2022 Interim Financial Report

KLEPIERRE

CONTENTS

1

Management report **1**

1.1 Business overview 1
1.2 Business activity by region 5
1.3 Net current cash flow 8
1.4 Investments, developments and disposals 10
1.5 Portfolio valuation 12
1.6 Financing policy 16
1.7 EPRA performance indicators 19
1.8 Outlook 23

2

Risk factors **24**

2.1 New development in macro and exogenous risks 24

3

Interim condensed consolidated financial statements for the six months ended June 30, 2022 **25**

3.1 Consolidated statements of comprehensive income 25
3.2 Consolidated statements of financial position 26
3.3 Consolidated statements of cash flows 27
3.4 Statements of changes in consolidated equity 28
3.5 Notes to the consolidated financial statements 29

4

Statutory Auditors' Review Report on the Half-yearly Financial Information **79**

4.1 Conclusion on the financial statements 79
4.2 Specific verification 79

5

Persons responsible for the disclosures **80**

5.1 Statement of the person responsible for the half-year financial report 80
5.2 Persons responsible for audits & financial disclosures 80

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1 Management report

1.1 BUSINESS OVERVIEW

1.1.1 Economic environment

According to the latest OECD Economic Outlook, the European economy continued its recovery in the first half of 2022, albeit at a slower pace than in 2021, which benefited from the post-Covid-19 rebound. Amid war in Ukraine and supply bottlenecks, growth in gross domestic product was projected to slow down over the period. However, household savings and public spending are expected to have supported the labor market, with unemployment forecast to decline to below pre-Covid levels by the end of the year.

Meanwhile, sanctions on fossil fuels and economic uncertainties will continue to push up inflation in 2022, before a likely easing in 2023. Nevertheless, wage growth coupled with high levels of savings are expected to preserve consumption. Furthermore, in line with their historical welfare models, many European countries—especially those in which Klépierre operates—have provided households and businesses with financial support and subsidies to cushion the rapid increase in prices.

Nonetheless, financing conditions have been tightening since the beginning of 2022, with the European Central Bank announcing its first interest rate hike in 11 years and monetary policy accommodation being gradually removed. Designed to ease inflationary pressures, this policy marks a pause of the all-time low interest rate environment of the last ten years and could ultimately weigh on the outlook while raising the prospect of recession.

Against this backdrop, Klépierre will benefit from its competitive advantages, including its pan-European platform of prime shopping malls and mass market positioning, as it continues to match shoppers' expectations with differentiating products and a constantly refreshed retail offering.

2022 AND 2023 MACROECONOMIC FORECASTS BY GEOGRAPHY

	Real GDP growth rate			Unemployment rate			Inflation rate		
Geography	**2021**	**2022E**	**2023E**	**2021**	**2022E**	**2023E**	**2021**	**2022E**	**2023E**
EUROZONE	5.3%	2.6%	1.6%	7.7%	7.1%	7.4%	2.6%	7.0%	4.6%
France	**6.8%**	**2.4%**	**1.4%**	**7.9%**	**7.5%**	**7.8%**	**2.1%**	**5.2%**	**4.5%**
Italy	**6.6%**	**2.5%**	**1.2%**	**9.5%**	**9.0%**	**9.3%**	**1.9%**	**6.3%**	**3.8%**
Scandinavia									
Norway	3.9%	4.0%	2.3%	4.3%	2.8%	2.8%	3.5%	4.6%	3.3%
Sweden	4.9%	2.2%	1.0%	8.8%	7.4%	7.4%	2.2%	6.5%	5.4%
Denmark	4.7%	3.0%	1.4%	5.2%	5.1%	5.5%	1.9%	5.2%	3.9%
Iberia									
Spain	5.1%	4.1%	2.2%	14.8%	13.6%	13.9%	3.0%	8.1%	4.8%
Portugal	4.9%	5.4%	1.7%	6.6%	5.8%	5.7%	0.9%	6.3%	4.0%
Netherlands & Germany									
Netherlands	5.0%	2.9%	1.1%	4.2%	3.8%	4.4%	2.8%	9.2%	4.8%
Germany	2.9%	1.9%	1.7%	3.6%	3.1%	3.4%	3.2%	7.2%	4.7%
Central Europe									
Czech Republic	3.3%	1.8%	2.0%	2.8%	2.5%	2.6%	3.8%	13.0%	5.6%
Poland	5.9%	4.4%	1.8%	3.4%	2.9%	2.9%	5.1%	11.1%	6.5%

Source: OECD Economic Outlook, May 2022.

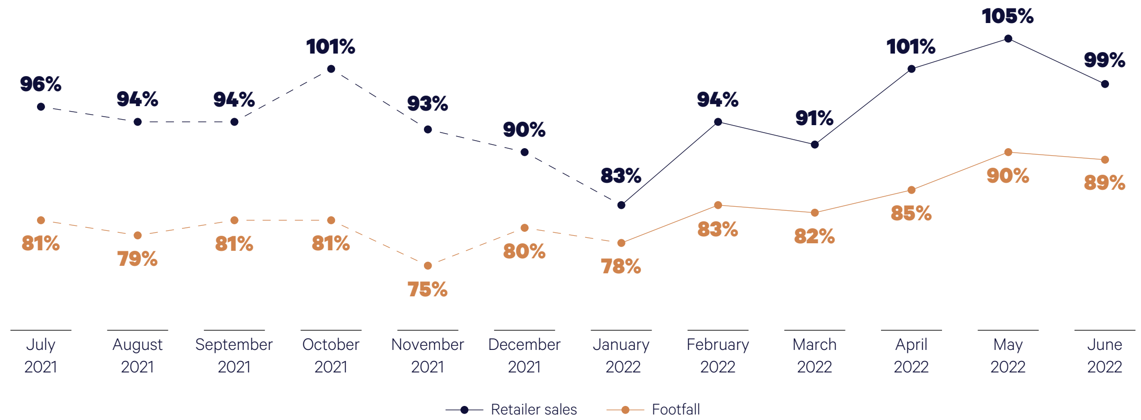
1.1.2 Retailer sales and footfall

As operations were affected by store closures over the first half of 2021 (2.5 months), the following trends regarding retailer sales and footfall are compared to the last comparable first half to provide the most relevant analysis (i.e., first-half 2022 compared first-half 2019).

Retailer sales in January were impacted by the pandemic (store closure in the Netherlands, "2G" law in Germany and face mask being mandatory to visit stores in other countries). From February to June, retailer sales continued to improve strongly in line with the second half of 2021 with a sequential acceleration month after month, supported by the end of health restrictions and the economic rebound, leading to 92% of 2019 levels in February and March and up to 101% in Q2.

Similarly, footfall continued to benefit from business resumption to reach 85% of 2019 levels over the second quarter (90% in May and 89% in June), accelerating from 78% in January. High transformation rates and average basket sizes continued to drive retailer sales growth, while a handful of malls located in business districts or dependent on tourist traffic or commuters continued to post weaker performances.

CHANGE IN RETAILER SALES AND FOOTFALL COMPARED TO 2019[(a)]



(a) Change on a same store basis, excluding the impact of asset sales and acquisitions.

By **geography,** retailer sales and footfall showed a homogeneous trend from February to June.

By **segment,** fashion confirmed its recovery over the first half and posted one of the strongest rebounds in the second quarter. Culture, gifts & leisure and health & beauty posted sustained increases, especially over the second quarter, with performances respectively above and on a par with 2019 levels. Household equipment continued to outperform over the first half. Lastly, food & beverage has posted solid rises since the beginning of the year, with a sharp acceleration between the first and second quarters.

1.1.3 Rent collection

As of July 18, 2022, Klépierre had collected 95% of invoiced rents and charges (96% collected for the first quarter). The Group expects to achieve a collection rate of at least 96.7% for first-half 2022.

Collection rates for 2020 and 2021 continued to improve, leading to additional income (reversal of provisions) in first-half 2022 for €38 million (one-off item).

1.1.4 Gross rental income and net rental income

GROSS RENTAL INCOME *(on a total share basis)*

In millions of euros	06/30/2022	06/30/2021	Reported change
France	226.8	144.1	+57.5%
Italy	107.2	76.4	+40.2%
Scandinavia	75.9	85.2	−10.9%
Iberia	63.0	53.9	+16.8%
Netherlands & Germany	53.8	43.6	+23.3%
Central Europe	32.2	29.9	+7.9%
Other countries	7.5	6.2	+21.0%
TOTAL SHOPPING CENTERS	566.4	439.3	+28.9%
Other retail properties	10.9	5.1	+115.3%
TOTAL	**577.3**	**444.3**	**+29.9%**

RECONCILIATION BETWEEN INVOICED RENTS AND CHARGES AND NET RENTAL INCOME *(on a total share basis)*

In millions of euros	06/30/2022	06/30/2021
Invoiced rents and charges	680.0	673.1
Charges	(132.4)	(120.3)
Rent abatements (cash)[(a)]	(2.3)	(112.4)
Straight line-amortization of rent abatements	-	2.3
Other	32.0	1.6
Gross rental income	577.3	444.3
Rental and building expenses	(76.0)	(123.8)
o/w Provisions for credit losses	(5.2)	(62.0)
NET RENTAL INCOME	**501.3**	**320.6**

(a) In connection with Covid-19.

NET RENTAL INCOME *(on a total share basis)*

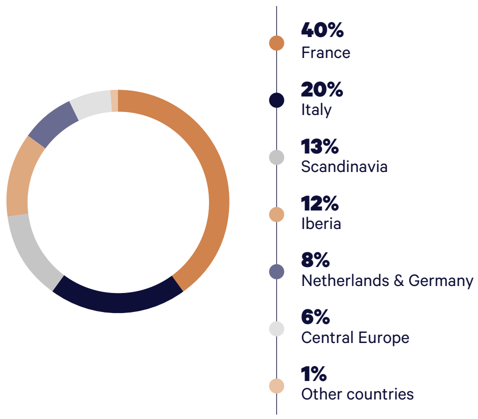
In millions of euros	06/30/2022	06/30/2021	Reported change	Like-for-like change
France	198.1	89.2	+122.1%	+129.1%
Italy	98.6	59.1	+67.0%	+67.0%
Scandinavia	65.1	73.9	−11.9%	+7.5%
Iberia	57.2	42.7	+33.9%	+33.8%
Netherlands & Germany	36.9	26.9	+37.4%	+56.9%
Central Europe	30.1	20.0	+50.5%	+50.5%
Other countries	4.3	4.1	+3.8%	+89.3%
TOTAL SHOPPING CENTERS	490.3	315.9	+55.2%	+66.4%
Other retail properties	11.0	4.7	+133.7%	+122.8%
TOTAL	**501.3**	**320.6**	**+56.4%**	**+66.7%**

Net rental income amounted to €501.3 million, up 56.4% on a reported basis. Over the period, the increase stemmed mainly from:

- A decrease in rent abatements and provisions for credit losses, and an increase in variable revenues and other income for an aggregate amount of €159.3 million;
- A negative impact from disposals and forex for €16.5 million; and
- €38 million of additional income due to the higher collection rate for 2020 and 2021 rents (see section 1.1.3 “Rent collection”).

On a like-for-like basis, net rental income increased by 66.7%.

BREAKDOWN OF SHOPPING CENTER NRI BY REGION FOR THE YEAR ENDED JUNE 30, 2022 *(on a total share basis)*



1.1.5 Leasing update

Klépierre recorded a dynamic first half in terms of **leasing** with 699 leases signed, including 516 renewals and re-lettings with an average 2.7% positive rental reversion. Firm retailer demand in the wake of the normalization of business levels, coupled with Klépierre's asset management initiatives, contributed to maintaining the occupancy rate at the high level of 94.7%, up 50 basis points over the year and flat compared to December 31, 2021. Retailer demand for newly developed retail surfaces is particularly vigorous, as evidenced by the successful leasing of the Gran Reno (Bologna, Italy) extension and by the high pre-leasing rate for the extension of Grand Place (Grenoble, France).

Across its portfolio, Klépierre continued to adapt its tenant mix by prioritizing the expansion of **omnichannel retailers** that are better suited to evolving consumer expectations. This translated into a sustained deal flow with banners such as Inditex (9 leases), H&M (6 leases), Calzedonia (17 leases), Nike (3 leases), Mango (1 lease), Rituals (2 leases) and Pandora (2 leases). Greater emphasis has also been placed on dynamic segments like **sports.** As such, sneakers group Deichmann (7 deals) unveiled new stores in Italy, Sweden and Spain, while JD Sports signed leases for the expansion of two stores in France and Italy. In addition, the Group signed a significant deal for the opening of the first Nike stores in its Scandinavian malls at Emporia (Malmö, Sweden) and Bruun's Galleri (Aarhus, Denmark). Lastly, sportswear specialist 4F and Danish retailer Hummel joined malls in Poland and Denmark, respectively, while Adidas is set to unveil a brand-new boutique at Arcades (Paris region, France) in the second half of 2022.

Attracted by the strength of Klépierre's malls, a host of **newcomers** and **on-trend concepts** also chose Klépierre malls as part of their growth strategy. Jimmy Fairly, the hip eyewear specialist, is set to unveil its new flagship in France in the coming months, while Chinese online retail platform AliExpress launched an offline concept in Spain in April. Household equipment specialist Tefal signed up for its first stores in Klépierre's portfolio in France and Sweden, while several contracts were signed with Danish brand Flying Tiger Copenhagen, lifestyle brand Miniso and Chinese retailer Xiaomi. Leasing activity was also dense within the popular value retail segment, with the opening of new stores for Normal, Pepco, Xenos and HalfPrice. Lastly, with the normalization of the health situation, the Group also resumed its **specialty leasing** activities—especially pop-up stores—welcoming brands including Izipizi, Devialet, Jean-Paul Gaultier, Havaianas, Bons Baisers de Paname and Thermomix, all of which contributed to rejuvenating the retail offering and boosting traffic and sales in numerous shopping centers.

Lastly, the period was characterized by the successful **inauguration** of the 16,700 sq.m. extension of Gran Reno (Bologna, Italy) in early July. Further to the renovation completed in September 2021, this final stage has taken Gran Reno to an entirely new level, with best-in-class standards of architecture, interior design, layout and shopping experience. In response to consumer habits, it now boasts a vast array of exclusive brands including Primark, H&M, Zara, Bershka, Pull & Bear, Tommy Hilfiger, Snipes and Flying Tiger Copenhagen, as well as a comprehensively refreshed food offering.

KEY RENTAL PERFORMANCE INDICATORS

Geography	Renewed and re-let leases *(in millions of euros)*	Reversion *(in %)*	OCR[a]	Occupancy rate
France	15.8	−0.6%	13.0%	94.0%
Italy	21.6	+5.7%	10.4%	96.8%
Scandinavia	5.9	+0.6%	12.3%	93.6%
Iberia	8.0	+8.2%	13.7%	93.7%
Netherlands[b] & Germany	1.4	+4.3%	12.8%	94.5%
Central Europe	3.7	−4.8%	14.5%	95.6%
Other countries	0.7	−12.3%	10.1%	93.4%
TOTAL	**57.2**	**+2.7%**	**12.4%**	**94.7%**

All assets (including equity-accounted companies) are presented on a 100% share basis.
(a) Occupancy cost ratio.
(b) Occupancy cost ratio is only calculated for Germany as only a few Dutch retailers report their sales to Klépierre.

1.2 BUSINESS ACTIVITY BY REGION

1.2.1 France (40.4% of net rental income)

NRI AND OCCUPANCY RATE IN FRANCE

	Portfolio NRI (on a reported-basis)			Portfolio NRI (on a like-for-like basis)			Occupancy rate	
In millions of euros	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021
FRANCE	198.1	89.2	+122.1%	197.6	86.2	+129.1%	94.0%	93.4%

From February to June 2022, **retailer sales**[(1)] reached 97% of 2019 levels, in line with the Group average. After a gradual resumption in February and March (92% of 2019 levels), the performance accelerated to pre-Covid levels over the second quarter. By segment, culture, gifts & leisure and household equipment experienced the strongest increases, being in line with 2019 levels, while health & beauty recorded retailer sales representing 96% of 2019 levels. Fashion outperformed pre-Covid levels over the second quarter and was only slightly behind over the period as a whole. Consumption is expected to remain sustained over the coming months, with the price shock cushioned by the French government capping energy costs and providing subsidies, which are expected to support households' disposable income as well as business margins.

In the first half of 2022, **net rental income** came out at €198.1 million, up €108.9 million year on year, due mainly to lower rent abatements and provisions for credit losses, higher variable revenues, and positive indexation.

Leasing activity remained dynamic in the first six months of 2022, with 181 leases signed, nudging occupancy up slightly to 94.0%. Over the period, the sports sub-segment kept up its growth momentum illustrated by deals signed with JD Sports for the extension of two stores at Belle Épine (Paris region) and at Centre Deux (Saint-Étienne)—where Primark is also preparing to open in December 2022—as well as with Adidas for the opening of a new 500 sq.m. boutique at Arcades (Paris region). The retail mix was enriched at Blagnac (Toulouse), with the unveiling of brand-new JOTT and Tezenis stores and a new flagship for hip eyewear specialist Jimmy Fairly is set to open in the second half of the year. The extension of Zara, slated to open at the end of 2022, will also provide Blagnac's customers with a completely overhauled shopping experience and further strengthen the dominance of this leading mall in the Toulouse region. More generally, Klépierre continued to support the expansion of on-trend concepts, illustrated by the opening of Normal at Grand Portet (Portet-sur-Garonne) and Miniso at Créteil Soleil (Paris region), as well as deals with Superdry and Pandora at L'Esplanade (Louvain-la-Neuve). Lastly, new leases signed over the last six months also included Tefal's first store in Klépierre's French portfolio at Créteil Soleil, and a new boutique for premium food brand Ladurée at Saint-Lazare (Paris).

1.2.2 Italy (20.1% of net rental income)

NRI AND OCCUPANCY RATE IN ITALY

	Portfolio NRI (on a reported-basis)			Portfolio NRI (on a like-for-like basis)			Occupancy rate	
In millions of euros	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021
ITALY	98.6	59.1	+67.0%	98.6	59.1	+67.0%	96.8%	96.6%

Klépierre's Italian malls proved resilient over the period, with **retailer sales**[(1)] reaching 94% of 2019 levels from February to June 2022 on a like-for-like basis. With Covid restrictions still in place, the year started softly, but retailer sales rebounded in the second quarter in line with 2019 performance. By segment, household equipment outperformed 2019 levels over the period as a whole, while fashion accelerated in the second quarter to outperform 2019 by 2%. Food & beverage continued to be held back by restrictions but improved over the second quarter. Culture, gifts & leisure also recovered over the period, with retailer sales in line with 2019 in the second quarter. The Italian government has introduced substantial policy incentives designed to aid households and firms and is continuing to ramp up renewable energy supply, a strategy that is expected to translate into energy price moderation from 2023 and to support household consumption.

Net rental income in Italy amounted to €98.6 million, up €39.5 million year on year, with the performance mainly attributable to lower rent abatements and provisions for credit losses coupled with higher variable revenues.

Over the first six months of 2022, 238 **leases** were signed in Italy, up 6% compared to 2021 and up 13% on pre-Covid volumes, with a solid average positive reversion on renewal and re-leasing of 5.7%. As of June 30, 2022, the occupancy rate stood at 96.8%. New deals over the period included a new store opened by sneakers retailer Skechers at Porta di Roma (Rome), where Dr. Martens also chose to unveil its first store in Klépierre's Italian shopping centers. In addition, several leases were signed with Calzedonia, JD Sports and cosmetics brand Kiko, while on-trend concepts such as Xiaomi and Danish brand Flying Tiger Copenhagen continued to expand. Boasting 12 million visitors each year, leasing activity was also robust at Campania, in the Naples region, with more than 20 deals, including the unveiling of a brand-new Mango concept, the opening of a Calvin Klein boutique and the relocation of MAC Cosmetics to an upsized unit, as well as the opening of the new enlarged H&M and H&M Home at the end of June 2022. In early July, the Group successfully inaugurated the Gran Reno (Bologna) extension, which was 98% let at opening. Following the refurbishment completed in September 2021, the 16,700 sq.m. extension hosts a stand-out array of retailers such as Sephora, New Balance, JD Sports, the Inditex brands, H&M, Tommy Hilfiger and Primark (slated to open in early August). Lastly, more Primark stores are expected to open before the end of the year at Le Gru (Turin), Campania (Naples) and Nave de Vero (Venice). See section 1.4.3 "Development pipeline" for more information.

(1) Change is on a same-store basis, excluding the impact of asset sales and acquisitions.

1.2.3 Scandinavia (13.3% of net rental income)

NRI AND OCCUPANCY RATE IN SCANDINAVIA

	Portfolio NRI (on a reported-basis)			Portfolio NRI (on a like-for-like basis)			Occupancy rate	
In millions of euros	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021
SCANDINAVIA	**65.1**	**73.9**	**−11.9%**	**65.1**	**60.5**	**+7.5%**	**93.6%**	**93.6%**

Scandinavia continued to lead the way among the Group's regions, recording **retailer sales**(1) above 2019 levels from February to June 2022, and 4% higher in the second quarter. During that period, growth was driven by Norway, where retailer sales were up 7%, followed by Sweden and Denmark (up 3% and 1% versus 2019, respectively). By segment, culture, gifts & leisure, household equipment and health & beauty outperformed 2019 levels (up by between 2% and 5%). Food & beverage registered retailer sales slightly above 2019 levels. Despite evident price increases, inflation is also expected to be more limited, thanks to fiscal support packages and subsidies. In addition, with unemployment rates below pre-Covid levels, the tight labor market is expected to drive an acceleration in wage growth and ultimately lead to an increase in private consumption.

Following the disposals of five assets in Norway in July 2021, first-half 2022 **net rental income** in Scandinavia was down 11.9% year on year as reported but up 7.5% like for like at €65.1 million.

On the **leasing** front, the Group signed 77 agreements over the period, with broadly flat reversion (0.6%) on renewals and re lettings and a stable occupancy rate of 93.6%. Highlights for the period included two significant deals with Nike for the opening of its first stores in Klépierre's Swedish (Emporia, Malmö) and Danish (Bruun's Galleri, Aarhus) malls. To further strengthen its sports offering, in March the Scandinavian platform also welcomed trendy Danish retailer Hummel at Bruun's Galleri and shoe brand Deichmann at Marieberg (Örebro, Sweden). In parallel, dynamic value retailer Normal recently unveiled a new store at Galleria Boulevard (Kristianstad, Sweden). In addition, a deal was signed with Scotch & Soda to round out the already broad fashion offering at Emporia, where household and cookery retailer Tefal is set to open its first store in Klépierre's Swedish portfolio by the year end.

1.2.4 Iberia (11.7% of net rental income)

NRI AND OCCUPANCY RATE IN IBERIA

	Portfolio NRI (on a reported-basis)			Portfolio NRI (on a like-for-like basis)			Occupancy rate	
In millions of euros	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021
IBERIA	**57.2**	**42.7**	**+33.9%**	**57.2**	**42.7**	**+33.8%**	**93.7%**	**92.7%**

On a like-for-like basis, **retailer sales**(1) in Klépierre's Iberian malls reached 98% of 2019 levels and were in line with pre-Covid levels over the second quarter of 2022. Culture, gifts & leisure posted a positive performance over the period compared to 2019 levels (mainly in Portugal), while health & beauty, food & beverage and fashion were slightly negative. Household equipment brought up the rear in the region, posting retailer sales 10% below 2019 levels. Accumulated household savings, the resumption of tourism and fiscal support measures were the main expansionary drivers and are expected to support domestic demand going forward.

Net rental income came to €57.2 million for first-half 2022, lifted by lower provisions for credit losses and rent abatements.

Leasing activity was vigorous in Iberia, outpacing 2019 levels with 103 deals signed for an average positive reversion in excess of 8%, and a 100-basis-point decrease in vacancy, delivering an occupancy rate of 93.7%. Klépierre continued to cement its longstanding partnerships with key accounts, notably through deals with Inditex for the opening of two new enlarged and refurbished Pull & Bear stores at Plenilunio (Madrid, Spain) and at Aqua Portimão (Portimão, Portugal), where the fashion offering was also enriched by the latest Stradivarius format. In the value retail segment, Pepco continued to expand with the unveiling of its first two flagship stores at El Ferial (Parla, Spain) and at Nueva Condomina (Murcia, Spain), where shoe retailer Skechers signed an agreement to enlarge its existing store in the second half of the year. Lastly, the Group continued to attract differentiating brands with Chinese online platform AliExpress' offline concept opening at La Gavia (Madrid, Spain) in April.

(1) Change is on a same-store basis, excluding the impact of asset sales and acquisitions.

1.2.5 Netherlands & Germany (7.5% of net rental income)

NRI AND OCCUPANCY RATE IN THE NETHERLANDS AND GERMANY

	Portfolio NRI (on a reported-basis)			Portfolio NRI (on a like-for-like basis)			Occupancy rate	
In millions of euros	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021
NETHERLANDS & GERMANY	36.9	26.9	+37.4%	36.8	23.5	+56.9%	94.5%	94.7%

From February to June 2022, **retailer sales**(1) reached 2019 levels on a like-for-like basis. The first quarter was hindered significantly by the pandemic, with the Dutch lockdown through mid-January and the German "2G" law limiting access to certain activities. Conversely, the performance in the second quarter was solid, coming in 5% above pre-Covid levels. By segment, culture, gifts & leisure and household equipment led the pack, posting retailer sales above 2019 levels, while fashion was in line and food & beverage down 4%. With the unemployment rate at a historically low level of 3% in both countries, the region has good inbuilt resilience to downside risks.

In first-half 2022, **net rental income** amounted to €36.9 million, up 37.4% on a reported basis, despite the negative impact of the disposal of Boulevard Berlin in December 2021. On a like for like basis, net rental income was up 56.9%, benefitting from lower provisions for credit losses and rent abatements during the period.

On the **leasing** side, 28 deals were signed over the period, delivering strong positive reversion of 4.3% on renewals and relettings and a slight uptick in the occupancy rate to 94.5%. In Germany, the Group pursued its leasing strategy, signing deals with H&M and Inditex, including the relocation of Bershka to an 800 sq.m. unit at Centrum Galerie (Dresden). Meanwhile, Hoog Catharijne (Utrecht, Netherlands) continued to attract on-trend retailers such as local discount brand Xenos. Fashion retailer Mexx also chose Hoog Catharijne to unveil its first store in Klépierre's Dutch portfolio in May, and Mango is scheduled to open in the second half of 2022. The most visited shopping center in the Netherlands also welcomed a Skechers store in March and is set to open a brand-new H&M Home in the second half of 2022.

1.2.6 Central Europe (6.1% of net rental income)

NRI AND OCCUPANCY RATE IN CENTRAL EUROPE

	Portfolio NRI (on a reported-basis)			Portfolio NRI (on a like-for-like basis)			Occupancy rate	
In millions of euros	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021	Change	06/30/2022	06/30/2021
CENTRAL EUROPE	30.1	20.0	+50.5%	30.1	20.0	+50.5%	95.6%	94.8%

Retailer sales(1) in Central Europe exceeded 2019 levels from February to June 2022 by 4%, driven by a marked acceleration in the second quarter (up 9% like for like). On a segment basis, household equipment outperformed pre-Covid levels, while fashion and culture, gifts & leisure recovered at a steadier pace.

Net rental income in Central Europe amounted to €30.1 million, up €10.1 million year on year on the back of lower provisions for credit losses and rent abatements in first-half 2022, especially in the Czech Republic.

On the **leasing** side, 52 deals were agreed, and the occupancy rate stood at 95.6%. Several deals were signed over the period with cosmetics retailers Lush and Douglas and fashion brands Calzedonia and Etam. At Nový Smíchov (Prague, Czech Republic), cosmetics banner Rituals was relocated to offer an enhanced experience to shoppers while household retailer Tescoma enlarged its store and Diesel selected Prague's leading mall for its latest boutique. In Poland, Intimissimi joined Sadyba Best (Warsaw, Poland), while Poznan Plaza (Poznan, Poland) enriched its offering with sportswear specialist 4F, and is preparing to host off price retailer HalfPrice, which signed up for a brand new store over 1,600 sq.m.

(1) Change is on a same-store basis, excluding the impact of asset sales and acquisitions.

1.3 NET CURRENT CASH FLOW

NET CURRENT CASH FLOW AND EPRA EARNINGS

Total share *(in millions of euros)*	**06/30/2022**	**06/30/2021**	**Change**
Gross rental income	577.3	444.3	+29.9%
Rental and building expenses	(76.0)	(123.8)	−38.6%
Net rental income	501.3	320.6	+56.4%
Management and other income	42.0	35.7	+17.6%
General and administrative expenses	(76.7)	(71.4)	+7.5%
EBITDA	466.6	284.9	+63.8%
Adjustments to calculate operating cash flow:			
• Depreciation charge for right-of-use assets[a]	(4.0)	(4.2)	
• Employee benefits, stock option expense and non-current operating expenses/income	(1.9)	0.0	
• IFRIC 21 impact	7.7	8.2	
Operating cash flow	468.4	288.9	+62.1%
Cost of net debt	(58.1)	(58.2)	−0.2%
Adjustments to calculate net current cash flow before taxes:			
• Amortization of Corio debt mark-to-market	(0.4)	(1.9)	
• Financial instrument close-out costs	6.8	1.7	
Current cash flow before taxes	416.7	230.5	+80.8%
Share in earnings of equity-accounted companies	28.5	17.6	+62.6%
Current tax expense	(17.6)	0.1	n.m.
Net current cash flow	427.7	248.1	+72.4%
Group share			
Net current cash flow	371.7	206.9	+79.6%
Add-back adjustments to calculate EPRA Earnings:			
• Employee benefits, stock option expense and non-recurring operating expenses/income	2.0	(0.0)	
• Depreciation, amortization and provisions for contingencies and losses	(4.3)	(4.8)	
EPRA Earnings	369.4	202.1	+82.7%
Average number of shares[b]	286,037,065	285,539,909	+0.2%
Per share *(in euros)*			
NET CURRENT CASH FLOW—IFRS	**1.30**	**0.72**	**+79.3%**
IFRS 16 straight-line amortization	0.02	(0.01)	
NET CURRENT CASH FLOW—ADJUSTED	**1.32**	**0.72**	**+83.7%**
EPRA EARNINGS	**1.29**	**0.71**	**+82.4%**

(a) Right of use assets and lease liabilities related to head office and vehicle leases as per IFRS 16.
(b) Excluding treasury shares.

- **Operating cash flow** amounted to €468.4 million for the period, up €179.5 million (+62.1%) compared to the first half of 2021. Over the period, management and other income increased by €6.3 million (up 17.6%), with fees lifted by the resumption of development projects.

  General and administrative expenses increased slightly by €5.4 million (up 7.5%) year on year. In 2021, Klépierre significantly contained its cash outflows with lower staff costs and administrative expenses to mitigate Covid-induced revenue falls. With the end of these temporary measures and, to a lesser extent, with the inflationary environment, the business resumption led to higher general and administrative expenses, although they remain 8% lower compared to 2019 levels.
- **The cost of net debt** came out at €58.1 million on a total share basis and was virtually flat versus the first half of 2021. Overall, the cost of debt declined by 10 basis points to 1.1% (see section 1.6.3 "Cost of debt").
- **Current tax expense** amounted to €17.6 million on a total share basis, up €17.7 million year on year, notably reflecting higher net rental income in taxable countries (mainly Italy, Norway and Denmark). In addition, first-half 2021 current tax expense was significantly low due to higher provisions for credit losses and rent abatements, as well as a €6.5 million accrued tax credit in France in respect of rent abatements granted for the November 2020 lockdown.
- **Net current cash flow** reached €427.7 million (Total share) or €371.7 million (Group share). On a per share basis, net current cash flow came out at €1.32, of which €0.12 related to higher rent collection for 2020 and 2021.

See section 1.7.1 for the reconciliation of net current cash flow to EPRA Earnings and net income.

1.3.1 Contribution of equity-accounted companies

The contribution of equity-accounted companies[1] to net current cash flow amounted to €28.5 million over the six-month period ended June 30, 2022. The Group's equity-accounted investments are listed below:

- **France:** Les Passages (Boulogne; 50%), Espace Coty (Le Havre; 50%), Mayol (Toulon; 40%), Le Millénaire (Paris region; 50%), and Belle Épine (Paris region; 10%);
- **Italy:** Porta di Roma (Rome; 50%), Il Leone (Lonato; 50%), Il Corti Venete (Verona; 50%), Il Destriero (Milan; 50%) and Città Fiera (Udine; 49%);
- **Norway:** Økernsenteret (Oslo; 50%) and Metro Senter (Oslo; 50%);
- **Portugal:** Aqua Portimão (Portimão; 50%); and
- **Turkey:** Akmerkez (Istanbul; 45.9%).

