Annual Shareholders Meeting

April 7, 2005

Appointment of the Registration Committee

2004 Management Report

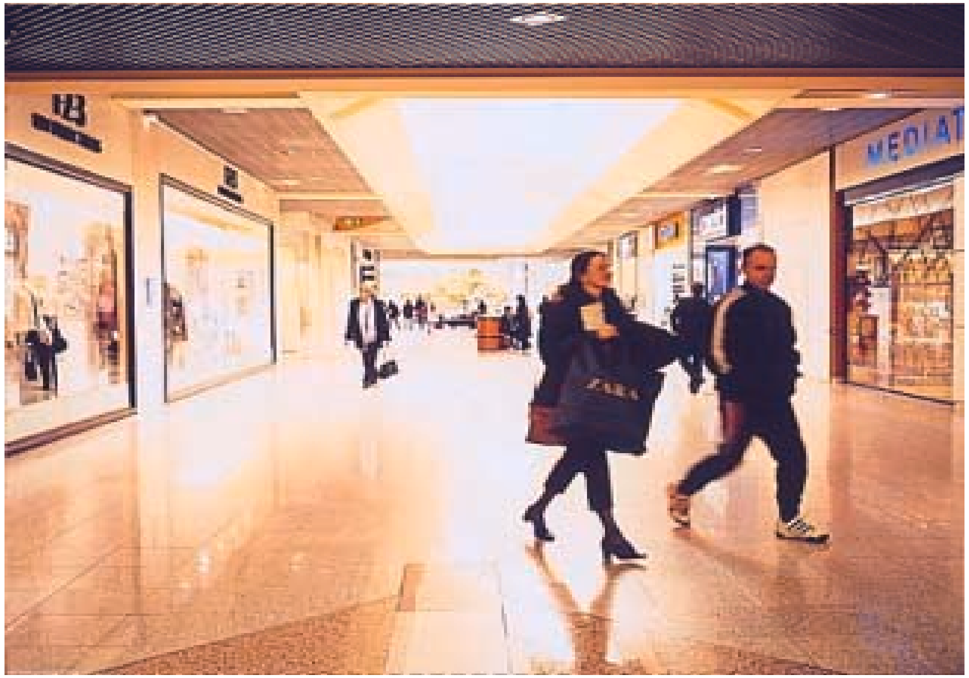
OUTLINE

OUTLINE

- **Operating highlights in 2004**
  - Shopping centers
  - Offices

- **Financial Highlights**

- **Outlook**



OPERATING HIGHLIGHTS

Operating highlights

2004: robust growth trend confirmed

- Key Indicators up by more than 10%
- Good balance between key growth drivers
- Strong presence on all our markets

Acquisitions
€682M

Rents
+12.6%

Net current cash flow[1]
+16.8%

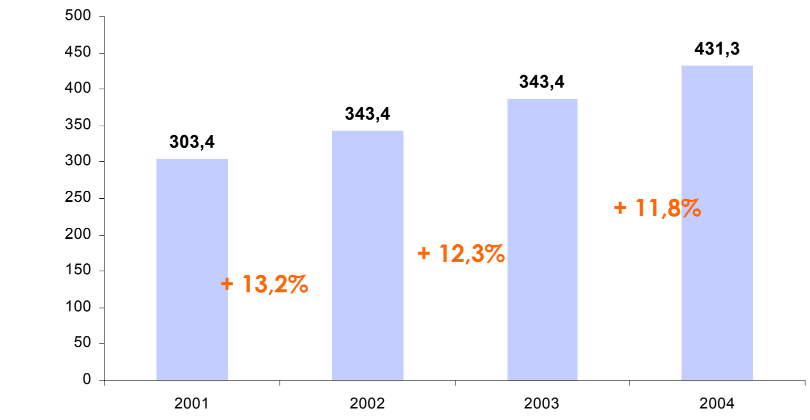
Revalued Net Assets[1]
+12.7%

[1] Per share

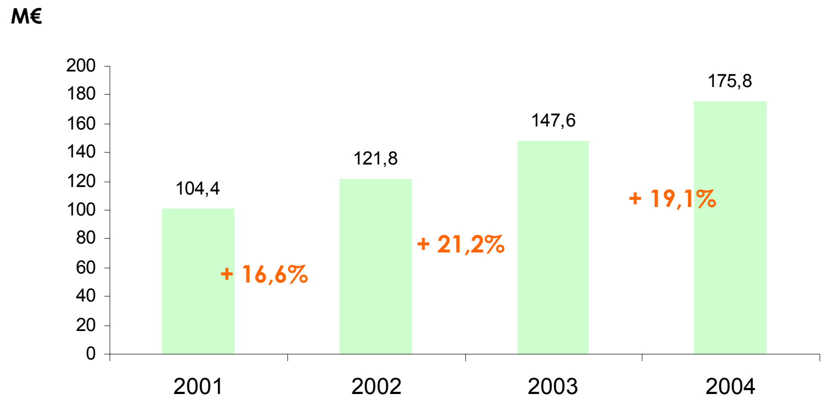
All Key performance indicators up by 10%

Operating highlights

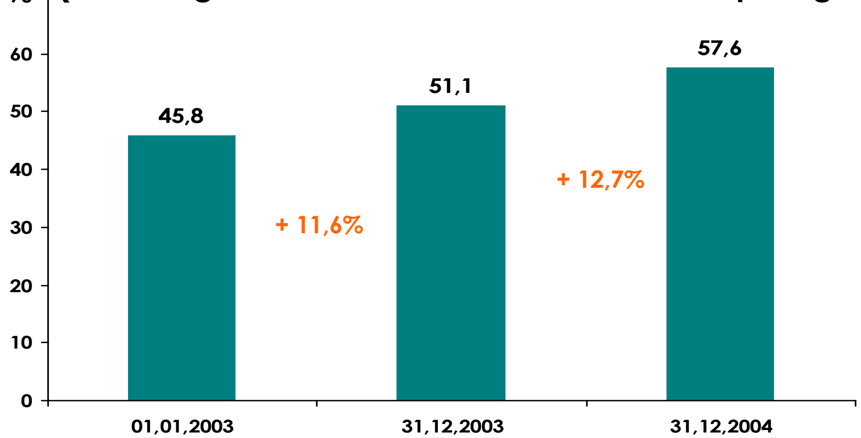
Revenues – total share (excl dvpt)



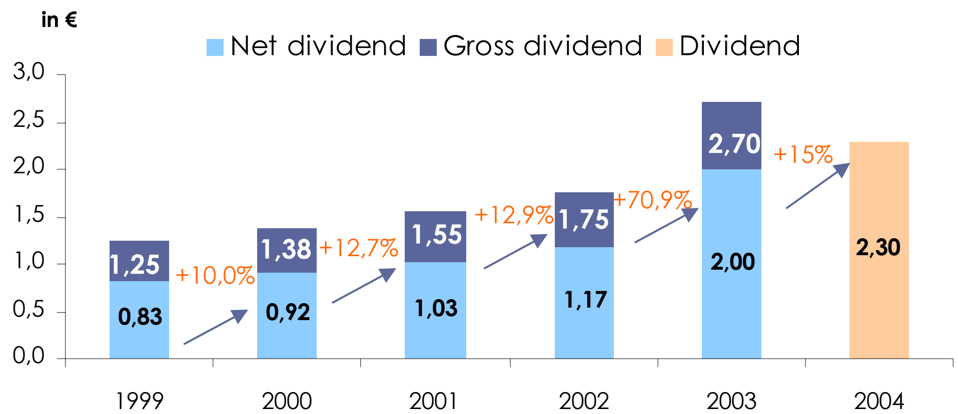
Net current cash flow – group share (excl dvpt)



Revalued net assets per share (including duties, after deferred taxes on capital gains)



Dividend



Solid growth model over medium term period

Operating highlights

Good balance between all key growth drivers

Geographic

- An operating presence in 9 countries
- 36% of lease income generated in France (43% from shopping centers)
- Rents +6.0% in France and +43.4% outside France

Portfolio mix

- Downtown shopping centers
- Inter-communal centers
- Regional malls

Organic/ external

- €682M invested in 2004, o/w €673M in shopping centers
- Shopping center rents up 4.4% on average (constant portfolio)
- Upward trend in rents maintained
  - More than 900 leases negotiated in the various countries combined

Operating highlights

A group with strong presence on all its markets

- **223 centers in Europe, covering 1,635,000 sq. m.**
- **€ 333.1 M in shopping center rents, o/w 43% earned outside of France**
- **A team of 800 dedicated to management and development**
  - Full ownership of Centros Shopping Gestion acquired in Spain
  - 50% stake acquired in PCM (Hungarian property management firm)
  - Creation of Ségécé Hellas
- **Solid foothold on Europe's increasingly convergent markets**
  - France
  - Spain
  - Italy
  - Hungary

SHOPPING CENTERS

Good performance across Europe

Shopping Centers

- **Shopping mall sales revenue growth**

	Aggregate change 2004
o/w France	2.8%
o/w Spain	6.5%
o/w Italy	1.1%
TOTAL EUROPE	**3.2%**

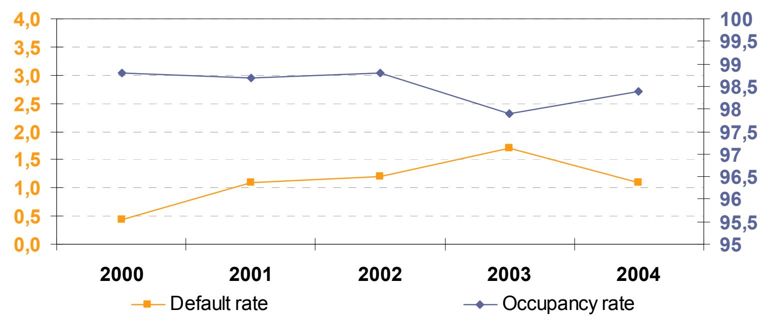
- **GDP growth in major countries of Europe**

	France	Spain	Italy	Hungary
2004 GDP growth	2.3%	2.6%	1.3%	3.9%
2005 GDP growth (Est.)	2.0%	2.7%	1.7%	3,6%

