	-
* purchases, capital increase and contributions	812 653
<b>Decreases in equities</b>	<b>- 43 217</b>
* Capital decreases and reductions & contributions	- 43 217
<b>Disposals and transfers of equities</b>	<b>- 623</b>
* retirement of shares	- 269
* disposal of shares	- 354
* payment for contributions	-
* Other	-
<b>gross equity securities at year end</b>	<b>3 584 074</b>

The change in the "Acquisition of equities" item refers chiefly to:

- The acquisition of shares in Klépierre Nordica BV (formerly GLG Holding BV) at a total cost of 287.3 million euros
- The acquisition of real estate company Galeries Drancéennes as part of an exchange involving the office building located at 46, rue Notre-Dame des Victoires Paris 75 at a cost of 58.6 million euros
- The capital paid on formation of real estate company Klépierre Créteil and the subsequent incorporation of advances totaling 57.2 million euros
- The purchase of Finim holdings in the Italian companies Immobiliare Magnolia SRL, Novate SRL, Immobiliare Comerciale Dodicesima SA and Effe Kappa SRL at a total cost of 13.7 million euros
- The recapitalization by setoff of receivables of the following companies:
  - Société des centres toulousains SNC (132 million euros)
  - Kléber la Pérouse SNC (110.8 million euros)
  - SCOO SNC (91 million euros)
  - H1 SA (29.6 million euros)
  - Bassin Nord SCI (22.4 million euros)
  - Sodevac SNC (12.3 million euros)
  - Kléprojet 1 SAS (11.7 million euros)
  - La Plaine du Moulin à Vent SCI (11.5 million euros)

- The following company share contributions were made during the fiscal year:
  - H2 SA to H1 SA in exchange for 78,444 shares (25.7 million euros)
  - Klépierre Vallecas SRL to Capucines BV in exchange for a Capucines BV share transaction (16.7 million euros)
  - Klegestion SNC to Ségécé SCS in exchange for 2,083 shares (0.8 million euros)

The “Retirement of shares” item refers to transactions involving the complete transfer of assets and liabilities.

The “Disposal of shares” item refers essentially to the disposal of shares in Socoseine SAS (0.1 million euros) and Sviluppo Klépierre Finim SPA (0.2 million euros).