Percentages correspond to Klépierre's share of equity in each asset.

The following tables present the contributions of these assets by country to gross and net rental income, EBITDA, net current cash flow, and net income.

CONTRIBUTION OF EQUITY-ACCOUNTED COMPANIES

GROSS RENTAL INCOME

In millions of euros	06/30/2022	06/30/2021
France	12.2	8.9
Italy	21.4	15.0
Norway[a]	3.2	3.7
Portugal	1.8	1.0
Turkey	2.7	2.2
TOTAL	**41.3**	**30.9**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET RENTAL INCOME

In millions of euros	06/30/2022	06/30/2021
France	9.1	6.1
Italy	19.3	11.4
Norway[a]	2.4	2.8
Portugal	1.5	0.8
Turkey	2.1	1.7
TOTAL	**34.5**	**22.8**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

EBITDA

In millions of euros	06/30/2022	06/30/2021
France	9.0	6.1
Italy	19.2	11.3
Norway[a]	2.4	2.8
Portugal	1.5	0.8
Turkey	2.0	1.6
TOTAL	**34.1**	**22.6**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET CURRENT CASH FLOW

In millions of euros	06/30/2022	06/30/2021
France	6.6	4.2
Italy	15.9	8.3
Norway[a]	2.4	2.8
Portugal	1.2	0.4
Turkey	2.3	1.8
TOTAL	**28.5**	**17.6**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET INCOME[b]

In millions of euros	06/30/2022	06/30/2021
France	4.1	(2.9)
Italy	20.1	54.9
Norway[a]	5.3	(0.1)
Portugal	(1.0)	(0.4)
Turkey	7.3	3.5
TOTAL	**35.8**	**55.0**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.
(b) Net income includes non-cash and non-recurring items, including changes in the fair value of investment properties.

(1) Equity-accounted companies include investments in jointly controlled companies and companies in which the Group exercises significant influence.

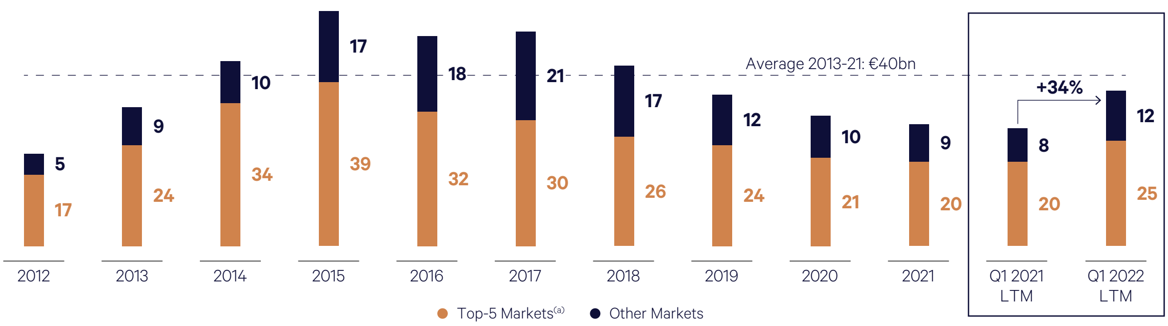
1.4 INVESTMENTS, DEVELOPMENTS AND DISPOSALS

1.4.1 Investment market

Over the twelve months ended March 2022, retail property investment volumes in Europe increased by 34% to €37 billion compared to the same previous year period, i.e., close to the latest ten-year average. The bulk of the investment volume was realized between the fourth quarter of 2021 and the first quarter of 2022. Amid rising interest rates, retail assets benefited from relatively high yields compared to other asset classes and from their proven resilience during the Covid crisis. By retail sub-segment, retail parks were the most dynamic (€10.5 billion, up 67%), while mall transactions (€10.1 billion) increased by 18%.

By geographic area, Scandinavian investment volumes surged by 40% thanks to renewed interest from institutional investors for retail assets and the lesser impact of the Covid crisis on retailers. German investment volumes were broadly stable, mostly thanks to transactions for retail parks and supermarkets. Lastly, France registered higher year-on-year transaction volumes (up 11%), mostly linked to a limited number of large transactions.

EUROPEAN INVESTMENT VOLUMES *(in billions of euros)*



Source: JLL (Q1 2022): this review considers all investment sales of shopping centers, retail warehouses, factory outlet centers, supermarkets and high streets, excluding investment deals of less than €5 million in value.
(a) France, United Kingdom, Germany, Spain and the Netherlands.

1.4.2 Capital expenditure

In the first half of 2022, the Group focused on its main committed **development** projects:

- The extension of Gran Reno in Bologna (Italy), which opened on July 7, 2022;
- The refurbishment of Grand Place in Grenoble (France), which was delivered in March 2022, with the first stone laid on the extension during the second quarter of the year and works scheduled to complete by the end of 2023; and
- Primark stores in Italy at Gran Reno (Bologna), Le Gru (Turin) and Campania (Naples) and in France at Centre Deux (Saint-Étienne), with units having been delivered to the tenant in the first half of 2022 and openings planned for the second half. Similarly, the Primark store at Nave de Vero (Venice, Italy) is scheduled to be handed over in the second half of 2022 for opening in first-quarter 2023.

Overall, development capex amounted to €57.7 million.

Investments in **properties in operation** (excluding investments in extensions) amounted to €32.6 million.

Overall, total capital expenditure in the first half of 2022 amounted to €90.9 million (see section 1.7.6 for more details).

1.4.3 Development pipeline

On a total share basis, the total pipeline represented €2.5 billion, of which €0.4 billion committed, €0.7 billion of retail controlled projects and €1.3 billion of mixed-use controlled projects.

On a Group share basis, the total pipeline represented €1.8 billion, of which €0.4 billion committed, €0.6 billion of retail controlled projects and €0.8 billion of mixed use controlled projects.

Over the first half of 2022, €57.7 million was spent on the pipeline, mainly in France and Italy.

DEVELOPMENT PIPELINE (COMMITTED AND CONTROLLED PROJECTS) AS OF JUNE 30, 2022 *(on a total share basis)*

Development projects	Country	Location	Type	Floor area *(in sq.m.)*	Expected opening date	Klépierre equity interest	Estimated cost[(a)] *(in millions of euros)*	Cost to date *(in millions of euros)*	Targeted yield on cost[(b)]
Gran Reno	Italy	Bologna	Ext.-refurb.	24,876	2022	100.0%	143	127	
Grand Place	France	Grenoble	Ext.-refurb.	16,200	2022-2023	100.0%	70	22	
Créteil Soleil	France	Paris region	Ext.-refurb.	11,400	2019-2022	80.0%	137	133	
Hoog Catharijne Phase 3	Netherlands	Utrecht	Ext.-refurb.	7,512	2024	100.0%	27	6	
Other projects				34,875			73	44	
Total committed projects				**94,863**			**449**	**333**	**6.7%**
Le Gru[(c)]	Italy	Turin	Ext.-refurb.	24,316	2022-2025	100.0%	130	13	
Maremagnum	Spain	Barcelona	Ext.-refurb.	13,640	2024-2026	100.0%	49	2	
Odysseum[(c)]	France	Montpellier	Ext.-redev.	15,300	2023-2026	100.0%	51	9	
Porta di Roma[(d)]	Italy	Rome	Extension	4,880	2025	50.0%	14	0	
Val d'Europe	France	Paris region	Extension	9,000	2026	55.0%	61	1	
Blagnac	France	Toulouse region	Ext.-refurb.	3,520	2025	53.6%	12	2	
Grand Ouest	France	Écully	Ext.-refurb.	5,000	2024	83.0%	31	0	
Alexandrium	Netherlands	Rotterdam	Extension	7,000	2027	100.0%	44	1	
La Gavia	Spain	Madrid region	Extension	15,000	2026	100.0%	64	3	
Rives d'Arcins	France	Bordeaux region	Extension	8,180	2025	52.0%	33	0	
Mondeville	France	Caen	Extension	4,000	2026	100.0%	9	0	
Le Vele & Millenium	Italy	Cagliari	Extension	10,875	2025	100.0%	73	0	
Parque Nascente	Portugal	Porto	Extension	19,400	2026	100.0%	34	0	
Other projects				15,600			69	1	
Total retail controlled projects				**155,711**			**673**	**33**	
Økernsenteret[(e)]	Norway	Oslo	Mixed use	102,500	2025-2027	56.1%	404	50	
Viva	Denmark	Odense	Mixed use	90,100	2024	56.1%	332	29	
Blagnac	France	Toulouse region	Mixed use	111,987	2025-2030	53.6%	215	10	
L'Esplanade	Belgium	Brussels region	Mixed use	22,000	2026	100.0%	75	15	
Nancy	France	Nancy	Mixed use	30,800	2025-2028	35.0%	49	9	
Field's	Denmark	Copenhagen	Mixed use	67,500	2026	56.1%	209	42	
Val d'Europe	France	Paris region	Mixed Use	15,000	2026	55.0%	54	0	
Total mixed-use controlled projects				**439,887**			**1,337**	**155**	
TOTAL				**690,461**			**2,460**	**521**	

(a) Estimated cost as of June 30, 2022, including any fitting-out costs and excluding any step-up rents, internal development fees and finance costs.
(b) Targeted yield on cost as of June 30, 2022, based on targeted NRI with full occupancy and excluding any lease incentives, divided by the estimated cost price as defined above.
(c) Including restructured surfaces: Le Gru for 15,670 sq.m. and Odysseum for 9,200 sq.m.
(d) Equity-accounted companies. Estimated costs and costs to date are reported proportionately for Klépierre's share of equity. Floor areas correspond to the total surface area of the projects.
(e) Including the foreign exchange impact on estimated costs and costs to date.

1.4.3.1 Extension of Gran Reno (Bologna, Italy)

The extension of the leading mall in Bologna was delivered during the second quarter of 2022 after three years of works.

Perfectly illustrating the Group's operational strategy, the 16,700 sq.m. extension was officially inaugurated on July 7, 2022 and was 98% let at opening with international brands such as Primark, Tommy Hilfiger, H&M, Bershka, Zara, Pull & Bear, Snipes and Flying Tiger Copenhagen enriching the retail mix, together with a new food and leisure destination linked directly to an indoor and outdoor events area. Following the refurbishment delivered in September 2021, this extension finalized the complete makeover of this flagship shopping center.

1.4.3.2 Refurbishment and extension of Grand Place (Grenoble, France)

The refurbishment of Grenoble's leading retail destination was delivered in March 2022, accompanied by new store signings including Vans and Lego.

The construction of the 16,200 sq.m. extension has started, with the first stone laid in May 2022. The extension is scheduled for completion by the end of 2023 and will reshape the retail offering and design of this unrivaled shopping center. Pre-leasing is progressing well, with 82% of the projected net rental income signed (68%) or under advanced negotiations (14%). In addition, this new development will host the first Primark store in the region. As part of Klépierre's Destination Food® strategy, 14 new restaurants including KFC, Poke House and Black & White will open with indoor and outdoor terraces offering customers an enjoyable and tasty experience.

In addition, to capture the benefits of the urbanization trend and rising demand in the residential segment, a selection of mixed-use development projects is under consideration. These plans aim at transforming the potential of building rights in Økernsenteret (Oslo, Norway), Viva (Odense, Denmark), Blagnac (Toulouse region, France), L'Esplanade (Brussels region, Belgium), Nancy (France) and Field's (Copenhagen, Denmark).

With timespans of between three and seven years, these projects may be developed with local partners or, alternatively, sold upon approval of the re-zoning plans.

1.4.4 Disposals

DISPOSALS COMPLETED SINCE JANUARY 1, 2022

Assets (City, Country)	Floor area *(in sq.m.)*	Sale price[a] *(in millions of euros)*	Date
Maxi Storsenter (Hamar, Norway)	20,663		07/01/2022
Gulskogen Senter (Drammen, Norway)	40,629		07/01/2022
Arkaden Torgterrassen (Stavanger, Norway)	18,844		07/01/2022
Shopping centers	80,136	289.6	
Other retail properties	N/A	119.4	
Other retail assets	N/A	21.5	
TOTAL DISPOSALS	**N/A**	**430.5**	

(a) Excluding transfer taxes, total share.

Since January 1, 2022, the Group has completed disposals totaling €430.5 million[(1)] (of which, €133 million as of June 30, 2022):

- **Three shopping centers** in Norway (Gulskogen Senter in Drammen, Arkaden Torgterrassen in Stavanger and Maxi Storsenter in Hamar);
- **Other retail properties,** mainly comprising a portfolio of 57 Buffalo Grill restaurants in France; and
- **Other retail assets,** mainly including a retail park in the Paris region in the vicinity of the Villiers-en-Bière shopping center.

These transactions illustrate Klépierre's ability to continue to streamline its portfolio in a rebounding investment market and confirm the interest of investors for the shopping center asset class.

Considering €39.0 million of sales under promissory agreements, total Group disposals amounted to €469.5 million.

Overall, assets were sold and signed in line with appraised values (−0.4%).

1.5 PORTFOLIO VALUATION

1.5.1 Property portfolio valuation

1.5.1.1 Property portfolio valuation methodology

1.5.1.1.1 Scope of the portfolio as appraised by external appraisers

As of June 30, 2022, 98% of the value of Klépierre's property portfolio, or €20,101 million (including transfer taxes, on a total share basis)[(2)], was estimated by external appraisers in accordance with the methodology described below. The remainder of the portfolio was valued as follows:

- Projects under development, carried at cost[(3)]; and
- Other non-appraised assets, consisting mainly of assets held for sale, are valued at the agreed transaction price, land is valued at cost (when value is below €5 million), and other development projects are measured internally at fair value.

BREAKDOWN OF THE PROPERTY PORTFOLIO BY TYPE OF VALUATION *(on a total share basis)*

Type of asset	Value *(in millions of euros)*
Externally-appraised assets	20,101
Acquisitions	0
Investment property at cost	140
Other internally-appraised assets (land, assets held for sale, etc.)	336
TOTAL PORTFOLIO	**20,577**

1.5.1.1.2 Methodology used by external appraisers

On December 31 and June 30 of each year, Klépierre updates the fair market value of its properties using valuations provided by independent appraisers.

Further to a tender process, Klépierre selected new appraisers to serve from the June 2022 campaign. Accordingly, in June 2022, 35% of the portfolio was valued by a different appraiser than in December 2021. At June 30, 2022, 100% of the portfolio in Iberia, 67% in Italy and 28% in France was valued by new appraisers. At Group level, the selected appraisers are Cushman & Wakefield, Jones Lang LaSalle, CBRE and BNP Paribas Real Estate. The fees payable to these companies are set at the time of signing the four-year term and depend on the number and size of property units appraised.

(1) Total share, excluding transfer taxes.
(2) Investments in equity-accounted assets are included based on the fair value of the equity owned by the Group in the companies holding the assets, taking into account receivables and facilities granted by the Group.
(3) Other projects (Viva, Økern and Louvain) are carried at cost.

BREAKDOWN BY APPRAISER OF THE APPRAISED PROPERTY PORTFOLIO AS OF JUNE 30, 2022

Appraiser	Countries covered	Share of total portfolio *(in %)*
Cushman & Wakefield	• France, Norway, Sweden, Denmark, Belgium and Poland	37%
CBRE	• France, Spain, Italy, Netherlands, Czech Republic and Portugal	27%
Jones Lang LaSalle	• Italy, Turkey and Greece	33%
BNP Paribas Real Estate	• Germany and France (other retail properties)	3%
TOTAL		**100%**

All appraisers appointed by Klépierre comply with the professional standards applicable in France (*Charte de l'Expertise en Évaluation Immobilière*), the recommendations of the AMF dated February 8, 2010, and RICS (Royal Institution of Chartered Surveyors) standards.

To calculate the value of each asset, appraisers use the discounted cash flow (DCF) method over a 10-year period. Klépierre provides them with all relevant information pertaining to rents in place (detailed rent rolls, footfall, retailer sales, occupancy cost ratios, etc.), which they use to make their assessment of projected rental revenue in addition to their own leasing assumptions (estimated rental values, vacancy, incentives, etc.). They also make their own estimates of future capital expenditure and non-recoverable operating expenses, including management costs. The terminal value is calculated based on the net rental income for the tenth year (plus one year of indexation), capitalized by an exit yield. Lastly, appraisers apply a discount rate to the future cash flows, combining the country risk-free rate, the liquidity premium related to the local investment market and an asset-specific risk premium reflecting the location, quality, size and technical specificities of the asset considered.

The value obtained by the DCF method is then benchmarked using metrics such as EPRA Net Initial Yield (NIY) for comparable property, value per square meter, and recent market transactions.

A detailed report on the property valuation campaign is examined by the Audit Committee.

1.5.1.2 Valuation

1.5.1.2.1 Change in appraisers' assumptions

Valuations were broadly stable. The slight increase was attributable to the following changes in appraisers' assumptions:

- In view of the inflationary environment, indexation was revised upwards while estimated rental values remained in line with the latest appraisal campaign, notably supported by rental transactions which, combined with a stable health situation, gave rise to a slightly positive (0.2%) **cash flow effect**; and
- A more active investment market translated into a flat (0.1%) **market effect**.

Overall, the shopping center portfolio valuation was up slightly by 0.3% on a like-for-like basis.

ASSUMPTIONS USED BY APPRAISERS FOR DETERMINING THE SHOPPING CENTER PORTFOLIO VALUATION AS OF JUNE 30, 2022[a]

Geography	Discount rate[b]	Exit rate[c]	NRI CAGR[d]
France	6.3%	5.0%	2.7%
Italy	7.4%	5.9%	1.9%
Scandinavia	7.0%	4.9%	2.9%
Iberia	7.4%	5.9%	2.4%
Netherlands & Germany	6.1%	5.2%	2.8%
Central Europe	6.9%	6.0%	1.7%
Other countries	16.1%	8.2%	7.2%
TOTAL	**6.8%**	**5.4%**	**2.5%**

(a) Discount and exit rates weighted by shopping center appraised value (including transfer taxes, Group share).
(b) Rate used to calculate the net present value of future cash flows to be generated by the asset.
(c) Rate used to capitalize net rental income at the end of the DCF period and calculate the terminal value of the asset.
(d) Compound annual growth rate (CAGR) of net rental income as estimated by the appraiser over a 10-year period.

LIKE-FOR-LIKE 6-MONTH CHANGE IN SHOPPING CENTER PORTFOLIO VALUATION: MARKET AND CASH FLOW EFFECTS[a]

Geography	LFL change	Market effect	Cash flow effect
France	−0.5%	+0.2%	−0.7%
Italy	+0.5%	−1.6%	+2.2%
Scandinavia	+0.0%	−0.4%	+0.4%
Iberia	+3.8%	+5.4%	−1.6%
Netherlands & Germany	−0.6%	−1.4%	+0.8%
Central Europe	+0.4%	+0.3%	+0.1%
Other countries	+8.4%	−8.5%	+16.8%
TOTAL SHOPPING CENTERS	**+0.3%**	**+0.1%**	**+0.2%**

(a) Figures may not add up due to rounding.

1.5.1.2.2 Property portfolio valuation

SIX-MONTH PORTFOLIO VALUATION RECONCILIATION *(on a total share basis, including transfer taxes)*

In millions of euros	
Portfolio at 12/31/2021	20,713
Disposals	(142)
Acquisitions/developments	34
Like-for-like change	69
Forex	(97)
PORTFOLIO AT 06/30/2022	**20,577**

Including transfer taxes, the value of the portfolio stood at €20,577 million on a total share basis as of June 30, 2022, down 0.7% or €136 million on a reported basis compared to December 31, 2021. This decrease reflects:

- A €142 million negative impact from disposals completed as of June 2022;
- A €34 million positive impact from developments;
- A €69 million like-for-like valuation increase (up 0.3%); and
- A €97 million negative foreign exchange impact in Scandinavia and Turkey.

VALUATION OF THE PROPERTY PORTFOLIO[(a)] *(on a total share basis, including transfer taxes)*

			Change over 6 months			Change over 12 months		
In millions of euros	06/30/2022	% of total portfolio	12/31/2021	Reported	LfL[(b)]	06/30/2021	Reported	LfL[(b)]
France	8,177	39.7%	8,240	−0.8%	−0.5%	8,345	−2.0%	−0.6%
Italy	4,064	19.8%	4,003	+1.5%	+0.5%	3,945	+3.0%	+1.3%
Scandinavia	3,053	14.8%	3,132	−2.5%	+0.0%	3,536	−13.7%	+1.3%
Iberia	2,214	10.8%	2,133	+3.8%	+3.8%	2,103	+5.3%	+5.4%
Netherlands & Germany	1,884	9.2%	1,895	−0.6%	−0.6%	2,179	−13.6%	−1.1%
Central Europe	964	4.7%	960	+0.4%	+0.4%	950	+1.5%	+1.5%
Other countries	147	0.7%	156	−5.5%	+8.4%	199	−26.2%	+22.9%
TOTAL SHOPPING CENTERS	20,502	99.6%	20,518	−0.1%	+0.3%	21,257	−3.6%	+0.9%
TOTAL OTHER RETAIL PROPERTIES	75	0.4%	195	−61.6%	−0.6%	213	−65.0%	−2.5%
TOTAL PORTFOLIO	**20,577**	**100.0%**	**20,713**	**−0.7%**	**+0.3%**	**21,471**	**−4.2%**	**+0.8%**

(a) Investments in equity-accounted assets are included based on the fair value of the equity owned by the Group in the companies holding the assets, taking into account receivables and facilities granted by the Group (€1,301 million as of June 30, 2022; total share, including transfer taxes). The corresponding gross asset value of these assets stands at €1,303 million.
(b) Like-for-like change. For Scandinavia and Turkey, change is indicated on a constant currency basis. Central European assets are valued in euros.

Overall, as of June 30, 2022, the average EPRA NIY[(1)] for the shopping center portfolio[(2)] stood at 5.2%, stable compared to December 31, 2021.

CHANGE IN EPRA NET INITIAL YIELD OF THE SHOPPING CENTER PORTFOLIO[(a)]
(on a Group share basis, including transfer taxes)

Country	06/30/2022	12/31/2021	06/30/2021
France	4.8%	4.6%	4.8%
Italy	5.7%	5.8%	5.8%
Scandinavia	4.5%	4.5%	5.1%
Iberia	5.7%	5.8%	6.0%
Netherlands & Germany	4.8%	4.8%	5.2%
Central Europe	6.6%	6.4%	6.5%
Other countries	9.9%	7.4%	10.2%
TOTAL SHOPPING CENTERS	**5.2%**	**5.2%**	**5.4%**

(a) Excluding offices, retail parks, and retail boxes attached to shopping centers.

(1) *EPRA Net Initial Yield is calculated as the annualized rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the market value of the property (including transfer taxes).*
(2) *Group share for the shopping center portfolio appraised (i.e., excluding retail parks and movie theaters).*

1.5.1.2.3 Other information related to the June 30, 2022 valuation

VALUATION RECONCILIATION WITH THE STATEMENT OF FINANCIAL POSITION *(on a total share basis)*

In millions of euros	
Investment property at fair value as per statement of financial position	18,270
Right-of-use asset relating to ground leases	(354)
Investment property at cost[(a)]	140
Fair value of property held for sale	336
Leasehold and lease incentives	40
Transfer taxes	921
Klépierre's equity interest in assets accounted for under the equity method (incl. receivables)	1,223
TOTAL PORTFOLIO	**20,577**

(a) *Including IPUC (investment property under construction).*

SHOPPING CENTER PORTFOLIO VALUATION: SENSITIVITY TO CHANGES IN THE DISCOUNT RATE AND EXIT RATE *(on a total share basis, including transfer taxes)*

The tables below present the change in the valuation of the shopping center portfolio using different discount and exit rate assumptions than those used by the appraisers.

	Discount rate variance					
Geography	**−100 bps**	**−50 bps**	**−25 bps**	**+25 bps**	**+50 bps**	**+100 bps**
France	+6.6%	+3.1%	+1.5%	−1.8%	−3.3%	−6.4%
Italy	+7.5%	+3.7%	+1.8%	−1.8%	−3.5%	−6.8%
Scandinavia	+7.7%	+3.8%	+1.9%	−1.8%	−3.6%	−7.0%
Iberia	+7.5%	+3.7%	+1.8%	−1.8%	−3.5%	−6.8%
Netherlands & Germany	+10.3%	+5.0%	+2.5%	−2.4%	−4.7%	−9.2%
Central Europe	+7.2%	+3.5%	+1.7%	−1.7%	−3.3%	−6.5%
Other countries	+5.9%	+2.9%	+1.4%	−1.4%	−2.8%	−5.4%
TOTAL SHOPPING CENTERS	**+7.4%**	**+3.6%**	**+1.7%**	**−1.8%**	**−3.5%**	**−6.9%**

	Exit rate variance					
Geography	**−100 bps**	**−50 bps**	**−25 bps**	**+25 bps**	**+50 bps**	**+100 bps**
France	+12.7%	+5.7%	+2.6%	−2.7%	−5.1%	−9.4%
Italy	+11.9%	+5.4%	+2.6%	−2.4%	−4.5%	−8.4%
Scandinavia	+16.5%	+7.3%	+3.4%	−3.1%	−5.9%	−10.7%
Iberia	+13.0%	+5.8%	+2.8%	−2.5%	−4.9%	−9.0%
Netherlands & Germany	+17.4%	+7.7%	+3.6%	−3.3%	−6.3%	−11.5%
Central Europe	+11.5%	+5.2%	+2.5%	−2.3%	−4.4%	−8.1%
Other countries	+5.2%	+2.4%	+1.2%	−1.1%	−2.2%	−4.1%
TOTAL SHOPPING CENTERS	**+13.5%**	**+6.0%**	**+2.8%**	**−2.7%**	**−5.1%**	**−9.5%**

VALUATION OF THE PROPERTY PORTFOLIO[(a)] *(on a Group share basis, including transfer taxes)*

			Change over 6 months			Change over 12 months		
In millions of euros	**06/30/2022**	**% of total portfolio**	**12/31/2021**	**Reported**	**LfL[(b)]**	**06/30/2021**	**Reported**	**LfL[(b)]**
France	6,588	37.5%	6,640	−0.8%	−0.4%	6,725	−2.0%	−0.8%
Italy	4,042	23.0%	3,979	+1.6%	+0.6%	3,920	+3.1%	+1.3%
Scandinavia	1,713	9.7%	1,757	−2.5%	+0.0%	1,984	−13.7%	+1.3%
Iberia	2,214	12.6%	2,133	+3.8%	+3.8%	2,103	+5.3%	+5.4%
Netherlands & Germany	1,855	10.5%	1,865	−0.5%	−0.5%	2,123	−12.6%	−1.1%
Central Europe	964	5.5%	960	+0.4%	+0.4%	950	+1.5%	+1.5%
Other countries	140	0.8%	148	−5.3%	+8.7%	188	−25.6%	+23.9%
TOTAL SHOPPING CENTERS	17,516	99.6%	17,481	+0.2%	+0.5%	17,994	−2.7%	+0.9%
TOTAL OTHER RETAIL PROPERTIES	75	0.4%	195	−61.6%	−0.6%	213	−65.0%	−2.5%
TOTAL PORTFOLIO	**17,591**	**100.0%**	**17,676**	**−0.5%**	**+0.5%**	**18,207**	**−3.4%**	**+0.9%**

(a) *Investments in equity-accounted assets are included based on the fair value of the equity owned by the Group in the companies holding the assets, taking into account receivables and facilities granted by the Group (€1,236 million as of June 30, 2022; Group share, including transfer taxes). The corresponding gross asset value of these assets stands at €1,239 million.*
(b) *Like-for-like change. For Scandinavia and Turkey, change is indicated on a constant currency basis. Central European assets are valued in euros.*

1.5.2 Management service activities

Klépierre's real estate management service activities include leasing, property and facility management, asset management, development and investment advisory services provided to property companies, most of which are owned by the Group.

These activities are valued once a year by Accuracy (as of end-December), an independent external consultant, using a DCF method based on a sum-of-the-parts approach for each country in which Klépierre operates. The DCF approach is based on a business plan comprising projected future cash flows (fees charged to property companies, net of payroll costs and other general and administrative expenses), including a terminal value calculated with a normative expected cash flow. In all countries, future cash flows are discounted at a rate ranging from 6.9% to 7.9% (depending on the country) based on the weighted average cost of capital of comparable listed companies managing third-party real estate investments.

As there were no major changes in the valuation assumptions, the fair market value of the Klépierre Group management service activities as of June 30, 2022 was substantially the same as that as of December 31, 2021. It stood at €318.2 million on a total share basis (€316.8 million, Group share) compared to €324.6 million (€323.9 million, Group share) as of June 30, 2021, mainly reflecting the disposal of assets in Norway and Germany.

1.6 FINANCING POLICY

Klépierre's financing policy aims to ensure continuous access to financial resources, a strong liquidity position and a very competitive cost of capital. Pursuing an active and disciplined asset rotation policy and a selective approach to investments, Klépierre continues to reduce net debt and to maintain very conservative leverage ratios. The Group's liquidity position is strong and covers all refinancing needs until the end of 2024. Despite higher market volatility, Klépierre has strengthened its fixed-rate position for the coming years and therefore reduced its sensitivity to interest-rate hikes.

With a 6.5-year average debt maturity and a low cost of funding, the Group operates with one of the most solid balance sheets in the industry and remains committed to operating with conservative leverage metrics.

1.6.1 Financial resources

1.6.1.1 Change in net debt

As of June 30, 2022, consolidated net debt totaled €8,124 million compared to €8,006 million six months earlier. The main movements during the last six months were as follows:

- Cash inflows from operations and other items (foreign exchange, changes in working capital), amounting to €427 million;
- Cash outflows in respect of distributions for €589 million, including the €1.70 per share 2021 distribution to shareholders (€485 million) and distributions to non-controlling interests (€104 million);
- Cash outflows in respect of capital expenditure for €89 million (see section 1.7.6 "EPRA capital expenditure"); and
- Cash inflows from disposals of €134 million.

In early July, the Group closed the sales of three shopping centers in Norway and retail assets in France. Factoring in these transactions, net debt would have stood at €7,867 million, more than €100 million below the end-2021 figure.

1.6.1.2 Debt ratios

As of June 30, 2022, the Loan-to-Value (LTV) ratio stood at 39.5%. Including the disposals closed since early July 2022, LTV would have come out at 38.8%, i.e., the same level as at end-2021.

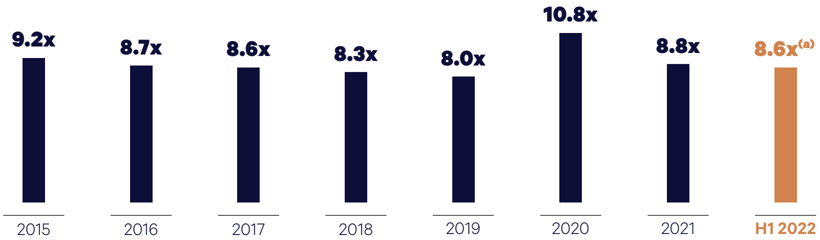
LOAN-TO-VALUE CALCULATION AS OF JUNE 30, 2022 *(as per covenant definitions, on a total share basis)*

In millions of euros	06/30/2022 Restated[a]	06/30/2022	12/31/2021	06/30/2021
Current financial liabilities	2,340	2,340	1,893	1,941
Bank facilities	56	56	16	214
Non-current financial liabilities	5,793	5,793	6,815	7,278
Revaluation due to fair value hedge and cross currency swap	82	82	0	(14)
Fair value adjustment of debt[b]	(1)	(1)	(2)	(3)
Gross financial liabilities excluding fair value hedge	**8,270**	**8,270**	**8,722**	**9,417**
Cash and cash equivalents[c]	(403)	(146)	(716)	(270)
Net debt	**7,867**	**8,124**	**8,006**	**9,146**
Property portfolio value (incl. transfer taxes)	20,292	20,577	20,713	21,471
LOAN-TO-VALUE RATIO	**38.8%**	**39.5%**	**38.7%**	**42.6%**

(a) Including disposals closed since beginning of July 2022.
(b) Corresponds to the outstanding amount of the market value adjustment for Corio's debt recognized at the acquisition date.
(c) Including cash managed for principals.

The net debt to EBITDA ratio was 8.8x flat compared to December 31, 2021. Once restated for the disposals closed in early July, the ratio would have come out at 8.6x.

NET DEBT TO EBITDA



(a) As of June 30, 2022, restated for the sale of the Norwegian malls.