- **Significant lease revaluation**

2004	France	Spain	Italy	TOTAL
Nb. renogotiated leases	451	306	124	906
% rent increase	+20.8%	+5.1%	+29.4%	+20.0%

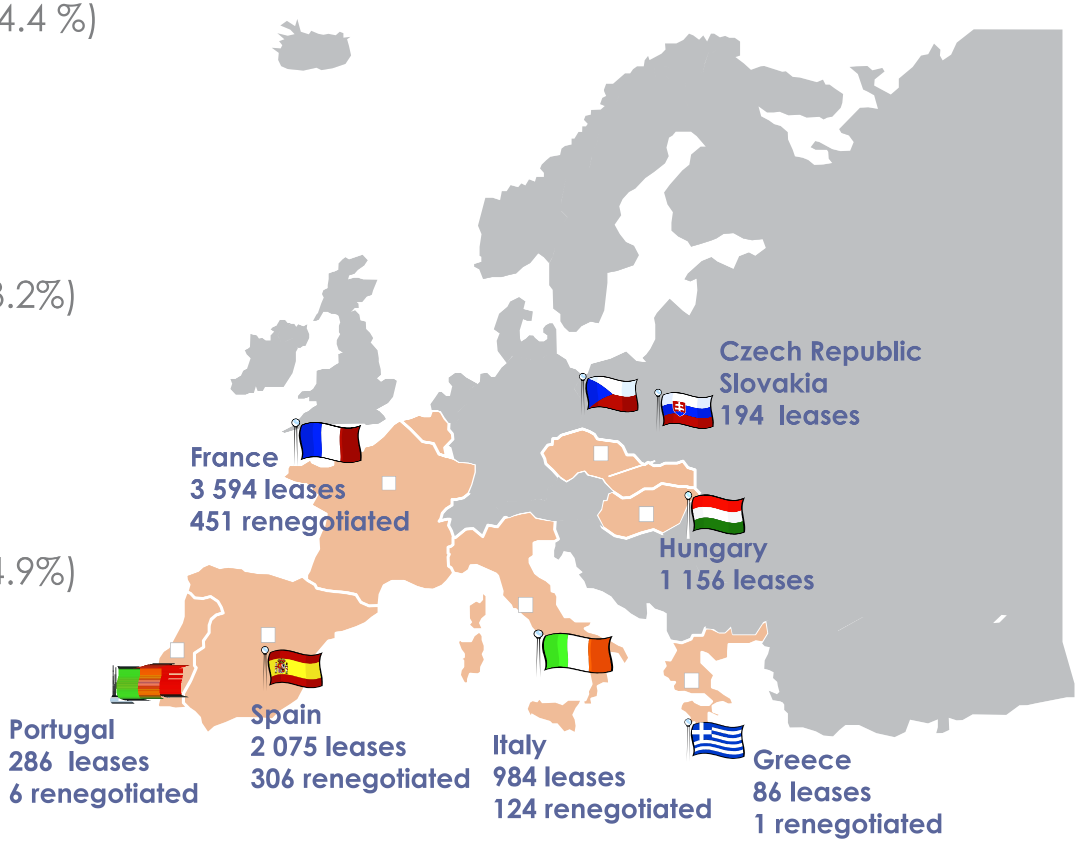
- **High occupancy rate**
  Low default rate



Steady and sustained organic growth

Shopping Centers

- **France**
  - Rents : €190.0 M (+6.0%)
  - Constant portfolio: €181.7M (+4.4 %)
  - Indexation: +3.4%
  - Occupancy rate: 99.2%
- **Spain**
  - Rents : €51.3 M (+28.4%)
  - Constant portfolio: €37.9 M (+3.2%)
  - Indexation: +2.4%
  - Occupancy rate: 96.7%
- **Italy**
  - Rents : €48.9 M (+19.0%)
  - Constant portfolio: €42.5 M (+4.9%)
  - Indexation: +2.4%
  - Occupancy rate: 98.2%
- **Other**
  - Rents : €42.8 M

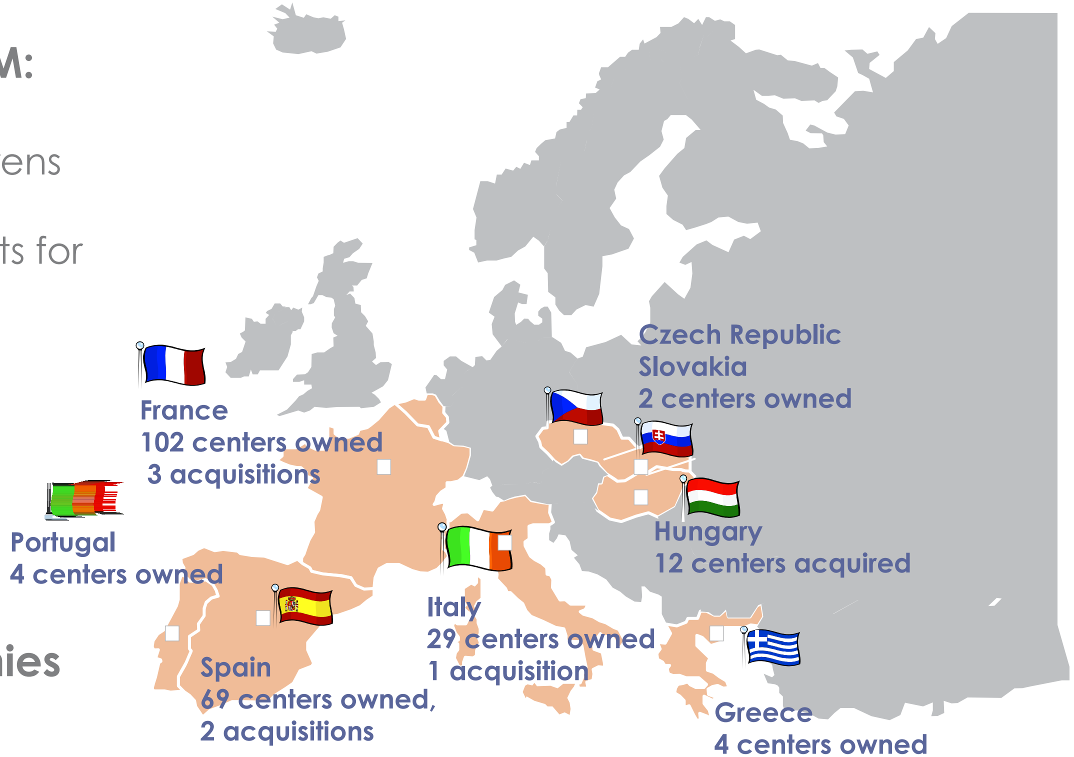


A portfolio of 223 shopping centers = 1 635 000 sq.m

A unique potential for growth in Europe

Shopping Centers

- **Acquisitions in 2003: €584 M [1]**
- **Acquisitions in 2004: €672.9 M[1]**
  - ü **Centers acquired for €658.2 M:**
    - France €242.2M o/w:
      - Toulouse Blagnac and St. Orens
      - 38.33% of Noisy Arcades
      - 25 outside medium-sized units for €26.2M
    - Spain €65.5 M o/w:
      - Vallecas and Santander
    - Italy €42.9M o/w:
      - Serravalle
    - Hungary: €274.5M
    - Other: €33.1M
  - ü **€14.7M from service companies**
    - 50%: PCM and Centros Shopping Gestion



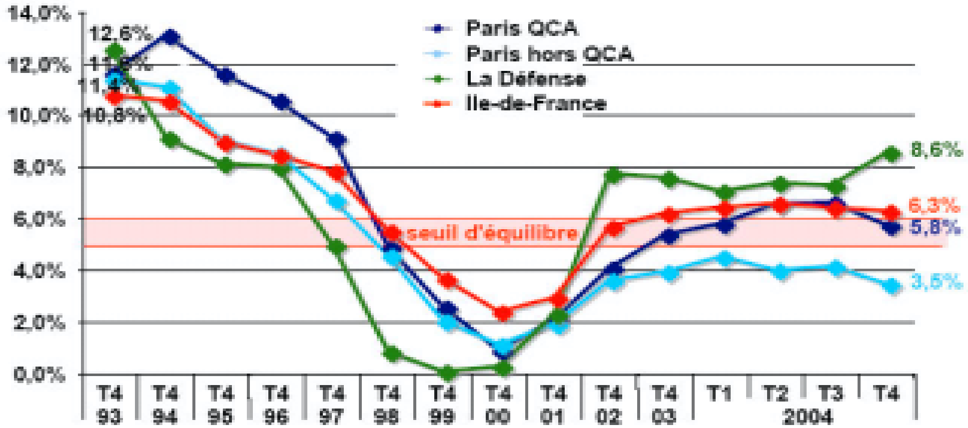
- **Disposals in 2004: €75M, o/w**
  - 8.76% of Créteil Soleil
  - 50% of Marseille Bourse

[1] *Actual outlay during the period*

OFFICE PROPERTIES

Office properties show stability, despite a rental market that has bottomed out

Vacancy rate in Île de France



Source : ATIS REAL

- **Office property rents stable on a constant portfolio basis:**
  - €59.2 million: +0.6% versus 2003
    - **Indexing: +2.9%**
    - **Re-letting: +2.1%**
    - **Vacancy: -4.4%**

- **On a current portfolio basis: €64.5 million: -13.1% vs. 2003**
  - Effect of disposals completed in 2003 and 2004
  - €10M reduction in lease income base

- **Financial occupancy rate**
  - 93.4% at December 31, 2004
  - Decrease accentuated by the policy of selling off recently re-let properties

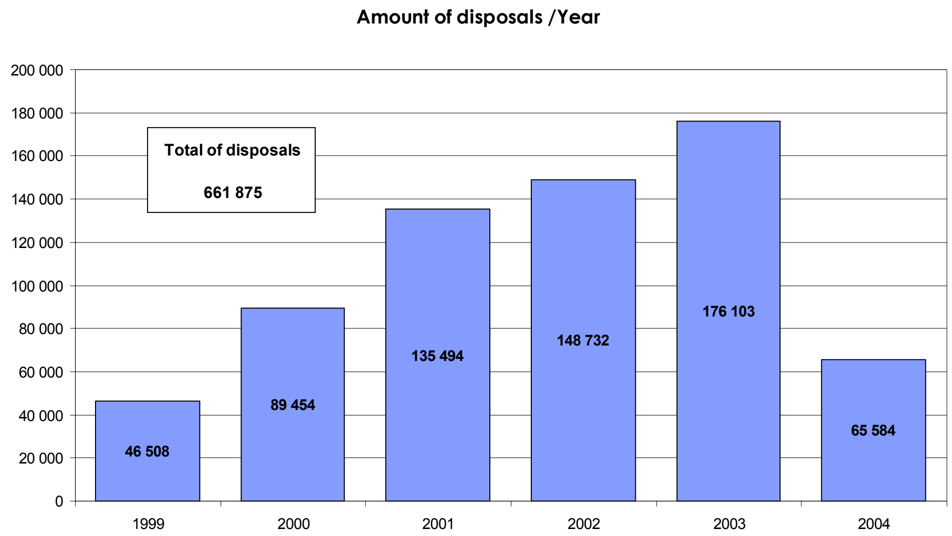
2004: Strong rental business, fewer disposals

Office Properties

- **Rental activity**
  - 35 leases negotiated in 2004 covering 36,832 sq.m Č €10.7M in full-year rents (+7.8% compared with previous conditions)
  - New tenants: Gedas VW, Direction Générale des Impôts, Conseil Média Santé, Cogetom, Assemblée Nationale

- **Disposals completed in 2004**
  - 17,500 sq.m in office space and 17,300 sq.m in warehouses sold for a total €65.6 M
  - Average investor rate: 6.9%, of which 6.3% for offices

In €



Office Properties

2005: high rental stakes

- **Lease-up**
  - Vacant space at 01.01.2005: 12,799 sq.m (ND des Victoires, Marbeuf, Levallois Front de Paris)

    at 06.15.2005: -5,333 sq.m (Levallois Front de Paris)

    at 07.31.2005: +11,951 sq.m (25 avenue Kléber, Neuilly)

