# REGISTRATION DOCUMENT

**2016**

# 2016 REGISTRATION DOCUMENT

## INCLUDING THE ANNUAL FINANCIAL REPORT

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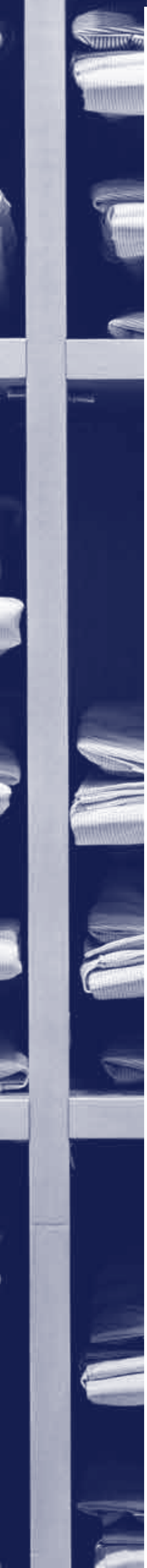
*The English language version of this registration document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. In all matters of interpretation, however views or opinion expressed in the original language version of the document in French take precedence over the translation.*


SERGE
SLIM FIT

# 1 GROUP OVERVIEW

# 1.1 Klépierre's strategy at a glance

**As Europe's leading shopping center specialist – and with a property portfolio valued at close to 23 billion euros as of December 31, 2016 – Klépierre anticipates retail trends in order to continuously enrich the shopping experience in the centers it owns and manages. Located in the most attractive regions in Continental Europe, Klépierre centers offer international brands unique locations enabling them to develop in the right place with the right format granting them access to more than 150 million consumers in 57 cities. A pioneer in corporate social, societal, and environmental responsibility, the Group constantly innovates to ensure that the conditions for sustainable growth are in place.**

Klépierre owns iconic leading centers in 16 European countries of which Créteil Soleil, Val d'Europe, St.Lazare Paris, Blagnac (Toulouse) in France; Porta di Roma (Rome), Le Gru (Turin), Campania (Naples), Nave de Vero (Venice) in Italy; L'esplanade (Louvain-la-Neuve) in Belgium; Field's (Copenhagen), Emporia (Malmö), Oslo City in Scandinavia; Hoog Catharijne (Utrecht) in the Netherlands, Maremagnum (Barcelona), Plenilunio and La Gavia (Madrid) in Spain; Nový Smìchov (Prague) in the Czech Republic; Boulevard Berlin in Germany.

## Klépierre, Retail Only®

Connected shopping centers in the heart of prosperous regions to attract the most successful retailers; a constantly updated retail mix and fun shopping experiences to attract customers: this is how Klépierre keeps new generation retail lively.

## Support the development of international brands

The principal lessor for most of the international retailers present in Europe, Klépierre interacts regularly with them and stays in close contact. These privileged relationships enable Klépierre to facilitate their growth efficiently, whether this means optimizing their presence and their store format or offering new points of sale. They also foster acceleration in terms of upgrading the retail mix through a better understanding of the challenges and needs of retail tenants. Proposing the right location in the right format is a priority.

## Leading centers in Continental Europe

The relevance of the Klépierre platform is built on a dense linkage of high potential territories. The Group targets Continental European metropolitan areas whose demographic or economic growth exceeds the national average and that offer opportunities to strengthen its positions. The principal assets, whether they were developed by the Group or recently acquired, occupy leading positions in the heart of their catchment area and attract millions of visitors every year.

## Targeted development

Founded on a conservative approach to risk management and constant asset value enhancement, the Group's development strategy favors the extension-refurbishment of shopping centers that have already carved out strong positions. It does not rule out design and development projects that are exceptional due to location and quality offering strong growth prospects in its preferred regions.

## Pushing Klépierre Good Choices® forward

Driven by strong convictions, Klépierre's CSR approach integrates sustainable development at the heart of its performance. Through the implementation of its Good Choices® policy, Klépierre reconciles the requirements of operational excellence with environmental, societal and social performance. A key player in regional development, Klépierre is strengthening the appeal of its assets by ensuring that they are seamlessly and sustainably integrated into their environment.

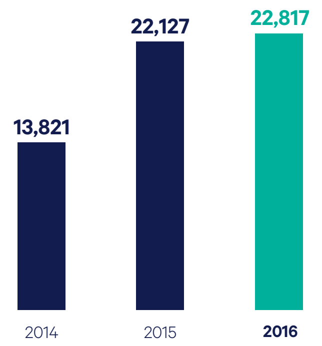
## A model based on a strict financial discipline

Klépierre works to constantly improve its debt conditions and its financial profile. Since April 2014, the Group enjoyed a rating of A- from Standard & Poor's, placing it among the ranks of the world's top three real estate companies. This financial strength rating is further buttressed by solid operating performances and a tightly managed gearing ratio (around 40%), ensuring better access to the capital markets.

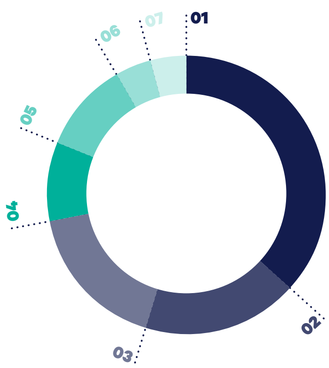
# 1.2 Key figures

## 1.2.1 Activity indicators

**VALUATION OF THE PROPERTY PORTFOLIO**
*(in millions of euros, total share, excluding duties)*




**GEOGRAPHICAL BREAKDOWN OF THE SHOPPING CENTER PROPERTY PORTFOLIO**
*(in % of net rental income, total share)*

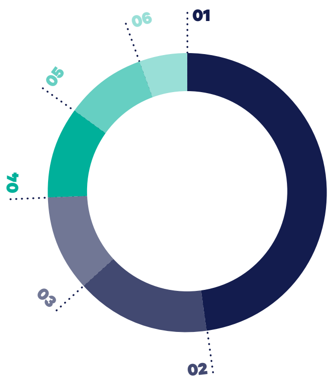



01 France-Belgium: **36.8%**
02 Italy: **18.0%**
03 Scandinavia: **17.1%**
04 Iberia: **9.3%**
05 CEE and Turkey: **10.4%**
06 The Netherlands: **4.3%**
07 Germany: **4.0%**

KLÉPIERRE'S PROPERTY PORTFOLIO IS MADE UP OF **156 SHOPPING CENTERS IN 16 COUNTRIES OF CONTINENTAL EUROPE** VALUED AT **22.8 BILLION EUROS**(1) AS OF DECEMBER 31, 2016. KLÉPIERRE SHOPPING CENTERS WELCOMED **1.1 BILLION VISITORS** IN 2016.

| 4,651 | 12,550 | 4,307,323 sq.m. |
|---|---|---|
| **Number of retailers** | **Number of leases** | **Floor area** |

**MIX MERCHANDIZING**
*(in % of rents)*




01 Fashion: **47.9%**
02 Culture/Gifts/Leisure: **15.5%**
03 Food/Restaurants: **11.2%**
04 Health/Beauty: **10.6%**
05 Household goods: **9.5%**
06 Services/Entertainment: **5.3%**

**TOP 10 TENANTS (11.8% OF RENTS)**

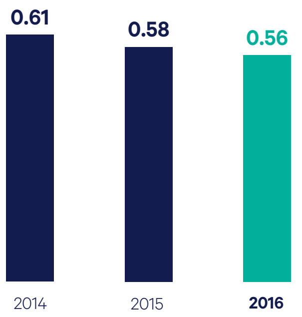
1 **H&M**
2 **Zara**
3 **Media World**
4 **Sephora**
5 **Celio**
6 **C&A**
7 **McDonald's**
8 **Bershka**
9 **Fnac**
10 **Primark**

(1) *Valuation excluding duties, including retail assets.*

## 1.2.2 Social, societal and environmental key performance indicators

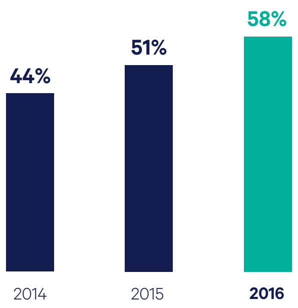
**ENERGY EFFICIENCY IN kWh/VISIT**

***2016/2013 like-for-like basis: 108 shopping centers and 3,138,666 sq.m***



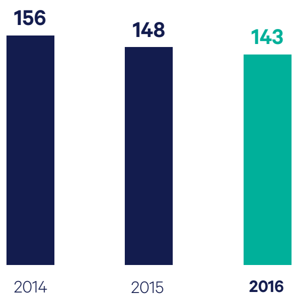

**PROPORTION OF ENERGY AND ELECTRICITY USAGE FROM RENEWABLE SOURCES**

***2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m***



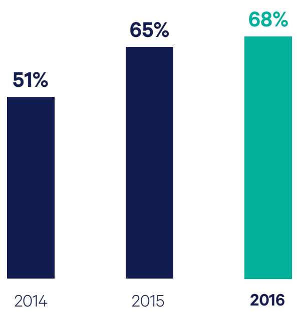

**GREENHOUSE GAS EMISSIONS IN $gCO_2e$/VISIT LOCATION BASED**

***2016/2013 like-for-like basis: 108 shopping centers and 3,138,666 sq.m***



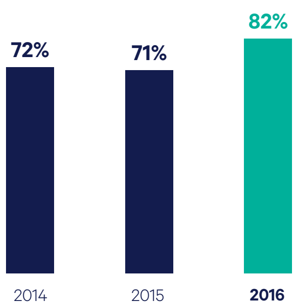

**PERCENTAGE OF CERTIFIED PROPERTIES**

***2016 current basis (100% coverage): 156 shopping centers and 4,164,307 sq.m***



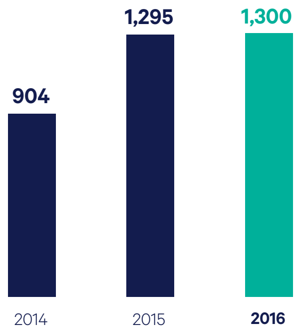

**TRAINING ACCESS RATE FOR KLÉPIERRE EMPLOYEES**

***(Share of employees that were offered at least 1 training over the year)***

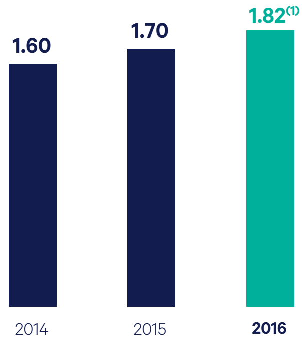


## 1.2.3 Financial key performance indicators

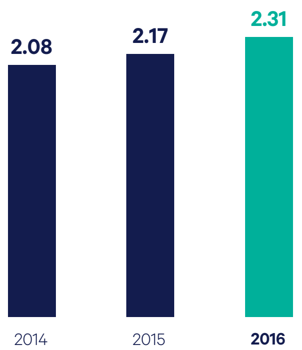
**REVENUES**
***(in millions of euros, total share)***



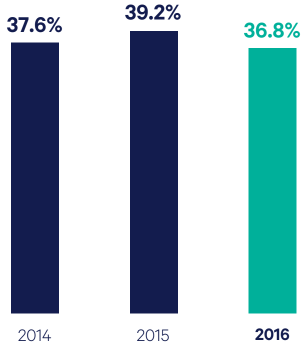

**DIVIDEND PER SHARE**
***(in euros per share)***




**NET CURRENT CASH-FLOW**
***(in euros per share)***(2)




**LOAN-TO-VALUE**
***(Net indebtedness divided by valuation of the property portfolio, total share, including duties)***



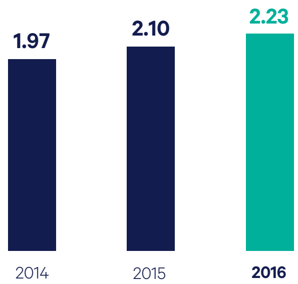

(1) *Submitted to a vote of the shareholders at their April 18, 2017 Meeting.*
(2) *In the second half of 2016, Klépierre decided to choose the fair value method of IAS 40 for the accounting of its investment properties. 2015 and 2014 figures were restated for this change in accounting principles.*

## 1.2.4 Sectorial key performance indicators (EPRA format)

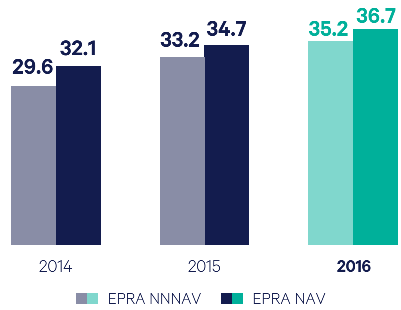
The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices recommendations guide, available on its website (www.epra.com).

For more information on the methodology and calculations of the below sectorial key performance indicators, please refer to chapter 2 of this registration document "Business for the year".

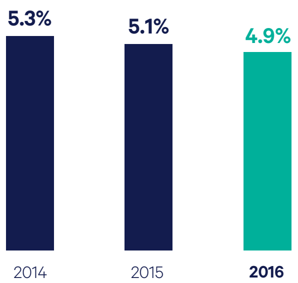
**EPRA EARNINGS**
***(in euros per share)*** [1]



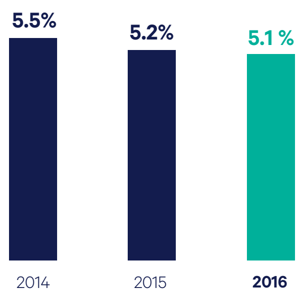

**EPRA NAV & NNNAV**
***(in euros per share)***



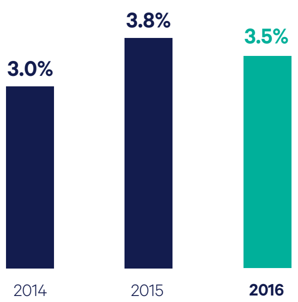

**EPRA NET INITIAL YIELD**
***(shopping centers)***



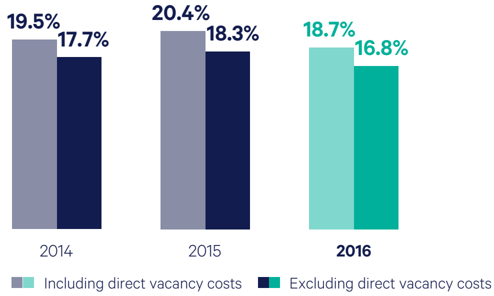

**EPRA "TOPPED-UP" NET INITIAL YIELD**
***(shopping centers)***




**EPRA VACANCY RATE**
***(shopping centers)***




**EPRA COST RATIO**



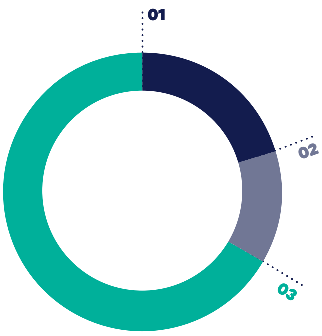

(1) *In the second half of 2016, Klépierre decided to choose the fair value method of IAS 40 for the accounting of its investment properties. 2015 and 2014 figures were restated for this change in accounting principles.*

# 1.3 Stock market and shareholder base

Klépierre shares are admitted to trading on compartement A of Euronext Paris. Klépierre joined the CAC 40 – the main index at the Paris Stock Exchange – on December 21, 2015.

## Shareholder base

Klépierre's largest shareholders are Simon Property Group, world leader in the shopping center industry and APG, a Netherlands-based pension fund firm. More than two-thirds are free-float, mainly held by institutional investors.




01 Simon Property Group : **20.3%**
02 APG : **13.5%**
03 Other shareholders (free-float, including treasury shares): **66.1%**

*Data as of December 31, 2016.*

## Stock information

| | |
|---|---|
| ISIN code | FR0000121964 |
| Mnemonic code | LI |
| Trading market | Euronext Paris – Compartment A |
| Number of shares | 314,356,063 |
| Indexes | CAC 40, SBF80, EURONEXT 100, S.I.I.C. FRANCE, CAC ALL SHARES, CAC FINANCIALS, CAC REAL ESTATE, DJ STOXX 600, EPRA Eurozone, GPR 250 Index |
| Sustainable development indexes | FTSE4Good, DJSI Europe & World index, STOXX® Global ESG Leaders, Euronext Vigeo France 20, Europe 120 & World 120, Ethibel Sustainability Index Excellence Europe and Global |

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| Close price *(in euros)* | 22.040 | 30.020 | 33.685 | 35.730 | 40.990 | 37.345 |
| Market capitalization *(in billions of euros)* | 4.2 | 6.0 | 6.7 | 7.1 | 12.9 | 11.7 |
| Year-on-year change | -18.4% | +36.2% | +12.2% | +6.1% | +14.7% | -8.9% |
| Change in CAC 40 index | -17.0% | +15.2% | +18.0% | -0.5% | +8.5% | +4.9% |
| Change in EPRA Eurozone index | -18.4% | +21.8% | +1.8% | +18.1% | +13.3% | +1.0% |

*Source: Bloomberg.*

*For more information, please refer to chapter 6 of the present registration document, "Capital, Shareholding, General Meeting of Shareholders".*

# 1.4 Background

## Klépierre inception

- **1990:** Klépierre was formed from the demerger of Locabail-Immobilier and its portfolio of operating leases. Since then, Klépierre has owned, managed and developed shopping centers in France and Continental Europe.
- **1998:** First international acquisition (Italy) and strengthening of the Company's position resulting from the merger of its 51% shareholder, the Compagnie Bancaire Group, with Paribas.
- **2000:** Signature of an agreement with Carrefour to acquire 160 retail galleries adjoining its hypermarkets accompanied by property management and development partnerships.
- **2002:** Klépierre strengthens its position in Italy by acquiring 11 retail galleries in partnership with Finim and concluding an agreement with Finiper to acquire a 40% stake in IGC in conjunction with a partnership for the joint development of new centers.

## Growth with the option for SIIC status in 2003, a major acquisition with Steen & Strøm

- **2003:** Acquisition of 28 shopping centers in France, Spain, Italy, Greece and Portugal and its first investment in the Czech Republic (Nový Smìchov, Prague); option of the tax status available to French REIT (sociétés d'investissement immobilier cotées or SIIC).
- **2004-2006:** Continued development of shopping centers, acquisitions in Hungary, Poland and first investment in Belgium.
- **2008:** A major historic acquisition by Klépierre with the support of its majority shareholder BNP Paribas: 56.1% of Steen & Strøm (shopping center real estate company in Norway, Sweden and Denmark) in partnership with the Netherlands-based APG Pension Fund (43.9%).
- **2011:** Ongoing development including notably the opening of the Millénaire (Paris region) and the acquisition of Roques (Toulouse, France).

## Since 2012: 100% retail real estate strategy and creation of the leading European pure play shopping center specialist

- **2012-2013:** Consolidation of the strategy as a pure player in shopping centers in Continental Europe: disposal program of mature assets and start of divestment from the office property segment for nearly 1.3 billion euros, and delivery of landmark development projects including St.Lazare Paris (France) and Emporia (Malmö, Sweden). Simon Property Group, an American group and a world leader in the shopping center industry, acquires a 28% equity stake in Klépierre in early 2012. BNP Paribas becomes the second largest shareholder with a 22% equity stake.
- **2014:** Klépierre focuses on its best-performing shopping centers: sale of 126 retail galleries in France, in Spain and in Italy in April, five shopping centers in Sweden in early July, and the remaining assets of its Paris office portfolio during the first half. In all, nearly 3 billion euros in non-core assets were sold in 2013 and 2014. As a result of the improvement of the Company's profile, its financial structure continued to strengthen, which led Standard & Poor's to raise Klépierre's credit rating to A, placing it among the world's top four rated real estate companies. In October 2014, Klépierre launches a public exchange offer for 100% of the ordinary shares of Corio, a Dutch real estate company specialized in shopping centers, in order to create the leading pure player in shopping centers in Continental Europe, with a unique platform of assets located in regions offering the greatest potential in terms of economic and demographic growth. The proposed exchange ratio values Corio at 7.2 billion euros. This transaction was welcomed by the shareholders of both groups: 93.6% of Corio shareholders tendered their shares during the public exchange offer that closed in January 2015. This acquisition was followed by the cross-border merger of Klépierre and Corio on March 31, 2015. The new Group, with an exceptional portfolio of real estate worth more than 21 billion euros, enjoys critical mass and strong potential for growth thanks to the numerous merger synergies that have been identified. Following this share-based transaction, Klépierre has three main shareholders: Simon Property Group with 18%, BNP Paribas and APG with 13.5% each.
- **2015:** Acquisition of two top-tier assets for 720 million euros: Plenilunio, a dominant shopping center in Madrid in March, and, in December, Oslo City, a leading shopping center located in the heart of Norway's capital. In parallel, Klépierre continues to sell off non-core assets including, for example, a portfolio of nine convenience shopping centers in the Netherlands for 730 million euros. BNP Paribas, Klépierre's historic shareholder, sells off its remaining shares on the market. As a result, Klépierre's free-float exceeded 65% at year-end 2015. In December 2015, Klépierre joined the CAC 40, the main index of the Paris stock exchange.
- **2016:** Klépierre continues to ride on the waves of success after the integration of Corio and synergies at various levels through investments in its pipeline of development projects (in France: Val d'Europe in the Paris region, Prado in Marseille and in the Netherlands with Hoog Catharijne) with a focus on extensions offering more visibility. Through the disposal of close to 600 million euros worth of assets, Klépierre keeps on improving the average quality of its portfolio.

# 1.5 Property portfolio as of December 31, 2016

## 1.5.1 Shopping centers

Klépierre's property portfolio is made up of **156 shopping centers in 16 countries of Continental Europe** as of December 31, 2016 covering **5,849,175 sq.m. in Gross Leasable Area** (GLA)(1) **of which 4,307,323 sq.m. of Rentable Floor Area** (RFA)(2).

### France-Belgium

**45 shopping centers**
**8,805 million euros in valuation total share excluding duties**
**388.0 million euros in net rental income total share**

Paris region, the Greater Lyon area, the Southwest of France, Marseille, and Brussels: in France and in Belgium, Klépierre is present in the most dynamic demographic and economic hubs, those whose growth exceeds the national average and that offer numerous development opportunities.

**France**

| Region | City, center | Dpt | Opening | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|---|
| Auvergne – Rhône-Alpes | Annecy, Courier | 74 | 2001 | | 2001 | Monoprix, H&M, Zara, 41 units | 19,271 | 19,271 | 0.0% | 58.4% |
| | Clermont-Ferrand, Jaude | 63 | 1980 | R 1990 R/E 2008 R/E 2013 | 1990 | Fnac, Zara, H&M, 134 units | 40,857 | 40,857 | 3.1% | 100.0% |
| | Écully, Grand Ouest | 69 | 1972 | R/E 1997 + R (parking) 2009 | 2001 | Carrefour, Zara, 78 units | 46,078 | 13,394 | 0.0% | 83.0% |
| | Givors, 2 Vallées | 69 | 1976 | R 1997 R 2016 | 2001 | Carrefour, Castorama, 37 units | 32,528 | 19,565 | 0.0% | 83.0% |
| | Grenoble, Grand'Place | 38 | 1976 | R/E 2002 | 2015 | Carrefour, H&M, Zara, Fnac, 121 units | 65,937 | 53,937 | 2.3% | 100.0% |
| | Riom, Riom Sud | 63 | 1992 | R/E 2012 | 2012 | Carrefour, 63 units | 34,000 | 15,000 | 8.1% | 50.0% |
| | Saint Etienne, Centre 2 | 42 | 1979 | | 2015 | Auchan, H&M, 81 units | 33,791 | 28,180 | 6.4% | 100.0% |
| | Valence, Victor Hugo | 26 | 1994 | R 2007 | 2007 | Fnac, H&M, Zara, 38 units | 10,434 | 10,434 | 3.9% | 100.0% |
| Britanny | Rennes, Colombia | 35 | 1986 | E 2010 R 2016 | 2005 | Monoprix, Fnac, H&M, 71 units | 21,263 | 16,439 | 2.3% | 100.0% |
| Burgundy – Franche-Comté | Besançon, Les Passages Pasteur | 25 | 2015 | | 2015 | Monoprix, H&M, Mango, 16 units | 14,712 | 14,712 | 15.2% | 100.0% |
| Centre – Val de Loire | Chartres, La Madeleine | 28 | 1967 | | 2001 | Carrefour, 15 units | 22,239 | 7,118 | 0.0% | 83.0% |
| Grand Est | Metz, Saint Jacques | 57 | 1975 | R 2015 | 2015 | Simply Market, H&M, 98 units | 20,241 | 16,658 | 27.8% | 100.0% |
| Hauts-de-France | Valenciennes, Place d'Armes | 59 | 2006 | | 2006 | Carrefour Market, H&M, Zara, 54 units | 15,740 | 15,740 | 1.2% | 100.0% |

*(1) Total sales area (including the hypermarket if there is one), plus storage area and not including aisles and shared tenant space.*
*(2) Gross leasable area owned by Klépierre and on which Klépierre collects rents.*

| Region | City, center | Dpt | Opening | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|---|
| Île-de-France | Aubervilliers, Le Millénaire | 93 | 2011 | | 2011 | Carrefour, H&M, Tati, Toys"R"Us, Zara, 130 units | 57,767 | 57,767 | 14.6% | 50.0% |
| | Boulogne-Billancourt, Passages | 92 | 2001 | R 2013 | 2001 | Monoprix, Fnac, Zara, Mango, 63 units | 23,163 | 23,163 | 0.1% | 50.0% |
| | Claye-Souilly, Les Sentiers de Claye-Souilly | 77 | 1992 | E 2012 | 2001 | Carrefour, H&M, Zara, Darty 125 units | 51,757 | 33,757 | 1.9% | 55.0% |
| | Courbevoie, Charras | 92 | 1973 | R 2014 | 2015 | Carrefour Market, 80 units | 13,900 | 6,230 | 18.8% | 100.0% |
| | Créteil, Créteil Soleil | 94 | 1974 | R/E 2000 | 1991 | Carrefour, H&M, Primark, Zara, 230 units | 123,516 | 91,892 | 0.4% | 80.0% |
| | Drancy, Avenir | 93 | 1995 | | 2008 | Carrefour, 56 units | 23,332 | 11,330 | 10.1% | 100.0% |
| | Marne-la-Vallée – Serris, Val d'Europe | 77 | 2000 | E 2003 E 2009 | 2000 | Auchan, H&M, Zara, 140 units | 82,949 | 66,949 | 1.4% | 55.0% |
| | Noisy-le-Grand, Arcades | 93 | 1978 | R 1992 R/E 2009 | 1995 | Carrefour, H&M, Zara, 147 units | 57,560 | 42,699 | 1.8% | 53.6% |
| | Paris, St.Lazare Paris | 75 | 2012 | | 2012 | Carrefour City, Esprit, Mango, 89 units | 12,228 | 12,228 | 1.0% | 100.0% |
| | Pontault-Combault | 77 | 1978 | R/E 1993 | 2001 | Carrefour, Darty, 68 units | 45,827 | 31,327 | 0.8% | 83.0% |
| | Sevran, Beau Sevran | 93 | 1973 | | 2003 | Carrefour, Tati, 86 units | 39,056 | 24,531 | 15.6% | 83.0% |
| | Villiers-en-Bière | 77 | 1971 | E 1971 R 2016 | 2001 | Carrefour, Darty, Decathlon, Zara, 86 units | 55,581 | 30,581 | 5.7% | 83.0% |
| Normandy | Caen, Côte de Nacre | 14 | 1970 | | 2015 | Carrefour, 41 units | 30,370 | 30,370 | 8.5% | 100.0% |
| | Le Havre, Espace Coty | 76 | 1999 | | 2000 | Fnac, Monoprix, 78 units | 26,585 | 26,585 | 3.1% | 50.0% |
| | Mondeville, Mondeville 2 | 14 | 1995 | | 2015 | Carrefour, H&M, Mango, Tati, Toys"R"Us, 85 units | 36,266 | 17,727 | 0.5% | 100.0% |
| | Tourville-la-Rivière | 76 | 1990 | R 2008/ 2011 | 2007 | Carrefour, 56 units | 18,572 | 7,872 | 0.0% | 85.0% |
| Nouvelle Aquitaine | Angoulême, Champ de Mars | 16 | 2007 | | 2007 | H&M, Zara, 44 units | 16,122 | 16,122 | 4.7% | 100.0% |
| | Bègles, Rives d'Arcins | 33 | 1995 | 2010 R/E 2013 | 1996 | Carrefour, H&M, Zara, 138 units | 52,133 | 29,333 | 3.1% | 52.0% |
| | Bègles, Rives d'Arcins, Les Arches de l'Estey | 33 | 2010 | | | Retail park, 15 units | 33,398 | 33,398 | 0.0% | 52.0% |
| | Bordeaux, Saint-Christoly | 33 | 1985 | R 1999/ 2004 | 1995 | Monoprix, 32 units | 8,666 | 8,666 | 19.9% | 100.0% |

| Region | City, center | Dpt | Opening | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|---|
| Occitanie | Blagnac | 31 | 1993 | R/E 2009 | 2004 | E. Leclerc, H&M, Uniqlo, Zara, 129 units | 50,000 | 50,000 | 0.4% | 53.6% |
| | Lattes, Grand Sud | 34 | 1986 | R/E 1993 | 2002 | Carrefour, 71 units | 26,179 | 14,379 | 0.0% | 83.0% |
| | Montpellier, Odysseum | 34 | 2009 | | 2009 | Géant Casino, H&M, Zara, 97 units + leisure hub (29 units) | 72,380 | 52,380 | 2.9% | 100.0% |
| | Nailloux Outlet Village | 31 | 2011 | | 2015 | Galeries Lafayette Outlet, Nike, 114 units | 23,312 | 23,312 | 9.6% | 75.0% |
| | Portet-sur-Garonne, Grand Portet | 31 | 1972 | R/E 1990 | 2001 | Carrefour, Mango, 111 units | 46,482 | 28,968 | 5.0% | 83.0% |
| | Roques-sur-Garonne | 31 | 1995 | R/E 2008-2009 | 2011 | E. Leclerc, Zara, H&M, New Yorker, Tati, 95 units & retail park | 50,700 | 38,200 | 7.4% | 100.0% |
| | Saint-Orens | 31 | 1991 | R/E 2008 | 2004 | E. Leclerc, Gulli Park, Zara, 103 units | 38,878 | 38,878 | 6.7% | 53.6% |
| Pays de la Loire | Cholet La Seguiniere Outlet | 49 | 2005 | | 2015 | Galeries Lafayette Outlet, 38 units | 8,333 | 8,333 | 11.6% | 100.0% |
| Provence-Alpes-Côte d'Azur | Marseille, Bourse | 13 | 1977 | R 1991/ R 1997/ E 2015/ R 2016 | 1990 | Galeries Lafayette, Fnac, 77 units | 45,600 | 22,480 | 23.9% | 50.0% |
| | Marseille, Grand Littoral | 13 | 1996 | R 2013 | 2015 | Carrefour, H&M, Primark, Zara, 190 units | 73,719 | 58,159 | 16.1% | 100.0% |
| | Marseille, Le Merlan | 13 | 1976 | R 2006 | 2003 | Carrefour, 54 units | 20,067 | 8,404 | 16.8% | 100.0% |
| | Nice, Nice TNL | 06 | 1981 | R 2005 | 2015 | Carrefour, 64 units | 21,266 | 11,166 | 10.5% | 100.0% |
| | Toulon, Centre Mayol | 83 | 1990 | | 2015 | Carrefour, Fnac, Zara, 99 units | 32,400 | 19,155 | 5.3% | 40.0% |
| | Vitrolles, Grand Vitrolles | 13 | 1970 | R 2008 | 2001 | Carrefour, 80 units | 44,872 | 24,347 | 1.3% | 83.0% |
| **TOTAL FRANCE** | | | | | | | **1,740,027** | **1,271,993** | **3.3%** | |

## Belgium

| Region | City, center | Opening | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|
| Walloon Brabant | Louvain-la-Neuve, L'esplanade | 2005 | | 2005 | Delhaize, Fnac, H&M, Cinéscope, 132 units | 55,800 | 55,800 | 0.5% | 100.0% |
| **TOTAL BELGIUM** | | | | | | **55,800** | **55,800** | **0.5%** | |
| **TOTAL FRANCE-BELGIUM** | | | | | | **1,795,827** | **1,327,793** | **3.2%** | |

### Miscellaneous assets

| Region | City, center | Dpt | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|
| Alsace | Strasbourg, La Vigie | 67 | Conforama, 6 units | 21,360 | 18,215 | 27.9% | 40.9% |
| Britanny | Vannes Nouvelle Coutume | 56 | Mim, Pimkie, MS Mode | 1,325 | 1,325 | 0.0% | 100.0% |
| Burgundy – Franche-Comté | Marzy (Nevers) | 58 | Jouet Land, 3 restaurants | 2,084 | 2,084 | 0.0% | 100.0% |
| Hauts-de-France | Creil (Beauvais) | 60 | Cora shopping center (Géant + 36 units) excluding retail park | 17,567 | 4,067 | 0.0% | 100.0% |
| | Creil, Forum Rebecca | 60 | 9 units | 8,865 | 8,865 | 2.7% | 70.0% |
| Île-de-France | Orgeval, Capteor | 78 | 5 units | 8,857 | 8,857 | 0.0% | 100.0% |
| Normandy | Hérouville, Saint-Clair | 14 | Retail park, Action, Electro Dépôt, 19 units | 16,241 | 16,241 | 7.7% | 100.0% |
| | Dieppe | 76 | Belvédère shopping center | 5,729 | 5,729 | 2.8% | 20.0% |
| Nouvelle Aquitaine | Mérignac | 33 | Darty, Flunch, McDonald's | 7,591 | 7,591 | 0.0% | 83.0% |
| Occitanie | Carcassonne | 11 | Salvaza shopping center | 11,563 | 4,963 | 5.6% | 37.0% |
| | Carcassonne | 11 | McDonald's | 1,662 | 1,662 | 0.0% | 37.0% |
| | Sète Balaruc | 34 | Carrefour shopping center | 16,620 | 3,901 | 0.0% | 38.0% |
| **TOTAL MISCELLANEOUS ASSETS** | | | | **171,837** | **135,872** | | |

## Italy

**36 shopping centers**
**3,707 million euros in valuation total share excluding duties**
**189.8 million euros in net rental income total share**

With the acquisition of Corio in 2015, Klépierre's position as the number one operator of shopping centers in Italy was strengthened. Its strategic positioning in the regions of Turin, Milan, Rome, Venice, and Naples forms a balanced platform.

| Region | City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|
| Abruzzo | Citta S. Angelo, Pescara Nord | 1995 | R/E 2010 | 2002 | IPER, 74 units | 34,115 | 19,420 | 6.8% | 83.0% |
| | Colonnella (Teramo), Val Vibrata | 2000 | R/E 2007 | 2002 | IPER, 56 units | 29,154 | 15,821 | 1.3% | 100.0% |
| Basilicata | Matera | 1999 | | 2003 | Ipercoop, 7 units | 10,094 | 1,573 | 12.3% | 100.0% |
| Campania | Naples, Campania | 2007 | E 2014 | 2015 | Carrefour, Zara, H&M, 176 units | 92,218 | 72,218 | 0.6% | 100.0% |
| Emilia-Romagna | Bologna, Shopville Gran Reno | 1993 | | 2015 | Carrefour, 74 units | 38,800 | 13,894 | 5.0% | 100.0% |
| | Modena, Grand Emilia | 1996 | | 2015 | Ipercoop, 90 units | 40,000 | 19,663 | 0.9% | 100.0% |
| | Savignano s. Rubicone (Rimini), Romagna Center | 1992 | R/E 2014 | 2002 | IPER, H&M, Zara, 78 units | 38,318 | 20,636 | 1.3% | 100.0% |
| | Savignano s. Rubicone (Rimini), Parco Romagna | 2004 | | 2011 | Retail park, Decathlon, 23 units | 30,344 | 30,344 | 0.8% | 100.0% |
| Friuli Venezia Giulia | Udine, Citta Fiera | 1992 | E 2015 | 2015 | IPER, H&M, Mango, Zara, 200 units | 94,500 | 47,617 | 6.4% | 49.0% |
| Lazio | Rome, Porta di Roma | 2007 | R 2013/ 2016 | 2015 | Auchan, Decathlon, H&M, Zara, 240 units | 92,443 | 72,478 | 1.2% | 50.0% |
| | Rome, La Romanina | 1992 | R/E 2009 | 2002 | Carrefour, H&M, 120 units | 31,493 | 19,243 | 8.2% | 83.0% |
| | Rome, Tor Vergata | 2004 | | 2005 | Carrefour, Zara, 64 units | 25,746 | 11,614 | 2.4% | 100.0% |

| Region | City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|
| Lombardy | Assago (Milan), Milanofiori | 1988 | E 2004/ 2005 | 2005 | Carrefour, Zara, 100 units | 49,920 | 24,753 | 0.9% | 100.0% |
| | Bergamo, Brembate | 1977 | R 2002 | 2002 | IPER, 23 units | 13,007 | 2,190 | 0.0% | 100.0% |
| | Bergamo, Seriate, Alle Valli | 1990 | R/E 2001 & 2008 | 2002 | IPER, 55 units | 30,394 | 10,859 | 0.0% | 100.0% |
| | Como, Grandate | 1999 | | 2002 | IPER, 16 units | 13,745 | 2,232 | 0.0% | 100.0% |
| | Cremona (Gadesco), Cremona Due | 1985 | | 2002 | IPER, H&M, 62 units | 19,375 | 6,143 | 0.0% | 100.0% |
| | Lonato, Il Leone di Lonato | 2007 | | 2008 | IPER, H&M, Zara, 128 units | 45,933 | 30,168 | 0.1% | 50.0% |
| | Milan, Globo I-II-III | 1993/2001/ 2004 | E 2006 | 2015 | Iper, H&M, Zara, 144 units | 58,500 | 30,440 | 1.3% | 100.0% |
| | Novate Milanese, Metropoli | 1999 | R 2011/ 2012 | 1999 | Ipercoop, 87 units | 30,800 | 16,618 | 0.0% | 95.0% |
| | Pavia, Montebello della Battaglia, Montebello | 1974 | E 2005 | 2002 | IPER, H&M, Zara, 59 units | 33,313 | 16,782 | 1.2% | 100.0% |
| | Pavia, Montebello della Battaglia, Parco Montebello | | E 2015 | 2011 | Retail park, 12 units | 26,399 | 26,399 | 0.0% | 100.0% |
| | Roncadelle (Brescia), Le Rondinelle | 1996 | R 2016 | 1998 | Auchan, 79 units | 36,844 | 13,620 | 7.3% | 95.0% |
| | Settimo Milanese, Settimo | 1995 | E 2003 | 1999 | Coop, 30 units | 9,729 | 9,729 | 4.7% | 95.0% |
| | Solbiate Olona, Le Betulle | 2002 | R 2006 | 2005 | IPER, 26 units | 17,407 | 4,351 | 0.0% | 100.0% |
| | Varese, Belforte | 1988 | E 2006/ E 2012 | 2002 | IPER, H&M, 47 units | 26,975 | 10,029 | 0.0% | 100.0% |
| | Vignate (Milan), Acquario center | 2002 | | 2003 | Ipercoop, 62 units | 40,762 | 20,055 | 1.6% | 95.0% |
| | Vittuone, Il Destriero | 2009 | | 2009 | IPER, H&M, 65 units | 25,649 | 16,149 | 0.0% | 50.0% |
| Marche | Senigallia, Il Maestrale | 1999 | R 2011 | 2015 | Ipercoop, 35 units | 19,800 | 7,388 | 1.3% | 100.0% |
| | Pesaro, Rossini Center | 2000 | R 2008 | 2002 | IPER, 37 units | 19,813 | 8,601 | 1.1% | 100.0% |
| Piedmont | Collegno (Turin), La Certosa | 2003 | | 2003 | Carrefour, 40 units | 20,146 | 6,361 | 13.9% | 100.0% |
| | Lecce, Cavallino | 2001 | | 2005 | Conad, 28 units | 18,839 | 5,805 | 0.2% | 100.0% |
| | Moncalieri (Turin) | 1998 | R/E 2000 R 2009 | 2002 | Carrefour, 28 units | 12,773 | 5,819 | 3.4% | 83.0% |
| | Serravalle Scrivia, Serravalle | 2003 | | 2004 | IPER, 31 units | 20,941 | 7,959 | 5.2% | 100.0% |
| | Turin, Shopville Le Gru | 1994 | R 2013 | 2015 | Carrefour, Zara, 156 units | 78,500 | 45,582 | 1.0% | 100.0% |
| Sardinia | Cagliari, Le Vele | 1998 | R 2013 | 2015 | Carrefour, 60 units | 26,418 | 13,979 | 1.4% | 100.0% |
| | Cagliari, Millennium | 2001 | | 2015 | 23 units | 17,982 | 17,982 | 3.7% | 100.0% |
| Veneto | Venice, Nave de Vero | 2014 | | 2015 | Coop, Zara, 116 units | 38,587 | 38,587 | 0.0% | 100.0% |
| | Verona, Le Corti Venete | 2006 | | 2008 | IPER, H&M, Zara, 75 units | 31,559 | 16,346 | 0.0% | 50.0% |
| **TOTAL ITALY** | | | | | | **1,341,335** | **759,446** | **1.7%** | |

## Scandinavia

**19 shopping centers**
**4,008 million euros in valuation total share excluding duties**
**180.3 million euros in net rental income total share**

The Group's second largest geographic operating segment, the Scandinavian countries – Denmark, Norway, and Sweden – rank among the most dynamic of Europe. Klépierre occupies a leading position there and devotes a considerable portion of its development pipeline to this region.

### Norway

| City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Ås, Vinterbro Senter | 1996 | 1999 R 2013 | 2008 | Coop, H&M, Elkjøp, 85 units | 32,847 | 32,847 | 2.4% | 56.1% |
| Drammen, Gulskogen Senter | 1985 | 1986, 2000, 2008, 2009, 2010 | 2008 | XXL, Meny, Lefdahl, G-Sport, H&M, 115 units | 38,627 | 38,627 | 0.7% | 56.1% |
| Hamar, Maxi Storsenter | 1986 | 1988, 1992, 2000, 2006 | 2008 | Meny, H&M, G-Max, 74 units | 21,563 | 21,563 | 4.3% | 56.1% |
| Haugesund, Amanda | 1997 | 1997 | 2008 | H&M, Cubus, Kappahl, 70 units | 25,171 | 15,171 | 0.5% | 56.1% |
| Larvik, Nordbyen | 1991 | 2006 | 2008 | Meny, H&M, Clas Ohlson, 50 units | 15,868 | 15,868 | 2.5% | 28.1% |
| Lørenskog, Metro Senter | 1988 | 2007, 2008, 2009 | 2008 | Coop, H&M, Møbelringen,100 units | 53,344 | 53,344 | 4.9% | 28.1% |
| Stavanger, Arkaden Torgterrassen | 1993 | 2005, 2010 | 2008 | H&M, Cubus, New Yorker, 55 units | 21,431 | 19,198 | 2.9% | 56.1% |
| Skedsmo, Lillestrøm Torv | 1985 | 1998, 2006 | 2008 | H&M, Cubus, Rimi, 73 units | 23,197 | 22,085 | 12.3% | 56.1% |
| Tønsberg, Farmandstredet | 1997 | 2002, 2006, 2008 | 2008 | H&M, Meny, Clas Ohlson, 101 units | 41,570 | 37,320 | 1.5% | 56.1% |
| Tromsø, Nerstranda | 1998 | | 2008 | H&M, KappAhl, Vinmonopolet, 46 units | 12,735 | 12,735 | 2.4% | 56.1% |
| Oslo, Oslo City | 1988 | | 2015 | H&M, Meny, KappAhl, Cubus, 95 units | 22,093 | 22,093 | 0.8% | 56.1% |
| **TOTAL NORWAY** | | | | | **308,447** | **290,851** | **2.6%** | |

### Sweden

| City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Borlänge, Kupolen | 1989 | 1995, 2005 | 2008 | ICA, H&M, KappAhl, Lindex, New Yorker, Stadium, 101 units | 44,600 | 44,600 | 4.1% | 56.1% |
| Malmö, Emporia | 2012 | | 2008 | ICA, Willys, Hollister, Apple, H&M, KappAhl, Lindex, New Yorker, Stadium, Zara, 186 units | 67,200 | 67,200 | 3.4% | 56.1% |
| Örebro, Marieberg | 1988 | 2009 | 2008 | H&M, Jula, Clas Ohlson, Cubus, KappAhl, Lindex, Stadium, 102 units | 32,800 | 32,800 | 2.4% | 56.1% |
| Partille, Allum | 2006 | | 2008 | ICA, Willys, H&M, Clas Ohlsson, Stadium, Lindex, KappAhl,112 units | 42,600 | 42,600 | 0.1% | 56.1% |
| Kristianstad, Galleria Boulevard | 2013 | 2015 | 2013 | Coop, Stadium, Clas Ohson, 51 units | 20,139 | 20,139 | 17.8% | 56.1% |
| **TOTAL SWEDEN** | | | | | **207,339** | **207,339** | **2.7%** | |

### Denmark

| City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Aarhus, Bruun's Galleri | 2003 | | 2008 | H&M, 100 units | 33,800 | 33,800 | 2.9% | 56.1% |
| Copenhagen, Field's | 2004 | E 2015 | 2008 | Bilka, H&M, Toys"R"Us, Zara, 140 units | 89,396 | 89,396 | 8.4% | 56.1% |
| Viejle, Bryggen | 2008 | | 2008 | H&M, 70 units | 23,298 | 23,298 | 5.4% | 56.1% |
| **TOTAL DENMARK** | | | | | **146,494** | **146,494** | **5.7%** | |
| **TOTAL SCANDINAVIA** | | | | | **662,280** | **644,684** | **3.5%** | |

## Iberia

**20 shopping centers**
**1,831 million euros in valuation total share excluding duties**
**98.4 million euros in net rental income total share**

Spain is the main market for Klépierre in Iberia. The Spanish portfolio is more than 90% concentrated on five dominant assets following the integration of leading former Corio shopping centers and the acquisition of Plenilunio in March 2015 and asset sales completed since 2014.

### Spain

| Region | City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|
| Andalusia | Jaén, La Loma | 1991 | | 2015 | Carrefour, H&M, Zara, 51 units | 29,616 | 11,797 | 9.0% | 100.0% |
| Aragon | Zaragoza, Augusta | 1995 | | 2000 | Carrefour, New Yorker, 157 units | 44,431 | 24,474 | 37.5% | 83.0% |
| Asturias | Oviedo, Los Prados | 2002 | | 2003 | Carrefour, Dreamfit, Cortefiel, Yelmo cinema, 88 units | 39,716 | 24,699 | 27.4% | 83.0% |
| Canary Islands | Santa Cruz de Tenerife, Meridiano | 2003 | | 2003 | Carrefour, C&A, Primark, H&M, Yelmo Cineplex, Zara, 109 units | 42,944 | 27,357 | 1.9% | 83.0% |
| Catalonia | Barcelona, Maremagnum | 1995 | 2012 | 2015 | H&M, 165 units | 22,698 | 22,698 | 0.4% | 100.0% |
| Madrid | Parla, El Ferial | 1995 | | 2015 | Carrefour, Sprinter, Cortefiel, 64 units | 21,809 | 8,609 | 24.1% | 100.0% |
| | Madrid, Gran Via de Hortaleza | 1992 | 2011 | 2015 | Carrefour, Toys"R"Us express, Burger King, 69 Units | 20,317 | 6,291 | 8.6% | 100.0% |
| | Madrid Vallecas, La Gavia | 2008 | | 2008 | Carrefour, IKEA, Primark, Zara H&M, Fnac, Cinesa, 196 units | 86,356 | 51,076 | 0.1% | 100.0% |
| | Madrid, Plenilunio | 2006 | E 2007 | 2015 | Mercadona, Primark, Zara, H&M,O2 Wellness, Yelmo Cines, Sprinter, Mango, 194 units | 70,096 | 70,096 | 0.3% | 100.0% |
| | Madrid, Principe Pio | 2004 | | 2015 | H&M, Mango, Zara, Cinema, 118 Units | 29,036 | 29,036 | 2.0% | 95.0% |
| Valencia | Alicante, Puerta de Alicante | 2002 | | 2002 | Carrefour, Holiday Gym, Yelmo Cines, Cortefiel, 83 units | 34,500 | 20,810 | 34.1% | 83.0% |
| | Valencia, Gran Turia | 1993 | 2000 | 2015 | Carrefour, Dreamfit, Sprinter, Cortefiel, 97 Units | 58,259 | 20,774 | 23.4% | 100.0% |
| | Vinaroz | 2003 | | 2003 | Carrefour, 15 units | 24,318 | 870 | 0.1% | 83.0% |
| **TOTAL SPAIN** | | | | | | **524,096** | **318,587** | **3.8%** | |

### Portugal

| Region | City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|
| Lisbon | Lisbon, Telheiras | 1990 | | 2003 | Continente, Worten, Aki, Toys"R"Us, 33 units | 31,838 | 15,699 | 2.1% | 100.0% |
| | Loures, Loures | 2002 | | 2002 | Continente, AKI, Decathlon, Worten, 71 units | 36,003 | 17,370 | 9.2% | 100.0% |
| North | Braga, Minho Center | 1997 | R 2011 | 2006 | Continente, Worten, Sport Zone, Toys"R"Us, 65 units | 22,424 | 9,602 | 11.4% | 100.0% |
| | Gondomar (Porto), Parque Nascente | 2003 | | 2003 | Jumbo, Leroy Merlin, Zara, Mediamarkt, Primark, 135 units | 63,569 | 48,789 | 4.8% | 100.0% |
| | Vila Nova de Gaia (Porto), Gaia Jardim | 1990 | R 2011 | 2003 | Continente, Worten, 36 units | 21,909 | 5,179 | 30.1% | 100.0% |
| | Guimarães, Espaço Guimarães | 2009 | | 2015 | Jumbo, H&M, Zara, 150 units | 48,712 | 31,847 | 16.6% | 100.0% |
| South | Portimão, Aqua Portimão | 2011 | | 2011 | Jumbo, Primark, H&M, 118 units | 35,056 | 23,341 | 4.2% | 50.0% |
| **TOTAL PORTUGAL** | | | | | | **259,511** | **151,827** | **8.1%** | |
| **TOTAL IBERIA** | | | | | | **783,607** | **470,414** | **4.9%** | |

## CEE and Turkey

**26 shopping centers**
**1,757 million euros in valuation total share excluding duties**
**110.1 million euros in net rental income total share**

Klépierre is located in the capitals that draw tourists – Budapest, Prague, Warsaw, and Istanbul. Klépierre's centers – such as Nový Smíchov, the Czech capital city's leading shopping center – are the preferred destinations for international retailers willing to grow in the region.

### Poland

| City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Lublin, Lublin Plaza | 2007 | | 2007 | TK Maxx, H&M, Stokrotka, Cinema City, Reserved, 100 units | 25,697 | 25,697 | 0.0% | 100.0% |
| Poznan, Poznan Plaza | 2005 | R 2015 | 2005 | Cinema City, IMAX, Zara, H&M, Piotr i Paweł, Komputronik, Reserved, New Look, 127 units | 29,465 | 29,465 | 0.6% | 100.0% |
| Ruda Slaska, Ruda Slaska Plaza | 2001 | R 2008 | 2005 | Carrefour, Reserved, CCC, H&M, 44 units | 14,780 | 14,780 | 10.8% | 100.0% |
| Rybnik, Rybnik Plaza | 2007 | | 2007 | Stokrotka, Cinema City, H&M, CCC, Reserved, Cubus, 64 units | 18,496 | 18,496 | 1.8% | 100.0% |
| Sosnowiec, Sosnowiec Plaza | 2007 | | 2007 | Stokrotka, Cubus, Cinema City, Reserved, Empik, 59 units | 13,203 | 13,203 | 7.1% | 100.0% |
| Warsaw, Sadyba Best Mall | 2000 | | 2005 | Carrefour Market, Cinema City, H&M, 101 units | 26,294 | 26,294 | 0.0% | 100.0% |
| **TOTAL POLAND** | | | | | **127,936** | **127,936** | **1.3%** | |

### Hungary

| City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Budapest, Corvin | 2010 | | 2009 | CBA, Alexandra, H&M, Müller, Reserved, Decathlon 147 units | 34,587 | 34,587 | 8.5% | 100.0% |
| Budapest, Duna Plaza | 1996 | R 2002 | 2004 | Cinema City, Media Saturn, CBA, H&M, 241 units | 47,483 | 47,483 | 5.9% | 100.0% |
| Gyor, Gyor Plaza | 1998 | R 2008 | 2004 | Cinema City, CBA, Euronics, 78 units | 15,237 | 15,237 | 2.0% | 100.0% |
| Miskolc, Miskolc Plaza | 2000 | | 2004 | Cinema City, C&A, H&M, Reserved, Euronics, 104 units | 14,711 | 14,711 | 1.9% | 100.0% |
| Nyiregyhaza, Nyir Plaza | 2000 | | 2004 | Cinema City, H&M, CCC, 73 units | 13,883 | 13,883 | 6.0% | 100.0% |
| Székesfehérvar, Alba Plaza | 1999 | | 2004 | Cinema City, C&A, H&M, Hervis, 78 units | 15,068 | 15,068 | 0.0% | 100.0% |
| **TOTAL HUNGARY** | | | | | **140,970** | **140,970** | **4.6%** | |

### Czech Republic

| City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Plzeň, Plzeň Plaza | 2007 | | 2008 | Cinema City, H&M, Supermarket Albert, 103 units | 19,650 | 19,650 | 2.3% | 100.0% |
| Prague, Novodvorská Plaza | 2006 | | 2006 | Tesco, Datart, Lindex, Sportisimo, H&M, 110 units | 26,922 | 26,922 | 3.2% | 100.0% |
| Prague, Nový Smíchov | 2001 | R 2011 | 2001 | Tesco, C&A, Cinema City, H&M, Zara, M&S, 171 units | 57,205 | 38,477 | 0.0% | 100.0% |
| **TOTAL CZECH REPUBLIC** | | | | | **103,777** | **85,049** | **0.7%** | |

### Turkey

| City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Adapazari, Adacenter | 2007 | | 2015 | Carrefour, Tekzen, Cetinkaya, LCW, 71 units | 25,302 | 25,302 | 18.0% | 100.0% |
| Ankara, 365 | 2008 | | 2015 | Migros, Koçtaş, Bimeks, Joker, Smartplay, 106 units | 27,462 | 23,654 | 7.4% | 100.0% |
| Bursa, Anatolium | 2010 | | 2015 | IKEA, Carrefour, Koçtaş, Mediamarkt, H&M, Mudo, Koton, LCW, 147 units | 83,274 | 83,274 | 6.0% | 100.0% |
| Denizli, Teras Park | 2007 | 2009 | 2015 | Carrefour, Mediamarkt, Tekzen, Joypark, Bellona, 106 units | 50,749 | 50,749 | 13.6% | 51.0% |
| Istanbul, Akmerkez | 1993 | 2010 | 2015 | Wepublic, Macrocenter, Zara, Vakko, 166 units | 34,487 | 15,606 | 10.5% | 46.9% |
| Tarsus, Tarsu | 2012 | | 2015 | Tesco, Koton, LCW, Teknosa, 80 units | 27,604 | 27,604 | 17.6% | 100.0% |
| Tekirdağ, Tekira | 2008 | | 2015 | Carrefour, Tekzen, Boyner, LCW, Defacto, Koton, 86 units | 33,926 | 33,926 | 2.7% | 100.0% |
| **TOTAL TURKEY** | | | | | **282,805** | **260,115** | **9.7%** | |

### Greece

| City, center | Creation | Rénovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Patras | 2002 | | 2003 | Carrefour, Kotsovolos, Intersport, 25 units | 17,495 | 8,736 | 5.7% | 83.0% |
| Thessalonica, Efkarpia | 1995 | R 2014 | 2003 | Carrefour, 14 units | 20,859 | 996 | 20.2% | 83.0% |
| Thessalonica, Makedonia | 2000 | R 2005-2012 | 2001 | Carrefour, Ster cinemas, Orchestra, 37 units | 34,797 | 14,984 | 11.1% | 83.0% |
| **TOTAL GREECE** | | | | | **73,151** | **24,717** | **10.2%** | |

### Slovakia

| City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|
| Bratislava, Danubia | 2000 | | 2000 | Carrefour, Nay, McDonald's, 42 units | 26,089 | 12,289 | 0.8% | 100% |
| **TOTAL SLOVAKIA** | | | | | **26,089** | **12,289** | **0.8%** | |
| **TOTAL CENTRAL & EASTERN EUROPE AND TURKEY** | | | | | **754,726** | **651,076** | **5.7%** | |

## The Netherlands

**5 shopping centers**
**1,234 million euros in valuation total share excluding duties**
**45.5 million euros in net rental income total share**

Following the acquisition of Corio in 2015, Klépierre now occupies the number one spot in the Dutch market. Hoog Catharijne (Utrecht), the most visited shopping center in the country, is currently being extended and renovated.

| Region | City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|
| Zuid-Holland | Rotterdam, Alexandrium | 1984 | R 2001 | 2015 | Albert Heijn, H&M, Zara, 130 units | 49,503 | 45,845 | 3.4% | 100.0% |
| | Rotterdam, Markthal | 2014 | | 2015 | Albert Heijn, Jamies Italian 78 units | 11,841 | 11,841 | 0.0% | 100.0% |
| Utrecht | Utrecht, Hoog Catharijne | 1973 | R/E 2015 | 2015 | Albert Heijn, Media Markt, H&M, Zara, 100 units | 79,992 | 52,282 | 7.0% | 100.0% |
| Noord-Holland | Amsterdam, Villa Arena | 2001 | R 2008 | 2015 | Woonfabriek, Prenatal, 50 units | 79,432 | 55,561 | 15.6% | 100.0% |
| Flevoland | 't Circus, Almere | 2009 | R 2012 | 2015 | Primark, 74 units | 33,389 | 31,139 | 5.5% | 100.0% |
| **TOTAL THE NETHERLANDS** | | | | | | **254,156** | **196,668** | **5.6%** | |

## Germany

**5 shopping centers**
**1,074 million euros in valuation total share excluding duties**
**42.0 million euros in net rental income total share**

With the Corio acquisition in 2015, the doors of Germany – a country with strong purchasing power – have opened for Klépierre.

| Region | City, center | Creation | Renovation/ Extension | Acquired by Klépierre | Composition | Gross leasable area | Rentable floor area | EPRA vacancy rate | Klépierre equity interest |
|---|---|---|---|---|---|---|---|---|---|
| Berlin | Berlin, Boulevard Berlin | 2013 | R/E 2013 | 2015 | Karstadt, Saturn, H&M, Zara, 148 units | 86,661 | 86,661 | 11.1% | 95.0% |
| Niedersachsen | Arneken Galerie Hildesheim | 2012 | R/E 2012 | 2015 | Saturn, H&M, DM, 92 units | 27,437 | 27,437 | 10.9% | 95.0% |
| Nordrhein Westfalen | Duisburg, Forum Duisburg | 2008 | R/E 2008 | 2015 | Karstadt, Saturn, C&A, 82 units | 58,518 | 58,518 | 1.6% | 95.0% |
| | Duisburg, Königsgalerie | 2011 | R/E 2011 | 2015 | H&M, Intersport, Mango, 61 units | 17,295 | 17,295 | 20.1% | 95.0% |
| Sachsen | Dresden, Centrum Galerie | 2009 | R/E 2012 | 2015 | Primark, Zara, Karstadt Sports, Mango, 98 units | 67,332 | 67,332 | 5.4% | 95.0% |
| **TOTAL GERMANY** | | | | | | **257,243** | **257,243** | **6.4%** | |

## 1.5.2 Retail assets

**399.0 million euros in valuation total share excluding duties**
**29.3 million euros in net rental income total share**

| Portfolio | Region/City | Composition | Gross leaseable area |
|---|---|---|---|
| Buffalo Grill | Throughout France | 117 restaurant premises | 66,264 |
| Vivarte | Throughout France | 79 store premises of which:<br>– 33 store premises operated by Défi Mode<br>– 35 store premises operated by La Halle<br>– 11 store premises operated by La Halle aux Chaussures | 78,962 |
| King Jouet | Throughout France | 22 stores | 18,700 |
| Sephora | Metz | 1 store premises operated by Sephora | 717 |
| Delbard | Throughout France | 1 store premises operated by Delbard, 1 by Tablapizza, 1 by Centrakor | 8,034 |
| Diversified assets | Throughout France | 30 store premises of which:<br>– 3 store premises operated by Chaussea<br>– 3 Leader Price supermarkets<br>– 4 store premises operated by Styleco | 33,070 |
| Other assets | Throughout France | 14 store premises | 13,164 |
| **TOTAL RETAIL ASSETS** | **THROUGHOUT FRANCE** | **266 ASSETS** | **218,911** |

## 1.5.3 Overview of valuation reports prepared by the independent external appraisers

### General context of the valuation

#### Context and instructions

In accordance with Klépierre's instructions ("the Company") as detailed in the signed valuation contracts between Klépierre and the valuers, we have valued the assets held by the Company, taking account of their ownership (freehold, ground lease, etc). This Summary Report has been prepared for inclusion in the Company's annual report.

The valuations were undertaken by our valuation teams in each of the various countries and have been reviewed by the Pan European valuation teams. In order to estimate the market value for each asset, we have not only taken into consideration domestic retail investment transactions but have also considered transactions on a European level. We confirm that our valuations have been prepared in a similar way to other valuations undertaken in Europe, in order to maintain a consistent approach and to take into consideration all the market transactions and information available.

The valuations are based on the discounted cash flow method and the capitalisation method, which are regularly used for these types of assets.

Our valuations were undertaken as at 31 December 2016.

#### Reference Documents and General Principles

We confirm that our valuations were undertaken in accordance with the appropriate sections of the 9th Edition of the RICS Valuation Standards (the "Red Book"). This is a valuation basis accepted on an international level. Our valuations are compliant with the IFRS accounting standards and the IVSC standards. The valuations have also been prepared on the basis of the AMF recommendations on the presentation of valuations of real estate assets owned by listed companies, published on 8th February 2010. Furthermore, they take into account the recommendations of the Barthès de Ruyter report on valuation of real estate owned by listed companies, published in February 2000.

We confirm that we have prepared our valuations as external and independent valuers as defined by the Red Book standards published by RICS.

We confirm that the appraisal has been performed in accordance with the principles of IFRS 13: we have appraised the highest and best use of each asset.

The Market Value defined below generally matches the Fair Value defined in IFRS Standards, and particularly in IFRS 13.

#### Basis of Valuation

Our valuations correspond to the Market Value and are reported to the Company as both gross values (market value before deduction of transfer costs) and net values (market value after deduction of transfer costs).

### Valuation considerations and assumptions

#### Information

The Company's management were asked to confirm that the information provided relating to the assets and tenants is complete and accurate in all significant aspects. Consequently, we have assumed that all relevant information known by our contacts within the Company that could impact value has been made available to us and that this information is up to date in all significant aspects. This includes running costs, works undertaken, financial elements, including doubtful debtors, turnover rents, lettings signed or in the process of being signed and rental incentives, in addition to the list of let and vacant units.

#### Floor areas

We have not measured the assets and have therefore based our valuations on the floor areas that were provided to us.

## Environmental analysis and ground conditions

We have not been asked to undertake a study of ground conditions nor an environmental analysis. We have not investigated past events in order to determine if the ground or buildings have been contaminated. Unless provided with information to the contrary we have worked on the assumption that the assets are not and should not be affected by ground pollution and that the state of the land will not affect their current or future usage.

## Town planning

We have not studied planning consents or other permits and have assumed that the assets have been built and are occupied and used in conformity with all necessary authorisations and that any outstanding legal issues have been resolved. We have assumed that the layout of assets conforms to legal requirements and town planning regulations, notably concerning the structural materials, fire safety and health and safety. We have also assumed that any extensions in progress are being undertaken in line with town planning rules and that all necessary permissions have been obtained.

## Title deeds and tenancy schedules

We have relied upon the tenancy schedules, summaries of complimentary revenues, non recoverable charges, capital projects and the business plans which were provided to us. We have assumed, with the exception of what may be mentioned in our individual asset reports, that the assets are not inhibited by any restriction which could impede a sale and that they are free from any restrictions or charges. We have not read the title deeds and have taken as correct the rental, occupational and all other pertinent information that has been provided to us by the Company.

## Condition of the assets

We have taken note of the general condition of each asset during our inspection. Our instruction does not include a building or structural survey but we have indicated in our report, where applicable, any maintenance problems which were immediately apparent during our inspection. The assets have been valued based on the information provided by the Company according to which no deleterious material was used in their construction.

## Taxation

Our valuations were undertaken without taking into account potential sales or legal fees or taxes which would come into effect in the case of a transfer. The rental and market values produced are net of VAT.

## Confidentiality and disclosure

Finally, and in accordance with our standard practice we confirm that our valuation reports are confidential and are addressed solely to the Company. We accept no liability to third parties. Neither the whole reports, nor any extracts may be published in a document, declaration, memorandum or statement without our written consent as regards the form and context in which this information may appear. In signing this Summary Report, the valuation firms accept no liability for the valuations carried out by the other firms.

Jean-Philippe CARMARANS
Head of Valuation France
Cushman & Wakefield

Jean-Claude DUBOIS
President
BNP Paribas Real Estate Valuation France

Gareth SELLARS
President
Jones Lang LaSalle Expertises

Anne DIGARD
President Valuation
CBRE

# 1.6 Simplified organization chart as of December 31, 2016

## Shopping centers

| | | | | | | |
|---|---|---|---|---|---|---|
| **France** | Klécar France 83 | Corio 100 | Progest 100 | Real estate business | | |
| | Klépierre Management 100 | Klépierre Brand Ventures 100 | Klépierre Gift Cards 100 | Klépierre Procurement International 100 | Klépierre Finance 100 | Financière Corio 100 |
| **Belgium** | Real estate business 100 | | | | | |
| | Klépierre Management Belgique 100 | Klépierre Finance Belgique 100 | | | | |
| **Spain** | Klécar Foncière Ibéria 100 | Klécar Foncier Espana 100 | Corio Real Estate Espana 100 | Real estate business 100 | | |
| | Klépierre Management Espana 100 | | | | | |
| **Italy** | Klécar Italia 100 | Fonds K2 95 | Clivia SPA 50 | Corio Italia 100 | Real estate business 100 | |
| | Klépierre Management Italia 100 | | | | | |
| **Portugal** | Real estate business 100 | | | | | |
| | Klépierre Management Portugal 100 | | | | | |
| **Luxemburg** | Holding Klégé 50 | | | | | |
| | Reluxco 100 | | | | | |
| **Greece** | Real estate business 100 | | | | | |
| | Klépierre Management Hellas 100 | | | | | |
| **The Netherlands** | Capucine B.V. 100 | Klépierre Nordica B.V. 100 | Klépierre Nederland B.V. 100 | Real estate business 100 | | |
| | Klépierre Management Nederland B.V. 100 | | | | | |
| **Turkey** | Real estate business | | | | | |
| **Germany** | Real estate business | | | | | |
| | Klépierre Management Deutschland 100 | Corio Mall Management Duisburg 100 | Corio Mall Management Dresden 100 | | | |
| **Poland** | FIZ Ipopema 96 100 | Real estate business 100 | | | | |
| | Klépierre Management Polska 100 | | | | | |
| **Hungary** | Real estate business 100 | | | | | |
| | Klépierre Management Magyarorszag 100 | | | | | |
| **Czech Republic** | Real estate business 100 | | | | | |
| | Klépierre Management Ceska Republika 100 | | | | | |
| **Slovakia** | Arcol 100 | | | | | |
| | Klépierre Management Slovensko 100 | | | | | |
| **Bulgaria** | Corio Lulin 100 | | | | | |
| *** Norway Sweden Denmark** | Steen & Strøm AS 56.1 | Holding & Real estate business | | | | |
| | Management Company | | | | | |

**Key**

% Direct or indirect control of Klépierre SA at 12/31/16

Real estate business

Service business

* Subsidiary (Steen & Strøm) covering the Nordic countries owned at 56.1% with Storm ABP

## Others activities

| | |
|---|---|
| **France** | Klémurs 100 |
| | Klépierre Conseil 100 |

# 1.7 Competitive position

### Main competitors of Klépierre

| *In millions of euros* | Klépierre | Unibail-Rodamco | Eurocommercial Properties | Mercialys |
|---|---|---|---|---|
| Market capitalization | 11,740 | 22,527 | 1,789 | 1,771 |
| Value of the property portfolio (including duties) | 23,416 | 40,495 | 3,650 | 3,797 |

### Breakdown of consolidated net rental income per country/region

| *In millions of euros* | Klépierre | | Unibail-Rodamco | | Eurocommercial Properties(1) | | Mercialys | |
|---|---|---|---|---|---|---|---|---|
| France | 417.3 | 38.5% | 818.8 | 53.6% | 51.4 | 35.0% | 178.1 | 100.0% |
| Scandinavia | 180.3 | 16.6% | 139.9 | 9.1% | 30.0 | 20.4% | – | – |
| Italy | 189.8 | 17.5% | – | – | 65.7 | 44.6% | – | – |
| Spain and Portugal | 98.4 | 9.1% | 146.5 | 9.6% | – | – | – | – |
| The Netherlands | 45.5 | 4.2% | 61.5 | 4.0% | – | – | – | – |
| Germany | 42.0 | 3.9% | 89.9 | 5.9% | – | – | – | – |
| Other countries | 110.1 | 10.2% | 272.4 | 17.8% | – | – | – | – |
| **NET RENTAL INCOME** | **1,083.4** | **100.0%** | **1,528.5** | **100.0%** | **147.2** | **100.0%** | **178.1** | **100.0%** |

### Breakdown of consolidated net rental income per activity

| *In millions of euros* | Klépierre | | Unibail-Rodamco | | Eurocommercial Properties(1) | | Mercialys | |
|---|---|---|---|---|---|---|---|---|
| Shopping centers and/or retail assets | 1,083.4 | 100.0% | 1,272.6 | 83.3% | 147.2 | 100.0% | 178.1 | 100.0% |
| Offices | – | – | 153.3 | 10.0% | – | – | – | – |
| Other activities | – | – | 102.6 | 6.7% | – | – | – | – |
| **NET RENTAL INCOME** | **1,083.4** | **100.0%** | **1,528.5** | **100.0%** | **147.2** | **100.0%** | **178.1** | **100.0%** |

*(1) Over 12 months at 06/30/2016.*
*Source: Companies disclosures. Data as of 12/31/2016.*

# 1.8 Main risk factors

The Company conducted a review of its risks. With the exception of the risks presented in this registration document, the Company has not identified any risks that could have a materially adverse impact on the Group's business as of the date of this registration document.

However, other risks and uncertainties partially or entirely unknown by Klépierre, considered non-material or whose occurrence was not foreseen as of the filing date of this registration document, may also have an adverse effect on the Group's business. Should any of the risks described in this registration document materialize, Klépierre's business, financial position, results at operations or prospects could be affected.

The relevant management control procedures and management tools used by the Group are described mainly in the section on internal control and risk management procedures included in part 4 of this registration document.

## 1.8.1 Risks related to Klépierre's strategy and activities

### 1.8.1.1 Risks related to the economic environment

Since the majority of the Klépierre real estate asset portfolio comprises shopping centers, changes in the key macroeconomic indicators of the countries in which the Group operates are likely to impact its lease income and real estate portfolio value, as well as shape its investment and new asset development policy, and therefore its growth prospects.

The key factors likely to affect Klépierre's business are as follows:

- the economic environment is likely to encourage or depress demand for new retail space and therefore affect the growth prospects of Klépierre's shopping center portfolio (in terms of construction of new centers, extension of existing centers and acquisition or disposal transactions). It may also have a long-term impact on occupancy rates and the ability of tenants to pay their rent;
- a downward trend or slower growth in the indices against which most rents payable under Klépierre leases are indexed may also compromise Klépierre's rental income, as could any change in the indices used for this purpose. The overall impact on all the leases in the Klépierre portfolio could be reduced by the fact that indexation is country specific (usually against national inflation indices or, in the case of France, indices specific to commercial leases);
- the ability of Klépierre to increase rents – or even to maintain them at current levels – depends, at the point of lease renewal, principally on its tenants' current and forecast revenue levels, which in turn depend in part on the state of the economy. Tenants' revenue trends also impact on the variable element of rents;
- any prolonged worsening of economic conditions could also result in an increase in unlet units in Klépierre assets, which would have a negative effect on Group lease income and operating income as a result of the loss of lease income and the increase in non-rebillable expenses (where vacant premises require repairs and renewals before they can be re-let, these costs cannot be passed on to tenants);
- the profitability of Klépierre's real estate letting activities depends on the solvency of its tenants. During periods of difficulty in the economy, tenants may delay payment of rent, fail to pay rent at all, or encounter financial problems that would cause Klépierre to review tenancy conditions downwards.

### 1.8.1.2 Risks related to the real estate market

Klépierre may not always execute its investments and divestments at the most opportune time due to the fluctuation that the real estate market may face. In overall terms, a downturn in the commercial real estate market could have a negative effect on Klépierre's investment policy and disposal policy, as well as on the development of new assets, the value of its asset portfolio, the conduct of its business, its financial position, its operating income and its future prospects.

More specifically, a downturn in the real estate market could have a significant negative effect on the conditions applying to Klépierre financing, and therefore on the business itself. In particular:

- the Company covers part of its financing needs by selling existing real estate assets. In unfavorable market conditions, these assets could take longer to sell and achieve lower prices than expected, which could limit the flexibility of Klépierre in the way it implements its development strategy;
- certain covenants related to loan agreements signed by Klépierre and its subsidiary companies depending on the asset value. Unfavorable market conditions could reduce the value of Group assets, making it more difficult for the Company to comply with the financial ratios stipulated under loan agreements. If Klépierre were to find itself unable to maintain these ratios, it could be obliged to sell assets or raise funds by issuing equity securities in order to repay the debt or ask lenders to amend certain loan agreement provisions. At December 31, 2016, the Loan-to-Value ratio referred to in the loan agreements was 36.8%, giving the Group substantial room for maneuver given the maximum limit of 60%. Assuming the level of debt remains the same, the value of the property portfolio would have to decline by more than 38% to reach the limit set in the loan agreements.

### 1.8.1.3 Risks related to the departure or closure of flagship chains

The Group's shopping centers are often supported by one or more flagship chains with high levels of customer appeal. A decline in the attractiveness of such chains, any slowdown or cessation in their businesses (particularly as a result of an unusually depressed economy), any failure to renew their leases, any termination of their leases and any delay in re-letting the vacated premises could result in a decline in attractiveness of the shopping centers concerned. The resulting decline in footfall could trigger lower sales volumes for other stores, which would thus have a significant negative effect on the total rental yield from certain centers, and the financial position and growth prospects of the Group.

### 1.8.1.4 Risks related to the development of new real estate assets

Klépierre is involved in real estate development on its own account. This business poses in particular the following significant risks:

- the cost of construction of the assets may turn out to be higher than initially estimated: the construction phase may take longer than expected, technical difficulties or completion delays may be encountered due to the complexity of some projects and the price of construction materials may change adversely;
- Klépierre's investments (in new projects, renovations and extensions) are subject to obtaining the necessary regulatory approvals, which may be granted to Klépierre and/or its partners later than anticipated or even refused;
- Klépierre may require the consent of third parties, such as flagship chains, lenders or the associates involved in partnership developments, and these consents may not be given;
- Klépierre may fail to obtain satisfactory funding for these projects;
- up-front costs (such as the costs of studies) cannot normally be deferred or canceled in the event of projects being delayed or abandoned.

The real estate development and investment risks referred to may then result in investment projects being delayed, canceled or completed at a cost above that initially estimated in the budgets prepared by Klépierre, which could in turn affect the Group's financial results.

### 1.8.1.5 Risks related to lease renewals and the letting of real estate assets

When existing leases expire, Klépierre could find itself in the position of being unable to let or re-let vacant units within an acceptable period and/or under conditions as favorable as those offered by its current leases. The Company might be unable to attract a sufficient number of tenants or high-profile retail chains into its shopping centers, and may not be successful in maintaining occupancy rates and lease income at satisfactory levels. This could in turn have an adverse impact on Klépierre's revenues, operating income and profitability (see "Business of the year", section 2 of the registration document).

### 1.8.1.6 Risks related to the marketing of sites

Klépierre is responsible for marketing the shopping centers developed by the Company and other real estate assets it acquires, and therefore bears the risk of any marketing failures. Klépierre may encounter difficulties in securing retail chain tenants that are both attractive to consumers and prepared to accept the level and structure of rents that the Company offers. The retail real estate sector in which Klépierre operates is a rapidly changing business environment in which change is driven by customer demand. The possibility cannot be ignored that at some future time Klépierre may not be able to let its centers with a portfolio of retailers sufficiently attractive to ensure high occupancy rates and the opportunity to achieve high rental yields. This could in turn affect Klépierre's business volumes and operating income.

### 1.8.1.7 Risks related to the competitive environment

The Company's rental activities operate in a highly competitive market. Competition may arise as a result of current or future developments in the same market segment, other shopping centers, mail order, hard discount stores, e-commerce or the attraction exerted by certain retail chains located in competitor centers. More particularly, the development by competitors of new shopping centers located close to existing Klépierre centers and renovations or extensions to competitor shopping centers may have an adverse impact on the Company's ability to let its retail premises, and therefore on the rent levels it can charge and its forecast financial results.

As part of its business, the Company competes with many other players, some of which may have greater financial resources and larger portfolios. Having the financial leverage and ability to undertake large-scale development projects from their own resources gives the larger market players the opportunity to bid for development projects or asset acquisitions offering high profitability potential at prices that do not necessarily meet the investment criteria and acquisition objectives set by Klépierre, which may raise uncertainty on the Company's business forecasts.

### 1.8.1.8 Risks related to the estimation of asset values

On December 31 and June 30 of each year, Klépierre updates the fair market value of its real estate assets. The independently appraised market value depends on the relationship between supply and demand in the market, interest rates, the economic environment and many other factors likely to vary significantly in the event of poor shopping center performance and/or a downturn in the economy.

The form and frequency of the expert appraisals conducted are described in "Business of the year", section 2 of the registration document; the valuation method is described in the notes to the consolidated financial statements (chapter 3, note 5.2 "Investment properties").

The value of the Company's property portfolio is sensitive to a rise or a fall in the main applicable assumptions used by the appraisers.

### 1.8.1.9 Risks related to the international operations of Klépierre's business

Klépierre owns and operates shopping centers in 16 countries in continental Europe. Some of these countries may have risk profiles higher than those of the Company's major markets (France, Scandinavia, Italy). The economic and political context of these countries may be less stable, their regulatory frameworks and entry barriers may be less favorable and business may be conducted in more volatile local currencies. The risks posed by individual countries, combined with a failure to manage those risks effectively, may have an adverse impact on the operating income and financial position of Klépierre. The breakdown of the Group's business and performance by country is presented in the "Business of the year", section 2.1 of the registration document.

### 1.8.1.10 Risks related to partners' agreements

In the context of partnerships relating to real estate investments, Klépierre has entered into agreements that provide for Klépierre or its partners to have pre-emption and exit rights at Klépierre's benefit that could generate substantial acquisition costs or the disposal of jointly owned assets. The occurrence of such events may have an adverse impact on Klépierre's business, financial position, results of operations or prospects.

In particular, up until December 31, 2015, Klépierre owned most of its shopping centers in France, Spain and, to a lesser degree, Italy and Greece, under the terms of agreements signed with CNP Assurances and Écureuil Vie.

This agreement covers 10 assets following the sale of an asset portfolio to a consortium led by Carrefour and the expiration, as from December 31, 2015, of the agreement governing the assets located in France and Spain. These agreements provide the usual protections for minority partners: pre-emption rights, tag along rights and decision-making processes applying to investment or divestment. The principal clauses of the partner's agreement are shown in note 9.4 to the consolidated financial statements and note 6.2 to the parent company financial statements.

If the minority shareholders were to exercise their exit rights, and Klépierre was not willing to acquire their stake, with the result that those minority partners sell their investments to a third party at a price below that of the revalued net asset value of the underlying assets, Klépierre would then be obliged to compensate them for any shortfall (which could go up to 20% of the revalued net asset value of the underlying assets). Even though the Company considers this risk to be immaterial, in the event of a significant shortfall, the obligation to make the corresponding payments in compensation could have an adverse impact on Klépierre liquidity, and could require the Company to defer or cancel other investments.

### 1.8.1.11 Acquisition risks

The acquisition of real estate assets or companies owning such assets is part of Klépierre's growth strategy.

This policy poses in particular the following significant risks:

- Klépierre could overestimate the expected yield from these assets, and therefore acquire them at a price too high compared with the financing put in place for such acquisitions, or be unable to acquire them under satisfactory conditions, especially where the acquisitions are made via an open bid process or in a period of significant economic volatility or uncertainty. The comprehensive due diligence conducted with the assistance of specialist external consultants prior to any acquisition aims to minimize these risks;
- where an acquisition is financed by the disposal of other assets, market conditions or unfavorable deadlines, this could delay or compromise the ability of Klépierre to complete the acquisition;
- the assets acquired could contain hidden defects, such as subletting, violations by tenants of applicable regulations (and particularly environmental regulations) or failure to comply with the construction plans which would not be covered by the guarantees contained in the sale and purchase agreement. The due diligence process has a key role in this respect.

For the reasons mentioned above, an acquisition might not yield the expected benefits and the integration may not be fully completed. Furthermore, the cost reductions and positive effects expected at operational level might be lower than current expectations or achieved less rapidly than those originally contemplated. In the event that the announced amount of the synergies was not achieved, or was not achieved within the anticipated timeframe, this could have an adverse impact on the Group's business, results of operations, financial position, prospects or image.

### 1.8.1.12 Risks related to human resources

The Group's business is highly dependent on its executive management and employees. If the Group loses the support of certain key executives or employees, its success and results could be adversely impacted. For that reason, the Group is committed to applying in all countries where Klépierre operates a policy designed to attract and retain talented employees. In addition, an employee succession plan is in place for strategic areas of its organization.

## 1.8.2 Risks related to Klépierre's financing policy and financial activities

The exposure of Klépierre to the range of financial risks and the policy it applies to manage and hedge against those risks are described in greater detail in note 8 to the consolidated financial statements, and in the report of the Chairman of the Supervisory Board (section 1.8.8).

### 1.8.2.1 Liquidity risk

Klépierre's strategy depends on its ability to raise financial resources in the form of loans or equity for the purpose of funding its investments and acquisitions and refinancing maturing debts. Klépierre is committed to distributing a significant proportion of its profits to its shareholders in order to qualify for SIIC status. It therefore relies significantly on debt to fund its growth. This method of funding may not be available under advantageous conditions. This situation could occur, among other things, in the event of a crisis in capital markets or debt markets, the occurrence of events impacting on the real estate sector, a reduction in the rating of Klépierre debt, restrictions imposed by covenants included as part of loan contracts, or any other change to the business, financial position or shareholding profile of Klépierre capable of influencing the perception that investors or lenders have of its creditworthiness or the attractiveness of investing in the Group.

Klépierre is also exposed to the general risks associated with all types of borrowing, and particularly the risk of operating cash flows falling to a level at which the debt could not be served. If such a shortfall were to occur, the result could be an acceleration or early repayment and the calling in of any security given, with the possibility of the assets concerned being seized.

The Group's debt maturity schedule and the management of liquidity risk are treated in further detail in the notes to the consolidated financial statements (notes 5.11 and 8).

Taking the matters described above into account, Klépierre is in a position to deal with all its future maturing finance.

#### Risks related to the covenants contained in certain loan agreements

In addition to the usual covenants, the loan agreements entered into by Klépierre also contain covenants obliging the Company to comply with specific financial ratios, as detailed in the section "Business of the year" (section 2.8). If Klépierre were to breach one of its financial commitments and be unable to remedy that failure within the time contractually allowed, the lenders could demand early repayment of the loan or seize the assets concerned where the loan is secured. Some loan agreements also contain cross default clauses allowing lenders to demand early repayment of outstanding amounts in the event that Klépierre fails to meet the covenants contained in other loan agreements (unless any shortcoming is regularized within the period allowed). Consequently, any failure to meet its financial commitments could have an adverse impact on Klépierre's financial position, its earnings, its flexibility in conducting its business and pursuing growth (for example, by impeding or preventing certain acquisitions), its ability to meet its obligations, and its share price. At the date of this report, Klépierre has satisfied all its obligations arising from the financial commitments described above.

#### Risks related to any downgrading of the Klépierre debt rating

Klépierre's existing debt rating is periodically reviewed by the rating agency Standard & Poor's. As at the date of this report and since April 2014, its long-term debt is rated "A-, stable outlook" and its short-term debt as "A-2, stable outlook". These ratings reflect Klépierre's ability to repay its debts, as well as its liquidity, key financial ratios, operational profile and general financial position, and other factors considered as being significant in respect of the Company's business sector and the economic outlook more generally.

Any downgrading of Klépierre's debt rating could increase the cost of refinancing its existing loans and could adversely impact the ability of the Group to fund its acquisitions or develop its projects under acceptable conditions. Any increase in interest charges would compromise Klépierre's earnings from operations and the return on development projects. If funding were not available under satisfactory conditions, Klépierre's ability to grow its business through acquisition and development would be reduced.

### 1.8.2.2 Interest-rate risk

Klépierre's significant debt exposes it to risks due to interest rate variations:

- the interest charges paid by Klépierre on its variable-rate debt could therefore increase significantly;
- a significant increase in interest rates would impact negatively on the value of the Company's holdings inasmuch as the yield rates applied by real estate appraisers to the rents of commercial buildings are determined partly on the basis of interest rates;
- Klépierre uses derivative instruments such as swaps to hedge against interest rate risks which enable it to pay a fixed or variable rate, respectively, on a variable or fixed rate debt.

Developing an interest rate risk management strategy is a complex task, and no strategy can protect the Company fully against the risk posed by interest rate fluctuations. The valuation of derivatives also varies depending on interest rate levels. This is reflected in Klépierre's balance sheet, and there may also be an impact on its income statement if hedging relationships are not sufficiently justified by documentation or if the existing hedges are only partly effective.

The use made by Klépierre of interest rate hedge instruments could expose the Company to additional risks, and particularly the risk of failure of the counterparties to such instruments, which could in turn result in payment delays or defaults that would adversely impact on the results of Klépierre.

Quantified illustrations of the effects of interest rate fluctuations before and after hedging are given in note 8.1 to the consolidated financial statements.

### 1.8.2.3 Currency risk

Klépierre conducts its activities in certain countries that have not joined the Eurozone (currently Denmark, Hungary, Norway, Poland, Czech Republic, Sweden and Turkey). In these countries, Klépierre's exposure to currency risks derives from the following elements:

- local currencies could depreciate between the invoicing of rents in euros and the payment of the aforesaid rents by the tenants, which would create currency losses for Klépierre. Moreover, some leases are not invoiced in euros, but in dollars (Central Europe) or in local currencies (particularly in Scandinavia), which creates an additional risk related to the rent amount effectively recovered in euros;
- fluctuations in local currencies also impact the level at which local financial statements are translated into euros and integrated into Klépierre's consolidated financial statements;
- since a proportion of subsidiary's expenses are denominated in the local currency, although their incomes (fees) are denominated in euros, any appreciation in the local currency may reduce operating profit;

- since rent bills are usually denominated in euros (apart from Scandinavia and Turkey) tenants may have difficulty in paying their rent if their local currency depreciates significantly. Any resulting deterioration in their solvency could have a negative impact on Klépierre's rental income.

For details of the measures taken by the Group to reduce currency risks, please refer to note 8.3 to the consolidated financial statements.

Taking into account the measures described in the note mentioned above, the currency risk has been significantly reduced.

#### 1.8.2.4 Counterparty risk

When Klépierre uses derivatives, such as swaps, to hedge a financial risk, its counterparty may be liable to Klépierre for certain payments throughout the term of the instrument. Insolvency of said counterparty may lead to delay or default in such payments, which would have an adverse impact on Klépierre's results of operations.

Klépierre has also received confirmed financing commitments from banks in the form of revolving credit facilities. Accordingly, the Company is exposed to counterparty risk, since the inability of the relevant banks to honor their commitments may prevent the Group from honoring its own financial commitments.

Klépierre is also exposed to counterparty risks in respect of its short-term investments; since these investments are made in small amounts, simple forms and for a short term, this risk is, however, immaterial on the Group scale. The risk monitoring policy and control system implemented by Klépierre are presented in note 8.4 to the consolidated financial statements.

Taking into account the nature of the risks described in the note mentioned above, and the measures taken to mitigate them, those risks are not considered as significant at Group level.

### 1.8.3 Legal, tax and regulatory risks

#### 1.8.3.1 Risks related to applicable regulations

As an owner and manager of real estate assets, Klépierre must comply with a number of regulations in force in all countries where it operates. These rules apply to several fields, including corporate law, health and safety, environment, building construction, commercial licenses, leases and urban planning.

Changes in the regulatory framework may require Klépierre to make changes to its business, assets or strategy. Klépierre may also suffer financially should one or more tenants in one of its shopping centers fail to comply with the applicable standards. This may take the form of a loss of rent following a store closure or a loss of marketability of the asset. The regulatory risks described in this paragraph could impose additional costs on Klépierre which could have an adverse effect on its business, results of operations and financial position, as well as the value of the Klépierre asset portfolio.

##### The specific risk associated with laws and regulations governing leases

In certain countries in which Klépierre has operations and especially France, the contractual conditions applying to lease periods, lease voidance, lease renewal and rent indexation may be considered to be a matter of public policy. More specifically, some legal provisions in France limit the conditions under which property owners may increase rents to align them with market levels or maximize rental income. In France, certain types of lease must be entered into for minimum periods, and the process of evicting tenants in the event of non-payment may be lengthy.

Any change to the regulations applying to commercial leases, and particularly their term, the indexation and capping of rents or the way in which eviction penalties are calculated, could have a negative effect on the value of Klépierre's asset portfolio, as well as the Company's operating income and financial position.

##### Litigation risks

In the normal operation of its business, the Group may be involved in legal proceedings or subject to audits by tax or regulatory authorities. Such events may entail a financial risk and a risk to its reputation and/or to its image. To the Company's knowledge, as at the date of filing of this registration document, there was no material litigation with respect to the Group's balance sheet that is not reflected in the financial statements. Information about provisions for liabilities and litigation is disclosed in the notes to the consolidated financial statements (note 5.13). No provisions considered individually represent a material amount.

No governmental or legal proceeding or arbitration of which the Company is aware to date, which is pending or threatened, is likely to have or has had a material impact on the financial position or profitability of the Company and/or Group in the past twelve months.

##### Risks relating to the SIIC tax rules

Since the Company has a SIIC status, it is subject to special tax rules, referred to as the "SIIC rules". As such, and subject to certain conditions (see the Glossary of this registration document for further details), it is exempt from paying corporate income tax. Although there are significant benefits involved in adopting the SIIC status, the rules are complex and pose certain risks for the Company and its shareholders:

- the requirement for the Company to distribute a significant proportion of the profits earned in each fiscal year, which could, for example, affect its financial position and liquidity;
- the Company is exposed to the risk of future changes to the SIIC rules, and certain changes could have a significant negative impact on the Company's business, financial position and results of operations;
- the Company is also exposed to the risk posed by future interpretation of the SIIC rule provisions by the French tax and accounting authorities.

### Legal monitoring

Klépierre's Legal Department, supported by the relevant functions, works in partnership with outside counsel to ensure that information regarding new laws and regulations that could have a material impact on the Group's financial position and future growth is gathered, processed and disseminated throughout the Group. This intelligence-gathering process extends to legislation and regulations in every country in which the Group has equity interests.

## 1.8.4 Risks related to subsidiary companies

Steen & Strøm is 43.9% owned by ABP Pension Fund and 56.1% by Klépierre. The equity percentage, together with certain provisions contained in the shareholders' agreement between the two shareholders, gives ABP Pension Fund significant influence in certain areas of strategic decision-making, such as major investment and divestment transactions involving Steen & Strøm. Under the terms of the agreement, certain decisions may be made on the basis of an 85% qualified majority vote, the effect of which is to give ABP Pension Fund an effective veto right over these decisions. For certain Steen & Strøm development decisions, the interests of ABP Pension Fund may diverge from those of Klépierre. The successful growth of Steen & Strøm's business therefore depends to a certain extent on good relations between its shareholders. The possibility of some divergence of approach occurring between the shareholders cannot be excluded, which could disrupt the operation of Steen & Strøm, with a negative impact on the results of operations, financial position and prospects of Klépierre.

## 1.8.5 Environmental risks

In all its operating countries, Klépierre must comply with environmental protection laws applying to the presence or use of hazardous or toxic substances, and the use of facilities capable of generating pollution and impacting public health.

Regulations on the control and maintenance of wastewater networks, domestic supply water stations and distribution networks, and hydrocarbon evacuation and storage facilities exist in many countries.

Internal measures have been implemented to cover certain risks that are not always covered by regulatory obligations. These good practices include building structure audits, energy audits, analyses to control presence of legionnaire's disease, and thermal checks on electrical installations.

The families of risks identified could have a range of different consequences:

- a health incident resulting, for example, from internal pollution could produce a hazard to users and neighbors. A failure of this kind would have immediate local consequences in terms of footfall, reduced revenues for retailers and the loss of rent for Klépierre on the site concerned, as well as a negative impact on the Group's reputation;
- an environmental incident caused by human error could also reflect badly on the Group's reputation and expose its management to liability;
- under current environmental laws and regulations, Klépierre, as the current or previous owner and/or operator of an asset, may be liable for identifying hazardous or toxic substances affecting an asset or a neighboring asset, and removing and cleaning up any such contamination found. The existence of contamination or the failure to remedy it may also impact negatively on Klépierre's ability to sell, rent, or redevelop an asset, or to use it as a security for a loan;
- any failure to comply with safety measures or control procedures could result in an official shutdown of the site, with local consequences for the future of the business and image of the site concerned.

In addition to the general liability insurance cover taken out to cover the risk of accidental pollution, Klépierre also subscribed to a further specific policy increasing its coverage for environmental damage, and in particular to cover Klépierre's liability in respect of damage resulting from gradual pollution.

Depending on its intensity, extreme weather may also impact the business activity of one or more assets. Exceptional snowfall could, for example, result in buildings being evacuated or pose a structural risk resulting in cessation of business on a given site. High temperatures could cause the expansion of joints and, as a result, the falling of building components. This type of risk is covered by property damage insurance where assets are affected and general liability insurance for third-party damage.

In the environmental sphere, as in other spheres, the permanent and periodic compliance measures applied by the Group are designed to reduce the likelihood of risks materializing. The permanent compliance measures ensure the checking of the procedures implemented and the monitoring points fundamental to the full coverage of the assets and the claims history. In addition, the periodic compliance measures ensure compliance with the regulations and procedures implemented (drafting of reports, recommendations and implementation plans) (see the report of the Chairman of the Supervisory Board in section 1.8.8 of this registration document).

## 1.8.6 Insurance risks

Klépierre and its subsidiaries (including Steen and Strøm) are covered by Group-wide international insurance programs underwritten by prime insurers allowing:

- identical replacement cost and loss of rent cover for all assets, irrespective of their location, by appropriate property damage and terrorism insurance programs. Replacement cost is determined by means of assessments carried out by independent appraisers at five-year intervals;
- cover of the consequences arising from Group companies' third-party general liability in relation to their business activities or professional misconduct, including the mandatory cover for French subsidiaries falling within the scope of the Hoguet law on professional licensing requirements.

The amount of insurance cover was determined on the basis of a range of factors (size of the Group, business, geographic footprint, stock market listing, portfolio, etc.). The premiums reflect the Group's actual claims history.

The Group's construction activities are covered by specific construction policies (property and general liability), in compliance with the legal requirements in force in the countries in which the Group operates and more specifically in France with the requirement to carry *Dommages Ouvrage* policies, which provide cover against non-payment by builders for major structural defects.

Depending on the type of risk, the Group is reliant on the financial strength of insurers and may have to contend with the limitations of the insurance market and thus may no longer be fully or even totally covered against certain risks.

The occurrence of exceptional and/or a very high frequency of losses may have an impact on the amount of insurance cover available to the Group. The possibility of an increase in the cost of insurance arising from market conditions cannot be discounted.

Even though the Group is covered by appropriate insurance programs, certain losses may not be covered or may be only partially covered which could lead to a full or partial loss of rent and of the capital invested in the asset concerned, even where the non-covered risks are residual or originate in a deliberate action of the insured.

It is also possible that insurers may become insolvent, or insurers may experience financial difficulties impairing their insurance capabilities and thus no longer be able to settle the claims covered by the Group's insurance policies.

The expert appraisers conducting replacement cost assessments may have underestimated the value insured, causing claim settlements to fall short of the losses incurred or, conversely, may have overstated the value insured, causing the Group to pay unduly high insurance premiums.

In connection with its investments, Klépierre may encounter situations where third parties have arranged insurance insufficient to cover losses or even have no insurance in certain cases; it being specified that, as far as possible, Klépierre takes steps to establish additional policies to prevent the risk of insufficient insurance coverage.

## 1.8.7 Risks related to information systems

The Klépierre Group's core business activities are managed by an ERP system that is implemented in most countries. This centralized structure strengthens the information system control framework but exposes Klépierre to the risk of a wide-scale system outage, which could generate significant costs associated with the potential loss of business and the recovery of data. To ensure the optimal management of this risk, the Information Systems Department elected to relocate the Group's server room and to set up a backup server room that could be activated in the event of a disaster. All data is backed up daily.

The data managed in Klépierre's information systems may also be the subject of internal or external attacks, with financial (misappropriation of funds, fines, etc.), reputational (disclosure of confidential and/or strategic information about Klépierre, a partner or customer) and legal consequences (disclosure of insider information). Risks associated with "internal malicious acts" are managed by the system via authorization profiles (permitted transactions are automatically linked to a user profile). Risks associated with external malicious acts are monitored by auditing and security systems.

Awareness is raised amongst all Group employees, in the Code of Professional Conduct and the Chart of Group IT Resources, regarding the importance of complying with the key mechanisms for securing data (confidentiality and changing of passwords, recording sensitive data in databases that are automatically backed up, etc.).

## 1.8.8 Report by the Chairman of the Supervisory Board

Pursuant to Article L. 225-68 of the French Commercial Code and in my capacity as Chairman of Klépierre's Supervisory Board, I have the honor of presenting to you this report, as approved by the Supervisory Board, which among other things includes the following information relating to:

- the composition of the Supervisory Board and the application of the principle of gender balance on the Board;
- the preparation and organization of the Board's work, as well as the internal control and risk management procedures,
- the Corporate Governance Code that the Company uses and the provisions potentially not applied, along with the reasons why they are not;
- the special arrangements regarding shareholder attendance at the General Meeting;
- the principles and rules established by the Supervisory Board to determine all types of compensation and benefits granted to the corporate officers;
- the limitations that the Supervisory Board places on the Executive Board's powers;
- the risks associated with the effects of climate change and measures taken by Klépierre to mitigate them by implementing a low-carbon strategy across all aspects of its business.

I have tasked the Legal and Human Resources Department, the Internal Control Department and the Sustainable Development Department with the preparatory work and due diligence necessary for the preparation of this report. Accordingly, the Legal and Human Resources Department conducted a review of the texts applicable to the drafting of the first part of this report. The Internal Control Department reviewed the internal control and risk management procedures in the second part of this report. The Sustainable Development Department was responsible of coordinating the review of the risk associated with the effects of climate change and identifying the measures taken by Klépierre to mitigate them by implementing a low-carbon strategy across all aspects of its business (third part of this report).

The reader's attention is drawn to the fact that a description of the major risks and uncertainties facing the Company and the various entities within the scope of consolidation is part of the management report and is presented in detail hereabove, in section 1.8 of the Company's registration document.

## First part Corporate governance

The table below sets out the various corporate governance components that are furthermore presented in the Company's registration document, which are referred to and incorporated by reference in this report:

| Information on corporate governance arrangements required by Article L. 225-68 of the French Commercial Code | Title of the section of the Company's registration document presenting information required by Article L. 225-68 of the French Commercial Code | References (Page No of the Company's registration document) |
|---|---|---|
| Composition of the Supervisory Board and application of the principle of gender balance on the Board | Section 5.1.1.1 "Composition of the Supervisory Board" | 212 |
| Conditions of preparation and organization of the work of the Supervisory Board | Section 5.1.1.2 "Operation of the Supervisory Board" | 222 |
| | Section 5.1.1.3 "Work of the Supervisory Board in fiscal year 2016" | 224 |
| Limitations the Supervisory Board places on the Executive Board's powers | Section 5.1.1.2 "Operation of the Supervisory Board", paragraph "Missions of the Supervisory Board" | 222 |
| Signature of a Corporate Governance Code | Section 5.1 "Management and oversight of the Company" | 212 |
| Provisions of the Corporate Governance Code not applied along with the reasons therefor | | |
| Place at which the Corporate Governance Code can be consulted | | |
| Special arrangements regarding shareholder attendance at the General Meeting | The arrangements regarding attendance at the Company's General Meetings can be found in Title V ("General Meetings") of the Company's Bylaws (available on www.klepierre.com) | N/A |
| Principles and rules established by the Supervisory Board to determine all types of compensation and benefits granted to the corporate officers | Section 5.2.1.1 "Compensation policy for Supervisory Board members" | 232 |
| | Section 5.2.2.1 "Compensation policy for Executive Board members" | 234 |
| Factors that may have an impact in the event of a public offer | Information about factors that may have an impact in the event of a public offer is mentioned in Note 8.2 "Liquidity risk" to the consolidated financial statements and in the section "General Information on the capital" of this registration document | 110 and 262 |

## Second part Internal control and risk management framework

The Klépierre Group's internal control framework is predicated on the general risk management and internal control principles laid down in the reference framework published by the Financial Markets Authority (AMF) in July 2010.

### Objectives and principles

Internal control is the organization of processes, procedures and controls implemented by management for the ultimate purpose of ensuring overall control of risks and providing reasonable assurance that strategic goals will be achieved. In particular, this organization is predicated on:

- applying instructions and guidelines laid down by the Executive Board;
- making operations as efficient as possible and ensuring the Group's internal processes work smoothly;
- the reliability of internal and external information;
- complying with the laws and regulations.

Every manager is required to implement effective controls over the activities for which such manager is responsible.

Every Klépierre Group employee contributes to the internal control framework in an environment in which:

- the description of the Group's governance and organization of its business lines and functions provides the general framework for achieving its objectives;
- there is a repository of guidelines laying down and circulating the internal rules and procedures to be followed while systematically incorporating instructions about the controls to be carried out;
- the principle of delegation represents the cornerstone of the system. It is reflected in the use of correspondents who are responsible for consistent implementation of the Group's policies;
- duties are segregated by keeping the operational roles separate from supervisory roles;
- compliance with the laws and regulations is assured by the introduction of professional conduct rules for employees, especially in relation to data confidentiality, a Good Practice Code for relationships with third parties and the use of information system resources.

The internal control framework applies to all the (operational and corporate) entities in the Klépierre Group.

The internal control framework designed to meet the various objectives outlined above does not, however, provide any certainty that the objectives set will be achieved owing to the inherent limitations of all procedures. Even so, it aims to make a major contribution towards attaining them.

### Organization of risk management and internal control

The Group's risk management and internal control framework is overseen by the Internal Control Department. It reports to the Executive Board and encompasses the risk management, periodic control and ethics & compliance functions.

The role of the Internal Control Department is to coordinate a framework in which operational staff plays the leading role. To this end:

- it raises their awareness and trains them in the principles of internal control;
- it coordinates the measures they take;
- it ensures that first and second-level control plans exist and are integrated within formally defined procedures.

The Internal Control Department is ultimately responsible for ensuring the consistency and efficacy of internal control. Within the business lines and foreign subsidiaries, it has direct access to the risk and internal control officers, who form a functional network reporting to it. It is responsible for implementing risk monitoring and mitigation tools and systems, such as risk mapping and an incident database. It is also in charge of work on Business Continuity Planning (BCP) and the crisis management unit. Lastly, it handles reporting to the Executive Board and the Audit Committee.

The Klépierre Group aims to anticipate and manage the major risks likely to affect attainment of its objectives and compromise the compliance with the laws and regulations. Risks are cataloged as part of a risk mapping process conducted by means of business processes and support functions and updated periodically. During each update, the Internal Control Department ensures that the following objectives are achieved:

- identify and assess the risks from strategic to operational level to protect the value, assets and reputation of the Group covering both the inherent risks and the "controllable risks";
- guarantee the existence of an owner for each risk identified, a risk treatment policy, and a treatment plan to achieve the target;
- evaluate the oversight in place: risk indicators, risk reassessments at an appropriate frequency, advancement of treatment actions;
- learn lessons from incidents and risks that have arisen and continuously improve the internal control framework.

The periodic control function is handled by the Internal Audit Department, which is responsible for assessing the operation of the risk management and internal control frameworks, regularly monitoring and making recommendations to enhance them. It plays a part in raising awareness and training managers in internal control, but is not involved in introducing the framework or implementing it on a daily basis. Its analyses and observations help to guide the work of the permanent control function and to identify areas for improvement and strengthen procedures.

The periodic control function's scope of action encompasses all the Group's activities and risks across all of its units, including the activities of subsidiaries and those outsourced contractually. In addition, the identification of a risk automatically justifies the use of the periodic control function's power to launch any investigation it deems necessary. In 2016, internal audit carried out 25 shopping center audits and 3 Corporate function audits.

The Ethics & Compliance function ensures that the Group complies with ethical and professional standards, prevents insider trading and controls the anti-money-laundering and corruption measures taken. The Group introduced the Business Whistleblowing framework under which all employees can raise questions about the risk of compliance breaches that may be encountered by them.

### Oversight and monitoring of the framework

Under the supervision of the Supervisory Board, the Executive Board is responsible for the Group's overall internal control framework. The Executive Board's role is to lay down the general principles for the internal control framework, design and implement the appropriate internal control system and the corresponding roles and responsibilities and make sure that it works smoothly, improving it where necessary.

At least once every year, it reports to the Audit Committee on the Group's internal control framework, any changes in it and the findings of the work performed by the various framework participants. A presentation was given to the Audit Committee on the 2016 business activities and the 2017 roadmap.

Under the responsibility of the Internal Control Department, the Risk and Internal Control Committee meets at least once a year and consists of representatives from the business lines and support functions across all regions. Its work and conclusions will be reported to Klépierre's Executive Board, as well as to the Audit Committee.

Supervision also makes use of the comments and recommendations made by the Statutory Auditors and by the regulatory/supervisory bodies. Implementation of remedial action plans is monitored centrally by the Internal Control Department and the Accounting Department.

## Control measures addressing major risks

The control measures are described by major risk area.

### Security and safety of individuals and assets

The safety and security of individuals and assets across its entire property portfolio is a top priority for the Klépierre Group.

In 2016, a software solution was developed, with the help of a specialized consultant, to improve knowledge of the Klépierre property portfolio, as regards Building and Technical aspects. This solution harmonizes the existing process of technical reviews of assets and improves measurement and benchmarking opportunities. Two pilots were implemented in 2016, to validate the model and processes, to measure risks and assess the impact of the measures in place to control these risks and, finally, to feed a continual improvement process.

The Group's Maintenance Department, as part of its partnership with its insurer's engineering unit, and through audits and prevention plans prepared across an array of sites annually, defined and rolled out the list of minimum operational requirements – Building / Technical / Human. These requirements minimize risks by applying best practices, possibly exceeding regulatory thresholds.

Systems that report incidents daily are in place in the shopping centers to better monitor the risks associated with the safety and security of individuals and assets. The indicators generated from this incident reporting are tracked quarterly by the Executive Board and the country departments.

Finally, on a periodic basis, the Internal Audit function audits the shopping centers regarding compliance with the regulations and internal procedures in connection with the safety and security of individuals and assets in compliance in particular with the regulations applicable to facilities open to the general public.

### Investments

All proposals to acquire, develop or sell assets are studied at a special committee meeting with the Investment Director or the Development Director. For transactions of less than 8 million euros, the decision is made by the Executive Board. Transactions in excess of 8 million euros are authorized by the Supervisory Board after they have been reviewed by the Investment Committee composed of certain members of the Supervisory Board.

To identify risks during the due diligence process, it calls on the services of a large number of specialized and highly reputed advisers (lawyers, civil-law notaries, technical experts, real estate or financial advisers, etc.). The Legal Department reviews compliance of the transaction with laws and regulations.

For development operations, to adequately control the costs, a technical team dedicated to supporting the project leader jointly determines the specifications and budget with the assistance of construction analysts and highly reputed principal contractors. The project's progress and use of the budgeted funds are tracked on a weekly basis by the operational team, which reports regularly to the regional managers and on a quarterly basis to the Operations Committee.

All Klépierre's assets are valued by external firms twice a year. The asset managers in each area are tasked with providing checked data to the real estate experts. The appraisal figures duly verified by expert assessments are then controlled and analyzed by the Investment Department.

### Commercialization

The performance and returns on Klépierre's portfolio as a whole are monitored regularly. The Group has performance indicators covering its portfolio, revenues, footfall, etc., which are produced automatically. In the event of an abrupt or severe deterioration, meetings are held and an action plan is then defined.

The Commitments Committee approves the budget and rental grid for new projects and monitors the progress of lettings. For existing centers, a commercialization budget is submitted to the Executive Board for the coming year and adjusted twice during the year. This budget is tracked on a monthly basis by the Group Chief Operating Officer. The Group Chief Operating Officer also approves the financial terms and conditions of each business transaction at a weekly meeting.

### Business continuity

Under its risk management policy, Klépierre has to:

- identify its business continuity requirements;
- prepare the corresponding action plans;
- perform regular tests to measure the efficiency of this plan;
- define and implement a specific crisis management framework.

The Group updated and tested its Business Continuity Plan (BCP) following the relocation of the Group's head office in September 2014. The framework is predicated on a set of organizational and functional procedures geared to the possible types of incident. The following scenarios are covered:

- a central building is damaged, partially or totally inaccessible, which totally or partially affects employee activity;
- the Group's server room is damaged, resulting in long-term unavailability of computing resources, thus blocking any use of IT tools such as messaging and applications;
- an external crisis situation (pandemic, instructions from public authorities restricting travel and/or closing schools, etc.) is declared, making it impossible for employees to go to their places of work (central buildings and shopping centers, etc.).

The BCP is fleshed out by individual departments and divisions: each manager defines the activities covered, the relevant staff and requisite requirements for ensuring continuity of business. If a central building is affected, teams are transferred to a failover site.

In the event of a crisis, a crisis unit is responsible for coordinating the overall response to the situation that has occurred, ensuring the safety of the Group's entire staff and business continuity. It also has to make sure that its response to the crisis helps to create confidence in the Group and to reduce the public's potential concerns.

During periods of crisis, the crisis unit makes any decisions necessary for the smooth operation of the Group, until the situation reverts to normal.

### Financing and treasury

Klépierre identifies and assesses on a regular basis its exposure to the various sources of risk (interest rate, liquidity, currency and counterparty). The interest-rate hedging strategy is outlined in section 2.8.2 of this registration document, including the quantitative results of interest-rate sensitivity tests.

Financial risk management and in particular the Group's financial position, financing requirements and interest-rate risk hedging are handled by the Financing and Treasury Department. From a financing standpoint, a specialized tool has been rolled out across Europe to record and value financing and derivative products. The Financing and Treasury Department also has a system monitoring the capital markets in real time.

The Financing and Treasury Department reports to the Deputy CEO in charge of Finance (Executive Board member), bearing in mind that all major financing and hedging transactions are validated in advance by the Supervisory Board. The Supervisory Board validates the projected financing plan, which lays down the major guidelines in terms of determining the size and type of borrowings and hedging interest-rate risk. During the year, the principal decisions in terms of financial transactions are submitted individually for approval to the Supervisory Board, and a report on these transactions is given to it once they have been completed. Trends in the covenant situation (financial ratios) are monitored on a semi-annual basis and in particular when new transactions are arranged.

Treasury is managed by the Financing and Treasury Department, which coordinates the reporting and monitoring of the subsidiaries' cash projections, supporting a cash pooling system for the entire Group. Reporting takes place on a monthly basis.

The Financing and Treasury Department also drafts internal procedures stating the roles of the Group's various participants in relation to cash management and the implementation of Klépierre's share buyback programs. In addition, it validates the choice of banks and financial terms every time the Group requests the opening of, changes to or closing of bank accounts for the whole Group.

### Legal and regulatory matters

The Group Legal Department, which reports to the Executive Board and has functional responsibility for the legal departments in each country, ensures that legal risks arising from the business lines and functions are managed properly in line with the integrated risk management process. The regulatory watch is carried out in constant liaison with specialized external firms.

The Group Legal Department has developed a reporting procedure covering disputes. It works closely with the relevant legal departments to defend the Group's interests. Accordingly, it helps to curb and to manage the legal risks to which the Group is exposed owing in particular to its owner/manager status.

It drafts and verifies the contractual undertakings given by the Group and ensures that they comply with the provisions of the law and the regulations. The Group Legal Department is working together with the legal departments in various countries to harmonize legal practices and establish unified positions vis-à-vis international retail chains.

The Group Legal Department assists operational staff with the arrangement of specific contracts and generally speaking with any out-of-the-ordinary requests to ensure that the applicable regulations are complied with, irrespective of the country in which the Group is operating.

Likewise, the procedures implemented by the Group Legal Department make it possible to curb the risks to which the Group's operations are exposed and to ensure the proper completion of the requisite legal formalities.

The Group Legal Department is also in charge of arranging delegations of authority governing the actions of all the Group's employees. It also ensures compliance with the selection procedures for the Group's corporate officers. Finally, as a listed company, Klépierre also has to abide by the rules concerning publications (see the Financial Reporting section below), corporate governance (see the first part of this report) and insider trading. To prevent the risk of insider trading, the Company has adopted a Stock Market Compliance Charter governing, among other things, the transactions in its shares, which is updated regularly. Accordingly, permanent insiders are authorized to carry out transactions in the Company's shares only during clearly defined periods.

### Information system

Klépierre oversees its entire information system for all European subsidiaries of the Group centrally from the Group's headquarters in Paris.

This information system is mainly based on an SAP Core Model supplemented by satellite tools that meet specific operational needs.

Klépierre's IT strategy is based on three pillars:

- oversight of new projects to improve functional coverage of the information system;
- facilitate Klépierre's expansion by means of the IT integration of new subsidiaries (shared network, shared desktop environment, standardized processes and systems);
- making operations in countries currently in production more reliable.

Consolidated reporting at Group scale on the basis of a common language allows for reliable, coherent and effective financial communications.

The data managed in Klépierre's information systems may also be the subject of internal or external attacks. These are monitored both by means of strict authorization procedures and auditing and security systems.

All information system data is hosted in a Tier3 data center. The daily data backup is sent to a second Tier3 data center. Disaster scenarios are played out twice a year and thereby ensure the recovery of data in the event of a failure.

## Preparation and processing of financial and accounting data

The reliability of financial and accounting data, as well as compliance with the regulations in force and internal instructions form two of the principal internal control objectives of the accounting production process.