## Subsidiary companies and holdings

### Note 5 - Financial assets

Financial information on Subsidiaries and Holdings in thousands of euros	Capital	Shareholder equity other than capital stock & income	Percentage holding	Net earnings at year-end	Pre-tax revenue	Gross carrying amount	Net carrying amount	Guarantees and sureties given	Loans and advances granted	Dividends received
<b>1. SUBSIDIARIES OWNED BY MORE THAN 50%</b>										
Angoumards SNC	5 131	46 165	100	705	3 849	51 296	51 296		6 149	
Barjac Victor SNC	1 792	16 110	100	1 503	3 295	19 236	19 236		7 488	
Bègles Papin SCI	765	6 871	99	45	762	7 636	7 636		3 077	
Besançon Chazeule SCI	29	245	99	-19	52	274	274		635	
Capucine BV	2 401	26 829	100	-2 360		23 855	23 855		74 166	
CB Pierre SAS	10 500	4 815	100	-1 553	2 265	0	0			5 460
Cécoville SAS	2 307	164 648	100	68 617	24 579	162 445	162 445	112 000		11 418
Centre Bourse SNC	3 813		100	2 353	3 095	47 419	46 722			
Clermont Jaude SAS	21 686	2 169	100	6 244	9 045	76 396	76 396		13 830	5 587
Combault SCI	778	6 984	100	571	1 140	7 762	7 762		4 902	
Effe Kappa SRL	12	36	100	193	830	306	306			
Foncière de Louvain-la-Neuve SA	62	-6 619	100	-12 762		61	61		25 003	
Foncière Saint Germain SNC	1 183	9 208	100	980	2 175	10 562	10 562		4 743	
Galleries Drancéennes SCI	4	2 644	100	572	1 057	58 596	58 596		15 121	
Galeria Commerciale Klépierre SARL	1 560	12 130	100	356	5 088	15 510	15 510		37 004	
Général Lederc SNC	3 916	12 881	100	799	2 457	14 429	14 429		9 695	
Holding Gondomar 1 SA	5 449	32 436	100	-7 511	3 228	81 873	81 873		62 935	
Holding Gondomar 3 SAS	410	2 694	100	-73		3 684	3 684		1 303	
Holding Gondomar 4 SAS	38	-278	100	-197		587	587		4 641	
Immobiliare Commerciale Dodicesima SPA	520	22 835	100	8		19 679	19 679			
Immobiliare Magnolia SRL	520	11 601	100	35		6 708	6 708			
Jardin des Princes SNC	800	7 185	100	890	1 325	9 525	9 525		609	
Kléber La Pérouse SNC	19 675	127 132	100	1 059	185	165 225	165 225		91 643	
Klécar Europe Sud SCS	315 260	294 723	83	27 006		523 247	523 247			23 459
Klécar France SNC	500 881	500 881	83	104 496	78 554	831 462	831 462		52 445	
Klécar Participations Italie SAS	31 471	3 247	83	2 952		33 629	33 629		52 948	
Kléfin Italia SPA	15 450	98 935	100	-1 521	1 109	125 625	125 625		52 448	
Klémurs SCA	82 500	67 517	84	-3 538	31 297	124 519	124 519		130 057	6 939
Klépierre Conseil SAS	708	1 924	100	491	3 325	3 934	2 575		6 834	124
Klépierre Créteil SCI	5 721	51 480	100	-36		57 201	57 201		6 829	
Klépierre Finance SAS	38	4	100	142		38	38			280
Klépierre Nordica BV	60 000	227 250	100	-16		287 256	287 256		50	
Klépierre Participation et Financements SAS	96 390	59	100	-1 365		96 390	96 390	165 000	233	3 060
Klépierre Portugal SA	250	4 050	100	608		4 250	4 250		90 229	446
Klépierre Trading SARL	189	-41	100	313	9 758	199	160		470	
KLE 1 SAS	6 048	196	100	7 406	393	60 154	60 154		49 576	57 898
Klépierre Vinaza SA	60	-6	100	-7 880	1 569	3 270	0		30 603	
Klé Projet 1 SAS	1 204	9 957	100	-1 083	254	11 702	11 664		28 857	
Klétransactions SNC	387	3 466	100	8	2 476	3 853	3 853		4 863	
Klépierre Luxembourg SAS	300	1 463	100	-8 026		2 000	2 000		216 947	
LP 7 SAS	45	51	100	-18		261	261		9	
Nancy Bonsecours SAS	39	38	100	-13		535	76			
Novate SRL	16 895	37 411	85	78		36 757	36 757			
Pasteur SNC	227	1 738	100	-5		2 091	1 966		1 595	
SCO SNC	14 223	104 544	80	13 062	25 486	163 527	163 527		6 441	
Ségécé SCS	1 412	2 691	100	11 809	91 955	49 304	49 304		40 352	5 410
Soaval SCS	402	1	80	-39		809	809	97 000	32 349	
Sodévac SNC	2 918	26 245	100	2 188	5 275	29 163	29 163		12 211	
Société des Centres Toulousains SNC	17 427	156 510	75	-6 203		131 863	131 863		181	
Sovaly SAS	469	-34	100	-41		787	435		311	
<b>TOTAL I</b>				<b>204 336</b>	<b>315 878</b>	<b>3 366 890</b>	<b>3 360 551</b>	<b>374 000</b>	<b>1 179 782</b>	<b>120 081</b>

Financial information on Subsidiaries and Holdings in thousands of euros	Capital	Shareholder equity other than capital stock & income	Percentage holding	Net earnings at year-end	Pre-tax revenue	Gross carrying amount	Net carrying amount	Guarantees and sureties given	Loans and advances granted	Dividends received
<b>2. EQUITY HOLDINGS OF BETWEEN 10% AND 50%</b>										
Antin Vendôme SC	15		50	-3		8	8		101	
Bassin Nord SCI	44 827		50	-2 327		22 413	22 413		32 000	
Bègles d'Arcins SCS	26 679	17 383	50	5 780	9 232	41 837	41 837	4 994	4 175	3 456
Galae SNC	330	0	49	630	1 244	490	162			
La Plaine du Moulin à Vent SCI	28 593	25 285	50	60	1 227	26 939	26 939		2 969	
Le Havre Vauban SNC	300	5	50	150	667	237	237			
Le Havre Lafayette SNC	525	9	50	1 654	5 557	983	983			
Odysseum Place de France SCI	53	1	50	48	85	174	174	38 655	65 204	
Solorec SC	4 869	2 768	49	22 036	29 206	124 104	124 104		18 465	
<b>TOTAL II</b>				<b>28 028</b>	<b>47 218</b>	<b>217 185</b>	<b>216 857</b>	<b>43 649</b>	<b>122 914</b>	<b>3 456</b>
<b>3. Other</b>										
<b>TOTAL III</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL I + II + III</b>				<b>232 364</b>	<b>363 096</b>	<b>3 584 075</b>	<b>3 577 408</b>	<b>417 649</b>	<b>1 302 696</b>	<b>123 537</b>

