2010 Interim financial report

KLÉMURS
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Limited partnership with shares - share capital of 82 500 000 euros
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A. BUSINESS FOR THE PERIOD

1- Rental business

On June 30, 2010, **rents** collected by Klémurs amounted to 22.1 million euros, an **increase of 6.5%** over one year (+€1.4M).

Rents declined by 1.2% on a constant portfolio basis (-€0.2M), reflecting for the most part the combined effect of the following factors:

- the negative impact of index-linked rent adjustments (-2.6% on average or -€0.5M), with 68% of leases on a value basis pegged to the ICC[1] for the 2nd quarter of 2009 (-4.10%);
- the positive contribution of rental reversion operations (+€0.1M) on the Cap Nord portfolio in the course of 2009: the lease-up of the vacant premises in Saint-Etienne-du-Rouvray as well as the signing of three leases with new tenants, for which financial conditions showed an average increase of 21%;
- the rise in additional variable rents (+€0.2M) made possible by the rise in sales revenue observed for the Buffalo Grill restaurants and by negative index-linked rent adjustments.

On a current portfolio basis, growth in rents was mainly driven by external transactions carried out by Klémurs (+€1.9M), which primarily concern:

- the addition of 26 retail store properties to the holdings, mostly under the Défi Mode banner, in the 2nd half of 2009, under the terms of the second phase of the Défi Mode – Vivarte agreement (+€1.1M);
- the September opening of the retail park Chalon Sud 2, with the addition of retailers Boulanger and Tati (+€0.5M);
- the operation over a full six months of the premises located at Rue de Flandre (Paris, 19th arrondissement), leased to Castorama as of June 1, 2009, following the restructuring of this retail space, which was previously occupied by department store retailer BHV (+€0.2M).

The impact of the strategic sale of two assets has reduced this increase (-€0.3M):

- on September 30, 2009, the premises occupied by the retailer Truffaut (Quai de la Gare, Paris 13th arrondissement);
- on June 8, 2010, the retail storefront properties located at Rue de la Champmeslé in Rouen (Rouen Candé).

On June 30, 2010, Buffalo Grill was the most significant tenant of Klémurs, accounting for 58% of rents, versus 63% on June 30, 2009, followed by Vivarte (18% of rents).

The **financial occupancy rate**[2] was 100% on June 30, 2010, compared with 99.7% one yare earlier.

The **late payment rate** is **nearly zero** (0.2%).

2- Development - disposal

In the course of the 1st half of 2010, Klémurs outlaid 0.9 million euros in connection with the completion of the development of the retail park Chalon Sud 2, which opened in September 2009: the cost price of this asset amounts to 14.4 million euros.

Pursuant to a sale and purchase promissory agreement signed on April 2, 2010, Klémurs sold a series of retail storefront properties located on Rue de la Champmeslé in downtown Rouen on June 8, 2010. The total amount of the transaction was 11.3 million euros excluding transfer duties, for gross annual rent of 0.85 million euros.

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[1] ICC: French Cost of Construction Index (*Indice du coût de la construction*)

[2] Financial occupancy rate: Ratio of annual contractual rents occupied to total contractual rents occupied plus target rents for all vacant spaces (the latter are estimated on the basis of market data).

B. CONSOLIDATED EARNINGS FOR THE 1st HALF OF 2010

in millions of euros	June 30, 2010	June 30, 2009	Change	Change (%)
Rents	**22.1**	**20.8**	**1.4**	**6.5%**
Other rental income	0.4	0.3	0.1	
Non-recovered rental expenses	0.0	-0.1	0.1	
Building expenses	-1.5	-1.4	-0.1	
Net lease income	**21.0**	**19.6**	**1.4**	**7.4%**
Other operating income	0.1	0.1	0.0	
Amortization allowance	-7.4	-6.6	-0.8	12.6%
Depreciation allowance	8.9	-14.2	23.1	
Operating result	**22.5**	**-1.2**	**23.7**	
Net cost of debt	-8.7	-8.5	-0.2	1.9%
Profit on the sale of assets	3.4	0.0	3.4	
Effect of discounting	0.0	-0.1	0.0	
Pre-tax earnings	**17.1**	**-9.8**	**26.9**	
Corporate income tax	0.0	0.0	0.0	
Net income	**17.1**	**-9.8**	**26.9**	

Independently of the rents that are the subject of the preceding comments, other rental income reflects the straightlining of the entry fee that was invoiced in 2009 when the Castorama lease for the Rue de Flandre property in Paris was concluded. It also includes the entry fees billed to the retail tenants of the Chalon Sud 2 retail park (Chalon-sur-Saône), inaugurated on September 1, 2009.

Amortization allowance rose over the period due to the acquisitions that were made over the 2nd half of 2009 and following the opening of the retail park Chalon Sud 2.

On June 30, 2010, Klémurs recorded a net release of depreciation allowance made for real estate assets totalling 8.9 million euros, made possible by the amortization allowance for the period as well as by the increase in the market value of assets held. Indeed, the average yield (transfer duties included) used by the appraisers was 6.91% on June 30, 2010, versus 7.06% on December 31, 2009.

Net cost of debt increased slightly versus the June 30, 2009 reporting date due to the impact of investments made.

Klémurs generated a capital gain of 3.4 million euros on the sale of the series of retail storefront properties in downtown Rouen, on June 8, 2010.

C. CHANGE IN CASH FLOW PER SHARE

In millions of euros	June 30, 2010	June 30, 2009	Change
Operating result	**22,5**	**-1,2**	
+ Depreciation and amortization allowance	-1,7	20,5	
Cash flow from current operations	**20,8**	**19,3**	**7,6%**
- Net cost of debt[1]	-10,0	-8,5	17,7%
- Corporate income tax	0,0	0,0	
Net current cash flow	**10,7**	**10,8**	**-0,5%**
Per share (in €)			
Number of shares	*8 233 918*	*8 228 457*	
Net current cash flow per share	**1,30**	**1,31**	**-0,6%**

[1] Cost of the equity-like financing included

Net current cash flow per share is down slightly at June 30, 2010 compared with the first six months of 2009 (-0.6%). The positive contribution of investments made in the course of the 2nd half of 2010 was in fact offset by the decrease in rents on a constant portfolio basis, as well as by the yield on the equity-like financing granted by Klépierre on June 30, 2009. In fact, the cost of debt used for the calculation of cash flow includes the cost of the equity-like financing, contrary to the cost of debt used for the income statement, where such cost is considered as a distribution in accordance with the terms of IAS 32.

D. VALUE OF HOLDINGS AND REVALUED NET ASSETS (RNAV)

1- Methodology

RNAV per share is calculated each year on December 31 and on June 30. The method used to establish RNAV is to add the unrealized capital gains on the real estate portfolio resulting from the difference between their market values as estimated by an appraiser and the net book values as carried in the Company's consolidated financial statements, which are established using the cost method.

N.B. For more detailed information on the methodology used to calculate RNAV, please refer to page 75 of the registration document filed with the AMF on April 20, 2010 and available on the company's website: www.klemurs.fr.

The assignments entrusted to the appraisers were carried out in accordance with the SIIC Code of Business Ethics, as well as with the specifications contained in the valuation guidelines for real estate appraisers (*Charte de l'Expertise en Evaluation immobilière*), the recommendations issued by the COB/CNC working group chaired by Mr. Barthès de Ruyther, and the RICS and IVSC standards.

	Portfolios	Number of assets	Valuation (M€)	%		June report	December report
RCGE	- Buffalo Grill	157	363	59%	66%	summarized	detailed and summarized
	- Other	7	44	7%		summarized	detailed and summarized
BNP Paribas Real Estate Valuation	- Défi Mode	102	120	20%	34%	summarized	detailed and summarized
	- Cap Nord	14	37	6%		summarized	detailed and summarized
	- King Jouet	21	20	3%		summarized	detailed and summarized
	- Akene	3	17	3%		summarized	detailed and summarized
	- Sephora	2	9	1%		summarized	detailed and summarized
	- Da Costa	6	4	1%		summarized	detailed and summarized
TOTAL		**312**	**614**	**100%**	**100%**		

Fees paid to appraisers are set prior to their property valuation work, on a lump sum basis in accordance with the size and complexity of the assets being appraised, and completely independently of the appraised value of the assets. For the six months ended June 30, 2010, the fees paid to various experts are summarized in the table below:

In thousands of euros	June, 30 2010	
	Appraisal fees	Consulting fees
RCGE	86.8	-
BNP Paribas Real Estate Valuation	95.3	-
Total	**182.1**	-

2- Valuation of real estate holdings

The change in the value of holdings, transfer duties included, is indicated in the table below:

In millions of euros	June 30, 2010	December, 31 2009	Change	Change (%)
Constant portfolio	593.8	579.6	14.2	2.4%
Variable portfolio	29.8	39.8	-10.0	-
Total Holdings	**623.6**	**619.4**	**4.2**	**0.7%**

The constant portfolio includes all assets held and appraised on December 31, 2009 and not disposed of since.

The variable portfolio includes in 2009 the assets located in downtown Rouen and which were sold on June 8, 2010. It also includes the acquisitions realized in the 2nd half of 2009, acquisitions that were appraised for the first time in 2010 and which were valued at cost December 31, 2009.

The average yield rate used by appraisers to determine the value of real estate assets owned by Klémurs is 6.91%, compared with an average yield rate of 7.06% for the year ended December 31, 2009. The increase explains the portfolio's higher value on a constant structural basis.

3- Determining RNAV

RNAV has evolved in the following manner:

In millions of euros	June 30, 2010	December 31, 2009	Change (%)	June 30, 2009
Consolidated shareholders' equity (1)	106.9	110.5	-3.2%	110.6
Unrealized capital gains in real estate portfolio (duties included)	68.2	58.0	17.6%	66.8
Taxes on unrealized capital gains	0.0	0.0	0.0%	0.0
Taxes and fees related to asset disposals	-36.3	-36.0	0.7%	-35.4
RNAV excluding transfer duties, after taxes on unrealized capital gains and marking to market of financial instruments (EPRA triple NAV)	**138.8**	**132.4**	**4.8%**	**142.1**
Number of shares	*8,232,469*	*8,233,688*	-	*8,226,087*
RNAV excluding transfer duties, after taxes on unrealized capital gains and marking to market of financial instruments (€ per share)	**16.86**	**16.09**	**4.8%**	**17.27**
RNAV including transfer duties, after taxes on unrealized capital gains and marking to market of financial instruments (€ per share)	**21.27**	**20.46**	**3.9%**	**21.57**

(1) After the marking to market of financial instruments but excluding the perpetual subordinated loan

Consolidated shareholder's equity decreased by 3.6 million euros compared with December 31, 2009, despite positive earnings for the 1st half of 2010 (17.1 M€). In fact, in accordance with the Company's dividend payout policy, shareholders were reimbursed in the course of the 2nd quarter of 2010 for the earlier payment of additional paid in capital (-8.2 M€). This change also reflects the decline in the fair market value of interest rate hedging instruments in the first half of 2010 (-11.6 M€ or -1.4 euro per share). The market to market of the hedging portfolio amounts to -36.1 million euros, equivalent to an impact of -4.4 euros on the RNAV.

On June 30, 2010, duties and fees on the sale of assets are calculated based on 6.20% of the appraised value excluding duties for all of the assets of the Klémurs group, including the assets under finance leases. For the retail park Chalon Sud 2, the rate used was 5.00%, as Klémurs

agreed to acquire 100% of the units held by the SARL Immo Dauland (owner of the retail park) on June 13, 2008.

Unrealized capital gains on investment property owned by Klémurs concerns properties that fall under SIIC status and as such are not subject to taxation.

RNAV per share rose slightly over the period, thanks to the improvement in the fair market value of assets owned compared with values on December 31, 2009.

E. FINANCING POLICY

1- Financing resources

The net debt of Klémurs was 380.8 million euros on June 30, 2010, versus 376.4 million euros on December 31, 2009.

