2012 Half-year results

Paris - July 24, 2012

- **Disposal program ahead of schedule**
  - ✓ 520 M€ already sold or under sale and purchase promissory agreement
- **Financial position strengthened**
  - ✓ Available liquidity raised to 1.5 Bn€
  - ✓ LTV ratio reduced from 45.8% to 44.8%
- **Good operating performance leading to a resilient cash flow stream**
  - ✓ Total rents up 3.2% ; +4.0% for the shopping centers
  - ✓ Net current cash flow, group share: 185.8 M€ (+0.9%)
  - ✓ Successful opening of St.Lazare Paris
- **Stable asset portfolio valuation**
- **Positive outlook**
  - ✓ Increase in rents on a constant portfolio basis confirmed for 2012
  - ✓ Net current cash flow expectation confirmed for 2012
  - ✓ Strong development pipeline in Europe's most dynamic regions

FURTHER INCREASE IN LEASE INCOME

- Klépierre's consolidated rents reached 486.1 million euros for the half-year ended June 30, 2012, an increase of 3.2% on a current portfolio basis (+2.1% on a constant portfolio and exchange rate basis).

  - Rents from the **shopping center segment** (93.2% of consolidated rents) grew by 4.0% during the 1st half of 2012, reaching 453.3 million euros, boosted notably by new spaces, which include:
    - Two shopping centers opened for business in April 2011: Le Millénaire, a 56 000 sq.m. facility located just outside Paris, and Aqua Portimão, in Algarve, a popular tourist destination in Portugal.
    - The Roques-sur-Garonne regional shopping center, acquired in November 2011, located in Toulouse, a powerful urban area in France.
    - St.Lazare Paris, the new Saint-Lazare train station retail space that opened in late March 2012, in the heart of the French capital.

    On a constant portfolio and exchange rate basis, rents rose by 1.6%. This increase is driven by France, Belgium, Scandinavia, Italy and the Czech Republic, representing altogether 82.8% of shopping center segment rents. Other countries, such as Spain, Portugal and Hungary, posted negative figures, reflecting difficult macroeconomic situations.

  - Rents provided by the **retail property segment** (21.9 M€ or 4.5% of consolidated rents) were up by 3.7% on a current portfolio basis. On a constant portfolio basis, rents were up by 2.1% over the first six months of the year reflecting significant positive index-linked adjustments, which absorbed a major portion of variable rents.

- For the 1st half of 2012, rents from the **office property segment** (2.2% of consolidated rents) came to 10.9 million euros, versus 13.8 million euros in the 1st half of 2011. This reflects the impact of asset sales completed in 2011 and 2012, partially offset by an increase in rents. Indeed, on a constant portfolio basis, rents were up by 26.7%, boosted in particular by the leasing of the Séreinis building in Issy-les-Moulineaux (Hauts-de-Seine) to Veolia Transdev, effective September 1, 2011. On March 26, 2012, Klépierre announced that it had signed a firm 9-year lease with Safran for the Equilis office building located in front of the Séreinis building. The lease goes into effect on September 1, 2012.

- Fee income for the first six months of the year reached 43.5 million euros, up by 9.6%, primarily attributable to the rise in development fees, mainly due to the status of the development projects included in Klépierre's committed development pipeline.

- Overall, revenues for the 1st half of 2012 came to 529.6 million euros, compared with 510.7 million euros for the first six months of 2011, an increase of 3.7%.

RETAIL TENANTS SALES UP

Against a backdrop of lackluster consumer spending across Europe, sales for retail tenants in Klépierre shopping centers rose by 1.4% over the course of the first five months of 2012 reflecting the successful openings of new spaces (both extensions and new centers) as well as the intrinsic qualities of Klépierre existing shopping centers. Regions posted mixed performances, with stronger sales in France, Belgium, the Scandinavian countries, Poland and the Czech Republic, compensating for weakness in other countries, notably Spain. On a constant scope basis (i.e. excluding new spaces), retail tenants posted virtually flat sales for the period (down 0.2%) thanks to active management of assets, which included tenant rotation and an enhancement of the retail mix.

SUSTAINED MANAGEMENT OF ASSETS

In a subdued retail environment, the sustained level of property management business in the 1st half attests to the appeal of retailers for Klépierre's shopping centers. In all, 1 186 new leases were signed in the course of the 1st half of this year (2.3 M€ in additional annual rents), and both relets and renewed leases show high levels of reversion, especially in France (+15.9%).

