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KLÉPIERRE REPORTS STRONG BUSINESS GROWTH IN 2004 AND A RESTRUCTURED INTEREST RATE HEDGING PROGRAM

The stability of Klépierre's business model, based on its European growth strategy, was reflected in the 19.4% rise in shopping center rents for 2004. This excellent performance is attributable to the geographic diversity of Klépierre's operations - 43% of its shopping center rents are now generated outside France – as well as to a dynamic mix of organic growth and sustained external growth.
Klépierre took advantage of historically low long-term interest rates last December to improve its interest-rate hedging profile.

In € millions	**2004**		**2003**		**Change 2004/2003**
	Q4	**12 months**	**Q4**	**12 months**	
Lease income	104.4	**397.5**	88.2	**353.2**	+12.6%
Shopping centers	***89.6***	***333.1***	***71.0***	***279.0***	***+19.4%***
Offices	*14.8*	***64.5***	*17.2*	***74.2***	*-13.1%*
Fee income	8.5	**33.7**	8.5	**32.6**	+3.4%
TOTAL REVENUES	112.9	431.3	96.7	***385.8***	+11.8%

SIGNIFICANT INCREASE IN SHOPPING CENTER LEASE INCOME: + 19.4%

43% of shopping center rents now generated outside France

Shopping center rents increased by 19.4% in 2004, to 333.1 million euros. Properties outside France now generate 43% of total shopping center lease income (compared with 35.8% in 2003) and 36% of total rents (versus 28.2% in 2003). Spain remains the leading contributor, followed by Italy, with 15.4% and 14.7% of total shopping center rents, respectively. Consolidated over six months of operation, Hungary generated 4.2% of the total, becoming the third largest contributor.

Dynamic mix of external and organic growth

The 19.4% increase in shopping center rents reflects external growth (15% or 44.1 million euros). France accounted for 5 million euros of the total, with three acquisitions in 2003 and three in 2004. Acquisitions in foreign markets accounted for 88.6% of the total, itemized below:

- Hungary: 14.1 million euros, with the July 2004 acquisition of a portfolio of 12 downtown shopping malls.
- Spain: 10.1 million euros, with the acquisition of 10 malls in 2003, followed by Santander in late July of last year.
- Portugal: 7.3 million euros, with three centers acquired in 2003, of which Porto-Gondomar (3.5 million euros) is the largest.
- Italy: 5.6 million euros, with four centers acquired in 2003 and one in 2004, plus the recent purchase of an additional 10% interest in IGC last November.

Shopping center rents rose by 4.4% on a constant portfolio basis, mainly attributable to the following factors:

- 3% on average due to indexed-linked rent adjustments, of which 3.4% in France and 2.4% in Spain and Italy.
- Active efforts to capitalize on upside rental potential: for all countries combined, 525 leases were renewed and 381 leases were contracted with new tenants over the period, resulting in average reversion of 22% and 17.8%, respectively.

Variable rents accounted for 11.1 million euros of the total, equal to 3.3% of total shopping center lease income, versus 4.2% for the year ended December 31, 2003. France accounts for most of this relative and absolute decline (-1.5 million euros), reflecting the combined impact of:

- Significant index-linked rent adjustments, which increased minimum guaranteed rent at the expense of some variable rent.
- An active lease renewal program, with the result that all or some variable rent was integrated into the new minimum guaranteed rent.
- A smaller rise in retail sales revenue in 2003.

The financial occupancy rate remains high (98.4% in 2004, versus 97.9% one year earlier).

Klépierre confirms low cycle sensitivity

The Group's stable growth should be examined in light of fluctuations in consumption over the last 12 months, which did not impact Klépierre's revenues in 2004. In France, 2004 ended with a three-month rise in consumer spending, with November and December being particularly strong months. This trend was observed in both shopping malls and hypermarkets.
For the first 11 months in 2004 and throughout Continental Europe, shopping mall revenues rose by 3.1% (2.6% in Italy and 6.8% in Spain).

For Klépierre's retail anchors in France, sales rose by 2.9% in 2004, showing strength in the fourth quarter of the year (+5.0%), while global retail business (source: Banque de France) rose by 1.4% in 2004. Downtown shopping malls turned in the best performance (+5.0%), outpacing regional and inter-communal centers (+2.0% and +2.6%, respectively). Beauty/Health and Culture/Entertainment retailers reported the highest gains (+6.1% and +3.4%, respectively).
The positive trend observed over the last three months can only have a favorable impact on future performance.

Klépierre: confident in 2005

"What is striking about 2004 is that the performances generated are so consistent with our business and growth model," noted Klépierre Executive Board Chairman Michel Clair. "This regularity is no accident. The quality of our holdings, combined with disciplined management, allowed us to fully leverage our shopping mall holdings in every single one of our markets, while also preserving their solid potential thanks to a conservative occupancy cost ratio. Europe is a big market that has reached critical mass, and it is the focus of our strategy. This clout we have acquired enables us not only to be a contender in the more promising markets, but also gives us access to new sources of growth—for example, in Hungary last year. Consequently, we have confidence in our ability to successfully pursue our objectives in 2005."