This 4.4 million euro increase mainly reflects the following items:

- On June 30, 2010, Klémurs made a partial repayment (of 20 million euros) of the equity-like financing granted by Klépierre in June 2009, which is recorded as equity. The increase of the asset values eased the financial constraints, which allowed such repayment. This transaction, which was financed via a new senior loan from Klépierre, allows Klémurs to maintain a balanced financial structure (the Loan-to-Value ratio remains below covenant) while optimizing the cost of its financing resources.
- The disposal of storefront retail properties in Rouen generated 11.3 million euros in cash.
- Cash flow for the period also covered the financing of a distribution to shareholders of 8.25 million euros.

On June 30, 2010, the financing resources of Klémurs were divided between the equity-like financing from Klépierre of 20 million euros and the following financial debts:

- A club deal of up to 150 million euros that was initially set up in December 2006 and that is fully drawn down. It falls due in December 2011.
- A subordinated equity loan contracted with Klépierre in 2008, for a total of 130.1 million euros and due in July 2011.
- A senior loan granted by Klépierre in June 2010, for a total of 20 million euros and falling due in June 2013.
- The property finance leases purchased when the assets of Buffalo Grill, Cap Nord, Défi Mode and King Jouet were acquired together represent a total outstanding of 39.9 million euros on June 30, 2010; the average residual duration of these leases is 5.6 years.
- Short-term financing of 40.9 million euros, primarily via the Klépierre Group's centralized treasury management facility.

The average duration of Klémurs' debt is 1.9 year, which allows the Company to maintain a moderate cost of debt at lower risk of refinancing, to the extent that as of June 30, 2010, 50% of the debt of Klémurs is ensured by Klépierre, which can mobilize available credit lines of close to 1.3 billion euros.

2- Interest rate hedges

In light of changes in its debt situation, Klémurs did not acquire any additional hedges in the course of the six month period ended June 30, 2010.

For the six months ended June 30, 2010, 94% of its debt is hedged against interest rate changes. This percentage falls to 89% if the Klépierre loan of 20 million euros carried as equity is taken into account, for which the interest rate is indexed to the 3-month Euribor.

The hedging portfolio contains only plain vanilla swaps, for an average notional amount of 350 million euros in total. The average fixed rate is 4.06%, for an average residual duration of 4.4 years.

3- Financial ratios

At the June 30, 2010 reporting date, the principal financial ratios for Klémurs are in line with the targets set and the covenants related to its bank financing (€150M):

Principal covenants	Contractual limit	Value at 06/30/2010	Value at 12/31/2009
Loan-To-Value (Net debt / Value of holdings	Total ratio ≤ 65%	**61,1%**	**60,8%**
	Senior ratio (1) ≤ 55%	**40,2%**	**39,8%**
EBITDA / Net interest expense	Total ratio ≥ 1.8	**2,4**	**2,4**
	Senior ratio (1) ≥ 2.5	**2,8**	**3**
Secured financing debt / Value of holdings	≤ 20%	**6,2%**	**7,2%**
Value of holdings, Group share	≥ 300 M€	**623,6**	**619,4**

(1) Excluding subordinated debts

4- Cost of debt

The cost of Klémurs' debt, calculated as the ratio of interest expense to the average outstanding financing debt, was 4.6% for the 1st half of 2010, compared with 4.5% for the year in 2009.

This slight deterioration is attributable to the fact that the net interest expense on the swap portfolio is relative to average net debt that has been reduced by the implementation of equity financing.
As of June 30, 2010, a 100bp rise in rates would lead to an increase in the cost of debt of around 6 basis points in the average cost of Klémurs' debt, which would mean an increase in the cost of debt of 0.2 million euros. It would also increase the interest on the equity loan from Klépierre by 0.2 million euros. In addition, it would be offset by an 15.3 million euro increase in the fair market value of financial instruments.

F. OUTLOOK IN 2010

In a retail real estate outsourcing market that is relatively inactive, Klémurs remains attentive to all new opportunities that meet its investment criteria. Its lease income, on a constant structural basis, is expected to come in at a level that is comparable to the first half of the current year.
The repayment of a portion of the Klépierre equity advance that was completed at the June 10, 2010 reporting date should result in a stable evolution in net cash flow per share.

G. EVENTS SUBSEQUENT TO THE ACCOUNTING CUT-OFF DATE

To the best of Management's knowledge, no events of a material nature that could change investor assessment of the financial position or condition of Klémurs as presented in this report have occurred since June 30, 2010, the date on which the period ended, and the date on which this report was drawn up.

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COMPREHENSIVE INCOME STATEMENT AT JUNE 30, 2010

in thousands of euros	Notes	June 30, 2010	June 30, 2009
Lease income	*5,1*	22 534	21 078
Land expenses (real estate)		-4	-4
Non-recovered rental expenses		-2	-88
Building expenses (owner)		-1 521	-1 426
Net lease income		***21 007***	***19 560***
Management, administrative and related income		-	-
Other operating income	*5,1*	54	73
Payroll expense		-	-
Other general expenses		-38	-38
Depreciation and amortization allowance on investment property	*5,2*	1 500	-20 776
Provisions for contingencies and losses		-	-
Gains on the sale of investment property and equity interests		*11 250*	-
Net book value of investment property and equity investment sold		*-7 898*	-
Income from the sale of investment property and equity investment securities	*5,3*	***3 352***	***-***
OPERATING INCOME		**25 875**	**-1 181**
Net cost of debt	*5,4*	-8 698	-8 531
Change in the fair value of financial instruments		-	-
Effect of discounting		-40	-57
PRE-TAX EARNINGS		**17 137**	**-9 769**
Corporate income tax	*5,5*	-17	-13
NET INCOME OF CONSOLIDATED ENTITY		**17 120**	**-9 782**
of which			
Group share		17 120	-9 782
Non-controlling interests		-	-
Net income per share in euros	*8,2*	**2.1**	**-1.2**

in thousands of euros	Notes	June 30, 2010	June 30, 2009
NET INCOME OF CONSOLIDATED ENTITY		**17 120**	**-9 782**
Other comprehensive income items (gross of tax) recognized directly as equity		**-11 770**	**-4 494**
Income from sales of treasury shares	*See statement of changes in consolidated equity*	*32*	*-43*
Effective portion of profits and losses on cash flow hedging instruments (IAS 39)		*-11 588*	*-4 676*
Translation profits and losses		*-*	*-*
Tax on other comprehensive income items		*-214*	*225*
Share of other comprehensive income items for associated companies		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**5 350**	**-14 276**
of which			
Group share		5 350	-14 276
Non-controlling interests		-	-
COMPREHENSIVE INCOME per share in euros	*8,2*	**0.6**	**-1.7**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2010

in thousands of euros	Notes	June 30, 2010	December 31, 2009
Investment property	*4,1*	555 402	561 273
Fixed assets in progress	*4,1*	-	-
Non-current assets	*4,2*	100	110
Interest rate swaps		-	-
Deferred tax assets	*4,9*	-	214
NON-CURRENT ASSETS		***555 502***	***561 597***
Investment property held for sale		-	-
Trade accounts and notes receivable	*4,3*	1 136	2 467
Other receivables	*4,4*	2 095	4 119
Tax receivables		*767*	*1 686*
Other debtors		*1 328*	*2 433*
Cash and near cash	*4,5*	243	791
CURRENT ASSETS		***3 474***	***7 377***
TOTAL ASSETS		**558 976**	**568 974**
Capital	*4,6*	82 500	82 500
Additional paid-in capital		45 207	53 457
Legal reserve		212	212
Consolidated reserves		-18 166	21 095
- Treasury shares	*4,6*	*-260*	*-217*
- Fair value of financial instruments	*4,8*	*-36 098*	*-24 296*
- Other equity instruments	*4,6*	*20 000*	*40 000*
- Reserves on other equity instruments	*4,6*	*-2 089*	*-728*
- Other consolidated reserves		*13 751*	*9 837*
- Carried forward		*-13 470*	*-3 501*
Consolidated earnings		17 120	-6 100
Shareholders' equity, Group share		126 873	151 164
Non-controlling interests		-	-
SHAREHOLDERS' EQUITY		***126 873***	***151 164***
Non-current financial liabilities	*4,7*	328 212	312 116
Long-term allowances		-	-
Interest rate swaps	*4,8*	38 602	27 032
Security deposits and guarantees		7 128	7 537
Deferred tax liabilities	*4,9*	-	-
NON-CURRENT LIABILITIES		***373 942***	***346 685***
Current financial liabilities	*4,7*	51 165	61 780
Bank overdrafts		1 647	3 241
Trade payables		729	913
Payables to fixed asset suppliers		-	-
Other liabilities	*4,10*	2 621	2 984
Social and tax liabilities	*4,10*	1 999	2 207
Short-term allowances		-	-
CURRENT LIABILITIES		***58 161***	***71 125***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**558 976**	**568 974**

CONSOLIDATED CASH FLOW STATEMENT AT JUNE 30, 2010

in thousands of euros	June 30, 2010	June 30, 2009
Cash flow from operating activities		
Net income from consolidated companies	17 120	-9 782
Elimination of expenditure and income with no cash effect or not related to operating activities:		
- Amortizations and provisions	-1 496	20 780
- Capital gains and losses on asset sales net of taxes and deferred taxes	-3 530	13
- Reclassification of financial interests and other items	8 478	8 573
Gross cash flow from consolidated companies	**20 572**	**19 584**
Paid taxes	-4	57
Change in operating working capital requirement	2 429	459
CASH FLOW FROM OPERATING ACTIVITIES	**22 997**	**20 100**
Cash flow from investment activities		
Income from sales of investment properties	11 250	-
Income from sales of properties under construction	-	-
Income from sales of other fixed assets	-	-
Income from disposals of subsidiary companies	-	-
Acquisitions of investment properties	-28	-13 726
Acquisition costs of investment properties	-131	-1 070
Payments in respect of construction work in progress	-173	-5 834
Acquisitions of other fixed assets	-	-
Acquisitions of subsidiaries through deduction of acquired cash	-	-44
Change in fixed assets under the “real estate agent” regime	-	-
Change in loans and advance payments granted and other investments	10	-2
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**10 928**	**-20 676**
Cash flow from financing activities		
Dividends paid to the parent company’s shareholders	-	-
Dividends paid to non-controlling interests	-	-
Dividends	-9 598	-8 229
Change in net position	-20 000	40 000
Repayment of share premium	-	-
Acquisitions/Sale of treasury shares	-43	8
New loans, financial debts and hedging instruments	20 000	1 879
Repayment of loans, financial debts and hedging instruments	-14 501	-28 192
Financial interest paid	-8 737	-6 997
NET CASH FLOW FROM FINANCIAL TRANSACTIONS	**-32 879**	**-1 531**
Currency fluctuations		
CHANGE IN CASH AND CASH EQUIVALENTS	**1 046**	**-2 107**
Cash at beginning of period	***-2 450***	***151***
Cash at end of period	***-1 404***	***-1 956***

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT JUNE 30, 2010

in thousands of euros	Capital	Capital related reserves	Treasury stock	Hedging reserves	Consolidated reserves and earnings	Equity Group share	Equity Non-controlling interests	Total equity
EQUITY AT JUNE 30, 2009	**82 500**	**53 669**	**-268**	**-21 792**	**36 499**	**150 608**	**0**	**150 608**
Changes in accounting methods					-	-		-
EQUITY AT DECEMBER JUNE 30, 2009 - corrected	**82 500**	**53 669**	**-268**	**-21 792**	**36 499**	**150 608**	**0**	**150 608**
Capital transactions					-	-		-
Share-based payments					-	-		-
Treasury stock transactions			51		-	51		51
Dividends					- 728	- 728		- 728
Net income for the period					3 682	3 682		3 682
Gains and losses recognized directly in equity					-			
Income from sales of treasury shares					55	55		55
Income from cash flow hedging				- 2 521	-	- 2 521		- 2 521
Translation profits and losses					-	-		-
Tax on other comprehensive income items				17	-	17		17
Other comprehensive income items	-	-	-	- 2 504	55	- 2 449	-	- 2 449
Change in translation adjustment					-	-		-
Changes in the scope of consolidation					-	-		-
Other equity instruments - subordinated loan advanced by Klépierre					-	-		-
Other movements					-	-		-
EQUITY AT DECEMBER 31, 2009	**82 500**	**53 669**	**-217**	**-24 296**	**39 508**	**151 164**	**0**	**151 164**
Changes in accounting methods					-	-		-
EQUITY AT DECEMBER 31, 2009 - corrected	**82 500**	**53 669**	**-217**	**-24 296**	**39 508**	**151 164**	**0**	**151 164**
Capital transactions					-	-		-
Share-based payments					-	-		-
Treasury stock transactions			- 43		-	- 43		- 43
Dividends		- 8 250			- 1 348	- 9 598		- 9 598
Net income for the period					17 120	17 120		17 120
Gains and losses recognized directly in equity					-			
Income from sales of treasury shares					32	32		32
Income from cash flow hedging				- 11 588	-	- 11 588		- 11 588
Translation profits and losses					-	-		-
Tax on other comprehensive income items				- 214	-	- 214		- 214
Other comprehensive income items	-	-	-	- 11 802	32	- 11 770	-	- 11 770
Change in translation adjustment					-	-		-
Changes in the scope of consolidation					-	-		-
Other equity instruments - subordinated loan advanced by Klépierre					- 20 000	- 20 000		- 20 000
Other movements					-	-		-
EQUITY AT JUNE 30, 2010	**82 500**	**45 419**	**-260**	**-36 098**	**35 312**	**126 873**	**0**	**126 873**

1. Significant events of the first half of 2010

❑ Disposal in the first half of the year

In accordance with the sale and purchase promissory agreement signed in early April, Klémurs sold in June a complex of retail storefront properties in downtown Rouen, at a disposal price of 11.3 million euros.