Leases were signed with a number of notable international retailers pursuing their expansion across Europe such as H&M, Sephora, McDonald's, C&A and New Yorker, not to mention other retailers accelerating the pace of their expansion in shopping centers across Europe: Hema, Kiko, Primark, Apple, etc.

Financial occupancy rate remained high (96.5%) and the late payment rate was maintained at a low level (1.9%).

DEVELOPMENTS: 206.7 MILLION EUROS INVESTED IN H1 2012

On March 21, 2012, Klépierre and its partners SNCF and Spie batignolles inaugurated St.Lazare Paris, the new retail space at the Saint-Lazare train station. The station's traffic, not to mention its location in the heart of the top retail and business hub of Paris, make St. Lazare Paris a unique retail space. Its

80 stores, covering a total floor area of 10 000 sq.m., form a novel and varied retail mix that responds to the expectations of the 450 000 daily commuters who transit through the station as well as local visitors. The new retail facility is already a success, with revenues from a large number of retailers having already exceeded expectations.

Priority continues to be given to projects that create significant value. Over the course of the 1st half of 2012, Klépierre invested a total of 206.7 million euros of which 88.7% involved projects of the Group's committed development pipeline in France and Scandinavia, where pre-let rates have continued to rise during the 1st half.

For the period extending from the 2nd half of 2012 to 2016, the Group's development pipeline totals 3.3 billion euros of shopping center projects. Close to 1 billion euros of the total is composed of committed projects that entail either the completion of dominant shopping centers, most of which have already won the loyalty of retailers, or extensions-renovations involving existing shopping centers that already dominate their catchment area, with proven appeal and clearly identified growth potential. Altogether, committed projects represent additional annual rent of 65 million euros. The next shopping center to be delivered is Emporia, which will greet its first customers on October 25, 2012 in Malmö (Sweden) and is almost 90% pre-let.

DISPOSAL PROGRAM AHEAD OF SCHEDULE

Year-to-date, more than 520 million euros in disposals have been completed or are under sale and purchase promissory agreements.

Klépierre sold 334.1 million euros worth of assets year to date (excluding transfer duties), including both office buildings in the inner rim of Paris and shopping centers in France. The sales were completed for prices reflecting a slight premium over the latest appraised values, attesting to the high level of investor interest in products that offer secure yields over long periods.

In addition, sale and purchase promissory agreements for close to 190 million euros worth of assets have been signed year-to-date. Other assets are the subject of due diligence processes.

Overall, the Group is ahead of schedule, with its intermediary target to complete 500 million euros in disposals by the end of the year.

FINANCIAL POSITION STRENGTHENED

Consolidated net debt stands at 7 598 million euros, compared to 7 618 million euros on December 31, 2011 (-20 M€). Excluding forex impact, consolidated net debt decreased by 61 million euros. The decrease in net debt translates into an improvement in the Loan-To-Value ratio which, after taking into account disposals made after the accounting cut-off date (115 M€), stands at 44.8% (i.e. a decrease of 1 percentage point compared to December 31, 2011, on track with our target of a 2 percentage point decrease over the full year).

The Group's level of liquidity (available credit lines and net cash) increased significantly since December 31, 2011 and stands at close to 1.5 billion euros to date, an increase of about 800 million euros. This level is close to 60% of Klépierre's financing needs until 2015, an improvement that reflects: the satisfactory completion of the disposal program, the limited dividend payout (51 M€) due to the high success rate of the stock dividend option (81.4%), the impact of financing operations carried out since the beginning of the year.

In particular, Klépierre's access to the bond market remains good with 488.5 million euros raised year-to-date. The bond transactions in question involved a large number of pan-European investors and allowed Klépierre to raise long-term financing (average duration of 8.5 years) at a very competitive cost (3.65%) that was, on average, 20 basis points lower than the conditions offered in the secondary market.

For the 1st half of 2012, the average cost of debt for Klépierre is down by 3 basis points compared with 2011 and stands at 4.14%, a level which could further improve in the 2nd half of 2012 and in 2013.

NET CURRENT CASH FLOW PER SHARE: 0.99 €

First the half of 2012, EBITDA amounted to 409.4 million euros, i.e. a 2.3% increase compared with first half 2011.

Net current cash flow, excluding the impact of the payment of the dividend in the form of shares, stands at 1.00 per share, an increase of 1.5% compared with June 30, 2011. After factoring in the rise in the number of shares following the scrip dividend, net current cash flow per share stands at 0.99 euro.