To ensure adequate coverage of the major accounting risks, accounting internal control is predicated on knowledge of the operational processes and how they are translated in the financial statements, on the definition of the responsibilities of the various participants in the process and on information system security.

### Accounting organization and management control

Accounting tasks are carried out by the Finance Department in each country in which Klépierre has a presence. The parent company and consolidated financial statements are prepared by the Accounting, Management Control and Information System Department, which reports directly to the Executive Board.

The deployment of an ERP system across the Group makes it possible to record day-to-day transactions and enter accounting data in an integrated and automated manner. The whole process, which aims to deliver reliable and consistent data for internal and external users, is designed and built around a single repository and common rules, to guarantee data integrity and enhance the consistency of the quality of the accounting data and its traceability. Furthermore, the integration of what traditionally were manual controls in the ERP system helps to reduce sources of error. The restrictions on manual entries help to boost the quality of the data in the system.

All the processes used to prepare accounting data are subject to accounting control programs at various levels, including validation rules, authorizations and instructions concerning supporting evidence for and documentation of accounting tasks. The "accounting internal control" unit, which reports directly to the Deputy CFO is in charge of defining and distributing the accounting control rules and ensuring the smooth operation of the internal control environment. In particular, it is involved in the payment process at Group level with defining the segregation of duties and authorizations. Furthermore, in order to limit fraud risk, the Group implemented a secure means of payment technology.

The quarterly reporting system for management control (present at the head office and at the subsidiaries), which employs a standard model, is used to track trends in the principal key performance indicators by country and by asset and to ensure that these are properly geared to the objectives laid down in the annual budget approved by management. The reports prepared regionally are reviewed by the Group's Management Control Department. In addition, global reconciliation is handled by Group Management Control to ensure the consistency of the accounting results with the consolidated management results.

### Account closing process and consolidation

The accounts are consolidated by the Consolidation Department for the entire scope of the Group. Data for the consolidation system used at almost all Klépierre's main subsidiaries is provided by the Finance Department in each country via interfaces with the local accounts. Off-balance sheet commitments are also held centrally in it by consolidated unit.

The consolidated financial statements are prepared using a process laid down in instructions and predicated on a detailed schedule circulated to all the Finance Departments to ensure that the deadlines are met and that the data produced complies with the Group's accounting standards.

The principal accounting controls carried out at each quarterly close in the consolidation process are:

- controls on changes in the scope of consolidation;
- analysis of and supporting evidence for all consolidation adjustments;
- analysis of and explanations for all deviations from budgets and projections.

At each quarterly period-end, the Accounting Department coordinates an internal certification process for the accounting data reported by country, as well as the controls performed, in which the Finance Director for each country certifies:

- the reliability and compliance of the accounting data provided compared to the regulations in force and the Group standards;
- smooth operation of the accounting internal control system, safeguarding the quality of the accounting data;
- significant events that occurred after the close of the accounts and their financial impact on the consolidated financial statements.

The tax obligations resulting from the various SIIC/SOCIMI regimes in the countries in which the Group operates are checked by a specialist team within the Group's Finance Department.

The clarity of financial reporting and the pertinence of accounting methods are overseen by the Audit Committee, in tandem with the Statutory Auditors. Financial reporting and accounting data is then presented to and commented on by the Supervisory Board.

### Financial reporting

The Group Communication Department directly reports to the Executive Board and is responsible for the Group's financial reporting obligations vis-à-vis the market authorities. It is tasked with producing, drafting and distributing the financial reporting documents published with a view to presenting the Group's various activities to shareholders, institutional investors and financial analysts, explaining its results and outlining its expansion strategy.

The financial reporting team continuously monitors the reporting obligations, with the support of the Legal Department. The disclosure of information to the financial markets takes place according to a precise schedule that is circulated internally. With support from various units, the team designs the financial press releases, and the earnings and theme-based presentations. It coordinates the preparation of all the various parts of the financial report (registration document) and ensures that it is distributed. In conjunction with the Legal Department, it makes sure that information is provided in line with the required deadlines and in compliance with the relevant laws and regulations.

## Third Part Climate change and low-carbon strategy

Klépierre closely monitors and anticipates both climate change and the potential economic impact, with four major risks having been identified:

- The physical risk of deterioration to properties in the portfolio: Klépierre prioritizes the safety and security of individuals and goods and performs regular organizational audits across its shopping centers to mitigate the impact of extreme climate events but also to be in a position to properly anticipate how its assets need to be adapted.
- The risk of lower returns from shopping centers: for example, as a result of regulatory or tax changes, something Klépierre closely monitors through the industry bodies of which it is a member. Returns on its assets may also decline as a result of a possible increase in energy costs. To this end, Klépierre has an active and ambitious approach to operational excellence designed in particular to optimize asset management so as to continually reduce heating and/or air conditioning needs and thereby manage potential temperature variations without excess consumption. This excellence approach can also be seen in the development of new projects with a broad goal of continually reducing greenhouse gas emissions and thereby reducing Klépierre's dependence on fossil fuel in order to protect it from fluctuations in energy costs.
- The risk of a "valuation haircuts" in the valuation of assets, resulting from use changes by Klépierre clients. The impact of climate change will over the medium-term give rise to significant changes in visit profiles and modes of transport used which could, ultimately, significantly reduce footfall at certain shopping centers. To mitigate this risk, Klépierre has a strategy to optimize its asset portfolio that incorporates public transport connections for all new projects.
- Finally, reputational risk and the potential impacts in terms of opinion and customer satisfaction should not be overlooked. That is why Klépierre has a pro-active sustainable development approach, backed up by ambitious goals, primarily in terms of the Company's low-carbon strategy.

David Simon

Chairman of the Supervisory Board

## 1.8.9 Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Supervisory Board

*This is a free translation into English of the Statutory Auditors' report issued in French prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Supervisory Board of on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.*
*This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Klépierre and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-68 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-68 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-68 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

### Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code.

### Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-68 of the French Commercial Code.

Paris-La Défense and Neuilly-sur-Seine, March 6, 2017

The Statutory Auditors

| Ernst & Young Audit | Deloitte & Associés | |
|---|---|---|
| Bernard Heller | Joël Assayah | José-Luis Garcia |


OUVERTURE
DIMANCHES
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# 2 BUSINESS FOR THE YEAR

# 2.1 Shopping center operations overview

## 2.1.1 Economic environment

For 2016[1], GDP (Gross Domestic Product) growth for the Euro zone as a whole is expected to reach 1.7%, in line with the level forecasted in June 2016. Despite supportive monetary policy, corporate investment remained relatively low due to subdued demand, banking sector weaknesses, and challenges faced by European integration. Employment, although slightly improved, and real wage growth were moderate, which consequently translated into a moderate rise in domestic demand, while exports were impacted by a slowdown in global trade. Discrepancies were nevertheless observed among countries where Klépierre operates with Sweden (+3.3%) and Spain (+3.2%) expected to finally post GDP growth levels above 3%, followed by Turkey (+2.9%), Poland (+2.6%), Czech Republic (+2.4%), and the Netherlands (+2.0%). Hungary and Germany should record 1.7% growth, while other countries, such as France (+1.2%), Italy (+0.8%), and Norway (+0.7%) recorded lower growth rates.

According to the OECD (Organization for Economic Co-operation and Development), in the countries where the Group operates, GDP is expected to grow at approximately the same pace in 2017 and slightly more rapidly in 2018.

**2017 and 2018 GDP growth forecasts by country[1]**

| | | 2017E | 2018E |
|---|---|---|---|
| France | | 1.3% | 1.6% |
| Belgium | | 1.3% | 1.5% |
| Italy | | 0.9% | 1.0% |
| Scandinavia | Norway | 0.5% | 1.4% |
| | Sweden | 2.7% | 2.2% |
| | Denmark | 1.5% | 1.9% |
| Iberia | Spain | 2.3% | 2.2% |
| | Portugal | 1.2% | 1.3% |
| CEE and Turkey | Poland | 3.2% | 3.1% |
| | Hungary | 2.5% | 2.2% |
| | Czech Republic | 2.5% | 2.6% |
| | Turkey | 3.3% | 3.8% |
| The Netherlands | | 2.0% | 1.9% |
| Germany | | 1.7% | 1.7% |

## 2.1.2 Change in retailer sales

In 2016, retailer sales at Klépierre malls were up 1.6% on a like-for-like basis[2] for the 12 months of the year versus the same period last year. In the European economic context described earlier, this solid sales level reflects the resilience of Klépierre's business model derived from the diversified geographical mix of its portfolio.

Health & Beauty and Restaurants, which accounted for 23% of the total sales, were the best performing segments, with sales growth of 5.3% and 4.3%, respectively. Sales in the Fashion segment (39% of total sales) were up 1.1% for 2016 as a whole thanks to good figures posted in the fourth quarter (+4.6%) after a 0.3% decrease over the first nine months of the year mainly due to adverse weather conditions. Culture, gifts and leisure sales were up 1.3%.

On a geographic basis, the overall retailer sales performance in 2016 was driven by Scandinavia (+2.7%), Iberia (+2.4%), Central Eastern Europe, and Turkey (+5.8%) and, to a lesser extent, by Italy (+0.9%) and Germany (+0.8%). In France and Belgium, retailer sales were only slightly up compared with last year's level (+0.2%).

**2016 full-year retailer sales like-for-like change**

| | Like-for-Like |
|---|---|
| France | 0.2% |
| Belgium | 0.4% |
| **France-Belgium** | **0.2%** |
| **Italy** | **0.9%** |
| Norway | 2.3% |
| Sweden | 3.4% |
| Denmark | 2.5% |
| **Scandinavia** | **2.7%** |
| Spain | 2.6% |
| Portugal | 2.2% |
| **Iberia** | **2.4%** |
| Poland | 3.2% |
| Hungary | 10.0% |
| Czech Republic | 5.9% |
| Turkey | 7.5% |
| **CEE and Turkey** | **5.8%** |
| **The Netherlands** | **N/A** |
| **Germany** | **0.8%** |
| **SHOPPING CENTERS** | **1.6%** |

(1) *Source: OECD Economic Outlook, November 2016.*

(2) *Retailer sales performance for 2016 compared to full-year 2015. Like-for-like excludes the impact of asset sales and acquisitions. Retailer sales from the Dutch portfolio are not included in these numbers as retailers do not report sales to Klépierre.*

## 2.1.3 Gross rental income

| *In millions of euros (total share)* | 12/31/2016 | 12/31/2015 | Change current |
|---|---|---|---|
| France-Belgium | 428.4 | 418.7 | 2.3% |
| Italy | 204.7 | 201.1 | 1.8% |
| Scandinavia | 197.6 | 177.0 | 11.7% |
| Iberia | 113.1 | 107.2 | 5.6% |
| CEE and Turkey | 121.3 | 119.3 | 1.7% |
| The Netherlands | 61.1 | 94.1 | -35.1% |
| Germany | 57.2 | 56.5 | 1.3% |
| **TOTAL SHOPPING CENTERS** | **1,183.4** | **1,173.8** | **0.8%** |
| Other activities | 30.6 | 34.6 | -11.6% |
| **TOTAL** | **1,214.0** | **1,208.4** | **0.5%** |

**Shopping center gross rental income (total share) amounted to 1,183.4 million euros for full year 2016, versus 1,173.8 million euros for 2015**. This change reflects the like-for-like growth in gross rental income and the impact of the acquisition of Plenilunio (Spain) and Oslo City (Norway) completed in 2015, which more than offset the disposals completed since January 1, 2015 in the Netherlands (August 2015) and, to a lesser extent, in Scandinavia (November 2016)(1).

Adding in gross rental income generated by other activities (down 11.6% due to asset disposals), gross rental income reached 1,214 million euros, versus 1,208.4 million euros for 2015.

## 2.1.4 Net rental income

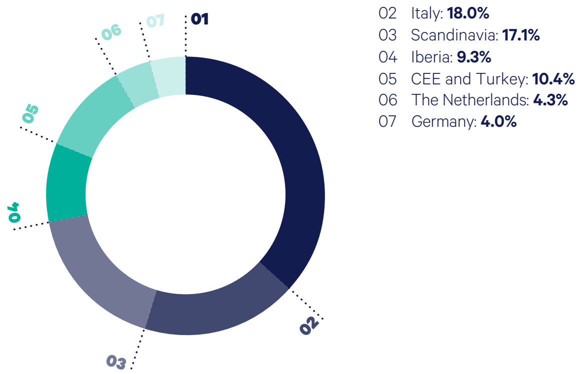
| *In millions of euros (total share)* | 12/31/2016 | 12/31/2015 | Change current | Change like-for-like | Index-linked rental adjustments |
|---|---|---|---|---|---|
| France-Belgium | 388.0 | 379.7 | 2.2% | 3.0% | -0.1% |
| Italy | 189.8 | 184.9 | 2.7% | 2.7% | 0.1% |
| Scandinavia | 180.3 | 156.6 | 15.1% | 5.5% | 1.4% |
| Iberia | 98.4 | 90.8 | 8.4% | 5.3% | 0.2% |
| CEE and Turkey | 110.1 | 106.1 | 3.8% | 5.6% | 0.8% |
| The Netherlands | 45.5 | 76.0 | -40.1% | -5.3% | 0.6% |
| Germany | 42.0 | 42.4 | -1.1% | -0.2% | 0.0% |
| **TOTAL SHOPPING CENTERS** | **1,054.1** | **1,036.6** | **1.7%** | **3.5%** | **0.3%** |
| Other activities | 29.3 | 33.0 | -11.3% | | |
| **TOTAL** | **1,083.4** | **1,069.6** | **1.3%** | | |

**Net rental income generated by shopping centers reached 1,054.1 million euros, up 17.5 million euros on a current portfolio basis compared to 2015, which resulted from:**

- a 33.2 million euro increase reflecting net rental income growth on a like-for-like basis (+3.5%);
- 22.0 million euros in additional net rental income from the 2015 acquisitions – Plenilunio (Madrid) and Oslo City;
- a 35.7 million euro decrease due to asset disposals, in particular the portfolio of nine Dutch community shopping centers sold to Wereldhave in August 2015;
- a 1.9 million euro decrease linked to foreign exchange rate impacts, mostly related to the Norwegian krone depreciation.

On a like-for-like portfolio basis(2), shopping center net rental income was up by 3.5%, a 320 basis point outperformance over index-linked rental adjustments of +0.3%.

**SHOPPING CENTER NET RENTAL INCOME BREAKDOWN BY REGION – PERIOD ENDED DECEMBER 31, 2016 (TOTAL SHARE)**




(1) *For more information, please refer to the "Investments, Developments and Disposals" section of this document.*

(2) *Like-for-like excludes the contribution of new spaces (acquisitions, new centers, and extensions), spaces being restructured, disposals completed since January 2015, and foreign exchange impacts.*

**Foreign exchange impact on like-for-like net rental income over 12 months**

| | Constant forex | Current forex |
|---|---|---|
| Norway | 2.7% | -1.0% |
| Sweden | 6.4% | 5.1% |
| Denmark | 7.6% | 7.8% |
| **Scandinavia** | **5.5%** | **3.8%** |
| Poland | 1.8% | 1.6% |
| Hungary | 15.4% | 15.9% |
| Czech Republic | 12.4% | 12.0% |
| Turkey | -1.5% | 0.8% |
| **CEE and Turkey** | **5.6%** | **6.2%** |
| **SHOPPING CENTERS** | **3.5%** | **3.3%** |

## 2.1.5 Contribution of assets consolidated under the equity method

The net income contribution of assets consolidated under the equity method to Klépierre's consolidated financial statement amounted to 89.5 million euros in 2016. These assets are:

- France: Espace Coty (Le Havre), Le Millénaire (Paris), Passages (Boulogne-Billancourt), Centre Mayol (Toulon);
- Italy: Porta di Roma (Rome), Il Corti Venete (Verona), Il Leone di Lonato (Lonato), Il Destriero (Vittuone), Città Fiera (Udine);
- Norway: Økernsenteret (Oslo), Metro Senter (Oslo region), Nordbyen (Larvik);
- Portugal: Aqua Portimão (Portimão);
- Turkey: Akmerkez (Istanbul).

In 2016, one asset consolidated under the equity method was sold in France (Maisonément in the Greater Paris Area) and another one in Norway (Åsane Storsenter in Bergen).

The following tables present the contributions in terms of gross and net rental income, cash-flows, and net income, broken down by country. These contributions include investments in jointly-controlled companies and investments in companies under significant influence.

**Gross rental income – total share**

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| France | 24.4 | 25.7 |
| Italy | 39.0 | 37.6 |
| Norway* | 13.3 | 14.8 |
| Iberia | 3.0 | 2.7 |
| Turkey | 15.8 | 16.5 |
| **TOTAL** | **95.5** | **97.4** |

**Net rental income – total share**

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| France | 19.2 | 19.9 |
| Italy | 33.2 | 32.7 |
| Norway* | 11.2 | 12.8 |
| Iberia | 2.6 | 2.0 |
| Turkey | 10.8 | 12.7 |
| **TOTAL** | **76.9** | **80.2** |

**Net current cash-flow – total share**

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| France | 15.9 | 16.2 |
| Italy | 23.4 | 21.2 |
| Norway* | 11.3 | 12.8 |
| Iberia | 0.2 | -0.3 |
| Turkey | 10.2 | 12.6 |
| **TOTAL** | **61.0** | **62.6** |

**Net income – total share**

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| France | 8.2 | 1.2 |
| Italy | 44.7 | 53.8 |
| Norway* | 11.1 | -7.4 |
| Iberia | 1.1 | 0.3 |
| Turkey | 24.4 | 49.6 |
| **TOTAL** | **89.5** | **97.5** |

* *In order to get group share interests for Norway, all Norwegian data must be multiplied by 56.1%.*

**The main balance sheet items (total share) can be broken down as follows:**

| | 2016 | | | | 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | Valuations (excluding duties)(1) | External net debt | Loans and advances | Equity method investees in Balance sheet at Fair Value | Valuations (excluding duties)(1) | External net debt | Loans and advances | Equity method investees in Balance sheet at Fair Value |
| France | 411.9 | 5.8 | -62.2 | 379.1 | 430.5 | -9.5 | -81.4 | 362.0 |
| Italy | 622.0 | -25.9 | -181.1 | 350.1 | 582.1 | -41.5 | -186.4 | 311.0 |
| Norway(2) | 153.2 | 2.1 | - | 157.9 | 582.0 | 10.0 | - | 584.0 |
| Iberia | 42.0 | 1.6 | - 65.1 | -22.2 | 38.6 | 0.4 | -62.4 | -23.0 |
| Turkey | 200.4 | 1.5 | - | 202.5 | 216.0 | 6.4 | - | 222.0 |
| **TOTAL** | **1,429.5** | **-14.8** | **-308.4** | **1,067.5** | **1,849.1** | **-34.2** | **-330.2** | **1,456.0** |

(1) *Property value as calculated by external appraisers.*
(2) *In order to get group share interests for Norway, all Norwegian data must be multiplied by 56.1%.*

## 2.1.6 Shopping center business summary

### 2.1.6.1 Leasing highlights

| | Volume of leases renewed and relet *(in millions of euros)* | Reversion *(in %)* | Reversion *(in millions of euros)* | OCR[(1)] | EPRA Vacancy rate | Late payment rate[(2)] |
|---|---|---|---|---|---|---|
| France-Belgium | 35.9 | 10.9% | 3.9 | 12.4% | 3.2% | 1.8% |
| Italy | 21.9 | 16.7% | 3.7 | 11.2% | 1.7% | 1.8% |
| Scandinavia | 26.8 | 10.1% | 2.7 | 10.8% | 3.5% | 0.4% |
| Iberia | 10.5 | 20.0% | 2.1 | 13.5% | 4.9% | 0.5% |
| CEE and Turkey | 16.3 | 21.7% | 3.5 | 12.8% | 5.7% | 3.0% |
| The Netherlands | 2.1 | 7.2% | 0.1 | - | 5.6% | 3.1% |
| Germany | 4.4 | -4.9% | -0.2 | 11.7% | 6.4% | 2.2% |
| **TOTAL** | **117.8** | **13.4%** | **15.8** | **11.9%** | **3.5%** | **1.6%** |

*Scope includes assets consolidated under the equity method.*

*(1) Occupancy cost ratio. Data not provided for the Netherlands as retailers do not report sales to Klépierre.*

*(2) 12-month rolling rate.*

Property management in 2016 led to the signature of 1,789 leases, translating into additional annual minimum guaranteed rents of 29 million euros. These signatures included:

- 306 lease-ups for additional annual minima guaranteed rents of 13.1 million euros;
- 1,483 leases that were renewed or relet, representing 15.8 million euros worth of additional annual minima guaranteed rents, i.e., an average reversion rate of 13.4%.

At the Group level, after significant improvements posted in 2015, the shopping center vacancy rate (EPRA format) was reduced by 30 bps to 3.5%, while the late payment rate was reduced by 10 bps to 1.6%, highlighting the positive outcome of re-tenanting campaigns, the improvement in rent collection across the portfolio.

In 2016, Klépierre has estimated that retailers were committed to invest ca. 318 million euros in 2016 in the renovation of their stores at Klépierre shopping malls[(1)]. This illustrates the quality of Klépierre's portfolio and evidences that the positioning of its assets meets the needs of leading retailers.

### 2.1.6.2 Sustainable development performance

Since 2013, Klépierre has been implementing its Good Choices® plan, a comprehensive sustainable development strategy covering three areas[(2)].

First, Klépierre pursues operational and sustainable excellence with a view to managing more cost effective and energy efficient buildings. As a result, the Group decreased its energy consumption by 17% in three years across its portfolio, which translated into cumulative savings worth 18 million euros on energy budgets over the same period. As of 2016 year-end, 81 Klépierre's shopping malls were certified BREEAM in Use or ISO 14001 in 13 countries, which represented 4 more malls compared to 2015. In addition, the Group diverted 75% of its shopping center waste from landfill across all countries – a stable and high performance.

Second, Klépierre wishes to act as a responsible and innovative sector leader by offering the best solutions and services to its stakeholders. As of December 31, 2016:

- more than 58% of its electricity consumption originated from renewable sources;
- carbon emissions had been reduced by 15% since 2013; and
- 80% of its key providers (cleaning, maintenance and security) were certified.

Third, Klépierre aims at ensuring the best possible work experience to its staff while having the most talented employees. This objective relies on strong measures for improving training and internal mobility. As a result, training access rate reached 82% as of December 31, 2016, a 11 percentage point increase compared to year-end 2015.

In September 2016, Klépierre obtained outstanding extra-financial ratings, recognizing the efficiency of its Good Choices® strategy and the effectiveness of the measures implemented in recent years. Klépierre was ranked second among listed companies in the retail sector worldwide and 10th across all industries by the Global Real Estate Sustainability Benchmark (GRESB); it was once again awarded a "Green Star" with a score of 93/100. Klépierre reached the 97th percentile in the World Dow Jones Sustainability Index (DJSI) based on the review by RobecoSAM, which deemed the company the most efficient in the world out of 177 real estate companies for its environmental initiatives. In addition, the Group integrated the Carbon Disclosure Project's "A"-list.

Overall, Klépierre is considered best-in-class by both GRESB and RobecoSAM for its environmental strategy, the monitoring of its performance, and the disclosure of its results. The quality of the latter was also recognized by the European Public Real Estate Association (EPRA), which granted Klépierre a Sustainability "Gold Award" for the fifth consecutive year – an achievement that only five companies have attained.

Klépierre is integrated in the following ISR indices: FTSE4Good, DJSI Europe & World index, STOXX Global ESG Leaders, Euronext Vigeo France 20, Europe 120 & World 120, Ethibel Sustainability Index Excellence Europe & Global.

*(1) Estimated amount based on a representative sample of leases signed in 2016 and extrapolated for the entire portfolio.*

*(2) All figures in this paragraph have been externally audited. For more information, please refer to chapter 4 of the present document.*

### 2.1.6.3 Shopping center lease expiry schedule

| Country/Area | ≤ 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025+ | TOTAL | Average lease length left |
|---|---|---|---|---|---|---|---|---|---|---|---|
| France | 21.6% | 5.8% | 8.2% | 8.9% | 10.9% | 12.0% | 9.7% | 8.4% | 14.5% | 100.0% | 4.5 |
| Belgium | 1.9% | 1.4% | 9.9% | 1.2% | 1.1% | 3.3% | 61.5% | 5.8% | 13.9% | 100.0% | 6.3 |
| **France-Belgium** | **20.9%** | **5.6%** | **8.3%** | **8.6%** | **10.5%** | **11.7%** | **11.8%** | **8.3%** | **14.5%** | **100.0%** | **4.5** |
| **Italy** | **18.6%** | **9.6%** | **14.2%** | **12.5%** | **12.1%** | **9.7%** | **6.7%** | **2.0%** | **14.7%** | **100.0%** | **4.3** |
| Denmark | | | | | | | | | | | |
| Norway | 19.0% | 21.5% | 20.4% | 12.6% | 11.8% | 3.0% | 3.1% | 2.4% | 6.2% | 100.0% | 3.2 |
| Sweden | 19.0% | 19.5% | 21.0% | 14.6% | 8.6% | 7.2% | 2.3% | 1.4% | 6.4% | 100.0% | 2.4 |
| **Scandinavia** | **19.0%** | **20.6%** | **20.7%** | **13.5%** | **10.4%** | **4.9%** | **2.7%** | **2.0%** | **6.3%** | **100.0%** | **2.8** |
| Spain | 6.4% | 7.7% | 10.0% | 8.3% | 11.4% | 9.1% | 5.0% | 7.6% | 34.5% | 100.0% | 7.3 |
| Portugal | 19.0% | 5.7% | 7.5% | 9.6% | 17.3% | 11.1% | 2.3% | 7.0% | 20.6% | 100.0% | 5.0 |
| **Iberia** | **9.2%** | **7.3%** | **9.4%** | **8.6%** | **12.7%** | **9.5%** | **4.4%** | **7.4%** | **31.5%** | **100.0%** | **6.8** |
| Poland | 34.6% | 5.9% | 7.3% | 22.7% | 13.1% | 2.0% | 1.0% | 2.4% | 11.0% | 100.0% | 3.5 |
| Hungary | 16.2% | 21.7% | 16.1% | 21.9% | 16.6% | 0.3% | 2.3% | 2.2% | 2.7% | 100.0% | 3.7 |
| Czech Republic | 25.9% | 16.3% | 8.4% | 8.4% | 19.5% | 7.5% | 4.0% | 1.1% | 9.1% | 100.0% | 3.3 |
| Turkey | 26.1% | 19.8% | 11.5% | 11.1% | 8.5% | 5.6% | 8.0% | 0.6% | 8.7% | 100.0% | 3.3 |
| **CEE and Turkey** | **26.9%** | **15.3%** | **10.3%** | **15.4%** | **13.8%** | **4.2%** | **4.1%** | **1.5%** | **8.5%** | **100.0%** | **3.4** |
| **The Netherlands** | **35.9%** | **10.7%** | **14.8%** | **4.6%** | **6.3%** | **9.7%** | **2.8%** | **4.0%** | **11.3%** | **100.0%** | **3.6** |
| **Germany** | **4.9%** | **19.0%** | **10.3%** | **1.2%** | **9.2%** | **29.8%** | **4.8%** | **4.9%** | **15.8%** | **100.0%** | **5.4** |
| **TOTAL** | **19.3%** | **10.2%** | **11.8%** | **10.2%** | **11.2%** | **10.2%** | **7.4%** | **5.0%** | **14.7%** | **100.0%** | **4.4** |

# 2.2 Business activity by region

## 2.2.1 France-Belgium (35.8% of net rental income)

| *In millions of euros (total share)* | Net rental income current | | | Net rental income like-for-like | | | EPRA Vacancy rate |
|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 |
| France | 372.3 | 364.8 | 2.1% | 366.9 | 356.4 | 2.9% | 3.3% |
| Belgium | 15.7 | 14.9 | 5.2% | 15.7 | 14.9 | 5.2% | 0.5% |
| **FRANCE-BELGIUM** | **388.0** | **379.7** | **2.2%** | **382.6** | **371.3** | **3.0%** | **3.2%** |

### 2.2.1.1 France

In 2016, GDP posted a 1.1% growth, a level in line with the increase recorded in 2015[(1)]. Tax cuts and low energy prices favored a rebound in consumption and business investment in mid-2016, together with a decrease in the unemployment rate, which was projected to be slightly down for the full 2016 (9.9%). Recent indicators show that GDP growth has resumed over the last two quarters of 2016. It should strengthen to reach 1.3% in 2017 and 1.6% in 2018, as further tax cuts and employment growth support private consumption[(2)].

In 2016, retailer sales were slightly up (+0.2%) compared to 2015 which recorded a strong 2.1% increase. For the first 11 months of 2016, Klépierre malls sales outperformed the CNCC index by a 150-bp margin[(3)]. Weak results were posted in the third quarter for the fashion segment due to adverse weather conditions. In the fourth quarter, sales increased by 1.7% year-on-year, with the fashion segment up 3.6%. November sales growth reached a strong +5.5% year-on-year, due to the low level of November 2015 sales following the terrorist attacks in Paris and to the positive impact of the "XXL Days" events organized by a growing number of shopping centers.

On a like-for-like portfolio basis[(4)], net rental income was up 2.9%, outperforming index-linked rental adjustments by 310 basis points (−0.2%), reflecting the positive effect of re-tenanting actions and 2014-2015 rightsizing operations. These rightsizing actions (see below), aimed at providing leading retailers with the most suitable format for deploying their latest concepts, contributed to retailer sales and a strong rise in turnover rents at Créteil Soleil, Val d'Europe and St.Lazare Paris (Paris region), Grand'Place (Grenoble), Blagnac (Toulouse), and Jaude (Clermont-Ferrand). Net rental income growth further accelerated in the second half of 2016 thanks to a reduction in operating costs due to the broad implementation of centralized procurement.

(1) Source: Insee, Quarterly National Accounts in Q4 2016, January 2017.

(2) Source: OECD Economic Outlook, November 2016.

(3) The CNCC index was down 1.3% for the first 11 months of 2016 compared to the same period last year.

(4) Like-for-like excludes the contribution of new spaces (acquisitions, new centers and extensions) and spaces being restructured.

On a current portfolio basis, net rental income was positively impacted by the full-year contribution of Les Passages Pasteur: a new 11,200 sq.m. downtown shopping center that opened in Besançon in November 2015 and is now nearly fully let.

Leasing activity remained sustained: a total of 360 leases were signed of which 306 on relet or renewed spaces, with an average 10.3% reversion rate. As of December 31, 2016, vacancy was reduced by 10 bps as compared to June 30, 2016. The Group continued to sign deals with leading fashion brands, including Uniqlo, which opened its first store in South-Western France at Blagnac (943 sq.m.), Mango in Lattes (1,011 sq.m.), Bershka at Créteil Soleil (807 sq.m.), H&M at Saint-Jacques (Metz; 3,221 sq.m.), and Zara, which is currently expanding and refurbishing its stores at both Grand'Place (3,200 sq.m.) and Ecully (2,080 sq.m.). Kiabi implemented its latest concept at Arcades (Paris area) over 1,360 sq.m. in August. In the Health & Beauty segment, leases were signed with Kiko at Mondeville (Caen) and NYX at Grand Littoral (Marseille), Val d'Europe (Paris region), and Odysseum (Montpellier). In Nailloux Outlet Village (Toulouse region), the Group reduced vacancy by signing new leases with L'Oréal, IKKS, Kusmi Tea, Pepe Jeans, and Diesel, while Galeries Lafayette Outlet opened its 1,513 sq.m. store in February. The latter also opened a new store at La Seguinière Outlet (Nantes region) in December 2015. Lastly, Kusmi Tea opened its new digital store concept in Val d'Europe in addition to new stores in Jaude and Le Havre Coty.

#### 2.2.1.2 Belgium

2016 GDP growth is expected to be 1.2%, in line with 2015, as domestic demand, the main driver of growth, remained weak due to a decline in real wages and government spending. 2017 GDP is forecasted to be up 1.3%[1].

11 years after it opened, L'esplanade shopping center (in Louvain-la-Neuve) continues to post strong operating performances thanks to active letting efforts. On a like-for-like basis, net rental income growth of 5.2% was driven by positive reversion since the beginning of 2015 and by the termination of the center's management contract, which Klépierre teams have assumed since July 1, 2016. The center should soon attract more visitors thanks to a new regional express train line that will link Louvain-la-Neuve and Brussels in 30 minutes by 2020. Footfall will also be boosted with the opening 2,300 additional parking slots.

### 2.2.2 Italy (17.5% of net rental income)

| *In millions of euros (total share)* | Net rental income current | | | Net rental income like-for-like | | | EPRA Vacancy rate |
|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 |
| ITALY | 189.8 | 184.9 | 2.7% | 189.8 | 184.9 | 2.7% | 1.7% |

After 0.6% growth in 2015, GDP is expected to be up 0.8% in 2016 on the back of higher levels of employment, household income, and thus private consumption. This positive trend has recently begun to weaken due to rising uncertainties with respect to the banking sector and the country's political situation following the rejection of the constitutional reform in December 2016. In 2017, GDP growth is expected to remain in line with the levels forecasted for 2016 (+0.9%)[1].

On a like-for-like basis, retailer sales grew by 0.9% in 2016 compared to 2015. This figure is attributable to the good results posted at Nave de Vero (Venice; +14.6%), Campania (Naples; +8.2%), and Porta di Roma (Rome; +2.6%), mitigated by sales for the malls located in the Milan area, which recorded strong increases in the second half-year of 2015 thanks to the World Fair, and which are now facing increasing competition.

The Italian portfolio recorded a sound 260 basis point outperformance in net rental income like-for-like growth versus index-linked rental adjustments (+0.1%). 2015 and 2016 re-tenanting actions, with the introduction of particularly dynamic new retailers – among which FootLocker, Pandora, O'Bag, Mondo Convenienza and the Inditex brands – translated into an increase in revenues and as a consequence, into a rise in variable rents for most of the centers.

The reversion rate of the 265 lease renewals and relets reached a solid 16.7%, evidencing the Klépierre portfolio's appeal for leading retailers. The portfolio is almost fully let: the EPRA Vacancy rate was reduced to 1.7% on December 31, 2016, a 40 basis point decrease versus year-end 2015. Porta di Roma's retail mix has been further strengthened with the signature of leases with the Inditex Group, including the extension and the full refurbishment of the Zara unit (from 2,911 sq.m. to 3,326 sq.m.) and the enlargement of both Zara Home and Oysho. AW Lab, Bialetti, and Michael Kors also joined the center (first store in a Klépierre shopping mall in Italy). In Nave de Vero, re-tenanting actions translated into the implementation of new stores, improving the fashion mix with Levi's, Napapijri, Timberland, and Tommy Hilfiger. The L'Oréal brand NYX opened stores in four centers – Porta di Roma, Campania, La Romanina, and Città Fiera – completing the cosmetics offer of these centers. Lego signed four leases with Klépierre in Italy during the second half of the year: at Porta di Roma, Le Gru, Campania, and Nave de Vero. Romagna Shopping Valley (Rimini) confirms its status as a major regional retail destination after its extension opened in 2013, which includes H&M, OVS, and Terra Nova. The merchandizing mix was further strengthened in 2016 with close to 5,300 sq.m. leased to the Inditex Group – including a 4,000 sq.m. Zara store, Pull & Bear, and Stradivarius stores – and the arrival of Cisalfa (1,640 sq.m.). America Graffiti (681 sq.m.; thematic restaurant) improved the food offer and, together with synergies with the cinema, ultimately helped to increase dwell time and footfall. Nespresso chose this center to open its first store in Klépierre malls in Italy in September. Pandora pursued its expansion with the opening of stores during the fourth quarter at Le Gru, Milanofiori, and Le Vele. Lastly, Ferrari Store opened its first store in a shopping center at Campania.

(1) *Source: OECD Economic Outlook, November 2016.*

## 2.2.3 Scandinavia (16.6% of net rental income)

| *In millions of euros (total share)* | Net rental income current | | | Net rental income like-for-like | | | EPRA Vacancy rate |
|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 |
| Norway | 66.4 | 51.1 | 29.8% | 50.8 | 49.4 | 2.7% | 2.6% |
| Sweden | 61.6 | 60.8 | 1.3% | 53.4 | 50.1 | 6.4% | 2.7% |
| Denmark | 52.3 | 44.7 | 16.9% | 47.4 | 44.0 | 7.6% | 5.7% |
| **SCANDINAVIA** | **180.3** | **156.6** | **15.1%** | **151.5** | **143.6** | **5.5%** | **3.5%** |

### 2.2.3.1 Norway

GDP is estimated to grow by a slight 0.7% in 2016. Declining petroleum investment has continued to affect oil-related industries, translating into a new rise in the unemployment rate – which nevertheless remained at a very low 4.7% – while the exchange rate depreciation turned into a strong rise in consumer prices. Economic growth is expected to strengthen gradually in the second half of 2017, to reach 1.4% in 2018, driven by higher private consumption levels(1).

Retailer sales were up 2.3% in 2016 to be compared to a 2.0% rise posted in the first half of the year. This good performance is partly attributable to the success of Black Friday events in late November (retailer sales were up 6.3%), which boosted fashion sales. Centers located in the Oslo area outperformed: Vinterbro (+6.3%), Metro (+4.4%), and Gulskogen (+5.4%). Oslo City – acquired in December 2015 – posted strong 6.9% growth in retailer sales over the same period.

On a like-for-like portfolio basis(2), net rental income was up by 2.7%, outperforming index-linked adjustments (+2.5%). The solid net rental growth recorded by centers in the Oslo area (Gulskogen, Vinterbro) and at Farmanstredet offsets the results of Hamar Maxi (impacted by new competition) and Arkaden (in Stavanger, one of the most impacted cities by the slowdown in investments in the oil industry).

On a current portfolio basis, the 29.8% net rental income growth is attributable to the contribution of Oslo City. The depreciation of the Norwegian krone versus the euro during 2016 (3.7% on the average FX rate) translated into a –1.9 million euro impact on net rental income on a current basis. The disposal of Åsane Storsenter in Bergen, completed on November 7, 2016, is not recorded in net rental income change as the center was consolidated under the equity method.

For the full year, the Group recorded a 13.2% reversion rate on relet and renewed leases, with the top three contributing centers being Gulskogen, Farmanstredet, and Vinterbro. New retailers include G Max (sport anchor), which opened a 1,925 sq.m. store in Maxi Storsenter. In Farmandstredet, leases have been signed with BikBok (530 sq.m.) and Carlings (239 sq.m.) to strengthen the fashion offer and with Rituals (92 sq.m.). Gulskogen (Drammen) welcomed a new Levi's store and a Toys'R'Us store over 1,067 sq.m. In January, the first COS (H&M Group) in Klépierre's portfolio was signed with Arkaden. At Vinterbro, Coop (hypermarket) signed a new 15-year term lease. The trendy new Norwegian jeweler On:U chose Gulskogen and Oslo City to open stores.

### 2.2.3.2 Sweden

After a 3.9% growth rate posted in 2015, GDP is expected to be up 3.3% in 2016, boosted by a decline in the unemployment rate and strong private and government spending levels. For 2017, economic growth is expected to remain sustained at 2.7%(1).

For the full year 2016, retailer sales recorded solid 3.4% growth fueled by the strong performance posted by retailers at Emporia (+5.9%). The rise in sales was particularly high in November (+9.3%), thanks to the broad success of Black Friday events organized across all centers.

On a like-for-like portfolio basis, net rental income recorded strong 6.4% growth for the full year, a 640 basis point outperformance versus index-linked rental adjustments. This performance is attributable to higher variable rents resulting from solid retailer sales growth and to the positive impact of re-tenanting actions.

Torp Köpcentrum (31,600 sq.m; Uddevalla), whose disposal was completed on November 7, 2016, made a 5.5 million euro contribution to net rental income over the period.

On the leasing front, H&M stores at Emporia, Marieberg Galleria, and Kupolen were rightsized and refurbished when the H&M Home concept was introduced in these three centers. Emporia welcomed new retailers, enriching the offer: Odd Molly (womenswear: 111 sq.m.), the e-retailer Hobbex (its first store in Klépierre's Sweden network: 113 sq.m.), Kitch'n (kitchen supplies: 225 sq.m.), Söstrene Grene (household equipment; 212 sq.m.), and Guess (fashion, 177 sq.m.), together with a second Espresso House outlet (401 sq.m.). The food offer was reinforced at Kupolen with the arrival of Pizza Hut (379 sq.m.) and Enellys (284 sq.m; new hamburger concept), and at Marieberg with the implementation of a new food court gathering four restaurants (Basilica, Sushiyama, Naked Juice Bar, and Kosheli). At Torp, the arrival of Body Shop and Rituals strengthened the cosmetics offer, while the Swedish kidswear brand Polarn O. Pyret opened a 144 sq.m unit. Lastly, Levi's opened two stores, in Allum (154 sq.m.), and in Marieberg (170 sq.m.).

### 2.2.3.3 Denmark

In 2016, GDP is forecasted to post a 1% growth, which nevertheless helped to reduce unemployment. This supported a rise in household income and thus domestic demand. In 2017, GDP growth is expected to accelerate at 1.5%(1).

Retailer sales posted a 2.5% rise through 2016, with increases in the country's three centers.

(1) *Source: OECD Economic Outlook, November 2016.*

(2) *Like-for-like excludes the contribution of new spaces (acquisitions, new centers and extensions), spaces being restructured, disposals completed since January 2015, and foreign exchange impacts.*

Net rental income was up by 7.6% on a like-for-like portfolio basis, outperforming index-linked rental adjustments by 570 bps. The major leasing and re-letting initiatives carried out in 2015 and throughout 2016 at Bruun's Galleri, Bryggen, and Field's contributed to this upside. The performance was mainly driven by Field's, which has continued to post increasing sales and footfall since 2015, strengthening its leading position in the Copenhagen region. The Nordisk Film Biografer flagship cinema, which opened in August 2015 as an anchor for the new extension, also helped to reinforce the center's attractiveness for retailers, together with an enlarged and renovated food offer featuring new gourmet restaurants (Loft Gastrogrill, Dalle Valle, Gorm's Pizza). The center will also benefit from the opening in February 2017 of the Royal Arena located in the immediate vicinity (up to 16,000 spots for concerts).

The 16.9% net rental income growth recorded on a current portfolio basis was boosted by (i) a non-recurring property tax refund for Field's in the first half of 2016, and (ii) the contribution of the aforementioned extension.

A 7.3% reversion rate on renewals and relets was recorded for the period. The vacancy rate is down by 260 basis points versus December 31, 2015. At Field's, after having operated a pop-up store, Nespresso opened a permanent location last May, the first one in a Danish shopping center. It was joined by Expresso House and Pandora. At Bruun's Galleri, the American sneaker brand Skechers opened a 252 sq.m. unit and Det Grønne Køkken, a new Danish grab and go food concept, will open in the second half of the year. Guess (fashion) chose Field's and Bruun's Galleri to open its first two stores in the country.

## 2.2.4 Iberia (9.1% of net rental income)

| In millions of euros (total share) | Net rental income current | | | Net rental income like-for-like | | | EPRA Vacancy rate |
|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 |
| Spain | 79.4 | 72.5 | 9.5% | 73.9 | 70.0 | 5.7% | 3.8% |
| Portugal | 19.0 | 18.3 | 3.9% | 19.0 | 18.3 | 3.9% | 8.1% |
| **IBERIA** | **98.4** | **90.8** | **8.4%** | **92.9** | **88.3** | **5.3%** | **4.9%** |

### 2.2.4.1 Spain

2016 GPD growth is expected to be in line with 2015, 3.2%, fueled by domestic demand supported by fiscal stimulus and a further decline in unemployment. For 2017 (+2.3%) and 2018 (+2.2%), GDP growth is expected to be further driven by an ongoing rise in consumption[1].

For 2016, retailer sales recorded a 2.6% increase attributable to the solid performances of Meridiano, Plenilunio, and Principe Pio. Sales at La Gavia were slightly up versus the level of 2015 (+0.9%) due to the impact of tramway works which are now completed.

On a like-for-like portfolio basis, net rental income was up by 5.7%, outperforming average index-linked rental adjustments by 570 basis points. This sound performance highlights the quality of the streamlined portfolio, concentrated in five leading assets in Madrid, Barcelona, and the Canary Islands. This achievement is also the direct result of strong reversion levels posted in 2015 and throughout 2016. The change in net rental income on a current portfolio basis reflects the impact of the Plenilunio (Madrid) acquisition in March 2015 and, to a lesser extent, the impact of asset sales completed in July 2016[2].

Spain continues to act as a magnet for international brands, backed by a solid economic recovery. Close to 200 leases were signed in 2016, with an average reversion rate of 18.5% for renewals and relets. The vacancy rate is down by 150 basis points versus December 31, 2015. In the fashion segment, the Group further reinforced its positioning with major brands such as H&M (new 2,150 sq.m. store in Meridiano), Victoria's Secret (Maremagnum; first opening in a Spanish shopping center), Massimo Dutti (Principe Pio; expansion with a 450 sq.m. store), Pull & Bear (Principe Pio; 530 sq.m. expanded store) and Skechers (Meridiano). Stradivarius will expand its premises while implementing its latest concept in Plenilunio over 550 sq.m. In the Sporting goods segment, Plenilunio welcomed Adidas and Sprinter (800 sq.m. store), and Foot Locker fully renovated its store. The Italian brand O Bag (an innovative brand specialized in customized bags) selected Principe Pio, La Gavia, and Meridiano to establish its first stores in shopping centers in Spain. The Health & Beauty segment remained dynamic, with the opening of an Inglot store in Principe Pio, the continuing expansion of NYX (Plenilunio), Rituals (new opening in La Gavia), The Body Shop (Maremagnum), and Kiko (Meridiano). Lush will inaugurate a new store in Maremagnum in early 2017. In the Food and restaurants segment, Enrique Thomas (high quality Spanish charcuterie) opened two stores (Principe Pio and Maremagnum) and Amorino (Italian ice cream) opened its first store in Klépierre's Iberian portfolio (Meridiano). The new concept of Friday's was unveiled at La Gavia in August. Nespresso decided to open two pop-up stores (Principe Pio and La Gavia). Samsung implemented its latest concept at Principe Pio and Plenilunio.

In addition, work has been launched in the fourth quarter to upgrade the customer experience to meet Clubstore® standards at Plenilunio.

### 2.2.4.2 Portugal

GDP growth is expected to be moderate in 2016 (+1.2%) due to weak public and private investment. Employment is increasing. For 2017 and 2018, GDP is forecasted to post steady growth, in line with those recorded in 2016[1].

*(1) Source: OECD Economic Outlook, November 2016.*

*(2) Sexta Avenida (downtown Madrid; 16,800 sq.m.), Espacio Torrelodones (Northern Madrid; 21,600 sq.m.), and Ruta de la Plata (Cáceres; 8,400 sq.m.).*

Retailer sales were up 2.2% in 2016, boosted by strong rises posted at Aqua Portimão (+7.1%) and at Espaço Guimarães (+2.1%). Sales at Parque Nascente are up slightly (+0.4%) due to a decline in sales in the Household goods segment.

The 3.9% net rental income growth – a 290-bp outperformance versus index-linked rental adjustments – is attributable to the positive impact of reversion achieved across the portfolio and cost streamlining.

International retailers are also expanding in Portugal. Leasing activity was particularly intense throughout the year, with 58 new contracts signed, translating into a strong reversion rate of 25.5%. The vacancy rate was reduced to 8.1% (from 9.7% at year-end 2015). The large-scale re-tenanting campaign at Espaço Guimarães continued. Renewals have been signed with international brands such as Sephora (relocated into the fashion area), Calzedonia, Tezenis, and Intimissimi with improved rental conditions. In the Sporting goods segment, Adidas has chosen Espaço Guimarães and Parque Nascente to reinforce its presence in the country. The Health & Beauty offer was also significantly improved at Parque Nascente (Porto) with the implementation of Sephora and NYX.

## 2.2.5 Central Eastern Europe (CEE) and Turkey (10.2% of net rental income)

| *In millions of euros (total share)* | Net rental income current | | | Net rental income like-for-like | | | EPRA Vacancy rate |
|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 |
| Poland | 32.1 | 32.9 | -2.4% | 32.1 | 31.5 | 1.8% | 1.3% |
| Hungary | 19.2 | 17.9 | 7.0% | 18.2 | 15.8 | 15.4% | 4.6% |
| Czech Republic | 26.7 | 23.9 | 11.4% | 26.7 | 23.7 | 12.4% | 0.7% |
| Turkey | 30.1 | 29.6 | 1.6% | 30.1 | 30.6 | -1.5% | 9.7% |
| Others | 2.1 | 1.8 | N/A | 2.3 | 2.0 | N/A | 6.4% |
| **CEE AND TURKEY** | **110.1** | **106.1** | **3.8%** | **109.4** | **103.5** | **5.6%** | **5.7%** |

### 2.2.5.1 Poland

After 3.9% growth in 2015, GDP is forecasted to be up 2.6% in 2016, boosted by a rise in exports due to strong cost competitiveness. Ongoing gains in employment and wages, higher social transfers, and low energy prices are supporting private consumption and housing construction, while infrastructure investments have eased due to lower inflows from EU funds. The latter are expected to fuel GDP in 2017 and 2018, which should post growth rates above 3%[(1)].

For the full year 2016, Polish malls recorded a 3.2% increase in retailer sales thanks to stronger performances posted in the second half of the year, with a strong contribution of Poznan Plaza following its re-tenanting campaign (see below).

On a current basis, the 0.8 million euro decrease in net rental income is attributable to the disposal of Krakow Plaza (30,520 sq.m.) in December 2015. Like-for-like net rental income growth posted a 160bp outperformance versus index-linked rental adjustments. Poznań Plaza and Lublin Plaza results were impacted by competition.

Leasing activity was sustained throughout the year. At Poznań Plaza, the large scale re-tenanting campaign initiated in 2015 was pursued with the arrival of New Balance (140 sq.m.) and Tezenis, which chose the center to open its first store in the country (240 sq.m.). Many leases were signed at Sadyba Best Mall, including ISpot (Apple reseller), M.A.C., New Balance, Pizza Hut Express, Starbucks and Yves Rocher. Lublin welcomed a new McDonald's restaurant in December. At Rybnik Plaza, CCC (shoes) unveiled a new 1,267 sq.m. flagship store.

### 2.2.5.2 Hungary

For 2016, GDP growth is expected to reach 1.7%. Private consumption remains robust thanks to rising real wages and lower unemployment rates. Economic growth is forecasted to be higher in 2017 (+2.5%) on the back of a new cycle of EU structural funding[(1)].

In this favorable context and following the portfolio streamlining completed in 2015 and 2016, Hungarian shopping centers recorded strong 10% growth in retailer sales in 2016. Every center posted higher sales. This growth is also partly attributable to the end of the Sunday closure regulation since April 2016 and the growing implementation of Black Friday operations by the centers.

On a like-for-like basis, net rental income was up 15.4%, driven by the significant positive outcome of leasing actions implemented since the beginning of 2015, the significant decrease in vacancy, and the reduction in bad debt allowances to a historically low level. Each of the country's centers recorded net rental income growth that more than offset the impact of the disposals completed in 2015 (Zala, Csepel, and Szeged in March, Kaposvar and Szolnok in November) and in September of 2016 (Debrecen Plaza).

The reversion rate on relet or renewed leases reached 26.1%. The vacancy rate is down by 340 basis points versus December 31, 2015. At Corvin Plaza, Decathlon opened a 1,829 sq.m. store in December. It is the first location for this major sports goods brand in downtown Budapest and it will therefore significantly enhance the attractiveness of the shopping center. CCC (shoes) opened its new concept at Győr Plaza in September over 456 sq.m.

*(1) Source: OECD Economic Outlook, November 2016.*

### 2.2.5.3 Czech Republic

2016 GDP growth is forecasted to reach 2.4%. Increasing labor shortages are contributing to the rise in wages and hours worked and, consequently, private consumption. Economic growth will strengthen in 2017 and 2018 (+2.5% and +2.6% estimated)[1].

For the full-year 2016, the three centers of the country recorded strong increases in retailer sales translating into average growth of 5.9%. In November, retailer sales were up 11.1% thanks to the broad success of Black Friday events.

Net rental income was up 12.4% on a like-for-like basis thanks to sound performances – in particular at Nový Smìchov (+16.1%) – which far exceeded low indexation (+0.2%). This increase was driven by highly successful re-tenanting efforts – 89 spaces let or relet, translating into a 50.3% reversion rate – and a reduction in operating costs. The vacancy rate is down by 40 basis points versus December 31, 2015.

At Nový Smìchov, leases were signed with Calvin Klein Jeans (126 sq.m.), CCC (Polish shoes retailer; 550 sq.m.), Douglas (399 sq.m.), NYX (65 sq.m.; first implementation of the brand in all Central Europe), Starbucks (120 sq.m.), Stradivarius (404 sq.m.), and Tiger (365 sq.m.).

### 2.2.5.4 Turkey

GDP growth is estimated to have slowed to 2.9% in 2016. The Turkish economy continues to face geopolitical headwinds and uncertain political conditions, together with recent terrorist attacks that have weighed negatively on the national currency and tourism. Household consumption remains strong, nevertheless, helped by rising wages[1].

Retailer sales (in local currency) are up 7.5% for the full year, which is 60 bps above the AYD (Turkish Shopping center Council) sales index (January to November) This performance is attributable to the arrival of particularly dynamic new tenants such as Nike in Tarsu and both Koçtaş (DIY) and H&M in Anatolium.

Net rental income is down 1.5% on a like-for-like basis, mainly due to higher vacancy, notably at Ada, which faces increasing competition. On a current basis, the 1.6% net rental income increase mainly includes a positive currency impact.

Anatolium confirms its status as a dominant center at Bursa (4th largest city in the country) with leases signed with H&M (2,219 sq.m.) and Starbucks. At Akmerkez, Inditex decided to increase its presence with a full size Zara (2,100 sq.m.; to open next March). Zara Home, Massimo Dutti, and Oysho leases were also renewed.

## 2.2.6 The Netherlands (4.2% of net rental income)

| *In millions of euros (total share)* | Net rental income current | | | Net rental income like-for-like | | | EPRA Vacancy rate |
|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 |
| **THE NETHERLANDS** | 45.5 | 76.0 | -40.1% | 23.9 | 25.2 | -5.3% | 5.6% |

GDP is growing steadily and is expected to be up by 2.0% in 2016, mainly driven by domestic demand, supported by rising wages and declining unemployment levels. 2017 and 2018 economic growth projections are in line with the level posted in 2016 (+2.0% and +1.9% respectively)[1].

On a current portfolio basis, net rental income reflects the disposal in August 2015 of a portfolio of nine community shopping centers for a total consideration of 730 million euros (excluding duties). These assets contributed 28.2 million euros to net rental income in 2015. Markthal – a 11,200 sq.m. retail scheme featuring a fresh food market and a unique array of gourmet restaurants acquired in July 2015 – contributed to the current performance. On a like-for-like basis, net rental income was down by 5.3%, reflecting an increase in interim vacancies and late payment rates in the first half of 2016 related to bankruptcies of a few domestic retailers. Leasing actions nevertheless helped to reduce both vacancy and late payments during the second half of the year.

Lease agreements for four Inditex brands were signed at Hoog Catharijne: Bershka, Stradivarius, Zara Home, and Zara Man. They will open in the first phase of the newly redeveloped center in April 2017 over more than 4,000 sq.m. At Alexandrium (Rotterdam), leases were signed with Rituals, which unveiled a bigger store together with its latest concept, Foot Locker (278 sq.m.), JD Sports (617 sq.m.), and Hunkemöller (expanded store). These leasing actions will enhance the center's appeal and contribute to reducing vacancy. In Almere, Kiko opened a 121 sq.m. store in November and Hunkemöller signed for a bigger store.

(1) *Source: OECD Economic Outlook, November 2016.*

## 2.2.7 Germany (3.9% of net rental income)

| In millions of euros (total share) | Net rental income current | | | Net rental income like-for-like | | | EPRA Vacancy rate |
|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 |
| GERMANY | 42.0 | 42.4 | -1.1% | 27.9 | 28.0 | -0.2% | 6.4% |

After a 1.5% growth rate recorded in 2015, GDP is expected to be up 1.7% for 2016, helped by a strong labor market, low interest rates, and a slightly expansionary fiscal policy, which supported household consumption and residential investment. For 2017 and 2018, GDP is forecasted to be up 1.7%[1].

For the year 2016, retailer sales were up slightly (+0.8%) thanks to sound performances recorded at Boulevard Berlin following the completion of the refurbishment, which helped to increase sales and drive footfall to the basement level.

Net rental income on a like-for-like basis was virtually unchanged for 2016 (−0.2%), reflecting negative reversion (−4.9%) offset by higher occupancy and the introduction of new tenants, which helped to reduce late payment rates.

Significant re-tenanting actions were completed throughout the year and translated into the signing of 29 leases. In particular, Zara will join Centrum Galerie (Dresden), leaving the premises it occupied at a competitor mall. The new store, covering 3,300 sq.m., is expected to open in September 2017 and will further strengthen the center's appeal. The Bestseller Group decided to increase its presence at the same center, signing two leases, with Jack & Jones (250 sq.m.) and Vero Moda (306 sq.m.). Zara also chose Forum Duisburg to expand in Germany with a 3,000 sq.m. new store scheduled to open in November 2017.

## 2.2.8 Other activities (2.7% of net rental income)

| In millions of euros (total share) | Net rental income current | | | Net rental income like-for-like | | | EPRA Vacancy rate |
|---|---|---|---|---|---|---|---|
| | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 |
| OTHER ACTIVITIES | 29.3 | 33.0 | -11.3% | 28.2 | 28.9 | -2.3% | 2.6% |

This segment refers to standalone retail units located in France and mostly in the vicinity of shopping center areas (former Klémurs assets).

On a current portfolio basis, the decrease in net rental income is attributable to the disposals completed since January 1, 2015 for a total amount of 40 million euros excluding duties (please refer to the "Investments, developments and disposals" section in this document).

## 2.2.9 Fee income

Fee income totaled 86.5 million euros, compared with 86.8 million euros for the same period in 2015. This change includes the termination, effective June 30, 2015, of a management contract for 13 Danish shopping centers owned by the pension fund Danica, which was offset by additional fees, particularly on joint venture operations.

## 2.2.10 Total revenues

Total revenues amounted to 1,300.5 million euros, versus 1,295.1 million euros for full-year 2015.

(1) Source: OECD Economic Outlook, November 2016.

# 2.3 Investments, developments and disposals

## 2.3.1 Investment market

Investment volumes in shopping centers reached 8.7 billion euros in Continental Europe for the first nine months of 2016. The most active markets were Germany (18% of transactions), Spain (14%), and Finland (10%), followed by France, Poland, and the Netherlands (7% transactions for each).

Total investment flows are down by 35% compared to the level recorded over the same period in 2015 (13.3 billion euros). This decrease is primarily due to the scarcity of large dominant schemes and portfolios available for sale, especially in France and Germany, despite the significant weight of capital targeting this sector across Europe. All in all, investment flows remain very high, with total amounts ranking among the second highest in more than 15 years[1].

Investors have started to move on the risk curve, with more added value recorded, while prime and super prime yields in France, Germany, Spain, and the Nordics have continued to compress on the back of ever lower interest rates.

As a consequence, appraisers have compressed yields based on transaction evidence and liquid real estate investment markets, in particular for prime and core assets. This market pattern is widespread across Europe.

## 2.3.2 Investments made in 2016

Development investments amounted to 212.6 million euros for the full year 2016 as follows:

- 177.9 million euros were devoted to the development of the shopping center portfolio, more specifically:
  - to the Group's pipeline, which concentrates the bulk of the investments dedicated to three main projects aimed to strengthen the Group's positions in the most dynamic regions of Continental Europe: Hoog Catharijne (the Netherlands), Prado (Marseille) and Val d'Europe (Paris region) in France (see "Development pipeline" section for more information on projects),
  - to recently opened or redeveloped assets such as: Bourse (France), a 45,600 sq.m. mall in the very heart of Marseille, whose new façades were unveiled in June 2015, Field's (Denmark), whose extension and new cinema were inaugurated in August 2015 in Copenhagen, Besançon Pasteur (France), a 14,700 sq.m. downtown mall that opened in November 2015, and Boulevard Berlin, whose restructuring was finalized in October 2015;
- 34.7 million euros were allocated to the construction of an office building in Pantin (France) which was sold in June 2016 (see section "Disposals" of the present document).

Additionally, 35.5 million euros were dedicated to the acquisition of retail units surrounding Blagnac shopping center (Toulouse, France) in order to secure neighboring real estate ownership to allow future asset management and development operations on this powerful retail hub.

Investments made on the current portfolio to renovate and maintain our shopping malls reached 64.8 million euros.

## 2.3.3 Development pipeline

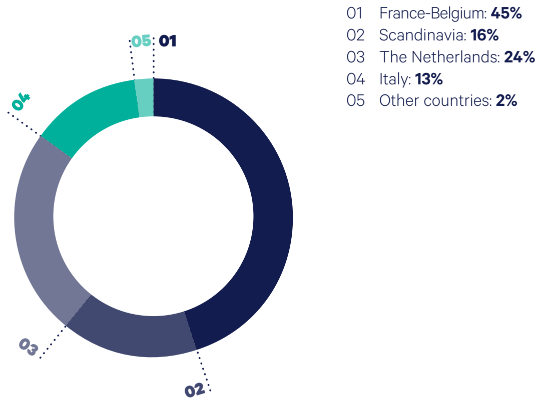
### 2.3.3.1 Development pipeline overview

The Group's development pipeline represents 3.3 billion euros worth of investments, including 0.7 billion euros worth of committed projects[2] with an average expected yield of 6.7%, 1.1 billion euros worth of controlled projects[3], and 1.5 billion euros of identified projects[4]. On a group share basis, the total pipeline represents 2.8 billion euros: 0.6 billion euros committed, 0.9 billion euros controlled, and 1.3 billion euros identified.

The Group focuses its development capabilities on France, Belgium, Scandinavia, Italy, the Netherlands, and Spain:

- 75% of committed and controlled projects are extension-refurbishment schemes aimed both at capitalizing on shopping destinations that have demonstrated their leadership and at accelerating the retail offer transformation;
- 25% of committed and controlled projects are greenfield projects located in some of the most dynamic cities of Europe and integrated into large urban development programs supported by efficient transportation networks and residential building projects.

**SHOPPING CENTER COMMITTED AND CONTROLLED DEVELOPMENT PIPELINE BREAKDOWN BY REGION (TOTAL SHARE)**




(1) Source: Jones Lang LaSalle.
(2) Projects that are in the process of completion, for which Klépierre controls the land and has obtained the necessary administrative approvals and permits.
(3) Projects that are in the process of advanced review, for which Klépierre has control over the land (acquisition made or under offer, contingent on obtaining the necessary administrative approvals and permits).
(4) Projects that are in the process of being put together and negotiated.

| Development project | Country | City | Type | Floor area (sq.m.) | Expected opening date | Klépierre equity interest | Estimated cost[1] (in millions of euros) | Cost to date (in millions of euros) | Targeted yield on cost[2] |
|---|---|---|---|---|---|---|---|---|---|
| Val d'Europe | France | Paris region | extension | 17,000 | Q2 2017 | 55.0% | 102 | 78 | 7.7% |
| Hoog Catharijne Phases 2 & 3 | The Netherlands | Utrecht | extension-refurbishment | 61,982 | 2017-2019 | 100.0% | 426 | 227 | 6.3% |
| Other projects (incl. Prado) | | | | 33,406 | | | 178 | 88 | 7.2% |
| **Total committed projects** | | | | **112,388** | | | **706** | **393** | **6.7%** |
| Créteil Soleil – Phase 1 | France | Paris region | extension-refurbishment | 10,300 | H1 2019 | 80.0% | 67 | 3 | |
| Gran Reno | Italy | Bologna | extension | 15,900 | H2 2020 | 100.0% | 122 | 1 | |
| Bègles Rives d'Arcins | France | Bordeaux | extension | 25,080 | H2 2020 | 52.0% | 38 | 5 | |
| Grand Portet | France | Toulouse region | extension-refurbishment | 8,000 | H2 2021 | 83.0% | 65 | 8 | |
| Grand Littoral | France | Marseille | extension | 12,000 | H1 2020 | 100.0% | 30 | - | |
| Grand Place | France | Grenoble | extension | 16,682 | H2 2019 | 100.0% | 46 | - | |
| Odysseum | France | Montpellier | extension | 15,900 | H1 2020 | 100.0% | 36 | - | |
| L'esplanade | Belgium | Brussels region | extension | 19,475 | H1 2021 | 100.0% | 131 | 17 | |
| Vitrolles | France | Marseille region | extension | 18,050 | H2 2020 | 83.0% | 80 | - | |
| Val d'Europe | France | Paris region | extension | 10,620 | H2 2020 | 55.0% | 51 | - | |
| Lonato[3] | Italy | Lombardy | extension | 15,000 | H2 2020 | 50.0% | 30 | - | |
| Le Gru | Italy | Turin | extension | 12,000 | H2 2021 | 100.0% | 80 | - | |
| Maremagnum | Spain | Barcelona | extension | 8,000 | H2 2020 | 100.0% | 45 | - | |
| Økernsenteret[3] | Norway | Oslo | redevelopment | 53,220 | H2 2021 | 28.1% | 95 | 6 | |
| Viva | Denmark | Odense | new development | 48,500 | H2 2020 | 56.1% | 176 | 39 | |
| Other projects | | | | 2,520 | | | 5 | - | |
| **Total controlled projects** | | | | **291,247** | | | **1,095** | **79** | |
| **Total identified projects** | | | | **262,260** | | | **1,509** | **5** | |
| **TOTAL** | | | | **665,895** | | | **3,309** | **477** | |

(1) *Estimated cost as of December 31, 2016, including fit out (when applicable) and excluding lease step-ups (when applicable), internal development fees and financial costs.*
(2) *Targeted yield on cost as of December 31, 2016, based on targeted NRI with full occupancy and excluding all lease incentives (when applicable), divided by the estimated cost of the project as defined above.*
(3) *Assets consolidated under equity method. For these projects estimated cost and cost to date are reported for Klépierre share of equity. Floor areas are the total area of the projects.*

### 2.3.3.2 Val d'Europe extension-refurbishment

Construction work continued throughout 2016 and the building is air and water-tight since October 2016. Marble floors, lighting, and all decoration work are well on track for the scheduled opening date of April 26, 2017. It will create a majestic place inspired by the Grand Palais architecture, located at the heart of the mall, featuring a large glass roof and impressive double height shopfronts. The handover of tenant premises has started and will continue until the end of February. The adjacent 1,000 slot deck car park will be completed for the opening date. The Group is also refurbishing existing spaces in the shopping center to bring the center to ClubStore® standards.

Leasing is almost completed, with 91% of the leasable space already signed. Primark (7,500 sq.m.), Uniqlo (1,600 sq.m.), Bershka (1,340 sq.m.), and an extended H&M (3,280 sq.m.) are the main anchors of the extension. Eight kiosks dedicated to food and beverages will animate the central square.

### 2.3.3.3 Hoog Catharijne redevelopment

In 2016, construction work on the North Mile continued. In the fourth quarter of 2016, the Pavillon and the Entrance building from the station were successfully tendered and their construction started. The North Mile is scheduled to open in two phases, in the second and in the fourth quarter of 2017. The customer flow will then run through this mall, in which major brands such as Bershka, C&A, H&M, Nike, Stradivarius, Zara Man, Zara Home and We will be present, notably. Shell preparation for tenants started in the fourth quarter of 2016. Construction work on the South mile will begin in the second quarter of 2017 and is scheduled for delivery in the fourth quarter of 2018. The central part of the scheme will then be completed. The new underground parking (1,196 places on five levels) opened to the public in August of 2016.

Leasing is progressing well. Lease contracts with major anchor tenants were signed in the fourth quarter of 2016 and include the four aforementioned Inditex brands for a total of 4,000 sq.m. Together with the existing Zara, the Inditex Group is now present with five brands and therefore confirms the high level of brand interest in the scheme. Handover of shells to Inditex occurred in January 2017. Fit out work by the tenants has started. A further series of shell handovers to other tenants (We, Sissy Boy, Rituals, Claudia Sträter, etc.) is planned for February 2017. 85% of the GLA set to open in April is leased up.

When completed, Hoog Catharijne will be the largest mall in the Netherlands and among the top five in Europe in terms of visitor traffic, offering international brands flagship store opportunities in a state-of-the-art setting with the latest Clubstore® standards.

#### 2.3.3.4 Prado's new scheme

Work is progressing according to schedule for this new shopping center in Marseille. Structural work is completed for building one and nearly completed for building two. The first pieces of the magnificent 2,400 sq.m. glass roof are in place. The innovative open canopy system will be completed in July 2017. The shell handover to the main anchor (Galeries Lafayette) will occur in April 2017 and the grand opening is expected for the first quarter of 2018. 60% of spaces are already leased up or under advanced negotiations.

#### 2.3.3.5 Créteil Soleil extension-refurbishment

The 10,300 sq.m. extension is located on the main entrance of the shopping center welcoming 35% of the 20.3 million footfall. Spread over two floors it will create an outstanding connection between the subway station and the heart of the center. The program consists in 18 new retail premises, 12 restaurants and six new screens as extension of the existing 12 screen cinema growing the capacity to 3,650 seats. The customer path will be greatly improved, with a perfect synergy between food court and cinema.

#### 2.3.3.6 Gran Reno extension refurbishment

Gran Reno shopping center is located in Casalecchio di Reno, the main retail and leisure destination in the region with a total retail offer of 160,000 sq.m. with Gran Reno, Carrefour, Ikea and Leroy Merlin plus the Unipol arena complex, the largest and most modern complex for sport and cultural events in Italy. The 16,000 sq.m. extension will create a 55,000 sq.m. regional shopping center with no comparable competitive offer in a very wealthy catchment area ranked number one in Italy. The existing gallery will be fully refurbished in line with the extension that will be designed according to the best standards inspired by Nave de Vero shopping center (Venice), which opened in 2014.

### 2.3.4 Disposals completed since January 1, 2016

| Assets | GLA *(sq.m.)* | Sale price *(in millions of euros, excl. duties, total share)* | Date |
|---|---|---|---|
| Capodrise (Caserta – Italy) | 6,327 | | 04/01/2016 |
| Sexta Avenida (Madrid – Spain) | 16,788 | | 07/19/2016 |
| Ruta de la Plata (Caceres – Spain) | 8,428 | | 07/19/2016 |
| Espacio Torrelodones (Madrid – Spain) | 21,606 | | 07/19/2016 |
| Debrecen (Hungary) | 14,600 | | 09/12/2016 |
| Asane (Norway) | 46,833 | | 11/07/2016 |
| Torp (Sweden) | 31,425 | | 11/07/2016 |
| Maisonément, Cesson-Boissenart (France) | 40,800 | | 12/16/2016 |
| Lillestrøm (Norway) | 21,601 | | 01/23/2017 |
| Charras | 6,300 | | 01/31/2017 |
| **Total shopping centers** | **214,708** | **536.8** | |
| Pornic (vacant) | 697 | | 01/20/2016 |
| Pizzahuset Allum (Sweden) | 2,660 | | 02/23/2016 |
| TNT (France) (Office TNT) | 10,600 | | 01/22/2016 |
| Pantin | 18,300 | | 06/17/2016 |
| Vannes Kerlann | 6,847 | | 10/06/2016 |
| Buffalo Grill (8 assets) | 4,566 | | 10/06/2016 |
| Sainte Marie aux Chênes | 2,048 | | 10/28/2016 |
| Newton (France) (land) | 24,616 | | 01/24/2017 |
| **Total other activities** | **70,334** | **148.4** | |
| **TOTAL DISPOSALS** | **285,042** | **685.2** | |

Since January 1, 2016, the Group has completed a total of 685.2 million euros worth of disposals[(1)], total share, excluding duties. Sales were completed across the whole portfolio, specifically:

- three shopping centers in Scandinavia: two centers in Norway (Åsane Storsenter in Bergen and Lillestrøm Torv) and one in Sweden (Torp Köpcentrum);
- retail assets in France and an office building in Pantin, for which the agreement is dated December 2014;
- a portfolio composed of three retail galleries in Spain – which entered the portfolio in 2015 through the Corio acquisition – for a total consideration of 61 million euros (excluding duties): Sexta Avenida (downtown Madrid; 16,800 sq.m.), Espacio Torrelodones (Northern Madrid; 21,600 sq.m.), and Ruta de la Plata (Cáceres; 8,400 sq.m.).

These transactions were completed at prices in line with the latest appraisal values.

Adding in sales and purchase promissory agreements signed for an amount of 47.6 million euros, total disposals signed or completed since January 1, 2016 reach 732.8 million euros.

*(1) Considering 100% of the sale price of Åsane Storsenter (which was owned at 49.9%) and 100% of Maisonément (which was owned at 50%).*

# 2.4 Consolidated earnings and cash-flow

## 2.4.1 Consolidated earnings

| *In millions of euros* | 12/31/2016 Fair value | 12/31/2015 Fair value | 12/31/2015 Published | Change Fair value |
|---|---|---|---|---|
| **Gross rental income** | **1,214.0** | **1,208.4** | **1,208.4** | **5.6** |
| Rental & building expenses | -130.6 | -138.8 | -140.3 | 8.2 |
| **Net rental income** | **1,083.4** | **1,069.6** | **1,068.0** | **13.8** |
| Management and administrative income | 86.5 | 86.8 | 86.8 | -0.3 |
| Other operating income | 18.4 | 13.9 | 13.9 | 4.4 |
| Payroll expenses | -131.4 | -149.2 | -149.2 | 17.8 |
| Survey & research costs | -2.8 | -2.8 | -2.8 | -0.1 |
| Other general expenses | -63.4 | -77.4 | -77.4 | 14.0 |
| **EBITDA** | **990.6** | **940.9** | **939.4** | **49.7** |
| Depreciation and allowance | -14.8 | -17.1 | -461.3 | 2.3 |
| Provisions | -5.2 | -0.3 | -0.3 | -4.9 |
| Income from disposals | 23.5 | -1.1 | 14.1 | 24.7 |
| Goodwill impairment | – | -922.6 | -704.5 | 922.6 |
| Change in value of investment properties | 828.8 | 883.3 | – | -54.5 |
| **Results of operations** | **1,822.8** | **882.9** | **-212.8** | **940.0** |
| Net cost of debt | -197.7 | -217.0 | -217.0 | 19.3 |
| Change in the fair value of financial instruments | -12.1 | -30.6 | -30.6 | 18.5 |
| Share in earnings for equity method investees | 89.5 | 97.5 | 19.1 | -8.0 |
| **Pre-tax current income** | **1,702.5** | **732.9** | **-441.3** | **969.7** |
| Corporate income tax | -225.6 | -204.6 | 3.6 | -21.0 |
| **Profit before tax** | **1,476.9** | **528.3** | **-437.7** | **948.7** |
| Non-controlling interests | -285.7 | -253.6 | -62.1 | -32.1 |
| **NET INCOME (GROUP SHARE)** | **1,191.3** | **274.7** | **-499.8** | **916.6** |

Net rental income for the year came to 1,083.4 million euros, an increase of 13.8 million euros compared with the year ended December 31, 2015. For further explanations, please refer to the "Shopping center operations overview" and "Business activity by region" sections of this document.

Management and administrative income (fees) from service businesses totaled 86.5 million euros, mainly deriving from the development pipeline and real-estate management fees. The effect linked to the termination, effective June 30, 2015, of a management contract for 13 Danish shopping centers owned by the pension fund Danica was offset by additional fees, particularly on joint venture operations.

Other operating income of 18.4 million euros primarily included gains on work reinvoiced to tenants as well as various indemnities. It also takes into account a 7.3 million euro in one-off income generated by the reversal of a provision related to a past acquisition. This income was excluded from the net current cash-flow calculation.

Payroll and other general expenses totaled 194.8 million euros, versus 226.6 million euros for the prior year; this cost base reduction is directly linked to the synergy plan of the Corio integration. In 2015, these expenses also included one-off costs related to the implementation of synergies for a significant amount (15 million euros versus 9 million this year). Additional, yet lower, savings are expected to reach a total of 35 million euros in 2017.

EBITDA for 2016 was 990.6 million euros.

Depreciation and impairment allowance was 14.8 million euros and provisions were 5.2 million euros for 2016 fiscal year.

Net proceeds from the sale of assets reached 23.5 million euros, compared with -1.1 million euros for the same period last year. In particular, the Group disposed on June 17, 2016 of a recently developed office building in Pantin that was accrued at cost last year. In addition, the Group recorded the disposal of its stakes in two shopping centers in Scandinavia. For more information on disposals completed throughout the year please refer to section "Disposals completed since January 1, 2016" of this document.

Change in value of investment properties showed an income of 828.8 million euros compared to 883.3 million euros last year. For further information, please refer to the "Property portfolio valuation" section of this document.

The net cost of debt amounted to 197.7 million euros, down 9%, due to both a decrease in average debt versus the same period last year and to a strong decrease in cost of debt (2.1% at December 31, 2016).

The debt restructuring (bond buyback and hedging adjustments) set up in 2015 has allowed the Group to refinance itself at lower rates for longer durations. The debt position was further strengthened in 2016 with several financial transactions. Klépierre's financial policy and structure are described in more detail in the "Financial policy" section of this document.

Following the Corio acquisition and in accordance with IFRS rules, Corio's debt has been reappraised at market value in the consolidated financial statements. As a consequence, the net cost of debt for the year includes a 38.5 million euro positive restatement. This amount has been eliminated from the net current cash-flow (see section "Change in Net current cash-flow").

The change in the fair value of financial instruments had a negative impact of 12.1 million euros in connection with the interest trading swaps portfolio.

The share of earnings for equity investees reached 89.5 million euros.

Corporate income tax for the period was 225.6 million euros:

- tax payable was 29.0 million euros. This amount includes the 3% tax levied on cash dividend paid by French companies for 11.7 million euros. The 3% tax is not included in the net current cash-flow calculation;
- deferred tax was 196.6 million euros, due mainly to the increase in deferred tax liabilities as a result of the revaluation of the Group's real estate assets.

Total share, consolidated net income was 1476.9 million euros. The minority share of net income (non-controlling interests) for the period was 285.7 million euros, mainly reflecting the shopping center segments in France and Scandinavia, bringing group share consolidated net income to 1191.3 million euros. Last year it amounted to 274.7 million, and was impacted by a non-recurring technical effect of 922.6 million euros impairment and write-off related to the Corio acquisition.

## 2.4.2 Change in net current cash-flow

| *In millions of euros* | 12/31/2016 Fair value | 12/31/2015 Fair value | 12/31/2015 published | Change Fair value |
|---|---|---|---|---|
| **Total share** | | | | |
| Rental income | 1,214.0 | 1,208.4 | 1,208.4 | 0.5% |
| Rental & building expenses | -130.6 | -138.8 | -140.3 | -5.9% |
| **Net rental income** | **1,083.4** | **1,069.6** | **1,068.0** | **1.3%** |
| Management and other income | 104.8 | 100.7 | 100.7 | 4.1% |
| G&A expenses | -197.6 | -229.4 | -229.4 | -13.8% |
| **EBITDA** | **990.6** | **940.9** | **939.4** | **5.3%** |
| *Adjustments to calculate operating cash-flow exclude:* | | | | |
| Employee benefits, stock-options expenses and non-current operating expenses | 8.3 | 22.7 | 22.7 | |
| Acquisition costs on share deals and non-controlling joint venture interests | – | 4.5 | 4.5 | |
| **Operating cash-flow** | **998.8** | **968.2** | **966.6** | **3.2%** |
| Net cost of debt | -197.7 | -217.0 | -217.0 | -8.9% |
| *Adjustments to calculate net current cash-flow before taxes exclude:* | | | | |
| Corio's debt mark to market amortization | -38.5 | -72.5 | -72.5 | |
| Financial instruments close-out costs | 54.6 | 75.8 | 75.8 | |
| **Net current cash-flow before taxes** | **817.3** | **754.4** | **752.9** | **8.3%** |
| Share in equity method investees | 61.0 | 62.6 | 62.4 | |
| Current tax expenses | -26.6 | -32.8 | -32.8 | |
| **Net current cash-flow (total share)** | **851.6** | **784.2** | **782.5** | **8.6%** |
| **Group share** | | | | |
| **Net current cash-flow (group share)** | **721.1** | **664.6** | **663.1** | **8.5%** |
| *Adjustements to calculate EPRA Earnings add-back:* | | | | |
| Employee benefits, stock-options expenses and non-current operating expenses | -7.9 | -4.2 | -4.2 | |
| Amortization allowances and provisions for contingencies and losses | -18.8 | -15.2 | -15.2 | |
| **EPRA Earnings** | **694.4** | **645.2** | **643.6** | **7.6%** |
| Number of shares(1) | 311,736,861 | 306,803,561 | 306,803,561 | |
| **Per share** | | | | |
| **Net current cash-flow per share** *(in euros)* | **2.31** | **2.17** | **2.16** | **6.8%** |
| **EPRA Earnings per share** *(in euros)* | **2.23** | **2.10** | **2.10** | **5.9%** |

*(1) Average number of shares, excluding treasury shares. Further to the Corio acquisition, the average number of shares takes into account the creation of 96,589,672 new shares on January 8, 2015, 10,976,874 new shares on January 15, 2015, and 7,319,177 new shares in March 2015.*

Net current cash-flow for the period came to 851.6 million euros. Group share, it amounted to 721.1 million euros. On a per share basis, net current cash-flow is up 6.8% to 2.31 euros.

EPRA Earnings are presented in section 2.7 "EPRA Performance Indicators" of this document.

# 2.5 Parent company earnings and distribution

## 2.5.1 Summary earnings statement for the parent company Klépierre SA

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Operating income | 36.9 | 34.9 |
| Operating expenses | -40.9 | -48.0 |
| **Operating income** | **-4.0** | **-13.1** |
| Share income from subsidiaries | 77.7 | 75.4 |
| Net financial income | 501.6 | 29.2 |
| **Net income from ordinary operations before tax** | **575.3** | **91.5** |
| Non-recurring income | 1.0 | -202.5 |
| Corporate income tax | -0.7 | 0.1 |
| **NET INCOME** | **575.6** | **-110.9** |

Net income for Klépierre SA was 575.6 million euros for fiscal year 2016, compared to −110.9 million euros for fiscal year 2015 which included a non-recurring technical effect of −184.6 million euros impairment related to the Corio acquisition. This evolution is also attributable to the following items:

- the increase in operating income in line with exceptional expenses in 2015;
- the improved net financial income related mainly to the impact of reversals of provisions for impairments of shares of Klépierre Netherland B.V. for 349.3 million euros, and 157.8 million euros of cross border merger result of Klementine B.V.

## 2.5.2 Distribution

The Executive Board will recommend that the shareholders present or represented at the Shareholders' Meeting on April 18, 2017 approve the payment of a cash dividend in respect of fiscal year 2016 of 1.82 euros per share, versus 1.70 euros in respect of fiscal year 2015 (+7.1% per share). This amount reflects a payout of 79% of the net current cash-flow on a group share basis and will come from the SIIC related activity of Klépierre for 1.41 euros. The proposed payment date is April 25, 2017 (ex-date: April 21, 2017).

# 2.6 Property portfolio valuation

## 2.6.1 Methodology

### 2.6.1.1 Property portfolio

On December 31 and June 30 of each year, Klépierre updates the fair market value of its real estate assets. Since June 2015, Klépierre has entrusted the task of appraising these values to the following five international independent appraisers: Cushman & Wakefield (formerly DTZ), Jones Lang LaSalle, CBRE, BNP Paribas Real Estate and Savills. These appointments were made for a three-year period after a tender process to which many different appraisal firms participated.

The valuation process is centralized to ensure consistency in methodology, timeframe and reports. This process relies on an international approach to the valuation of shopping centers in line with the size of the investment market for this sector. For Klépierre's main regions (France, Italy), Klépierre has selected two appraisers per country to provide additional benchmark and reliability of valuation work. For some joint ventures with equity investors, other appraisers have been appointed.

| Appraisers | Portfolios | Number of assets | Valuation(1) | % | June report | December report |
|---|---|---|---|---|---|---|
| **JLL 30%** | France | 43 | 4,057 | 17.1% | summarized | detailed + summarized |
| | Belgium | 2 | 366 | 1.5% | summarized | detailed + summarized |
| | Italy | 20 | 2,090 | 8.8% | summarized | detailed + summarized |
| | Greece | 3 | 18 | 0.1% | summarized | detailed + summarized |
| | Turkey | 4 | 597 | 2.5% | summarized | detailed + summarized |
| **Cushman & Wakefield 41%** | France | 20 | 3,747 | 15.8% | summarized | detailed + summarized |
| | Norway | 10 | 1,571 | 6.6% | summarized | detailed + summarized |
| | Sweden | 5 | 1,302 | 5.5% | summarized | detailed + summarized |
| | Denmark | 3 | 1,034 | 4.4% | summarized | detailed + summarized |
| | Italy | 1 | 673 | 2.8% | summarized | detailed + summarized |
| | Poland | 6 | 424 | 1.8% | summarized | detailed + summarized |
| | Hungary | 8 | 221 | 0.9% | summarized | detailed + summarized |
| | Czech Republic and Slovakia | 4 | 523 | 2.2% | summarized | detailed + summarized |
| | The Netherlands | 4 | 157 | 0.7% | summarized | detailed + summarized |
| | Turkey | 3 | 159 | 0.7% | summarized | detailed + summarized |
| **CBRE 21%** | France | 11 | 1,282 | 5.4% | summarized | detailed + summarized |
| | Italy | 12 | 1,438 | 6.1% | summarized | detailed + summarized |
| | Spain | 13 | 1,528 | 6.5% | summarized | detailed + summarized |
| | Portugal | 8 | 389 | 1.6% | summarized | detailed + summarized |
| | The Netherlands | 2 | 383 | 1.6% | summarized | detailed + summarized |
| **BNPP Real Estate 6%** | France (retail properties) | 255 | 426 | 1.8% | summarized | detailed + summarized |
| | Germany | 5 | 1,024 | 4.3% | summarized | detailed + summarized |
| **Savills 1%** | Italy (Fund K2) | 4 | 266 | 1.1% | summarized | detailed + summarized |

*(1) Valuations in millions of euros, including transfer duties.*

All appraisals are conducted in accordance with the professional standards applicable in France (Charte de l'Expertise en Évaluation Immobilière), the AMF recommendations dated February 8, 2010, and the RICS (Royal Institute of Chartered Surveyors) standards.

The fees paid to appraisers, agreed on at the signature of the 3-year mandates, prior to their appraisal of the properties concerned, are fixed on a lump sum basis to reflect the number and size of the assets appraised. The fees are entirely unrelated to the appraised value of the assets concerned. The appraisal documents are reviewed by the Group's legal auditors and the Audit Committee. Dated and signed reports for each property are issued once a year, with an update at mid-year.

More than 95% of the Klépierre shopping center portfolio in value is appraised with a Discounted Cash Flow (DCF) method, which measures the value of an asset by the present value of its future cash-flows. DCFs are run on a 10-year period of revenue. Appraisers are given all relevant information (detailed rent rolls, footfall, retailer sales, occupancy cost ratios) and make their own assessment of the future cash-flows generated by the asset. They factor in leasing risks, either in the cash-flow itself (rental values, periods of vacancy, incentives, fit out works) or in the discount rate applied. The discount rate is a combination of the 10-year risk free rate and the risk premium attached to each asset. The terminal value is the cash-flow of the tenth year, capitalized by an exit yield, to which transfer duties are added, when applicable.

The value obtained by a DCF method is then back tested with (i) an income capitalization method[1], and (ii) a market approach (with metrics such as EPRA Net Initial Yield for comparable property, value per sq.m., recent market transactions).

*(1) The income capitalized approach is conducted by applying a market capitalization rate to the net rental Income generated by the asset, i.e., its gross rental income reduced by all recurring charges supported by the landlord. This amount is then reduced by the Net Present Value of the non-recurring expenses such as the incentives and the capital expenditure charges.*

#### 2.6.1.2 Management service activity

The appraisal of Klépierre's management service activity as of December 31, 2016 was performed by Accuracy on behalf of Klépierre and is based on the Discounted Cash Flow (DCF) method. This method, which is used in every country where Klépierre conducts management service activity, consists of three stages. The first stage consists in calculating cash-flows that may be generated in the future by activity strictly interpreted (i.e., before consideration of explicit or implicit financing costs), estimated on the basis of the specific business plans developed in each country where the Group conducts management service activity for itself and for third parties. In the second stage, forecasted cash-flows and the probable value of the management activity portfolio at the end of the forecast period (terminal value) are discounted at an appropriate rate. This discount rate is determined on the basis of the Capital Asset Pricing Model (CAPM) and is the sum of the following three components: the risk-free interest rate, a general market risk premium (forecast average market risk premium multiplied by the beta coefficient for the business portfolio), and a specific market risk premium (which takes into account the proportion of specific risk not already included in flows). In the third and final stage, the value of shareholders' equity is obtained by deducting its net debt on the valuation date from the value of its business portfolio.

## 2.6.2 Results of appraisals

### 2.6.2.1 Property portfolio valuation

Excluding transfer duties(1), the value of the property portfolio as of December 31, 2016 was 22.8 billion euros on a total share basis, and 19.4 billion euros on a group share basis. On a total share basis, shopping centers accounted for 98.3% of the portfolio and other activities for 1.7%. Projects under development are taken into account at fair value, whenever a reliable value can be established, based on an internal assessment of leasing and construction status. Projects that are not appraised are carried at their cost price(2). Acquisitions made less than six months before year-end are valued at their acquisition cost. Assets for sale with a binding agreement signed by a buyer are valued at the bid price. As at December 31, 2016, 99% of the portfolio is valued at fair value, either through independent appraisals or evidenced transactions.

Investments in assets consolidated under the equity method are included based on the fair value of the shares and taking into account receivables and facilities granted by the Group. As of December 31, 2016, these shopping center assets were valued at 1,425 million euros (1,347 million euros on a group share basis)(3) compared to 1,858 million euros as of December 31, 2015. This decline is due primarily to the disposal of Åsane and the full consolidation of Oslo City previously consolidated using the equity method.

Markthal (Rotterdam), Les Passages Pasteur (Besançon), and Oslo City (Oslo), respectively acquired in July, November and December 2015, previously carried at their cost price, have been appraised externally.

**Valuation of the property portfolio (total share, excluding duties)**

| | | | | Change over 6 months | | | Change over 12 months | |
|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | **12/31/2016** | **In % of total portfolio** | **06/30/2016** | **Current portfolio basis** | **Like-for-like* change** | **12/31/2015** | **Current portfolio basis** | **Like-for-like* change** |
| France | 8,420 | 36.9% | 8,181 | 2.9% | 2.3% | 8,032 | 4.8% | 4.2% |
| Belgium | 385 | 1.7% | 377 | 2.2% | 2.2% | 371 | 3.7% | 3.9% |
| **France- Belgium** | **8,805** | **38.6%** | **8,558** | **2.9%** | **2.3%** | **8,403** | **4.8%** | **4.2%** |
| **Italy** | **3,707** | **16.2%** | **3,603** | **2.9%** | **1.5%** | **3,606** | **2.8%** | **3.6%** |
| Norway | 1,595 | 7.0% | 1,650 | -3.3% | 2.3% | 1,510 | 5.6% | 7.3% |
| Sweden | 1,316 | 5.8% | 1,430 | -7.9% | 3.3% | 1,389 | -5.2% | 11.4% |
| Denmark | 1,097 | 4.8% | 1,103 | -0.6% | 0.2% | 1,057 | 3.8% | 5.7% |
| **Scandinavia** | **4,008** | **17.6%** | **4,183** | **-4.2%** | **2.1%** | **3,955** | **1.3%** | **8.1%** |
| Spain | 1,485 | 6.5% | 1,470 | 1.1% | 6.9% | 1,461 | 1.6% | 9.3% |
| Portugal | 346 | 1.5% | 336 | 2.9% | 2.6% | 324 | 6.9% | 4.7% |
| **Iberia** | **1,831** | **8.0%** | **1,806** | **1.4%** | **6.0%** | **1,785** | **2.6%** | **8.4%** |
| Poland | 423 | 1.9% | 437 | -3.1% | -3.3% | 439 | -3.5% | -3.7% |
| Hungary | 227 | 1.0% | 222 | 1.9% | 4.3% | 216 | 4.8% | 7.9% |
| Czech Republic | 509 | 2.2% | 463 | 9.9% | 9.8% | 424 | 19.9% | 19.9% |
| Turkey | 563 | 2.5% | 603 | -6.6% | -9.9% | 617 | -8.9% | -11.5% |
| Others | 36 | 0.2% | 36 | -0.8% | -0.9% | 39 | -8.3% | -9.1% |
| **CEE and Turkey** | **1,757** | **7.7%** | **1,762** | **-0.2%** | **-1.0%** | **1,736** | **1.3%** | **0.9%** |
| **The Netherlands** | **1,234** | **5.4%** | **1,181** | **4.5%** | **1.1%** | **1,139** | **8.3%** | **3.9%** |
| **Germany** | **1,074** | **4.7%** | **1,092** | **-1.6%** | **-2.2%** | **1,068** | **0.6%** | **0.6%** |
| **Total shopping centers** | **22,418** | **98.3%** | **22,184** | **1.1%** | **1.9%** | **21,693** | **3.3%** | **4.7%** |
| **Total other activities** | **399** | **1.7%** | **431** | **-7.5%** | **-3.4%** | **434** | **-8.1%** | **-4.0%** |
| **TOTAL PORTFOLIO** | **22,817** | **100.0%** | **22,615** | **0.9%** | **1.8%** | **22,127** | **3.1%** | **4.5%** |

* *For Scandinavia and Turkey change is indicated on constant portfolio and forex basis.*

*(1) Please refer to section 2.7.2 for transfer duties calculation methodology.*

*(2) Val d'Europe extension project and Hoog Catharijne redevelopment (the Netherlands) have been included at fair value and appraised externally. Other projects (including Prado, Gran Reno and Louvain) are carried at their cost price for a total amount of 283 million euros.*

*(3) The assets consolidated under the equity method are: Espace Coty (Le Havre), Le Millénaire (Paris), Passages (Paris), Centre Mayol (Toulon), Porta di Roma (Rome), Il Corti Venete (Verona), Il Leone di Lonato (Lonato), Il Destriero (Vittuone), Udine (Città Fiera), Økernsenteret (Oslo), Metro Senter (Oslo region), Nordbyen (Larvik), Aqua Portimão (Portimão) and Akmerkez (Istanbul).*

**Valuation of the property portfolio (group share, excluding duties)**

| | | | | Change over 6 months | | | Change over 12 months | |
|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | 12/31/2016 | In % of total portfolio | 06/30/2016 | Current portfolio basis | Like-for-like* change | 12/31/2015 | Current portfolio basis | Like-for-like* change |
| France | 6,880 | 35.5% | 6,725 | 2.3% | 2.1% | 6,631 | 3.8% | 3.7% |
| Belgium | 385 | 2.0% | 377 | 2.2% | 2.2% | 371 | 3.7% | 3.9% |
| **France- Belgium** | **7,265** | **37.5%** | **7,102** | **2.3%** | **2.1%** | **7,002** | **3.8%** | **3.7%** |
| **Italy** | **3,665** | **18.9%** | **3,561** | **2.9%** | **1.5%** | **3,560** | **3.0%** | **3.7%** |
| Norway | 895 | 4.6% | 925 | -3.3% | 2.3% | 847 | 5.6% | 7.3% |
| Sweden | 738 | 3.8% | 802 | -7.9% | 3.3% | 779 | -5.2% | 11.4% |
| Denmark | 616 | 3.2% | 619 | -0.6% | 0.2% | 593 | 3.8% | 5.7% |
| **Scandinavia** | **2,249** | **11.6%** | **2,346** | **-4.2%** | **2.1%** | **2,219** | **1.3%** | **8.1%** |
| Spain | 1,444 | 7.5% | 1,431 | 0.9% | 6.9% | 1,423 | 1.5% | 9.3% |
| Portugal | 346 | 1.8% | 336 | 2.9% | 2.6% | 324 | 6.9% | 4.7% |
| **Iberia** | **1,791** | **9.3%** | **1,767** | **1.3%** | **6.0%** | **1,747** | **2.5%** | **8.4%** |
| Poland | 423 | 2.2% | 437 | -3.1% | -3.3% | 439 | -3.5% | -3.7% |
| Hungary | 227 | 1.2% | 222 | 1.9% | 4.3% | 216 | 4.8% | 7.9% |
| Czech Republic | 509 | 2.6% | 463 | 9.9% | 9.8% | 424 | 19.9% | 19.9% |
| Turkey | 540 | 2.8% | 579 | -6.7% | -9.6% | 593 | -9.0% | -11.2% |
| Others | 33 | 0.2% | 33 | -0.7% | -0.8% | 35 | -7.8% | -8.7% |
| **CEE and Turkey** | **1,732** | **8.9%** | **1,735** | **-0.2%** | **-0.7%** | **1,708** | **1.4%** | **1.2%** |
| **The Netherlands** | **1,234** | **6.4%** | **1,181** | **4.5%** | **1.1%** | **1,139** | **8.3%** | **3.9%** |
| **Germany** | **1,021** | **5.3%** | **1,037** | **-1.6%** | **-2.2%** | **1,014** | **0.6%** | **0.6%** |
| **Total shopping centers** | **18,956** | **97.9%** | **18,730** | **1.2%** | **1.8%** | **18,390** | **3.1%** | **4.3%** |
| **Total other activities** | **399** | **2.1%** | **431** | **-7.5%** | **-3.4%** | **434** | **-8.1%** | **-4.0%** |
| **TOTAL PORTFOLIO** | **19,354** | **100.0%** | **19,161** | **1.0%** | **1.7%** | **18,824** | **2.8%** | **4.1%** |

* *For Scandinavia and Turkey change is indicated on constant portfolio and forex basis.*

As of December 31, 2016, the value of the portfolio, transfer duties excluded, amounted to 22,817 million euros total share (19,354 million euros group share). Including duties, this value was 23,416 million euros total share (19,872 million euros group share).

**Portfolio valuation reconciliation with the balance sheet figure (total share)**

| *In millions of euros* | |
|---|---|
| **Investment property at fair value** | **20,390** |
| + Investment property at cost model(1) | 283 |
| + Fair value of property held for sale | 284 |
| + Leasehold & lease incentives | 36 |
| + Duties & fees on the sale of asset optimization | 399 |
| + Equity account investees (including receivables) | 1,425 |
| **TOTAL PORTFOLIO VALUATION (TOTAL SHARE)** | **22,817** |

*(1) Including IPUC (Investment property under construction).*

### 2.6.2.2 Shopping center portfolio valuation

The value of the shopping center portfolio, transfer duties excluded, was 22,418 million euros (18,956 million euros group share) on December 31, 2016, an increase of 725 million euros compared to December 31, 2015 (+566 million euros in group share).

This change is attributable to the like-for-like(1) increase in the portfolio valuation for 4.7% or 939 million euros (+4.3% or +729 million euros in group share), and from the investments devoted to the Group's committed pipeline projects, in particular Hoog Catharijne, Val d'Europe, and Prado. This was partly neutralized by divestments, mainly related to the disposal of a portfolio composed of three retail galleries in Spain in July 2016 (Ruta de la Plata, Sexta Avenida, Espacio Torrelodones) and stakes in two Scandinavian shopping centers in November 2016 (49.9% of Åsane Storsenter in Norway and 100% of Torp Köpcentrum in Sweden). The change on a current portfolio basis also includes the exchange rate impact related to the appreciation of the Norwegian krone and the depreciation of the Swedish krone versus the euro since December 31, 2015 (impact of +46 million euros in total share and +29 million euros in group share).

A change in 10 bps in yields would result in a 355 million euro change in the group share portfolio valuation.

**12-month shopping center portfolio valuation bridge (group share)**

| *In millions of euros* | |
|---|---|
| **Shopping center portfolio group share at 12/31/2015** | **18,390** |
| Disposals | -52 |
| Acquisitions/developments | 49 |
| Like-for-like growth | 338 |
| Forex | 5 |
| **Shopping center portfolio group share at 06/30/2016** | **18,730** |
| Disposals | -249 |
| Acquisitions/developements | 132 |
| Like-for-like growth | 318 |
| Forex | 25 |
| **SHOPPING CENTER PORTFOLIO VALUATION (GROUP SHARE) AT 12/31/2016** | **18,956** |

*(1) Excluding foreign exchange impacts, assets disposed during the period (mainly consisting of three retail galleries in Spain and stakes in two Scandinavian shopping centers), investment properties under construction (including Hoog Catharijne and Prado), acquisitions (Blagnac additional spaces), first external appraisal effect (Besançon Pasteur) and works expenses during the year as well as other capitalized costs (financial interests, fees, eviction indemnities). Regarding investments in assets consolidated under the equity method, effects other than those related to property value changes are excluded.*

**Change in EPRA Net Initial Yield (group share, including duties) – Shopping center portfolio**

| | 12/31/2016 | 06/30/2016 | 12/31/2015 |
|---|---|---|---|
| France | 4.4% | 4.5% | 4.6% |
| Belgium | 4.4% | 4.4% | 4.3% |
| **France-Belgium** | **4.4%** | **4.5%** | **4.6%** |
| **Italy** | **5.5%** | **5.6%** | **5.8%** |
| Norway | 4.7% | 4.8% | 5.0% |
| Sweden | 4.6% | 4.4% | 4.7% |
| Denmark | 4.2% | 4.1% | 4.1% |
| **Scandinavia** | **4.5%** | **4.5%** | **4.6%** |
| Spain | 4.7% | 5.0% | 5.1% |
| Portugal | 6.1% | 6.3% | 7.0% |
| **Iberia** | **5.0%** | **5.2%** | **5.5%** |
| Poland | 7.1% | 6.6% | 6.8% |
| Hungary | 8.2% | 8.0% | 7.6% |
| Czech Republic | 5.2% | 5.2% | 5.4% |
| Turkey | 7.6% | 7.1% | 6.9% |
| Others | 10.0% | 8.5% | 8.6% |
| **CEE and Turkey** | **6.8%** | **6.6%** | **6.6%** |
| **The Netherlands** | **5.2%** | **5.3%** | **5.3%** |
| **Germany** | **4.5%** | **4.4%** | **4.8%** |
| **EPRA NET INITIAL YIELD** | **4.9%** | **5.0%** | **5.1%** |

As of December 31, 2016, the average EPRA NIY rate[(1)] of the portfolio[(2)] stood at 4.9% (including duties), down by 20 basis points over 12 months. This change is attributable to a yield compression reflecting a buoyant investment market and the decrease in long-term interest rates.

On constant portfolio basis, the value of the retail assets is down by 4.0% over 12 months.

The EPRA NIY rate of the portfolio stood at 7.0%, up by 20 bps compared with December 31, 2015.

### 2.6.2.3 Other activities

The value of the retail asset portfolio excluding transfer duties stands at 399 million euros, down by 8.1% over 12 months. The change on a current portfolio basis is due to the disposal of 10 units in October 2016.

### 2.6.2.4 Management service activity

On December 31, 2016, the estimated market value of the Klépierre Group management business stood at 326.6 million euros compared to 322.4 million euros as of December 31, 2015.

*(1) The EPRA Net Initial Yield is calculated as the Annualized rental income based on the passing cash rents, less non-recoverable property operating expenses, divided by the market value of the property (including duties).*

*(2) Group share for the shopping center portfolio appraised (i.e excluding retail parks and cinemas).*

# 2.7 EPRA performance indicators

The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).

## 2.7.1 EPRA Earnings

EPRA Earnings is a measure of the underlying operating performance of an investment property company excluding fair value gains, investment property disposals, and limited other items that are not considered to be part of the core activity of an investment property company.

**EPRA Earnings**

| *In millions of euros (group share)* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Earnings per IFRS income statement** | **1,191.2** | **274.6** |
| *Adjustments to calculate EPRA Earnings, exclude:* | | |
| (i) Changes in value of investment properties, development properties held for investment and other interests | 828.8 | 883.3 |
| (ii) Profit or losses on disposal of investment properties, development properties held for investment and other interests | 23.5 | -1.1 |
| (iii) Profit or losses on sales of trading properties including impairment charges in respect of trading properties | - | - |
| (iv) Tax on profits or losses on disposals | - | - |
| (v) Negative goodwill/goodwill impairment | - | -922.6 |
| (vi) Changes in fair value of financial instruments and associated close-out costs | -28.3 | -33.8 |
| (vii) Acquisition costs on share deals and non-controlling joint venture interests | - | -24.4 |
| (viii) Deferred tax in respect of EPRA adjustements | -199.0 | -171.7 |
| (ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation) | 28.5 | 35.0 |
| (x) Non-controlling interests in respect of the above | -156.8 | -135.1 |
| **EPRA EARNINGS** | **694.4** | **645.2** |
| *Number of shares*(1) | *311,736,861* | *306,803,561* |
| **EPRA EARNINGS PER SHARE** *(in euros)* | **2.23** | **2.10** |
| *Company specific adjustments* | | |
| Employee benefits, stock-options expenses and non-current operating expenses | 7.9 | 4.2 |
| Amortization allowances and provisions for contingencies and losses | 18.8 | 15.2 |
| **Net current cash-flow** | **721.1** | **664.6** |
| *Number of shares*(1) | *311,736,861* | *306,803,561* |
| **Net current cash-flow per share** *(in euros)* | **2.31** | **2.17** |

*(1) Average number of shares, excluding treasury shares. Further to the Corio acquisition, the average number of shares takes into account the creation of 96,589,672 new shares on January 8, 2015, 10,976,874 new shares on January 15, 2015, and 7,319,177 new shares in March 2015.*

## 2.7.2 EPRA Net Asset Value and triple net asset value

EPRA NAV is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. EPRA NNNAV (Triple Net Asset Value) is similar to EPRA NAV, except that it includes debt and financial instruments at fair value and the optimized calculation of deferred tax liabilities.

### 2.7.2.1 Methodology

The EPRA NAV and NNNAV are calculated by restating consolidated shareholder's equity on several items.

### 2.7.2.2 Goodwill

Goodwill as a result of deferred taxes is excluded for NAV calculation as the corresponding deferred tax liability is also eliminated as explained hereunder. Goodwill on other assets related to Klépierre management business is excluded because these assets are taken at their fair market value in NAV calculation.

### 2.7.2.3 Unrealized capital gains on management companies

The management companies are appraised annually using the method as described in detail above. The difference between the market values and the book values recorded in the consolidated financial statements is included in NAV and NNNAV calculation.

### 2.7.2.4 Fair value of financial instruments

The net mark-to-market adjustment to the value of financial instruments used for hedging purposes – and where the company has the intention of keeping the position until the end of the contractual duration – is excluded for NAV calculation and added-back for Triple Net Asset Value (NNNAV). NNNAV also incorporates the fair value of debt and interest rate hedging instruments that are not recorded under consolidated net assets pursuant to IAS 32-39, which essentially involves marking to market the fixed rate debt.

### 2.7.2.5 Deferred tax on asset values

The EPRA NAV measures the fair value of net assets on an ongoing, long-term basis. As such, deferred taxes included in the financial statement under IFRS are restated as they would only become payable if the assets were sold.

For NNNAV calculation purposes, the tax on unrealized capital gains is then calculated property by property, on the basis of applicable local tax regulations, using the most likely scenario, between the direct sale of the property and the disposal through the sale of shares of a company owning the property.

### 2.7.2.6 Duties and fees on the sale of assets

Transfer duties and fees on the sale of assets are calculated property by property using the same approach as that used to determine effective tax on unrealized capital gains on the basis of applicable local tax regulations. This calculation leads to a positive adjustment versus the duties already deducted to the valuation of assets included in the balance sheet.

### 2.7.2.7 EPRA NAV and NNNAV calculation

EPRA NAV & NNNAV

| *In millions of euros* | 12/31/2016 | 06/30/2016 | 12/31/2015 | Change over 6 months | | Change over 12 months | |
|---|---|---|---|---|---|---|---|
| **Consolidated shareholders' equity (group share)** | **10,107** | **9,534** | **9,526** | **573** | **6.0%** | **580** | **6.1%** |
| Unrealized capital gains on other assets | 300 | 293 | 293 | 8 | 2.6% | 8 | 2.6% |
| Goodwill restatement | -647 | -625 | -608 | -22 | 3.5% | -39 | 6.4% |
| Fair value of financial instruments | 48 | 46 | 38 | 2 | 4.2% | 11 | 28.1% |
| Deferred taxes on asset values on the balance sheet | 1,270 | 1,223 | 1,159 | 47 | 3.8% | 111 | 9.5% |
| Optimization of duties and fees on the sale of assets | 368 | 388 | 384 | -21 | -5.3% | -16 | -4.3% |
| **EPRA NAV** | **11,446** | **10,859** | **10,792** | **587** | **5.4%** | **654** | **6.1%** |
| Optimized deferred taxes on unrealized capital gains | -245 | -227 | -257 | -19 | 8.3% | 12 | -4.6% |
| Fair value of financial instruments | -48 | -46 | -38 | -2 | 4.2% | -11 | 28.1% |
| Fair value of fixed-rate debt | -185 | -321 | -146 | 136 | -42.4% | -38 | 26.3% |
| **EPRA NNNAV** | **10,967** | **10,265** | **10,351** | **702** | **6.8%** | **616** | **6.0%** |
| Number of shares, end of period [(1)] | 311,827,611 | 311,773,309 | 311,457,530 | | | | |
| **Per share** *(in euros)* | | | | | | | |
| **EPRA NAV PER SHARE** | **36.7** | **34.8** | **34.7** | **1.9** | **5.4%** | **2.1** | **5.9%** |
| **EPRA NNNAV PER SHARE** | **35.2** | **32.9** | **33.2** | **2.2** | **6.8%** | **1.9** | **5.8%** |

Reconstitution NAV

| *In millions of euros* | 12/31/2016 | 06/30/2016 | 12/31/2015 | Change over 6 months | | Change over 12 months | |
|---|---|---|---|---|---|---|---|
| **EPRA NAV** | **11,446** | **10,859** | **10,792** | **587** | **5.4%** | **654** | **6.1%** |
| Duties and fees on the sale of assets | 518 | 459 | 419 | 59 | 12.9% | 99 | 23.6% |
| **RECONSTITUTION NAV** | **11,964** | **11,318** | **11,211** | **646** | **5.7%** | **753** | **6.7%** |
| Number of shares, end of period[(1)] | 311,827,611 | 311,773,309 | 311,457,530 | | | | |
| **Per share** *(in euros)* | | | | | | | |
| **RECONSTITUTION NAV PER SHARE** | **38.4** | **36.3** | **36.0** | **2.1** | **5.7%** | **2.4** | **6.6%** |

*(1) Excluding treasury shares.*

### 2.7.2.8 EPRA NNNAV 12-month bridge per share

| *In euros per share* | |
|---|---|
| **EPRA NNNAV at 12/31/2015** | **33.2** |
| Cash-flow | 2.3 |
| Like-for-like asset revaluation | 2.3 |
| Non like-for-like | -0.4 |
| Dividend | -1.7 |
| Forex and others | -0.5 |
| **EPRA NNNAV at 12/31/2016** | **35.2** |
| Change in fair value of financial instruments | 0.0 |
| **EPRA NNNAV AT 12/31/2016** | **35.2** |

EPRA NNNAV per share amounted to 35.2 euros at year-end 2016, versus 33.2 euros one year earlier. This improvement reflects net current cash-flow generation (+2.3 euros per share) and the increase in the value of the like-for-like portfolio (+2.3 euros), partly offset by the dividend payment (-1.7 euros), a change in duty calculations and non like-for-like fair value adjustments (–0.4 euros), as well as foreign exchange and other effects (–0.5 euros).

## 2.7.3 EPRA Net Initial Yield and EPRA "Topped-up" Net Initial Yield

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

#### EPRA Yields

| | 12/31/2016 | | 12/31/2015 | |
|---|---|---|---|---|
| | Shopping centers | Retail assets | Shopping centers | Retail assets |
| **Market yields[1]** | **5.4%** | **7.4%** | **5.7%** | **7.4%** |
| Effect of vacant units | -0.3% | -0.2% | -0.3% | -0.2% |
| Effect of EPRA adjustments on rents | 0.1% | 0.3% | -0.1% | -0.2% |
| Effect of estimated transfer taxes and transaction costs | -0.1% | -0.5% | -0.1% | -0.3% |
| **EPRA "TOPPED-UP" NET INITIAL YIELD** | **5.1%** | **7.0%** | **5.2%** | **6.8%** |
| Effect of lease incentives | -0.1% | 0.0% | -0.1% | 0.0% |
| **EPRA NET INITIAL YIELD** | **4.9%** | **7.0%** | **5.1%** | **6.8%** |

(1) *Annualized rental income based on the passing cash rents, plus ERV on vacant spaces, less non-recoverable property operating expenses, divided by the market value of the property, excluding duties.*

Please refer to section 2.6.2.2 for EPRA Net Initial Yield geographical breakdown.

## 2.7.4 EPRA Vacancy rate

The EPRA Vacancy rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole property portfolio (including vacant spaces).

#### EPRA Vacancy rate

| *In thousands of euros* | France-Belgium | Italy | Scandinavia | Iberia | CEE and Turkey | The Netherlands | Germany | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Total Estimated Rental Value | 444,316 | 267,045 | 192,872 | 128,208 | 148,261 | 34,296 | 34,760 | 1,249,758 |
| Estimated Rental Value of vacant spaces | 14,086 | 4,429 | 6,691 | 6,293 | 8,450 | 1,928 | 2,218 | 44,096 |
| **EPRA VACANCY RATE** | **3.2%** | **1.7%** | **3.5%** | **4.9%** | **5.7%** | **5.6%** | **6.4%** | **3,5%** |

*Total shopping centers, including Greece and Slovakia.*
*Estimated rental values of leased and vacant spaces as of December 31, 2016.*

## 2.7.5 Investments

Disclosure on capital expenditure is available in note 3 "Segment information" of chapter 3 "Financial statements" of the present registration document.

### 2.7.6 EPRA Cost ratio

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

**EPRA Cost ratio**

| *In millions of euros* | | 12/31/2016 | 06/30/2016 | 12/31/2015 |
|---|---|---|---|---|
| (i) | Administrative/operating expense line per IFRS income statement | -254.3 | -121.2 | -280.1 |
| (ii) | Net service charge costs/fees | -73.9 | -36.1 | -67.0 |
| (iii) | Management fees less actual/estimated profit element | 86.5 | 43.8 | 86.8 |
| (iv) | Other operating income/recharges intended to cover overhead expenses less any related profit | 18.4 | 6.1 | 13.9 |
| (v) | Share of Joint Ventures Expenses | -18.5 | -9.2 | -17.3 |
| | **Exclude (if part of the above):** | | | |
| (vi) | Invesment Property depreciation | N/A | N/A | N/A |
| (vii) | Ground rents costs | N/A | N/A | N/A |
| (viii) | Service charge costs recovered through rents but not separately invoiced | N/A | N/A | N/A |
| | **EPRA Costs (including vacancy costs) (A)** | **-241.9** | **-116.6** | **-263.6** |
| (ix) | Direct vacancy costs | -24.7 | -14.2 | -27.9 |
| | **EPRA Costs (excluding vacancy costs) (B)** | **-217.2** | **-102.4** | **-235.7** |
| (x) | Gross Rental Income less ground rents – per IFRS | 1199.1 | 596.2 | 1193.0 |
| (xi) | Less: service fee/cost component of Gross Rental Income | N/A | N/A | N/A |
| (xii) | Add: share of Joint ventures (Gross Rental Income less ground rents) | 95.9 | 48.9 | 97.6 |
| | **Gross Rental Income (C)** | **1295.0** | **645.0** | **1290.6** |
| | **EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (A/C)** | **18.7%** | **18.1%** | **20.4%** |
| | **EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (B/C)** | **16.8%** | **15.9%** | **18.3%** |

The EPRA Cost ratio (including vacancy costs) decreased by more than 170 bps since December 31, 2015 as G&A expense synergies resulting from the Corio acquisition last year are being delivered. Vacancy costs are also being reduced as a direct result of the decrease in vacancy rate at the Group level.