2. Accounting principles and methods

❑ Corporate reporting

Klémurs is a French *Société en Commandite par Actions* (partnership limited by shares) subject to French company legislation, and in particular the provisions of the Commercial Code. The company's registered office is located at 21 avenue Kléber in Paris.

On July 22, 2010, the Management finalized the Klémurs consolidated financial statements for the period from January 1 to June 30, 2010 and authorized their publication.

Klémurs shares are traded on the Euronext Paris™ market (Compartment C).

❑ Principles of financial statement preparation

In accordance with European Regulation 1606/2002 dated July 19, 2002 on international accounting standards, the Klémurs Group consolidated financial statements for the period ended June 30, 2010 have been prepared in accordance with IFRS rules, as adopted by the European Union and applicable as from that date.

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

The consolidated financial statements for the half-year to June 30, 2010 are presented in the form of complete accounts including all the information required by the IFRS framework.

The accounting principles applied to the consolidated financial statements to June 30, 2010 are identical to those used for the consolidated financial statements to December 31, 2009, with the exception of the following IFRS and interpretations, which have no significant effect on the Group financial statements.

- Amendment to IAS 39: Financial instruments: Recognition and Measurement
- IFRS 3 R: Business Combinations
- IAS 27 R: Consolidated and Separate Financial Statements

Application of these revised standards is prospective, and therefore has no effect on the accounting treatment applied to transactions prior to January 1, 2010. The application and/or revision of other standards compulsory from January 1, 2010 have had no effect on the half-yearly financial statements to June 30, 2010. Lastly, Klémurs has not opted for early adoption of new standards, amendments or interpretations adopted by the European Union, since their application in 2010 is purely optional.

❑ Compliance with accounting standards

The consolidated financial statements of Klémurs SCA and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS).

❑ Consolidated Financial Statements – Basis of preparation

The consolidated financial statements comprise the financial statements of Klémurs SCA and its subsidiaries for the period to June 30, 2010. The financial statements of subsidiaries are prepared for the same accounting period as that of the parent company using consistent accounting methods.

Subsidiaries are consolidated with effect from the date on which they were acquired, which is the date on which the Group acquired a controlling interest; this accounting treatment continues until the date on which control ceases.

The Group's consolidated financial statements are prepared on the basis of the historical cost principle, with the exception of financial derivatives and financial assets held for sale, which are measured at fair value. The carrying amount of assets and liabilities covered by fair-value hedges, which would otherwise be measured at cost, is adjusted to reflect changes in the fair

value of the hedged risks. The consolidated financial statements are presented in euros, with all amounts rounded to the nearest thousand unless otherwise indicated.

❑ Summary of material judgments and estimates

In preparing these consolidated financial statements in accordance with IFRS, the Group management was required to use estimates and make a number of realistic and reasonable assumptions. Some 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.

- Use of estimates

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

  - Investment property

    The Group appoints third-party appraisers to conduct regular half-yearly appraisals of its real estate assets in accordance with the methods described in paragraph 8.1. The appraisers make assumptions concerning future flows and those rates that have a direct impact on the value of the buildings.

  - Financial instruments

    The Group measures the fair value of the financial instruments it uses in accordance with the standard models applied by the market and described in paragraph 2.14.

2.1. Scope and method of consolidation

❑ Scope of consolidation

The Klémurs consolidated financial statements cover all those companies over which Klémurs exercises majority control, joint control or significant influence.

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

Subsidiaries are consolidated with effect from the date on which the Group gains effective control.

The Group consolidates the Special Purpose Entities (SPEs) formed specifically to manage individual transactions (even where it has no equity interest), provided that the Group exercises substantial control over the relationship (the business of the entity is conducted exclusively on behalf of the Group, and the Group holds the decision-making and management powers). The Group has no Special Purpose Entities.

❑ Method of consolidation

The method of consolidation is not based solely on the percentage of legal ownership of each subsidiary:

- Majority control: full consolidation. Control is presumed to exist when Klémurs holds more than half of the entity's voting rights directly or indirectly. Control is also presumed to exist where the parent company has the power to direct the financial and operational 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: proportional consolidation. Joint control exists where operational, strategic and financial decisions require unanimous agreement between the controlling parties. The agreement is contractual, subject to articles of association and shareholder agreements
- Significant influence: consolidation using the equity method. Significant influence is defined as the power to contribute to a company's financial and operating policy decisions, rather than to exercise sole or joint control over those policies. Significant influence is presumed where the Group directly or indirectly holds 20% or more of an entity's voting rights. Equity-accounted shareholdings are initially recognized in the balance sheet at cost, plus or minus the share of the net position generated after the acquisition, minus impairment
- No influence: the company is not consolidated

Changes in the equity of companies consolidated using the equity method are recognized on the asset side of the balance sheet under “Equity method securities”, and on the liabilities side of the balance sheet under appropriated equity. The goodwill of companies consolidated using the equity method is also shown under the “Equity method securities” item.

❑ Intercompany transactions

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

2.2. Accounting for business combinations

❑ Business combinations created prior to January 1, 2010

Under IFRS 3, all business combinations covered by the standard must be accounted for using the acquisition method.

A business combination is defined as the bringing together of separate entities or businesses into a single reporting entity. An acquisition is treated as a business combination where an integrated business package is acquired in addition to property, where the criteria may be the number of property assets owned by the target business and the extent of the business processes acquired, especially the ancillary services supplied by the acquired entity.

On the date of acquisition, the acquiring company must allocate the acquisition cost by recognizing the identifiable assets, liabilities and contingent liabilities of the acquired entity (excluding non-current assets held for sale) at their fair value on this date.

The difference between the price paid to acquire the shares of consolidated companies and the Group's percentage interest in the net fair value of their identifiable assets and liabilities on the date of acquisition is recognized as goodwill.

On the acquisition date, the acquiring company recognizes positive goodwill as an asset. Negative goodwill is immediately recognized in the income statement.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortized. However, it must be tested for impairment at least annually, and more frequently if events or changes in circumstance indicate possible impairment.

For the purposes of this test, goodwill is broken down by Cash-Generating Unit (CGU), which is defined as the smallest identifiable group of assets that generates measurable cash flows.

Intangible assets are recognized separately from goodwill where they are individually identifiable, i.e. where they arise from contractual or legal rights or where they can be separated from the business activities of the acquired entity and are expected to generate future economic benefits.

Any adjustments to assets and liabilities recognized on a provisional basis must be made within twelve months of the acquisition date.

❑ Business combinations created subsequent to January 1, 2010

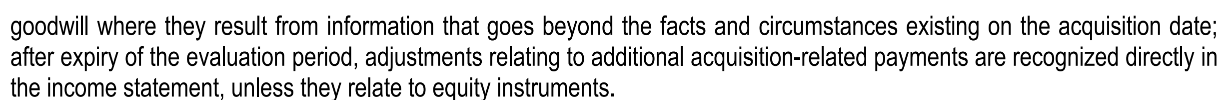
The rules set out above have changed following adoption of IFRS 3 Revised. The key changes are as follows:

An entity must determine whether or not a transaction or other event constitutes a business combination by applying the definition contained in IFRS 3, which provides that the assets acquired and liabilities assumed must together constitute a business. The standard defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return (dividends, lower costs or other financial benefits) directly to investors.

In order to determine whether a transaction constitutes a business combination, the Group's key consideration is whether an integrated business package is acquired in addition to property, where the criteria may be the number of property assets owned by the target business and the extent of the business processes acquired, especially the ancillary services supplied by the acquired entity. Where the assets acquired do not constitute a business, the entity preparing the financial statements must recognize the transaction as an acquisition of assets.

Entities must recognize all business combinations on the basis of the acquisition method. The acquisition cost is measured as the fair value of the assets, issued equity and liabilities on the date of transaction. The identifiable assets and liabilities of the acquired business are measured at their fair value on the date of acquisition. Any liabilities are recognized only where they represent a real obligation on the date of the combination, and if their fair value can reliably be measured. Costs directly associated with the acquisition are expensed.

Any surplus remaining after deduction of the Group share of the net fair value of the identifiable assets and liabilities of the acquired business will be recognized as goodwill. The amounts recognized at the date of acquisition may be adjusted, but only where the information on which such adjustments are based is information new to the acquirer and originating in facts and circumstances occurring prior to the date of acquisition. After expiry of the evaluation period (a maximum of 12 months after the effective date on which control of the acquired business commenced), goodwill can no longer be adjusted; the subsequent acquisition of non-controlling interests will not result in the recognition of additional goodwill. Furthermore, additional acquisition-related payments are included in the cost of acquisition at their fair value on the acquisition date regardless of their probability of actual occurrence. During the evaluation period, subsequent adjustments are applied to



goodwill where they result from information that goes beyond the facts and circumstances existing on the acquisition date; after expiry of the evaluation period, adjustments relating to additional acquisition-related payments are recognized directly in the income statement, unless they relate to equity instruments.

Non-controlling interests (previously referred to as minority interests) may be recognized using either of the following options for each combination:

- either pro rata of the total fair value of assets and liabilities (as previously);
- or at their fair value (full goodwill).

In a step acquisition, the previously-held equity interest will be remeasured at fair value on the effective date of control. The variance between the fair value and net carrying value of this equity interest is recognized directly in the income statement for the fiscal year.

Any change in percentage equity interest leading to the loss of control of an entity will result in the recognition of a profit or loss on disposal, remeasured at the fair value of the remaining proportion and shown in the income statement.

Lastly, IFRS 3 Revised also changes the treatment applied to deferred tax assets, since it imposes the recognition of a gain in the income statement in respect of those deferred tax assets not recognized at the acquisition date or during the evaluation period.

2.3. 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 arise 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 should be amortized only where it has a known useful life. Intangible assets with no known useful life should not be amortized, but should be tested annually for impairment (IAS 36).

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

2.4. Investment property

IAS 40 defines investment property as property held by the owner or tenant (under a finance lease) for the purpose of rental income or capital growth or both, rather than:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business (trading).

All Klémurs real estate meets this definition of "investment property".

After initial recognition, investment property is measured:

- either at fair value (with changes in value recognized in the income statement);
- or at cost in accordance with the methods required under IAS 16, in which case the company must disclose the fair value of investment property in the notes to the financial statements.

Klémurs has adopted the IAS 40 cost model. To produce financial reporting that is both complete and comparable to the financial statements of key competitors applying the fair value model to their investment property, Klémurs is providing *pro forma* financial data restating its investment property on a fair value basis.