    19,417 sq.m, (€9M in rents)

- **Renewals**

  12,723 sq.m (43 quai de Grenelle)

  +7,991 sq.m (Divers)

  20,714 sq.m (€7M in rents)

40,131 sq.m, representing 27% of lease income base with positive reversion potential

FINANCIAL HIGHLIGHTS
Dec. 31, 2004

Shopping center rents: +19.4%

Financial highlights

December 31, 2004

In €M - Total share	2004	2003	r %
Shopping centers	333.1	279.0	19.4%
o/w constant portfolio	*280.0*	*268.3*	4.4%
France	*181.7*	*174.0*	4.4%
Italy	*4.,5*	*40.5*	4.9%
Spain	*37.9*	36.8	3.2%
Other	*17.9*	*17.0*	5.3%
Offices	64.5	74.2	-13.1%
o/w constant portfolio	59.2	58.8	0.6%
TOTAL	397.5	353.2	12.6%
o/w constant portfolio	339.2	327.1	3.7%

Shopping centers:
Organic growth (+4.4%) + external growth (+15.0%) = +19.4%

Pre-tax current cash flow: +13.1%

In €M	2004 Total Share	2003 Total Share	÷ % Total Share
Income from operations (excl dvpt)	437.9	390.9	12.0%
Operating cash flow	348.7	311.2	12.1%
Pre-tax current cash flow	227.5	201.2	13.1%

- Stable operating cost ratio (20.6% vs 20.4%)
- Restructuring of €895M in debt in July 2004
- Restructuring of interest-rate hedging instruments in December 2004

Net current cash flow (GS): +19.1%

In €M	2004	2003	r %
Pre-tax current cash flow Total share	227.5	201.2	13.1%
Pre-tax current cash flow Group share	188.7	164.7	14.5%
Net current cash flow Group share	175.8	147.6	19.1%
Net cash earnings	83.0	62.7	32.4%
Non-recurring earnings (net of tax)	19.1	25.5	25.1%
Net earnings	102.1	88.3	15.6%

Net current cash flow per share: +16.8%

Financial Highlights

December 31, 2004

In €M	2004	2003	r %
Number of shares	45 657 700*	44 759 763	
Pre-tax current cash flow	4.1	3.7	12.3%
Net current cash flow	3.9	3.3	16.8%
Net cash earnings	1.8	1.4	29.8%
Net earnings	2.2	2.0	13.4%

* *Average number of shares [(44 759 763 x 132d)+ (46 164 229 x 234d)] / 366*

IFRS Adoption

Klépierre and IFRS changeover

- **Klépierre's three major choices:**
  - Application of IAS 40 according to cost model
  - Application of IAS 32 and 39 as of January 1, 2005
  - No restatement of businesses regroupings

- **Standards that impact Klépierre**
  - **IAS 40:** Investment property
  - **IAS 17:** Leases
  - **IAS 36:** Impairment of assets
  - **IAS 19:** Employee benefits
  - **IAS 27-28-31:** Principle and scope of consolidation

  IFRS 5: Non-current assets held for sale
  IAS 12: Income taxes
  IAS 38: Intangible assets
  IFRS 2: Inventories
  IAS 32 and 39: Financial instruments

IFRS Adoption

IFRS financial statement impacts for Klépierre

With the exception of marking to market for hedge instruments, the impacts are generally minor.

- **Major impacts:**

Equity Group share in €M	January 1, 2004	December 31, 2004	January 1, 2005
French GAAP	1839.1	1 922.0	
IFRS impacts	**0.4**	**3.5**	
IFRS	1 839.5	1925.5	1925.5
IAS 32-39 impact			**-82.6**
IFRS			1 842.9

Income statement impact in €M	French GAAP	**IFRS impacts**	IFRS
Revenues	431.3	**0.8**	432.1
Pre-tax earnings	136.1	**-5.8**	130.3
Net income, group share	102.1	**3.0**	105.1

Strong growth, strong financial structure

Financial Highlights

December 31, 2004

In €M - total share	12/31/2004	06/30/2004	12/31/2003
RNA holdings (I)	5 993	5 364	5 225
Net corporate debt (II)	2 811	2 274	2 335
Net corporate debt / Fair market value of holdings (II)/(I)	**46.9%**	**42.4%**	**44.7%**

EBITDA / Net interest expense	**2.86**	**2.86**	**2.82**
Net current cash flow / Net corporate debt	7.4%	8.6%	7.8%
S&P rating	BBB+ with stable outlook		

Revalued net assets (RNA) per share: +12.7%

	01/01/2005 IFRS	12/31/2004	06/30/2004	r % over 6 months	12/31/2003	r % over 12 months
Number of shares	45 930 329	46 164 229	46 164 229		44 759 763	
Reconstituted RNA (including duties) after deferred taxes on capital gains, per share/€	**55.8**	**57.6** (1)	**52.7**	**9.2%**	**51.1**	**12.7%**
Break-up RNA (excluding duties) after deferred taxes on capital gains per share/€	51.3	53.0 (1)	48.4	9.5%	46.9	13.0%

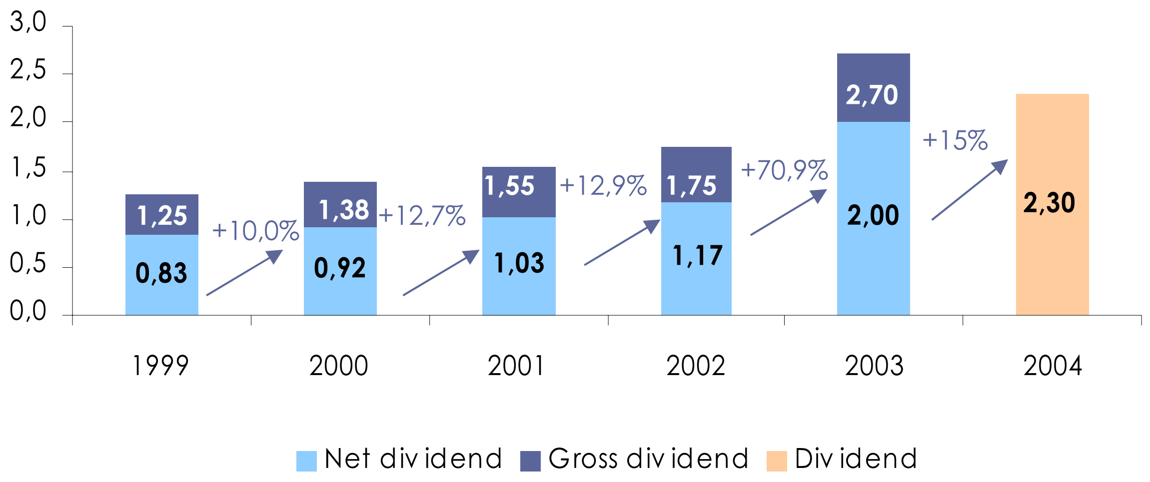
(1) If cash payment on interest-rate coverage instruments not amortized : –1,7 €/share

- Valuation of shopping centers: +6.9% (constant portfolio)
- Valuation of office properties: +1.3% (constant portfolio)
- New valuation of Ségécé Č +€0.9 / share

Dividend: distribution policy aligned with growth

- **Dividend increase aligned with the increase in key indicators: +15%**
- **€2.30 proposed at AGM of April 7, 2005 and paid out on April 15, 2005**
- **60% of net current cash flow**

In € per share



Average annual performance of the Klépierre stock	**1998 Ą 2004: + 22.6%**
(coupon reinvested)	**2002 Ą 2004: + 26%**

OUTLOOK

Klépierre's objectives for 2005

Outlook

- **Good visibility on rent increases**
  - Indexation
  - Full-year effect of 2004 investments (especially Hungary and Toulouse)

- **Net current cash-flow up by over 10%**

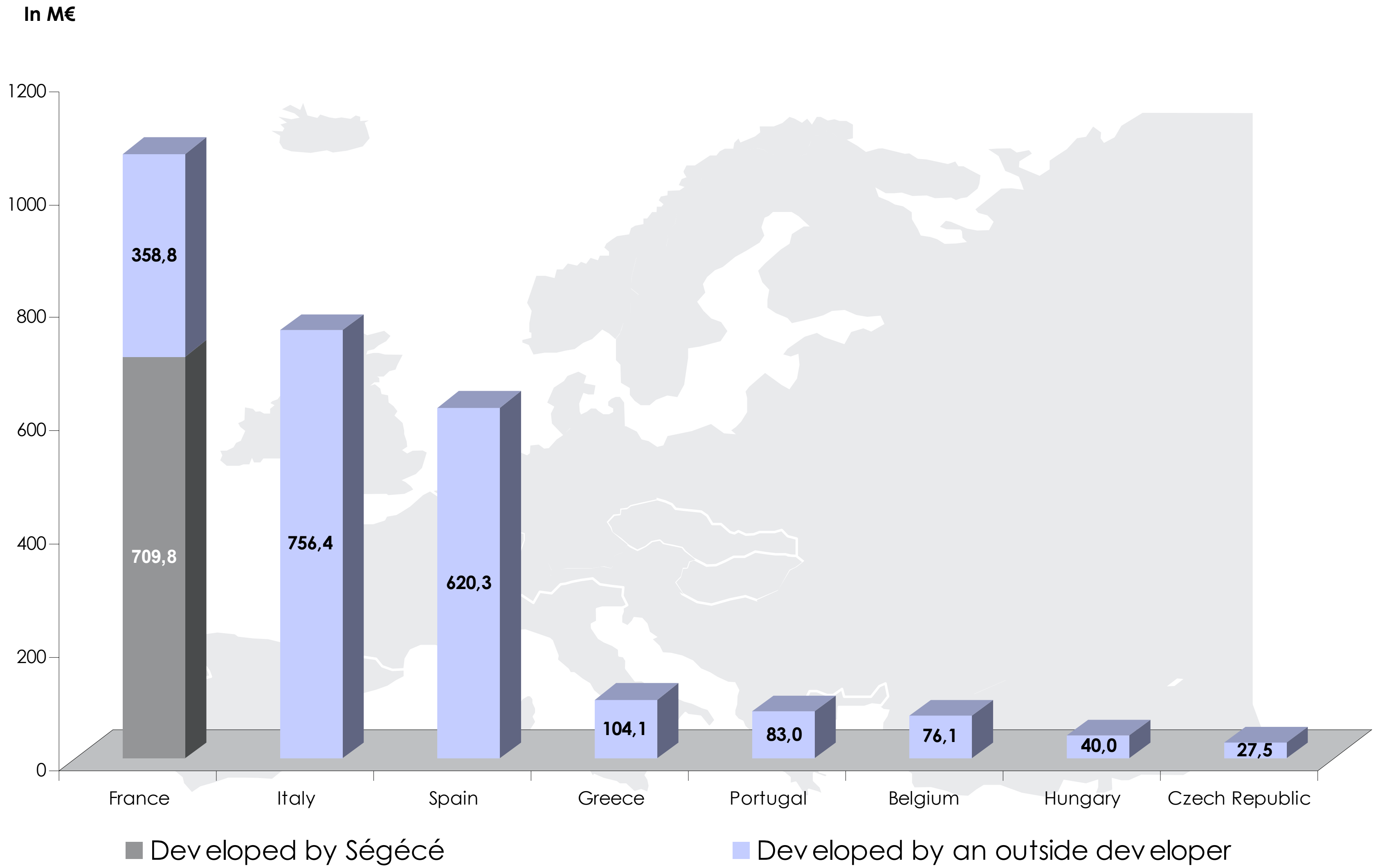
- **Dividends up by over 10%**

- **Investment objective: €600 M**

Identified Portfolio (2005-2009)