PROPERTY PORTFOLIO: 16.4 BILLION EUROS (+0.4% ON A CONSTANT BASIS)

The value of the portfolio excluding transfer duties stands at 16.4 billion euros as of June 30, 2012, an increase of 246 million euros compared with December 31, 2011 (+1.5%). This change is attributable to the rise in values on a constant basis (+53 M€), to developments and acquisitions (+231 M€) that are partly offset by the impact of disposal program (-103 M€), and to a positive forex impact (+65 M€) related to the appreciation of the Scandinavian currencies.

On both a constant and exchange rate basis, the value of the portfolio rose by 0.4% over 6 months. The average yield rate of the portfolio stands at 6.3%, unchanged compared with December 31, 2011.

At June 30, 2012, EPRA NNNAV[1] per share was 30.0 euros before scrip dividend compared to 31.4 on December 31, 2011.

This change reflects the stable valuation of the portfolio and the positive effect (+1.0 €) of cash flow for the 1st half of 2012. The latter is offset by the change in the fair value of financial instruments (-1.0 €) which reflects the improvement in Klépierre's secondary spread on the fixed debt rate and the decline in interest rates during the 1st half of 2012. The payment of the dividend to shareholders has an impact of -1.5 euro.

Finally, on May 21, 2012, the 81.4% of the dividend exercised in favor of a share payment led to the issuance of 9,822,100 new shares: the impact on EPRA NNNAV per share was -0.4 euro. As a consequence EPRA NNNAV per share stands at 29.6 euros.

Reconstitution NAV[2] was 34.3 euros per share, compared with 35.7 euros six months earlier.

POSITIVE OUTLOOK

The Group is well on track in its bid to strengthen its financial structure: Klépierre posted a strong improvement in its level of liquidity and financial ratios. These improvements are attributable to the payment of a part of the 2011 dividend in the form of shares, good access to the bond market and the satisfactory implementation of its disposal program.

The Group is on track to meet its target of 1 billion euros in asset sales by the end of 2013.

Klépierre confirms that it expects rents to grow by 2% to 2.5% on a constant portfolio basis over the full year 2012. On a current portfolio basis, the faster than expected execution of the asset sale program should result in a 3 to 4% increase in rents, a level slightly lower than the circa 4% initially anticipated.

Excluding the impact of the payment of the dividend in the form of shares (9 822 100 new shares were issued in May 2012), net current cash-flow per share is still expected to increase slightly (i.e., by about as much as the observed increase in 2011, or 1.8%). Taking the automatic impact of the increase in the number of shares into account, this objective translates into a slight decrease in net current cash-flow per share for the full year 2012.

Laurent Morel, Chairman of the Klépierre Executive Board, noted: *"Last March, Simon Property Group became Klépierre's first shareholder. This move evidences the quality of Klépierre's portfolio and vindicates the strategy to focus on developing and managing a leading portfolio of dominant shopping centers in Europe's most dynamic regions. Cooperation with Simon Property Group also opens up promising prospects in terms of leasing and marketing synergies.*
In the first half of the year, we have recorded further growth in lease income, thanks in particular to the strategic location and the intrinsic quality of our shopping centers. The opening of St.Lazare Paris has already proved very successful and we are actively pursuing other development opportunities, whether to build, renew or extend malls, particularly in France and Scandinavia so that we can offer new attractive retail spots to Europe's most successful retailers. In the meantime, our disposal program is well underway, which, together with our successful bond issues, is effectively contributing to the rise of our liquidity and to the strengthening of our financial position."

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FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDED 06/30/2012

M€	Current portfolio basis			Like-for-like[3]		
	H1 2012	H1 2011	*Change*	H1 2012	H1 2011	*Change*
Shopping centers	**453,3**	**436,0**	**+4,0%**	**426,0**	**419,2**	**+1,6%**
Retail	**21,9**	**21,1**	**+3,7%**	**21,5**	**21,0**	**+2,1%**
Offices	**10,9**	**13,8**	**-20,9%**	**9,9**	**7,8**	**+26,7%**
TOTAL RENTS	**486,1**	**471,0**	**+3,2%**	**457,4**	**448,0**	**+2,1%**
FEES	**43,5**	**39,7**	**+9,6%**			
TOTAL REVENUES	**529,6**	**510,7**	**+3,7%**			
Net current cash-flow per share before scrip dividend (€)	**1,00**	**0,99**	**+1,5%**			
Net current cash-flow per share after scrip dividend (€)	**0,99**	**0,99**	**+0,6%**			

