



REVENUES THROUGH SEPTEMBER 30, 2008: +12.2%

<i>In millions of euros</i>	3rd quarter 2008	01.01.2008 to 09.30.2008	01.01.2007 to 09.30.2007	Change 2008/07 (9 months)	Change constant portfolio
Rents	166.3	491.2	434.0	13.2%	5.4%
o/w Shopping centers	144.5	428.9	380.0	12.8%	5.2%
o/w Retail properties	9.2	24.3	17.4	39.8%	8.4%
o/w Office properties	12.6	38.0	36.6	3.8%	5.8%
Fee income	16.4	48.7	47.1	3.5%	
Total revenues ⁽¹⁾	182.7	539.9	481.1	12.2%	

⁽¹⁾ The acquisition by Klépierre of a 56.1% equity interest in the company Steen & Strøm has been finalized on October 8, 2008 and has therefore no impact on the figures and data of Klépierre on September 30, 2008.

Business is in line with targets

Although the economic situation and outlook deteriorated in Europe over the course of the 3rd quarter, Klépierre maintained a sustained level of business in line with targets. Revenues rose by 12.2% and rents by 13.2% (5.4% on a constant portfolio basis). The occupancy rate was stable over the period and remains above 98% in the shopping centers. The default rate is still low (less than 3%).

A resilient business model in a deteriorated environment

Four factors explain the resilience of Klépierre's business: the nature of its revenues, relying on long-term leases that include clauses calling for index-linked rent adjustments, a portfolio of assets that is diversified geographically and also in terms of retail formats, reasonable occupancy cost ratios, and management teams which have been dedicated for many years to up-keeping and increasing the value of the real estate portfolio.

The diversification strategy conducted by Klépierre since the early 2000s, and reaffirmed with the recent acquisition of Steen & Strøm in Scandinavia, enabled the Group to reinforce the regularity of the progression in its revenues while also taking full advantage of Europe's strongest growth markets. The size of the portfolio, the multiplicity of its assets, and the diverse mix of countries should enable Klépierre to withstand the slowdown in consumer spending taking shape in Europe.

"Klépierre's development strategy has always factored in the lessons learned from the economic slowdown that occurred in 1991/1993," noted Michel Clair, Chairman of the Klépierre Executive Board. "By focusing our strategy on shopping centers starting in 1998, and by expanding it to include retail properties with Klémurs in 2006, we have clearly shown that we are determined to position Klépierre in assets that offer recurrent cash flows. If the vacancy rate is structurally low in the shopping centers, this is because the appeal of the locations for retailers is real. In several countries, including France, this appeal enables the retailers to progressively build a capital, the value of the business, which is established over a period that extends well beyond the term of a lease, which is already contractually long. That is a critical component of customer

loyalty in shopping centers. Moreover, the diversification we have built up is paying off today in a less buoyant environment: the inter-communal shopping centers are showing higher growth than the regional centers, and Central Europe is currently outperforming Southern Europe. It is this will of diversification that made our investment in Steen & Strøm, Scandinavia's top operator in this segment, of strategic importance."

Michel Clair also noted that *"the favorable evolution of our business has not made us forget the crisis on the horizon and the need to remain selective in our investment choices while keeping to a disciplined financial policy. The acquisition of Steen & Strøm has been done accordingly and with the strong support of our main shareholder. The capital increase that we plan to carry out between now and the end of this year is a logical extension of this conservative stance, which strengthens the ability of Klépierre to stay within its financial ratios and attests to the confidence that we have in the development prospects of our Group."*

SHOPPING CENTERS: ECONOMIC SLOWDOWN DOES NOT AFFECT THE RISE IN RENTS, WHICH REMAINS IN LINE WITH TARGETS

In the group's portfolio, the business activity of the retailers resists over the first 8 months of the year

The change in the European economic situation and outlook during the 3rd quarter of 2008 had a mixed impact on the business activity of the retailers operating in malls owned by Klépierre, depending on their geographic location and the retail format of the malls.

Activity was resilient over the first 8 months of the year, and in fact nearly matched the level of the prior corresponding period (-0.4%), despite a decrease by 1.3% over the July-August period. The differentials from one country to the next reflected the Group's diversity: retailers' revenues fell in the countries of Southern Europe (Portugal: -4.3%, Spain: -3.4%, Italy: -3.2%), were virtually flat in France (-0.7%), where the inter-communal shopping centers turned in better performances (+1.0%), and showed sustained growth in most of the countries of Central Europe (Poland: +11.7%, Hungary: +8.8%, Slovakia: +6.9%, Czech Republic: +3.5%), as well as in Belgium (Louvain-la-Neuve: +12.2%) and in Greece (+3.5%).

Although it has no impact on Klépierre over the period under study, it is interesting to note that in Scandinavia, a new market for the Group, retail revenues rose by 1.7% for all of Steen & Strøm's shopping centers: +1.0% in Norway, +3.7% in Sweden and +1.1% in Denmark.

Shopping center rents: +12.8% (+5.2% on a constant portfolio basis)

Shopping center rents came to 428.9 million euros through September 30, 2008, up by 12.8% compared with the same period in 2007.

The main contributors in terms of countries were France (€219.0M€, 51.1%), Italy (€66.2M, 15.4%), Spain (€51.2M, 11.9%), Poland (€25.8M, 6.0%) and Hungary (€23.5M, 5.5%).