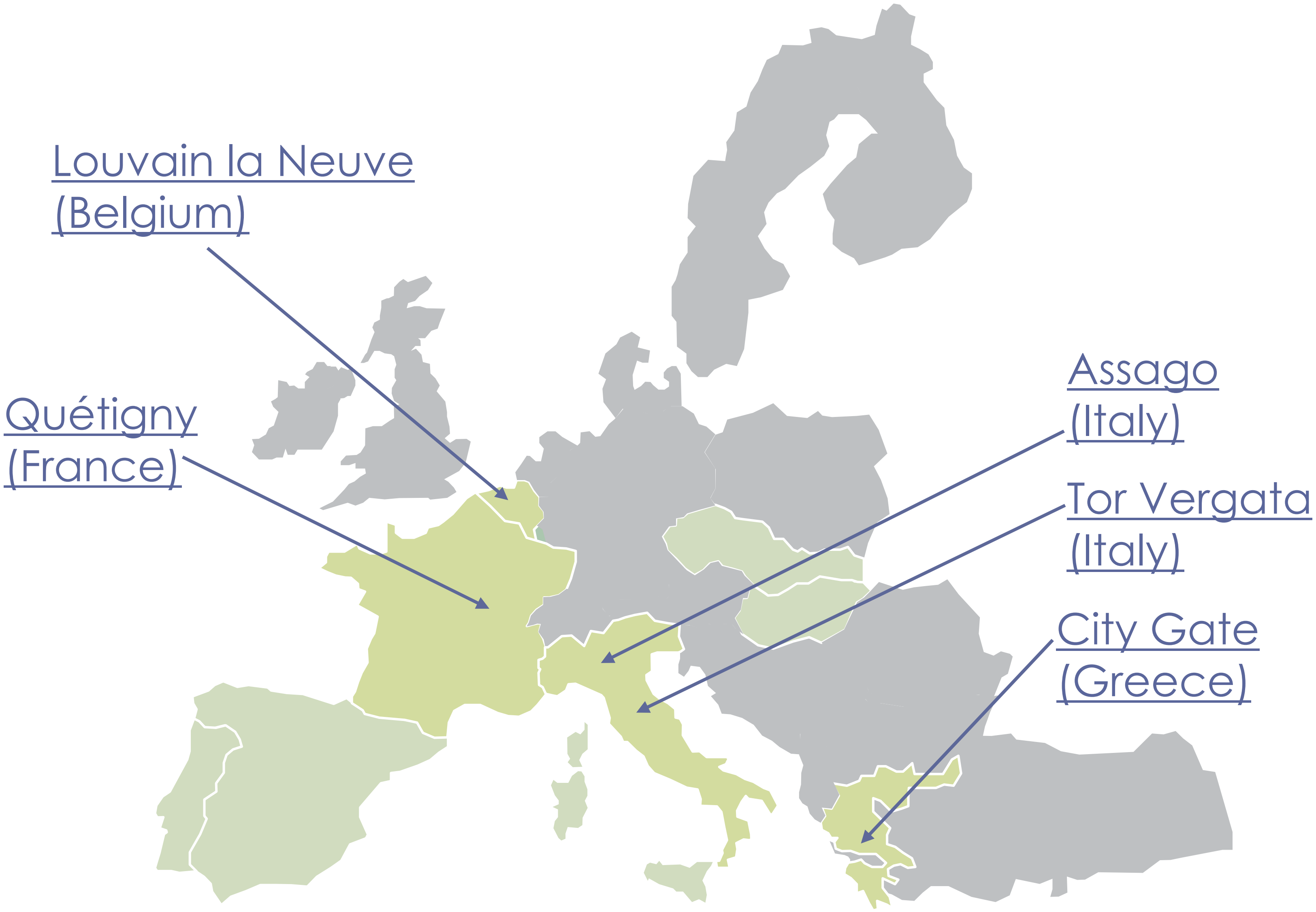
Outlook

Total estimated investment for period: €2.7 bn



To be opened in 2005

Outlook



Large-scale projects under way

Outlook

France:

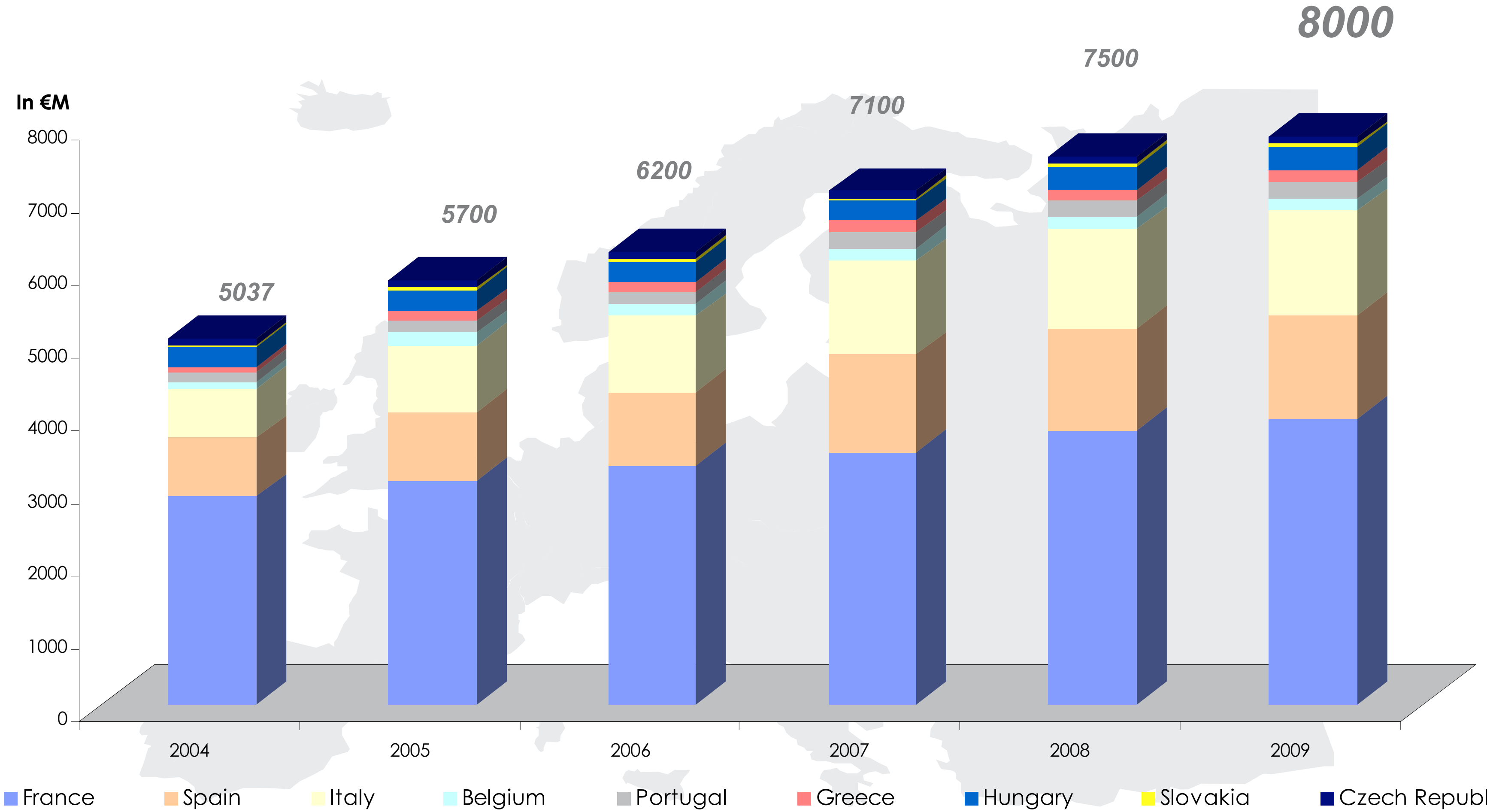
- Angoulême
- Aubervilliers
- Nancy
- Paris St. Lazare
- Valenciennes
- Vannes

Spain:

- Vallecas

Growth in shopping center holdings up to 2009 (excl. asset revaluation)- Total share

Outlook



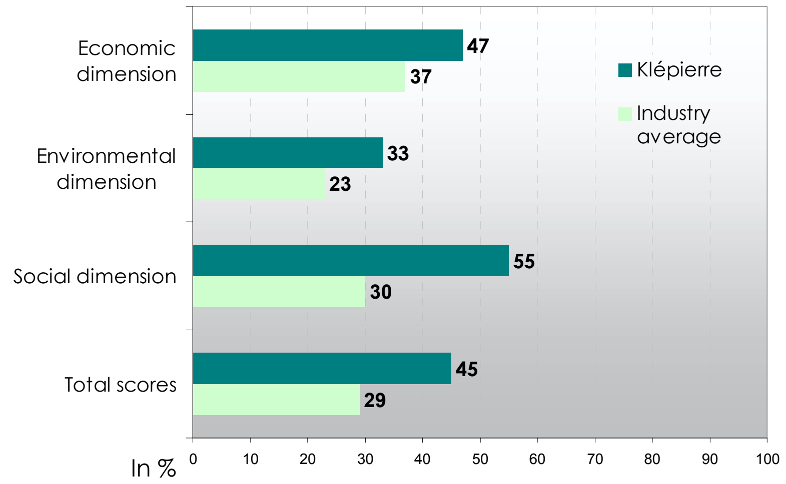
Sustainable development : an aserted method