❑ Cost model

Property, plant and equipment (PPE) is recognized at cost, inclusive of duties and fees, and is amortized using the component method.

Depreciation of these assets must reflect consumption of the related economic benefits. It should be:

- calculated on the basis of the depreciable amount, which is equivalent to the acquisition cost less the residual value of the assets;
- spread over the useful life of the PPE components. Where individual components have different useful lives, each component whose cost is significant relative to the total cost of the asset must be depreciated separately over its own useful life.

After initial recognition, property, plant and equipment is measured at cost, less any accumulated depreciation and impairment losses. These assets are straight-line depreciated over their useful life.

The depreciation period, depreciation method and residual asset values should be reviewed at each balance sheet date.

Property, plant and equipment is tested for impairment whenever there is evidence of a loss of value at June 30 or December 31. Where such evidence exists, the new recoverable asset value is compared against its net carrying amount, and any impairment is recognized.

Capital gains or losses realized on investment property disposals are recognized under "Income from sales of investment property" in the income statement.

Adoption of the cost model requires application of the component method.

❑ The component method

The component method is applied principally on the basis of the recommendations issued by the *Fédération des Sociétés Immobilières et Foncières* (French Federation of Property Companies – FSIF) concerning components and their useful lives:

- where properties have been developed by the subsidiaries themselves, assets are classified by component type and measured at their realizable value;
- where investment properties are held in the portfolio (sometimes for long periods), components are broken down into four categories: business premises, shopping centers, offices and residential properties.

Four components have been identified for each of these asset types (in addition to land):

- Structures
- Facades, cladding and roofing
- General and Technical Installations (GTI)
- Fittings

Depending on the category of real estate, Klémurs uses one of two different tables:

- Type 1: for retail assets and Buffalo Grill restaurants
- Type 2: for Retail Park assets

	Type 1		Type 2	
	Useful life	Share of total	Useful life	Share of total
Structures	30-40 years	50%	30 years	70%
Facades	15-25 years	15%	30 years	10%
GTI (General & Technical Installations)	10-20 years	25%	20 years	5%
Fittings	5-15 years	10%	10 years	15%

Purchase costs are divided between land and buildings. The proportion allocated to buildings is amortized over the useful life of the structures.

The residual value is equivalent to the current estimate of the amount the company would achieve if the asset concerned were already of an age and condition commensurate with the end of its useful life, less disposal expenses.

Given the useful life periods applied, the residual value of components is zero.

❑ Buildings under development

Property under construction or undergoing refurbishment for future use as investment property has been covered by IAS 40 since January 1, 2009 (IFRS amendment published in May 2008).

2.5. Non-current assets held for sale

The provisions of IFRS 5 regarding presentation and measurement apply to investment property measured using the cost model under IAS 40 whenever the sales process is underway and the asset concerned fulfils the criteria for recognition as an asset held for sale. An impairment test is conducted immediately before any asset is recognized as being held for sale.

In accordance with the provisions of IFRS 5, the Klémurs Group reclassifies all property covered by a contract of sale (mandat de vente).

The accounting impact is as follows:

- Cost of sale is imputed to net carrying value or net fair value, whichever is the lower;
- The assets concerned are presented separately;
- Amortization ceases.

2.6. Impairment of assets

IAS 36 applies to tangible and intangible assets, including goodwill. It requires an assessment to be made to establish whether there is any indication that an asset may be impaired.

Such indications may include:

- a major decline in market value;
- significant changes in the technological, economic or legal environment.

For testing purposes, 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.

Assets must not be recognized at more than their recoverable amount.

The recoverable amount is the fair asset value minus selling expenses or its value in use, whichever is the higher.

Value in use is calculated on the basis of discounted future cash flows expected to arise from the planned use of an asset and from its disposal at the end of its useful life.

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

Under certain circumstances, the partial or total reversal of an impairment loss may subsequently be recognized in the income statement, but reversal of non-allocated goodwill is prohibited.

The Klémurs Group treats each property as a CGU.

2.7. Leases

❑ Leases

IAS 17 defines a lease as an agreement under which the lessor transfers to the lessee the right to use an asset for a given period of time in exchange for a single payment or series of payments.

IAS 17 distinguishes between two types of lease:

- A finance lease, which is a lease that transfers substantially all the risks and rewards incident to ownership of an asset to the lessee. Title to the asset may or may not eventually be transferred at the end of the lease term;
- All other leases are classified as operating leases.

❑ Recognition of stepped rents and rent-free periods

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

Stepped rents and rent-free periods are recognized as additions to, or deductions from, lease income for the financial year.

The reference period adopted is the first firm lease term.

Entry fees

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

Entry fees are part of the net amount exchanged between the lessor and the lessee under a lease. As such, the accounting periods in which this net amount is to be recognized should not be affected by the form of the agreement and the payment schedule. Entry fees are spread over the first firm lease term.

Early termination charges

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

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

Eviction compensation

When a lessor terminates a lease prior to the expiration date, he must pay eviction compensation to the lessee.

- Replacement of a lessee:

  Where the payment of eviction compensation enables asset performance to be maintained or improved (higher rent, and therefore higher asset value), IAS 16 revised allows for this expense to be capitalized as part of the cost of the asset, provided that the resulting increase in value is confirmed by independent appraisers. Where this is not the case, the cost is recognized as an expense.

- Renovation of a property requiring the removal of resident lessees:

  Where eviction compensation is paid as a result of the fact that major renovation or reconstruction of a property requires lessees to vacate the premises, the cost of the compensation is treated as a preliminary expense and recognized as an additional component of the total renovation cost.

Land and building leases: IAS 40 and IAS 17

Land and building leases are classified as operating or finance leases, and are treated in the same way as leases for other types of assets. However, since the useful life of land is usually indefinite, the majority of the risks and rewards inherent in ownership will not be transferred to the lessee (land leases are operating leases) unless title is intended to be transferred to the lessee at the end of the lease term. Initial payments made in this respect therefore constitute pre-lease payments, and are amortized over the term of the lease in accordance with the pattern of benefits provided. Analysis is on a lease-by-lease basis.

Under the IAS 40 components method, these initial payments are classified as accrued expenses.

2.8. Trade receivables and other debtors

Trade receivables are recognized and measured at invoice face value minus accruals for non-recoverable amounts. Bad debts are estimated when it is likely that the entire amount receivable will not be recovered. When identified as such, non-recoverable receivables are recognized as losses.

2.9. Borrowing costs

In April 2007, the IASB published an amendment to IAS 23. Under IAS 23 revised, borrowing costs directly attributable to the acquisition, construction or production of an eligible asset must be capitalized.

The previous accounting method used by Klémurs already consisted of including borrowing costs in the total cost of a qualifying asset where they were directly attributable to the acquisition, construction or production of that asset.

2.10. 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.

IAS 37 requires that non-interest-bearing long-term liabilities are discounted.

2.11. Current and deferred taxes

❑ The tax status of listed property investment companies

- General features of the SIIC tax status

All listed property investment companies (SIICs) are entitled to the corporate tax exemption status introduced by Article 11 of the 2003 French Finance Act as implemented under the Decree of July 11, 2003 provided that their stock is listed on a regulated French market, that they are capitalized at 15 million euros or more and that their corporate purpose is either the purchase or construction of properties for rent or direct or indirect investment in entities with that corporate purpose. The option to adopt SIIC status is irrevocable. Subsidiaries subject to corporate income tax and owned at least 95% by the Group may also claim SIIC status.

In return for tax exemption, companies must distribute 85% of their rental profits, 50% of their gains on disposal and 100% of the dividends paid to them by those of their subsidiaries that are subject to corporate income tax and have selected SIIC status.

Claiming SIIC status makes the entity concerned immediately subject to a 16.5% exit tax on unrealized gains on properties and on shares in partnerships not subject to corporate income tax. 25% of the exit tax is payable on December 15 of the year in which SIIC status is first adopted, with the balance payable over the following three years.

Klémurs made the transition from SIIC subsidiary status (initially opted for on September 26, 2003 with retrospective effect from January 1, 2003) to SIIC parent company status at the time of its market flotation in December 2006.

- Discounting of exit tax liability

The exit tax liability is discounted on the basis of its payment schedule. This liability is payable over a 4-year period, commencing at the point when the entity concerned adopts SIIC status.

Following initial recognition in the balance sheet, the liability is discounted and an interest expense is recognized in the income statement on each balance sheet date. In this way, the liability is reduced to its present discounted value on that date. The discount rate adopted is derived from the rates curve (taking account of payment deferral) plus the Klémurs refinance margin.

- Corporate income tax on companies not eligible for SIIC status

Since adopting SIIC status in 2003, Klémurs SCA has made a distinction between SIICs that are exempt from property leasing and capital gains tax, and other companies that are subject to those taxes.

Corporate income tax on non-SIICs is calculated in accordance with French common law.

French common law and deferred tax

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

Both current and future income taxes are offset where such offsetting is legally permissible and where they originate within the same tax consolidation group and are subject to the same tax authority.

Deferred taxes are recognized where there are timing differences between the carrying amounts of balance sheet 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 it is likely that the entity concerned will generate future taxable income against which those losses can be offset.

Deferred tax assets and liabilities are measured using the 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 regulations adopted, or to be adopted before the balance sheet 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 balance sheet 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 equity holding 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 those local rates applicable at the balance sheet date; this rate is currently 34.43%.

2.12. 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 on net profit or loss for the period.

2.13. Distinction between liabilities and equity

The difference between liabilities and equity depends on whether or not the issuer is bound by an obligation to make a cash payment to the other party. The fact of being able to make such a decision regarding cash payment is the crucial distinction between these two concepts.

2.14. Financial assets and liabilities

Financial assets include long-term financial investments, assets and loans, current assets representing accounts receivable, financial securities and investments (including derivatives) and cash.

Financial liabilities include borrowings, other forms of financing and bank overdrafts, derivatives and accounts payable.

IAS 39 "Financial instruments: recognition and measurement" describes how financial assets and liabilities must be measured and recognized.

❑ Measurement and recognition of financial assets

- Loans and receivables

These include receivables from equity investments, other loans and receivables. All are recognized at amortized cost, which is calculated using the effective interest rate method. The effective interest rate is the rate that precisely discounts estimated future cash flows to the net carrying amount of the financial instrument.

- Financial assets held for sale

Financial assets held for sale include equity investments.

Equity investments are the holdings maintained by the Group in non-consolidated companies.

Investments in equity instruments not listed in an active market and whose fair value cannot be reliably measured must be measured at cost.

- Cash and near cash

Cash and near cash includes cash held in bank accounts, short-term deposits maturing in less than three months, money market funds and other investment securities.

❑ 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, redemption premiums on bond issues 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 balanced by 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 component carried to hedging profit or loss will be minimal.

If a swap 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 hedge ended.

Measurement and recognition of derivatives

The Klémurs financial policy is to provide all the facilities and associated hedging instruments needed by the Group at parent company level.

Klémurs hedges its liabilities using derivatives, and has consequently adopted hedge accounting in accordance with IAS 39:

- Hedges to cover balance sheet items whose fair value fluctuates in response to interest rate, credit or exchange rate risks: e.g. fixed-rate liability
- Hedges to cover the exposure to future cash flow risk (cash flow hedges), which consists of fixing future cash flows of a variable-rate liability or asset

The Klémurs portfolio meets all IAS 39 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 on the balance sheet. The gains or losses resulting from changes in fair value are recognized immediately in profit or loss. At the same time, there is an opposite corresponding adjustment in the fair value of the hedging instrument, in line with its effectiveness
- 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 recycled 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

- Recognition date: trade or settlement

IFRS seeks 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.

Klémurs applies the following rules:

- derivatives are recognized at their trade date, since their measurement effectively takes account of any deferred start dates
- other financial instruments (especially liabilities) are recognized on the basis of their settlement date

- Determination of fair value

Financial assets and liabilities recognized at fair value are measured either on the basis of market price or by applying measurement models that apply the market parameters that existed on the balance sheet 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.

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

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

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

- Tax treatment of changes in fair value

In the case of Klémurs, the non-SIIC part of the deferred tax on financial instruments recognized at fair value is calculated pro-rata of financial profit/loss.