### 3.2.2 RECEIVABLES FROM EQUITY SECURITIES

#### **Note 6 - Receivables from equity securities**

<i>in thousands of euros</i>	<b>December 2008</b>	<b>December 2007</b>	<b>December 2006</b>
Advances on equity securities	<b>2 583 598</b>	<b>2 284 951</b>	<b>1 484 767</b>
Interest accrued on advances	<b>123 994</b>	<b>106 245</b>	<b>52 967</b>
Share of earnings	<b>122 087</b>	<b>101 225</b>	<b>79 542</b>
Impairment of receivables from equity securities	- <b>6 251</b>	-	-
<b>Total</b>	<b>2 823 428</b>	<b>2 492 421</b>	<b>1 617 276</b>

The majority of the increase shown in the "Advances on equity securities" item refers to advances made to:

- Storm Holding Norway AS: 217.5 million euros in respect of shares in Steen & Strom, Oslo, Norway
- The Swedish company Nordica Holdco AB: 68.9 million euros in respect of shares in Storm Holding Norway AS
- Galeries Drancéennes SCI: 15 million euros in respect of a center in Drancy
- Soaval SCS: 32.3 million euros in respect of a development project at the Gare Saint-Lazare
- Klépierre Tourville SCI: 7.5 million euros in respect of the center in Tourville
- Klépierre Créteil SCI: 6.8 million euros in respect of the BHV in Créteil

Having fully impaired the shares in Klépierre Vinaza (Spain), a provision of 6.2 million euros was recognized in respect of these receivables.

### 3.3 Other assets

#### 3.3.1 LOANS

Loans made by Klépierre SA totaled 149.3 million euros, including interest. These loans were made to the directly-owned subsidiary companies Le Havre Lafayette and Le Havre Vauban.

A 3-year 130 million euro loan was made to Klémurs SCA.

Loan and interest payments totaling 2.8 million euros were made in 2008.

#### **Note 7 - Other financial assets**

<i>in thousands of euros</i>	<b>December 2008</b>	<b>December 2007</b>	<b>December 2006</b>
Deposits paid	<b>120</b>	<b>120</b>	<b>128</b>
Treasury stock	<b>56 440</b>	<b>41 935</b>	-
Impairment of treasury stock	- <b>22 935</b>	-	-
<b>Total</b>	<b>33 625</b>	<b>42 055</b>	<b>128</b>

Treasury stock acquired for the purpose of transfer to a vendor as part of an external growth transaction totaled 56.4 million euros.

These shares have been provisioned at 22.9 million euros, since the average stock market price for the last month of the fiscal year was lower than the acquisition value.

### 3.4 Trade and other receivables

All trade receivables (5.6 million euros) are due within one year.

Other receivables are shown in the following tables, broken down by due date:

#### Note 8 Other receivables

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
<b>Government</b>	<b>12 033</b>	<b>6 523</b>	<b>8 240</b>
* VAT	2 308	1 780	8 206
* Accrued revenue	34	2 613	34
*Government – Corporate Income Tax	9 691	2 130	-
<b>Other receivables</b>	<b>2 786</b>	<b>18 474</b>	<b>18 146</b>
* Receivables for fixed asset disposals	3	3	14
* Accrued interest on interest rate SWAP	-	16 402	15 735
* Other	2 783	-	2 397
<b>Total</b>	<b>14 819</b>	<b>24 997</b>	<b>26 386</b>

#### Receivables maturity schedule

<i>in thousands of euros</i>	Total	Less than 1 year	1-5 years	More than 5 years
<b>Government</b>	<b>12 033</b>	<b>12 033</b>	-	-
* VAT	2 308	2 308		
* Accrued revenue	34	34		
*Government – Corporate Income Tax	9 691	9 691		
<b>Other receivables</b>	<b>2 786</b>	<b>2 786</b>	-	-
* Receivables for fixed asset disposals	3	3		
* Accrued interest on interest rate SWAP	-	-		
* Other	2 783	2 783		
<b>Total</b>	<b>14 819</b>	<b>14 819</b>	-	-

The reduction in the "Accrued revenue" item refers essentially to a VAT refund of 2.6 million euros.

The "Government – Corporate Income Tax" item refers to:

- A carry back of 7.9 million euros
- A net amount receivable of 1.7 million euros in relation to corporate income tax for the 2008 fiscal year.