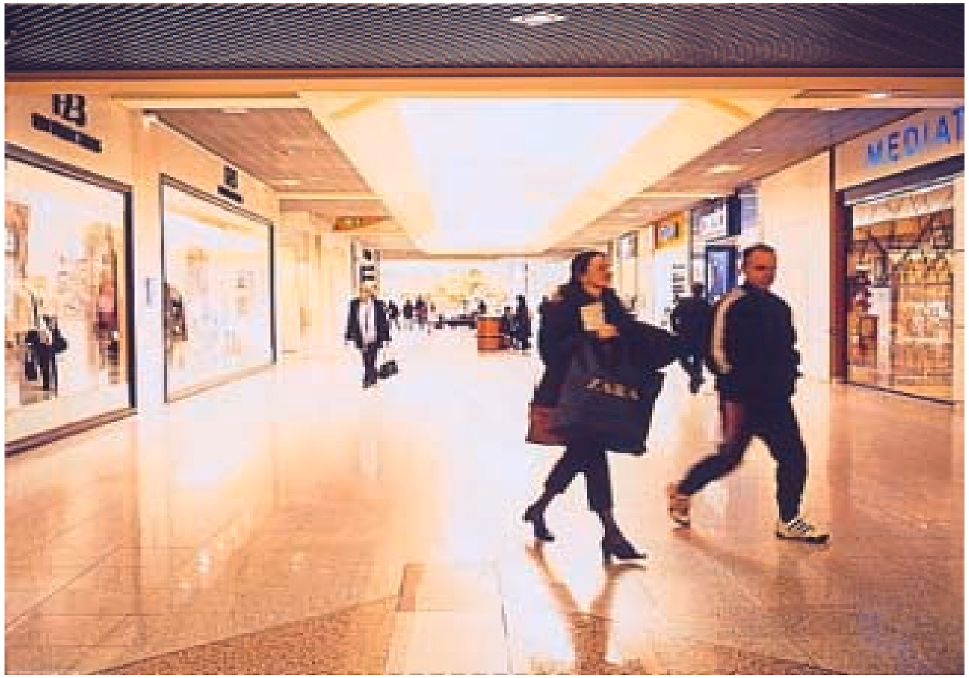
Outlook

- **Vigeo rating (Nov. 2004 and Nov. 2003)**
  - Aspi Eurozone Index

Vigeo Rating	
Human resources	+
Environment	=
Customers and suppliers	+
Corporate governance	=
Community involvement	+
Human Rights	+

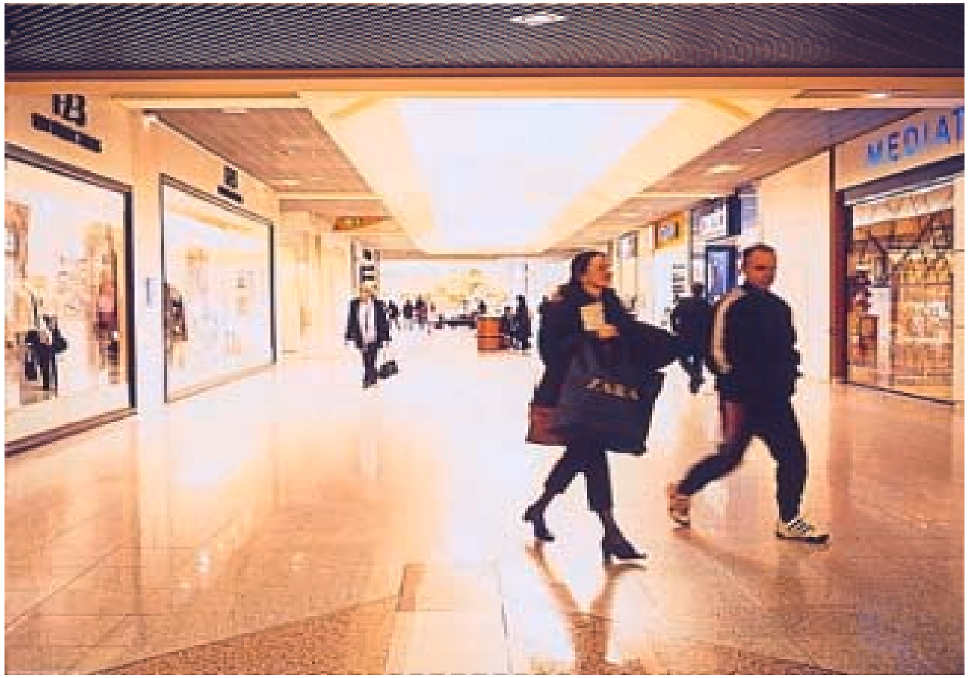
- **SAM Research Inc. rating**
  - Klépierre included in the following indices:
    - **Dow Jones DJSI World** (13 French/318)
    - **DJSI STOXX** (18 French/170)



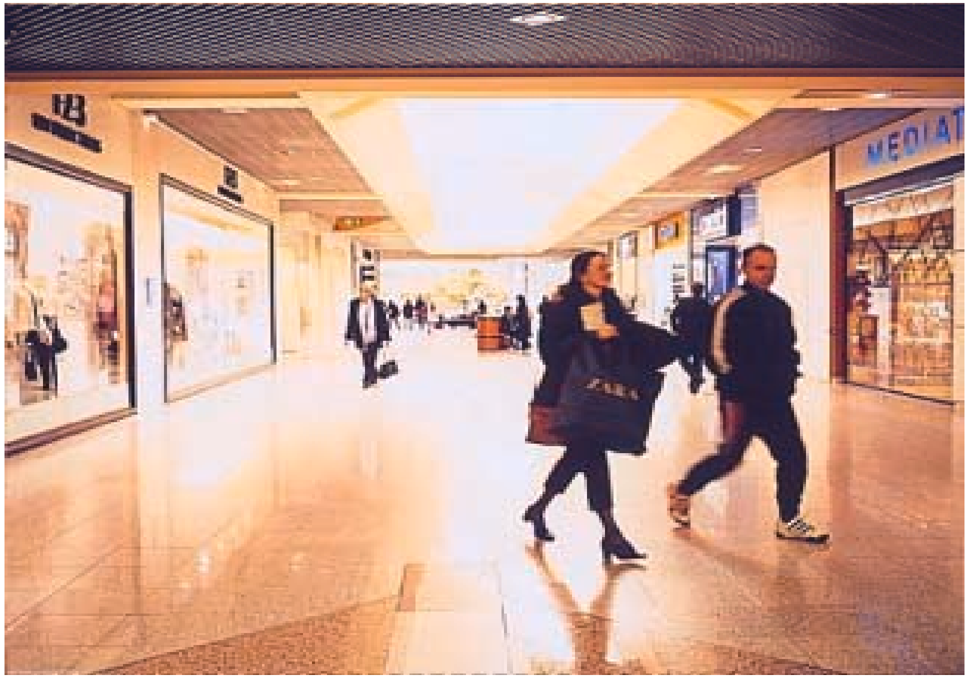


Report of the Supervisory Board to the ordinary Shareholders meeting to approve the financial statements for the year ended December 31, 2004

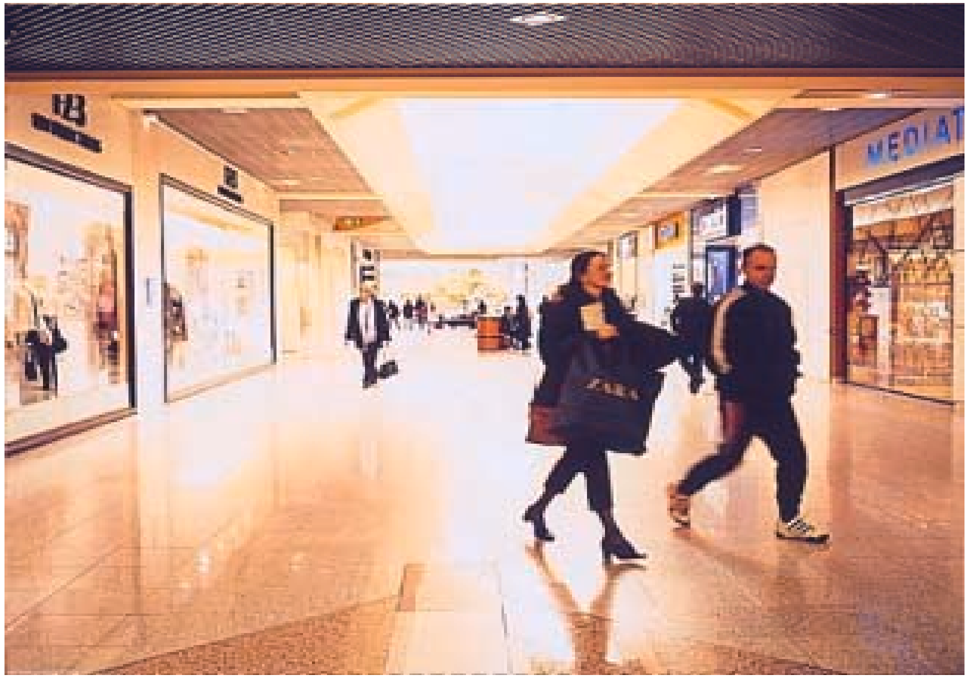
Report of the Supervisory Board's Chairman to the Shareholders meeting (article L. 255-68 of the French Company Code



Report of the Statutory Auditors



Question-Answer



Resolutions' Vote

Résolutions

ORDINARY RESOLUTIONS

1st RESOLUTION

Approval of 2004 financial statements

2nd RESOLUTION

Approval of 2004 consolidated financial statements

3rd RESOLUTION

Approval of the transactions and agreements referred to in Article L. 225-86 of the French Commercial Code.

4th RESOLUTION

Autorization to transfer the long-term capital gains reserve to an ordinary reserve account.

5th RESOLUTION

Appropriation of 2004 earnings and net dividend per share fixed at €2.30

ORDINARY RESOLUTIONS

Résolutions

6th RESOLUTION

Appointment of Mr.Alain PAPIASSE as member of the Supervisory Board for a three-year term.

7th RESOLUTION

Appointment of Mr.François DEMON as member of the Supervisory Board for a three-year term.

8th RESOLUTION

Re-election of Mr.Jérome BEDIER as member of the Supervisory Board for a three-year term

9th RESOLUTION

Authorization given to the Executive Board to trade in the Company's shares

EXTRAORDINARY RESOLUTIONS

Résolutions

10th RESOLUTION

Authorization given to the Executive Board to reduce share capital by canceling shares

11th RESOLUTION

Authority given to the Executive Board to increase the equity capital of the Company with preferential subscription rights (PSR) maintained

12th RESOLUTION

Authority given to the Executive Board to increase the equity capital of the Company without PSR

13th RESOLUTION

Authorization given to the Executive Board to set the issue price of shares without PSR up to a maximum of 10 % of share capital

14th RESOLUTION

Authority given to the Executive Board to increase the initial amount, in the event of a capital issue, with or without PSR

EXTRAORDINARY RESOLUTIONS

Résolutions

15th RESOLUTION

Authority given to the Executive Board to issue shares up to a maximum of 10 % of capital without PSR in consideration for contributions in kind in the form of securities

16th RESOLUTION

Authority given to the Executive Board to decide to increase capital through the capitalization of reserves, retained earnings, additional paid-in capital and contributions.