External growth contributed 7.6% of the rise in rents (+€29.4M):

- the acquisitions made in 2007 contributed 24.8 million euros, primarily including the opening of the Angoulême center and the extensions of the Rambouillet and Orléans centers (+€6.2M), the acquisition of the Victor Hugo center in Valence (+€2.4M), the acquisition of the Leclerc hypermarkets in Blagnac and Saint-Orens (+€3.4M), the 3 Polish centers (Rybnik, Sosnowiec and Lublin, +€5.8M), and the buyout of the remaining 50% interest it did not own in the Gondomar center in Porto (+€3.3M).
- two centers in Italy, Lonato and Verona (+€4.5M) were acquired in the course of the 1st quarter of 2008, and the Pilzen center in the Czech Republic was acquired last July (+€1.1M). In total, the acquisitions made since the beginning of the year contributed 6.9 million euros to rents collected in the first 9 months of 2008.
- finally, disposals made in 2007 (Poitiers) and in 2008 (Annecy) led to a loss of rents totaling 1.3 million euros and 1.0 million euros, respectively.

On a constant portfolio basis, the increase was 5.2%, reflecting:

- index-linked adjustments, with an impact of +3.8% on the portfolio as a whole and +4.8% on French rents;
- rental reversion, which remains sustained: 964 leases were renegotiated over the first 9 months of 2008, for an average rise of 13.3%, after 1 075 leases during the corresponding prior period in 2007, for an average rise of 12.0%.

Additional variable rents totaled 10.0 million euros, an increase of 1.4 million euros compared with the period ended September 30, 2007. They represent 2.3% of the total, a proportion that is stable over one year. France is still the number one contributor (€5.3M).

The financial occupancy rate was 98.1% on September 30, 2008, stable compared with September 30, 2007 (98.2%). The default rate was 2.9% through September 30, 2008, versus 1.9% one year earlier, reflecting limited deterioration but that concerned all countries.

RETAIL RENTS: SUSTAINED RISE IN RENTS, UP 8.4% ON À CONSTANT PORTFOLIO BASIS

Through September 30, 2008, retail property rents came to 24.3 million euros, of which 9.2 million euros in the 3rd quarter, an increase of 39.8% over the first 9 months of 2007.

Acquisitions carried out in 2008 had an impact of 5.5 million euros on consolidated rents, in particular due to the combined effects of the rollout of the Défi Mode–Vivarte agreement in April and the pursuit of acquisitions in connection with the agreement entered into with the Buffalo Grill chain of restaurants in 2006.

On a constant portfolio basis, rents rose by 8.4%, attributable to the impact of index-linked adjustments to minimum guaranteed rents (+4.9%) and the collection of 0.6 million euros in additional variable rents.

There were no past due unpaid invoices through September 30, 2008. The financial occupancy rate remained high at 99.6% (versus 100% a year earlier).

OFFICE RENTS: +5.8% ON À CONSTANT PORTFOLIO BASIS

Office property rents reached 38.0 million euros through September 30, 2008, up by 3.8% compared with the corresponding prior period ended September 30, 2007.

Disposals made last year led to a loss in rents of 0.7 million euros (-2.0%). On a constant portfolio basis, the increase in rents is 5.8% and reflects:

- the impact of index-linked adjustments of +4.1% (€1.5M)
- rental capital gains that resulted from lease renewals or relets contracted in 2007, +3.1% (€1.1M)
- the effect of vacancy, for -1.4% (€0.5M).

In all, 7 leases covering 2 685 sq.m. (2.4% of the office portfolio in terms of value) have been renegotiated since the beginning of this year, leading to reversion of their financial conditions of 22.6%, after factoring in the rent incentives granted.

The financial occupancy rate was 94.8% on September 30, 2008 (versus 99.6% one year earlier and 99.7% at year-end 2007) and currently includes 5 971 sq.m. being leased up in two buildings.

FEE INCOME

Fee income is provided by service companies, and reached 48.7 million euros, an increase of 3.5% compared with September 30, 2007. Of the total, 75% was generated in France.

OUTLOOK

The outlook for growth in rents remains positive. It will factor in a robust organic growth model as well as to the pursuit of the development of a restrained number of shopping centers; to a lesser extent, the disposal program will have a negative impact on rents.

The total amount of disposals completed through September 30, 2008 was 72.5 million euros, to which is added the sale on October 3 of this year of the Notre-Dame-des-Victoires office property in Paris for 64.9 million euros.

For the Group, the highlight of 2008 will undoubtedly turn out to be the acquisition this past October 8, by Klépierre and ABP Pension Fund of Steen & Strøm, for 2.7 billion euros. Following this transaction, Klépierre owns 56.1% of the equity capital of Steen & Strøm, and is present in 13 European countries. In light of existing debt, the investment led to an outlay by Klépierre of 601 million euros.

After the acquisition of Steen & Strøm, the Group has 553 million euros of unused credit lines, before factoring in the proceeds of the planned capital increase. The Group's next significant financing due date will not come until 2011.

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3- Cost of debt

The historic cost of Klépierre's debt (ratio of interest expense to average financing debt) over the first three quarters of 2008 was 4.4%, compared with 4.3% on June 30, 2008.

For information, the average cost of the debt of Steen & Strøm over the first half of 2008 was 5.6%, to be assessed in light of high short-term rates in Norway. In the future, it should benefit from its decision to reinforce its interest-rate hedge since the acquisition by Klépierre.