# 2.8 Financial policy

## 2.8.1 Financial resources

### 2.8.1.1 Change in net debt

As of December 31, 2016, consolidated net debt is 8,613 million euros, compared to 8,857 million euros on December 31, 2015. This 244 million euro decrease is mainly attributable to:

- the dividend payment in April 2016, for 530 million euros;
- investments outlays during the year amounting to 323.7 million euros of development expenses, mainly Hoog Catharijne, Val d'Europe, and Prado. In the meantime, Klépierre collected 452.2 million euros related to asset disposals in France, Scandinavia, Spain and Central Europe;
- the free cash-flow, minority contribution, and early close-out costs on debt and financial instruments represent the remainder and helped to reduce net debt by 670 million euros;
- the appreciation of the euro against the Scandinavian currencies generated 25 million euros of positive foreign-exchange impact on debt.

### 2.8.1.2 Loan-to-Value ratio

As a consequence of the decrease in net debt and the strong rise of property values, the Loan-to-Value ratio has continued to improve, reaching 36.8% at the end of the year. Compared to year-end 2015 this ratio has decreased by 240 bps. Medium-term, the Group aims at maintaining its Loan-to-Value ratio in the 35% to 40% area.

**Loan-to-Value calculation**

| *In millions of euros (total share)* | |
|---|---|
| Current financial liabilities | 2,562.1 |
| + Bank facilities | 110.9 |
| + Non current financial liabilities | 6,745.6 |
| - Fair Value revaluation of debt | -46.9 |
| - Purchase price adjustments impact | -94.7 |
| **Gross financial liabilities excluding fair value hedge** | **9,277.0** |
| Cash and near cash (incl. cash managed for principals) | -664.0 |
| **Net debt** | **8,613.0** |
| Value of property portfolio including duties | 23,415.6 |
| **LOAN-TO-VALUE RATIO** | **36.8%** |

### 2.8.1.3 Available resources

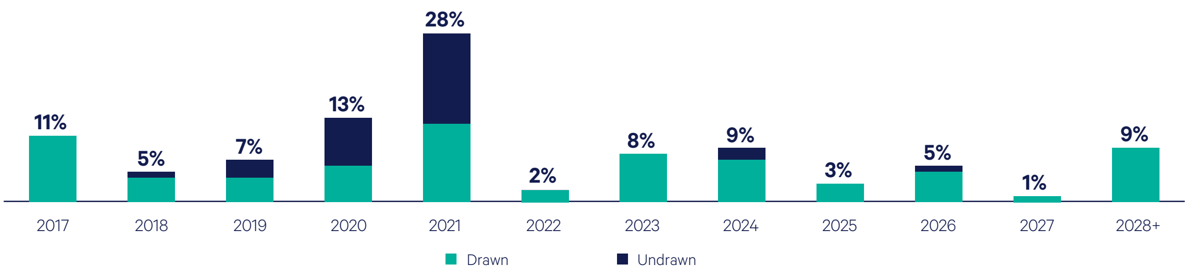
During 2016 fiscal year, Klépierre raised 1.7 billion euros worth of new financing in both the bond and the banking markets. These transactions were completed mainly to both replace former debts falling due during the year and finance future development needs:

- in January, Klépierre Nederland signed a new 5-year term loan for 350 million euros with a pool of four banks;
- in February, Klépierre issued 500 million euros worth of new long-term notes (10 years) bearing a 1.875% coupon. This issuance covered the repayment at maturity of 526 million euros worth of 4.25% notes maturing in March 2016;
- at the end of June, a 133.5 million euro mortgage-backed facility with a 10-year maturity was put in place in order to finance the Prado project;
- in September, Klépierre raised 600 million euros from a new 15-year bond issuance (1.25% coupon) on the euro market. The proceeds have more than covered the repurchase of 349 million euros of existing short-dated bonds maturing in 2019 and 2021 with an average coupon of ca. 3%.

On the liquidity front, at the end of June Klépierre received banking syndicate approval to extend the 850 million euro syndicated revolving credit facility signed last year for an additional year. The new final maturity on this line is now July 2021. A new bilateral 5-year revolving credit facility was also signed in July for 100 million euros.

At the end of the year, the average duration of the debt is six years (versus 5.5 at year-end 2015). The Group's level of liquidity remains high at more than 2.6 billion euros, a total which includes 1.9 billion euros worth of unused committed credit lines with an average remaining maturity of 5.2 years. This amount largely covers upcoming refinancing needs for debt falling due in 2017, 2018 and 2019.

**DEBT MATURITY SCHEDULE (% OF AUTHORIZED DEBT)**

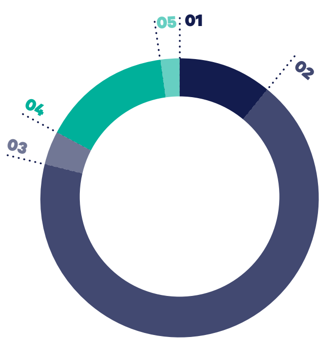



### 2.8.1.4 Debt structure

The share of capital market sources in the Group's indebtedness has reached 80%. This access to capital market resources has also enabled the Group to further reduce the weight of secured debts in the total balance, which mainly concerns Scandinavian financings.

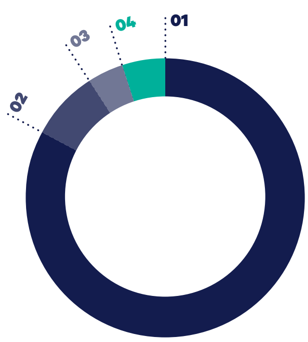
The breakdown by currency remains consistent with the geographic exposure of the Group's portfolio of assets. Assets located in Turkey that generate rents denominated in USD are hedged through the rolling of FX swaps.

**FINANCING BREAKDOWN BY TYPE OF RESOURCE (UTILIZATIONS)**




01 Mortgage loans: **11%**
02 Bonds: **68%**
03 Syndicated loans: **4%**
04 Commercial paper: **16%**
05 Financial leases: **1%**

**FINANCING BREAKDOWN BY CURRENCY (UTILIZATIONS)**




01 EUR: **83%**
02 NOK: **8%**
03 SEK: **4%**
04 DKK: **5%**

## 2.8.2 Interest rate hedging

Since most of the transactions completed during the year were either fixed or swapped back to fixed-rate, the hedging ratio remained largely above the 70% target. At year end, it stood at 81%, and the average duration of the fixed-rate position has been increased to 5.2 years compared to 4.6 years in June 2016 and 4.5 years in December 2015.

In January 2017, Klépierre adjusted its fixed-rate position with the early termination of a 200 million payer swap and the implementation of a new 1.9 billion euro hedging portfolio comprised of payer swaps, caps and swaptions. The aim of this adjustment is first to replace swaps and caps which mature during the first quarter of 2017, to pre hedge shortly expiring fixed rate debt and to increase the Group's hedging ratio over 90%. Consequently, the Group's cost of debt for the three years ahead should remain more stable and less sensitive to interest-rate fluctuations. After implementation of these transactions, the hedging ratio stands at 97% (spot) and is expected to reach 92% on average for 2017, 83% for 2018, and 77% for 2019. Given the increase in the hedging ratio and based on the structure of interest rates on December 31, 2016, the Group's cash-cost at risk for the year is 4 million euros, i.e., the loss due to short-term interest rate movements would be less than 4 million euros 99% of the time[(1)].

Assuming the debt of the Group and its average credit spreads remain stable until 2019 and considering the interest-rates curves of the currencies used by the Group (EUR, NOK, SEK & DKK) as of December 31, 2016, the Group cost of debt is expected to remain below 2% until 2019. Should all curves be shifted by 100 bps the Group cost of debt is expected to remain below 2.0% in 2019. For another shift of the curves of further 100 bps (+200 bps), the Group cost of debt would remain below 2.3% over the period.

## 2.8.3 Cost of debt

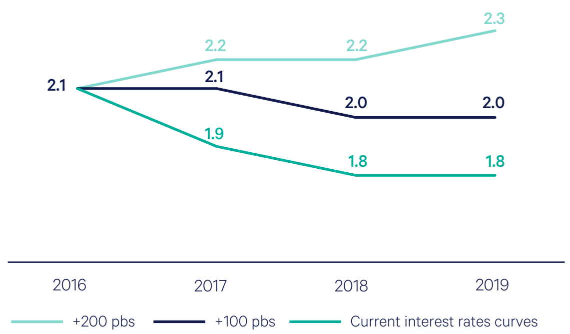
The average Group cost of debt continued to fall over the period, to 2.1%. This figure reflects the low level of short-term interest rates, the impacts of the financing cost synergies following the merger of Corio into Klépierre, and favorable funding conditions in all the markets in which the Group operates. Assuming current market conditions and given the upcoming refinancing transactions, the cost of debt is expected to fall below 2.0% in 2017. The low cost of debt, along with robust operating performances, led to stronger 5.2x coverage of interest expense by EBITDA (ICR).

The average cost of liquidity stood at 0.25% over the period. This corresponds to the commitment fees paid to the bank related to the committed available credit lines (3.1 billion euros on average in 2016).

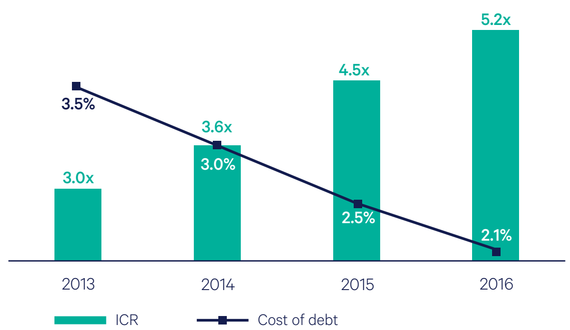
### Cost of debt calculation

| | 2016 |
|---|---|
| **Net cost of debt (P&L)** | **197.7** |
| Non-recurring items | -28.6 |
| Non cash impact | 17.8 |
| Interest on associate advances | 13.0 |
| Liquidity cost | -7.7 |
| **Net cost of debt (used for cost of debt calculations)** | **192.3** |
| **Average gross debt** | **9,100.3** |
| **COST OF DEBT (%)** | **2.1%** |

**NET COST OF DEBT (%) CHANGE UNDER THREE INTEREST RATES SCENARIOS**




**INTEREST COVERAGE RATIO AND COST OF DEBT**




(1) *99% cost at risk: The cost of interest over the next 12 months has been simulated through a Monte Carlo method, based on the debt structure (currencies ,fixed, variable, capped),on historical volatilities and on correlations of interest rates in the four funding currencies of Klépierre (EUR, NOK,SEK,DKK). There is a 99% probability that, in case of rising interest rates, the overcost is lower than the 99% cost at risk.*

### 2.8.4 Financial ratios and rating

As of December 31, 2016, the Group's financing covenants remain in line with the commitments in its financing agreements.

In December 2016, Standard's & Poor's confirmed the A- rating and its stable outlook. Moody's continues to assign a rating of A3 (stable outlook) to the notes initially issued by Corio N.V.

| Financing | Ratios/covenants | Limit[1] | 12/31/2016 | 12/31/2015 |
|---|---|---|---|---|
| Syndicated loans and bilateral loans Klépierre SA | Net debt/Portfolio value ("Loan-to-Value") | ≤ 60% | 36.8% | 39.2% |
| | EBITDA/Net interest expenses[2] | ≥ 2.0 | 5.2 | 4.5 |
| | Secured debt/Portfolio value (excluding Steen & Strøm) | ≤ 20% | 0.7% | 0.9% |
| | Portfolio value, group share | ≥ €8Bn | €19.9Bn | €19.2Bn |
| Bond issues Klépierre SA | Secured debt/Revalued Net Asset Value (excluding Steen & Strøm) | ≤ 50% | 1.1% | 1.5% |

*(1) Ratios are based on the 2015 revolving credit facility.*
*(2) The ICR does not include the liability management impact.*

A portion of Steen & Strøm's debt is subject to a financial covenant that requires shareholders' equity to be equal to at least 20% of NAV at all times. On December 31, 2016, this ratio was 51.7%.

## 2.9 Governance

On November 7, 2016, the Supervisory Board decided unanimously to promote Jean-Marc Jestin to the role of Chairman of the Executive Board of Klépierre. This decision was part of the Supervisory Board's succession plan, which included Jean-Marc Jestin's appointment in 2012 as Chief Operating Officer and member of Klépierre's Executive Board. Since November 7, 2016, Klépierre has been managed by an Executive Board composed of Jean-Marc Jestin and Jean-Michel Gault, Deputy CEO.

## 2.10 Events subsequent to the accounting cut-off date

On January 21, 2017, Steen & Strøm completed the sale of SSI Lillestrøm Torv AS, a company which owned Lillestrøm Torv shopping center (Norway).

In January 2017, Klépierre adjusted its fixed-rate position with the early termination of a 200 million euro payer swap and the implementation of a new 1.9 billion euro hedging portfolio comprised of payer swaps, caps and swaptions (for more information, please refer to section "Interest rate hedging" of the present document).

On February 9, 2017, Klépierre issued a 10-year, 500-million-euro bond maturing February 16, 2027. The bond was priced at a 67-bp margin above the swap rate which translated into a coupon of 1.375%[1].

## 2.11 Outlook

In 2017, provided that the European macroeconomic context does not deviate from OECD forecasts, Klépierre expects to generate a net current cash-flow per share of between 2.35 euros and 2.40 euros, assuming a stable or lower level of net debt.

*(1) For more information, please refer to the press release published on February 9, 2017, available on Klépierre's website: www.klepierre.com.*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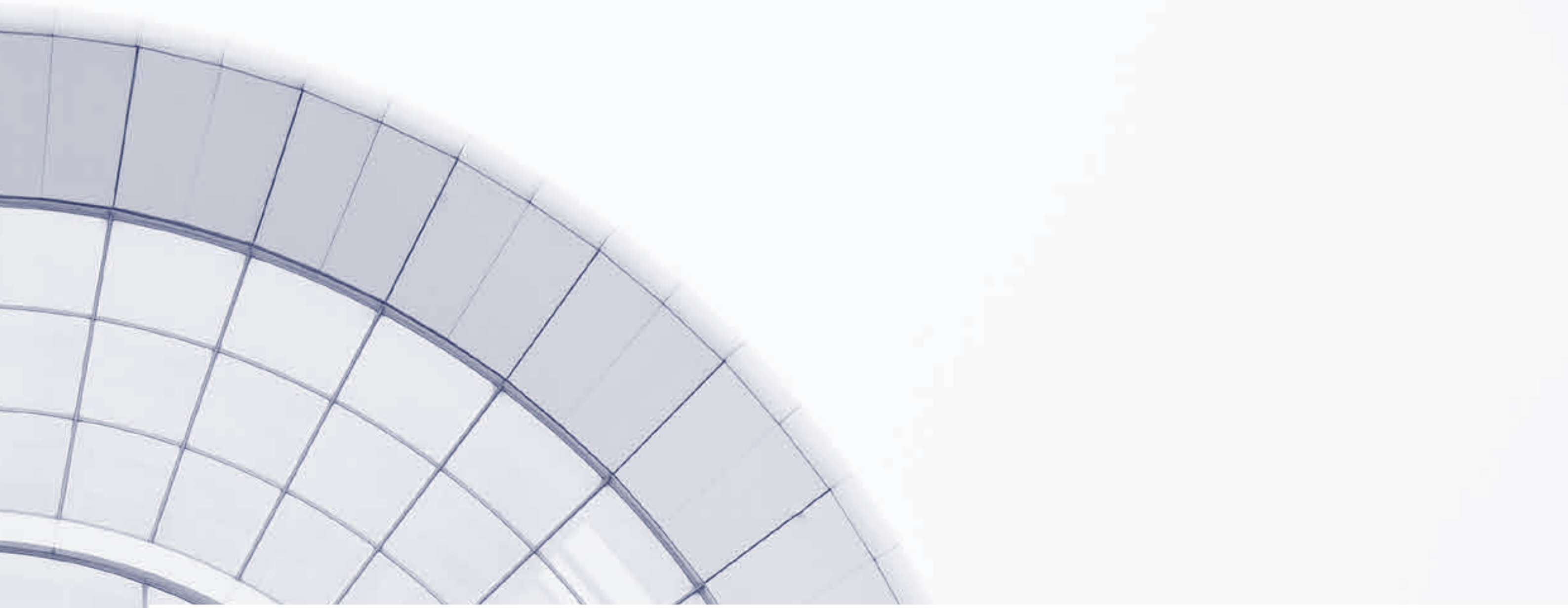


# 3 FINANCIAL STATEMENTS

# 3.1 Consolidated financial statements as of December 31, 2016

## 3.1.1 Consolidated statements of comprehensive income

| *In millions of euros* | Notes | 12/31/2016 Fair value | 12/31/2015 Fair value |
|---|---|---|---|
| Gross rental income | 6.1 | 1,214.0 | 1,208.4 |
| Land expenses (real estate) | 6.2 | -14.9 | -14.8 |
| Non-recovered rental expenses | 6.3 | -73.9 | -67.0 |
| Building expenses (owner) | 6.4 | -41.9 | -57.1 |
| **Net rental income** | | **1,083.4** | **1,069.6** |
| Management, administrative and related income | | 86.5 | 86.8 |
| Other operating revenue | 6.5 | 18.4 | 13.9 |
| Survey and research costs | | -2.8 | -2.8 |
| Payroll expenses | 10.1 | -131.4 | -149.2 |
| Other general expenses | | -63.4 | -77.4 |
| Depreciation and impairment allowance on intangible assets and properties, plant and equipment | 6.6 | -14.8 | -17.1 |
| Provisions | | -5.2 | -0.3 |
| Change in value of investment properties | 6.7 | 828.8 | 883.4 |
| Proceeds from disposal of investment properties and equity investments | 6.8 | 416.1 | 850.8 |
| Net book value of investment properties and equity investments sold | 6.8 | -392.5 | -852.0 |
| **Income from the disposal of investment properties and equity investments** | | **23.5** | **-1.1** |
| **Goodwill impairment** | | **0.0** | **-922.6** |
| **Operating income** | | **1,822.8** | **882.9** |
| Net dividends and provisions on non-consolidated investments | | 0.1 | 0.1 |
| Financial income | | 109.0 | 161.1 |
| Financial expenses | | -306.7 | -378.2 |
| **Net cost of debt** | **6.9** | **-197.7** | **-217.1** |
| Change in the fair value of financial instruments | | -12.1 | -30.6 |
| Share in earnings of equity method investments | 5.5 | 89.5 | 97.5 |
| **Profit before tax** | | **1,702.5** | **732.9** |
| Corporate income tax | 7 | -225.6 | -204.6 |
| **Net income of consolidated entity** | | **1,476.9** | **528.3** |
| **Of which** | | | |
| – *Group share* | | *1,191.3* | *274.7* |
| – *Non-controlling interests* | | *285.7* | *253.6* |
| **Undiluted average number of shares** | | **311,736,861** | **306,803,561** |
| **Undiluted net income per share** *(in euros)* **– group share** | | **3.8** | **0.9** |
| **Diluted average number of shares** | | **311,736,861** | **306,803,561** |
| **Diluted net income per share** *(in euros)* **– group share** | | **3.8** | **0.9** |

| *In millions of euros* | 12/31/2016 Fair value | 12/31/2015 Fair value |
|---|---|---|
| **Net income of consolidated entity** | **1,476.9** | **528.3** |
| **Other comprehensive income items recognized directly as equity** | **-87.7** | **-13.5** |
| – Effective portion of profits and losses on cash-flow hedging instruments | 23.2 | 70.7 |
| – Translation profits and losses | -95.1 | -90.6 |
| – Tax on other comprehensive income items | -16.0 | 0.6 |
| **Items that will be reclassified subsequently to profit or loss** | **-87.9** | **-19.3** |
| – Result from sales of treasury shares | -0.1 | 4.1 |
| – Actuarial gains | 0.3 | 1.8 |
| **Items that will not be reclassified subsequently to profit or loss** | **0.2** | **5.9** |
| Share of other comprehensive income items of equity method investees | | |
| **Total comprehensive income** | **1,389.2** | **514.8** |
| **Of which** | | |
| – *Group share* | *1,098.7* | *271.3* |
| – *Non-controlling interests* | *290.5* | *243.6* |
| **Undiluted comprehensive income per share** *(in euros)* **– group share** | **3.5** | **0.9** |
| **Diluted comprehensive income per share** *(in euros)* **– group share** | **3.5** | **0.9** |

In accordance with IAS 1 and IAS 8, restated information is presented for December 31, 2015.

For further details on the consolidated statement of comprehensive income at fair value as of December 31, 2015, please refer to note 11.1 of the published Consolidated Financial Statements of the Klépierre Group as of December 31, 2015.

## 3.1.2 Consolidated statements of financial position

| *In millions of euros* | Notes | 12/31/2016 Fair value | 12/31/2015 Fair value | 01/01/2015 Fair value |
|---|---|---|---|---|
| Goodwill | 5.1 | 648.4 | 612.5 | 125.9 |
| Intangible assets | 5.2 | 45.2 | 45.7 | 46.5 |
| Property, plant and equipment | 5.3 | 16.0 | 20.6 | 13.0 |
| Investment properties at fair value | 5.4 | 20,390.2 | 18,750.5 | 12,362.2 |
| Investment properties at cost | 5.4 | 282.6 | 1,076.1 | 304.1 |
| Equity method investments | 5.5 | 1,067.5 | 1,455.9 | 663.8 |
| Other non-current assets | 5.6 | 350.8 | 371.8 | 173.0 |
| Non-current derivatives | 5.12 | 74.0 | 96.5 | 118.1 |
| Deferred tax assets | 7 | 40.7 | 67.6 | 54.1 |
| **Non-current assets** | | **22,915.4** | **22,497.1** | **13,860.7** |
| Fair value of properties held for sale | 5.4 | 284.4 | 23.9 | 3.2 |
| Trade accounts and notes receivable | 5.7 | 152.6 | 164.3 | 103.2 |
| Other receivables | 5.8 | 401.1 | 380.3 | 167.3 |
| – Tax receivables | | 180.4 | 180.4 | 37.4 |
| – Other debtors | | 220.7 | 199.9 | 129.9 |
| Current derivatives | 5.12 | 4.8 | 4.3 | 3.7 |
| Cash and cash equivalents | 5.9 | 578.8 | 413.7 | 140.6 |
| **Current assets** | | **1,421.7** | **986.5** | **418.0** |
| **TOTAL ASSETS** | | **24,337.1** | **23,483.6** | **14,278.7** |
| Share capital | | 440.1 | 440.1 | 279.3 |
| Additional paid-in capital | | 5,818.1 | 5,818.1 | 1,773.6 |
| Legal reserves | | 44.0 | 44.0 | 27.9 |
| Consolidated reserves | | 2,613.1 | 2,949.6 | 3,000.7 |
| – Treasury shares | | -67.0 | -78.4 | -82.0 |
| – Hedging reserves | | -99.2 | -104.0 | -172.0 |
| – Other consolidated reserves | | 2,779.4 | 3,132.0 | 3,254.8 |
| Consolidated earnings | | 1,191.3 | 274.7 | 328.5 |
| Shareholders' equity, group share | | 10,106.6 | 9,526.4 | 5,410.0 |
| Non-controlling interests | | 2,429.7 | 2,202.9 | 1,892.7 |
| **Shareholders' equity** | **5.10** | **12,536.2** | **11,729.3** | **7,302.7** |
| Non-current financial liabilities | 5.11 | 6,745.6 | 6,714.1 | 4,880.4 |
| Non-current provisions | 5.13 | 23.5 | 43.1 | 17.4 |
| Pension commitments | 10.3 | 13.2 | 13.0 | 17.6 |
| Non-current derivatives | 5.12 | 65.3 | 76.2 | 173.4 |
| Security deposits and guarantees | | 141.0 | 145.7 | 110.8 |
| Deferred tax liabilities | 7 | 1,375.7 | 1,176.9 | 588.2 |
| **Non-current liabilities** | | **8,364.4** | **8,169.0** | **5,787.7** |
| Current financial liabilities | 5.11 | 2,562.1 | 2,584.0 | 697.4 |
| Bank overdrafts | 5.9 | 110.9 | 265.1 | 53.8 |
| Trade payables | | 220.8 | 227.1 | 117.7 |
| Payables to fixed asset suppliers | | 7.9 | 17.7 | 13.0 |
| Other liabilities | 5.14 | 317.5 | 298.7 | 182.8 |
| Current derivatives | 5.12 | 27.4 | 0.5 | 25.3 |
| Social and tax liabilities | 5.14 | 189.9 | 192.2 | 98.3 |
| **Current liabilities** | | **3,436.5** | **3,585.4** | **1,188.3** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **24,337.1** | **23,483.6** | **14,278.7** |

In accordance with IAS 1 and IAS 8, a comparative date is presented for January 1st, 2015.

For further details on the consolidated statement of financial position at fair value as of January 1st, 2015, please refer to the note 11.1 of the published Consolidated Financial Statements of the Klépierre Group as of December 31, 2014.

## 3.1.3 Consolidated cash-flow statements

| *In millions of euros* | 12/31/2016 Fair value | 12/31/2015 Fair value |
|---|---|---|
| **CASH-FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income from consolidated companies | 1,476.9 | 528.3 |
| Elimination of expenditure and income with no cash effect or not related to operating activities | | |
| – *Depreciation, amortization and provisions* | *20.1* | *14.2* |
| – *Change in value of investment properties* | *-828.8* | *-883.3* |
| – *Goodwill impairment* | | *922.6* |
| – *Capital gains and losses on asset disposals* | *-23.6* | *1.4* |
| – *Income taxes* | *225.6* | *204.6* |
| – *Share in earnings of equity method investees* | *-89.5* | *-97.6* |
| – *Reclassification of financial interests and other items* | *253.4* | *280.2* |
| **Gross cash-flow from consolidated companies** | **1,034.1** | **970.4** |
| Paid taxes | -61.8 | -25.5 |
| Change in operating working capital | -16.1 | -19.0 |
| **Cash-flows from operating activities** | **956.2** | **926.0** |
| **CASH-FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sales of investment properties | 196.6 | 833.3 |
| Proceeds from sales of other fixed assets | | |
| Proceeds from disposals of subsidiaries (net of cash disposed) | 217.9 | -5.2 |
| Acquisitions of investment properties | | -114.2 |
| Acquisition costs of investment properties | -0.3 | -0.8 |
| Payments in respect of construction work in progress | -337.0 | -294.1 |
| Acquisitions of other fixed assets | -10.5 | -11.3 |
| Acquisitions of subsidiaries and deduction of acquired cash | -2.5 | -543.4 |
| Movement of loans and advance payments granted and other investments | 37.7 | -276.6 |
| **Net cash-flows from investing activities** | **102.0** | **-412.1** |
| **CASH-FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid to the parent company's shareholders | -530.0 | -393.2 |
| Dividends paid to non-controlling interests(2) | -48.2 | -58.3 |
| Capital increase of parent company | | - |
| Change in capital from subsidiaries with non controlling interests(2) | 30.8 | 63.8 |
| Repayment of share premium | | |
| Acquisitions/disposal of treasury shares | 11.4 | 3.6 |
| New loans, borrowings and hedging instruments | 1,610.3 | 2,999.9 |
| Repayment of loans, borrowings and hedging instruments | -1,611.1 | -2,636.0 |
| Interest paid | -204.8 | -331.1 |
| Other cash-flows related to financing activities(1) | | -103.8 |
| **Net cash-flows from financing activities** | **-741.6** | **-455.1** |
| **Effect of foreign exchange rate changes on cash and cash equivalents** | **2.8** | **3.0** |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **319.3** | **61.8** |
| **Cash at year-start** | **148.6** | **86.8** |
| **Cash at year-end** | **467.9** | **148.6** |

*(1) The flow of the fiscal year 2015 corresponds to the interim dividend of 103.8 million euros paid out by Corio on January 12, 2015.*
*(2) As of December 31, 2015, these items were presented aggregated.*

## 3.1.4 Statement of changes in consolidated equity

| *In millions of euros* | **Capital** | **Capital related reserves** | **Treasury stock** | **Hedging reserves** | **Consolidated reserves** | **Equity, group share** | **Equity, non-controlling interests** | **Total equity** |
|---|---|---|---|---|---|---|---|---|
| **Equity at 12/31/2014 – Published (cost model)** | **279.3** | **1,801.6** | **-82.0** | **-172.0** | **594.7** | **2,421.4** | **1,144.5** | **3,565.9** |
| Impact of change in accounting policies (IAS 40) | 0.0 | 0.0 | | 0.0 | 2,988.6 | 2,988.6 | 748.2 | 3,736.8 |
| **Equity at 01/01/2015 – Fair value** | **279.3** | **1,801.6** | **-82.0** | **-172.0** | **3,583.3** | **5,410.0** | **1,892.7** | **7,302.7** |
| Share capital transactions | 160.8 | 4,060.5 | | | | 4,221.4 | | 4,221.4 |
| Share-based payments | | | | | | | | |
| Treasury share transactions | | | 3.6 | | | 3.6 | | 3.6 |
| Dividends | | | | | -393.2 | -393.2 | -58.3 | -451.5 |
| **Net income for the period** | | | | | **274.7** | **274.7** | **253.6** | **528.3** |
| **Gains and losses recognized directly in equity** | | | | | | | | |
| – Income from sales of treasury shares | | | | | 4.1 | 4.1 | | 4.1 |
| – Income from cash-flow hedging | | | | 66.1 | | 66.1 | 4.6 | 70.7 |
| – Translation profits and losses | | | | | -77.3 | -77.3 | -13.3 | -90.6 |
| – Actuarial gains | | | | | 1.8 | 1.8 | | 1.8 |
| – Tax on other comprehensive income items | | | | 1.9 | | 1.9 | -1.3 | 0.6 |
| **Other comprehensive income items** | | | | **68.0** | **-71.4** | **-3.4** | **-10.1** | **-13.5** |
| Changes in the scope of consolidation | | | | -0.0 | 13.2 | 13.2 | 44.2 | 57.4 |
| Other movements | | | | | 0.1 | 0.1 | 80.8 | 81.0 |
| **Equity at 12/31/2015 – Fair value** | **440.1** | **5,862.1** | **-78.4** | **-104.1** | **3,406.7** | **9,526.4** | **2,202.9** | **11,729.3** |
| Share capital transactions | | | | | | | -13.1 | -13.1 |
| Share-based payments | | | | | | | | |
| Treasury share transactions | | | 11.4 | | | 11.4 | | 11.4 |
| Dividends | | | | | -530.0 | -530.0 | -48.2 | -578.2 |
| **Net income for the period** | | | | | **1,191.3** | **1,191.3** | **285.7** | **1,476.9** |
| **Gains and losses recognized directly in equity** | | | | | | | | |
| – Income from sales of treasury shares | | | | | -0.1 | -0.1 | | -0.1 |
| – Income from cash-flow hedging | | | | 20.0 | | 20.0 | 3.1 | 23.2 |
| – Translation profits and losses | | | | | -97.7 | -97.7 | 2.6 | -95.1 |
| – Actuarial gain or loss | | | | | 0.3 | 0.3 | | 0.3 |
| – Tax on other comprehensive income items | | | | -15.1 | | -15.1 | -0.9 | -16.0 |
| **Other comprehensive income items** | | | | **4.9** | **-97.4** | **-92.6** | **4.9** | **-87.7** |
| Changes in the scope of consolidation | | | | | 0.6 | 0.6 | 0.2 | 0.8 |
| Other movements | | | | -0.0 | -0.5 | -0.5 | -2.7 | -3.2 |
| **Equity at 12/31/2016 – Fair value** | **440.1** | **5,862.1** | **-67.0** | **-99.2** | **3,970.6** | **10,106.6** | **2,429.7** | **12,536.2** |

In accordance with IAS 1 and IAS 8, a comparative date is presented for January 1st, 2015.

For further details on the consolidated equity positions as of January 1st, 2015, please refer to the published Consolidated Financial Statements of the Klépierre Group as of December 31, 2014 (note 6 and 11.1).

## 3.1.5 Appendices

## NOTE 1 Significant events of the fiscal year 2016

### 1.1 Investments

Main investments realized during the period concern ongoing projects in The Netherlands (mainly Hoog Catharijne redevelopment, 105.9 million euros) and a set of projects in France including the acquisition of new retail units surrounding Blagnac (35.5 million euros), Val d'Europe extension-refurbishment (30.2 million euros), Prado project (29.7 million euros), Centre Bourse extension (9.6 million euros), Villiers-en-Bière and Noisy refurbishments (respectively 6.0 million euros and 4.9 million euros).

### 1.2 Main disposals

On June 17, 2016, the Group disposed the office project in Pantin to AG2R La Mondiale.

On July 19, 2016, Klépierre disposed three shopping centers in Spain: Espacio Torrelodones, Ruta de la Plata and Sexta Avenida.

On September 12, 2016, the Hungarian company Debrecen 2002 Kft owning the Debrecen Plaza shopping center was sold.

On November 7, 2016, Steen & Strøm completed the sale of two shopping centers: Åsane Storsenter in Norway (49.9% stake held by Steen & Strøm) and Torp Köpcentrum in Sweden (fully owned by Steen & Strøm). The two shopping centers were acquired by the Olav Thon Group, one of Scandinavia's largest private property owners.

Moreover, 14 other assets were disposed over the period:

- in the first half of 2016, a retail unit and a warehouse in France and a shopping center in Capodrise in Italy;
- in the second half of 2016, a set of 11 retail units in France.

### 1.3 Dividend

On April 19, 2016, the Shareholders' Meeting approved the payout of a 1.70 euro per share dividend in respect of the 2015 fiscal year, and proposed a cash payment. Cash dividend paid by Klépierre totaled 530.0 million euros (excluding dividends on treasury shares).

### 1.4 Debt

Klépierre raised circa 1.7 billion euros of new financing on both the bond and the banking markets. These transactions mainly aimed at both replacing former debts which fell due during 2016 and financing future development needs. They are detailed below:

In January, Klépierre Nederland signed a new 5-year term loan for 350 million euros.

In February, Klépierre issued 500 million euros worth of new long-term notes (10 years) bearing a 1.875% coupon. This issuance allowed to cover the repayment of 526 million euros of 4.25% notes maturing in March 2016.

At the end of June, a 133.5 million euro mortgage-backed facility was put in place in order to finance the Prado project with a 10-year maturity. 40 million euros were drawn as of December 31, 2016.

In September, Klépierre issued 600 million euros of 15-year notes bearing 1.25% coupon. In the meantime, Klépierre launched a tender offer on existing bonds maturing September 2019 (500 million euros) and February 2021 (500 million euros). 349 million euros were tendered through the transaction.

In Scandinavia, Klépierre has been active on the market by issuing two long-term bonds of 900 million Norwegian Kronor (99 million euros) in order to refinance existing loans.

## NOTE 2 Significant accounting policies

### 2.1 Corporate reporting

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

On January 30, 2017, the Executive Board approved Klépierre SA's consolidated financial statements for the period from January 1st to December 31, 2016, and authorized their publication.

Klépierre shares are traded on Euronext Paris (compartment A). Klépierre shares were also admitted for trading on Euronext Amsterdam on January 15, 2015 before being delisted on November 7, 2016, in order to consolidate the company's listing on a single stock exchange, i.e. Euronext Paris.

### 2.2 Application of IFRS

In accordance with Regulation (EC) No. 1126/2008 of November 3, 2008 on the application of international accounting standards, the Klépierre Group's consolidated financial statements through December 31, 2016 have been prepared in accordance with IFRS (International Financial Reporting Standards) published by the IASB (International Accounting Standards Board), as adopted by the European Union and applicable on that date.

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

This framework is available on the website:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The consolidated financial statements to December 31, 2016 are presented in the form of complete accounts including all the information required by the IFRS. The document also includes the financial statements of Klépierre SA and its subsidiaries. The financial statements of subsidiaries are prepared for the same accounting period as that of the parent company using consistent accounting methods.

The consolidated financial statements are presented in millions of euros, with all amounts rounded to the nearest hundred thousand unless otherwise indicated. Slight differences between figures could exist in the different statements due to rounded amounts.

### 2.2.1 Standards, amendments and applicable interpretations as of January 1st, 2016

The accounting principles applied to the consolidated financial statements as of December 31, 2016 are identical to those used in the consolidated financial statements as of December 31, 2015, with the exception of the application of the fair value option according to IAS 40 (see note 2.4) and the adoption of the following new standards and interpretations, for which application is mandatory for the Group:

- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization;
- Amendment to IAS 19: Defined Benefit Plans: Employee Contributions;
- Annual improvements of IFRS: Cycle 2010 – 2012;
- Annual improvements of IFRS: Cycle 2012 – 2014;
- Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations;
- Amendment to IAS 1: Disclosure initiative. Presentation of Financial statements;
- Amendment to IFRS 10, IFRS 12 and IAS 28: Investment entities: applying the consolidation exception.

The adoption of the above standards and interpretations has no impact on the consolidated financial statements.

### 2.2.2 Standards, amendments and interpretations of not compulsory application as from January 1st, 2016

The following amendments were published by the IASB but have not yet been adopted by the European Union:

- IFRS 9: Financial instruments;
- Clarification of IFRS 15: Revenue to IFRS 15 Revenue from Contracts with Customers;
- IFRS 16: Leases;
- Amendment to IAS 7: Disclosure Initiative: Statement of Cash Flows;
- Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses;
- Amendment to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions.

The following standards and amendments have been adopted by the European Union as of December 31, 2016 but with a later effective date of application:

- IFRS 15: Revenue from Contracts with Customers including amendments to IFRS 15.

The Group is currently assessing the implementation of these new standards and their impact on the consolidated accounts.

IFRS 9 “Financial Instruments” will replace the standard IAS 39. IFRS 9 provides a new classification of financial instruments and a model of impairment of financial assets based on expected losses. This standard also provides a different treatment of hedge accounting.

The standard IFRS 15 “Revenue from contracts with customers” was published on May 8, 2014. This standard replaces the standards IAS 11 and IAS 18. This standard could include impacts on revenue recognition rules (excluding rents).

IFRS 16 “Leases” will replace the standard IAS 17. It will remove the distinction between finance leases and operating leases. This standard is very close to the existing standard for the treatment of leases lessor side.

## 2.3 Use of material judgments and estimates

During the preparation of the consolidated financial statements in accordance with IFRS, the Group management used estimates and made 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.

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 book values of assets and liabilities in subsequent years are presented below:

#### Measurement of goodwill

The Group tests goodwill for impairment at least once a year. This requires to estimate the value in use of the cash-generating units to which the goodwill is allocated. In order to determine their value in use, Klépierre prepares expected future cash-flows for each cash-generating unit and applies a pre-tax discount rate to calculate the current value of these cash-flows, as further described in note 5.1.

#### Investment property

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

#### Financial instruments

The Group assesses the fair value of the financial instruments it uses in accordance with the standard models practiced on the market and IFRS 13 and described in note 5.11.1.

## 2.4 Change in accounting policies (IAS 8) – Fair value option according to IAS 40

In the second half of 2016, Klépierre decided to choose the fair value method of IAS 40 for the accounting of its investment properties. Therefore the group presents comparative financial statements for 2015 (Consolidated statements of comprehensive income and Consolidated statements of financial position) showing the items affected by this change in accounting method. The fair value method is the preferential method under the provisions of IAS 40 and also the one recommended by the EPRA (European Public Real Estate Association). The fair value option facilitates comparisons with the financial statements of other property companies of which the majority applies this model. The change of accounting method was motivated by these elements.

| **Impact change of method: Consolidated Statements of Comprehensive Income** *In millions of euros* | **Notes** | **12/31/2015 Cost model** | **Fair value restatements** | **12/31/2015 Fair value model** |
|---|---|---|---|---|
| Gross rental income | | 1,208.4 | | 1,208.4 |
| Land expenses (real estate) | | -15.4 | 0.6 | -14.8 |
| Non-recovered rental expenses | | -67.0 | | -67.0 |
| Building expenses (owner) | | -58.0 | 1.0 | -57.1 |
| **Net rental income** | | **1,068.0** | **1.5** | **1,069.6** |
| Management, administrative and related income | | 86.8 | | 86.8 |
| Other operating revenue | | 13.9 | | 13.9 |
| Survey and research costs | | -2.8 | | -2.8 |
| Payroll expenses | | -149.2 | | -149.2 |
| Other general expenses | | -77.4 | | -77.4 |
| Depreciation and impairment allowance on investment properties | (1) | -444.2 | 444.2 | 0.0 |
| Depreciation and impairment allowance on intangible assets and properties, plant and equipment | | -17.1 | | -17.1 |
| Provisions | | -0.3 | | -0.3 |
| Change in value of investment properties | (2) | | 883.3 | 883.3 |
| Proceeds on the disposal of investment properties and equity investments | | 850.8 | | 850.8 |
| Net book value of investment properties and equity investments sold | (3) | -836.8 | -15.2 | -852.0 |
| **Income from the disposal of investment property and equity investments** | | **14.1** | **-15.2** | **-1.1** |
| **Goodwill impairment** | **(7)** | **-704.5** | **-218.1** | **-922.6** |
| **Operating income** | | **-212.8** | **1,095.7** | **882.9** |
| Net dividends and provisions on non-consolidated investments | | 0.1 | | 0.1 |
| Financial income | | 161.1 | | 161.1 |
| Financial expenses | | -378.2 | | -378.2 |
| **Net cost of debt** | | **-217.1** | | **-217.1** |
| Change in the fair value of financial instruments | | -30.6 | | -30.6 |
| Share in earnings of equity method investments | (4) | 19.1 | 78.5 | 97.5 |
| **Profit before tax** | | **-441.3** | **1,174.1** | **732.9** |
| Corporate income tax | (5) | 3.6 | -208.2 | -204.6 |
| **Net income of consolidated entity** | | **-437.7** | **966.0** | **528.3** |
| **of which** | | | | |
| – *Group share* | | *-499.8* | *774.5* | *274.7* |
| – *Non-controlling interests* | | *62.1* | *191.6* | *253.6* |
| **Undiluted average number of shares** | | **306,803,561** | | **306,803,561** |
| **Undiluted net income per share** *(in euros)* | | **-1.6** | | **0.9** |
| **Diluted average number of shares** | | **306,803,561** | | **306,803,561** |
| **Diluted net income per share** *(in euros)* | | **-1.6** | | **0.9** |

| *In millions of euros* | **Notes** | **12/31/2015 Cost model** | **Fair value restatements** | **12/31/2015 Fair value model** |
|---|---|---|---|---|
| **Net income of consolidated entity** | | **-437.7** | **966.0** | **528.3** |
| **Other comprehensive income items recognized directly as equity** | | **-6.9** | **-6.5** | **-13.5** |
| – Effective portion of profits and losses on cash-flow hedging instruments | | 70.7 | | 70.7 |
| – Translation profits and losses | (6) | -84.0 | -6.5 | -90.6 |
| – Tax on other comprehensive income items | | 0.6 | | 0.6 |
| **Items that will be reclassified subsequently to profit or loss** | | **-12.8** | **-6.5** | **-19.3** |
| – Result from sales of treasury shares | | 4.1 | | 4.1 |
| – Actuarial gains | | 1.8 | | 1.8 |
| **Items that will not be reclassified subsequently to profit or loss** | | **5.9** | | **5.9** |
| Share of other comprehensive income items of equity method investees | | | | |
| **Total comprehensive income** | | **-444.6** | **959.4** | **514.8** |
| **Of which** | | | | |
| – *Group share* | | *-501.6* | *772.9* | *271.3* |
| – *Non-controlling interests* | | *57.0* | *186.7* | *243.6* |
| **Undiluted comprehensive income per share** *(in euros)* | | **-1.6** | | **0.9** |
| **Diluted comprehensive income per share** *(in euros)* | | **-1.6** | | **0.9** |

*(1) Investment properties are measured at fair value, the depreciation and impairment allowance for the period is fully neutralized.*

*(2) The fair value restatement consists in the recognition of the period changes of fair market value of the investment properties (still held at the year-end), net the costs capitalized during the period. The changes in fair value of the years 2016 and 2015 are recorded in the income statement on a separate line called "Change in value of investment properties".*

*(3) The carrying amount of investment properties sold during the period corresponds to their fair value at January 1, 2015. The adjusted disposal gain is therefore equal to the sale price less the carrying amount of the assets.*

*(4) The Group's share in the earnings of Equity Method Investments has been adjusted by applying the fair value model to investment properties.*

*(5) The corporate income tax has been adjusted with the deferred taxes related to the fair value adjustments of the assets owned by entities that do not benefit from the SIIC and SOCIMI tax dispositions*

*(6) The restatement of the translation profits and losses is due to the currency translation impact of the investment properties held under non-euro currencies.*

*(7) In the consolidated statements published according to Cost Model, a part of the net book value of the Corio Goodwill was justified by the change in value of Corio investment properties between the acquisition date and December 31, 2015. In the consolidated statements restated to Fair Value, this change in value was already recognized in the fair market value of investments properties, consequently the Goodwill impairment was increased by the same amount.*

| **Impact change of method: Consolidated Statements of Financial Position** *In millions of euros* | **Notes** | **12/31/2015 Cost model** | **Fair value restatements** | **12/31/2015 Fair value model** |
|---|---|---|---|---|
| Goodwill | | 834.6 | -222.1 | 612.5 |
| Intangible assets | | 45.7 | | 45.7 |
| Property, plant and equipment | | 20.6 | | 20.6 |
| Investment properties | | 13,901.6 | -13,901.6 | |
| Investment properties under construction | | 807.9 | -807.9 | |
| Investment properties at fair value | (1) | | 18,750.5 | 18,750.5 |
| Investment properties at cost | | | 1,076.1 | 1,076.1 |
| Equity method investments | (2) | 1,161.5 | 294.4 | 1,455.9 |
| Other non-current assets | | 371.8 | | 371.8 |
| Non-current derivatives | | 96.5 | | 96.5 |
| Deferred tax assets | (4) | 53.0 | 14.6 | 67.6 |
| **Non-current assets** | | **17,293.2** | **5,203.9** | **22,497.1** |
| Investment property held for sale | | 23.9 | -23.9 | |
| Fair value of property held for sale | (1) | | 23.9 | 23.9 |
| Trade accounts and notes receivable | | 164.3 | | 164.3 |
| Other receivables | | 410.4 | -30.1 | 380.3 |
| — Tax receivables | | 180.4 | | 180.4 |
| — Other debtors | (3) | 230.1 | -30.1 | 199.9 |
| Current derivatives | | 4.3 | | 4.3 |
| Cash and cash equivalents | | 413.7 | | 413.7 |
| **Current assets** | | **1,016.6** | **-30.1** | **986.5** |
| **TOTAL ASSETS** | | **18,309.8** | **5,173.8** | **23,483.6** |
| Share capital | | 440.1 | | 440.1 |
| Additional paid-in capital | | 5,818.1 | | 5,818.1 |
| Legal reserves | | 44.0 | | 44.0 |
| Consolidated reserves | | -30.3 | 2,979.9 | 2,949.5 |
| — Treasury shares | | -78.4 | | -78.4 |
| — Hedging reserves | | -104.0 | | -104.0 |
| — Other consolidated reserves | | 152.1 | 2,979.9 | 3,132.0 |
| Consolidated earnings | | -499.8 | 774.5 | 274.7 |
| Shareholders' equity, group share | | 5,772.0 | 3,754.4 | 9,526.4 |
| Non-controlling interests | | 1,267.2 | 935.7 | 2,202.9 |
| **Shareholders' equity** | | **7,039.2** | **4,690.1** | **11,729.3** |
| Non-current financial liabilities | | 6,714.1 | | 6,714.1 |
| Non-current provisions | | 43.1 | | 43.1 |
| Pension commitments | | 13.0 | | 13.0 |
| Non-current derivatives | | 76.2 | | 76.2 |
| Security deposits and guarantees | | 145.7 | | 145.7 |
| Deferred tax liabilities | (4) | 693.1 | 483.7 | 1,176.9 |
| **Non-current liabilities** | | **7,685.3** | **483.7** | **8,169.0** |
| Current financial liabilities | | 2,584.0 | | 2,584.0 |
| Bank overdrafts | | 265.1 | | 265.1 |
| Trade payables | | 227.1 | | 227.1 |
| Payables to fixed asset suppliers | | 17.7 | | 17.7 |
| Other liabilities | | 298.7 | | 298.7 |
| Current derivatives | | 0.5 | | 0.5 |
| Social and tax liabilities | | 192.2 | | 192.2 |
| **Current liabilities** | | **3,585.4** | | **3,585.4** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **18,309.8** | **5,173.8** | **23,483.6** |

*(1) The restatements on investment properties are the following:*
- *the investment properties and investments properties held for sale are recorded at fair value excluding rights;*
- *the investment properties under development are recorded at fair value as long as fair value may be reliably estimated;*
- *linked to the previous adjustments, lease incentives (IAS 17) have been taken into consideration in order to avoid double accounting at the level of investment properties at fair value.*

*(2) The investment properties held by companies consolidated under the equity method are recorded at fair value excluding rights.*
*(3) A restatement is performed on "Other debtors" to avoid double counting of prepaid ground leases.*
*(4) The increase in deferred tax liabilities is related to the fair value adjustments of the assets owned by companies that do not benefit from the SIIC or SOCIMI tax dispositions.*

In accordance with the requirements of IAS 8 § 29, the main impacts of the voluntary change of accounting method for the current financial year according to the Cost Model would have been as follows:

- investment properties and net deferred tax position would stand respectively at 14,388.7 million euros and 691.3 million euros as of December 31, 2016;
- the depreciation and impairment allowance on investment properties and the income from disposals for the period would have amounted to -512.3 million euros and 72.5 million euros respectively.

### 2.5 Translation of foreign currencies

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

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

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

For the preparation of the consolidated financial statements of the Group, the assets and liabilities of the subsidiaries are translated into the Klépierre SA presentation currency – the euro – at the exchange rate as of the closing date. Their income statements are translated at the average weighted exchange rate for the year. Any resulting translation differences are allocated directly to shareholder equity under a separate line item.

In the event of disposal of a foreign operation, the total accrued deferred exchange gain/loss recognized as a distinct component of equity for that foreign operation is recognized in the income statement.

### 2.6 Distinction between liabilities and equity

The difference between liabilities and equity depends on whether or not the issuer is obliged 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 liabilities and equity.

### 2.7 Net 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 (if any).

In accordance with IAS 33, the average number of shares at the balance sheet date is adjusted after payment of the dividend in the form of shares if necessary.

## NOTE 3 segment information

**Accounting policies**

**Segment information**

In accordance with IFRS 8 requirements, operating segments are identified on the basis of the internal reporting used by management when evaluating performance and allocating resources. They are limited neither by lines of business nor geography.

### 3.1 Segment earnings

For management purposes, the Group is structured into business segments corresponding to geographic regions. There are in total seven operating segments.

These seven operating segments are structured as follows:

- France/Belgium (including retail assets);
- Scandinavia (Steen & Strøm: Norway, Sweden and Denmark);
- Italy;
- Iberia (Spain, Portugal);
- The Netherlands;
- Germany;
- CEE & Turkey (Hungary, Poland, Czech Republic, Slovakia, Greece and Turkey).

The management team monitors the operating results of each operating segment independently as a basis for segment decision-making and performance evaluation.

Group financial policy (including the impact of financial income and expenses), corporate activities and the tax result calculation are handled at Group level, and are not allocated to the operating segments.

The operating segment "Scandinavia" includes all the legal entities of the Steen & Strøm Group in which the minority shareholder owns 43.9% of the interests. The share of the minority shareholder in the equity of the Scandinavian sector at Fair Value amounts to 890.5 million euros as of December 31, 2016, compared to 772.8 million euros as of December 31, 2015. As of December 31, 2016, the share of the Scandinavian portfolio in the non-current assets using the Fair Value model equals to 3,825.8 million euros, in current assets 312.0 million euros, in non-current liabilities 1,535.5 million euros and in current liabilities 1,051.6 million euros.

| | France-Belgium[1] | | Scandinavia | | Italy | | Iberia | | The Netherlands | |
|---|---|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | 12/31/16 | 12/31/15 | 12/31/16 | 12/31/15 | 12/31/16 | 12/31/15 | 12/31/16 | 12/31/15 | 12/31/16 | 12/31/15 |
| **Gross rental income** | **459.0** | **453.3** | **197.6** | **177.0** | **204.7** | **201.1** | **113.1** | **107.2** | **61.1** | **94.1** |
| Rental & building expenses | -41.7 | -40.5 | -17.4 | -20.4 | -14.9 | -16.2 | -14.7 | -16.4 | -15.5 | -18.1 |
| **Net rental income** | **417.3** | **412.8** | **180.3** | **156.6** | **189.8** | **184.9** | **98.4** | **90.8** | **45.5** | **76.0** |
| Management and other income | 56.4 | 47.5 | 10.5 | 14.4 | 13.5 | 12.4 | 7.9 | 7.4 | 6.7 | 6.7 |
| Payroll and other general expenses | -70.9 | -70.5 | -23.5 | -29.0 | -23.0 | -25.1 | -13.2 | -15.0 | -14.3 | -29.4 |
| **EBITDA** | **402.9** | **389.8** | **167.2** | **142.0** | **180.3** | **172.2** | **93.1** | **83.1** | **37.9** | **53.4** |
| Depreciation and allowance | -7.2 | -7.4 | -3.1 | -3.7 | -0.6 | -1.8 | -0.7 | -0.5 | 0.4 | -3.0 |
| Change in value of investment properties | 289.4 | 294.8 | 212.7 | 218.5 | 87.9 | 182.1 | 155.6 | 102.2 | 1.8 | -6.2 |
| Income from the disposal of investment properties and equity investments | 6.3 | 4.8 | 33.9 | 3.6 | -0.1 | 0.7 | -14.4 | -0.9 | -0.0 | 2.9 |
| Share in earnings of equity method investments | 8.2 | 1.2 | 11.1 | -7.4 | 44.7 | 53.8 | 1.1 | 0.3 | | |
| **SEGMENT INCOME** | **699.5** | **683.2** | **421.9** | **353.1** | **312.3** | **407.1** | **234.6** | **184.2** | **40.0** | **47.1** |
| Goodwill impairment | | | | | | | | | | |
| Net cost of debt | | | | | | | | | | |
| Change in the fair value of financial instruments | | | | | | | | | | |
| **PROFIT BEFORE TAX** | | | | | | | | | | |
| Corporate income tax | | | | | | | | | | |
| **NET INCOME** | | | | | | | | | | |

*(1) Shopping centers and Other activities.*

| | Germany | | CEE &Turkey | | Unaffected | | Klépierre Group | |
|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | 12/31/16 | 12/31/15 | 12/31/16 | 12/31/15 | 12/31/16 | 12/31/15 | 12/31/16 | 12/31/15 |
| **Gross rental income** | **57.2** | **56.5** | **121.3** | **119.3** | 0.0 | 0.0 | **1,214.0** | **1,208.4** |
| Rental & building expenses | -15.2 | -14.0 | -11.2 | -13.2 | | 0.0 | -130.6 | -138.8 |
| **Net rental income** | **42.0** | **42.4** | **110.1** | **106.1** | | **0.0** | **1,083.4** | **1,069.6** |
| Management and other income | 5.4 | 6.2 | 4.4 | 6.0 | | 0.1 | 104.8 | 100.7 |
| Payroll and other general expenses | -10.0 | -11.2 | -12.8 | -13.3 | -29.9 | -35.8 | -197.6 | -229.4 |
| **EBITDA** | **37.3** | **37.4** | **101.8** | **98.7** | **-29.9** | **-35.8** | **990.6** | **940.9** |
| Depreciation and allowance | -0.4 | -0.2 | -8.4 | -0.9 | | | -20.1 | -17.5 |
| Change in value of investment properties | -38.5 | 34.3 | 119.9 | 57.5 | | | 828.8 | 883.3 |
| Income from the disposal of investment properties and equity investments | | | -2.1 | -12.2 | | | 23.5 | -1.1 |
| Share in earnings of equity method investments | | | 24.4 | 49.6 | | | 89.5 | 97.5 |
| **SEGMENT INCOME** | **-1.6** | **71.5** | **235.5** | **192.7** | **-29.9** | **-35.8** | **1,912.4** | **1,903.1** |
| Goodwill impairment | | | | | | | 0.0 | -922.6 |
| Net cost of debt | | | | | | | -197.7 | -217.1 |
| Change in the fair value of financial instruments | | | | | | | -12.1 | -30.6 |
| **PROFIT BEFORE TAX** | | | | | | | **1,702.5** | **732.9** |
| Corporate income tax | | | | | | | -225.6 | -204.6 |
| **NET INCOME** | | | | | | | **1,476.9** | **528.3** |

## 3.2 Investment properties detailed by operating segment

| *In millions of euros* | Value of investment properties 12/31/2016[1] | Value of investment properties 12/31/2015[1] |
|---|---|---|
| France-Belgium[2] | 8,522.9 | 8,221.4 |
| Scandinavia | 3,606.5 | 3,266.1 |
| Italy | 3,069.7 | 2,973.4 |
| Iberia | 1,772.2 | 1,688.6 |
| The Netherlands | 1,233.6 | 1,137.8 |
| Germany | 939.6 | 1,059.1 |
| CEE & Turkey | 1,528.3 | 1,480.4 |
| **TOTAL** | **20,672.8** | **19,826.6** |

*(1) Including investment properties at fair value and investment properties at cost, excluding investment properties held for sale.*
*(2) Including other activities.*

## 3.3 New investments over the period by operating segment

| *In millions of euros* | Investment properties at fair value | Investment properties at cost | Investments 12/31/2016[1] |
|---|---|---|---|
| **Shopping centers** | **643.8** | **44.6** | **688.4** |
| France-Belgium[2] | 154.9 | 44.4 | 199.3 |
| Scandinavia | 360.8 | 0.2 | 361.0 |
| Italy | 8.5 | | 8.5 |
| Iberia | 5.4 | | 5.4 |
| The Netherlands | 106.8 | | 106.8 |
| Germany | 1.2 | | 1.2 |
| CEE & Turkey | 6.2 | | 6.2 |
| **TOTAL** | **643.8** | **44.6** | **688.4** |

*(1) Investments include acquisitions, capitalized expenses and changes in scope.*
*(2) Including other activities.*

## 3.4 Analysis of capital expenditure of the period

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Acquisitions[1] | 382.7 | 6,896.9 |
| Development[2] | 212.6 | 276.9 |
| Like-for-like portfolio[3] | 64.8 | 23.4 |
| Others[4] | 28.2 | 20.6 |
| **TOTAL** | **688.4** | **7,217.8** |

*(1) As of December 31, 2016 "Acquisitions" line includes, the integration of 100% of Oslo City shopping center (Norway) following the demerger as of January 1st, 2016 and the acquisition of leaseholds in Blagnac.*
*(2) At December 31, 2016 "Development" line includes the investments related to development projects, mainly Hoog Catharijne (the Netherlands), Pantin (France), Le Prado (France), Val d'Europe Extension (France), Centre Bourse (France), and Créteil Soleil (France).*
*(3) At December 31, 2016, "Like-for-like portofolio" line includes the investments on existing investment portfolio.*
*(4) The line "Others" includes eviction costs, tenant incentives, capitalized financial interests, and development fees.*

## NOTE 4 Scope of consolidation

### Accounting policies

#### Scope of consolidation

The Klépierre consolidated financial statements cover all those companies over which Klépierre has 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 starting the date on which the Group gains effective control.

#### Consolidation method

The consolidation method is based on the degree of control exercised by the company:

- control: full consolidation. Control is presumed to exist when Klépierre directly or indirectly holds more than half of the company's voting rights. Control is also presumed to exist where the parent company has the power to direct the financial and 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 and significant influence: consolidation using the equity method. Joint control exists where operational, strategic and financial decisions require unanimous agreement between the associates. The agreement is contractual, subject to bylaws and shareholder agreements. Influence is defined as the power to contribute to a company's financial and operating policy decisions, rather than to exercise 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. Investments in associates are initially recognized in the balance sheet at acquisition cost, and are subsequently adjusted by the share of the net cash generated after the acquisition and the changes in fair value;
- no influence: the company is not consolidated.

Changes in equity of companies consolidated using the equity method are reported on the assets side of the balance sheet under "Equity method investments" and under the corresponding item in shareholder's equity. Goodwill on companies consolidated using the equity method is also reported under "Equity method investments".

#### Intercompany transactions

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

As of December 31, 2016 the Group's scope of consolidation includes 282 companies compared to 309 at December 31, 2015, including 247 fully consolidated companies and 35 companies consolidated under the equity method (see note 11.8).

In accordance with IFRS 12, the Group discloses its control assessment to define the nature of its interest held in its subsidiaries and the associated risks (see note 9.4).

### 4.1 Main events of the year 2016

- Steen & Strøm, the 56.1% Scandinavian controlled subsidiary of Klépierre, jointly with its partner Entra, completed the acquisition of the Oslo City shopping center on December 31, 2015. According to the initial Shareholder's Agreement, Steen & Strøm and Entra proceeded to the demerger of the holding company that previously owned the Oslo City assets by creating two new legal entities in 2016. This operation is treated as a Business Combination according to the revised IFRS 3 standard. Following the demerger, the company Oslo City Kjøpsenter AS whose only asset is the shopping center, is 100% owned by Steen & Strøm and fully consolidated by Klépierre. The other newly created company Oslo City Parkering AS owns 50% of the parking lot. This company is 100% owned by Steen & Strøm and fully consolidated by Klépierre.
- For Oslo City Kjøpsenter AS – owner of the shopping center – the net amount of the identifiable assets and liabilities acquired at their fair value at the acquisition date was 283 million euros. The 34.6 million euro goodwill is justified by the difference between the deferred tax liability recorded according to IAS 12 and the deferred tax expected from a tax efficient disposal scheme. Since the acquisition date, Oslo City shopping center has contributed with 18 million euros to the Group's gross rental income and 17.0 million euros to net rental income.
- For Oslo City Parkering AS – owner of the parking lot – the net amount of the identifiable assets and liabilities at their fair value at the acquisition date was 14.8 million euros. Since the acquisition date, Oslo City parking has contributed with 0.9 million euros to the Group's gross rental income and 0.8 million euros to net rental income.
- On November 7, 2016, Steen & Strøm completed the sale of two shopping centers: Åsane Storsenter (49.9% stake held by Steen & Strøm) in Norway and Torp Köpcentrum in Sweden. As a consequence, four Norwegian companies (Asane Storesenter Drift AS, Asane Storesenter DA, Asane Kontorutvikling AS and Asane Senter AS) and four Swedish companies (FAB Uddevallatorpet, Vastra Torp Mark AB, NorthMan Sverige AS and Masscenter Torp AB) were sold and excluded from the scope of consolidation.

- On September 12, 2016, the Hungarian company Debrecen 2002 Kft owning the Debrecen Plaza shopping center was sold.
- During the year, twenty-three empty companies have been merged or liquidated:
  - eight companies in France: SARL Proreal, SNC KC7, SNC Kletransactions, SNC Lyon Arc, SNC Les Ailes, SNC Aulnes Developpement, SCI KupKaC, SNC KupkaV et Cie;
  - six companies in Norway: Farmandstredet Senter AS, Lille Eiendom AS, Farmandstredet ANS, Gulskogen Prosjekt & Eiendom AS, Gulskogen Senter ANS, Hovlandbanen AS;
  - two companies in Belgium: Les Bureaux de l'Esplanade II SA, Place de l'Accueil SA;
  - two companies in The Netherlands: Klementine B.V., Klépierre Services B.V.;
  - two companies in Luxembourg: International Shopping Centre SA, Klépierre Luxembourg SA;
  - one company in Greece: Klépierre Larissa;
  - one company in Hungary: Zalaegerszeg Plaza Kft;
  - one company in Poland: Krakow Spzoo.
- During the year, five new companies have been created:
  - three companies in France and in Belgium: Klépierre Procurement International, Klépierre Management Belgique, Klépierre Finance Belgique;
  - two companies in Scandinavia: Gulskogen Senter AS, Phasmatidae Holding AB.

## NOTE 5 Notes to the financial statements: balance sheet

### 5.1 Goodwill

#### Accounting policies

##### Accounting for business combination

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

To decide whether a transaction is a business combination the Group considers whether an integrated set of activities is acquired besides the investment property. The criteria applied may include the number of property assets held by the target company, the extent of the acquired processes and, particularly, the auxiliary services provided by the acquired entity. If the acquired assets are not a business, the transaction is recorded as an asset acquisition.

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

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

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

As regards the treatment of deferred tax assets, a gain in income for deferred tax assets unrecognized at the acquisition date or during the measurement period must be recognized.

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

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

Transactions that do not affect control (additional acquisition or disposal) is accounted for as an equity transaction between the group share and the non-controlling interest share without an impact on profit or loss and/or a goodwill adjustment."

### Goodwill Subsequent Measurement and Impairment

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

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

### Goodwill corresponding to optimized value of deferred taxes

This goodwill results from the recognition of deferred taxes at business combination accounting date. It represents the difference between the deferred tax liabilities booked in the balance sheet according to IAS 12 and the expected tax to be paid in case of sale by mean of share deal. As a consequence, impairment tests performed on this goodwill at each closing consist on comparing its net book value with the amounts of expected deferred taxes optimization.

### Goodwill of management activities

This goodwill relates to management activities. Impairments test are performed annually and are based on valuations as performed by independent external appraisal. These appraisals, which are performed on behalf of Klépierre by Accuracy, are based on the Discounted Cash Flow (DCF) method in every country where the Klépierre Group conducts management activity. This method consists of three stages.

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

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

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

The impairment test done at least annually by an external appraiser consists in comparing the net book asset value of the entities with the net asset value measured by the independent appraiser.

The main assumptions used to calculate the enterprise value are the following:

- the discount rate applied is 7.6% (the same rate as of December 31, 2015);
- the free cash-flows over the duration of the business plan are based on business volume and operating margin assumptions that take into account economic and market assumptions on the date on which the plan was established;
- a growth rate for the 2017-2022 period based on the assumptions of the internal business plan approved by the management;
- Klépierre Management's end value was determined with a growth rate applied from 2022 of 1%.

| *In millions of euros* | 12/31/2015 | Change in scope & Other movements | Disposals, retirement of assets | Impairment | Goodwill allocation | 12/31/2016 |
|---|---|---|---|---|---|---|
| Corio | 440.3 | 42.3 | | | -482.6 | |
| **Goodwill Management Activities:** | **84.9** | **0.6** | **-** | **-** | **175.3** | **260.7** |
| France | 52.4 | | | | 65.3 | 117.7 |
| Italy | 8.4 | | | | 45.3 | 53.7 |
| Spain | 10.9 | | | | 21.1 | 32.0 |
| Portugal | | | | | 7.4 | 7.4 |
| The Netherlands | | | | | 18.3 | 18.3 |
| Germany | | | | | 14.8 | 14.8 |
| Turkey | | | | | 3.1 | 3.1 |
| Scandinavia | 9.8 | 0.6 | | | | 10.4 |
| Hungary | 3.4 | - | | | | 3.4 |
| **Deferred taxes Goodwill:** | **87.4** | **-7.0** | **-** | **-** | **307.3** | **387.6** |
| Corio | | | | | 307.3 | 307.3 |
| Plenilunio | 46.9 | -45.4 | | | | 1.4 |
| IGC | 35.7 | | | | | 35.7 |
| Oslo City | | 38.4 | | | | 38.4 |
| Other | 4.9 | | | | | 4.9 |
| **NET GOODWILL** | **612.5** | **35.8** | | | | **648.4** |

At December 31, 2016 goodwill totaled 648.4 million euros, compared to 612.5 million euros at December 31, 2015. The change in scope is mostly related to the Oslo City acquisition (see note 4.1). The goodwill recognized on Oslo City transaction represents the difference between the deferred tax liability on the investment property recorded according to IAS 12 and the one expected from a most tax efficient disposal scheme. The other movements correspond to foreign exchange rate changes and impacts of final purchase price allocation for deferred taxes.

In accordance with IAS 36, the Group finalized the allocation of the Corio goodwill to the cash generating units or groups of cash generating units that are expected to benefit from the synergies of combination. Based on the nature of the Corio Goodwill and the level at which it is monitored for internal management purposes, the Corio goodwill has been allocated:

- cash generating unit per country for the part of the goodwill corresponding to management activities for a total amount of 175.3 million of euros;
- cash generating unit per individual investment properties for the goodwill corresponding to the optimized value of deferred taxes for a total amount of 307.3 million euros.

### Impairment tests

The goodwill was subject to impairment test as of December 2016 and no impairment was identified.

A sensitivity analysis of the impairment test has been conducted for the goodwill of the management activities to measure the impact of the new criteria used for calculation. If the discount rate increased by +0.5%, the value of the management activities would increase by 24.8 million euros without any impact on the book value of goodwill. If the discount rate decreased by -0.5%, the value of the management activities would decrease by 21.4 million euros and consequently the impact on the book value of goodwill would be a decrease of 20 million euros.

### 5.2 Intangible assets

#### Accounting policies

##### Intangible assets

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

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

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

##### Impairment of intangible assets

After initial recognition, other intangible assets are recognized at cost, less any related depreciation and impairment losses. Intangible assets with finite useful lives are straight-line depreciated over their useful life.

Useful lives are examined annually and an impairment test is conducted if there is any indication of impairment. Intangible assets with an indefinite useful life are not amortized. The indefinite nature of the useful life is reviewed annually. These assets are tested for impairment annually, or if there is any indication of impairment, by comparing the book value against the recoverable value. In the event of impairment, an impairment loss is recognized in income. The Klépierre Group's intangible assets are not subject to an external appraisal.

"Software" includes softwares in service as well as ongoing projects. The change of this item is related to the deployment of the Group's new softwares and applications.

| *In millions of euros* | 12/31/2015 | Acquisitions and capitalised expenses | Reduction by disposals, retirement of assets | Allowances for the period | Currency fluctuations | Changes in the scope of consolidation | Other movements, reclassification | 12/31/2016 |
|---|---|---|---|---|---|---|---|---|
| Leasehold right | 2.8 | | | | | | | 2.8 |
| Goodwill | 3.6 | | | | 0.2 | | 0.4 | 4.2 |
| Software | 76.0 | 10.1 | -1.1 | | 1.0 | | 0.3 | 86.3 |
| Concessions, patents and similar rights | 1.7 | | | | | | | 1.7 |
| Other intangible assets | 5.4 | 0.3 | -0.2 | | | | -0.1 | 5.4 |
| **Total gross value** | **89.5** | **10.4** | **-1.3** | | **1.2** | | **0.6** | **100.4** |
| Leasehold right | -0.8 | | | -0.1 | | | | -0.9 |
| Goodwill | -1.8 | | | -0.1 | -0.2 | | -0.4 | -2.5 |
| Software | -36.1 | | 1.1 | -10.8 | -0.4 | | -0.2 | -46.4 |
| Concessions, patents and similar rights | -1.2 | | | | | | | -1.2 |
| Other intangible assets | -4.0 | | | -0.2 | | | | -4.2 |
| **Total depreciation and amortization** | **-43.8** | | **1.1** | **-11.2** | **-0.6** | | **-0.6** | **-55.2** |
| **INTANGIBLE ASSETS – NET VALUE** | **45.7** | **10.4** | **-0.2** | **-11.2** | **0.6** | **-** | **-** | **45.2** |

### 5.3 Property, plant and equipment

#### Accounting policies

##### Property, plant and equipment

According to IAS 16, property plant and equipment are valued at their historic cost, less cumulative depreciation and any decreases in value. Depreciation is calculated using the useful life of each operating assets class. Property, plant and equipment include operating assets such as fixtures and other office equipment.

| *In millions of euros* | **12/31/2015** | **Acquisitions and capitalized expenses** | **Reduction by disposals, retirement of assets** | **Allowances for the period** | **Currency fluctuations** | **Changes in the scope of consolidation** | **Other movements, reclassification** | **12/31/2016** |
|---|---|---|---|---|---|---|---|---|
| Non-depreciable assets | | | | | | | | |
| Depreciable assets and work in progress | 48.3 | 0.9 | -1.4 | | -1.0 | -0.7 | -6.1 | 40.0 |
| **Total gross value** | **48.3** | **0.9** | **-1.4** | | **-1.0** | **-0.7** | **-6.1** | **40.0** |
| Depreciable assets | -27.7 | | 1.2 | -3.6 | 0.4 | 0.7 | 5.0 | -24.0 |
| **Total depreciation and amortization** | **-27.7** | | **1.2** | **-3.6** | **0.4** | **0.7** | **5.0** | **-24.0** |
| Impairment | | | | | | | | |
| **PROPERTY, PLANT AND EQUIPMENT AND WORK IN PROGRESS – NET VALUE** | **20.6** | **0.9** | **-0.2** | **-3.6** | **-0.6** | **-** | **-1.1** | **16.0** |

## 5.4 Investment properties

### Accounting policies (IAS 40 & IFRS 13)

#### Investment properties

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

Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

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

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

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

- the provisions of the construction contract;
- the stage of completion;
- the level of reliability of cash inflows after completion.

Additions to investment properties consist of capital expenditures, evictions costs, capitalized financial interests, letting fees and other internal costs related to development. Certain internal staff and associated costs directly attributable to the management of major schemes during the construction phase are also capitalized.

The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

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

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

## Borrowing costs

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

When a loan is not directly attributable to an asset, Klépierre uses the capitalization rate applied to the expenses related to the asset in order to measure the attributable cost; if several non-specific borrowing lines exist, the capitalization rate is the weighted average rate of those loans observed during fiscal year 2016.

## Fair value of investment property

The fair value of Klépierre's investment properties is appraised by the independent professionally qualified appraisers who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. They are responsible for valuing the Group's assets on June 30 and December 31 of each year.

The fair value excludes transfer duties and fees (fees are measured on the basis of a direct sale of the asset, even though these costs can, in some cases, be reduced by selling the company that owns the asset). The fair values are determined in compliance with evaluation rules described in IFRS 13. In addition, given the complexity of real estate asset valuations and the nature of certain non-public data (such as rental growth projection, capitalization and actualization rates), the fair values of the investment properties have been classified as level three according to IFRS 13 criteria. Accordingly, there are no transfers of properties between the fair value hierarchies.

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.

Klépierre entrusts the task of appraising its real estate assets to various appraisers.

Shopping centers are appraised by:

- Jones Lang LaSalle (JLL) appraises a part of French portfolio, all Greek and Belgian assets, most of the Italian portfolio and 4 assets in Turkey;
- CBRE appraises 11 French assets, all Portuguese and Spanish assets, 12 Italian assets and 2 Dutch assets;
- BNP Paribas Real Estate appraises all German assets;
- Savills appraises the Italian assets of the K2 fund;
- C&W appraises a part of French portfolio, all Danish, Swedish, and Norwegian assets, all the Eastern Europe assets (Poland, Hungary, Czech Republic and Slovakia), 4 Dutch assets, three Turkish assets and Porta di Roma in Italy.

Retail assets are appraised by BNP Paribas Real Estate.

All appraisals are conducted in accordance with the principles of the Charte de l'Expertise en Evaluation Immobilière, AMF recommendations of February 8, 2010 and RICS standards. The fees paid to appraisers, agreed prior to their appraisal of the properties concerned, are fixed on a lump sum basis to reflect the number and complexity of the assets appraised. The fee is entirely unrelated to the appraised value of the assets concerned.

| *In thousands of euros* | **Appraisal fees** |
|---|---|
| Cushman & Wakefield | 446.4 |
| CBRE | 256.7 |
| Jones Lang LaSalle | 270.7 |
| BNP Paribas Real Estate | 128.1 |
| Savills | 16.7 |
| **TOTAL** | **1 118.7** |

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

All Klépierre Group assets are systematically appraised using two methods: yield method and discounted cash-flows.

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

The present value of rebates on minimum guaranteed rent payments, expenses payable on currently vacant premises and non-chargeable work is then deducted from the fair market value calculated above.

A standard vacancy rate is then defined for each asset. The discount rate applied is the same as the yield rate used in the fair market value calculation.

Gross rent includes the minimum guaranteed rent, the variable part of the rent and the market rental price for vacant properties. The net total rent is calculated by deducting the following expenses from the gross rent: management charges, non-reinvoiced charges, expenses relating to provisions for vacant premises and the average loss on bad debts over the previous five years.

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

The discounted cash-flows method calculates the value of an asset as the sum of discounted future cash-flows based on a discount rate defined by the appraiser.

The appraiser estimates anticipated total revenues and expenses relating to the asset, and then measures a "terminal value" at the end of an average ten-year analytical period. By comparing the market rental values with face rental values, the appraiser assesses the reversion potential of the asset, using 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 present value of the property.

The discount rate adopted reflects the market risk-free rate (ten-year government bond) plus a property market risk and liquidity premium and an asset-specific premium reflecting the location, specification and tenancy of each building.

### 5.4.1 Investment properties at fair value

| *In millions of euros* | |
|---|---|
| **INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 12/31/2015** | **18,750.5** |
| Acquisition | |
| Entries in the scope of consolidation | 347.2 |
| Investments | 290.4 |
| Capitalized interests | 6.2 |
| Disposals and exits from the scope of consolidation | -239.3 |
| Other movements, reclassifications | 437.0 |
| Currency fluctuations | -45.5 |
| Fair value variations | 843.8 |
| **INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 12/31/2016** | **20,390.2** |

The line "Entries in the scope of consolidation" is related to the first consolidation of the Oslo City shopping center (see note 4.1).

The investments of the period for 290.4 million euros, as described in note 1.1, are mainly related to development projects evaluated at fair value and the renovation and refurbishments expenditures on the existing investment property portfolio.

Disposals and exits from the scope of consolidation for -239.3 million of euros, corresponds to the disposals described in note 1.2 that were not classified as investment property available for sale in the opening balance. Investments properties at fair value sold are, the three Spanish assets Espacio Torrelodones, Ruta de la Plata & Sexta Avenida, the Swedish asset Torp Köpcentrum, the Hungarian Shopping center Debrecen Plaza and several retail units in France.

The "Other movements, reclassifications" item represents the net balance arising from the reclassification of "Investment properties at fair value" to the "Investment properties held for sale" item (see note 5.4.3) and from the "Investment properties at cost" item.

The table below presents the quantitative information used to determine the fair value of assets for the purposes of the impairment tests performed on investment properties:

| | | 12/31/2016 | | | | |
|---|---|---|---|---|---|---|
| **Shopping centers** | | **EPRA NIY[(1)]** | **Annual rent in euros per sq.m.[(2)]** | **Discount rate[(3)]** | **Exit rate[(4)]** | **CAGR of NRI[(5)]** |
| **France/Belgium** | Maximum | 8.5% | 1,685 | 9.0% | 7.8% | 10.8% |
| | Minimum | 3.6% | 110 | 5.4% | 4.0% | 1.5% |
| | *Weighted average* | 4.4% | 374 | 6.2% | 4.7% | 2.8% |
| **Italy** | Maximum | 8.1% | 544 | 9.1% | 7.5% | 2.3% |
| | Minimum | 4.8% | 187 | 5.5% | 5.0% | -0.5% |
| | *Weighted average* | 5.5% | 362 | 7.0% | 5.8% | 1.7% |
| **Scandinavia** | Maximum | 5.4% | 800 | 8.8% | 6.8% | 8.7% |
| | Minimum | 3.4% | 150 | 6.4% | 4.4% | 1.8% |
| | *Weighted average* | 4.5% | 303 | 7.1% | 4.9% | 2.6% |
| **The Netherlands** | Maximum | 8.0% | 362 | 8.5% | 9.7% | 5.2% |
| | Minimum | 4.6% | 90 | 6.0% | 5.8% | -1.3% |
| | *Weighted average* | 5.2% | 242 | 6.3% | 6.2% | 2.1% |
| **Iberia (Spain, Portugal)** | Maximum | 14.0% | 604 | 16.5% | 10.5% | 5.0% |
| | Minimum | 4.0% | 74 | 7.1% | 4.8% | 1.2% |
| | *Weighted average* | 5.0% | 253 | 7.8% | 5.8% | 4.7% |
| **Germany** | Maximum | 5.2% | 253 | 6.6% | 5.5% | 2.8% |
| | Minimum | 4.3% | 213 | 4.9% | 4.3% | -0.4% |
| | *Weighted average* | 4.5% | 234 | 5.3% | 4.5% | 0.8% |
| **CEE & Turkey** | Maximum | 10.7% | 1,127 | 17.0% | 10.8% | 16.5% |
| | Minimum | 4.6% | 86 | 6.5% | 4.8% | -0.8% |
| | *Weighted average* | 6.8% | 231 | 9.3% | 7.3% | 2.8% |
| **TOTAL** | **MAXIMUM** | **14.0%** | **1,685** | **17.0%** | **10.8%** | **16.5%** |
| | **MINIMUM** | **3.6%** | **74** | **4.9%** | **4.0%** | **-1.3%** |
| | **WEIGHTED AVERAGE** | **4.9%** | **320** | **6.8%** | **5.2%** | **2.6%** |

*EPRA Net Initial Yield, discount rate and exit rate weighted by shopping center portfolio appraised (including duties, group share):*

*(1) The EPRA Net Initial Yield is calculated as the Annualized rental income based on the passing cash rents, less non-recoverable property operating expenses, divided by the market value of the property TTi (including duties).*

*(2) Average annual rent (minimum guaranteed rent + sales based rent) per asset per sq.m.*

*(3) Rate used to calculate the net present value of future cash-flows*

*(4) Rate used to capitalize the exit rent to determine the exit value of an asset*

*(5) Compounded Annual Growth Rate of NRI determined by the appraiser at 10 years.*

Based on an asset fair value group share including duties, the EPRA Net Initial Yield of Klépierre amounts to 4.9% as of December 31, 2016.

A change of +10 bps of the EPRA Net Initial Yield would result in a decrease of circa 355 million euros of the total shopping centers portfolio appraised.

## 5.4.2 Investment properties at cost

| *In millions of euros* | |
|---|---|
| **INVESTMENT PROPERTIES AT COST MODEL – NET VALUE AS OF 12/31/2015** | **1,076.1** |
| Investments | 38.0 |
| Capitalized interests | 6.6 |
| Disposals and exits from the scope of consolidation | -80.6 |
| Other movements, reclassifications | -730.2 |
| Currency fluctuations | 0.4 |
| Impairments and reversals | -27.7 |
| **INVESTMENT PROPERTIES AT COST MODEL – NET VALUE AS OF 12/31/2016** | **282.6** |

Main investment properties at cost as of December 31, 2016 are:

- in France: the Prado shopping center project, located in the heart of Marseille;
- in Germany: building rights related to a project in Köln;
- in Scandinavia: a project under construction in Kristianstad and a land in Odense.

The "Other movement and reclassifications" item is mainly related to the reclassification of the Hoog Catharijne project between investment properties at cost and investment properties at fair value.

### 5.4.3 Investment properties held for sale

**Accounting policies**

**Investment properties held for sale**

Investment properties under promise or mandate of sale are presented according to IFRS 5.

The accounting impacts are as follows:

- reclassification as held for sale at the lower of its carrying amount and fair value less costs to sell;
- investment properties concerned are presented separately in current assets.

| *In millions of euros* | |
|---|---|
| **INVESTMENT PROPERTIES HELD FOR SALE – NET VALUE AS OF 12/31/2015** | **23.9** |
| Investments | |
| Disposals and exits from the scope of consolidation | -6.7 |
| Other movements, reclassifications | 266.7 |
| Currency fluctuations | 1.5 |
| Fair value variations | -0.9 |
| **INVESTMENT PROPERTIES HELD FOR SALE – NET VALUE AS OF 12/31/2016** | **284.4** |

During the year 2016, the Italian shopping center in Capodrise and the French warehouse in Clamart were sold.

As of December 31, 2016, investment properties held for sale mainly include the Lillestrøm Torv shopping center in Norway, the Emporia offices in Sweden, the Arneken Gallery in Hildesheim Germany, the Charras shopping center in Courbevoie and sixteen other retail units in France.

### 5.4.4 Investment property portfolio reconciliation

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

| | **12/31/2016** | | | |
|---|---|---|---|---|
| *In millions of euros* | **Investment properties held by fully consolidated companies** | **Investment properties held by equity method companies** | **Optimization of tax duties** | **Total Portfolio valuation (Group share)** |
| Investment Properties at Fair Value | 20,390.2 | 1,410.9 | 398.3 | 22,199.4 |
| Investment Properties at Cost | 282.6 | | | 282.6 |
| Investment Properties Held for Sale | 284.4 | | | 284.4 |
| – Ground leases | 29.7 | 13.3 | | 43.0 |
| – Operating lease incentives | 6.3 | 0.8 | | 7.2 |
| **TOTAL** | **20,993.3** | **1,425.0** | **398.3** | **22,816.6** |

## 5.5 Equity method investments

| *In millions of euros* | **12/31/2015 Group share** | **Share in net income 2016** | **Dividends received** | **Capital increases and reductions** | **Currency fluctuations** | **Changes in scope of consolidation and other movements** | **12/31/2016 Group share** |
|---|---|---|---|---|---|---|---|
| Investments in jointly-controlled companies | 1,207.7 | 63.5 | 16.7 | -18.0 | 14.1 | -445.2 | 838.8 |
| Investments in companies under significant influence | 248.2 | 26.0 | -13.5 | | -32.0 | | 228.7 |
| **EQUITY METHOD INVESTMENTS** | **1,455.9** | **89.5** | **3.2** | **-18.0** | **-17.9** | **-445.2** | **1,067.5** |

Thirty-five companies are consolidated under the equity method (see note 11.8 Detail of consolidated entities) as of December 31, 2016, of which twenty-eight are jointly controlled and seven are under significant influence.

The column "Changes in scope of consolidation and other movements" mainly reflects two variations:

- the transfer of the company which owned the Oslo City assets (Norway) from equity method investments to full consolidation, subsequently to the demerger described in note 4.1;
- the sale of the 49.9% stake in the Åsane Storsenter shopping center in Bergen (Norway).

The main elements of the balance sheet and income statement of joint ventures or jointly-controlled companies[1] are presented below (the values shown below include consolidation restatements):

| *In millions of euros* | 12/31/2016 100% | 12/31/2016 Group share | 12/31/2015 100% | 12/31/2015 Group share |
|---|---|---|---|---|
| Non-current assets | 2,466.4 | 1,216.2 | 3,140.0 | 1,648.9 |
| Current assets | 83.2 | 41.3 | 107.4 | 51.9 |
| Cash and cash equivalents | 114.3 | 56.2 | 76.7 | 37.8 |
| Non-current external financial liabilities | -138.4 | -66.6 | -151.1 | -72.9 |
| Non-current financial liabilities Group and Partners | -616.2 | -308.2 | -662.5 | -331.2 |
| Non-current liabilities | -165.7 | -86.1 | -156.2 | -89.5 |
| Current external financial liabilities | -12.3 | -6.1 | -11.5 | -5.7 |
| Current liabilities | -13.5 | -7.7 | -51.6 | -31.7 |
| **NET ASSETS** | **1,717.8** | **838.8** | **2,291.3** | **1,207.7** |

| *In millions of euros* | 12/31/2016 100% | 12/31/2016 Group share | 12/31/2015 100% | 12/31/2015 Group share |
|---|---|---|---|---|
| Revenues from ordinary activities | 158.2 | 78.2 | 160.1 | 79.1 |
| Operating expenses | -32.9 | -16.3 | -9.3 | -4.5 |
| Change in value of investment properties | 75.8 | 37.4 | -25.4 | -12.8 |
| Financial income | -23.5 | -11.7 | -26.1 | -13.0 |
| Profit before tax | 177.6 | 87.6 | 99.2 | 48.8 |
| Tax | -48.2 | -24.1 | -5.2 | -2.6 |
| **NET INCOME** | **129.4** | **63.5** | **94.0** | **46.3** |

Klépierre's share in the external net debt (current and non-current external financial liabilities adjusted by cash) of its jointly-controlled companies amounts to 16.5 million euros as of December 31, 2016, compared to 40.8 million euros as of December 31, 2015.

The key balance sheet and income statement data for companies consolidated using the equity method under significant influence[2] are shown below:

| *In millions of euros* | 12/31/2016 100% | 12/31/2016 Group share | 12/31/2015 100% | 12/31/2015 Group share |
|---|---|---|---|---|
| Non-current assets | 487.3 | 225.6 | 518.2 | 242.3 |
| Current assets | 7.0 | 3.1 | 4.2 | 1.9 |
| Cash and cash equivalents | 7.8 | 3.6 | 13.6 | 6.3 |
| Non-current external financial liabilities | -4.1 | -1.9 | -0.2 | -0.1 |
| Non-current financial liabilities Group and Partners | -0.7 | -0.3 | -1.7 | -0.5 |
| Non-current liabilities | -1.5 | -0.6 | -1.4 | -0.7 |
| Current external financial liabilities | -0.1 | 0.0 | 0.0 | 0.0 |
| Current liabilities | -1.5 | -0.7 | -2.7 | -1.1 |
| **NET ASSETS** | **494.2** | **228.7** | **530.0** | **248.2** |

| *In millions of euros* | 12/31/2016 100% | 12/31/2016 Group share | 12/31/2015 100% | 12/31/2015 Group share |
|---|---|---|---|---|
| Revenues from ordinary activities | 40.1 | 17.9 | 41.2 | 18.5 |
| Operating expenses | -14.3 | -6.5 | -14.8 | -6.8 |
| Change in value of investment properties | 30.1 | 14.2 | 83.0 | 38.8 |
| Financial income | 0.9 | 0.4 | 1.3 | 0.6 |
| Profit before tax | 56.8 | 26.0 | 110.6 | 51.2 |
| Tax | | | | |
| **NET INCOME** | **56.8** | **26.0** | **110.6** | **51.2** |

(1) *Cécobil SCS, Du Bassin Nord SCI, Le Havre Vauban SNC, Le Havre Lafayette SNC, La Plaine du Moulin à Vent SCI, Girardin SCI, Société Immobilière de la Pommeraie SC, Parc de Coquelles SNC, Kleprim's SCI, Celsius Le Murier SNC, Celsius Haven SNC, Pivoines SCI, Clivia S.p.A, Galleria Commerciale Il Destriero S.p.A, CCDF S.p.A, Galleria Commerciale Porta di Roma S.p.A, Galleria Commerciale 9 S.r.l, Italian Shopping Centre Investment S.r.l, Holding Klege S.r.l, Nordbyen Senter 2 AS, Metro Senter ANS, Økern Sentrum Ans, Økern Eiendom ANS, Metro Shopping AS, Nordbyen Senter DA, Økern Sentrum AS, Nordal ANS, Klege Portugal SA.*

(2) *La Rocade SCI, La Rocade Ouest SCI, Du Plateau SCI, Achères 2000 SCI, Le Champs de Maïs SC, Société du bois des fenêtres SARL, Akmerkez Gayrimenkul Yatirim Ortakligi AS.*

## 5.6 Other non-current assets

| *In millions of euros* | 12/31/2015 | Newly consolidated | Increases | Reductions | Other | 12/31/2016 |
|---|---|---|---|---|---|---|
| Other long-term investments | 0.1 | | | -0.0 | 0.0 | 0.1 |
| Loans and advances to non-consolidated companies and companies consolidated using the equity method | 354.6 | | 18.2 | -38.3 | 0.8 | 335.3 |
| Loans | 0.2 | | | -0.1 | -0.0 | 0.2 |
| Deposits | 15.6 | | 2.2 | -3.8 | -0.0 | 14.0 |
| Other long-term financial investments | 1.3 | | | | | 1.3 |
| **TOTAL** | **371.8** | **-** | **20.4** | **-42.2** | **0.8** | **350.8** |

## 5.7 Trade accounts and notes receivable

### Accounting policies

#### Trade and other receivables

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.

Trade accounts include the effect of spreading lease incentives (stepped rents and rent-free periods) granted to tenants. All receivables have a maturity of less than one year, except stepped rents and rent-free periods which are spread over the fixed term of the lease.

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Trade receivables | 200.3 | 216.7 |
| Stepped rents and rent-free periods of leases | 24.3 | 18.7 |
| **Gross value** | **224.6** | **235.4** |
| Provisions on bad debts | -72.1 | -71.1 |
| **NET VALUE** | **152.6** | **164.3** |

## 5.8 Other receivables

| | 12/31/2016 | | | 12/31/2015 |
|---|---|---|---|---|
| *In millions of euros* | Total | Less than one year | More than one year | Total |
| **Tax receivables** | **180.4** | **180.1** | **0.2** | **180.4** |
| Corporate income tax | 76.0 | 76.0 | | 50.8 |
| VAT | 95.5 | 95.2 | 0.2 | 120.5 |
| Other tax receivable | 8.9 | 8.9 | | 9.1 |
| **Other receivables** | **220.7** | **178.6** | **42.1** | **199.9** |
| Service charges due | 1.6 | 1.6 | | 2.1 |
| Down payments to suppliers | 57.8 | 57.6 | 0.2 | 30.3 |
| Prepaid expenses | 49.1 | 18.3 | 30.7 | 15.2 |
| Funds from principals | 85.2 | 85.2 | | 74.8 |
| Other | 27.0 | 15.9 | 11.1 | 77.5 |
| **TOTAL** | **401.1** | **358.8** | **42.3** | **380.3** |

The VAT item includes outstanding refunds from local tax authorities in respect of recent acquisitions or construction projects in progress.

Upfront payments on building leases or emphyteutic rights are amortized over the lifetime of the lease and recognized under prepaid expenses, totaling 29.7 million euros.

Funds managed by Klépierre Management on behalf of its principals stand at 85.2 million euros as of December 31, 2016 compared to 74.8 million euros as of December 31, 2015. The management accounts of the principals are recognized under "Other liabilities" (see note 5.14) for the same amount.

### 5.9 Cash and cash equivalents

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| *Cash equivalents* | *7.1* | *4.9* |
| Treasury and certificates of deposit | 1.0 | 1.0 |
| Money market investments | 6.1 | 3.9 |
| *Cash* | *571.7* | *408.7* |
| **Gross cash and cash equivalents** | **578.8** | **413.7** |
| **Bank overdrafts** | **-110.9** | **-265.1** |
| **NET CASH AND CASH EQUIVALENTS** | **467.9** | **148.6** |

Cash equivalents are composed of French UCITS-type monetary funds for 6.1 million euros and Italian treasury bills for 1 million euros.

### 5.10 Shareholders' equity

#### 5.10.1 Share Capital and additional paid-in capital

At December 31, 2016, the capital was represented by 314,356,063 shares each of 1.40 euro par value. The capital is fully paid up. Shares are either registered or bearer.

| *in euros* | Number of shares | Capital | Issue premiums | Merger premiums | Other premiums |
|---|---|---|---|---|---|
| As of January 1, 2016 | 314,356,063 | 440,098,488 | 4,906,584,901 | 310,095,156 | 601,384,000 |
| Issuing of new shares over the 2016 year | | | | | |
| **AS OF DECEMBER 31, 2016** | **314,356,063** | **440,098,488** | **4,906,584,901** | **310,095,156** | **601,384,000** |

#### 5.10.2 Treasury shares

**Accounting policies**

**Treasury shares**

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

| | 12/31/2016 | | | | 12/31/2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stock options | Free shares | Liquidity | External growth | Stock options | Free shares | Liquidity | External growth |
| Number of shares | 634,801 | 852,625 | 155,831 | 885,195 | 958,940 | 847,363 | 207,035 | 885,195 |
| *Of which allocated* | *426,498* | *852,625* | | | *591,321* | *847,363* | | |
| Acquisition value *(in millions of euros)* | 17.9 | 25.4 | 5.4 | 18.3 | 29.5 | 22.2 | 8.3 | 18.3 |
| Income from sale *(in millions of euros)* | -5.0 | | -1.7 | | -4.1 | | 7.3 | |

#### 5.10.3 Other consolidated reserves

The decrease of other consolidated reserves is mainly due to the dividend distribution for 530 million euros partly compensated by the appropriation of the profit of the fiscal year 2015 for 274.7 million euros.

#### 5.10.4 Non-controlling interests

Non-controlling interests increased by 226.8 million euros during the fiscal year 2016. The main changes are related to the net income of the period of non-controlling interests (285.7 million euros) and the payment of the dividends (-48.2 million euros).

## 5.11 Current and non-current financial liabilities

### 5.11.1 Change in indebtedness

#### Accounting policies

##### Financial assets and liabilities

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

Financial liabilities include borrowings, other forms of financing, 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 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.

**Available-for-sale financial assets**

Available-for-sale financial assets include equity interests held 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 cash equivalents**

Cash and cash equivalents include cash held in bank accounts, short-term deposits maturing in less than three months, money market funds and other marketable 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 bonds and debt issuance expenses are deducted from the nominal value of the loans concerned and incorporated into the calculation of the effective interest rate.

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

Changes in the fair value of (the effective portion of) swaps used as fair value hedges are 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**

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

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

- hedges to cover balance sheet items whose fair value fluctuates in response to interest rate, credit or exchange rate risks (fair value hedge);
- 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 Klépierre 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 in 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 aims at reflecting the time value of financial instruments as closely as possible by ensuring that, wherever possible, instruments with a deferred start date are recognized on the trade date, thus allowing calculation of the deferred start date.

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

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

Klépierre applies the following rules:

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

### Method used to calculate fair value of financial instruments

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 quoted on an active market are available on the closing date, 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 of financial instruments

In Klépierre’s case:

- the non-SIIC part of the deferred tax on financial instruments recognized at fair value is calculated pro rata of net financial income;
- the financial instruments of foreign subsidiaries recognized at fair value generate a deferred tax calculation on the basis of the rates applying in the country concerned.

Current and non-current financial liabilities amount to 9,308 million euros as of December 31, 2016.

Net indebtedness totaled 8,613 million euros, compared to 8,857 million euros at December 31, 2015. Net indebtedness is the difference between financial liabilities (excluding both fair value hedge and the market value adjustment of Corio’s debt recorded at the acquisition date) plus bank overdrafts minus available cash and marketable securities.

The 244 million euro decrease is mainly explained by:

- Klépierre paid a 530 million euro dividend in April 2016;
- total investments amounted to 324 million euros including development expenses mainly on Hoog Catharijne, Val d'Europe and Marseille Prado. In the meantime, Klépierre collected 452 million euros related to asset disposals in France, Scandinavia, Spain & Central Europe;
- the free cash-flow, non-controlling interest, early close out costs on debt and financial instruments contributed to reduce net debt by 670 million euros;
- the appreciation of the euro against the Scandinavian currencies generated 25 million euros of positive foreign-exchange impact on debt.

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Non-current** | | |
| Bonds net costs/premiums | 5,196.6 | 5,256.0 |
| – Of which revaluation due to fair value hedge | 41.9 | 69.7 |
| Loans and borrowings from credit institutions – more than one year | 1,289.2 | 1,164.0 |
| Fair value adjustment of debt(1) | 94.7 | 148.3 |
| Other loans and borrowings | 165.1 | 145.8 |
| – Advance payments to the Group and associates | 106.9 | 89.8 |
| – Leasehold (finance lease)(2) | 58.2 | 56.0 |
| **TOTAL NON-CURRENT FINANCIAL LIABILITIES** | **6,745.6** | **6,714.1** |
| **Current** | | |
| Bonds net costs/premiums | 894.7 | 620.1 |
| – Of which revaluation due to fair value hedge | 4.9 | |
| Loans and borrowings from credit institutions – less than one year | 130.6 | 534.1 |
| Accrued interest | 108.3 | 126.3 |
| – On bonds | 100.7 | 114.2 |
| – On loans from credit institutions | 5.5 | 9.2 |
| – On advance payments to the Group and associates | 2.1 | 3.0 |
| Commercial paper | 1,420.5 | 1,299.1 |
| Other loans and borrowings | 8.0 | 4.4 |
| – Advance payments to the Group and associates | 8.0 | 4.4 |
| **TOTAL CURRENT FINANCIAL LIABILITIES** | **2,562.1** | **2,584.0** |
| **TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES** | **9,307.7** | **9,298.2** |

*(1) Corresponds to the remaining amount of the market value adjustment of Corio's debt recorded at the acquisition date.*
*(2) In accordance with IAS 17 the leasehold of the Turkish shopping center "365" is recognized as finance lease (see note 2.14 Leases).*

## 5.11.2 Principal sources of financing

The Group's main financial resources are detailed in the table below.

During the year, Klépierre reimbursed a 10-year bond at maturity for 526 million euros of nominal value. This financing was partly replaced by a new long-term bond (500 million euros). In September 2016, Klépierre issued a 15-year bond (600 million euros) together with a tender offer on existing bonds (349 million euros tendered).

Klépierre Nederland signed a new 5-year term loan for 350 million euros.

The Group raised 133.5 million euros mortgage-backed facility in order to finance the Prado project (Massalia Shopping Mall) with a 10-year maturity. This facility is drawn (40 million euros) as of December 31, 2016.

In Scandinavia, Klépierre has been active by issuing two long-term bonds of 900 million Norwegian Kronor (99 million euros) in order to refinance existing loans.

| *In millions of euros* | Group's financing | | | | | | |
|---|---|---|---|---|---|---|---|
| | Borrower | Issue currency | Reference rate | Maturity date | Repayment profile | Maximum amount | Amount used as at 12/31/2016 |
| **Bonds** | | | | | | **4,610** | **4,610** |
| | Klépierre SA | EUR | 4.000% | 04/13/2017 | In fine | 615 | 615 |
| | Klépierre SA | EUR | 2.750% | 09/17/2019 | In fine | 310 | 310 |
| | Klépierre SA | EUR | 4.625% | 04/14/2020 | In fine | 300 | 300 |
| | Klépierre SA | EUR | 4.750% | 03/14/2021 | In fine | 600 | 600 |
| | Klépierre SA | EUR | 1.000% | 04/17/2023 | In fine | 750 | 750 |
| | Klépierre SA | EUR | 1.750% | 11/06/2024 | In fine | 630 | 630 |
| | Klépierre SA | EUR | 2.125% | 10/22/2025 | In fine | 255 | 255 |
| | Klépierre SA | EUR | 1.875% | 02/19/2026 | In fine | 500 | 500 |
| | Klépierre SA | EUR | 4.230% | 05/21/2027 | In fine | 50 | 50 |
| | Klépierre SA | EUR | 1.250% | 09/29/2031 | In fine | 600 | 600 |
| | | | | | | **1,017** | **1,017** |
| | Klépierre (ex-Corio) | EUR | 2.389% | 06/05/2017 | In fine | 50 | 50 |
| | Klépierre (ex-Corio) | EUR | 4.625% | 1/22/2018 | In fine | 291 | 291 |
| | Klépierre (ex-Corio) | EUR | 5.448% | 8/10/2020 | In fine | 250 | 250 |
| | Klépierre (ex-Corio) | EUR | 3.250% | 02/26/2021 | In fine | 341 | 341 |
| | Klépierre (ex-Corio) | EUR | 3.516% | 12/13/2022 | In fine | 85 | 85 |
| | | | | | | **450** | **450** |
| | Steen & Strøm | NOK | NIBOR | 2017 | In fine | 178 | 178 |
| | Steen & Strøm | SEK | STIBOR | 2017 | In fine | 52 | 52 |
| | Steen & Strøm | NOK | NIBOR | 2018 | In fine | 44 | 44 |
| | Steen & Strøm | NOK | NIBOR | 2019 | In fine | 33 | 33 |
| | Steen & Strøm | NOK | 2.62% | 2022 | In fine | 44 | 44 |
| | Steen & Strøm | NOK | NIBOR | 2023 | In fine | 44 | 44 |
| | Steen & Strøm | NOK | 2.40% | 2023 | In fine | 55 | 55 |
| **Bank loans** | | | | | | **3,425** | **371** |
| | Klépierre | EUR | Euribor | 11/17/2019 | In fine | 250 | 0 |
| | Klépierre | EUR | Euribor | 06/04/2020 | In fine | 750 | 0 |
| | Klépierre | EUR | Euribor | 11/17/2021 | In fine | 400 | 0 |
| | Klépierre | EUR | Euribor | 07/07/2021[(4)] | In fine | 850 | 0 |
| | Klépierre | EUR | Euribor | | In fine | 800 | 0 |
| | Principe Pio | EUR | 3.750% | 04/08/2019 | | 25 | 21 |
| | Klépierre Nederland | EUR | Euribor | | In fine | 350 | 350 |
| **Mortgage loans** | | | | | | **1,087** | **994** |
| | K2 | EUR | E3m | 01/15/2023 | Amortized | 29 | 29 |
| | Massalia Shopping Mall[(5)] | EUR | Euribor | 06/23/2026 | In fine | 134 | 40 |
| | Steen & Strøm[(3)] | NOK | NIBOR | | | 155 | 155 |
| | Steen & Strøm[(3)] | SEK | STIBOR | | | 327 | 327 |
| | Steen & Strøm[(3)] | DKK | CIBOR/Fixed[(2)] | | | 442 | 442 |
| **Property finance leases** | | | | | | **67** | **67** |
| **Short-term lines and bank overdrafts** | | | | | | **264** | **0** |
| **Commercial papers** | | | | | | **1,432** | **1,420** |
| | Klépierre | EUR | - | - | In fine | 1,300 | 1,288 |
| | Steen & Strøm | NOK | | | In fine | 132 | 132 |
| **TOTAL FOR THE GROUP[(1)]** | | | | | | **11,052** | **8,930** |

*(1) Totals are calculated excluding the backup lines of funding since the maximum amount of the "commercial paper" line includes that of the backup line.*
*(2) Of which fixed rate debt for 96 million euros.*
*(3) Steen & Strøm has several loans in the three different Scandinavian currencies (NOK, SEK, DKK).*
*(4) The revolving credit facility includes extension option by one year.*
*(5) Including 3 million euros of VAT financing credit with a shorter maturity.*

### 5.11.3 Financial covenants relating to financing and rating

The Group's main credit agreements contain financial covenants, which could lead to a mandatory prepayment of the debt.

As of December 31, 2016, the Group's financing covenants remain in line with the commitments agreed to under its contracts. The financial ratios are disclosed in the management report (see "Financial resources" Note).

### 5.11.4 Breakdown of borrowings by maturity date

#### Breakdown of current and non-current financial liabilities

| *In millions of euros* | Total | Less than one year | One to five years | More than five years |
|---|---|---|---|---|
| **NON-CURRENT** | | | | |
| **Bonds net costs/premiums** | **5,196.6** | | **2,183.5** | **3,013.1** |
| – Of which revaluation due to fair value hedge | 41.9 | | 41.9 | |
| **Loans and borrowings from credit institutions – more than one year** | **1,289.2** | | **592.8** | **696.4** |
| **Fair value adjustment of debt**(1) | **94.7** | | **94.7** | |
| **Other loans and borrowings** | **165.1** | | **106.9** | **58.2** |
| – Advance payments to the Group and associates | 106.9 | | 106.9 | |
| – Leasehold (finance lease)(2) | 58.2 | | | 58.2 |
| **TOTAL NON-CURRENT FINANCIAL LIABILITIES** | **6,745.6** | | **2,977.9** | **3,767.7** |
| **CURRENT** | | | | |
| **Bonds net costs/premiums** | **894.7** | **894.7** | | |
| – Of which revaluation due to fair value hedge | 4.9 | 4.9 | | |
| **Loans and borrowings from credit institutions – less than one year** | **130.6** | **130.6** | | |
| **Accrued interest** | **108.3** | **108.3** | | |
| – On bonds | 100.7 | 100.7 | | |
| – On loans from credit institutions | 5.5 | 5.5 | | |
| – On advance payments to the Group and associates | 2.1 | 2.1 | | |
| **Commercial paper** | **1,420.5** | **1,420.5** | | |
| **Other loans and borrowings** | **8.0** | **8.0** | | |
| – Advance payments to the Group and associates | 8.0 | 8.0 | | |
| **TOTAL CURRENT FINANCIAL LIABILITIES** | **2,562.1** | **2,562.1** | | |
| **TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES** | **9,307.7** | **2,562.1** | **2,977.9** | **3,767.7** |

*(1) Corresponds to the remaining amount of the market value adjustment of Corio's debt recorded at the acquisition date.*
*(2) In accordance with IAS 17 the leasehold of the Turkish shopping center "365" is recognized as finance lease (see note 2.14 Leases).*

#### Maturity schedule of financing including principal and interests (non-discounted) amounts are as follows:

| **Repayment year** *In millions of euros* | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and after | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| Principal | 2,441 | 431 | 398 | 601 | 1,346 | 187 | 901 | 718 | 1,907 | 8,930 |
| Interest | 163 | 142 | 138 | 118 | 75 | 64 | 53 | 48 | 136 | 937 |
| **TOTAL FOR THE GROUP (PRINCIPAL + INTERESTS)** | **2,603** | **572** | **536** | **719** | **1,422** | **251** | **954** | **766** | **2,043** | **9,867** |

In 2017, 665 million euros of bonds will be due in April (615 million euros) and June (50 million euros).

All commercial papers in euros are issued with less than one year maturities (1,288 million euros) and are fully covered by back-up lines. In Scandinavian currencies, 1,200 million Norwegian Kroner of commercial papers (132 million euros) and several loans or bonds in NOK and SEK (319 million euros) will mature in 2017.

**At December 31, 2015, the amortization table for these contractual flows was as follows:**

| Repayment year<br>*In millions of euros* | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 and after | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| Principal | 2,455 | 943 | 541 | 585 | 700 | 1,154 | 178 | 802 | 1,491 | 8,850 |
| Interest | 189 | 156 | 135 | 128 | 105 | 56 | 46 | 37 | 111 | 963 |
| **TOTAL FOR THE GROUP (PRINCIPAL + INTERESTS)** | **2,645** | **1,099** | **676** | **714** | **804** | **1,210** | **224** | **839** | **1,602** | **9,812** |

## 5.12 Hedging instruments

### 5.12.1 Rate hedging portfolio

As part of its risk management policy (see note 8), Klépierre has settled interest rate swap or cap agreements allowing to switch from floating rate to fixed rate debt and vice-versa. Thanks to these instruments, the Group's hedging rate (the proportion of gross financial debt arranged or hedged at fixed rate) was 81% as of December 31, 2016.

**At December 31, 2016, the breakdown of derivatives by maturity date was as follows:**

| Hedging relationship | Derivatives of Klépierre Group | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | **Currency** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **TOTAL** |
| **Cash-Flow Hedge** | | | | | | | | | | | | | 1,229 |
| | EUR | | | | 200 | 350 | | | | | 114 | | 664 |
| | NOK | 96 | | 176 | | | | | | | | | 272 |
| | SEK | 52 | 21 | | 63 | 63 | 31 | | | | | | 230 |
| | DKK | | | | | 63 | | | | | | | 63 |
| **Fair value hedge** | | | | | | | | | | | | | 935 |
| | EUR | 585 | | | 250 | 100 | | | | | | | 935 |
| | NOK | | | | | | | | | | | | |
| | SEK | | | | | | | | | | | | |
| | DKK | | | | | | | | | | | | |
| **Trading** | | | | | | | | | | | | | 2,124 |
| | EUR | 564 | 700 | 260 | 400 | | | | | 200 | | | 2,124 |
| | NOK | | | | | | | | | | | | |
| | SEK | | | | | | | | | | | | |
| | DKK | | | | | | | | | | | | |
| **TOTAL FOR THE GROUP** | | **1,298** | **721** | **436** | **913** | **576** | **31** | | | **200** | **114** | | **4,288** |

The trading category includes a portfolio of caps in euros (1 billion euros of notional), payer and receiver swaps which partly compensate either themselves or some of the Cash-Flow Hedge instruments.

**At December 31, 2016, the corresponding contractual flows (interest) break down as follows (positive flows = payer flows):**

| *In millions of euros* | Hedging relationship | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Swaps | Cash-Flow Hedge | 10 | 10 | 10 | 3 | 0 | -0 | -0 | -1 | -1 | -1 | | 30 |
| Swaps | Fair value hedge | -17 | -12 | -12 | -5 | -1 | | | | | | | -47 |
| Swaps/cap | Trading | -7 | -8 | -9 | 22 | 4 | 4 | 3 | 3 | 0 | | | 11 |
| **EUR-denominated derivatives** | | **-14** | **-10** | **-11** | **19** | **4** | **4** | **3** | **2** | **-1** | **-1** | | **-5** |
| **NOK-denominated derivatives** | | **3** | **1** | **0** | | | | | | | | | **5** |
| **SEK-denominated derivatives** | | **7** | **5** | **4** | **3** | **1** | **0** | | | | | | **20** |
| **DKK-denominated derivatives** | | **1** | **1** | **1** | **1** | **1** | | | | | | | **6** |
| **TOTAL FOR THE GROUP** | | **-2** | **-2** | **-5** | **23** | **6** | **4** | **3** | **2** | **-1** | **-1** | | **26** |

**At December 31, 2015, the breakdown of derivatives by maturity date was as follows:**

| **Hedging relationship** *In millions of euros* | **Derivatives of Klépierre Group** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Currency** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **TOTAL** |
| **Cash-Flow Hedge** | | | | | | | | | | | | | **925** |
| | EUR | | | | | 200 | | | | | | | 200 |
| | NOK | 125 | 91 | | 167 | | | | | | | | 383 |
| | SEK | | 54 | 22 | | 65 | 65 | 33 | | | | | 239 |
| | DKK | 40 | | | | | 62 | | | | | | 103 |
| **Fair value hedge** | | | | | | | | | | | | | **935** |
| | EUR | | 585 | | | 250 | 100 | | | | | | 935 |
| | NOK | | | | | | | | | | | | |
| | SEK | | | | | | | | | | | | |
| | DKK | | | | | | | | | | | | |
| **Trading** | | | | | | | | | | | | | **2,124** |
| | EUR | | 564 | 700 | 260 | 400 | | | | | 200 | | 2,124 |
| | NOK | | | | | | | | | | | | |
| | SEK | | | | | | | | | | | | |
| | DKK | | | | | | | | | | | | |
| **TOTAL FOR THE GROUP** | | **165** | **1,295** | **722** | **427** | **915** | **228** | **33** | | | **200** | | **3,984** |

**At December 31, 2015, the corresponding contractual flows (interest) break down as follows (positive flows = payer flows):**

| *In millions of euros* | **Hedging relationship** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **TOTAL** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Swaps | Cash-Flow Hedge | 8 | 9 | 7 | 7 | 0 | | | | | | | 30 |
| Swaps | Fair value hedge | -26 | -16 | -11 | -10 | -4 | -0 | | | | | | -67 |
| Swaps/cap | Trading | -6 | -7 | -8 | -7 | 20 | 3 | 2 | 2 | 1 | 0 | | 1 |
| **EUR-denominated derivatives** | | **-24** | **-14** | **-12** | **-10** | **16** | **2** | **2** | **2** | **1** | **0** | | **-36** |
| **NOK-denominated derivatives** | | **7** | **3** | **2** | **0** | | | | | | | | **12** |
| **SEK-denominated derivatives** | | **7** | **6** | **4** | **2** | **1** | **0** | **-0** | | | | | **21** |
| **DKK-denominated derivatives** | | **1** | **1** | **1** | **1** | **1** | **0** | | | | | | **6** |
| **TOTAL FOR THE GROUP** | | **-8** | **-4** | **-5** | **-6** | **18** | **3** | **2** | **2** | **1** | **0** | | **3** |

**Fair value of the interest rate hedging portfolio**

| **Derivatives** *In millions of euros* | **Fair value net of accrued interest as of 12/31/2016** | **Change in fair value during 2016** | **Counterparty** |
|---|---|---|---|
| Cash-Flow Hedge | -60.8 | 9.6 | Shareholders' equity |
| Fair value hedge | 46.9 | -22.9 | Borrowings |
| Trading | -7.0 | -12.1 | Earnings |
| **TOTAL** | **-20.9** | **-25.4** | |

### 5.12.2 Exchange rate hedging

Klépierre manages its exposure to foreign exchange risk linked to the holding of some Turkish malls with rents denominated in USD, by selling forward USD (261.5 million USD) against euros. These transactions are qualified as Net Investment Hedges.