17th RESOLUTION

Authority given to the Executive Board to increase share capital for the purpose of issuing shares of stock to employees up to €3 000 000 without PSR

18th RESOLUTION

Authorization given to the Executive Board to freely allot shares to employees, directors and officers of the Company or the Group

Résolutions

EXTRAORDINARY RESOLUTIONS

19th RESOLUTION

Setting of a global ceiling to be applied to authorizations of share issuance :

- ***€70 million for capital increases' principal amount***
- ***€1,2 billion for the principal amount of debt securities issued with a claim to equity capital***

20th RESOLUTION

Granting of full authority

Agenda

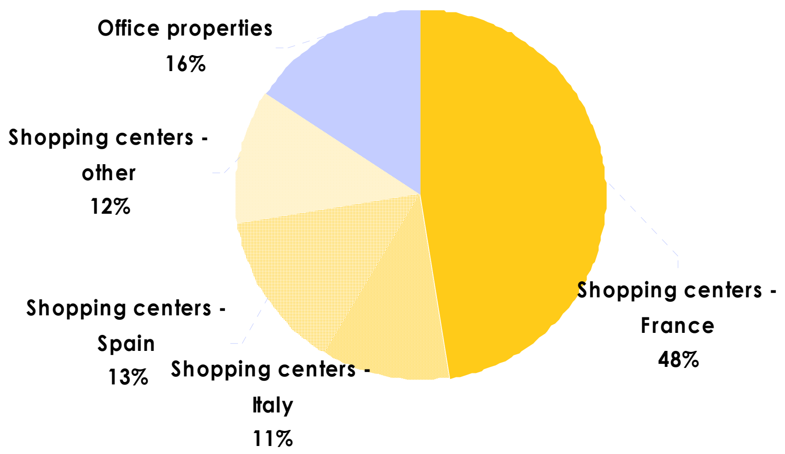
04.15.2005	**Dividend payout**
04.20.2005	**Q1 2005 Revenues**
07.29.2005	**2005 interim results**
10.26.2005	**Q3 2005 Revenues**

APPENDICES

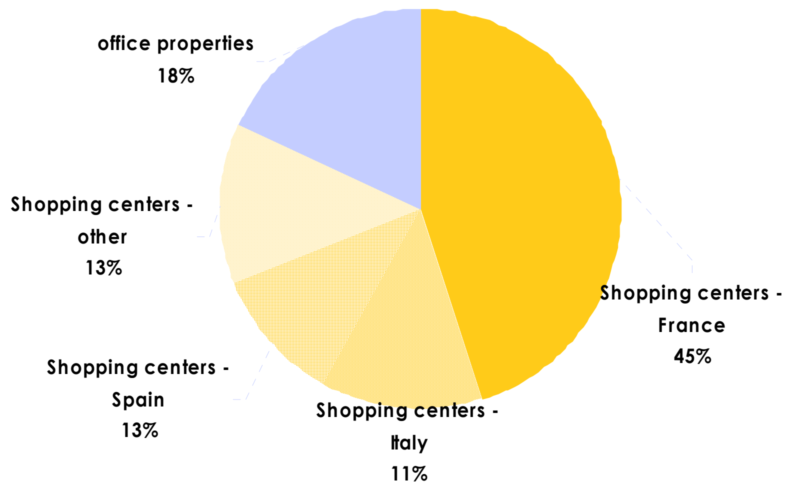
Geographic analysis of real-estate holdings (12/31/2004)

Appendices

Total share: €5.993M



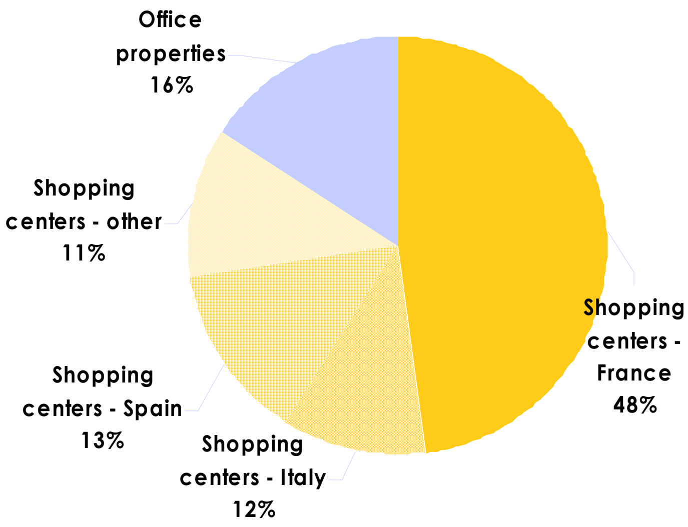
Group share: €5.311M



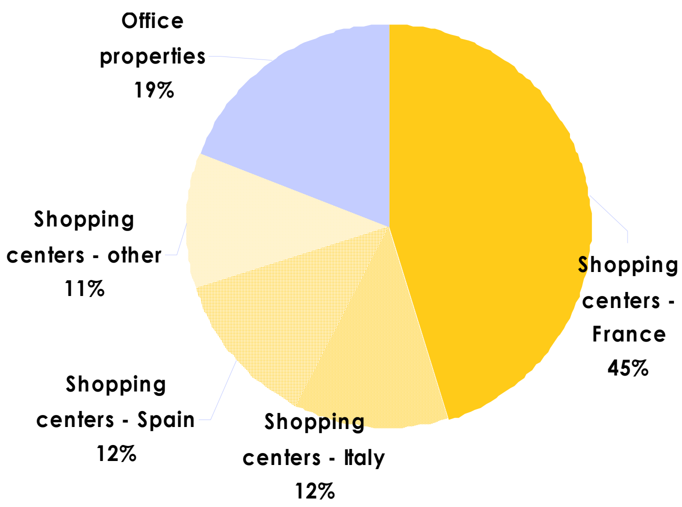
Analysis of rents (12/31/2004)

Appendices

Total share: €397.5M



Group share: €347.2M

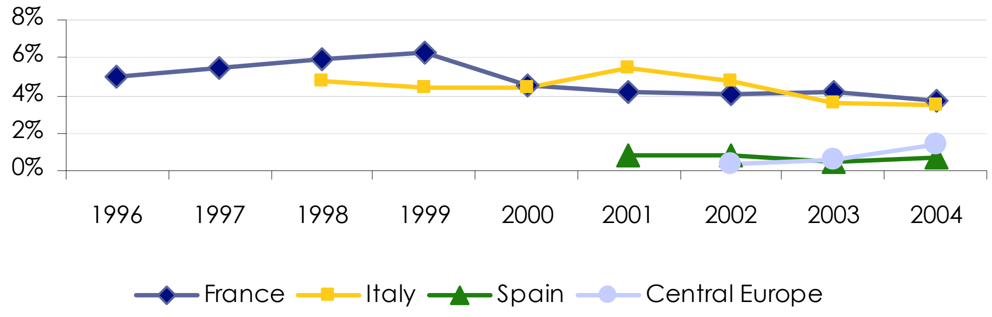


Predictable change in variable rent

Appendices

Downturn in variable rents attributable to index-linked adjustments, slowdown in consumer spending and major renewal campaigns

- **Percentage of variable rent in total fixed rent**



- **Variable rent accounts for low percentage of total rent**
  - €11.1 M in 2004 (3.3%) of total shopping center rents and 3.9% of French rents
- **Variable rent concentrated in 2 principal sectors**
  - Culture/ Leisure and Health/Beauty

A moderate cost occupancy ratio

Appendices

- **Makes malls more resistant**
- **Makes malls more attractive**
- **Enhances their potential for revaluation**

	Cost occupancy ratio* at 12.31.2004
FRANCE	**8,6%**
Downtown centers (17.2% of holdings)	*8,1%*
Inter-communal centers (42.6% of holdings)	*8,5%*
Regional malls (40.2% of holdings)	*9,1%*
SPAIN	**11,4%**
ITALY	**8,6%**

$$\text{*Cost occupancy ratio} = \frac{\text{Rent (ex. VAT)} + \text{Utilities (ex. VAT)}}{\text{Revenues (ex. VAT)}}$$

Identified portfolio 2005-2009

Appendices

	GLA/sq.m	Total projected investment (in €M)	Projected investment to be outlaid *(in €M)*
Developed by Ségécé (France)			
New shopping centers	200 090	555.2	534.6
Extensions	89 270	180.4	175.2
total	**289 360**	**735.7**	**709.8**
Developed in partnership with an outside developer			
Existing centers (remainder from Carrefour agreement)			
France	15 230	48.0	48.0
Spain	14 074	24.1	24.1
	29 304	**72.2**	**72.2**
Existing centers (non Carrefour)			
France	27 740	136.8	136.8
	27 740	**136.8**	**136.8**
total existing	**57 044**	**209.0**	**209.0**
Projects			
Spain	46 430	228.0	183.0
Italy	173 880	675.3	664.1
Belgium	41 620	137.3	76.1
Portugal	49 450	83.0	83.0
Greece	29 750	104.1	104.1
Czech Republic	16 800	27.5	27.5
	357 930	**1255.2**	**1137.8**
Extensions			
France	54 270	174.6	174.0
Spain	196 620	413.2	413.2
Italy	23 800	101.6	92.3
Hungary	18 000	40.0	40.0
	292 690	**729.5**	**719.6**
Total	**707 664**	**2193.7**	**2066.3**
Grand Total	**997 024**	**2929.3**	**2776.1**

Projected net rents: Approx €210M

Lease income and revenues (Group share)

Appendices

In €M – Group share	Shopping Centers	Offices	Total
Total rents	282.7	64.5	347.2
Fee income	25.0	0.5	25.5
Revenues	**307.7**	**65.0**	**372.7**
Other income	5.5	0.5	6.0
Operating income (excl dvpt)	313.2	65.5	378.7

Cash flow from operations (Group share)

in €M – Group share	Shopping centers	Offices	Total
Income from operations	313.2	65.5	378.7
Cash flow from operations	244.7	57.2	301.9

Appendices

Pre-tax current cash flow

	12.31.2004		12.31.2003		÷ %	
In € M	**Total share**	**Group share**	**Total share**	**Group share**	**Total share**	**Group share**
Cash flow from operations	348.7	302.0	311.2	269.4	12.1%	12.1%
Pre-tax current cash flow	227.5	188.7	201.2	164.7	+ 13.1%	+14.5%
Financial results	-122.0	-114.1	-110.5	-105.2	-10.4%	-8.4%

Net current cash flow

In €M	12.31.2004 Total share	12.31.2004 Group share	12.31.2003 Total share	12.31.2003 Group share	÷ % Total share	÷ % Group share
Pre-tax current cash flow	227.5	188.7	201.2	164.7	+13.1%	+14.5%
Tax expense	- 18.4	- 12.7	- 21.7	- 16.9	- 15.1%	- 24.7%
Net current cash flow	208.9	175.8	179.2	147.6	+ 17.2%	+ 21.1%
Depreciation and amortization	- 105.1	- 92.2	- 96.6	- 84.7	+ 8.8%	+ 8.9%

Appendices

Net earnings

In €M	12.31.2004 Total share	12.31.2004 Group share	12.31.2003 Total share	12.31.2003 Group share	÷ % Total share	÷ % Group share
Net cash earnings	103.6	83.0	82.2	62.7	+ 26.1%	+ 32.4%
Non-recurring income (net of tax)	19.0	19.1	25.5	25.5	- 25.5%	- 25.1%
Net earnings	122.6	102.1	107.7	88.3	+ 13.9%	+ 15.6%