1.6.1.3 Available resources

With cash at hand amounting to €600 million in January 2022, Klépierre launched a tender offer on two of its shortest public bonds maturing in April 2023 (€750 million bearing a 1% coupon) and November 2024 (€630 million bearing a 1.75% coupon). At the end of the offer, €297 million worth of notes had been tendered, €226 million on the April 2023 issue and €71 million on the November 2024 issue. The notes were repurchased and canceled on January 18, 2022.

At the end of the first half of 2022, the liquidity position[1] stood at €2.3 billion, mainly comprising €1.8 billion in unused committed revolving credit facilities (net of commercial paper), €0.4 billion in uncommitted credit facilities and €0.1 billion in cash and equivalents. The Group's liquidity position remains strong and covers all the Group's refinancing needs for the next two years.

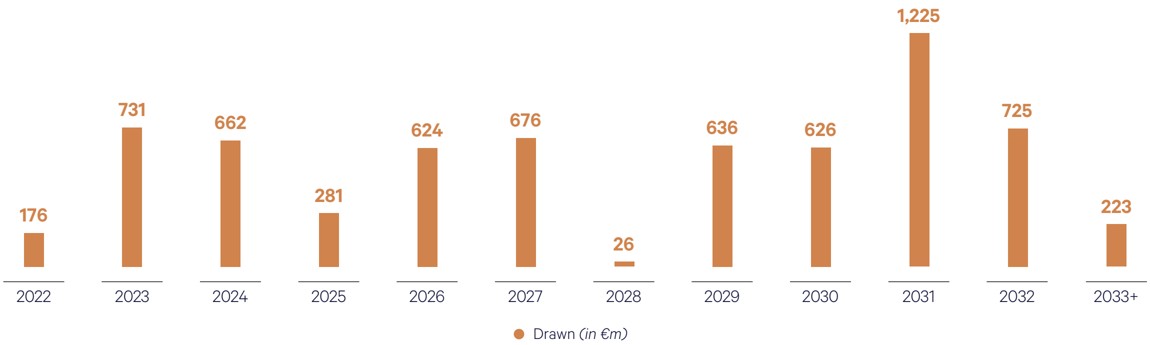
In early July, Klépierre signed a new Sustainability-Linked Revolving Credit Facility for €100 million. This facility has a 5-year maturity and provides two extension options of one year each.

1.6.1.4 Debt structure

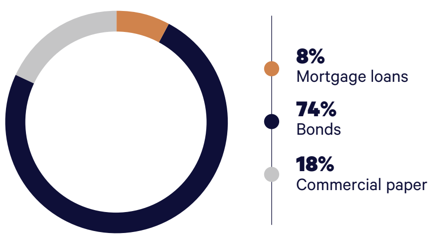
As of June 30, 2022, the share of financing sourced from capital markets in total debt stood at 92%, enabling Klépierre to benefit from deep sources of liquidity. The total outstanding amount (€1.5 billion) of commercial paper issued in EUR, NOK and SEK is covered by committed back-up facilities in the same amount with a 4.2 weighted average maturity. Secured debt accounted for 8% of total debt, the bulk of which concerned borrowing raised in Scandinavia. The Group's average debt maturity stood at 6.5 years at the end of June 2022.

Klépierre's debt exposure to foreign currencies is adjusted to mirror that of its assets—except for the Czech Republic, Poland and Turkey. Considering the limited exposure of the Group's portfolio to these countries[2] and the high cost of currency hedging, especially over long durations, the Group has decided not to hedge these positions.

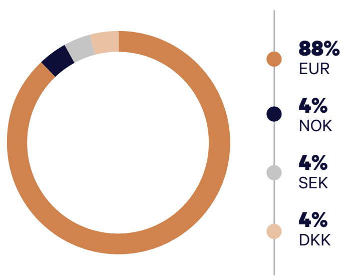
DEBT MATURITY SCHEDULE OF LONG-TERM DEBT AS OF JUNE 30, 2022



FINANCING BREAKDOWN BY TYPE OF RESOURCE AS OF JUNE 30, 2022 *(utilizations, total share)*



FINANCING BREAKDOWN BY CURRENCY AS OF JUNE 30, 2022 *(utilizations, total share)*



(1) The liquidity position represents the total financial resources available to a company. This indicator is therefore equal to the sum of cash at hand at the end of the period, committed and unused revolving credit facilities (net of commercial paper) and uncommitted credit facilities.

(2) On a total-share basis, including transfer taxes, the Czech Republic represented 3.1% of the total Klépierre portfolio, Poland 1.5% and Turkey 0.6%.

1.6.2 Interest rate hedging

During the first six months of 2022, Klépierre continued to strengthen its hedging profile by rolling over €400 million in caps maturing in 2022 and 2023. As of June 30, 2022, the proportion of fixed-rate or hedged debt was 88%, while its average maturity remained close to five years (4.8 years). This position comprises 69% fixed-rate debt and payer swaps and 19% caps. Accordingly, the sensitivity of the Group's cost of debt to interest rate fluctuations is likely to remain low for the rest of the year.

The table below shows the exposure of Klépierre's net income to an increase in interest rates, before and after hedging.

INTEREST RATE POSITION AFTER HEDGING OF VARIABLE-RATE DEBT

In millions of euros	**Amount**	**Impact of a 1% increase in interest rates on financial expenses**
Gross position before hedging (floating-rate debt)	2,236.9	22.4
Net hedge	(1,269.8)	(11.1)
NET POSITION AFTER HEDGING	**967.1**	**11.3**

1.6.3 Cost of debt

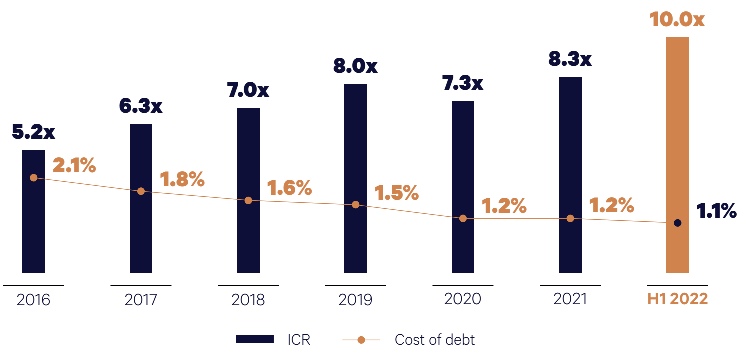
The Group's average cost of debt decreased by 10 basis points during the first half of the year to 1.1%. The interest coverage ratio (ICR) was 10.0x.

BREAKDOWN OF COST OF DEBT

In millions of euros	**06/30/2022**	**12/31/2021**	**06/30/2021**
Cost of net debt (as per IFRS consolidated statement of comprehensive income)	58.1	115.3	58.2
Non-recurring items	(7.3)	1.8	(1.4)
Non-cash impact	0.8	3.7	3.6
Interest on advances to associates	3.7	9.8	5.0
Liquidity cost	(3.6)	(7.6)	(3.6)
Interest expense on lease liabilities[a]	(4.1)	(12.9)	(5.4)
Cost of debt (used for cost of debt calculations)	47.6	110.1	56.3
Average gross debt	8,400.8	8,947.8	9,127.3
COST OF DEBT *(in %)*	**1.1%**	**1.2%**	**1.2%**

(a) As per IFRS 16.

INTEREST COVERAGE RATIO AND COST OF DEBT[a]



(a) The interest coverage ratio (as per banking covenant definition) represents the ratio of consolidated EBITDA presented in the statement of comprehensive income adjusted for the share in earnings of equity-accounted companies and the change in value of investment properties of equity-accounted companies (€486 million), to net interest expenses (€48.6 million) calculated as cost of net debt less net deferral of upfront payments on swaps plus amortization of the fair value of debt less other non-recurring financial expenses.

1.6.4 Credit ratings and covenants

Standard & Poor's currently assigns Klépierre and Steen & Strøm a long-term BBB+ rating (A2 short-term rating) with a stable outlook.

COVENANTS APPLICABLE TO KLÉPIERRE SA FINANCING

Financing	**Ratios/covenants**	**Limit[a]**	**06/30/2022**	**12/31/2021**	**06/30/2021**
Syndicated and bilateral loans	Net debt/Portfolio value ("Loan to Value")	≤ 60%	39.5%	38.7%	42.6%
	EBITDA/Net interest expense[b]	≥ 2.0x	10.0x	8.3x	6.5x
	Secured debt/Portfolio value[c]	≤ 20%	0.6%	0.6%	0.6%
	Portfolio value[d]	≥ €10 bn	€17.6 bn	€17.7 bn	€18.2 bn
Bond issues	Secured debt/Revalued Net Asset Value[c]	≤ 50%	0.7%	0.8%	0.9%

(a) Covenants are based on the syndicated revolving credit facility put in place in December 2020.
(b) Excluding the impact of liability management operations (non-recurring items).
(c) Excluding Steen & Strøm.
(d) Group share, including transfer taxes.

1.7 EPRA PERFORMANCE INDICATORS

The following performance indicators have been prepared in accordance with the EPRA (European Public Real Estate Association) Best Practices Recommendations published in October 2019 and as set out in the guide available on its website (www.epra.com). These updated guidelines aim to reflect the significant shift in the listed real estate sector, from long-term passive asset owners into highly active asset managers and capital allocators.

EPRA SUMMARY TABLE[a]

	06/30/2022	12/31/2021	06/30/2021	See section
EPRA Earnings *(in millions of euros)*	369.3	610.4	202.1	1.7.1
EPRA Earnings per share *(in euros)*	1.29	2.14	0.71	1.7.1
EPRA NRV *(in millions of euros)*	9,865	10,034	9,654	1.7.2.2
EPRA NRV per share *(in euros)*	34.50	35.10	33.80	1.7.2.2
EPRA NTA *(in millions of euros)*	8,759	8,913	8,489	1.7.2.2
EPRA NTA per share *(in euros)*	30.60	31.20	29.70	1.7.2.2
EPRA NDV *(in millions of euros)*	8,357	7,741	7,261	1.7.2.2
EPRA NDV per share *(in euros)*	29.20	27.10	25.40	1.7.2.2
EPRA Net Initial Yield Shopping centers	5.2%	5.2%	5.4%	1.7.3
EPRA "Topped-up" Net Initial Yield Shopping centers	5.4%	5.4%	5.7%	1.7.3
EPRA Vacancy Rate	5.3%	5.3%	5.8%	1.7.4
EPRA Cost Ratio (including direct vacancy costs)	18.0%	19.9%	34.4%	1.7.5
EPRA Cost Ratio (excluding direct vacancy costs)	15.7%	17.5%	31.4%	1.7.5

(a) Per-share figures rounded to the nearest 10 cents.

1.7.1 EPRA Earnings

EPRA Earnings is a measure of the underlying operating performance of an investment property company excluding fair value gains, investment property disposals, and limited other items considered as non-core activities for an investment property company.

EPRA EARNINGS

Group share *(in millions of euros)*	06/30/2022	06/30/2021
Net income as per IFRS consolidated statement of comprehensive income	294.6	111.1
Adjustments to calculate EPRA Earnings:		
(i) Changes in value of investment properties, development properties held for investment and other interests	35.9	456.2
(ii) Profit or losses on disposal of investment properties, development properties held for investment and other interests	19.9	(0.5)
(iii) Profit or losses on sales of trading properties including impairment charges in respect of trading properties	-	-
(iv) Tax on profits or losses on disposals	-	-
(v) Negative goodwill/goodwill impairment	3.0	112.8
(vi) Changes in fair value of financial instruments and associated close-out costs	(11.4)	4.1
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-	-
(viii) Deferred tax in respect of EPRA adjustments[a]	55.5	(360.2)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(7.3)	(37.5)
(x) Non-controlling interests in respect of the above	(21.0)	(84.0)
EPRA EARNINGS	**369.4**	**202.1**
Company-specific adjustments to calculate net current cash flow:		
• Employee benefits, stock option expense and non-current operating expenses	(2.0)	0.0
• Depreciation, amortization and provisions for contingencies and losses	4.3	4.8
NET CURRENT CASH FLOW	**371.7**	**206.9**
Average number of shares[b]	*286,037,065*	*285,539,909*
Per share *(in euros)*		
EPRA EARNINGS	**1.29**	**0.71**
NET CURRENT CASH FLOW—IFRS	**1.30**	**0.72**

(a) In the first half of 2022, this item includes €50.8 million in deferred taxes, €3.0 million in non-current taxes and −€7.7 million related to the application of IFRIC 21 (i.e., property tax annualization).
(b) Excluding treasury shares.

1.7.2 EPRA Net Asset Value metrics

Net Asset Value metrics are key performance indicators designed to provide stakeholders with relevant information on the fair value of the assets and liabilities of real estate companies. Measures of net asset value include: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets Value (NTA) and EPRA Net Disposal Value (NDV). As recommended by EPRA, these new standards were applied with effect from the 2020 interim consolidated financial statements.

For more detailed explanations of EPRA adjustments and requirements, please refer to the *EPRA Best Practices Recommendations*.

1.7.2.1 Application by Klépierre

EPRA Net Reinstatement Value (NRV) aims to highlight the value of net assets on a long-term basis and to represent the value required to rebuild the entity, assuming that no selling of assets takes place. Consequently, deferred taxes as per IFRS and real estate transfer taxes (RETT) are added back. Intangible assets may be added if they are not already recognized in the IFRS statement of financial position and when their fair value can be reliably determined.

EPRA Net Tangible Assets (NTA) reflects tangible assets only and assumes that companies buy and sell some of their assets, thereby crystallizing certain levels of unavoidable deferred tax liability and RETT. Based on the new EPRA methodology, the portfolio is broken down into three types:

(i) Assets that the Company does not plan to sell in the long run: 100% of deferred taxes as per IFRS are added back in addition to 50% of RETT optimization;

(ii) Assets that may be sold in share deals: 50% of deferred taxes as per IFRS and RETT optimization are added back; and

(iii) Assets that may be sold through asset deals: 50% of deferred taxes as per IFRS are added back, but there is no restatement for RETT.

TREATMENT OF DEFERRED TAXES AND RETT IN EPRA NET TANGIBLE ASSETS

	Fair value	As % of total portfolio	% of deferred tax excluded
Portfolio subject to deferred tax and intention is to hold and not to sell in the long run	11,674	66%	100%
Portfolio subject to partial deferred tax and to tax structuring	3,913	22%	43%
Other portfolio	2,004	11%	50%
TOTAL PORTFOLIO	**17,591**		

By definition, EPRA NTA aims at valuing solely tangible assets and therefore, as regards Klépierre, does not incorporate the fair value of management services companies (unlike the former EPRA NAV and NNNAV indicators). This wholly integrated service management business collects fees not only from tenants and third parties but also from real estate companies, while the latter are deducted from rental income in the appraiser's discounted cash flow model. The fair value of these businesses is only included in the calculation of EPRA NRV.

Lastly, **EPRA Net Disposal Value** aims to represent the shareholders' value under an orderly sale of the business, where RETT, deferred taxes, financial instruments and certain other adjustments are calculated to the full extent of their liability, while discarding completely any RETT or tax optimization. Intangible assets are also excluded from this methodology.

1.7.2.2 Calculation of EPRA Net Asset Value

EPRA NET ASSET VALUES AS OF JUNE 30, 2022

Group share *(in millions of euros)*	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	8,242	8,242	8,242
Amounts owed to shareholders	*0*	*0*	*0*
Include/exclude:			
i) Hybrid instruments	0	0	0
Diluted NAV	8,242	8,242	8,242
Include:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	0	0	0
ii.b) Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0
ii.c) Revaluation of other non-current investments	0	0	0
iii) Revaluation of tenant leases held as finance leases	0	0	0
iv) Revaluation of trading properties	0	0	0
Diluted NAV at fair value	8,242	8,242	8,242
Exclude:			
v) Deferred tax in relation to fair value gains of IP	1,019	838	0
vi) Fair value of financial instruments	(18)	(18)	0
vii) Goodwill as a result of deferred tax	(262)	(262)	(262)
viii) Goodwill as per IFRS statement of financial position	(222)	(222)	(222)
Include:			
ix) Fair value of fixed-rate debt	0	0	600
x) Revaluation of intangible assets to fair value	299	0	0
xi) Real estate transfer tax	808	182	0
NAV	**9,865**	**8,759**	**8,357**
Fully diluted number of shares	*286,102,507*	*286,102,507*	*286,102,507*
NAV PER SHARE *(in euros)*	**34.50**	**30.60**	**29.20**

EPRA NET ASSET VALUES AS OF DECEMBER 31, 2021

Group share *(in millions of euros)*	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	8,405	8,405	8,405
Amounts owed to shareholders	*0*	*0*	*0*
Include/exclude:			
i) Hybrid instruments	0	0	0
Diluted NAV	8,405	8,405	8,405
Include:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	0	0	0
ii.b) Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0
ii.c) Revaluation of other non-current investments	0	0	0
iii) Revaluation of tenant leases held as finance leases	0	0	0
iv) Revaluation of trading properties	0	0	0
Diluted NAV at fair value	8,405	8,405	8,405
Exclude:			
v) Deferred tax in relation to fair value gains of IP	990	807	0
vi) Fair value of financial instruments	(0)	(0)	0
vii) Goodwill as a result of deferred tax	(266)	(266)	(266)
viii) Goodwill as per IFRS statement of financial position	(222)	(222)	(222)
Include:			
ix) Fair value of fixed-rate debt	0	0	(175)
x) Revaluation of intangible assets to fair value	299	0	0
xi) Real estate transfer tax	828	190	0
NAV	**10,034**	**8,913**	**7,741**
Fully diluted number of shares	*285,930,803*	*285,930,803*	*285,930,803*
NAV PER SHARE *(in euros)*	**35.10**	**31.20**	**27.10**

EPRA NTA—6-MONTH RECONCILIATION PER SHARE[a]

In euros per share	
EPRA NTA AT 12/31/2021	**31.20**
Cash flow	1.32
Like-for-like asset revaluation	0.28
Dividend	(1.70)
Forex and other	(0.50)
EPRA NTA AT 06/30/2022	**30.60**

(a) EPRA NTA per share figures are rounded to the nearest 10 cents.

EPRA NTA per share amounted to €30.60 as of June 2022, compared to €31.20 as of December 2021. This slight decrease mainly reflects the payment in a single installment of the €1.70 per share distribution in respect of 2021, partly offset by the 6-month net current cash flow (€1.32 per share) and the increase in the like-for-like portfolio value (€0.28 per share). Foreign exchange and other items had a negative impact of €0.50 per share.

1.7.3 EPRA Net Initial Yield

EPRA Net Initial Yield (NIY) is calculated as annualized rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the gross market value of the property. EPRA "Topped-up" NIY is calculated by making an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent-free periods and step-up rents). See section 1.5.1.2 "Valuation" for the geographical breakdown of EPRA NIY.

EPRA NET INITIAL YIELDS

In millions of euros	Shopping centers	Other retail properties	Total
Investment property—Wholly owned	16,280	75	16,354
Investment property—Share of joint ventures/funds	1,236	0	1,236
Total portfolio	17,516	75	17,591
Less: Developments, land and other	(144)	0	(144)
Completed property portfolio valuation (B)	17,372	75	17,446
Annualized cash passing rental income	1,021	6	1,027
Property outgoings	(114)	(1)	(115)
Annualized net rents (A)	907	5	912
Notional rent expiration of rent free periods or other lease incentives	39	0	39
Topped-up net annualized rent (C)	946	5	951
EPRA NET INITIAL YIELD (A/B)	**5.2%**	**6.5%**	**5.2%**
EPRA "TOPPED-UP" NET INITIAL YIELD (C/B)	**5.4%**	**6.7%**	**5.5%**

1.7.4 EPRA Vacancy Rate

The EPRA Vacancy Rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole property portfolio (including vacant spaces), excluding properties that are under development and strategic vacancies.

EPRA VACANCY RATE[a]

In thousands of euros	Estimated rental value of vacant space (A)	Total estimated rental value (B)	EPRA Vacancy Rate (A/B)
France	30,067	497,878	6.0%
Italy	9,282	289,734	3.2%
Scandinavia	9,004	140,996	6.4%
Iberia	8,917	142,654	6.3%
Netherlands & Germany	5,261	95,470	5.5%
Central Europe	2,640	60,221	4.4%
Other countries	1,152	17,332	6.6%
TOTAL	**66,323**	**1,244,284**	**5.3%**

(a) Scope: all shopping centers, including those accounted for under the equity method, included based on a 100% share. The estimated rental values of leased and vacant spaces as of June 30, 2022, are based on internal assumptions. Shopping centers (or portions thereof) under restructuring that are excluded from the scope are as follows: Økern (Oslo). Strategic vacancies are also excluded.

1.7.5 EPRA Cost Ratio

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

EPRA COST RATIO

In millions of euros	06/30/2022	06/30/2021
Administrative and operating expenses[a]	(101.0)	(150.9)
Net service charge costs[a]	(48.4)	(41.4)
Net management fees[a]	36.5	31.1
Other net operating income intended to cover overhead expenses[a]	5.5	4.6
Share of joint venture expenses[b]	(7.0)	(8.0)
Exclude (if part of the above):		
Service charge costs recovered through rents but not separately invoiced	5.0	3.9
EPRA Costs (including vacancy costs) (A)	(109.5)	(160.7)
Direct vacancy costs	(13.7)	(14.1)
EPRA Costs (excluding vacancy costs) (B)	(95.8)	(146.5)
Gross rental income less ground rents[a]	573.8	440.9
Less: service fee/cost component of gross rental income	(5.0)	(3.9)
Add: share of joint ventures (gross rental income less ground rents)[b]	40.7	30.4
Gross rental income (C)	609.5	467.4
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (A/C)	**18.0%**	**34.4%**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (B/C)	**15.7%**	**31.4%**

(a) As per the IFRS consolidated statements of comprehensive income.
(b) For more information, see section 1.3.1 "Contribution of equity-accounted investments".

As of June 30, 2022, the EPRA cost ratio came out at 18.0%, representing a significant year on year improvement, mainly attributable to the reduction in rent abatements and lower provisions for credit losses.

1.7.6 EPRA Capital Expenditure

Investments in first-half 2022 are presented in section 1.4 "Investments, developments and disposals". This section presents Klépierre's capital expenditure based on EPRA financial reporting guidelines, taking into account the latest EPRA Best Practices Recommendations as updated in October 2019.

EPRA CAPITAL EXPENDITURE

	06/30/2022			06/30/2021
In millions of euros	Group (excl. Joint Ventures)	Joint Ventures (proportionate share)	Total Group	Total Group
Acquisitions	0.0	-	0.0	0.3
Development	57.2	0.6	57.7	24.1
Investment properties	31.5	1.1	32.6	31.3
Incremental lettable space	-	-	-	-
No incremental lettable space	22.7	1.1	23.7	23.7
Tenant incentives	4.1	0.0	4.2	4.4
Other material non-allocated types of expenditure	4.7	-	4.7	3.2
Capitalized interest	0.5	-	0.5	1.2
Total CAPEX	89.2	1.7	90.9	56.9
Conversion from accrual to cash basis	(29.8)	-	(29.8)	3.5
TOTAL CAPEX ON CASH BASIS	**59.4**	**1.7**	**61.1**	**60.4**

1.7.6.1 Developments

Development capital expenditure includes investments related to new constructions and extensions of existing assets. Over the period, these investments amounted to €57.7 million, mainly relating to the extension of Gran Reno (Bologna, Italy), the Hoog Catharijne redevelopment (Utrecht, Netherlands), and the Créteil Soleil (Paris region, France) and Grand Place (Grenoble, France) projects.

1.7.6.2 Investment properties

Capital expenditure on the operational investment property portfolio mainly comprises investments to maintain or enhance standing assets without creating additional leasing space and leasing incentives granted to tenants. Over the first six months, these investments totaled €32.6 million, breaking down as follows:

- €23.7 million: technical maintenance and refurbishment of common areas. Most of this expenditure is re-invoiced to tenants;
- €4.2 million: leasing incentives (including fit-out and eviction costs) paid to new tenants when releasing or to support store transformation by existing tenants when lease is renewed; and
- €4.7 million: hard and soft construction costs incurred in connection with leasing initiatives designed to split or merge stores and/or to comply with the Group's technical standards.

1.7.6.3 Capitalized interest

Capitalized interest amounted to €0.5 million over the first half of 2022.

1.8 OUTLOOK

For 2022, the Group expects net current cash flow to reach at least €2.45 per share[1], a 5.4% increase compared to the midpoint of the initial guidance.

This updated guidance assumes that business operations are not impacted in H2 2022 by new Covid-related disruptions on our clients' operations or by any major deterioration in the geopolitical situation. It does include disposals closed to date and a €0.12 profit per share booked in H1 2022 relating to higher rent collection for 2020 and 2021.

(1) Excluding the impact of amortizing Covid-19 rent concessions.

2 Risk factors

There has been no significant change in the risk factors identified in the 2021 Universal Registration Document. This section focuses on developments in macro and exogenous risks caused by the conflict in Ukraine. For a detailed presentation of Klépierre's material and specific risks, readers are invited to refer to section 5 of the 2021 Universal Registration Document filed with the AMF on March 30, 2022 under number D.22-0203.

2.1 DEVELOPMENTS IN MACRO AND EXOGENOUS RISKS

The invasion of Ukraine by the Russian Federation on February 24, 2022 immediately threw commodity and financial markets into turmoil, adding to the inflationary context and macroeconomic tensions pertaining to the pandemic. The most striking development has been that energy costs have become a major concern for both retailers and consumers. While it is still too early to measure the full extent of the impact of the geopolitical crisis on the economy, it will undoubtedly hamper global growth and drive a sharp rise in inflation, bringing the risk of recession in its wake. The disruption in certain supply chains as a direct result of the conflict or of the sanctions adopted against Russia could also affect the ability of certain retailers to operate under satisfactory conditions.

Klépierre does not have operations in any of the countries in the current conflict zone.

An increase in the cost of energy, mall operating services and certain raw materials has already been observed. However, its impact on the Group's profitability for 2022 has been mitigated by the following measures:

- In the vast majority of countries where Klépierre operates, electricity supply has already been secured for 2022, and cleaning and security contracts have been renewed with limited price increases;
- Uncommitted development projects have been revised in order to:
  - Assess potential additional costs and adjust budgets accordingly,
  - Prioritize locally available materials in the specifications,
  - Modify certain provisions in the design phase.

Additionally, as most operating costs are invoiced to tenants, the impact of their increase on the Group is structurally mitigated. Similarly, leases signed by the Group include an annual indexation clause based on the regulations specific to each country, allowing rental revenues to grow in line with inflation.

However, were costs to increase excessively or over a prolonged period of time, a significant number of the Group's retailers may default on payments or even file for bankruptcy.

If inflation is not sufficiently offset by wage increases or governmental support measures, consumers' purchasing power may erode. Any such loss of purchasing power generally affects discretionary purchases such as vacations, culture and eating out, whereas the Group's shopping centers are mainly positioned to meet everyday needs such as food, clothing, cleaning and healthcare products, and affordable restaurants.

3 Interim condensed consolidated financial statements for the six months ended June 30, 2022

3.1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In millions of euros	Notes	06/30/2022	06/30/2021
Gross rental income	6.1	577.3	444.3
Land expenses (real estate)	6.2/8	(3.5)	(3.4)
Service charge income	6.3	120.3	120.3
Service charge expenses	6.3	(176.5)	(169.9)
Building expenses (owner)	6.4	(16.3)	(70.7)
Net rental income		**501.3**	**320.6**
Management, administrative and related income	6.5	36.5	31.1
Other operating income	6.6	5.5	4.6
Survey and research costs		(2.9)	(0.2)
Payroll expenses	11.1	(50.5)	(54.1)
Other general expenses	6.7	(23.3)	(17.1)
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	6.8/8	(8.0)	(8.8)
Provisions		(0.4)	(0.7)
Change in value of investment properties	6.9/8	(2.6)	(456.2)
Income from the disposal of investment properties and equity investments		(19.9)	0.5
• Proceeds from disposals of investment properties and equity investments	6.10	134.0	30.4
• Carrying amount of investment properties and equity investments sold	6.10	(153.8)	(29.9)
Goodwill impairment	5.1	(3.0)	(112.8)
Operating income (loss)		**432.7**	**(293.1)**
Net dividends and provisions on non-consolidated investments		(0.0)	0.0
Financial income		14.5	24.8
Financial expenses		(68.5)	(78.9)
Interest expense on leases liabilities	8	(4.1)	(4.2)
Cost of net debt	**6.11**	**(58.1)**	**(58.2)**
Change in the fair value of financial instruments		17.8	(4.3)
Gain (loss) on net monetary position	6.12	(33.3)	
Share in earnings (losses) of equity-accounted companies	5.5	35.8	55.0
Profit (loss) before tax		**394.8**	**(300.7)**
Income tax benefit (expense)	7	(65.4)	368.5
Consolidated net income		**329.4**	**67.8**
Of which			
• Attributable to owners of the parent		294.6	111.1
• Attributable to non-controlling interests		34.9	(43.3)
Average number of shares – undiluted		**285,405,409**	**285,267,886**
UNDILUTED EARNINGS PER SHARE *(in euros) – Attributable to owners of the parent*		**1.03**	**0.39**
Average number of shares – diluted		**286,037,065**	**285,539,909**
DILUTED EARNINGS PER SHARE *(in euros) – Attributable to owners of the parent*		**1.03**	**0.39**

In millions of euros	06/30/2022	06/30/2021
Consolidated net income (loss)	**329.4**	**67.8**
Other items of comprehensive income recognized directly in equity	**(15.4)**	**1.2**
• Effective portion of gains and losses on cash flow hedging instruments	34.7	8.7
• Translation gains and losses	(42.8)	(0.4)
• Tax on other items of comprehensive income	(6.5)	(1.3)
Items that will be reclassified subsequently to profit or loss	**(14.6)**	**6.9**
• Gains and losses on sales on treasury shares	(3.1)	(5.7)
• Actuarial gains and losses	2.3	0.0
Items that will not be reclassified subsequently to profit or loss	**(0.8)**	**(5.7)**
Share of other items of comprehensive income attributable to equity-accounted companies		
Total comprehensive income (loss)	**314.0**	**69.0**
Of which		
• Attributable to owners of the parent	284.0	103.9
• Attributable to non-controlling interests	30.0	(34.9)
UNDILUTED COMPREHENSIVE EARNINGS PER SHARE *(in euros) – Attributable to owners of the parent*	**1.00**	**0.36**
DILUTED COMPREHENSIVE EARNINGS PER SHARE *(in euros) – Attributable to owners of the parent*	**0.99**	**0.36**

3.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In millions of euros	Notes	06/30/2022	12/31/2021
Goodwill	5.1	476.3	480.5
Intangible assets	5.2	20.5	21.9
Property, plant and equipment	5.3	17.2	18.7
Investment properties at fair value	5.4	18,270.0	18,728.6
Investment properties at cost	5.4	91.9	77.7
Investments in equity-accounted companies	5.5	991.0	979.0
Other non-current assets	5.6	285.0	280.6
Long-term derivative instruments	9.1/9.3	37.5	8.7
Non-current deferred tax assets	7	8.6	11.8
Non-current assets		**20,198.0**	**20,607.5**
Investment properties held for sale	5.4	335.7	15.8
Trade and other receivables	5.7	143.2	159.9
Other receivables	5.8	242.4	333.1
• Tax receivables		83.9	74.8
• Other		158.4	258.3
Short-term derivative instruments	9.1/9.3	36.1	12.2
Current deferred tax assets	7	5.7	14.4
Cash and cash equivalents	5.9	95.2	640.0
Current assets		**858.4**	**1,175.4**
TOTAL ASSETS		**21,056.4**	**21,782.9**
Share capital		401.6	401.6
Additional paid-in capital		3,585.9	4,071.2
Legal reserves		44.0	44.0
Consolidated reserves		3,915.6	3,343.2
• Treasury shares		(30.3)	(33.5)
• Hedging reserves		18.2	0.1
• Other consolidated reserves		3,927.7	3,376.6
Consolidated net income		294.6	544.7
Equity attributable to owners of the parent		**8,241.7**	**8,404.7**
Equity attributable to non-controlling interests		2,116.8	2,188.7
Total equity	**5.11**	**10,358.5**	**10,593.4**
Non-current financial liabilities	5.12	5,792.7	6,815.1
Non-current lease liabilities	8	351.7	353.4
Long-term provisions	5.13	24.0	23.9
Pension obligations	11.3	8.1	10.0
Long-term derivative instruments	9.1/9.3	77.9	2.9
Deposits		146.3	142.3
Deferred tax liabilities	7	1,114.6	1,082.6
Non-current liabilities		**7,515.3**	**8,430.2**
Current financial liabilities	5.12	2,339.8	1,893.1
Current lease liabilities	8	13.5	13.5
Bank overdrafts	5.9	56.0	15.5
Trade payables		173.7	219.1
Due to suppliers of property		84.4	49.1
Other liabilities	5.14	321.4	377.1
Short-term derivative instruments	9.1/9.3	0.4	1.5
Payroll and tax liabilities	5.14	193.5	190.4
Current liabilities		**3,182.6**	**2,759.3**
TOTAL EQUITY AND LIABILITIES		**21,056.4**	**21,782.9**