2.15. Segment reporting

IFRS 8 requires the presentation of information about the operating segments of the Group, and replaces the previous provisions applying to the determination of level one sectors (business sectors) and level two sectors (geographic sectors).

Operating sectors are identified on the basis of the internal reporting model used by management when evaluating performance and allocating resources.

Since the Klémurs Group has no specific operational business requiring separate reporting to management and for which separate financial information is available, no segment information is presented at June 30, 2010.

3. Scope of consolidation

COMPANIES		Methods at June 2010 *	% interest			% control		
	Country		June 2010	December 2009	Variation	June 2010	December 2009	Variation
KLEMURS	France	FC	100.00%	100.00%	-	100.00%	100.00%	-
KLECAPNOR	France	FC	100.00%	100.00%	-	100.00%	100.00%	-
SCI Immo Dauland	France	FC	100.00%	100.00%	-	100.00%	100.00%	-
* FC: Full consolidation								

Equity interests in subsidiaries

The Group scope of consolidation did not change during the first half of 2010: at June 30, 2010, the Group consolidation included 3 fully consolidated companies.

4. Notes to the financial statements: balance sheet

4.1. Investment property and fixed assets in progress

in thousands of euros	December 2009	Acquisitions, new businesses and contributions	Reductions from disposals & retirement of assets	Allowances for the period (net of write-backs)	Variations de cours de change	Changes in consolidation scope	Other movements, reclassifications	June 2010
Land	**281 015**	73	-5 707				453	**275 834**
Buildings and fixtures	**339 596**	86	-2 850				-280	**336 552**
Total gross value	620 611	159	-8 557	-	0	-	173	612 386
Buildings and fixtures	**-34 350**		854	-7 440				**-40 936**
Total amortization	-34 350	-	854	-7 440	-	-	-	-40 936
Provision for impairment	**-24 988**			8 940				**-16 048**
INVESTMENT PROPERTY - NET VALUE	561 273	159	-7 703	1 500	-	-	173	555 402

in thousands of euros	December 2009	Acquisitions, new businesses and contributions	Reductions from disposals & retirement of assets	Allowances for the period (net of write-backs)	Variations de cours de change	Changes in consolidation scope	Other movements, reclassifications	June 2010
Fixed assets in progress	-	173					-173	-
Provision for impairment	-							-
NET FIXED ASSETS IN PROGRESS	-	173	-	-	-	-	-173	-

The change reported for the first half of the year reflects the June 2010 disposal by Klémurs of a complex of retail storefront properties it owned in Rouen city centre. The 11.3 million euros received generated a capital gain of 3.4 million euros.

The "Other movements and reclassifications" item relates to reclassifications from "Fixed assets in progress" to "Investment property".

The majority of the "Provision for impairment" of investment property refers to provisions relating to the following assets: Défi Mode (7.5 million euros), Buffalo Grill (5.5 million euros), Sephora (0.9 million euros), Klécapnor (0.7 million euros) and Immo Dauland (1.2 million euros).

4.2. Non-current assets

The majority of the other non-current assets item refers to 71,000 euros in loans to finance lease tenants (prepayments).

4.3. Trade accounts and notes receivable

in thousands of euros	Retail units	Other activities	June 2010	December 2009
Receivables	1 256	-	1 256	2 526
Provisions	-120	-	-120	-59
TOTAL	**1 136**	**-**	**1 136**	**2 467**

At June 30, 2010, the "Receivables" item consisted chiefly of 0.5 million euros of future billing scheduled for the second half of 2010 (private charges rebilled to lessees), and the effect of spreading benefits granted to lessees (0.5 million euros).

4.4. Other receivables

in thousands of euros	June 2010	December 2009
Tax receivables	**767**	**1 686**
- VAT	767	1 686
Other debtors	**1 328**	**2 433**
- Down payments to suppliers	-	43
- Prepaid expenses	244	298
- Rental expenses and property taxes to be re-billed to lessees	952	1 962
- Other	132	130
TOTAL	**2 095**	**4 119**

in thousands of euros	June 2010	Less than 1 year	More than 1 year
Tax receivables	**767**	**767**	**-**
- VAT	767	767	-
Other debtors	**1 328**	**1 328**	**-**
- Down payments to suppliers	-	-	-
- Prepaid expenses	244	244	-
- Rental expenses and property taxes to be re-billed to lessees	952	952	-
- Other	132	132	-
TOTAL	**2 095**	**2 095**	**-**

4.5. Cash and near cash

in thousands of euros	June 2010	December 2009
Near cash	**241**	**670**
- Money market investments	241	670
Cash	**2**	**121**
TOTAL	**243**	**791**

Near cash comprises money market open-end and mutual funds in France.

The Group reported net cash of:

in thousands of euros	June 2010	December 2009
Near cash	241	670
Cash	2	121
Gross cash and near cash	**243**	**791**
Bank overdrafts	1 647	3 241
Net cash and near cash	**-1 404**	**-2 450**

4.6. Equity

Share capital:

At June 30, 2010, capital was represented by 8,250,000 shares each of 10 euros nominal value. The share capital is fully paid up.

	June 2010	December 2009
Authorized		
Ordinary shares of 10 euros	8 250 000	8 250 000
TOTAL	**8 250 000**	**8 250 000**

Treasury shares:

Acting on the authorizations granted by the General Meeting of Shareholders, Klémurs purchased its own shares during the period. The number of treasury shares totaled 17,531 at June 30, 2010 (compared with 16,312 at December 31, 2009) at a total acquisition cost of 260,000 euros.

To date, all sales and purchases of treasury shares have been made by Exane – BNP Paribas under a market liquidity agreement.

The acquisition cost of purchased securities and gains made on sales of securities were respectively debited from, and credited to, equity.

Other equity instruments

The amount of the subordinated loan (equity advance) granted by Klépierre SA to Klémurs on June 29, 2009 had been reduced from 40 million euros to 20 million euros at June 30, 2010 as a result of the partial repayment of the loan.

The key features of this loan are as follows: no due date (open-ended loan), no repayment obligation and variable rate repayment, which Klémurs may opt to defer.

For these reasons, this loan meets the definition of an equity instrument and, in accordance with IFRS, is recognized as equity in the Klémurs consolidated financial statements on the “Other equity instruments” line. Interest payments are treated as dividend payments, and are therefore recognized as equity under “Reserves on other equity instruments”.

4.7. Current and non-current financial liabilities

Change in indebtedness

Current and non-current financial liabilities totaled 379.4 million euros at June 30, 2010.

Net financial debt totaled 380.8 million euros, compared with 376.4 million euros at December 31, 2009. Net financial debt is calculated as financial liabilities plus current bank borrowings, minus cash and near cash. This increase of 4.4 million euros results primarily from the following factors:

- On June 30, 2010, Klémurs made a 20 million euro partial repayment of the subordinated loan from Klépierre recognized under equity. This repayment was funded by debt in the form of a new senior loan from Klépierre;
- The disposal of the retail storefront properties in Rouen generated liquidity of 11.3 million euros;
- Cash flow for the fiscal year enabled the distribution of a dividend to shareholders totaling of 8.25 million euros.

in thousands of euros	June 2010	December 2009
NON-CURRENT		
Borrowings and debts from credit institutions more than 1 year	**178 155**	**182 059**
Sundry loans and financial debts	**150 057**	**130 057**
- Loans from the Group and associates	*130 057*	*130 057*
- Advance payments from the Group and associates	*20 000*	*-*
Total non-current financial liabilities	**328 212**	**312 116**
CURRENT		
Borrowings and debts from credit institutions less than 1 year	**11 408**	**12 537**
Accrued interest	**570**	**619**
- On loans from credit institutions	*-*	*4*
- On loans from the Group and associates	*570*	*615*
Sundry loans and financial debts	**39 187**	**48 624**
- Advance payments from the Group and associates	*39 187*	*48 624*
Total current financial liabilities	**51 165**	**61 780**

Principal sources of finance

At June 30, 2010, the principal sources of borrowings available to Klémurs were as follows:

- The 150 million euro bank loan due for repayment in December 2011 has been used in its entirety This loan is subject to the principal financial covenants detailed in Note 6.2;
- A subordinated debt of 130.1 million euros advanced by Klépierre with a maturity date of July 2011, and a senior loan advance of 20 million euros with a maturity date of June 2013;
- At June 30, 2010, the amount outstanding in relation to the leases purchased as part of the Buffalo Grill, Cap Nord, Défi Mode and King Jouet acquisitions was 40 million euros. The average residual period of this finance is 5.6 years;
- Lastly, Klémurs has access to short-term finance of 39.2 million euros, the majority of which is borrowed from the Klépierre Group cash centralization fund.

Breakdown of financial debts by maturity date

– Breakdown of current and non-current financial liabilities:

in thousands of euros	Total	Less than 1 year	1-5 years	More than 5 years
NON-CURRENT				
Borrowings and debts from credit institutions more than 1 year	**178 155**	**-**	**165 546**	**12 609**
Sundry loans and financial debts	**150 057**	**-**	**150 057**	**-**
- Loans from the Group and associates	*130 057*	-	*130 057*	-
- Advance payments from the Group and associates	*20 000*	-	*20 000*	-
Total non-current financial liabilities	**328 212**	**-**	**315 603**	**12 609**
CURRENT				
Borrowings and debts from credit institutions less than 1 year	**11 408**	**11 408**	**-**	**-**
Accrued interest	**570**	**570**	**-**	**-**
- On loans from credit institutions	-	-	-	-
- On loans from the Group and associates	*570*	*570*	-	-
Sundry loans and financial debts	***39 187***	***39 187***	**-**	**-**
- Advance payments from the Group and associates	*39 187*	*39 187*	-	-
Total current financial liabilities	**51 165**	**51 165**	**-**	**-**

– Financing amortization table at June 30, 2010 (amounts used in millions of euros):

Repayment year	2010	2011	2012	2013	2014	2015	2016	2017	2018-2023	TOTALS
Syndicated loan	-	150	-	-	-	-	-	-	-	**150**
Bilateral loan (Klépierre)	-	130	-	-	-	-	-	-	-	**130**
Senior bilateral loan (Klépierre)	-	-	-	20	-	-	-	-	-	**20**
Finance lease agreements	8	7	5	4	4	3	3	3	3	**40**
Overdrafts or Klépierre ST funding	40	-	-	-	-	-	-	-	-	**40**
TOTAL	**48**	**287**	**5**	**24**	**4**	**3**	**3**	**3**	**3**	**380**

in millions of euros

In the absence of a contractual maturity date, the finance received by Klémurs from the Klépierre Group cash centralization fund (39.2 million euros) is shown with a maturity date of 2010. In reality, Klépierre intends to renew and adjust these lines to meet the finance needs of Klémurs.

– The contractual flows including principal and interest (non-discounted) by maturity date are as follows (in millions of euros):

Repayment year	2010	2011	2012	2013	2014	2015	2016	2017	2018-2023	TOTALS
Syndicated loan	1	152	-	-	-	-	-	-	-	**153**
Bilateral loan	1	131	-	-	-	-	-	-	-	**133**
Senior bilateral loan (Klépierre)	0	0	0	20	-	-	-	-	-	**21**
Finance lease agreements	8	8	6	4	4	4	3	3	3	**43**
Overdrafts or Klépierre ST funding	40	-	-	-	-	-	-	-	-	**40**
TOTAL	**51**	**291**	**6**	**25**	**4**	**4**	**3**	**3**	**3**	**390**

in millions of euros

4.8. Interest rate hedging instruments

Rate hedging portfolio

As part of its risk management policy (see corresponding section), Klémurs has contracted interest rate swap agreements allowing it to switch from variable rate to fixed rate debt and vice-versa. Under this arrangement, the Klémurs hedge rate (the proportion of gross financial debt arranged or hedged at fixed rate) was 94% at June 30, 2010. This figure reduces to 90% when the Klépierre subordinated loan of 20 million euros recognized under equity is taken into account; this advance being repayable at a variable rate.