Klépierre also used to hedge commercial paper issuances denominated in USD by entering into EUR/USD Foreign exchange swaps.

### 5.13 Non-current provisions

**Accounting policies**

**Provisions and contingent liabilities**

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

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

Decreased by 19.6 million euros, provisions amount to 23.5 million euros. This change in long-term provisions can be mainly explained by the reversal of a provision related to a turnkey project.

This item otherwise includes an 8.9 million euro provision to cover the risk relating to tax litigations.

The remaining balance of 14.6 million euros mainly concerns provisions for litigation and provisions for other business-related risks (tenants, warranty claims, etc.).

### 5.14 Social and tax liabilities and other liabilities

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Social and tax liabilities** | **189.9** | **192.2** |
| Staff and related accounts | 37.1 | 35.6 |
| Social security and other bodies | 14.9 | 15.5 |
| Tax payables | | |
| – Corporate income tax | 32.7 | 39.7 |
| – VAT | 65.3 | 59.6 |
| Other taxes and duties | 40.0 | 41.8 |
| **Other liabilities** | **317.5** | **298.7** |
| Creditor customers | 20.8 | 17.1 |
| Prepaid income | 50.4 | 51.4 |
| Other liabilities | 246.3 | 230.2 |

The 20.8 million euro advance payments received from tenants related to call of charges are recognized in "Creditor customers".

The "Other liabilities" item consists primarily of funds representing the management accounts of Klépierre Management's principals, balanced by an equal amount in "Other receivables" on the asset side of the balance sheet. These funds totaled 85.2 million euros at December 31, 2016, compared to 74.8 million euros at December 31, 2015.

## NOTE 6 Notes to the financial statements: comprehensive income statement

### 6.1 Gross rental income

#### Accounting policies

##### Leases

According to IAS 17, the Group distinguishes two types of lease:

- finance lease, which is a lease that transfers substantially all the risks and rewards inherent in the 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;
- other leases are classified as operating leases.

##### Recognition of stepped rents and rent-free periods

Gross rental 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, gross rental income for the fiscal 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. For this purpose, the accounting periods during which this net amount is recognized should not be affected by the form of the agreement or the rent payment schedule. Entry fees are spread over the first firm lease term.

##### Early termination indemnities

Tenants who terminate their leases prior to the contractual expiration date are liable to pay early termination penalties. Such penalties are allocated to the terminated contract and credited to income for the period in which they are recognized.

Gross rental income includes:

- rents from investment property and rent-related income, such as car park rentals and early termination indemnities;
- other rental income: income from entry fees and other income.

Stepped rents, rent-free periods and entry fees are spread over the fixed term of the lease.

Charges invoiced to tenants are not included in gross rental income but deducted from rental expenses (with minor exceptions in Scandinavia and Turkey).

### 6.2 Land expenses (real estate)

#### Accounting policies

##### 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. Klépierre considered for the majority of land and building lease contracts the criterion of operating lease was fulfilled. 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.

Land expenses (real estate) correspond to lease payments (or depreciation of initial payments) for properties built on land subject to a building lease or an operating contract (concession).

### 6.3 Non-recovered rental expenses

These expenses are stated net of charges re-invoiced to tenants and mainly comprise expenses on vacant premises.

### 6.4 Owners' building expenses

These expenses are composed of owners' rental expenses, expenses related to construction work, legal costs, expenses on bad debts and costs related to real estate management.

### 6.5 Other operating revenue

Other operating revenue includes:

- building works re-invoiced to tenants;
- other income.

### 6.6 Depreciation and impairment allowance on tangible and intangible assets

As of December 31, 2016, the depreciation and impairment allowance on tangible and intangible assets, amount to 14.8 million euros, a decrease of 2.3 million euros compared to December 31, 2015.

### 6.7 Change in value of investment properties

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Change in value of investment properties at fair value | 843.8 | 883.3 |
| Change in value of investment properties at cost | -15.0 | 0.0 |
| **TOTAL** | **828.8** | **883.4** |

### 6.8 Income from disposals of investment properties and equity investments

Income from disposals totaled 23.5 million euros and mainly resulted from the disposal of:

- the three shopping centers Sexta Avenida, Espacio Torrelodones and Ruta de la Plata in Spain;
- the stakes in the two shopping centers Åsane Storsenter in Norway and Torp Köpcentrum in Sweden;
- an office building in Pantin (France);
- several retail units and a warehouse in France;
- an Italian shopping center in Caserta (Italy).

Income from disposals also includes transfer costs and related expenses.

### 6.9 Net cost of debt

The net cost of debt amounts to 197.7 million euros, compared to 217.1 million euros at December 31, 2015.

The decrease in net cost of debt comes from debt restructuring (bonds buy back and repayment that was implemented in 2016).

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Financial income** | **109.0** | **161.1** |
| Income from sale of securities | 0.1 | 0.2 |
| Interest income on swaps | 57.9 | 104.0 |
| Deferral of payments on swaps | 0.3 | 0.3 |
| Capitalized interest | 9.2 | 14.9 |
| Interest on associates' advances | 12.2 | 12.0 |
| Sundry interest received | 3.0 | 5.2 |
| Other revenue and financial income | 8.6 | 6.6 |
| Currency translation gains | 17.7 | 18.0 |
| **Financial expenses** | **-306.7** | **-378.2** |
| Expenses from sale of securities | | |
| Interest on bonds | -179.4 | -172.1 |
| Interest on loans from credit institutions | -23.3 | -92.3 |
| Interest expense on swaps | -45.6 | -68.0 |
| Deferral of payments on swaps | -29.5 | -54.0 |
| Interest on associates' advances | -1.9 | -2.3 |
| Sundry interest paid | -1.6 | -2.8 |
| Other financial expenses(2) | -69.0 | -161.8 |
| Currency translation losses | -15.0 | -16.7 |
| Transfer of financial expenses | 5.1 | 7.6 |
| Amortization of the fair value of debt(1) | 53.6 | 184.1 |
| **NET COST OF DEBT** | **-197.7** | **-217.1** |

*(1) Corresponds to the amortization of the market value adjustment of Corio's debt at the acquisition date.*
*(2) Including all costs related to early redemption of bond tendered.*

# NOTE 7 Taxes

## Accounting policies

### The tax status of Sociétés d'investissement immobilier cotée (SIIC)

At the General Meeting of Shareholders held on September 26, 2003, Klépierre was authorized to adopt the SIIC tax status.

#### General features of the SIIC tax status

All SIICs are entitled to the corporate tax exemption status 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, SIIC have to pay out 95% of rental income and 60% of the capital gains made on property disposals. In addition, they must pay out 100% of any dividends received from subsidiaries.

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

A 3% tax is applicable on dividend effectively paid to shareholders levied out of (i) non-SIIC profits and, residually, out of (ii) SIIC profits to the extent that the amount distributed exceeds the annual distribution requirement.

#### Discounting of exit tax liability

The exit tax liability is discounted on the basis of its payment schedule.

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 net present value on that date. The discount rate is calculated on the basis of the interest rate curve, taking into account the deferment period and the Klépierre refinancing margin.

#### Corporate income tax on companies not eligible for SIIC status

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

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

### Tax regime of Dutch companies

After various meetings held between Klépierre and the Dutch Ministry of Finance on Klépierre Group's eligibility to the FBI regime, the latter considered that some activities carried out by the Group were not compliant with the FBI regime (tax regime providing for a CIT exemption applicable to Dutch subsidiaries). Due to business consideration of the activities concerned, Klépierre chose to waive the FBI regime application with retroactive effect from January 1, 2015.

### Tax regime of SOCIMI entities

SOCIMIs are listed companies whose principal activity is the acquisition, promotion and rehabilitation of urban real estate assets for their leasing, either directly or through equity investments in other REITs (Real Estate Investments Trusts).

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

Furthermore, mandatory minimum distributions of profits must be carried out by SOCIMIs in accordance with the following criteria:

- 100 per cent of the dividends received from participating entities;
- 80 per cent of the profit resulting from leasing of real estate and ancillary activities; and
- 50 per cent of the profits resulting from the transfer of properties and shares linked to the company activity provided that the remaining profits are reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100 per cent of the profits must be distributed as dividends once such period has elapsed.

## Corporate income tax and deferred tax

The corporate income tax charge is calculated in accordance with the rules and rates adopted or virtually adopted at the end of the reporting period 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 the entity concerned is likely to generate future taxable income against which those losses can be offset.

Deferred tax assets and liabilities are measured using the 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 investment and unrealized capital gains and losses on assets held for sale. In these cases, the associated deferred tax is recognized as equity.

Deferred tax is calculated at the local rate known at the closing date taking into account the expected recovery date. The rates applied are: France 34.43%, Spain 25%, Italy 27.90%, Belgium 33.99%, Greece 29%, Portugal 22.5%, Poland 19%, Hungary 9%, Czech Republic 19%, Slovakia 21%, Sweden 22%, Norway 24%, Luxembourg 29.22%, The Netherlands 25%, Denmark 22%, Turkey 20%, Germany 34.025%, Bulgaria 10%.

| *In millions of euros* | **12/31/2016** | **12/31/2015** |
|---|---|---|
| Current tax | -29.0 | -32.9 |
| Deferred tax | -196.6 | -171.7 |
| **TOTAL** | **-225.6** | **-204.6** |

The Group's tax expense that is mainly related to deferred taxes, stands at -225.6 million euros at December 31, 2016, compared to -204.6 million euros at December 31, 2015.

A breakdown of tax expense between France (SIIC sector and common law) and foreign companies is shown in the reconciliation between theoretical and actual tax expense:

| | **France** | | | |
|---|---|---|---|---|
| *In millions of euros* | **SIIC sector** | **Common law** | **Foreign companies** | **Total** |
| Pre-tax earnings and earnings from equity-method companies | 598.4 | -7.9 | 1,022.6 | 1,613.0 |
| **Theoretical tax expense at 34.43%** | **-206.0** | **2.7** | **-352.1** | **-555.4** |
| **Exonerated earnings of the SIIC and SOCIMI tax regims** | **200.5** | **0.0** | **40.5** | **241.1** |
| **Taxable sectors** | | | | |
| Impact of permanent time lags | -3.6 | -3.6 | 7.3 | 0.0 |
| Untaxed consolidation restatements | 15.7 | -0.4 | 1.7 | 17.0 |
| Impact of non-capitalized losses | -8.7 | -0.0 | -10.5 | -19.3 |
| Assignment of non-capitalized losses | 0.2 | 0.4 | 3.6 | 4.2 |
| Exit tax on special reserve of long-term capital gains | | | | 0.0 |
| Change of tax regime | | | | 0.0 |
| Discounting of deferred tax following restructuring | | | | 0.0 |
| Discounting of tax rates and other taxes | -1.0 | -0.1 | -2.6 | -3.7 |
| Rate differences | | | 90.4 | 90.4 |
| **Actual tax expense** | **-3.0** | **-1.0** | **-221.6** | **-225.6** |

Deferred taxes are composed of:

| *In millions of euros* | 12/31/2015 | Change in scope | Change in net income | Cash-flow hedging reserves | Asset, liability reclassifications | Other changes | 12/31/2016 |
|---|---|---|---|---|---|---|---|
| Investment properties | -1,236.1 | -24.2 | -168.0 | | 0.8 | 8.8 | -1,418.8 |
| Derivatives | 9.1 | | | -2.0 | | -0.0 | 7.1 |
| Losses carried forward | 58.6 | | -13.3 | | -0.0 | 0.7 | 45.9 |
| Other items | -8.5 | 0.2 | -5.1 | | 2.9 | 0.6 | -10.0 |
| **Total for entities in a net liability position** | **-1,176.9** | **-24.0** | **-186.4** | **-2.0** | **3.6** | **10.0** | **-1,375.7** |

| *In millions of euros* | 12/31/2015 | Change in scope | Change in net income | Cash-flow hedging reserves | Asset, liability reclassifications | Other changes | 12/31/2016 |
|---|---|---|---|---|---|---|---|
| Investment properties | 16.5 | -0.8 | -14.1 | | -0.8 | -0.0 | 0.9 |
| Derivatives | 37.4 | | | -14.0 | | | 23.3 |
| Losses carried forward | 16.1 | | 1.7 | | 0.0 | -2.8 | 15.1 |
| Other items | -2.4 | 2.3 | 2.2 | | -2.9 | 2.2 | 1.4 |
| **Total for entities in a net asset position** | **67.6** | **1.5** | **-10.2** | **-14.0** | **-3.6** | **-0.6** | **40.7** |
| **NET POSITIONS** | **-1,109.3** | **-22.5** | **-196.6** | **-16.0** | **0.0** | **9.4** | **-1,334.9** |

The deferred tax in the income statement shows a negative change of 196.6 million euros and is mainly comprised of:

- a 182.1 million euro expense resulting from the variation of deferred taxes on temporary differences arising from the changes in the fair market value and the tax value of investment properties;
- an 11.6 million euro expense, resulting from the use of losses carried forward partially offset by the activation of losses of the period;
- a 2.9 million euro loss related to the variation of other balance sheet temporary differences (including deferred taxes on translation differences and derivatives).

The “Change in scope” column mainly corresponds to the effect of the first consolidation of Oslo City Kjøpesenter AS and the disposal of the Swedish shopping center, Torp.

The “Other changes” column, showing a variation of 9.4 million euros, mainly records the effect of currency fluctuations.

The ordinary tax losses carried forward are capitalized when their realization is deemed probable. The expected time scale for recovering tax loss carried forward capitalized for all entities within the Group is three to nine years in average.

Non-capitalized deferred taxes on tax losses carried forward amount to 255.1 million euros at December 31, 2016 compared to 235.6 million euros at December 31, 2015.

| Country | Tax rate | Inventory of ordinary losses at 12/31/2015 | Inventory of ordinary losses at 12/31/2016 | Change in ordinary losses in 2016 | Capitalized deferred tax at 12/31/2015 | Deferred tax capitalizable at 12/31/2016 | Change in capitalized amounts | Deferred tax capitalized at 12/31/2016 | Deferred tax not capitalized at 12/31/2016 | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| **Belgium** | 33.99% | -39,835 | -42,878 | -3,043 | 5,094 | 14,574 | 132 | 5,226 | 9,348 | Unlimited deferral of ordinary losses |
| **Denmark** | 22.00% | -23,861 | -18,101 | 5,759 | 5,249 | 3,982 | -1,267 | 3,982 | -0 | Unlimited deferral of ordinary losses |
| | | | | | | | | | | Use of losses carried forward limited to 60% of taxable income (beyond DKK 7.5 million) |
| **Spain** | 25.00% | -129,592 | -109,852 | 19,740 | 21,360 | 27,463 | -1,145 | 20,215 | 7,248 | Losses can be deferred for 18 years |
| | | | | | | | | | | Use of losses carried forward limited to 25% of taxable income |
| **France** | 34.43% | -456,948 | -486,419 | -29,471 | | 121,997 | | | 121,997 | Unlimited deferral of ordinary losses |
| | 33.00% | | | | | | | | | Use of losses carried forward limited to 50% of taxable income |
| | 19.00% | | | | | | | | | (beyond 1 million euros) |
| **Greece** | 29.00% | -14,704 | -7,755 | 6,949 | | 2,249 | | | 2,249 | Losses can be deferred for 5 years |
| **Hungary** | 9.00% | -179,367 | -181,847 | -2,480 | | 16,366 | | | 16,366 | Unlimited deferral of ordinary losses generated before 2014 |
| | | | | | | | | | | Losses generated after 2014 can only be deffered for 5 years |
| | | | | | | | | | | Use of losses carried forward limited to 50% of taxable income |
| **Italy** | 24.00% | -75,752 | -74,398 | 1,354 | 11,046 | 20,236 | -1,179 | 9,867 | 10,369 | Unlimited deferral of ordinary losses |
| | or | | | | | | | | | No limitation for the losses for the first 3 years |
| | 27.90% | | | | | | | | | After 3 years use of losses carried forward limited to 80% of taxable income |
| **Luxembourg** | 29.22% | -41,113 | -91,098 | -49,985 | | 26,619 | | | 26,619 | Unlimited deferral of ordinary losses |
| **Norway** | 24.00% | -94,259 | -70,555 | 23,704 | 15,710 | 16,933 | -6,671 | 9,039 | 7,894 | Unlimited deferral of ordinary losses |
| **The Netherlands** | 25.00% | -7,842 | -7,502 | 340 | | 1,876 | | | 1,876 | Losses can be deferred for 9 years |
| **Poland** | 19.00% | -60,318 | -43,264 | 17,054 | | 8,220 | -4 | -4 | 8,224 | Losses can be deferred for 5 years |
| | | | | | | | | | | Maximum 50% of the losses carried forward can be use in a fiscal year |
| **Portugal** | 22.50% | -11,578 | -6,764 | 4,814 | | 1,522 | | | 1,522 | Losses deferred after 2014 can be used for 12 years |
| | | | | | | | | | | Use of losses carried forward limited to 70% of taxable income |
| **Czech Republic** | 19.00% | -1,349 | | 1,349 | 256 | | -256 | | | Losses can be deferred for 5 years |
| **Turkey** | 20.00% | -63,555 | -57,321 | 6,234 | | 11,464 | | | 11,464 | Losses can be deferred for 5 years |
| **Germany** | 34.025% | -17,374 | -25,775 | -8,401 | | 8,771 | | | 8,771 | Unlimited deferral of ordinary losses |
| | | | | | | | | | | Use of losses carried forward limited to 60% of taxable income (beyond 1 million euros) |
| **Bulgaria** | 10.00% | | -674 | -674 | | 67 | | | 67 | Losses can be deferred for 5 years |
| **Sweden** | 22.00% | -151,646 | -153,435 | -1,788 | 15,978 | 33,756 | -3,296 | 12,682 | 21,074 | Unlimited deferral of ordinary losses |
| **TOTAL** | | **-1,369,093** | **-1,377,638** | **-8,545** | **74,693** | **316,095** | **-13,686** | **61,007** | **255,088** | |

In Italy, due to the change in tax rate (IRES), applicable after 2017, deferred tax on loss carried forward is calculated by using the long-term rate of 27.9% (against 31.4% on December 31, 2014). The rate of 24% is an exception applicable on some Italian companies that were exempt of IRAP (additional rate of 3.9%).

## NOTE 8 Exposure to risks and hedging strategy

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

### 8.1 Interests rate risk

#### 8.1.1 Interest rate risk – exposure to variable-rate debt

#### Recurrence of variable-rate financing requirement

Floating debt represents 35% of the Group's borrowings at December 31, 2016 (before hedging). It includes: bank loans (secured and unsecured), commercial papers and the use of authorized overdrafts.

#### Identified risk

An increase in the interest rate against which variable-rate debts are indexed (Euribor, Nibor, Stibor and Cibor) could result in an increase in future interest rate expenses.

#### Measurement of risk exposure

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

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

| **Interest rate position after hedging**<br>*In millions of euros* | **Amount** | **Change in financial expenses caused by a 1% increase in interest rates** |
|---|---|---|
| **Gross position before hedging (floating rate debt)** | **3,086.4** | **30.9** |
| – Net hedge | -1,359.4 | -13.6 |
| **Gross position after hedging** | **1,727.0** | **17.3** |
| – Marketable securities | -7.1 | -0.1 |
| **NET POSITION AFTER HEDGING** | **1,719.9** | **17.2** |

| **Fair value of Cash-Flow Hedge**<br>*In millions of euros* | **Notional** | **Fair value net of accrued interest** | **Change in shareholders' equity caused by a 1% increase in interest rates** |
|---|---|---|---|
| **Cash-Flow Hedge Swaps at 12/31/2016** | | | |
| – Euro-denominated portfolio | 664.0 | -28.4 | 25.5 |
| – Steen & Strøm portfolio | 565.0 | -32.4 | 13.8 |
| **CASH-FLOW HEDGE SWAPS AT 12/31/2016** | **1,229.0** | **-60.8** | **39.4** |

**Break down of financial borrowings after interest rate hedging:**

| | **Fixed-rate borrowings or Converted to fixed-rate** | | | **Variable-rate borrowings** | | | **Total gross borrowings** | | **Average cost of debt, base 12/31/2016** |
|---|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | **Amount** | **Rate** | **Fixed part** | **Amount** | **Rate** | **Variable part** | **Amount** | **Rate** | |
| 12/31/2014 | 4,029 | 3.03% | 75% | 1,368 | 1.56% | 25% | 5,396 | 2.66% | 2.76% |
| 12/31/2015 | 6,851 | 2.43% | 77% | 1,999 | 1.15% | 23% | 8,850 | 2.14% | 2.20% |
| 12/31/2016 | 7,205 | 2.15% | 81% | 1,725 | 1.12% | 19% | 8,930 | 1.96% | 2.00% |

N.B.: The average cost of debt, "base 12/31/2016" is calculated on the basis of the interest rates and funding structure in place at December 31, 2016, and does not therefore constitute a forecast of the average cost of debt for Klépierre over the coming period. It includes the spreading of issue costs and premiums.

#### Hedging strategy

Klépierre has set a target hedging rate of approximately 70%. This rate is defined as the proportion of fixed-rate debt (after hedging) to gross borrowings. On December 31, 2016 the hedging rate is above the objective and is established at 81%.

In order to achieve its target rate, Klépierre focuses on the use of swap agreements, which enable fixed rates to be swapped for variable rates, and vice-versa. Klépierre also hedges its risk from short-term rate increases by buying caps that limit the possible variations compared to a benchmark index.

Given the nature of its business as a long-term property owner and its growth strategy, Klépierre is structurally a borrower. Since the Group is not seeking to reduce the proportion of short-term debt in its total indebtedness, it is highly likely that its short-term variable-rate loans will be renewed in the medium term. This is the reason why Klépierre's hedging strategy includes both the long-term and short-term aspects of its borrowings.

Generally, hedge terms may exceed those of the debts hedged, on the condition that Klépierre's financing plan emphasizes the high probability of these debts being renewed.

### 8.1.2 Interest rate risk – exposure to fixed-rate debt

#### Description of fixed-rate borrowing

The majority of Klépierre's fixed-rate borrowing currently consists of bonds (Euro and NOK) and mortgage loans in Scandinavia.

#### Identified risk

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

At any given time, Klépierre may also find itself in the position of needing to increase its future fixed-rate debt (e.g.: for a future acquisition). It would then be exposed to the risk of a change in interest rate prior to arrangement of the loan. Klépierre may then consider hedging this risk, which may be treated as a Cash-Flow Hedge risk under IFRS.

#### Measurement of risk exposure and hedging strategy

At December 31, 2016, fixed rate debt totaled 5,843 million euros before hedging.

The fair value hedge strategy is calibrated to meet the overall hedging rate target. It is also based on the use of interest rate swaps allowing fixed-rate payments to be swapped to variable-rate payments. The credit margin component is not hedged.

The duration of fair value hedge instruments is never longer than that of the debt hedged, since Klépierre wishes to obtain a very high level of effectiveness, as defined by IAS 32/39.

### 8.1.3 Marketable securities

At December 31, 2016, Klépierre held 7.1 million euros of marketable securities.

Cash equivalents refer only to amounts invested in French open-ended money market funds (6.1 million euros) and Italian treasury bills (1.0 million euros).

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

### 8.1.4 Fair value of financial assets and liabilities

The Group recognizes the borrowings in the balance sheet at amortized cost.

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

- floating bank debt: the fair value is equal to the nominal value;
- fixed-rate bank debt: the fair value is calculated solely on the basis of rate fluctuations;
- bonds: use of market quotations where these are available.

Klépierre has chosen not to revalue the margin component of these unlisted loans in view of small amounts.

| | 12/31/2016 | | | 12/31/2015 | | |
|---|---|---|---|---|---|---|
| *In millions of euros* | Par value | Fair value | Change in fair value caused by a 1% increase in interest rate* | Par value | Fair value | Change in fair value caused by a 1% increase in interest rate* |
| Fixed-rate bonds | 5,725.8 | 6,005.1 | -281.7 | 5,443.5 | 5,805.9 | -235.2 |
| Fixed-rate bank loans | 117.6 | 118.6 | -0.7 | 293.8 | 299.8 | -1.5 |
| Other variable-rate loans | 3,086.2 | 3,086.2 | | 3,112.6 | 3,112.6 | |
| **TOTAL** | **8,929.7** | **9,209.9** | **-282.4** | **8,850.0** | **9,218.3** | **-236.7** |

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

Derivatives are recognized in the balance sheet at their fair value. At December 31, 2016, a 100 basis point rise in rates would have resulted in a 7.1 million euro decrease of in the value of the Group's euro-denominated interest rate derivatives.

### 8.2 Liquidity risk

Klépierre is attentive to the long-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.

The average duration of indebtedness at December 31, 2016 was six years, with borrowings spread between different markets (the bond market and commercial papers represent 84%, with the balance being raised in the banking market). Within the banking market, the company uses a range of different loans types (syndicated loans, mortgage loans, etc.) and counterparties.

Outstanding commercial paper, which represents the bulk of short-term financing, never exceeds the backup lines. This means that the company can refinance immediately if it has difficulty renewing its borrowings on the commercial paper market.

At December 31, 2016, Klépierre has unused credit lines (including bank overdrafts) totaling 2,119 million euros and 414 million euros available on its bank accounts. These resources are sufficient to absorb the main refinancing scheduled for the next three years.

Generally speaking, access to finance for real estate companies is facilitated by the security offered to lenders in the form of the companies' property assets.

Some Klépierre sources of funding (bilateral loans, bonds, etc.) are accompanied by financial covenants which could lead to a mandatory prepayment of the debt. These covenants are based on the standard ratios applying to real estate companies, and the limits imposed leave Klépierre with sufficient flexibility. Failure to comply with these covenants may result in mandatory prepayment.

Some of Klépierre SA bonds (5,627 million euros) include a bearer put option, providing the possibility of requesting early repayment in the event of a change of control generating a change of Klépierre's rating to "non-investment grade". Apart from this clause, no other financial covenant refers to Standard & Poor's rating for Klépierre.

The main financial covenants are detailed in the financial report.

### 8.3 Currency risk

The bulk of Klépierre's business was conducted within the Eurozone with the exception of Norway, Sweden, Denmark, Czech Republic, Hungary, Poland and Turkey.

Except Scandinavia and Turkey, the currency risk in these countries has not been assessed sufficiently high to warrant derivative hedging, since the acquisitions and the acquisition financing were denominated in euros.

Generally, rents are invoiced to lessees in euros and converted into the local currency on the billing date. Lessees have the choice of paying their rents in local currency or in euros. The currency risk on minimum guaranteed rents is therefore limited to any variance between the rent as invoiced and the rent actually collected if the currency should fall in value against the euro between the invoice date and the date of payment in local currency by the lessee.

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

In Scandinavia though, leases are denominated in local currency. Funding is therefore also raised in local currency. The principal exposure of the Klépierre Group to Scandinavian currency risk is therefore limited essentially to the funds invested in the company (share in equity of Steen & Strøm), which were financed in euros.

In Turkey, the leases are denominated either in euros or USD. Turkish investments with USD denominated leases are fully hedged by selling forward contracts in USD against euros.

### 8.4 Counterparty risk

Counterparty risk is limited by the fact that Klépierre is structurally a borrower. This risk is therefore limited essentially to investments made by the Group and the Group's derivative transactions counterparties.

#### 8.4.1 Counterparty risk on marketable securities

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

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

#### 8.4.2 Counterparty risk on hedging instruments

Klépierre conducts derivative instrument transactions only with financial institutions recognized as financially sound.

### 8.5 Equity risk

As of December 31, 2016, Klépierre holds no equities shares quoted on an exchange market other than its own shares (2,528,452 shares at December 31, 2016), which are recognized in equity at their historical cost.

## NOTE 9 Finance and guarantee commitments

### 9.1 Commitments given

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Commitments related to the Group's consolidated scope** | **3.0** | **3.0** |
| Purchase commitments | 3.0 | 3.0 |
| **Commitments related to Group financing** | **1,170.3** | **1,632.8** |
| Financial guarantees given | 1,170.3 | 1,632.8 |
| **Commitments related to the Group's operating activities** | **97.8** | **98.6** |
| Commitments under conditions precedent | 7.5 | 7.8 |
| Work completion commitments | 59.6 | 50.8 |
| Rental guarantees and deposits | 4.1 | 3.9 |
| Other commitments given | 26.7 | 36.1 |
| **TOTAL** | **1,271.1** | **1,734.4** |

### 9.1.1 Commitments related to the Group's consolidated scope

#### Equity acquisition commitments

At December 31, 2016, this item includes a possible earn-out payment related to the acquisition of a project in France, contractually limited to 3 million euros excluding duties. The amount of the earn-out payment, subject to the realization of predetermined conditions, will be calculated in the following 30 days after the second anniversary of the shopping center opening date.

### 9.1.2 Commitments related to Group financing

#### Financial guarantees given

The Group finances its assets with equity or debt mostly contracted by Klépierre SA. In some cases, especially in Scandinavian countries, Steen & Strøm mainly relies on local currency mortgages to fund its activities.

The breakdown by country of guaranteed debts, mortgages and pledged rents is shown in the following table:

| *In millions of euros* | Loan amount as of 12/31/2016 | Mortgage and pledges amount as of 12/31/2016 |
|---|---|---|
| France[1] | 73.4 | 235.4 |
| Italy | 27.1 | 90.0 |
| Norway | 278.0 | 448.7 |
| Sweden | 327.5 | 375.1 |
| Denmark | 441.7 | 534.0 |
| Spain | 22.6 | 22.6 |
| **TOTAL** | **1,170.3** | **1,705.7** |

*(1) Including a mortgage for 156.1 million euros related to the credit contract of Massalia Shopping Mall.*

### 9.1.3 Commitments related to the Group's operating activities

#### Commitments under conditions precedent

The commitments under conditions precedent relate to purchase promissory agreements on land or assets and earn-out payments on acquisitions. Commitments have been given for the acquisition of leasehold and leasehold rights in France.

#### Work completion commitments

The work completion commitments increased by 8.8 million euros compared to 2015.

The work completion commitments concern amounts to be paid on works under way not yet realized. The main relate to Val d'Europe extension (27.2 million euros), the Prado project (5.8 million euros), Portet sur Garonne (2.4 million euros) and Centre Bourse (1.5 million euros) in France, Kristianstad (15.2 million euros) in Sweden, and Principe Pio (2.6 million euros) in Spain.

#### Rental guarantees and deposits

The "Rental guarantees and deposits" item is mainly composed of deposits for the business premises of the Group's management subsidiaries (Klépierre Management) abroad.

#### Other commitments given

Other commitments given mainly include payment guarantees on amounts owed to the state (22.4 million euros) and deposits on loans to employees.

#### Other commitments given related to lease contracts

The construction of the Saint Lazare shopping center has been authorized as part of the Temporary Occupation License of the public estate. This license was concluded in July 2008 between SOAVAL (Klépierre Group) and SNCF (National French Rail Network) over a 40-year period.

At predetermined deadlines, SNCF has several opportunities with a financial and contractual compensation: first to exercise a call option on the SOAVAL shares, and secondly to put an end to the Temporary Occupation License.

## 9.2 Reciprocal commitments

Related to developments projects, they amount to 194.1 million euros and are related to financial warranties given to contractors mainly on Hoog Catharijne in The Netherlands (138.0 million euros) and the Prado shopping center (56.1 million euros). Reciprocally, Klépierre received from contractors financial warranties to complete the works.

## 9.3 Commitments received

| *In millions of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Commitments related to Group financing** | **1,855.4** | **1,830.0** |
| Financing agreements obtained and not used | 1,855.4 | 1,830.0 |
| **Commitments related to the Group's operating activities** | **380.9** | **460.2** |
| Sale commitments | 13.5 | 87.2 |
| Financial warranty received in connection with management activity (Loi Hoguet) | 190.0 | 190.0 |
| Financial warranties received from tenants | 177.4 | 183.0 |
| **TOTAL** | **2,236.3** | **2,290.2** |

### 9.3.1 Commitments related to Group financing

#### Financing agreements obtained and not used

At December 31, 2016, Klépierre has 1,855 million euros of committed and undrawn credit lines on bilateral and syndicated loans.

An additional amount of 165 million euros is also available in the form of an uncommitted overdraft with several banks, as of December 31, 2016. Steen & Strøm has 99 million euros available credit lines as overdrafts.

### 9.3.2 Commitments related to the Group's operating activities

#### Sale commitments

As of December 31, 2016, the sale commitment is related to a shopping center in France. In 2015, sale commitments were related to an office project, disposed in June 2016.

#### Financial warranty received in connection with management activity (Loi Hoguet)

As part of its real-estate management activities, banking guarantees have been delivered to Klépierre Management from Credit Agricole for an amount capped at 190 million euros as of December 31, 2016.

#### Financial warranties received from tenants

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

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.

## 9.4 Main shareholders' agreements and control assessment

| Companies (Countries) | Partners | Date of the agreement or last amendment | % of group control | Type of control | Comments |
|---|---|---|---|---|---|
| Klécar France SNC, Klécar Europe Sud SCS, Solorec SC and Klécar Participations Italie SAS (France) | CNP Assurances, Ecureuil Vie | 12/30/2004 | 83.00% | Exclusive Control | The agreement covers 10 assets and provides the usual protections for non-controlling interests: pre-emption right, joint exit right and the decision-making process applying to investment or divestment.<br>The agreement contains two additional clauses:<br>– in favor of Klépierre: an obligation for the non-controlling shareholders to exit at the request of Klépierre in the event of Klécar assets being sold to a third party;<br>– in favor of the non-controlling shareholders – a process enabling the non-controlling shareholder to consider a range of exit scenarios in 2016 and 2017 (for the Italian companies): asset sharing or sale; purchase of non-controlling shareholdings by Klépierre (with no obligation for Klépierre); disposal to a third party with payment of a discount by Klépierre if the offer is less than the Net Asset Value. |
| Bègles Arcins SCS (France) | Assurécureuil Pierre 3 SC | 09/02/2003 | 52.00% | Exclusive Control | The agreement contains provisions relating to the governance of the company, and contains the usual protections found in proposed share sales, as well as a dispute resolution clause. |
| Secovalde SCI, Valdebac SCI (France) | Vendôme Commerces SCI | 11/23/2010 | 55.00% | Exclusive Control | The agreement provides the usual protections in the event of a proposed sale of equity shares to a third party (first refusal and total joint exit rights) and change of control of a partner. |
| Portes de Claye SCI (France) | Cardif Assurances vie | 04/16/2012 | 55.00% | Exclusive Control | The agreement contains provisions governing relations between company partners. It provides the usual protections in the event of proposed sale of equity shares to third parties: reciprocal pre-emption right, reciprocal total joint exit right, total joint exit obligation by non-controlling partner in the event the majority partner plans to sell its full equity stake.<br>It also gives minority partner a right of first offer in the event of a sale of assets by the Company. |
| Massalia Invest SCI, Massalia Shopping Mall SCI (France) | Lacydon SA | 11/14/2014 | 60.00% | Exclusive Control | The agreement contains provisions governing relationships between partners of the above companies, particularly the corporate governance apparatus of Massalia Invest and Massalia Shopping Mall SCI, the terms of assignment and liquidity of investment of partners in Massalia Invest (right of first refusal, tag-along right, a change of control clause, option to purchase) and the terms and main methods of funding of Massalia Invest and Massalia Shopping Mall SCI. |

| Companies (Countries) | Partners | Date of the agreement or last amendment | % of group control | Type of control | Comments |
|---|---|---|---|---|---|
| Nordica Holdco AB, Storm Holding Norway AS et Steen & Strøm AS (Sweden & Norway) | Stichting Pensioenfonds ABP, Storm ABP Holding B.V., PG Strategic Real Estate Pool N.V. and Stichting Depositary APG Real Estate Pool | 09/10/2008 | 56.10% | Exclusive Control | The agreement includes the usual provisions to protect non-controlling interests: qualified majority voting for certain decisions, purchase option in the event of deadlock and joint exit rights, as well as the following provisions:<br>– a one-year inalienability period applied to Steen & Strøm shares from the date of acquisition;<br>– each party has a right of first offer on any shares which the other party wishes to transfer to a third party, subject to the provision that if shares are transferred by one party (other than Klépierre or one of its affiliates) to a Klépierre competitor (as defined in the agreement), the shares concerned will be subject to a right of first refusal and not a right of first offer;<br>– from the sixth year following acquisition, either party may request a Meeting of Shareholders to approve, subject to a two-thirds majority, the disposal of all the shares or assets of Steen & Strøm, or a market flotation of the company.<br>The Group has the right to appoint three members to the Board of Directors including the Chairman, whereas the partner can appoint two members. This latter has protective rights pursuant to the shareholders' agreement and following the analysis of the decisions reserved for the partner. |
| Kleprim's SC (France) | Holdprim's SAS | 11/30/2016 | 50.00% | Joint Control | The agreement gives Kleprojet 1 exit rights if the conditions precedent are unmet as well as the usual protections in the event of a proposed sale of equity shares to a third party (first refusal and total joint exit rights), change of control of a partner and other circumstances affecting the relationship between partners. |
| Cecobil SCS (France) | Vendôme Commerces SCI | 10/25/2007 | 50.00% | Joint Control | The agreement provides the usual protections in the event of a proposed sale of equity shares to a third party (first refusal and total joint exit rights) and change of control of a partner. |
| Du Bassin Nord SCI (France) | Icade SA | NA | 50.00% | Joint Control | The company Bassin Nord is jointly held by Klépierre SA and its partner Icade SA and is jointly managed. The co-managing directors compensation is approved by collective decision of the shareholders, and these latter can only withdraw themselves totally or partially when unanimously authorized by the other associates. |
| Holding Klege Sarl (Luxembourg – Portugal) | Torelli SARL | 11/24/2008 | 50.00% | Joint Control | The agreement includes the usual provisions governing share capital transactions, decision-making and the right to information. Both parties enjoy preemption rights in the event of planned disposals of shares in the company to a third party.<br>Each partner has the right to appoint the same number of members to the Board of Directors. The Chairman is appointed for a period of twelve continuous months on an alternating basis with the partner. All decisions are adopted on simple majority. |
| Italian Shopping Centre Investment SRL (Italy) | Allianz Lebenversicherungs-Aktiengesellschaft | 08/05/2016 | 50.00% | Joint Control | The agreement contains provisions governing the relationship between partners, including decisions for which approval must be compulsorily submitted to the partners' agreement. It includes a right of first offer and a clause of dispute resolution process ("deadlock"). |
| Clivia SpA, Il Destriero SpA (Italy) | Finiper, Finiper Real Estate & Investment, Ipermontebello, Immobiliare Finiper et Cedro 99 | 12/14/2016 | 50.00% | Joint Control | The agreement grant Finiper a put (option to sell) enabling it to sell its shares in Clivia to Klépierre. This put expires in 2017 and can be split into two parts of 25%.<br>Any refusal by Klépierre regarding both Clivia parts will result in a penalty becoming payable to the Finiper Group. |
| Akmerkez Gayrimenkul Yatirim Ortakligi AS (Turkey) | Several persons | 2005 | 46.92% | Significant Influence | The agreement includes circumstances affecting the relationship between partners including the composition of the Board of Directors, including the number of representatives of each shareholder in this Board. It includes circumstances related to the majority requirements for the adoption of decisions which must be compulsorily submitted to the Board of Directors approval. |

### 9.5 Commitments under operating leases – Lessors

The main clauses contained in the lessor's lease agreement are described below.

Rental periods vary in different countries. The terms governing the fixing and indexing of rents are set out in the agreement.

Indexation enables the review of the Minimum Guaranteed Rent. The indices used vary from country to country.

#### Indexation specific to each country

France indexes its leases to the French commercial rents index (ILC) or Cost of Construction Index (ICC). The ILC is a compound index derived from the French Consumer Price Index (IPC), retail trade sales value index (ICAV) and Cost of Construction Index (ICC). Leases are modified in line with the index on January 1, each year. Most leases are indexed to the ILC for the second quarter, which is published in October and applicable from 1st of January of the following year.

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

In Spain, the Consumer Price Index (CPI) is recorded annually every January 1.

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

In Portugal, the index used is the Consumer Price Index (CPI), excluding properties.

In Greece, the Consumer Price Index (CPI) is applied.

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

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

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

In Denmark, in most cases the rent is reviewed annually on the basis of the trend in the Danish consumer price index. Under the terms of commercial lease legislation, either party may request that the rent is adjusted to reflect the market rate every four years. This provision applies unless the parties agree otherwise.

In the Netherlands, in most cases the rent is reviewed annually on the basis of the change in the monthly Dutch Consumer Price Index (CPI). Furthermore under the terms of Dutch lease legislation for commercial spaces, either party may request the rent to be adjusted to reflect the market rate after the end of the first lease period, or in all other cases, every five years after a new rent has been determined by the parties.

In Germany in most cases the index used is the Consumer Price Index (CPI), however some tenants might contractually have an agreed minimum rate of indexation, different from the CPI.

In Turkey, rents are determined in advance for each year, with a large majority of tenants indexed by +3% per year. Leases are generally concluded for a five year period with a right to the lessee to renew the contract duration every year, for maximum period of 10 years. In case that the lessee uses option in relation to renew the leasing period, at the first renewal year 5% rental price increase and other years 3% rental increase shall be made.

#### Minimum guaranteed rent and variable rent

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

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

Wherever possible, all or part of the variable rent is consolidated into the MGR at the point of lease renewal. In this way, the variable part of the rent is usually reduced to zero at the end of the lease. Every year, it is mechanically deducted from the indexation rise in MGR.

#### The total amount of conditional rents recognized in income

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

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

#### Future minimum rents receivable

At December 31, 2016, the total future minimum rents receivable under non-cancelable operating leases were as follows:

| *In millions of euros* | **12/31/2016** |
|---|---|
| Less than one year | 924.7 |
| Between one and five years | 1,753.2 |
| More than five years | 615.4 |
| **TOTAL** | **3,293.4** |

### 9.6 Retention commitments

In France, some assets are subject to the tax regime set out in Article 210-E of the French General Tax Code (for reminder applicable to transactions up to December 31, 2011), under which the buildings must be retained for at least five years after acquisition.

The retention commitment applied for three finance leases acquired in 2011 related to investment properties located in Roques-sur-Garonne, expired as of December 31, 2016.

## NOTE 10 Employee compensation and benefits

### 10.1 Payroll expenses

At December 31, 2016 total payroll expenses amounted to 131.4 million euros.

Fixed and variable salaries and wages plus incentives and profit-sharing totaled 97.5 million euros, pension-related expenses, retirement expenses and other staff benefits totaled 30.9 million euros, taxes and similar compensation-related payments totaled 3 million euros.

### 10.2 Employees

During the financial year 2016, the Group had in average 1,234 employees: 758 work outside France, including 165 in the Scandinavian subsidiary Steen & Strøm. The average headcount of the Klépierre Group for 2016 can be broken down as follows:

| | 12/31/2016 | 12/31/2015 |
|---|---|---|
| France-Belgium | 476 | 529 |
| Scandinavia | 165 | 226 |
| Italy | 173 | 198 |
| Iberia | 122 | 125 |
| The Netherlands | 64 | 117 |
| Germany | 60 | 67 |
| CEE & Turkey | 173 | 234 |
| **TOTAL** | **1,234** | **1,496** |

### 10.3 Employee benefits

#### Accounting policies

##### Employee benefits

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

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

- short-term benefits, such as salaries and wages, annual vacation, mandatory and discretionary profit-sharing schemes and company contributions;
- post-employment benefits: these relate primarily to supplementary pension payments in France, and private pension schemes elsewhere;
- other long-term benefits, which include paid vacation, long-service payments, and some deferred payment schemes paid in monetary units;
- severance pay.

Measurement and recognition methods vary depending on the category of benefit.

##### Short-term benefits

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

##### Post-employment benefits

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

"Defined contribution plans" do not generate a liability for the Company, and therefore are not provisioned. Contributions paid during the period are recognized as an expense.

Only "Defined benefit plans" generate a liability for the Company, and are therefore measured and provisioned.

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

Post-employment benefits classified as “Defined benefit plans” are subject to actuarial appraisals to reflect demographic and financial factors. The amount of the commitment to be provisioned is calculated on the basis of the actuarial assumptions adopted by the company and by the application of the projected unit credit method. The value of any hedging assets (plan assets and redemption rights) is deducted from the resulting figure. According to IAS 19R, the actuarial gains and losses are recognized in equity.

### Long-term benefits

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

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

### Severance pay

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

### Share-based payments

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

For the Klépierre Group, this standard applies primarily to the purchase of shares to meet the commitments arising from its employee stock option scheme.

Stock subscription options granted to employees are measured at their fair value determined on the date of allocation. This fair value is not subsequently remeasured for equity-settled share-based payment transactions, even if the options are never exercised.

This value, which is applied to the number of options eventually vested at the end of the vesting period (estimate of the number of options canceled owing to departures from the company) is booked as an expense, with a corresponding increase in equity which is spread over the vesting period (i.e. the period during which employees must work for the Company before they can exercise the options granted to them).

This employee expense reflecting the options granted (corresponding to the fair value of services rendered by employees) is measured by a specialist independant third-party company. The model adopted complies with the basic assumptions of the Black & Scholes model, adapted to the specific characteristics of the options concerned.

## 10.3.1 Defined contribution pension plans

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

## 10.3.2 Defined benefit pension plans

The provisions recognized for defined benefit pension plans totaled 13.2 million euros at December 31, 2016.

| *In millions of euros* | 12/31/2015 | Allowances for the period | Write-backs (provision used) | Write-backs (provision unused) | Other movements | Changes in the scope of consolidation | 12/31/2016 |
|---|---|---|---|---|---|---|---|
| Provisions for employee benefit commitments | | | | | | | |
| – Defined benefit schemes | 11.1 | 1.0 | -0.4 | -0.2 | -0.3 | | 11.1 |
| – Other long-term benefits | 1.9 | 0.3 | -0.0 | | | | 2.1 |
| **TOTAL** | **13.0** | **1.3** | **-0.5** | **-0.2** | **-0.3** | | **13.2** |

The defined benefit plans in place **in France** are subject to independent actuarial appraisal, which uses the projected unit credit method to calculate the expense relating to rights acquired by employees and the outstanding benefits to be paid to pre-retirees and retirees. The demographic and financial assumptions used when estimating the discounted value of the plan obligations and financed schemes' assets reflect the economic conditions specific to the monetary zone concerned.

Klépierre has set up supplementary pension plans under a corporate agreement. Under these supplementary plans, employee beneficiaries will, on retirement, receive additional income over and above their national state pensions (where applicable) in accordance with the type of plan they are entitled to.

Group employees also benefit from agreed or contractual personal protection plans in various forms, such as retirement gratuities.

**In Italy,** Klépierre Management Italia operates a "Trattamento di Fine Rapporto" (TFR) plan. The amount payable by the employer on termination of the employment contract (as a result of resignation, dismissal or retirement) is calculated by applying an annual coefficient for each year worked. The final amount is capped. Since the liability is known, it can be recognized under other liabilities and not as a provision for contingencies.

Until 31st December 2014, **Scandinavia** had both public and supplemental pension plans. Both required annual contributions to pension funds. In addition to these plans, Steen & Strøm had put in place a private plan for some employees in Norway. According to IAS 19R, this system enters the definition a defined benefit pension plan. As of December 31, 2015, the subsidiaries **in Norway** has terminated their defined benefit plan and started with a defined contribution pension plan. Under defined contribution plans the entity's obligation is now limited to the amount that it agrees to contribute to the fund who'll assume the payment of the obligation.

**In Spain,** a provision for retirement commitments may be recognized where specific provision is made in the collective agreement, but this does not affect the staff working in the Spanish subsidiaries of the Klépierre Group.

The existing commitments for post-employment medical assistance plans are measured on the basis of assumed rises in medical costs. These assumptions, based on historical observations, take into account the estimated future changes in the cost of medical services resulting both from the cost of medical benefits and inflation.

### Components of net obligation (five-year comparison of actuarial liabilities)

| *In millions of euros* | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| **Surplus of obligations over the assets of financed schemes** | | | | | |
| **Gross discounted value of obligations fully or partially financed by assets** | **11.3** | **14.3** | **19.2** | **16.6** | **20.1** |
| Fair value of the schemes' assets | -0.1 | -0.1 | -5.8 | -5.9 | -6.5 |
| **Discounted value of non-financed obligations** | **11.1** | **14.1** | **13.4** | **10.7** | **13.6** |
| Costs not yet recognized in accordance with the provisions of IAS 19 | | | | | |
| Cost of past services | 1.1 | 1.2 | | | -0.5 |
| Net actuarial losses or gains | -0.3 | -1.8 | | | -0.1 |
| Acquisition/Disposal | -0.6 | -2.1 | | | |
| Matured rights | -0.4 | -0.3 | 0.7 | 0.7 | -0.3 |
| **NET OBLIGATION RECOGNIZED IN THE BALANCE SHEET FOR DEFINED BENEFIT PLANS** | **11.1** | **11.1** | **14.1** | **11.5** | **12.7** |

### Change in net obligation

| *In millions of euros* | 12/31/2016 |
|---|---|
| **Net obligation at the beginning of the period** | **11.1** |
| Retirement expense recognized in income of the period | 1.1 |
| Contributions paid by Klépierre recognized in income of the period | |
| Acquisition/Disposal | -0.6 |
| Benefits paid to recipients of non-financed benefits unfunded | -0.4 |
| Actuarial gains or losses, and other rights modifications | -0.3 |
| Currency effects | |
| **NET OBLIGATION AT THE END OF THE PERIOD** | **11.1** |

### Components of retirement expenses

| *In millions of euros* | 12/31/2016 |
|---|---|
| Cost of services rendered during the year | 0.9 |
| Financial cost | 0.2 |
| Forecasted yield of the scheme's assets | 0.0 |
| Amortization of actuarial gains and losses | 0.0 |
| Amortization of past services | 0.0 |
| Effects of reduction or liquidation of the scheme | 0.0 |
| Currency effect | 0.0 |
| **TOTAL RECOGNIZED IN "PAYROLL EXPENSES"** | **1.1** |

**Main actuarial assumptions used for balance sheet calculations**

| | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Discount rate | 1.29% | 2.03% |
| Forecasted yield rate of the scheme's assets | 1.29% | 1.49% -3.00% |
| Forecasted yield rate of redemption rights | N/A | N/A |
| **FUTURE SALARY INCREASE RATE** | **0.50% -2.25%** | **0.50% -2.25%** |

The discount rate for the euro zone is taken from the yield on AA bonds (iBoxx index) with a 10-years maturity.

The effect of the actuarial gain or loss variation for -0.3 million euros is explained by the change in turnover and the evolution of the discount rate over the period, and is booked in the other comprehensive income.

## 10.4 Stock-options

To date, five stock option plans have been set up for Group executives and employees. Plan n°1 and plan n°2 expired respectively in 2014 and 2015.

### 10.4.1 Summary data

| | Plan n°3 | |
|---|---|---|
| | **Without performance conditions** | **With performance conditions** |
| Date of the General Meeting of Shareholders | 04/07/2006 | 04/07/2006 |
| Date of the Executive Board meeting | 04/06/2009 | 04/06/2009 |
| Start date for exercising options | 04/06/2013 | 04/06/2013 |
| Expiration date | 04/05/2017 | 04/05/2017 |
| Subscription or purchase price | 22.60 | between 22.6 and 27.12 |
| Stock purchase options originally granted | 377,750 | 103,250 |
| Stock purchase options canceled or obsolete at December 31, 2016 | 46,000 | 7,500 |
| Stock purchase options exercised at December 31, 2016 | 309,010 | 91,688 |
| Outstanding stock purchase options at December 31, 2016 | 22,740 | 4,062 |

| | Plan n°4 | | Plan n°5 | |
|---|---|---|---|---|
| | **Without performance conditions** | **With performance conditions** | **Without performance conditions** | **With performance conditions** |
| Date of the General Meeting of Shareholders | 04/09/2009 | 04/09/2009 | 04/09/2009 | 04/09/2009 |
| Date of the Executive Board meeting | 06/21/2010 | 06/21/2010 | 05/27/2011 | 05/27/2011 |
| Start date for exercising options | 06/21/2014 | 06/21/2014 | 05/27/2015 | 05/27/2015 |
| Expiration date | 06/20/2018 | 06/20/2018 | 05/26/2019 | 05/26/2019 |
| Subscription or purchase price | 22.31 | between 22.31 and 26.77 | 27.94 | between 27.94 and 33.53 |
| Stock purchase options originally granted | 403,000 | 90,000 | 492,000 | 114,000 |
| Stock purchase options canceled or obsolete at December 31, 2016 | 69,000 | | 121,500 | 6,000 |
| Stock purchase options exercised at December 31, 2016 | 281,295 | 33,300 | 174,834 | 13,375 |
| Outstanding stock purchase options at December 31, 2016 | 52,705 | 56,700 | 195,666 | 94,625 |

The third, fourth and fifth plans are performance-related for Executive Board members and partly performance-related for the Executive Committee. No expense was recognized for the period.

## 10.5 Free shares

There are currently five free shares plans in place for Group executives and employees.

### 10.5.1 Summary data

| | Plan No. 1 | | | | |
|---|---|---|---|---|---|
| | France | | | Foreign countries | |
| **Plan authorized in 2012** | **Without performance conditions** | **Without performance conditions** | **With performance conditions** | **Without performance conditions** | **With performance conditions** |
| Date of the General Meeting of Shareholders | 04/12/2012 | 04/12/2012 | 04/12/2012 | 04/12/2012 | 04/12/2012 |
| Date of the Executive Board meeting | 10/23/2012 | 10/23/2012 | 10/23/2012 | 10/23/2012 | 10/23/2012 |
| End of acquisition period | 01/31/2016 | 10/23/2015 | 10/23/2015 | 10/23/2016 | 10/23/2016 |
| End of conservation period | 01/31/2018 | 10/23/2017 | 10/23/2017 | - | - |
| Shares originally granted | 40,000 | 22,100 | 159,000 | 13,600 | 25,500 |
| Shares canceled at December 31, 2016 | | 850 | | 5,950 | 8,500 |
| Reduction of shares with performance in 2016 | | | 13,499 | | 1,446 |
| Shares definitively acquired in 2016 | 40,000 | 21,250 | 145,501 | 7,650 | 15,554 |
| Outstanding shares at December 31, 2016 | 0 | 0 | 0 | 0 | 0 |

| | Plan No. 2 | |
|---|---|---|
| | With performance conditions | |
| **Plan authorized in 2013** | **France** | **Foreign countries** |
| Date of the General Meeting of Shareholders | 04/12/2012 | 04/12/2012 |
| Date of the Executive Board meeting | 02/25/2013 | 02/25/2013 |
| End of acquisition period | 02/25/2016 | 02/25/2017 |
| End of conservation period | 02/25/2018 | - |
| Shares originally granted | 230,000 | 25,000 |
| Shares canceled at December 31, 2016 | 8,000 | 2,000 |
| Reduction of shares with performance in 2016 | 123,832 | 12,834 |
| Shares definitively acquired in 2016 | 98,168 | 0 |
| Outstanding shares at December 31, 2016 | 0 | 10,166 |

| | Plan No. 3 | |
|---|---|---|
| | With performance conditions | |
| **Plan authorized in 2014** | **France** | **Foreign countries** |
| Date of the General Meeting of Shareholders | 04/12/2012 | 04/12/2012 |
| Date of the Executive Board meeting | 03/10/2014 | 03/10/2014 |
| End of acquisition period | 03/10/2017 | 03/10/2018 |
| End of conservation period | 03/10/2019 | - |
| Shares originally granted | 208,000 | 47,500 |
| Shares canceled at December 31, 2016 | 0 | 9,500 |
| Outstanding shares at December 31, 2016 | 208,000 | 38,000 |

| | Plan No. 4 | |
|---|---|---|
| | With performance conditions | |
| **Plan authorized in 2015** | **France** | **Foreign countries** |
| Date of the General Meeting of Shareholders | 04/14/2015 | 04/14/2015 |
| Date of the Executive Board meeting | 05/04/2015 | 05/04/2015 |
| End of acquisition period | 05/04/2018 | 05/04/2019 |
| End of conservation period | 05/04/2021 | - |
| Shares originally granted | 235,059 | 54,900 |
| Additional shares granted | 0 | 0 |
| Shares canceled at December 31, 2016 | 6,000 | 7,500 |
| Outstanding shares at December 31, 2016 | 229,059 | 47,400 |

On May 2, 2016, 324,500 shares have been allocated to management and Group employees, as part of a free share plan authorized by the Executive Board. The allocation is divided into two fractions with the following characteristics:

| | Plan No. 5 | |
|---|---|---|
| | With performance conditions | |
| **Plan authorized in 2016** | **France** | **Foreign countries** |
| Date of the General Meeting of Shareholders | 04/19/2016 | 04/19/2016 |
| Date of the Executive Board meeting | 05/02/2016 | 05/02/2016 |
| End of acquisition period | 05/02/2019 | 05/02/2020 |
| End of conservation period | 05/02/2021 | - |
| Shares originally granted | 240,500 | 84,000 |
| Additional shares granted | 0 | 0 |
| Shares canceled at December 31, 2016 | 3,500 | 1,000 |
| Outstanding shares at December 31, 2016 | 237,000 | 83,000 |

The total expense recognized for the period for all free share plans amounts to 4.9 million euros and takes into account an estimate of the population of beneficiary at the end of each vesting period, as a beneficiary may lose his or her entitlements should he or she leave the Klépierre Group during this period.

## 10.5.2 Other information

The following tables present the assumptions used for valuation of the free share plans and charges booked over the period.

| | Plan No. 1 | | | | |
|---|---|---|---|---|---|
| | France | | | Foreign countries | |
| **Plan authorized in 2012** | **Without performance conditions** | **Without performance conditions** | **With performance conditions** | **Without performance conditions** | **With performance conditions** |
| Share price on the date of allocation<br>Average of the 20 opening quotations preceeding October 23, 2012 | € 28.31 | € 28.31 | | € 28.31 | |
| Volatility for Klépierre share quotes:<br>Historical volatility over 8 years, as calculated as of October 22, 2012 based on daily variation | 35% Klépierre share | | 35% Klépierre share; 23.2% FTSE EPRA Eurozone; correlation: 0,82 | | 35% Klépierre share; 23.2% FTSE EPRA Eurozone; correlation 0,82 |
| Dividend per share | € 1.45 | € 1.45 | € 1.45 | € 1.45 | € 1.45 |
| Share value | € 24.26 | € 24.29 | € 13.31 | € 22.99 | € 12.53 |
| Expense for the period | 0.0 million euros | - | - | 0.0 million euros | 0.0 million euros |

| | Plan No. 2 | |
|---|---|---|
| | With performance conditions | |
| **Plan authorized in 2013** | **France** | **Foreign countries** |
| Share price on the date of allocation<br>Average of the 20 opening quotations preceeding February 25, 2013 | € 29.54 | € 29.54 |
| Volatility for Klépierre share quotes:<br>Historical volatility over 8 years, as calculated as of February 25, 2013 based on daily variation | | 34.9% Klépierre share; 23.2% FTSE EPRA Eurozone; correlation: 0,82 |
| Dividend per share | € 1.50 | € 1.50 |
| Share value | € 14.19 | € 13.65 |
| Expense for the period | 0.2 million euros | 0.1 million euros |

| Plan authorized in 2014 | Plan No. 3 With performance conditions France | Plan No. 3 With performance conditions Foreign countries |
|---|---|---|
| Share price on the date of allocation<br>Average of the 20 opening quotations preceeding March 10, 2014 | € 33.19 | € 33.19 |
| Volatility for Klépierre share quotes:<br>Historical volatility over 8 years, as calculated as of March 10, 2014 based on daily variation | 23.68% Klépierre share and FTSE EPRA Eurozone; correlation: 0,66 | |
| Dividend per share | € 1.55 | € 1.55 |
| Share value | € 15.67 | € 15.06 |
| Expense for the period | 1.1 million euros | 0.1 million euros |

| Plan authorized in 2015 | Plan No. 4 With performance conditions France | Plan No. 4 With performance conditions Foreign countries |
|---|---|---|
| Share price on the date of allocation<br>Average of the 40 opening quotations preceeding May 4, 2015 | € 45.12 | € 45.12 |
| Volatility for Klépierre share quotes:<br>Historical volatility over 3 years, as calculated as of May 4, 2015 based on daily variation | 20% Klépierre share and 13.50% FTSE EPRA Eurozone; correlation: 0,82 | |
| Dividend per share | € 1.60 | € 1.60 |
| Share value | € 17.00 | € 16.20 |
| Expense for the period | 1.6 million euros | 0.2 million euros |

| Plan authorized in 2016 | Plan No. 5 With performance conditions France | Plan No. 5 With performance conditions Foreign countries |
|---|---|---|
| Share price on the date of allocation<br>Average of the 40 opening quotations preceeding May 2, 2016 | € 41.19 | € 41.19 |
| Volatility for Klépierre share quotes:<br>Historical volatility over 3 years, as calculated as of May 2, 2016 based on daily variation | 22% Klépierre share and 18% FTSE EPRA Eurozone; correlation: 0,8 | |
| Dividend per share | € 1.70 | € 1.70 |
| Share value | € 17.52 | € 16.81 |
| Expense for the period | 1.4 million euros | 0.2 million euros |

# NOTE 11 Additionnal information

## 11.1 Transactions with related parties

### 11.1.1 Transactions with the Simon Property Group

According to the company's knowledge, the Simon Property Group holds a 20.33% equity stake in Klépierre SA as of December 31, 2016.

At this date, there are no reciprocal transactions between the two groups.

### 11.1.2 Transactions with the APG Group

According to the company's knowledge, the APG Group holds a 13.49% equity stake in Klépierre SA as of December 31, 2016.

In 2009, an inflation linked loan of an initial amount of 200 million euros for seven years was granted to the Groupe by a related party of APG. This loan was reimbursed in September 2016 and the amount of interests paid for 2016 totals 4.6 million euros.

### 11.1.3 Relationships between Klépierre Group consolidated companies

Transactions between related parties were governed by the same terms as those applying to transactions subject to normal conditions of competition. The end-of-period balance sheet positions and transactions conducted during the period between fully consolidated companies are completely eliminated.

The following tables show the positions and reciprocal transactions of companies consolidated under the equity method (over which the Group has significant influence or a joint control) that have not been eliminated. A full list of Klépierre Group companies consolidated under the equity method is given in section 11.8 "Detail of consolidated entities".

**Balance sheet positions with related parties at period-end**

| *In millions of euros* | 12/31/2016<br>Companies consolidated using the equity method | 12/31/2015<br>Companies consolidated using the equity method |
|---|---|---|
| Loans and advances to companies consolidated using the equity method | 308.5 | 331.2 |
| **Non-current assets** | **308.5** | **331.2** |
| Trade accounts and notes receivable | 5.3 | 15.2 |
| Other receivables | 3.7 | 8.0 |
| **Current assets** | **9.0** | **23.2** |
| **TOTAL ASSETS** | **317.5** | **354.4** |
| Loans and advances from companies consolidated using the equity method | 7.7 | 1.9 |
| **Non-current liabilities** | **7.7** | **1.9** |
| Trade payables | 0.2 | 2.5 |
| Other liabilities | 0.3 | 1.6 |
| **Current liabilities** | **0.5** | **4.1** |
| **TOTAL LIABILITIES** | **8.2** | **6.0** |

**"Income" items related to transactions with related parties**

| *In millions of euros* | 12/31/2016<br>Companies consolidated using the equity method | 12/31/2015<br>Companies consolidated using the equity method |
|---|---|---|
| Management, administrative and related income | 8.0 | 7.5 |
| **Operating income** | **8.0** | **7.5** |
| Net cost of debt | 11.6 | 11.8 |
| **Profit before tax** | **19.6** | **19.3** |
| **NET INCOME OF THE CONSOLIDATED ENTITY** | **19.6** | **19.3** |

Most of these items relate to management and administration fees and income from financing arrangements for these companies' businesses.

## 11.2 Post-employment benefit plans

The main post-employment benefits are severance pay and defined benefit plans or defined contribution pension plans. Post-employment benefit plans are administered by insurance companies and other independent management companies external to the Klépierre Group.

## 11.3 Compensation paid to the principal executives

Klépierre SA, the parent company of the Klépierre Group, is a French corporation (société anonyme) whose governance structure comprises an Executive Board and a Supervisory Board.

The amount of directors' fees paid to the members of the Supervisory Board during the fiscal year 2016 totaled 529,827 euros, including 75,071 euros paid to the Chairman of the Supervisory Board.

Compensation paid to the Executive Committee breaks down as follows:

| *In thousands of euros* | 12/31/2016 |
|---|---|
| Short-term benefits excluding employer's contribution | 7,174.8 |
| Short-term benefits: employer's contribution | 3,088.3 |
| Post-employment benefits | 870.7 |
| Other long-term benefits | 385.2 |
| Share-based payment(1) | 2,680.6 |

*(1) Expense posted in the profit and loss account related to stock-option and free shares plans.*

## 11.4 Contingent liabilities

During the period, neither Klépierre nor its subsidiaries have been the subject of any governmental or arbitration action (including any action of which the issuer has knowledge, which is currently suspended or is threatened) which has recently had a significant impact on the financial position or profitability of the issuer and/or the Group.

Part of the land of the Anatolium shopping center is subject to a jurisdictional action since 2012 involving the Bursa Municipality in Turkey and previous land owners. Should any adverse court decision be taken, Klépierre preserves its rights to request compensation from the municipality.

### 11.5 Post-balance sheet date events

On January 21, 2017, Steen & Strøm completed the sale of SSI Lillestrøm Torv AS, a company which owned the Lillestrøm Torv shopping center (Norway).

In January 2017, Klépierre adjusted its fixed-rate position with the early termination of a 200 million payer swap and the implementation of a new 1.9 billion euro hedging portfolio comprised of payer swaps, caps and swaptions.

### 11.6 Statutory Auditors' fees

| | Deloitte | | | | EY | Mazars | EY | Mazars | Others[1] | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *In millions of euros (excluding VAT)* | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| **Audit services** | **1.3** | **1.1** | **100%** | **100%** | **1.1** | **0.8** | **100%** | **100%** | **0.0** | **0.6** | **0%** | **100%** |
| Auditing, certification and review of individual and consolidated financial statements | | | | | | | | | | | | |
| – Issuer | 0.2 | 0.3 | 17% | 25% | 0.2 | 0.2 | 18% | 28% | 0.0 | | 0% | 0% |
| – Fully-consolidated subsidiaries | 0.9 | 0.8 | 68% | 67% | 0.8 | 0.6 | 78% | 67% | | 0.6 | 0% | 100% |
| Other diligences and services directly related to the Statutory Auditors engagement | | | | | | | | | | | | |
| – Issuer | 0.1 | 0.1 | 5% | 7% | 0.0 | 0.0 | 1% | 1% | | | 0% | 0% |
| – Fully-consolidated subsidiaries | 0.1 | 0.0 | 10% | 1% | 0.0 | 0.0 | 4% | 3% | | | 0% | 0% |
| **Other services provided by Statutory Auditors to fully-integrated subsidiaries** | **0.0** | **0.0** | | | **-** | **-** | | | **-** | **-** | | |
| – Legal, tax, employment-related and other services | 0.0 | 0.0 | | | - | - | | | - | - | | |
| **TOTAL** | **1.4** | **1.2** | **100%** | **100%** | **1.1** | **0.8** | **100%** | **100%** | **0.0** | **0.6** | **0%** | **100%** |

*(1) Corresponds to the audit fees paid for PwC & KPMG which mandates continued during 2015.*

### 11.7 Identity of the consolidating companies

At December 31, 2016, Klépierre is consolidated using the equity method by Simon Property Group and the APG Group which hold respectively a 20.33% and a 13.49% stake in the equity of Klépierre (including treasury shares).

### 11.8 Detail of consolidated entities

| List of consolidated companies Full Consolidated Companies | Country | % of interest 12/31/2016 | % of interest 12/31/2015 | % of interest Change | % of control 12/31/2016 | % of control 12/31/2015 | % of control Change |
|---|---|---|---|---|---|---|---|
| **HOLDING – HEAD OF THE GROUP** | | | | | | | |
| Klépierre SA | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| **SHOPPING CENTERS – FRANCE** | | | | | | | |
| KLE 1 SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| SCOO SC | France | 53.64% | 53.64% | - | 53.64% | 53.64% | - |
| Klécar France SNC | France | 83.00% | 83.00% | - | 83.00% | 83.00% | - |
| KC3 SNC | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| KC4 SNC | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| KC5 SNC | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| KC9 SNC | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| KC10 SNC | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| KC11 SNC | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| KC12 SNC | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| KC20 SNC | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| LP7 SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klécar Europe Sud SCS | France | 83.00% | 83.00% | - | 83.00% | 83.00% | - |
| Solorec SC | France | 80.00% | 80.00% | - | 80.00% | 80.00% | - |
| Centre Bourse SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Bègles Arcins SCS | France | 52.00% | 52.00% | - | 52.00% | 52.00% | - |
| Bègles Papin SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Sécovalde SCI | France | 55.00% | 55.00% | - | 55.00% | 55.00% | - |
| Cécoville SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |

| List of consolidated companies<br>Full Consolidated Companies | Country | % of interest<br>12/31/2016 | % of interest<br>12/31/2015 | % of interest<br>Change | % of control<br>12/31/2016 | % of control<br>12/31/2015 | % of control<br>Change |
|---|---|---|---|---|---|---|---|
| Soaval SCS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klémurs SCA | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Nancy Bonsecours SCI | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Sodevac SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Odysseum Place de France SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klécar Participations Italie SAS | France | 83.00% | 83.00% | - | 83.00% | 83.00% | - |
| Pasteur SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Holding Gondomar 1 SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Holding Gondomar 3 SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Combault SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Beau Sevran Invest SCI | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| Valdebac SCI | France | 55.00% | 55.00% | - | 55.00% | 55.00% | - |
| Progest SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Belvedere Invest SARL | France | 55.00% | 55.00% | - | 55.00% | 55.00% | - |
| Haies Haute Pommeraie SCI | France | 53.00% | 53.00% | - | 53.00% | 53.00% | - |
| Plateau des Haies SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Forving SARL | France | 93.15% | 93.15% | - | 93.15% | 93.15% | - |
| Saint Maximin Construction SCI | France | 55.00% | 55.00% | - | 55.00% | 55.00% | - |
| Pommeraie Parc SCI | France | 60.00% | 60.00% | - | 60.00% | 60.00% | - |
| Champs des Haies SCI | France | 60.00% | 60.00% | - | 60.00% | 60.00% | - |
| La Rive SCI | France | 85.00% | 85.00% | - | 85.00% | 85.00% | - |
| Rebecca SCI | France | 70.00% | 70.00% | - | 70.00% | 70.00% | - |
| Le Mais SCI | France | 80.00% | 80.00% | - | 80.00% | 80.00% | - |
| Le Grand Pré SCI | France | 60.00% | 60.00% | - | 60.00% | 60.00% | - |
| LC SCI | France | 88.00% | 88.00% | - | 100.00% | 100.00% | - |
| Kle Projet 1 SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Créteil SCI | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Albert 31 SCI | France | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| Galeries Drancéennes SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Portes de Claye SCI | France | 55.00% | 55.00% | - | 55.00% | 55.00% | - |
| Klecab SCI | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Kleber Odysseum SCI | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klé Arcades SCI | France | 53.69% | 53.69% | - | 100.00% | 100.00% | - |
| Le Havre Colbert SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Massalia SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Massalia Shopping Mall SCI | France | 60.00% | 60.00% | - | 100.00% | 100.00% | - |
| Massalia Invest SCI | France | 60.00% | 60.00% | - | 60.00% | 60.00% | - |
| Corio SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio et Cie SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Paris Immoblier SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Sanoux SCI | France | 75.00% | 75.00% | - | 75.00% | 75.00% | - |
| Centre Deux SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Mob SC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Alpes SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Galerie du Livre SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Les Portes de Chevreuse SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Caetoile SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Echirolles SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Sagep SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Maya SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Ayam SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Dense SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Newton SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Financière Corio SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Grand Littoral SASU | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |

| List of consolidated companies Full Consolidated Companies | Country | % of interest 12/31/2016 | % of interest 12/31/2015 | % of interest Change | % of control 12/31/2016 | % of control 12/31/2015 | % of control Change |
|---|---|---|---|---|---|---|---|
| **SERVICE PROVIDERS – FRANCE** | | | | | | | |
| Klépierre Management SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Conseil SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Brand Ventures SNC | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Gift Cards SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Finance SAS | France | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Procurement International SNC | France | 100.00% | 0.00% | 100.00% | 100.00% | 0.00% | 100.00% |
| **SHOPPING CENTERS – INTERNATIONAL** | | | | | | | |
| Klépierre Management Deutschland GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Veste Duisburg GmbH | Germany | 94.99% | 94.99% | - | 94.99% | 94.99% | - |
| CVL Duisburg II GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| CVL Duisburg III GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| CVL Dresden GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Veste Duisburg II GmbH | Germany | 94.99% | 94.99% | - | 94.99% | 94.99% | - |
| Corio Veste Dresden GmbH | Germany | 94.99% | 94.99% | - | 94.99% | 94.99% | - |
| Corio Veste Projekte 9 GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Unter Goldschmied Köln GmbH | Germany | 94.99% | 94.99% | - | 94.99% | 94.99% | - |
| Corio Veste Hildesheim GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Projekt Arnekenstrasse GmbH & Co.KG | Germany | 94.90% | 94.99% | -0.09% | 94.90% | 94.99% | -0.09% |
| Projekt Arnekenstrasse Vermietung GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Veste Berlin GmbH | Germany | 94.99% | 94.99% | - | 94.99% | 94.99% | - |
| CVL Berlin GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Coimbra SA | Belgium | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Les Cinémas de l'Esplanade SA | Belgium | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Foncière de Louvain La Neuve SA | Belgium | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Lulin EOOD | Bulgaria | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Steen & Strøm Holding AS | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Bryggen, Vejle A/S | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Bruun's Galleri ApS | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Field's Copenhagen I/S | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Viva, Odense A/S | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Field's Eier I ApS | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Field's Eier II A/S | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Steen & Strøm CenterUdvikling VI A/S | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Klecar Foncier Iberica SL | Spain | 83.06% | 83.06% | - | 100.00% | 100.00% | - |
| Klecar Foncier Espana SL | Spain | 83.06% | 83.06% | - | 100.00% | 100.00% | - |
| Klépierre Vallecas SA | Spain | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Molina SL | Spain | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Plenilunio Socimi SA | Spain | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Principe Pio Gestion SA | Spain | 95.00% | 95.00% | - | 95.00% | 95.00% | - |
| Corio Torrelodones Office Suite SL | Spain | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Real Estate Espana SL | Spain | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Nea Efkarpia AE | Greece | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| Klépierre Foncier Makedonia AE | Greece | 83.01% | 83.01% | - | 100.00% | 100.00% | - |
| Klépierre Athinon AE | Greece | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| Klépierre Peribola Patras AE | Greece | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| Nyiregyhaza Plaza KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| SA Duna Plaza ZRT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| CSPL 2002 KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Sarl GYR 2002 KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Uj Alba 2002 KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Miskolc 2002 KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Kanizsa 2002 KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Corvin KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corvin Vision KFT | Hungary | 66.67% | 66.67% | - | 66.67% | 66.67% | - |
| Klépierre Trading KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |

| List of consolidated companies<br>Full Consolidated Companies | Country | % of interest<br>12/31/2016 | <br>12/31/2015 | <br>Change | % of control<br>12/31/2016 | <br>12/31/2015 | <br>Change |
|---|---|---|---|---|---|---|---|
| Immobiliare Gallerie Commerciali S.p.A | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klecar Italia S.p.A | Italy | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| Klefin Italia S.p.A | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Galleria Commerciale Di Collegno S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Galleria Commerciale Serravalle S.p.A | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Galleria Commerciale Assago S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Galleria Commerciale Klépierre S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Galleria Commerciale Cavallino S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Galleria Commerciale Solbiate S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| K2 | Italy | 95.06% | 95.06% | - | 95.06% | 95.06% | - |
| Klépierre Matera S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Caserta S.r.l | Italy | 83.00% | 83.00% | - | 100.00% | 100.00% | - |
| Shopville Le Gru S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Grandemilia S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Shopville Gran Reno S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Il Maestrale S.p.A. | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Comes – Commercio e Sviluppo S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Globodue S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Globotre S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Generalcostruzioni S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| B.L.O S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Italia S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Reluxco International SA | Luxemburg | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Storm Holding Norway AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Steen & Strøm AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Slagenveien 2 AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Amanda Storsenter AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Farmandstredet Eiendom AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Nerstranda AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| SSI Lillestrøm Torv AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Hamar Storsenter AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Stavanger Storsenter AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Vinterbro Senter DA | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Steen & Strøm Mediapartner Norge AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Oslo City Kjopesenter AS | Norway | 56.10% | 37.42% | 18.68% | 100.00% | 66.70% | 33.30% |
| Oslo City Parkering AS | Norway | 56.10% | 0.00% | 56.10% | 100.00% | 0.00% | 100.00% |
| Gulskogen Senter AS | Norway | 56.10% | 0.00% | 56.10% | 100.00% | 0.00% | 100.00% |
| Capucine B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Nordica B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Beleggingen I B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Nederland Kantoren B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Nederland B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Hoog Catharijne B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Nederland B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Bresta I B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| CCA German Retail I B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| CCA German Retail II B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Participaties I B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Participaties II B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Polska Sp. z o.o. Sadyba SKA w likwidacji | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Kraków Sp. z o.o. w likwidacji | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Polska Sp. z o.o. Poznań SKA | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Polska Sp. z o.o. Ruda Śląska sp.k. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |

| List of consolidated companies Full Consolidated Companies | Country | % of interest 12/31/2016 | 12/31/2015 | Change | % of control 12/31/2016 | 12/31/2015 | Change |
|---|---|---|---|---|---|---|---|
| Sadyba Best Mall Sp. z o.o. sp.k. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Pologne Sp. z o.o. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Polska Sp. z o.o. Rybnik SKA | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Sosnowiec Property KLP Polska Sp. z o.o. sp.k. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Polska Sp. z o.o. Movement SKA w likwidacji | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Polska Sp. z o.o. Lublin sp.k. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Polska Sp. z o.o. Kraków sp.k. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Sadyba Best Mall Sp. z o.o. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Poznań Sp. z o.o. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Ruda Śląska Property KLP Polska Sp. z o.o. sp.k. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Investment Poland Sp. z o.o. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Rybnik Property KLP Polska Sp. z o.o. sp.k. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Lublin Sp. z o.o. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| KLP Polska Sp. z o.o. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| IPOPEMA 96 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klelou Imobiliaria Spa SA | Portugal | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Galeria Parque Nascente SA | Portugal | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Gondobrico SA | Portugal | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klenord Imobiliaria SA | Portugal | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Kletel Imobiliaria SA | Portugal | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Kleminho Imobiliaria SA | Portugal | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Espaço Guimarães SA | Portugal | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Cz S.R.O. | Czech Republic | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Praha S.R.O. | Czech Republic | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Plzen AS | Czech Republic | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Arcol Group S.R.O. | Slovakia | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Nordica Holdco AB | Sweden | 56.10% | 56.10% | - | 56.10% | 56.10% | - |
| Steen & Strøm Holding AB | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB CentrumInvest | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB Emporia | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB Borlänge Köpcentrum | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB Marieberg Centrum | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB Allum | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB P Brodalen | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Partille Lexby AB | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB P Åkanten | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB P Porthälla | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Fastighets Västra Götaland AB | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Grytingen Nya AB | Sweden | 36.35% | 36.35% | - | 64.79% | 64.79% | - |
| FAB Lackeraren Borlänge | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| FAB Centrum Västerort | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Phasmatidae Holding AB | Sweden | 56.10% | 0.00% | 56.10% | 100.00% | 0.00% | 100.00% |
| Klépierre Gayrimenkul Yönetimi ve Yatirim Ticaret AS | Turkey | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Miratur Turizm Insaat ve Ticaret AS | Turkey | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Tan Gayrimenkul Yatirim Insaat Turizm Pazarlama ve Ticaret AS | Turkey | 51.00% | 51.00% | - | 51.00% | 51.00% | - |

| List of consolidated companies<br>Full Consolidated Companies | Country | % of interest | | | % of control | | |
|---|---|---|---|---|---|---|---|
| | | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change |
| **SERVICE PROVIDERS – INTERNATIONAL** | | | | | | | |
| Corio Mall Management Duisburg GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Corio Mall Management Dresden GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Projekt Arnekenstrasse Verwaltung GmbH | Germany | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Belgique SA | Belgium | 100.00% | 0.00% | 100.00% | 100.00% | 0.00% | 100.00% |
| Klépierre Finance Belgique SA | Belgium | 100.00% | 0.00% | 100.00% | 100.00% | 0.00% | 100.00% |
| Steen & Strøm CenterDrift A/S | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Steen & Strøm CenterService A/S | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Steen & Strøm Danemark A/S | Denmark | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Klépierre Management Espana SL | Spain | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Hellas AE | Greece | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Magyarorszag KFT | Hungary | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Italia S.r.l | Italy | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Steen & Strøm Senterservice AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Steen & Strøm Norge AS | Norway | 56.10% | 56.10% | - | 100.00% | 100.00% | - |
| Klépierre Vastgoed Ontwikkeling B.V. | The Netherlands | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Polska Sp. z o.o. | Poland | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Portugal SA | Portugal | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Ceska Républika S.R.O. | Czech Republic | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Klépierre Management Slovensko S.R.O. | Slovakia | 100.00% | 100.00% | - | 100.00% | 100.00% | - |
| Steen & Strøm Sverige AB | Sweden | 56.10% | 56.10% | - | 100.00% | 100.00% | - |

| List of consolidated companies<br>Equity Method Companies:<br>jointly controlled | Country | % of interest | | | % of control | | |
|---|---|---|---|---|---|---|---|
| | | 12/31/2016 | 12/31/2015 | Change | 12/31/2016 | 12/31/2015 | Change |
| Cécobil SCS | France | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Du Bassin Nord SCI | France | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Le Havre Vauban SNC | France | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Le Havre Lafayette SNC | France | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| La Plaine du Moulin à Vent SCI | France | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Girardin SCI | France | 33.40% | 33.40% | - | 33.40% | 33.40% | - |
| Société Immobilière de la Pommeraie SC | France | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Parc de Coquelles SNC | France | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Kleprim's SCI | France | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Celsius Le Murier SNC | France | 40.00% | 40.00% | - | 40.00% | 40.00% | - |
| Celsius Haven SNC | France | 40.00% | 40.00% | - | 40.00% | 40.00% | - |
| Pivoines SCI | France | 33.33% | 33.33% | - | 33.33% | 33.33% | - |
| Clivia S.p.A | Italy | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Galleria Commerciale Il Destriero S.p.A | Italy | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| CCDF S.p.A | Italy | 49.00% | 49.00% | - | 49.00% | 49.00% | - |
| Galleria Commerciale Porta di Roma S.p.A | Italy | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Galleria Commerciale 9 S.r.l | Italy | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Italian Shopping Centre Investment S.r.l | Italy | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Holding Klege S.r.l | Luxemburg | 50.00% | 50.00% | - | 50.00% | 50.00% | - |
| Nordbyen Senter 2 AS | Norway | 28.05% | 28.05% | - | 50.00% | 50.00% | - |
| Metro Senter ANS | Norway | 28.05% | 28.05% | - | 50.00% | 50.00% | - |
| Økern Sentrum Ans | Norway | 28.05% | 28.05% | - | 50.00% | 50.00% | - |
| Økern Eiendom ANS | Norway | 28.05% | 28.05% | - | 50.00% | 50.00% | - |
| Metro Shopping AS | Norway | 28.05% | 28.05% | - | 50.00% | 50.00% | - |
| Nordbyen Senter DA | Norway | 28.05% | 28.05% | - | 50.00% | 50.00% | - |
| Økern Sentrum AS | Norway | 28.05% | 28.05% | - | 50.00% | 50.00% | - |
| Nordal ANS | Norway | 28.05% | 28.05% | - | 50.00% | 50.00% | - |
| Klege Portugal SA | Portugal | 50.00% | 50.00% | - | 50.00% | 50.00% | - |

| List of consolidated companies Equity Method Companies: significant influence | Country | % of interest 12/31/2016 | % of interest 12/31/2015 | % of interest Change | % of control 12/31/2016 | % of control 12/31/2015 | % of control Change |
|---|---|---|---|---|---|---|---|
| La Rocade SCI | France | 38.00% | 38.00% | - | 38.00% | 38.00% | - |
| La Rocade Ouest SCI | France | 36.73% | 36.73% | - | 36.73% | 36.73% | - |
| Du Plateau SCI | France | 19.65% | 19.65% | - | 30.00% | 30.00% | - |
| Achères 2000 SCI | France | 30.00% | 30.00% | - | 30.00% | 30.00% | - |
| Le Champs de Mais SC | France | 40.00% | 40.00% | - | 40.00% | 40.00% | - |
| Société du bois des fenêtres SARL | France | 20.00% | 20.00% | - | 20.00% | 20.00% | - |
| Akmerkez Gayrimenkul Yatirim Ortakligi AS | Turkey | 46.92% | 46.92% | - | 46.92% | 46.92% | - |

| List of deconsolidated companies at 12/31/2016 | Country | % interest 12/31/2016 | % interest 12/31/2015 | % control 12/31/2016 | % control 12/31/2015 | Comments |
|---|---|---|---|---|---|---|
| Klementine B.V. | The Netherlands | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| KC7 SNC | France | 0.00% | 83.00% | 0.00% | 100.00% | Merged |
| Klétransactions SNC | France | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| Lyon Arc SNC | France | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| Les Ailes SNC | France | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| Klépierre Larissa AE | Greece | 0.00% | 100.00% | 0.00% | 100.00% | Liquidated |
| Krakow Plaza Sp. z o.o. | Poland | 0.00% | 100.00% | 0.00% | 100.00% | Liquidated |
| Place de l'Accueil SA | Belgium | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| Les Bureaux de l'Esplanade II SA | Belgium | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| Barbera Finance Srl | Italy | 0.00% | 100.00% | 0.00% | 100.00% | Deconsolidated |
| KupkaV et Cie SNC | France | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| KupkaC SNC | France | 0.00% | 40.00% | 0.00% | 40.00% | Liquidated |
| Debrecen 2002 KFT | Hungary | 0.00% | 100.00% | 0.00% | 100.00% | Disposed |
| International Shopping Centre SA | Luxemburg | 0.00% | 50.00% | 0.00% | 50.00% | Liquidated |
| Zalaegerszeg plaza KFT | Hungary | 0.00% | 100.00% | 0.00% | 100.00% | Liquidated |
| Aulnes developpement SCI | France | 0.00% | 25.50% | 0.00% | 50.00% | Liquidated |
| Proreal SARL | France | 0.00% | 51.00% | 0.00% | 51.00% | Liquidated |
| Klévannes SCI | France | 0.00% | 100.00% | 0.00% | 100.00% | Disposed |
| Klépierre Services B.V. | The Netherlands | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| Hovlandbanen AS | Norway | 0.00% | 56.10% | 0.00% | 50.00% | Merged |
| Gulskogen Senter ANS | Norway | 0.00% | 56.10% | 0.00% | 100.00% | Merged |
| Gulskogen Prosjekt & Eiendom AS | Norway | 0.00% | 56.10% | 0.00% | 100.00% | Merged |
| Farmandstredet ANS | Norway | 0.00% | 56.10% | 0.00% | 100.00% | Merged |
| Asane Storsenter Drift AS | Norway | 0.00% | 27.99% | 0.00% | 49.90% | Disposed |
| Asane Storsenter DA | Norway | 0.00% | 27.99% | 0.00% | 49.90% | Disposed |
| Asane Kontorutvikling AS | Norway | 0.00% | 27.99% | 0.00% | 49.90% | Disposed |
| Asane Senter AS | Norway | 0.00% | 27.99% | 0.00% | 49.90% | Disposed |
| Lille Eiendom AS | Norway | 0.00% | 37.03% | 0.00% | 66.00% | Liquidated |
| Farmandstredet Senter AS(1) | Norway | 0.00% | 0.00% | 0.00% | 0.00% | Merged |
| Klépierre Luxembourg SA | Luxemburg | 0.00% | 100.00% | 0.00% | 100.00% | Merged |
| FAB Uddevallatorpet | Sweden | 0.00% | 56.10% | 0.00% | 100.00% | Disposed |
| Västra Torp Mark AB | Sweden | 0.00% | 56.10% | 0.00% | 100.00% | Disposed |
| NorthMan Sverige AB | Sweden | 0.00% | 56.10% | 0.00% | 100.00% | Disposed |
| Mässcenter Torp AB | Sweden | 0.00% | 56.10% | 0.00% | 100.00% | Disposed |

*(1) New company consolidated over the period and merged over the period.*

## 3.2 Statutory Auditors' report on the consolidated financial statements

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, disclosures or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information given in the group's management report. This report should be read in conjunction 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, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Klépierre;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these consolidated financial statements, based on our audit.

### I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall consolidated financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2016 and of the results of its operations for the year ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion expressed above, we draw your attention to Note 2.4 to the consolidated financial statements regarding the change in accounting method relating to the measurement of investment properties at fair value.

### II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As indicated in the first part of the report, Note 2.4 to the consolidated financial statements describes the change in accounting method relating to the measurement of investment properties at fair value, in accordance with the option included in IAS 40 "Investment property." As part of our assessment of the accounting policies adopted by your Company, we ensured ourselves of the appropriateness of this change. In accordance with IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors", the comparative information relating to fiscal year 2015 presented in the consolidated financial statements has been restated retroactively to take into consideration this change. As a result, the comparative information is different from the consolidated financial statements published in respect of fiscal year 2015. As part of our assessment of the accounting policies adopted by your Company, we have examined the restatements of the accounts for fiscal year 2015 and the disclosure provided in respect thereto in Note 2.4 to the consolidated financial statements.
- Notes 2.3 and 5.4 to the consolidated financial statements specify that investment properties are assessed by independent experts. Our procedures consisted notably in examining the valuation methodology used by the experts and to ensure ourselves that the fair value of the investment properties was based on their appraisals. Furthermore, for investment properties whose fair value cannot be reliably measurable and maintained at cost, we have assessed the reasonableness of the assumptions made by the Company to estimate any possible impairment.
- As indicated in Note 5.1 to the consolidated financial statements, your Company uses estimates for the impairment test of goodwill. Our procedures consisted in assessing the data and the assumptions on which these estimates are based, in reviewing the calculation performed by the independent expert and your Company, in examining the approval process of these estimates by Management and finally, in verifying that the notes to the consolidated financial statements provide appropriate disclosure about the assumptions used.
- Notes 2.3 and 5.11 to the consolidated financial statements describe the accounting rules and methods to determine the fair value of derivative instruments as well as the characteristics of the Group's hedging instruments. We examined the classification criteria and the documentation required specifically by IAS 39 and verified the appropriateness of these accounting methods and the disclosures provided in the notes to the consolidated financial statements.

These assessments were performed as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. Specific verification

As required by law, we have also verified the information presented in the Group's management report, in accordance with professional standards applicable in France.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, March, 6, 2017

The Statutory Auditors

French original signed by

| Ernst & Young Audit | Deloitte & Associés | |
|---|---|---|
| Bernard HELLER | Joël ASSAYAH | José-Luis GARCIA |

# 3.3 Corporate financial statements as of December 31, 2016

## 3.3.1 Income statement

| *In thousands of euros* | Notes | | 12/31/2016 | 12/31/2015 |
|---|---|---|---|---|
| **OPERATING REVENUE** | | | | |
| Lease income | | | 25,529 | 28,482 |
| – Rents | | | 20,934 | 20,529 |
| – Re-invoiced charges to tenants | | | 4,595 | 7,953 |
| Write-back of provisions (and depreciation and amortization) & expense transfers | | | 10,171 | 5,063 |
| Other income | | | 1,217 | 1,398 |
| | | **TOTAL I** | **36,917** | **34,943** |
| **OPERATING EXPENSES** | | | | |
| Purchases and external expenses | | | -17,872 | -21,660 |
| Taxes and related | | | -761 | -1,855 |
| Salaries and wages | | | -2,804 | -1,096 |
| Social benefits charges | | | -6,686 | -4,723 |
| Allowances for depreciation and provisions | | | 0 | 0 |
| – on fixed assets and defferred expenses: depreciation and amortization allowances | | | -6,472 | -8,963 |
| – on fixed assets: provisions | | | -923 | -793 |
| – on current assets: provisions | | | -408 | -3,503 |
| – For contingencies and losses: provisions | | | -4,014 | -2,506 |
| Other expenses | | | -968 | -2,949 |
| | | **TOTAL II** | **-40,907** | **-48,049** |
| **OPERATING INCOME (I+II)** | **5.1** | | **-3,990** | **-13,106** |
| **SHARE OF INCOME FROM JOINT OPERATIONS** | **5.2** | | | |
| Profits applied or losses transferred | | **III** | **125,680** | **117,780** |
| Losses borne or profits transferred | | **IV** | **-47,975** | **-42,367** |
| **FINANCIAL INCOME** | **5.3.1** | | | |
| From Investments | | | 452,806 | 893,417 |
| From other marketable securities and receivables from fixed assets | | | 0 | 0 |
| Other interests and financial income | | | 11,635 | 26,123 |
| Reversal of provisions and transfer of charges | | | 520,883 | 171,407 |
| Foreign exchange gain | | | 4,060 | 4,555 |
| Net income from disposal of marketable securities | | | 35 | 93 |
| | | **TOTAL V** | **989,420** | **1,095,594** |
| **FINANCIAL EXPENSES** | **5.3.2** | | | |
| Allowance for depreciation and provisions | | | -244,393 | -806,617 |
| Interest and similar expenses | | | -243,398 | -244,215 |
| Foreign exchange loss | | | -52 | -15,600 |
| Net expenses from disposal of marketable securities | | | | |
| | | **TOTAL VI** | **-487,842** | **-1,066,432** |
| **NET FINANCIAL INCOME (V+VI)** | | | **501,578** | **29,162** |
| **NET INCOME FROM ORDINARY OPERATIONS BEFORE TAX (I+II+III+IV+V+VI)** | | | **575,294** | **91,469** |
| **NON-RECURRING INCOME** | | | | |
| On management transactions | | | 0 | 0 |
| On capital transactions | | | 436,869 | 101,537 |
| Write-back of provisions and transfer of expenses | | | 882 | 0 |
| | | **TOTAL VII** | **437,751** | **101,537** |
| **NON-RECURRING EXPENSES** | | | | |
| On management transactions | | | 0 | 0 |
| On capital transactions | | | -436,764 | -119,456 |
| Allowances for depreciation and provisions | | | 0 | -184,564 |
| | | **TOTAL VIII** | **-436,764** | **-304,020** |
| **NON-RECURRING INCOME (VII-VIII)** | **5.4** | | **987** | **-202,483** |
| **EMPLOYEE PROFIT-SHARING (IX)** | | **IX** | **0** | **0** |
| **CORPORATE INCOME TAX (X)** | **5.5** | **X** | **-729** | **127** |
| **TOTAL REVENUE (I+III+V+VII)** | | | **1,589,768** | **1,349,854** |
| **TOTAL EXPENSES (II+IV+VI+VIII+IX+X)** | | | **-1,014,217** | **-1,460,740** |
| **NET INCOME** | | | **575,552** | **-110,886** |

## 3.3.2 Balance sheet

### 3.3.2.1 Assets

| *In thousands of euros* | Notes | 12/31/2016 Gross | 12/31/2016 Depreciation and provisions | 12/31/2016 Net | 12/31/2015 Net |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| **Intangible assets** | **3.1** | **206,220** | **206,220** | **-** | **612,048** |
| Set-up costs | | - | - | - | - |
| Research and development costs | | - | - | - | - |
| Concessions, patents and similar rights | | 18,304 | 18,304 | - | - |
| Goodwill | | 184,564 | 184,564 | - | 612,047 |
| Intangible assets in progress | | 3,352 | 3,352 | - | - |
| **Tangible assets** | **3.1** | **293,475** | **60,097** | **233,379** | **229,895** |
| Land | | 53,338 | 2,427 | 50,911 | 51,834 |
| Buildings and fixtures | | 185,369 | 53,166 | 132,202 | 130,785 |
| – Structures | | 107,933 | 27,893 | 80,041 | 79,672 |
| – Facades, cladding and roofing | | 22,883 | 6,881 | 16,002 | 15,997 |
| – General and technical installations | | 39,380 | 12,556 | 26,824 | 26,584 |
| – Fittings | | 15,173 | 5,837 | 9,336 | 8,531 |
| Technical installations, plant and equipment | | 19 | 19 | 1 | 1 |
| Other | | 52,300 | 4,485 | 47,816 | 15 |
| Tangible assets in progress | | 2,449 | - | 2,449 | 47,261 |
| Advances and prepayments | | - | - | - | - |
| **Financial assets** | **3.2** | **14,840,756** | **585,087** | **14,255,669** | **13,520,636** |
| Investments | 3.2.1 | 8,843,536 | 584,909 | 8,258,627 | 7,159,560 |
| Loans to subsidiaries and related companies | 3.2.2 | 5,951,873 | - | 5,951,873 | 6,107,691 |
| Other long-term investments | | 179 | 179 | - | - |
| Loans | 3.3.1 | 26,821 | - | 26,821 | 235,037 |
| Other | 3.3.2 | 18,348 | - | 18,348 | 18,348 |
| **TOTAL I** | | **15,340,451** | **851,405** | **14,489,047** | **14,362,579** |
| **CURRENT ASSETS** | | | | | |
| **Advances and prepayments on orders** | | **7,766** | **-** | **7,766** | **11,647** |
| **Receivables** | **3.4** | **116,820** | **723** | **116,097** | **583,660** |
| Trade accounts and notes receivable | | 9,579 | 723 | 8,856 | 15,738 |
| Other | | 107,241 | - | 107,241 | 567,922 |
| **Marketable securities** | **3.5** | **54,780** | **-** | **54,780** | **64,012** |
| Treasury shares | | 48,697 | - | 48,697 | 60,074 |
| Other securities | | 6,083 | - | 6,083 | 3,938 |
| **Cash & cash equivalents** | | **215,079** | **-** | **215,079** | **67,505** |
| **Prepaid expenses** | **3.6** | **65,254** | **-** | **65,254** | **95,005** |
| **TOTAL II** | | **459,700** | **723** | **458,977** | **821,830** |
| Deffered expenses (III) | 3.6 | 22,433 | - | 22,433 | 24,986 |
| Loan issue premiums (IV) | 3.6 | 15,051 | - | 15,051 | 11,385 |
| Currency translation adjustment – assets (V) | 3.7 | 8,045 | - | 8,045 | 4,869 |
| **GRAND TOTAL (I+II+III+IV+V)** | | **15,845,680** | **852,127** | **14,993,552** | **15,225,648** |

### 3.3.2.2 Liabilities

| *In thousands of euros* | Notes | 12/31/2016 | 12/31/2015 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | **4.1** | | |
| Share capital (of which paid-in 440,098) | | 440,098 | 440,098 |
| Additional paid-in capital (from share issues, mergers and contributions) | | 5,650,010 | 5,650,010 |
| Positive merger variance | | 197,952 | 197,952 |
| Positive canceled share variance | | 18,557 | 18,557 |
| Revaluation variances | | - | - |
| Legal reserve | | 44,010 | 44,010 |
| Other reserves | | 168,055 | 168,055 |
| Retained earnings | | 91,393 | 732,268 |
| **NET INCOME** | | **575,552** | **-110,886** |
| Investment subsidies | | - | - |
| Regulated provisions | | - | - |
| **TOTAL I** | | **7,185,626** | **7,140,063** |
| **PROVISIONS FOR CONTINGENCIES AND LOSSES** | **4.2** | **82,589** | **71,463** |
| Provision for contingencies | | 82,308 | 70,755 |
| Provision for losses | | 281 | 708 |
| **TOTAL II** | | **82,589** | **71,463** |
| **DEBTS** | | | |
| **FINANCIAL DEBTS** | **4.3** | **7,662,130** | **7,757,403** |
| Other bonds | | 5,739,563 | 5,761,374 |
| Loans and borrowings and debts from credit institutions | | 25,403 | 519,978 |
| Other loans and borrowings | | 1,897,164 | 1,476,051 |
| **TRADE ACCOUNTS AND NOTES RECEIVABLE** | | **166** | **9,345** |
| **TRADE PAYABLES** | | **28,889** | **29,058** |
| Trade payables and related accounts | 4.4 | 26,505 | 27,114 |
| Social and tax liabilities | 4.5 | 2,384 | 1,944 |
| **OTHER PAYABLES** | | **9,032** | **185,393** |
| Payables to fixed asset suppliers | | 3,482 | 166 |
| Other | 4.6 | 5,550 | 185,227 |
| **PREPAID INCOME** | **4.7** | **22,805** | **32,923** |
| **TOTAL III** | | **7,723,022** | **8,014,122** |
| Currency translation adjustment – liabilities (IV) | 4.8 | 2,315 | - |
| **GRAND TOTAL (I+II+III+IV)** | | **14,993,552** | **15,225,648** |

## 3.3.3 Notes to the corporate financial statements

## NOTE 1 Significant events

### 1.1 Appointment of the new Chairman of the Executive Board

As of November 7, 2016 the Supervisory Board unanimously decided to appoint Jean-Marc Jestin, Executive Board member, as Chairman of the Executive Board to succeed Laurent Morel, with immediate effect.

### 1.2 Changes in debt

In February, Klépierre issued 500 million euros of new long-term notes (10 years) bearing a 1.875% coupon. This issuance allowed the repayment of 526 million euros of 4.25% notes maturing in March 2016.

In September, Klépierre issued 600 million euros of 15 years notes bearing 1.25% coupon. In the meantime, Klépierre launched a tender offer on existing bonds maturing September 2019 (500 million euros) and February 2021 (500 million euros). Through the transaction 349 million euros were tendered.

### 1.3 Internal restructuring

#### Merger of Klementine B.V.

Following the signing of a private deed on February 4, 2016, Klépierre SA carried out the cross-border merger of the Dutch company Klementine B.V., in purpose to simplify asset holdings. As the absorbed company is controlled by Klépierre SA, the merger was carried out based on net book value with accounting and tax effects retroactive as of January 1, 2016.

This transaction was included under the preferential treatment for mergers provided in Articles 208 C and 210 A of the French General Tax Code (corporate income tax).

#### Transfer of the assets and liabilities of Kletransactions, Lyonarc and Les Ailes

On April 30, 2016, Klépierre SA approved the simplified dissolution with no liquidation or retroactive tax effects of Kletransactions SNC, Lyonarc SNC, and Les Ailes SNC.

These transactions were subject to the corporate income tax and corporate stamp duty rules.

### 1.4 Payment of dividends

On April 19, 2016, the General Meeting set the 2015 dividend at 1.70 euro per share. The total amount of the dividend paid in 2016 stand at 530 million euros.

### 1.5 Disposal of the Pantin property

On November 14, 2013, Klépierre SA had signed an off-plan property sale contract (VEFA) with SNC Pantin ZAC du Port for the construction of an office building in Pantin (France), which was delivered on April 22, 2016 for a cost price of 78 million euros.

The building was sold on August 6, 2016 to La Mondiale for total proceeds of 87.19 million euros.

## NOTE 2 Accounting principles and measurement methods

### 2.1 Application of accounting conventions

The corporate financial statements for the period ended December 31, 2016, have been prepared in accordance with the general chart of accounts.

General accounting conventions have been applied in compliance with the following principles:

- prudence;
- independence of fiscal years;
- compliance with the general rules applying to the preparation and presentation of corporate financial statements, and on the basis of going concern.

No changes were made to methods or estimations during the fiscal year, except the application of the new rules with regard to mergers goodwill (see note 2.2.2).

### 2.2 Measurement methods

#### 2.2.1 Fixed assets

**General criteria applied to the recognition and measurement of assets**

Property, plant and equipment and intangible assets are recognized as assets when all the following conditions are met:

- it is probable that future economic benefit associated with the item will flow to the entity;
- their cost or value can be measured reliably.

At the recognition date asset values are measured either at their cost of acquisition or their cost of construction.

Financial interest relating specifically to the production of fixed assets is included in their cost of acquisition.

#### 2.2.2 The new treatment of Mergers Goodwill (Technical loss)

Recognized as a result of mergers or transfers of all assets and liabilities measured at their book value, a technical, or "false", loss arises when the net value of the acquired company's shares as stated in the assets of the acquiring company exceeds the net book asset contributed.

To determine whether the merger loss is "true" or "false", it must be compared to the unrealized capital gains on assets recognized or not in the accounts of the acquired company less liabilities not recognized in the accounts of the acquired company where recognition is not mandatory (e.g., pensions accruals, deferred tax liabilities) (Article 745-4 of the French General Accounting Code).

Technical losses were presented under "Goodwill" until December 31, 2015.

### New rules governing the recognition of technical losses applicable to fiscal years beginning on or after January 1, 2016

The accounting treatment for technical merger losses was changed by Regulation 2015-06 (approved by order of December 4, 2015).

Starting January 1st, 2016, technical losses recognized previously under Goodwill have to be allocated by accounts linked to underlying accounts of property or investments assets and up to the amount of the unrealized capital gains identified (reliable and material). The remaining unallocated amount should continue to be presented as goodwill, with appropriate impairment if any.

As a consequences as of January 1, 2016, the technical losses recognized under "Goodwill" on the balance sheet as of December 31, 2015 resulting from mergers completed prior to January 1, 2016 have been reclassified in the balance sheet (Article 12 of the aforementioned French Accounting Standards Board (ANC) Regulation):

- transaction by transaction;
- on the basis, either of the capital gains that existed as of the date of the merger (i.e., on the basis of the original non-accounting allocation), or the capital gains that existed as of January 1, 2016.

Any technical losses remaining following allocation to the assets are allocated to goodwill (account 207), where they follow the rules regarding amortization and impairment: unlimited useful life assumed (Article 214-3 of the French General Accounting Code), mandatory annual impairment test if the assumption is not rebutted, and reversal of impairment not permitted (Article 214-19 of the French General Accounting Code).

### Allocation of technical losses

Pursuant to Article 745-5 of the French General Accounting Code, as of the date of the transaction, the entity allocates the technical losses to the various relevant transferred assets and recognized in the accounts of the acquired entity:

- firstly, to the identifiable assets transferred where the real value can be reliably estimated;
- the remainder (if any) is allocated to the goodwill of the acquired company.

The underlying assets transferred may be comprised of intangible assets, property, plant and equipment, financial assets or current assets.

The ANC Regulation contains transitional arrangements for companies with merger losses at the beginning of the fiscal year.

The allocation of technical losses that existed at January 1, 2016 was thus done on the basis of the unrealized capital gains that existed at January 1, 2016.

### Amortization of technical losses

Technical losses are subject to the treatment of the underlying depreciable asset to which they are allocated (Article 745-7 of the French General Accounting Code). As a result:

- if the asset is depreciable: the allocated technical losses must be depreciated at the same rate, namely over the remaining useful life of this asset as of the merger date.

  The following accounts must be used (Article 932-1 of the French General Accounting Code): account 28081 "Amortization of merger losses on intangible assets"; account 28187 "Amortization of merger losses on property, plant and equipment";
- on the other hand, if the asset is not depreciable: no amortization charge is recorded for the allocated technical losses.

### Impairment of technical losses

As the technical losses are allocated for accounting purposes to the underlying assets transferred:

- they must be included in the net book value of these assets for impairment testing;
- they must be impaired when the present value of the underlying asset falls below its net book value, plus the share of the losses allocated. The impairment is set against the technical losses first.

### Impacts of the first time application – Goodwill allocation

The first time application of the new rules regarding merger goodwill resulted in the allocation and consequently reclassification in the balance sheet of the Goodwill for an amount of 612.05 million euros as follows:

- allocation to other property, plant and equipment for 47.8 million euros justified by underlying capital gain on Clermont Jaude and Carré Jaude 2 assets;
- allocation to financial assets for a total amount of 564.25 million euros justified by underlying capital gain on investments in subsidiaries.

## 2.2.3 Property, plant and equipment

### Definition and recognition of components

Based on Fédération des sociétés immobilières et foncières (French Federation of Property Companies) recommendations concerning components and useful life, the component method is applied as follows:

- for properties developed by the companies 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 were identified depending the type of assets: 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.

When applying Regulations 2004-06 and 2002-10, investment properties has been split by components using the following percentages (according to FSIF template):

| Components | Shopping centers properties | Depreciable life (Straight Line) |
|---|---|---|
| Structures | 50% | 35 to 50 years |
| Facades | 15% | 25 years |
| GTI | 25% | 20 years |
| Fittings | 10% | 10 to 15 years |

All component figures are based on assumed "as new" values. The Company has therefore calculated the proportions of the fittings, technical installations and facade components on the basis of the periods shown in the table applied since the date of construction or most recent major renovation of the property asset concerned. The proportion for structures is calculated on the basis of the proportions previously identified for the other components.

In accordance with the recommendations of the Fédération des sociétés immobilières et foncières (French Federation of Property Companies), the depreciable lives have been determined in such a way as to obtain a zero residual value on maturity of the depreciation schedule.

Depreciation is calculated on the basis of the useful lifespan of each component.

The maintenance expenses involved in multi-year capital repairs programs or major refurbishments governed by legislation, regulations or the standard practices of the entity concerned must be recognized from the outset as distinct asset components, unless a provision has been recognized for capital repairs or major refurbishments. This convention is intended to cover those maintenance expenses whose sole purpose is to verify the condition and serviceability of installations and to carry out maintenance to such installations without extending their working life beyond that initially intended, subject to compliance with the applicable accounting recognition conditions.

#### Principles of asset impairment

At each balance sheet and interim reporting date, the Company carries out an appraisal to determine any indication that an asset could have suffered a significant loss in value (Article 214-16 of the French General Accounting Code).

An asset is impaired when its actual value falls below its net book value. The actual value is the market value (appraised value excluding taxes on the balance sheet date) or the value in use (Article 214-1 of the French General Accounting Code), whichever is the higher.

The market value of the asset is determined by independent appraisers, with the exception of those assets acquired less than six months earlier, whose market value is estimated as the cost of acquisition.

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.

Assets covered by a contract of sale (mandat de vente) are appraised at their selling price net of exit expenses.

### 2.2.4 Long-term financial investments

Equity investments are recognized at their cost of acquisition.

At year end, provisions for impairment of investments are booked when inventory value is less than their carrying net value. The inventory value of equities is equivalent to their value of utility, as calculated to take into account the net asset value and the future cash-flows.

The net asset value of real estate companies is estimated on the basis of external appraisals conducted by independent real estate appraisers except for the assets under promise.

Management Company shares are valued at each fiscal year end by an independent appraiser.

Treasury shares acquired for the purpose of transfer to a vendor as part of an external growth transaction are depreciated if the average stock market price for the last month of the fiscal year is lower than the acquisition value.

### 2.2.5 Acquisition cost of fixed assets

Transfer duties, fees, commissions and legal expenses are included in the capitalized cost of the intangible and tangible assets (Articles 213-8 and 213-22 of the French General Accounting Code).

The Company has exercised the option of recognizing the acquisition cost of long-term financial investments as expenses.

### 2.2.6 Eviction costs

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

Where eviction compensation is paid as a result of major renovation or reconstruction work on a property requiring the prior removal of tenants, the cost is included in total renovation costs.

Expenditure that does not meet the combined criteria applying to the definition and recognition of assets and which cannot be allocated to acquisition or production costs is recognized as an expense: eviction costs paid to tenants during commercial restructuring is recognized as an expense for the fiscal year.

### 2.2.7 Marketing expenses

Marketing, re-marketing and renewal fees are recognized as expenses for the fiscal year.

## 2.3 Mergers and similar transactions

CNC recommendation 2004-01 of March 25, 2004, as approved on May 4, 2004, by the Comité de réglementation comptable (CRC), relating to the treatment of mergers and similar transactions states the rule regarding positive or negative variances in respect of canceled shares. The accounting treatment for technical merger losses was changed by Regulation 2015-6 (approved by order of December 4, 2015).

#### Negative variance

A negative variance arising from these transactions must be treated in the same way as a negative merger goodwill:

- recognition of technical losses on the basis of the nature of the underlying asset in a special account: intangible asset, property, plant and equipment, financial asset, current asset;
- recognition of the balance of the negative variance in financial expenses.

#### Positive variance

The positive variance from these transactions must be treated in the same way as a positive merger variance. Any positive variance in the percentage of earnings accumulated by the merged entity (since the acquisition of the acquired company's equity by the acquiring company) remaining undistributed must be shown in the financial income of the acquiring company. Any residual balance is recognized as shareholders' equity.

### 2.4 Receivables, debts and cash and cash equivalents

Receivables, debts and cash and cash equivalents have been measured at par value.

Trade receivables are estimated individually at each balance sheet date and interim reporting date, and a provision entered wherever there is a perceived risk of non-recovery.

### 2.5 Marketable securities

Marketable securities are recognized at their cost of acquisition net of provisions.

Provisions for impairment of treasury shares are taken when their inventory value based on the average stock market price for the last month of the fiscal year is lower than their existing book value.

Provisions are made under liabilities for stocks granted to employees as soon as it becomes probable that the stock options will be exercised (continued service and performance conditions met and stocks likely to be exercised). The provision is recognized if the average purchase price exceeds the purchase price offered to employees.

### 2.6 Deferred expenses: loan issue costs

Expenditure that does not meet the combined criteria applying to the definition and recognition of assets must be recognized as an expense. It is no longer possible to amortize these costs over several periods.

CNC recommendation 2004-15 on assets dated June 23, 2004 does not apply to financial instruments and related expenditure, such as loan issue costs, issurance premiums and loan repayment premiums.

Bond insurance costs and the commissions and fees relating to bank loans are spread over the full loan period.

### 2.7 Forward financial instruments

Expenses and gains on forward financial instruments (swaps) entered into for the purpose of hedging the Company's risk exposure to interest rate fluctuations are recognized pro rata in the income statement.

Unrealized losses and gains arising as a result of the difference between the market value of agreements estimated at the end of the year and their par value are not recognized.

Income and expenses on foreign exchange derivatives arranged in connection with the hedging of foreign currency loans are staggered over the hedging period.