3.3 CONSOLIDATED STATEMENTS OF CASH FLOWS

In millions of euros	06/30/2022	06/30/2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from consolidated companies	329.4	67.8
Elimination of expenditure and income with no cash effect or not related to operating activities		
• Depreciation, amortization and provisions	9.7	65.8
• Change in value of investment properties	2.6	456.2
• Goodwill impairment	3.0	112.8
• Capital gains and losses on asset disposals	19.9	(0.5)
• Current and deferred income taxes	65.4	(368.5)
• Share in earnings of equity-accounted companies	(35.8)	(55.0)
• Reclassification of interest and other items	95.0	82.5
Gross cash flow from consolidated companies	**489.2**	**361.1**
Income tax (received) paid	(24.2)	(1.2)
Change in operating working capital	(29.3)	(53.8)
Net cash flow from operating activities	**435.8**	**306.1**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment properties	131.2	23.5
Proceeds from disposals of subsidiaries (net of cash disposed, net of loans and advances repayed)	2.7	17.7
Acquisitions of investment properties		(0.3)
Payments in respect of construction work in progress	(59.8)	(57.3)
Acquisitions of other fixed assets	(2.0)	(3.8)
Acquisitions of subsidiaries (net of cash acquired)	(0.5)	(0.2)
Dividends received (including dividends received from joint ventures and associates)	13.6	10.5
Movements in loans and advance payments granted and other investments	9.3	5.3
Net cash flow from (used in) investing activities	**94.6**	**(4.6)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the parent		
Dividends paid to non-controlling interests	(86.9)	(28.3)
Repayment of share premiums	(485.4)	(285.3)
Acquisitions/disposals of treasury shares	(0.5)	0.3
New loans, borrowings and hedging instruments	1,006.2	1,476.4
Repayment of loans, borrowings and hedging instruments	(1,482.2)	(1,869.0)
Net repayment of lease liabilities	(5.8)	(7.7)
Interest paid	(54.0)	(57.3)
Interest paid on lease liabilities	(4.1)	(4.2)
Other cash flows related to financing activities		
Net cash flow used in financing activities	**(1,112.7)**	**(775.2)**
Effect of foreign exchange rate changes on cash and cash equivalents	**(2.9)**	**(3.1)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(585.2)**	**(476.8)**
Cash and cash equivalents at beginning of period	**624.5**	**452.7**
Cash and cash equivalents at end of period	**39.2**	**(24.2)**

3.4 STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY

In millions of euros	Share capital	Capital reserves	Treasury shares	Hedging reserves	Other consolidated reserves	Consolidated net income	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT 12/31/2020	**419.9**	**4,781.5**	**(441.3)**	**(8.7)**	**4,216.6**	**(785.7)**	**8,182.3**	**2,252.1**	**10,434.4**
Share capital transactions	(13.4)	(286.4)	299.8						
Share-based payments									
Treasury share transactions			7.9		(1.2)		6.6		6.6
Allocation of net income (loss)					(785.7)	785.7			
Dividends		(285.0)			(0.4)		(285.3)	(37.8)	(323.2)
Net income for the period						111.1	111.1	(43.3)	67.8
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY									
Proceeds from sales of treasury shares					(5.7)		(5.7)		(5.7)
Gains and losses from cash flow hedging				4.9			4.9	3.7	8.7
Translation gains and losses					(5.7)		(5.7)	5.2	(0.4)
Actuarial gains and losses									
Tax on other comprehensive income				(0.7)			(0.7)	(0.6)	(1.3)
Other comprehensive income				4.2	(11.4)		(7.2)	8.4	1.2
Changes in the scope of consolidation					1.6		1.6	0.8	2.4
Other movements					(0.1)		(0.1)	0.1	(0.1)
EQUITY AT 06/30/2021	**406.5**	**4,210.1**	**(133.6)**	**(4.5)**	**3,419.5**	**111.1**	**8,008.9**	**2,180.3**	**10,189.3**
Share capital transactions	(4.9)	(94.9)	99.7				0.0		0.0
Share-based payments									
Treasury share transactions			0.3				0.3		0.3
Allocation of net income (loss)									
Dividends					0.1		0.1	(71.6)	(71.5)
Net income (loss) for the period						433.7	433.7	70.6	504.3
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY									
Proceeds from sales of treasury shares					2.0		2.0		2.0
Gains and losses from cash flow hedges				5.2			5.2	4.0	9.2
Translation gains and losses					(44.8)		(44.8)	8.2	(36.6)
Actuarial gains and losses					1.2		1.2		1.2
Tax on other comprehensive income				(0.7)	(0.5)		(1.2)	(0.8)	(2.0)
Other comprehensive income				4.6	(42.1)		(37.5)	11.4	(26.1)
Changes in the scope of consolidation					(2.0)		(2.0)	(2.1)	(4.1)
Other movements					1.2		1.2	0.0	1.2
EQUITY AT 12/31/2021	**401.6**	**4,115.2**	**(33.5)**	**0.1**	**3,376.6**	**544.7**	**8,404.7**	**2,188.7**	**10,593.4**
Share capital transactions									
Share-based payments									
Treasury share transactions			3.2				3.2		3.2
Allocation of net income (loss)					544.7	(544.7)			
Dividends		(485.4)					(485.4)	(104.8)	(590.1)
Net income (loss) for the period						294.6	294.6	34.9	329.4
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY									
Proceeds from sales of treasury shares					(3.1)		(3.1)		(3.1)
Gains and losses from cash flow hedges				19.7			19.7	15.0	34.7
Translation gains and losses[(a)]					(25.8)		(25.8)	(17.0)	(42.8)
Actuarial gains and losses					2.3		2.3		2.3
Tax on other comprehensive income				(1.7)	(2.0)		(3.7)	(2.9)	(6.5)
Other comprehensive income				18.1	(28.6)		(10.5)	(4.9)	(15.4)
Changes in the scope of consolidation					0.0		0.0		0.0
Other movements[(b)]					35.0		35.0	3.0	38.0
EQUITY AT 06/30/2022	**401.6**	**3,629.9**	**(30.2)**	**18.2**	**3,927.7**	**294.6**	**8,241.7**	**2,116.8**	**10,358.5**

(a) The negative €25.8 million impact in translation gains and losses mainly concerns Turkey (positive €6.5 million), Norway (positive €14.9 million), and Sweden (negative €46.4 million).

(b) Klépierre has applied IAS 29 "Financial Reporting in Hyperinflationary Economies" to Turkey for the first time on January 1, 2022. As permitted by IAS 21, comparative information has not been restated and the impact (net of taxes) at January 1, 2022 of the first-time application, amounting to €35.1 million, is detailed in note 2.5.

3.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT EVENTS OF THE PERIOD 30

1.1 Update on the collection of rents and service charges relating to 2020 and 2021 in light of the Covid-19 pandemic 30
1.2 Investments 30
1.3 Divestments 30
1.4 Debt and financing 30
1.5 Distribution 30

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES 30

2.1 Corporate reporting 30
2.2 Application of IFRS 30
2.3 Use of material judgments and estimates 31
2.4 Translation of foreign currencies 31
2.5 Hyperinflationary economies 32
2.6 Distinction between liabilities and equity 32
2.7 Earnings per share 32
2.8 Risk factors relating to climate change 32

NOTE 3 SEGMENT INFORMATION 33

3.1 Segment earnings 33
3.2 Investment properties by operating segment 34
3.3 Investments over the period by operating segment 35
3.4 Disposals over the period by operating segment 35

NOTE 4 SCOPE OF CONSOLIDATION 36

NOTE 5 NOTES TO THE STATEMENT OF FINANCIAL POSITION 37

5.1 Goodwill 37
5.2 Intangible assets 39
5.3 Property, plant and equipment 40
5.4 Investment properties 41
5.5 Investments in equity-accounted companies 44
5.6 Other non-current assets 46
5.7 Trade and other receivables 47
5.8 Other receivables 48
5.9 Cash and cash equivalents 48
5.10 Fair value of financial assets 49
5.11 Equity 50
5.12 Current and non-current financial liabilities 51
5.13 Long-term provisions 56
5.14 Payroll, tax liabilities and other liabilities 56

NOTE 6 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME 57

6.1 Gross rental income 57
6.2 Land expenses (real estate) 58
6.3 Service charges 58
6.4 Owners' building expenses 58
6.5 Management, administrative and related income 58
6.6 Other operating income 58
6.7 Other general expenses 58
6.8 Depreciation, amortization and impairment of property, plant and equipment and intangible assets 59
6.9 Change in value of investment properties 59
6.10 Income from disposals of investment properties and equity investments 59
6.11 Cost of net debt 59
6.12 Gain (loss) on net monetary position 59

NOTE 7 TAXES 60

NOTE 8 IFRS 16 "LEASES" 62

NOTE 9 RISK EXPOSURE AND HEDGING STRATEGY 63

9.1 Interest-rate risk 63
9.2 Liquidity risk 66
9.3 Currency risk 66
9.4 Counterparty risk in connection with financing activities 67
9.5 Equity risk 67

NOTE 10 FINANCE AND GUARANTEE COMMITMENTS 67

10.1 Commitments given 67
10.2 Mutual commitments 68
10.3 Commitments received 68
10.4 Shareholders' agreements 68
10.5 Commitments under operating leases – Lessors 68

NOTE 11 EMPLOYEE COMPENSATION AND BENEFITS 69

11.1 Payroll expenses 69
11.2 Headcount 69
11.3 Employee benefits 70
11.4 Performance shares 71

NOTE 12 ADDITIONAL INFORMATION 72

12.1 Transactions with related parties 72
12.2 Post-employment benefits 73
12.3 Contingent liabilities 73
12.4 Subsequent events 73
12.5 Identity of consolidating companies 73
12.6 List of consolidated entities 74

NOTE 1 SIGNIFICANT EVENTS OF THE PERIOD

1.1 UPDATE ON THE COLLECTION OF RENTS AND SERVICE CHARGES RELATING TO 2020 AND 2021 IN LIGHT OF THE COVID-19 PANDEMIC

Over the first half of the year, the Group continued discussions with tenants in order to settle disputes relating to unpaid rents corresponding to 2021 and 2020 store closure periods caused by the pandemic.

€50 million in receivables has been collected for rents and service charges invoiced in 2021. This translated into a reversal of €18 million in rent abatements and €10 million in provisions for credit losses. As of June 30, 2022, the overall collection rate for 2021 stands at 90%, despite 2.5 months of closure. The Group still expect to collect €8 million additional rent and service charges in respect of 2021.

€5 million in receivables has been collected in connection with 2020 rents. This translated into a reversal of €2 million in rent abatements and €8 million in provisions for credit losses. As of June 30, 2022, the overall collection rate for 2020 stands at 88.2% despite 2.1 months of closure. The Group does not expect to collect any further rent and service charges in respect of 2020.

Accordingly, in the 2022 interim condensed consolidated statements, the Group recognized €20 million in write backs of rent abatements and €18 million in reversals of provisions for credit losses.

1.2 INVESTMENTS

Investments totaling €91.2 million during the period mainly concern the completion of Gran Reno extension in Bologna (Italy), the refurbishment of Grand Place in Grenoble (France), the renovation of Blagnac near Toulouse (France), and other ongoing projects, including Hoog Catharijne in Utrecht (Netherlands) and Gulskogen in Drammen (Norway).

Further details of investments are disclosed in note 3.3.

1.3 DIVESTMENTS

During the first half of 2022, the Group completed disposals totaling €134.0 million excluding the repayment of loans and advances (total share, excluding transfer taxes).

Proceeds from sales of investment properties and shares in subsidiaries net of cash disposed, including the repayment of loans and advances, amounted to €131.2 million, as presented on the consolidated statement of cash flows.

The main divestments are disclosed in note 3.4.

1.4 DEBT AND FINANCING

In January, the Group repurchased €297 million in senior notes due April 2023 (€226 million out of €750 million initially outstanding) and November 2024 (€71 million out of €630 million initially outstanding), by way of a tender offer. The €100 million private placement falling due May 2022 was also redeemed ahead of term in February 2022 following the activation of the three month par call. These operations were financed by the proceeds from the disposals closed at the end of 2021.

1.5 DISTRIBUTION

On April 26, 2022, the General Meeting of Shareholders approved the cash payment of €1.70 per share in respect of the 2021 fiscal year. The total distribution amounted to €485.4 million (excluding treasury shares), and was deducted from issue premiums and other premiums. The payment date was May 16, 2022.

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

This section presents the Group's significant accounting principles. Additional information on accounting principles is presented in the individual notes.

2.1 CORPORATE REPORTING

Klépierre is a French joint-stock corporation (*société anonyme*) subject to French company legislation, and more specifically the provisions of the French Commercial Code (*Code de commerce*). The Company's registered office is located at 26, boulevard des Capucines in Paris.

On July 21, 2022, the Executive Board approved the interim condensed consolidated financial statements of Klépierre SA for the period from January 1 to June 30, 2022 and authorized their publication.

Klépierre is listed on Euronext Paris (compartment A).

2.2 APPLICATION OF IFRS

In accordance with Commission Regulation (EC) No. 1126/2008 of November 3, 2008 on the application of international accounting standards, the Klépierre Group's interim condensed consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the European Union and mandatorily applicable at that date.

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

This framework is available on the following website:

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02008R1126-20220101

The interim condensed consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in a complete set of annual consolidated financial statements and should be read in conjunction with the published consolidated financial statements (or the Universal Registration Document) for 2021.

The interim condensed consolidated financial statements include the financial statements of Klépierre SA and its subsidiaries. The financial statements of subsidiaries are prepared for the same accounting period as that of the parent company using consistent accounting methods.

The interim condensed consolidated financial statements are presented in millions of euros (€m), with all amounts rounded to the nearest hundred thousand, unless otherwise indicated. Slight differences between figures may exist between the different statements due to rounding.

2.2.1 Standards, amendments and interpretations whose application was mandatory as of January 1, 2022

The accounting principles applied to the interim condensed consolidated financial statements for the six months ended June 30, 2022 are identical to those used in the Group's consolidated financial statements for the year ended December 31, 2021, with the exceptions of the following new standards and interpretations, whose application is mandatory for the Group:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements to IFRS	2018-2020 Cycle

These new amendments had no impact on the Group's consolidated financial statements.

IAS 29 "Financial Reporting in Hyperinflationary Economies" has been applied to Turkey since January 1, 2022. The impacts on the Group's equity are disclosed in the statement of changes in consolidated equity and the impacts on net income of the period are disclosed in note 6.12. The first-time application of IAS 29 is described at length in note 2.5.

2.2.2 Standards, amendments and interpretations whose application was not mandatory as of January 1, 2022

The following amendments published by the IASB have not been adopted by Klépierre for interim condensed consolidated financial statements for the six months ended June 30, 2022:

IFRS 17 and amendments to IFRS 17	Insurance Contracts
Amendments to IAS 1	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current, Disclosure of Accounting Policies)
Amendment to IAS 8	Accounting Estimates
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, and the effective date of amendments to IFRS 10 and IAS 28
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group is currently assessing the implementation of these new standards and their impact on the interim condensed consolidated financial statements. No material impacts are expected.

2.3 USE OF MATERIAL JUDGMENTS AND ESTIMATES

In preparing these consolidated financial statements in accordance with IFRS, Group management used certain estimates and realistic, reasonable assumptions. Changes in facts and circumstances may lead to changes in these estimates and assumptions, which would affect the value of the Group's assets, liabilities, equity and earnings.

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

Measurement of goodwill of management companies

The Group tests goodwill for impairment at least once a year. This involves estimating the recoverable value of the cash-generating units to which the goodwill is allocated. In order to determine the recoverable value, Klépierre prepares expected future cash flows for each cash-generating unit and applies a pre-tax discount rate to calculate the present value of these cash flows (see note 5.1). Recoverable values are determined by an independent expert.

Investment property and equity-accounted companies

The Group appoints independent appraisers to perform half-yearly valuations of its real estate assets in accordance with the methods described in note 5.4. The appraisers make assumptions concerning future cash flows and rates that have a direct impact on the value of the properties.

Credit risk assessment

Credit risk is assessed in accordance with IFRS 9, as described in note 1.1.

Financial instruments

The Group measures the fair value of the financial instruments it uses in accordance with standard market models and IFRS 13, as described in note 5.12.1.

Deferred tax

See note 7.

2.4 TRANSLATION OF FOREIGN CURRENCIES

The interim condensed consolidated financial statements are presented in euros (€), which is the presentation currency of the consolidated group, as well as the presentation and functional currency used by Klépierre SA. Each Group entity determines its own functional currency, and all items in its financial statements are measured using this functional currency.

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

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

For the preparation of the Group's interim condensed consolidated financial statements, the assets and liabilities of subsidiaries are translated into euros at the exchange rate as of the reporting date. Their income statements are translated at the average exchange rate for the year. Any resulting translation differences are allocated directly to equity under a separate line item.

The functional currency of an entity is the currency of the primary economic environment in which it carries out its operations. In the majority of cases, the functional currency corresponds to the local currency. However, a functional currency other than the local currency can be retained for certain entities, provided that it represents the currency of the main transactions carried out by the entity and that it ensures faithful representation of its economic environment.

In the event of the disposal of an operation in foreign currency, the total accumulated exchange gain or loss recognized as a distinct component of equity for that foreign operation is recognized in the income statement.

2.5 HYPERINFLATIONARY ECONOMIES

In March 2022, Turkey met the criteria of a hyperinflationary economy within the meaning of IAS 29.

In March 2022, the three-year cumulative inflation rate commonly used to evaluate the country's inflation exceeded 100%, and is not expected to ease significantly in 2022 and 2023 in light of the Turkish lira's current weakness.

The criteria set out in IAS 29 "Financial Reporting in Hyperinflationary Economies" are therefore met and both the French financial markets authority (*Autorité des marchés financiers* – AMF) and the European Securities and Markets Authority consider that Turkey should be qualified as a hyperinflationary economy within the meaning of IFRS as from January 1, 2022.

Consequently, IAS 29 is applicable to the Group's operations in Turkey as from January 1, 2022 as if it had always been a hyperinflationary economy.

- Non-monetary assets and liabilities, except for those at fair value, must be adjusted for inflation using a general price index; monetary items on the balance sheet are not restated.
- Income statement and other comprehensive income items in local currency are restated for inflation by applying the change in the general price index from the dates when the income and expense items were initially recorded in the consolidated financial statements. The statements of financial position, income statements and statements of comprehensive income of Turkish subsidiaries are translated into euros at the closing for the reporting period.
- Accordingly, no comparative information is required, and the 2021 consolidated financial statements have not been restated. Consequently, the impact of restating the financial statements of the Turkish subsidiaries was recognized in consolidated equity at January 1, 2022.

2.6 DISTINCTION BETWEEN LIABILITIES AND EQUITY

In distinguishing between liabilities and equity Klépierre primarily considers whether or not it is obliged to make a cash payment to the counterparty. Being able to make such a decision regarding cash payments is the crucial distinction between the two items.

2.7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income for the period attributable to ordinary shareholders by the weighted average number of shares outstanding, excluding treasury shares.

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

2.8 RISK FACTORS RELATING TO CLIMATE CHANGE

The Group's financial statements take into account, based on current knowledge and practices, the challenges of climate change and sustainable development.

Expenditure relating to measures taken by the Group to meet its climate commitments, in particular achieving a net-zero carbon footprint for its portfolio of shopping centers by 2030, are recognized either as investments (maintenance and replacement of energy equipment, installation of solar panels, electric vehicle charging stations, etc.) or as recurring expenses (use of energy management tools, audits, "BOOST" action plans, workshops on the net zero strategy, etc.).

The valuation of investment property at fair value (in accordance with the option provided for in IAS 40) by independent appraisers has started, in 2022, to factor climate risk based on current practices. Appraisers are continuing to improve the manner in which this risk is factored in. Given the Group's environmental performance, no significant risk of climate-related impairment has been identified at this stage.

In situations where real estate assets require investment to bring them up to or maintain them at regulatory environmental standards or objectives set by the Group, these investments are included in the multi-year work plans provided to the independent appraisers as part of the process for determining future cash flows.

At June 30, 2022, the bulk of the Group's assets were up to date with current regulations and the various commitments made by the Group. The Group's entire portfolio of shopping centers is certified BREEAM In-Use with 95% of ours assets rated "Very Good" or higher, testifying to its high environmental performance.

In addition, a portion of the Group's financing is interlinked with the environmental performance of its assets. The Group's €1,385 million syndicated revolving credit facility maturing in 2025 includes a sustainability mechanism whereby when the annual carbon intensity reduction objectives for the Group's malls have been met, the margin on the facility is reduced. The resulting savings are reinvested by Klépierre in installing and upgrading building management systems in its malls.

NOTE 3 SEGMENT INFORMATION

ACCOUNTING POLICIES

Segment information

In accordance with IFRS 8, operating segments are identified on the basis of the internal reporting used by management when evaluating performance and allocating resources.

3.1 SEGMENT EARNINGS

For management purposes, the Group is structured into business segments corresponding to geographic regions. There are a total of seven operating segments, structured as follows:

- France (including Belgium and Other retail properties);
- Italy;
- Scandinavia (Steen & Strøm: Norway, Sweden and Denmark);
- Iberia (Spain and Portugal);
- Netherlands & Germany[1];
- Central Europe (Poland and Czech Republic);
- Other countries (Greece and Turkey).

The management team monitors the results of each operating segment independently for the purposes of allocating resources to the segment and assessing its performance.

The Group's financing policy (including its impact on financial income and expenses), corporate activities and income tax matters are handled at Group level, and the resulting impacts are not allocated to the operating segments. For the purposes of the presentation of segment earnings, goodwill impairment is treated as a corporate activity.

The "Scandinavia" segment includes all the legal entities of Steen & Strøm, in which Klépierre owns a 56.1% equity stake.

	France[a]		Italy		Scandinavia		Iberia		Netherlands & Germany	
In millions of euros	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Gross rents	**224.1**	**140.9**	**105.7**	**74.9**	**74.7**	**83.9**	**60.7**	**52.3**	**53.6**	**40.4**
Other rental income	13.6	8.2	1.5	1.5	1.2	1.4	2.3	1.6	0.1	3.2
Gross rental income	237.7	149.1	107.2	76.4	75.9	85.2	63.0	53.9	53.8	43.6
Rental and building expenses	(28.6)	(55.2)	(8.6)	(17.4)	(10.9)	(11.3)	(5.8)	(11.2)	(16.8)	(16.7)
Net rental income	209.1	93.9	98.6	59.1	65.1	73.9	57.2	42.7	36.9	26.9
Management and other income	15.3	17.6	12.9	7.1	4.1	3.8	5.5	2.3	2.7	3.0
Payroll and other general expenses	(22.8)	(20.3)	(12.3)	(11.2)	(7.4)	(7.9)	(8.0)	(6.0)	(10.8)	(9.1)
EBITDA	**201.6**	**91.2**	**99.1**	**54.9**	**61.8**	**69.9**	**54.6**	**39.1**	**28.8**	**20.8**
Depreciation, amortization and impairment	(4.7)	(3.7)	(0.7)	(0.9)	(0.7)	(1.6)	(0.2)	(0.2)	(0.2)	(0.4)
Change in value of investment properties	(68.7)	(193.5)	(3.8)	(51.3)	(4.6)	(113.1)	86.1	(26.3)	(19.8)	(47.5)
Net proceeds on disposal of investment properties and equity investments	(0.6)	(0.2)			1.0	0.6	(0.0)		0.2	
Share in earnings of equity-accounted companies	4.1	(2.9)	20.1	54.9	5.3	(0.1)	(1.0)	(0.4)		
SEGMENT INCOME	**131.7**	**(109.2)**	**114.8**	**57.7**	**62.7**	**(44.3)**	**139.5**	**12.2**	**9.1**	**(27.1)**
Goodwill impairment										
Cost of net debt										
Change in the fair value of financial instruments										
PROFIT (LOSS) BEFORE TAX										
Income tax										
NET INCOME										

(a) Shopping centers and other retail properties, including Belgium.

(1) The former "Netherlands" and "Germany" segments were merged with effect from 2021.

	Central Europe		Others countries		Not allocated		Klépierre Group	
In millions of euros	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Gross rents	**30.8**	**29.1**	**7.5**	**5.9**			**557.1**	**427.3**
Other rental income	1.4	0.8	0.0	0.3			20.2	17.0
Gross rental income	**32.2**	**29.9**	**7.5**	**6.2**			**577.3**	**444.3**
Rental and building expenses	(2.1)	(9.8)	(3.2)	(2.1)			(76.0)	(123.8)
Net rental income	**30.1**	**20.0**	**4.3**	**4.1**			**501.3**	**320.6**
Management and other income	0.6	0.9	0.9	1.0			42.0	35.7
Payroll and other general expenses	(2.9)	(2.5)	(1.5)	(1.7)	(11.0)	(12.8)	(76.7)	(71.4)
EBITDA	**27.9**	**18.4**	**3.7**	**3.4**	**(11.0)**	**(12.8)**	**466.6**	**284.9**
Depreciation, amortization and impairment	(0.2)	(0.5)	(0.1)	(0.3)	(1.5)	(1.9)	(8.4)	(9.5)
Change in value of investment properties	4.5	(19.7)	3.7	(4.7)			(2.6)	(456.2)
Net proceeds on disposal of investment properties and equity investments		(0.0)	(20.5)	0.1			(19.9)	0.5
Share in earnings of equity-accounted companies			7.3	3.5			35.8	55.0
SEGMENT INCOME	**32.1**	**(1.8)**	**(5.9)**	**2.0**	**(12.5)**	**(14.7)**	**471.5**	**(125.3)**
Goodwill impairment							(3.0)	(112.8)
Cost of net debt							(58.1)	(58.2)
Gain (loss) on net monetary position							(33.3)	
Change in the fair value of financial instruments							17.8	(4.3)
PROFIT (LOSS) BEFORE TAX							**394.8**	**(300.7)**
Income tax							(65.4)	368.5
NET INCOME							**329.4**	**67.8**

3.2 INVESTMENT PROPERTIES BY OPERATING SEGMENT

The value of investment properties by operating segment, as shown in the consolidated statement of financial position, is presented below (excluding investment properties held by equity-accounted companies):

In millions of euros	Value of investment properties at 06/30/2022[a]	Value of investment properties at 12/31/2021[a]
France[b]	7,304.6	7,511.9
Italy	3,290.5	3,253.4
Scandinavia	2,598.4	2,946.5
Iberia	2,125.0	2,037.6
Netherlands & Germany	1,992.4	2,002.1
Central Europe	955.0	949.7
Other countries	96.1	105.1
TOTAL	**18,361.9**	**18,806.3**

(a) Including investment properties at fair value, investment properties at cost and excluding investment properties held for sale.
(b) Including Other retail properties and Belgium.

3.3 INVESTMENTS OVER THE PERIOD BY OPERATING SEGMENT

In millions of euros	Investment properties at fair value	Investment properties at cost	Investments during first-half 2022[(a)]
Shopping centers	91.2		91.2
France[(b)]	33.4		33.4
Italy	40.9		40.9
Scandinavia	7.5		7.5
Iberia	1.3		1.3
Netherlands & Germany	7.2		7.2
Central Europe	0.8		0.8
Other countries	0.0		0.0
TOTAL	**91.2**		**91.2**

(a) Investments include acquisitions, capitalized expenses and changes in scope.
(b) Including Other retail properties and Belgium.

Investments over the period (including capitalized interest) in France mainly concern refurbishment work at Grand Place (Grenoble), the final stages of the Créteil Soleil renovation (Paris area) and the Blagnac renovation (Toulouse).

In Italy, investments are mainly attributable to the completion of the Shopville Gran Reno extension near Bologna, which was opened to the public on July 7, 2022.

3.4 DISPOSALS OVER THE PERIOD BY OPERATING SEGMENT

In millions of euros	Proceeds from disposals
Investment properties and equity investments	134.0
France[(a)]	131.3
Italy	
Scandinavia	1.0
Iberia	
Netherlands & Germany	
Central Europe	
Other countries	1.7
TOTAL	**134.0**

(a) Including Belgium and Other retail properties.

Disposals mainly concern France and comprise:

- 62 retail units, sold during the first half of 2022;
- A shopping center in Orgeval near Paris, sold on May 16, 2022;
- A retail park next to the Villiers-en-Bière shopping center, sold on June 9, 2022.

As of early July 2022, €291.2 million worth of asset disposals had been closed in Norway and in France (see note 12.4 “Subsequent events”).

NOTE 4 SCOPE OF CONSOLIDATION

ACCOUNTING POLICIES

Scope of consolidation

The Klépierre Group's interim condensed consolidated financial statements include all companies over which Klépierre has control, joint control or significant influence.

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

Subsidiaries are consolidated starting on the date at which the Group obtains effective control.

Consolidation method

The consolidation method is based on the degree of control exercised by the Group.

- **Control:** full consolidation. According to IFRS 10, an investor controls an investee when it has power, exposure to variable returns and the ability to use that power to affect its returns from the investee. Control is presumed to exist when Klépierre directly or indirectly holds more than half of the company's voting rights. Control is also presumed to exist where the parent company has the power to direct the financial and operating policies of the company and appoint, dismiss or convene the majority of the members of the Board of Directors or equivalent management body;
- **Joint control and significant influence:** equity-method accounting. Joint control exists where operating, strategic and financial decisions require unanimous agreement between the partners. The agreement is contractual, i.e., subject to bylaws and shareholder agreements. Influence is defined as the power to contribute to a company's financial and operating policy decisions, rather than to exercise control over those policies. Significant influence is presumed where the Group directly or indirectly holds 20% or more of an entity's voting rights. Investments in associates are initially recognized in the statement of financial position at acquisition cost, and are subsequently adjusted for the share of the profit or loss and other comprehensive income of the entity; and
- **No influence:** the Company is not consolidated.

Changes in equity of companies accounted for using the equity method are reported on the asset side of the statement of financial position under "Investments in equity-accounted companies" and under the corresponding item in equity. Goodwill in respect of companies accounted for using the equity method is also reported under "Investments in equity-accounted companies".

Intercompany transactions

Intercompany balances and profits resulting from transactions between Group companies are eliminated in consolidation.

As of June 30, 2022, the Group's scope of consolidation included 237 companies, of which 199 fully consolidated companies and 38 companies accounted for using the equity method. The list of consolidated companies is set out in note 12.6.

The changes in scope of consolidation during the first half of 2022 were as follows:

- In May 2022, the Group sold Turkish entity Miratur Turizm Ticaret AS, owner of Adacenter shopping center near Adapazari;
- Klépierre SA reduced its interest in Akmerkez Garymenkul Yatirim Ortakligi AS from 45.93% to 45.49% on the Istanbul stock market.

In addition, two entities were created during the period (Lobsta & K Serris SAS and Lobsta & K Boulogne SAS) and a shell company was liquidated (Parc de Coquelles SNC).

NOTE 5 NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 GOODWILL

ACCOUNTING POLICIES

Accounting for business combinations

The accounting rules for business combinations comply with IFRS 3 (revised).

To decide whether a transaction is a business combination, the Group considers whether an integrated set of activities is acquired besides the investment property:

- The optional concentration test is used to assess whether substantially all of the fair value of the acquisition is concentrated in a single identifiable asset or group of similar identifiable assets; and
- If the outcome of this test is negative, determining wether or not a business has been acquired depends on whether the acquisition includes substantive processes critical to continue producing outputs (or to develop them in the event that assets do not have outputs at the acquisition date) together with an organized workforce with the necessary skills to perform the process.

If the acquired assets are not a business, the transaction is recorded as an asset acquisition.

All business combinations are recognized using the acquisition method. The consideration transferred is measured as the fair value of assets contributed, equity issued and liabilities incurred at the transfer date. The identifiable assets and liabilities of the acquiree are measured at their fair value at the acquisition date. Any liabilities are only recognized if they are a present obligation at the date of the business combination and if their fair value can be reliably measured. For each business combination, the acquirer must measure all non-controlling interests held in the acquired company, either at their fair value at the acquisition date or at the corresponding share in the fair value of the assets and liabilities of the acquired company.