Restructuring of the interest-rate hedging instruments

- **27 instruments cancelled against a cash payment of €94M.**

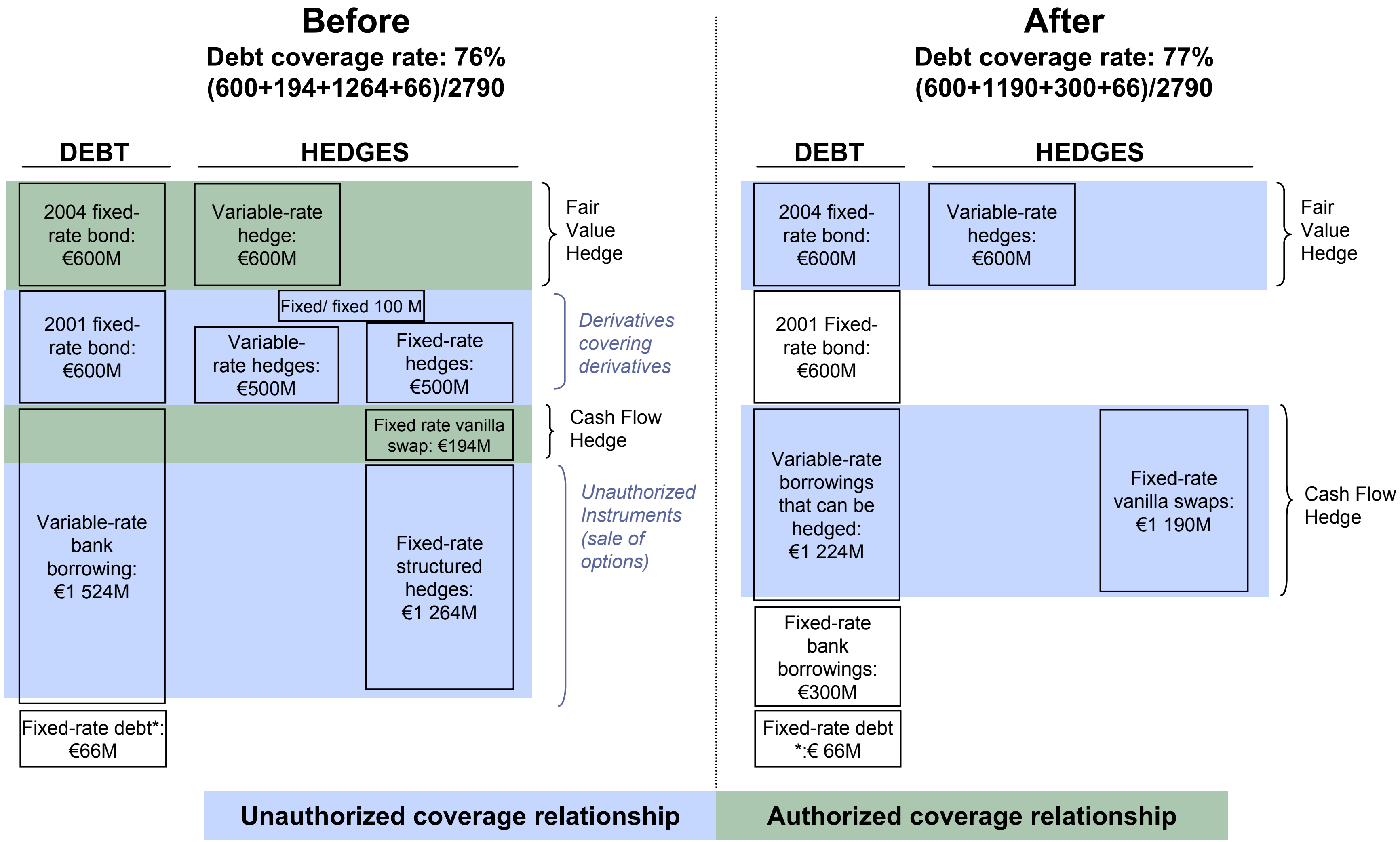
- **5 new instruments (€1 190M) and two fixed-rate bank borrowings (€300M) set up**
  - Average duration of coverage raised from 4.4 to 6 years
  - Debt coverage rate at 12.31.2004: stable at 77%
    (if Euribor +100 bp Č pre-tax cash flow -€6.4M)

- **Accounting of the cash payment**
  - French standards: spread over the remaining period of the cancelled contracts
  - IFRS: charged against equity from the opening balance sheet for 2005 (-€80M, net of tax)

- **Impact**
  - An estimated €14M in savings on interest expense Č New cost of debt at 12.31.2004: 4.2%
  - (New swaps considered as interest-rate coverage instruments Ě changes in fair value should not have a significant impact on the income statement.

Restructuring of interest-rate hedging instruments (Dec. 2004)