### 2.8 Translation adjustment (assets and liabilities)

Receivables and debts in foreign currencies are translated and recognized in local currency based on the Banque de France's last exchange rate.

When the application of the translation rate on the balance sheet date causes the amounts in local currency previously recognized to be modified, the translation differences are recorded under translation difference – assets, and translation difference – liabilities.

Unrealized gains are not recognized in income but are recorded under balance sheet liabilities. In contrast, a provision for risks is recognized for unrealized losses.

The regulations related to these receivables and debts are compared with the original historical values and result in the recognition of foreign exchange gains and losses without set-off.

### 2.9 Operating income and expenses

Rental income is recognized on a straight-line basis over the full duration of the lease agreement, building expenses are re-billed to clients on payment, and interest is entered on receipt or payment. At the end of the fiscal year, gains and expenses are adjusted by the addition of accrued amounts not yet due and the subtraction of pre-posted non-accrued amounts.

Accruals for building expenses are recognized as payables in "Suppliers – invoices to be received".

#### 2.9.1 Leases

Rental income is recognized on a straight-line basis throughout the full period of the lease.

Stepped rents and rent-free periods are recognized every fiscal year by spreading the resulting increase or decrease in rental income over the reference period.

The reference period adopted is the first firm lease term.

#### 2.9.2 Early termination indemnities

Tenants who terminate their leases prior to the contractual expiration date are liable to pay early termination penalties. This revenue is allocated to the terminated lease and credited to income for the period in which it is recognized.

### 2.10 Employee benefits

There are two types of plans:

- defined contribution pension plans;
- defined benefit pension plans grouping long-term benefits and post-employment benefits.

In accordance with Recommendation No. 2013-02 of November 7, 2013 the pension commitments have been provisioned in full (preferred method) in order to comply with the new disposals of the revised IAS 19 standard. Under this method commitments are valued according to the same disposals as recommended by the revised IAS 19 standard.

### 2.11 The tax Credit for Competitiveness and Employment (CICE)

The 3rd Amending Finance Law 2012 set up the CICE starting January 1, 2013, with the following main characteristics:

- a 4% (6% for 2014) tax credit calculated per calendar year based on compensation less than or equal to 2.5 SMIC paid starting January 1, 2013;
- unless it is applied to taxes due, the credit will be reimbursable within three years.

The CICE is recognized as an employee expense.

In this particular case, Klépierre SA has CICE reassembled by its subsidiary partnership Klépierre Management SNC, submitted to the status.

### 2.12 Tax regime adopted by the Company

Following its option to apply the regime mentioned in Article 11 of the Finance Law of December 30, 2002, Klépierre SA is exempted from corporate income tax and hence shall follow the following three conditions for distribution:

- distribution of 95% of profits from building lease transactions prior to the end of the financial year following the year in which they were made;
- distribution of 60% of capital gains made on disposals of buildings, equity investments in companies covered by the provisions of Article 8 whose purpose is identical to that of an SIIC or stocks in subsidiary companies subject to corporate income tax, where such companies have exercised the option prior to the end of the second financial year following the year in which the gains were made;
- distribution of all dividends received from subsidiary companies exercising the option during the fiscal year following the year in which the dividends were received.

A 3% tax is applicable on dividend effectively paid to shareholders levied out of (i) non-SIIC profits and, residually, out of (ii) SIIC profits to the extent that the amount distributed exceeds the annual distribution requirement.

Income from the exempt sector is distinguished from that from the taxable sector in accordance with the applicable legal requirements:

- direct allocation of expenses and income, wherever possible;
- allocation of general expenses pro rata to the income of both sectors;
- allocation of financial fees pro rata to the gross fixed assets of both sectors.

Klépierre SA also calculates the taxable income of the sector subject to corporate income tax.

# NOTE 3 Notes to the financial statements: balance sheet assets

## 3.1 Intangible assets and property, plant and equipment

### 3.1.1 Gross fixed assets

| *In thousands of euros* | Gross values at 12/31/2015 | Acquisitions, new businesses and contributions | Reductions by disposals, retirement of assets | Inter-item transfers | Reclassification | Gross values at 12/31/2016 |
|---|---|---|---|---|---|---|
| **INTANGIBLE ASSETS** | | | | | | |
| **Set-up costs** | **-** | **-** | **-** | - | - | **-** |
| **Other intangible assets** | **818,268** | **-** | **-** | **-** | **-612,047** | **206,220** |
| – Technical loss (goodwill) | 796,611 | - | - | - | -612,047 | 184,564 |
| – Other | 21,657 | - | - | - | - | 21,657 |
| **Total** | **818,268** | **0** | **0** | **0** | **-612,047** | **206,220** |
| **TANGIBLE ASSETS – NET VALUE** | | | | | | |
| **Land** | **53,338** | **-** | **-** | **-** | **-** | **53,338** |
| – Operating lease | 53,338 | - | - | - | - | 53,338 |
| **Structures** | **105,058** | **-** | **-** | **2,875** | **-** | **107,933** |
| – Operating lease | 105,058 | - | - | 2,875 | - | 107,933 |
| **Facades, cladding and roofing** | **21,988** | **-** | **-** | **895** | **-** | **22,883** |
| – Operating lease | 21,988 | - | - | 895 | - | 22,883 |
| **General and Technical Installations** | **37,340** | **-** | **-** | **2,040** | **-** | **39,380** |
| – Operating lease | 37,340 | - | - | 2,040 | - | 39,380 |
| **Fittings** | **13,500** | **-** | **-74** | **1,747** | **-** | **15,173** |
| – Operating lease | 13,500 | - | -74 | 1,747 | - | 15,173 |
| **Fittings and construction in progress** | **47,261** | **40,748** | **-78,003** | **-7,557** | **-** | **2,449** |
| **Other property, plant and equipment** | **4,519** | **-** | **-** | **-** | **47,800** | **52,319** |
| – Goodwill on land | - | - | - | - | 47,800 | 47,800 |
| – Other | 4,519 | - | - | - | - | 4,519 |
| **Total** | **283,004** | **40,748** | **-78,077** | **0** | **47,800** | **293,475** |
| **TOTAL GROSS FIXED ASSETS** | **1,101,272** | **40,748** | **-78,077** | **0** | **-564,247** | **499,695** |

As stated in note 2.2.2, the Technical loss (goodwill) has been reclassified and allocated to underlying assets lines in balance sheet. The allocation of technical loss for 612.05 million euros breaks down as follows:

– allocation to other property, plant and equipment for 47.8 million euros relating to mergers of SAS Clermont Jaude as of June 8, 2015 and SAS Carré Jaude 2 of July 31, 2015:

| Transactions | Date | Allocated Goodwill | Underlying assets transferred in the merger or transfer of assets and liabilities | Gross value | Allowances | Write-backs | Net Value |
|---|---|---|---|---|---|---|---|
| Merger Centre Jaude | 06/08/2015 | 46,342 | Real estate asset (Centre Jaude shopping center) | 46,342 | | | 46,342 |
| Merger Carré Jaude 2 | 07/31/2015 | 1,459 | Real estate asset (Carré Jaude 2 shopping center) | 1,459 | | | 1,459 |
| **TOTAL** | | **47,800** | | **47,800** | **0** | **0** | 47,800 |

– allocation to financial assets – Goodwill on financial assets for 564.3 million euros, mainly resulting from Corio N.V. merger performed as of April 1, 2015 (see note 3.2.1).

The remaining technical loss for a gross book value of 185 million euros corresponds to the unallocated part of Corio N.V. merger goodwill. This technical loss (goodwill) was fully impaired at previous year end closing.

As a reminder, in 2015, a technical loss of 748 million euros resulting from the Corio N.V. merger was recorded as an intangible asset. This technical loss was allocated as a whole on participation interest and has been tested for impairment at year end. This impairment test resulted in a depreciation of the intangible asset of an amount of 185 million euros. The Intangible (technical loss) after impairment amounted to 563 million euros. These 563 million euros were reallocated in 2016 to financial assets as stated above.

The "Fittings and construction in progress" item mainly comprised investment expenditure linked to an off-plan sale contract (VEFA) signed on November 14, 2013 with SNC Pantin ZAC du Port for the construction of an office building located in Pantin (France), which was delivered on April 22, 2016. This building was subsequently sold to La Mondiale on June 8, 2016.

### 3.1.2 Depreciation and amortization

| *In thousands of euros* | Amortization at 12/31/2015 | Allowances | Disposals | Other movements | Reclassification | Amortization at 12/31/2016 |
|---|---|---|---|---|---|---|
| **INTANGIBLE ASSETS** | | | | | | |
| **Set-up costs** | **-** | - | **-** | **-** | **-** | **-** |
| **Other intangible assets** | **206,220** | **-** | **-** | **-** | **-** | **206,220** |
| — Technical loss (goodwill) | 184,564 | - | - | - | - | 184,564 |
| — Other | 21,656 | - | - | - | - | 21,656 |
| **Total** | **206,220** | **0** | **0** | **0** | **0** | **206,220** |
| **TANGIBLE ASSETS – NET VALUE** | | | | | | |
| **Structures** | **25,386** | **2,507** | **-** | **-** | **-** | **27,893** |
| — Operating lease | 25,386 | 2,507 | - | - | - | 27,893 |
| **Facades, cladding and roofing** | **5,990** | **890** | **-** | **-** | **-** | **6,880** |
| — Operating lease | 5,990 | 890 | - | - | - | 6,880 |
| **General and Technical Installations** | **10,756** | **1,800** | **-** | **-** | **-** | **12,556** |
| — Operating lease | 10,756 | 1,800 | - | - | - | 12,556 |
| **Fittings** | **4,969** | **942** | **-74** | **-** | **-** | **5,837** |
| — Operating lease | 4,969 | 942 | -74 | - | - | 5,837 |
| **Other property, plant and equipment** | **4,503** | **1** | **-** | **-** | **-** | **4,504** |
| — Goodwill on land | - | - | - | - | - | - |
| — Other | 4,503 | 1 | - | - | - | 4,504 |
| **Total** | **846** | **6,140** | **-74** | **0** | **0** | **57,670** |
| **TOTAL AMORTIZATION** | **257,824** | **6,140** | **-74** | **0** | **0** | **263,890** |

| *In thousands of euros* | Provision at 12/31/2015 | Allowances | Disposals | Other movements | Reclassification | Provision at 12/31/2016 |
|---|---|---|---|---|---|---|
| **TANGIBLE ASSETS** | | | | | | |
| Land | 1,504 | 923 | - | - | - | 2,427 |
| **TOTAL PROVISIONS** | **1,504** | **923** | **0** | **0** | **0** | **2,427** |
| **TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS** | **259,328** | **7,063** | **-74** | **0** | **0** | **266,317** |

### 3.1.3 Net fixed assets

| *In thousands of euros* | Net values at 12/31/2015 | Net increases in allowances | Net reduction in write-backs | Inter-item transfers | Reclassification | Net values at 12/31/2016 |
|---|---|---|---|---|---|---|
| **INTANGIBLE ASSETS** | | | | | | |
| **Set-up costs** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Other intangible assets** | **612,047** | **0** | **0** | **0** | **-612,047** | **0** |
| — Technical loss (goodwill) | 612,047 | - | - | - | -612,047 | 0 |
| — Other | 0 | - | - | - | - | 0 |
| **Total** | **612,047** | **0** | **0** | **0** | **-612,047** | **0** |
| **TANGIBLE ASSETS – NET VALUE** | | | | | | |
| **Land** | **51,834** | **-923** | **-** | **-** | **-** | **50,911** |
| — Operating lease | 51,834 | -923 | - | - | - | 50,911 |
| **Structures** | **79,672** | **-2,507** | **-** | **2,875** | **-** | **80,040** |
| — Operating lease | 79,672 | -2,507 | - | 2,875 | - | 80,040 |
| **Facades, cladding and roofing** | **15,998** | **-890** | **-** | **895** | **-** | **16,003** |
| — Operating lease | 15,998 | -890 | - | 895 | - | 16,003 |
| **General and Technical Installations** | **26,584** | **-1,800** | **-** | **2,040** | **-** | **26,824** |
| — Operating lease | 26,584 | -1,800 | - | 2,040 | - | 26,824 |
| **Fittings** | **8,531** | **-942** | **-** | **1,747** | **-** | **9,336** |
| — Operating lease | 8,531 | -942 | - | 1,747 | - | 9,336 |
| **Fittings and construction in progress** | **47,261** | **40,748** | **-78,003** | **-7,557** | **0** | **2,449** |
| **Other property, plant and equipment** | **16** | **-1** | **0** | **0** | **47,800** | **47,816** |
| — Goodwill on land | - | - | - | - | 47,800 | 47,800 |
| — Other | 16 | - | - | - | - | 16 |
| **Total** | **229,895** | **33,685** | **-78,003** | **0** | **47,800** | **233,379** |
| **TOTAL NET FIXED ASSETS** | **841,943** | **33,685** | **-78,003** | **0** | **-564,247** | **233,379** |

## 3.2 Financial Assets

### 3.2.1 Equity investments

| *In thousands of euros* | |
|---|---|
| **Gross equity investments on opening** | **7,939,222** |
| **Acquisitions of equities** | **607,538** |
| – received in payment for contributions of buildings or shares to subsidiaries | 0 |
| – purchases, capital increase and contributions | 607,538 |
| **Decrease in equities** | **-241,130** |
| – Decreases, capital reductions and contributions | -241,130 |
| **Disposals and transfers of equities** | **-26,342** |
| – retirement of shares | -26,073 |
| – sales of shares | -270 |
| **Allocation of technical losses** | **564,247** |
| **Gross equity investments on closing** | **8,843,536** |

The "Acquisitions of equities" item mainly includes:

- the recapitalization of subsidiaries mainly performed through the offsetting of advances receivables on following companies:
  - Corio Real Estale RL for 184.9 million euros,
  - Klémurs SCA for 170.5 million euros,
  - Reluxco International SA for 99.5 million euros,
  - Cecoville SAS for 94.6 million euros,
  - Corio Italia Srl for 15 million euros,
  - SCOO SNC for 13.9 million euros,
  - Klépierre Massalia SAS for 13.1 million euros,
  - Klépierre Plenilunio SOCIMI SA for 9 million euros,
  - Capucine B.V. for 2.6 million euros,
  - Corio Veste Projekte 9 for 2.7 million euros.

The "Decrease in equities" item mainly includes share premiums distributions and capital reductions of the following companies:

- Capucine B.V. for 236.1 million euros,
- Portes de Claye SCI for 5 million euros.

The "Disposals and transfers of equities" item mainly includes:

- the cancellation of the shares of the following companies transferred to or merged into Klépierre SA:
  - Klementine B.V. for 24 million euros,
  - Klétransactions SNC for 0.8 million euros;
- the cancellation of shares following the liquidation of the following companies:
  - Klépierre Larissa for 0.9 million euros,
  - Krakow Plaza for 0.3 million euros;
- the disposal of shares in Galeries Drancéennes for 0.3 million euros.

An exchange of securities on the basis of book values was carried out following the merger by absorption of Klépierre Nederland B.V. by Klépierre Luxembourg SA on December 20, 2016.

In 2016, the technical loss in other intangible assets was reallocated to financial assets for 564.25 million euros.

The merger goodwill have been allocated to the underlying assets on the basis of the existing reliable and capital gains as at December 31, 2015 as follows:

- 0.2 million euros to the Le Havre Vauban shares;
- 0.7 million euros to the Le Havre Lafayette shares;
- 563.30 million euros to the shares of subsidiaries acquired through the merger of Corio N.V. as of April 1, 2015 and to the subsidiaries which benefit from Corio N.V. merger synergies.

| Transactions | Date | Allocated Goodwill | Underlying assets transferred in the merger or transfer of assets and liabilities | Gross value |
|---|---|---|---|---|
| TUP Le Havre Capelet | 10/03/2007 | 226 | Le Havre Vauban shares | 226 |
| TUP Havre Tourneville | 10/03/2007 | 719 | Le Havre Lafayette shares | 719 |
| Merger Corio N.V. | 04/01/2015 | 563,302 | former-Corio shares | 563,302 |
| **TOTAL** | | **564,247** | | **564,247** |

### Provisions

| *In thousands of euros* | Provisions at 12/31/2015 | Allowances | Write-backs | Mergers | Provisions at 12/31/2016 |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investments | 779,663 | 195,326 | -390,063 | -17 | 584,909 |
| **TOTAL PROVISIONS** | **779,663** | **195,326** | **-390,063** | **-17** | **584,909** |

Changes in the item "Provisions for investments" are mainly due to:

- reclassifications of allowances:

  Allowances on Reluxco International SA advances for 97.5 million euros, has been reclassified on allowances on investments following the recapitalization of the subsidiary performed in February 2016;

- impairment of shares of:
  - Corio Real Estate RL for 52.2 million euros,
  - Akmerkez Gayrimenkul for 19.3 million euros,
  - Galeries Drancéennes SCI for 15.7 million euros,
  - Centre Bourse SNC for 8.3 million euros;
- write-backs of impaired shares of:
  - Klépierre Nederland B.V. for 349.3 million euros, mainly due to the impact of the cross border merger with Klépierre Luxembourg,
  - Capucine B.V. for 23.5 million euros,
  - Klépierre Créteil SCI for 11.5 million euros,
  - Reluxco International SA for 10.1 million euros.

### Financial information on subsidiaries and investments

| Financial information on subsidiaries and investments *In thousands of euros* | Share capital | Shareholders equity other than share capital & net income | Percentage holding | Net income at year end | Pre-tax revenues | Gross book value | Net book value | Guarantees and sureties given | Loans and advances granted | Dividends received |
|---|---|---|---|---|---|---|---|---|---|---|
| **1. SUBSIDIARIES OWNED BY MORE THAN 50%** | | | | | | | | | | |
| Bègles d'Arcins SCS | 26,679 | 18,816 | 52 | 8,616 | 21,091 | 44,991 | 44,991 | - | 46,881 | - |
| Bègles Papin SNC | 765 | 6,871 | 100 | 552 | 1,398 | 7,636 | 7,636 | - | 3,534 | - |
| Bresta I B.V. | 23 | 21,040 | 100 | -154 | - | 21,088 | 20,909 | - | - | - |
| Capucine B.V. | 39,494 | 222,628 | 100 | 135,521 | - | 503,979 | 503,979 | - | 188,517 | - |
| Cécoville SAS | 3,286 | 255,328 | 100 | 7,953 | 40,468 | 256,588 | 256,588 | 32,969 | - | 9,848 |
| Centre Bourse SNC | 3,813 | - | 100 | 1,871 | 4,467 | 47,419 | 39,098 | - | 18,365 | - |
| Combault SNC | 778 | 6,984 | 100 | 958 | 1,988 | 7,762 | 7,762 | - | 2,415 | - |
| Corio SAS | 10,212 | 216,688 | 100 | - 29,512 | 9,209 | 755,167 | 755,167 | - | 428,265 | 1,736 |
| Corio Belegingen I B.V. | 18 | 2,327 | 100 | - | - | 2,348 | 2,348 | - | - | - |
| Corio Deutschland GMBH | 25 | -13,301 | 100 | 1,115 | 9,453 | 25 | - | - | - | - |
| Corio Italia SRL | 62,390 | -19,914 | 100 | -20,089 | - | 962,088 | 962,088 | - | 883,032 | - |
| Corio Lulin EDOD | 3 | -13,233 | 100 | -446 | - | 3 | -0 | - | 17,110 | - |
| Corio real estate SL | 54,437 | -110,674 | 100 | -3,945 | 22,526 | 239,359 | 143,195 | - | 126,983 | - |
| Corio veste Berlin Gmbh | 25 | 145,025 | 95 | -1,818 | 14,246 | 122,199 | 122,199 | - | 202,287 | - |
| CVL Berlin Gbmh | 25 | -2,926 | 100 | 1,779 | 2,310 | 4,447 | - | - | 94 | - |
| Foncière de Louvain-la-Neuve SA | 12,062 | -30,857 | 100 | 2,123 | - | 12,061 | 12,061 | - | 51,720 | - |
| Galeria Commerciale Klépierre SRL | 1,560 | 37,984 | 100 | 1,297 | 4,620 | 41,052 | 41,052 | - | 2,800 | 1,023 |
| Galeries Drancéennes SNC | 4 | 600 | 100 | 2,746 | 4,838 | 58,341 | 28,890 | - | 8,414 | - |
| Havre Colbert SNC | 80 | 9,947 | 100 | 667 | 1,450 | 10,026 | 10,026 | - | 3,530 | - |
| Holding Gondomar 1 SAS | 5,085 | 24,361 | 100 | 1,639 | 5,651 | 64,739 | 64,739 | - | 5,788 | 3,331 |
| Holding Gondomar 3 SAS | 835 | 6,432 | 100 | 496 | - | 8,021 | 8,021 | - | - | 460 |
| KLE 1 SAS | 8,248 | 20,626 | 100 | 10,015 | 174 | 82,154 | 82,154 | - | 7,466 | 8,392 |
| Klecab SCI | 450 | 1,350 | 100 | 139 | 419 | 1,800 | 1,800 | - | 1,712 | - |
| Klé Projet 1 SAS | 3,754 | 23,132 | 100 | 5,898 | 3,480 | 37,201 | 37,201 | - | 16,548 | - |
| Kleber Odysseum SCI | 743 | 77,273 | 100 | 4,222 | - | 78,016 | 78,016 | - | 41,228 | - |
| Klécar Europe Sud SCS | 292,107 | -364 | 83 | 150 | - | 242,449 | 242,449 | - | - | - |
| Klécar France SNC | 465,820 | - | 83 | 47,576 | 2,700 | 565,229 | 565,229 | - | - | - |
| Klécar Participations Italie SAS | 20,456 | 2,073 | 83 | 1,243 | - | 17,587 | 17,587 | - | 48,854 | 2,534 |
| Kléfin Italia SPA | 15,450 | 75,240 | 100 | -1,008 | - | 125,625 | 125,625 | 895 | 285,549 | - |
| Klémurs SCA | 139,333 | 166,964 | 100 | 10,345 | 34,885 | 327,259 | 327,259 | - | - | 26,565 |
| Klépierre Conseil SAS | 1,108 | 3,968 | 100 | 1,246 | 1,292 | 7,934 | 7,934 | - | 2,134 | - |
| Klépierre Créteil SCI | 21,073 | 7,022 | 100 | 10,747 | 4,360 | 75,624 | 41,793 | - | 24,585 | - |
| Klépierre Finance SAS | 38 | 4 | 100 | 482 | - | 38 | 38 | - | - | 591 |
| Klépierre Management Ceska Republica SRO | 111 | 175 | 100 | 620 | 3,097 | 10,500 | 10,500 | - | - | 550 |
| Klépierre Management Espana SL | 472 | 727 | 100 | 634 | 11,696 | 37,862 | 34,452 | 582 | 563 | - |
| Klépierre Management Hellas SA | 24 | -12 | 100 | -172 | 114 | 1,244 | - | - | - | - |
| Klépierre Management Magyarorszag KFT | 10 | 684 | 100 | 248 | 2,020 | 7,900 | 7,893 | - | - | - |
| Klépierre Management Polska SPZOO | 11 | 1,083 | 100 | 224 | 3,265 | 10,900 | 10,900 | - | - | 712 |

| **Financial information on subsidiaries and investments** *In thousands of euros* | **Share capital** | **Shareholders equity other than share capital & net income** | **Percentage holding** | **Net income at year end** | **Pre-tax revenues** | **Gross book value** | **Net book value** | **Guarantees and sureties given** | **Loans and advances granted** | **Dividends received** |
|---|---|---|---|---|---|---|---|---|---|---|
| Klépierre Management Portugal SPA | 200 | 417 | 100 | 261 | 2,651 | 16,965 | 11,039 | - | - | - |
| Klépierre Management SNC | 1,682 | 11,131 | 100 | -13,946 | 97,170 | 136,473 | 136,473 | 1,895 | - | - |
| Klépierre Massalia SAS | 10,864 | -0 | 100 | -199 | - | 13,208 | 13,208 | - | 1,180 | - |
| Klépierre Nederland B.V. | 136,182 | 1,509,899 | 100 | -33,351 | - | 1,888,564 | 1,627,612 | 350,000 | 265,170 | - |
| Klépierre Nordica B.V. | 60,000 | 297,809 | 100 | -636 | - | 358,016 | 358,016 | - | 19,339 | - |
| Klépierre Plenilunio Socimi SA | 5,000 | -26,735 | 100 | 3,743 | 20,823 | 169,985 | 169,985 | - | 153,406 | - |
| Klépierre Procurement International SNC | 10 | - | 100 | 1,764 | 3,663 | 10 | 10 | - | 3,600 | - |
| Klépierre Trading KFT | 161 | 1,769 | 100 | 247 | 497 | 199 | 199 | - | - | - |
| Klépierre Vallecas | 60 | | 100 | 9,036 | 20,558 | | 181,900 | | 176,945 | 5,739 |
| LP 7 SAS | 45 | 53 | 100 | -83 | - | 261 | 261 | - | 7 | - |
| Nancy Bonsecours SCI | 3,054 | 3,053 | 100 | -91 | - | 6,565 | 6,107 | - | 1,888 | - |
| Pasteur SC | 227 | 1,738 | 100 | -8,761 | 3,090 | 2,091 | 2,091 | - | 42,790 | - |
| Portes de Clayes SCI | 61,099 | 184,481 | 55 | 9,935 | 18,329 | 135,069 | 135,069 | - | - | - |
| Progest SAS | 7,703 | 25,462 | 100 | 6,831 | 823 | 116,055 | 116,055 | - | 20,267 | 7,424 |
| Reluxco international SA | 730 | 1,285 | 100 | 10,111 | - | 122,080 | 12,126 | - | 241,873 | - |
| Saint Maximin Construction SCI | 2 | - | 55 | 42 | 45 | 524 | 208 | - | - | - |
| SCOO SC | 25,215 | 341,066 | 54 | 28,958 | 54,944 | 207,856 | 207,856 | - | - | - |
| Sécovalde SCI | 12,189 | 115,929 | 55 | 19,899 | 37,905 | 92,482 | 92,482 | - | 57,806 | - |
| Soaval SCS | 4,501 | 33,343 | 99 | 5,461 | 24,355 | 42,046 | 42,046 | 645 | 73,248 | - |
| Sodévac SNC | 2,918 | 26,245 | 100 | 3,152 | 6,834 | 29,163 | 29,163 | - | 5,852 | - |
| **Total I** | | | | **246,352** | **502,906** | **8,318,175** | **7,763,485** | **386,986** | **3,481,744** | **68,904** |

| **Financial information on subsidiaries and investments** *In thousands of euros* | **Share capital** | **Shareholders equity other than share capital & net income** | **Percentage holding** | **Net income at year end** | **Pre-tax revenues** | **Gross book value** | **Net book value** | **Guarantees and sureties given** | **Loans and advances granted** | **Dividends received** |
|---|---|---|---|---|---|---|---|---|---|---|
| **2. INVESTMENTS OF BETWEEN 10% AND 50%** | | | | | | | | | | |
| Akmerkez gayrimenkul Yatirim Ortakligi AS | 4,716 | 14,016 | 47 | 9,410 | - | 234,605 | 209,099 | - | - | 10,935 |
| Bassin Nord SCI | 103,889 | 41,634 | 50 | -39,936 | 16,367 | 72,762 | 72,762 | - | 36,957 | - |
| Cecobil SCS | 5,122 | 10,163 | 50 | 7,538 | 17,655 | 7,642 | 7,642 | - | 14,896 | - |
| Corio veste projekte 9 GMBH | 25 | 446 | 10 | -255 | -1 | 2,703 | - | - | 360 | |
| Forving SARL | 11 | -18 | 26 | -1 | - | 668 | - | - | 345 | - |
| Klépierre Brand Venture SNC | 330 | - | 49 | 1,218 | 14,941 | 490 | 162 | - | - | - |
| Klépierre Management Slovensko SRO | 7 | 2 | 15 | 56 | 264 | 4 | 4 | - | - | 3 |
| La Plaine du Moulin à Vent SCI | 28,307 | 15,500 | 50 | 1,045 | 4,076 | 21,903 | 21,903 | - | - | - |
| Le Havre Lafayette SNC | 525 | 9 | 50 | 4,587 | 9,058 | 1,702 | 1,702 | - | 8,103 | - |
| Le Havre Vauban SNC | 300 | 5 | 50 | 173 | 1,581 | 463 | 463 | - | 2,734 | - |
| Odysseum Place de France SNC | 97,712 | - | 50 | 8,336 | 19,957 | 49,004 | 49,004 | - | 46,014 | - |
| Plateau des Haies SNC | 3 | - | 12 | 2,219 | 2,836 | 3,253 | 3,253 | - | 762 | - |
| Solorec SC | 4,869 | 2,768 | 49 | 30,370 | 45,701 | 124,104 | 124,104 | - | 12,347 | |
| Ucgen bakim ve yonetim hizmetleri A | 0 | 0 | 10 | - | - | 16 | - | - | - | - |
| **Total II** | | | | **24,760** | **132,434** | **519,319** | **490,099** | **-** | **122,518** | **10,939** |
| **GRAND TOTAL I + II** | | | | **271,112** | **635,340** | **8,837,494** | **8,253,583** | **386,986** | **3,604,263** | **79,843** |

### 3.2.2 Loans to subsidiaries and related companies

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Advances on equity securities | 5,745,482 | 6,008,944 |
| Accrued Interest on advances | 95,416 | 88,607 |
| Share of net income | 110,975 | 108,531 |
| Impairment of receivables from equity investments | - | -98,391 |
| **TOTAL** | **5,951,873** | **6,107,691** |

Changes to the item "Advances on equity securities" mainly due to:

- increase in advances for the following companies:
  - Corio SAS for 428.3 million euros,
  - Klefin Italia for 221.7 million euros,
  - Corio Italia Srl for 192.4 million euros,
  - Financière Corio SAS for 35.7 million euros;
- decrease of the following advances:
  - Reluxco International SA for 918.2 million euros,
  - Klémurs SCA for 216.5 million euros,
  - IGC for 157.5 million euros,
  - Cécoville SAS for 92.8 million euros,
  - Corio Real Estate for 88.4 million euros,
  - Galleria Commerciale Assago for 69.5 million euros,
  - Kle Projet 1 SAS for 22.9 million euros;
- reclassification from current accounts to advances for 432.6 million euros of which:
  - 126.3 million euros for Klépierre Management Nederland B.V.,
  - 121.8 million euros for Corio Italia Srl,
  - 103.1 million euros for Klépierre Vastgoed B.V.,
  - 39.4 million euros for Shopville Le Gru Srl,
  - 37.8 million euros for GrandEmilia Srl,
  - 4.1 million euros for Shopville Gran Reno Srl.

The change in "Share of net income" mainly corresponds to the share income of a new subsidiary, Klépierre Procurement International SNC for 1.8 million euros, to an increase in Solorec SCI's share of income of 1.5 million euros and a decrease in SCOO SNC's share of income of 1 million euros.

## 3.3 Other fixed assets

### 3.3.1 Other loans

Loans correspond to the equity loan in favor of Klépierre Plenilunio acquired with the purchase of Orion Columba Socimi shares on March 26, 2015: 24.4 million euros reaching maturity on May 1, 2017.

The interest accrued on these loans amounted to 2.4 million euros at December 31, 2016.

### 3.3.2 Other long-term financial assets

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Treasury shares | 18,348 | 18,348 |
| **TOTAL** | **18,348** | **18,348** |

The Company's treasury shares, acquired to be transferred to the vendor as part of an external growth transaction, totaled 18.35 million euros.

## 3.4 Trade and other receivables

The majority of trade receivables (8.8 million euros) are less than one year old.

Other receivables are disclosed in the following tables, according to due date.

Tax receivables relate mainly to a refund of 10.87 million euros relating to a tax dispute, a VAT credit for 4.7 million euros and to CICE 2013, 2014, 2015 & 2016 unused for an amount of 1.1 million euros.

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Tax receivables** | **18,025** | **16,082** |
| – VAT | 6,103 | 15,325 |
| – Other taxes and duties | 11,922 | 757 |
| **Other receivables** | **89,216** | **551,840** |
| – Current accounts | 88,637 | 550,719 |
| – Other | 579 | 1,121 |
| **TOTAL** | **107,241** | **567,922** |

**Receivables maturity schedule**

| *In thousands of euros* | Total | Less than one year | One to five years | More than five years |
|---|---|---|---|---|
| **Tax receivables** | **18,025** | **16,878** | **1,147** | **0** |
| – VAT | 6,103 | 6,103 | | |
| – Other taxes and duties | 11,922 | 10,775 | 1,147 | |
| **Other receivables** | **89,216** | **579** | **88,637** | **0** |
| – Current accounts | 88,637 | 0 | 88,637 | |
| – Other | 579 | 579 | | |
| **TOTAL** | **107,241** | **17,457** | **89,784** | **0** |

## 3.5 Marketable securities and treasury shares

At December 31, 2016, the total number of treasury shares is 2,528,452 shares (0.80% of all shares issued), with a net value of 67.04 million euros.

These treasury shares are allocated as follows:

- account 5020000000 treasury shares:
  - 155,831 shares as part of the market liquidity agreement for regulating the share price,
  - 208,485 shares for the future stock options plan;
- account 5021000000 treasury shares/stock options:
  - 26,620 shares for the 2009 stock options plan,
  - 109,405 shares for the 2010 stock options plan,
  - 290,291 shares for the 2011 stock options plan,
  - 10,166 shares for the 2013 bonus share plan,
  - 246,000 shares for the 2014 bonus share plan,
  - 276,459 shares for the 2015 bonus share plan,
  - 320,000 bonus shares allocated on May 5, 2016 as part of the Klépierre 2016 plan;
- 885,195 shares to cover external growth transactions were recognized in financial assets;
- 2,358,482 treasury shares as part of the market liquidity agreement were sold during the 2016 fiscal year. These transactions resulted in a net loss of 1.65 million euros.

The other shares refer to short-term cash investments totaling 6.08 million euros.

## 3.6 Prepaid expenses and deferred expenses

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Prepaid expenses** | **65,254** | **95,005** |
| – Deferral of payment on swaps | 64,836 | 94,454 |
| – Construction lease | 0 | 0 |
| – Other | 418 | 551 |
| **Deferred expenses** | **22,433** | **24,986** |
| – Bond costs | 12,117 | 10,732 |
| – Lender loan issue costs | 10,316 | 14,254 |
| **Bond premiums** | **15,051** | **11,385** |
| **TOTAL** | **102,738** | **131,376** |

The increase in bond costs can be explained mainly by the costs new bonds issued in 2016.

## 3.7 Translation adjustment for assets

The translation adjustment for assets relates to the unrealized foreign exchange loss on the loan in SEK for 5.96 million euros and to the revaluation of commercial paper in USD for 2.08 million euros.

## NOTE 4 Notes to the financial statements: balance sheet liabilities

### 4.1 Shareholders' equity

| *In thousands of euros* | 12/31/2015 | Allocation of profit | Distribution | Others | 12/31/2016 |
|---|---|---|---|---|---|
| **Share capital**[1] | **440,098** | - | - | - | **440,098** |
| **Additional paid-in capital from issues, contributions and merger premiums** | | | | | |
| – Issue premiums | 4,906,585 | - | - | - | 4,906,585 |
| – EOC issue premiums | 174,012 | - | - | - | 174,012 |
| – Contribution premiums | 259,318 | - | - | - | 259,318 |
| – Merger premiums | 310,095 | - | - | - | 310,095 |
| Positive merger variance | 197,952 | - | - | - | 197,952 |
| Positive canceled share variance | 18,557 | - | - | - | 18,557 |
| Statutory reserve | 44,010 | - | - | - | 44,010 |
| **Other reserves** | | | | | |
| – Regulated reserves | - | - | - | - | - |
| – Other reserves | 168,055 | - | - | - | 168,055 |
| **Retained earnings** | **732,267** | **-110,886** | **-534,405** | **4,416**[2] | **91,393** |
| **Net income/loss for the year** | **-110,886** | **110,886** | - | **575,552** | **575,552** |
| **TOTAL** | **7,140,063** | **-** | **-534,405** | **579,968** | **7,185,626** |
| *(1) Composition of share capital* | | | | | |
| *Ordinary shares* | *314,356,063* | | | | *314,356,063* |
| *Par value (in euros)* | *1.40* | | | | *1.40* |

*(2) The increase in retained earnings refers to the +4,416 thousand euros of dividends relating to allocated treasury shares*

### 4.2 Provisions for contingencies and losses

| *In thousands of euros* | 12/31/2016 | Allowance | Write-backs | 12/31/2015 |
|---|---|---|---|---|
| Other provisions for contingencies and losses | 82,589 | 42,824 | -31,698 | 71,463 |
| **TOTAL** | **82,589** | **42,824** | **-31,698** | **71,463** |

The allowance corresponds to a provision for exchange losses on SWAPS's valuation in USD for 15.9 million euros, a provision on "trading" swaps for 11.7 million euros, a provision for risks on stock options and free shares for 11 million euros, a provision for exchange losses on the SEK advance of 3.6 million euros, and a provision for risks related to Corio Lulin's equity securities up to 0.5 million euros.

Reversals correspond mainly to a reversal of provisions for risks related to investments in the amount of 20.7 million euros, a reversal of provisions on stock options and free shares for 6.9 million euros, reversal of provision for difference in indexation on the mortgage borrowed from the merger with Corio N.V. in 2015 for 2.7 million euros and a reversal of provision for risks on "trading" swaps for 0.6 million euros.

## 4.3 Loans and borrowings

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Other bonds** | **5,739,563** | **5,761,374** |
| – Principal debt | 5,626,772 | 5,401,865 |
| – Accrued interest[1] | 100,726 | 114,152 |
| – Principal debt intra-group (Poland) | 11,717 | 241,381 |
| – Accrued interest intra-group (Poland) | 349 | 3,976 |
| **Loans and borrowings from credit institutions** | **25,403** | **519,978** |
| – Credit facilities | - | 320,805 |
| – Interest accrued on credit facilities | 968 | 3,343 |
| – Bank overdrafts | 18,528 | 190,106 |
| – Accrued interest on swaps | 5,907 | 5,725 |
| **Other loans and borrowings** | **1,897,164** | **1,476,051** |
| – Security deposits and guarantees received | 3,537 | 4,082 |
| – Cash-pooling | 556,580 | 259,599 |
| – Commercial paper | 1,288,406 | 1,170,000 |
| – Interest accrued on commercial paper | - | - |
| – Debts on equity investments | - | - |
| – Share of net income | 48,640 | 42,370 |
| **TOTAL** | **7,662,130** | **7,757,403** |

*(1) Coupon payable annually depending on the maturity date of the loan.*

At December 31, 2016, the main sources of borrowing were as follows:

- bonds for a total amount of 5,626.8 million euros, including 1,100 million euros issued in 2016;
- Polish bonds of 11.7 million euros subscribed by our subsidiary KLP Rybnik;
- 1,288.4 million euros from a commercial paper line (guaranteed by a 1,300 million euros back-up line).

The maturity dates of borrowings at December 31, 2016 were as follows:

### Debt maturity schedule

| *In thousands of euros* | Total | Less than one year | One to five years | More than five years |
|---|---|---|---|---|
| **Other bonds** | **5,739,563** | **765,675** | **2,103,889** | **2,870,000** |
| – Principal debt | 5,626,772 | 664,600[1] | 2,092,172[2] | 2,870,000[3] |
| – Accrued interest[1] | 100,726 | 100,726 | - | |
| – Principal debt intra-group (Poland) | 11,717 | | 11,717[4] | |
| – Accrued interest intra-group (Poland) | 349 | 349 | | |
| **Loans and borrowings from credit institutions** | **25,403** | **25,403** | **-** | **-** |
| – Credit facilities | - | | | |
| – Interest accrued on credit facilities | 968 | 968 | | |
| – Bank overdrafts | 18,528 | 18,528 | | |
| – Interest accrued on swaps | 5,907 | 5,907 | | |
| **Other loans and borrowings** | **1,897,164** | **1,893,626** | **-** | **3,537** |
| – Security deposits and guarantees received | 3,537 | | | 3,537 |
| – Cash-pooling | 556,580 | 556,580 | | |
| – Commercial paper | 1,288,406 | 1,288,406 | | |
| – Interest accrued on commercial paper | | | | |
| – Debts on equity investments | | | | |
| – Share of net income | 48,640 | 48,640 | | |
| **TOTAL** | **7,662,130** | **2,684,704** | **2,103,889** | **2,873,537** |

*(1) April 2017: € 614,600,000, June 2017: € 50,000,000.*
*(2) January 2018: € 291,240,000, September 2019: € 309,900,000, April 2020: € 300,000,000, August 2020: € 250,000,000, February 2021: € 341,032,000, March 2021: € 600,000,000.*
*(3) December 2022: € 85,000,000, April 2023: € 750,000,000, November 2024: € 630,000,000, October 2025: € 255,000,000, February 2026: € 500,000,000, May 2027: € 50,000,000, September 2031: € 600,000,000.*
*(4) January 2018: € 11,717,000.*

### 4.4 Trade and other payables

On average, suppliers are paid approximately 28 days from the invoice receipt date.

### 4.5 Social and tax liabilities

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Personnel and related accounts | 851 | 625 |
| Other taxes | 1,533 | 1,319 |
| **TOTAL** | **2,384** | **1,944** |

In 2016, the item "other taxes" mainly corresponds to provisions for payroll taxes for an amount of 1.09 million euros.

### 4.6 Other liabilities

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Clients – Discounts(1) | 249 | 375 |
| Other(1) | 5,301 | 184,852 |
| **TOTAL** | **5,550** | **185,227** |

*(1) Less than one year.*

Other liabilities at December 31, 2016 consist mainly of the remaining price to be paid on the acquisition of Corio Lulin EOOD (Bulgaria) in 2006 for 1.9 million euros. This debt had been contracted by Corio N.V. This amount is subject to conditions.

The change in other liabilities is due to the debt in favour of Klementine B.V. in 2015 for the acquisition of the shares of Klépierre Vallecas for a 181.9 million euros amount. This debt was canceled in Q1 2016 during the merger of Klementine B.V. with Klépierre SA.

### 4.7 Prepaid income

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Prepaid income** | **22,805** | **32,923** |
| – Deferral of payment on swaps | 4,796 | 11,298 |
| – Deferral of bond issue premiums | 16,460 | 20,560 |
| – Entry Fees | 104 | 267 |
| – Other | 1,445 | 798 |
| **TOTAL** | **22,805** | **32,923** |

The issuance premium of bonds is straight-lined over the term of bonds.

The entry fees are staggered over the initial minimum period of the lease, i.e. three years. The balance at December 31, 2016 was 104 thousand euros. The amount posted to income for the 2016 financial year came to 163 thousand euros.

Other prepaid income corresponds to the spreading of income from property, plant and equipment passed on to tenants. This income is spread to the extent that the annual amount exceeds 400,000 euros per building. The balance at December 31, 2016 was 1.04 million euros. The amount posted to income for 2016 came to 241 thousand euros, made up of a 489 thousand euros spreading and of a 730 thousand euros rise in the amount passed to tenants.

### 4.8 Currency translation adjustment – liabilities

The currency translation adjustment corresponds to a revaluation of commercial paper in USD for 235 thousand euros and to the revaluation of the hedge of commercial paper in USD for 2.08 million euros.

## NOTE 5 Notes to the financial statements: income statement

### 5.1 Operating income

Operating income at December 31, 2016 was -3.99 million euros, an increase of 9.11 million euros from December 31, 2015.

The increase in operating income was mainly due to a 7 million euros decline in operating expenses.

The 25.53 million euros in revenues was mainly comprised of rental income from the Clermont-Ferrand and Cholet shopping centers.

### 5.2 Share of income from joint operations

This item amounted to 77.71 million euros at December 31, 2016.

It mainly includes:

- the Company's share in the 2015 income reported by Cecobil, Soaval and Bègles Arcins, which totaled 15.07 million euros which corresponds to the allocation of profits of the limited partnerships;
- the Company's share in the 2016 profit of SNC Klécar France for 39.5 million euros, SC SCOO for 15.5 million euros, SCI Solorec for 14.9 million euros and SCI Secovalde for 10.9 million euros;
- the Company's share in the 2016 loss of SCI Bassin Nord for 19.9 million euros, SNC Klépierre Management for 14.9 million euros and SC Pasteur for 8.7 million euros.

### 5.3 Net financial income

The Company recorded a net financial profit of 501.58 million euros at December 31, 2016 compared with 29.16 million euros profit at December 31, 2015.

### 5.3.1 Financial income

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Income from sale of securities | 35 | 93 |
| Income from interest rate swaps(1) | 1,329 | - |
| Income from equity investments | 80,099 | 705,774 |
| Positive variance from merger and canceled shares | 157,823 | 952 |
| Interest on associates' advances | 214,884 | 186,692 |
| Interest on current accounts and deposits(1) | 4,200 | 19,895 |
| Other revenue and financial income | 6,106 | 6,228 |
| Reversal of financial provisions | 515,813 | 162,547 |
| Transferred financial expenses | 5,071 | 8,860 |
| Foreign exchange gain | 4,060 | 4,555 |
| **TOTAL FINANCIAL INCOME** | **989,420** | **1,095,594** |

*(1) Income and expenses on swaps, borrowings and cash pools are netted.*

At December 31, 2016, net income on interest rate swaps included:

- net interest income of 24.4 million euros;
- the deferred upfront fees on swaps with a net cost of 23.1 million euros.

The decrease in income from equity investments was mainly due to the fact that, in 2015, we had received an interim dividend payment.

The "merger gain" item was mainly attributable to the merger of Klementine B.V.

Interest on current accounts and credit deposits includes the interest received on current accounts of 3.1 million euros and interest from automatic cash centralization of 231 thousand euros net.

Other income and financial income mainly include the deferred share premiums received on bonds in the amount of 4.1 million euros and liability compensation in the amount of 2 million euros.

The reversals of financial provisions are:

- write-backs of provisions for impairments of shares for 390 million euros;
- write-backs of provisions for impairments of receivables from equity investments for 97.5 million euros;
- write-backs of provisions for contingencies for equity securities for 20.8 million euros;
- reversal of provisions for treasury shares for 4.1 million euros;
- reversal of provisions for indexation related to the mortgage loan repaid in September 2016 for 2.7 million euros;
- reversal of provisions for contingencies on swaps for trading for 0.66 million euros.

Transferred financial expenses on December 31, 2016 are composed mainly of bank commissions on bilateral loans and bond issues purchased during the year.

The foreign exchange gains were mainly due to the profit on the foreign exchange swaps.

### 5.3.2 Financial expenses

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Interest on bonds | 166,438 | 158,747 |
| Interest on Polish bonds | 2,051 | 2,414 |
| Interest on associates' advances | 154 | 6,824 |
| Interest on loans from credit institutions(1) | 5,096 | 7,533 |
| Other bank interest | 1,977 | 1,486 |
| Swap-related expenses(1) | - | 43,869 |
| Interest on current accounts and deposits | 9 | - |
| Other financial expenses | 67,673 | 23,341 |
| Amortization allowance on bond premiums | 2,941 | 2,514 |
| Amortization allowance on loan issue fees | 7,382 | 8,249 |
| Allowances for financial provisions | 234,070 | 795,855 |
| Foreign exchange loss | 52 | 15,600 |
| **TOTAL FINANCIAL EXPENSES** | **487,842** | **1,066,432** |

*(1) Income and expenses on swaps, borrowings and cash pools are netted.*

The 7.3 million euros change in interest on bonds, including Polish bonds, was due to:

- the increase in interest, due to the full-year effect, following the transactions carried out in 2015 (debts assumed as a result of the merger with Corio N.V., debt issuance and bond redemptions) in the amount of 17.1 million euros;
- the increase in interest following two new debt issuances in the amount of 10 million euros;
- the decrease in interest following the repayment of the loan that matured and the partial redemption of bonds in the amount of 19.1 million euros;
- the decrease in interest on the Polish bonds in the amount of 363 thousand euros following the redemption of certain bonds in 2016.

Interest on associates' advances relates to the interest on the advance granted by Financière Corio SAS assumed following the transfer of all assets and liabilities of Lyonarc for 154 thousand euros. This advance was repaid in September 2016.

The 2.4 million euros change in the "Interest on loans from credit institutions" item was due to:

- a 1 million euros decrease in interest on credit lines;
- an 835 thousand euros decrease in interest on commercial paper;
- and a 547 thousand euros decrease in interest on the mortgage loan.

Allocations to financial provisions mainly include:

- 186 million euros for provision of impairment of securities;
- 16 million euros for provision for exchange loss on foreign exchange swaps;
- 11.7 million euros for provision for risks on swaps for trading
- 9.3 million euros for impairment of technical loss allocated on equity investments;
- 3.6 million euros for provision for exchange loss on advance in SEK;
- 7 million euros for provision of treasury shares.

## 5.4 Non-recurring income

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Income from disposal of investments properties | 6,416 | -19 |
| Income from disposal of equity investments | -1,350 | 7,507 |
| Income from disposal of treasury shares | -4,960 | 4,051 |
| Income from disposal of bond buybacks | - | -29,458 |
| Other non-recurring income and expenses | - | -184,564 |
| Write-back of provisions and transfer of expenses | 881 | - |
| **TOTAL** | **987** | **-202,483** |

The "Income from disposal of investment properties" item mainly includes the 8.2 million euros capital gain on the disposal of an office building in Pantin (France) on June 8, 2016.

The "Income from disposal of equity investments" item mainly includes the liquidation of Krakow Plaza shares on July 1, 2016, the liquidation of Klépierre Larissa shares on June 24, 2016 and the disposal of part of SCI Galeries Drancéennes on June 30, 2016.

Write-back of provisions and transfer of expenses relates to the write-back of impairment of Klépierre Larissa shares following liquidation on June 24, 2016.

## 5.5 Corporate income tax

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Corporate income tax and contributions | -729 | 127 |
| **TOTAL** | **-729** | **127** |

The item "Corporate income tax and contributions" includes the 3% contribution (on dividends paid) for 11.69 million euros and a refund of 10.87 million euros relating to a tax dispute.

## NOTE 6 Notes to the financial statements: off-balance sheet commitments

### 6.1 Reciprocal commitments relating to interest rate hedging instruments

At December 31, 2016, Klépierre SA holds a portfolio of interest rate hedging instruments intended to hedge a proportion of current debt and future debt on the basis of the total funding requirements and corresponding terms set out in the Group financial policy.

The unrealized capital loss on interest rate hedge at December 31, 2016 rises to 36.46 million euros (excluding accrued coupons) in which a part relates to swaps registered for 11.7 million euros (excluding accrued coupons).

**Firm Deals**

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Fixed-rate payer Klépierre – Variable-rate payer BNP Paribas and others | 200,000 | 200,000 |
| Fixed-rate payer BNP Paribas and others – Variable-rate payer Klépierre | 935,000 | 935,000 |
| Trading hedging instrument – Extendable fixed-rate payer Klépierre | 700,000 | 700,000 |
| Trading hedging instrument – Cap – Cap-rate buyer Klépierre | 1,000,000 | 1,000,000 |

| *In currency (in thousands)* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Fx forward USD | 370,500 | 261,500 |

**Impact on income**

| **Impact on income (reference capital 1-10 years)** *In thousands of euros* | 12/31/2016 | |
|---|---|---|
| | Income | Expenses |
| Fixed-rate payer Klépierre – Variable-rate payer BNP Paribas and others | 7,830 | 15,189 |
| Fixed-rate payer BNP Paribas and others – Variable-rate payer Klépierre | 39,792 | 10,557 |

| *In thousands of euros* | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Commitments given** | | |
| Commitments on purchases of securities and malls | - | - |
| Committments on sale promissory agreement | - | - |
| Funding commitments given to credit institutions | 447,931 | 77,656 |
| Other commitments given | 11,406 | 222,312 |
| **TOTAL** | **459,337** | **299,968** |
| **Commitments received** | | |
| Deposits received from tenants | 854 | 405 |
| Funding commitments received from credit institutions | 1,761,595 | 1,830,000 |
| Commitments to buy securities | - | - |
| Commitments on sale on buildings | - | 87,150 |
| Other commitments received | 8,500 | 9,500 |
| **TOTAL** | **1,770,949** | **1,927,055** |

### 6.2 Other Commitments

The item “Other commitments given” refers mainly to the remaining balance to pay on the sale before completion contract (payment guarantee given by the buyer and completion guarantee received from developer) for construction of buildings in Pantin.

#### Shareholder agreements relating to Klécar France, Klécar Europe Sud, Solorec and Klécar Participations Italie

Shareholder agreements between Klépierre and CNP Assurances and Ecureuil Vie were amended by a rider signed on December 30, 2004, the effect of which was to cancel the liquidity commitments given by Klépierre to its partners. This agreement covers 10 assets following the sale of an asset portfolio to a consortium led by Carrefour and the expiration, as of December 31, 2015, of the agreement governing the assets located in France and Spain.

The agreement provides the usual protections for non-controlling interests: pre-emption right, joint exit right and the decision-making process applying to investment or divestment. Each agreement contains two additional clauses:

- one in favor of Klépierre: an obligation for the non-controlling shareholders to exit at the request of Klépierre in the event of Klécar assets being sold to a third party;
- the other in favor of the non-controlling shareholders: a process enabling the non-controlling shareholder to consider a range of exit scenarios for Italian and Greek companies in 2016 and 2017:

- asset sharing or sale,
- purchase of non-controlling shareholdings by Klépierre (with no obligation for Klépierre),
- disposal to a third party with payment of a discount by Klépierre if the offer is less than the Net Asset Value.

### Partners' agreements in respect of Bègles Arcins

This agreement, which was entered into between Klépierre and Assurécureuil Pierre 3 on September 2, 2003, contains provisions relating to the governance of the company, and contains the usual protections found in proposed share sales, as well as a dispute resolution clause.

### Partners' agreement between Klépierre and SCI Vendôme Commerces in respect of SCS Cecobil

Signed on October 25, 2007 following the transition of Cecobil to a limited partnerships, this agreement provides for the usual protections regarding the sales project of equity shares to a third party (first refusal and total joint exit rights) and change of control of a partner.

Klépierre succeeded to the rights and obligations of the company SNC Kléber la Pérouse in respect of this agreement following the transfer of all the latter's assets and liabilities to Klépierre on July 4, 2012.

### Partners' agreement between Klépierre and SCI Vendôme Commerces in respect of SCI Secovalde and SCI Valdebac

Signed on October 25, 2007, this agreement provides for the usual protections regarding sales projectof equity shares to a third party (first refusal and total joint exit rights) and change of control of a partner.

This partners' agreement amended on December 29, 2008 and November 23, 2010, also includes SCI Valdebac since December 8, 2010. For instance, in December 8, 2010 more than 99.99% of the shares were transferred from SNC Kléber La Pérouse and SCI Vendôme Commerces to SCI Secovalde. As a consequence, the partners' agreement that only concerns SCI Valdebac, signed by SNC Kléber La Pérouse and SCI Vendôme on June 21, 2010, was terminated on December 8, 2010.

Klépierre succeeded to the rights and obligations of the company SNC Kléber la Pérouse in respect of this agreement following the transfer of all the latter's assets and liabilities to Klépierre on July 4, 2012.

### Partners' agreements between Klépierre, Klefin Italia, Finiper, Finiper Real Estate & Investment, Ipermontebello, Immobiliare Finiper and Cedro 99 in respect of Clivia, and between Klépierre, Klefin Italia, Klépierre Luxembourg, Finiper, Finiper Real Estate & Investment, Ipermontebello, Immobiliare Finiper and Cedro 99 in respect of Immobiliari Galerie Commerciali (IGC)

A partners' agreement was signed in 2002 during the acquisition of IGC shares by the Klépierre Group.

Its main provisions – including those regarding Klépierre's preemptive right – were restated in a new agreement in 2007 applying to IGC and/or Clivia (owner of the Lonato, Verona and Vittuone shopping centers). In the case of IGC, it was replaced with an agreement signed on July 23, 2009 that expired on February 27, 2014, on which date the Group acquired 100% of the share equity of IGC.

All these agreements grant Finiper a put (option to sell) enabling it to sell its shares in Clivia to Klépierre. This put expires in 2017 and can be split into two tranches of 25%.

Any refusal by Klépierre regarding both Clivia parts will result in a penalty becoming payable to the Finiper Group.

### Partners' agreements between Klépierre and Stichting Pensioenfonds ABP in respect of the Swedish company Nordica Holdco AB, and the Norwegian companies Storm Holding Norway AS and Steen & Strøm

The shares in Steen & Strøm were acquired via Storm Holding Norway AS, a company registered in Norway and wholly-owned by Nordica Holdco AB, a company registered in Sweden.

This agreement was made on July 25, 2008 and an amendment made on October 7, 2008. It includes the usual provisions to protect non-controlling interests: qualified majority voting for certain decisions, purchase option in the event of deadlock and joint exit rights, as well as the following provisions:

- a one-year inalienability period applied to Steen & Strøm shares from the date of acquisition;
- each party has a right of first offer on any shares which the other party wishes to transfer to a third party, subject to the proviso that where shares are transferred by one party (other than Klépierre or one of its affiliates) to a Klépierre competitor (as defined in the agreement), the shares concerned will be subject to a right of first refusal and not a right of first offer;
- from the sixth year following acquisition, either party may request a Meeting of Shareholders to approve, subject to a two-thirds majority, the disposal of all the shares or assets of Steen & Strøm, or a market flotation of the Company.

  Through deeds of adherence dated December 23, 2009, Storm ABP Holding B.V. and APG Strategic Real Estate Pool N.V. adhered to this partners' agreement.

  Through a deed of adherence dated September 30, 2011, Stichting Depositary APG Real Estate Pool adhered to this partners' agreement.

### Shareholders' agreement signed by Klépierre and Cardif Assurance Vie regarding SCI Portes De Claye

This agreement, signed on April 16, 2012, contains provisions governing relations between company shareholders.

It provides the usual protection in the event of sales project of company shares to third parties:

- reciprocal pre-emption right;
- reciprocal total joint exit right;
- total joint exit obligation in the event of majority shareholder plans to sell its full equity stake.

It also contains minority shareholders' right of first offer in the event of a sale of assets by the Company.

The company Klécar France SNC succeeded to the rights and obligations of the company KC 2 SNC in respect of this agreement following the transfer of all the latter's assets and liabilities to Klécar France SNC on June 5, 2012.

Furthermore, Klépierre succeeded to the rights and obligations of the company Klécar France SNC in respect of this agreement following the transfer by the latter of its stake in SCI Portes de Claye to Klépierre.

#### Partnership agreement between Klépierre, Klépierre Massalia and Lacydon SA relating to Massalia Invest and Massalia Shopping Mall SCI

This agreement, signed on November 14, 2014, contains provisions governing relationships between partners of the above companies, particularly the corporate governance apparatus of Massalia Invest and Massalia Shopping Mall SCI, the terms of assignment and liquidity of investment of partners in Massalia Invest (right of first refusal, tag-along right, a change of control clause, option to purchase) and the terms and main methods of funding of Massalia Invest and Massalia Shopping Mall SCI.

#### Partners' agreement signed by the Klépierre Group with the main shareholders of Akmerkez (listed company in Turkey)

This agreement signed in 2005 contains provisions regulating the relationship between partners, the composition of the Board of Directors and in particular the number of representatives of each shareholder on the Board. It also includes provisions regarding the majority requirements applicable to adopt decisions that must be submitted for the approval of the Board of Directors.

## NOTE 7 Items concerning related companies

| **Items**<br>*In thousands of euros* | **Amounts** |
|---|---|
| Advances and pre-payments on fixed assets | - |
| Net equity investments | 7,395,865 |
| Loan to subsidiaries and related companies | 5,885,407 |
| Loans | 26,821 |
| Advances and pre-payments to suppliers (current assets) | - |
| Trade accounts and notes receivables | 7,160 |
| Other receivables | 95,750 |
| Accruals | - |
| Subscribed capital called but not paid | - |
| Convertible bonds | - |
| Other bonds | 12,066 |
| Loans and borrowings from credit institutions | - |
| Other loans and borrowings | 579,378 |
| Advances and pre-payments received | - |
| Trade and other payables | 8,285 |
| Other liabilities | 3,356 |
| Operating income | 1,324 |
| Operating expenses | 5,702 |
| Financial income | 822,501 |
| Financial expenses | 180,678 |

## NOTE 8 Other disclosures

### 8.1 Automatic cash centralization

On November 30, 2000, Klépierre SA joined the cash-pooling managed by Klépierre Finance SAS. At December 31, 2016, Klépierre SA owes 661.78 million euros to Klépierre Finance SAS.

Klépierre SA holds bank accounts that incorporate an automatic cash centralization system applicable to the bank accounts of the Dutch and German subsidiaries. At December 31, 2016, Klépierre SA has a cash pool balance of 147.56 million euros in its favor compared to its German subsidiaries. And, Klépierre SA has a cash pool balance of 41.60 million euros in favor of its Dutch subsidiaries.

### 8.2 Employees

At December 31, 2016, the staff includes the two members of the Executive Board and one employee.

The Company is managed and administered by Klépierre Management SNC.

### 8.3 Loans and guarantees granted and set up for corporate officers and Supervisory Board members

None.

### 8.4 Compensations paid to corporate officers and to Supervisory Board members

Klépierre SA, the parent company of the Klépierre Group, is a French corporation whose governance structure comprises an Executive Board and a Supervisory Board.

The amount of the gross remuneration paid to the corporate officers for 2016 is 2,373,919 euros.

The amount of directors' fees granted to the members of the Supervisory Board for the fiscal year 2016 totaled 529,827 euros. The annual allowance granted to the Chairman of the Supervisory Board for the fiscal year 2016 totaled 75,071 euros.

### 8.5 Post-balance sheet date events

In January 2017, Klépierre adjusted its fixed-rate position with the early termination of a 200 million payer swap and the implementation of a new 1.9 billion euro hedging portfolio comprised of payer swaps, caps and swaptions.

## NOTE 9 Consolidation information

The Klépierre SA corporate financial statements are fully consolidated in the Klépierre Group.

At December 31, 2016, the Klépierre Group is consolidated under the equity method by Simon Property Group and APG which held respectively a 20.33% and a 13.49% stake in the equity of Klépierre (including treasury shares).

# 3.4 Statutory Auditors' report on the annual financial statements

*This is a free translation into English of the statutory auditors' report on the financial statements issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, disclosures or on information taken outside of the financial statements. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders. This report should be read in conjunction 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, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Klépierre;
- the justification of our assessments;
- the specific verifications and information required by law.

The financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

## I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2016 and of the results of its operations for the year ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to Note 2.2.2 to the financial statements which describes the change in accounting method related to the new accounting rules on technical losses on merger provided for in ANC regulation n°2015-06.

## II. Justification of assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- note 2.2.2 "The new treatment of merger goodwill (technical losses)" to the financial statements sets out the new accounting rules and methods applicable to the accounting of technical losses on merger applicable to fiscal years starting from January 1, 2016. As part of our assessment of the accounting policies adopted by your Company, we examined the method for allocating technical losses on merger to assets and we ensured that Note 2.2.2 to the financial statements provides appropriate disclosure;
- as indicated in Note 2.2.3 to the financial statements, real estate assets are appraised by independent experts to estimate any possible impairments. Our procedures consisted notably in examining the valuation methodology used by the experts and in ensuring ourselves that the impairments were based on external expert appraisals;
- equity investments recorded under assets on your Company's balance sheet are valued as described in Note 2.2.4 to the financial statements. Our assessment of these valuations is based on the process implemented by your Company to determine the value of equity investments. Our procedures notably consisted in assessing based on valuations performed by independent real estate experts or your Company, parameters used to determine the value of the real estate assets owned by your subsidiaries and of your management companies.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed in the first part of this report.

## III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (Code de Commerce) relating to remuneration and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of the information.

In accordance with French law, we have verified the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 6, 2017

The Statutory Auditors

French original signed by

| Ernst & Young Audit | Deloitte & Associés | |
|---|---|---|
| Bernard HELLER | Joël ASSAYAH | José-Luis GARCIA |

# 3.5 Other information

## 3.5.1 Financial summary for the past five fiscal years (data provided under the terms of Article R.225-102 of the French Commercial Code)

| *in euros* | 12/31/2016 | 12/31/2015 | 12/31/2014 | 12/31/2013 | 12/31/2012 |
|---|---|---|---|---|---|
| **TOPIC NAMES** | | | | | |
| **Capital at year-end** | | | | | |
| Share capital | 440,098,488 | 440,098,488(1) | 279,258,476 | 279,258,476 | 279,258,476(2) |
| Number of existing ordinary shares | 314,356,063 | 314,356,063(1) | 199,470,340 | 199,470,340 | 199,470,340(2) |
| **Transaction and income for the fiscal years** | | | | | |
| Pre-tax revenues | 25,530,355 | 28,481,734 | 4,355,802 | 13,883,756 | 23,618,808 |
| Earnings before tax, employee profit-sharing, amortization and provisions | 311,977,949 | 706,703,461 | 669,668,321 | 151,277,480 | 552,229,958 |
| Coporate income tax | 729,300 | -127,285 | 3,752,869 | 598,278 | 491,187 |
| Earnings after tax, employee profit-sharing, amortization and provisions | 575,552,047 | -110,885,971 | 717,904,333 | 75,526,032 | 514,767,021 |
| Dividends paid(3) | 572,128,035 | 534,405,307 | 398,423,694 | 309,179,027 | 299,205,510 |
| **Earnings per share** | | | | | |
| Earnings before tax, employee profit-sharing, amortization and provisions | 0.99 | 2.25 | 3.36 | 0.76 | 2.77 |
| Earnings after tax, employee profit-sharing, amortization and provisions | 1.83 | -0.35 | 3.60 | 0.38 | 2.58 |
| Net dividend per share | 1.82(3) | 1.70 | 1.60 | 1.55 | 1.50 |
| **Personnel** | | | | | |
| Average labor force employed during the fiscal year, total payroll and employee benefits | 3<br>2,435,419 | 0.5<br>25,601 | Nil<br>0 | Nil<br>0 | Nil<br>0 |

*(1) Capital increase following the exchange offer of 8 and January 16, 2015 made by Klépierre on Corio N.V., followed by the crossborder merger of Corio N.V. by Klépierre dated March 31, 2015.*

*(2) Creation of 9,822,100 shares May 21, 2012 following the option for payment of the stock dividend.*

*(3) Subject to shareholder approval at a General Meeting April 18, 2017.*

## 3.5.2 Acquisition of equity holdings and movements in equity securities impacting the corporate financial statements of Klépierre SA

Klépierre SA subscribed for 999 shares of the 1,000 shares of the capital of Klépierre Procurement International SNC, on May 19, 2016, for an amount of 9,900 euros.

## 3.5.3 Average supplier payment period (data provided under the term of Article L. 441-6-1 of the French Commercial Code)

On average, suppliers are paid approximately twenty eight days from the receipt date.

As at December 31.2016, Klépierre's suppliers balances stand at 9.49 million euros to be paid no later than January 28, 2017.

### 3.5.4 Outcome of the share buyback program (data provided under the terms of Article L. 225-211 of the French Commercial Code)

| In number of treasury shares | Liquidity | Existing stock-options plans | | | Future stock options | Bonus shares | Acquisitions | Total |
|---|---|---|---|---|---|---|---|---|
| | | Plan 2009 | Plan 2010 | Plan 2011 | | | | |
| **Position at 12/31/2015** | **207,035** | **51,042** | **161,715** | **378,564** | **367,619** | **847,363** | **885,195** | **2,898,533** |
| Stock option allocation | | | | | | | | 0 |
| Stock option plan adjustments* | | 0 | -3,000 | -4,500 | -159,134 | 166,634 | 0 | 0 |
| **Options exercised during the year** | | **-24,422** | **-49,310** | **-83,773** | 0 | **-161,372** | 0 | **-318,877** |
| Purchases | 2,307,278 | 0 | 0 | 0 | 0 | 0 | 0 | 2,307,278 |
| Sales | -2,358,482 | 0 | 0 | 0 | 0 | 0 | 0 | -2,358,482 |
| **POSITION AT 12/31/2016** | **155,831** | **26,620** | **109,405** | **290,291** | **208,485** | **852,625** | **885,195** | **2,528,452** |

* *Updating of the number of beneficiaries to reflect employee turnover.*

During 2016 as whole, 2,307,278 shares were bought back at an average price per share of 39.15 euros and 2,358,482 shares were sold at an average price per share of 39.31 euros. At December 31, 2016, Klépierre held 2,528,452 of its own shares (directly or indirectly) representing a total value of 67.04 million euros based on book value and 3.54 millions at par value.

# 4 SUSTAINABLE DEVELOPMENT

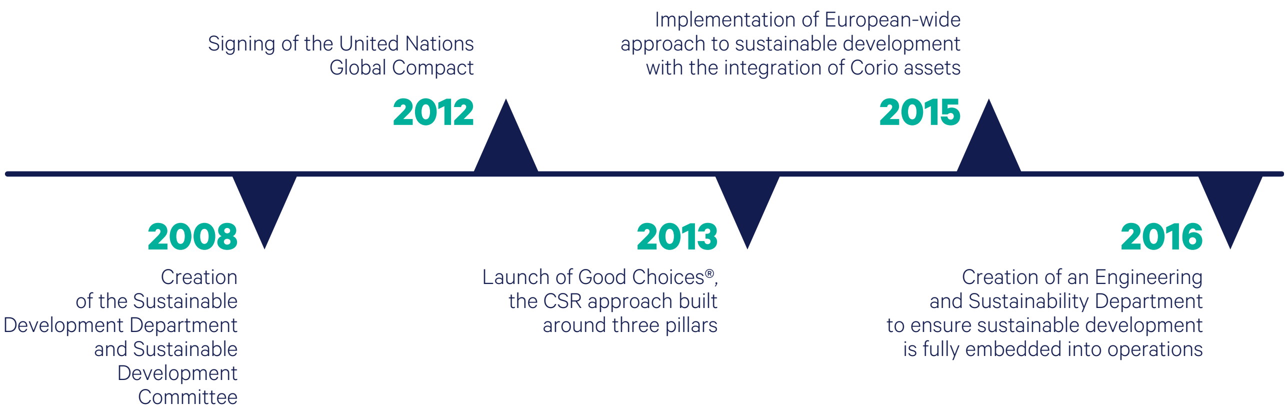
# 4.1 An ambitious strategy and an integrated organization

## 4.1.1 The Good Choices® approach

Klépierre strongly believes in the link between economic performance and social environmental excellence. Its CSR approach is long-standing. We have been publishing environmental, social and community information over the last fifteen years and this transparency is an essential component of our policy.

This policy was labeled Good Choices® in 2013. It is one of the four pillars of Klépierre's overall strategy alongside Let's Play®, Clubstore® and Retail First. It has evolved according to the geographical extension of our portfolio. Thus our CSR performance has been monitored within a short space of time, applied consistently across the 16 European countries, and the information published provides identical data on all our operations and shopping centers. The current portfolio data provides insights into the effects of our strategy of selecting the most successful assets. The constant portfolio information is pro forma in nature and includes the performance of the assets resulting from the Corio acquisition since 2014, and since 2013 in the case of certain indicators.

The CSR information disclosed in this document was submitted to verification by the Deloitte auditors (please refer to section 4.5 for their report).




2016 was a critical year for the Group's sustainable development approach. The Executive Board created a new combined Engineering and Sustainability Department, thereby considerably strengthening our deep-rooted commitments and achievements in operations.

Our Good Choices® are based on three core ideas:

- aiming for sustainable and operational excellence in the day-to-day management of our assets;
- developing a culture of innovation and responsibility as industry leader;
- contributing to the development of the local communities in which we are based.

The significance of our environmental, societal and social actions is fully recognized outside the Group. Our scores have risen sharply over the past five years in the leading non-financial ratings in our industry (Carbon Disclosure Project, Global Real Estate Sustainability Benchmark or Dow Jones Sustainability Indices in particular).

These results reaffirm our leadership and encourage us to make our approach even more effective.

### Growing European presence

The Group's European presence has considerably expanded since 2014 with the acquisition of Corio (three new countries) followed by Plenilunio (Spain) and of Oslo City (Norway) in 2015.

Klépierre now operates in 16 countries and the value of its property portfolio reaches 23 billion euros as of December 31, 2016 (transfer duties excluded). Klépierre thus provides leading retailers with a unique platform of 156 shopping centers that together attract 1.1 billion visitors each year.

| Geographical area | Number of shopping centers |
|---|---|
| France-Belgium | 45 |
| Italy | 36 |
| Scandinavia | 19 |
| The Netherlands | 5 |
| Iberia | 20 |
| Germany | 5 |
| Central Europe and Turkey | 26 |
| **TOTAL** | **156** |

This pan-European presence gives us exposure to different cultures and varied approaches and thus represents a considerable advantage.

It also confirms the strength of our approach as the tools and processes we deploy are tested and proven in different contexts.

On the environmental, societal and social front there are many benefits. European legislation and the various national transpositions provide us with a strong and ambitious regulatory framework while at the same time providing space for the emergence of best practices. These initiatives make it possible to take all countries up a notch.

The Group's sustainable development approach reflects this: a solid base and identical definitions across our entire property portfolio, ambitious goals broken down into specific action items and tailored to each country and to each shopping center.

## 4.1.2 Major issues at the core of our relationships with our stakeholders

We need to be as relevant as possible in our actions so as to optimize value creation. This goal leads us to identify the environmental, societal and social issues and to focus on the most material ones. It also allows us to be fully in line with the recommendations of the Grenelle 2 environmental law and the G4 guidelines of the Global Reporting Initiative (GRI) and those of the European Public Real Estate Association (EPRA).

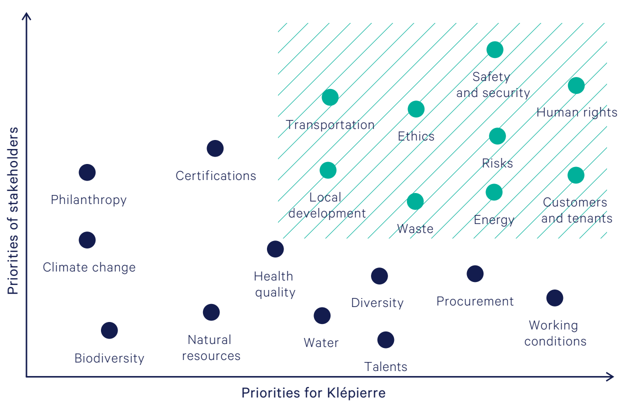
### Strong commitments

The Group updated its materiality analysis in 2013. This made possible the identification of the 20 environmental, societal and social issues that significantly impacts its performance.

It was in particular possible to assess the relevance of each by means of an internal analysis and by also incorporating various inputs from our stakeholders. The materiality analysis was approved by the Executive Committee and by the Supervisory Board. Since then, we have regularly tested it with our various internal and external stakeholders.

### Nine top priority issues

Some issues are more critical in terms of the day-to-day management of a shopping center and our goal of achieving operational excellence. These issues that we have identified as priorities are nine; they appear in green in the "matrix of materiality" below:




To achieve our commitments on these nine top priority issues, we therefore endeavor to combine being irreproachable, effective and innovative:

- **irreproachable:** by adopting an exemplary attitude toward all stakeholders and ensuring optimal safety and satisfaction for our retailers and visitors;
- **efficient:** by setting ambitious, quantifiable and specific goals, for optimal operational management of our centers;
- **innovative:** by taking full advantage of the skills and innovative capabilities of the teams, and by taking opportunities for collaborative innovation whenever they present themselves.

The implementation of these commitments relies on the will of full transparency, constantly engaging staff, a solid organization and effective tools.

The Group's materiality matrix is currently being updated. For the first time ever, this process will be undertaken jointly with a range of stakeholders (internal and external). The results of this consultation will be released in 2017.

### Constructive dialogue with our stakeholders

Klépierre is convinced that the value created through its assets will generate a positive impact for all its stakeholders and that it will play a part in the sustainable development of regions across Europe. The shopping centers designed, owned and managed by the Group serve as veritable catalysts for their urban environments. They help change and stimulate these areas. They are economic engines, places for sharing time, sources of jobs and financial flows. This positive impact is inextricably linked to meeting the expectations of all Group stakeholders.

The success of a shopping center is based on two key players: retailers, Klépierre's direct clients, and the visitors to our shopping centers; our retailers' customers are the driving force behind the performance of our assets.

It also involves significant dialogue with a range of local players:

- public authorities: they are present early in the development of a shopping center, and afterward throughout its operation, to create conditions conducive to business activities that are in the collective interest;
- voluntary associations: to create a stronger bond between the center and its local area;
- the economic partners heavily involved in our assets on a daily basis: these include project managers, consultants or other partners during the development and construction phase, or service providers providing us with site cleaning, maintenance and security services day-in day-out.

Commercial real estate is a highly capital-intensive sector in which the economic drivers are important, especially when it comes to internal or external growth. The inputs from our shareholders and financial partners and taking into account their expectations are critical to the Group's development.

Collaboration between players in the shopping center sector makes it possible to promote shared common practices and to highlight the profile of and enhance our industry.

The men and women in the Klépierre Group are our most valuable resource for delivering on our commitments on a daily basis. Driven by the HR management processes, our teams also enjoy, through Klépierre University, dedicated training programs to allow them to continually adapt to the changing environment and to anticipate new industry requirements.


## 4.1.3 Structuring and appropriate governance

Our sustainable development commitments are firmly rooted in our organization. They are implemented across all countries and supported by the roll-out of dedicated tools. They are also applied in the various initiatives in which the Group participates.

### Our organization

Our sustainable development governance is sound. It is managed by dedicated committees within the Supervisory Board and at executive level. The Engineering and Sustainability Department and the Human Resources Department, coordinated by the Group's Chief of Communication, then rely on country management to ensure that our environmental, societal and social actions are fully operational.

### Implementing strategic direction/Monitoring progress

- Within the Supervisory Board, the Sustainable Development Committee reviews the CSR process, discusses its developments and is informed of the Group's results in these areas; it reports to the Supervisory Board. It is composed of three members of the Board, as well as members of the Management Board, the Communication Director and the Director of Engineering and Sustainable Development. It is chaired by Steven Fivel, General Counsel and Corporate Secretary of Simon Property Group. It met three times in 2016.

(1) Based on 2016 planned operational budgets for 13 countries. Excludes marketing budgets, taxes, management fees.»

- Within the Management Committee of Klépierre, the CSR Committee suggests to the Executive Board the elements of the Group's CSR strategy, in particular the list of commitments and action plans; and reports to the Board on the results achieved. The CSR Committee brings together members of the Management Board, the Engineering and Sustainable Development, Human Resources and Communication departments, as well as representatives of the other relevant Directorates (commercial centers, development, etc.). Three to four sessions are scheduled each year.

### Create momentum/Define Group goals, tools and processes

- The Engineering and Sustainability Department, established in 2016, brings together employees responsible for technical engineering in the centers, operational investments and sustainable development. The sustainable development team has three dedicated members.

  Encompassing all the technical challenges facing the shopping centers and reporting to the Chief Operating Officer, it initiates and develops the Group's environmental and societal policy. It also ensures it is implemented and circulated throughout Europe.
- The Human Resources Department is central to the company's strategy contributing to its talent, skills and performance challenges in line with the Group's values and social commitments.
- The Group's Chief of Communication coordinates the CSR process, with the Engineering and Sustainability department; as well as the Human Resources department, which then relies on countries management so that the implementation of our environmental, societal and social actions is fully operational.

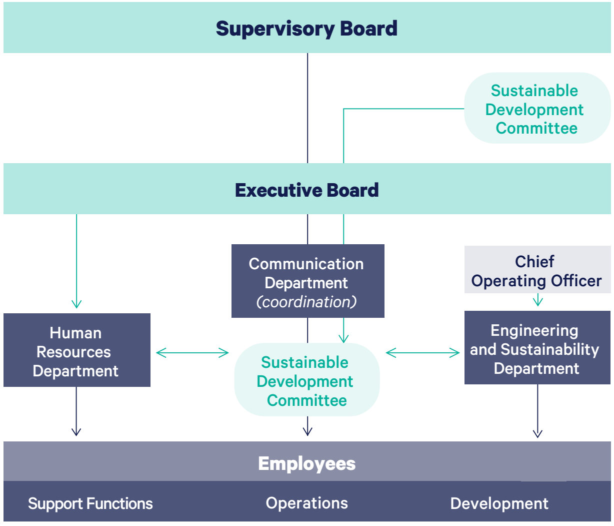
### Breakdown goals/Implement actions

- In the 16 countries, management and the operational departments break down Group goals and implement the policies that are appropriate to their local environments. Each country then defines its annual action plan for all the technical and sustainable development challenges, taking into account to its current performance levels and goals. These action plans are then discussed at a Special Annual Meeting that brings together the whole European network, and are then presented to the Group's Chief Operating Officer.
- A network of some 30 correspondents covering all the local areas in which we operate is in charge of carrying out local actions and reporting on best practices. They work in close contact with the teams at head office.

Accordingly, since 2016, the Engineering and Sustainability Department organizes each month:

- a meeting with each country;
- a group meeting with the representatives of the 16 countries.

These new regular meetings have made it possible to accelerate action taking, increase information-sharing and build stronger cross-functional teams. In addition to these monthly meetings, all representatives meet in person twice a year for two days of discussions, strategy setting and inter-country collaborative work.




Finally, the Group's Good Choices® approach is systematically addressed in our communications to all employees. The Group's General Management thus shares its vision, its ambition and its requirements in these areas in a clear and decisive manner.

Training and awareness-raising efforts on sustainable development topics, especially environmental ones, were focused in 2016 on consolidating the integration of the Corio teams, on raising employee awareness regarding sustainable development challenges facing Klépierre, and the tools and approaches in place within the Group to improve the operational performance of the shopping centers in the Klépierre portfolio.

A training module dedicated to operational teams (shopping centers managers, technical managers and transversal functions) was developed in 2016. The goal is to remind trainees about the Group's environmental and societal challenges that are directly linked to the daily operation of a shopping center and to stakeholder engagement. The plan is to roll it out in 2017, via Klépierre University.

## The industry initiatives and charters we support

The Group's environmental, societal and social commitments are expressed via various associations and initiatives.

Klépierre is an active member of the following national and international trade associations. The Group considers them strategic for its business, and in each one holds a position on the governance body and/or sits on their key committees, including among other things those dealing with sustainable development issues.

### International Council of Shopping Centers (ICSC)

The Council has more than 60,000 members in over 90 countries, fostering the promotion and the development of shopping centers.

### European Public Real Estate Association (EPRA)

This trade association has more than 200 of Europe's public real estate companies as members. It publishes recommendations intended to ensure that the financial and non-financial disclosures of publicly traded real estate companies are more detailed and more standardized.

### French Council of Shopping Centers (CNCC)

French trade organization uniting all players involved in the promotion and development of shopping centers. Klépierre took an active part in the preparation and publication of the first guide on sustainable development reporting best practices for the shopping center industry published in 2013.

### French Real Estate Association (FSIF)

The mission of the FSIF is to examine, promote and represent the shared business interests of French real estate companies.

Moreover, Klépierre endorses other significant environmental, societal and social Charters and initiatives. These commitments reflect the priorities the Group has set for itself in terms of corporate responsibility.

### Global Real Estate Sustainability Benchmark (GRESB)

GRESB's primary purpose is to assess the environmental and social performance of companies specializing in the real estate sector. Klépierre has participated in this benchmark since its beginning and is also a member.

### The Global Compact

A signatory to the United Nations Global Compact since 2012, each year Klépierre reiterates, through the Chairman of the Executive Board, its full backing for this voluntary international CSR initiative, and its commitment to the improvement process on the 10 universal principles promoted by the Global Compact (in terms of human rights, labor standards, the environment and the fight against corruption).

### French Charter for energy efficiency of tertiary buildings

Initiated at the end of 2013, it provides players in the real estate sector with a framework for implementing energy efficiency in their property portfolios and for anticipating future regulatory obligations related to tertiary buildings' energy performance. The Group has been a signatory of this Charter since November 2013.

### Diversity Charter

A corporate Initiative launched in late 2004, this Charter expresses the desire of companies to take steps to better reflect, in their workforces, the diversity of the French people and to also express their commitment to non-discrimination, equal opportunity and improvement of their performance. The Group signed it on July 31, 2010.

### French Charter for Parenthood

Initiated by the French Monitoring Agency for Parenthood in the Workplace (OPE), this Charter promotes better work-life balance and has three objectives: move forward parenthood representations, create a favorable environment for working parents and respect the principle of non-discrimination in career development for such employees. The Group has been a signatory since April 29, 2009.

### The Palladio Foundation

The Palladio Foundation, under the aegis of Fondation de France, is an original initiative by companies in the real estate industry which was created in 2008 around the urban construction of the city of the future and its living areas.

Its purpose is to gather together all current construction players (elected representatives, real estate professionals, professionals from other sectors involved in addressing urban problems, researchers, members of federations or associations and the media) and engage with them. It supports and guides the builders of tomorrow, whether they be students, researchers or young professionals. Klépierre is a founding member of the Foundation and is represented on the Board of Directors by the Chairman of its Executive Board.

A more detailed description of the foundation's work in 2016 can be found in section 4.3.5 (Acting for the community).

### Association pour le développement du Bâtiment Bas Carbone (BBCA)

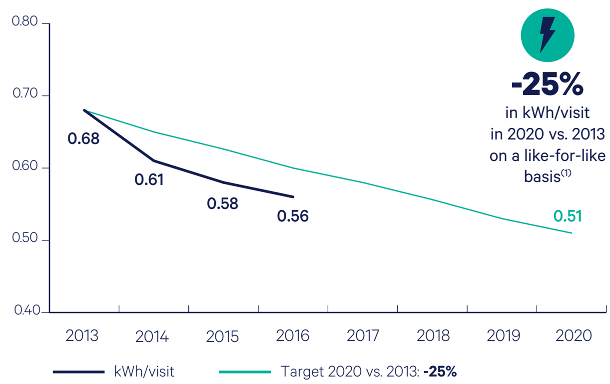
The goal of the Association pour le développement du Bâtiment Bas Carbone (BBCA) is to raise awareness of the urgency of reducing the carbon footprint of buildings and of promoting approaches that help develop low carbon buildings. It is in particular working on BBCA certification, which went live in 2016.

For all of the associations, charters or initiatives it endorses, Klépierre does not provide any funding beyond regular membership dues.

## 4.1.4 Focus on our 2016 main achievements

### Change in the main environmental, societal and social KPIs

**IMPROVE ENERGY EFFICIENCY**

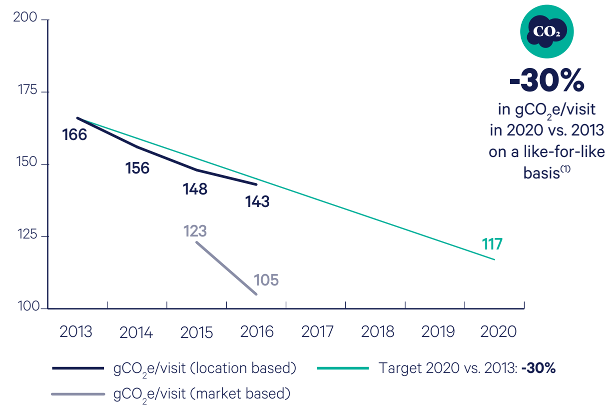



*2020 goal: -25% in kWh/visit*

The energy-related steps taken across the property portfolio have helped us achieve an ongoing reduction in our consumption despite varying climate factors from one year to the next. Energy efficiency in kWh/visit on a like-for-like basis has improved 17% since 2013, and we are therefore very hopeful of achieving our goal of -25% in 2020 vs. 2013.

(1) *Pro forma like-for-like basis = includes the performance of the new assets.*

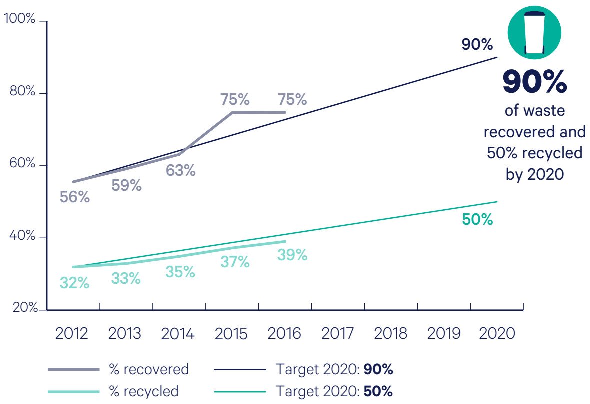
### REDUCE OUR GREENHOUSE GAS EMISSIONS




*2020 goal: -30% in $gCO_2$/visit*

The Group's greenhouse gas emissions in $gCO_2$ e/visit have also declined, -14% since 2013 on a like-for-like basis. Our aim is to push forward with our energy efficiency efforts and to speed up the transition to cleaner energy in order to achieve our goal of -30% in 2020 vs. 2013.

### INCREASE WASTE RECYCLING AND RECOVERY

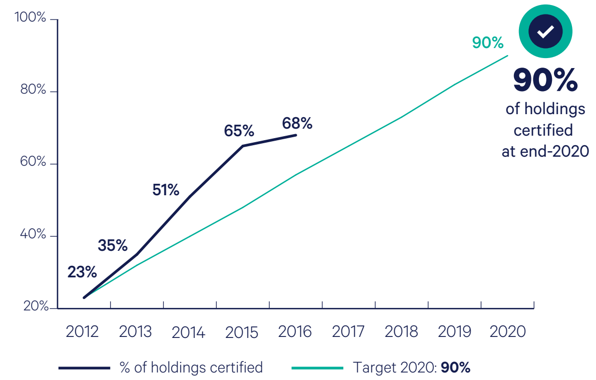



*2020 goal: 50% recycled and 90% recovered*

The percentage of waste recycled and recovered has risen since 2012. We will continue our actions to further limit the disposal of waste generated by the activities of the shopping centers and to increase our recycling efforts.

The goal to achieve a recycling rate of over 50% has been postponed to 2020. The initial goal of a 75% recovery rate, achieved in 2015, was raised to 90% by 2020.

### EXPAND THE PERCENTAGE OF CERTIFIED PROPERTIES IN THE PORTFOLIO

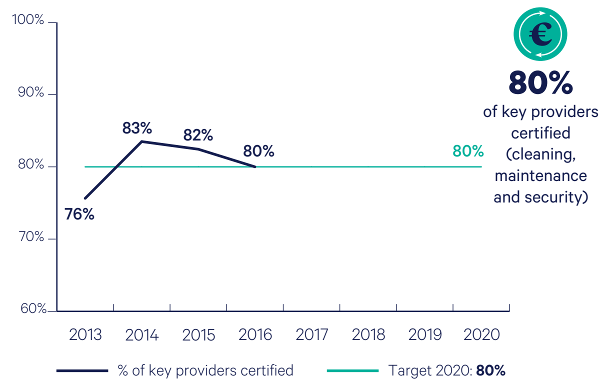



*2020 goal: 90% of property portfolio certified*

The initial goal of 50% of the property portfolio certified in value at end-2015 has been substantially exceeded, and has thus been revised upward to 90% by 2020.

83 centers in 13 European countries have obtained environmental certification under the BREEAM, BREEAM In USE, ISO 14001 or ISO 50001 frameworks. We now want to consolidate this progress while at the same time favorably renewing the level of existing certifications.

### PROMOTE RESPONSIBLE PARTNERS




*2020 goal: >80% of key[1] partners certified*

The 80% target was achieved two years ago. The goal is to keep the proportion of our service providers that are certified at over 80% (despite changes in the make-up of our portfolio) as this ensures the implementation of sustainable practices by the service providers working in our centers on a daily basis.

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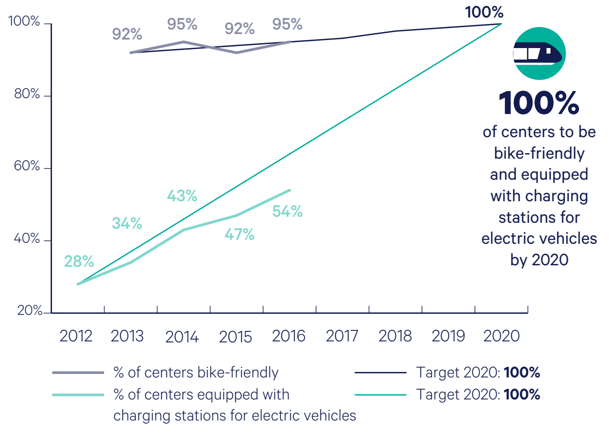
*(1) The three main service providers in the shopping centers: cleaning, safety and security, and maintenance.*

### IMPROVE THE ACCESSIBILITY AND CONNECTIVITY OF OUR CENTERS



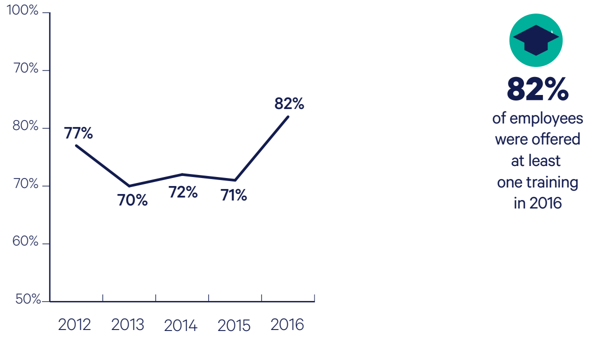

*2020 goal: 100% of centers equipped with facilities for cyclists and for recharging electric vehicles*

The initial goals of 100% for 2017 were postponed in order to be more realistic while at the same time remaining ambitious.

These two goals reflect our desire to increase the green transport options to improve access to our shopping centers. Thus, the world's largest indoor bike park, comprising 12,500 spaces, is under construction as part of the renovation of the Hoog Catharijne center in Utrecht in the Netherlands.

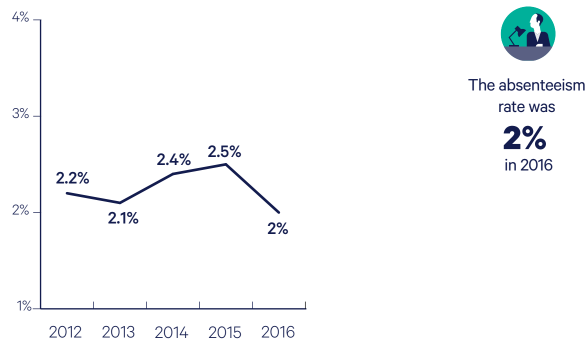
With regard to electric vehicles, the Group is looking at the experiences of the countries where this market has grown quickly. However, supply and demand for electric vehicles and bike facilities vary substantially from one country to the next.

### SHARP RISE IN THE RATE OF ACCESS TO TRAINING




The rate of access to training was 82% in 2016, versus 71% in 2015. This level reflects the investment undertaken by the Group over the past number of years to develop the skills of all its employees, enhance their employability and individual and collective performance. Klépierre University remains central to the sharing of expertise, good practices and spreading the Group's management culture to enhance operational performance.

### ABSENTEEISM UNDER CONTROL




The absenteeism rate was 2% in 2016, the lowest since 2012. This is the result of a more favorable social environment and of the Group's initiatives in matters of health and well-being at work. Over and above what is required by law, preventive measures have been put forward locally to improve employee health.

### A winning approach

Transparency is a key component of the Group's sustainable development approach.

To this end, Klépierre fosters ongoing relationships with the non-financial rating agencies, as well as with SRI (Socially Responsible Investment) analysts and investors, who assess our sustainable development performance.

The indexes to which the Group belongs, the recognition received and the steady improvement in ratings over the past number of years are all proof that the strategy in place and the measures taken have been effective.


### Outstanding non-financial ratings for 2016

They reflect Klépierre's ongoing efforts in terms of corporate social responsibility.

Klépierre was ranked second amongst listed companies for the retail sector worldwide and 10th in all sectors by the Global Real Estate Sustainability Benchmark (GRESB). The Group has once again been awarded a "Green Star" with a score of 93/100. Klépierre was in the 97th percentile in the World Dow Jones Sustainability Index (DJSI) following the review by RobecoSAM, which found the Company to be the most efficient in the world out of 177 real-estate companies, based on its environmental initiatives.

Furthermore, Klépierre was added to the "A-list" by the Carbon Disclosure Project (CDP), which recognizes the leading companies in terms of climate performance and environmental management best practices.

Overall, Klépierre is considered by GRESB and RobecoSAM as the leading company in its category for its environmental strategy, performance monitoring and results reporting.

The quality of this reporting was also recognized by the European Public Real Estate Association (EPRA), which gave Klépierre a "Gold Award" for environmental and societal performance for the fifth consecutive year, an achievement that only five companies have attained.

Klépierre continues to be a member of the following SRI (Socially Responsible Investing) indexes: FTSE4Good, DJSI Europe & World index, STOXX Global ESG Leaders, Euronext Vigeo France 20, Europe 120 & World 120, Ethibel Sustainability Index Excellence Europe & Global.

### Successes in 2016

#### A new organization serving sustainable operational excellence

- Strategic integration of sustainable development in Operations enabling the approach to break new ground in terms of maturity. Fully integrated into the business, there is thus greater focus and progress on environmental and societal issues, enabling us to achieve our target performance levels.
- The establishment of a genuine network of European representatives: the exchanges and visits have increased significantly in pursuit of an even more ambitious, concerted approach.
- This integrated European-wide operational approach now enables the Group to roll out differentiated performance analysis and to develop cross-functional tools (operational best practices manual, for example).

#### Encouraging recognized results

- Energy consumption down 16% (in MWh) since 2013, representing savings of 18 million euros (on a like-for-like basis).
- Carbon emissions down 14% per visit since 2013.
- Close to 60% of electricity usage from renewable sources.
- Best non-financial ratings ever obtained by the Group.

#### Spreading the Group culture widely:

- In 2016, the training offer has grown more international than ever, mainly thanks to Klépierre University. 82% of employees at Group level had access to trainings, focused on our jobs or practices, including 72% of employees outside of France.
- 78% of employees at Group level attended feedback meetings regarding the results of the "You&Klépierre" engagement survey. These sharing sessions with the Management team allowed for local and global action plans definition.

## 4.1.5 Our ambitious 2020 action plan

| Commitment | Indicator | 2020 goal | 2016 |
|---|---|---|---|
| Increase the percentage of certified centers within the portfolio | *% of assets certified BREEAM In Use/ISO 14001* | 90% *of Group coverage in value* | 67.9% |
| Certify all our developments and/or extensions | *% of developments and extensions (> 10,000 sq.m) having obtained the BREEAM certification with "very good" level minimum* | 100% *of extensions and developments > 10,000 sq.m* | No deliveries in 2016 |
| Improve energy efficiency of our centers | *Energy consumption in kWh/visit* | -25% *(based on 2013 value)* | -17% |
| Encourage the use of renewable sources of energy | *% of electricity consumption (in KWh) coming from renewable sources* | 75% | 58% |
| Reduce our carbon footprint | *Carbon intensity = $gCO_2$ equivalent/visit*[1] | -30% *(based on 2013 value)* | -14% |
| Improve our water efficiency | *Water intensity = L/visit* | -20% *(based on 2013 value)* | -7% |
| Increase our contribution to the circular economy | *% of waste recycled* | 50% | 39% |
| Increase our efficiency in waste management | *% of waste recovered (diverted from landfill)* | 90% | 75% |
| Promote sustainable procurement for wood supply | *% of FSC and PEFC certified wood in developments and extensions (> 10,000 sq.m)* | 100% *of developments and extensions > 10,000 sq.m* | No deliveries in 2016 |
| Promote biodiversity awareness at our centers | *% of centers having conducted at least one action to promote biodiversity* | 100% *of Group coverage* | 67% |
| Incorporate a biodiversity action plan into all our developments | *% of developments and extensions (> 10,000 sq.m) having drawn up a biodiversity action plan following an impact study* | 100% *of developments and extensions > 10,000 sq.m* | No deliveries in 2016 |

*(1) Scope 1 and 2 emissions (CDP definition).*

| Commitment | Indicator | 2020 goal | 2016 |
|---|---|---|---|
| Protect environment and neighborhood comfort during construction phase | *% of developments and extensions (> 10,000 sq.m) under a "green site" charter during construction phase* | 100% *of developments and extensions > 10,000 sq.m* | No deliveries in 2016 |
| Ensure the safety of our stakeholders | *% of Group assets having undertaken audits every 10 years* | 100% *of Group coverage* | 92% |
| Measure and improve the satisfaction of visitors in our centers | *% of Group assets in value having conducted customer satisfaction surveys every 24 months.* | 80% *of Group coverage in value* | 64% |
| Generalize access to public transportation | *% of Group assets with access to public transportation* | 100% *of Group coverage* | 98% |
| Generalize access to public transportation for developments | *% of developments and extensions (> 10,000 sq.m) with direct access to public transportation* | 100% *of developments and extensions > 10,000 sq.m* | No deliveries in 2016 |
| Develop environmental-friendly modes of transport | *% of centers with bike-friendly facilities* | 100% | 95% |
| | *% of centers with charging stations for electric vehicles* | 100% | 54% |
| Collaborate with our supply chain to achieve common CSR goals | *% of key service providers(2) certified (ISO 14001, 9001, OHSAS 18001 or equivalent)* | > 80% *of key service providers(1)* | 80% |
| Contribute to local employment and economic dynamism | *% of centers having undertaken job/training forums* | 50% *of Group coverage* | 63% |
| | *% of centers which have developed local development partnerships* | 75% *of Group coverage* | 28% |
| Engage a constructive dialogue with our local stakeholders | *% of centers in steady contact with local policymakers* | 100% *of Group coverage in value* | 97% |
| Increase the Group contribution to the community | *% of centers which have organized at least one annual charity event* | 100% | 92% |
| | *Time and surface dedicated to charity actions in centers* | 1 day rent equivalent | 0.55 |
| Increase the proportion of women in the management | *% of women at manager positions* | 40% | 36% |
| Organize a health, safety and well-being policy at work at Group level | *% of employees benefiting from measures* | 100 % | No deliveries in 2016 |
| Promote training | *% of Group employees benefiting from a training action* | 100% | 82% |
| Ensure annual appraisal | *% of employees assessed* | 100% | 90% |
| Invite all employees to respond to the commitment survey, every two years | *% of employees invited* | 100% | No deliveries in 2016 |
| Harmonize the Group's integration process | *% of news joiners benefiting from one of the Group integration media* | 100% | No deliveries in 2016 |

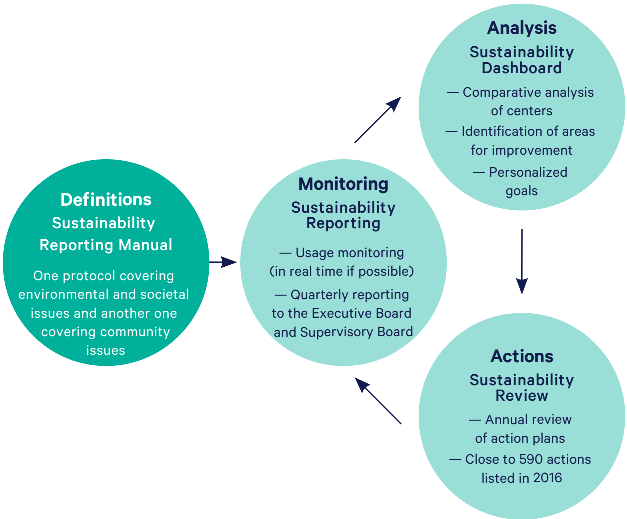
*(2) Service providers responsible for safety, cleaning and general maintenance.*

# 4.2 Operational and sustainable excellence at the heart of our strategy

## 4.2.1 Management System and tools serving our sustainable performance

The Group uses tools and processes to handle environmental and societal issues, in order to make the sustainable development approach fully operational.

These tools are identical across Europe and are organized into four groups for greater clarity internally: definitions, monitoring, analysis and actions.




### Definitions: Sustainability Reporting Manual

The set of indicators identified in environmental, societal and social matters and the data of which they are made up are clearly defined and communicated to the teams. These definitions are identical across all 16 countries in which the Group operates and the 156 shopping centers.

These definitions are grouped into two reporting protocols:

- one on the social aspects, sent to the Human Resources managers in each country, which includes both quantitative and qualitative data;
- the other on environmental and societal aspects communicated to each country and to each Group asset, which contains close to 120 data collected for each shopping center in the portfolio.

These documents are updated every year to adapt to the developments in our business activities.

### Monitoring: Sustainability Reporting

Monitoring at Group level has intensified in recent years. Internal reporting in each country of environmental, societal and social performance increases year-on-year, more heavily involving the management and operational teams.

**On the environmental and societal aspects:**

- within the shopping center: monitoring has become ever more frequent. The teams working at each asset (center managers and technical managers) monitor utilities consumption (energy and water) and waste production at least once a month. 58% of centers are also equipped with energy measurement systems that enable real-time control. There has been increasing use of such tools over recent years;
- at Group level: an environmental and societal report on each asset is presented to the Executive Board and to the Supervisory Board's Sustainable Development Committee at least once a year and quarterly for the Group's 70 largest assets, which represent 84% of the value of the property portfolio.

In addition, an environmental monitoring tool for the centers is currently being studied and will be implemented in 2017. Its purpose is to automate the reporting from each of the centers and to analyze the actual performance of the assets.

**On the social aspects:**

The social data are managed in an information system shared with all Group HR players, thereby enabling standardized and structured management of the data, based on a single repository.

This information along with the qualitative data are compiled every quarter by the Group Human Resources Department in order to monitor social indicators, providing oversight of the performance and well-being of employees as well as monitoring Klépierre's HR policy. The strategic indicators regarding the social aspects of the sustainable development approach are presented annually to the Executive Board and to the Sustainable Development Committee of Klépierre's Supervisory Board.

### Analysis: Sustainability Dashboard

The information collected is analyzed at different levels.

The shopping center, country and Group performance dashboards provide a clear view of the environmental and societal impact, make it possible to identify areas for improvement, identify best practices and thereby improve operational oversight. The performance dashboards are presented and discussed annually with all the country-specific departments.

In 2016, significant work was carried out on the performance dashboards for each shopping center. The new dashboards consolidate all the technical and sustainable development management indicators of the center on a monthly basis.

In addition, these dashboards now include an energy performance analysis for each center:

- in comparison to the center itself, against the previous month;
- in comparison to other centers that are part of its group (grouping of comparable shopping centers).

These two performance analysis are based on statistical models that allow external impacts (weather and business) to be deducted in order to assess the real performance of each center and therefore be able to set realistic and individual goals for each center.

These dashboards will be automated and digitalized within the environmental tool being developed.

### Actions: Sustainability Review

The management system and the monitoring tools are designed to provide a shared platform but tailored to each shopping center. Detailed performance analysis makes it possible to identify areas for improvement.

The teams in each country thus have the tools with which to draw up specific and ambitious action plans.

Each year, these action plans are presented by country management to the Chief Operating Officer as part of the Sustainability Review. This provides an opportunity to analyze completed actions and to approve the guidelines for the following years as put forward by the local teams, the specific actions for each shopping center and any investment needs. Close to 590 different actions were thus presented at Group level in 2016.

In 2016, the share of maintenance works (Capex) dedicated to sustainable development investments was analyzed for the first time: 61% of the provisional budget for 2017 involved this type of investment.

This step is critical to ensuring that sustainable development remains on the teams' agenda year after year.

## 4.2.2 Asset certification

The environmental certifications favored by Klépierre are references in the real estate sector. They attest to the effectiveness of the measures taken, both during the building development phase and operational phase.

### Making the most of the complementarity of BREEAM and ISO 14001

The Group currently favors three standards: BREEAM New Construction, BREEAM In Use and ISO 14001 during operation.

These certifications give us a real complementary approach. Each standard has its own special features, making it possible to respond more closely to the needs expressed at Group level.

- The ISO 14001 standard allows us to really structure the environmental approach implemented at each asset. It drives the teams to become part of a continual improvement process, to monitor the progress made, and to implement action plans to achieve the stated goals.
- The BREEAM New Construction or In Use frameworks have the advantage of exhaustively mapping the environmental performances of a building (under development or in use).

### 83 centers in 13 countries, i.e., 68% of the property portfolio (in value) certified

68% of our property portfolio (in value) is certified. This proportion has risen sharply since 2012 (by almost 45 points). 83 shopping centers were certified at end-2016, in 13 Group countries (versus 77 in 13 countries last year). 53 centers are thus ISO 14001 certified, reflecting the strength of the environmental management system rolled out across the Group. 31 centers are also certified under BREEAM In Use, with ratings ranging from at least Very Good, up to Outstanding.

The La Gavia center, close to Madrid, also has ISO 50001 certification which provides a more precise assessment of energy management.

Very few real estate players can point to this sort of implementation on as wide a scale. We now want to consolidate this level while at the same time favorably renewing existing certifications.

**Proportion of centers certified**
*2016 current basis (100% coverage): 156 shopping centers and 4,164,307 sq.m*

| | Group | Group coverage rate |
|---|---|---|
| 2014 | 50.9% | 100% |
| 2015 | 64.6% | 100% |
| **2016** | **67.9%** | **100%** |

**Towards excellence**

In 2016, the percentage of properties rated excellent in the French portfolio certified BREEAM In Use rose from 3% to 31%.

This sharp increase demonstrates the resolve to achieve the lasting operational excellence furthered by the Group and the constant growth of our assets.

**Proportion of centers certified by type of certification (% in value)[(1)]**
*2016 current basis (100% coverage): 156 shopping centers and 4,164,307 sq.m*
*EPRA: Cert-Tot*

| | Group | | | |
|---|---|---|---|---|
| | Number of centers | Rentable floor area certified | % in value | Group coverage rate |
| ISO 14001 | 53 | 1,670,738 | 36.7% | 100% |
| ISO 50001 | 1 | 51,076 | 2.0% | |
| BREEAM in Use | 31 | 1,152,472 | 31.7% | |
| **At least one operational certification** | **78** | **2,591,400** | **64.1%** | |
| **BREEAM New Construction** | **11** | **466,495** | **10.2%** | |
| **AT LEAST ONE CERTIFICATION** | **83** | **2,769,820** | **67,9%** | |

(1) This includes all centers certified during the year or whose certification was still valid in the reporting year (including those with certification undergoing administrative formalities).

### 4.2.3 Energy performance

Energy efficiency is a strategic priority for the Group. It is a key indicator of the strength of our operational management and plays a major part in controling our costs both for the Group and for the retailers operating in our centers. The improvement is thus being driven by two factors: environmental and financial. By optimizing our consumption, both in terms of volume and sources of energy, we are able to limit our exposure to energy price volatility.

The Group consumed approximately 450 GWh in 2016 on a current basis, a reduction of 7.3% compared to 2015. The Group's energy bill was around 46.9 million euros. Close to two thirds of this energy is used in three regions: France-Belgium, Italy and Scandinavia.

**Energy consumption in MWh and energy efficiency in kWh/sq.m and kWh/visit**

*2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m*

*EPRA: Elec-Abs – DH&C-Abs – Fuels-Abs – Energy-Int*

| | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| MWh | 2014 | 77,692 | 42,351 | 92,655 | 26,265 | 76,157 | N/A | N/A | 315,120 | 94% |
| | 2015 | 109,675 | 103,902 | 87,514 | 53,832 | 84,625 | 16,815 | 27,144 | 483,508 | 98% |
| | **2016** | **95,526** | **101,516** | **88,716** | **46,261** | **77,587** | **15,574** | **25,358** | **450,538** | 97% |
| kWh/sq.m/year | 2014 | 117 | 166 | 108 | 129 | 129 | N/A | N/A | 122 | 94% |
| | 2015 | 121 | 147 | 105 | 150 | 122 | 107 | 99 | 123 | 98% |
| | **2016** | **109** | **144** | **108** | **147** | **115** | **101** | **92** | **118** | 97% |
| kWh/visit | 2014 | 0.40 | 0.74 | 1.05 | 0.53 | 0.70 | N/A | N/A | 0.63 | 92% |
| | 2015 | 0.42 | 0.66 | 0.99 | 0.51 | 0.65 | 0.40 | 0.77 | 0.59 | 96% |
| | **2016** | **0.38** | **0.68** | **0.96** | **0.46** | **0.62** | **0.37** | **0.73** | **0.57** | 97% |

#### Usage down 16% since 2013 on a like-for-like basis

Energy use on a pro forma like-for-like basis[(1)] fell sharply, from 443 to 371 GWh between 2013 and 2016. This drop is found in all the Group's regions, thereby illustrating the significant efforts of the last four years to improve the energy efficiency of our assets. Our goal is to improve our kWh/visit ratio by 25% by 2020 vs. 2013. The 16% reduction over the past three years, which represents a cumulated total of 72 GWh over that period, reaffirms our approach and encourages us to continue our efforts.

**Energy consumption in MWh and energy efficiency in kWh/sq.m and kWh/visit**

*2016/2013 like-for-like basis (73% coverage): 108 shopping centers and 3,138,666 sq.m*

*EPRA: Elec-LfL – DH&C-LfL – Fuels-LfL – Energy-Int.*

| | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| MWh | 2013 | 103,653 | 95,625 | 77,883 | 39,384 | 88,601 | 12,040 | 25,685 | 442,872 | 76% |
| | 2014 | 89,932 | 87,792 | 69,791 | 36,291 | 78,298 | 10,437 | 24,542 | 397,083 | |
| | 2015 | 87,674 | 86,657 | 64,769 | 35,785 | 77,919 | 9,016 | 24,444 | 386,262 | |
| | 2016 | 77,850 | 85,129 | 66,459 | 35,157 | 74,366 | 9,106 | 22,677 | 370,743 | |
| | **2016/15** | **-11%** | **-2%** | **3%** | **-2%** | **-5%** | **1%** | **-7%** | **-4%** | |
| | **2016/13** | **-25%** | **-11%** | **-15%** | **-11%** | **-16%** | **-24%** | **-12%** | **-16%** | |
| kWh/sq.m | 2013 | 137 | 159 | 124 | 152 | 137 | 125 | 101 | 136 | 76% |
| | 2014 | 119 | 147 | 111 | 140 | 121 | 108 | 96 | 122 | |
| | 2015 | 116 | 146 | 102 | 138 | 121 | 94 | 96 | 119 | |
| | 2016 | 106 | 143 | 104 | 136 | 115 | 95 | 89 | 115 | |
| | **2016/15** | **-9%** | **-2%** | **2%** | **-1%** | **-4%** | **1%** | **-7%** | **-3%** | |
| | **2016/13** | **-22%** | **-10%** | **-16%** | **-10%** | **-16%** | **-24%** | **-12%** | **-16%** | |
| kWh/visit | 2013 | 0.47 | 0.72 | 1.15 | 0.49 | 0.79 | 1.18 | 0.84 | 0.68 | 73% |
| | 2014 | 0.41 | 0.68 | 1.05 | 0.45 | 0.67 | 1.06 | 0.80 | 0.61 | |
| | 2015 | 0.40 | 0.65 | 0.96 | 0.44 | 0.65 | 0.96 | 0.75 | 0.58 | |
| | 2016 | 0.36 | 0.65 | 0.98 | 0.43 | 0.62 | 1.01 | 0.71 | 0.56 | |
| | **2016/15** | **-10%** | **0%** | **1%** | **-4%** | **-4%** | **5%** | **-6%** | **-4%** | |
| | **2016/13** | **-24%** | **-10%** | **-15%** | **-13%** | **-21%** | **-15%** | **-15%** | **-17%** | |

(1) *Pro forma constant scope: includes the performance of new assets.*

## Nearly 60% of electricity is from renewable sources

The Group is continuing its move to less carbon-intensive energy. 48% of the final energy used by the Group is from renewable sources (+10% on a current scope basis since 2014).