Any surplus of the consideration transferred and the value of non-controlling interests over the net fair value of the business' identifiable assets acquired and liabilities assumed, is recognized as goodwill. Costs directly linked to the acquisition are recognized as expenses.

IFRS 3 (revised) stipulates a maximum period of 12 months from the acquisition date for the accounting of the acquisition to be finalized: adjustments to values applied must be related to facts and circumstances existing at the acquisition date. Therefore, beyond this 12-month period, any earn-out adjustment must be recognized in income for the fiscal year unless the additional consideration is an equity instrument.

As regards the treatment of deferred tax assets, the Group recognizes an adjustment to income for deferred tax assets unrecognized at the acquisition date or during the measurement period.

Where a business is acquired in stages, the previous investment is remeasured at fair value at the date control is transferred. Any difference between fair value and carrying amount of this investment is recognized in income.

Any change in the Group's interest in an entity that results in a loss of control is recognized as a gain/loss on disposal and the remaining interest is remeasured at fair value with the change being recognized in income.

Transactions that do not affect control (additional acquisition or disposal) are accounted for as equity transactions for which the equity is allocated proportionally between the owners of the parent and the non-controlling interest with no impact on profit or loss and/or goodwill adjustment.

Goodwill measurement and impairment

Goodwill is carried at cost less any accumulated impairment losses. In compliance with IAS 36, the Group performs impairment tests if there is an indication of impairment, and at least once a year. For the purposes of this test, assets are grouped into cash-generating units (CGUs). CGUs are standardized groups of assets whose continued use generates cash inflows that are largely separate from those generated by other asset groups.

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

Klépierre has two types of goodwill:

Goodwill corresponding to optimized value of deferred taxes

This goodwill results from the recognition of deferred taxes at the date of the business combination. It represents the difference between the deferred tax liabilities recognized in the statement of financial position in accordance with IAS 12, and the tax expected to be paid in the event of a sale by means of a share deal. Accordingly, impairment tests performed on this type of goodwill at each reporting date consist in comparing the carrying amount with the amounts expected to arise from optimizing deferred taxes.

Goodwill of management companies

Goodwill may relate to management companies. Impairment tests are performed annually or when triggering events arise and are based on internal or external valuations. These valuations are based on the discounted cash flow (DCF) method in every country where the Klépierre Group conducts management activities. This method consists of three stages.

In the first stage, cash flows that may be generated in the future by each company's portfolio of business (i.e., before consideration of explicit or implicit financing costs) are estimated on the basis of the specific business plans developed in each country where the Group conducts management activities for itself and for third parties.

In the second stage, forecast cash flows and the estimated future value of the management business portfolio at the end of the forecast period (terminal value) are discounted at an appropriate rate. This discount rate is determined on the basis of the capital asset pricing model (CAPM) and is the sum of the following three components: the risk-free interest rate, a general market risk premium (forecast average market risk premium multiplied by the beta coefficient for the business portfolio) and a specific market risk premium (which takes account of the proportion of specific risk not already included in cash flows).

In the third and final stage, the value of shareholders' equity is obtained by deducting the company's net debt on the valuation date from the value of its business portfolio.

Impairment tests consist in comparing the carrying amount of the entity with its recoverable value as explained above. Recoverable values are determined by an independent expert.

As of June 30, 2022, goodwill totaled €476.3 million, versus €480.5 million as of December 31, 2021, breaking down as follows:

Goodwill of management companies

As of June 30, 2022, goodwill of management companies totaled €222.2 million, remaining stable compared to December 31, 2021. No triggering events have arisen during the period which may indicate additional impairment.

In millions of euros	12/31/2021	Change in scope	Disposals, retirement of assets	Impairment	Currency movements	06/30/2022
France	117.7					117.7
Italy	53.7					53.7
Spain	32.0					32.0
Portugal	7.1					7.1
Netherlands	4.1					4.1
Germany	7.6					7.6
Scandinavia						
GOODWILL RELATING TO MANAGEMENT ACTIVITIES	**222.2**					**222.2**

For reminder, the main assumptions used to calculate enterprise value are based on the valuations performed in December 2021.

- The discount rate applied to France, Norway, Spain and Italy was stable compared to 2020 at 7.4%;
- The discount rate applied to Germany was stable compared to 2020 at 7.9%;
- The discount rate applied to other countries was stable compared to 2020 at 6.9%;
- Free cash flow over the duration of the business plan is based on business volume and operating margin assumptions that take into account economic and market assumptions at the date on which the plan was prepared;
- A growth rate for the 2022-2026 period based on the assumptions used in the internal business plan by country;
- A terminal value determined using a growth rate of 1% applied from 2025.

The sensitivity of business values per country to changes in both discount and perpetuity growth rates was assessed at year-end 2021 and is presented below:

	Business value 12/31/2021	Book value 12/31/2021 (post-impairment)	Spread vs Business value	Discount rate	50-bp increase in the discount rate	Perpetual growth	50-bp decrease in the perpetuity growth rate
France	170.3	132.2	+29%	7.4%	−6.4%	1.0%	−5.3%
Spain	43.1	32.5	+33%	7.4%	−6.6%	1.0%	−5.2%
Italy	61.4	54.5	+13%	7.4%	−6.5%	1.0%	−5.1%
Portugal	7.5	7.1	+6%	6.9%	−6.8%	1.0%	−5.4%
Czech Republic	10.8	0.1	n.m.	6.9%	−6.4%	1.0%	−5.1%
Poland	10.4	0.2	n.m.	6.9%	−6.8%	1.0%	−5.4%
Germany	7.6	7.6	0%	7.9%	−11.1%	1.0%	−9.3%
Norway	2.9			7.4%	−13.8%	1.0%	−12.1%
Sweden				6.9%		1.0%	
Denmark				6.9%		1.0%	
Netherlands	4.1	4.1	0%	6.9%	−15.6%	1.0%	−13.9%
TOTAL	**318.1**	**238.3**		**7.4%**	**−6.8%**	**1.0%**	**−5.5%**

Goodwill corresponding to the optimized value of deferred taxes

As of June 30, 2022, goodwill corresponding to the optimized value of deferred taxes totaled €254.1 million, versus €258.3 million as of December 31, 2021.

In millions of euros	12/31/2021	Change in scope	Disposals, retirement of assets	Impairment	Currency movements	06/30/2022
Former Corio assets	197.0			(0.6)		196.4
IGC	18.7					18.7
Oslo City	34.9				(1.2)	33.6
Nueva Condo Murcia	4.4			(2.5)		1.9
Other	3.3					3.3
GOODWILL ARISING ON DEFERRED TAX LIABILITIES	**258.3**			**(3.0)**	**(1.2)**	**254.1**

The main impairment of €2.5 million is related to the Spanish shopping mall Nueva Condomina in Murcia.

5.2 INTANGIBLE ASSETS

ACCOUNTING POLICIES

Intangible assets

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

IAS 38 states that an intangible asset is amortized only where it has an identified useful life. Intangible assets with an indefinite useful life are not amortized, but are tested annually for impairment (IAS 36) or whenever there is evidence of a loss of value.

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

Impairment of intangible assets

After initial recognition, other intangible assets are recognized at cost, less any related amortization or impairment losses.

Useful lives are examined annually and an impairment test is conducted if there is any indication of impairment. Intangible assets with an indefinite useful life are not amortized. The "indefinite" nature of the useful life is reviewed at least annually. These assets are tested for impairment annually, or if there is an indication of impairment, by comparing their carrying amount with the recoverable amount. In the event of decline in value, an impairment loss is recognized in income. The Klépierre Group's intangible assets are not subject to independent valuation.

Intangible assets with finite useful lives

In millions of euros	12/31/2021	Acquisitions and capitalized expenses	Disposals, retirement of assets	Additions for the period	Currency movements	Reclassifications and other movements	06/30/2022
Software	95.9	1.7			(0.7)	0.2	97.1
Other intangible assets	7.7						7.7
Total gross value	103.6	1.7			(0.7)	0.2	104.8
Software	(77.8)			(3.0)	0.6	(0.1)	(80.3)
Other intangible assets	(5.5)					(0.1)	(5.6)
Total amortization	(83.3)			(3.0)	0.6	(0.2)	(85.9)
NET VALUE	**20.3**	**1.7**		**(3.0)**	**(0.1)**		**18.9**

Intangible assets with indefinite useful lives

In millions of euros	12/31/2021	Acquisition/ (Disposals)	Reclassifications and other movements	06/30/2022
Goodwill	4.1			4.1
Total gross value	4.1			4.1
Goodwill	(2.5)			(2.5)
Total impairment	(2.5)			(2.5)
NET VALUE	**1.6**			**1.6**

Residual value for €1.6 million concerns the business goodwill recognized on the merger between the Group's French management entities prior to 2005.

5.3 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

Property, plant and equipment

In accordance with IAS 16, property plant and equipment are valued at their historical cost, less accumulated depreciation and any decreases in value. Depreciation is calculated based on the useful life of each operating asset class.

Property, plant and equipment include operating assets such as fixtures and other office equipment owned by the Group, related to headquarters buildings and offices.

Property, plant and equipment also include the remaining lease payments on head office leases, vehicle leases and other equipment leases, that are initially recognized in the form of a right-of-use asset in accordance with IFRS 16. They are subsequently depreciated on a straight-line basis over the lease term.

Property, plant and equipment and work in progress

In millions of euros	12/31/2021	Acquisitions and capitalized expenses	Disposals, retirement of assets	Additions for the period	Currency movements	Reclassifications and other movements	06/30/2022
Depreciable assets and work in progress	29.9	0.3	(0.3)		(0.5)	3.0	32.4
Right-of-use asset relating to property, plant and equipment[(a)]	36.4	0.8	(1.7)		(0.2)	1.6	36.9
Total gross value	**66.3**	**1.1**	**(2.0)**	**-**	**(0.7)**	**4.6**	**69.3**
Depreciable assets	(24.3)		0.3	(0.9)	0.3	(1.1)	(25.7)
Right-of-use asset relating to property, plant and equipment[(a)]	(23.3)		1.6	(4.0)	0.2	(0.9)	(26.4)
Total depreciation	**(47.6)**	**-**	**1.9**	**(4.9)**	**0.5**	**(2.0)**	**(52.1)**
Impairment							
PROPERTY, PLANT AND EQUIPMENT AND WORK IN PROGRESS – NET VALUE	**18.7**	**1.1**	**(0.1)**	**(4.9)**	**(0.2)**	**2.6**	**17.2**

(a) Movements in property, plant and equipment relating to leases are described in note 8 "IFRS 16 'Leases'".

5.4 INVESTMENT PROPERTIES

ACCOUNTING POLICIES

Investment properties (IAS 40, IFRS 13 and IFRS 16)

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. For all investment properties, current use equates to the best possible use.

Land held under operating leases is classified and accounted for by the Group as right-of-use asset under IFRS 16, as described in note 8. After initial recognition, it is measured using the fair value model in accordance with IAS 40 “Investment Property”. They are subsequently measured at the amount equal to the remaining balance of the lease liability.

Investment property is measured initially at cost, including related transaction costs and, where applicable, eviction and borrowing costs (see below).

After initial recognition, investment property is carried at fair value. Investment property under construction, or significantly restructured, is measured at fair value if it is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- Stage of completion;
- Level of reliability of cash inflows after completion; and
- Development risk specific to the property.

Additions to investment properties under construction consist of capital expenditure, eviction costs, capitalized interest, letting fees and other internal costs related to development. Certain internal staff and associated costs directly attributable to the management of major projects during the construction phase are also capitalized.

The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement in change in fair value of investment properties.

The profit on disposal is determined as the difference between the sale proceeds and the carrying amount of the asset based on the last appraisal value.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property continues to be held as an investment property.

In addition, investment properties recorded at cost are tested for impairment at June 30 and December 31, whenever there is evidence of a loss of value. Where such evidence exists, the recoverable amount of the asset is compared with its carrying amount, and an impairment loss is recognized.

In determining the carrying amount of investment properties under the fair value model, assets or liabilities that are recognized as separate assets or liabilities are not double counted.

Borrowing costs

Under IAS 23, borrowing costs directly attributable to the acquisition or construction of eligible assets are included in the cost of the respective assets.

When a loan is not directly attributable to an asset, Klépierre capitalizes the interest rate applied to the expenses related to the asset in order to measure the attributable cost; if several non-specific borrowing lines exist, the interest rate is the weighted average rate of those loans observed during the fiscal year.

Fair value of investment property

The fair value of Klépierre’s investment properties is determined by professionally qualified independent appraisers who have relevant expertise and recent industry experience in the locations and segments of the investment properties being valued. They perform their valuation of the Group’s assets as of June 30 and December 31 of each year.

Investment properties are presented at fair value excluding transfer costs. These transfer costs are measured on a basis of an asset disposal. The fair values of investment properties are determined in compliance with the measurement rules described in IFRS 13. In addition, given the complexity of real estate asset valuations and the nature of certain non-public data (such as projected rent increases, capitalization and discount rates), the fair values of investment properties have been classified as level 3 on the IFRS 13 fair value hierarchy (see note 5.10). Accordingly, there are no transfers of properties between the fair value categories.

Given the fact that these valuations are, by their nature, estimates, it is possible that the amount realized on the disposal of some real estate assets will differ from the estimated value of those assets, even where such disposal occurs within a few months of the reporting date.

Klépierre entrusts the task of valuing its real estate assets to various independent appraisers:

- Jones Lang LaSalle (JLL) values all Greek and Turkish assets and most of the Italian portfolio;
- CBRE values all assets in Spain, Portugal, the Czech Republic, Slovakia and the Netherlands, and several assets in France and Italy;
- BNP Paribas Real Estate values all German assets; and
- Cushman & Wakefield values a portion of the French portfolio, all Danish, Swedish, and Norwegian assets, as well as Polish assets.

Other retail assets are valued by BNP Paribas Real Estate.

All valuations are conducted in accordance with the principles of the *Charte de l'Expertise en Évaluation Immobilière*, the recommendations of the French financial markets authority (*Autorité des marchés financiers* – AMF) dated February 8, 2010 and Royal Institution of Chartered Surveyors standards. The fees paid to appraisers, agreed prior to their valuation of the properties concerned, are determined on a lump sum basis to reflect the number and complexity of the assets appraised. The fee is entirely unrelated to the appraised value of the assets concerned.

The valuations performed by the independent appraisers are reviewed internally by senior management in charge of investments and relevant people within each operating division. This process includes discussions of the assumptions used by the independent appraiser, as well as a review of the resulting valuations. Discussions of the valuation process and results are held between senior management in charge of investments and the independent appraiser on a half-yearly basis.

All Klépierre Group assets are systematically appraised using two methods: the yield method (or capitalization methodology) and the discounted cash flows method. However, Klépierre only retains the latter. Appraisal values are also cross-checked using comparable transaction inputs.

According to the yield method, to determine the fair value of a shopping center, appraisers apply a yield rate to total net rent for occupied premises, and to the net market rent for vacant properties, discounted for the anticipated period of vacancy.

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

As regards the discounted cash flows approach, appraisers estimate the different cash flows over a ten-year period. To determine future cash flows, appraisers are provided with all relevant information (detailed rent rolls, footfall, retailer sales, occupancy cost ratios, etc.), which they use to make their own assessment.

They factor in their own leasing assumptions (ERV, vacancy, incentives, etc.), as well as future capital expenditures and non-recoverable operating expenses. Lastly, they apply a discount rate that varies from one property to another since it is a combination of the risk-free rate and the risk premium attached to each property due to its location, quality, size, and technical specificities.

Terminal value is calculated based on the net rental income for the tenth year, capitalized by an exit yield.

The fair value of investment property excludes prepaid or accrued operating lease income which are recognized separately in the statements of financial position.

5.4.1 Investment properties at fair value

In millions of euros

INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 12/31/2021	**18,728.6**
Additions to the scope of consolidation	
Capital expenditures	90.7
Capitalized interest	0.5
Disposals and removals from the scope of consolidation	(123.8)
Other movements, reclassifications	(354.3)
Currency movements	(72.9)
Fair value adjustments	1.2
INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 06/30/2022	**18,270.0**

Investments for €90.7 million and capitalized interest for €0.5 million are attributable to Italy for €40.9 million, France for €33.4 million, Scandinavia for €7.5 million and the Netherlands for €7.2 million.

The Group completed disposals over the period representing a carrying amount of €123.8 million. Information of the main disposals is disclosed in note 3.4. Additional disposals were closed at the beginning of July (see note 12.4 "Subsequent events").

"Other movements, reclassifications" includes reclassifications from "Investment properties at fair value" to "Investment properties held for sale" (see note 5.4.3).

The table below presents the data used by external appraisers to determine the fair value of investment properties:

Shopping centers *(weighted average)*	**Discount rate[(a)]**	**Exit rate[(b)]**	**CAGR of NRI[(c)]**	**EPRA NIY**
France	6.3%	5.0%	2.7%	4.8%
Italy	7.4%	5.9%	1.9%	5.7%
Scandinavia	7.0%	4.9%	2.9%	4.5%
Iberia	7.4%	5.9%	2.4%	5.7%
Netherlands & Germany	6.1%	5.2%	2.8%	4.8%
Central Europe	6.9%	6.0%	1.7%	6.6%
Other countries	16.1%	8.2%	7.2%	9.9%
TOTAL GROUP	**6.8%**	**5.4%**	**2.5%**	**5.2%**

Discount and exit rates are weighted by shopping center portfolio valuation (including transfer taxes).

(a) Rate used to calculate the present value of future cash flows.

(b) Rate used to capitalize the exit rent to determine the exit value of an asset.

(c) Compound annual growth rate of net rental income determined by the appraiser at 10 years.

As of June 30, 2022, the average EPRA Net Initial Yield (NIY) of the portfolio stood at 5.2% (including transfer taxes). A 10-basis-point increase in yields would result in a €326 million decrease in the portfolio valuation (attributable to owners of the parent).

The tables below present the change in the valuation of the shopping center portfolio using different discount and exit rate assumptions than those used by the appraisers.

	Discount rate variance					
Geography	**−100 bps**	**−50 bps**	**−25 bps**	**+25 bps**	**+50 bps**	**+100 bps**
France	+6.6%	+3.1%	+1.5%	−1.8%	−3.3%	−6.4%
Italy	+7.5%	+3.7%	+1.8%	−1.8%	−3.5%	−6.8%
Scandinavia	+7.7%	+3.8%	+1.9%	−1.8%	−3.6%	−7.0%
Iberia	+7.5%	+3.7%	+1.8%	−1.8%	−3.5%	−6.8%
Netherlands & Germany	+10.3%	+5.0%	+2.5%	−2.4%	−4.7%	−9.2%
Central Europe	+7.2%	+3.5%	+1.7%	−1.7%	−3.3%	−6.5%
Other countries	+5.9%	+2.9%	+1.4%	−1.4%	−2.8%	−5.4%
TOTAL SHOPPING CENTERS	**+7.4%**	**+3.6%**	**+1.7%**	**−1.8%**	**−3.5%**	**−6.9%**

	Exit rate variance					
Geography	**−100 bps**	**−50 bps**	**−25 bps**	**+25 bps**	**+50 bps**	**+100 bps**
France	+12.7%	+5.7%	+2.6%	−2.7%	−5.1%	−9.4%
Italy	+11.9%	+5.4%	+2.6%	−2.4%	−4.5%	−8.4%
Scandinavia	+16.5%	+7.3%	+3.4%	−3.1%	−5.9%	−10.7%
Iberia	+13.0%	+5.8%	+2.8%	−2.5%	−4.9%	−9.0%
Netherlands & Germany	+17.4%	+7.7%	+3.6%	−3.3%	−6.3%	−11.5%
Central Europe	+11.5%	+5.2%	+2.5%	−2.3%	−4.4%	−8.1%
Other countries	+5.2%	+2.4%	+1.2%	−1.1%	−2.2%	−4.1%
TOTAL SHOPPING CENTERS	**+13.5%**	**+6.0%**	**+2.8%**	**−2.7%**	**−5.1%**	**−9.5%**

5.4.2 Investment properties at cost

In millions of euros	
INVESTMENT PROPERTIES AT COST – NET VALUE AS OF 12/31/2021	**77.7**
Capital expenditure	
Capitalized interest	
Disposals and removals from the scope of consolidation	
Other movements, reclassifications	18.0
Currency movements	
Fair value adjustments	
Impairment losses and reversals	(3.8)
INVESTMENT PROPERTIES AT COST – NET VALUE AS OF 06/30/2022	**91.9**

As of June 30, 2022, the main investment properties at cost concern:

- In Denmark: a land plot in Odense;
- In Belgium: a land plot in Louvain-La-Neuve.

5.4.3 Investment properties held for sale

ACCOUNTING POLICIES

Investment properties held for sale

Investment properties that the Group has contractually committed to sell or entered into an agreement to sell are presented according to IFRS 5.

The accounting impacts of their presentation according to IFRS 5 in the consolidated financial statements are as follows:

- Reclassification as investment property held for sale; and
- Presentation on a separate line as current assets in the dedicated section of the statement of financial position.

The Group has no held-for-sale investment property qualified as "discontinued" within the meaning of IFRS 5.

In millions of euros	
INVESTMENT PROPERTIES HELD FOR SALE – NET VALUE AS OF 12/31/2021	**15.8**
Disposals and removals from the scope of consolidation	(9.9)
Other movements, reclassifications	330.1
Currency movements	(0.3)
Fair value adjustments	
INVESTMENT PROPERTIES HELD FOR SALE – NET VALUE AS OF 06/30/2022	**335.7**

During the first half of 2022, the Group sold a shopping center in Orgeval near Paris and two retail units in France, which were classified as held for sale as of December 31, 2021.

The main assets classified as "Investment properties held for sale" as of June 30, 2022, concern three shopping centers in Norway and several retail units in France. Most of these assets were sold in early July (see note 12.4 "Subsequent events").

5.4.4 Investment property portfolio reconciliation

The following table reconciles the carrying amount of investment properties to the value of the property portfolio disclosed in the management report:

	06/30/2022				
In millions of euros	Investment properties held by fully consolidated companies	Investments in equity accounted companies[a]	Transfer taxes	Lease liability[b]	Total portfolio value (including transfer taxes)
Investment properties	17,891.5	1,223.2	921.2		20,035.9
Right-of-use asset relating to ground leases	378.5			(353.9)	24.6
Incl. upfront payments on ground leases	*24.6*				*24.6*
Investment properties at fair value	18,270.0	1,223.2	921.2	(353.9)	20,060.5
Investment properties at cost	91.9	48.4			140.3
Investment properties held for sale	335.7				335.7
Operating lease incentives	40.4				40.4
TOTAL	**18,738.0**	**1,271.6**	**921.2**	**(353.9)**	**20,576.9**

(a) Investments in equity-accounted assets are included based on the fair value of the shares held and taking into account shareholder financing granted by the Group.
(b) The lease liability as defined by IFRS 16 is deducted from the investment property value in the portfolio valuation.

5.5 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

In millions of euros	12/31/2021 Attributable to owners of the parent	Share in earnings	Dividends received	Capital increases and decreases	Currency movements	Changes in scope of consolidation and other movements	06/30/2022 Attributable to owners of the parent
Investments in joint ventures	832.1	25.3	6.7	(14.7)	(4.9)	(0.6)	843.8
Investments in associates	146.9	10.5	(8.6)		(3.6)	2.0	147.2
EQUITY-ACCOUNTED COMPANIES	**979.0**	**35.8**	**(1.9)**	**(14.7)**	**(8.5)**	**1.4**	**991.0**

Thirty-eight companies were accounted for using the equity method as of June 30, 2022, of which 27 joint ventures and 11 associates.

Non-current assets presented in this section mainly concerned investment property held by equity-accounted companies. The valuation of the investment property follows the Group's rules as described in note 5.4.

Investments in joint ventures

The main items of the statements of financial position and income statements of joint ventures[(1)] are presented below (the values shown below include consolidation adjustments):

	06/30/2022		12/31/2021	
In millions of euros	**100%**	**Attributable to owners of the parent**	**100%**	**Attributable to owners of the parent**
Non-current assets	2,267.1	1,122.5	2,257.8	1,117.8
Current assets	62.7	30.2	83.6	40.5
Cash and cash equivalents	123.7	60.7	101.6	49.4
Non-current external financial liabilities	(47.9)	(21.7)	(59.3)	(27.4)
Non-current financial liabilities (Group and associates)	(485.5)	(242.8)	(484.6)	(242.3)
Non-current liabilities	(138.6)	(69.1)	(126.8)	(63.1)
Current external financial liabilities	(16.8)	(8.3)	(8.6)	(4.2)
Current liabilities	(58.1)	(27.8)	(80.1)	(38.6)
NET ASSETS	**1,706.6**	**843.8**	**1,683.6**	**832.1**

Non-current liabilities mainly include deferred tax.

	06/30/2022		06/30/2021	
In millions of euros	**100%**	**Attributable to owners of the parent**	**100%**	**Attributable to owners of the parent**
Revenues from ordinary activities	71.6	35.5	53.2	26.1
Operating expenses	(13.4)	(6.6)	(14.6)	(7.1)
Change in value of investment properties	17.8	8.9	(47.0)	(23.1)
Financial income (expense)	(9.2)	(4.6)	(9.5)	(4.7)
Profit (loss) before tax	66.9	33.2	(17.9)	(8.9)
Tax	(15.8)	(7.9)	119.5	59.7
NET INCOME	**51.1**	**25.3**	**101.6**	**50.8**

As of June 30, 2022, Klépierre's share in current and non-current external financial liabilities adjusted for cash and cash equivalents of its joint ventures represented a positive €30.7 million.

Investments in associates

The main components of the statements of financial position and income statements of associates[(2)] are presented below (the amounts shown below include consolidation adjustments):

	06/30/2022		12/31/2021	
In millions of euros	**100%**	**Attributable to owners of the parent**	**100%**	**Attributable to owners of the parent**
Non-current assets	983.3	153.6	977.9	151.6
Current assets	6.6	0.9	8.1	0.8
Cash and cash equivalents	11.0	2.9	23.0	4.7
Non-current external financial liabilities	(5.1)	(0.6)	(5.8)	(0.7)
Non-current financial liabilities (Group and associates)	(44.8)	(4.9)	(49.7)	(5.2)
Non-current liabilities	(10.2)	(1.5)	(10.2)	(1.5)
Current external financial liabilities	(0.1)		(0.1)	
Current liabilities	(20.5)	(3.2)	(20.6)	(2.8)
NET ASSETS	**920.2**	**147.2**	**922.6**	**146.9**

	06/30/2022		06/30/2020	
In millions of euros	**100%**	**Attributable to owners of the parent**	**100%**	**Attributable to owners of the parent**
Revenues from ordinary activities	30.3	5.9	21.7	4.7
Operating expenses	(5.3)	(1.3)	(7.6)	(1.4)
Change in value of investment properties	16.7	7.9	(2.9)	0.7
Financial income (expense)	0.5	0.3	0.1	0.1
Gain (loss) on net monetary position	(5.2)	(2.3)		
Profit (loss) before tax	37.1	10.5	11.3	4.2
Tax			0.7	
NET INCOME	**37.1**	**10.5**	**12.0**	**4.2**

(1) *Cécobil SCS, Du Bassin Nord SCI, Le Havre Vauban SNC, Le Havre Lafayette SNC, Girardin 2 SCI, Société Immobilière de la Pommeraie SC, Kleprim's SCI, Celsius Le Murier SNC, Celsius Haven SNC, Ventura SAS, Lobsta & K SAS, Lobsta & K Serris SAS, Lobsta & K Boulogne SAS, Clivia SpA, Galleria Commerciale Il Destriero SpA, CCDF SpA, Galleria Commerciale Porta di Roma SpA, Galleria Commerciale 9 Srl, Italian Shopping Centre Investment Srl, Holding Klege Srl, Metro Senter ANS, Økern Sentrum ANS, Økern Eiendom ANS, Metro Shopping AS, Økern Sentrum AS, Nordal ANS, and Klege Portugal SA.*

(2) *La Rocade SCI, La Rocade Ouest SCI, Du Plateau SCI, Achères 2000 SCI, Le Champ de Maïs SC, Société du bois des fenêtres SARL, Step In SAS, Secar SC, Antigaspi & K SAS, NEAG Boulogne SAS and Akmerkez Gayrimenkul Yatirim Ortakligi AS.*

5.6 OTHER NON-CURRENT ASSETS

ACCOUNTING POLICIES FOR FINANCIAL ASSETS (CURRENT AND NON-CURRENT)

Financial assets

Financial assets include long-term financial investments, current assets representing operating receivables, debt securities, investment securities (including derivatives) and cash.

The Group classifies financial assets in one of the categories identified by IFRS 9 on the acquisition date, based on the instrument's characteristics and the business model.

Assets at amortized cost

Financial assets are valued at amortized cost where they are recovered by collecting contractual cash flows (payments of principal and interest on the principal amount outstanding).

These assets comprise advances to equity-accounted companies, other loans and deposits. After initial recognition at fair value, they are recognized and measured at amortized cost using the effective interest method. The effective interest rate is the rate that precisely discounts estimated future cash flows to obtain the carrying amount of the instrument.

In accordance with IFRS 9, these assets are impaired based on a forward-looking expected credit loss (ECL) approach.

Assets at fair value through profit or loss

This category includes:

- Financial assets that are not held either to collect contractual cash flows or to sell the assets and whose contractual conditions do not solely give rise to payments of principal and interest on the principal amount outstanding; and
- Assets designated at fair value whose performance and management are based on fair value and non-consolidated investments.

Fair value gains and losses are recognized in other financial income and expenses.

Assets at fair value through other comprehensive income with cumulative gains and losses reclassified to profit or loss upon derecognition

This category includes financial assets recovered by collecting contractual cash flows (payments of principal and interest on the principal amount outstanding) and potentially selling the assets.

Changes in the fair value of these assets are recognized directly in other comprehensive income, with the exception of interest income recognized in other financial income and expenses. Fair value gains and losses are released to net income on the sale of the assets.

Assets at fair value through other comprehensive income without reclassification to profit or loss upon derecognition

This category includes equity instruments not held for trading and primarily concerns non-consolidated investments.

Changes in the fair value of these assets are recognized directly in other comprehensive income, with the exception of dividends recognized in other financial income and expenses. Fair value gains and losses are not released to net income on the sale of the assets.

Movements in other non-current assets during first-half 2022 are as follows:

In millions of euros	12/31/2021	Change in scope	Increases	Decreases	Other (including currency movements)	06/30/2022
Other long-term investments	0.4			(0.0)	(0.0)	0.4
Advances to equity-accounted companies and other	263.1		13.6	(9.2)	0.1	267.5
Loans						
Deposits	16.0		1.0	(0.9)		16.1
Other long-term financial investments	1.1					1.1
TOTAL	**280.6**		**14.6**	**(10.2)**	**0.1**	**285.0**

The following tables present the net carrying amount of other non-current assets, in accordance with IFRS 9, as of June 30, 2022 and December 31, 2021:

		Amounts recognized in the statement of financial position according to IFRS 9	
In millions of euros	Carrying amount 06/30/2022	Amortized cost	Fair value through profit or loss
Other long-term investments	0.4		0.4
Advances to equity-accounted companies and other	267.5	267.5	
Deposits	16.1	16.1	
Other long-term financial investments	1.1		1.1
TOTAL	**285.0**	**283.6**	**1.5**

		Amounts recognized in the statement of financial position according to IFRS 9	
In millions of euros	Carrying amount 12/31/2021	Amortized cost	Fair value through profit or loss
Other long-term investments	0.4		0.4
Advances to equity-accounted companies and other	263.1	263.1	
Loans			
Deposits	16.0	16.0	
Other long-term financial investments	1.1		1.1
TOTAL	**280.6**	**279.1**	**1.5**

5.7 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Trade and other receivables

Trade receivables are recognized and measured at face value minus allowances for non-recoverable amounts, in accordance with IFRS 9, as described in note 5.6.

Other receivables under this heading include the effect of recognizing lease incentives granted to tenants over time (step-up rents and rent-free periods). All receivables have a maturity of less than one year, except step-up rents and rent-free periods, which are spread over the expected term of the lease.

Impairment is based on the standard's simplified approach. Expected credit losses are calculated based on lifetime losses, using the Group's historical credit loss experience and forward-looking projections.