	06/30/2012	12/31/2011	06/30/2011
Value of holdings (total share, excl. duties)	**16 422**	**16 176**	**15 623**
Reconstitution NAV per share[1] (€)	**34,3**	**35,7**	**33,3**
Liquidative NAV (EPRA NNNAV)[2] (€)	**29,6**	**31,4**	**29,2**

[1] Including transfer duties, before taxation on unrealized capital gains and marking to market of financial instruments
[2] Excluding transfer duties, after taxation on unrealized capital gains and marking to market of financial instruments
[3] Excluding new spaces (new centers and extensions) opened since January 1st 2011, disposals completed since January 1st 2011 and forex impact

The Supervisory Board met at the Company's headquarters on July 18, 2012 to examine the interim financial statements approved by the Manager on July 16, 2012.

The interim financial statements were subject to a limited examination by the Company's statutory auditors. The audit report is issued today.

M€	H1 2012	H1 2011	Change (M€)	Change like-for-like [3]	% of consolidated rents
France	191,7	174,7	+17,0	+4,9%	39,4%
Belgium	7,1	6,9	+0,2	+2,6%	1,5%
France-Belgium	**198,8**	**181,6**	**+17,2**	**+4,8%**	**40,9%**
Norway	48,1	47,5	+0,6	+1,8%	9,9%
Sweden	34,2	32,7	+1,4	+2,9%	7,0%
Denmark	22,0	21,0	+1,0	+4,5%	4,5%
Scandinavia	**104,3**	**101,3**	**+3,0**	**+2,8%**	**21,5%**
Italy	**61,7**	**59,6**	**+2,1**	**+2,3%**	**12,7%**
Spain	37,6	39,5	-1,9	-5,0%	7,7%
Portugal	9,0	8,8	+0,2	-3,3%	1,9%
Iberia	**46,6**	**48,3**	**-1,7**	**-4,7%**	**9,6%**
Poland	17,5	17,7	-0,3	-1,6%	3,6%
Hungary	11,0	13,5	-2,5	-18,6%	2,3%
Czech Republic	10,4	10,1	+0,3	+3,9%	2,1%
Central Europe	**38,9**	**41,4**	**-2,5**	**-5,8%**	**8,0%**
Greece	2,2	3,0	-0,8	-26,7%	0,5%
Slovakia	0,8	0,8	-0,1	-6,5%	0,2%
Other countries	**3,0**	**3,8**	**-0,9**	**-22,3%**	**0,6%**
Shopping centers	**453,3**	**436,0**	**+17,2**	**+1,6%**	**93,2%**
Retail	**21,9**	**21,1**	**+0,8**	**+2,1%**	**4,5%**
Offices	**10,9**	**13,8**	**-2,9**	**+26,7%**	**2,2%**
RENTS	**486,1**	**471,0**	**+15,1**	**+2,1%**	**100%**

About Klépierre

*A player of the first rank in retail real estate in Europe, Klépierre combines development, rental, property and asset management skills. Its portfolio is valued at 16.4 billion euros on June 30, 2012 and comprises **265 shopping centers in 13 countries of Continental Europe** (92.9%), retail properties via its listed subsidiary Klémurs (3.8%) and offices buildings in Paris (3.2%). Klépierre holds a controlling stake in **Steen & Strøm** (56.1%), Scandinavia's number one shopping center owner and manager.*
Klépierre's largest shareholder is the Simon Property Group (28.9%), world leader in the shopping center industry, along with BNP Paribas (22.5%), the number one bank in the Euro zone.
Klépierre is a French REIT (SIIC) listed on Euronext Paris™ and is included into the SBF 80, EPRA Euro Zone and GPR 250 indexes. Klépierre is also included in several ethical indexes - DJSI World and Europe, FTSE4Good, ASPI Euro Zone – and is a member of both Ethibel Excellence and Ethibel Pioneer investment registers. Klépierre was also ranked seventh among listed real estate companies in Europe by GRESB (Global Real Estate Sustainability Benchmark) in 2011, in the Green Stars compartment. This distinction marks the Group's commitment to a voluntary sustainable development policy.

For more information, visit our website: www.klepierre.com

AGENDA ***10/22/2012*** ***2012 3rd quarter revenues*** *(press release after stock market closes)*

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