Electricity from renewable sources now accounts for 58% of our total electricity usage, representing over 197.8 GWh, sharply up over the past three years (up 14% from 2014). In five Group countries, 100% of the electricity used is from renewable sources.

**Italy switches to 100% renewable energy**

In 2016, Italy undertook a voluntary approach to renegotiate the electricity delivery contracts for all of its 36 centers.

From that point on, 100% of the electricity consumed will be from renewable sources.

### Proportion of energy and electricity usage from renewable sources

*2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m*

| | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|
| **Renewable energy** | | | | | | | | | |
| 2014 | 19% | 15% | 81% | 69% | 7% | N/A | N/A | 38% | 94% |
| 2015 | 11% | 36% | 78% | 77% | 30% | 75% | 21% | 42% | 98% |
| **2016** | **12%** | **64%** | **75%** | **74%** | **23%** | **79%** | **22%** | **48%** | 97% |
| **Renewable electricity** | | | | | | | | | |
| 2014 | 20% | 20% | 91% | 75% | 10% | N/A | N/A | 44% | 94% |
| 2015 | 10% | 44% | 89% | 87% | 40% | 100% | 31% | 51% | 98% |
| **2016** | **10%** | **78%** | **88%** | **82%** | **32%** | **100%** | **33%** | **58%** | 97% |

### Energy mix on a current basis

*2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m*
*EPRA: Elec-Abs – DH&C-Abs – Fuels-Abs*

| | Group | |
|---|---|---|
| | *MWh* | *%* |
| Electricity from renewable sources | 197,774 | 43.9% |
| Electricity from non-renewable sources | 143,455 | 31.8% |
| **Subtotal electricity** | **341,229** | **75.7%** |
| District heating / Energy from renewable sources | 11,581 | 2.6% |
| District heating / Recovered energy | 9,580 | 2.1% |
| District heating / Energy from fossil fuels | 26,386 | 5.9% |
| District cooling | 15,265 | 3.4% |
| **Subtotal networks** | **62,811** | **13.9%** |
| Gas | 45,102 | 10.0% |
| Fuel oil | 1,071 | 0.2% |
| Bio-fuel | 325 | 0.1% |
| **Subtotal fuels** | **46,499** | **10.3%** |
| **TOTAL ENERGIES** | **450,538** | **100%** |
| Group coverage rate | | 97% |

### Energy mix on a like-for-like basis

*2016/14 like-for-like basis (76% coverage): 108 shopping centers and 3,138,666 sq.m*
*EPRA: Elec-LfL – DH&C-LfL – Fuels-LfL*

| | Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2015 | | 2014 | | 2016/15 | 2016/14 |
| | *MWh* | *%* | *MWh* | *%* | *MWh* | *%* | *%* | *%* |
| **Electricity** | **283,350** | **76.4%** | **296,420** | **76.7%** | **307,369** | **77.4%** | **-4.4%** | **-7.8%** |
| District heating | 34,436 | 9.3% | 34,378 | 8.9% | 35,465 | 8.9% | 0.2% | -2.9% |
| District cooling | 10,370 | 2.8% | 10,428 | 2.7% | 10,665 | 2.7% | -0.6% | -2.8% |
| **Subtotal district networks** | **44,806** | **12.1%** | **44,806** | **11.6%** | **46,130** | **11.6%** | **0.0%** | **-2.9%** |
| Gas | 41,171 | 11.1% | 42,812 | 11.1% | 41,071 | 10.3% | -3.8% | 0.2% |
| Fuel oil | 1,071 | 0.3% | 1,666 | 0.4% | 1,719 | 0.4% | -35.7% | -37.7% |
| Bio-fuel | 325 | 0.1% | 539 | 0.1% | 776 | 0.2% | -39.7% | -58.1% |
| **Subtotal fuels** | **42,568** | **11.5%** | **45,017** | **11.7%** | **43,566** | **11.0%** | **-5.4%** | **-2.3%** |
| **TOTAL ENERGIES** | **370,743** | **100%** | **386,262** | **100%** | **397,083** | **100%** | **-4.0%** | **-6.6%** |
| Group coverage rate | | | | 76% | | | | |

## Ongoing decline in energy usage despite variable climate conditions

The energy performance presented in this report is not adjusted with climate factors. Presenting unadjusted results, also facilitate a clearer reading of the financial and environmental real benefits.

However, in 2016, a new stage in measuring energy performance of the centers was undertaken. First, consumption was recalculated in order to remove the influence of temperature fluctuations. This allows us to compare a center to its own performance over the years in order to identify the best performing centers that could potentially provide new good practices, but also to act and give particular attention to centers when their energy performance begins to worsen. A further improvement will be undertaken in 2017 thanks to a multi-correlation analysis of external performance factors which was in the process of being finalized in 2016. This analysis will reprocess consumption data from other meteorological data than the temperature (luminosity, humidity etc.) and activity data of the shopping centers (footfall, area, opening hours etc.)

## Mechanisms used to control usage

In order to reduce our energy usage, we have four major mechanisms that we operate in parallel.

### Accurate metering of consumptions

- Roll-out of real-time, usage by usage, equipment by equipment metering systems across 58% of the property portfolio in value at end-2016. These systems are made up of tens of meters per site and the information is automatically reported to the centers, the country teams and the Group. Roll-out was more generalized in 2016 over all the Group countries and we saw a 3% increase compared to 2015.
- Increased monitoring at Group level with quarterly reporting to the Executive Board and to the Supervisory Board.

### Energy conservation in the management

- Constant vigilance as to the operating hours: schedules of regular visits to the shopping centers at night to check how the equipment has been programmed were intensified in 2016.
- Adjustment of temperature settings to better reflect outside temperatures.
- Sharing of good practices: a manual of the best operational practices was produced in collaboration with all the countries and shared within the Group in 2016. These good practices are divided into the two categories of management and investment and cover four concerns: energy, waste, water, and certifications.

### Improvement of technical equipment

- Replacement of the most energy-intensive equipment: cooling towers, mechanical linkages, ventilation pumps, etc.
- Replacing light bulbs: LED wherever relevant, lower-wattage bulbs, national directories of quality product suppliers.
- $CO_2$ sensors: continued roll-out to reduce the airflow and optimize air treatment plants.

### Construction investments

- In the course of development: attention to building insulation and its compactness to improve thermal inertia, with particular focus on roofs, which account for the majority of energy loss.
- When renovating during operations: overhauling of thermal exchanges and recouping of heating or cooling, etc.

**Proportion in value of centers equipped with real-time energy measurement systems**

*2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m*

| | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|
| 2014 | 61% | 22% | 96% | 95% | 36% | N/A | N/A | 66% | 100% |
| 2015 | 53% | 25% | 95% | 64% | 43% | 100% | 0% | 55% | 100% |
| **2016** | **55%** | **31%** | **100%** | **55%** | **41%** | **100%** | **0%** | **58%** | 100% |

## More than 18 million euros in cumulated savings since 2013

The Group's consolidated energy bill in 2016 was 46.9 million euros. The energy efficiency steps taken have a positive effect on our energy budgets, generating cumulative savings of close to 18 million euros over the past three years on a pro forma like-for-like basis, given that the energy rates are constantly increasing.

Central Europe and Turkey recorded a 25% fall since 2013 in energy budgets.

In Italy, cumulative savings totaled 4.6 million euros since 2013; this Group region has a more expensive average kWh price. Almost all the regions except Germany have seen their energy budgets fall by at least 16% in the last three years.

In France and Belgium, cumulative savings totaled more than 2.6 million euros, even though the price per kWh of electricity rose on average 8.5% over the 2013-2016 period.

**Savings from changes in energy usage and energy costs**

*2016/2013 like-for-like basis (76% coverage): 108 shopping centers and 3,138,666 sq.m*

| | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| MWh | 2013 | 103,653 | 95,625 | 77,883 | 39,384 | 88,601 | 12,040 | 25,685 | 442,872 | |
| | 2014 | 89,932 | 87,792 | 69,791 | 36,291 | 78,298 | 10,437 | 24,542 | 397,083 | |
| | 2015 | 87,674 | 86,657 | 64,769 | 35,785 | 77,919 | 9,016 | 24,444 | 386,262 | |
| | 2016 | 77,850 | 85,129 | 66,459 | 35,157 | 74,366 | 9,106 | 22,677 | 370,743 | |
| | **2016/13** | **-25%** | **-11%** | **-15%** | **-11%** | **-16%** | **-24%** | **-12%** | **-16%** | |
| € excl. VAT/MWh | 2013 | 77 | 144 | 105 | 111 | 89 | 91 | 138 | 106 | |
| | 2014 | 83 | 147 | 102 | 113 | 87 | 94 | 133 | 107 | |
| | 2015 | 85 | 142 | 102 | 110 | 86 | 96 | 136 | 107 | |
| | 2016 | 84 | 134 | 102 | 104 | 80 | 99 | 146 | 104 | 76% |
| | **2016/13** | **9%** | **-7%** | **-3%** | **-6%** | **-10%** | **9%** | **6%** | **-2%** | |
| € excl. VAT | 2013 | 8,010,572 | 13,732,640 | 8,195,477 | 4,365,068 | 7,868,557 | 1,091,627 | 3,534,298 | 46,798,240 | |
| | 2014 | 7,423,197 | 12,923,026 | 7,141,435 | 4,093,697 | 6,816,796 | 977,500 | 3,256,051 | 42,631,701 | |
| | 2015 | 7,448,257 | 12,266,483 | 6,631,273 | 3,942,739 | 6,731,259 | 863,172 | 3,316,797 | 41,199,981 | |
| | 2016 | 6,557,778 | 11,404,353 | 6,748,803 | 3,666,896 | 5,930,582 | 901,337 | 3,308,190 | 38,517,939 | |
| | **2016/13** | **-18%** | **-17%** | **-18%** | **-16%** | **-25%** | **-17%** | **-6%** | **-18%** | |
| **TOTAL SAVINGS IN € EXCL. VAT** | | **2,602,484** | **4,604,058** | **4,064,922** | **1,391,873** | **4,127,034** | **532,872** | **721,857** | **18,045,099** | |

## Overall performance of our buildings, including tenants, assessed over 38 centers

An environmental appendix is incorporated into new leases all over Europe. In addition, Klépierre already has access to information on the energy usage of all buildings, including tenants, at 38 centers in 10 countries, representing 19% of the property portfolio in value.

**Energy consumption in MWh and energy efficiency in kWh/sq.m and kWh/visit for the whole building**

*2016 current basis (19% coverage): 38 shopping centers and 1,114,478 sq.m*

| | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| Number of centers | | 1 | 1 | 13 | 0 | 21 | 2 | 0 | 38 | |
| Shared equipment | MWh | 3,295 | 1,565 | 55,149 | 0 | 75,910 | 7,808 | 0 | 143,726 | |
| | % | 54% | 31% | 44% | N/A | 38% | 59% | N/A | 41% | |
| Tenant equipment | MWh | 2,768 | 3,408 | 70,030 | 0 | 122,199 | 5,506 | 0 | 203,910 | 19% |
| | % | 46% | 69% | 56% | N/A | 62% | 41% | N/A | 59% | |
| Whole building | MWh | 6,062 | 4,973 | 125,179 | 0 | 198,109 | 13,313 | 0 | 347,636 | |
| | kWh/sq.m | 456 | 132 | 233 | N/A | 278 | 132 | N/A | 248 | |

We are working on a number of ways to further increase cooperation with retailers, especially on environmental and energy matters. At the centers where full usage information is available, specific communication and awareness-raising measures are put in place. These measures may take different forms and in any case require a good understanding of the technical and business characteristics of each retailer.

More broadly, the vast majority of centers have already established dialogue with some or all of their tenants on environmental matters through dedicated meetings (at 58% of properties in the portfolio) and written communication (80% of properties in the portfolio), particularly on their energy consumption.

## 4.2.4 Climate change

Our efforts to respond to the challenges raised by climate change are based on ongoing efforts to reduce our greenhouse gas emissions and active planning on how our assets will need to be adapted.

Accurate measurement of our $CO_2$ emissions under Scopes 1 and 2 of the GHG Protocol(1) gives us an accurate picture of our direct and indirect contribution to greenhouse gas emissions, as well as of our dependence on fossil fuels.

Since 2016, in addition to the assessment using the location-based method of the GHG Protocol, we are also publishing the same information according to the market-based methods in order to improve the transparency of the performance indicators that we provide to our stakeholders.

*(1) Klépierre calculates emissions under Scope 2 of the GHG Protocol using the "location based" and "market based" methods.*

Quantifying under Scope 3 gives a better idea of our broader carbon footprint and the effects of the activities of our stakeholders (retailers, visitors and providers in particular).

In 2016, the emphasis has been on a better understanding and quantification of Scope 3. A carbon study was conducted so that the Group could better understand its footprint on the different scales included in the enlarged Scope 3 in order to define relevant actions to reduce carbon emissions but also to anticipate the impacts of climate change and carbon emissions on Klépierre's activity.

The Group's total energy usage plus leaks from the use of refrigerant gases resulted in the emission of 118,039 metric tons of $CO_2$e in 2016. A decline of 7,931 metric tons of $CO_2$e was recorded compared to 2015.

Year-on-year changes on a current scope basis are mainly due to the various disposals and acquisitions made by the Group over the past three years.

**Greenhouse gas emissions in $tCO_2$e from energy usage in common areas and the use of refrigerant gases (scopes 1 and 2) and energy usage in tenant areas (scope 3)**

*2016 current basis: 125 shopping centers and 3,725,415 sq.m*

*EPRA: GHG-Dir-Abs – GHG-Indir-Abs – 6.5*

| | 2016 | | | | | | | | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| **Location based** | **France-Belgium** | **Italy** | **Scandinavia** | **Iberia** | **Central Europe & Turkey** | **The Netherlands** | **Germany** | **Group** | **Group** |
| Gas | 1,663 | 3,142 | 253 | 778 | 2,487 | 0 | 0 | 8,323 | 9,078 |
| Fuel oil/Bio-fuel | 32 | 237 | 0 | 0 | 0 | 0 | 0 | 270 | 623 |
| Refrigerant gas | 2,032 | 3,386 | 257 | 674 | 1,415 | 0 | 96 | 7,861 | 8,237 |
| **Direct emissions scope 1** | **3,728** | **6,766** | **510** | **1,452** | **3,902** | **0** | **96** | **16,453** | **17,939** |
| Electricity | 4,549 | 33,420 | 3,979 | 12,358 | 28,956 | 4,669 | 5,959 | 93,889 | 100,361 |
| Heating | 1,008 | 0 | 1,415 | 0 | 3,403 | 526 | 917 | 7,268 | 7,233 |
| Cold | 187 | 0 | 101 | 0 | 0 | 26 | 114 | 427 | 438 |
| **Indirect emissions scope 2** | **5,743** | **33,420** | **5,495** | **12,358** | **32,358** | **5,221** | **6,990** | **101,585** | **108,032** |
| **EMISSIONS SCOPE 1 + 2** | **9,471** | **40,185** | **6,005** | **13,810** | **36,260** | **5,221** | **7,086** | **118,039** | **125,970** |
| *Group coverage rate* | | | | | | | | *97%* | *98%* |
| Tenant areas electricity | 169 | 1,370 | 1,002 | 0 | 64,455 | 2,191 | 0 | 69,186 | 72,585 |
| Tenant area gas | 0 | 0 | 48 | 0 | 984 | 15 | 0 | 1,048 | 1,112 |
| **RELEVANT KNOWN EMISSIONS FROM SCOPE 3** | **169** | **1,370** | **1,050** | **0** | **65,439** | **2,206** | **0** | **70,234** | **73,697** |
| *Group coverage rate* | | | | | | | | *19%* | *21%* |

| | 2016 | | | | | | | | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| **Market based** | **France-Belgium** | **Italy** | **Scandinavia** | **Iberia** | **Central Europe & Turkey** | **The Netherlands** | **Germany** | **Group** | **Group** |
| Gas | 1,663 | 3,142 | 253 | 778 | 2,487 | 0 | 0 | 8,323 | 9,078 |
| Fuel oil/Bio-fuel | 32 | 237 | 0 | 0 | 0 | 0 | 0 | 270 | 623 |
| Refrigerant gas | 2,032 | 3,386 | 257 | 674 | 1,415 | 0 | 96 | 7,861 | 8,237 |
| **Direct emissions scope 1** | **3,728** | **6,766** | **510** | **1,452** | **3,902** | **0** | **96** | **16,453** | **17,939** |
| Electricity | 2,023 | 17,157 | 4,694 | 6,872 | 23,258 | 0 | 5,072 | 59,076 | 78,952 |
| Heating | 1,008 | 0 | 1,415 | 0 | 3,403 | 526 | 917 | 7,268 | 7,233 |
| Cold | 187 | 0 | 101 | 0 | 0 | 26 | 114 | 427 | 438 |
| **Indirect emissions scope 2** | **3,217** | **17,157** | **6,210** | **6,872** | **26,661** | **552** | **6,104** | **66,772** | **86,622** |
| **EMISSIONS SCOPE 1 + 2** | **6,945** | **23,923** | **6,720** | **8,323** | **30,563** | **552** | **6,200** | **83,225** | **104,561** |
| *Group coverage rate* | | | | | | | | *97%* | *98%* |
| Tenant areas electricity | 169 | 1,370 | 1,002 | 0 | 64,455 | 2,191 | 0 | 69,186 | 72,585 |
| Tenant area gas | 0 | 0 | 48 | 0 | 984 | 15 | 0 | 1,048 | 1,112 |
| **RELEVANT KNOWN EMISSIONS FROM SCOPE 3** | **169** | **1,370** | **1,050** | **0** | **65,439** | **2,206** | **0** | **70,234** | **73,697** |
| *Group coverage rate* | | | | | | | | *19%* | *21%* |

The calculation of emissions included in Scope 2 of the first table complies with the "location-based" method in the GHG Protocol. The emission factors used vary substantially from one Group country to another[(1)]. Central Europe and Italy thus generate close to two thirds of greenhouse gas emissions on a current scope basis. We pay close attention to the emission factors of the various energy sources and favor the cleanest energies.

According to the "location-based method" in the GHG Protocol, electricity from renewable sources (even though it represents 58% of the Group's total electricity usage) cannot be accounted at a zero emission factor. The ongoing decline in $CO_2$ emissions on a like-for-like basis thus reflects real energy saving measures, and is not artificially increased by purchasing so-called "green" electricity.

To be able to illustrate the efforts undertaken to supply electricity from renewable sources, we have widened our Group reporting to also calculate emissions according to the market-based method that consists in applying emission factors from each of the energy suppliers. Therefore, the emission of 34,814 metric tons of $CO_2e$ was avoided in 2016 as a result of European purchasing of green electricity.

**Greenhouse gas emissions in $tCO_2e$ and carbon intensity in $kgCO_2e$/sq.m and $gCO_2e$/visit from energy usage in common areas and shared equipment**

*2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m*
*EPRA: GHG-Dir-Abs – GHG-Indir-Abs – GHG-Int*

| Location based | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| $tCO_2e$ | 2014 | 6,493 | 14,769 | 7,529 | 7,506 | 33,968 | N/A | N/A | 70,266 | 94% |
| | 2015 | 8,761 | 37,932 | 5,289 | 15,121 | 37,686 | 5,485 | 7,459 | 117,733 | 98% |
| | **2016** | **7,438** | **36,799** | **5,748** | **13,136** | **34,845** | **5,221** | **6,990** | **110,178** | 97% |
| $kgCO_2e$/sq.m/year | 2014 | 10 | 58 | 9 | 37 | 58 | N/A | N/A | 27 | 94% |
| | 2015 | 10 | 54 | 6 | 42 | 54 | 35 | 27 | 30 | 98% |
| | **2016** | **9** | **52** | **7** | **42** | **52** | **34** | **25** | **29** | 97% |
| $gCO_2e$/visit | 2014 | 34 | 260 | 88 | 151 | 316 | N/A | N/A | 141 | 92% |
| | 2015 | 34 | 243 | 61 | 144 | 292 | 130 | 213 | 142 | 96% |
| | **2016** | **30** | **248** | **62** | **131** | **279** | **125** | **201** | **139** | 97% |

| Market based | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| $tCO_2e$ | 2015 | 5,925 | 36,261 | 5,923 | 9,242 | 31,557 | 715 | 6,702 | 96,324 | 94% |
| | **2016** | **4,913** | **20,536** | **6,463** | **7,649** | **29,148** | **552** | **6,104** | **75,364** | 97% |
| $kgCO_2e$/sq.m/year | 2015 | 7 | 51 | 7 | 26 | 46 | 5 | 24 | 25 | 94% |
| | **2016** | **6** | **29** | **8** | **24** | **43** | **4** | **22** | **20** | 97% |
| $gCO_2e$/visit | 2015 | 23 | 233 | 69 | 88 | 244 | 17 | 191 | 116 | 92% |
| | **2016** | **20** | **140** | **70** | **77** | **233** | **13** | **175** | **95** | 97% |

(1) *The emission factors used for electricity vary substantially from one country to another. For example, they are 60 times higher in Poland compared to Norway. Source: $CO_2$ Emissions from Fuel Combustion (2013 Edition), IEA, Paris. $CO_2$ emissions per kWh from electricity generation.*

## A location-based 15% decline in emissions on a like-for-like basis since 2013

On a pro forma like-for-like basis[1], emissions from energy usage in the common areas and shared equipment in our buildings have fallen 15% since 2013, representing a reduction of 16,750 metric tons of $CO_2$e in three years. There was a 14% decline in $gCO_2$e/visit at Group level, well ahead, in annual terms, of the -30% goal from 2013 to 2020.

Taking into account the market-based table, the decline is even bigger: 15% in one year.

Italy's success in lowering the emissions by 36% in one year was a tour de force that was achieved by continuing its conversion to green electricity.

**Greenhouse gas emissions in $tCO_2$e and carbon intensity in $kgCO_2$e/sq.m and $gCO_2$e/visit from energy usage in common areas and shared equipment**

*2013/2016 like-for-like basis (73% coverage): 108 shopping centers and 3,138,666 sq.m*

*EPRA: GHG-Dir-LfL – GHG-Indir-LfL – GHG-Int*

| Location based | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| $tCO_2$e | 2013 | 9,092 | 34,079 | 7,430 | 11,193 | 37,883 | 4,393 | 6,822 | 110,891 | 76% |
| | 2014 | 7,405 | 32,046 | 6,532 | 10,326 | 34,316 | 3,876 | 6,623 | 101,124 | |
| | 2015 | 7,045 | 31,628 | 4,726 | 10,144 | 34,686 | 3,083 | 6,696 | 98,008 | |
| | 2016 | 6,081 | 30,869 | 4,875 | 10,008 | 32,927 | 3,122 | 6,259 | 94,141 | |
| | **2016/15** | **-14%** | **-2%** | **3%** | **-1%** | **-5%** | **1%** | **-7%** | **-4%** | |
| | **2016/13** | **-33%** | **-9%** | **-34%** | **-11%** | **-13%** | **-29%** | **-8%** | **-15%** | |
| $kgCO_2$e/sq.m | 2013 | 12 | 57 | 12 | 43 | 59 | 46 | 27 | 34 | 76% |
| | 2014 | 10 | 53 | 10 | 40 | 53 | 40 | 26 | 31 | |
| | 2015 | 9 | 53 | 7 | 39 | 54 | 32 | 26 | 30 | |
| | 2016 | 8 | 52 | 8 | 39 | 51 | 32 | 25 | 29 | |
| | **2016/15** | **-11%** | **-2%** | **3%** | **-1%** | **-5%** | **1%** | **-7%** | **-3%** | |
| | **2016/13** | **-31%** | **-8%** | **-35%** | **-10%** | **-13%** | **-29%** | **-8%** | **-14%** | |
| $gCO_2$e/visit | 2013 | 42 | 254 | 109 | 140 | 338 | 432 | 222 | 166 | 73% |
| | 2014 | 34 | 250 | 98 | 128 | 297 | 393 | 217 | 156 | |
| | 2015 | 32,49 | 239 | 70 | 126 | 292 | 330 | 207 | 148 | |
| | 2016 | 28,41 | 237 | 72 | 121 | 277 | 346 | 196 | 143 | |
| | **2016/15** | **-13%** | **-1%** | **2%** | **-3%** | **-5%** | **5%** | **-5%** | **-3%** | |
| | **2016/13** | **-32%** | **-6%** | **-35%** | **-13%** | **-18%** | **-20%** | **-12%** | **-14%** | |

| Market based | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| $tCO_2$e | 2015 | 4,442 | 30,331 | 5,630 | 6,402 | 28,597 | 297 | 6,044 | 81,742 | |
| | 2016 | 3,693 | 18,312 | 5,841 | 6,710 | 27,376 | 318 | 5,491 | 67,741 | |
| | **2016/15** | **-17%** | **-40%** | **4%** | **5%** | **-4%** | **7%** | **-9%** | **-17%** | |
| $kgCO_2$e/sq.m/year | 2015 | 5,9 | 51,1 | 8,8 | 24,6 | 44,3 | 3,1 | 23,8 | 25,2 | |
| | 2016 | 5,1 | 30,9 | 9,1 | 25,9 | 42,4 | 3,3 | 21,6 | 21,0 | 76% |
| | **2016/15** | **-14%** | **-40%** | **3%** | **5%** | **-4%** | **7%** | **-9%** | **-17%** | |
| $gCO_2$e/visit | 2015 | 21 | 229 | 84 | 79 | 240 | 32 | 187 | 123 | |
| | 2016 | 17 | 146 | 86 | 81 | 230 | 35 | 172 | 105 | |
| | **2016/15** | **-16%** | **-36%** | **3%** | **3%** | **-4%** | **11%** | **-8%** | **-15%** | |

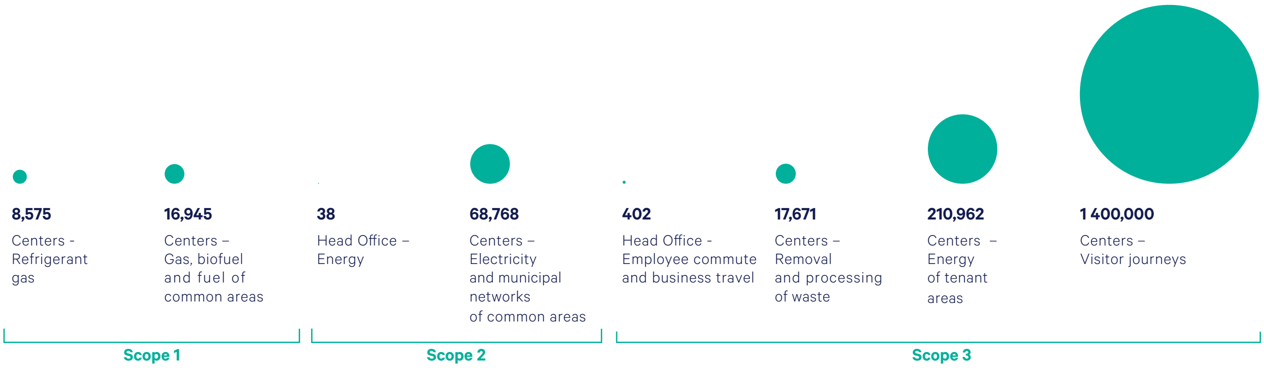
(1) *Pro forma constant scope: includes the performance of new assets.*

## Develop awareness of the broader carbon footprint beyond our scope of direct responsibility

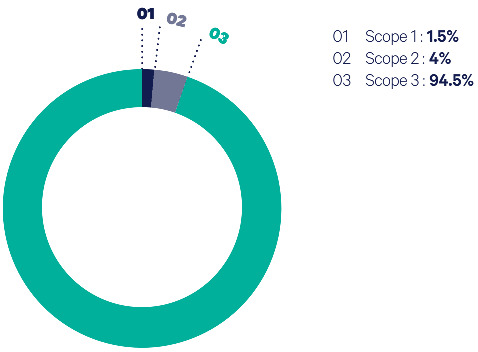
Our awareness of our impact in terms of greenhouse gas emissions is not limited to the scope of the Group's direct responsibility. The consumption of the retailers and the journeys made by visitors to the shopping centers are the largest line items in the Group's Scope 3 and are therefore presented below in Klépierre's broader carbon footprint[1].

**BROADER CARBON FOOTPRINT IN TCO$_2$E – SCOPES 1 TO 3**

*EPRA: 6.5.*




**PROPORTION OF EACH SCOPE IN THE TOTAL OF EMISSIONS**




Concrete actions to limit the impacts linked to Scope 3 have already been implemented (see sections "Energy Performance" and "Customers: tenants and visitors").

We communicate with the retailers on environmental issues at over 87% of our property portfolio in value.

Similarly, 98% of our shopping centers in Europe are accessible by public transportation and, in 2016, 41% of visitors went to the centers by public transportation or by green modes of transportation (walking or cycling).

To assess the indirect emissions precisely, a carbon study was done in 2016 to assess certain major items of Scope 3, particularly visitor journeys and the upstream portion of our tenants' activity (product manufacture and upstream freight). In 2017, the Group plans to continue this study in order to calculate other indirect emission items to complete Scope 3 and therefore be able to define more precisely the action levers for achieving the 2020 emission reduction target.

## Anticipating the adaptation required due to the effects of climate change

Adapting to the effects of climate change presents some challenges for the Group.

- The main impacts of this adaptation are financial. The actions mentioned above all limit the consequences. They are designed to reduce our dependence on fossil fuels and will enable us, among other things, to guard against overly large fluctuations in energy costs.
- The physical impacts are more limited, as our assets are located in the major cities in Europe.

  Anticipating them involves dynamic risk management (see "Risks and safety" section). Structural audits are systematically performed to warn of the impacts of extreme weather events (storms, heavy rainfall or snowfall, etc.) and our energy saving efforts will help the Group to protect itself against changes in average temperatures and higher heating or air conditioning requirements. Finally, the Group's property portfolio is not really affected by drought (see Water chapter).
- Possible regulatory changes associated with combating climate change are mainly examined by the dedicated working groups within the professional organizations to which the Group belongs.

(1) *Journeys by visitors were estimated asset-by-asset using an average distance of 10 to 22 km for a round trip journey depending on the type of asset and applying an emission factor specific to each mode of transportation according to the breakdown of visits. Emissions from retailer energy usage were estimated by extrapolating the $CO_2$ impact of energy usage for centers for which we have usage information on tenants across the entire property portfolio. Head office emissions include energy usage associated with French head office buildings.*

## 4.2.5 Waste

We aim for effective waste management by offering tailored sorting solutions for our tenants and visitors, and then ensuring, with the service providers responsible for removing and processing the waste, that it reaches the proper destination.

The operation of the Group's shopping centers generated over 57,000 metric tons of waste. 99% of this waste was deemed non-hazardous. Bulbs, fluorescent tubes, electronic waste, electrical appliances and paint constitute the bulk of the hazardous waste. They are separated from other types of waste on site and processed through special recovery channels.

**A responsible botanical garden in Naples**

Innovating in the suburbs of Naples!

The Campania center designed and is cultivating on its ground a botanical garden also for educational purpose, of 650 sq.m. The Plants, all selected from local species, are grown on compost produced from the organic waste generated by the center. A local, biological harvest which also serves as educational workshops for families and local school networks, as the center offers free sessions to raise awareness on the matters of sustainable development, agronomy, nutrition education etc. Since its opening, the botanical garden has welcomed more than 1,000 children from the surrounding schools.

### Increasing the number of sorting solutions

The Group is endeavoring to increase the number of sorting solutions in order to grow the proportion of waste sorted on site and thereby reduce the overall processing cost. Over 30 different types of waste can thus be sorted at the best-performing centers.

The measures taken at the centers are designed to emphasize the environmental and financial benefits of on-site separation. They involve raising awareness among employees and working closely with retailers. The Group has great expertise available in this matter, for example in Scandinavia or in Germany where 100% recycling rates have been achieved thanks to highly sophisticated collection and separation systems.

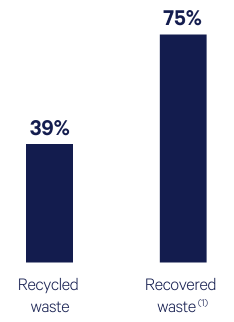
We are ensuring we capitalize on these experiences: a (best practices) manual published in 2016 contains 12 operational illustrations of exemplary practices in waste management.

On average in Europe, 44% of waste is sorted directly at our centers, representing more than 25,000 metric tons in 2016. 16,548 metric tons of cardboard, 672 metric tons of glass, and 1,803 metric tons of food waste were thus sorted on site.

**Waste sorted in the centers by type in metric tons(1)**

*2016 current basis (86% coverage): 102 shopping centers and 3,165,142 sq.m*
*EPRA: Waste-Abs*

| 2016 - Group | In metric tons | As a % |
|---|---|---|
| 1. Cardboard | 16,548 | 28.7% |
| 2. Paper | 80 | 0.1% |
| 3. Glass | 672 | 1.2% |
| 4. Hangers | 11 | 0.0% |
| 5. Plastic | 774 | 1.3% |
| 6. Metals | 243 | 0.4% |
| 7. WEEE | 75 | 0.1% |
| 8. Pallets | 424 | 0.7% |
| 9. Food and organic waste | 1,803 | 3.1% |
| 10. Wood | 347 | 0.6% |
| 11. Batteries | 9 | 0.0% |
| 12. Bulbs and fluorescent tubes | 14 | 0.0% |
| 13. Other waste sorted | 4,307 | 7.5% |
| **Subtotal Waste sorted on site** | **25,307** | **43.9%** |
| **Unsorted waste** | **32,323** | **56.1%** |
| **TOTAL** | **57,630** | **100%** |
| Group coverage rate | 86% | |




The proportion of waste recycled, reused or composted was 39% in 2016 (up 4% from 2014).

Including all the other forms of recovery (incineration with energy recovery, burying with biogas recovery, anaerobic digestion, etc.), this figure increases to 75%, up 12% over the past two years.

The percentage of waste recycled and recovered has risen since 2012. We will continue our actions to further limit the disposal of waste generated by the activities of the shopping centers and to increase our recycling efforts.

The 2016 target of a recycling rate above 50% was postponed to 2020 to allow us to find the most suitable solutions for the local context of each center, particularly in terms of existing national sector capacity. The initial target of a 75% recovery rate was already reached in 2015 and has been reset to 90% by 2020.

Most of the properties in the portfolio are now equipped with multi-compartment bins in the common areas, also making it possible to raise awareness about selective sorting among center visitors. Tenants are also made aware and ever-more frequent training on sorting waste is being given by technical directors of the centers.

(1) *Incinerated waste is included in the portion of recovered waste.*

### Proportion of waste recycled and recovered(1)

*2016 current basis (86% coverage): 102 shopping centers and 3,165,142 sq.m*

| | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| Recycled | 2014 | 27% | 30% | 53% | 39% | 24% | N/A | N/A | 35% | 88% |
| | 2015 | 33% | 39% | 52% | 32% | 30% | 35% | 46% | 37% | 86% |
| | **2016** | **33%** | **42%** | **52%** | **33%** | **39%** | **37%** | **67%** | **39%** | 86% |
| Recovered | 2014 | 57% | 35% | 100% | 55% | 39% | N/A | N/A | 63% | 88% |
| | 2015 | 80% | 48% | 100% | 60% | 62% | 99% | 100% | 75% | 86% |
| | **2016** | **80%** | **48%** | **99%** | **58%** | **66%** | **99%** | **100%** | **75%** | 86% |

### Breakdown of waste by destination

*2016 current basis (86% coverage): 102 shopping centers and 3,165,142 sq.m*
*EPRA: Waste-Abs*

| *In tons* | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| Recycled | a | 5,989 | 3,224 | 4,476 | 3,127 | 2,045 | 1,185 | 482 | 20,528 | |
| Reused | b | 10 | 3 | 10 | 45 | 0 | 0 | 0 | 68 | |
| Composted | c | 46 | 577 | 742 | 103 | 170 | 87 | 140 | 1,865 | |
| **Subtotal recycled** | **a+b+c** | | | | | | | | | |
| Incineration | e | 4,071 | 450 | 3,273 | 1,852 | 525 | 0 | 10 | 10,181 | 86% |
| Any other form of recovery | f | 4,828 | 15 | 1,440 | 652 | 1,038 | 2,186 | 297 | 10,456 | |
| **Subtotal recovery** | **a+b+c+e+f** | | | | | | | | | |
| Landfill | g | 3,629 | 4,705 | 93 | 4,113 | 1,970 | 24 | 0 | 14,533 | |
| **TOTAL** | | **18,574** | **8,972** | **10,033** | **9,893** | **5,748** | **3,483** | **928** | **57,630** | |

### Change in breakdown of waste by destination

*2016/14 current basis (70% coverage): 89 shopping centers and 2,708,999 sq.m*
*EPRA: Waste-LfL*

| | | 2016 | | 2015 | | 2014 | | |
|---|---|---|---|---|---|---|---|---|
| | | Group | | Group | | Group | | Group coverage rate |
| | | *In metric tons* | *As a %* | *In metric tons* | *As a %* | *In metric tons* | *As a %* | |
| Recycled | a | 17,056 | 36% | 16,221 | 35% | 14,821 | 34% | |
| Reused | b | 37 | 0% | 254 | 1% | 225 | 1% | |
| Composted | c | 1,430 | 3% | 648 | 1% | 557 | 1% | |
| **Subtotal recycled** | **a+b+c** | **18,523** | **39%** | **17,123** | **37%** | **15,603** | **35%** | |
| Incinerated | e | 8,210 | 17% | 6,930 | 15% | 3,385 | 8% | 70% |
| Any other form of recovery | f | 8,953 | 19% | 10,383 | 23% | 8,738 | 20% | |
| **Subtotal recovery** | **a+b+c+e+f** | **17,163** | **36%** | **17,313** | **38%** | **12,122** | **27%** | |
| Landfill | g | 12,101 | 25% | 11,654 | 25% | 16,414 | 37% | |
| **TOTAL** | | **47,787** | **100%** | **46,090** | **100%** | **44,139** | **100%** | |

(1) *The authorities are responsible for the collection of waste on certain sites in Italy, France, and Turkey. These sites are not included in the reporting because the Group does not have control over the final destination of the waste, thus explaining the 86% coverage rate.*

## 4.2.6 Water

The Group's shopping centers used 3,6 millions of $m^3$ of water in 2016, at a total cost of 8.4 millions of euros. These figures include tenants because the Group knows the usage of all buildings throughout Europe.

A $m^3$ of water costs between 1.37 to 4.53 euros excl. VAT depending on the country. The most significant variable in the water price is the cost of treating waste water. The Group focuses its efforts on two areas: limiting the amount of water used and monitoring the quality of wastewater.

**Water consumption in $m^3$ and water intensity in $m^3$/sq.m and l/visit**

*2016 current basis (90% coverage): 119 shopping centers and 3,502,720 sq.m*
*EPRA: Water-Abs – Water-Int*

| | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| $m^3$ | 2014 | 743,354 | 266,874 | 375,914 | 203,012 | 530,641 | 0 | 0 | 2,119,793 | 91% |
| | 2015 | 871,834 | 1,321,695 | 373,200 | 310,059 | 685,390 | 22,055 | 125,856 | 3,710,089 | 85% |
| | **2016** | **846,199** | **1,281,014** | **391,130** | **220,780** | **657,244** | **58,726** | **126,798** | **3,581,890** | 90% |
| $m^3$/sq.m | **2016** | **0.70** | **1.73** | **0.45** | **0.79** | **0.88** | **0.26** | **0.46** | **0.83** | 90% |
| L/visit | **2016** | **3.27** | **8.79** | **4.25** | **4.80** | **5.07** | **1.74** | **3.64** | **4.82** | 90% |

### Very low risk of water stress

Our property portfolio is not very exposed to water stress. Over 95% of our centers in value are not affected by this situation. Only eight centers are exposed in four countries (three in Turkey, one in Hungary, two in Italy and two in Spain). The other countries are not subject to this stress.

**Proportion of centers not exposed to water stress risk in 2016 (% in value)**

*2016 current basis (100% coverage): 156 shopping centers and 4,164,307 sq.m*

| | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|
| **Unexposed** | **100%** | **88%** | **100%** | **91%** | **78%** | **100%** | **100%** | **95%** | 100% |
| Exposed (% in value) | 0% | 12% | 0% | 9% | 22% | 0% | 0% | 5% | |
| Exposed (in number of centers) | 0 | 2 | 0 | 2 | 4 | 0 | 0 | 8 | |

*Source: "Aqueduct" project of the World Resources Institute, Aqueduct's global water risk mapping, overall risk.*

### 0.77 $m^3/m^2$, and 4.5 liters per visit, 7% down over the past three years on a like-for-like basis

Our usage is down 7% over the past three years on a like-for-like basis, with 183,496 $m^3$ less. In liters/visit, the decline is 7% over three years.

The three largest usages in a shopping center (excluding tenant areas) are as follows:

- toilets;
- air conditioning equipment, in particular cooling towers;
- cleaning.

Major efforts have been made over the past number of years to improve the measurement of our usage, in particular through the installation of many individual meters in order to have a more detailed analysis by store and by usage.

We are also gradually rolling out automatic instantaneous measurement systems for our water usage. At present, 49 shopping centers have been equipped with such systems, i.e., 48% of the property portfolio in value. 16 new centers were equipped in 2016.

The use of water-saving materials, better management of green spaces with less water-hungry species or the recovery and reuse of rainwater are some options we have explored for our buildings.

**Water consumption in $m^3$ and water consumption intensity in $m^3$/sq.m and l/visit**

*2016/13 like-for-like basis (63% coverage): 91 shopping centers and 2,667,496 sq.m*

*EPRA: Water – LfL – Water-Int.*

| | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| $m^3$ | 2013 | 837,053 | 604,471 | 259,956 | 225,339 | 648,555 | 8,066 | 81,438 | 2,664,879 | |
| | 2014 | 793,834 | 554,466 | 264,721 | 211,780 | 633,646 | 11,092 | 88,893 | 2,558,432 | |
| | 2015 | 781,427 | 583,871 | 269,186 | 210,026 | 642,698 | 10,276 | 91,202 | 2,588,686 | 63% |
| | 2016 | 723,543 | 532,260 | 290,941 | 201,065 | 628,556 | 10,616 | 94,402 | 2,481,383 | |
| | **2016/15** | **-7%** | **-9%** | **8%** | **-4%** | **-2%** | **3%** | **4%** | **-4%** | |
| | **2016/13** | **-14%** | **-12%** | **12%** | **-11%** | **-3%** | **32%** | **16%** | **-7%** | |
| $m^3$/sq.m | 2013 | 0.87 | 1.64 | 0.40 | 0.92 | 0.90 | 0.09 | 0.46 | 0.83 | |
| | 2014 | 0.82 | 1.51 | 0.41 | 0.87 | 0.88 | 0.13 | 0.51 | 0.80 | |
| | 2015 | 0.82 | 1.60 | 0.41 | 0.86 | 0.90 | 0.12 | 0.52 | 0.81 | 63% |
| | 2016 | 0.76 | 1.46 | 0.43 | 0.82 | 0.88 | 0.12 | 0.54 | 0.77 | |
| | **2016/15** | **-7%** | **-9%** | **7%** | **-4%** | **-2%** | **3%** | **4%** | **-4%** | |
| | **2016/13** | **-12%** | **-11%** | **9%** | **-10%** | **-3%** | **32%** | **16%** | **-7%** | |
| L/visit | 2013 | 3.84 | 7.84 | 3.83 | 5.76 | 5.53 | 9.53 | 3.66 | 4.90 | |
| | 2014 | 3.70 | 7.24 | 3.98 | 5.31 | 5.24 | 12.44 | 3.91 | 4.70 | |
| | 2015 | 3.65 | 7.38 | 3.99 | 5.22 | 5.19 | 11.20 | 4.09 | 4.71 | 63% |
| | 2016 | 3.41 | 6.83 | 4.27 | 4.99 | 5.09 | 11.13 | 4.28 | 4.54 | |
| | **2016/15** | **-7%** | **-8%** | **7%** | **-4%** | **-2%** | **-1%** | **5%** | **-4%** | |
| | **2016/13** | **-11%** | **-13%** | **11%** | **-14%** | **-8%** | **17%** | **17%** | **-7%** | |

## Monitoring the quality of waste water

Lastly, close attention is paid to the quality of waste water. The drainage systems are cleaned on a regular basis, and almost all of the parking lots managed by the Group are equipped with oil separators in order to treat run-off before it reaches the public networks. On-site infiltration of rainwater may also be encouraged, in compliance with the authorized levels, in order to limit soil sealing.

# 4.2.7 Natural resources

## Strict and limited use of natural resources

The use of natural resources (apart from fossil fuels and water) is primarily concentrated in the building development phase.

The Group takes specific measures to limit their use. It works closely with leading real estate developers that have structured environmental approaches. The use of natural resources is managed and verified by means of well-established certifications, in particular the BREEAM certification with the Group targeting at least a Very Good rating for all new development projects.

This management consists for instance of:

- paying special attention to "green building site" policies implemented by the developers;
- implementing strict environmental impact monitoring during the construction phase;
- systematically considering the use of environmentally-friendly materials;
- examining the origin of raw materials used, in particular wood for which companies must prove that it is legally sourced. Klépierre favors certification under the PEFC™ or FSC® programs. On new developments, in line with the criteria set by BREEAM for the Management target and endorsed by Klépierre, traceability according to one of these two programs is assured for over 80% of the wood used.

At the Prado, which will open in Marseille in 2018, Klépierre is going even further by drawing on the Cradle to Cradle® philosophy. It will thus become the first shopping center in France to apply this methodology, which aims to encourage the use of recyclable or reusable materials while considering their future processing from the outset.

In addition to the materials, this approach rewards the integration of environmental and social issues into the center's design. The cleverly designed canopy roof therefore allows for internal air to be renewed and for optimal penetration of daylight. Hundreds of square meters of living walls, terraces and beehives will house a diverse flora and fauna for educational purposes. A carpooling system will be implemented for the center's employees. The center will be powered by energy from the heating loop created from the water treatment plant in the eco-district, therefore reducing the carbon impact and purchasing costs.

During the building operation phase, the teams are made aware of the products and materials used. These criteria are used when selecting suppliers. 86% of cleaning suppliers in Europe are thus certified. A list of the least environmentally harmful products and materials is also appended to the cleaning framework agreement.

## 4.2.8 Biodiversity and health quality

Respecting local biodiversity and the health quality we are obliged to provide at our centers both require greater consideration of the natural environment and our desire to limit our environmental impact. These concerns are incorporated into our development projects and are also monitored throughout the life of our centers.

### Biodiversity studied as part of all developments

Ecologists are routinely involved in development projects for new assets or extensions of existing buildings. The ecologists' reports give us a greater understanding of the surrounding natural environment and allow us to better identify and preserve local flora and fauna. Their advice guides the architects and developers to help them take into account existing ecosystems and select the most appropriate plant species.

Taking these aspects into account forms part of the BREEAM New Construction certification, especially the credits granted toward the "Land Use and Ecology" target.

Green roofs are among the preferred options. Emporia in Malmö, Sweden, has a publicly accessible green roof covering over 27,000 sq.m. When renovating the Alexandrium roof in Rotterdam, over 22,000 sq.m. of sedums were planted. Finally, the Prado project in Marseille will have a green roof under a glass canopy covering 4,200 sq.m Local species are preferred on these surfaces, and the use of invasive species is prohibited.

### Initiatives to encourage biodiversity at a majority of centers

Our impact on biodiversity is systematically considered for new projects. It is also incorporated for existing shopping centers.

In 2013, Klépierre retained a specialized firm to carry out testing across 45 shopping centers, which in 2016 represented almost half of the property portfolio in value in order to assess the proximity and sensitivity to their natural environments (proximity to a natural or semi-natural area, a regulated and/or sensitive area, wetlands, ecological connectivity, presence of sensitive species or habitat, etc.).

This testing identified the centers with heightened sensitivity. Close attention was paid to these centers. Group-wide, 85 centers, representing over two thirds of the property portfolio in value, took concrete initiatives to encourage biodiversity.

These can take several forms:

– partnership with a school and/or an association to promote and raise awareness about biodiversity: at 29 shopping centers;
– installation of shelters for local wildlife: at 18 shopping centers;
– sensitive management of green spaces: 62 shopping centers promote local plant species that require less water and use more environmentally-friendly plant protection products.

**Initiatives to promote biodiversity**

*2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m*

| | Number of centers | % in value | Group coverage rate |
|---|---|---|---|
| Environmental-friendly management of green spaces | 62 | 49% | 100% |
| Partnership with an association and/or a school | 29 | 23% | |
| Biodiversity action plan | 13 | 11% | |
| Wildlife shelters | 18 | 21% | |
| Other initiatives | 25 | 20% | |
| **AT LEAST ONE ACTION** | **85** | **67%** | |

### A healthy environment for everyone

Several hundred million visitors come to our shopping centers every year. They are also places in which tens of thousands of people work every day.

We want to ensure a safe and healthy environment for everyone. The health quality of these premises must thus be beyond reproach. We identified three major components in this respect:

– health quality: 86% of the providers responsible for cleaning have been certified, most of them under ISO 14001, and their specifications include products favored for improved health quality. The monitoring and maintenance of ventilation ducts are also highly regulated in Europe;
– the quality of the materials, coverings, facades, furniture: the Group strives to use healthy materials with low emissions of volatile organic compounds, and with low content of harmful substances. Asbestos and the monitoring of technical facilities are also naturally covered by our risk management policy;
– air and water quality: the Group ensures that air inlets are free of major sources of pollution, and that a satisfactory amount of fresh air constantly comes into the centers. The risk of Legionnaires' disease is controlled via regular tests on the technical equipment.

The security of our centers, retailers and the millions of visitors who trust us, our flawless conduct toward our stakeholders and the satisfaction of our customers are all critical issues for Klépierre.

2016 will have seen, yet again, a heightened level of security, especially following the events and attacks in Paris. The teams were fully mobilized, enabling the shopping centers to continue welcoming the public against a background of increased security measures.

In 2016, 98% of French centers were equipped with CSMS systems: computer-based safety management systems. This ultra-secure system ensures correct implementation of preventative actions and effective management of incidents as a result of traceability and information sharing (police, etc.).

This responsiveness and security level are the direct result of the steps taken over the past number of years to analyze risks more closely and better control them across all the countries in which we operate.

## 4.2.9 Risks and safety

Implementing a real risk prevention and management policy is a top priority for Klépierre. This policy is therefore reviewed on an ongoing basis in order to guarantee its efficiency at all levels and in all the countries in which our Group operates. At the building level, risks are accordingly mapped, assessed and addressed with a clear emphasis on ensuring the safety of the millions of visitors and several tens of thousands of employees that frequent the Group's shopping centers every year.

The steps taken over the past number of years have made it possible to increase the human and organizational resources dedicated to risk management systems across Europe. This structuring work continued in 2016, with a growing desire to implement shared tools and uniform methods throughout our locations, including in the new countries and across the new teams that joined following the Corio merger.

To meet these challenges, the organizational structures are present at all levels. They include the Audit Committee within the Supervisory Board, the Risks and Internal Control Committee (on which the Executive Board sits), the Internal Control division, and a network of coordinators across all Group functions and business lines.

A new Internal Control Charter, published in early 2016, formalizes this organization, which has proven to be effective, and lists all the tools and processes used in these controls.

### Identification and evaluation of the risks in the shopping centers

Our teams in the centers prioritize both risk identification and analysis. They are identified using the risk matrix, which comprises the following risks, among other things:

- risks threatening the safety of visitors and buildings, structural risks in particular;
- natural risks: extreme climate patterns (drought, snowfall, heat waves and cold spells, storms), earthquakes, sea flooding, river flooding, fire prevention, etc.;
- technological risks: proximity to specific installations;
- materials and chemical products: asbestos, lead, paints, cleaning products, etc.;
- soil and water pollution: waste water quality, drainage systems, oil separators, etc.;
- health risks: legionella, bacterial and virus infections, etc.;
- noise and odor pollution.

To control them, the owners of clearly identified risks put in place appropriate controls documented in the procedures and specifications.

Control compliance is tested on an ongoing basis by the operational teams (center management, operational departments, country-specific departments) and periodically by the internal audit functions and the teams in charge of operational control at corporate level.

Internal management charts track these controls and an annual report is presented to the Executive Board and to the Supervisory Board.

A high level of security is also provided every day by having dedicated teams and security guards permanently on site. The new parking facilities all incorporate better design in terms of traffic management and specific spaces for the disabled and for families with young children. Centers and cooling equipment in particular are also continuously monitored for legionella contaminations and bacterial and/or viral propagation.

Identifying incidents in the shopping centers means that proper risk control can be measured. These incidents are reported uniformly across Europe using common incident classification, thereby providing greater insight and understanding. There is a quarterly analysis of all incidents within the Group, which is sent to the Executive Board and to all country-specific departments.

Finally, emergency control is tested as part of full-scale crisis management exercises. These tests, which measure team responsiveness, are run at least once or twice a year and may be done when customers are present or outside of opening hours depending on the country.

### Identification and evaluation of the risks at corporate level

Klépierre Group risks are identified and evaluated on the basis of risk mapping, done jointly with the various Group functions and business lines.

This mapping is updated at least once a year and at the request of users (new risk, change in the evaluation of a risk, additional measures, etc.). The update involves the following steps:

- identification of the activities of the operational departments and support functions;
- identification of the risks associated with each activity;
- evaluation of the gross risk (prior to controls and measures) on the basis of three impact criteria (image, financial and legal) and the frequency of occurrence of the risk;
- identification of controls and containment measures for the risks described by the operational teams and evaluation of these controls and measures in terms of effectiveness and completeness;
- evaluation of residual risks after taking account of controls and measures;
- preparation of action plans to be implemented, including the first and second level controls as well as the procedures.

**37 risks organized into 10 families of risks have been identified at corporate level.**

| **10 families of risks** | |
|---|---|
| Security and safety of individuals and assets | Financing policy |
| Investments and valuation | Regulatory, tax, insurance |
| Marketing and rental management | Management, process and tools |
| Asset development and real estate management | Communication and reputation |
| Purchasing of goods and services | Human Resources management |

### Update of the business continuity plans (BCP)

The business continuity plans are regularly updated.

A new Group business continuity Charter was published in early 2016 in order to harmonize the frameworks across Europe and in particular in the new countries acquired as part of the Corio acquisition in 2014.

Finally, on the environmental front, the Group has not been involved in or responsible for any breach of regulations. It has not booked any provisions or guarantees for environmental risks over the past three years.

**100% REGULATORY COMPLIANCE SINCE 2013**

0

**Significant fines**

**Non-monetary sanctions**

**Provisions and guarantees for environmental risks**

# 4.3 Klépierre, a company that is committed throughout its value chain

## 4.3.1 Human Rights and ethics

### Major focus on respecting fundamental rights

Following the integration of Corio assets and Oslo City acquisition in 2015, Klépierre now operates in 16 countries, in the most dynamic regions and cities in Europe demographically and economically. In line with its ethical commitments, the same procedures are systematically applied in all places and to all Group employees.

Furthermore, strict national and European Regulations and internal procedures ensure that human rights standards are respected. 100% of Klépierre employees work in countries that have ratified the eight fundamental conventions of the International Labour Organization (ILO) including the elimination of discrimination in the workplace, respect for freedom of association and the right to collective bargaining, the elimination of any form of forced or compulsory labor, and the abolition of child labor. As all our key suppliers and service providers operate in these same countries, this situation is thus extended to our supply chain.

A signatory to the United Nations Global Compact since 2012, Klépierre renewed this commitment in 2016 and currently conducts a yearly review of the human rights situation, in tandem with correspondents in the countries in which we operate. This assessment done on the basis of the analysis tool developed by the Global Compact, shows systematic respect for fundamental rights (in terms of occupational health and safety, working conditions, equal treatment, freedom of association and collective bargaining, non-discrimination, forced labor, etc.). The yearly review which is carried out with all Group HR correspondents is used to check the relevance of the periodic reporting in place, the consistency and the development of local initiatives. It also serves as a means of reflection on the policies to be implemented at Group level to permanently and uniformly improve our practices.

### The Code of Professional Conduct, the basis of our commitment

The Code of Professional Conduct demonstrates our commitment to ethics and human rights. The objective of this Code is to make our Group's commitments more understandable for our employees and stakeholders and thus ensure better compliance. Training sessions were organized at its launch in most countries. The Code is available online at the Klépierre website[1].

### A comprehensive set of rules and control mechanisms to ensure compliance with Group rules and commitments

A set of internal procedures and best practices govern the activities in order to ensure respect for regulations and local customs and to prioritize the customers' interests. They supplement and clarify the principles set out in the Code. Thus they define the rules to be followed in order to limit and prevent risk situations related to the following issues:

- conflict of interests;
- confidentiality and observance of professional secrecy;
- financial communication and media;
- privileged information and insider trading;
- fight against money-laundering and the financing of terrorism;
- adherence to rules governing corruption;
- no political funding;
- delegations of authority and signing authority;

(1) *www.klepierre.com/qui-sommes-nous/gouvernance/gouvernement-dentreprise.*

- gifts and invitations, received by employees and offered to third parties;
- protection and utilization of company assets;
- adherence to procedures applicable to invitations to tender;
- whistleblowing;
- health and safety;
- prevention of acts of discrimination and harassment, respect for privacy;
- environmental responsibility.

Respect for these principles was analyzed in 2016 by means of a compliance questionnaire sent to each subsidiary to ensure that these principles are being applied and respected in all the countries in which we operate.

### An improved whistleblowing and fraud-risk monitoring system

A whistleblowing system is also in place throughout Europe and consists of an outside hotline available to all employees.

This system is available 24 hours a day by phone, e-mail or via a dedicated website. Anonymity is put in place when this is permitted by local regulations. All employees are made aware of this system.

No breach or violation of the ethical rules has been reported to date through this system.

The Group is regularly subject to external fraud attempts such as CEO fraud and computer hacking attempts. Hacking is now the subject of increased vigilance using audit and protection tools. Internally, access is managed by the system through authorized profiles and employees are made aware of these subjects through ongoing accessible training modules.

## 4.3.2 Responsible purchasing

The Group's relationships with its service providers and suppliers are governed by the same concern for probity and integrity. Klépierre endeavors to extend its principles of responsibility to its value chain, since it plays a key role in safety issues and in the quality of the shopping experience offered to our customers, both retailers and visitors.

### A Purchasing Department to fit the purchasing process in our shopping centers

In order to ensure proper management of the operational risks linked to purchasing and to optimize our performance in this area, a dedicated department was created in the first half of 2014. With a six-strong team, and in cooperation with external providers, its primary responsibilities, in order of importance, are to:

- optimize the purchasing processes;
- secure, evaluate and monitor a specific pool of so-called "approved" suppliers;
- improve the operational margin.

It pays close attention to the responsible and sustainable nature of our purchasing. Its fields of action involve the current operating expenses of shopping centers (OPEX), non-current expenses (CAPEX), as well as marketing budgets and overheads.

It is governed by two fundamental principles: impartiality for objective, fair, ethical and transparent processes, and broad vision.

Since the integration of the Corio assets in 2015, the Purchasing Department optimizes purchases in all 16 countries where the Group is present. To do this, in 2016, it has defined the actions which will be implemented from 2017:

- implementation of a common Supplier Relationship Management system (SRM) across the countries;
- creation of an international purchasing coordination;
- implementation of dedicated purchasing expertise in the countries.

### Operating expenses experience a high level of scrutiny

In 2016, Klépierre purchased services and supplies totaling around 300 million euros[1] for the operational management of its shopping centers owned and managed in Europe. These OPEX expenses are especially scrutinized. They are overwhelmingly passed to tenants in rental charges. This is an important responsibility in our dealings with our retailers, and pushes us to continually increase the transparency and effectiveness of our budget management.

We are continually looking to achieve savings. For example, in France in 2016/2017 the following are worth noting:

- the establishment of a framework agreement governing security and safety in the shopping centers that represents the first expenses item;
- the launch of a national call for tenders regarding the multi-technical maintenance of our centers;
- the renewed roll-out of the gas supply contract for the shopping centers.

The risks related to operating expenses lie in the atomization of the purchasing process (order or supply) at each shopping center and in the identification of the suppliers providing services that can impact the business continuity of the center. These risks are addressed in particular through more stringent selection and approval of service providers and the signing of framework agreements and continuous on-site monitoring.

#### Local service providers with a daily presence in our centers

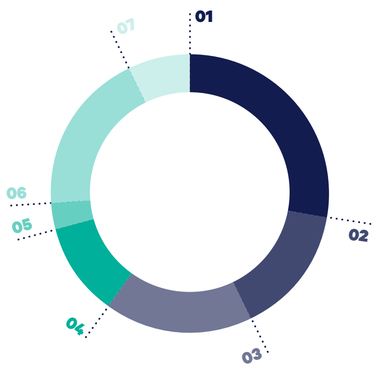
On average in Europe, 90% of our operating budgets (OPEX) consist of five major categories of services[2] utilities: fluids (energy and water), general operations, cleaning, maintenance, security and safety.

(1) *Excluding marketing budgets, taxes and management fees.*

(2) *Based on 2016 planned operational budgets for 10 countries. Excludes marketing budgets, taxes, management fees.*

A majority of suppliers and service providers involved in cleaning, security and maintenance have their teams in our shopping centers on a daily basis. These services account for more than 60% of our operating budgets in Europe. This makes the monitoring and control mechanisms easier. If we add in the budgets for energy and water, markets that are strictly regulated in Europe, we can conclude that the major purchasing categories are highly controlled.

**BREAKDOWN OF OPERATIONAL BUDGETS OF SHOPPING CENTERS AND IDENTIFICATION OF THE MAIN SERVICES PROVIDED**




01 Safety and security: **28%**
02 Cleaning: **15%**
03 Maintenance: **17%**
04 General operations: **11%**
04 Waste: **3%**
05 Energy and water: **19%**
06 Other: **7%**

100% of our key suppliers are thus present in the countries in which we operate and all have signed the eight fundamental conventions.

The teams on site are in charge of controlling and auditing the quality of the services provided. The procedures implemented at Group level are used to standardize these controls based on economic, environmental and social criteria.

In 2016, a social and environmental performance analysis of our main suppliers was carried out. This study assessed around 40 suppliers of varying sizes on the following criteria: environment, social, business ethics, and responsible purchasing. The average score of Klépierre suppliers was 46.4, higher than the average from a benchmark panel of 15,000 suppliers on the platform of the study provider.

Klépierre will continue its analysis in order to draw from it a concrete path of actions for engaging its suppliers and subcontractors in a shared responsible approach.

## Same diligence with regard to non-recurring expenses (CAPEX)

Klépierre has developed the ClubStore® concept in order to re-examine and map the customer journey and create an exclusive commercial environment. In 2015/2016, the Purchasing Department launched a call for tenders to identify the best providers matching the concept across Europe from a number of angles: rest area (furniture, lighting, etc.), signage, reception (guest clubs) directory terminals, bathroom facilities, playwords – children's corner or stickers.

The chosen solutions meet the Group's requirements in the following areas:

- **control:** products that fully comply with regulations and standards governing ERPs;
- **warranty:** products carry a two-year warranty for parts, labor and call-out;
- **safety and security:** providers "analyzed" in terms of their financial health (undeclared work) and their level of dependence;
- **negotiation:** prices encompassing all services: fees, intellectual property, licenses, equipment, etc.
- **sustainable development:** providers are included in the external assessment platform;
- **maintenance:** the whole life cost aspect is considered with warranty extension and maintenance.

## Development of significant additional revenue

The Purchasing Department negotiates for the Group on all publicity agreements in liaison with the countries. Sweden and Italy were rolled out in 2016, France is being finalized and will be rolled out in 2017. Spain, Portugal, the Netherlands and Norway are planned.

## Selection and approval of service providers

The approval of suppliers and providers (sourcing, assessment and contracting) is standardized. The economic partners are selected through an objective and fair tender process. The contracts signed are not automatically renewed. The selection of accredited providers incorporates increasingly more stringent sustainable development criteria. These criteria have different weightings depending on the kind of service provided.

Accreditation of providers has been strengthened in the main countries concerned and is gradually being centralized. Using fewer providers makes it easier to carry out on-site controls.

A special effort was in particular made in 2014 with regard to Christmas decorations. The selection of three providers in France, Spain and Portugal offers multiple economic (down 12% in costs), environmental (more than one million LED bulbs) and security (easier control of installations) advantages.

## Responsible practices

In order to help buyers in their day-to-day work, market leading tools were put in place to monitor and anticipate external partners.

The Group's social and environmental commitments were progressively incorporated into the contracts signed with our suppliers and service providers and in particular include the following items:

- economics: financial position, proportion of revenue done with the Group (< 25%), business ethics, etc.;
- environment: use of environmentally-sound products and materials, energy efficiency, waste management, establishment of innovative processes, etc.;
- social: measures against undeclared work, forced or child labor, working time and conditions, etc.

Service providers holding a certification are preferred. We believe that this ensures the implementation of more responsible practices. Across Europe, 80% of our key providers and suppliers have at least one certification, primarily ISO 9001 or 14001. The 80% target has thus been achieved since 2014. We now want to at least keep this level of certification.

**Proportion of key providers certified (in value)**

*2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m*

| | Cleaning | Security | Maintenance | Total | Group coverage rate |
|---|---|---|---|---|---|
| 2014 | 90% | 77% | 73% | 83% | 100% |
| 2015 | 85% | 78% | 80% | 82% | 100% |
| **2016** | **86%** | **75%** | **79%** | **80%** | 100% |

*The main certifications are ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety).*

## Managed payment mechanisms

The internal departments that select and approve suppliers and the departments that process payment are completely independent from each other. This strict task allocation was reinforced with the implementation of a new ERP tool. This tool, in place since 2008, is operational across all regions.

## 4.3.3 Our customers: tenants and visitors

We have two types of customers at our shopping centers: retailers, Klépierre's direct customers, and the visitors who come to our shopping centers, our retailers' customers.

Examples of our dealings with them can be found in the various Group communications materials (registration document, website, etc.).

### Moving forward together with our tenants to improve the environmental and societal performance of our centers

In terms of environmental and societal issues, the steps taken by the Group are broadly shared with them. Thus, in the energy sphere for example, in order to understand the energy requirements of a shopping center as a whole it is necessary to understand the interaction between usage in common areas and private areas (in terms of thermal exchange, heating and climate control requirements in particular). We have access to full energy usage data for our tenants in 38 shopping centers (see "Energy performance" section for further details).

Likewise, most of the waste generated in the shopping centers stems from the activities of the retailers operating there and we monitor this data across our entire property portfolio.

This contact is increasing every year. It is built around communication and heightened awareness, as part of a win-win approach. Reducing energy usage in the common areas of shopping centers and improving waste sorting have, for example, a definite impact on the charges invoiced to our tenants.

In 2016 a second successful Retailer Day was held that brought together 200 representatives from 120 brands at the Group's head office. Klépierre's teams were available to answer questions from the brands and to present the latest news, particularly on the opening of the Prado and the new Let's Play marketing campaign. The retailers were therefore able to make the most of this special occasion to discuss their projects and development opportunities.

**Innovative collaboration in Turkey**

In 2016, the Turkish operational teams developed highly precise energy benchmark tools to compare consumption of tenants in the centers. These tools present the total average consumption of each shop (related to their surface area) and the average consumption of each sub-sector of the shopping center they belong to. Then, Country management asked the facility manager of the centers to analyze differences in consumption between each shop of a sub-sector and the variations between each subsector. The results and analysis will be communicated soon to each tenant and a dedicated meeting will be organized on every shopping center to decide in a collaborative way actions to be implemented and solutions to be developed to improve the overall energy efficiency of the centers.

Formal communications channels have been established with retailers in over 87% of the property portfolio in value. Environmental and societal matters can thus be dealt with through special meetings (at 58% of the property portfolio) or dedicated communications, such as at Gulskogen in Norway and Villa Arena in the Netherlands where energy profiles are reviewed and commented upon and sent out to all tenants. Waste-related measures involve improved long-term communication on available sorting solutions and the circuit from the units occupied by the retailers to the various collection points. Specialized equipment (particularly food and organic waste) may also be provided in order to ensure that everyone contributes to the recycling and recovery targets.

### Measuring visitor satisfaction

Klépierre would like to offer each customer a shopping center experience that is suited to his or her needs. Convenience, accessibility, retail mix, friendliness and safety are key concepts in meeting the expectations of a public whose expectations are constantly evolving.

Customer satisfaction is a key factor in measuring the attractiveness of a shopping center and customer satisfaction surveys are thus indispensable tools for ensuring that the appropriate measures have been taken to meet the expectations of our visitors.

At least one satisfaction survey has been carried out at 64% of shopping centers in value over the past two years.

Nearly 33,170 customers were thus surveyed across Europe in 2016.

**Visitor satisfaction surveys**

*2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m*

| | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|
| **Proportion in value of centers which have carried out at least one satisfaction survey during the last 24 months** | | | | | | | | | |
| **2015 & 2016** | **43%** | **65%** | **71%** | **100%** | **78%** | **100%** | **86%** | **64%** | 100% |
| **Number of customers surveyed** | | | | | | | | | |
| 2014 | 25,298 | 3,500 | 6,480 | 5,615 | 800 | N/A | N/A | 41,693 | 100% |
| 2015 | 9,015 | 4,965 | 7,902 | 12,419 | 3,600 | 1,866 | 0 | 39,767 | 100% |
| **2016** | **3,338** | **5,417** | **3,000** | **9,976** | **5,232** | **2,886** | **3,321** | **33,170** | 100% |

### 4.3.4 Local development

#### Developing transportation accessibility to our centers and encouraging green forms of transportation

The proximity and accessibility to modes of transportation at shopping centers are an integral part of Klépierre's strategy.

Location, urban density and transportation offerings are key criteria in selecting an investment. And we are also taking steps to increase and diversify the transportation solutions at existing centers.

41% of our visitors come to our centers on foot or by public transportation. This figure has risen since 2013 on a current scope basis. 24% of visitors use public transportation, reflecting the strategic repositioning undertaken over the past number of years toward more central and better connected assets as well as the ongoing efforts regarding transportation options.

**Breakdown of visits by transportation method**

*2016 current basis (98% coverage): 142 shopping centers and 4,053,783 sq.m*
*EPRA: 6.4*

| | | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|---|
| Motorized transport | 2014 | 59% | 87% | 61% | 69% | 35% | N/A | N/A | 59% | 93% |
| | 2015 | 57% | 90% | 53% | 64% | 40% | 21% | 35% | 59% | 92% |
| | **2016** | **58%** | **91%** | **46%** | **62%** | **43%** | **22%** | **36%** | **59%** | **98%** |
| Public transport | 2014 | 20% | 6% | 21% | 11% | 45% | N/A | N/A | 22% | 93% |
| | 2015 | 21% | 6% | 26% | 20% | 42% | 48% | 47% | 24% | 92% |
| | **2016** | **21%** | **5%** | **31%** | **21%** | **39%** | **46%** | **45%** | **24%** | **98%** |
| Green transport | 2014 | 21% | 7% | 18% | 20% | 20% | N/A | N/A | 19% | 93% |
| | 2015 | 22% | 4% | 21% | 16% | 18% | 32% | 18% | 17% | 92% |
| | **2016** | **22%** | **4%** | **24%** | **17%** | **17%** | **32%** | **19%** | **17%** | **98%** |

This desire to increase and diversify the transportation solutions available at our centers can be seen in the initial design stages, with very early contact with the public authorities, and continues throughout the operation of the building.

98% of our centers in value are accessible by public transport, with at least one stop located less than 500 meters from an entrance, with services at least every 20 minutes. All the sites developed, extended or renovated since 2012 are accessible by public transportation.

Other modes of transportation, namely green or alternative are also among the solutions considered. High-value added specialized facilities are put in place whenever our analysis of the catchment area reveals an opportunity.

95% of our centers in value are bike-friendly, and in particular all the Scandinavian, German and Dutch centers. In Utrecht, in the Netherlands, the world's largest indoor bike park with over 12,500 spaces is being built in tandem with the renovation of the Hoog Catharijne center. Similarly, charging stations for electric bikes and/or service areas for cyclists have become more common in Scandinavia.

Electric cars are also a major area of interest. 54% of our parking facilities are adapted for such vehicles and equipped with chargers for them, versus 28% in 2012. This number reflects highly varied maturity levels across countries. In Scandinavia and the Netherlands, where electric car usage has exploded, more than 97% of the centers are equipped. In the other regions, we are anticipating demand while monitoring the market at a strategic level together with the main players, and play a leading role in the national charging station network at our largest assets. Several of our centers can also be accessed via electric car sharing programs, such as Autolib' in the Greater Paris area.

Finally, to facilitate the arrival of visitors in vehicles and to enable traffic to move more freely in our centers, parking lots are increasingly being equipped with guidance systems. Close to 69,284 spaces at end-2016 in Europe had such systems.

**2016, a step towards electric**

Klépierre partners with Blue Solutions, a Groupe Bolloré subsidiary, to equip its shopping centers with 100% electric utility vehicles.

22 vehicles were made available to safety and security personnel and will therefore provide logistical support in 18 Klépierre centers in France.

Manufactured in France, the Blue Utility is equipped with a globally unique technology, the LMP (Lithium Metal Polymer) battery, which allows it to travel 250 km without being recharged.

This agreement is part of Klépierre's GoodChoices® environmental and societal approach.

**Public transportation and alternative solutions**

*2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m*

| | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|
| **Proportion in value of centers accessible by public transportation** | | | | | | | | | |
| 2014 | 97% | 96% | 100% | 100% | 100% | N/A | N/A | 98% | 100% |
| 2015 | 97% | 86% | 100% | 100% | 100% | 100% | 100% | 97% | 100% |
| **2016** | **100%** | **86%** | **100%** | **100%** | **100%** | **100%** | **100%** | **98%** | **100%** |
| **Proportion in value of centers with spaces for cyclists** | | | | | | | | | |
| 2014 | 93% | 98% | 100% | 79% | 96% | N/A | N/A | 95% | 100% |
| 2015 | 93% | 88% | 100% | 67% | 97% | 100% | 100% | 92% | 100% |
| **2016** | **95%** | **88%** | **100%** | **90%** | **100%** | **100%** | **100%** | **95%** | **100%** |
| **Proportion in value of centers equipped with charging terminals for electric vehicles** | | | | | | | | | |
| 2014 | 24% | 41% | 85% | 9% | 40% | N/A | N/A | 43% | 100% |
| 2015 | 33% | 24% | 99% | 40% | 32% | 97% | 25% | 47% | 100% |
| **2016** | **47%** | **24%** | **99%** | **41%** | **37%** | **97%** | **27%** | **54%** | **100%** |

### An important local economic contribution

Shopping centers are an integral part of urban planning and fully contribute to the growth of their local areas. With over several million visitors per year, shopping centers underpin the urban fabric and create new focal points. The economic and local impact can be directly felt daily at our centers. The Group aims to advance them in order to reaffirm its role as a major player in city life.

- Our shopping centers generate close to 74,000 jobs[(1)], mostly at the retailers which operate in its centers or at the service providers retained by the Group. The development of our shopping centers thus provides major job creation opportunities.
- The operating budgets of our shopping centers total around 300 million euros[(2)]. These funds are mostly redistributed locally to service providers at our centers responsible for cleaning, safety and security and maintenance.
- The Group also paid 72 million euros in local taxes in 2016 across all our sites in Europe, with nearly half in France.

### A leading role in terms of local jobs

The Klépierre centers play a major role in terms of job creation throughout their life.

During the development of new assets, the teams foster close relations with recruitment agencies to promote local recruitment. Retailers located in the center are encouraged to hire employees locally through a number of programs developed with public authorities and/or local associations.

These relationships continue throughout the life of the center and may take different forms. Jobs fairs were, for example, held in 71 centers in 2016. Consideration is also given to the use of outsourcing and service providers. Most of the jobs created as a result of the purchase of services at our shopping centers are created locally (see "Responsible purchasing" section).

## 4.3.5 Acting for the community

As places for shopping, meeting and leisure, shopping centers are veritable public spaces. As such, they are naturally open to partners active in local life, which may thus benefit from the high number of visitors at our centers. The Group's centers all over Europe host a wide range of events organized and supported by social organizations.

### Welcoming partners committed to local public life

92% of centers have thus hosted one or more of these philanthropy initiatives. Close to 1.6 million euros was allocated for such contributions in 2016.

In Germany for example, in 2016 the centers organized four blood donation events, they also worked with UNICEF and environmental schools.

**Solidarity in Poland**

Our centers in Poland deployed a large number of philanthropy initiatives in 2016.

These solidarity actions involved:

- the support of the population neighboring our shopping centers in their budgets (the centers housed accountants from the local tax offices to help people fill out their tax returns);
- health and preventive care for our customers (the health care foundations and centers provided free consultations and exams in the centers);
- cultural events (traditional Christmas market and drama competition in collaboration with some schools).

(1) Number of jobs estimated by extrapolating the employment intensity per sq.m by type of store. Source: Panorama TradeDimensions, le guide 2014 de la distribution, September 2013.

(2) Exlcuding marketing budgets, taxes and management fees.

**Proportion in value of centers having led at least one philanthropy partnership**

*2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m*

| | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|
| 2014 | 87% | 98% | 94% | 100% | 100% | N/A | N/A | 92% | |
| 2015 | 97% | 100% | 82% | 100% | 100% | 96% | 100% | 96% | 100% |
| **2016** | **92%** | **94%** | **100%** | **75%** | **98%** | **64%** | **100%** | **92%** | |

**Amounts allocated to philanthropy initiatives by type of contribution**

*2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m*

| | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|
| Monetary gifts | 137,190 | 318,775 | 175,501 | 8,350 | 19,757 | 0 | 9,490 | 669,063 | |
| Contribution of employee time | 129,321 | 32,192 | 5,551 | 4,790 | 1,483 | 4,813 | 19,439 | 197,589 | |
| Gifts of products, supplies, use of company areas and premises | 251,158 | 312,134 | 18,555 | 85,322 | 23,627 | 18,500 | 28,567 | 737,863 | 100% |
| **TOTAL** | **517,670** | **663,102** | **199,606** | **98,461** | **44,867** | **23,313** | **57,496** | **1,604,515** | |

**Philanthropic contributions in rent equivalent**

*2016 current basis (99,9% coverage): 132 shopping centers and 3,799,297 sq.m*

| | France-Belgium | Italy | Scandinavia | Iberia | Central Europe & Turkey | The Netherlands | Germany | Group | Group coverage rate |
|---|---|---|---|---|---|---|---|---|---|
| Total contribution | 517,670 | 663,102 | 199,606 | 97,405 | 44,210 | 23,313 | 57,496 | 1,602,802 | 99,9% |
| Day rent equivalent | 0.52 | 1.09 | 0.44 | 0.40 | 0.16 | 0.19 | 0.33 | 0.55 | |

## Entrepreneurship

In 2016, Klépierre added a new dimension to its societal commitment and launched its digital innovation platform to detect the start-ups that will revolutionize future business.

“To face up to strategic challenges in future business, we strongly believe in the test and learn approach and in meeting with the start-ups that are accelerating our digital transformation and generating more value for the retailers in our shopping centers” said Jean-Marc Jestin, Chief Executive Officer of the Klépierre Group.

The first KlépierreID challenge “Let’s play with mobile shoppers” was launched as part of the global event Viva Technology Paris with the aim of selecting the start-ups with the greatest potential, among the 5,000 participating start-ups.

The KlépierreID challenge has three objectives:

- to enrich and simplify the shopping experience with new physical-digital services in the Klépierre shopping centers;
- to collect, connect, and activate the data in the centers in order to create more value for Klépierre center retailers, while respecting the confidentiality desired by our customers;
- to activate the levers for developing the Drive to Store.

Klepierre teamed up with the well-known technology company, Microsoft, to select and support the winning start-ups in developing their solutions.The three start-up finalists benefit from:

- pilot tests in Klépierre centers. The Group facilitates meetings for them with major retail brands in Europe and provides them with a BtoB communication program;
- six months’ personalized support through the Microsoft Azure Accelerator program dedicated to mobile and cloud projects. A Microsoft France representative, technical resources, technical and business coaching are made available to them.

The winning start-up in the challenge also received 20,000 euros.

Alcméon, Mapwize and Stimshop are the three start-ups that won the “Let’s play with mobile shoppers” challenge.

The jury in this first-ever challenge included the Klépierre Operations Department, as well as Anthony Virapin, Startup Go-To-Market Lead – Microsoft France, Sébastien Imbert, Chief Digital Marketing Officer – Microsoft France, Jérôme Léger, Vice-Chairman of the Mobile Marketing Association France and Frédéric Roy, Editor-in-Chief of CB News magazine.

The program will be renewed in 2017.

## The Palladio Foundation

In 2016, with the support of Klépierre, the foundation organized the Institut Palladio des Hautes Etudes sur l’Immobilier et la Cité’s fifth annual cycle on the theme of “The city of tomorrow in the era of societal responsibility” and jointly organized the conferences and a property trades forum. It also awarded 16 student grants and supported the work of Palladio post-doctoral scholarship students presented through the fifth Property and City Construction Research colloquium.

Klépierre was particularly involved in:

- the Governance (Board of Directors) of the Palladio Foundation;
- the Palladio Avenir Center: Klépierre took a stand at the Property Trades Forum and was involved in governance of the trades study;
- the Palladio Institute: Klépierre was a member of the Auditors, College for the 2016 cycle and spoke during the annual colloquium.

# 4.4 Employees, one of Klépierre's main assets

The Group's HR policy is thought out and implemented with the main aim of offering the best working experience to employees, thereby encouraging their commitment and their performance.

## 4.4.1 A dynamic organization

### An organization that adapts to the changing challenges facing the Group.

Over the last two years, the share of the workforce under open-ended contracts has remained unchanged at 97% thereby showing the company's desire to offer a long-term relationship to its employees.

The open-ended contract workforce turnover was 13.5% in 2016 due to, among other things, the increase in new hires and higher turnover in France, Turkey and the Netherlands. A decline in the number of departures (303 in 2016, 427 in 2015) and particularly a decline in voluntary departures (102 resignations in 2016 compared to 133 in 2015) should be noted.

The 2016 new hires were among other things in the marketing, digital, technical businesses in direct relationship with the new challenges faced by the Group and the strengthening of the levels of expertise, corollary to our operational excellence policy.

### Management system and cross-functional tools that help drive our HR strategy

To support the adaptation of our organization, the HR policy is reinforced through the deployment of Group tools. Accordingly, the systems in place for performance reviews, training, mobility and reporting were supplemented in 2016 by the deployment of a tool for the distribution of Group recruitment offers on the career pages of the Klépierre website, on job boards and on social networks.

This complete environment contributes to a uniform Group HR policy, led by local HR teams, whose expertise level is growing, thereby enabling a fine control of indicators and proactive talent management.

**Breakdown of workforce by type of employment contract**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| Open-ended contract | 1,257 | 97% | 1,345 | 97% |
| Fixed-term contract | 45 | 3% | 44 | 3% |
| **TOTAL** | **1,302** | **100%** | **1,389** | **100%** |

**Distribution of total workforce by region**

| | 2016 | 2015 |
|---|---|---|
| France-Belgium | 39% | 37% |
| Italy | 14% | 14% |
| Scandinavia | 12% | 14% |
| The Netherlands | 5% | 5% |
| Iberia | 10% | 9% |
| Germany | 5% | 5% |
| Central Europe and Turkey | 15% | 16% |
| **GROUP** | **100%** | **100%** |

**Breakdown of workforce by work duration**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| Full time | 1,187 | 91% | 1,292 | 93% |
| Part time | 115 | 9% | 97 | 7% |
| **TOTAL** | **1,302** | **100%** | **1,389** | **100%** |

**Turnover rate by region**

| | 2016 | 2015 |
|---|---|---|
| France-Belgium | 12.3% | 10.7% |
| Italy | 3.7% | 3.8% |
| Scandinavia | 14.6% | 13.6% |
| The Netherlands | 22.4% | 21.0% |
| Iberia | 15.2% | 15.8% |
| Germany | 10.8% | 30.5% |
| Central Europe and Turkey | 21.4% | 13.6% |
| **Group** | **13.5%** | **12.6%** |

*Note: the turnover rate is calculated as follows: ((total number of new hires on open-ended contracts + total number of departures of employees on open-ended contracts excluding retirement and transfers)/2) divided by the workforce – open-ended contract – as of 12/31/Y-1.*

**Breakdown of departures by reason**

| | 2016 | 2015 |
|---|---|---|
| Resignations | 102 | 133 |
| Lay-offs | 39 | 59 |
| Negotiated departures | 57 | 53 |
| Retirement | 13 | 13 |
| End of fixed-term contracts | 51 | 50 |
| Other reasons | 41 | 119 |
| **GROUP** | **303** | **427** |

*Note: departures for "other reasons" include contract transfers, end of expatriation, end of trial periods and fatalities.*

### 4.4.2 Ensuring a working environment that guarantees the health, safety and well-being conditions of our employees at work

Ensuring a high-quality working environment constructed for the employees in a way that favors their commitment and individual and group performance.

#### Holding high-quality social dialogue

In 2016, social dialogue with the personnel representatives was consolidated, allowing for constructive discussions on the stages of the company's life or on particular topics such as the working environment, which in Scandinavia is dealt with by a dedicated commission.

Proportion of employees covered by a collective bargaining agreement

| | 2016 | 2015 |
|---|---|---|
| Group | 69.2% | 67.2% |

In practice, in France, social dialogue gave rise to the negotiation of four collective bargaining agreements in 2016:

- amendment to the profit-sharing collective bargaining agreement;
- amendment to the corporate agreement;
- amendment to the company's collective bargaining agreement on the establishment of a Group pension savings plan (PERCO);
- an employee incentive plan linked to Klépierre Management results.

At the same time, other agreements remain in place:

- 2009 Company-wide agreement establishing the framework for labor relations (contract, working time organization, compensation, etc.);
- agreement on working time reduction;
- agreement on Sunday work and the implementation of special measures for disabled workers;
- profit-sharing agreement;
- collective bargaining agreement on the employee health care plan that is monitored annually with employee representatives;
- collective bargaining agreement on the benefit plans (incapacity, disability and death benefits);
- collective bargaining agreement on the generation contract;
- agreement on the forward planning of jobs and skills;
- collective bargaining agreement on the establishment of an employee savings plan (PEE);
- collective bargaining agreement on the establishment of a Group pension savings plan (PERCO);
- agreement on the harmonization of Klépierre Management/Corio France collective statuses following the merger.

Lastly, the agreement relating to gender equality was renegotiated in February 2017 with the aim to improve diversity at every level of the Company.

All employees in France can access these agreements from a dedicated page on the HR intranet.

In each country in which it operates, Klépierre complies with the legal requirements in matters of freedom of association and collective bargaining in order to maintain a constructive dialogue with all employees.

#### Promoting individual commitment of employees by facilitating discussions

As the individual commitment of each employee is critical to the Group's overall performance, at the start of 2016, several months after the merger with the Corio teams, Klépierre launched an internal survey called "You&Klépierre," to which all Group employees were invited to respond. The participation rate was 74%.

The results of this survey were provided to the Executive Board as well as to country managers, and then to employees. 78% of the teams therefore participated in the survey and were able to express themselves on the areas for improvement. Actions have already been undertaken in the countries (communication, training, etc.).

The action plan at Group level, presented in the Group Management Team concentrates in part on the improvement of internal communication channels at Group level, as well as on an audit of processes and reporting in order to simplify and provide fluidity to discussions and therefore accelerate the talent management policy.

The monitoring of these actions is managed by the Group Human Resources Department, with the country subsidiaries, which then reports to the Executive Board.

Social dialogue has intensified since 2017 through meetings between employees from across all countries and the Group's Management thereby making it easier for them to exchange opinions and share their vision and strategy.

#### Focus on occupational health and safety and on well-being at work

Offering our employees working conditions that respect their health and well-being is an integral part of the Group HR policy. In this sense, the actions are led by the HR Departments of the countries or by the technical managers. As a responsible employee, the main focus of attention is on the mental health of our employees, working conditions, workplace accidents and absenteeism, and well-being at work.

Klépierre leads this policy through its relationship with employee representatives, as in France via six occupational Health and Safety Committee (CHSCT) meetings in 2016, or in Scandinavia, and by quarterly monitoring of the key indicators active local and Group level. In addition, internal or external audits of working conditions are carried out regularly in most countries, making it possible to assess the risks and where necessary take corrective measures. 76% of our employees work in environmentally certified premises, which is directly related to the Group's shopping centers' certification initiative and to the quality-based selection of head office locations for each of the Group's subsidiaries.

"Pilot" actions have been undertaken in certain countries and, according to needs, will be shared eventually via the policy led by the Group HR Department. Therefore, in order to promote employees' health and well-being and to facilitate life in the company, yoga classes were set up in the fourth quarter of 2016 for employees in the Paris head office. The impact of this initiative will be monitored over time, particularly through rates of absenteeism.

To prevent psycho-social risks, and to allow employees to work in a relaxed state of mind, an anonymous and free external psychological helpline was set up in France and in Turkey, making it accessible to 42% of Group employees. An analysis of this practice will be undertaken in order to share the experience with the Group. In France, this assistance was undertaken with AXIS MUNDI, an expert company that was also responsible for the psycho-social awareness raising sessions for members of the HR Department and for employee representatives. This training was extended to all employees in 2017.

## Consolidation of a Group managerial culture

Convinced that employee well-being and motivation at work is dependent on a high-quality managerial relationship, since 2015 and at the initiative of Klépierre University, the in-house training school, the Group has undertaken with its managers to build a culture that takes into account team recognition, fluidity of discussions, direction of work, etc. At the end of 2016, 10% of target managers had attended this four-day training. The roll-out of this training will continue in 2017 and 2018. The target set is to train the top 100 managers in 2017 and then to extend it to the entire managerial population.

### Rate and types of workplace accidents, occupational illnesses, proportion of working days lost and total number of workplace deaths

| | 2016 | 2015 |
|---|---|---|
| **Total number of workplace accidents** | **5** | **10** |
| Workplace accidents resulting in time off work | 1 | 4 |
| Workplace accidents resulting in death | 0 | 0 |
| **Days off work due to workplace accidents** | **13** | **99** |
| Frequency rate of workplace accidents | 0.44 | 1.42 |
| Severity rate of workplace accidents | 0.01 | 0.04 |
| **Occupational illnesses reported** | **1** | **0** |

*Note: for workplace accidents, accidents on the way to/from work are excluded.*
*The frequency rate of workplace accidents is the number of workplace accidents resulting in time off work per million hours worked.*
*The following formula is used: (number of accidents resulting in time off work x 1,000,000)/(235 x 7.8 hours x annual average workforce).*
*The severity rate of workplace accidents is the number of days lost through time off work due to workplace accidents per thousand hours worked. The following formula is used: (number of days off work following a workplace accident x 1,000)/(235 x 7.8 hours x annual average workforce).*

## Declining absenteeism

| | 2016 | 2015 |
|---|---|---|
| Group | 2.0% | 2.5% |

### Rate of absenteeism by region

| | 2016 | 2015 |
|---|---|---|
| France-Belgium | 2.4% | 2.4% |
| Italy | 1.3% | 1.3% |
| Scandinavia | 1.3% | 2.0% |
| The Netherlands | 2.7% | 7.8% |
| Iberia | 2.3% | 0.3% |
| Germany | 4.1% | 3.4% |
| Central Europe and Turkey | 1.2% | 1.9% |
| **Group** | **2.0%** | **2.5%** |

*Note: the absenteeism rate is calculated as follows: total number of days off work due to illness and workplace accidents, divided by the average monthly workforce, in turn multiplied by 366. Long-term illnesses similar to a suspension of the employment contract are excluded.*

### Short-term absenteeism (< 7 days)

| 2016 | Short-term absenteeism rate | Average number of days lost per employee |
|---|---|---|
| France-Belgium | 0.4% | 1.3 |
| Italy | 0.8% | 3.0 |
| Scandinavia | 0.4% | 1.4 |
| The Netherlands | 0.8% | 3.1 |
| Iberia | 0.1% | 0.2 |
| Germany | 0.6% | 2.0 |
| Central Europe and Turkey | 0.6% | 2.1 |
| **Group** | **0.5%** | **1.7** |

| 2015 | Short-term absenteeism rate | Average number of days lost per employee |
|---|---|---|
| France-Belgium | 0.3% | 1.3 |
| Italy | 0.7% | 2.8 |
| Scandinavia | 0.4% | 0.2 |
| The Netherlands | 0.7% | 2.5 |
| Iberia | 0.1% | 0.03 |
| Germany | 0.6% | 2.5 |
| Central Europe and Turkey | 0.8% | 0.5 |
| **Group** | **0.5%** | **1.9** |

*In place since 2014, the indicator monitoring short-term absenteeism (sick leave of less than seven days) represents a further tool with which to measure the social climate. This rate remained unchanged in 2016.*

## Compensation

### Average gross annual salaries by region

| *(in euro)* | 2016 | 2015 |
|---|---|---|
| France-Belgium | 55,799 | 55,831 |
| Italy | 43,492 | 42,919 |
| Scandinavia | 79,351 | 77,880 |
| The Netherlands | 74,917 | 77,259 |
| Iberia | 42,784 | 42,437 |
| Germany | 53,688 | 54,176 |
| Central Europe and Turkey | 27,409 | 24,739 |

*2015 salaries were updated based on the 2016 exchange rates.*

### 4.4.3 Promoting employee excellence and maintaining a passion for the job

#### Becoming an employer of choice on the market

Klépierre benefits from the advantages of being an international listed real estate company, while maintaining a reasonable human size and a flexible and efficient structure. In this context, the new talent hired have the opportunity to develop on their varied career paths in an international environment, with the help of the dedicated training on offer.

**Number of new hires**

| | 2016 | 2015 |
|---|---|---|
| Group | 216 | 185 |

**Breakdown of new hires (all contract types) by region**

| | 2016 | 2015 |
|---|---|---|
| France-Belgium | 75 | 61 |
| Italy | 6 | 4 |
| Scandinavia | 30 | 36 |
| The Netherlands | 27 | 12 |
| Iberia | 23 | 18 |
| Germany | 5 | 19 |
| Central Europe and Turkey | 50 | 35 |
| **GROUP** | **216** | **185** |

The Group continues to favor permanent employment. 75% of new hires in 2016 were thus offered open-ended contracts, including 25% transferred from short-term contracts (fixed-term, temporary or external).

Backed by the Group's international presence and ambition for operational excellence, the Klépierre employer brand is getting stronger, thus making it easier to attract new talent. Accordingly, the number of direct new hires has increased. With a more marked presence in school forums, dedicated job boards, the number of trainees and interns involved in International Internship programs (V.I.E) rose to 65 in 2016. 50% have joined the Group in 2016 on a permanent basis.

#### Acknowledging and optimizing individual performance as part of continuing professional development

Performance reviews remain a key component of Klépierre's Human Resource development policy, which takes the form of an annual interview between the employee and the employee's manager. The interview represents a key moment in the employee-manager relationship and provides an opportunity to look back on the top achievements over the past year, identify priorities, professional development targets and training needs.

The skills and performance review system helps to identify top talent, functional and geographical mobility requests at the Group level, and situations requiring special monitoring.

To encourage employee growth through specific feedback, a catalogue of behavioral skills used as a tool for continuous improvement was launched in 2015 and revamped in 2016 thus creating a common language within the Group and promoting the mobility paths.

Driven by a desire to improve HR practices, an analysis of the 2015 performance reviews was conducted to provide guidance for managerial practices and target the training required to conduct the interviews.

#### Identifying high-potential employees who will be tomorrow's managers

A pilot project was carried out in France in 2016 to identify high-potential employees among the Top Management population with the ambition to extend this "Talent Review" to include a broader scope in France and to be implemented in all the subsidiaries.

This process is intended to gradually cover an increasingly broader sample of the Group population in order to identify employees who have the ability and determination to grow in order to retain them and better support their growth.

This central approach has a positive effect on the principal HR processes such as training, career management, compensation and preparing the key role succession plans.

#### Supporting employee development

The training provided by Klépierre University, the Group's business school, remains a priority for promoting functional and geographic mobility of the teams. The investment made by the Group has made it possible to raise the rate of access to training to 82 %, a sharp increase compared to 2015 (71%).

**Rate of access to training**

| | 2016 | 2015 |
|---|---|---|
| Group | 82% | 71% |

**Access to training by gender**

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| Total number of training hours | 14,101 | 15,940 | 30,041 | 11,043 | 12,439 | 23,482 |
| Average hours of training per trained employee | 29 | 27 | 28 | 26 | 22 | 24 |
| Average hours of training per employee | 25 | 21 | 23 | 18 | 15 | 17 |
| Rate of access to training | 87% | 77% | 82% | 70% | 71% | 71% |

**Average hours of training per trained employee by management level**

| | 2016 | 2015 |
|---|---|---|
| Executive management | 20 | 12 |
| Top management | 29 | 29 |
| Middle management | 28 | 33 |
| First line management | 29 | 28 |
| Non management | 27 | 20 |
| **Average** | **28** | **24** |

### Klépierre University, the training advantage serving individual skills and collective performance

Convinced of the impact of the training on individual and collective performance, the Group supports the development of all its employees through the Klépierre University, the in-house training school.

Klépierre University contributes to the promotion of diversity in the Group and the acceleration of an international culture. In addition to the training, Klépierre University is a place for sharing good practice and know-how, for discussions between employees, facilitating human relationships and cooperation between teams.

The training is accessible in person or online, via the online training platform #KUP, open to more than 70% of employees. New content is developed or revised in order to provide the teams with innovative operational training content in line with the Group's operational challenges.

Training received by employees, at an average of 23 hours per person in 2016, supports both personal development and business skills. In addition in 2016, nearly 5,400 hours of English-language classes were given, promoting the multicultural aspect of the Company and opportunities for mobility.

Finally, the University has also been involved in a lasting manner in the integration process. In relation to this, it has supported the deployment of business line discussion groups potentially leading to discussion and innovation workshops concerning operational practices. Moreover, Klépierre University organizes the integration of interns through half-day Group business discovery and immersion events within a center.

### Mobility as a means of spreading the Group culture

This aspect of Klépierre's HR policy is an absolutely fundamental part of the Group's policy to retain talent. As a continuation of the hiring of young high-potential talent, Klépierre in fact aims to offer them the possibility to grow within an international multi-business organization by developing strong expertise, assuming responsibility and asserting their leadership by managing cross-company projects and strengthening, among other things, their ability to adapt to different cultures. Offering talent the opportunity to face multiple professional experiences, enabling them to expand both their hard and soft skills, is a favored path towards the highest level of responsibilities within the Group such as those of a subsidiary.

**Internal mobility**

| | 2016 | 2015 |
|---|---|---|
| Number of employees benefiting from mobility | 85 | 91 |
| % of permanent workforce | 7% | 7% |

## 4.4.4 Diversity, a source of wealth that drives performance

The Group, present in 16 countries and their major cities, includes diversity on a daily basis as a key element in understanding its environment and its customers.

For Klépierre, Diversity is expressed through equal gender representation, the coexistence of generations, nationalities, etc. To enable the Group and each employee to benefit from this source of wealth, a more intense social dialogue policy has been implemented (surveys, meetings with Management). This approach supplements the daily initiatives put in place by Klépierre University through multi-business and multi-country training events furthering personal and Group betterment.

In addition, an initiative to encourage equal gender representation was started in 2016 by the Group HR Department. This initiative, which links women employees in a Core Team, aims to promote and encourage the emergence of female talent within the Company's management structure and particularly by monitoring the vigilance points in terms of recruitment in some of the Group's key business lines, promotion, pay equality and access to training. The launch of a full program is planned for 2017.

### Proportion of women within the Group

| | 2016 | 2015 |
|---|---|---|
| Management | 36% | 35% |
| Non management | 71% | 71% |
| **Group** | **59%** | **56%** |

### Proportion of women by management level

| | 2016 | 2015 |
|---|---|---|
| Executive management | 9% | 10% |
| Top management | 29% | 28% |
| Middle management | 28% | 31% |
| First line management | 40% | 37% |
| Non management | 71% | 71% |
| **Group** | **59%** | **58%** |

### Ratio of average salary (women to men) by management level

| | 2016 | 2015 |
|---|---|---|
| Executive management | 1.0 | 0.9 |
| Top management | 0.9 | 0.7 |
| Middle management | 0.8 | 0.9 |
| First line management | 0.9 | 0.9 |
| Non management | 0.8 | 0.9 |

Gender equality in terms of career advancement and pay represents a major human resource management challenge, both at management and business line level. Worldwide, the share of women managers rose slightly to 36%. Pay equality, access to training and to promotion indicators which are monitored on a yearly basis by the Group's HR Department were unchanged from 2016. It should be emphasized that for a second year in a row, in France, no situation has required any gender pay gap catch-up measures, on a like-for-like role and responsibilities basis.

### Breakdown of workforce by age bracket

| | 2016 | 2015 |
|---|---|---|
| < 30 years of age | 9% | 9% |
| 30-39 years of age | 37% | 39% |
| 40-49 years of age | 34% | 33% |
| ≥ 50 years of age | 20% | 19% |

The intergenerational balance has remained unchanged within the Group. Klépierre University is actively involved in it through trainings that are conducive to better communication among employees of different ages.

### Workers with disabilities as a proportion of the total workforce

| | 2016 | 2015 |
|---|---|---|
| Number of disabled workers | 15 | 24 |
| % of total workforce | 1.3% | 1.7% |

*Note: this indicator does not cover Norway and Sweden.*

# 4.5 Methodology, Concordance table and verification by independent third party

## 4.5.1 Methodological note

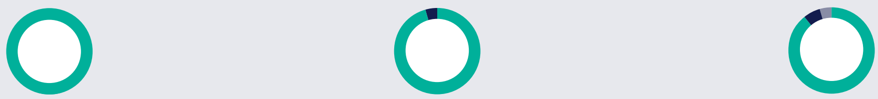
### Rate of coverage and distribution of themes by scope

The environmental, societal and social management system is used to quantify and identify the main environmental, societal and social impacts of the Klépierre Group and its activities.

The fundamental principles underlying this reporting are:

- relevance: the biggest sources of environmental and societal impact for each theme are taken into account;
- representativeness: the selected indicators are representative of the Group's sites and activities;
- consistency: guarantees that the data comparison by region or year by year is pertinent;
- transparency: the assumptions made and the calculation methods used are clearly defined;
- accuracy and reliability: records are kept at site levels and at the various consolidation levels to ensure data traceability.

**Rate of coverage and distribution of themes by scope**



| | Klépierre | | Shopping centers "Asset porfolio" | | Shopping centers "Managed portfolio" | |
|---|---|---|---|---|---|---|
| | Value[1] | % Klépierre property portfolio | Value[1] | % Klépierre property portfolio | Value[1] | % "Asset Portfolio" property portfolio |
| 2014 | 13,821 | 100% | 12,801 | 92.6% | 11,982 | 93.6% |
| 2015 | 22,127 | 100% | 21,184 | 95.7% | 18,934 | 89.4% |
| **2016** | **22,817** | **100%** | **22,133** | **95.9%** | **20,664** | **94.4%** |
| | Management, Strategy Governance | | Asset performance | | Operational excellence | |
| | Talents, Ethics, Diversity, Working conditions, Human rights | | Certifications, Risks, Security | | Energy, Water, Waste, Biodiversity, Customers & tenants, Procurement, Transports, Philanthropy, Climate change, Sanitary quality, Natural resources, Local development | |

(1) *Value in millions of euros.*

## Methodological note for environmental and societal indicators

The environmental and societal management system takes into account the recommendations made in the three leading industry frameworks at international, European and national level, namely:

- Global Reporting Initiative Construction and Real Estate Sector Supplement (GRI 4 and GRI CRESS);
- European Public Real Estate Association (EPRA), Best Practices Recommendations on Sustainability Reporting;
- French Council of Shopping Centers (CNCC) – Industry CSR reporting guide.

### Detail on units of measurement for the main environmental indicators

| | Energy | Climate change | Water | Waste |
|---|---|---|---|---|
| **Common areas and shared equipment** | | | | |
| Absolute value | MWh of final energy | $tCO_2e$ | | |
| | Common areas and heating and air conditioning shared equipment | | | |
| Intensity by area | kWh/sq.m | $kgCO_2e$/sq.m | | |
| | sq.m common areas + sq.m rentable floor area served by heating and air conditioning shared equipment | | | |
| Intensity of use | kWh/visit | $kgCO_2e$/visit | | |
| | Number of visits from the automatic counter systems at the doors | | | |
| **Whole building** | | | | |
| Absolute value | MWh of final energy | $tCO_2e$ | $m^3$ | metric tons |
| | Common areas and shared equipment + tenant areas | | | |
| Intensity by area | kWh/sq.m | $kgCO_2e$/sq.m | $m^3$/sq.m | |
| | sq.m common areas + sq.m occupied rentable floor area | | | |
| Intensity of use | kWh/visit | $kgCO_2e$/visit | l/visit | |
| | Number of visits from the automatic counter systems at the doors | | | |

## Definition of scopes – two scopes have been defined

### "Assets Portfolio" scope

The scope covers the shopping centers over 25% owned by the Group at December 31, 2016 (thus excluding the offices, retail premises and various retail facilities specified in the Group's registration document).

The "Assets Portfolio" scope accounted for 95.9% of the Group's property portfolio at December 31, 2016.

### "Managed Portfolio" scope

This scope is specific for the shopping center industry, for operational feasibility reasons. It is a selection from the "Assets Portfolio" scope. It covers the centers in the "Assets Portfolio" scope that the Group managed over the entire reporting period. This scope extends to assets for which a third party managed the property if the following conditions are met: a single third party managed the asset for the entire reporting period, the reporting manual has been deployed, controls and audits of the reported data have been conducted with the same level of accuracy than on the assets managed by the Group. If a shopping center has been acquired by the Group and is managed by it, it is included in the scope from the first full year. Real estate development projects are not included in the reporting during development and/or construction, until they are completed and only from the first full year.

The technical details can vary slightly within the «Managed Portfolio» scope. Depending on the situation, Klépierre may have full management of the electricity, but be charged by a third party (hypermarket, etc.) for its fuel usage. The collection of waste may also be done by a third party such as a local authority on the basis of a subscription, etc. Situations can vary greatly, and may therefore prevent the collection of reliable quantitative data. These methodological choices are guided by the will to communicate on reliable data. Centers for which Klépierre does not have exhaustive data on energy, waste or water are excluded from the reporting. This explains the difference in coverage rate between indicators.

The "Managed Portfolio" scope accounted for 94.4% of the "Assets Portfolio" scope at December 31, 2016.

## Management of the changes in scope

Acquisitions, disposals and developments (extensions and/or developments) may change the reporting scope and influence the analysis of changes in indicators.

A distinction between "current scope" and "like-for-like basis" applies across the Board to the indicators in the "Managed Portfolio" scope.

### Current scope

The current scope is used to assess the CSR impact of the property portfolio over one year. It shows the effects of management, renovation and arbitrage (sales and acquisitions) policies.

It includes all shopping centers at least 25%-owned by the Group at 12/31/Y, including those which were subject to renovation or extensions during the reporting period, regardless of the GLA created.

### Like-for-like basis

The like-for-like basis is used to assess changes in performance across a like-for-like identical scope over time. It reflects the Group's ability to manage and optimize its asset portfolio.

It includes all owned and managed assets for a period of at least 24 months. It excludes shopping centers acquired or completed as well as those that were not managed for the entire period. Centers that are subject to an extension that adds 20% or more GLA are excluded from the scope.

The pro forma like-for-like basis includes new assets from the Corio operation as though the acquisition was completed on January 1, 2013.

## Reporting periods and estimates

The major factor to be taken into account is that two different reporting periods are used depending on the indicator. This difference is caused by the Group's desire to minimize the use of estimates and to make it possible to collect and consolidate real data.

Some of the usage data for energy, water and waste production is input on the basis of bills received with a certain time lag. In order to reflect actual consumption, the Group decided to use a one-year rolling period for the indicators built on the basis of this data.

For all indicators related to Energy, Waste, Climate Change, Water and one Transportation indicator (proportion of visits by mode of transportation), the reporting period is from 10/1/Y to 9/30/Y-1. The specific scope for these indicators is therefore adjusted to exclude shopping centers which were not owned or managed between 10/1/Y and 12/31/Y.

For water usage, the meter reading can be done some time before or after the dates defined in the protocol. The dates which are closest to the start and the end of the reporting period will be used. If needed, the data will be adjusted to 365 days through extrapolation.

## Coverage rate

The coverage rate gives an indication of the comprehensiveness of reported data. The coverage rate is expressed as a % of the total value of shopping centers included in the reporting scope.

## Definitions and clarifications

Energy efficiency and greenhouse gas emissions of the common areas and shared equipment for heating and air conditioning: the energy intensity indicators expressed in kWh/sq.m and kWh/visit measure exclusively the heating and air conditioning consumptions of the common areas. They do not measure the whole energy usage of the shopping center because of a lack of comprehensive knowledge on the private areas consumption of the tenants.

With respect to urban heating networks, the energy generated by waste combustion and from the reuse of industrial heat is recognized as being 50% of renewable source.

Recovered waste: all waste incinerated is considered recovered to the extent that heat generated by incineration is mostly reclaimed as energy in Europe.

Intensity of energy and water usage of the whole shopping center: the floor areas used for calculation purposes are the combined common areas plus the combined GLA at December 31 of the reporting year.

# Methodological note for social indicators

## Period and reporting scope

For all social indicators, the monitoring period used is the period from January 1 to December 31 in year Y.

The scope for collecting the data and reporting covers all Group subsidiaries at December 31, 2016 in which employees have an employment contract with the Group.

Changes in scope are the result of acquiring new entities or disposing of existing entities. The employees of these entities are incorporated into or removed from the Klépierre reporting scope with effect from the month following the transaction date.

## Definitions and clarifications

Workforce: total number of employees at December 31, on open-ended and fixed-term contracts, regardless of the type of contract, number of hours worked and period of employment during the year.

Average workforce: average number of employees at the end of each month during the year.

Average gross wages: sum of contractual fixed annual salaries of employees at December 31, based on full-time employment and excluding variable compensation, divided by workforce at December 31, excluding members of the Executive Board.

## 4.5.2 Concordance Table

| | Global Reporting Initiative – G4 Guidelines + Construction & Real Estate Sector | EPRA Best Practices Recommendations on Sustainability Reporting | Art. R. 225.104 and R. 225.105 of the French "Grenelle 2" law | French Council of Shopping Centers (CNCC) Industry guide on sustainability reporting | The Ten Principles of the United Nations Global Compact | Pages |
|---|---|---|---|---|---|---|
| **4.1 AN AMBITIOUS STRATEGY AND AN INTEGRATED ORGANIZATION** | | | | | | |
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| | Global Reporting Initiative – G4 Guidelines + Construction & Real Estate Sector | EPRA Best Practices Recommendations on Sustainability Reporting | Art. R. 225.104 and R. 225.105 of the French "Grenelle 2" law | French Council of Shopping Centers (CNCC) Industry guide on sustainability reporting | The Ten Principles of the United Nations Global Compact | Pages |
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## 4.5.3 Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

*This is a free English translation of the Statutory Auditors' report issued in 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 standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditor of Klépierre, (the "Company"), appointed as independent third party and certified by COFRAC under number 3-1048[(1)], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2016 included in the management report (hereinafter named "CSR Information"), pursuant to article L. 225-102-1 of the French Commercial Code (Code de commerce).

### Company's responsibility

The Executive Board is responsible for preparing a management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocols used by the Company (hereinafter the "Guidelines"), summarised in the section 4.5.1 of the management report and available on request from the company's head office.

### Independence and quality control

Our independence is defined by regulatory texts, our profession's Code of Ethics and the requirements of article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

### Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved six persons and was conducted between December 2016 and March 2017 during a four-week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[(2)] concerning our conclusion on the fairness of CSR Information.

### 1. Attestation regarding the completeness of CSR Information

#### Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L. 233-1 and the controlled entities as defined by article L. 233-3 of the French Commercial Code, within the limitations set out in the methodological note, presented in 4.5.1 section of the management report.

#### Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

### 2. Conclusion on the fairness of CSR Information

#### Nature and scope of our work

We conducted around fifteen interviews with approximatively thirty persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

(1) *Whose scope is available at www.cofrac.fr.*

(2) *IISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.*

Regarding the CSR Information that we considered to be the most important:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 51% of headcount and between 8% and 19% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

## Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 6th 2017

One of the Statutory Auditors,

Deloitte & Associés

Joël Assayah
Partner

Julien Rivals
Partner, Sustainability

(1) ***Social indicators:*** *Total workforce; Breakdown of workforce by age bracket; New hires (all types of contracts); Breakdown of departures by reason; Turnover rate (Group); Average gross annual wages by region; Rate of absenteeism (Group); Total number of training hours; Average hours of training per employee; Proportion of women by management level.*

***Environmental and societal indicators:*** *Waste sorted on site; Percentage of waste sent to recycling; Percentage of waste sent to recovery; Water consumption; Water intensity (in* $m^3$*/sq.m and in l/visit); Energy consumption and Energy efficiency of common areas and shared equipment for heating and air conditioning (in kWh/sq.m and in kWh/visit); Proportion of energy from renewable sources; Greenhouse gas emissions from energy usage and the use of refrigerant gases (Scope 1 and 2) market based and location based; Carbon intensity from energy usage (in* $kgCO_2e$*/sq.m and in* $g/CO_2e$*/visit); Part in value of centers certified; Proportion of key service providers certified.*

***Qualitative information:*** *Paragraph: "Management system and performance tools"; "Local development", "Social dialogue", "Improving the environmental and social performance of our centers, in tandem with our tenants".*

(2) ***Selected entities for the social indicators:*** *France, Spain and the Netherlands.*

***Selected entities for the environmental indicators:*** *nine shopping centers, in France (Marseille Grand Littoral, Montpellier Odysseum, Grenoble Grand Place), in Belgium (Louvain-la-Neuve L'Esplanade), in Denmark (Copenhagen Field's), in Sweden (Malmö Emporia), and in Spain (Madrid Plenilunio, Madrid Principe Pio, Vallecas La Gavia).*

# 5 CORPORATE GOVERNANCE

# 5.1 Management and oversight of the Company

The Company has had the corporate form of a société anonyme (joint-stock corporation) with an Executive Board and Supervisory Board since July 21, 1998. This corporate form provides for a clear separation between the Company's management bodies and the oversight of that management, which is provided by the Supervisory Board. This choice as to form of corporate governance structure has made it possible to retain a proactive and effective structure together with a versatile and rapid mode of operation for the executive bodies, in accordance with the prerogatives of the Supervisory Board, the balanced composition of which safeguards the independence of the control and balance of its powers.

The Company refers to the Corporate Governance Code for listed companies published by the French Association of Private Businesses (AFEP) and the French Employers Association (MEDEF) (the AFEP-MEDEF Code). The AFEP-MEDEF Code may be consulted at the AFEP's website at the following address: www.afep.com.

In accordance with the AFEP-MEDEF Code, and pursuant to Article L. 225-68 of the French Commercial Code, it is hereby stated that the Company fully complies with the AFEP-MEDEF Code recommendations.