In millions of euros	06/30/2022	12/31/2021
Trade receivables	271.2	284.4
Allowances for bad debts	(184.4)	(183.8)
Net value of trade receivables	86.8	100.6
Step-up rents and rent-free periods	56.4	59.3
TRADE AND OTHER RECEIVABLES	**143.2**	**159.9**

As of June 30, 2022, trade receivables stood at €271.2 million, representing €320.9 million in gross trade receivables less €42.0 million in accrued rent abatements.

5.8 OTHER RECEIVABLES

	06/30/2022			12/31/2021
In millions of euros	Total	Less than one year	More than one year	Total
Tax receivables	83.9	83.9		74.8
Income tax	17.9	17.9		21.4
VAT	52.6	52.6		36.9
Other tax receivables	13.4	13.4		16.5
Other	158.4	158.4		258.3
Service charges due	8.7	8.7		14.7
Downpayments to suppliers	74.7	74.7		129.1
Prepaid expenses	6.2	6.2		6.3
Funds from principals	50.9	50.9		76.3
Other	17.8	17.8		31.9
TOTAL	**242.4**	**242.4**		**333.1**

VAT mainly includes outstanding refunds in respect of construction projects in progress.

Downpayments to suppliers decreased from €129.1 million as of December 31, 2021 to €74.7 million as of June 30, 2022 mainly due to the charges settlement in France.

Funds managed by Klépierre Management on behalf of its principals stood at €50.9 million as of June 30, 2022 versus €76.3 million as of December 31, 2021. The management accounts of the principals are recognized under "Other liabilities" (see note 5.14) for the same amount.

The line "Other" mainly comprises dividends receivable from equity accounted investees and receivables from co-ownership associations relating to construction work.

5.9 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash held in bank accounts, short-term deposits, money-market funds and other marketable securities.

Cash and cash equivalents meet the definition given by IAS 7 and IFRS 9, i.e., short-term, highly-liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash and cash equivalents are recognized and measured at fair value through profit or loss in accordance with IFRS 9, as described in note 5.6.

In millions of euros	06/30/2022	12/31/2021
Cash equivalents	10.0	160.0
• *Treasury bills and certificates of deposit*	*10.0*	*160.0*
• *Money-market investments*		
Cash	85.2	480.0
Gross cash and cash equivalents	95.2	640.0
Bank overdrafts	(56.0)	(15.5)
NET CASH AND CASH EQUIVALENTS	**39.2**	**624.5**

The significant decrease in the net cash position during the first half of 2022 is attributable to the successful tender offer launched in January, through which €297 million in senior notes was redeemed, and the early redemption of a private placement for €100 million in February. Klépierre also distributed €485 million to its shareholders in May 2022.

5.10 FAIR VALUE OF FINANCIAL ASSETS

ACCOUNTING POLICIES

Measurement and recognition of financial assets and liabilities

The recognition and measurement of financial assets and liabilities is governed by IFRS 9, as described in notes 5.6 and 5.12.

Method used to determine fair value of financial instruments

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

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

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

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

Fair value hierarchy of financial assets and liabilities

IFRS 13 sets out a fair value hierarchy that categorizes inputs to valuation techniques used to measure the fair value of all financial assets and financial liabilities into three levels.

Valuation techniques are based on:

- Quoted prices in an active market (level 1);
- Internal valuation techniques involving standard mathematical calculation methods integrating observable market data (forward rates, interest rate curves, etc.). Valuations produced by these models are adjusted to take account of a reasonable change in the credit risk of the Group or the counterparty (level 2); and
- Internal valuation techniques integrating factors estimated by the Group in the absence of observable market data (level 3).

The following table presents the net carrying amount and the fair value hierarchy of Group financial assets as of June 30, 2022:

In millions of euros	Carrying amount 06/30/2022	Fair value	Level 1	Level 2	Level 3
Other long-term investments	0.4	0.4		0.4	
Advances to equity-accounted companies and other	267.5	267.5		267.5	
Deposits	16.1	16.1		16.1	
Other long-term financial investments	1.1	1.1		1.1	
Total other non-current assets	**285.0**	**285.0**		**285.0**	
Cash equivalents	10.0	10.0	10.0		
• *Treasury bills and certificates of deposit*	*10.0*	*10.0*	*10.0*		
• *Money-market investments*					
Cash	85.2	85.2	85.2		
Gross cash and cash equivalents	**95.2**	**95.2**	**95.2**		
Bank overdrafts	**(56.0)**	**(56.0)**	**(56.0)**		
NET CASH AND CASH EQUIVALENTS	**39.2**	**39.2**	**39.2**		

The following table presents the positions as of December 31, 2021:

In millions of euros	Carrying amount 12/31/2021	Fair value	Level 1	Level 2	Level 3
Other long-term investments	0.4	0.4		0.4	
Advances to equity-accounted companies and other	263.1	263.1		263.1	
Loans	(0.0)	(0.0)		(0.0)	
Deposits	16.0	16.0		16.0	
Other long-term financial investments	1.1	1.1		1.1	
Total other non-current assets	**280.6**	**280.6**		**280.6**	
Cash equivalents	160.0	160.0	160.0		
• *Treasury bills and certificates of deposit*	*160.0*	*160.0*	*160.0*		
• *Money-market investments*					
Cash	480.0	480.0	480.0		
Gross cash and cash equivalents	**640.0**	**640.0**	**640.0**		
Bank overdrafts	**(15.5)**	**(15.5)**	**(15.5)**		
NET CASH AND CASH EQUIVALENTS	**624.5**	**624.5**	**624.5**		

The fair value of financial assets is identical to the carrying amount of the Group's financial assets at amortized cost, as they are not remeasured.

5.11 EQUITY

5.11.1 Share capital, additional paid-in capital and capital reserves

As of June 30, 2022, the share capital comprised 286,861,172 fully paid-up shares each with a par value of €1.40. Shares are held in either registered or bearer form.

Per unit	Number of shares
As of January 1, 2022	286,861,172
Cancellation of shares in 2022	
Shares issued in 2022	
Dividend distribution in 2022	
AS OF JUNE 30, 2022	**286,861,172**

In euros	Share capital	Legal reserve	Issue premiums	Merger premiums	Other premiums	Total capital reserves
As of January 1, 2022	401,605,641	44,009,849	4,045,488,516		25,729,998	4,115,228,362
Cancellation of shares in 2022						
Shares issued in 2022						
Dividend distribution in 2022			(461,933,995)		(23,417,452)	(485,351,447)
AS OF JUNE 30, 2022	**401,605,641**	**44,009,849**	**3,583,554,521**		**2,312,546**	**3,629,876,915**

On April 26, 2022, the General Meeting of Shareholders approved the payment of a €1.70 per share cash distribution in respect of the 2021 fiscal year. The total distribution approved by Klépierre's shareholders amounted to €487.7 million including treasury shares (€485.4 million excluding treasury shares).

The dividend distribution was deducted from issue premiums (€461.9 million), and other premiums (€23.4 million).

As of June 30, 2022, the legal reserve stood at €44 million.

5.11.2 Treasury shares

ACCOUNTING POLICIES

Treasury shares

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

As of June 30, 2022, Klépierre held 1,390,321 treasury shares, versus 1,477,421 shares as of December 31, 2021.

The following tables present treasury shares as of June 30, 2022 and December 31, 2021:

	06/30/2022					
	Future performance share plans	Performance shares allocated	Liquidity agreement	External growth	Share buyback programs	Total
Number of shares	940,566	419,755	30,000			1,390,321
Acquisition value *(in millions of euros)*	20.3	9.4	0.6			30.3
Proceeds from sales *(in millions of euros)*		3.5	(0.3)			3.2

	12/31/2021					
	Future performance share plans	Performance shares allocated	Liquidity agreement	External growth	Share buyback program	Total
Number of shares	930,369	547,052				1,477,421
Acquisition value *(in millions of euros)*	21.1	12.5				33.6
Proceeds from sales *(in millions of euros)*		(2.7)	(3.1)			(5.8)

5.11.3 Other consolidated reserves

In millions of euros	Other consolidated reserves
As of January 1, 2022	3,376.6
Treasury share transactions	
Allocation of net income (loss)	544.7
Dividends	
Other comprehensive income	(28.6)
Changes in the scope of consolidation	0.0
Other movements	35.0
AS OF JUNE 30, 2022	**3,927.7**

The increase in other consolidated reserves from €3,376.6 million to €3,927.7 million over the period is mainly attributable to:

- The appropriation of 2021 consolidated net income;
- The change in other comprehensive income mainly attributable to currency translation adjustments; and
- The change in other movements mainly attributable to the impact of the application of IAS 29 to the Group's Turkish entities.

5.11.4 Non-controlling interests

Non-controlling interests decreased by €71.8 million during the first half-year of 2022, from €2,188.7 million to €2,116.8 million, mainly reflecting:

- Net income for the period attributable to non-controlling interests (positive impact of €34.9 million);
- Payment of dividends (negative impact of €104.8 million);
- Foreign exchange impacts (negative impact of €17.0 million), mainly in Scandinavia;
- Gains and losses on the fair value of cash flow hedging instruments in Scandinavia (positive impact of €15.0 million).

5.12 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

ACCOUNTING POLICIES

Financial liabilities

Financial liabilities include borrowings, other forms of financing, bank overdrafts, derivatives and operating payables.

IFRS 9 "Financial Instruments" describes how financial assets and liabilities must be measured and recognized.

Measurement and recognition of financial liabilities

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

Recognition of liabilities at amortized cost

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

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

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

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

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

Measurement and recognition of derivatives

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

Klépierre hedges its liabilities using derivatives and has consequently adopted hedge accounting in accordance with IFRS 9:

- Hedges to cover statement of financial position items whose fair value fluctuates in response to interest rate, credit or exchange rate risks (fair value hedges); and
- Hedges to cover the exposure to future cash flow risk (cash flow hedges), which consists of setting the amount of future cash flows arising on floating-rate liabilities or assets.

Klépierre's derivatives portfolio qualified for hedge accounting meets all IFRS 9 hedge definition and effectiveness criteria.

The adoption of hedge accounting has the following consequences:

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

Financial instruments qualified in the trading category are measured at fair value with fair value movements recognized in profit or loss for the period.

Recognition date: trade or settlement

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

However, this principle cannot be applied to all financial instruments in the same way.

For example, commercial paper is often renewed a few days before its due date. If these instruments were recognized at their trade date, this would artificially inflate the amount concerned between the renewal trade date of a paper and its effective start date.

Klépierre applies the following rules:

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

Tax treatment of changes in fair value of financial instruments

Klépierre applies the following rules:

- Deferred taxes are calculated based on the change in fair value of financial instruments based on the tax-rate of the country where the instrument is held; and
- For instruments held by SIIC eligible entities, deferred taxes are recognized for their non-SIIC portion in the SIIC/non-SIIC asset pro rata to Klépierre SA's statement of financial position.

5.12.1 Change in debt

Changes in debt presented below do not include lease liabilities under IFRS 16, which are presented in note 8.

Current and non-current financial liabilities amounted to €8,132.4 million as of June 30, 2022 versus €8,708.2 million at year-end 2021.

In millions of euros	06/30/2022	12/31/2021
NON-CURRENT		
Bonds net of costs/premiums	**5,029.8**	**6,044.9**
• Of which fair value hedge adjustments	(81.9)	0.2
Bank loans and borrowings – long term	**624.9**	**649.5**
Fair value adjustments to debt[(a)]		
Other loans and borrowings	**138.0**	**120.7**
• Advance payments to associates	130.8	113.5
• Other	7.2	7.2
Total non-current financial liabilities	5,792.7	6,815.1
CURRENT		
Bonds net of costs/premiums	**794.8**	**279.9**
• Of which fair value hedge adjustments		
Bank loans and borrowings – short term	**27.5**	**33.5**
• Of which other borrowings issue costs	3.2	3.2
Fair value adjustments to debt[(a)]	**0.9**	**1.7**
Accrued interest	**41.9**	**45.2**
• On bonds	38.7	42.2
• On bank loans	2.4	1.7
• On advance payments to associates	0.8	1.3
Commercial paper	**1,472.5**	**1,530.0**
Other loans and borrowings	**2.2**	**2.8**
• Advance payments to associates	2.2	2.8
Total current financial liabilities	2,339.8	1,893.1
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**8,132.4**	**8,708.2**

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.

Net debt totaled €8,124 million as of June 30, 2022, versus €8,006 million as of December 31, 2021. Net debt is the difference between financial liabilities (excluding both fair value hedge adjustments and the mark-to-market of Corio's debt recognized at the acquisition date) plus bank overdrafts minus available cash and marketable securities.

In millions of euros	06/30/2022	12/31/2021
Non-current and current financial liabilities	8,132.4	8,708.2
Bank overdrafts	56.0	15.5
Revaluation due to fair value hedge and cross currency swap	82.2	0.4
Fair value adjustement of debt[(a)]	(0.9)	(1.7)
Cash and cash equivalents[(b)]	(146.2)	(716.2)
NET DEBT	**8,123.6**	**8,006.0**

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.
(b) Includes cash managed for principals for €50.9 million as of June 30, 2022 and for €76.3 million as of December 31, 2021.

As of June 30, 2022, consolidated net debt totaled €8,124 million compared to €8,006 million at end 2021, i.e., an increase of €118 million over the last period. The main movements during the period were as follows:

- Cash inflows from operations and other items (foreign exchange, changes in working capital), amounting to €426 million;
- Cash outflows in respect of distributions for €589 million, including the €1.70 per share distribution to shareholders in respect of fiscal year 2021 (€485 million) and distributions to non-controlling interests (€104 million);
- Cash outflows in respect of capital expenditure for €89 million;
- Cash inflows from disposals for €134 million.

5.12.2 Main sources of financing

The Group's main financial resources are detailed in the table below (nominal value).

	Group financing						
In millions of euros	**Borrower**	**Issue currency**	**Reference rate**	**Maturity date**	**Repayment profile**	**Maximum amount**	**Amount drawn as at 06/30/2022**
Bonds						5,585	5,585
	Klépierre SA	EUR	1.000%	04/17/2023	At maturity	524	524
	Klépierre SA	EUR	1.750%	11/06/2024	At maturity	557	557
	Klépierre SA	EUR	2.125%	10/22/2025	At maturity	255	255
	Klépierre SA	EUR	1.875%	02/19/2026	At maturity	500	500
	Klépierre SA	EUR	1.375%	02/16/2027	At maturity	600	600
	Klépierre SA	EUR	4.230%	05/21/2027	At maturity	50	50
	Klépierre SA	EUR	2.000%	05/12/2029	At maturity	600	600
	Klépierre SA	EUR	0.625%	07/01/2030	At maturity	600	600
	Klépierre SA	EUR	0.875%	02/17/2031	At maturity	600	600
	Klépierre SA	EUR	1.250%	09/29/2031	At maturity	600	600
	Klépierre SA	EUR	1.625%	12/13/2032	At maturity	700	700
						85	85
	Klépierre (formerly Corio)	EUR	3.516%	12/13/2022	At maturity	85	85
						283	283
	Steen & Strøm	NOK	NIBOR	09/14/2022	At maturity	34	34
	Steen & Strøm	NOK	NIBOR	03/23/2023	At maturity	77	77
	Steen & Strøm	NOK	NIBOR	04/05/2023	At maturity	29	29
	Steen & Strøm	NOK	2.400%	11/07/2023	At maturity	48	48
	Steen & Strøm	NOK	2.550%	10/24/2024	At maturity	14	14
	Steen & Strøm	NOK	NIBOR	10/24/2024	At maturity	24	24
	Steen & Strøm	NOK	2.980%	05/23/2029	At maturity	10	10
	Steen & Strøm	SEK	1.093%	12/08/2022	At maturity	47	47
Bank loans and revolving credit facilities						3,289	
	Klépierre SA	EUR	Euribor	12/16/2026	At maturity	1,385	
	Klépierre SA	EUR	Euribor	[(b)]	At maturity	1,725	
	Steen & Strøm	NOK	NIBOR	2022	At maturity	97	
	Steen & Strøm	NOK	NIBOR	2023	At maturity	24	
	Steen & Strøm	NOK	NIBOR	2025	At maturity	58	
Mortgage loans						656	656
	Massalia Shopping Mall	EUR	Euribor	06/23/2026	At maturity	99	99
	Steen & Strøm	SEK	STIBOR	[(c)]		225	225
	Steen & Strøm	DKK	CIBOR	[(c)]		276	268
	Steen & Strøm	DKK	Fixed	[(c)]		56	63
Short-term facilities and bank overdrafts						395	
Commercial paper						1,473	1,473
	Klépierre SA	EUR	Euribor	-	At maturity	1,340	1,340
	Steen & Strøm	NOK	NIBOR		At maturity	77	77
	Steen & Strøm	SEK	STIBOR		At maturity	56	56
GROUP TOTAL[(a)]						**10,294**	**8,082**

(a) Totals are calculated excluding backup lines since the maximum amount of the "Commercial paper" line includes the backup lines.
(b) These lines combine several facilities with maturities from 2023 to 2025 and differents lenders.
(c) These lines combine several mortgage loans with maturities from 2023 to 2042 and differents lenders.

As a general rule, the Group finances its assets with equity or debt raised by Klépierre SA. In certain cases, especially in the context of joint operations and in Scandinavia, the Group may use mortgage loans to fund its activities. The total amount of mortgages granted to secure this financing (€656 million) was €901 million as of June 30, 2022.

5.12.3 Covenants

The Group's main credit agreements contain covenants. Failure to comply with these covenants could trigger mandatory repayment of the underlying facility.

As of June 30, 2022, all of the Group's borrowing entities complied with all obligations arising from their borrowings.

Financing	Ratios/covenants	Limit[a]	06/30/2022	12/31/2021
Syndicated loans and bilateral loans	Net debt/Portfolio value ("Loan to Value")	≤60%	39.5%	38.7%
	EBITDA/Net interest expenses[b]	≥2.0x	10.0	8.3
	Secured debt/Portfolio value[c]	≤20%	0.6%	0.6%
	Portfolio value[d]	≥€10 bn	€17.6 bn	€17.7 bn
Bond issues	Secured debt/Revalued Net Asset Value[c]	≤50%	0.7%	0.8%

(a) Covenants are based on the 2021 revolving credit facility.
(b) Excluding the impact of liability management operations (non-recurring items).
(c) Excluding Steen & Strøm.
(d) Group share, including transfer taxes.

A portion of Steen & Strøm's debt is subject to a covenant that requires shareholders' equity to be above or equal to 20% of net asset value at all times. On June 30, 2022, this ratio was 53.7%.

5.12.4 Breakdown of borrowings by maturity date

The breakdown of borrowings by maturity date presented below does not include lease liabilities under IFRS 16, which are presented in note 8.

In millions of euros	Total	Less than one year	One to five years	More than five years
NON-CURRENT				
Bonds net of costs/premiums	**5,029.8**		**1,920.1**	**3,109.7**
• Of which fair value hedge adjustments	(81.9)		(81.9)	
Bank loans and borrowings – long term	**624.9**		**261.8**	**363.1**
Fair value adjustments to debt[a]				
Other loans and borrowings	**138.0**		**130.8**	**7.2**
• Advance payments to associates	130.8		130.8	
• Other	7.2			7.2
Total non-current financial liabilities	5,792.7		2,312.7	3,480.0
CURRENT				
Bonds net of costs/premiums	**794.8**	**794.8**		
• Of which fair value hedge adjustments				
Bank loans and borrowings – short term	**27.5**	**27.5**		
Fair value adjustments to debt[a]	**0.9**	**0.9**		
Accrued interest	**41.9**	**41.9**		
• On bonds	38.7	38.7		
• On bank loans	2.4	2.4		
• On advance payments to associates	0.8	0.8		
Commercial paper	**1,472.5**	**1,472.5**		
Other loans and borrowings	**2.2**	**2.2**		
• Advance payments to associates	2.2	2.2		
Total current financial liabilities	2,339.8	2,339.8		
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**8,132.4**	**2,339.8**	**2,312.7**	**3,480.0**

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.

Commercial paper corresponds to short-term resources used on a rollover basis and fully covered by backup revolving credit facilities with an average maturity of 4.1 years.

5.12.5 Classification and fair value hierarchy of financial liabilities

ACCOUNTING POLICIES

Fair value hierarchy of financial liabilities

As described in note 5.10, IFRS 13 sets out a fair value hierarchy that categorizes the valuation techniques used to measure the fair value of all financial liabilities.

The table below presents the breakdown of financial liabilities by measurement approach in accordance with IFRS 9, as described in note 5.6.

In millions of euros	Carrying amount 06/30/2022	Amounts recognized in the statement of financial position according to IFRS 9		Fair value	Fair value hierarchy		
		Liability at amortized cost	Liability at fair value recognized through profit or loss[(a)]		Level 1	Level 2	Level 3
NON-CURRENT							
Bonds net of costs/premiums	5,029.8	4,504.2	525.6	4,334.7	4,334.7		
Bank loans and borrowings – long term	624.9	624.9		623.6		623.6	
Fair value adjustments to debt							
Other loans and borrowings	138.0	138.0		138.0		138.0	
Total non-current financial liabilities	**5,792.7**	**5,267.1**	**525.6**	**5,096.3**	**4,334.7**	**761.6**	
CURRENT							
Bonds net of costs/premiums	794.8	794.8		792.9	792.9		
Bank loans and borrowings – short term	27.5	27.5		27.5		27.5	
Fair value adjustments to debt	0.9	0.9		0.9		0.9	
Accrued interest	41.9	41.9		41.9		41.9	
Commercial paper	1,472.5	1,472.5		1,472.5		1,472.5	
Other loans and borrowings	2.2	2.2		2.2		2.2	
Total current financial liabilities	**2,339.8**	**2,339.8**		**2,337.8**	**792.9**	**1,544.9**	
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**8,132.4**	**7,606.8**	**525.6**	**7,434.1**	**5,127.6**	**2,306.5**	

(a) Corresponds to the reevaluated portion of the bonds as part of the fair value hedge presented in notes 5.10 and 5.12.

As of June 2022, the carrying amount of financial liabilities for which the change in fair value is recognized in profit or loss was €526 million. This corresponds to fixed-rate bonds that were converted into floating rate debt by means of fixed rate receiver swaps qualified as fair value hedges.

The following table presents the positions as of December 31, 2021:

In millions of euros	Carrying amount 12/31/2021	Amounts recognized in the statement of financial position according to IFRS 9		Fair value	Fair value hierarchy		
		Amortized cost	Liability at fair value recognized through profit or loss		Level 1	Level 2	Level 3
NON-CURRENT							
Bonds net of costs/premiums	6,044.9	5,437.1	607.8	6,249.6	6,249.6		
Bank loans and borrowings – long term	649.5	649.5		650.9		650.9	
Fair value adjustments to debt							
Other loans and borrowings	120.7	120.7		120.7		120.7	
Total non-current financial liabilities	**6,815.1**	**6,207.3**	**607.8**	**7,021.2**	**6,249.6**	**771.6**	
CURRENT							
Bonds net of costs/premiums	279.9	279.9		280.3	280.3		
Bank loans and borrowings – short term	33.5	33.5		33.5		33.5	
Fair value adjustments to debt	1.7	1.7		1.7		1.7	
Accrued interest	45.2	45.2		45.2		45.2	
Commercial paper	1,530.0	1,530.0		1,530.0		1,530.0	
Other loans and borrowings	2.8	2.8		2.8		2.7	
Total current financial liabilities	**1,893.1**	**1,893.1**		**1,893.5**	**280.3**	**1,613.2**	
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**8,708.2**	**8,100.4**	**607.8**	**8,914.8**	**6,529.9**	**2,384.8**	

As of December 2021, the carrying amount of financial liabilities for which the change in fair value is recognized through profit or loss was €608 million. This corresponds to fixed rate bonds that were converted into floating rate debt by means of receiver swaps.

5.13 LONG-TERM PROVISIONS

ACCOUNTING POLICIES

Provisions and contingent liabilities

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

Non-interest-bearing long-term liabilities are discounted in accordance with IAS 37.

Long-term provisions amounted to €24.0 million as of June 30, 2022 versus €23.9 million as of December 31, 2021, and mainly concern business-related litigation and taxes outside the scope of IFRIC 23 in the different countries in which Klépierre operates.

5.14 PAYROLL, TAX LIABILITIES AND OTHER LIABILITIES

In millions of euros	06/30/2022	12/31/2021
Payroll and tax liabilities	**193.5**	**190.4**
Employees and related accounts	34.9	41.0
Social security and other bodies	10.0	11.0
Tax payables		
• Income tax	48.8	42.6
• VAT	45.6	36.3
Other taxes and duties	54.2	59.5
Other liabilities	**321.4**	**377.1**
Creditor customers	16.1	18.8
Prepaid income	33.4	28.1
Other liabilities	271.9	330.2

Creditor customers for €16.1 million corresponds to advance payments received from tenants in respect of service charges.

Other liabilities also include funds representing the management accounts of Klépierre Management's principals, offset in full by other receivables (see note 5.8 "Other receivables"). These funds totaled €50.9 million as of June 30, 2022 (€76.3 million as of December 31, 2021).

NOTE 6 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

6.1 GROSS RENTAL INCOME

ACCOUNTING POLICIES

IFRS 16 "Leases"

In accordance with IFRS 16, the Group, as landlord, distinguishes between two types of leases:

- Finance leases, which transfer substantially all the risks and rewards inherent in the ownership of an asset to the lessee. Title to the asset may or may not be transferred at the end of the lease term; and
- All other leases are classified as operating leases.

Recognition of step-up rents and rent-free periods

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

Step-up rents and rent-free periods are recognized as additions to, or deductions from, gross rental income for the fiscal year.

The reference period adopted is the first non-cancelable lease term.

Entry fees

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

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

Early termination penalties

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

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

IFRS 15 "Revenue from Contracts with Customers"

Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Gross rental income is excluded from the scope of IFRS 15.

Consequently, only service charges and management, administrative and related income are accounted for in accordance with IFRS 15.

Service charge revenues and service charge expenses are presented separately in the consolidated statements of comprehensive income.

Gross rental income breaks down as follows:

In millions of euros	06/30/2022	06/30/2021
Minimum guaranteed rents	510.9	523.3
Turnover rents	20.5	8.9
Specialty leasing	16.4	12.3
Car parks	18.5	12.3
Lease incentives and discounts	(23.3)	(19.3)
Rent abatements	14.2	(110.2)
Gross rents	557.1	427.3
Other lease income	**20.2**	**17.0**
GROSS RENTAL INCOME	**577.3**	**444.3**

As of June 30, 2022, rent abatements represented a net reversal of €14.2 million mainly comprising €20 million in reversals of accrued rent abatements for 2020 and 2021 less €5.8 million straight-line defferals in accordance with IFRS 16.

6.2 LAND EXPENSES (REAL ESTATE)

ACCOUNTING POLICIES

Ground leases: IFRS 16

Ground leases are recognized as a right-of-use asset and lease liability in the statement of financial position for the present value of the lease payments (fixed portion only) and are subsequently measured at fair value in accordance with IAS 40 (see note 8). The lease expenses are reclassified to "Interest expenses" and "Change in value of investment properties".

Consequently, "Land expenses" only comprises variable payments on ground leases not included in the right-of-use valuation, in accordance with IFRS 16.

For the six months ended June 30, 2022, land expenses relating to variable payments on ground leases amounted to €3.5 million, versus €3.4 million for the six months ended June 30, 2021.

6.3 SERVICE CHARGES

Service charge income corresponds to service charges invoiced to tenants, and is presented separately. Service charge income is recorded as income in the period in which it is earned.

Service charge expenses cover the cost of services such as general maintenance and repairs, security, heating, cooling, lighting and cleaning of common areas. Service charge expenses are presented for their gross amounts.

6.4 OWNERS' BUILDING EXPENSES

These expenses comprise owners' rental expenses, expenses related to construction work and legal costs, net provisions for credit losses, and intermediaries and other fees.

In millions of euros	06/30/2022	06/30/2021
Losses and provision for credit losses	(48.8)	(120.5)
Write-back of provision for credit losses	43.6	58.6
Net impairment on credit losses	**(5.2)**	**(62.0)**
Other bulding expenses	(11.1)	(8.7)
BUILDING EXPENSES (OWNER)	**(16.3)**	**(70.7)**

Net provisions for credit losses for the six months ended June 30, 2022 amounted to €5.2 million and comprise the allowance for bad debts in respect of 2022 offset by the reversal of the provision for 2021 receivables.

6.5 MANAGEMENT, ADMINISTRATIVE AND RELATED INCOME

Management, administrative and related income amounted to €36.5 million in the first half of 2022 as presented below:

In millions of euros	06/30/2022	06/30/2021
Real estate development fees	5.2	3.3
Acquisition development fees	**5.2**	**3.3**
Rent management fees	5.5	3.2
Renewal and reletting fees	0.8	0.5
Real estate management fees	21.2	23.3
Other property fees	3.8	0.8
Property fees	**31.4**	**27.8**
MANAGEMENT, ADMINISTRATIVE AND RELATED INCOME	**36.5**	**31.1**

6.6 OTHER OPERATING INCOME

Other operating income notably includes works rebilled to tenants.

6.7 OTHER GENERAL EXPENSES

Other general expenses mainly comprise costs related to office management, consultancy and audit, communication, IT and other administrative expenses. They amounted to €23.3 million for the six months ended June 30, 2022 compared to €17.1 million for the six months ended June 30, 2021.

6.8 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

For the six months ended June 30, 2022, depreciation, amortization and impairment of property, plant and equipment and intangible assets amounted to €8.0 million, of which €4.0 million in depreciation of right-of-use assets, as described in note 8.

6.9 CHANGE IN VALUE OF INVESTMENT PROPERTIES

As of June 30, 2022, changes in value of investment properties amounted to a negative €2.6 million, versus a negative €456.2 million as of June 30, 2021.

In millions of euros	06/30/2022	06/30/2021
Change in value of investment properties at fair value[(a)]	1.2	(451.7)
Change in value of investment properties at cost	(3.8)	(4.5)
TOTAL	**(2.6)**	**(456.2)**

(a) The change in value of right-of-use assets relating to ground leases amounts to a negative €3.3 million (see note 8).

Recognition and measurement of investment properties at fair value and at cost are disclosed in note 5.4.

6.10 INCOME FROM DISPOSALS OF INVESTMENT PROPERTIES AND EQUITY INVESTMENTS

Income from disposals over the first half of 2022 amounted to a negative €19.9 million and comprised €134.0 million in net proceeds from disposals minus €153.8 million in carrying values.

This €19.9 million negative income is due to the recycling (€20.9 million) of the foreign exchange reserves relating to the Ada Center shopping mall in Turkey disposed of during the period.

The main disposals over the period are disclosed in note 3.4.

6.11 COST OF NET DEBT

The cost of net debt totaled €58.1 million in first-half 2022, versus €58.2 million in first-half 2021. Excluding IFRS 16 interest expense on lease liabilities and other accounting items (amortization of the fair value of debt, provision and capitalized interest, deferral of payments on swaps and capitalized interest), the restated cost of net debt decreased slightly compared to the first half of 2021.

In millions of euros	06/30/2022	06/30/2021
Financial income	14.5	24.8
Income from sales of securities		0.0
Interest income on swaps	7.2	9.9
Deferral of payments on swaps	(0.0)	0.0
Capitalized interest	0.5	1.1
Interest on advances to associates	4.7	4.7
Sundry interest received	0.5	6.4
Other revenue and financial income	0.0	1.0
Currency translation gains	1.6	1.7
Financial expenses	(68.5)	(78.9)
Expenses from sales of securities		
Interest on bonds	(46.7)	(56.0)
Interest on bank loans	(0.2)	(3.7)
Interest expense on swaps	(3.6)	(5.8)
Deferral of payments on swaps	(0.1)	(0.1)
Interest on advances to associates	(1.0)	(0.9)
Sundry interest paid	(0.7)	(0.1)
Other financial expenses	(15.0)	(11.2)
Currency translation losses	(2.2)	(3.1)
Transfer of financial expenses		
Amortization of the fair value of debt[(a)]	0.9	1.9
Cost of net debt	(54.0)	(54.1)
Interest expense on lease liabilities[(b)]	(4.1)	(4.2)
COST OF NET DEBT AFTER IFRS 16	**(58.1)**	**(58.2)**

(a) Corresponds to the amortization of the mark-to-market of Corio's debt recognized at the acquisition date.
(b) The breakdown of interest expense on lease liabilities by type of contract is disclosed in note 8.

6.12 GAIN (LOSS) ON NET MONETARY POSITION

The loss on the net monetary position amounts to €33.3 million as of June 30, 2022, attributable to Turkey whose economy has been hyperinflationary since January 1, 2022.