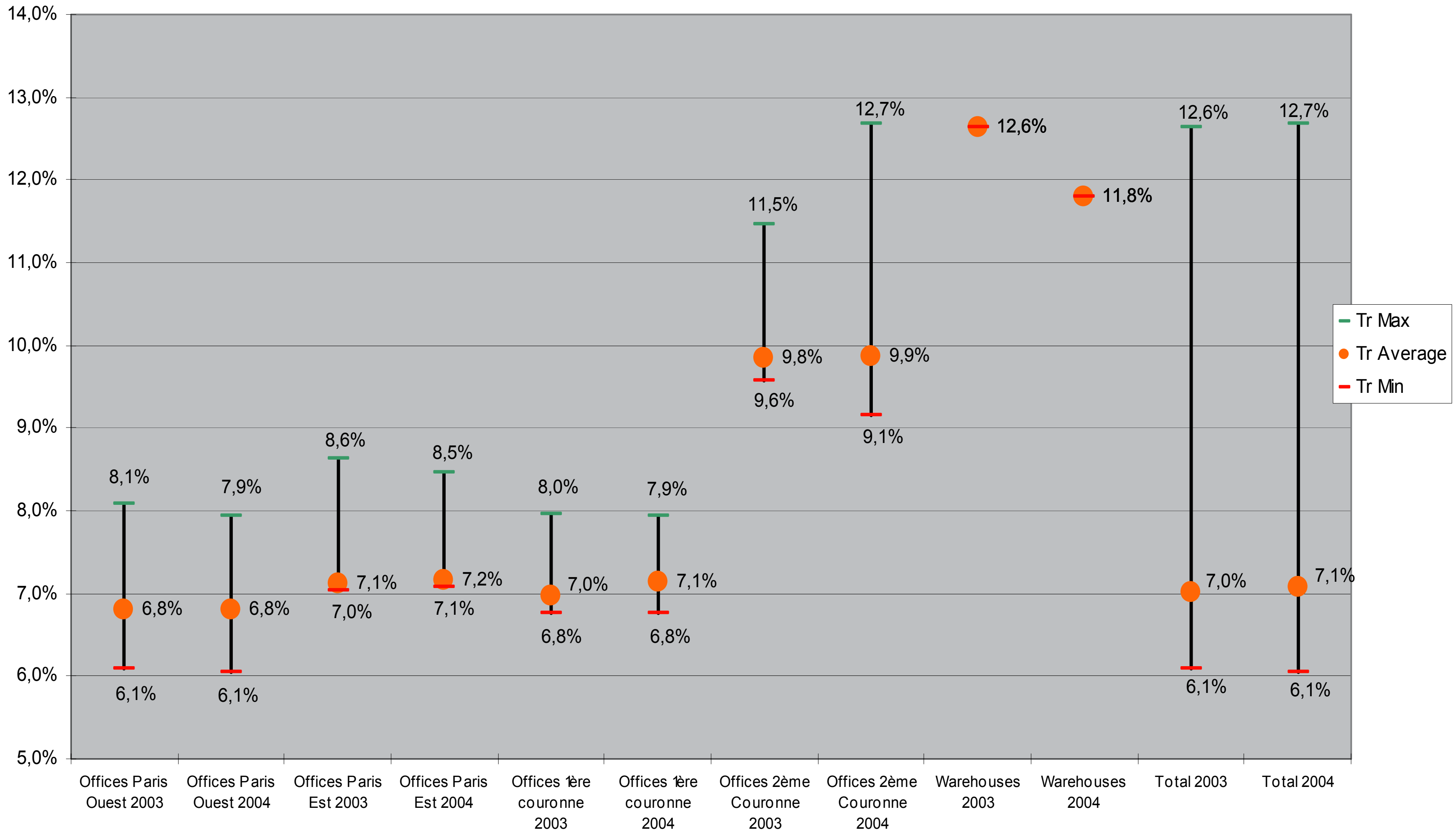
Appendices



* *Accrued interest, overdrafts*

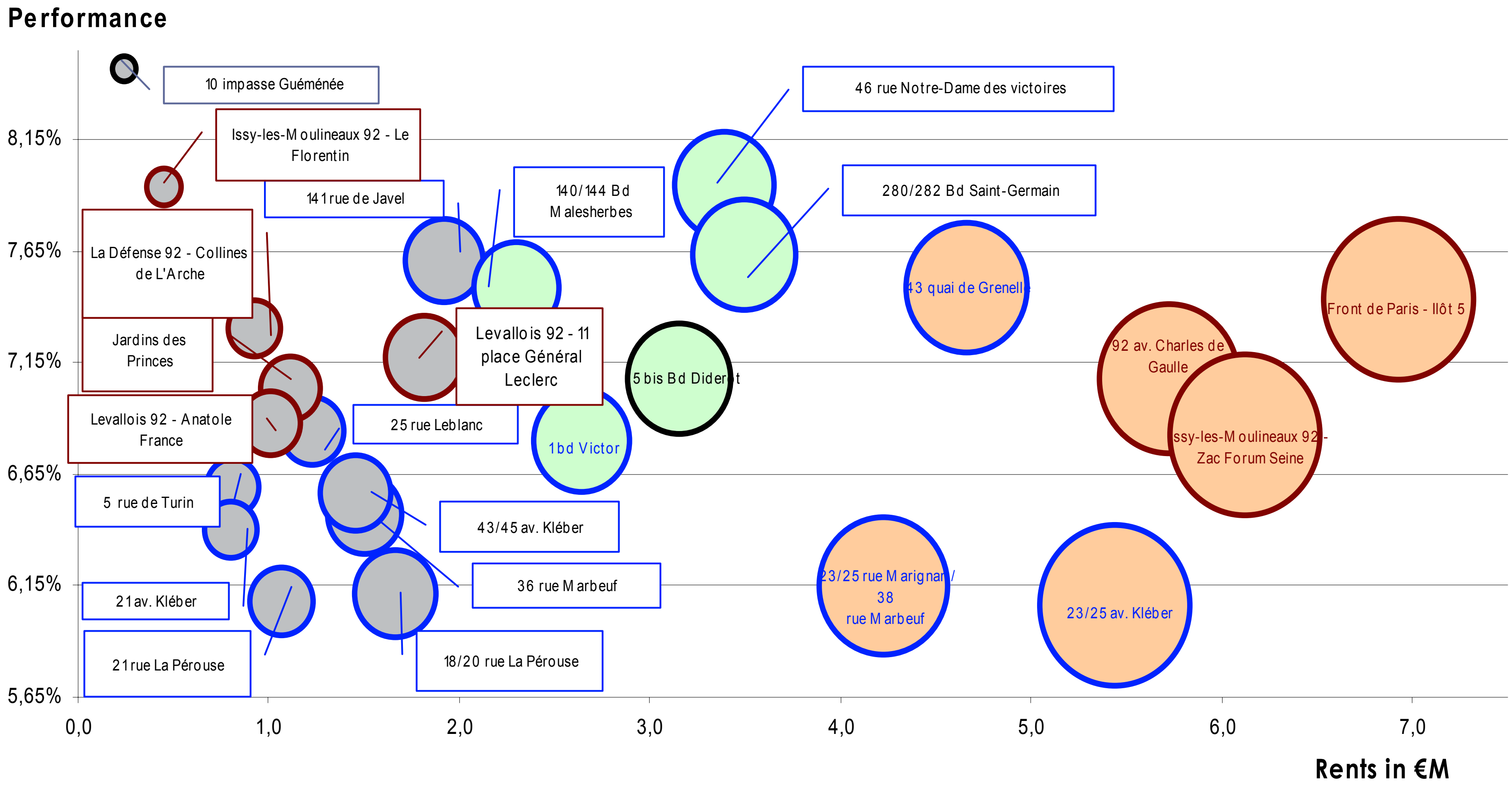
Gross rates of return - Offices

Appendices



Klépierre's real-estate holdings at December 31, 2004

Appendices

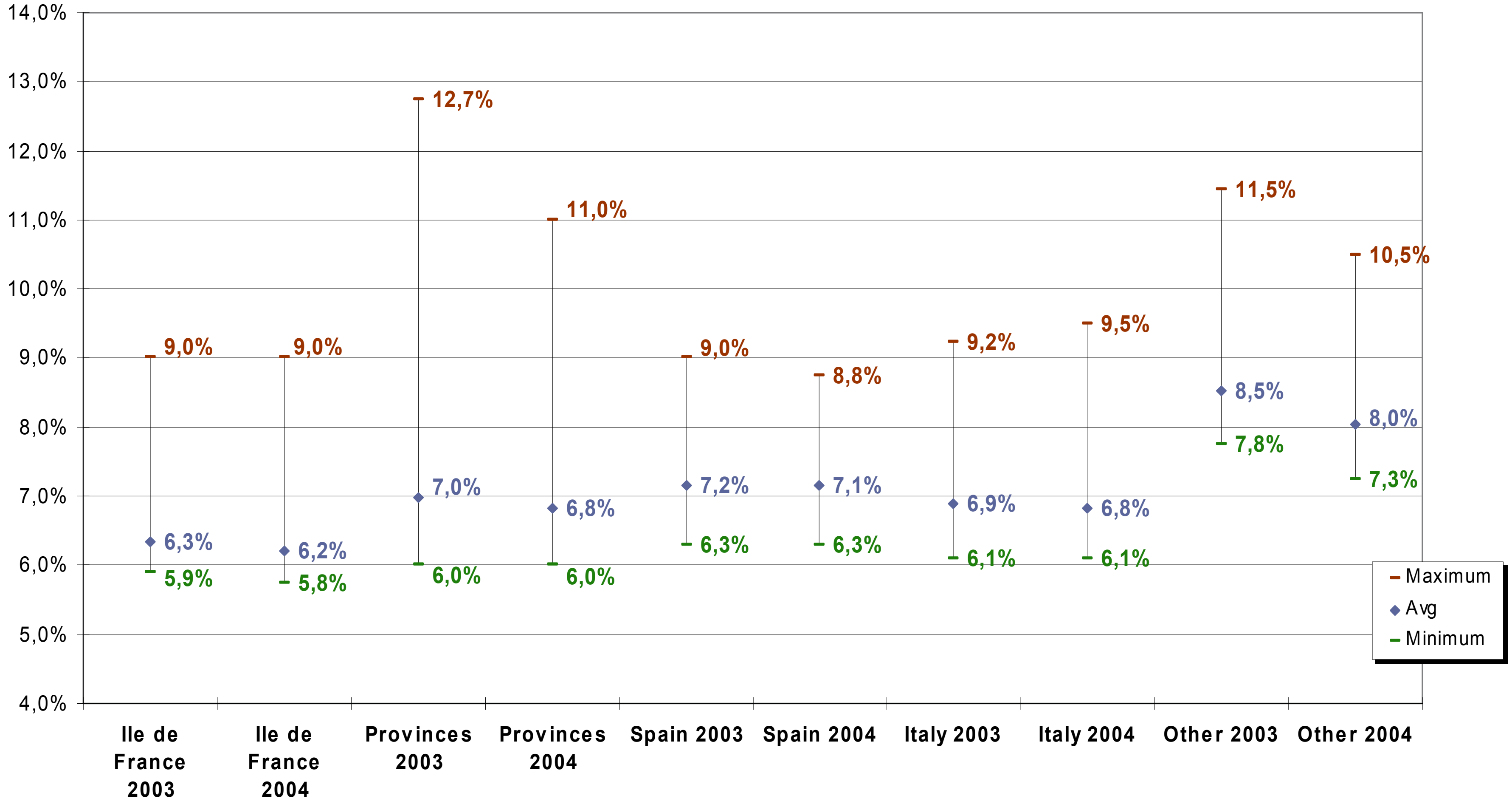


< €30 M
€30 - 60 M
€ 60 - 100 M

Paris East
First outlying area
Paris West

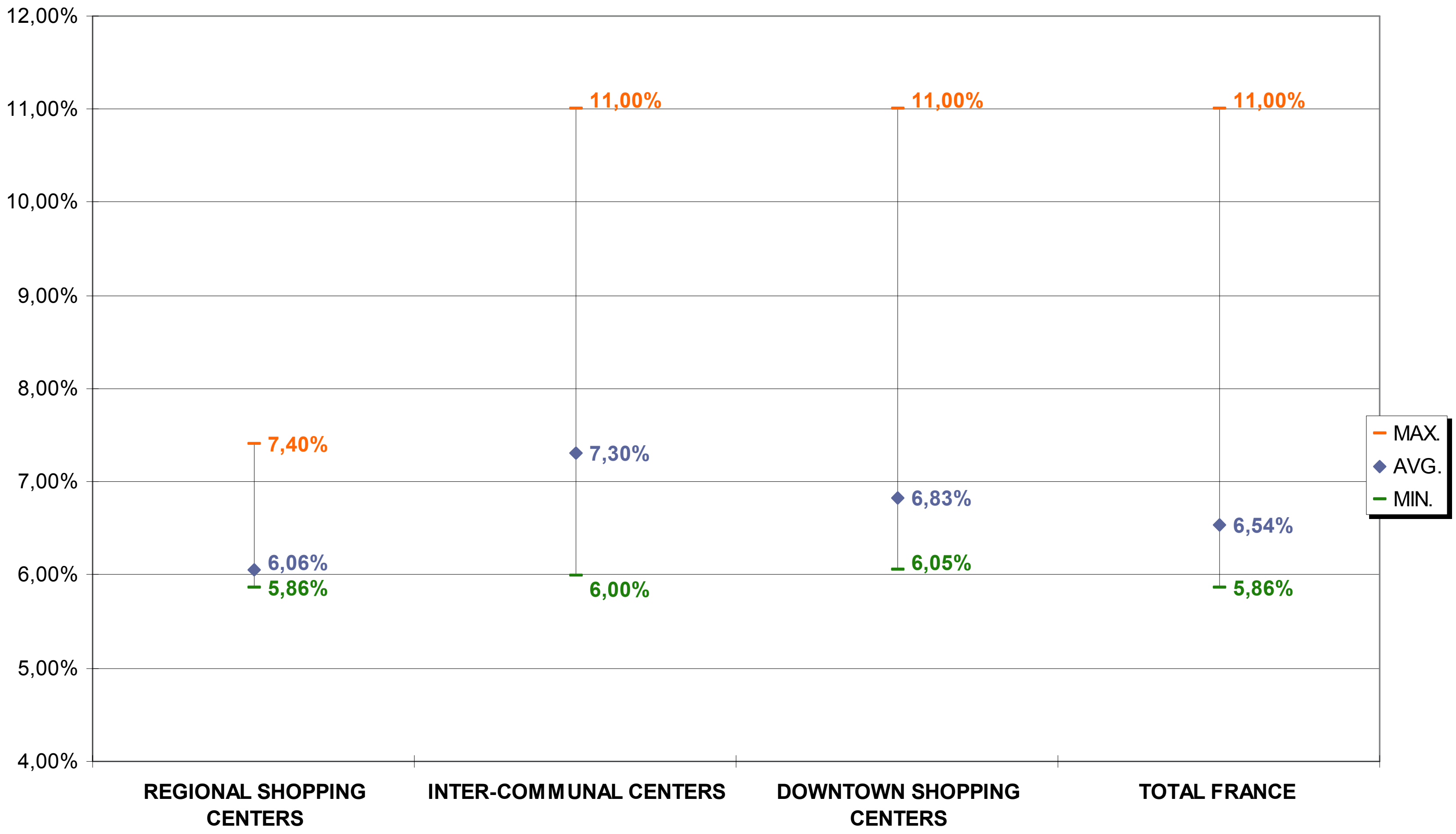
Net capitalization rates - Shopping Centers

Appendices



Net capitalization rates
Shopping centers in France by type of center

Appendices



Quétigny (France)

- Signature: December 2003
- Scheduled opening: First phase in late April 2005. Fully open in late October 2005
- Acquisition (06/30/2006) through forward sale from Carrefour of the 8,586 sq.m shopping mall extension
- Investment: €39.7 M (o/w €0.6 sq.m already outlaid)
- Status: first phase completed, venders are setting up shop. The second phase is still under construction
- Lease-up: The first phase is fully leased up. 70% of the second phase has already been leased

Assago (Italy)

Appendices

View of phase I

- Signature: December 2003
- Opening (phase I): Oct. 7, 2004
- Opening (phase II): summer 2005
- Mall floor area: 25,000 sq.m
- Status: partially opened in October 2004, for phase II, major work in progress
- Investment: €142M, o/w €0.6M already outlaid
- Lease-up: phase 2 under way
- Final acquisition: Q4 2005

City Gate (Greece)

Appendices

- Signature: December 2003
- Opened: Hypermarket, ground and first upper level opened to the public in December 2004
- Final acquisition: end of first half of 2005, after delivery of the last phase
- Mall floor area: 20,987 sq.m
- Investment: €74 million
- Status: Carrefour hypermarket and first phase of mall opened to the public in December of 2004
- Lease-up: 90% (30% of leased spaces open to the public)

Appendices

Bonsecours Nancy (France)

- Scheduled opening: phase 1 – year-end 2008, phase 2 year-end 2011
- Mall floor area: 57,570 sq.m
- Description: 25,690 sq.m Auchan hypermarket, 12 medium-sized retail outlets, including Conforama (11,380 sq.m) , 40 small retail shops , 6 restaurants.
- Investment: €89.4M

Valenciennes (France)

- Scheduled opening: March 2006
- Mall floor area: 16,000 sq.m
- Investment: €46.6M (o/w €11.7M already outlaid)
- Description: City center, on two levels, 6 medium-sized retail outlets (incl. Match, Fnac and H&M), 45 shops and restaurants (1,200 sq.m), 600 parking spaces
- Status: groundwork and foundation completed; The third of the center structures is achieved.

Vallecas (Spain)

Appendices

- Signed in December 2004
- Scheduled opening: 2008
- Description: 11 km southwest of downtown Madrid, Carrefour hypermarket, Ikea, 45,600 sq.m shopping mall
- Investment: €226M (o/w €45M already outlaid)