At June 30, 2010, the Group had the following swap contracts in place:

Fixed rate paying agent	Notional amount (€M)	Maturity date
Klémurs	50	January 2, 2014
Klémurs	50	December 31, 2014
Klémurs [1]	150	January 2, 2015
Klémurs	100	April 1, 2015

[1] *Maturity period spread over 3 agreements, each of 50 million euros*

Breakdown by maturity date

At June 30, 2010, the breakdown of derivatives by maturity date was as follows:

Hedging relationship	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Cash Flow Hedge										
. Of which spot start swaps	-	-	-	-	100	250	-	-	-	**350**
. Of which forward start swaps	-	-	-	-	-	-	-	-	-	-
Total	**-**		**-**	**-**	**100**	**250**	**-**	**-**	**-**	**350**

in millions of euros

The corresponding contractual flows (interest) break down as follows (positive flows = payer flows):

Hedging relationship	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2017	2 018	Total
Cash Flow Hedge										
. Of which spot start swaps	11.5	11.5	11.5	11.5	10.0	0.8	-	-	-	**56.9**
. Of which forward start swaps	-	-	-	-	-	-	-	-	-	
Total	**11.5**	**11.5**	**11.5**	**11.5**	**10.0**	**0.8**	**-**	**-**	**-**	**56.9**

in millions of euros

Fair value

Derivatives	Fair value net of accrued interest at December 30, 2010	Change in fair value during the first half of 2010	Counterparty
Cash flow hedge	-36 098	-11 588	Stockholder equity

in thousands of euros

4.9. Deferred taxes

in thousands of euros	December 2009	Change in earnings	Cash flow hedging reserves	Other changes	June 2010
Buildings	-				-
Derivatives	-				-
Deficits	-				-
Other items	-				-
Total for entities in a net liability position	*0*	*0*	*0*	*0*	*0*

in thousands of euros	December 2009	Change in earnings	Cash flow hedging reserves	Other changes	June 2010
Buildings	-				-
Derivatives	214		-214		-
Deficits	-				-
Other items	-				-
Total for entities in a net asset position	*214*	*0*	*-214*	*0*	*0*
NET POSITIONS	**214**	**0**	**-214**	**0**	**0**

The “Other changes” item records the impact of restatements on Klémurs hedging instruments.

4.10. Tax liabilities, staff benefits and other payables

in thousands of euros	June 2010	December 2009
Social and tax liabilities	**1 999**	**2 207**
Social security and other bodies	40	77
State	1 814	1 985
- Corporate income tax	*1 679*	*1 666*
- VAT	*135*	*319*
Other taxes and duties	145	145
Other liabilities	**2 621**	**2 984**
Creditor customers	1 023	878
Deferred income	192	206
Entry fees	1 331	1 709
Other liabilities	75	191

At June 30, 2010, the majority of the “Corporate income tax” item was accounted for by the outstanding tax payable by Klécapnor as a result of its adoption of SIIC status in 2008. Payment of this tax is staggered over the 4-year period from December 2008 to December 2011.

N.B. the Group has no personnel.

5. Notes to the financial statements: income statement

5.1. Operating revenue

Group revenue consists of lease income.

Other operating revenue refers to miscellaneous management income.

5.2. Operating expenses

Operating expenses comprise essentially of amortization allowances net of write-backs and provisions relating to investment property. These have made the transition from an expense of 20.8 million euros at June 30, 2009 (34 million euros at December 31, 2009) to income of 1.5 million euros at June 30, 2010.

5.3. Income from sales of investment property and equity interests

The 3.4 million euros recognized as income originates in the disposal by Klémurs of the complex of retail storefront properties stores it owned in Rouen city centre.

5.4. Net cost of debt

At June 30, 2010, the cost of debt was 8.7 million euros, compared with 16.8 million euros at December 31, 2009 and 8.5 million euros at June 30, 2009.

The main components of this increase were:

- the fall in the interest payable on loans from lending institutions (-2.3 million euros) and the interest on advance payments to associates (-0.2 million euros) is explained by the reduction in short-term interest rates against which the corresponding finance is indexed, which has more than offset the increase in average borrowings;
- the Klémurs swaps portfolio generated a net financial expense of 5.9 million euros (compared with a net expense of 3.2 million euros at June 30, 2009). This increase also relates to the relaxation in interest rates, since the portfolio contains only swaps in which Klémurs receives a variable rate against payment of a fixed rate.

in thousands of euros	June 2010	June 2009
Interest on advance payments	-236	-465
Interest on loans from credit institutions	-2 498	-4 820
Income from sale of investment securities	-	2
Net interest on swaps	-5 964	-3 176
Other financial income and expenses	-	-72
COST OF INDEBTEDNESS	**-8 698**	**-8 531**

5.5. Corporate income tax

in thousands of euros	June 2010	June 2009
Current taxes payable	-17	-4
Deferred tax	-	-9
TOTAL	**-17**	**-13**

Following its transition to partnership status, Immo Dauland became a tax-transparent SIIC with effect from April 1, 2010.

At June 30, 2010, the Klémurs Group was therefore liable for only one income tax segment: the SIIC segment.

RECONCILIATION BETWEEN THEORETICAL TAX AND ACTUAL TAX AT JUNE 30, 2010

in thousands of euros	SIIC sector	Non-SIIC sector	Total
Pre-tax earnings and earnings from equity-method companies	**17 137**		**17 137**
THEORETICAL TAX EXPENSE AT 34.43%	**-5 900**	-	**-5 900**
Tax-exempt SIIC sector income	6 143	**-**	**6 143**
Taxable sectors			
Impact of permanent time lags inc. share of income/loss	-2	-	**-2**
Non-taxed consolidation restatements	8	-	**8**
Impact of non-activated deficits	-265	-	**-265**
Non-activated temporary differences	-	-	**-**
Rate differences	-	-	**-**
ACTUAL TAX EXPENSE	**-17**	-	**-17**

6. Exposure to risks and hedging strategy

Klémurs pays close attention to managing the risks inherent in its business and the financial instruments it uses. The Group identifies and regularly measures its exposure to the various sources of risk (interest rates, liquidity, legal issues, counterparties, equity markets, etc.) and puts in place appropriate management policies as required.

6.1. Interest rate risk

A) Cash Flow Hedge rate risk

- Recurrence of variable rate financing requirement

In structural terms, variable rate debt represents a significant proportion of Group borrowing (approximately 98% of debt at June 30, 2010, before hedging). It includes lease finance (most of which is arranged at variable rate), drawdown of syndicated loans and Group loans and advances.

- Identified risk

An increase in the interest rate against which variable rate debts are indexed (primarily 3-month EURIBOR) could result in an increase in the future interest rate expense.

It should be noted that at June 30, 2010, the 20 million euro subordinated loan granted by Klépierre to Klémurs on June 29, 2009 was subject to repayment at a variable rate. However, since this loan is treated as equity under IFRS, fluctuations in the interest rate against which it is indexed do not constitute a risk in terms of change to future Klémurs interest expenses. The risk of change in the sums to be paid in respect of this finance is also contained by the discretionary nature of the payment applying to this remuneration.

- Measurement of risk exposure

The following two tables show the exposure of Klémurs income to an interest rate rise, before and after hedging.

	Variable-rate debts		Variable-rate debts + loan granted by Klépierre recognized under equity	
Interest rate position before hedging *(in millions of euros)*	Amount	Change in financial expenses caused by a 1% rise in interest rates	Amount	Change in financial expenses caused by a 1% rise in interest rates
Gross Position (variable-rate debt)	**372.1**	**3.7**	**392.1**	**3.9**
- Marketable securities	-0.2	0.0	-0.2	0.0
Net position before hedging	**371.9**	**3.7**	**391.9**	**3.9**

Interest rate position after hedging *(in millions of euros)*	Amount	Change in financial expenses caused by a 1% rise in interest rates	Amount	Change in financial expenses caused by a 1% rise in interest rates
Gross Position before hedging	**372.1**	**3.7**	**392**	**3.9**
- Net hedge	-350.0	-3.5	-350	-3,5
Gross Position after hedging	**22.1**	**0.2**	**42**	**0.4**
- Marketable securities	-0.2	0.0	-0.2	0.0
Net position after hedging	**21.9**	**0.2**	**42**	**0.4**

Given that changes in the fair value of Cash Flow Hedge swaps are recognized in equity, the following table quantifies the likely impact of an interest rate rise on equity based on the Klémurs Cash Flow Hedge swaps portfolio at the period end (including forward start swaps).

Cash Flow Hedge (in millions of euros)	Fair value	Change in fair value caused by a 1% rise in interest rates
Fair value of Cash Flow Hedge swaps at June 30, 2010 (notional amount: 350 million euros)	**-36.1**	**15.7**
Fair value of Cash Flow Hedge swaps at December 31, 2009 (notional amount: 350 million euros)	-24.5	16.4

Financial debt after hedging breaks down as follows:

(in millions of euros)	Fixed-rate debts			Variable-rate debts			Total gross financial debts		Average cost of debt to base June 30, 2010
	Amount	Rate	Fixed part	Amount	Rate	Variable part	Amount	Rate	
At Dec. 31, 2008	360	4.66%	93%	28	3.40%	7%	388	4.56%	4.58%
At Dec. 31, 2009	359	4.73%	96%	14	1.34%	4%	373	4.60%	4.62%
At Jun. 30, 2010	358	4.71%	95%	21	1.40%	5%	379	4.53%	4.53%

The "Average cost of debt to base June 30, 2010" item is calculated on the basis of the debt and hedging structure in place at June 30, 2010 and application of the short-term interest rate current at that date. It also includes the effect of spreading other expenses and commissions.

- Hedging strategy

Klémurs has set a minimum target hedging rate of 70%. This rate is defined as the proportion of fixed-rate debt (after hedging) to gross financial debt.

Generally, hedge terms may exceed those of the debts hedged, on condition that the Klémurs finance plan emphasizes the high probability of these debts being renewed.

B) Fair Value Hedge rate risk

- Risk identified in relation to Klémurs fixed-rate debt

Its fixed-rate debt provides Klémurs with risk-free exposure to fluctuations in interest rates, insofar as the fair value of fixed-rate debt increases when rates fall, and vice-versa.

At any given time, Klémurs may also find itself in the position of needing to increase its fixed-rate debt at a future date (e.g.: to fund a planned acquisition). It would then be exposed to the risk of a change in interest rate prior to arrangement of the loan. Klémurs may then consider hedging against this risk, which is treated as a "cash flow hedge" risk under IFRS.

- Measurement of risk exposure and hedging strategy

Klémurs' fixed-rate debt is currently limited to a small number of property finance leases, which at June 30, 2010 represented outstanding capital of approximately 8.3 million euros.

Klémurs has no short-term plans significantly to increase fixed-rate debt as a proportion of its total finance. Its principal sources of additional fixed-rate borrowing are: further bilateral bank funding, the bond market and the market for convertible bonds and other equity-linked products. Given these circumstances, Klémurs currently has no plans to hedge against the Fair Value Hedge rate risk.

C) Investment securities

At June 30, 2010, Klémurs held investment securities of 241,000 euros comprising solely of money market open-ended mutual funds or SICAV-FCP.

These investments expose Klémurs to a moderate interest rate risk as a result of their temporary nature (cash investments) and the amounts involved.

D) Fair value of financial assets and liabilities

Under IFRS, financial debts are recognized in the balance sheet at amortized cost and not at fair value.

It is estimated that the fair value of Klémurs' bank borrowings (most of which are arranged at variable rate) is comparable to their book value.

Derivatives are recognized in the balance sheet at their fair value.

At June 30, 2010, a 1% rise in rates would have resulted in a rise of 10.6 million euros in the value of the Group's interest rate swaps.

E) Measures and resources for managing interest rate exposure

Given the importance to Klémurs of managing interest rate risk, its management is involved in all decisions concerning the hedging portfolio. The Finance Department uses IT systems to provide real-time tracking of market trends and calculate the market values of its financial instruments, including derivatives.

6.2. Liquidity risk

Klémurs pays close attention to the medium-term refinancing needs of its business, and the need to diversify maturity dates and the sources of finance in such a way as to facilitate renewals.