NOTE 7 TAXES

ACCOUNTING POLICIES

Income tax and deferred tax

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

Income taxes are offset by losses where such offsetting is legally permissible and where they originate within the same tax consolidation group and are subject to the same tax authority. The same principle is also applicable for deferred taxes.

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

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

Deferred tax assets and liabilities are measured using the balance sheet liability method and the tax rate expected to apply when the asset is realized or the liability settled on the basis of the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax assets and liabilities must reflect the tax consequences arising as a result of the way in which the company expects to recover or settle the carrying amounts of its assets and liabilities at the reporting date.

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

Deferred tax is calculated at the local rate prevailing at the reporting date. The rates applied are: France 25.83%, Spain 25%, Italy 27.9%, Belgium 25%, Greece 22%, Portugal 21% plus a surtax where applicable, Poland 19%, Czech Republic 19%, Sweden 20.6%, Norway 22%, Luxembourg 24.94%, Netherlands 25,8%, Denmark 22%, Turkey 20% and Germany 15.83% or 18.20%.

Tax status of *Sociétés d'investissement immobilier cotées* (SIIC)

General features of SIIC tax status – France

All SIICs are entitled to an income tax exemption provided that their stock is listed on a regulated French market, that they have share capital of at least €15 million and that their corporate purpose is either the purchase or construction of properties for rent or the direct or indirect investment in entities with that corporate purpose. The option to adopt SIIC status is irrevocable. French subsidiaries subject to corporate income tax and at least 95%-owned by the Group may also claim SIIC status.

In return for the tax exemption, SIICs have to pay out 95% of rental income and 70% of the capital gains made on property disposals. In addition, they must pay out 100% of any dividends received from SIIC or SIIC equivalent subsidiaries.

New entities claiming SIIC status are immediately subject to a 19% exit tax on unrealized gains on properties and on shares in partnerships not subject to income tax. The exit tax is payable over a four-year period, commencing at the point when the entity concerned adopts SIIC status.

Income tax on companies not eligible for SIIC equivalent

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

Income tax on non-SIIC French entities is calculated in accordance with French tax regulations.

Tax regime of Spanish SOCIMI entities

SOCIMIs are listed Spanish companies, or subsidiaries of listed companies subject to SOCIMI equivalent regulations, whose principal activity is the acquisition, promotion and rehabilitation of urban real estate assets for the purpose of leasing them, either directly or through equity investments in other real estate investment companies.

Real estate income for SOCIMIs is taxed at a 0% corporate tax (CIT) rate (instead of the general rate of 25%), provided that the requirements of the SOCIMI regime are met.

Capital gains prior to the entry into the SOCIMI regime are frozen and subject to current income tax when the asset is disposed of. However, incremental capital gains realized after election for the SOCIMI regime are exempt from capital gains tax and are subject to a distribution requirement.

Furthermore, SOCIMIs have to meet minimum profit-sharing requirements, as follows:

- 100% of the dividends received from participating entities;
- 80% of the profit resulting from the leasing of real estate and ancillary activities; and
- 50% of the profits resulting from the transfer of properties and shares linked to the Company's business provided that the remaining profits are reinvested in other real estate properties or equity investments within a maximum period of three years from the date of the transfer or, failing this, 100% of the profits must be distributed as dividends once such period has elapsed.

Spanish SOCIMIs may be subject to a special 19% withholding tax on dividend distributions unless it can be proven that shareholders with an ownership interest of 5% or more are subject to tax at a minimum rate of 10%. When a direct shareholder is a SOCIMI or subject to SOCIMI-equivalent regulations (such as Klépierre SA), this requirement is assessed at the level of the parent-company shareholders.

In millions of euros	06/30/2022	06/30/2021
Current tax	(14.6)	(43.8)
Deferred tax	(50.8)	412.3
TOTAL	**(65.4)**	**368.5**

For the six months ended June 30, 2022, the current tax charge amounted to €14.6 million, versus €43.8 million in first-half 2021. The decrease is mainly attributable to the non recurring 3% tax arising from the reevaluation of the Italian assets in 2021.

The deferred tax charge amounted to €50.8 million in first-half 2022, versus deferred tax income of €412.3 million in first-half 2021. As a reminder, deferred tax decreased in 2021 by €367.1 million due to the restatement of the deferred tax liabilities of most of the Italian assets following their reevaluation.

Deferred tax recognized during the period represents an expense of €50.8 million and mainly comprises:

- €36.5 million in deferred tax expense resulting from temporary differences arising on changes in the fair market value and tax value of investment properties;
- A negative amount of €7.4 million on tax loss carryforwards mainly in Italy and Sweden;
- A negative amount of €6.9 million in deferred tax expense presented in "Other items" that is mainly attributable to a negative €9.3 million related to reversals of provisions for discounts in Italy as well as a positive €2.2 million on foreign exchange impacts in Norway.

A breakdown of tax expense between French (SIIC sector and common law) and non-French companies is shown in the tax proof below:

	France					
In millions of euros	SIIC tax-exempt sector	SIIC taxable sector	SIIC sector	Common law	Other companies	Total
Pre-tax earnings and earnings from equity-accounted companies	110.6	(10.7)	99.9	4.0	255.1	359.0
Theoretical tax expense at 25.83%	(28.6)	2.8	(25.8)	(1.0)	(65.9)	(92.7)
Tax-exempt earnings under the SIIC and SOCIMI tax regimes	27.1		27.1		25.9	52.9
TAXABLE SECTORS						
Impact of permanent differences	0.6	(2.6)	(2.0)	0.8	(10.9)	(12.1)
Untaxed consolidation adjustments	(0.1)	(0.7)	(0.8)	(0.1)	(1.6)	(2.5)
Impact of non-capitalized losses		0.5	0.5	(0.1)	(4.3)	(4.0)
Assignment of non-capitalized losses		0.1	0.1	0.0	0.6	0.6
Change of tax regime						
Discounting of deferred tax following restructuring						
Change in tax rates and other taxes	0.0	0.1	0.1	0.0	(2.2)	(2.0)
Differences in tax rates between France and other countries				0.0	(5.6)	(5.6)
EFFECTIVE TAX EXPENSE	**(0.9)**	**0.0**	**(0.9)**	**(0.4)**	**(64.1)**	**(65.4)**

Breakdown of deferred taxes:

In millions of euros	12/31/2021	Change in scope	Change in net income	Cash flow hedging reserves	Asset, liability reclassifications	Other changes	06/30/2022
Investment properties	(1,104.7)	0.1	(36.5)		0.4	10.8	(1,129.9)
Derivatives	(0.6)		(0.6)	(3.0)		0.1	(4.0)
Tax loss carryforwards	25.0		(0.7)		(3.4)	(0.8)	20.2
Other items	(2.3)	0.0	(6.4)		8.4	(0.4)	(0.8)
Total for entities in a net liability position	(1,082.6)	0.1	(44.2)	(3.0)	5.5	9.7	(1,114.6)
Investment properties	7.1		0.2		(0.4)	0.0	6.9
Derivatives	0.0			(0.0)			
Tax loss carryforwards	4.7		(6.7)		3.4	0.2	1.5
Other items	14.4		(0.1)		(8.4)	(0.0)	5.9
Total for entities in a net asset position	26.2		(6.6)	(0.0)	(5.5)	0.1	14.3
NET POSITIONS	**(1,056.4)**	**0.1**	**(50.8)**	**(3.0)**		**9.8**	**(1,100.3)**

Net deferred tax position represents a liability of €1,100.3 million as of June 30, 2022 versus a net laibility position of €1,056.4 million as of December 31, 2021. Changes over the period are attributable to:

- The above-mentioned €50.8 million expense recognized through net income;
- The positive €9.8 million effect on deferred tax presented in "Other changes", mainly in connection with foreign exchange impacts in Scandinavia.

NOTE 8 IFRS 16 "LEASES"

ACCOUNTING POLICIES

Leases

Klépierre accounts for its leases, as lessee, as set out below.

IFRS 16 requires lessees to record all leases as follows (with an exemption for low value assets and short-term leases):

- Recognition of lease assets (right-of-use assets) and lease liabilities on the statement of financial position, initially measured at the present value of unavoidable lease payments;
- Depreciation of right-of-use assets and interest on lease liabilities over the lease term; and
- Separation of the total amount of cash paid into a principal portion and interest.

The main leases in the scope of IFRS 16 for the Group as lessee are ground leases, head office leases and vehicle leases. They are initially recognized as right-of-use assets and corresponding lease liabilities:

- Right-of-use assets relating to head office leases and vehicle leases are measured by applying a cost model and are depreciated on a straight-line basis over the lease term. They are recognized in property, plant and equipment; and
- Right-of-use assets relating to ground leases that meet the definition of investment property are measured in accordance with IAS 40 using the fair value model. They are subsequently measured at an amount equal to the remaining balance of the lease liability. Right-of-use assets relating to ground leases are recognized in investment properties at fair value.

As of June 30, 2022, the amounts recorded on the statement of financial position relating to leases (as lessee) are as follows:

In millions of euros	12/31/2021	Increase (new leases)	Decrease (lease terminations)	Reevaluation and other movements	Allowances and debt reimbursement	Currency movements	Reclassifications	06/30/2022
Gross right-of-use asset relating to property, plant and equipment	36.4	0.8	(1.7)	1.7		(0.2)		36.9
Amortization of right-of-use asset relating to property, plant and equipment	(23.3)		1.6	(0.9)	(4.0)	0.2		(26.4)
Total net right-of-use asset relating to property, plant and equipment	**13.1**	**0.8**	**(0.1)**	**0.8**	**(4.0)**	**(0.0)**		**10.6**
Right-of-use asset relating toground leases at fair value	396.0	2.0		2.4		(0.2)		400.2
Change in fair value of right-of-use asset relating toground leases	(18.6)			0.1	(3.3)	0.0		(21.7)
Total right-of-use asset relating to ground leases	**377.4**	**2.0**		**2.5**	**(3.3)**	**(0.1)**		**378.5**
TOTAL ASSETS	**390.5**	**2.8**	**(0.1)**	**3.3**	**(7.3)**	**(0.2)**		**389.1**
Lease liabilities – non-current	353.4	2.4	(0.0)	2.6		(0.1)	(6.6)	351.7
Lease liabilities – current	13.5	0.4		0.3	(7.3)	(0.0)	6.6	13.5
TOTAL LIABILITIES	**366.9**	**2.8**	**(0.0)**	**2.8**	**(7.3)**	**(0.1)**		**365.1**

The breakdown of current and non-current lease liabilities as of June 30, 2022 is presented below:

In millions of euros	Total	Less than one year	One to five years	More than five years
Lease liabilities – non-current	351.7		27.4	324.3
Lease liabilities – current	13.5	13.5		
TOTAL LEASE LIABILITIES	**365.2**	**13.5**	**27.4**	**324.3**

As lessee, the amounts recognized in comprehensive income for the six months ended June 30, 2022 in respect of leases, by nature of contracts, are as follows:

In millions of euros	Right-of-use asset related to property, plant and equipment	Right-of-use asset related to ground leases	Total
Depreciation, amortization and impairment of property, plant and equipment	(4.0)		(4.0)
Change in value of investment properties		(3.3)	(3.3)
Interest expense on lease liabilities	(0.1)	(4.0)	(4.1)
Deferred tax on IFRS 16 restatement			
TOTAL	**(4.1)**	**(7.3)**	**(11.3)**

Variable rents on ground leases not restated in accordance with IFRS 16 amounted to €3.5 million as of June 30, 2022 (see note 6.2).

Short-term leases, low-value assets and variable rents on property, plant and equipment, do not fall within the scope of IFRS 16. The rental expenses recorded in 2022 in relation to these leases are not material.

NOTE 9 RISK EXPOSURE AND HEDGING STRATEGY

Klépierre identifies and regularly measures its exposure to the various sources of risk (interest rates, liquidity, foreign exchange, counterparties, market risk, etc.) and sets applicable management policies as required. The Group carefully manages the inherent financial risks in its business activity and the financial instruments it uses.

9.1 INTEREST-RATE RISK

9.1.1 Hedging strategy

As part of its risk management policy, Klépierre has set a target of hedging approximately 70% of its exposure, calculated as the ratio of fixed-rate debt (after hedging) to gross borrowings expressed as a percentage. Most of the fixed-rate position is made of fixed-rate debts and swaps but options may be used to raise the hedging ratio up to 100%.

To achieve its target hedging rate, Klépierre may use:

- Payer swaps to convert floating-rate debt to fixed rates;
- Receiver swaps in order to convert fixed-rate debt to floating rates; and
- Caps in order to limit the possible variations of short-term rates.

Given the nature of its business as a long-term property owner, Klépierre is structurally a borrower. Since the Group is not seeking to reduce the proportion of short-term debt in its total debt, it is highly likely that its short-term floating-rate loans will be renewed in the medium term. Accordingly, Klépierre's hedging strategy covers both the long-term and short-term portions of its borrowings. Generally, payer swap maturities may exceed those of the underlying borrowings provided Klépierre's financing plan emphasizes the high probability of these borrowings being renewed.

As of June 30, 2022, the hedging ratio reached 88%, made of 69% of fixed-rate debts or payer swaps and 19% of caps.

9.1.2 Exposure to floating-rate debt

Recurrence of floating-rate financing requirement

Floating-rate debt represented 28% of the Group's borrowings as of June 30, 2022 (before hedging), and comprises bank loans (drawn) and commercial paper.

Identified risk

An increase in interests rates against which floating-rate borrowings are indexed (Euribor, Nibor, Stibor and Cibor) could result in an increase in future interest rate expenses.

Measurement of risk exposure

The tables below show the exposure of Klépierre's net income to an increase in interest rates, before and after hedging.

Breakdown of floating rate financial borrowings after derivatives:

Interest rate position after hedging *In millions of euros*	**Amount**	**Impact of a 1% increase in interest rates on financial expenses**
Gross position before hedging (floating-rate debt)	**2,236.9**	**22.4**
• Net hedge	(1,269.8)	(11.1)
Gross position after hedging	**967.1**	**11.3**
NET POSITION AFTER HEDGING	**967.1**	**11.3**

The following table quantifies the likely impact on equity of an increase in interest rates based on Klépierre's cash flow hedge swap portfolio at the period end.

Fair value of cash flow hedge *In millions of euros*	**Notional**	**Fair value net of accrued interest**	**Impact of a 1% increase in interest rates on shareholders' equity**
CASH FLOW HEDGE SWAPS AT 06/30/2022			
• Euro-denominated portfolio	98.5	4.5	3.4
• Steen & Strøm portfolio	407.4	33.0	35.9
CASH FLOW HEDGE SWAPS AT 06/30/2022	**505.9**	**37.5**	**39.3**

Breakdown of borrowings after interest rate hedging:

	Fixed-rate borrowings or borrowings converted to fixed-rate			Floating-rate borrowings			Total gross borrowings		Average all-in cost of debt at closing date[a]
In millions of euros	**Amount**	**Rate**	**Fixed portion**	**Amount**	**Rate**	**Floating portion**	**Amount**	**Rate**	
12/31/2021	7,847	1.17%	91%	744	0.38%	9%	8,590	1.11%	1.15%
06/30/2022	7,115	1.23%	88%	967	1.31%	12%	8,082	1.24%	1.28%

(a) Including the deferral of issue cost/premiums.

The average cost of debt calculated as of June 30, 2022 does not constitute a forecast over the coming period.

9.1.3 Exposure to fixed-rate debt

Description of fixed-rate borrowings

The bulk of Klépierre's fixed-rate borrowing comprises bonds (denominated in euros, Norwegian kronor and Swedish kronor) and mortgage loans.

Identified risk

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

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

Measurement of risk exposure and hedging strategy

As of June 30, 2022, the Group's fixed-rate debt stood at €5,845 million before hedging.

The fair value hedge strategy is calibrated to meet the overall hedging target. It is also based on the use of interest-rate instruments swapping fixed-rate payments for floating-rate payments. The credit margin component is not hedged.

As Klépierre intends to achieve a high level of hedge effectiveness as defined by IFRS 9, the terms of fair value hedging instruments never exceed the maturity of the underlying debt.

9.1.4 Derivatives portfolio

Fair value of the interest rate derivatives portfolio:

In millions of euros	Fair value net of accrued interest as of 06/30/2022[a]	Change in fair value during 2022	Matching entry
Cash flow hedge	37.5	34.1	Shareholders' equity
Fair value hedge	(81.8)	(82.0)	Financial liabilities/ Net income
Trading	35.1	17.8	Net income
TOTAL	**(9.2)**	**(30.2)**	

(a) *Fair value of the interest rate hedging portfolio is categorized at level 2.*

As of June 30, 2022, the breakdown of derivatives by maturity was as follows:

Hedging relationship *In millions of euros*		Klépierre Group Derivatives											
	Currency	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**
Cash flow hedge													**506**
	EUR					99							99
	NOK		29		29	29	48						135
	SEK					19	65						84
	DKK				40	40	108						188
Fair value hedge													**614**
	EUR									600			600
	NOK			14									14
	SEK												
	DKK												
Trading													**2,819**
	EUR		1,725	425	500								2,650
	NOK			39	34								72
	SEK		56										56
	DKK		40										40
GROUP TOTAL			**1,850**	**478**	**603**	**186**	**221**			**600**			**3,939**

The "trading" category includes a portfolio of caps (for a notional amount of €1.8 billion), a portfolio of payer swaps (€448 million) and a portfolio of receiver swaps (€525 million). The cash-flow-hedge and fair value hedge categories include only swaps.

As of December 31, 2021, the breakdown of derivatives by maturity date was as follows:

Hedging relationship *In millions of euros*		Klépierre Group Derivatives											
	Currency	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**Total**
Cash flow hedge													**594**
	EUR					99							99
	NOK	50	30		30	30	50						190
	SEK	29				20	68						117
	DKK				40	40	108						188
Fair value hedge													**615**
	EUR									600			600
	NOK			15									15
	SEK												
	DKK												
Trading													**3,032**
	EUR	425	1,800	425	100								2,750
	NOK			40	35								75
	SEK		59										59
	DKK	108	40										148
GROUP TOTAL		**612**	**1,929**	**480**	**205**	**188**	**226**			**600**			**4,241**

With regards to the reform of European benchmarks, Klépierre has not identified any material impact on the way it applies hedge accounting considering that the aggregate notional amount of derivatives concerned is limited (to €698.5 million as of June 30, 2022), of which:

- Four receiver swaps maturing in 2030 (notional amount of €600 million) are qualified as fair value hedges; and
- Two payer swaps maturing in 2026 (notional amount of €98.5 million) are qualified as cash flow hedges.

Since all these contracts are indexed to Euribor, the Company anticipates that the replacement index (calculated using a hybrid methodology) will match that applied to the underlying borrowings, such that it will be able to maintain high effectiveness.

9.1.5 Fair value of financial liabilities

The Group recognizes borrowings in the statement of financial position at amortized cost.

The following table compares the fair values of borrowings with their corresponding nominal values. Fair values are established on the basis of the following principles:

- Fair value of floating-rate loans is equal to the nominal value (assuming stable credit spreads);
- Fair value of fixed-rate bank debt: fair value is calculated solely on the basis of rate fluctuations;
- Bonds: use of prices quoted on an active market where these are available.

In millions of euros	06/30/2022 Par value	06/30/2022 Fair value	06/30/2022 Impact of a 1% increase in interest rates on fair value[(a)]	12/31/2021 Par value	12/31/2021 Fair value	12/31/2021 Impact of a 1% increase in interest rates on fair value[(a)]
Fixed-rate bonds	5,789.5	5,010.5	(249.3)	6,203.7	6,409.0	(346.0)
Fixed-rate bank loans	55.8	54.5	(0.8)	60.0	61.4	(1.0)
Other floating-rate loans	2,236.9	2,236.9		2,326.7	2,326.7	
TOTAL	**8,082.2**	**7,301.9**	**(250.0)**	**8,590.4**	**8,797.1**	**(347.0)**

(a) Change in the fair value of the debt as a result of a parallel shift in the rate curve.

Derivatives are recognized in the statement of financial position at their fair value. As of June 30, 2022, a 100-basis-point increase in interest would have resulted in a €15.3 million decrease in the value of the Group's euro-denominated interest rate derivatives.

9.2 LIQUIDITY RISK

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

The average maturity of drawn debt as of June 30, 2022 was 6.2 years, with borrowings spread between different markets (bonds, commercial paper and bank loans). Within the banking market, Klépierre uses a range of different loan types (syndicated loans, bilateral loans, mortgage loans, etc.) and counterparties. Commercial papers, which represent the bulk of short-term financing, never exceed the backup credit lines. This means that the Group can refinance immediately if it has difficulty renewing its borrowings on the commercial paper market.

As of June 30, 2022, the maturity schedule of contractual flows was as follows:

Repayment year *In millions of euros*	2022	2023	2024	2025	2026	2027	2028	2029	2030 and beyond	Total
Principal	1,579	801	662	281	624	676	26	636	2,798	8,082
Interest (loans and derivatives)	50	114	87	79	77	69	61	62	128	729
GROUP TOTAL (PRINCIPAL + INTEREST)	**1,629**	**915**	**748**	**360**	**701**	**745**	**87**	**697**	**2,926**	**8,810**

One euro private placement (€85 million) is set to mature during the second half of 2022. The €1,473 million in outstanding commercial paper matures in less than one year. Commercial paper issues are generally rolled over.

As of June 30, 2022, Klépierre had undrawn credit lines totaling €2,211 million (including bank overdrafts). These resources are sufficient to absorb all scheduled refinancing until end 2024.

Some of Klépierre's sources of funding (bilateral loans, bonds, etc.) contain covenants. Failure to comply with these covenants may trigger early repayment. These covenants are based on the standard ratios applicable to real estate companies, and the limits imposed leave Klépierre with sufficient headroom. Failure to comply with these covenants may result in mandatory repayment.

Some Klépierre SA bonds include a bearer put option, entitling the holder to request early repayment in the event of a change of control giving rise to a downgrade in Klépierre's credit rating to below investment grade. None of the Group's other covenants refer to Standard & Poor's rating for Klépierre.

The main covenants are described in note 5.12.3.

9.3 CURRENCY RISK

The bulk of Klépierre's business is currently conducted within the eurozone, with the exception of Norway, Sweden, Denmark, Poland, Czech Republic and Turkey.

Given the Group's limited exposure to currencies outside the eurozone, the currency risk in these countries has not been deemed to be sufficiently high to warrant hedging. Acquisitions and the corresponding financing are denominated in euros (except for Scandinavia).

In Poland and the Czech Republic, rents are billed to lessees in euros and converted into the local currency at the billing date. Lessees may choose to pay their rents in local currency or in euros. The currency risk on minimum guaranteed rents is therefore limited to any variance between the rent as invoiced and the rent actually collected if the currency should fall in value against the euro between the invoicing date and the date of payment in local currency by the lessee.

At the same time, Klépierre ensures that rent payments do not represent an excessively high proportion of tenants' revenue in order to avoid degrading their financial position in the event of a sharp increase in the value of the euro, which could increase the risk of defaulting on their payments to Klépierre.

In Turkey, rents are denominated in local currency, thereby eliminating any currency risk for tenants.

In Central Europe and in Turkey, financing is denominated in euros at Group level. Considering the limited exposure of the Group's portfolio to these countries and the expensive cost of forex hedging, especially for long durations, the Group has decided not to hedge this position.

In Scandinavia, as leases are denominated in local currency, funding is also raised in the country's local currency. The Klépierre Group's main source of exposure to Scandinavian currency risk is therefore limited essentially to equity funds invested in the company (Steen & Strøm) and financed in euros.

At the end of 2019, Klépierre entered into a NOK/SEK cross currency swap (NOK 200 million or SEK 211 million). The economic effect of this swap is to convert a NOK bond into a SEK liability. Its carrying amount will fluctuate in line with the NOK/SEK exchange rate. This transaction is qualified as net investment hedge, with the change in fair value over the period offsetting the foreign exchange revaluation of the net investment recorded in shareholders' equity. As of June 30, 2022, the fair value of this instrument was a negative €0.4 million.

Fair value of the foreign exchange rate derivatives portfolio

In millions of euros	**Fair value net of accrued interest as of 06/30/2022[a]**	**Change in fair value during 2022**	**Matching entry**
Net investment hedge	(0.4)	0.3	Shareholders' equity
TOTAL	**(0.4)**	**0.3**	

(a) Fair value of the interest rate hedging portfolio is categorized at level 2.

9.4 COUNTERPARTY RISK IN CONNECTION WITH FINANCING ACTIVITIES

Counterparty risk is limited by the fact that Klépierre is structurally a borrower. This risk is therefore essentially restricted to investments made by the Group and its derivative transaction counterparties. As part of its risk-management policy, Klépierre aims at diversifying its lending counterparties and pays attention to their financial strength.

9.4.1 Counterparty risk on marketable securities

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

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

9.4.2 Counterparty risk on hedging instruments

Klépierre conducts derivative instrument transactions only with financial institutions recognized as financially sound. It also aims at diversifying its exposure among different counterparties.

9.5 EQUITY RISK

As of June 30, 2022, Klépierre held 1,390,321 treasury shares, which are recognized at their acquisition cost as a deduction from equity.

NOTE 10 FINANCE AND GUARANTEE COMMITMENTS

10.1 COMMITMENTS GIVEN

In millions of euros	**Notes**	**06/30/2022**	**12/31/2021**
Commitments related to the Group's consolidated scope	10.1.1		
Purchase commitments			
Commitments related to the Group's financing activities			
Financial guarantees given		(a)	(a)
Commitments related to the Group's operating activities	10.1.2	**86.6**	**60.6**
Commitments under conditions precedent			
Work completion commitments		53.1	24.7
Rental guarantees and deposits		1.4	2.0
Other		32.1	33.9
TOTAL		**86.6**	**60.6**

(a) Since December 31, 2018, this information has been transferred to note 5.12.2 "Main sources of financing".

10.1.1 Commitments related to the Group's consolidated scope

Purchase commitments

As of June 30, 2022, the Group had no purchase commitments.

10.1.2 Commitments related to the Group's operating activities

Commitments under conditions precedent

Commitments under conditions precedent relate to purchase agreements on land or assets and contingent consideration on acquisitions.

Work completion commitments

Work completion commitments mainly relate to development projects in France.

Rental guarantees and deposits

Rental guarantees and deposits mainly comprise deposits related to local headquarters.

Other

Other commitments given mainly include payment guarantees given to tax authorities.

10.1.3 Other commitments given

Other commitments given related to leases

The construction of the Saint-Lazare shopping center was authorized as part of the temporary occupation license of the public estate. The license agreement was signed in July 2008 between SOAVAL (Klépierre Group) and SNCF (National French Rail Network) for a 40-year period.

Within this period, at predetermined intervals and in return for compensation, SNCF is entitled (i) to exercise a call option on the SOAVAL shares, and (ii) to terminate the temporary occupation license.

SIIC distribution obligations carried forward

The Group, within the framework of the tax regime of *Sociétés d'investissement immobilier cotées* (SIIC), must satisfy tax distribution obligations by distributing 95% of its rental income, 70% of its real estate capital gains and 100% of its dividends stemming from subsidiaries having elected for the SIIC regime or an equivalent regime. However, this tax distribution obligation is capped at the statutory distributable income and is carried forward when the statutory distributable income is not sufficient. The tax distribution obligations carried forward for 2021 amount to €160.7 million. Together with the €170.3 million carried forward from 2020, total tax distribution obligations carried forward stand at €331.0 million. These deferred obligations will be satisfied when the Company has sufficient distributable capacity.

10.2 MUTUAL COMMITMENTS

Commitments related to development projects amounted to €12.1 million as of June 30, 2022 versus €14.0 million as of December 31, 2021. These commitments concern development work engaged (but not paid) by the Group with contractors where financial completion warranties have been received, in connection with Hoog Catharijne in the Netherlands.

10.3 COMMITMENTS RECEIVED

In millions of euros	Notes	06/30/2022	12/31/2021
Commitments related to the Group's financing activities	10.3.1	**1,816.0**	**1,765.2**
Financing agreements obtained and not used[(a)]		1,816.0	1,765.2
Commitments related to the Group's operating activities	10.3.2	**722.9**	**424.6**
Sale commitments		359.3	79.1
Financial guarantees received in connection with management activities (*Loi Hoguet*)		180.0	160.0
Financial guarantees received from tenants and suppliers		183.6	185.5
TOTAL		**2,538.9**	**2,189.8**

(a) Net of drawings on the commercial paper program.

10.3.1 Commitments related to the Group's financing activities

Financing agreements obtained and not used

As of June 30, 2022, Klépierre had €1,816 million in undrawn committed credit facilities, net of commercial paper.

10.3.2 Commitments related to the Group's operating activities

Sale commitments

As of June 30, 2022, sale commitments related mainly to certain assets in Norway, France and Sweden.

Most of these assets classified as held-for-sale, were sold in early July (see note 12.4 "Subsequent events").

Financial guarantees received in connection with management activities (*Loi Hoguet*)

As part of its real-estate, leasing and property management activities, banking guarantees have been delivered to Klépierre Management for an amount capped at €180 million as of June 30, 2022.

Financial guarantees received from tenants and suppliers

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

To the best of Klépierre's knowledge, there are no other material or potentially material off-balance sheet commitments, as defined by the applicable accounting standards.

10.4 SHAREHOLDERS' AGREEMENTS

The Group is subject to shareholders' and partners' agreements entered into in prior periods, corresponding to those in force during 2021, as set out in section 10.4 of the notes to the consolidated financial statements at December 31, 2021.

10.5 COMMITMENTS UNDER OPERATING LEASES – LESSORS

The main clauses contained in the lessor's lease agreement are described below. Rental periods vary by country. The terms for setting and indexing rents are set out in the agreement. Indexation is used to revise the minimum guaranteed rent. The indices applied vary from country to country.

Indexation specific to each country

In France, leases are indexed to the French commercial rents index (ILC) or cost of construction index (ICC). The ILC is a compound index derived from the French consumer price index (CPI), retail trade sales value index (ICAV) and cost of construction index (ICC). Leases are modified in line with the last known index at January 1 of each year. Most leases are indexed to the ILC for the second quarter, which is published in October and applicable from January 1 of the following year.

In Belgium, the index used is the Health index (the value of this index is determined by removing a number of products from the consumer price index product basket, in particular alcoholic beverages, tobacco products and motor fuels except for LPG). Leases are indexed every year on the effective date of the lease.

In Spain, the consumer price index is measured annually on January 1.

In Italy, the system is based on the consumer price indices (excluding tobacco) for working class and junior management (ISTAT), but is more complex in its implementation. Depending on the lease, either 75% (*locazione* regulated leases) or 100% of the ISTAT is applied.

In Portugal, the index used is the consumer price index, excluding real estate.

In Greece, the consumer price index is applied.

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

In Norway, leases are usually written for periods of five or ten years. Unless agreed otherwise, each party may request an annual rent review based on the trend in the Norwegian consumer price index.

In Sweden, if a lease is signed for a period of more than three years, an annual indexation based on the Swedish consumer price index is usually included in the lease contract.

In Denmark, in most cases the rent is revised annually based on changes in the Danish consumer price index. Pursuant to Danish law applicable to commercial leases, either party may request that the rent be adjusted to reflect the market rate every four years. This provision applies unless the parties agree otherwise.

In the Netherlands, in most cases the rent is revised annually based on changes in the Dutch monthly consumer price index. Furthermore, pursuant to Dutch law applicable to commercial leases, either party may request the rent to be adjusted to reflect the market rate after the end of the first lease period, or every five years from the date of the new lease.

In Germany in most cases the index used is the consumer price index, however some tenants might have a contractually agreed minimum rate of indexation that differs from the consumer price index.

In Turkey, starting from September 2018, rents are denominated in Turkish lira in advance for each rental year, with a large majority of leases indexed to annual consumer prices. Leases are generally signed for a five-year period and allow the lessee to extend the contract every year, for a maximum period of ten years. In cases where the lessee uses the option to extend the lease period, the rent will increase by consumer price index per year.

Minimum guaranteed rent and variable rent

Appraised on a year-by-year basis, the rent payable is equivalent to a percentage of the revenues generated by the lessee during the calendar year concerned. The rate applied differs depending on business type. The total amount of this two-tier rent (a fixed portion plus a variable portion) can never be less than the minimum guaranteed rent (MGR).

The MGR is revised annually by applying the index rate according to the terms specified above. The variable portion of the rent is equivalent to the difference between the revenue percentage contained in the lease and the minimum guaranteed rent after indexation.

All or part of the variable rent is consolidated into the MGR on renewal of the lease. In this way, the variable portion of the rent is usually reduced to zero at the beginning of the new lease. Every year, it is mechanically reduced in an amount equivalent to the rise in the MGR resulting from indexation.