### 3.5 Investment securities and treasury shares

At December 31, 2008, the stock of treasury shares totaled 3,779,079 (2.65% of all shares issued), with an acquisition value of 107.9 million euros.

This stock is allocated as follows:

- 1,523,418 shares to the stock options plan
- 259,683 actions to the market liquidity agreement used to regulate the share price
- 1,995,978 shares to cover external growth transactions, and recognized in financial assets

824,339 treasury shares held under the market liquidity agreement were sold during the 2008 fiscal year, resulting in a net capital loss of 3.7 million euros for the fiscal year.

Totaling 3 million euros, the "Other securities" item refers to short term cash investments.

An additional 9.8 million euro provision for impairment of investment securities (stock options) was recognized during the 2008 fiscal year.

### 3.6 Accrued expenses and deferred expenses

#### Note 9 - Accruals - assets

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
<b>Prepaid expenses</b>	<b>24 797</b>	<b>48 321</b>	<b>77 804</b>
* Spread swaps cash payment	19 707	42 732	71 994
* parking concession	-	49	63
* construction lease	4 947	5 210	5 486
* Other	143	330	261
<b>Deferred charges</b>	<b>12 850</b>	<b>8 487</b>	<b>6 847</b>
* Bond issue costs	335	3 755	4 672
* Lender loan issue costs	12 515	4 732	2 175
<b>Bond issue premiums</b>	<b>6 589</b>	<b>8 166</b>	<b>9 960</b>
<b>Total</b>	<b>44 236</b>	<b>64 974</b>	<b>94 611</b>

The "Construction lease" item refers to the building at 43 rue de Grenelle in Paris (15<sup>th</sup> arrondissement)

## 4 NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES

### 4.1 Equity

#### Note 10 - Stockholder equity

<i>in thousands of euros</i>	at 31 December 2007	Application of income	Distribution	Other	At fiscal year end
<b>Equity capital (1)</b>	<b>193 890</b>		<b>5 567 (1)</b>	<b>33 243 (2)</b>	<b>232 700</b>
<b>Additional paid-in capital from issues, contributions and merger premiums</b>					
*Issue premiums	82 803		<b>125 196 (1)</b>	315 900 (2)	523 899
*EOC issue premiums	174 012				174 012
*Contribution premium	259 318				259 318
*Merger premiums	113 297				113 297
Positive merger variance	187 452				187 452
Positive cancelled share variance	18 305			2 (3)	18 307
Legal reserve	18 466	923			19 389
<b>Other reserves</b>					
*Regulated reserves	-	-			-
*Other reserves	168 055				168 055
<b>Retained earnings</b>	<b>302 964</b>	<b>299 949</b>	<b>- 173 116</b>	<b>3 700 (4)</b>	<b>433 497</b>
<b>Income for the period</b>	<b>300 872</b>	<b>- 300 872</b>		<b>172 937</b>	<b>172 937</b>
<b>Total</b>	<b>1 819 432</b>	<b>-</b>	<b>- 42 353</b>	<b>525 782</b>	<b>2 302 862</b>
<b>(1) Composition of equity capital</b>					
Ordinary shares	138 492 687		3 976 826	23 744 918	166 214 431
nominal value (€)	1,40		1,40	1,40	1,40

(1) Capital increase for payment of the dividend in the form of shares

(2) Capital increase by rights issue

(3) The increase in the positive canceled share variance refers to the complete transfer of assets and liabilities of Tour Marcel Brot SCI

(4) The increase in retained earnings refers to the dividends relating to allocated treasury stock (3,700,000 euros)

The capital increase conducted in the first half of the year results from the option offered to Klépierre SA shareholders to receive their dividends in the form of shares, which is described in greater detail in section 1. Significant events of the 2008 fiscal year.

The amount of 38.4 million euros refers to those dividends paid in cash to shareholders not taking up the option to be paid in shares.

The rights issue resulted in the creation of 23,744,918 new shares with a gross value of 356.2 million euros.

7 million euros of expenses relating to this capital increase have been allocated to the issue premium.

## 4.2 Provisions for contingencies and losses

### Note 11 - Provisions for contingencies and losses

<i>in thousands of euros</i>	December 2008	Allowances	Reversals	Merger	December 2007	December 2006
Other provisions for contingencies and losses	288	85	-	39	242	875
<b>Total</b>	<b>288</b>	<b>85</b>	<b>-</b>	<b>39</b>	<b>242</b>	<b>875</b>

Allowances refer chiefly to risks related to new business campaigns.