OFFICE RENTS STABLE ON CONSTANT PORTFOLIO BASIS

In a rental market cycle that has bottomed out, office properties generated 64.5 million euros in rents in 2004. This 13.1% decrease versus December 31, 2003 reflects the impact of disposals made in 2003 and 2004, which reduced the total lease income base by 10 million euros. The extension of the Camille Desmoulins property in Issy-les-Moulineaux was delivered in June, contributing 0.6 million euros to the year's total rents.
On a constant portfolio basis, rents were stable (+0.6%). The impact of index-linked rent adjustments (+2.9%) and lease renegotiations (+2.1%) more than offset the impact of vacancies (-4.4%).
In addition, 35 leases with a total usable floor area of 36,832 square meters were renegotiated during the year, resulting in an average increase of 6.2%, for a rental capital gain of 0.6 million euros.

In a difficult economic environment and due to the policy of selling off recently re-let buildings, the financial occupancy rate was 93.4%, down from 97.3% on December 31, 2003 (93% on September 30, 2004).

FEE INCOME: FULL INTEGRATION OF CENTROS SHOPPING GESTION

Third-party management and development fees generated by Ségécé and its subsidiaries increased by 2.5% (total share), to 33.2 million euros. This increase is attributable to the rise in Ségécé's ownership of its Spanish subsidiary Centros Shopping Gestion, from 50 to 100%, effective in the fourth quarter of 2004.

Plaza Centers Management, which manages Hungarian shopping center properties and is a 50% subsidiary of Ségécé, is consolidated as of July 1, 2004, with no material impact given its limited third-party business.

RESTRUCTURING OF INTEREST RATE HEDGING INSTRUMENTS

In connection with the adoption of IFRS, Klépierre took advantage of historically low long-term interest rates to restructure its interest-rate hedging instruments in late 2004. Most existing instruments (in particular optional instruments) were cancelled against a cash payment of 94.1 million euros (excluding accrued interest). Concomitantly, new instruments were set up at going market rates for a total of 1,190 million euros, in addition to a fixed-rate bank borrowing of 300 million euros. The primary aim of restructuring was to simplify the hedging structure by canceling those instruments that raised the exposure of Klépierre's future earnings to changes in fair value (as called for under IAS 39). As a result of these changes, Klépierre's interest-rate hedge is now composed exclusively of swaps. The portion of its long-term debt that is either hedged or fixed rate remains close to 77%, and the average duration of its hedge has risen from 4.4 years to 6 years.

From a French GAAP accounting perspective, the aforementioned cash payment is being spread over the remaining period of the cancelled contracts. Because the restructuring was completed in the second half of December 2004, the impact on 2004 financial statements is low. In accordance with IFRS, the cash payment will be charged against equity on the opening balance sheet for 2005, after recognition of the tax savings resulting from the deductible portion of the charge for a net amount of around 80 million euros. In parallel, interest expense will be reduced as of 2005 by an annual amount of around 14 million euros.

Klépierre will publish its annual earnings on Monday, February 14, 2005.

KLÉPIERRE, THE NUMBER ONE SHOPPING CENTER MANAGER IN CONTINENTAL EUROPE

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Additional Information, January 26, 2005 Press Release

RENTS	TOTAL SHARE		%	GROUP SHARE		%
In € millions	2004	2003	**2004/2003**	2004	2003	**2004/2003**
Shopping Centers						
France	190,0	179,2	6,0%	155,5	148,8	4,5%
Spain	51,3	40,0	28,2%	42,6	33,1	28,5%
Italy	48,9	41,1	19,0%	42,8	35,3	21,2%
Hungary	14,1	-		14,1		
Others	28,8	18,7	nc	27,8	18,0	nc
Total	**333,1**	**279,0**	**19,4%**	**282,7**	**235,2**	**20,2%**
Constant portfolio	280,0	268,3	**4,4%**	233,4	223,5	**4,4%**
Offices						
Constant portfolio	59,2	58,8	0,6%	59,2	58,8	0,6%
Acquisitions	0,6			0,6		
Disposals	4,7	15,4		4,7	15,4	
Total	**64,5**	**74,2**	**-13,1%**	**64,5**	**74,2**	**-13,1%**
TOTAL RENTS	**397,5**	**353,2**	**12,6%**	**347,2**	**309,4**	**12,2%**
Constant portfolio	339,2	327,1	**3,7%**	292,5	282,3	**3,6%**

FEE INCOME	TOTAL SHARE		%	GROUP SHARE		%
In € millions	2004	2003	**2004/2003**	2004	2003	**2004/2003**
Shopping centers	33,2	32,4	2,5%	24,9	24,3	2,7%
Offices	0,5	0,2	N.S.	0,5	0,2	N.S.
Total	**33,7**	**32,6**	**3,4%**	**25,5**	**24,5**	**3,9%**

%	FINANCIAL OCCUPANCY RATE SHOPPING CENTERS
France	99.2
Spain	96.7
Greece	99.6
Hungary	96.8
Italy	98.2
Portugal	98.8
Czech Republic	98.6
Slovakia	98.5
TOTAL EUROPE	**98.4**