Total amount of conditional rents recognized in income

The conditional rent is the portion of rental payments that is not fixed, but determined based on a factor other than time (e.g., percentage of revenues, degree of use, price indices, market interest rates, etc.).

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

Future minimum rents receivable

As of June 30, 2022, future minimum rents receivable under non-cancelable operating leases were as follows:

In millions of euros	06/30/2022
Less than one year	885.0
Between one and five years	1,449.5
More than five years	347.7
TOTAL	**2,682.2**

NOTE 11 EMPLOYEE COMPENSATION AND BENEFITS

11.1 PAYROLL EXPENSES

Total payroll expenses amounted to €50.5 million as of June 30, 2022, and include fixed and variable salaries plus mandatory and discretionary profit sharing for €38 million, pension-related expenses, retirement expenses and payroll costs for €11.3 million, and taxes and similar compensation-related payments for €1.2 million.

11.2 HEADCOUNT

As of June 30, 2022, the Group had an average of 1,012 employees, breaking down as 422 employees in France (including Belgium) and 590 employees in the other geographic segments, including 114 employees at the Scandinavian real estate company Steen & Strøm. The Klépierre Group's average headcount at June 30, 2022 breaks down as follows:

	06/30/2022	12/31/2021
France	422	417
Scandinavia	114	126
Italy	170	169
Iberia	107	110
Netherlands	50	52
Germany	42	44
Central Europe & Other	109	109
TOTAL	**1,012**	**1,027**

11.3 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

Employee benefits

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

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

- Short-term benefits, such as salaries, annual vacation, mandatory and discretionary profit-sharing plans and employer top-up contributions;
- Post-employment benefits, which relate primarily to supplementary pension payments in France, and private pension plans elsewhere;
- Other long-term benefits, which include paid vacation, long-service payments, and certain deferred payment schemes paid in monetary units; and
- Severance pay.

Measurement and recognition methods for employee benefits vary depending on the category.

Short-term benefits

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

Post-employment benefits

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

Defined contribution plans do not generate a liability for the Group, and no provision is therefore set aside. Contributions paid during the period are recognized as an expense.

Only defined benefit plans generate a liability for the Group, and are therefore measured and provisioned.

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

Post-employment benefits classified as defined benefit plans are subject to actuarial valuations based on demographic and financial assumptions.

The amount of the commitment to be provisioned is calculated using the actuarial assumptions adopted by the Company and by applying the projected unit credit method. The value of any hedging assets (plan assets and reimbursement rights) is deducted from the resulting figure. In accordance with IAS 19 (revised), actuarial gains and losses are recognized in equity.

In May 2021, the IFRS Interpretations Committee published a decision related to the principles to be applied when attributing benefit to periods of service for a defined benefit plan.

As a reminder, paragraphs 70-74 of IAS 19 require an entity to attribute benefit to periods of service under the plan's benefit formula from the date when the employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits under the plan.

The committee clarified the paragraphs and concluded that:

- The retirement benefit is capped to the last 16 years of service till the age of 62; and
- Any service the employee renders before the age of 46 does not lead to benefits under the plan.

Long-term benefits

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

The actuarial measurement method applied is similar to that used for defined benefit plans, and the actuarial gains and losses are recognized directly in equity. Furthermore, any gain or loss resulting from changes in the plan, but deemed to apply to past services, is recognized immediately.

Severance pay

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

Share-based payments

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

For the Klépierre Group, this standard applies primarily to the purchase of shares to meet the commitments arising from its employee performance share plans.

Performance share plans granted to employees are measured at fair value at the grant date. This fair value is not subsequently remeasured for equity-settled share-based payment transactions.

This value is applied to the number of performance shares that vest at the end of the vesting period and is booked as an expense, with a corresponding increase in equity over the vesting period.

This employee expense reflecting the performance shares granted (corresponding to the fair value of services rendered by employees) is measured by an independent expert. The model adopted complies with the basic assumptions of the Black-Scholes model, adapted to the specific characteristics of the options concerned.

11.3.1 Defined contribution plans

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

11.3.2 Defined benefit plans

Provisions recognized for defined benefit pension plans totaled €8.1 million as of June 30, 2022.

In millions of euros	12/31/2021	Increases during the period	Reversals (utilized provisions)	Reversals (surplus provisions)	Other movements	Changes in the scope of consolidation	06/30/2022
Provisions for employee benefit obligations							
• Defined benefit plans	7.8	0.4	(0.0)		(1.9)		6.3
• Other long-term benefits	2.2	0.0			(0.4)		1.8
TOTAL	**10.0**	**0.4**	**(0.0)**		**(2.3)**		**8.1**

Changes over the period mainly attributable to actuarial gains, are presented in “other movements” and are related to the change in discount rate.

The other assumptions as at June 30, 2022 are in line with those used at the previous year-end closing and are disclosed in section 11.3.2 of the notes to the Group’s consolidated financial statements for the year ended December 31, 2021.

11.4 PERFORMANCE SHARES

There are currently four performance share plans in place for Group executives and employees. Plans no. 1, no. 2, no. 3, no. 4, no. 5 and no. 6 expired respectively in 2016, 2017, 2018, 2021, 2021 and 2022.

	Plan no. 7		
	France	Other	France
Plan authorized in 2018	**Part 1**	**Part 1**	**Part 2**
Grant date	04/24/2018	04/24/2018	07/09/2018
End of vesting period	04/24/2021	04/24/2022	07/09/2021
End of lock-up period	04/24/2023	-	07/09/2023
Shares allotted	220,500	88,800	3,300
Shares canceled	31,966	11,400	
Shares vested	94,267	37,950	1,256
Lapsed shares at June 30, 2022	94,267	39,450	2,044
Outstanding shares at June 30, 2022			

	Plan no. 8	
Plan authorized in 2019	**France**	**Other**
Grant date	05/06/2019	05/06/2019
End of vesting period	05/06/2022	05/06/2023
End of lock-up period	05/06/2024	-
Shares allotted	226,000	95,800
Shares canceled	67,700	15,250
Shares vested	79,150	
Lapsed shares at June 30, 2022	79,150	41,150
Outstanding shares at June 30, 2022		39,400

		Plan no. 9	
	France	Other	France
Plan authorized in 2020	Part 1	Part 1	Part 2
Grant date	05/07/2020	05/07/2020	12/22/2020
End of vesting period	05/07/2023	05/07/2024	12/22/2023
End of lock-up period	05/07/2025	-	-
Shares allotted	215,300	97,600	7,250
Shares canceled	52,500	13,500	1,250
Shares vested			
Lapsed shares at June 30, 2022			
Outstanding shares at June 30, 2022	162,800	84,100	6,000

	Plan no. 10	
	France	Other
Plan authorized in 2021	Part 1	Part 2
Grant date	07/01/2021	07/01/2021
End of vesting period	07/01/2024	07/01/2025
End of lock-up period	07/01/2026	-
Shares allotted	331,500	155,000
Shares canceled	59,000	14,500
Shares vested		
Lapsed shares at June 30, 2022		
Outstanding shares at June 30, 2022	272,500	140,500

On July 7, 2022, 522,357 shares were allotted to management and Group employees, as part of a performance share plan, authorized by the Executive Board.

The total expense recognized for the period for all performance share plans amounted to €0.8 million and includes updates to the performance criteria for Plans no. 8, no. 9 and no. 10. It also takes into account an estimate of the number of beneficiaries at the end of each vesting period, as they may forfeit their entitlements if they leave the Klépierre Group during the period.

NOTE 12 ADDITIONAL INFORMATION

12.1 TRANSACTIONS WITH RELATED PARTIES

12.1.1 Transactions with Simon Property Group

To the Company's knowledge and including treasury shares, Simon Property Group held a 22.28% stake in Klépierre SA as of June 30, 2022.

As of the date this document was prepared, there were no transactions between these two companies.

12.1.2 Transactions with APG Group

To the Company's knowledge and including treasury shares, APG Group held a 6.15% stake in Klépierre SA as of June 30, 2022.

As of the date this document was prepared, there were no transactions between these two companies.

12.1.3 Relationships between Klépierre Group companies

Transactions between related parties are carried out at arm's length conditions. Period-end asset and liability positions and transactions conducted during the period between fully consolidated companies are eliminated in full in consolidation.

The following tables show the positions and transactions of equity-accounted companies (over which the Group has significant influence or joint control), which are not eliminated in consolidation. A full list of Klépierre Group companies accounted for using the equity method is provided in note 12.6 "List of consolidated entities".

ASSET AND LIABILITY POSITIONS WITH RELATED PARTIES AT PERIOD-END

	06/30/2022	12/31/2021
In millions of euros	Equity-accounted companies	Equity-accounted companies
Loans and advances to equity-accounted companies	247.6	247.5
Non-current assets	247.6	247.5
Trade and other receivables	2.2	1.0
Other	10.4	14.9
Current assets	12.6	15.9
TOTAL ASSETS	**260.2**	**263.4**
Loans and advances from equity-accounted companies	0.9	1.2
Non-current liabilities	0.9	1.2
Trade payables	0.7	1.1
Other liabilities		
Current liabilities	0.7	1.1
TOTAL LIABILITIES	**1.6**	**2.3**

INCOME STATEMENT ITEMS RELATED TO TRANSACTIONS WITH RELATED PARTIES

	06/30/2022	06/30/2021
In millions of euros	Equity-accounted companies	Equity-accounted companies
Management, administrative and related income	6.0	3.1
Operating income	6.0	3.1
Cost of net debt	4.6	4.7
Profit before tax	10.6	7.8
CONSOLIDATED NET INCOME	**10.6**	**7.8**

Most of these items relate to management and administration fees and income on financing provided mainly to equity-accounted investees.

12.2 POST-EMPLOYMENT BENEFITS

The main post-employment benefits are length-of-service awards and defined benefit or defined contribution pension plans.

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

12.3 CONTINGENT LIABILITIES

During the period, neither Klépierre nor its subsidiaries were subject to any governmental, judicial or arbitration proceedings (including any proceedings of which Klépierre has knowledge, which are currently suspended or are threatened) which have recently had a material impact on the financial position or profitability of the issuer and/or the Group.

During July 2021, the promoter of L'Esplanade shopping center in Louvain-la-Neuve initiated a claim against certain Group companies to obtain the payment of two earn-outs related to the building rights of land plots adjacent to the shopping center.

The preliminary hearing is expected to take place during the second half of 2022.

12.4 SUBSEQUENT EVENTS

On July 1, 2022, Klépierre completed the disposal of three malls in Norway (Gulskogen Senter in Drammen, Arkaden in Stavenger and Maxi Storsenter in Hamar) for a total consideration €279.8 million. Accordingly, these assets are classified as held for sale in the interim condensed consolidated financial statements.

On July 8, 2022, Klépierre completed the disposal of 10 retail units in France, for €7.3 million. Accordingly, these assets are classified as held for sale in the interim condensed consolidated financial statements.

12.5 IDENTITY OF CONSOLIDATING COMPANIES

As of June 30, 2022, Klépierre was accounted for by the equity method in the consolidated financial statements of Simon Property Group, which holds a 22.28% stake in the share capital of Klépierre (including treasury shares).

Klépierre is included in the consolidated financial statements of APG Group, which as of June 30, 2022 held a 6.15% stake in the share capital of Klépierre (including treasury shares).

12.6 LIST OF CONSOLIDATED ENTITIES

List of consolidated companies		% interest			% control		
Fully consolidated companies	Country	06/30/2022	12/31/2021	Change	06/30/2022	12/31/2021	Change
HOLDING COMPANY – HEAD OF THE GROUP							
Klépierre SA	France	100.00%	100.00%		100.00%	100.00%	
SHOPPING CENTERS – FRANCE							
KLE 1 SAS	France	100.00%	100.00%		100.00%	100.00%	
SCOO SC	France	53.64%	53.64%		53.64%	53.64%	
Klécar France SNC	France	83.00%	83.00%		83.00%	83.00%	
KC3 SNC	France	83.00%	83.00%		100.00%	100.00%	
KC4 SNC	France	83.00%	83.00%		100.00%	100.00%	
KC5 SNC	France	83.00%	83.00%		100.00%	100.00%	
KC9 SNC	France	83.00%	83.00%		100.00%	100.00%	
KC10 SNC	France	83.00%	83.00%		100.00%	100.00%	
KC12 SNC	France	83.00%	83.00%		100.00%	100.00%	
KC20 SNC	France	83.00%	83.00%		100.00%	100.00%	
LP7 SAS	France	100.00%	100.00%		100.00%	100.00%	
Solorec SC	France	80.00%	80.00%		80.00%	80.00%	
Centre Bourse SNC	France	100.00%	100.00%		100.00%	100.00%	
Bègles Arcins SCS	France	52.00%	52.00%		52.00%	52.00%	
Bègles Papin SNC	France	100.00%	100.00%		100.00%	100.00%	
Sécovalde SCI	France	55.00%	55.00%		55.00%	55.00%	
Cécoville SAS	France	100.00%	100.00%		100.00%	100.00%	
Soaval SCS	France	100.00%	100.00%		100.00%	100.00%	
Klémurs SASU	France	100.00%	100.00%		100.00%	100.00%	
Nancy Bonsecours SCI	France	100.00%	100.00%		100.00%	100.00%	
Sodevac SNC	France	100.00%	100.00%		100.00%	100.00%	
Odysseum Place de France SNC	France	100.00%	100.00%		100.00%	100.00%	
Klécar Participations Italie SAS	France	83.00%	83.00%		83.00%	83.00%	
Pasteur SNC	France	100.00%	100.00%		100.00%	100.00%	
Holding Gondomar 1 SAS	France	100.00%	100.00%		100.00%	100.00%	
Holding Gondomar 3 SAS	France	100.00%	100.00%		100.00%	100.00%	
Beau Sevran Invest SCI	France	83.00%	83.00%		100.00%	100.00%	
Valdebac SCI	France	55.00%	55.00%		55.00%	55.00%	
Progest SAS	France	100.00%	100.00%		100.00%	100.00%	
Belvedere Invest SARL	France	55.00%	55.00%		55.00%	55.00%	
Haies Haute Pommeraie SCI	France	53.00%	53.00%		53.00%	53.00%	
Forving SARL	France	95.33%	95.33%		95.33%	95.33%	
Saint Maximin Construction SCI	France	55.00%	55.00%		55.00%	55.00%	
Pommeraie Parc SCI	France	60.00%	60.00%		60.00%	60.00%	
Champs des Haies SCI	France	60.00%	60.00%		60.00%	60.00%	
La Rive SCI	France	85.00%	85.00%		85.00%	85.00%	
Rebecca SCI	France	70.00%	70.00%		70.00%	70.00%	
Le Maïs SCI	France	80.00%	80.00%		80.00%	80.00%	
Le Grand Pré SCI	France	60.00%	60.00%		60.00%	60.00%	
LC SCI	France	88.00%	88.00%		100.00%	100.00%	
Kle Projet 1 SAS	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Créteil SCI	France	100.00%	100.00%		100.00%	100.00%	
Albert 31 SCI	France	83.00%	83.00%		100.00%	100.00%	
Galeries Drancéennes SNC	France	100.00%	100.00%		100.00%	100.00%	
Portes de Claye SCI	France	55.00%	55.00%		55.00%	55.00%	
Klecab SCI	France	100.00%	100.00%		100.00%	100.00%	
Kleber Odysseum SCI	France	100.00%	100.00%		100.00%	100.00%	
Klé Arcades SCI	France	53.69%	53.69%		100.00%	100.00%	
Le Havre Colbert SNC	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Massalia SAS	France	100.00%	100.00%		100.00%	100.00%	
Massalia Shopping Mall SCI	France	60.00%	60.00%		100.00%	100.00%	
Massalia Invest SCI	France	60.00%	60.00%		60.00%	60.00%	
Klépierre & Cie SNC	France	100.00%	100.00%		100.00%	100.00%	
Sanoux SCI	France	75.00%	75.00%		75.00%	75.00%	
Centre Deux SNC	France	100.00%	100.00%		100.00%	100.00%	
Mob SC	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Alpes SAS	France	100.00%	100.00%		100.00%	100.00%	
Galerie du Livre SAS	France	100.00%	100.00%		100.00%	100.00%	
Les Portes de Chevreuse SNC	France	100.00%	100.00%		100.00%	100.00%	
Caetoile SNC	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Échirolles SNC	France	100.00%	100.00%		100.00%	100.00%	
Sagep SAS	France	100.00%	100.00%		100.00%	100.00%	
Maya SNC	France	100.00%	100.00%		100.00%	100.00%	
Ayam SNC	France	100.00%	100.00%		100.00%	100.00%	
Dense SNC	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Grand Littoral SASU	France	100.00%	100.00%		100.00%	100.00%	

List of consolidated companies Fully consolidated companies	Country	% interest 06/30/2022	12/31/2021	Change	% control 06/30/2022	12/31/2021	Change
SERVICE PROVIDERS – FRANCE							
Klépierre Management SNC	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Conseil SAS	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Brand Ventures SNC	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Gift Cards SAS	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Finance SAS	France	100.00%	100.00%		100.00%	100.00%	
Financière Corio SAS	France	100.00%	100.00%		100.00%	100.00%	
Kle Start SAS	France	100.00%	100.00%		100.00%	100.00%	
Kle Dir SAS	France	100.00%	100.00%		100.00%	100.00%	
Klépierre Procurement International SNC	France	100.00%	100.00%		100.00%	100.00%	
SHOPPING CENTERS – INTERNATIONAL							
Klépierre Duisburg GmbH	Germany	94.99%	94.99%		94.99%	94.99%	
Klépierre Duisburg Leasing GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Klépierre Duisburg Leasing II GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Klépierre Dresden Leasing GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Klépierre Duisburg II GmbH	Germany	94.99%	94.99%		94.99%	94.99%	
Klépierre Dresden GmnH	Germany	94.99%	94.99%		94.99%	94.99%	
Klépierre Köln Holding GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Unter Goldschmied Köln GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Klépierre Hildesheim Holding GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Projekt A GmbH & CoKG	Germany	94.90%	94.90%		94.90%	94.90%	
Projekt A Vermietung GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Coimbra SA	Belgium	100.00%	100.00%		100.00%	100.00%	
Les Cinémas de l'Esplanade SA	Belgium	100.00%	100.00%		100.00%	100.00%	
Foncière de Louvain-la-Neuve SA	Belgium	100.00%	100.00%		100.00%	100.00%	
Bryggen, Vejle A/S	Denmark	56.10%	56.10%		100.00%	100.00%	
Bruun's Galleri ApS	Denmark	56.10%	56.10%		100.00%	100.00%	
Field's Copenhagen I/S	Denmark	56.10%	56.10%		100.00%	100.00%	
Viva, Odense A/S	Denmark	56.10%	56.10%		100.00%	100.00%	
Steen & Strøm CenterUdvikling VI A/S	Denmark	56.10%	56.10%		100.00%	100.00%	
Klecar Foncier Iberica SL	Spain	100.00%	100.00%		100.00%	100.00%	
Klecar Foncier España SL	Spain	100.00%	100.00%		100.00%	100.00%	
Klépierre Vallecas SA	Spain	100.00%	100.00%		100.00%	100.00%	
Klépierre Molina SL	Spain	100.00%	100.00%		100.00%	100.00%	
Klépierre Plenilunio Socimi SA	Spain	100.00%	100.00%		100.00%	100.00%	
Principe Pio Gestion SA	Spain	100.00%	100.00%		100.00%	100.00%	
Klépierre Real Estate España SL	Spain	100.00%	100.00%		100.00%	100.00%	
SC Nueva Condo Murcia SLU	Spain	100.00%	100.00%		100.00%	100.00%	
Maremagnum food market SL	Spain	100.00%	100.00%		100.00%	100.00%	
Klépierre Nea Efkarpia AE	Greece	100.00%	100.00%		100.00%	100.00%	
Klépierre Foncier Makedonia AE	Greece	100.00%	100.00%		100.00%	100.00%	
Klépierre Peribola Patras AE	Greece	100.00%	100.00%		100.00%	100.00%	
Immobiliare Gallerie Commerciali S.p.A	Italy	100.00%	100.00%		100.00%	100.00%	
Klecar Italia S.p.A	Italy	83.00%	83.00%		100.00%	100.00%	
Galleria Commerciale Di Collegno S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Galleria Commerciale Serravalle S.p.A	Italy	100.00%	100.00%		100.00%	100.00%	
Galleria Commerciale Assago S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Galleria Commerciale Klépierre S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Galleria Commerciale Cavallino S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Galleria Commerciale Solbiate S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Klépierre Matera S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Klépierre Caserta S.r.l	Italy	83.00%	83.00%		100.00%	100.00%	
Shopville Le Gru S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Grandemilia S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Shopville Gran Reno S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Il Maestrale S.p.A.	Italy	100.00%	100.00%		100.00%	100.00%	
Comes – Commercio e Sviluppo S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Globodue S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Globotre S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Generalcostruzioni S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
B.L.O S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Gruliasco S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Klépierre Italia S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Acquario S.r.l	Italy	95.06%	95.06%		95.06%	95.06%	

List of consolidated companies Fully consolidated companies	Country	% interest 06/30/2022	12/31/2021	Change	% control 06/30/2022	12/31/2021	Change
SHOPPING CENTERS – INTERNATIONAL							
Reluxco International SA	Luxembourg	100.00%	100.00%		100.00%	100.00%	
Storm Holding Norway AS	Norway	56.10%	56.10%		100.00%	100.00%	
Steen & Strøm AS	Norway	56.10%	56.10%		100.00%	100.00%	
Hamar Storsenter AS	Norway	56.10%	56.10%		100.00%	100.00%	
Stavanger Storsenter AS	Norway	56.10%	56.10%		100.00%	100.00%	
Steen & Strøm Mediapartner Norge AS	Norway	56.10%	56.10%		100.00%	100.00%	
Oslo City Kjopesenter AS	Norway	56.10%	56.10%		100.00%	100.00%	
Oslo City Parkering AS	Norway	56.10%	56.10%		100.00%	100.00%	
Gulskogen Senter AS	Norway	56.10%	56.10%		100.00%	100.00%	
Capucine BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
Klépierre Nordica BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
Klépierre Beleggingen I BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Nederland BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
Hoog Catharijne BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
Klépierre Nederland BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
Bresta I BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
CCA German Retail I BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
CCA German Retail II BV	Netherlands	100.00%	100.00%		100.00%	100.00%	
KLP Polska Sp. z o.o. Poznań SKA w likwidacji	Poland	100.00%	100.00%		100.00%	100.00%	
Klépierre Pologne Sp. z o.o.	Poland	100.00%	100.00%		100.00%	100.00%	
KLP Polska Sp. z o.o. Rybnik SKA	Poland	100.00%	100.00%		100.00%	100.00%	
Sosnowiec Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%		100.00%	100.00%	
Sadyba Best Mall Sp. z o.o.	Poland	100.00%	100.00%		100.00%	100.00%	
KLP Poznań Sp. z o.o.	Poland	100.00%	100.00%		100.00%	100.00%	
Ruda Śląska Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%		100.00%	100.00%	
KLP Investment Poland Sp. z o.o.	Poland	100.00%	100.00%		100.00%	100.00%	
Rybnik Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%		100.00%	100.00%	
KLP Lublin Sp. z o.o.	Poland	100.00%	100.00%		100.00%	100.00%	
KLP Polska Sp. z o.o.	Poland	100.00%	100.00%		100.00%	100.00%	
Klelou Imobiliaria Spa SA	Portugal	100.00%	100.00%		100.00%	100.00%	
Galeria Parque Nascente SA	Portugal	100.00%	100.00%		100.00%	100.00%	
Gondobrico SA	Portugal	100.00%	100.00%		100.00%	100.00%	
Klenord Imobiliaria SA	Portugal	100.00%	100.00%		100.00%	100.00%	
Kleminho Imobiliaria SA	Portugal	100.00%	100.00%		100.00%	100.00%	
Corio Espaço Guimarães SA	Portugal	100.00%	100.00%		100.00%	100.00%	
Klépierre Cz S.R.O.	Czech Republic	100.00%	100.00%		100.00%	100.00%	
Klépierre Plzen AS	Czech Republic	100.00%	100.00%		100.00%	100.00%	
Nový Smíchov First Floor S.R.O.	Czech Republic	100.00%	100.00%		100.00%	100.00%	
Nordica Holdco AB	Sweden	56.10%	56.10%		56.10%	56.10%	
Steen & Strøm Holding AB	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB CentrumInvest	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB Emporia	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB Borlänge Köpcentrum	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB Marieberg Galleria	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB Allum	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB P Brodalen	Sweden	56.10%	56.10%		100.00%	100.00%	
Partille Lexby AB	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB P Åkanten	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB P Porthälla	Sweden	56.10%	56.10%		100.00%	100.00%	
FAB Centrum Västerort	Sweden	56.10%	56.10%		100.00%	100.00%	
Klépierre Gayrimenkul Yönetimi ve Yatirim Ticaret AS	Turkey	100.00%	100.00%		100.00%	100.00%	
Tan Gayrimenkul Yatirim Insaat Turizm Pazarlama ve Ticaret AS	Turkey	51.00%	51.00%		51.00%	51.00%	

List of consolidated companies Fully consolidated companies	Country	% interest 06/30/2022	12/31/2021	Change	% control 06/30/2022	12/31/2021	Change
SERVICE PROVIDERS – INTERNATIONAL							
Projekt Arnekenstrasse Verwaltung GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Deutschland GmbH	Germany	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Belgique SA	Belgium	100.00%	100.00%		100.00%	100.00%	
Klépierre Finance Belgique SA	Belgium	100.00%	100.00%		100.00%	100.00%	
Steen & Strøm CenterService A/S	Denmark	56.10%	56.10%		100.00%	100.00%	
Steen & Strøm Danemark A/S	Denmark	56.10%	56.10%		100.00%	100.00%	
Klépierre Management Espana SL	Spain	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Hellas AE	Greece	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Italia S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Klépierre Finance Italia S.r.l	Italy	100.00%	100.00%		100.00%	100.00%	
Steen & Strøm Senterservice AS	Norway	56.10%	56.10%		100.00%	100.00%	
Klépierre Vastgoed Ontwikkeling B.V.	Netherlands	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Polska Sp. z o.o.	Poland	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Portugal SA	Portugal	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Ceska Républika S.R.O.	Czech Republic	100.00%	100.00%		100.00%	100.00%	
Klépierre Energy CZ S.R.O.	Czech Republic	100.00%	100.00%		100.00%	100.00%	
Klépierre Management Slovensko S.R.O.	Slovakia	100.00%	100.00%		100.00%	100.00%	
Steen & Strøm Sverige AB	Sweden	56.10%	56.10%		100.00%	100.00%	

List of consolidated companies Equity-accounted companies: joint control	Country	% interest 06/30/2022	12/31/2021	Change	% control 06/30/2022	12/31/2021	Change
Cécobil SCS	France	50.00%	50.00%		50.00%	50.00%	
Du Bassin Nord SCI	France	50.00%	50.00%		50.00%	50.00%	
Le Havre Vauban SNC	France	50.00%	50.00%		50.00%	50.00%	
Le Havre Lafayette SNC	France	50.00%	50.00%		50.00%	50.00%	
Girardin 2 SCI	France	33.40%	33.40%		33.40%	33.40%	
Société Immobilière de la Pommeraie SC	France	50.00%	50.00%		50.00%	50.00%	
Kleprim's SCI	France	50.00%	50.00%		50.00%	50.00%	
Celsius Le Murier SNC	France	40.00%	40.00%		40.00%	40.00%	
Celsius Haven SNC	France	40.00%	40.00%		40.00%	40.00%	
Ventura SAS	France	50.00%	50.00%		50.00%	50.00%	
Lobsta & K SAS	France	50.00%	50.00%		50.00%	50.00%	
Lobsta & K Serris SAS	France	50.00%		50.00%	50.00%		50.00%
Lobsta & K Boulogne SAS	France	50.00%		50.00%	50.00%		50.00%
Clivia S.p.A	Italy	50.00%	50.00%		50.00%	50.00%	
Galleria Commerciale Il Destriero S.p.A	Italy	50.00%	50.00%		50.00%	50.00%	
CCDF S.p.A	Italy	49.00%	49.00%		49.00%	49.00%	
Galleria Commerciale Porta di Roma S.p.A	Italy	50.00%	50.00%		50.00%	50.00%	
Galleria Commerciale 9 S.r.l	Italy	50.00%	50.00%		50.00%	50.00%	
Italian Shopping Centre Investment S.r.l	Italy	50.00%	50.00%		50.00%	50.00%	
Holding Klege S.r.l	Luxembourg	50.00%	50.00%		50.00%	50.00%	
Metro Senter ANS	Norway	28.05%	28.05%		50.00%	50.00%	
Økern Sentrum ANS	Norway	28.05%	28.05%		50.00%	50.00%	
Økern Eiendom ANS	Norway	28.05%	28.05%		50.00%	50.00%	
Metro Shopping AS	Norway	28.05%	28.05%		50.00%	50.00%	
Økern Sentrum AS	Norway	28.05%	28.05%		50.00%	50.00%	
Nordal ANS	Norway	28.05%	28.05%		50.00%	50.00%	
Klege Portugal SA	Portugal	50.00%	50.00%		50.00%	50.00%	

List of consolidated companies Equity-accounted companies: significant influence	Country	% interest			% control		
		06/30/2022	12/31/2021	Change	06/30/2022	12/31/2021	Change
La Rocade SCI	France	38.00%	38.00%		38.00%	38.00%	
La Rocade Ouest SCI	France	36.73%	36.73%		36.73%	36.73%	
Du Plateau SCI	France	19.65%	19.65%		30.00%	30.00%	
Achères 2000 SCI	France	30.00%	30.00%		30.00%	30.00%	
Le Champ de Maïs SC	France	40.00%	40.00%		40.00%	40.00%	
Société du Bois des Fenêtres SARL	France	20.00%	20.00%		20.00%	20.00%	
Step In SAS	France	24.46%	24.46%		24.46%	24.46%	
Secar SC	France	10.00%	10.00%		10.00%	10.00%	
Antigaspi & K SAS	France	30.00%	30.00%		30.00%	30.00%	
NEAG Boulogne SAS	France	30.00%	30.00%		30.00%	30.00%	
Akmerkez Gayrimenkul Yatirim Ortakligi AS	Turkey	45.49%	45.93%	(0.44%)	45.49%	45.93%	(0.44%)

List of deconsolidated companies at 06/30/2022	Country	% interest		% control		Comments
		06/30/2022	12/31/2021	06/30/2022	12/31/2021	
Parc de Coquelles SNC	France	0,00%	50.00%	0,00%	50.00%	Liquidated
Miratur Turizm Insaat ve Ticaret AS	Turkey	0,00%	100.00%	0,00%	100.00%	Disposed

4 Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2022

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Klépierre, for the period from January 1 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of your Executive Board. Our role is to express a conclusion on these financial statements based on our review.

4.1 CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4.2 SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris-La Défense, August 2, 2022
The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS		ERNST & YOUNG Audit
Damien Leurent	Emmanuel Proudhon	Gilles Cohen

5 Persons responsible for the disclosures

5.1 STATEMENT OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Paris – September 19 2022

I certify that, to the best of my knowledge, these interim condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards, and give a true and fair view of the assets and liabilities, and of the financial position and results of the Company and all its consolidated subsidiaries, and that the interim management report provides a true and fair view of the main events of the first six months of the year, their impact on the interim condensed consolidated financial statements, the significant transactions with related parties, as well as a description of the mains risks and uncertainties for the remaining six months of the year.

Jean-Marc JESTIN

Chairman of the Executive Board

5.2 PERSONS RESPONSIBLE FOR AUDITS & FINANCIAL DISCLOSURES

Persons responsible for audits

Statutory auditors

DELOITTE & ASSOCIÉS

6 place de la Pyramide

92908 Paris la Défense CEDEX

572 028 041 RCS Nanterre

Damien Leurent/ Emmanuel Proudhon

First appointed: General Meeting of Shareholders of June 28, 2006

Last renewed: General Meeting of Shareholders of April 26, 2022

Term expires: General Meeting of 2028 to be called to approve the financial statements for fiscal year 2027

ERNST & YOUNG AUDIT

1-2 place des saisons

92037 Paris-La Défense 1

344 366 315 RCS Nanterre

Gilles Cohen

First appointed: General Meeting of Shareholders of April 19, 2016

Last renewed: General Meeting of Shareholders of April 26, 2022

Term expires: General Meeting of 2028 to be called to approve the financial statements for fiscal year 2027

Person responsible for financial disclosures

Stéphane Tortajada

Chief Financial Officer, member of the Executive Board

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