## 4.3 Borrowings and financial debt

### Note 12 - Borrowings and other debt

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
<b>Other bond issues</b>	<b>1 336 578</b>	<b>1 954 263</b>	<b>1 954 263</b>
* Primary debt	1 300 000	1 900 000	# 1 900 000
* Accrued interest (1)	36 578	54 263	# 54 263
<b>Borrowings and loans from credit institutions</b>	<b>3 330 238</b>	<b>1 815 859</b>	<b>1 123 858</b>
* Syndicated loan	2 390 000	1 650 000	950 000
* Accrued interest on syndicated loan	5 131	1 818	1 922
* Bilateral contract	135 000	135 000	135 000
* Accrued interest on bilateral contract	118	118	118
* Club deal	750 000	-	-
* Bank overdrafts	24 320	28 843	36 747
* Interest earned on bank accounts	87	80	71
* Accrued interest on SWAP	25 582	-	-
<b>Other borrowings and financial debt</b>	<b>298 970</b>	<b>377 135</b>	<b>250 240</b>
* Deposits and guarantees received	2 399	3 319	3 553
* Cash centralization scheme	186 175	144 672	155 427
* Commercial paper	90 000	220 000	90 000
* Debts on equity securities	14 071	-	-
* Accrued interest on debts	384	-	-
* Share of earnings	5 941	9 144	1 260
<b>Total</b>	<b>4 965 786</b>	<b>4 147 257</b>	<b>3 328 361</b>

(1) Coupon payable on 15 July and 16 March

At December 31, 2008, the main sources of borrowing were as follows:

- a 600 million euro bond issue made in July 2004 with a 4.625% coupon and a maturity date of July 2011
- a 700 million euro bond issue made in March 2006 with a 4.25% coupon and a maturity date of March 2016
- a 1,200 million euro syndicated loan contracted in 2006 (maximum authorized borrowings of 1,200 million euros)
- a 950 million euro syndicated loan contracted in 2007 (maximum authorized borrowings of 1,000 million euros)
- a 240 million euro bilateral syndicated loan contracted in 2008 (maximum authorized borrowings of 400 million euros)
- a 750 million euro club deal contracted in 2008 with a single drawdown
- a 135 million euro bilateral loan issued in December 2004
- a 90 million euro commercial paper facility (secured by a backup line of credit totaling 300 million euros)

The maturity dates of financial debt at December 31, 2008 were as follows:

**Debt maturity schedule**

<i>in thousands of euros</i>	<b>Total</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Other bond issues</b>	<b>1 336 578</b>	<b>36 578</b>	<b>600 000</b>	<b>700 000</b>
* Primary debt	1 300 000		600 000 (1)	700 000 (2)
* Accrued interest	36 578	36 578		
<b>Borrowings and loans from credit institutions</b>	<b>3 330 238</b>	<b>55 238</b>	<b>2 325 000</b>	<b>950 000</b>
* Syndicated loan	2 390 000		1 440 000	950 000
* Accrued interest on syndicated loan	5 131	5 131		
* Bilateral contract	135 000		135 000	
* Accrued interest on bilateral contract	118	118		
* Club deal	750 000		750 000	
* Bank overdrafts	24 320	24 320		
* Interest earned on bank accounts	87	87		
* Accrued interest on SWAP	25 582	25 582		
<b>Other borrowings and financial debt</b>	<b>298 970</b>	<b>282 500</b>	<b>14 071</b>	<b>2 399</b>
* Deposits and guarantees received	2 399			2 399
* Cash centralization scheme	186 175	186 175		
* Commercial paper	90 000	90 000		
* Debts on equity securities	14 071		14 071	
* Accrued interest on debts	384	384		
* Share of earnings	5 941	5 941		
<b>Total</b>	<b>4 965 786</b>	<b>374 316</b>	<b>2 939 071</b>	<b>1 652 399</b>

(1) July 2011 600,000,000 euros

(2) March 2016 700,000,000 euros

## 4.4 Trade and other payables

All trade receivables are due within less than one year.

## 4.5 Taxes and social contributions

### Note 13 - CORPORATE INCOME TAX and EXIT TAX

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
<b>EXIT TAX</b>	<b>1 837</b>	<b>3 675</b>	<b>5 512</b>
* SCO0 SNC	1 837	3 675	5 512
<b>CORPORATE INCOME TAX</b>	-	-	<b>825</b>
<b>OTHER TAXES</b>	<b>11 396</b>	<b>11 148</b>	<b>13 383</b>
<b>Total</b>	<b>13 233</b>	<b>14 823</b>	<b>18 070</b>

#### □ 1) EXIT TAX:

The company's debt to the French treasury changed as follows during the fiscal year:

- €1.8 million was paid in 2008 in respect of the 3rd quarter of the exit tax arising as a result of SCO0 equity entering the SIIC scheme in 2005.