## 5.1.1 Supervisory Board

### 5.1.1.1 Composition of the Supervisory Board

#### Provision of the bylaws and internal rules of the Supervisory Board applicable to the composition of the Supervisory Board

The Company's bylaws and the internal rules of the Supervisory Board define the following principles:

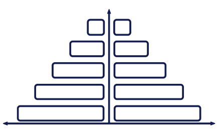
- **number of Supervisory Board members:** the Supervisory Board is composed of at least 3 members and no more than 12 members;
- **term of office of members of the Supervisory Board:** the term of office is three years. However, the Ordinary General Meeting of Shareholders may, by exception, elect one or more Supervisory Board members for a term of less than 3 years for the sole purpose of establishing a system of retirement by rotation such that only a proportion of the Supervisory Board members stands for re-election at any one time;
- **ownership of Klépierre shares:** each member of the Supervisory Board must hold at least 60 shares throughout his/her term of office;
- **chairmanship and vice chairmanship of the Supervisory Board:** the Supervisory Board elects a chairman and a vice chairman from among its members.

## Current composition

As of the filing date of this registration document, the Supervisory Board consists of the following 10 members:

| | | | | | | | Committee membership | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Name** | **Main position** | **Nationality** | **Age** | **Gender** | **Inde-pendence** | **Other appointments in other listed companies**(1) | **Invest-ment** | **Audit** | **Nomination and Compen-sation** | **Sustainable develop-ment** | **Date of first appointment** | **Term of appointment** | **Years of Board member-ship**(2) |
| **David Simon, Chairman of the Board** | Chairman of the Board and Chief Executive Officer of Simon Property Group, Inc. | American | 55 | M | | 1 | X Chairman | | | | 03/14/2012 | 04/14/2015 2018 GM | 5 |
| **John Carrafiell** | Co-founder of GreenOak Real Estate | American | 51 | M | X | 0 | | X Chairman | | | 12/11/2014 (with effect from 01/15/2015) | 12/11/2014 2018 GM | 2 |
| **Béatrice de Clermont-Tonnerre** | Director Southern Europe, Global Partnerships at Google | French | 44 | F | X | 1 | | | | X | 04/19/2016 | 04/19/2016 2019 GM | 1 |
| **Bertrand de Feydeau, Vice Chairman** | Chairman of the Board of Directors of Foncière Développement Logements | French | 68 | M | X | 3 | X | | X Chairman | | 07/21/1998 | 04/19/2016 2017 GM | 18 |
| **Jeroen Drost** | Managing Director of SHV Holdings N.V. | Dutch | 55 | M | | 0 | X | | X | | 12/11/2014 (with effect from 01/15/2015) | 12/11/2014 2018 GM | 2 |
| **Steven Fivel** | General Counsel and Secretary of Simon Property Group, Inc. | American | 56 | M | | 0 | X | | X | X Chairman | 03/14/2012 | 04/14/2015 2018 GM | 5 |
| **Stanley Shashoua** | Senior Vice President of International Development of Simon Property Group, Inc. | American | 46 | M | | 0 | X | X | | X | 04/14/2015 | 04/14/2015 2017 GM | 2 |
| **Catherine Simoni** | Former Director France and Belgium of the European real estate fund of the Carlyle Group | French | 52 | F | X | 0 | | | X | X | 12/20/2012 | 04/10/2014 2017 GM | 4 |
| **Rose-Marie Van Lerberghe** | Senior Advisor of BPI Group | French | 70 | F | X | 2 | | X | X | | 04/12/2012 | 04/19/2016 2019 GM | 5 |
| **Florence Von Erb** | Representative of Afammer (NGO) at the United Nations Organization and former Managing Director of Adair Capital | French | 57 | F | X | 1 | | X | | | 02/17/2016 | 02/17/2016 2017 GM | 1 |

*(1) The appointment held in the Company has not been taken into consideration in this calculation.*
*(2) As at April 18, 2017, the date of the next General Meeting of Shareholders.*

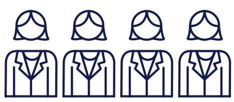


**55.4 years**

Average age of the members of the Board at 12/31/2016

**6**

Independent Board members



**4**

Women members of the Board

**5**

Foreign members of the Supervisory Board

## Biographies of Supervisory Board members

**DAVID SIMON** — Business address: 26, boulevard des Capucines, 75009 Paris, France

55 years old – BS degree from Indiana University and MBA from Columbia University's Graduate School of Business – American nationality

**Career**
David Simon is Chairman of the Board and Chief Executive Officer of Indianapolis-based Simon Property Group, Inc. He joined the organization in 1990. In 1993 he led the efforts to take Simon Property Group public. He became CEO in 1995. Before joining the organization, he was a Vice President of Wasserstein Perella & Co., a Wall Street firm specializing in mergers and acquisitions and leveraged buyouts. He is a member and former Chairman of the National Association of Real Estate Investment Trusts (NAREIT) Board of Governors and is a former trustee of the International Council of Shopping Centers (ICSC).

**Number of Klépierre shares:** 62

**Current appointments as of December 31, 2016**
**Klépierre**
- Chairman of the Supervisory Board
- Chairman of the Investment Committee

**Outside Klépierre**
- Director, Chairman of the Board and Chief Executive Officer:
  - Simon Property Group, Inc. (listed company)
  - Simon Property Group (Delaware), Inc.
  - The Retail Property Trust
  - M.S. Management Associates, Inc.
- Chairman of the Board and Chief Executive Officer:
  - Simon Management Associates, LLC
  - CPG Holdings, LLC

**Appointments expired during the last five years**
None

**JOHN CARRAFIELL** — Business address: 26, boulevard des Capucines, 75009 Paris, France

51 years old – BA degree from Yale University – American nationality

**Career**
From 1987 to 2009, John Carrafiell was at Morgan Stanley: as Head of Real Estate Europe from 1995, member of the European Investment Banking Division Operating Committee from 1996, and a Managing Director from 1999. From 2009-2010 he was Founder and Managing Partner of Alpha Real Estate Advisors (UK). From 2010-present he has been a Co-Founder and Managing Partner of GreenOak Real Estate.

**Number of Klépierre shares:** 60

**Current appointments as of December 31, 2016**
**Klépierre**
- Chairman of the Audit Committee

**Outside Klépierre**
None

**Appointments expired during the last five years**
**Klépierre**
None

**Outside Klépierre**
- Member of the Board of Directors:
  - Grupo Lar (Spain)
- Supervisory Board member:
  - Corio N.V. (the Netherlands)

**BÉATRICE DE CLERMONT-TONNERRE** — Business address: 26, boulevard des Capucines, 75009 Paris, France

44 years old – Graduate of Institut d'études politiques de Paris (Public Service Section) and École Supérieure des Sciences Économiques et Commerciales (MBA) – French nationality

**Career**

Béatrice de Clermont-Tonnerre was appointed, Southern Europe Director, Global Partnerships of Google in mid 2013. Prior to Google, she was Senior VP, Business Development at Lagardère (2008-2013). She has been Head of Interactive TV and co-Head of Programming at Canalsatellite - Groupe Canal + (2001-2005). She began her career as a radio journalist before joining the Strategy Department of Lagardère in 1995 as an analyst in the High Technologies division and, as of 1998, in the Media division.

**Number of Klépierre shares:** 60

**Current appointments as of December 31, 2016**

**Klépierre**
- Member of the Sustainable Development Committee

**Outside Klépierre**
- Director of Hurriyet (a Turkish listed company)

**Appointments expired during the last five years**

**Klépierre**

None

**Outside Klépierre**
- Director of LaCie

**BERTRAND DE FEYDEAU** — Business address: 26, boulevard des Capucines, 75009 Paris, France

68 years old – Master of Law degree and graduate of Institut d'études politiques de Paris – French nationality

**Career**

Bertrand de Feydeau has held, and continues to hold, a number of positions in companies whose focus is real estate.
Currently the Chairman of Foncière Développement Logements, he is also Chairman of both the Fondation Palladio and the Fondation des Bernardins.

**Number of Klépierre shares:** 939

**Current appointments as of December 31, 2016**

**Klépierre**
- Vice Chairman of the Supervisory Board
- Chairman of the Nomination and Compensation Committee
- Member of the Investment Committee

**Outside Klépierre**
- Chairman of the Board of Directors:
  - Foncière Développement Logements (listed company)
- Chairman and CEO:
  - Société des Manuscrits des Assureurs Français (SMAF)
- Member of the Board of Directors:
  - Foncière des Régions (listed company)
  - Affine (listed company)
  - Société Beaujon SAS
  - Sefri Cime
- Associative Board appointments:
  - Chairman of the Fondation des Bernardins
  - Chairman of the Fondation Palladio
  - Vice Chairman of the Fondation du Patrimoine
  - Vice Chairman of the Vieilles Maisons Françaises
  - Director of Fédération des Sociétés Immobilières et Foncières (FSIF)
  - Director of the Club de l'Immobilier

**Appointments expired during the last five years**

**Klépierre**
- Member of the Supervisory Board of Klémurs

**Outside Klépierre**

None

**JEROEN DROST** — Business address: 26, boulevard des Capucines, 75009 Paris, France

55 years old – Master in Economics and Master of Dutch Law from Erasmus University Rotterdam (the Netherlands) – Dutch nationality

**Career**

In 1986, Jeroen Drost began his career with ABN AMRO in Amsterdam where he held several positions. Particularly from 1992 to 1994, he was the Head of Mergers and Acquisitions of Central and Eastern Europe. From 1995 to 1996, he worked as Head of Corporate Finance of Central and Eastern Europe. In 2000, he was the Director of Investment Banking and special finance of the Dutch division. Finally from 2006 to 2008, he worked as Chief Executive Officer Asia at ABN AMRO Bank in Hong Kong. From 2008 to 2014, he was the Chief Executive Officer of NIBC Bank N.V. in The Hague. Between February 2015 and April 2016, he was the Chief Executive Officer of NPM Capital N.V. In April 2016, Jeroen Drost was appointed as Member of the Executive Board of SHV Holdings N.V., and on October 31, 2016 he was appointed as CEO of SHV Holdings N.V.

**Number of Klépierre shares:** 60

**Current appointments as of December 31, 2016**

**Klépierre**

- Member of the Investment Committee
- Member of the Nomination and Compensation Committee

**Outside Klépierre**

- Supervisory Board member:
  - NVDU Acquisition B.V. (the Netherlands)
  - Nutreco N.V. (the Netherlands)
  - Mammoet Holding B.V. (the Netherlands)
  - ERIKS N.V. (the Netherlands)
  - Vanderlande Industries Holding B.V. (the Netherlands)
- Non-executive member:
  - SHV Interholding AG (Switzerland)
- Board member:
  - Nederlandse Participatie Maatschappij N.V. (Belgium)

**Appointments expired during the last five years**

**Klépierre**

None

**Outside Klépierre**

- Managing Director:
  - NPM Capital N.V. (the Netherlands)
- Chief Executive Officer:
  - NIBC Bank N.V., The Hague, the Netherlands
- Member of the Board of Directors:
  - Nederlandse Vereniging van Banken (Dutch Bankers Association), the Netherlands
- Non-executive member of the Managing Board:
  - Fidea N.V. (Belgium)
- Supervisory Board member:
  - Dura Vermeer N.V. (the Netherlands)
  - AON Groep Nederland B.V. (the Netherlands)
  - NL Healthcare (the Netherlands)
- Member of the Supervisory Committee:
  - Vesteda (the Netherlands)

**STEVEN FIVEL** — Business address: 26, boulevard des Capucines, 75009 Paris, France

56 years old – BS degree in Accounting from Indiana University and J.D. from The John Marshall Law School of Chicago – American nationality

**Career**

Steven Fivel began his career as Deputy Attorney General at the Office of the Attorney General of the State of Indiana. In 1988 he handled shopping center finance transactions, real estate development and re-development transactions, joint ventures and corporate transactions as an attorney. In 1997, he joined BrightPoint and occupied the functions of Executive Vice President, General Counsel and Secretary. In March 2011 he joined Simon Property Group as Assistant General Counsel and Assistant Secretary where he is in charge of Development and Operations, the Legal Department, and Operations within the Tax Department. Steven Fivel was appointed General Counsel and Secretary on January 1, 2017.

**Number of Klépierre shares:** 62

**Current appointments as of December 31, 2016**

**Klépierre**

- Chairman of the Sustainable Development Committee
- Member of the Nomination and Compensation Committee
- Member of the Investment Committee

**Outside Klépierre**

None

**Appointments expired during the last five years**

**Klépierre**

- Chairman of the Supervisory Board of Klémurs

**Outside Klépierre**

None

**STANLEY SHASHOUA** — Business address: 26, boulevard des Capucines, 75009 Paris, France

46 years old – BA degree in International Relations from Brown University and MBA in Finance from The Wharton School – American nationality

**Career**
Stanley Shashoua is Senior Vice President of International Development at Simon Property Group Inc. Prior to Simon Property Group, Stanley Shashoua managed LionArc Capital LLC, a private investment firm, which has invested in and advised on over $500 million of international, real estate and private equity transactions since 2007. Prior to this, he was a Partner with HRO Asset Management where he acquired and managed over $1 billion of properties comprising 278,700 sq.m. on behalf of institutional clients. He also worked at Dresdner Kleinwort Wasserstein.

**Number of Klépierre shares:** 60

**Current appointments as of December 31, 2016**
**Klépierre**
- Member of the Investment Committee
- Member of the Audit Committee
- Member of the Sustainable Development Committee

**Outside Klépierre**
- Director:
  - Simon Canada Management Limited (Canada)
  - Mitsubishi Estate Simon Co. Ltd (Japan)
  - Shinsegae Simon Co. Inc (South Korea)
  - Genting Simon Sdn Bhd (Malaysia)
  - Premier Outlets de Mexico, S. de RL de CV (Mexico)
  - CPGOM Partners de Mexico, S. de RL de CV (Mexico)
  - Outlet Services HoldCo Ltd (Jersey Islands)
- Manager:
  - Outlet Site JV Sarl (Luxembourg)
  - HBS Global Properties LLC (USA)
  - Aero Opco LLC (USA)

**Appointments expired during the last five years**
None

**CATHERINE SIMONI** — Business address: 26, boulevard des Capucines, 75009 Paris, France

52 years old – Engineering degree from the university of Nice (France) – French nationality

**Career**
For 14 years, Catherine Simoni was Director France and Belgium of the European real estate fund of the Carlyle Group, which she left in December 2014. She was previously a Director at SARI Development, the Development division of Nexity, where she was responsible for implementing business plans on several major French office developments, including leasing and sale of such developments. Prior to SARI Development, Catherine Simoni was a Manager at Robert & Finestate, a subsidiary of J.E. Robert Company, where she worked on transactions in real estate and real estate-backed loan portfolios in France, Spain, Belgium and Italy.

**Number of Klépierre shares:** 60

**Current appointments as of December 31, 2016**
**Klépierre**
- Member of the Sustainable Development Committee

In addition, Catherine Simoni was appointed as member of the Nomination and Compensation Committee on February 2, 2017.
**Outside Klépierre**
None

**Appointments expired during the last five years**
**Klépierre**
None
**Outside Klépierre**
- Managing Director France – The Carlyle Group

**ROSE-MARIE VAN LERBERGHE** — Business address: 26, boulevard des Capucines, 75009 Paris, France

70 years old – Graduate of ENA (École nationale d'administration), of Institut d'études politiques of Paris and of École normale supérieure, graduate teaching in philosophy and undergraduate degree in history – French nationality

**Career**

Rose-Marie Van Lerberghe began her career as an Inspector at IGAS (General Inspectorate, Social Affairs) and then became Assistant Director for the defense and promotion of jobs at the French Labor Ministry. In 1986 she joined the Danone Group, where she was Group Director of Human Resources. In 1996 she became Executive Director in charge of employment and professional training at the French Ministry of Labor and Solidarity. She then became Executive Director of APHP (Public Assistance – Hospitals of Paris). From 2006 to 2011 she was Chairman of the Executive Board of Korian. From January 2010 to January 2014 Rose-Marie Van Lerberghe was a member of the Conseil supérieur de la magistrature. She is currently a member of the Council of the Order of the Legion of Honor.

**Number of Klépierre shares:** 100

**Current appointments as of December 31, 2016**

**Klépierre**

- Member of the Audit Committee
- Member of the Nomination and Compensation Committee

**Outside Klépierre**

- Member of the Board of Directors:
  - Bouygues (listed company)
  - CNP Assurances (listed company)
  - Fondation Hôpital Saint-Joseph
- President of the Board of Directors:
  - Champs-Elysées Orchestra led by Philippe Herreweghe

**Appointments expired during the last five years**

**Klépierre**

None

**Outside Klépierre**

- Chairman the Board of Directors:
  - Fondation Institut Pasteur
- Member of the Board of Directors:
  - Air France
  - Casino Guichard-Perrachon

**FLORENCE VON ERB** — Business address: 26, boulevard des Capucines 75009 Paris

57 years old – Graduate of HEC Paris, specializing in finance – French nationality

**Career**

Florence Von Erb began her finance career working at JP Morgan's Paris, London and New York offices specializing in international securities markets. She held positions in the firm's Treasury Department, Merchant Bank division, Latin America Debt Restructuring Unit and Equity Derivatives Group. In 2000, she joined Adair Capital, a New-York based investment management firm, where she served as Managing Director. She switched her focus to the not-for-profit world in 2004 when she became President and United Nations Representative of Make Mothers Matter International. In 2006, she co-founded Sure We Can Inc. She is a member of the United Nations NGO Social Development Committee, the Commission on the Status of Women and the UN Family Committee. She has been serving as an Independent Director of Ipsos SA, since 2014.

**Number of Klépierre shares:** 150

**Current appointments as of December 31, 2016**

**Klépierre**

- Member of the Audit Committee

**Outside Klépierre**

- Member of the Board of Directors:
  - Ipsos (listed company)
  - Ipsos Foundation
  - Fourpoints

**Appointments expired during the last five years**

**Klépierre**

None

**Outside Klépierre**

- Chairman:
  - Make Mothers Matter International
- Co-founder:
  - Sure We Can Inc.

## Balanced composition

At the date of filing of the Company's registration document, the Supervisory Board is composed of 10 members, namely:

- 3 members appointed upon the proposal of Simon Property Group: David Simon (Chairman of the Supervisory Board), Steven Fivel and Stanley Shashoua;
- 1 member appointed upon the proposal of APG: Jeroen Drost;
- 6 independent members (listed below).

The Supervisory Board regularly ponders the desirable balance of its composition and that of the special-purpose committees in order to guarantee shareholders and the market that its missions are carried out with the necessary independence and objectivity.

Taking into account the elements set out below and the diversity criteria examined, the Supervisory Board considers that its current composition is satisfactory. Nevertheless, it remains attentive to the fact that all possible improvements that could be in the interest of the company or its development must be considered.

## Various complementary skills are represented on the Supervisory Board

The skills matrix of the various members of the Board as of December 31, 2016 is shown below.

| Name | International background | Real estate sector | Finance | Retail | Managerial experience | Human resources and governance | Digital |
|---|---|---|---|---|---|---|---|
| David Simon | X | X | X | X | X | | |
| John Carrafiell | X | X | X | | X | | |
| Béatrice de Clermont-Tonnerre | X | | | | X | | X |
| Bertrand de Feydeau | | X | | X | X | X | |
| Jeroen Drost | X | | X | | X | | |
| Steven Fivel | X | X | X | | X | X | |
| Stanley Shashoua | X | X | X | X | X | | |
| Catherine Simoni | X | X | | | X | | |
| Rose-Marie Van Lerberghe | | | X | | X | X | |
| Florence Von Erb | X | | X | | X | | |

The Supervisory Board believes that the skills of the members of the Board are varied and complementary, with some members of the Board having strategic skills and others financial skills or more specific skills (communication, financial, social and legal, knowledge of the real estate or commercial sector, management experience).

## Gender balance

The Supervisory Board is composed of 10 members of whom 4 are women, namely 40%, in line with the provisions of the French Commercial Code and the recommendations of the AFEP-MEDEF Code.

In addition, as part of the Annual General Meeting called to approve the financial statements for fiscal year 2016, as set out in the section entitled "Changes in the composition of the Supervisory Board during fiscal years 2016 and 2017," a proposal was made to renew the appointments of Florence Von Erb and Catherine Simoni for a period of three years. Should the renewal of these appointments be approved by the General Meeting of Shareholders, the proportion of women would then be increased at the end of the General Meeting of Shareholders to 44.45% on a Board comprising then 9 members.

## A strong international profile

The Supervisory Board consists of three different nationalities (American, Dutch and French) and has five foreign members (David Simon, Jeroen Drost, John Carrafiell, Steven Fivel and Stanley Shashoua).

Proud of its international composition, the Supervisory Board wished to propose to the Annual General Meeting called to approve the financial statements for fiscal year 2016 the renewal of the term of office of Stanley Shashoua for a period of three years, as well as those of Catherine Simoni and Florence Von Erb, whose professional profiles are geared mainly to international business (please refer to the section "Changes in the composition of the Supervisory Board during fiscal years 2016 and 2017" below).

## 60% of the Board members are independent

### Reminder of the procedure for qualifying as an independent member of the Supervisory Board

The Supervisory Board has adopted in full the definition of independence contained in the AFEP-MEDEF Code to determine member independence.

The status as independent members of the Supervisory Board is reviewed annually by the Nomination and Compensation Committee on the basis of an analysis of the responses of the Supervisory Board members to an individual independence questionnaire sent to them in advance.

The findings of the Nomination and Compensation Committee's review are then communicated to the Supervisory Board, which then reviews the situation of each member of the Supervisory Board.

The conclusions of the Supervisory Board's review are presented each year to the shareholders in the registration document.

### Conclusions of the review concerning the criterion of business relations between Klépierre and the members of the Supervisory Board

The business relationship review consists of two steps. First, the Nomination and Compensation Committee and then the Supervisory Board review whether there is a business relationship. If it is the case, and in order to assess whether this relationship is significant or not, qualitative criteria (context, history and organization of the relationship, respective powers of the parties) and quantitative criteria (materiality of the relationship for the parties) are applied.

At the date of filing of the registration document, the reviews carried out revealed that none of the members of the Supervisory Board had any business relationship with Klépierre.

### Conclusions of the review of all the independence criteria

Following the annual review of the independence of the members of the Supervisory Board conducted on February 2, 2017, the Supervisory Board concluded that the following 6 members of the Supervisory Board were independent, that is to say 60% of Supervisory Board members:

| Criteria for independence | John Carrafiell | Bertrand de Feydeau | Béatrice de Clermont-Tonnerre | Catherine Simoni | Rose-Marie Van Lerberghe | Florence Von Erb | Explanation of exception to length-of-term criterion |
|---|---|---|---|---|---|---|---|
| Not having held a position as employee or corporate officer in the previous 5 years | Yes | Yes | Yes | Yes | Yes | Yes | |
| Having no simultaneous appointments | Yes | Yes | Yes | Yes | Yes | Yes | |
| Having no business relations | Yes | Yes | Yes | Yes | Yes | Yes | |
| Having no close family ties with an executive | Yes | Yes | Yes | Yes | Yes | Yes | |
| Not having held the position of Statutory Auditor in the previous 5 years | Yes | Yes | Yes | Yes | Yes | Yes | |
| Not having held office as member of the Supervisory Board of the Company for more than 12 years | Yes | No | Yes | Yes | Yes | Yes | Although he has served for more than 12 years, Bertrand de Feydeau has always demonstrated complete independence in his contribution to the work of the Board. Given the advanced stage of his career, there should be no concerns that this independence will wane in the future and there are no suspicions that the close ties he has developed to the Company and its officers would compromise his independence. |

Following the recommendation made by the AMF, a table showing the list of the Supervisory Board members considered independent, as at the date of this registration document, with regard to the Supervisory Board's evaluation and the AFEP-MEDEF Code is given below.

| | Independence of elected Board members with regard to | |
|---|---|---|
| | the Supervisory Board's evaluation | the AFEP-MEDEF Code |
| David Simon | No | No |
| John Carrafiell | Yes | Yes |
| Béatrice de Clermont-Tonnerre | Yes | Yes |
| Bertrand de Feydeau | Yes | No |
| Jeroen Drost | No | No |
| Steven Fivel | No | No |
| Stanley Shashoua | No | No |
| Catherine Simoni | Yes | Yes |
| Rose-Marie Van Lerberghe | Yes | Yes |
| Florence Von Erb | Yes | Yes |

With regard to the composition of the special-purpose committees the proportion of independent members is as follows:

- 75% for the Audit Committee (including the Chairman);
- 60% for the Nomination and Compensation Committee (including the Chairman);
- 50% for the Sustainable Development Committee; and
- 20% for the Investment Committee.

## Changes in the composition of the Supervisory Board during fiscal years 2016 and 2017

### Changes occurred in 2016

| | Departures/appointments/renewals occurred during 2016 |
|---|---|
| David Simon – Chairman | N/A |
| John Carrafiell | N/A |
| Béatrice de Clermont-Tonnerre | Appointed for a period of three years by the General Meeting of Shareholders of April 19, 2016 |
| Bertrand de Feydeau | Appointment renewed for a period of one year by the General Meeting of Shareholders of April 19, 2016 |
| Jeroen Drost | N/A |
| Steven Fivel | N/A |
| Bertrand Jacquillat | Appointment expired at the end of the General Meeting of Shareholders of April 19, 2016 |
| Stanley Shashoua | N/A |
| Catherine Simoni | N/A |
| Rose-Marie Van Lerberghe | Appointment renewed for a period of three years by the General Meeting of Shareholders of April 19, 2016 |
| Florence Von Erb | Ratification of the co-opting of Florence Von Erb at the Supervisory Board meeting of February 17, 2016 by the General Meeting of Shareholders of April 19, 2016 for the remainder of the term of office of its predecessor, i.e., until the close of the General Meeting of Shareholders called in 2017 to approve the financial statements for fiscal year 2016 |

### Appointment of members of the Supervisory Board expiring in 2017

The following appointments expire at the end of the General Meeting called to deliberate on April 18, 2017:

- appointment of Bertrand de Feydeau, member of the Supervisory Board since 1998, Chairman of the Nomination and Compensation Committee and member of the Investment Committee;
- appointment of Florence Von Erb, member of the Supervisory Board since 2016 and member of the Audit Committee;
- appointment of Stanley Shashoua, member of the Supervisory Board since 2015, and member of the Investment Committee, the Audit Committee and the Sustainable Development Committee; and
- appointment of Catherine Simoni, member of the Supervisory Board since 2012, member of the Sustainable Development Committee and of the Nomination and Compensation Committee.

Catherine Simoni, Florence Von Erb and Stanley Shashoua wished to be reappointed. Given their skills and their contribution to the work of the Supervisory Board, the Supervisory Board decided to propose to the General Meeting of April 18, 2017 the renewal of the term of office of these three members for a period of three years. Moreover, Catherine Simoni, Florence Von Erb and Stanley Shashoua are expected to continue to participate in the special-purpose committees of which they are currently members and to join, as applicable, other special-purpose committees, in compliance with the Committee composition rules set out in the AFEP-MEDEF Code.

Bertrand de Feydeau did not wish to be reappointed. The Supervisory Board decided, on the proposal of the Nomination and Compensation Committee, not to proceed with a new appointment to replace him at the General Meeting of April 18, 2017, considering that even after his departure, the Board will still have at its disposal all the skill sets it needs to transact business. Accordingly, the Supervisory Board will be composed of nine members. Furthermore, since Bertrand de Feydeau is Chairman of the Nomination and Compensation Committee, he will be replaced by an independent Board member.

Subject to the approval by the April 18, 2017 General Meeting of Shareholders of the renewals mentioned above, the Supervisory Board will be composed as follows:

| | Composition after the 2017 General Meeting of Shareholders |
|---|---|
| Percentage of independent members | 55.56% |
| Percentage of female members | 44.45% |
| Percentage of Supervisory Board members of foreign nationalities | 55.56% |

## Conflict of interest – Convictions for fraud

As of the filing date of this registration document and to the best of the Company's knowledge:

- there are no family ties between members of the Executive Board and/or members of the Supervisory Board;
- none of the members of the Executive Board and/or members of the Supervisory Board have been convicted for fraud in the last five years;
- none of them have been subject to bankruptcy, receivership or liquidation in the last five years;
- no conviction and/or official public sanction has been recorded against any member of the Executive or Supervisory Boards;
- none of them have been prevented by a court from acting as a member of an administrative, executive or supervisory body of an issuing company or from managing or running the affairs of an issuing company in the last five years;
- none of them have been convicted of fraud during the past five years.

The internal rules of the Supervisory Board of the Company state that the members of the Board shall inform the Supervisory Board of any conflict of interest, potential or otherwise, with the Company and abstain from voting on the corresponding deliberations.

No conflict of interest, even potential, has been brought to the attention of the Supervisory Board.

To the knowledge of the Company, there is no conflict of interests between the duties toward the issuer of any member of the Executive Board or of the Supervisory Board and their private interests and/or other duties.

It is also stipulated that the members of the Executive Board must seek the opinion of the Supervisory Board before accepting a new appointment in a listed company, specifying that each member of the Executive Board must not hold more than two posts in listed companies, including foreign companies, outside the Group.

### Insiders trading prevention

Supervisory Board and Executive Board members, individuals with close personal ties to executives and other management personnel, are all required under current regulations to disclose any transactions they make involving securities issued by the Company, and are prohibited from conducting any personal transactions in Klépierre securities during the following periods:

- for 15 days before the publication of the quaterly information with respect to the first and third quarters;
- for 30 days before the publication of the press release with respect to the annual or half-yearly financial statements;
- during the period between the date on which Klépierre comes into possession of an item of information which, if it were made public, could have a material impact on the price of the securities and the date on which this information is made public.

The Supervisory Board and Executive Board members are therefore authorized to conduct their transactions in Klépierre securities from the day after the release of the relevant information.

The hereabove mentioned prohibition on trading has been extended to include all employees with ongoing access to insider information. Lastly, employees may be identified as occasional insiders and as such be temporarily covered by the same ban during periods in which transactions may influence Klépierre's share price.

The related policies and procedures are set out in a Stock Market Compliance Charter which is updated on a regular basis by the Business Ethics Department of the Klépierre Group (and specifically in relation to the entry into force of the new EU Market Abuse Regulation).

## 5.1.1.2 Operation of the Supervisory Board

The Supervisory Board of the Company has internal rules that set forth the rules for its meetings, its powers and the distribution of directors' fees among members. The internal rules of the Supervisory Board may be consulted at the Company's website: www.klepierre.com.

### Missions of the Supervisory Board

The Supervisory Board shall exercise permanent oversight over the management of the Company by the Executive Board.

At any time of the year, it shall carry out any such audits and controls as it may deem appropriate, and may be communicated any such documents as it may deem useful to fulfill its assignment.

The Supervisory Board:

- appoints the members of the Executive Board; it shall set their compensation;
- appoints and dismisses the Chairman of the Executive Board and, possibly, appoints among the members of the Executive Board, one or more Managing Directors and puts an end to their term of office, as the case may be;
- receives a report from the Executive Board on the corporate business each time it deems it necessary and at least once per quarter;
- audits and controls the financial statements and the consolidated financial statements, if any, prepared by the Executive Board and presented by the latter within three months following the end of the fiscal year, along with a written report on the company's position and its business during the past fiscal year;
- presents to the General Meeting called to vote on the parent company financial statements and, as applicable, on the consolidated financial statements, its comments on the Executive Board's report as well as on the financial statements for the fiscal year;
- calls the General Meeting of Shareholders, if necessary, and determines its agenda;
- decides the transfer of the registered office within the same department or a neighboring department, subject to ratification by the next Ordinary General Meeting of Shareholders;
- authorizes the agreements contemplated between the company and a member of the Supervisory Board or the Executive Board and assimilated agreements, in accordance with Article L. 225-86 of the French Commercial Code;
- authorizes the sale of buildings by nature as well as the full or partial sale of interest and creation of guarantees on the corporate properties. The Supervisory Board may, up to an amount it sets for each of them, authorize the Executive Board to carry out the transactions referred to above; when a transaction exceeds the amount so set, the authorization of the Supervisory Board is required in each case.

The Chairman of the Supervisory Board shall grant the Executive Board his/her prior consent to the appointment of persons called to exercise the position of permanent representative of the Company at the Board of Directors or Supervisory Board of another French listed company, except as far as companies dependent upon the Klépierre Group are concerned.

It may decide the creation of committees in charge of studying the issues that itself or its Chairman submit to their review for comment.

The Supervisory Board draws up rules of procedure governing the ways in which it exercises its powers and grants authorizations to its Chairman. These internal rules specify the list of decisions for which the Executive Board must obtain the prior approval of the Supervisory Board. To this end:

- the Supervisory Board gives to the Executive Board its prior consent on the proposed allocation of the profits or losses for the past fiscal year;
- the following decisions of the Executive Board shall be submitted to the prior authorization of the Supervisory Board:
  - transactions likely to affect the strategy of the company and its Group, and to modify their financial structure and their scope of activity,
  - the issuances of securities, of any nature whatsoever, likely to entail a modification in the share capital,
  - the following transactions to the extent that they each exceed 8 million euros or its equivalent in any other currencies:
    - acquire or sell, directly or indirectly, all assets (including buildings by nature or holdings), with the exception of all transactions between Klépierre Group entities,

– in case of dispute, to enter into any agreements and settlements, and to accept any arrangement.

The Supervisory Board alone has the authority to amend its internal rules.

### Meetings of the Supervisory Board

The Supervisory Board meets as often as the interests of the Company require, at least four times a year, either at the head office or in any other location. It is convened by the Chairman and examines any item included in the agenda by the Chairman or by a simple majority of the Supervisory Board.

Meetings may be called by the Secretary of the Board and this shall be done by letter, telex, telegram fax or verbally.

However, the Chairman of the Supervisory Board shall convene the Board on a date that shall not be more than 15 days later if at least one member of the Executive Board or at least one third of the members of the Supervisory Board present a reasoned request to that effect. If the request goes unaddressed, those who submitted it may call the meeting themselves and determine the agenda.

In practice, the Chairman shall generally strive to leave a period of seven days between the notice of meeting and the Supervisory Board meetings. The Chairman shall also strive to take into account the agenda constraints of members of the Supervisory Board so as to ensure the presence of the largest number of members at each meeting.

For the Supervisory Board to deliberate validly, at least half of its members must be present.

Members of the Supervisory Board may participate in the Board's deliberations by video link or by any other means of telecommunication identifying them and guaranteeing that they can participate, except for deliberations involving the verification and control of the annual and consolidated financial statements.

Executives may attend meetings of the Board in an advisory capacity, at the initiative of the Chairman, but no internal provision of the Company shall mandate the attendance of the members of the Executive Board at meetings of the Supervisory Board. As a result, meetings may be held without the members of the Executive Board in attendance. This shall always be the case when their compensation is being discussed.

Meetings of the Supervisory Board shall be held in English and French, with, at the request of any member of the Supervisory Board, a simultaneous translation into French and English by an interpreter.

Decisions are made based on a majority of votes cast by members present or represented. If votes are evenly split, the Chairman of the meeting holds the casting vote.

A register of attendance signed by the members of the Supervisory Board attending the meeting, in their name or for the other members of the Supervisory Board that they represent, shall be kept at the head office. A Supervisory Board member may give proxy by letter, telex or telegram to another member of the Supervisory Board to represent him or her at a meeting of the Board. No member of the Supervisory Board may, during the same meeting, hold more than one proxy thus received. Proxies given by letter, fax, telex or telegram shall be attached to the register of attendance.

However, a copy or an extract of the minutes of deliberation shall constitute sufficient proof of the number of members of the Supervisory Board in office as well as their attendance or representation at a meeting of the Supervisory Board.

The members of the Supervisory Board, and any person attending the meetings of the Supervisory Board, are bound by discretion with regard to the deliberations of the Board with respect to information that is of a confidential nature or presented as such by the Chairman.

### Assessment of the Supervisory Board

At least once a year, one item on the agenda shall be devoted to assessing the operation of the Supervisory Board, and this shall be reported in the Company's registration document, so that the shareholders may be kept informed every year of the performance of the assessments and, where appropriate, any subsequent actions taken (see paragraph "2015 assessment of the Supervisory Board" below).

### Training of Supervisory Board members

Each Supervisory Board member may receive, when appointed and throughout his/her term of office, training on the specific aspects of the Company, its activity and its business lines. The members of the Audit Committee also receive, at their appointment and at their request, information on the Company's specific accounting, financial or operational aspects.

The members of the Board are regularly presented with a press release on topics relating to the Group's news as well as the economic or legal developments likely to impact it. The members also receive specialized documentation presenting the different industry developments specific to Klépierre's environment.

Furthermore, a program primarily aimed at new Supervisory Board members (it is specified that this program is obviously open to other members of the Board, if they wish to participate) is deployed when they take office, with the purpose of meeting the following objectives:

- facilitate their acquisition of knowledge about the Group's data;
- know the Group's specific business lines (such as development, construction, leasing or marketing, etc.);
- know the Group's organization;
- facilitate access to useful information for the smooth exercise of their term of office.

This program primarily entails exchanges with different operational staff. In this context, meetings are organized with a select number of Group executives: members of the Executive Board, the Investment Director, the Deputy CFO, the Development Director, the CEO of France and Belgium Shopping Centers; the Legal and Human Resources Director, one or several country Directors.

Thereafter, the members of the Supervisory Board are invited to participate, depending on their availability, in visits to one or several property assets (selected from among the most characteristic assets of the property portfolio) accompanied by an operational employee in order to better understand the company's business lines.

Lastly, the new Board members are given Diligent Board Books training to allow them to familiarize themselves with the Board's case monitoring tool.

### 5.1.1.3 Work of the Supervisory Board in fiscal year 2016

The Board met 10 times in fiscal year 2016, with an attendance rate higher than 95%. The attendance rate by Supervisory Board member is presented in the table below:

| | Individual attendance rate at Supervisory Board meetings |
|---|---|
| David Simon, Chairman of the Board | 100% |
| John Carrafiell | 100% |
| Béatrice de Clermont-Tonnerre | 88%* |
| Bertrand de Feydeau | 90% |
| Jeroen Drost | 100% |
| Steven Fivel | 100% |
| Stanley Shashoua | 100% |
| Catherine Simoni | 90% |
| Rose-Marie Van Lerberghe | 90% |
| Florence Von Erb | 100%* |

* *Calculation of the attendance rate based on the number of meetings held since of the appointment of the new Supervisory Board members.*

The main points debated during these meetings were:

- **the financial statements and budget:**
  - (i) the parent company and consolidated financial statements for the year ended December 31, 2015,
  - (ii) the June 30, 2016 interim consolidated financial statements,
  - (iii) the management documents used for budgeting and forecasting purposes,
  - (iv) the Executive Board's quarterly business review,
  - (v) the updated 2016 Budget and the adoption of the 2017 Budget;
- **authorizations granted to the Executive Board:**
  - (i) the authorization granted annually to the Executive Board to issue guarantees and endorsements,
  - (ii) authorizations to invest and divest in France and abroad,
  - (iii) regulated agreement authorizations,
  - (iv) authorizations regarding financing;
- **corporate governance:**
  - (i) proposal for renewal/nomination of members of the Supervisory Board,
  - (ii) membership of the Board and Special-purpose Committees,
  - (iii) self-assessment of its procedures,
  - (iv) situation of Executive Board members (including the nomination of a new Chairman of the Executive Board),
  - (v) compensation of the Executive Board members;
- preparation for the 2016 Annual General Meeting of Shareholders;
- the 2016 bonus share allocation plan;
- the Dutch FBI tax rules;
- the amendment of the internal rules of the Supervisory Board.

#### 2015 assessment of the Supervisory Board

As previously mentioned, each year, the Board formally conducts a formal assessment of its procedures and those of its Special-purpose Committees. As required by the AFEP-MEDEF Code, this involves checking that the agenda for the Board's work covers the scope of its missions, that important questions are prepared and discussed in a satisfactory manner, and assessing the actual contribution of each member to the Board's work and their involvement in deliberations.

For 2015, a formal assessment was conducted, through a questionnaire addressed to the members of the Supervisory Board. This questionnaire included 25 questions with a scoring scale and also invited the members to write qualitative comments on different topics. Members were also asked to express an opinion on the composition of the Board and Committees, the number of meetings of these bodies, the preparation and holding of meetings, the role and performance of their tasks by Special-purpose Committees, and generally, the quality and effectiveness of debates.

This assessment showed that the members of the Supervisory Board had expressed their overall satisfaction concerning the procedures of the Board and those of its Committees.

The improvement points primarily concerned the time taken to transmit documentation submitted to the Board and the time devoted to strategic topics and business activities of the Group.

These remarks having been taken into account and in order to improve the procedures of the Board and Committees, it was decided to plan to have the documentation available even earlier ahead of each meeting. In addition, the Chairman of the Board has asked that the Board agenda regularly include recurrent topics related to the Group's business activities with specific focus on geographic areas as well as Klépierre's financial position.

For 2016, an internal assessment of the Supervisory Board was also conducted, using a questionnaire distributed to members of the Board. The findings will be reported to the shareholders in the registration document for fiscal year 2017.

## 5.1.2 Special-purpose Committees

To fulfill its duties, the Supervisory Board has set up Special-purpose Committees. Within its area of expertise, each Committee issues proposals, recommendations and opinions, where required, and reports on its duties to the Supervisory Board.

The Committees are:

- the Investment Committee;
- the Audit Committee;
- the Nomination and Compensation Committee;
- the Sustainable Development Committee.

### 5.1.2.1 Investment Committee

#### Membership of the Investment Committee

This Committee has at least three and no more than six members chosen by the Supervisory Board from among its members.

The chart below highlights the composition of this Committee as of the filing of this registration document as well as the changes that occurred during the 2016 fiscal year:

| Name | Changes that occurred during the fiscal year |
|---|---|
| David Simon, Chairman | N/A |
| Bertrand de Feydeau | |
| Jeroen Drost | |
| Steven Fivel | |
| Stanley Shashoua | |

The proportion of independent members is 20%.

#### Operation of the Investment Committee

The Committee meets at least twice a year on the understanding that the calendar of its meetings is set by the Board. However, the Committee may meet at the request of at least two of its members.

The members of the Committee may participate in Committee meetings by videoconference or by any other means of telecommunication which allows their identification and guarantees their actual attendance.

For it to be able to deliberate validly, at least half of the Committee's members must be present. One Committee member cannot be represented by another.

Meetings of the Committees are held in English and French, with, at the request of any member of a Committee, a simultaneous translation into French and English by an interpreter.

#### Work of the Investment Committee

##### Missions

The role of this Committee is to consider potential investments and disposals proposed to it before they are formally authorized by the Supervisory Board. To this end, it reviews the real estate, commercial, legal and financial aspects of the transactions. In particular, it ensures that these transactions are consistent with the strategy and satisfy the investment criteria of the Klépierre Group. Before issuing a favorable opinion, the Investment Committee may, if needed, ask for additional information about or recommend changes in some or all of the real estate, commercial, legal or financial aspects.

##### Work of the Investment Committee in 2016

In 2016, the Investment Committee met four times, with an attendance rate of 90%.

The most significant proposals related to:

- the disposal of two Spanish assets located in Madrid and Caceres;
- the disposal of the Rybnik Plaza shopping center in Poland;
- the disposal of nine Buffalo Grill restaurants and a retail park, in France;
- the acquisition of nine assets close to the Blagnac shopping center, in France;
- the disposal of 117 co-owned properties corresponding to 56 boutiques, dependent on the Charras shopping center, in France;
- the acquisition of a surface area of 6,868 sq. m of GLA inside the Nový Smìchov shopping center, in the Czech Republic;
- the disposal of three assets in Scandinavia (Torp, Sweden; Asane and Lillestrøm, Norway);
- the disposal of the Maisonément Boissénart retail park, in France;
- the disposal of the offices located in the Emporia shopping center, in Malmö, Sweden.

### 5.1.2.2 Audit Committee

#### Membership of the Audit Committee

This Committee has at least three and no more than six members chosen by the Supervisory Board from among its members.

The chart below highlights the composition of this Committee as of the filing of this registration document as well as the changes that occurred during the 2016 fiscal year:

| Name | Changes that occurred during the fiscal year |
|---|---|
| John Carrafiell, Chairman | John Carrafiell was appointed Chairman of the Audit Committee to replace Bertrand Jacquillat, whose term of office expired at the close of the April 19, 2016 General Meeting of Shareholders |
| Bertrand Jacquillat, Chairman | The term of office of Bertrand Jacquillat expired at the close of the April 19, 2016 General Meeting of Shareholders |
| Stanley Shashoua | — |
| Rose-Marie Van Lerberghe | — |
| Florence Von Erb | Florence Von Erb was appointed member of the Audit Committee on April 19, 2016 |

The proportion of independent members was 75%, including the Chairman.

In accordance with the report of the Working Group of the French Financial Markets Authority (AMF) on Audit Committees, the Supervisory Board has determined the criteria to be taken into account to determine whether a person has particular competence in financial and/or accounting matters in particular for listed companies. To this end, the Board takes into account a person's professional experience and/or academic training.

In light of their professional experience in particular, all members of the Audit Committee are considered by the Board to have particular competence in financial matters.

#### Operation of the Audit Committee

The Committee meets at least twice a year on the understanding that the calendar of its meetings is set by the Board. However, the Committee may meet at the request of at least two of its members.

The members of the Committee may participate in Committee meetings by videoconference or by any other means of telecommunication which allows their identification and guarantees their actual attendance.

For it to be able to deliberate validly, at least half of the Committee's members must be present. One Committee member cannot be represented by another.

Meetings of the Committees are held in English and French, with, at the request of any member of a Committee, a simultaneous translation into French and English by an interpreter.

## Work of the Audit Committee

### Missions

The Committee is tasked by the Supervisory Board with:

1. reviewing and assessing the financial documents issued by the Company and with monitoring the process of preparing financial information and, where appropriate, issuing recommendations to safeguard its integrity;
2. monitoring the effectiveness of:

   2.1 the Company's external audit:

   - by issuing a recommendation to the Supervisory Board on the statutory auditors proposed for appointment at Klépierre's Annual General Meeting in accordance with the applicable regulations,
   - by issuing a recommendation to the Supervisory Board when the statutory auditor(s) is/(are) set to be re-appointed for another term, in accordance with the applicable regulations,
   - by monitoring the performance by the statutory auditors of their duties, in the light of any observations and conclusions stated by the Haut Conseil du Commissariat aux Comptes (French regulatory body for statutory auditors) following the controls conducted in accordance with the law, and by reviewing with the statutory auditors every year:
     - their work programs,
     - the conclusions they drew on the basis of their assignments,
     - their recommendations and the follow-up work carried out;
   - by making sure that the statutory auditors satisfy the independence requirements applicable to them,
   - by taking the requisite measures pursuant to paragraph 3 of Article 4 of Regulation (EU) no. 537/2014 and by ensuring that the requirements of Article 6 of said regulation are met. To this end, the Audit Committee shall discuss with the statutory auditors the evidence supporting their compliance with the requirements in terms of the length of appointments, prohibited services and caps on fees,
   - by approving the provision to the Group, either in France or elsewhere, by the statutory auditors or members of their network, of non-statutory audit services as provided for in the applicable internal procedure, and in particular after analyzing the threats to the independence of the statutory auditors and the safeguards applied by them,
   - by taking receipt of the additional report to the statutory auditors' audit report and by discussing with them the issues raised in this report;

   2.2 Klépierre's internal control and risk management systems, and internal audit function concerning procedures for the preparation and processing of accounting and financial information:

   - by evaluating internal control, risk management and internal audit systems with Klépierre's internal control managers,
   - by reviewing with them:
     - the work and action programs in relation to internal controls,
     - the conclusions drawn on the basis of their assignments and actions taken,
     - their recommendations and the follow-up work carried out;
   - by reviewing how the regulatory internal control obligations apply;
3. reporting to the Supervisory Board on (i) the conduct of its duties (ii) the results of the statutory audit assignment, how this assignment contributed to the integrity of the financial information and its role in the process;
4. immediately informing the Supervisory Board of any difficulties encountered.

The following people attend the Committee meetings: the Chairman of the Executive Board, the members of the Executive Board (including the Chief Financial Officer), representatives of the Statutory Auditors. The Deputy Chief Financial Officer, the Head of Accounting and the Director of Internal Control also attend the meetings.

The Audit Committee may also, in accordance with its internal rules, hear any person it wishes, including all external experts, ask the Executive Board to conduct any hearing and give it any information that it requests.

### Work of the Audit Committee in 2016

The Audit Committee met three times in fiscal year 2016, with an attendance rate of 100%. Its work focused mainly on:

- reviewing the annual and interim parent company and consolidated financial statements, reviewing material subsequent events and their impact and reviewing off-balance sheet commitments and risks;
- monitoring the principal indicators: cash-flow, net asset value and EPRA Earnings;
- monitoring of financial ratios;
- keeping track of areas of expertise and expert methodology;
- conducting a tax review of the Group;
- the terms of the Statutory Auditors and the fee income budget proposed for fiscal year 2017;
- reviewing the audit conclusions issued by the Statutory Auditors, their budget for 2016 and their declaration of independence;
- the European Audit Reform;
- the amendment of the internal rules of the Audit Committee;
- the review of 2016 internal control actions (risk management, internal audit, ethics and procedures) and approval of its 2017 action plan;
- exposure draft on the change of accounting model for investment property in the consolidated financial statements, transition from the Cost Model to the Fair Value Model (IAS 40).

### 5.1.2.3 The Nomination and Compensation Committee

#### Membership of the Nomination and Compensation Committee

This Committee has at least two and no more than five members chosen by the Board from among its members.

The chart below highlights the composition of this Committee as of the filing of this registration document as well as the changes that occurred during the 2016 fiscal year:

| Name | Changes that occurred during the fiscal year |
|---|---|
| Bertrand de Feydeau, Chairman | — |
| Jeroen Drost | Jeroen Drost was appointed a member of the Nomination and Compensation Committee on April 19, 2016 |
| Steven Fivel | — |
| Catherine Simoni | Catherine Simoni was appointed a member of the Nomination and Compensation Committee on February 2, 2017 |
| Rose-Marie Van Lerberghe | — |

The proportion of independent members was 60%, including the Chairman.

#### Operation of the Nomination and Compensation Committee

The Committee meets at least once a year on the understanding that the calendar of its meetings is set by the Board. However, the Committee may meet at the request of at least two of its members.

The members of the Committee may participate in Committee meetings by videoconference or by any other means of telecommunication which allows their identification and guarantees their actual attendance.

For it to be able to deliberate validly, at least half of the Committee's members must be present. One Committee member cannot be represented by another.

Meetings of the Committees are held in English and French, with, at the request of any member of a Committee, a simultaneous translation into French and English by an interpreter.

#### Work of the Nomination and Compensation Committee

##### Missions

This Committee is tasked by the Supervisory Board to prepare recommendations for the Board concerning the nomination and compensation of Executive Board and Supervisory Board members and the compensation policy of the Chairman and Vice Chairman of the Supervisory Board and the members of the Executive Board (including grants of performance shares or stock options).

##### Work of the Nomination and Compensation Committee in 2016

It met nine times during fiscal year 2016, with an attendance rate of 97%.

Its work focused mainly on:

- the governance of the Supervisory Board;
- the renewal/nomination of members of the Supervisory Board;
- the composition of the Special-purpose Committees;
- the assessment of the Supervisory Board's operation;
- directors' fees;
- the succession plan of the executive corporate officers (review, monitoring);
- the implementation of the succession plan and, more particularly, the termination of Laurent Morel's appointments as Chairman and Executive Board member;
- the nomination of Jean-Marc Jestin as Chairman of the Executive Board and the determination of his compensation;
- the authority to enter into settlement agreements following the termination of Laurent Morel's appointment as corporate officer, in order to terminate his previously suspended employment contract and the amount of compensation likely to be paid to him in this respect;
- the compensation of members of the Executive Board and arrangements for determining their 2016 variable compensation (and, in particular, a review of the criteria for determining the qualitative component of variable compensation);
- the review of a 2016 bonus share allocation plan;
- the amendment of the internal rules of the Supervisory Board and of the internal rules of the Nomination and Compensation Committee.

As part of its work related to the composition of the Supervisory Board and Special-purpose Committees, the Committee takes account of diversity, independence, skills and gender parity criteria prior to proposing to the Board the renewals of terms of members or the appointments of new members to the Board or its committees.

### 5.1.2.4 The Sustainable Development Committee

#### Membership of the Sustainable Development Committee

This Committee has at least two and no more than four members chosen by the Board from among its members.

The chart below highlights the composition of this Committee as of the filing of this registration document as well as the changes that occurred during the 2016 fiscal year:

| Name | Changes that occurred during the fiscal year |
|---|---|
| Steven Fivel Chairman | — |
| Béatrice de Clermont-Tonnerre | Béatrice de Clermont-Tonnerre was appointed a member of the Sustainable Development Committee on April 19, 2016 |
| Stanley Shashoua | — |
| Catherine Simoni | — |

The proportion of independent members is 50%.

## Operation of the Sustainable Development Committee

The Committee meets at least twice a year on the understanding that the calendar of its meetings is set by the Board. However, the Committee may meet at the request of at least two of its members.

The members of the Committee may participate in Committee meetings by videoconference or by any other means of telecommunication which allows their identification and guarantees their actual attendance.

For it to be able to deliberate validly, at least half of the Committee's members must be present. One Committee member cannot be represented by another.

Meetings of the Committees are held in English and French, with, at the request of any member of a Committee, a simultaneous translation into French and English by an interpreter.

## Work of the Sustainable Development Committee

### Missions

This Committee is tasked by the Board with:

- cataloging the principal categories of risk to which Klépierre's business is exposed;
- monitoring the action program drawn up to contend with these;
- reviewing the Klépierre Group's contribution to sustainable development.

### Work of the Sustainable Development Committee in 2016

It met three times during the 2016 fiscal year, with an attendance rate of 100%.

Its work focused mainly on:

- the environmental, social and societal performance of the Group during 2015 and the current year through quarterly monitoring;
- the integration of new assets and new countries into the sustainable development strategy and the deployment of the Group's tools and methodologies;
- the results of the main indicators and non-financial rating agencies;
- the Group's consumption of electrical and other energy and ways to improve efficiency.

## 5.1.3 Executive Board

### 5.1.3.1 Membership of the Executive Board

As of the filing date of this registration document, the Executive Board consists of two members:

- Jean-Marc Jestin, Chairman of the Executive Board; and
- Jean-Michel Gault, member of the Executive Board and Deputy CEO of Klépierre.

### Biographies of members of the Executive Board[(1)]

**JEAN-MARC JESTIN** — Business address: 26, boulevard des Capucines, 75009 Paris, France

48 years old – A graduate of HEC – French nationality

**Career**

Jean-Marc Jestin has been Chairman of the Klépierre Executive Board since November 7, 2016, after serving as Chief Operating Officer and member of the Klépierre Executive Board since October 18, 2012. Previously, Jean-Marc Jestin held a number of positions in real estate companies. He was Chief Financial Officer and then Chief Operating Officer of the pan-European platform Simon Ivanhoe from 1999 to 2007. He then changed to Unibail-Rodamco International team, acting as Deputy Chief Investment Officer in charge of acquisitions, sales and M&A transactions. Jean-Marc Jestin started his career in 1991 at Arthur Andersen in an audit function where he contributed to the development of the Real Estate Practice.

**Chairman of the Executive Board**
**Date of first appointment as member of the Executive Board:** October 18, 2012
**Date of first appointment as Chairman of the Executive Board:** November 7, 2016
**Period of appointment:** June 22, 2016 – June 21, 2019

**Number of Klépierre shares:** 62,419

**Current appointments as of December 31, 2016**
**Klépierre**
Appointments in several subsidiaries*
**Outside Klépierre**
None

**Appointments expired during the last five years**

- Chairman and Deputy CEO:
  - SAS Immobilière Lidice
  - Rodamco France
- Non-Partner Manager:
  - Société Foncière Immobilière
- Chairman:
  - Uni-Commerces
- Deputy CEO:
  - Alba
  - SAS Immobilière Château Garnier
  - Unibail Management
- Co-Managing partner:
  - Unibail Rodamco SIF France
  - Groupe BEG
  - Foncière d'Investissement
  - Unibail Rodamco SIF Services
  - BAY 1 BAY 2
  - BEG Investissements
  - TC Design
- Managing Partner:
  - Rodamco Česká republika s.r.o. (renamed Unibail-Rodamco Česká republika s.r.o.) (Czech Republic)
  - Centrum Černý Most a.s. (Czech Republic)
  - Centrum Praha Jih - Chodov s.r.o. (Czech Republic)
  - Rodamco Pankrác a.s. (Czech Republic)
  - Moravská Obchodní, a.s. (Czech Republic)
  - Euro-Mall Kft (Hungary)
  - Vezér Center Kft (Hungary)
  - Rodamco Deutschland GmbH (Germany)
  - Arkadia Centrum Handlowe Sp. z o.o. (Poland)
  - Wileńska Centrum Handlowe Sp. z o.o. (Poland)
  - Gdańsk Station Shopping Mall Sp. z o.o. (Poland)
  - Wileńska Station Shopping Mall Sp. z o.o. (Poland)
  - Łódź Nord Shopping Mall Sp. z o.o. (liquidated) (Poland)
  - Wroclaw Garage Shopping Mall Sp. z o.o. (liquidated) (Poland)
  - Bydgoszcz Shopping Mall Sp. z o.o. (liquidated) (Poland)
  - Gliwice Shopping Mall Sp. z o.o. (liquidated) (Poland)
  - Polskie Domy Handlowe Sp. z o.o. (liquidated) (Poland)
- Supervisory Board Member:
  - Rodamco CH1 Sp. z o.o. (Poland)

* *No compensation in the form of directors' fees or other is paid or due under the appointments exercised at the level of the Group's subsidiaries.*

(1) *In accordance with EC Regulation 809/2004 of April 29, 2004, this section does not include those Klépierre subsidiary companies in which the corporate officers are also, or have been in the previous five years, a member of the governing, management or supervisory body.*

**(Jean-Marc Jestin, continued)**

**Appointments expired during the last five years**

- Director:
  - Union Internationale Immobilière
  - Rodamco France
  - "Andraka" Beteiligungsverwaltungs GmbH (Austria)
  - Donauzentrum Betriebsführungsgesellschaft m.b.H. (Austria)
  - DX - Donauplex Betriebsgesellschaft m.b.H (Austria)
  - SCS Infrastruktur GmbH (Austria)
  - SCS Liegenschaftsverwertung GmbH (Austria)
  - SCS Motor City Süd Errichtungsges.m.b.H. (Austria)
  - SCS Werbegesellschaft mbH (Austria)
  - Shopping Center Planungs- und Entwicklungsgesellschaft mbH (Austria)
  - Unibail-Rodamco Austria Verwaltungs GmbH (former Shopping Center Vösendorf Verwaltungsgesellschaft m.b.H.) (Austria)
  - Unibail-Rodamco Invest GmbH (Austria)
  - Unibail-Rodamco Austria Beteiligungsverwaltung GmbH (Austria)
  - Aupark a.s. (Austria)
  - Immobilien-Kommanditgesellschaft Dr. Muhlhauser & Co.
  - Einkaufs-Center Magdeburg (after disposal renamed "Allee-Center Magdeburg KG") (Germany)
  - Kommanditgesellschaft Schliebe&Co Geschäftszentrum FrankfurterAllee (Friedrichshein) (today renamed to "Ring-Center I Berlin KG") (Germany)
  - Rodamco Europe Beheer B.V. (the Netherlands)
  - Rodamco Russia B.V. (the Netherlands)
  - Rodamco Nederland B.V. (the Netherlands)
  - Unibail-Rodamco Nederland B.V. formerly RNN Monumenten B.V. (the Netherlands)
  - Rodamco Nederland Winkels B.V. (the Netherlands)
  - Rodamco Central Europe B.V. (the Netherlands)
  - Rodamco España B.V. (the Netherlands)
  - Rodamco Austria B.V. (the Netherlands)
  - Rodamco Czech B.V. (the Netherlands)
  - Unibail-Rodamco Poland 1 B.V. (the Netherlands)
  - Unibail-Rodamco Poland 2 B.V. (the Netherlands)
  - Rodamco Deutschland B.V. (the Netherlands)
  - Rodamco Hungary B.V. (the Netherlands)
  - Rodamco Project 1 B.V. (the Netherlands)
  - Cijferzwaan B.V. (the Netherlands)
  - Dotterzwaan B.V. (the Netherlands)
  - European Retail Enterprises II B.V. (the Netherlands)
  - UR Steam SLU (Spain)
  - Essential Whites SLU (Spain)
  - Proyectos Immobiliarios Time Blue SLU (Spain)
  - Promociones Immobiliarias Gardiner SLU (Spain)
  - UR Inversiones SLU (Spain)
  - UR Proyecto Badajoz SLU (Spain)
  - UR Spain SAU (Spain)
  - UR Ocio SLU (Spain)
  - Proyactos Immobiliaros New Visions SLU (Spain)

**JEAN-MICHEL GAULT** — Business address: 26, boulevard des Capucines, 75009 Paris, France

56 years old – A graduate of École supérieure de commerce de Bordeaux – French nationality

**Career**

Jean-Michel Gault has served as Deputy CEO of Klépierre since January 1, 2009. He has been a Member of the Executive Board since June 1, 2005. Jean-Michel Gault joined Klépierre in 1998 as Chief Financial Officer, after a 10-year career in the Paribas Group. In 2009, his role was expanded to include the Office Property division. In this role, he supervised Klépierre's merger with Compagnie Foncière for which he was acting as Chief Financial Officer within the Real Estate Investment division of Paribas. Previously, he was Head of Financial Services and then appointed Chief Financial Officer at Cogedim, a Paribas subsidiary at that time. Jean-Michel Gault began his career with GTM International (Vinci Group) as a financial controller.

**Member of the Executive Board**
**Date of first appointment:** June 1, 2005
**Start and end dates of appointment:** June 22, 2016 – June 21, 2019

**Number of Klépierre shares:** 42,697

**Current appointments as of December 31, 2016**
**Klépierre**
Appointments in several subsidiaries*
**Outside Klépierre**
None

**Appointments expired during the last five years**
None

* *No compensation in the form of directors' fees or other is paid or due under the appointments exercised at the level of the Group's subsidiaries.*

#### 5.1.3.2 Operation of the Executive Board

The Executive Board is appointed by the Supervisory Board for three years. The members of the Executive Board may be removed, in accordance with the law and the Company's bylaws, by the Supervisory Board or by the General Meeting of Shareholders.

The Supervisory Board elects one of the Executive Board members as its Chairman. The Chairman carries out his or her duties throughout his or her term as a member of the Executive Board. The Chairman of the Executive Board represents the Company in its relations with third parties.

The Executive Board meets as often as the Company's interests require. These meetings are held at the head office or at any other venue as indicated in the notice of meeting.

At least half of the Executive Board members must be present for proceedings to be considered valid. Decisions are adopted by the majority of votes of members present and represented. The Executive Board is vested with the most extensive powers to act on the Company's behalf in all circumstances. It exercises these powers within the limits of the corporate purpose, subject, however, to those expressly attributed by law and the bylaws to the Supervisory Board or General Meetings of Shareholders.

Under the control of the Supervisory Board, it must, in particular:

- present the Supervisory Board with a report on the Company's business at least once every quarter;
- present the Supervisory Board with the annual financial statements, and where applicable, the consolidated financial statements for audit and control, within three months of each reporting date;
- communicate the management documents used for budgeting and forecasting purposes as well as an analysis report, within eight days of their completion and within four months of the start of the reporting period at the latest.

### 5.1.4 Management bodies

The Executive Board is backed by a Corporate Management team which meets every fortnight to prepare the decisions of the Executive Board in the field of operations, finance, information systems, legal, human resources and more generally, any other corporate subject.

The Corporate Management Team comprises the following members:

- the Executive Board;
- the Director of Human Resources and of the Legal Department;
- the Chief Operating Officer;
- the Deputy Chief Financial Officer;
- the Director of Development;
- the Investments Director;
- the Communications Director;
- the France CEO.

Furthermore, in order to strengthen the collaborative participation of the different countries in the Group, the Executive Board also relies on a Group Management team comprising all members of the Corporate Management team as well as all country managers. The Group Management team meets once every quarter to receive from the Executive Board the Group's guidelines in the field of strategy and innovation and to a) share information about the operational performance of the countries and progress made on development projects, b) discuss the organization projects, procedures and tools, and c) share best practices and innovations.

# 5.2 Compensation and benefits of executive corporate officers

## 5.2.1 Compensation of Supervisory Board members

### 5.2.1.1 Compensation policy for Supervisory Board members

This section is the first part of the report set out by Article L. 225-82-2 of the French Commercial Code.

In accordance with that article, this report is subject to the approval of the Ordinary General Meeting of Shareholders on April 18, 2017. Such approval is sought in the context of specific resolutions (resolution no. 12 in the case of the compensation policy for members of the Supervisory Board).

The compensation of Supervisory Board members only consists of directors' fees paid by Klépierre, for which the maximum amount is voted on by the General Meeting and the distribution is decided by the Supervisory Board.

In compliance with the AFEP-MEDEF Code, the distribution rules for directors' fees include a fixed portion and a variable portion, which is the major portion, calculated based on actual attendance at the meetings.

In accordance with Article 17, paragraph 1 of the Company's bylaws, the General Meeting sets the total amount of the directors' fees allocated to the Supervisory Board members for their work during the fiscal year. This total annual amount was set at 700,000 euros. This total will be maintained for subsequent fiscal years until a General Meeting's decision to the contrary.

Attendance fee payments are made annually and occur after determining the variable portion due to each Supervisory Board member.

Supervisory Board members can also be reimbursed for all reasonable costs and expenses arising from the exercise of their duties, subject to providing the proof required.

From fiscal year 2017, there is expected to be an annual total of 700,000 euros that will be distributed in the maximum amount of 688,000 euros, taking into account the fact that the Supervisory Board will comprise nine members at the end of the General Meeting of April 18, 2017:

- 132,000 euros to be distributed between the relevant Board members for service as Chairman of the Supervisory Board, Vice Chairman of the Supervisory Board, Chairman of the Audit Committee, Chairman of the Investment Committee, Chairman of the Nomination and Compensation Committee or Chairman of the Sustainable Development Committee, i.e., 22,000 euros, for the fixed portion, per office as Chairman or Vice Chairman;
- 332,000 euros, to be distributed between the Board members for service as Supervisory Board members, of which:
  - 108,000 euros, for the fixed portion, distributed between the Board members,
  - 224,000 euros, for the variable portion, based on the actual attendance of members at Board meetings;
- 224,000 euros, to be distributed between the relevant Board members for service as members of one or more Committees, for the variable portion, based on the actual attendance of members at meetings of the Committees to which they were appointed.

### 5.2.1.2 Compensation of Supervisory Board members

The total amount of attendance fees was set exceptionally at 550,000 euros for fiscal year 2016. This amount is part of the overall total of 700,000 euros voted on by the General Meeting in 2016 and the commitment undertaken to gradually use the 300,000-euro increase, to the overall total approved by the same General Meeting, in the amount of 150,000 euros in 2016 and 150,000 euros in 2017.

For fiscal year 2016, the distribution rules were as follows:

- 120,000 euros distributed between the relevant Board members for service as Chairman of the Supervisory Board, Vice Chairman of the Supervisory Board, Chairman of the Audit Committee, Chairman of the Investment Committee, Chairman of the Nomination and Compensation Committee or Chairman of the Sustainable Development Committee, i.e. 20,000 euros, for the fixed portion, per office as Chairman or Vice Chairman;
- 265,000 euros distributed between the Board members for service as Supervisory Board members, of which:
  - 100,000 euros, for the fixed portion, distributed between the Board members,
  - 165,000 euros, for the variable portion, based on the actual attendance of members at Board meetings;
- 165,000 euros distributed between the relevant members of the Board for service as members of one or more Committees, for the variable portion, based on the actual attendance of members at meetings of the Committees to which they were appointed.

In accordance with the compensation policy for Supervisory Board members described above, the total amount of directors' fees paid for fiscal year 2016 was 529,827 euros (including 312,969 euros for the variable portion).

The compensation of Supervisory Board members is established as shown in the table below:

**Table 3 – Attendance fees and other compensation received by non-executive corporate officers**

| | Gross amounts paid during fiscal year 2015 (for 2014) | | Gross amounts paid during fiscal year 2016 (for 2015) | | Gross amounts paid during fiscal year 2017 (for 2016) | |
|---|---|---|---|---|---|---|
| *In euros* | Directors' fees | Other compensation | Directors' fees | Other compensation | Directors' fees | Other compensation |
| David Simon | 53,952 | – | 58,614 | – | 75,071 | – |
| Dominique Aubernon(1) | 32,968 | – | 52,089 | – | – | – |
| John Carrafiell(2) | – | – | 22,717 | – | 46,972 | – |
| Béatrice de Clermont-Tonnerre(3) | – | – | – | – | 21,503 | – |
| Bertrand de Feydeau | 41,490 | – | 49,923 | – | 90,849 | – |
| Jeroen Drost(2) | – | – | 24,295 | – | 45,786 | – |
| Steven Fivel | 46,814 | – | 56,233 | – | 78,643 | – |
| Bertrand Jacquillat(4) | 33,814 | – | 42,036 | – | 15,991 | – |
| François Kayat(5) | 27,419 | – | 11,169 | – | – | – |
| Vivien Lévy-Garboua(6) | 18,134 | – | – | – | – | – |
| Stanley Shashoua(7) | – | – | 25,332 | – | 45,786 | – |
| Catherine Simoni | 18,505 | – | 23,050 | – | 31,279 | – |
| Philippe Thel(8) | 7,469 | – | 333 | – | – | – |
| Rose-Marie Van Lerberghe | 19,433 | – | 33,346 | – | 50,564 | – |
| Florence Von Erb(9) | – | – | – | – | 27,383 | – |
| **TOTAL** | **300,000** | **–** | **399,137** | **–** | **529,827** | **–** |

*(1) Resignation with effect from December 11, 2015.*
*(2) Appointment with effect from January 15, 2015 – no directors' fees for fiscal year 2014.*
*(3) Appointment with effect from April 19, 2016 – no directors' fees for fiscal year 2015.*
*(4) End of term: April 19, 2016.*
*(5) End of term: April 14, 2015.*
*(6) Resignation with effect from July 1, 2014.*
*(7) Appointment with effect from April 14, 2015 – no directors' fees for fiscal year 2014.*
*(8) Resignation with effect from January 15, 2015.*
*(9) Co-optation with effect from February 17, 2016 – ratification by the Klépierre Shareholders General Meeting of April 19, 2016 – no attendance fees for fiscal year 2015.*

## 5.2.2 Compensation of Executive Board members

In accordance with paragraph 24.1 of the AFEP-MEDEF Code, the compensation policy and all compensation and benefits allocated to each executive corporate officer are determined by the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee.

To do so, the Nomination and Compensation Committee and then the Supervisory Board take into account all of the various items that comprise it and the balance between these items by using transparent and intelligible principles.

The Company fully complies with the AFEP-MEDEF Code recommendations on compensation.

### 5.2.2.1 Compensation policy for Executive Board members

This section is the second part of the report set out by Article L. 225-82-2 of the French Commercial Code.

In accordance with that article, this report is subject to the approval of the Ordinary General Meeting of Shareholders on April 18, 2017. Such approval is sought in the context of resolutions specific to each member of the Executive Board (resolution no. 13 in the case of the Chairman of the Executive Board and resolution no. 14 in the case of the Members of the Executive Board).

#### Principles and criteria in determining the compensation of Executive Board members

At the start of each year, the Nomination and Compensation Committee performs a general review of the different components of the compensation in order to:

- analyze the level of relevance of annual fixed compensation, taking into account events that affect the company and other items of compensation;
- determine the amount of short-term variable compensation on the basis of performance criteria established at the beginning of the previous year;
- establish the performance criteria and the calculation method for variable compensation for the coming year;
- determine the amount granted for long-term incentive and the attached performance criteria.

The Supervisory Board then determines its compensation policy, on the recommendation of the Nomination and Compensation Committee, taking into account the principles of the AFEP-MEDEF Code: exhaustiveness, balance between the components of the compensation, comparability, consistency, clear rules and moderation.

When establishing its compensation policy for Executive Board members, the Supervisory Board also takes into account any severance payment that the Executive Board members benefit from whether as part of their suspended employment contract (as is the case for example for Jean-Michel Gault) or under a commitment to Article L. 225-90-1 of the French Commercial Code that is subject to the shareholders' approval (as is the case for example for Jean-Marc Jestin) (details of such a commitment in the case of Jean-Marc Jestin are set out on page 280 of this registration document).

In addition, throughout the year the Nomination and Compensation Committee regularly monitors the different performance criteria set for establishing variable compensation and long-term incentive.

The Supervisory Board, on the proposal of the Nomination and Compensation Committee, also endeavors to ensure that the compensation of Executive Board members respects the criteria stated below.

## In summary

### Indicative timeline showing the steps required in determining the compensation of Executive Board members

| Schedule for 1 year | From June of year Y-1 to February of year Y | From February of year Y | | April of year Y | Post General Meeting of the shareholders of year Y |
|---|---|---|---|---|---|
| Leader body | Nomination and Compensation Committee | Supervisory Board | Executive Board | General Meeting of the shareholders | Nomination and Compensation Committee |
| Work completed | Discussion of the compensation of each member of the Executive Board, in particular:<br>1) General structure: review and assessment of the relevance of the general structure of compensation<br>2) Fixed annual compensation: analysis of the fixed annual compensation level<br>3) Annual variable compensation:<br>– determination of the amount of short-term variable compensation due for year Y-1 on the basis of performance criteria established at the beginning of year Y-1<br>– determination of the applicable performance criteria and the short-term variable compensation for year Y<br>4) Long-term incentive:<br>– setting the total amount that may be allocated to Executive Board members<br>– determination of the performance criteria to be applied to the current share allocation plan for year Y<br>5) Other benefits: analysis of applicable governance regulations and changes regarding this matter (for example, numerous analyses carried out as part of the introduction, by the Sapin II law, of the say-on-pay relating to the compensation policy applied by Klépierre) | Supervisory Board decisions concerning the compensation of each Executive Board member (including in particular the fixed annual compensation, the annual variable compensation and the long-term incentive), on the basis of recommendations by the Nomination and Compensation Committee<br>Observation of performance levels attained for the long-term incentive reaching maturity | With respect of the long-term incentive of the year, effective allocation to the members of the Executive Board, based on the allocation decided by the Supervisory Board | Submission to the shareholders' vote of the compensation elements paid to each Executive Board member for year Y-1 (as part of the non-binding say-on-pay)<br>Submission to the shareholders' vote of the compensation policy applied by Klépierre for year Y<br>Submission to the shareholders' vote of other compensation elements (for example, authorization to issue long-term incentive such as stock options or performance shares, or likewise to a vote under the rules applicable to regulated agreements) | Report on the General Meeting of year Y (including analysis of the meaning of the vote on the say-on-pay resolutions, analysis of comments from investors and proxy advisors) |
| Goals sought | Define a close link between performance and compensation<br>Arrive at a compensation structure that all stakeholders consider balanced and satisfactory<br>Promote long-term growth and commitment of Group employees, while ensuring a convergence of interests for the shareholders and employees | | | | |
| Means mobilized | Use of specialized, independent, and prominent experts<br>Study of different panels (for which the Committee regularly ensures relevance)<br>Meeting with investors and the proxy advisors<br>Legal department<br>Human Resources Department | | | | |
| Unifying principles | Exhaustiveness, balance between the compensation elements, comparability, consistency, clear rules and moderation | | | | |

#### Compensation must be in line with shareholders' interests

In its compensation policy and in accordance with paragraph 24.1.2 of the AFEP-MEDEF Code, the Company ensures that executive corporate officer compensation is aligned with shareholders' interests by taking into account changes in the profitability of Klépierre stock.

Accordingly, executive corporate officer compensation is very preponderantly subject to performance conditions, be it for the short-term variable portion or for the allocation of performance shares. The portion representing long-term incentive is particularly important and accounts for approximately one third of total compensation for one year. It is notably based on total shareholder return, which measures return on investment with regard to market performance and dividends received by shareholders, in line with shareholders' interests.

#### Compensation must be based on performance

The purpose of the compensation policy is to reward performance. As such, a significant portion of the variable compensation of executive corporate officers is subject to the achievement of financial and operational criteria and is determined annually by the Supervisory Board on the proposal of the Nomination and Compensation Committee.

The two categories of criteria used are quantitative and qualitative:

- criteria common to the members of the Executive Board are more specifically used to determine their quantitative variable compensation. These criteria reflect the performance of the Company under the chairmanship of those executives;
- criteria specific to each member of the Executive Board, which are determined based on their areas of activity. These specific criteria will be used to determine the qualitative portion of the variable compensation.

These criteria are reviewed annually to verify that they are still suitable for the Company's strategy and its relevance, and the Nomination and Compensation Committee further ensures the stability and assessment of performance conditions over several years. The Nomination and Compensation Committee also ensures that the weighting of the quantitative criteria is greater than that of the qualitative criteria.

#### Compensation takes into account areas of responsibility

In accordance with paragraph 24.1.2 of the AFEP-MEDEF Code, the compensation of executive corporate officers is based on work performed, results obtained, responsibility assumed and the tasks entrusted to the executive corporate officers. Changes in the size of the Group and, consequently, areas of responsibility, influence executive compensation and the Company's competitive positioning if they are especially significant, result in structural changes and cause a profound change to the Company.

#### Compensation must attract and retain people with the best skills

Adequate compensation, both fixed and variable, is essential to attract, retain and motivate the best talents and thus guarantee the growth of the Company. The compensation offered should be in line with market practices for comparable companies. In order to ensure this, in compliance with the benchmark principal recommended by the AFEP-MEDEF Code, the Nomination and Compensation Committee ensures the regular appointment of various specialized and independent experts to undertake studies based on panels of companies of a similar size or companies that operate in the same activity sector as Klépierre and that have a comparable international exposure.

## Elements comprising Executive Board members' compensation

### In summary

### Presentation of the main elements of Executive Board members' compensation

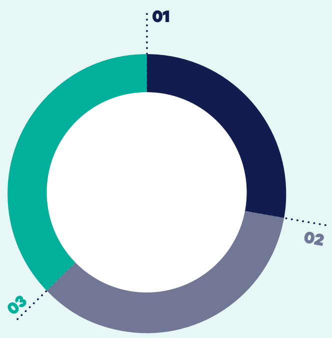
The compensation of each Executive Board member includes three main elements:

- a fixed component, determined on the basis of responsibilities undertaken by each of the Executive Board members, which must be sufficiently competitive to attract and retain the most talented people;
- a short-term variable component that links Executive Board members to the Group's short-term performance; and
- a long-term incentive component to best align the interests of the beneficiaries with those of shareholders in order to create value over the long term.

The weighting of the elements subject to the achievement of performance conditions (short-term variable compensation and long-term incentive) is intended to represent about two thirds of the total compensation (fixed, short-term variable compensation and long-term incentive) of the members of the Executive Board in respect of a given year; while the weighting of fixed compensation is intended to represent about one third of the total of such compensation.

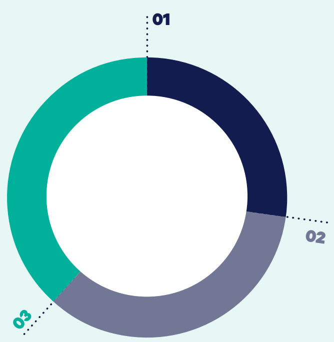
For instance, for 2016, the respective weight of each of these elements is broken down as follows:

**Jean-Marc Jestin**




**01** Fixed annual compensation: **28%**
**02** Short-term variable compensation: **35%**
**03** Long-term incentive: **37%**

**Jean-Michel Gault**




**01** Fixed annual compensation: **28%**
**02** Short-term variable compensation: **33%**
**03** Long-term incentive: **39%**

The compensation of each Executive Board member[1] includes the following elements:

### a) Annual fixed compensation

After having recognized the lack of competitiveness of the Klépierre Executive Board members' fixed compensation compared to compensation offered in comparable companies, the Nomination and Compensation Committee and the Supervisory Board have, in the last few years, taken steps to restore it to the appropriate level by introducing fixed annual compensation which is appropriate to the experience and scope of responsibilities of the members of the Executive Board as well as consistent with the market. A gradual approach was decided upon in order to avoid a significant change in fixed compensation between one fiscal year and the next.

This approach takes into consideration the following elements:

- for historical reasons, Executive Board members' compensation was set at relatively low levels, and over time has lost its correlation with Klépierre's size. In effect, Klépierre was, formerly, a BNP Paribas subsidiary, in which the compensation of the Executive Board members was determined in consistency with the compensation policy applicable to BNP Paribas group executives. Following the sale by BNP Paribas of its stake, initiated in March 2012 and ended in November 2015, Klépierre became a non-controlled company, whose strategic positioning has noticeably evolved, as seen in the refocusing of its portfolio on large-scale core assets;
- Klépierre's growth continued at an even faster rate in 2015 following the merger with the Corio group. Assignments and responsibilities arising as part of this new scope have changed significantly. In effect, the total value (attributable to the parent) of Klépierre's property portfolio, which totaled 10.956 billion euros at December 31, 2014, totaled 18.824 billion euros at December 31, 2015 and 19.354 billion euros at December 31, 2016, meaning an increase of 76.66%. Consequently, Klépierre's market capitalization also grew;
- despite these changes in size and the evolution of the Group's profile, the gap in the fixed annual compensation of Executive Board members has remained significant compared to compensation for executives of companies comparable in size to Klépierre, as highlighted by work carried out by specialists and independent firms of experts appointed by the Nomination and Compensation Committee.

  In effect, the Nomination and Compensation Committee, by applying a benchmark principle from the AFEP-MEDEF Code, decided to study regularly the practice of companies comparable in size and activity to Klépierre to verify (i) the adequacy of Executive Board member compensation with regard to the Group's size and to Board members' experience as well as (ii) the competitiveness of the compensation offered to the members of the Executive Board vis-à-vis comparable companies.

  The results of work carried out by Towers Watson in 2015 and 2016 on the following panels showed that the fixed compensation paid to Executive Board members still lies between the first and second lowest quartile, remaining below the median fixed annual compensation for corporate officers of the companies in the samples studied:

  - the panel of SBF 120 companies (comprising (i) the 10 CAC 40 companies with the lowest market capitalization, (ii) the 20 Next 20 companies and (iii) the 10 SBF 80 companies with the highest market capitalization, and
  - the panel of companies with comparable activities (STOXX® Europe 600 – Real Estate).

  In that context, the Supervisory Board, on a recommendation from the Nomination and Compensation Committee, has taken the view that the level of the fixed annual compensation of the members of the Executive Board was not sufficiently competitive and did not satisfactorily meet the objective of retention; accordingly, as announced in the registration document filed with the French Financial Markets Authority (AMF) on March 11, 2016 under the number D.16-0131 (page 77), it has decided to pursue the policy of restoring their fixed annual compensation to the appropriate level.

  The Supervisory Board, on a recommendation from the Nomination and Compensation Committee, has determined the fixed annual compensation of the Executive Board members for 2017 as follows:

  - fixed annual compensation of the Chairman of the Executive Board: from 472,000 euros to 500,000 euros,
  - fixed annual compensation of the Deputy CEO, member of the Executive Board: from 371,700 euros to 400,000 euros.

  The Board's medium-term objective is to increase the fixed annual compensation of the members of the Executive Board and to achieve a level close to the median.

  In this respect, the Supervisory Board will ensure, in particular, that the fixed compensation of Executive Board members is competitive compared to companies of comparable size or that are involved in the same business, and will regularly check that the panels studied are relevant.

  If a new Executive Board member is appointed, his/her fixed annual compensation will be determined by the Supervisory Board in compliance with existing market practices for the exercise of duties of the same nature and in line with the Klépierre compensation policy.

### b) Short-term variable compensation

Short-term variable compensation rewards executive performance for the previous year and aims to establish a link between the interests of executives and the Group's operational strategy over the period in question pursuant to paragraph 24.3.2 the AFEP-MEDEF Code.

This compensation is determined by the achievement of clear and ambitious objectives, which are decided at the beginning of the year by the Supervisory Board on the recommendation of the Nomination and Compensation Committee (details and weighting of the qualitative objectives are communicated to Executive Board members at the beginning of the year but are not made public at this stage for confidentiality reasons – a posteriori, they are, however, made public).

The results are evaluated after the end of the fiscal year on the basis of the consolidated financial statements for that year and the evaluation of the performance of each member of the Executive Board by the Supervisory Board.

(1) *As a reminder, Laurent Morel was Chairman of the Executive Board until November 7, 2016, the date on which Jean-Marc Jestin took over this role. The elements comprising Laurent Morel's compensation for his role as Chairman of the Executive Board until November 7, 2016 inclusive are presented on pages 253 and following of this registration document.*

Short-term variable compensation will be determined based on the following two types of components:

| Component type | Component weighting | Component description | Justification of component choice |
|---|---|---|---|
| **Quantitative component** | The quantitative portion of variable compensation is capped at 80% of fixed annual compensation<br>In addition, a floor has been set at a minimum of 95% of the target<br>Achieving the objective of net current cash-flow per share that is announced by Klépierre to the market grants entitlement to 55% of the fixed annual compensation | The quantitative component measures Klépierre's performance in relation to a target net current cash-flow per share | The financial indicator chosen is particularly relevant for a real estate company like Klépierre as it enables the following to be measured:<br>– changes in income using internal growth and external growth effects;<br>– efficiency of cost management (operating costs and financial costs), or even;<br>– tax exposure of current transactions<br>It is one of the main indicators that the Company communicates to the market biannually for each six-month period. The net current cash-flow per share growth momentum and the regularity thereof are fundamental parameters for the valuation of the Klépierre stock. At each publication of net current cash-flow per share, a reconciliation with the EPRA Earnings per share is also published<br>The quantitative component is applied identically to the Executive Board members because it measures their performance as an executive team, since the Executive Board is intended to function as a collegial entity |
| **Qualitative component** | The qualitative portion of variable compensation is capped at 50% of fixed annual compensation | The qualitative portion of variable compensation is measured by applying several criteria, according to the profile of each Executive Board member, and for 2017 is based around the following areas:<br>– development/investments;<br>– management of financial transactions;<br>– social and environmental responsibility;<br>– the Company's image | The qualitative component individually measures the performance of each member of the Executive Board on the basis of specific objectives, attributed to each of the Executive Board members on the basis of their particular area of involvement for the year in question<br>These specific objectives are decided by the Supervisory Board for the year in question according to the priorities set by the Board, on the recommendation of the Nomination and Compensation Committee |

In total, therefore, the short-term variable compensation paid to Executive Board members is capped at 130% of their fixed annual compensation.

In accordance with Article L. 225-82-2 of the Commercial Code, the variable annual compensation due in respect of the financial year 2017 will be paid after the Ordinary General Meeting of Klépierre's shareholders held in 2018 to approve the 2017 accounts, and in the case of each of the members of the Executive Board, is conditional upon its approval by that Meeting.

### c) Long-term incentive

Since 2012, the Supervisory Board has allocated performance shares to executive corporate officers and the chief executives of the Group, under the authorization granted by the General Meeting. In accordance with the recommendations of the AFEP-MEDEF Code, performance shares are not reserved solely for executive corporate officers. The general policy for the distribution of performance shares is discussed each year by the Nomination and Compensation Committee, which then makes recommendations to the Supervisory Board.

The purpose of these allocations of performance shares is to encourage the achievement of the Group's operational and financial objectives and thus enable an increase in the resulting creation of value for shareholders. They encourage the executive corporate officers and the senior management of the Group to have a long-term view of their shares, thereby engendering loyalty and promoting the alignment of their interests with the corporate interests of the Company and the interests of the shareholders.

The performance conditions are established by the Supervisory Board, on the recommendation of the Nomination and Compensation Committee, based on ambitious goals, and they are evaluated at the end of a period of three years after their allocation. These performance conditions apply to all allocations made for these plans.

At the General Meeting held on April 19, 2016, Klépierre was authorized to allocate performance shares, including those benefiting the Executive Board members.

The plan regulations that will be implemented in 2017 will have the same characteristics as the 2016 plan and are expected to include a three-year vesting period (except for early exercise)[1] and a two-year holding period for French beneficiaries and a four-year vesting period (except for early exercise)[1], with no holding period, for non-French beneficiaries.

(1) *Death or disability of the beneficiary, transactions resulting in a change of control, delisting.*

In accordance with the recommendations of the AFEP-MEDEF Code, all final vesting of all performance shares is subject to service and performance conditions for all beneficiaries, assessed over a three-year period (with the performance conditions level of fulfillment assessed once at the end of the three-year period):

| Nature of conditions | | Indicator used | Calculation method used | Weighting of conditions in the total vesting | Justification of performance condition choice |
|---|---|---|---|---|---|
| **Presence condition** | | Presence of the beneficiary concerned within the Group until the end of the vesting period<br>Should the beneficiary leave before expiration of the term for evaluating the performance share performance criteria, preservation of the profits for the performance shares is subject to the decision of the Board and is justified. With respect to the Executive Board members, the Board will only admit a partial lifting of the present condition according to a pro rata temporis principle of acquisition | N/A | 100% of the total vesting | N/A |
| **Performance Condition** | ***Condition linked to Klépierre's absolute performance*** | Total shareholder return (TSR – change in share price + dividend) on Klépierre shares | Calculated from the average of the 40 share prices prior to the anniversary date (as compared with the average of 40 share prices prior to the date of allocation) | 30% of the total vesting | This criterion enables assessment of the return for the shareholder based on stock price performance and dividends received |
| | ***Condition linked to the Klépierre share's relative performance*** | Comparison with the performance of the FTSE EPRA EUROZONE Index | | 50% of the total vesting | This criterion enables the return for the Klépierre shareholder to be compared with the return for shareholders of companies within the index including the main European real estate companies |
| | ***Condition linked to Klépierre's internal performance*** | Change over three years of net rental income, net of indexation, on a like-for-like basis | Calculation of the average on the basis of the annual evolution of the net rental income calculated by the Group in the context of its annual consolidated financial statements over the last three fiscal years preceding the reference date | 20% of the total vesting | This criterion is an operational criterion directly linked to the business of the Company, which will measure the Company's performance based on the evolution of net rental income |

With respect to the third criteria linked to Klépierre's internal performance (introduced from the 2016 Plan), it measures growth in net rental income (principally rents) on a like-for-like basis after deduction of all charges and excluding indexation.

Accordingly, it does not include:

- rent indexation, which corresponds to the change in the cost of living; this criterion therefore requires the indexation level to be outperformed;
- the change in rents arising from changes in scope, and particularly new assets entering the portfolio, which generate natural growth in rental income.

Growth in net rental income measured on this basis is therefore first and foremost a reflection of efforts made to increase rents.

In a particularly difficult economic environment, 3% growth in net rental income on a like-for-like basis and excluding indexation is an extremely challenging target.

The number of performance shares that may be definitively allocated to the beneficiaries concerned is calculated using the following performance grid:

| Nature of performance conditions | Performance | % of shares delivered* | Assessment of the requirements for the chosen performance conditions |
|---|---|---|---|
| Condition linked to Klépierre's absolute performance (30%) | ≤16.5% | 0% | The percentage of shares allocated is zero when the increase in the TSR is less than or equal to 16.5% |
| | 20% | 33.3% | Achievement of the maximum target implies TSR growth of 30% or more. |
| | 22.5% | 50% | Exceeding 30% threshold does not result in an additional allocation of shares, which is capped at 30% of the number of shares initially allocated |
| | 25% | 66.7% | |
| | 27.5% | 83.3% | |
| | ≥30% | 100% | |
| Condition linked to the Klépierre share's relative performance (50%) | Index -1% | 0% | Even if the Klépierre share's performance is equal to the index, only 33.33% of the shares will be obtained |
| | Index | 33.3% | To achieve the maximum target, the share would have to perform at a rate 3% above the index. |
| | Index +1% | 50% | Exceeding the index threshold by +3% does not result in an additional allocation of shares, which is capped at 50% of the number of shares initially allocated |
| | Index +2% | 66.7% | |
| | Index +3% | 100% | |
| Condition linked to Klépierre's internal performance (20%) | <1% | 0% | Even if the performance is equal to 1%, only 30% of the shares will be obtained |
| | 1% | 30% | To achieve the maximum target, the increase would have to be above or equal to 3% |
| | ≥3% | 100% | Exceeding the threshold by 3% does not result in an additional allocation of shares, which is capped at 20% of the number of shares initially allocated |

* *If the result obtained is between two thresholds, the number of performance shares vested is calculated by linear interpolation.*

The requirement of the three criteria presented above allows all of the shares to be allocated only in the event that Klépierre shares outperform these three criteria. Please see pages 269 and following of this registration document for more information concerning the achievement level relating to the performance conditions for plans with a vesting date prior to the date of this registration document.

### Specific rules applicable to corporate officers

*Allocation limits*

The General Meeting of April 19, 2016 capped the number of shares that can be awarded at 0.5% of the share capital for a period of 38 months and, within this limit, capped the number of shares that can be awarded to members of the Executive Board at 0.2% of the share capital.

In accordance with the compensation policy approved by the Supervisory Board, annual allocations made to members of the Executive Board may not represent more than 125% of the short-term compensation (fixed annual compensation plus target short-term variable compensation) for the previous year for Executive Board members.

*Retention obligation*

Pursuant to Article L. 225-197-1 of the French Commercial Code as developed in the AFEP-MEDEF Code, members of the Executive Board must retain in registered form a number of shares equivalent to 50% of the gain on acquisition net of tax and expenses when the shares are delivered until their appointment ends. The members of the Executive Board are thus encouraged to retain a large and increasing number of shares.

In accordance with the AFEP-MEDEF Code, this amount will be reviewed and fixed by the Supervisory Board in light of the situation of each executive corporate officer periodically and at least every time they are reappointed. Because of these stringent retention requirements imposed on members of the Executive Board, the Supervisory Board does not require them to buy shares from their own capital at the time the performance shares are delivered.

*Other restrictions*

The members of the Executive Board have undertaken not to enter into hedging transactions until the end of the retention period imposed by the performance share plans.

## d) Other items of compensation

### On-boarding package

The awarding of an on-boarding package may be decided, exceptionally, by the Supervisory Board to promote the arrival of a new executive coming from a group outside Klépierre.

The payment of this package, which can take different forms, is designed to compensate for the loss of benefits to which the executive had been entitled. In compliance with Article 24.3.4 of the AFEP-MEDEF Code, if such a package is granted, it must be explained and the amount will be made public at the time it is set, even in the case of payment by installments or deferred payment.

### Exceptional compensation

The distribution of exceptional compensation is not part of the general compensation policy except in very specific circumstances, in compliance with Article 24.3.4 of the AFEP-MEDEF Code. In compliance with Article L. 225-82-2 of the French Commercial Code, if it is decided to grant this compensation, its payment will, in any case, be subject to the vote of the General Meeting beforehand.

### Other benefits

With respect to the benefits of all kinds:

- the members of the Executive Board have a corporate vehicle at their disposal;
- they receive the same personal protection and healthcare costs plan as other Group employees in France. The amount of annual contributions paid by the company for this purpose is non-material and was 3,104 euros per Executive Board member;
- they are insured for loss of employment through the GSC.

It is stated here that no loans or guarantees have been granted to Klépierre corporate officers or Supervisory Board members.

### No payment of directors' fees for offices held within the Group

Starting in 2015, the members of the Executive Board no longer receive directors' fees for their participation in various Group companies.

### No deferred variable compensation / Long-term variable compensation

Klépierre compensation policy does not include the payment of any deferred variable compensation or long-term variable compensation.

### No defined benefit pension plan / No defined contribution pension plan

The members of the Executive Board do not have any defined benefit pension plan nor any defined contribution pension plan. They receive the same AGIRC supplementary pension plan as other Group managers. In addition, as mentioned on page 252 of this registration document, Jean-Michel Gault has a supplemental defined benefit pension plan for senior executives of the former Companie Bancaire. This plan is capped and has been closed since December 31, 2000.

## 5.2.2.2 Compensation of Executive Board members

Summary tables based on AMF recommendations and the AFEP-MEDEF Code are presented on pages 246 and following of this registration document.

**a) Determination of the compensation of Jean-Marc Jestin, Chairman of the Executive Board since November 7, 2016, in accordance with the principles described in paragraph 5.2.2.1**

### Fixed compensation

For fiscal year 2016, the fixed compensation for Jean-Marc Jestin is 391,807 euros[1].

This sum is the result of the pro rata addition (I) of his fixed annual compensation of 378,000 euros as Chief Operating Officer and Executive Board member for the period January 1, 2016 to November 7, 2016 (inclusive) and (II) his fixed annual compensation of 472,000 euros as Chairman of the Executive Board for the period November 8, 2016 (inclusive) to December 31, 2016, i.e.:

- 314,921 euros for the period January 1 – November 7, 2016;
- 76,886 euros for the period November 8 – December 31, 2016.

The methods for determining the level of the fixed annual compensation for Executive Board members are detailed in section 5.2.2.1 a) of the registration document.

### Short-term variable compensation

Jean-Marc Jestin's short-term variable compensation for fiscal year 2016 was set by the Supervisory Board meeting of February 2, 2017, on the proposal of the Nomination and Compensation Committee, after applying the criteria set at the beginning of 2016 and that appear in the tables below. It should be noted that, in accordance with AFEP-MEDEF Code recommendations, Jean-Marc Jestin was not present during the deliberations of the Supervisory Board regarding his compensation.

**QUANTITATIVE COMPONENT, capped at 80% of fixed annual compensation**
*(represents 61.5% of the maximum total short-term variable compensation)*

| Themes that triggered the setting of targets | | Target | | Achievement for fiscal year 2016 |
|---|---|---|---|---|
| Financial indicator | Net current cash-flow per share | Thresholds reached | The qualitative component is indexed to the target announced to the market in February 2016 of 2.25 euros per share<br>The minimum has been set at 95.5% of the target and the cap at 80% of fixed annual compensation | €2.31 |
| | | In % of fixed salary | from 0% to 80% | 80% |
| **QUANTATIVE TOTAL 2016** *(in % of fixed salary)* | | | | **80%** |

The 2016 quantitative component corresponds to an exceptional performance by Klépierre in 2016, Klépierre having overperformed its target of net current cash-flow per share.

(1) *The Supervisory Board, on a recommendation from the Nomination and Compensation Committee, had determined the fixed annual compensation of the Executive Board members for 2016 as follows:*
- *fixed annual compensation of the Chairman of the Executive Board: 472,000 euros;*
- *fixed annual compensation of the COO, member of the Executive Board: 378,000 euros;*
- *fixed annual compensation of the Deputy CEO, member of the Executive Board: 371,700 euros.*

**QUALITATIVE COMPONENT, capped at 50% of fixed annual compensation**

*(represents 38.5% of the maximum total short-term variable compensation)*

| Themes that triggered the setting of targets | Objectives | Main Achievements | Achievement for fiscal year 2016 |
|---|---|---|---|
| Achievement of the expected synergies and search for efficiencies | Achievement of operational synergies<br>Weight: 30% | Operational costs and the synergies achieved are in line with the 2016 budgetary forecasts | After examination of the main results, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 95%, corresponding to 14.25% of Jean-Marc Jestin's fixed compensation |
| Social and environmental responsibility | Improvement of extra financial rating criteria<br>Weight: 40% | Strengthening of Klépierre's leadership on the main indices:<br>– Global Real Estate Sustainability Benchmark and obtaining the "Green Star" prize for the 4th consecutive year, 2nd out of 36 companies (ranking of listed retail companies). In the non-listed companies segment, Steen & Strøm (56% owned subsidiary of Klépierre) becomes a world leader in the retail sector<br>– RobecoSam Benchmark: Klépierre is regarded as the best-performing company in terms of its environmental initiatives, out of more than 170 property companies worldwide<br>– EPRA SBPR: Gold Award for the fifth consecutive year | After examination of the main results, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 100%, corresponding to 20% of Jean-Marc Jestin's fixed compensation |
| The Company's image | Deployment of initiatives to contribute to developments in this area<br>Weight: 30% | In the context of the Let's Play campaign, deployment of several marketing/digital initiatives that have contributed to enhancing the image of Klépierre shopping centers and their footfall:<br>– Les Reines du Shopping: event arranged at 18 French centers<br>– XXL days, arranged in 10 countries this year (84 centers)<br>– Crazy Show: Nickelodeon show at 30 French centers<br>– Elite Model, arranged at 10 Italian centers<br>Launch of a ID digital platform in partnership with Microsoft | After examination of the main results, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 95%, corresponding to 14.25% of Jean-Marc Jestin's fixed compensation |
| **Qualitative total 2016** *(in % of fixed salary)* | | | **48.5%** |
| **TOTAL 2016** *(quantitative + qualitative, in % of fixed salary)* | | | **128.5%** |

In respect of the financial year 2016, the variable compensation for Jean-Marc Jestin amounted to 503,472 euros.

## Long-term incentive

In a decision dated April 19, 2016, the Supervisory Board authorized, on the recommendation of the Nomination and Compensation Committee, the allocation of 30,000 shares to Jean-Marc Jestin for the 2016 Plan, which was established by the Executive Board on May 2, 2016.

These shares are fully subject to performance conditions, in accordance with the rules described in section 6.1.3.3.

### b) Determination of the compensation of Jean-Michel Gault, Deputy CEO, member of the Executive Board, by application of the principles described in paragraph 5.2.2.1

#### Fixed compensation

For fiscal year 2016, the fixed compensation for Jean-Michel Gault is 371,700 euros[(1)].

The methods for determining the level of the fixed annual compensation for Executive Board members are detailed in section 5.2.2.1 a) of the registration document.

#### Short-term variable compensation

Jean-Michel Gault's short-term variable compensation for fiscal year 2016 was set by the Supervisory Board meeting of February 2, 2017, on the proposal of the Nomination and Compensation Committee, after applying the criteria set at the beginning of 2016 and that appear in the tables below. It should be noted that, in accordance with AFEP-MEDEF Code recommendations, Jean-Michel Gault was not present during the deliberations of the Supervisory Board regarding his compensation.

**QUANTITATIVE COMPONENT, capped at 80% of fixed annual compensation**
*(represents 61.5% of the maximum total short-term variable compensation)*

| Themes that triggered the setting of targets | Target | | | Achievement for fiscal year 2016 |
|---|---|---|---|---|
| Financial indicator | Net current cash-flow per share | Thresholds reached | The qualitative component is indexed to the target announced to the market in February 2016 of 2.25 euros per share<br>The minimum has been set at 95.5% of the target and the cap at 80% of fixed annual compensation | €2.31 |
| | | In % of fixed salary | from 0% to 80% | 80% |
| **QUANTATIVE TOTAL 2016** *(in % of fixed salary)* | | | | **80%** |

The 2016 quantitative component corresponds to an exceptional performance by Klépierre in 2016, Klépierre having overperformed its target of net current cash-flow per share.

**QUALITATIVE COMPONENT, capped at 50% of fixed annual compensation**
*(represents 38.5% of the maximum total short-term variable compensation)*

| Themes that triggered the setting of targets | Objectives | Main Achievements | Achievement for fiscal year 2016 |
|---|---|---|---|
| Achievement of the expected synergies and search for efficiencies | Achievement of financial synergies<br>Weight: 50% | – Reduction of more than 30 bps in the cost of debt and extension of the term of debt to 6 years<br>– Completion of two long-term bond issues (10 and 15 years) on very favorable terms (1.875% and 1.25%) for a total of €1.1 billion<br>– Buyback of two bond issues in an amount of €348 million with a success rate of 35% (higher than that usually recorded in this type of transaction) | After examination of the main results, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 82%, corresponding to 20.5% of Jean-Michel Gault's fixed compensation |
| The Company's image | Deployment of initiatives to contribute to developments in this area<br>Weight: 50% | Maintenance of the Company's A- credit rating | After examination of the main results, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 80%, corresponding to 20% of Jean-Michel Gault's fixed compensation |
| **Qualitative total 2016** *(in % of fixed salary)* | | | **40.5%** |
| **TOTAL 2016** *(quantitative + qualitative, in % of fixed salary)* | | | **120.5%** |

In respect of the financial year 2016, variable compensation for Jean-Michel Gault amounted to 447,899 euros.

#### Long-term incentive

In a decision dated April 19, 2016, the Supervisory Board authorized, on the recommendation of the Nomination and Compensation Committee, the allocation of 30,000 shares to Jean-Michel Gault for the 2016 Plan, which was established by the Executive Board on May 2, 2016.

These shares are fully subject to performance conditions, in accordance with the rules described in section 6.1.3.3.

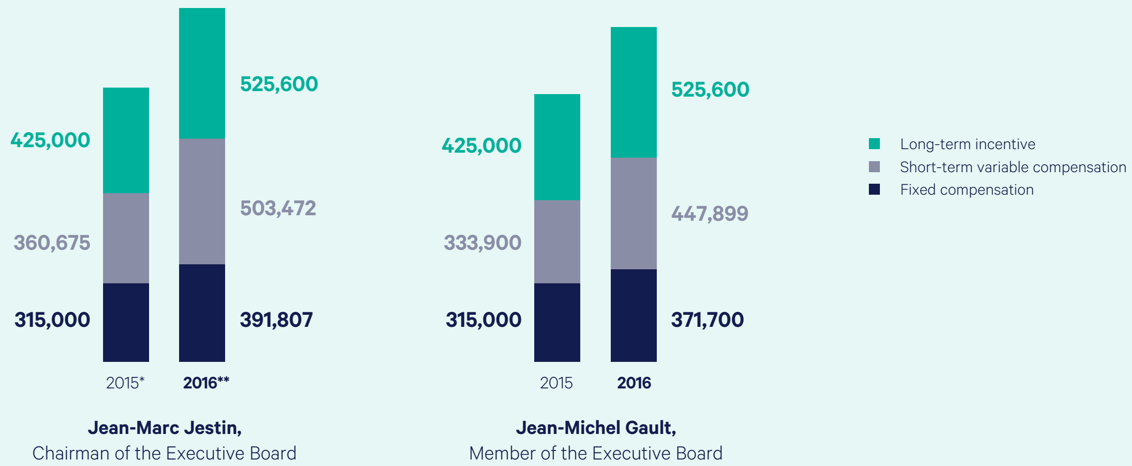
*(1) The Supervisory Board, on a recommendation from the Nomination and Compensation Committee, had determined the fixed annual compensation of the Executive Board members for 2016 as follows:*
- *fixed annual compensation of the Chairman of the Executive Board: 472,000 euros;*
- *fixed annual compensation of the COO, member of the Executive Board: 378,000 euros;*
- *fixed annual compensation of the Deputy CEO, member of the Executive Board: 371,700 euros.*

**In summary**

### CHANGES IN TOTAL COMPENSATION OF THE EXECUTIVE BOARD MEMBERS

As the graph below demonstrates, the total compensation of the Executive Board members is mainly composed of a portion subject to performance conditions, financial type and non-financial type (short-term variable + long-term incentive).

These conditions are defined in consistency with the Group's desire to promote long-term growth and commitment of Group employees, while ensuring a convergence of interests for the shareholders and employees.




* *In 2015, Jean-Marc Jestin was Chief Operating Officer, member of the Executive Board*

** *Jean-Marc Jestin has been appointed Chairman of the Executive Board on November 7, 2016*

## 5.2.3 Summary tables established based on AMF recommendations and the AFEP-MEDEF Code

**Table No. 1 – Summary of compensation in stock options and shares awarded to each executive corporate officer** *(in euros)*

| Jean-Marc Jestin – Chairman of the Executive Board | 2015 | 2016 |
|---|---|---|
| Compensation due for the fiscal year (itemized in Table 2) | 699,535 | 921,882 |
| Value of options granted during the fiscal year | - | – |
| Value of performance shares granted during the fiscal year | 425,000 | 525,600 |
| **TOTAL** | **1,124,595** | **1,447,482** |

| Jean-Michel Gault – Deputy CEO, member of the Executive Board | 2015 | 2016 |
|---|---|---|
| Compensation due for the fiscal year (itemized in Table 2) | 674,271 | 848,779 |
| Value of options granted during the fiscal year | - | – |
| Value of performance shares granted during the fiscal year | 425,000 | 525,600 |
| **TOTAL** | **1,099,271** | **1,374,379** |

**Table No. 2 – Table summarizing compensation of each executive corporate officer** *(in euros)*

| | 2015 | | 2016 | |
|---|---|---|---|---|
| **Jean-Marc Jestin – Chairman of the Executive Board** | **Amount due** | **Amount paid** | **Amount due** | **Amount paid** |
| Fixed compensation | 315,000 | 315,000 | 391,807(1) | 391,807(1) |
| Short-term variable compensation | 360,675(2) | 312,500(3) | 503,472(4) | 360,675 |
| Exceptional compensation | | | | |
| Awarded for the Corio merger | - | 125,000 | - | - |
| Directors' fees | - | - | - | - |
| Benefits in kind | 4,392 | 4,392 | 14,031(5) | 14,031 |
| Others(6) | 19,528 | 19,528 | 12,572 | 12,572 |
| **TOTAL** | **699,595** | **776,420** | **921,882** | **779,085** |

(1) *The fixed compensation paid to Jean-Marc Jestin corresponds to the pro rata addition (i) of his fixed annual compensation of 378,000 euros as Chief Operating Officer and Executive Board member for the period January 1, 2016 to November 7, 2016 (inclusive) and (ii) his fixed annual compensation of 472,000 euros as Chairman of the Executive Board for the period November 8, 2016 (inclusive) to December 31, 2016.*

(2) *Jean-Marc Jestin's variable compensation for fiscal year 2015 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on pages 81 and 82 of the 2015 registration document filed with the French Financial Market Authority (AMF) under no. D.16-0131.*

(3) *Jean-Marc Jestin's variable compensation for fiscal year 2014 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 69 of the 2014 registration document filed with the French Financial Market Authority (AMF) under no. D.15-0119.*

(4) *Jean-Marc Jestin's variable compensation for fiscal year 2016 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on pages 242-243 of this registration document.*

(5) *Corresponds to provision of a company car, to contributions paid by the company for Jean-Marc Jestin to remain in the personal protection and healthcare plan for Group employees, and to provision of insurance covering loss of employment via the GSC.*

(6) *Corresponds to employee savings and incentive scheme under corporate agreements. The amount due in year 1 is an estimate based on the amount paid in year 1 for the year 0. This amount is determined, with regard to the incentive plans, according to the legal formula and, with regard to incentive plans, on the basis of changes in the rents managed by Klépierre. Pursuant to the National Collective Agreement of the Real Estate Industry, Jean-Marc Jestin also received a 188-euro seniority bonus.*

| Jean-Michel Gault – Deputy CEO, member of the Executive Board | 2015 | | 2016 | |
|---|---|---|---|---|
| | Amount due | Amount paid | Amount due | Amount paid |
| Fixed compensation | 315,000 | 315,000 | 371,700 | 371,700 |
| Short-term variable compensation | 333,900(1) | 312,500(2) | 447,899(3) | 333,900 |
| Exceptional compensation | | | | |
| Awarded for the Corio merger | - | 125,000 | - | - |
| Directors' fees | - | - | - | - |
| Benefits in kind | 5,195 | 5,195 | 16,231(4) | 16,231 |
| Others(5) | 20,176 | 20,176 | 12,949 | 12,949 |
| **TOTAL** | **674,271** | **777,871** | **848,779** | **734,780** |

*(1) Jean-Michel Gault's variable compensation for fiscal year 2015 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committees. Details of the calculations used appear on page 81 of the 2015 registration document filed with the French Financial Market Authority (AMF) under no. D.16-0131.*

*(2) Jean-Michel Gault's variable compensation for fiscal year 2014 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 69 of the 2014 registration document filed with the French Financial Market Authority (AMF) under no. D.15-0119.*

*(3) Jean-Michel Gault's variable compensation for fiscal year 2016 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 244 of this registration document.*

*(4) Corresponds to provision of a company car, to contributions paid by the company for Jean-Michel Gault to remain in the personal protection and healthcare plan for Group employees, and to provision of insurance covering loss of employment via the GSC.*

*(5) Corresponds to employee savings and incentive scheme under corporate agreements. The amount due in year 1 is an estimate based on the amount paid in year 1 for the year 0. This amount is determined, with regard to the incentive plans, according to the legal formula and, with regard to incentive plans, on the basis of changes in the rents managed by Klépierre. Pursuant to the National Collective Agreement of the Real Estate Industry, Jean-Michel Gault also received a 565-euro seniority bonus.*

### Table No. 3 – Directors' fees and other compensation

Not Applicable

### Table No. 4 – Stock subscription or purchase options granted during the fiscal year to each executive corporate officer by the Company and by all Group companies

Not Applicable

### Table No. 5 – Options to subscribe for new shares or to purchase existing shares exercised during the fiscal year

Only the plans mentioned in the tables below were exercised during the fiscal year:

| Jean-Marc Jestin – Chairman of the Executive Board | Number of options exercised during the fiscal year | Exercise price |
|---|---|---|
| Plan: N/A | Nil | N/A |

| Jean-Michel Gault – Deputy CEO, member of the Executive Board | Number of options exercised during the fiscal year | Exercise price |
|---|---|---|
| 2009 Plan – 2011 Performance | 7,500 | €24.86 |
| 2009 Plan – 2012 Performance | 2,500 | €22.60 |

By way of further information, the chart below indicates the exercise price of the options granted to Jean-Marc Jestin and Jean-Michel Gault as corporate officers, which have become exercisable during the fiscal year:

| Jean-Marc Jestin – Chairman of the Executive Board | Availability date | Number of shares exercisable | Exercise price |
|---|---|---|---|
| Plan: N/A | N/A | Nil | N/A |

| Jean-Michel Gault – Deputy CEO, member of the Executive Board | Availability date | Number of shares exercisable | Exercise price |
|---|---|---|---|
| Plan: N/A | N/A | Nil | N/A |

### Table No. 6 – Performance shares awarded during the fiscal year to each executive corporate officer

| Beneficiary | Plan date | Number of shares granted during the fiscal year | Value of shares based on method used in the consolidated financial statements | End of vesting period | End of conservation period | Performance Condition |
|---|---|---|---|---|---|---|
| **Jean-Marc Jestin** Chairman of the Executive Board | 2016 plan authorized April 19, 2016 by the Supervisory Board and implemented May 2, 2016 by the Executive Board | 30,000 | €525,600 | May 2, 2019 | May 2, 2021 | These shares are fully subject to performance conditions, in accordance with the rules described in section 5.2.2.1 and 6.1.3.3. For a description of these performance conditions, see page 240 and 270 of this registration document. |

| Beneficiary | Plan date | Number of shares granted during the fiscal year | Value of shares based on method used in the consolidated financial statements | End of vesting period | End of conservation period | Performance Condition |
|---|---|---|---|---|---|---|
| **Jean-Michel Gault** Deputy CEO, member of the Executive Board | 2016 plan authorized April 19, 2016 by the Supervisory Board and implemented May 2, 2016 by the Executive Board | 30,000 | €525,600 | May 2, 2019 | May 2, 2021 | These shares are fully subject to performance conditions, in accordance with the rules described in section 5.2.2.1 and 6.1.3.3.. For a description of these performance conditions, see page 240 and 270 of this registration document. |

### Table No. 7 – Performance shares that became available to each executive corporate officer

| Beneficiaries | Plan | Number of shares that became available during the fiscal year | Vesting conditions |
|---|---|---|---|
| **Jean-Marc Jestin** | N/A | Nil | N/A |
| **Jean-Michel Gault** | N/A | Nil | N/A |

Given the applicable holding periods, no performance shares granted to the members of the Executive Board as corporate officers became available during the year.