At June 30, 2010, debt was therefore spread across a range of sources (syndicated loans, property finance leases, Klépierre loans, etc.) and counterparties. The average debt term is 1.9 years.

Klémurs also receives support from its majority shareholder Klépierre, which can provide it with any advances required to bridge the period during which new finance is arranged.

Generally speaking, access to finance for real estate companies is facilitated by the security offered to lenders in the form of a legal charge on their property assets.

The syndicated loans granted to Klémurs are accompanied by financial covenants. Failure to comply with these covenants may result in compulsory early repayment (cf. the note concerning financial liabilities). These covenants are based on the standard ratios applying to real estate companies, and the limits imposed leave Klémurs with sufficient flexibility to ensure that liquidity risk remains low. More specifically, the maximum Loan to Value ratio of 65% (including subordinated debts) is compatible with the Klémurs financial strategy.

Principal covenants	Maximum amount of relevant funding (€M)	Impact of non-compliance	Contractual limit	Level at June 30, 2010
Loan-To-Value	150	Default case	Total ratio ≤ 65%	61.1%
			*Senior debt ratio ≤ 55% **	*40.2%*
EBITDA / Net cost of financing			Total ratio ≥ 1.8	2.4
			*Senior debt ratio ≥ 2.5 **	*2.8*
Secured debt / RNAV			≤ 20%	6.2%
Revalued asset value - group share			≥ €300 M	623.6

** excluding subordinated loans*

6.3. Legal risk

During 2009, Buffalo Grill decided to withhold payment of a portion of some rentals, corresponding to the application of the indexation clause contained in its lease. Following the issue of a provisional court order (*ordonnance de référé*) later confirmed by the court of appeal and upholding the application made by Klémurs, Buffalo Grill is now up to date with all its rental payments. Nevertheless, substantive proceedings remain pending.

This situation apart, in the 6 months covered by these consolidated financial statements, neither Klémurs nor its subsidiary companies have been the subject of any governmental, judicial or arbitration action (including any action of which the issuer has knowledge, is currently suspended or is threatened) which could have, or has recently had, a significant impact on the financial position or profitability of the issuer and/or the Group.

7. Finance and guarantee commitments

7.1. Reciprocal commitments

in thousands of euros	June 2010	December 2009
Guarantees under Property Development/Sale Before Completion contracts	-	
TOTAL	-	-

There were no reciprocal agreements in place at June 30, 2010.

7.2. Commitments given and received

in thousands of euros	June 2010	December 2009
Commitments given		
- Guarantees, deposits and mortgages	-	209
- Purchase commitments	-	-
TOTAL	-	209
Commitments received		
- Deposits received from tenants	2 970	2 689
TOTAL	2 970	2 689

❑ Guarantees given

The acquisition of Buffalo Grill restaurants is the first phase of the strategic partnership agreement signed in August 2006. This agreement also provides for Klémurs to be involved in the development of the chain in France and elsewhere in Europe.

Klémurs has a firm option on new outlets now at the planning stage or under construction, as well as a 5-year priority purchase option on all new developments undertaken by Buffalo Grill.

The acquisitions made in 2008 and 2009 contain a price and rental adjustment clause linked to restaurant annual revenue. In accordance with Articles 32 and 34 of IFRS 3, the price adjustment applied to the cost of the business combination on the acquisition date must be recognized where adjustment is likely and can be reliably estimated on the balance sheet date. Since the price adjustments could not be measured reliably at June 30, 2010, they are not currently recognized.

❑ Guarantees received

Klémurs and Immo Dauland have the benefit of guarantees pledged by their lessees.

To the best of our knowledge, we have not omitted any significant or potentially-significant off-balance sheet commitment as defined by the applicable accounting standards.

7.3. Retention commitments

With the exception of the Castorama store in the Rue de Flandres, all the buildings and finance leases acquired by Klémurs and Klécapnor are covered by the tax status governed by Article 210-E of the French General Tax Code. They are covered by a 5-year retention commitment commencing on their date of acquisition.

7.4. Commitments under operating leases - Lessors

- General description of the main clauses contained in the lessor lease agreements

Lease agreement periods range from 9 years (with 2 renewal options) for Buffalo Grill restaurants, to 12 years with an initial binding period of 6 years for the Sephora and Défi Mode contracts and the King Jouet leases acquired in 2008. Periods for other leases are 9, 10 or 12 years (most with 3-year renewal periods).

Indexation against a benchmark index is applied when reappraising the minimum guaranteed rent. Since January 1, 2009, guaranteed rents have been indexed either against the French Cost of Construction Index (ICC) or the new Commercial Rents Index (ILC). The ILC is a compound index derived from the consumer price index, the retail trade sales value index and the cost of construction index.

The majority of leases also contain an additional clause covering variable rent, which is equivalent to the difference between the minimum guaranteed rent and a contractually-defined percentage.

The aim is to consolidate all or part of the variable rent into the guaranteed rent at the time of lease renewal. In most cases, the variable rent is therefore brought back to zero on expiration of the lease. It reduces annually as the guaranteed rent rises in line with indexation.

At June 30, 2010, the total future minimum rents receivable under non-cancellable operating lease agreements were as follows:

in thousands of euros	June 2010
Less than 1 year	41 319
1 to 5 years	137 158
More than 5 years	17 521
TOTAL	**195 998**

8. Additional information

8.1. Disclosures about the fair value model

❑ Income Statement and Balance Sheet: Fair Value

INCOME STATEMENT (fair value) *in thousands of euros*	June 30, 2010 Fair value model	June 30, 2009 Fair value model
Lease income	22 534	21 078
Land expenses (real estate)	-	-4
Non-recovered rental expenses	-2	-88
Building expenses (owner)	-1 493	-1 426
Net lease income	*21 039*	*19 560*
Management, administrative and related income	-	-
Other operating income	54	73
Change in the fair value of investment property	14 788	-47 316
Payroll expense	-	-
Other general expenses	-38	-38
Depreciation and amortization allowance on investment property	-	-
Provisions for contingencies and losses	-	-
Gains on the sale of investment property and equity interests	11 250	-
Net book value of investment property and equity investment sold	-11 852	-
Income from the sale of investment property and equity investment securities	*-602*	*-*
OPERATING INCOME	**35 241**	**-27 721**
Net cost of debt	-8 698	-8 531
Change in the fair value of financial instruments	-	-
Effect of discounting	-40	-57
PRE-TAX EARNINGS	**26 503**	**-36 309**
Corporate income tax	-17	-13
NET INCOME OF CONSOLIDATED ENTITY	**26 486**	**-36 322**
of which		
Group share	*26 486*	*-36 322*
Non-controlling interests	-	-

BALANCE SHEET (fair value) ***in thousands of euros***	**June 30, 2010 Fair value model**	**December 31, 2009 Fair value model**
Investment property	-	-
Fair value of investment property	587 192	583 729
Fixed assets in progress	-	-
Non-current assets	100	110
Interest rate swaps	-	-
Deferred tax assets	-	214
NON-CURRENT ASSETS	***587 292***	***584 053***
Fair value of property held for sale	-	-
Trade accounts and notes receivable	1 136	2 467
Other receivables	1 904	3 896
Tax receivables	*767*	*1 686*
Other debtors	*1 137*	*2 210*
Cash and near cash	243	791
CURRENT ASSETS	***3 283***	***7 154***
TOTAL ASSETS	**590 575**	**591 207**
Capital	82 500	82 500
Additional paid-in capital	45 207	53 457
Legal reserve	212	212
Consolidated reserves	4 067	78 589
- Treasury shares	*-260*	*-217*
- Fair value of financial instruments	*-36 098*	*-24 296*
- Fair value of investment property	*22 233*	*57 494*
- Other equity instruments	*20 000*	*40 000*
- Reserves on other equity instruments	*-2 089*	*-728*
- Other consolidated reserves	*13 751*	*9 837*
- Carried forward	*-13 470*	*-3 501*
Consolidated earnings	26 486	-41 361
Shareholders' equity, Group share	158 472	173 397
Non-controlling interests	-	-
SHAREHOLDERS' EQUITY	***158 472***	***173 397***
Non-current financial liabilities	328 212	312 116
Long-term allowances	-	-
Interest rate swaps	38 602	27 032
Security deposits and guarantees	7 128	7 537
Deferred tax liabilities	-	-
NON-CURRENT LIABILITIES	***373 942***	***346 685***
Current financial liabilities	51 165	61 780
Bank overdrafts	1 647	3 241
Trade payables	729	913
Payables to fixed asset suppliers	-	-
Other liabilities	2 621	2 984
Social and tax liabilities	1 999	2 207
Short-term allowances	-	-
CURRENT LIABILITIES	***58 161***	***71 125***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**590 575**	**591 207**

Income Statement and Balance Sheet: transition from the cost method to fair value

INCOME STATEMENT (fair value) in thousands of euros	June 30, 2010	Fair value restatements	June 30, 2010 Fair value model
Lease income	22 534	-	22 534
Land expenses (real estate)	-4	4	-
Non-recovered rental expenses	-2	-	-2
Building expenses (owner)	-1 521	28	-1 493
Net lease income	*21 007*	*32*	*21 039*
Management, administrative and related income	-	-	-
Other operating income	54	-	54
Change in the fair value of investment property	-	14 788	14 788
Payroll expense	-	-	-
Other general expenses	-38	-	-38
Depreciation and amortization allowance on investment property	1 500	-1 500	-
Provisions for contingencies and losses	-	-	-
Gains on the sale of investment property and equity interests	11 250	-	11 250
Net book value of investment property and equity investment sold	-7 898	-3 954	-11 852
Income from the sale of investment property and equity investment securities	*3 352*	*-3 954*	*-602*
OPERATING INCOME	**25 875**	**9 366**	**35 241**
Net cost of debt	-8 698	-	-8 698
Change in the fair value of financial instruments	-	-	-
Effect of discounting	-40	-	-40
PRE-TAX EARNINGS	**17 137**	**9 366**	**26 503**
Corporate income tax	-17	-	-17
NET INCOME OF CONSOLIDATED ENTITY	**17 120**	**9 366**	**26 486**
of which			
Group share	*17 120*	*9 366*	*26 486*
Non-controlling interests	-	-	-

BALANCE SHEET (fair value) in thousands of euros	June 30, 2010	Fair value restatements	June 30, 2010 Fair value model
Investment property	555 402	-555 402	-
Fair value of investment property	-	587 192	587 192
Fixed assets in progress	-	-	-
Non-current assets	100	-	100
Interest rate swaps	-	-	-
Deferred tax assets	-	-	-
NON-CURRENT ASSETS	***555 502***	***31 790***	***587 292***
Fair value of property held for sale	-	-	-
Trade accounts and notes receivable	1 136	-	1 136
Other receivables	2 095	-191	1 904
Tax receivables	767	-	767
Other debtors	1 328	-191	1 137
Cash and near cash	243	-	243
CURRENT ASSETS	***3 474***	***-191***	***3 283***
TOTAL ASSETS	**558 976**	**31 599**	**590 575**
Capital	82 500	-	82 500
Additional paid-in capital	45 207	-	45 207
Legal reserve	212	-	212
Consolidated reserves	-18 166	22 233	4 067
- Treasury shares	-260	-	-260
- Fair value of financial instruments	-36 098	-	-36 098
- Fair value of investment property	-	22 233	22 233
- Other equity instruments	20 000	-	20 000
- Reserves on other equity instruments	-2 089	-	-2 089
- Other consolidated reserves	13 751	-	13 751
- Carried forward	-13 470	-	-13 470
Consolidated earnings	17 120	9 366	26 486
Shareholders' equity, Group share	126 873	31 599	158 472
Non-controlling interests	-	-	-
SHAREHOLDERS' EQUITY	***126 873***	***31 599***	***158 472***
Non-current financial liabilities	328 212	-	328 212
Long-term allowances	-	-	-
Interest rate swaps	38 602	-	38 602
Security deposits and guarantees	7 128	-	7 128
Deferred tax liabilities	-	-	-
NON-CURRENT LIABILITIES	***373 942***	***0***	***373 942***
Current financial liabilities	51 165	-	51 165
Bank overdrafts	1 647	-	1 647
Trade payables	729	-	729
Payables to fixed asset suppliers	-	-	-
Other liabilities	2 621	-	2 621
Social and tax liabilities	1 999	-	1 999
Short-term allowances	-	-	-
CURRENT LIABILITIES	***58 161***	***0***	***58 161***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**558 976**	**31 599**	**590 575**

Principles and methods

Fair value is the amount at which an asset may be traded between fully-informed, consenting parties acting under the conditions of normal competition.