#### □ 2) OTHER TAXES:

The "Other taxes" item refers to:

- 10.8 million euros of tax payable. In 2006, Klépierre was the subject of tax investigation covering the 2003 and 2004 fiscal years. A demand received in December 2006 in relation to the 2003 fiscal year is contested by the company.

## 4.6 Other debts

### Note 14 - Other debts

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
Advances and Interests on advances	-	-	<b>511</b>
Accrued interest on interest rate SWAP	-	<b>9 256</b>	<b>7 751</b>
Other *	<b>3 307</b>	<b>3 273</b>	<b>3 195</b>
<b>Total</b>	<b>3 307</b>	<b>12 529</b>	<b>11 457</b>

\* Due within one year

## 4.7 Prepaid income

### Note 15 - Accruals - Liabilities

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
<b>Accrued income</b>	<b>3 296</b>	<b>10 748</b>	<b>24 435</b>
* Spreading of swap settlement	3 063	10 748	24 435
* Other	233	-	-
<b>Total</b>	<b>3 296</b>	<b>10 748</b>	<b>24 435</b>

## 5 NOTES TO THE FINANCIAL STATEMENTS: INCOME STATEMENT

### 5.1 Operating income

The sole source of revenue is rents from the letting of office buildings. Most of this rental income is generated in Paris and the Paris Region.

Operating income for the year was 1.1 million euros higher than the figure for December 31, 2007.

### 5.2 Share of income from joint operations

This tem totaled 148.6 million euros at December 31, 2008.

The major contributions to this total were:

- the company's share of the 2007 earnings reported by Ségécé, Klécar Europe Sud and Bègles Arcins, which totaled 11.8 million euros and refers to the assignment of profits from limited partnerships
- 20.4 million euros in pre-payment against the company's share of the 2008 earnings of Klécar Europe Sud and Bègles Arcins
- the company's share of the 2008 earnings reported by Klécar France (86.7 million euros), Solorec (10.8 million euros) and SCOO (10.4 million euros)

### 5.3 Financial income/loss

At December 31, 2008, financial income/loss represented a loss of 24.8 million euros, compared with a profit of 91.8 million euros at December 31, 2007.

#### 5.3.1 FINANCIAL REVENUE

##### Note 16 - Financial Income

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
Income from sales of investment securities	167	208	188
Income from interest rate swaps *	11 629	-	-
Income from equity holdings	111 774	166 257	79 154
Positive variance from merger and cancelled shares	256	5 041	29 543
Interest on affiliated company advances	134 980	100 942	65 099
Other interest received	574	194	357
Other revenue and financial income	504	32	316
Reversal of financial provisions	2 214	819	2 850
Transfer of financial expenses	9 472	5 356	4 787
<b>TOTAL FINANCIAL INCOME</b>	<b>271 570</b>	<b>278 849</b>	<b>182 294</b>

\* Swap-related income and expenses are netted

At December 31, 2008, net income from swaps comprised:

- net interest income of 26.9 million euros
- deferred swap balancing payments representing an expense of 15.3 million euros

The change in income from equity holdings refers principally to:

- An increase in dividends paid in the form of issue premium distributions in respect of Klé1 SAS (54.2 million euros) and Klémurs SCA (5.1 million euros)
- An increase of 20.6 million euros in the dividends paid by Poitiers Aliénor SAS
- A decrease of 96.5 million euros in the dividends paid by CAPUCINE BV

The majority of the "Positive variance from merger and cancelled shares" item refers to the positive variance on the CTAL relating to SAS Poitiers Aliénor (0.2 million euros).

The "Reversal of financial provisions" item refers essentially to the reversal of provisions on Centre Bourse SNC shares (1.5 million euros) and Sviluppo Klépierre Finim SPA shares (0.2 million euros).

At December 31, 2008, the "Transfer of financial expenses" item referred to the spreading of bank lending commissions. The main reason for the increase seen in this item is the spreading of the financial expenses relating to a new Club Deal loan of 3.8 millions euros and a new syndicated loan of 0.6 million euros.

### 5.3.2 FINANCIAL EXPENSES

#### Note 17 - Financial Expenses

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
Interest on bond issues	76 678	94 250	88 219
Interest on affiliated company debts	384	-	-
Interest on loans from credit institutions	126 091	67 984	29 271
Other bank interest	-	14	22
Expenses relating to swaps*	-	2 118	13 220
Interest on current accounts and credit deposits	11 651	9 983	10 557
Negative canceled share variance CTAL	10	367	-
Other financial expenses	8 265	3 910	5 806
Amortization allowance on bond issue premiums	1 576	1 794	1 655
Amortization allowance on loan issue fees	2 277	1 244	1 042
Allowances on financial provisions	42 273	5 324	654
Currency exchange losses	27 223	-	-
<b>TOTAL FINANCIAL EXPENSES</b>	<b>296 428</b>	<b>186 987</b>	<b>150 446</b>

The increase in loan interest is attributable to 30.6 million euros of the 1 billion euro syndicated loan issued in September 2007, and loans totaling 25.2 million euros in 2008.

Allowances on financial provisions include:

- 33 million euros of provisions relating to company shares
- 10 million euros of provisions relating to Klépierre Vinaza

The 27 million euro Currency exchange losses item refers to the Norwegian acquisition.

Interest on loans from credit institutions comprises:

- 90.1 million euros in syndicated loan interest

- 8.4 million euros in commercial paper
- 22.8 million euros in club deal interest
- 4.8 million euros bilateral loan interest

Interest on current accounts and credit deposits comprises:

- 10.5 million euros in cash centralization scheme interest
- 1.1 million euros in bank overdraft interest

The "Other financial expenses" item is attributable chiefly to loan commissions, the main constituents of which are 3.9 million euros in relation to the club deal and 4.3 million in relation to the syndicated loans.

## 5.4 Non-recurring income/loss

### Note 18 - Non-recurring income

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
Capital gains and losses on tangible and financial assets	22 726	30 252	31 310
Capital gains and losses of treasury stock	- 3 746	- 346	1 987
Other non-recurring income and expenses	255	2 596	505
<b>Total</b>	<b>19 235</b>	<b>32 502</b>	<b>33 802</b>

The net capital gain of 22.7 million euros refers essentially to:

- The capital gain made on the 23 million euro disposal of the office building at 46 Notre Dame.

The "Other non-recurring income and expenses" item refers essentially to the adjustment made to the price Société Espace Cordeliers following the complete transfer of assets and liabilities from Poitiers Aliénor SAS.

## 5.5 Corporate income tax

### Note 19 - Corporate income taxes

<i>in thousands of euros</i>	December 2008	December 2007	December 2006
Tax and contributions	162	-	15 105
Reduced rate tax and contributions	-	-	211
Income - loss carryback	7 915	-	-
<b>Total</b>	<b>8 077</b>	<b>-</b>	<b>15 316</b>

The "Income - loss carryback" item of 7.9 million euros is made up of 3.5 million euros from the 2005 fiscal year, 3 million euros from the 2006 fiscal year and 1.4 million euros from the 2007 fiscal year.

## 6 NOTES TO THE FINANCIAL STATEMENTS: OFF-BALANCE SHEET COMMITMENTS

### 6.1 Reciprocal commitments relating to interest rate hedging instruments

At December 31, 2008, Klépierre SA held a portfolio of interest rate hedging instruments, all of which were intended to hedge a proportion of current debt and future debt on the basis of the total funding requirements and corresponding terms set out in the group financial policy.

The unrealized capital loss on interest rate hedging instruments at December 31, 2008 totaled 123.6 million euros (excluding accrued coupons).

#### Note 20 - Reciprocal commitments - Interest rate swaps

##### Firm deals

<b>Firm deals</b>	<b>December 2008</b>	<b>December 2007</b>	<b>December 2006</b>
<i>in thousands of euros</i>			
Fixed rate payer Klépierre - Variable rate payer BNP-Paribas	3 850 000	2 350 000	1 700 000
Fixed rate payer BNP-Paribas - Variable rate payer Klépierre	600 000	600 000	600 000

##### Impact on income

<b>Impact on income (reference capital 1 - 10 years)</b>	<b>December 31, 2008</b>	
	<b>Income</b>	<b>Expenses</b>
<i>in thousands of euros</i>		
Fixed rate payer Klépierre - Variable rate payer BNP-Paribas	130 592	97 533
Fixed rate payer BNP-Paribas - Variable rate payer Klépierre	27 750	33 839