The fair value is the price (excluding transaction fees and expenses) most likely to be reasonably obtained in the market on the balance sheet date (fees are measured on the basis of a direct sale of the building, even though these costs may, in some cases, be reduced by selling the company that owns the asset).

The fair value of Klémurs buildings is determined by third-party appraisers who appraise the Group's portfolio on June 30 and December 31 of each year, exclusive of transfer duties and fees.

However, given the fact that these appraisals are, by their nature, estimates, it is possible that the amount realized on the disposal of some real estate assets will differ from the appraised value of those assets, even where such disposal occurs within a few months of the balance sheet date.

In preparing its financial statements for the period ended June 30, 2010, Klémurs engaged two independent appraisal companies to value its real estate holdings. Retail Consulting Group Expertise was appointed to appraise the historic assets (Paris Flandre and Rouen Candé), the Feu-Vert assets, the Buffalo Grill restaurants and the asset located at Chalon, whilst BNP Paribas Real Estate Valuation was appointed for the following portfolios: Défi Mode, Sephora, King Jouet, Cap Nord, Akene and Da Costa.

This appraisal was conducted in accordance with the SIIC Code of Business Ethics, the provisions of the *Charte de l'Expertise en Évaluation Immobilière*, the recommendations contained in the report issued by the COB/CNC Working Group chaired by M. Barthès de Ruyther and the standards set by the RICS and the IVSC. The fees paid to appraisers are agreed prior to their appraisal of the property concerned, and are fixed on a lump sum basis to reflect the size and complexity of the assets appraised. The fee is entirely unrelated to the appraised value level of the assets concerned.

In determining the market value of a retail property, appraisers apply a yield rate to net annual lease income for occupied premises, and to the net market rental price for vacant properties, discounted over the anticipated period of vacancy. The discounted value of rebates on minimum guaranteed rent payments, expenses payable on vacant premises and non-chargeable work are all deducted from this initial value, which is arrived at by capitalizing net lease income. The discount rate applied is the same as the yield rate used in the fair market value calculation.

Gross lease income comprises the Minimum Guaranteed Rent (MGR), the variable part of the rent and the market rental price for vacant properties. The net total lease income is calculated by deducting the following expenses from the gross lease income: management charges, non-rebillable charges, expenses payable on vacant premises and losses on bad debts.

The yield rate is set by the appraiser based on a range of parameters, including: retail sales area, competition, type of ownership, lease income and extension potential, comparability with recent transactions in the market, any discrepancy between the lease income received by Klémurs and the market rate, and the permanence of the revenue received by the lessor.

The assets appraised by BNP Paribas Real Estate Valuation were also appraised using the discounted future flows method. This second method calculates the value of a property asset as the sum of discounted financial flows based on a discount rate defined by the appraiser.
The appraiser estimates anticipated total revenues and expenses on the asset side, and then measures an "ultimate value" at the end of the 10-year analytical period. By comparing the market rental values with face rental values, the appraiser takes account of the rental potential of the property asset by retaining the market rental value at the end of the lease, after deduction of the expenses incurred in remarketing the property. Lastly, the appraiser discounts the forecast cash flow to determine the actual value of the property asset.

The discount rate adopted reflects the market risk-free rate, plus a property market risk and liquidity premium reflecting the location, specification and tenancy of each building.

Property under construction or undergoing refurbishment for future use as investment property has been covered by IAS 40 since January 1, 2009.

At June 30, 2010, the Klémurs real estate portfolio contained no asset in progress.

8.2. Earnings per share

Earnings per share is calculated by dividing net income for the period attributable to ordinary shareholders by the weighted average number of current shares in circulation, 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 current shares in circulation, excluding treasury shares, and adjusted to reflect the effects of the diluting options adopted.

		June 2010	June 2009
Numerator			
Net income - group share (in thousands of euros)	*a*	17 120	-9 782
Comprehensive income - group share (in thousands of euros)	*a'*	*5 350*	*-14 276*
Denominator			
Average weighted number of shares before diluting effect	***b***	**8 233 918**	**8 228 457**
Effect of dilutive options			
Total potential dilutive effect	***c***	-	-
Average weighted number of shares after diluting effect	***d=b+c***	**8 233 918**	**8 228 457**
Net income - group share - per undiluted share (in euros)	***a/b***	**2.1**	**-1.2**
Net income - group share - per diluted share (in euros)	***a/d***	**2.1**	**-1.2**
Comprehensive income - group share - per undiluted share (in euros)	***a'/b***	***0.6***	***-1.7***
Comprehensive income - group share - per diluted share (in euros)	***a'/d***	***0.6***	***-1.7***

At June 30, 2010, Klémurs held 17,531 treasury shares.

8.3. Affiliated companies

❑ Transactions with affiliated parties

Transactions with affiliated companies were governed by the same terms as those applying to transactions subject to normal conditions of competition.

The principal transactions conducted with affiliated parties are those:

- between the consolidated companies of the Klémurs Group (a list of the Group's consolidated companies is given in Note 3 "Scope of consolidation") ;
- with Klépierre SA, which holds an 84.11% equity stake in Klémurs (including treasury shares), and with Klépierre Group companies ;
- with BNP Paribas, which holds a 50.91% equity stake in Klépierre (including treasury shares).

Since those transactions conducted during the year and in progress at the end of the period between fully-consolidated Klémurs Group companies are fully eliminated in the consolidation process, the following tables show only data relating to transactions with other affiliated parties.

- Outstanding transactions with affiliated parties

in thousands of euros	June 2010	December 2009
ASSETS		
Cash and near cash	**243**	**791**
- *Near cash*	*241*	*670*
- *Cash*	*2*	*121*
TOTAL ASSETS	243	791
LIABILITIES		
Borrowings and debts from credit institutions more than 1 year	**120 000**	**120 000**
Sundry loans and financial debts - NC	**150 057**	**130 057**
- Loans from the Group and associates	*130 057*	*130 057*
- Advance payments from the Group and associates - NC	*20 000*	*-*
Interest rate swaps	**38 602**	**27 032**
Borrowings and debts from credit institutions less than 1 year	**-**	**-**
Accrued interest	**570**	**619**
- On loans from credit institutions	*-*	*4*
- On loans from the Group and associates	*570*	*615*
Sundry loans and financial debts - C	**39 187**	**48 624**
- *Other loans*	*-*	*-*
- Advance payments from the Group and associates - C	*39 187*	*48 624*
Bank overdrafts	**1 647**	**3 241**
Trade payables	**190**	**136**
TOTAL LIABILITIES	350 253	329 709
FINANCE AND GUARANTEE COMMITMENT		
	-	-
TOTAL COMMITMENT	-	-

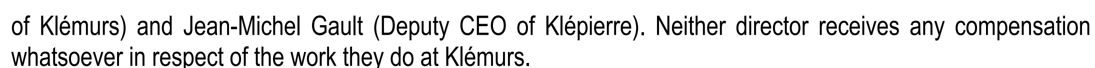
- Income items related to transactions with affiliated parties

in thousands of euros	June 2010	June 2009
Building expenses (owner)	**- 949**	**- 726**
Net cost of debt	**- 7 819**	**- 7 095**
- *Interest on loans from credit institutions*	*- 1 656*	*- 3 326*
- *Net interest expense on swaps*	*- 5 964*	*- 3 176*
- *Interest on advance payment to associates*	*- 199*	*- 593*
TOTAL	- 8 768	- 7 821

8.4. Compensation of directors and officers

The directors' fees paid to Supervisory Board members were the subject of provisions totaling 38,000 euros at June 30, 2010.

The key directors (within the meaning of IAS 24.9) are as follows: Laurent Morel (Executive Board Chairman and legal representative of Klépierre, which is itself Chairman of Klépierre Conseil, which is in turn the Manager



of Klémurs) and Jean-Michel Gault (Deputy CEO of Klépierre). Neither director receives any compensation whatsoever in respect of the work they do at Klémurs.

8.5. Post-balance sheet date events

To the best of our knowledge, no events likely to have a significant effect on the financial statements occurred after the balance sheet date.

8.6. Identity of the consolidating company

At June 30, 2010, Klémurs was fully consolidated by Klépierre. Klépierre holds an 84.11% equity stake in Klémurs (including treasury shares).

It should be noted that Klépierre was fully consolidated by the BNP Paribas Group at June 30, 2010. BNP Paribas holds a 50.91% equity stake in Klépierre (including treasury shares).

KLEMURS

Partnership limited by shares (*Société en Commandite par Actions*)

21, Avenue Kléber
75016 PARIS

Statutory Auditors' review report on the first half year financial information

Period from 1 January 2010 to 30 June 2010

KLEMURS

Partnership limited by shares (*Société en Commandite par Actions*)

21, Avenue Kléber
75016 PARIS

Statutory Auditors' review report on the first half-year financial information

Period from 1 January 2010 to 30 June 2010

This is a free translation into English of the statutory auditors' limited review report issued in the French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your 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 half-year consolidated financial statements of Klémurs covering the period January 1 to June 30, 2010 ;
- the verification of the information contained in the interim management report.

These half-year consolidated financial statements are the responsibility of the Manager. Our role is to express a conclusion on these financial statements based on our limited review.

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 limited 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.

Base on our limited review, nothing has come to our attention that causes us to believe that the accompanying half-year consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2010 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

Without modifying the conclusion expressed above, we draw your attention to the matter discussed in note 2 to the consolidated financial statements concerning the changes in accounting rules and methods.

2. Specific verification

We have also verified the information given in the interim management report commenting the half-year consolidated financial statements subject to our limited review. We have no matters to report as to its fair presentation and consistency with the half-year consolidated financial statements.

Signed in Courbevoie and Neuilly-sur-Seine, July 26, 2010

The Statutory Auditors

French original signed by

Mazars **Deloitte & Associés**

Julien Marin-Pache Pascal Colin Laure Silvestre-Siaz

STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

Paris - August 30, 2010

I certify that, to the best of my knowledge, these complete financial statements for the 1st half of the year, have been drawn up in accordance with the applicable accounting standards and accurately reflect the assets, financial position and earnings of the company and all of its consolidated subsidiaries, and that the attached interim management report presents a faithful description of the important events arisen during the first six months of the fiscal year, their incidence on the accounts, the main related-party transactions as well as a description of the principal risks and uncertainties for the remaining six months of the fiscal year.

Laurent MOREL
Chairman of Klepierre Executive Board, itself Chairman of Klepierre Conseil, itself General Manager of Klemurs.

PERSONS RESPONSIBLE FOR AUDITS

STATUTORY AUDITORS

DELOITTE & ASSOCIÉS
185, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
572028041 R.C.S. NANTERRE
Pascal Colin/Laure Silvestre-Siaz
1st appointment: GM of July 12, 2006.
End of term: fiscal year 2015.

MAZARS
61, rue Henri Regnault
92400 Courbevoie
784824153 R.C.S. NANTERRE
Julien Marin-Pache
1st appointment: GM of December 13, 2007.
End of term: fiscal year 2015.

ALTERNATE STATUTORY AUDITORS

Société BEAS
7-9, villa Houssay
92200 Neuilly-sur-Seine
315172445 R.C.S. NANTERRE
1st appointment: GM of July 12, 2006.
End of term: fiscal year 2009.

Patrick DE CAMBOURG
61, rue Henri Regnault
92400 Courbevoie
1st appointment: GM of December 13, 2007.
End of term: fiscal year 2012.

PERSON RESPONSIBLE FOR FINANCIAL DISCLOSURES

Jean-Michel GAULT
Deputy CEO of Klepierre, itself Chairman of Klepierre Conseil, itself General Manager of Klemurs.
Tel.: +33 40 67 55 05