**Note 21 - Off-balance sheet commitments**

<i>in thousands of euros</i>	<b>December 2008</b>	<b>December 2007</b>	<b>December 2006</b>
<b>Commitments given</b>			
Commitments on purchases of securities and malls	82 292	355 364	428 047
Commitments to buy	-	11 767	11 767
Funding commitments given to credit institutions	486 571	426 449	227 752
Other commitments given	-	-	7 388
<b>Total</b>	<b>568 863</b>	<b>793 580</b>	<b>674 954</b>
<b>Commitments received</b>			
Deosits received from tenants	6 246	6 294	4 095
Funding commitments received from credit institutions	420 000	630 000	460 000
Commitments to purchase securities	-	-	-
Commitments for the sale of buildings	-	-	48 375
<b>Total</b>	<b>426 246</b>	<b>636 294</b>	<b>512 470</b>

The "Commitments on purchases of securities and malls" item refers essentially to:

- the outline agreement with Eiffage for the purchase of a shopping center in Vannes at a cost of 50.5 million euros
- other commitments totaling 31.5 million euros

The change in the "Funding commitments received from credit institutions" item refers to the remaining unused balance of 420 million euros originating in the syndicated loans of 2006 and 2007 and the bilateral loan of 2008.

Klépierre SA also signed a property development contract for the construction of an office building at Issy Les Moulineaux. Payment outstanding for this project totaled 4.8 million euros at December 31, 2008.

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

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

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

Each agreement also contains two types of provision:

- One in favor of Klépierre: an obligation for the minority shareholders to exit at the request of Klépierre in the event of assets being sold to a third party

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

□ ***Partners' agreement between Klépierre, Kléfin, Finiper, Finiper Real Estate & Investment, Ipermontebello, Immobiliare Finiper and Cedro 99 in respect of Immobiliari Galerie Commerciali (IGC) and Clivia***

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

Its main provisions – including those regarding Klépierre's preemptive right – were restated in a new agreement that now applies to IGC and/or Clivia (the owner of the Lonato, Verona and Vittuone malls).

It also includes a PUT (option to sell) in favor of Finiper, enabling the latter to sell its shares in IGC and/or Clivia to Klépierre. This 10-year PUT cannot be split for IGC (it must be exercised on all the shares held by Finiper), but may be split into two parts (each of 25%) for Clivia. Any refusal by Klépierre gives Finiper entitlement to a penalty.

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

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

- A one-year inalienability period applied to Steen & Strøm shares from the date of acquisition
- Each party has right of first offer on any shares which the other party wishes to transfer to a third party, subject to the proviso that where shares are transferred by a party (other than Klépierre or one of its associated companies) to a competitor entity (as defined in the agreement), the shares concerned will be subject to a right of first offer
- From the sixth year following acquisition, either party may request a meeting of shareholders to approve, subject to a two-thirds majority, the disposal of all the shares in Steen & Strøm, or a market flotation of the company

□ ***Ségécé counter guarantee***

Klépierre has an agreement with its subsidiary company Ségécé under which the latter is granted a global mandate to identify new investment projects. Under this agreement, Klépierre SA guarantees 75% the expenses involved in these development projects and stocked by SCS Ségécé until completion of the transaction.

## 7 ITEMS CONCERNING AFFILIATED COMPANIES

### Note 22

<b>Item</b>	<b>Amount</b>
<i>in thousands of euros</i>	
Advances and pre-payments on fixed assets	-
Net investments securities	3 577 408
Loans to subsidiaries and affiliated companies	2 492 420
Loans	149 288
Advances and pre-payments to suppliers (current asset)	-
Trade receivables and similar accounts	365
Other receivables	34 582
Accruals	-
Subscribed capital called but not paid	-
Convertible bond issues	-
Other bond issues	200 000
Borrowings and debts with credit institutions	1 875 025
Other borrowings and financial debt	296 929
Advances and pre-payments received	9
Trade and other payables	2 569
Other debts	25 593
Operating income	3 246
Operating expenses	6 672
Financial income	423 589
Financial expenses	242 439

On the basis of the position at December 31, 2008, BNP Paribas share of bank loans totaled 2,060 million euros, of which 1,875 million euros had been used. This lending compares with the total authorized amount of 3,508 million euros, of which 3,298 million euros have been used. These amounts do not include the 300 million euros represented by the back-up line of commercial paper (not drawn down) in which BNP Paribas has an interest of 150 million euros.

## **8 OTHER INFORMATION**

### ***8.1 Events occurring after the balance sheet date***

None.

### ***8.2 Employees***

The company has no employees.

### ***8.3 Loans and guarantees granted and set up for corporate officers and Supervisory Board members***

None.

### ***8.4 Compensation paid to supervisory board members***

Fees totaling 270,000 million euros were paid 2008 fiscal year.

## 9 CONSOLIDATION INFORMATION

The Klépierre corporate financial statements are fully consolidated by Klépierre SA, which are then included in the financial statements of BNP-Paribas.