For further information, the chart below indicates the number of performance shares granted to the members of the Executive Board as corporate officers, whose vesting period ended during the fiscal year:

| Beneficiaries | Plan | Due date of the vesting period | Number of shares definitively granted |
|---|---|---|---|
| **Jean-Marc Jestin** | 2013 Plan | 02/25/2016 | 13,268 |
| **Jean-Michel Gault** | 2013 Plan | 02/25/2016 | 13,268 |

### Table No. 11

| | Employment agreement | | Supplementary pension plan | | Compensation or benefits due or conditionally due on termination or change of function | | Compensation related to non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| **Jean-Marc Jestin** Chairman of the Executive Board Start of term[3]: 06/22/2016 End of term[3]: 06/21/2019 | | X[1] | | X | X | | | X |
| **Jean-Michel Gault** Deputy CEO Member of the Executive Board Start of term[3]: 06/22/2016 End of term[3]: 06/21/2019 | X[2] | | X[4] | | | X | | X |

*(1) Historically, Jean-Marc Jestin exercised his corporate office as an Executive Board member for free and received compensation for his employment contract. In order to allow him to fully undertake his assignment as Executive Board member, the Supervisory Board, on the recommendation of the Nomination and Compensation Committee, has decided to suspend his employment contract for the duration of his corporate office, with effect from July 1, 2016. In addition, following the appointment of Jean-Marc Jestin as Chairman of the Klépierre Executive Board, his employment contract has been terminated on February 2, 2017, in compliance with Article 21 of the AFEP-MEDEF Code.*

*(2) Historically, Jean-Michel Gault exercised his corporate office as an Executive Board member for free and received compensation for his employment contract. In order to allow him to fully undertake his assignment as Executive Board member, the Supervisory Board, on the recommendation of the Nomination and Compensation Committee, has decided to suspend his employment contract for the duration of his corporate office, with effect from July 1, 2016.*

*(3) As member of the Executive Board.*

*(4) Jean-Michel Gault is eligible for the supplementary pension plan for executives of the former Compagnie Bancaire, which provides for an additional pension at the time of retirement with a maximum annual amount of 7,122 euros.*

## 5.2.4 Items of compensation due or attributed for fiscal year 2016 submitted to the advisory vote of the General Meeting of Shareholders of April 18, 2017

### 5.2.4.1 Items of compensation due or attributed to Jean-Marc Jestin, Chairman of the Executive Board, for the fiscal year ended on December 31, 2016 (9th resolution submitted for shareholder approval on April 18, 2017)

| Items of compensation | Amounts *(in euros)* | Comments |
|---|---|---|
| Fixed annual compensation | 391,807 | This sum is the result of the pro rata addition (i) of Jean-Marc Jestin's fixed annual compensation of 378,000 euros as Chief Operating Officer and Executive Board member for the period January 1, 2016 to November 7, 2016 (inclusive) and (ii) his fixed annual compensation of 472,000 euros as Chairman of the Executive Board for the period November 8, 2016 (inclusive) to December 31, 2016, i.e.:<br>– 314,921 euros for the period January 1 – November 7, 2016;<br>– 76,886 euros for the period November 8 – December 31, 2016.<br>As stated on page 238 of the Company's registration document, the 2016 fixed annual compensation for Executive Board members was subject to an increase compared to the 2015 fixed annual compensation(1), in order to re-establish its competitiveness, taking into account the following elements:<br>– historically, Klépierre was a BNP Paribas subsidiary, in which the compensation of the Executive Board members was determined consistently with the compensation policy applicable to BNP Paribas group executives. For historical reasons, Executive Board members' compensation was set at relatively low levels, and over time has lost its correlation with Klépierre's size (as it has gradually become a non-controlled company);<br>– the significant increase in Klépierre's scope in parallel (particularly following the merger with the Corio group in 2015);<br>– however, the fixed annual compensation of Klépierre Group executive corporate officers still did not match that offered to executives of comparable companies, given that it lay between the first and second lowest quartile, remaining below the median fixed annual compensation for corporate officers of the companies considered in the different panels(2).<br>It is important to note that, even after the increase, there is still a widening gap between the fixed annual compensation of the Chairman of the Executive Board and the fixed compensation paid to executives of companies in the samples studied. |
| Annual variable compensation | 503,472 | The Supervisory Board decided that the variable compensation for fiscal year 2016 could vary between 0% and 130% of his fixed annual compensation and would be determined in the following manner:<br>– from 0% to 80% of fixed annual compensation based on net current cash-flow per share. This financial indicator, which measures changes in income using internal growth and external growth effects, efficiency of cost management (operating costs and financial costs) and tax exposure of current transactions, is particularly relevant for a real estate company like Klépierre; and<br>– from 0% to 50% of fixed annual compensation, based on the following themes and objectives set for 2016: (i) achievement of synergies expected and search for efficiencies, (ii) social and environmental responsibility, (iii) image of the Company.<br>On the basis of the work of the Nomination and Compensation Committee, the Supervisory Board of February 2, 2017 has set the following:<br>– 80% of the fixed annual compensation the amount of the variable share of 2016 compensation due for achieving the quantitative objective; and<br>– 48.5% of the fixed annual compensation the amount of the variable share of 2016 compensation due for achieving the qualitative objectives;<br>corresponding therefore to 503,472 euros.<br>Details of the achievement rate for the quantitative and qualitative criteria are presented on page 242-243 of the Company's registration document. |
| Deferred variable compensation | Nil | No deferred variable compensation |
| Long-term variable compensation | Nil | No long-term variable compensation |
| Exceptional compensation | Nil | No exceptional compensation |

*(1) For the 2015 fiscal year, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, to set the following fixed annual compensation:*
- *fixed annual compensation for the Chairman of the Executive Board: 400,000 euros;*
- *fixed annual compensation for the Chief Operating Officer and Executive Board member: 315,000 euros.*

*(2) – Panel of SBF 120 companies (comprising (i) the 10 CAC 40 companies with the lowest market capitalization, (ii) the 20 Next 20 companies and (iii) the 10 SBF 80 companies with the highest market capitalization); and*
- *Panel of companies with comparable activities (STOXX® Europe 600 – Real Estate).*

| Items of compensation | Amounts *(in euros)* | Comments |
|---|---|---|
| Performance shares | 525,600 | Allocation of performance shares is discussed in relation to the total annual compensation of an executive corporate officer while ensuring that the interests of shareholders are respected. The shares are allocated as part of annual plans, whose terms are set at pre-determined times.<br>**Summary of the main characteristics of the 2016 Plan**<br>– Plan authorized on April 19, 2016 by the Supervisory Board and implemented May 2, 2016 by the Executive Board. Note that an authorization for this was granted by the General Meeting of April 19, 2016, in the eighteenth resolution.<br>– 30,000 shares granted to Jean-Marc Jestin representing:<br>  – €525,600, on the basis of a valuation of performance shares in accordance with IFRS;<br>  – 9.24% of the total attribution carried out under this plan for all beneficiaries concerned;<br>  – 0.009% of the Company's share capital.<br>– Attribution subject to three performance conditions (absolute, relative, and internal), assessed over a three-year period for which the performance grid is shown on page 241 of the Company's registration document:<br>  – rate of return on Klépierre stock ("total shareholder return" or TSR: evolution of the stock price + dividends): for 30% of shares allocated;<br>  – performance of Klépierre stock relative to the FTSE EPRA Eurozone index: for 50% of shares allocated;<br>  – average change in net rental income, net of indexation, on a like-for-like basis: for 20% of shares allocated.<br>– **Other conditions**<br>  – Presence condition.<br>  – Obligation to retain in registered form a number of shares equivalent to 50% of the gain on vesting net of taxes and charges calculated during the delivery of the shares until his term of office expires. |
| Stock options | Nil | No allocation of stock options |
| Directors' fees | Nil | No directors' fees |
| Value of benefits of all kinds | 14,031 | Provision of a Company car<br>Contributions paid by the Company for Jean-Marc Jestin to remain in the personal protection and healthcare plan for Group employees<br>Insurance for loss of employment via the GSC |
| Severance package: severance pay/non-compete benefit | Nil | No severance pay, no non-compete benefit(1) |
| Supplementary pension plan | Nil | Jean-Marc Jestin does not benefit from the supplementary pension plan but is eligible for the same AGIRC supplementary pension plan as other Group managers |
| Other(2) | 12,572 | Incentive, according to the legal formula, and incentive plans on the basis of changes in the rents managed by Klépierre<br>Service award of 188 euros (in accordance with the national collective bargaining agreement for the real estate industry) |

*(1) Excluding legal and contractual compensation that may be due in the event of the termination of the suspended employment agreement from July 1, 2016. It is hereby specified that this employment agreement has been terminated on February 2, 2017.*

*(2) These benefits were linked to employee status. It is recalled that Jean-Marc Jestin's employment contract has been suspended with effect from July 1, 2016.*

### 5.2.4.2 Items of compensation due or attributed to Jean-Michel Gault, Executive Board member, for the fiscal year ended on December 31, 2016 (10th resolution submitted for shareholder approval on April 18, 2017)

| Items of compensation | Amounts *(in euros)* | Comments |
|---|---|---|
| Fixed annual compensation | 371,700 | As stated on page 238 of the Company's registration document, the 2016 fixed annual compensation for Executive Board members was subject to an increase compared to the 2015 fixed annual compensation(1), in order to re-establish its competitiveness, taking into account the following elements:<br>– historically, Klépierre was a BNP Paribas subsidiary, in which the compensation of the Executive Board members was determined consistent with the compensation policy applicable to BNP Paribas group executives. For historical reasons, Executive Board members' compensation was set at relatively low levels, and over time has lost its correlation with Klépierre's size (as it has gradually become a non-controlled company);<br>– the significant increase in Klépierre's scope in parallel (particularly following the merger with the Corio group in 2015);<br>– however, the fixed annual compensation of Klépierre Group executive corporate officers still did not match that offered to executives of comparable companies, given that it lay between the first and second lowest quartile, remaining below the median fixed annual compensation for corporate officers of the companies considered in the different panels(2).<br>It is important to note that, even after the increase, there is still a widening gap between Jean-Michel Gault's fixed annual compensation and the fixed compensation paid to executives of companies in the samples studied. |
| Annual variable compensation | 447,899 | The Supervisory Board decided that Jean-Michel Gault's variable compensation for fiscal year 2016 could vary between 0% and 130% of his fixed annual compensation and would be determined in the following manner:<br>– from 0% to 80% of fixed annual compensation based on net current cash-flow per share. This financial indicator, which measures changes in income using internal growth and external growth effects, efficiency of cost management (operating costs and financial costs) and tax exposure of current transactions, is particularly relevant for a real estate company like Klépierre; and<br>– from 0% to 50% of fixed annual compensation, based on the following themes and objectives set for 2016: (i) achievement of synergies expected and search for efficiencies, (ii) image of the Company.<br>On the basis of the work of the Nomination and Compensation Committee, the Supervisory Board of February 2, 2017 has set the following:<br>– 80% of the fixed annual compensation the amount of the variable share of 2016 compensation due for achieving the quantitative objective; and<br>– 40.5% of the fixed annual compensation the amount of the variable share of 2016 compensation due for achieving the qualitative objectives;<br>corresponding therefore to 447,899 euros.<br>Details of the achievement rate for the quantitative and qualitative criteria are presented on page 244 of the Company's registration document. |
| Deferred variable compensation | Nil | No deferred variable compensation |
| Long-term variable compensation | Nil | No long-term variable compensation |
| Exceptional compensation | Nil | No exceptional compensation |

*(1) For the 2015 fiscal year, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, to set the fixed annual compensation of the Deputy CEO, member of the Executive Board at 315,000 euros.*

*(2) – Panel of SBF 120 companies (comprising of (i) the 10 CAC 40 companies with the lowest market capitalization, (ii) the 20 Next 20 companies and (iii) the 10 SBF 80 companies with the highest market capitalization); and*

*– Panel of companies with comparable activities (STOXX® Europe 600 – Real Estate).*

| Items of compensation | Amounts *(in euros)* | Comments |
|---|---|---|
| Performance shares | 525,600 | Allocation of performance shares is discussed in relation to the total annual compensation of an executive corporate officer while ensuring that the interests of shareholders are respected. The shares are allocated as part of annual plans, whose terms are set at pre-determined times.<br>**Note of main characteristics of the 2016 Plan**<br>– Plan authorized on April 19, 2016 by the Supervisory Board and implemented May 2, 2016 by the Executive Board. Note that an authorization for this was granted by the General Meeting of April 19, 2016, in the eighteenth resolution.<br>– 30,000 shares granted to Jean-Michel Gault representing:<br>  – €525,600, on the basis of a valuation of performance shares in accordance with IFRS;<br>  – 9.24% of the total attribution carried out under this plan for all beneficiaries concerned;<br>  – 0.009% of the Company's share capital.<br>– Attribution subject to three performance conditions (absolute, relative, and internal), assessed over a three-year period for which the performance grid is shown on page 241 of the Company's registration document:<br>  – rate of return on Klépierre stock ("total shareholder return" or TSR: evolution of the stock price + dividends): for 30% of shares allocated;<br>  – performance of Klépierre stock relative to the FTSE EPRA Eurozone index: for 50% of shares allocated;<br>  – average change in net rental income, net of indexation, on a like-for-like basis: for 20% of shares allocated.<br>– **Other conditions**<br>  – Presence condition.<br>  – Obligation to retain in registered form a number of shares equivalent to 50% of the gain on vesting net of taxes and charges calculated during the delivery of the shares until his term of office expires. |
| Stock options | Nil | No allocation of stock options |
| Directors' fees | Nil | No directors' fees |
| Value of benefits of all kinds | 16,231 | Provision of a Company car<br>Contributions paid by the Company for Jean-Michel Gault to remain in the personal protection and healthcare plan for Group employees<br>Insurance for loss of employment via the GSC |
| Severance package: severance pay/non-compete benefit | Nil | No severance pay, no non-compete benefit(1) |
| Supplementary pension plan | 7,122 | Jean-Michel Gault has a supplemental defined-benefit pension plan for senior executives of the former Compagnie Bancaire that provides for an additional pension with a maximum amount determined on the basis of a compensation and seniority reference set as of December 31, 2000. This maximum amount is capped (subject to the application of an increase based on the growth rate of the AGIRC's point value) at 7,122 euros, and no increase of the conditional rights can be acquired as a result of the seniority or increase of compensation acquired after December 31, 2000. This plan has been closed since December 31, 2000.<br>Jean-Michel Gault's compensation package takes these benefits into account<br>Apart from this, Jean-Michel Gault receives the same AGIRC supplementary pension plan as other Group managers |
| Other(2) | 12,949 | Incentive, according to the legal formula, and incentive plans on the basis of changes in the rents managed by Klépierre<br>Service award of 565 euros (in accordance with the national collective bargaining agreement for the real estate industry) |

*(1) Excluding legal and contractual compensation that may be due in the event of the termination of the suspended employment agreement from July 1, 2016.*
*(2) These benefits were linked to employee status. It is recalled that Jean-Michel Gault's employment contract has been suspended with effect from July 1, 2016.*

## 5.2.5 Position of Laurent Morel, Chairman of the Executive Board through November 7, 2016

### 5.2.5.1 Determination of the compensation of Laurent Morel, Chairman of the Executive Board through November 7, 2016, in accordance with the principles described in paragraph 5.2.2.1

#### Fixed compensation

As part of his mandate as Chairman of the Executive Board, the fixed compensation for Laurent Morel was 402,273 euros in 2016.

This sum is the result of the pro rata addition of his fixed annual compensation of 472,000 euros for the period January 1, 2016 to November 7, 2016 (inclusive).

#### Short-term variable compensation

Laurent Morel's short-term variable compensation, for his mandate as Chairman of the Executive Board, was set by the Supervisory Board meeting of November 15, 2016, on the proposal of the Nomination and Compensation Committee, after applying the criteria set at the beginning of 2016 and that appear in the tables below. It should be noted that, in accordance with AFEP-MEDEF Code recommendations, Laurent Morel was not present during the deliberations of the Supervisory Board regarding his compensation (and was no longer an Executive Board member after November 7, 2016).

**QUANTITATIVE COMPONENT, capped at 80% of fixed annual compensation**
*(represents 61.5% of the maximum total short-term variable compensation)*

| Themes that triggered the setting of targets | | | Target | Achievement for fiscal year 2016 |
|---|---|---|---|---|
| Financial indicator | Net current cash-flow per share | Thresholds reached | The qualitative component is indexed to the target announced to the market in February 2016 of 2.25 euros per share. The minimum has been set at 95.5% of the target and the cap at 80% of fixed annual compensation<br>The quantitative component of Laurent Morel's variable annual compensation was determined on November 15, 2016 in view of an estimation, to date, of net cash-flow per share for 2016 (it having been stated that the only case that would allow for the amount due for the quantitative component to be adjusted was if the current net cash-flow per share effectively realized had been lower than the aforementioned estimate, which would have resulted in Laurent Morel repaying to Klépierre the amount equal to the difference between the variable compensation paid and that to which he would have effectively had the right)<br>Based on the aforementioned estimate, he was paid 306,800 euros under this criterion, i.e., 65% of his fixed annual compensation | €2.31[1] |
| | | In % of fixed salary | from 0% to 80% | 65%[2] |
| **QUANTATIVE TOTAL 2016** *(in % of fixed salary)* | | | | **65%** |

*(1) Corresponding to the total for net cash-flow per share at December 31, 2016.*
*(2) Based on the total for net cash-flow per share estimated at November 15, 2016.*

**QUALITATIVE COMPONENT, capped at 50% of fixed annual compensation**
*(represents 38.5% of the maximum total short-term variable compensation)*

| Themes that triggered the setting of targets | Objectives | Main Achievements | Achievement for fiscal year 2016 |
|---|---|---|---|
| Disposals, acquisitions, developments | Conduct of transactions in compliance with the budget<br>Weight: 50% | – Disposal of assets regarded as non-core in the context of the Group's strategy and located in various countries (global amount of disposals: more than 500 million euros)<br>– Successful restructuring (demerger) of Oslo City center (Norway)<br>– Continuation of current developments in line with budgetary forecasts (Val d'Europe, Hoog Catharijne, Marseille Prado) | After examination of the main results completed as of November 15, 2016, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 80%,, corresponding to 20% of Laurent Morel's fixed compensation |
| Social and environmental responsibility | 1) Improvement of Group employees' access to training<br>2) Ethical commitment<br>Weight: 50% | 1) Continuation of the European deployment of Klépierre University, the Group's internal school providing extensive access to training and the sharing of know-how. 2016 was a particularly rich year in terms of the tools and training offered to employees:<br>– launch of a collaborative digital platform;<br>– 150 training courses available to employees;<br>– around 11,310 hours of training completed in 2016.<br>2) Increase in the proportion of women recruited at manager level: 52% in 2016 (compared to 36% in 2015).<br>3) Launch of a women's network to support the recruitment and promotion of women within the Klépierre Group | After examination of the main results completed as of November 15, 2016, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, that the target attained was 100%, corresponding to 25% of Laurent Morel's fixed compensation |
| **Qualitative total 2016** *(in % of fixed salary)* | | | **45%** |
| **TOTAL 2016** *(quantitative + qualitative, in % of fixed salary)* | | | **110%** |

Laurent Morel's variable compensation for his role as Chairman of the Executive Board held from January 1, 2016 to November 7, 2016 (inclusive) was 519,200 euros.

## Long-term incentive

In a decision dated April 19, 2016, the Supervisory Board authorized, upon recommendation of the Nomination and Compensation Committee, the allocation of 35,000 shares to Laurent Morel under the 2016 Plan, which was established by the Executive Board on May 2, 2016.

These shares are fully subject to performance conditions, in accordance with the rules described in section 6.1.3.3.

## Departure of Laurent Morel

Laurent Morel's duties as Chairman of the Executive Board ended on November 7, 2016, leading to his employment contract, which had until then been suspended, automatically restarting. Taking into account the difficulty in finding new duties for Laurent Morel to perform within the Group with regard to his past experience, a rapid negotiation was undertaken that reached its conclusion on November 15, 2016 in agreements relating to the termination of his employment contract and the ending of his office as Chairman and member of the Klépierre Executive Board (the Termination Agreements).

As Laurent Morel has held various offices within the Group for 29 years, particularly as part of his employment contract, the applicable legal and contractual provisions allowed him to claim a very significant level of severance pay. The Company therefore decided on a negotiated termination that allowed it to respect the two-year cap on fixed and variable compensation as provided for by the AFEP-MEDEF Code. In addition, the Company felt that engaging in a dispute of this nature with a former executive that would be lengthy, costly, and particularly sensitive, was prejudicial to its image.

The compromise agreement has also put an irrevocable and definitive end to any differences likely to arise from the dismissal of Laurent Morel as Chairman and Executive Board member.

These are agreements that were concluded after his offices ended and are designed to limit the financial risk arising from the Group having to pay legal and contractual compensation arising from the termination of an employment contract; it is not to be subject to performance conditions or to the procedure for regulated agreements.

On the recommendation of the Nomination and Compensation Committee, the Supervisory Board decided to pay him, under the Termination Agreements, total compensation equal to 1,982,400 euros, representing two years of 2016 annual variable and fixed compensation as determined on November 15, 2016. This compensation was paid on December 26, 2016, after approval of the contractual termination agreement by the labor authorities. It includes a restitution mechanism should the quantitative portion of the 2016 variable compensation be adjusted downward, as described above. This mechanism has not been applied given that the estimated current cash-flow per share used to determine the quantitative portion at November 15, 2016 turned out in the end to be lower than the current cash-flow per share achieved at December 31, 2016.

As part of the Termination Agreements, the Supervisory Board, on the recommendation of the Nomination and Compensation Committee and in accordance with the provisions contained within the regulations for the different plans, also decided to lift the planned presence condition for the 102,353 performance shares from which Laurent Morel benefits, and which are currently within a vesting period[(1)]. These shares are fully subject to the performance conditions linked to absolute performance of Klépierre's stock, relative performance against the FTSE EPRA Eurozone index and, from the 2016 Plan, internal performance based on changes in rental income. In practice, achieving these conditions is particularly strict. For information purposes, it should also be noted that of the 30,000 performance shares issued in the 2014 plan, only 1,450 shares were finally acquired by Laurent Morel, taking into account the achievement level of the performance conditions attached to this plan.

As well as being part of the concessions made within the Termination Agreements, the Supervisory Board stated that the lifting of this condition is justified by (i) the importance of Laurent Morel's 29-year length of service within the Group and (ii) his performance over recent years with regard to the Company's results, with the company being well-prepared to continue its operations and developments. In effect, the strategic decisions taken and implemented by Laurent Morel during his term of office, with the other members of the Executive Board and under the control of the Supervisory Board, have strengthened the foundations of the Company and of the Group and will continue to bear fruit over the medium term, particularly by their effects on the rate of return on Klépierre stock and on the Group's competitiveness against its peers. The lifting of the presence condition is also compliant with past decisions regarding the departure of executive management (particularly subsidiary managers), in which the contribution to the development of the Klépierre Group was a deciding factor.

In view of the potential claim Laurent Morel could bring on the grounds of his employment contract, the Supervisory Board considers that the abovementioned compromise agreement with Laurent Morel is in any case in the best interests of Klépierre.

*(1) The value of these performance shares, calculated in accordance with current accounting standards, was 15.67 euros per share for the 30,000 performance shares of the 2014 plan, 17 euros per share for the 37,353 performance shares from the 2015 plan, and 17.52 euros per share for the 35,000 performance shares from the 2016 plan. For information purposes, it should also be noted that of the 30,000 performance shares issued in the 2014 plan, only 1,450 shares were finally acquired by Laurent Morel, taking into account the achievement level of the performance conditions attached to this plan (i.e. a weighted average of 4.8337%) (see section 6.1.3.3 of the registration document).*

### 5.2.5.2 Summary tables established based on AMF recommendations and the AFEP-MEDEF Code

**Table No. 1 – Summary of compensation in stock options and shares awarded to Laurent Morel** *(in euros)*

| Laurent Morel | 2015 | 2016 |
|---|---|---|
| Compensation due for the fiscal year (itemized in Table 2) | 881,544 | 943,602 |
| Value of options granted during the fiscal year | - | - |
| Value of performance shares granted during the fiscal year | 510,000 | 613,200 |
| **TOTAL** | **1,391,544** | **1,556,802** |

**Table No. 2 – Table summarizing Laurent Morel's compensation** *(in euros)*

| | 2015 | | 2016 | |
|---|---|---|---|---|
| **Laurent Morel** | **Amount due** | **Amount paid** | **Amount due** | **Amount paid** |
| Fixed compensation | 400,000 | 400,000 | 402,273 | 402,273 |
| Short-term variable compensation | 440,000(1) | 400,000(2) | 519,200(3) | 959,200(4) |
| Exceptional compensation | | | | |
| Awarded for the Corio merger | – | 125,000 | - | – |
| Directors' fees | – | – | – | – |
| Benefits in kind | 4,560 | 4,560 | 7,768(5) | 7,768 |
| Others(6) | 36,984 | 36,984 | 14,361 | 14,361 |
| **TOTAL** | **881,544** | **966,544** | **943,602** | **1,383,602** |

(1) *Laurent Morel's variable compensation for fiscal year 2015 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 80 of the 2015 registration document filed with the French Financial Market Authority (AMF) under no. D.16-0131.*
(2) *Laurent Morel's variable compensation for fiscal year 2014 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 69 of the 2014 registration document filed with the French Financial Market Authority (AMF) under no. D.15-0119.*
(3) *Laurent Morel's variable compensation for fiscal year 2016 was set by the Supervisory Board, on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 253 of this registration document.*
(4) *This amount includes, in addition to the 2015 variable annual compensation paid in 2016, the 2016 variable annual compensation, which has been paid exceptionally in 2016 due to the termination of Laurent Morel's offices on November 7, 2016.*
(5) *Corresponds to provision of a Company car and to contributions paid by the Company for Laurent Morel to remain in the personal protection and healthcare plan for Group employees.*
(6) *Compensation for the loss of the collective employee savings plans (employee savings and incentive scheme) resulting from the suspension of Laurent Morel's employment contract. This amount is determined, with regard to the incentive plans, according to the legal formula and, with regard to incentive plans, on the basis of changes in the rents managed by Klépierre. The amount due in year 1 is an estimate based on the amount paid in year 1 for the year 0.*

**Table No. 3 – Directors' fees and other compensation**
Not Applicable

**Table No. 4 – Stock subscription or purchase options granted during the fiscal year to Laurent Morel by the Company and by all Group companies**
During fiscal year 2016, neither the Company nor any other Group company granted stock subscription or purchase options to Laurent Morel.

**Table No. 5 – Options to subscribe for new shares or to purchase existing shares exercised during the fiscal year by Laurent Morel**
Only the plans mentioned in the tables below were exercised during the fiscal year:

| Laurent Morel | Number of options exercised during the fiscal year | Exercise price |
|---|---|---|
| 2010 Plan – 2012 Performance | 8,750 | €22.31 |
| 2010 Plan – 2013 Performance | 50 | €22.31 |
| 2011 Plan – 2012 Performance | 10,500 | €27.94 |

By way of further information, the chart below indicates the exercise price of the options granted to Laurent Morel as a corporate officer, which have become exercisable during the fiscal year:

| Laurent Morel | Availability date | Number of shares exercisable | Exercise price |
|---|---|---|---|
| Plan: N/A | N/A | Nil | N/A |

### Table No. 6 – Performance shares awarded during the fiscal year to Laurent Morel

| Beneficiary | Plan date | Number of shares granted during the fiscal year | Value of shares based on method used in the consolidated financial statements | End of vesting period | End of conservation period | Performance Conditions |
|---|---|---|---|---|---|---|
| **Laurent Morel** | 2016 plan authorized April 19, 2016 by the Supervisory Board and implemented May 2, 2016 by the Executive Board | 35,000 | €613,200 | May 2, 2019 | May 2, 2021 | These shares are fully subject to performance conditions, in accordance with the rules described in section 6.1.3.3. For a description of these performance conditions, see page 270 of this registration document. |

### Table No. 7 – Performance shares that became available to Laurent Morel

| Beneficiary | Plan | Number of shares that became available during the fiscal year | Vesting Conditions |
|---|---|---|---|
| **Laurent Morel** | N/A | Nil | N/A |

Given the applicable holding periods, no shares became available during the fiscal year for Laurent Morel.

For further information, the chart below indicates the number of shares granted to Laurent Morel, whose vesting period ended during the fiscal year:

| Beneficiary | Plan | Due date of the vesting period | Number of shares definitively granted |
|---|---|---|---|
| **Laurent Morel** | 2013 Plan | 02/25/2016 | 15,479 |

### Table No. 11

| | Employment agreement | | Supplementary pension plan | | Compensation or benefits due or conditionally due on termination or change of function | | Compensation related to non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| **Laurent Morel**<br>Chairman of the Executive Board<br>Member of the Executive Board<br>Start of term: 06/22/2016<br>End of term: 11/07/2016 | X(1) | | | X(2) | | X(3) | | X |

*(1) Having observed that Laurent Morel's position as Executive Board Chairman took up more of his time than at the outset, the Company deemed it advisable to terminate his employment agreement with Klépierre Management, with effect from November 30, 2011. Since then, Laurent Morel received compensation paid by the Company for his role as Chairman of the Executive Board, while continuing to serve as Managing Partner of Klépierre Management for no compensation. Laurent Morel's duties as Chairman of the Executive Board ended on November 7, 2016.*

*(2) As a result as the termination of his offices, Laurent Morel is no longer eligible for the supplementary pension plan for executives of the former Compagnie Bancaire.*

*(3) Excluding legal and contractual compensation that may be due in the event of the termination of the suspended employment agreement.*

### 5.2.5.3 Items of compensation due or attributed to Laurent Morel, Chairman of the Executive Board until November 7, 2016, for the fiscal year ended on December 31, 2016 (11th resolution submitted for shareholder approval on April 18, 2017)

| Items of compensation | Amounts *(in euros)* | Comments |
|---|---|---|
| Fixed annual compensation | 402,273 | This sum is the result of the pro rata total of Laurent Morel's fixed annual compensation of 472,000 euros for his role as Chairman of the Executive Board for the period January 1, 2016 to November 7, 2016 (inclusive).<br>In order to re-establish the competitiveness of Laurent Morel's fixed annual compensation, his compensation was subject to a gradual overhaul by the Supervisory Board, on the recommendation of the Nomination and Compensation Committee, taking into account the following elements(1):<br>– historically, Klépierre was a BNP Paribas subsidiary, in which the compensation of the Executive Board members was determined consistent with the compensation policy applicable to BNP Paribas group executives. For historical reasons, Executive Board members' compensation was set at relatively low levels, and over time has lost its correlation with Klépierre's size (as it has gradually become a non-controlled company);<br>– the significant increase in Klépierre's scope in parallel (particularly following the merger with the Corio group in 2015);<br>– however, the fixed annual compensation of Klépierre Group executive corporate officers still did not match that offered to executives of comparable companies, given that it lay between the first and second lowest quartile, remaining below the median fixed annual compensation for corporate officers of the companies considered in the different panels(2).<br>It is important to note that, even after the increase, there was still a widening gap between the fixed annual compensation of the Chairman of the Executive Board and the fixed compensation paid to executives of companies in the samples studied. |
| Annual variable compensation | 519,200 | The Supervisory Board decided that Laurent Morel's variable compensation for fiscal year 2016 could vary between 0% and 130% of his fixed annual compensation and would be determined in the following manner:<br>– from 0% to 80% of fixed annual compensation based on net current cash-flow per share. This financial indicator, which measures changes in income using internal growth and external growth effects, efficiency of cost management (operating costs and financial costs) and tax exposure of current transactions, is particularly relevant for a real estate company like Klépierre; and<br>– from 0% to 50% of fixed annual compensation, based on the following themes and objectives set for 2016:<br>  – disposals, acquisitions, developments: operations conducted within budget,<br>  – social and environmental responsibility (improved access to training by Group employees and ethical commitment).<br>On the basis of the work of the Nomination and Compensation Committee, the Supervisory Board on November 15, 2016 set the following:<br>– 65% of the fixed annual compensation the amount of the variable share of 2016 compensation due for achieving the quantitative objective, based on an estimate of the net current cash-flow per share; and<br>– 45% of the fixed annual compensation the amount of the variable share of 2016 compensation due for achieving the qualitative objectives;<br>corresponding therefore to 519,200 euros.<br>Details of the achievement rate for the quantitative and qualitative criteria are presented on page 253 of the Company's registration document. |
| Deferred variable compensation | Nil | No deferred variable compensation |
| Long-term variable compensation | Nil | No long-term variable compensation |
| Exceptional compensation | Nil | No exceptional compensation |

*(1) For the 2015 fiscal year, the Supervisory Board decided, on the recommendation of the Nomination and Compensation Committee, to set the fixed annual compensation of Laurent Morel, Chairman of the Executive Board, at 400,000 euros.*

*(2) – Panel of SBF 120 companies (comprising (i) the 10 CAC 40 companies with the lowest market capitalization, (ii) the 20 Next 20 companies and (iii) the 10 SBF 80 companies with the highest market capitalization); and*

*– Panel of companies with comparable activities (STOXX® Europe 600 – Real Estate).*

<table>
<tr><th>Items of compensation</th><th>Amounts (in euros)</th><th>Comments</th></tr>
<tr><td>Compromise elements</td><td>1,982,400</td><td>Amount paid as part of the agreements relating to the termination of Laurent Morel's employment contract and the ending of his office as Chairman and member of the Klépierre Executive Board signed after his dismissal on November 7, 2016. In addition, as part of the termination agreements, the Supervisory Board, on the recommendation of the Nomination and Compensation Committee and in accordance with the provisions contained within the regulations for the different plans, decided to lift the planned presence condition for the 102,353 performance shares from which Laurent Morel benefits, and which are currently within a vesting period (please refer to page 254 of the registration document for further details with respect to the compromise agreement)<br><br>As Laurent Morel has held various offices within the Group for 29 years, particularly as part of his employment contract, the applicable legal and contractual provisions allowed him to claim a very significant level of severance pay. The Company therefore decided on a negotiated termination that allowed him to respect the two-year cap on fixed and variable compensation as provided for by the AFEP-MEDEF Code. In addition, the Company felt that engaging in a dispute of this nature with a former executive that would be lengthy, costly, and particularly sensitive, was prejudicial to its image.<br><br>The compromise agreement has also put an irrevocable and definitive end to any differences likely to arise from the dismissal of Laurent Morel as Chairman and Executive Board member. These are agreements that were concluded after his offices ended and are designed to limit the financial risk arising from the Group having to pay legal and contractual compensation arising from the termination of an employment contract; it is not to be subject to performance conditions or to the procedure for regulated agreements.<br><br>In view of the potential claim Laurent Morel could bring on the grounds of his employment contract, the Supervisory Board considers that the abovementioned compromise agreement with Laurent Morel is in any case in the best interests of Klépierre.</td></tr>
<tr><td>Performance shares</td><td>613,200</td><td>Allocation of performance shares is discussed in relation to the total annual compensation of an executive corporate officer while ensuring that the interests of shareholders are respected. The shares are allocated as part of annual plans, whose terms are set at pre-determined times.<br><br>Note of main characteristics of the 2016 Plan<br>– Plan authorized April 19, 2016 by the Supervisory Board and implemented May 2, 2016 by the Executive Board. Note that an authorization for this was granted by the General Meeting of April 19, 2016, in the eighteenth resolution.<br>– 35,000 shares granted to Laurent Morel representing:<br>  – €613,200, on the basis of a valuation of performance shares in accordance with IFRS;<br>  – 10.78% of the total allocation carried out under this plan for all beneficiaries concerned;<br>  – 0.01% of the Company's share capital.<br>– Attribution subject to three performance conditions (absolute, relative, and internal), assessed over a three-year period for which the performance grid is shown on page 241 of the Company's registration document:<br>  – rate of return on Klépierre stock ("total shareholder return" or TSR: evolution of the stock price + dividends): for 30% of shares allocated;<br>  – performance of Klépierre stock relative to the FTSE EPRA Eurozone index: for 50% of shares allocated;<br>  – average change in net rental income, net of indexation, on a like-for-like basis: for 20% of shares allocated.<br>– Other conditions<br>  – Obligation to retain in registered form a number of shares equivalent to 50% of the gain on vesting net of taxes and charges calculated during the delivery of the shares until his term of office expires.</td></tr>
<tr><td>Stock options</td><td>Nil</td><td>No allocation of stock options</td></tr>
<tr><td>Directors' fees</td><td>Nil</td><td>No directors' fees</td></tr>
<tr><td>Value of benefits of all kinds</td><td>7,768</td><td>Provision of a Company car<br><br>Contributions paid by the Company for Laurent Morel to remain in the personal protection and healthcare plan for Group employees.</td></tr>
<tr><td>Severance package: severance pay/non-compete benefit</td><td>Nil</td><td>No severance pay, no non-compete benefit(1).</td></tr>
<tr><td>Supplementary pension plan</td><td>Nil</td><td>As a result as the termination of his offices, Laurent Morel is no longer eligible for the supplementary pension plan for executives of the former Compagnie Bancaire.</td></tr>
<tr><td>Other</td><td>14,361</td><td>Compensation based on the incentive, according to the legal formula in force and incentive plans on the basis of changes in the rents managed by Klépierre.</td></tr>
</table>

*(1) Excluding legal and contractual compensation that may be due in the event of the termination of the suspended employment agreement.*

# 6 SHARE CAPITAL, SHAREHOLDING, GENERAL MEETING OF SHAREHOLDERS

# 6.1 Share capital and Shareholding

## 6.1.1 General information on the capital

### 6.1.1.1 Share capital – Type of shares

As of December 31, 2016, share capital totaled 440,098,488.20 euros, divided into 314,356,063 fully paid-up shares each with a par value of 1.40 euro.

In accordance with Article 28 of the Company's bylaws, each share confers a single vote.

They are in registered or bearer form, at the shareholder's discretion. Share capital may be modified under the conditions provided by law.

### 6.1.1.2 Delegations and authorizations granted to the Klépierre Executive Board

On the date of this registration document, the Executive Board holds the following delegations or authorizations pursuant to various decisions taken by the General Meetings of Shareholders on April 14, 2015 and on April 19, 2016:

#### Delegations or authorizations granted by the General Meeting of Shareholders of April 14, 2015

| Purpose of the resolution | Maximum amount | Duration | Utilizations during fiscal year 2016 |
|---|---|---|---|
| Capital increase with preservation of preferential rights by issue of shares and/or securities conferring rights to receive shares of the Company or of its subsidiaries and/or securities that confer entitlement to receive allocations of negotiable debt securities(1) | Maximum nominal amount: 90 million euros and 1.2 billion euros for negotiable debt securities | 26 months from April 14, 2015 (15th resolution) | None |
| Capital increase without preferential rights by issue of shares and/or securities conferring rights to receive shares of the Company or of its subsidiaries and/or securities that confer entitlement to receive allocations of negotiable debt securities, through a public offering or private placement(1)(2) | Maximum nominal amount 40 million euros and 800 million euros in negotiable debt securities | 26 months from April 14, 2015 (16th and 17th resolutions) | None |
| Increase in the number of securities to be issued in the event of a capital increase with or without preferential rights(1) | At the same price as that chosen for the initial issue, within the periods and limits specified by applicable legislation at the date of the issue(3) | 26 months from April 14, 2015 (18th resolution) | None |
| Capital increase without preferential rights by issue of shares and/or securities conferring rights to receive shares to fund contributions in kind granted to the Company in the form of shares and/or securities conferring rights to receive shares(1) | Up to 10% of capital | 26 months from April 14, 2015 (19th resolution) | None |
| Capital increase by incorporation of premiums, reserves, profits or other items(1) | 100 million euros | 26 months from April 14, 2015 (20th resolution) | None |

(1) *Maximum global nominal amount of the increases in the authorized share capital, whether immediate and/or future, capable of being carried out pursuant to the authorizations granted to the Executive Board: 100 million euros (23rd resolution) (this nominal amount being potentially subject to the addition of the nominal amount of the shares to be issued in addition to preserve the rights of holders of negotiable securities giving access to the capital).*
*Maximum global nominal amount of negotiable debt securities: 1.2 billion euros (23rd resolution).*

(2) *Private placement: issues cannot exceed the limits provided by the regulations applicable on the date of the issue (currently, 20% of the capital per year, pursuant to Article L. 225-136, 3° of the French Commercial Code).*

(3) *Currently, within 30 days of the close of the subscription period and subject to a maximum of 15% of the initial issue, pursuant to Article R. 225-118 of the French Commercial Code.*

#### Delegations or authorizations granted by the General Meeting of Shareholders of April 19, 2016

| Purpose of the resolution | Maximum amount | Duration | Utilizations during fiscal year 2016 |
|---|---|---|---|
| Authorization for the Company to buy back its own shares | Maximum program amount: 10% of capital and 1,728,958,330 euros Maximum purchase price: 55 euros per share with par value of 1.40 euro | 18 months from April 19, 2016 (16th resolution) | Purchase of 2,307,278 shares during the fiscal year 2016 |
| Authorization to reduce share capital by canceling treasury shares | 10% of capital in a 24-month period | 26 months from April 19, 2016 (17th resolution) | None |
| Authorization to issue performance shares to employees and corporate officers | 0.5% of share capital | 38 months from April 19, 2016 (18th resolution) | Allocation of 324,500 performance shares representing 0.10% of the capital |

### 6.1.1.3 Dividends

The dividends distributed for the last five fiscal years are as follows:

| Fiscal year | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Number of shares | 189,648,240 | 199,470,340 | 199,470,340 | (1) | 314,356,063 |
| Net dividend | €1.45 | €1.50 | €1.55 | €1.60 | €1.70 |
| Net amount distributed | €274,989,948.00 | €299,205,510.00 | €309,179,027.00 | €398,423,693.56 | €534,405,307.10 |

*(1) The dividend of 1.60 euro consisting of (i) an interim dividend in a total amount of €181,518,009.40, or €0.91 per share (based on a total number of shares of 199,470,340 as at December 31, 2014), the shares going ex-dividend on January 8, 2015 and the interim dividend being paid in cash on January 12, 2015; and (ii) a final dividend to the shareholders representing an additional distribution of €216,905,684.16, or €0.69 per share (on a total number of shares of 314,356,063), the shares going ex-dividend on April 17, 2015 and the final dividend being paid in cash on April 21, 2015.*

Unclaimed dividends must be paid to the French government after a period of five years has elapsed as of the payment date.

Shares owned by the Company do not confer entitlement to dividends.

### 6.1.1.4 Share capital and Stock market

#### Shares

All the Company's capital share stock is traded on the Euronext Paris market (compartment A).

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Market capitalization *(in millions of euros)*[1] | 5,988 | 6,719 | 7,127 | 12,885 | 11,740 |
| Number of shares traded *(daily average)* | 257,510 | 174,513 | 197,549 | 719,370 | 623,557 |
| **Share price** *(in euros)* | | | | | |
| – High | 30.08 | 34.94 | 37.75 | 47.69 | 43.17 |
| – Low | 20.44 | 28.79 | 31.09 | 35.29 | 34.56 |
| – Last | 30.02 | 33.68 | 35.73 | 40.99 | 37.35 |

*(1) Last quotation of the year.*
*Source: Bloomberg.*

#### Trading volume over the last 18 months (in number of shares and amount of equity traded)

| | | High *(in euros)* | Low *(in euros)* | Number of shares traded | Amount of equity traded *(in euros)* |
|---|---|---|---|---|---|
| 2015 | September | 40.96 | 37.91 | 14,398,216 | 564,374,158 |
| | October | 43.41 | 39.60 | 9,840,063 | 407,739,492 |
| | November | 43.00 | 40.73 | 26,515,788 | 1,108,723,563 |
| | December | 43.47 | 39.91 | 19,242,035 | 790,944,268 |
| **2016** | **January** | **40.99** | **36.09** | **15,695,947** | **604,676,410** |
| | **February** | **39.83** | **35.72** | **15,639,323** | **590,051,684** |
| | **March** | **42.10** | **38.09** | **18,980,995** | **769,013,990** |
| | **April** | **42.97** | **40.08** | **14,059,749** | **587,221,310** |
| | **May** | **41.62** | **39.72** | **10,597,985** | **432,195,343** |
| | **June** | **42.14** | **37.84** | **15,597,061** | **619,365,297** |
| | **July** | **42.83** | **37.93** | **11,555,558** | **461,808,913** |
| | **August** | **43.17** | **41.89** | **9,603,007** | **407,766,859** |
| | **September** | **42.84** | **40.10** | **10,324,825** | **424,920,285** |
| | **October** | **40.45** | **37.27** | **11,592,261** | **445,047,538** |
| | **November** | **36.91** | **34.61** | **14,045,510** | **497,643,281** |
| | **December** | **37,35** | **34,56** | **14,353,135** | **514,943,648** |
| 2017 | January | 37.60 | 34.81 | 12,713,192 | 455,553,458 |
| | February | 36.19 | 35.00 | 14,355,407 | 511,825,539 |

*Source : Bloomberg.*

#### Dilutive instruments

No dilutive instruments have been issued.

Developments relating to delegated authorities and authorizations granted to the Executive Board appear on pages 231 and 232 of this document.

### 6.1.1.5 Bonds

| Issue date | Due date | Currency | Outstanding nominal | Coupon | ISIN code |
|---|---|---|---|---|---|
| **Eurobond issues listed on the Paris stock exchange (EMTN)[1]** | | | | | |
| 04/07/2010 - 04/13/2010 | 04/13/2017 | EUR | 614,600,000 | 4.00% | FR0010885160 |
| 04/07/2010 - 04/14/2010 | 04/14/2020 | EUR | 300,000,000 | 4.625% | FR0010885582 |
| 03/14/2011 | 03/14/2021 | EUR | 600,000,000 | 4.75% | FR0011019397 |
| 05/21/2012 | 05/21/2027 | EUR | 50,000,000 | 4.23% | FR0011255280 |
| 09/17/2012 | 09/17/2019 | EUR | 309,900,000 | 2.75% | FR0011321405 |
| 01/28/2015 - 11/06/2014 | 11/06/2024 | EUR | 630,000,000 | 1.75% | FR0012477206<br>FR0012283653 |
| 04/17/2015 | 04/17/2023 | EUR | 750,000,000 | 1.00% | FR0012674661 |
| 10/22/2015 | 10/22/2025 | EUR | 255,000,000 | 2.125% | FR0013030038 |
| 02/19/2016 | 02/19/2026 | EUR | 500,000,000 | 1.875% | FR0013121753 |
| 09/27/2016 - 09/29/2016 | 09/29/2031 | EUR | 600,000,000 | 1.250% | FR0013203825 |
| 02/16/2017 - 02/27/2017 | 02/16/2027 | EUR | 600,000,000 | 1.375% | FR0013238045 |
| **Eurobond issues listed on the Amsterdam stock exchange (EMTN)[1]** | | | | | |
| 08/10/2010 - 08/03/2010 | 08/10/2020 | EUR | 250,000,000 | 5.448% | XS0531584984 |
| 10/20/2010 - 10/13/2010 | 01/22/2018 | EUR | 291,240,000 | 4.625% | XS0550979842 |
| 12/05/2012 - 11/28/2012 | 06/05/2017 | EUR | 50,000,000 | 2.389% | XS0861585072 |
| 12/13/2012 - 12/06/2012 | 12/13/2022 | EUR | 85,000,000 | 3.516% | XS0864386825 |
| 02/28/2013 - 02/21/2013 | 02/26/2021 | EUR | 324,642,000 | 3.25% | XS0896119384 |

*(1) The EMTN (Euro Medium Term Notes) prospectuses are available on Klépierre's website (www.klepierre.com), "Finance" section.*

## 6.1.2 Change in share capital – Breakdown of share capital and voting rights

### 6.1.2.1 Five-year change in share capital

| Dates | Nature of increase | Number of shares issued | Premium | Share capital |
|---|---|---|---|---|
| 05/21/2012 | Payment of dividend in the form of shares | 9,822,100 | €203,906,796.00 | €279,258,476.00 |
| 01/15/2015 | Share capital increase[1] | 96,589,672 | €3,456,461,412.52 | €414,484,016.80 |
| 01/19/2015 | Share capital increase[2] | 10,976,874 | €420,030,083.61 | €429,851,640.40 |
| 03/31/2015 | Share capital increase[3] | 7,319,177 | €2,913,689,402.20 | €440,098,488.20 |

*(1) Issue of ordinary shares of the Company to pay for shares tendered during the initial offer period of the public exchange offer initiated by the Company in respect of shares of the company Corio, at a parity of 1.14 Klépierre share for 1 Corio share.*
*(2) Issue of ordinary shares of the Company to pay for Corio shares tendered during the offer's post-acceptance period, at a parity of 1.14 Klépierre shares for 1 Corio share.*
*(3) Issue of ordinary shares of the Company to pay for Corio shares tendered in the context of the merger between Klépierre and Corio, at a parity of 1.14 Klépierre shares for 1 Corio share.*

### 6.1.2.2 Changes in share capital breakdown and voting rights over the last three fiscal years

| | Position at December 31, 2014 | | | | Position at December 31, 2015 | | | | Position at December 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | % of share capital | % of theoretical voting rights | % of voting rights exercisable in General Meetings | Number of shares | % of share capital | % of theoretical voting rights | % of voting rights exercisable in General Meetings | Number of shares | % of share capital | % of theoretical voting rights | % of voting rights exercisable in General Meetings |
| Simon Property Group | 57,634,148 | 28.89% | 28.89% | 29.38% | 63,924,148 (ii) | 20.33% | 20.33% | 20.52% | 63,924,148(ii) | 20.33% | 20.33% | 20.50% |
| Groupe BNP Paribas | 42,487,242 | 21.30% | 21.30% | 21.67% | (ii) | (ii) | (ii) | (ii) | (ii) | (ii) | (ii) | (ii) |
| Groupe APG | (i) | (i) | (i) | (i) | 42,417,173 (iii) | 13.49% | 13.49% | 13.62% | 42,417,173 (iii) | 13.49% | 13.49% | 13.60% |
| BlackRock | (ii) | (ii) | (ii) | (ii) | 15,818,671 (iii) | 5.03% | 5.03% | 5.08% | (ii) | (ii) | (ii) | (ii) |
| Employees | | N/A | | | 166,751 | 0.06% | 0.06% | 0.05% | 328,123 | 0.10% | 0.10% | 0.10% |
| Float | 95,983,823 | 48.12% | 48.12% | 48.95% | 189,130,787 | 60.17% | 60.17% | 60.73% | 205,158,167 | 65.26% | 65.26% | 65.79% |
| Treasury shares | 3,365,127 | 1.69% | 1.69% | – | 2,898,533 | 0.92% | 0.92% | – | 2,528,452 | 0.80% | 0.80% | – |
| **TOTAL** | **199,470,340** | **100%** | **100%** | **100%** | **314,356,063** | **100%** | **100%** | **100%** | **314,356,063** | **100%** | **100%** | **100%** |

*(i) Shareholder holding less than 5% of the share capital or voting rights of Klépierre prior to settlement and delivery of the Corio merger on March 31, 2015.*
*To the company's knowledge, no shareholder directly or indirectly, alone or in concert, owns more than 5% of the share capital or voting rights.*
*(ii) To the Company's knowledge, and on the basis of (i) the crossing thresholds declarations in accordance with law and/or the by-laws and (ii) the nominative shareholders' list, non-significant shareholder.*
*(iii) To the Company's knowledge and on the basis of the crossing threshold declaration.*

On March 9, 2017, BlackRock has notified the upward breach of the thresholds of 5% of the Company capital and voting rights (occured on March 8, 2017).

To the Company's knowledge, there have been no significant changes since December 31, 2016 in the share capital or voting rights ownership.

To the Company's knowledge, no other shareholder holds, directly or indirectly, alone or in concert, more than 5% of its share capital or voting rights.

## Employee share ownership

There are no agreements entitling the employees to a share of the issuer's capital.

## Shareholders' Agreement

To the Company's knowledge, no agreement existed on December 31, 2016 the implementation of which could result in a change of control at a later date.

At the time of the agreement concluded on July 29, 2014 between Klépierre and Corio, Simon Property Group ("**SPG**"), BNP Paribas SA. ("**BNPP**"), Klépierre's reference shareholders, and the Dutch foundation (stichting) Stichting Depositary APG Strategic Real Estate Pool, represented by its management company APG Asset Management N.V. ("**APG**"), Corio's reference shareholder, each acting directly or through affiliates (respectively, the "**SPG Group**", the "**BNPP Group**" and the "**APG Group**", and together, the "**Parties**"), signed a shareholders' agreement (the "**Shareholders' Agreement**") to organize their relationship as Klépierre shareholders. This agreement was published by the AMF as required by law, in its decision 214C2161 dated October 16, 2014.

The Shareholders' Agreement entered into force on January 15, 2015, the date of settlement/delivery of the public exchange offer (the "**Completion Date**").

To the Company's knowledge, the provisions of the Shareholders' Agreement are no longer applicable to the BNPP Group, since its stake in Klépierre fell below 5% in November 2015.

### I - Klépierre's Governance

#### Representation at the Supervisory Board

The Shareholders' Agreement provides for the SPG and APG Groups to be represented at Klépierre's Supervisory Board pursuant to reciprocal commitments to vote in favor of the representatives presented by each Party at General Meetings and on the Supervisory Board (solely for appointments by way of co-option).

It is agreed that amongst the Supervisory Board members, three (3) members will be SPG Group representatives (including the Chairman of the Board who will have a casting vote) and one (1) of whom will be an APG Group representative. The Supervisory Board must have at least five (5) independent members within the meaning of the AFEP-MEDEF Code, appointed by the General Meeting of Klépierre shareholders.

In the event that the SPG Group's stake falls below the lowest of the following three thresholds: 13.6% of the total number of Klépierre shares, or the BNPP Group's or APG Group's stakes in the Company:

(i) the number of representatives of each Party on the Supervisory Board will then be determined pro rata according to their respective stakes in Klépierre; and

(ii) the Chairman of the Board will no longer be appointed on a proposal from the SPG Group.

#### Representation at the Supervisory Board committees

The Shareholders' Agreement provides that the Supervisory Board will be assisted by the following Special-purpose Committees: the Audit Committee, the Nomination and Compensation Committee, the Sustainable Development Committee and the Investment Committee.

The Shareholders' Agreement also provides for the composition of the Investment Committee with mutual voting commitments on the part of the SPG Group and APG Group for that purpose: the signatories will each have a right to have their representatives on the Supervisory Board appointed as members of the Investment Committee.

### II - Transfers of securities

The Shareholders' Agreement includes the following commitments with regard to transfers of Klépierre securities, which are still in force on the date of this registration document:

#### Right of first refusal

After the Completion Date, (i) the BNPP and APG Groups undertook to give the SPG Group, and (ii) the SPG Group undertook to give the APG Group, a right of first refusal that may be exercised in respect of the entirety of the securities offered at the price proposed by the selling entity among the SPG or APG Groups (the "**Seller**"), within a period of five (5) business days from the date of receipt of the notice.

This right of first refusal applies in the event of a transfer of Klépierre securities to a third party, on the understanding that the concept of "transfer" is designed to be wide enough to include any transfer of the right of ownership, immediately or in the future, as well as any division of legal and beneficial ownership, any form of security or trust and any derivative transaction.

However, the following transactions are excluded from the right of first refusal: (i) the tendering of securities in a public takeover bid for the Company; (ii) sales on the market (in the form of block sales, market placements or similar procedures); (iii) derivative contracts providing for settlement in cash; (iv) issues of indexed debt securities; and (v) loans of securities and other transactions for the temporary transfer of ownership (a "**Market Operation**").

By way of exception, the right of first refusal will in any event be applicable in the case of Market Operations referred to in (i), (iii) and (v) above, and in the case of a Market Operation concluded with an identified third party, provided that the transfer is made to a competitor of SPG, as well as in the case of a Market Operation (in the form of a placement) representing 7.5% or more of Klépierre's capital and voting rights. In the case of Market Operations in the form of a sale on the market or of a placement below this threshold, or in the case of Market Operations referred to in (iv) above, they shall be conducted in good faith in order to avoid the transfer of a substantial part of the stake whose sale is contemplated, to a competitor of SPG.

In the case of Market Operations in respect of which the right of first refusal is applicable, the period of five days referred to above is reduced to three (3) business days.

Finally, each party undertakes to ensure that sales take place in an orderly fashion so as not to disrupt the market in Klépierre securities.

The Shareholders' Agreement is concluded for a term of ten (10) years. It may, in particular, be terminated at any time as regards a Party in the event that that Party comes to own less than five per cent (5%) of Klépierre's authorized share capital and voting rights.

Under the terms of the Shareholders' Agreement, SPG and APG declared that they were not acting in concert with any one of their number as regards Klépierre (within the meaning of Article L. 233-10 of the Commercial Code), this being a fundamental and decisive condition of signature of the Shareholders' Agreement, and they also undertook not to act in concert.

### 6.1.2.3 Crossing of legal or statutory shareholding thresholds

According to Article 7 of the bylaws, any physical person or legal entity, acting alone or in concert with others, that acquires at least 2% of the Company's share capital (or any multiple thereof) is required to inform the Company of this fact by means of registered letter with acknowledgment of receipt setting out the number of shares held, and to do so within five trading days of the date on which each threshold is crossed.

If the 10% threshold of the Company's capital is directly or indirectly exceeded (i.e., ownership of 10% or more of the rights to the dividends paid by the Company), any shareholder other than a physical person must state whether or not it is a Taxpaying Shareholder (as defined in Article 31 of the bylaws), in its threshold crossing declaration. If the said shareholder were to state that it was not a Taxpaying Shareholder, it would have to prove this if requested by the Company and provide the Company with a legal opinion from an internationally reputed tax law firm, on the Company's request. Any shareholder other than a physical person who informs the Company that it has directly or indirectly exceeded the 10% threshold of the Company's capital must quickly notify the Company of any change in its taxation status causing it to acquire or lose the status of Taxpaying Shareholder.

Unless they have been disclosed in accordance with the conditions set out above, the shares exceeding the statutory threshold that should have been disclosed will be stripped of voting rights at General Meetings of shareholders where the failure to disclose is brought to the attention of the Meeting or where one or more shareholders together holding 2% or more of the Company's share capital ask the Meeting to do so. This withdrawal of voting rights will apply to all General Meetings of Shareholders held within two years of the date on which the appropriate declaration is duly made.

All parties are also required to inform the Company, in accordance with the procedures and time schedules set out above, if their shareholding falls below any of the thresholds referred to above.

The chart below sums up the declarations of crossing of thresholds, whether legal or pursuant to the by-laws, as received by the Company during fiscal year 2016:

| | Date of crossing | Number of shares held after crossing of threshold | Date of the letter of notification sent to the Company | Crossing of threshold in capital | Crossing of threshold in voting rights |
|---|---|---|---|---|---|
| Standard Life Investments | August 3, 2016 | 6,469,837 | August 4, 2016 | Above | Above |
| BlackRock Inc.(1) | October 19, 2016 | 15, 687,310 | October 20, 2016 | Below | Below |
| BNP Paribas Investment Partners SA(2) | November 18, 2016 | 6,186,605 | December 7, 2016 | Unchanged | Above |
| BNP Paribas Investment Partners SA (2) | December 15, 2016 | 6,175,242 | December 21, 2016 | Unchanged | Below |

*(1) Acting on behalf of customers and funds, which it manages.*
*(2) Acting on behalf of companies over which it exercises control as understood by Article L. 233-3 of the French commercial code (with the exception of BNPP IP Argentina, TEB Asset Management et BNPP IP Italia).*

### 6.1.2.4 Transactions by Supervisory Board members and Executive Board members in Company securities (Article L. 621-18-2 of the French Monetary and Financial Code)

Transactions reported by Supervisory Board members and Executive Board members to the French Financial Markets Authority during financial year 2016 were as follows:

| Declarer | Nature of transaction | Description of securities | Total amount (in euros) |
|---|---|---|---|
| Laurent Morel | Exercise of options | Options | 195,212 |
| | Sale | Shares | 446,166 |
| | Exercise of options | Options | 293,370 |
| Jean-Michel Gault | Exercise of options | Options | 56,500 |
| | Sale | Shares | 105,750 |
| | Exercise of options | Options | 186,450 |
| | Sale | Shares | 315,000 |
| Florence Von Erb | Purchase | Shares | 6,273 |

## 6.1.3 Stock-options and performance shares

### 6.1.3.1 Option and performance share allocation policy

Options and performance shares allocated to executive corporate officers and employees are a long-term motivating factor that aligns the interests of executives with the interests of shareholders for creation of value in the long term.

Prior to 2012, the Company implemented several stock-option plans for the benefit of its executives and some of its employees. However, since 2012, the Company has given preference to performance shares. Since stock options have a lifespan of eight years, the options that were allocated will be exercisable until 2020.

#### Beneficiaries of allocations

The beneficiaries of these plans are executives, whose allocations are made in accordance with executive corporate officer compensation policy, and other particularly dedicated Group employees, whose loyalty it is necessary to encourage. As a result, the list of beneficiaries changes every year, as does the number of shares allocated to each beneficiary.

#### Allocation by the Supervisory Board

These allocations are made pursuant to the AFEP-MEDEF recommendations and occur every year during the same calendar periods. This calendar period was changed in 2015 in order to take into account the new number of employees resulting from the merger with the Corio Group and has remained unchanged since that time.

#### Cap in the number of performance shares offered

Pursuant to the AFEP-MEDEF Code, the Supervisory Board defines the maximum percentage of performance shares that can be allocated to the members of the Executive Board (currently 0.2% of the share capital over a period of 38 months from the General Meeting of Shareholders of April 19, 2016, and this percentage is part of the overall percentage of 0.5% of the share capital authorized by that General Meeting of Shareholders over the same period).

The number of performance shares allocated individually to members of the Executive Board must be previously approved by the Supervisory Board after recommendation by the Nomination and Compensation Committee, and it is determined with regard to the corporate executive officer's total annual compensation.

#### No hedging arrangements

In accordance with the AFEP-MEDEF Code, the members of the Executive Board have not made any hedging arrangement with regard to the options and performance shares granted to executive corporate officers.

### 6.1.3.2 Overview of past stock-option plans

Stock options have a lifespan of eight years and can be exercised on one or more occasions from the fourth anniversary following their date of allocation, subject to service and performance conditions.

Details of the various plans in effect are listed below:

#### Conditions common to all plans

**Performance condition**

The stock-option plans implemented prior to 2012 have, since 2009, in addition to a presence condition, a performance condition for the members of the Executive Board (100% of their allocation) and for the other members of the Executive Committee (50% of their allocation). The exercise price for the stock options has not been discounted.

The performance condition is based on the performance of the Klépierre share relative to the EPRA Eurozone index (Code no. EPEU) for the first four years of the plan.

The performance condition is measured on four occasions (once at the end of each of the first four years of the plan). Each measurement taken affects a quarter of the stock options in question.

- If Klépierre share performance is lower than the index's by 20% or more, the corresponding stock options lapse automatically.
- Should the Klépierre share underperform by between 0% and 20%, the exercise price of the stock options increases proportionally from 5% to 20%.
- Should the Klépierre share outperform the index, all stock options are allocated, and the exercise price is maintained.

All of these measurements were performed for each of the three plans in effect, and the stock option exercise prices for the various plans are listed in Table no. 8 on page 268.

**Presence condition**

The exercise of stock options is allowed only for beneficiaries still present in the Company at that date, barring exceptional cases of maintenance of rights as described in the rules for the relevant plan.

## Number of stock-options allocated for each plan in force

### 2009 Plan

On April 6, 2009, the Executive Board adopted a plan to offer 481,000 stock options to 162 beneficiaries, some of whom were subject (see above) to performance conditions (2009 Plan).

### 2010 Plan

On June 21, 2010, the Executive Board adopted a plan to offer 493,000 stock options to 170 beneficiaries, some of whom were subject (see above) to performance conditions (2010 Plan).

### 2011 Plan

On May 27, 2011, the Executive Board adopted a plan to offer 606,000 stock options to 211 beneficiaries, some of whom were subject (see above) to performance conditions (2011 Plan).

**Table 8 – AMF/AFEP-MEDEF Recommendations – Overview of stock purchase options granted in previous years – Information on stock purchase options**

| | 2009 Plan | | 2010 Plan | | 2011 Plan | |
|---|---|---|---|---|---|---|
| | Without performance conditions | With performance conditions | Without performance conditions | With performance conditions | Without performance conditions | With performance conditions |
| Executive Board meeting date | April 6, 2009 | April 6, 2009 | June 21, 2010 | June 21, 2010 | May 27, 2011 | May 27, 2011 |
| Total number of shares that may be subscribed or purchased | 377,750 | 103,250 | 403,000 | 90,000 | 492,000 | 114,000 |
| o/w shares that may be subscribed or purchased by corporate officers | – | 65,000 | – | 65,000 | – | 78,000 |
| Jean-Marc Jestin | – | – | – | – | – | – |
| Jean-Michel Gault | – | 30,000 | – | 30,000 | – | 36,000 |
| Start date for exercising options | April 6, 2013 | April 6, 2013 | June 21, 2014 | June 21, 2014 | May 27, 2015 | May 27, 2015 |
| Expiration date | April 5, 2017 | April 5, 2017 | June 20, 2018 | June 20, 2018 | May 26, 2019 | May 26, 2019 |
| Subscription or purchase price(1) | €22.60 | between €22.60 and €27.12(2) | €22.31 | between €22.31 and €26.77(2) | €27.94 | between €27.94 and €30.73(2) |
| Exercise conditions (for plans that contain more than one tranche)(3) | See below | See below | See below | See below | See below | See below |
| Number of shares subscribed at December 31, 2016 | 309,192 | 91,688 | 281,295 | 33,300 | 174,834 | 13,375 |
| Total number of options canceled or lapsed | 46,000 | 7,500 | 69,000 | 0 | 121,500 | 6,000 |
| Options outstanding at year-end | 22,558 | 4,062 | 52,705 | 56,700 | 195,666 | 94,625 |

*(1) The purchase price corresponds to the round off average of the first prices rated at the 20 trading days preceding the date of allotment.*

*(2) The purchase price varies depending on the performance of the Klépierre share versus the FTSE Eurozone Index. At each measure, if the performance of the Klépierre share is 20 points lower or more than the one of the index, these options will automatically lapse and it will no longer be possible to exercise them.*

*(3) The lock-up period for the options granted was set at four years with effect from the date of allotment and their life at eight years.*

**Table 8 bis – AMF/AFEP-MEDEF Recommendations – Options to subscribe or purchase shares granted to the top 10 employees not holding corporate office/options vested during the year by the top 10 employees not holding corporate office whose number of shares bought is the highest**

| | Total number of shares granted/ Total number of shares bought | Average weighted price | 2009 Plan | 2010 Plan | 2011 Plan |
|---|---|---|---|---|---|
| Options granted during the fiscal year to the 10 employees who received the highest number of shares in this manner | – | – | – | – | – |
| Options exercised during the fiscal year by the 10 employees who purchased the highest number of shares in this manner | 51 905 | 29,02 | 1 130 | 17 300 | 33 475 |

### 6.1.3.3 Performance share plans allocated since 2012

## Conditions common to all plans

#### Share vesting period and holding period

- **Principle applicable to vesting period:** the allocation of performance shares shall become definitive and be delivered in the form of Company shares at the end of a vesting period fixed by the Executive Board. Pursuant to the authorization of the General Meeting of Shareholders, this vesting period cannot be less than three years.
- **Principle applicable to the holding period:** following the resting period, beneficiaries must retain said shares for a period of two years. When the vesting period for all or part of an allocation is at least of four years, the Executive Board may not impose any holding period for the relevant shares.
- **Plans established by the Supervisory Board:** on the basis of the above principles, the Executive Board established "3+2" plans (three-year vesting period and two-year holding period) for French tax residents and "4+0" plans (four-year vesting period and no holding period) for those tax resident in other jurisdictions.

#### Presence condition

The vesting of the performance shares requires the service of the beneficiary within the Group until the end of the vesting period, barring exceptional cases of maintenance of rights under the conditions described in the rules for the relevant plan.

Should the beneficiary leave before expiration of the term for evaluating the performance share performance criteria, preservation of the profits for the performance shares is subject to the decision of the Supervisory Board and is justified. With respect ot the Executive Board members, the Supervisory Board will only admit a partial lifting of the present condition according to a pro rata temporis principle of acquisition.

#### Performance conditions

Performance conditions are determined by the Executive Board after consultation of the Nomination and Compensation Committee and the Supervisory Board. They are identical for all beneficiaries of performance shares.

The performance conditions for the various plans are based on the following criteria:

- absolute performance of the Klépierre share (total shareholder return: change in share price + dividend) – this condition applies to 30% of the shares;
- performance of the Klépierre share relative to the FTSE EPRA Eurozone index – this condition applies to 70% of the shares until the 2016 Plan and to 50% of the shares from the 2016 Plan; and.
- applicable as from the 2016 Plan, internal performance assessed via an operational criterion directly linked to the business of the Company: the average change over three years of net rental income, net of indexation, on a like-for-like basis - this condition applies to 20% of the shares.

## Overview of plans adopted

#### 2012 Plan

On October 23, 2012, the Executive Board adopted a plan for 260,200 performance shares for 66 beneficiaries (2012 Plan) representing, on the basis of the Company's share capital at December 31, 2016, a maximum potential dilution of 0.083%, whose main features are as follows:

- allocation is subject to the performance (for 24 beneficiaries) and presence (for all beneficiaries) conditions described above;
- beneficiaries are subject to either a three-year vesting period, at the end of which the shares must be retained for at least two years (France Plan), or to a vesting period of four years with no holding period (International Plan).

The performance condition of the plan was measured on October 23, 2015. Under the absolute performance condition (30% of shares), 100% of performance shares were vested. Under the relative performance condition (70% of shares), 87.88% of performance shares were vested.

#### 2013 Plan

On February 25, 2013, the Executive Board adopted a plan for 255,000 performance shares for 51 beneficiaries (2013 Plan) representing, on the basis of the Company's share capital at December 31, 2016, a maximum potential dilution of 0.081%, whose main features are as follows:

- allocation must be subject to the performance and presence conditions described above;
- beneficiaries are subject to either a three-year vesting period, at the end of which the shares must be retained for at least two years (France Plan), or to a vesting period of four years with no holding period (International Plan).

The performance condition of the plan was measured on February 24, 2016. Under the absolute performance condition (30% of shares), 100% of performance shares were vested. Under the relative performance condition (70% of shares), 20.32% of performance shares were vested.

#### 2014 Plan

On March 10, 2014, the Executive Board adopted a plan for 255,500 performance shares for 61 beneficiaries (2014 Plan) representing, on the basis of the Company's share capital at December 31, 2016, a maximum potential dilution of 0.081%, whose main features are as follows:

- allocation must be subject to the performance and presence conditions described above;
- beneficiaries are subject to either a three-year vesting period, at the end of which the shares must be retained for at least two years (France Plan), or to a vesting period of four years with no holding period (International Plan).

The performance condition of the plan was measured on March 9, 2017. Under the absolute performance condition (30% of shares), 16.11% of performance shares were vested. Under the relative performance condition (70% of shares), 0% of performance shares were vested.

### 2015 Plans

On May 4, 2015, the Executive Board adopted two plans, dated May 4, 2015 and July 6, 2015 (2015 Plans) for, respectively, 287,559 performance shares for 64 beneficiaries and 2,400 performance shares for two beneficiaries representing, on the basis of the Company's share capital at December 31, 2016, a maximum potential dilution of 0.092%, whose main features are as follows:

- allocation must be subject to the performance and service conditions described above;
- beneficiaries are subject to either a three-year vesting period, at the end of which the shares must be retained for at least two years (France Plan), or to a vesting period of four years with no holding period (International Plan);
- performance grid:

| Absolute performance: 30% weighting | | Relative performance: 70% weighting | |
|---|---|---|---|
| **Performance** | **% of shares delivered** | **Performance** | **% of shares delivered** |
| ≤16.5% | 0% | Index -1% | 0% |
| 20% | 33.3% | Index | 33.3% |
| 22.5% | 50% | Index +1% | 50% |
| 25% | 66.70% | Index +2% | 66.7% |
| 27.5% | 83.30% | Index +3% | 100% |
| ≥30% | 100% | | |

If the result obtained is between two thresholds, the number of performance shares vested is calculated by linear interpolation.

### 2016 Plan

On May 2, 2016, the Executive Board adopted a plan for 324,500 performance shares for 107 beneficiaries (2016 Plan) representing, on the basis of the Company's share capital at December 31, 2016, a maximum potential dilution of 0.10%, whose main features are as follows:

- allocation must be subject to the performance and service conditions described above;
- beneficiaries are subject to either a three-year vesting period, at the end of which the shares must be retained for at least two years (France Plan), or to a vesting period of four years with no holding period (International Plan);
- performance grid:

| Absolute performance: 30% weighting | | Relative performance: 50% weighting | | Internal performance: 20% weighting | |
|---|---|---|---|---|---|
| **Performance** | **% of shares delivered** | **Performance** | **% of shares delivered** | **Performance** | **% of shares delivered** |
| ≤16.5% | 0% | Indice -1% | 0% | <1% | 0% |
| 20% | 33.3% | Indice | 33.3% | 1% | 30% |
| 22.5% | 50% | Indice +1% | 50% | ≥3% | 100% |
| 25% | 66.70% | Indice +2% | 66.7% | | |
| 27.5% | 83.30% | Indice +3% | 100% | | |
| ≥30% | 100% | | | | |

If the result obtained is between two thresholds, the number of performance shares vested is calculated by linear interpolation.

**Table 9 – AMF/AFEP-MEDEF Recommendations – Background of allocation of performance shares – Information on performance shares**

| | 2012 Plan | 2013 Plan | 2014 Plan | 2015 Plan | 2016 Plan |
|---|---|---|---|---|---|
| Executive Board meeting date | 10/23/2012 | 02/25/2013 | 03/10/2014 | 05/04/2015 | 05/02/2016 |
| Total number of performance shares allotted | 260,200 | 255,000 | 255,500 | 289,959 | 324,500 |
| o/w allotted to corporate officers | | | | | |
| Jean-Marc Jestin | 50,000[1] | 30,000 | 25,000 | 32,353 | 30,000 |
| Jean-Michel Gault | 30,000 | 30,000 | 25,000 | 32,353 | 30,000 |
| Vesting date | France Plan: 10/23/2015<br>International Plan: 10/23/2016 | France Plan: 02/25/2016<br>International Plan: 02/25/2017 | France Plan: 03/10/2017<br>International Plan: 03/10/2018 | France Plan: 05/04/2018<br>International Plan: 05/04/2019 | France Plan: 05/02/2019<br>International Plan: 05/02/2020 |
| End of holding period | France Plan: 10/23/2017<br>International Plan: 10/23/2016 | France Plan: 02/25/2018<br>International Plan: 02/25/2017 | France Plan: 03/10/2019<br>International Plan: 03/10/2018 | France Plan: 05/04/2020<br>International Plan: 05/04/2019 | France Plan: 05/02/2021<br>International Plan: 05/02/2020 |
| Performance Condition | Performance conditions assessed based on two criteria:<br>– Total Shareholder Return (TSR) on the Klépierre shares;<br>– performance of the Klépierre shares relative to the FTSE EPRA Eurozone Index. | Performance conditions assessed based on two criteria:<br>– Total Shareholder Return (TSR) on the Klépierre shares;<br>– performance of the Klépierre shares relative to the FTSE EPRA Eurozone Index. | Performance conditions assessed based on two criteria:<br>– Total Shareholder Return (TSR) on the Klépierre shares;<br>– performance of the Klépierre shares relative to the FTSE EPRA Eurozone Index. | Performance conditions assessed based on two criteria:<br>– Total Shareholder Return (TSR) on the Klépierre shares;<br>– performance of the Klépierre shares relative to the FTSE EPRA Eurozone Index. | Performance conditions assessed based on three criteria:<br>– Total Shareholder Return (TSR) on the Klépierre shares;<br>– performance of the Klépierre shares relative to the FTSE EPRA Eurozone Index;<br>– internal performance assessed via the average change over three years of net rental income, net of indexation, on a like-for-like basis. |
| Number of shares vested at 12/31/2016 | 229,955 | 98,168 | 0 | 0 | 0 |
| Total number of shares canceled or lapsed | 30,245 | 146,666 | 9,500 | 13,500 | 4,500 |
| Shares remaining at end of fiscal year | 0 | 10,166 | 246,000 | 276,459 | 320,000 |

*(1) Of which 40,000 shares not subject to performance conditions granted when Jean-Marc Jestin joined the Company from an external company.*

## 6.1.4 Significant contracts

### 6.1.4.1 Significant financing contracts

#### Year 2015

**Update of the "Euro Medium Term Notes" issue program**

- Purpose: determination of a legal framework to allow the rapid issue of a great variety of bonds.
- Maximum amount: 5 billion euros.
- Place of listing: Paris.
- Governing Law: French.
- Dealers: BNP Paribas, Banca IMI, Barclays, BBVA, CM-CIC Securities, Deutsche Bank, Den Norske Bank, Goldman Sachs, HSBC, ING, Merrill Lynch, Morgan Stanley, Natixis, RBS, UBS, Oddo.
- Program rating: A-.
- Documentation identical to the issues in progress:
  - securitized debts/RNAV ≤ 50%;
  - option for early repayment to bearers in the case of a change of control causing a downgrading below BBB-.

Several denominated fixed-rate issues of varying maturities (eight to 10 years) totaling 1.135 billion euros were launched in 2015 under this program.

**Credit opening agreement of July 7, 2015**

- Purpose: opening of a multi-currency line of credit in the maximum amount of 850 million euros.
- Lenders: Barclays, BNP Paribas, Royal Bank of Scotland, CACIB, ING, ABN AMRO, BECM, Deutsche Bank, HSBC, Natixis, Société Générale, BBVA, Citibank, Intesa San Paolo, Mediobanca, Banco de Sabadell.
- Terms of repayment: in totality by the maturity on July 7, 2020 in the absence of the exercise of the two extension options of one year each.
- Use in the form of drawdowns.
- Interest: interest is indexed to three-month Euribor, plus a fixed margin and a commission for use.
- Non-use fees, if any.
- Primary financial covenants:
  - a Loan-to-Value ratio limited to 60%;
  - coverage of financial expenses by the EBITDA of at least 2;
  - a percentage of securitized debts compared to the revalued holdings limited to 20%;
  - minimum value of holdings, Group share of 10 billion euros.

#### Year 2016

**Credit opening agreement of January 14, 2016**

- Purpose: signing a contract for the opening of a line of credit in the maximum amount of 350 million euros.
- Lenders: BECM, BNP Paribas, ING, Société Générale.
- Terms of repayment: in full by the maturity on January 14, 2021.
- Use as a single drawdown.
- Interest: interest is indexed to three-month Euribor plus a fixed margin and a commission for use.
- Non-use fees, if any.
- Primary financial covenants:
  - a Loan-to-Value ratio limited to 50%;
  - EBITDA-to-interest coverage of at least 2.5;
  - a percentage of securitized debts compared to the revalued holdings limited to 20%;
  - minimum value of holdings, attributable to the parent of 600 million euros.

**Mortgage loan opening agreement of June 23, 2016 (Massalia Shopping Mall)**

- Purpose: signing a contract for the opening of a line of credit in the maximum amount of 133.5 million euros.
- Lenders: La Banque Postale, Crédit Agricole Alpes Provence, Crédit Agricole Corporate and Investment Bank, BNP Paribas.
- Terms of repayment: 3 million on September 30, 2018 (VAT credit), then 130.5 million at maturity on June 23, 2026.
- Use in the form of drawdowns.
- Interest: interest is indexed to three-month Euribor plus a fixed margin.
- Non-use fees, if any.

**Credit opening agreement of July 25, 2016**

- Purpose: signing a contract for the opening of a line of credit in the maximum amount of 100 million euros.
- Lender: Mizuho Bank Limited (Paris branch).
- Terms of repayment: in full by the maturity on July 25, 2021.
- Use in the form of drawdowns.
- Interest: interest is indexed to three-month Euribor plus a fixed margin and a commission for use.
- Non-use fees, if any.

- Primary financial covenants:
  - a Loan-to-Value ratio limited to 60%;
  - EBITDA-to-interest coverage of at least 2;
  - a percentage of securitized debts compared to the revalued holdings limited to 20%;
  - minimum value of holdings, attributable to the parent of 10 billion euros.

#### Update of the "Euro Medium Term Notes" issue program

- Purpose: determination of a legal framework to allow the rapid issue of a great variety of bonds.
- Maximum amount: 7 billion euros.
- Place of listing: Paris.
- Governing Law: French.
- Dealers: BNP Paribas, Banca IMI, Barclays, BBVA, Credit Agricole CIB, CM-CIC Securities, Deutsche Bank, Den Norske Bank, Goldman Sachs, HSBC, ING, JP Morgan, Merrill Lynch, Morgan Stanley, Natixis, RBS, Société Générale, UBS, Oddo.
- Program rating: A-.
- Documentation identical to the issues in progress:
  - securitized debts/RNAV ≤ 50%;
  - option for early repayment to bearers in the case of a change of control causing a downgrading below BBB-.

Several euro-denominated fixed-rate issues of varying maturities (10 to 15 years) totaling 1.1 billion euros were launched in 2016 under this program.

### 6.1.4.2 Material contracts – Investments and disposals

## Year 2015

#### Disposal of a portfolio of thirteen Buffalo Grill assets

Date of agreement: February 18, 2015

- Parties: Klémurs (seller) and LF Buffalo (buyer).
- Purpose: sale of property (single disposal of thirteen assets).
- Amount: 29.83 million euros (deed in hand).

#### Acquisition of Orion Colombia Socimi shares (Plenilunio)

Date of agreement: March 26, 2015

- Parties: Klépierre (buyer) and Orion Asset Spain III B.V. (seller).
- Purpose: acquisition of equities.
- Amount: 373.80 million euros.

#### Cours du Danube extension (Val d'Europe) works contract

Date of agreement: April 28, 2015

- Parties: Secovalde (principal contractor) and GCC/Viry/Tempeol – Socoteel group (subcontractor).
- Purpose: creation of 21,000 sq.m. net floor area extension for existing shopping center – retail sales area of 17,100 sq.m.
- Amount: 28.08 million euros excl. VAT.

#### Grand Littoral (Marseille) works contract

Date of agreement: August 3, 2015

- Parties: Corio Grand Littoral (principal contractor) and Soletanche (subcontractor).
- Purpose: design and execution contract – final stabilization of the barrier-ready parking garage in the Marseille Grand Littoral center.
- Amount: 24.58 million euros excl. VAT, of which 1.85 million euros excl. VAT for an optional tranche 2.

#### Disposal of a portfolio of nine Dutch assets and City Plaza extension project

Date of agreement: August 26, 2015 (disposal) and October 15, 2015 (extension)

- Parties: Klépierre Management Nederland B.V./Klépierre Participaties II B.V. (sellers) and Wereldhave Nederland B.V./ Wereldhave N.V. (buyers).
- Purpose: disposal of nine Dutch assets including the City Plaza extension.
- Amount: 685.3 million euros (price excluding extension) and 42.1 million euros (price of extension), for a total of 727.4 million euros.

#### Disposal via two Buffalo Grill asset portfolios

Date of agreement: October 15, 2015

- (1) Parties: Klémurs (seller) and PFO2 (buyer).
- Purpose: sale of property (single disposal of twelve assets).
- Amount: 26.35 million euros (deed in hand).
- (2) Parties: Klémurs (seller) and PFO (buyer).
- Purpose: sale of property (single disposal of six assets).
- Amount: 13.65 million euros (deed in hand).

#### Disposal of Krakow Plaza (Poland) shopping center

Date of agreement: December 15, 2015

- Parties: KLP Polska Spolka (seller) and CP Plaza Spolka – Peakside Group (buyer).
- Purpose: disposal of a shopping center.
- Amount: 9.3 million euros net selling price.

### Acquisition of Oslo City Kjøpesenter shares

Date of agreement: December 31, 2015

- Parties: DnB Kjøpesenter og Hotell AS (seller) and Steen & Strøm AS (68,703 shares)/Entra ASA (34,301 shares), buyers.
- Purpose: acquisition of shares.
- Amount: purchase price (before adjustment): NOK 4,753,967,779 (493,843,819.95 euros using the average exchange rate of December 31, 2015); i.e., interest in Steen & Strøm NOK 3,265,932,985.11 (i.e., 339,285,519.62 euros using the above exchange rate).

## Year 2016

### Right of use regarding the Pavilion Hoog Catharijne surface area

Date of agreement: April 29, 2016

- Parties: Hoog Catharijne B.V. and Utrecht Municipality.
- Purpose: establishment of real rights regarding Pavilion.
- Amount: 11 million euros.

### Transfer of assets relating to the Sexta Avenida, Ruta de la Plata and Espacio Torrelodones shopping centers

Date of agreement: July 19, 2016

- Parties: Corio Real Estate España, S.L. and Corio Torrelodones Office Suite, S.L. (sellers) and Zubiarte Inversiones Inmobiliarias, S.A., Peperomia Investments, S.L. and Sanango Investments, S.L. (buyers).
- Purpose: transfer of assets relating to the Sexta Avenida, Ruta de la Plata and Espacio Torrelodones shopping centers.
- Amount: 61.21 million euros.

### Disposal of a portfolio of eight Buffalo Grill assets + Vannes Retail Park

Date of agreement: October 6, 2016

- Parties: Klémurs (seller) and PFO (buyer).
- Purpose: sale of property (single disposal of nine assets).
- Amount: 16.34 million + 21.13 million euros (deed in hand).

### Construction contracts for the Voorzetgebouw facilities

Date of agreement: October 2016

- Parties: Klépierre Vastgoed Ontwikkeling B.V. and ULC Installatietechniek B.V.
- Purpose: technical installation.
- Amount: 8 million euros.

### Voorzetgebouw construction works

Date of agreement: October 2016

- Parties: Klépierre Vastgoed Ontwikkeling B.V. and Boele & Van Eesteren B.V.
- Purpose: Voorzetgebouw phase 1 construction works.
- Amount: 19 million euros.

### Sale of all shares in the companies that own the Torp shopping center (Sweden)

Date of agreement: November 7, 2016

- Parties: Steen & Strøm Holding AB (seller) and Thon Retail Properties AB (buyer).
- Purpose: sale of property.
- Amount: share price calculated on the basis of the value of an asset at SEK 1.285 billion (around 131.5 million euros, exchange rate as of November 30, 2016).

### Sale of all of the shares in Asane Storsenter DA (Norway), owner of the Asane Center shopping center

Date of agreement: November 7, 2016

- Parties: Steen & Strøm AS (49%) and Nordea Liv Norge As (50.1%) (sellers) and Olav Thon Eiendomsselskap ASA and Gardermoen Park AS (buyers).
- Purpose: sale of property.
- Amount: share price calculated on the basis of the value of an asset at NOK 1.928 billion (around 212.9 million euros, exchange rate as of November 30, 2016).

### Acquisition of retail units in Blagnac

Date of agreement: December 9, 2016

- Parties: Mr. Nauleau (seller) and SCOO (buyer).
- Purpose: acquisition of property (acquisition of three CBIs).
- Amount: 12,02 million euros (acquisition of three CBIs) + 7.76 million euros (refund of lease advance payments).

### Sale of Maisonément Retail Park

Date of agreement: December 16, 2016

- Parties: SCI Plaine du Moulin à Vent (seller) and SCI La Plaine (buyer: FREY).
- Purpose: sale of property (single disposal of one asset).
- Amount: 25.66 million euros (net selling price).

### Sale of company shares in Lillestrøm

Date of agreement: December 16, 2016

- Parties: Steen & Strøm AS and DnB Scandinavian Property Fund DA.
- Purpose: sale of company shares.
- Amount: NOK 799 million (around 88 million euros, exchange rate as of December 30, 2016).

### 6.1.4.3 Regulated agreements

**Conclusion by the Supervisory Board of the annual examination of agreements authorized pursuant to Article L. 225-86 of the Commercial Code which continued to be performed during the financial year 2016.**

In the context of their annual examination of regulated agreements, the members of the Supervisory Board have reviewed the agreements previously authorized which continued to be performed during the financial year 2016.

The Supervisory Board has found that the agreements (i) between Klépierre and Massalia Invest dated May 6, 2014, and (ii) between Klépierre and Massalia Shopping Mall SCI dated November 14, 2014, now constitute standard agreements concluded on normal terms having regard to the change in circumstances, since they relate to intra-group loans the maximum principal amount of which has been reduced from €150 million to €37 million.

#### Regulated agreements previously authorized which continued to be performed in 2016

| Date of the authorization granted by the Supervisory Board | Regulated agreement | | Parties to the agreement |
|---|---|---|---|
| | Date | Purpose | |
| October 3, 2008 | October 6, 2008 | Intra-group loan granted as part of the Steen & Strøm transaction | Nordica Holdco AB and Stichting Depositary APG Real Estate Pool assuming the rights of APG Real Estate Pool N.V., the latter itself assuming the rights of Stichting Pensionfonds ABP |
| October 3, 2008 | October 7, 2008 | Intra-group loan granted as part of the Steen & Strøm transaction | Storm Holding Norway AS and Stichting Depositary APG Real Estate Pool assuming the rights of APG Real Estate Pool N.V., the latter itself assuming the rights of Stichting Pensionfonds ABP |
| March 25, 2011 | March 25, 2011 | Intra-group loan agreement | Storm Holding Norway AS and Stichting Depositary APG Strategic Real Estate Pool assuming the rights of APG Strategic Real Estate Pool N.V., the latter itself assuming the rights of Stichting Pensionfonds ABP |
| November 30, 2015 | December 18, 2015 | Intra-group loan agreement as part of the Oslo Center acquisition | Klépierre and APG Strategic Real Estate Pool N.V. (parent companies of the shareholders of Nordica Holdco AB) to Nordica Holdco AB |
| November 30, 2015 | December 18, 2015 | Intra-group loan agreement as part of the Oslo Center acquisition | Klépierre and APG Strategic Real Estate Pool N.V. (parent companies of the shareholders of Storm Holding Norway AS) to Storm Holding Norway AS |

#### Regulated agreement authorized in 2016

| Date of the authorization granted by the Supervisory Board | Regulated agreement | | Parties to the agreement |
|---|---|---|---|
| | Date | Purpose | |
| April 19, 2016 | April 21, 2016 | Designation of Klépierre as tax representative in France of Simon KP I S.à.r.l. and Simon KP II S.à.r.l., with a guarantee payable on first demand and for an unlimited amount in favor of Klépierre granted by Simon Property Group | Simon Property Group, Simon KP I S.à.r.l. and Simon KP II S.à.r.l |

#### Regulated agreement authorized in 2017

| Date of the authorization granted by the Supervisory Board | Regulated agreement | | Parties to the agreement |
|---|---|---|---|
| | Date | Purpose | |
| February 2, 2017 | February 2, 2017 | Following the appointment of Jean-Marc Jestin as Chairman of the Executive Board on November 7, 2016, his employment contract was terminated in accordance with the recommendations of the AFEP-MEDEF Code.<br>The Supervisory Board took the view that complying with the AFEP-MEDEF Code governance rules was in Klépierre's interest and decided, on the recommendation of the Nomination and Compensation Committee, to establish at the same time a compensatory mechanism in the event of Jean-Marc Jestin's forced departure from Klépierre. Such mechanism is described in section 6.2.1, page 280 of the 2016 registration document and will be submitted to the vote of the General Meeting to be held on April 18, 2017 (commitments referred to in Article L. 225-90-1 of the Commercial Code) | Jean-Marc Jestin |

## 6.1.5 Statutory Auditors' special report on regulated agreements and commitments with third parties

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code (Code de Commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-58 of the French Commercial Code in respect of the performance of the agreements and commitments, already authorized by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These guidelines require that we verify the consistency of the information provided to us with the relevant source documents.

### Agreements and commitments submitted to the approval of the Shareholders' Meeting

#### Agreements and commitments authorized during the year

Pursuant to Article L. 225-88 of the French Commercial Code, the following agreements and commitments, previously authorized by your Supervisory Board, have been brought to our attention.

**With Simon Property Group,** shareholder holding more than 10% of the voting rights of your company through Simon KP I SARL and Simon KP II SARL,

#### Members of the Supervisory Board concerned

Messrs. David Simon, Steven Fivel and Stanley Shashoua.

Moreover, Simon Property Group was directly interested in this contract during the fiscal year.

#### Nature and purpose

Your Supervisory Board, on April 19, 2016, appointed your company as the tax representative of Simon KP I SARL and Simon KP II SARL.

#### Terms conditions and

On April 21, 2016, guarantees were granted by Simon Property Group to your company. In accepting this role as tax representative, your company does not incur or bear any cost.

#### Reason justifying an interest for your company

The Supervisory Board deemed that it was in the interest of your company to allow Simon Property Group to benefit from the favorable tax regime which was applicable to it up until now and that in addition, it runs no risk of bearing any cost in its role as tax representative.

In any event, the appointment of your company as tax representative will end May 12, 2017, at the same time as the two-year holding commitment made by Simon KP I and Simon KP II which runs from the inscription date of the securities allowing them to each hold 10% of the capital of your company (i.e. from May 12, 2015 to May 12, 2017).

#### Agreements and commitments approved after the year-end closing date

The following agreements and commitments, approved after the year-end closing date, have received the prior authorization of your Supervisory Board.

**With Mr. Jean-Marc JESTIN,** Chairman of the Executive Board

#### Nature and purpose

Following the appointment of Mr. Jean-Marc Jestin as Chairman of the Executive Board on November 7, 2016, his employment agreement was terminated in accordance with the recommendations of the AFEP-MEDEF Code. At the same time, the Supervisory Board of February 2, 2017, pursuant to a recommendation of the Appointments and Remuneration Committee, decided to set up an indemnity mechanism (termination benefits) in the event of the forced departure of Mr. Jean-Marc Jestin. The cases of forced departure include all cases regardless of their form (dismissal, resignation) except for gross negligence (extremely serious negligence preventing continuation of the term of office) or gross misconduct (extremely serious misconduct with intent to harm the company) and excluding non-renewal of his term of office as a member of the Executive Board.

#### Terms and conditions

The amount of termination benefits that would be paid to Mr. Jean-Marc Jestin will be calculated progressively, based on his seniority as corporate officer of your company. The initial amount is equal to one year of annual remuneration, calculated by reference to the last fixed and variable remuneration paid on the termination date. This initial amount will increase on a straight-line basis based on Mr. Jean-Marc Jestin's seniority as a corporate officer of your company, at the rate of one month per year of additional seniority starting from January 1, 2017. In any event, the amount of termination benefits which would be paid to Mr. Jean-Marc Jestin in the event of forced departure may not exceed two times his annual gross remuneration (including fixed and variable remuneration) received in respect of his corporate office during the last twelve months,

Moreover, with respect to performance conditions, termination benefits may only be paid if:

- Mr. Jean-Marc Jestin will have received or will have the right to receive, during at least two of the last three fiscal years preceding the year in which his corporate office terminates, annual overall variable remuneration (i.e., quantitative and qualitative) representing an amount equal to at least 90% of his fixed remuneration (the maximum being 130 %), and

– the quantitative part of the annual variable remuneration should, at the very least, be equal to the objectives set during the last two fiscal years taken into consideration in the previous condition.

In accordance with the AFEP-MEDEF Code, no termination benefits will be owed if the beneficiary has the possibility of receiving retirement benefits under a supplementary pension plan, within six months after termination of his functions.

#### Reason justifying an interest for your company

The Supervisory Board stated that Mr. Jean-Marc Jestin has agreed to terminate his employment agreement in the context of setting up this termination payments mechanism and has deemed that the implementation of this mechanism in accordance with the terms and conditions described above is in the interest of your company, in particular because it allows the company to comply with the governance rules set forth in the AFEP-MEDEF Code to which your company makes reference within the meaning of Article L. 225-68 of the French Commerce Code.

## Agreements and commitments already approved by the shareholders’ meeting

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments, already approved by the Shareholders’ Meeting during previous fiscal years, continued during the year.

### 1. With Nordica Holdco AB, 56.1% indirectly held by Klépierre Group

- **Agreement n° 1**

#### Nature and purpose

On October 3, 2008, your Supervisory Board approved the granting of an inter-group loan to Nordica Holdco AB in an amount of NOK 575,616,000 and bearing fixed interest of 6.5%. The interest rate was reduced to 4.7% as of January 1, 2014, in accordance with the interest rate adjustment mechanism stipulated in the agreement.

#### Terms and conditions

This loan was granted on October 6, 2008. As of December 31, 2016, the loan balance totaled €76,980,551.86 and the interest recorded in respect of the fiscal year amounted to €3,550,512.40.

- **Agreement n° 2**

#### Nature and purpose

On November 30, 2015, your Supervisory Board authorized an open-ended intercompany loan, granted by your company and APG Strategic Real Estate Pool NV to Nordica Holdco AB and bearing fixed interest of 3.2%. This interest rate will be adjusted starting from the fifth anniversary date of the signature of the contract.

#### Terms and conditions

This loan was granted on December 18, 2015. As of December 31, 2016, the loan balance totaled €19,732,189.03 and the interest recorded in the respect of the fiscal year amounted to €622,706.71.

### 2. With Storm Holding Norway AS, 56.1% indirectly held by Klépierre Group

- **Agreement n° 1**

#### Nature and purpose

On October 3, 2008, your Supervisory Board authorized a loan by your company to Storm Holding Norway AS, bearing interest of 6.5%. The interest rate was reduced to 4.7% as of January 1, 2014, in accordance with the interest rate adjustment mechanism stipulated in the agreement..

#### Terms and conditions

This loan was granted on October 7, 2008. As of December 31, 2016, the loan balance totaled €217,537,584.56 and the interest recorded in respect of the fiscal year amounted to €10,846,468.65.

- **Agreement n° 2**

#### Nature and purpose

On March 25, 2011, your Supervisory Board authorized the granting of an open-ended loan by your company to Storm Holding Norway AS, and bearing interest of 5.5%.

#### Terms and conditions

The contract was signed on March 25, 2011. As of December 31, 2016, the loan balance totaled €79,743,209.18 and the interest recorded in the respect of the fiscal year amounted to €4,791,941.72.

- **Agreement n° 3**

#### Nature and purpose

On November 30, 2015, your Supervisory Board authorized the granting of an open-ended intercompany loan by your company and APG Strategic Real Estate Pool NV to Storm Holding Norway AS and bearing interest of 3.2%. This interest rate will be adjusted starting from the fifth anniversary date of the signature of the contract.

#### Terms and conditions

This loan was granted on December 18, 2015. As of December 31, 2016, the loan balance totaled €38,264,379.08 euros and the interest recorded in the respect of the fiscal year amounted to €1,243,920.13.

Paris-La Défense and Neuilly-sur-Seine, March 6, 2017

The Statutory Auditors

| ERNST & YOUNG Audit | Deloitte & Associés | |
|---|---|---|
| Bernard Heller | Joël Assayah | José-Luis Garcia |

# 6.2 General Meeting of Shareholders

## 6.2.1 Report of the Executive Board to the Ordinary and Extraordinary General Meeting

Dear shareholders,

We have called this combined General Meeting of Shareholders to submit the following draft resolutions for your approval:

- Approval of the annual accounts for the financial year ending December 31, 2016.
- Approval of the consolidated accounts for the financial year ending December 31, 2016.
- Appropriation of the profit for the financial year ending December 31, 2016 and fixing of the amount of the dividend.
- Approval of the operations and agreements referred to in Article L. 225-86 of the Commercial Code.
- Approval of the commitments relating to Mr. Jean-Marc Jestin of the kind referred to in Articles L. 225-86 and L. 225-90-1 of the Commercial Code.
- Renewal of the terms of office as member of the Supervisory Board of Mrs. Catherine Simoni, Mrs. Florence Von Erb and Mr. Stanley Shashoua.
- Consultation of the Ordinary General Meeting of Shareholders on the items of compensation payable or allocated to Mr. Jean-Marc Jestin, member and then Chairman of the Executive Board, in respect of the financial year ended.
- Consultation of the Ordinary General Meeting of Shareholders on the items of compensation payable or allocated to Mr. Jean-Michel Gault, member of the Executive Board, in respect of the financial year ended.
- Consultation of the Ordinary General Meeting of Shareholders on the items of compensation payable or allocated to Mr. Laurent Morel, Chairman of the Executive Board until November 7, 2016, in respect of the financial year ended.
- Approval of the compensation policy for the members of the Supervisory Board.
- Approval of the compensation policy for the Chairman of the Executive Board.
- Approval of the compensation policy for the members of the Executive Board.
- Delegation of authority to the Executive Board, for a period of 18 months, to deal in the Company's shares.
- Delegation of authority to the Executive Board, for a period of 26 months, to reduce the authorized share capital by the cancellation of treasury shares.
- Delegation of authority to the Executive Board, for a period of 26 months, to decide upon the issue of shares and/or negotiable securities giving access to the capital of the Company or of its subsidiaries, and/or of negotiable securities conferring entitlement to the allocation of debt securities, while maintaining shareholders' preferential subscription rights.
- Delegation of authority to the Executive Board, for a period of 26 months, to decide upon the issue, by way of public offering, of shares and/or negotiable securities giving access to the capital of the Company or of its subsidiaries, and/or of negotiable securities conferring entitlement to the allocation of debt securities, while canceling preferential subscription rights.
- Delegation of authority to the Executive Board, for a period of 26 months, to decide upon the issue, by way of private placement of the kind referred to in Article L. 411-2, II of the Monetary and Financial Code, of shares and/or negotiable securities giving access to the capital of the Company and/or of negotiable securities conferring entitlement to the allocation of debt securities, while canceling preferential subscription rights.
- Delegation of authority to the Executive Board, for a period of 26 months, to increase the number of securities to be issued in the event of a capital increase, while maintaining or canceling preferential subscription rights.
- Delegation of authority to the Executive Board, for a period of 26 months, to issue shares and/or negotiable securities giving access to the capital of the Company, without preferential subscription rights, to pay for contributions in kind in the form of equity securities and/or negotiable securities giving access to the capital.
- Delegation of authority to the Executive Board, for a period of 26 months, to decide to increase the authorized share capital by the capitalization of premiums, reserves, profits or otherwise.
- Delegation of authority to the Executive Board, for a period of 26 months, to decide upon the issue, while canceling preferential subscription rights, of shares or negotiable securities giving access to the capital and reserved for the members of savings plans.
- Global limitation of the authorities to issue shares and negotiable securities giving access to the capital.
- Powers for formalities.

## Resolutions to be deliberated on in ordinary session

### Resolutions 1 and 2 – Approval of the parent company and consolidated financial statements

Having regard to the management report of the Executive Board and the reports of the Statutory Auditors, the General Meeting is asked to approve the parent company financial statements for the financial year 2016, showing a profit of 575,552,046.62 euros, and the consolidated financial statements for the financial year 2016, showing a result of 1,476,901,166.34 euros.

The General Meeting is also asked to record that the parent company financial statements for the financial year ending December 31, 2016 do not report any non-deductible expense or charge of the kind referred to in Article 39-4 of the General Taxation Code.

Details of the parent company and consolidated financial statements appear in Klépierre's 2016 registration document filed with the French Financial Markets Authority, which is available on Klépierre's website.

The report of the Statutory Auditors on these financial statements and the management report of the Executive Board appear in Klépierre's 2016 registration document.

**We propose the approval of Resolution 1 and Resolution 2 that have been presented to you.**

### Resolution 3 – Appropriation of the profit for the financial year 2016 and fixing of the dividend

The results for the financial year 2016 represent a distributable profit of 666,944,654.78 euros (corresponding to the 91,392,608.16 euros plus earnings carried forward plus the 2016 profit of 575,552,046.62 euros)

It is proposed to appropriate this distributable profit to pay a dividend of 1.82 euro per share.

If the General Meeting accepts this appropriation, the shareholders will receive, for each Klépierre share owned:

- 1.41 euro in respect of the real estate business exempt from corporation tax (dividend paid under the "SIIC" regime); this dividend will not have the benefit of the flat-rate of tax relief of 40% referred to in Article 158-3-2 of the General Taxation Code;
- 0.41 euro in respect of the activities subject to corporation tax (dividend not paid in respect of activities covered by the SIIC regime); this dividend not paid under the SIIC regime will have the benefit of the flat-rate of tax relief of 40% referred to in Article 158-3-2 of the General Taxation Code.

The dividend must be paid within nine months of the close of the financial year. The shares would go ex-dividend on April 21, 2017 and the dividend would be paid in cash on April 25, 2017.

In the event of a sale of shares between the date of the General Meeting and the date of payment, the rights to the dividend will be owned by the shareholder who is the owner of the shares on the day before the date on which the shares go ex-dividend.

**We propose the approval of Resolution 3 that has been presented to you.**

### Resolutions 4 and 5 – Approval of related-party agreements

The General Meeting is asked to approve each of the agreements referred to in Article L. 225-86 of the Commercial Code that was duly authorized by the Supervisory Board during the 2016 financial year. The General Meeting is reminded that only the following new agreements, which have been duly authorized by the Supervisory Board in accordance with Article L. 225-68 of the Commercial Code, and which were concluded during the last financial year, are submitted to this Meeting:

- **With Simon Property Group:**
  - Simon Property Group's investment in Klépierre is structured through two companies, Simon KP I and Simon KP II. These two companies currently own 10.17% each of Klépierre's authorized share capital. Dividends paid by Klépierre to shareholders resident for tax purposes outside France are, in principle, subject to a withholding tax under French law at the rate of 30%, subject to any more favorable provisions contained in tax treaties signed by France or applied pursuant to EU Law. In order to benefit from an exemption from this withholding tax on the non-SIIC part of the dividend received from Klépierre, Simon KP I and Simon KP II must, in particular (pursuant to the provisions of Article 119 ter of the General Taxation Code): (i) declare that they have, for a minimum uninterrupted period of two years, owned at least 10% of Klépierre's authorized share capital, or, failing that, (ii) give an undertaking to retain that minimum stake of 10% for a minimum uninterrupted period of two years, and appoint a tax representative that will be liable to the French tax authorities for payment of the aforementioned withholding tax in the event of failure to observe the two-year retention undertaking.

    In this context, Simon Property Group contacted Klépierre and asked for authorization to appoint Klépierre as the tax representative of the companies Simon KP I and Simon KP II. In exchange, Simon Property Group undertook to issue a guarantee payable on first demand and for an unlimited amount in favor of Klépierre to cover the eventuality that the French tax authorities required Klépierre to pay the withholding tax on the non-SIIC part of the dividend received from Klépierre by Simon KP I and Simon KP II (the "Guarantee").

    Accordingly, Klépierre's Supervisory Board appointed Klépierre on April 23, 2012 as the tax representative of the companies Simon KP I and Simon KP II, in consideration of the issue of the Guarantee, so that acting as the tax representative did not pose any risk to Klépierre. This agreement was subsequently approved by the General Meeting held on April 11, 2013, in the context of the procedure for related-party agreements.

    In 2015, changes in the percentage ownership of Klépierre by the companies Simon KP I and Simon KP II took place, which resulted in each of the two companies owning less than the threshold of 10% following the merger transaction with Corio, and then owning more than that threshold, following the acquisition of 2% of Klépierre's capital from BNP Paribas on May 12, 2015. In this respect, it is specified that the appointment of a tax representative was not required in connection with the payment of the 2014 dividend paid in 2015, since that dividend consisted only of an SIIC component.

    In order to benefit from the exemption from the withholding tax, which until that time was applicable to the non-SIIC part of the dividend paid by Klépierre on April 26, 2016, Simon Property Group asked the Supervisory Board to renew its 2012 decision, which the Supervisory Board voted to do at its meeting on April 19, 2016. In this context, a new Guarantee was issued by Simon Property Group in favor of Klépierre. The Supervisory Board took the view that it was in Klépierre's interest to allow Simon Property Group to benefit from the favorable tax regime that had applied to it until that time, and that furthermore, Klépierre did not incur any risk or have to bear any cost by reason of its role as tax representative. Klépierre's appointment as the tax representative of Simon KP I and Simon KP II will expire on May 12, 2017, at the same time as the two-year retention undertaking given by Simon KP I and Simon KP II, calculated from the date of the account entry, in respect of the shares that resulted in Simon KP I and Simon KP II owning at least 10% each of Klépierre's capital (from May 12, 2015 to May 12, 2017).

- **With Jean-Marc Jestin:**
  - Following the appointment of Jean-Marc Jestin as Chairman of the Executive Board on November 7, 2016, his employment contract was terminated in accordance with the recommendations of the AFEP-MEDEF Code. The Supervisory Board took the view that complying with the AFEP-MEDEF Code governance rules was in Klépierre's interest and decided, on the recommendation of the Nomination and Compensation Committee, to establish at the same time a compensatory mechanism in the event of Jean-Marc Jestin's forced departure from Klépierre.

    The cases of forced departure entitling Jean-Marc Jestin to the benefit of the compensation mechanism include any cases of forced departure to the exclusion of a forced departure in the event of serious misconduct or gross misconduct and to the exclusion of cases of non-renewal of his term of office as a member of the Executive Board.

    In the event of Jean-Marc Jestin's forced departure, he could, pursuant to this mechanism, receive payment in an initial amount of one year's annual remuneration, calculated by reference to the last fixed and variable remuneration paid as at the date of termination; on the understanding that this initial amount will be liable to increase on a linear basis according to Jean-Marc Jestin's length of service as a corporate officer (on a basis of one month per one additional year of service with effect from January 1, 2017), subject to a maximum of two years' remuneration, in accordance with the AFEP-MEDEF Code.

    In terms of performance conditions, the compensation may only be paid in the event that:

    - in at least two of the three full financial years preceding the year of termination of his term of office, Jean-Marc Jestin received or is entitled to receive global variable annual remuneration (that is to say quantitative + qualitative) representing a sum equal to at least 90% of his fixed remuneration (the maximum being 130%), and
    - the quantitative part of the variable annual remuneration must, as a minimum, have been paid in an amount equal to the target in the two financial years taken into account for the purposes of consideration of the foregoing condition.

    In accordance with the AFEP-MEDEF Code, no termination benefits will be owed if Jean-Marc Jestin has the possibility of receiving retirement benefits under a supplementary pension plan, within six months after termination of his functions.

**We propose the approval of Resolution 4 and Resolution 5 that have been presented to you.**

## Resolutions 6, 7 and 8 – Terms of office of members of the Supervisory Board

It is proposed that the General Meeting:

- renews the term of office as a member of the Supervisory Board of Mrs. Catherine Simoni, for a period of three years;
- renews the term of office as a member of the Supervisory Board of Mrs. Florence Von Erb, for a period of three years; and
- renews the term of office as a member of the Supervisory Board of Mr. Stanley Shashoua, for a period of three years.

### 1. The Supervisory Board as at December 31, 2016

The members of Klépierre's Supervisory Board have various skills that improve the quality of the Board's deliberations in the context of the decisions that it is called upon to take.

The Supervisory Board is currently composed of the following 10 members:

| | Main function | Age | Date of first appointment | Expiry of term of office |
|---|---|---|---|---|
| David Simon | Chairman of the Board of Directors and Chief Executive Officer of Simon Property Group, Inc. | 55 | 2012 | 2018 |
| John Carrafiell | Founding partner of GreenOak Real Estate | 51 | 2014 with effect from January 15, 2015 | 2018 |
| Béatrice de Clermont-Tonnerre | Director, Southern Europe, Global Partnerships of Google | 44 | 2016 | 2019 |
| Bertrand de Feydeau | Chairman of the Board of Directors of Foncière Développement Logements | 68 | 1998 | 2017 |
| Jeroen Drost | Chief Executive Officer of SHV Holdings N.V. | 55 | 2014 with effect from January 15, 2015 | 2018 |
| Steven Fivel | General Counsel and Secretary of Simon Property Group, Inc. | 56 | 2012 | 2018 |
| Stanley Shashoua | Senior Vice President, International Development, of Simon Property Group, Inc. | 46 | 2015 | 2017 |
| Catherine Simoni | Former Director France and Belgium of the European real estate fund of the Carlyle Group | 52 | 2012 | 2017 |
| Rose-Marie Van Lerberghe | Senior Advisor of BPI Group | 70 | 2012 | 2019 |
| Florence Von Erb | Member of various UN committees and former Managing Director of Adair Capital | 57 | 2016 | 2017 |

The biographies of the members of the Supervisory Board appear on pages 214 and following of this registration document.

**2. Renewal proposals**

Klépierre's Nomination and Compensation Committee and its Supervisory Board are in favor of the renewal of the terms of office as members of the Supervisory Board and as members of committees of Mrs. Catherine Simoni, Mrs. Florence Von Erb and Mr. Stanley Shashoua, having regard to their profiles and their varied and complementary skills, which enhance the work of the various bodies of which they are members.

### Renewal of Mrs. Catherine Simoni

It is proposed to renew the term of office as a member of the Supervisory Board of Mrs. Catherine Simoni, for a period of three years expiring at the end of the Ordinary General Meeting convened in 2020 to approve the financial statements for the financial year 2019.

Mrs. Catherine Simoni has been a member of the Supervisory Board since 2012 and she is also a member of the Sustainable Development Committee and of the Nomination and Compensation Committee. Her managerial skills and knowledge of the property sector are of considerable benefit to Klépierre. Furthermore, Mrs. Catherine Simoni is regarded as independent according to the criteria contained in the AFEP-MEDEF Corporate Governance Code, and she does not have any business relations with Klépierre.

### Renewal of Mrs. Florence Von Erb

It is proposed to renew the term of office as a member of the Supervisory Board of Mrs. Florence Von Erb, for a period of three years expiring at the end of the Ordinary General Meeting convened in 2020 to approve the financial statements for the financial year 2019.

Mrs. Florence Von Erb has been a member of the Supervisory Board since February 17, 2016, on which date she was co-opted as a replacement for Mrs. Dominique Aubernon. On April 19, 2016, the General Meeting ratified the co-option of Mrs. Florence Von Erb for the remainder of the term of office of Mrs. Dominique Aubernon, namely until the Ordinary General Meeting convened in 2017 to approve the financial statements for the financial year 2016. Klépierre benefits from her financial expertise and international profile. Mrs. Florence Von Erb therefore usefully enhances the work of Klépierre's Audit Committee, of which she is a member. In addition, Mrs. Florence Von Erb is regarded as independent according to the criteria contained in the AFEP-MEDEF Corporate Governance Code, and she does not have any business relations with Klépierre.

### Renewal of Mr. Stanley Shashoua

It is proposed to renew the term of office as a member of the Supervisory Board of Mr. Stanley Shashoua, for a period of three years expiring at the end of the Ordinary General Meeting convened in 2020 to approve the financial statements for the financial year 2019.

Mr. Stanley Shashoua has been a member of the Supervisory Board since 2015, having been appointed on a proposal from Simon Property Group. Mr. Stanley Shashoua is also a member of the Investment Committee, the Audit Committee and the Sustainable Development Committee. He provides the Supervisory Board and the various Committees of which he is a member with his financial skills and his detailed knowledge of the property sector and of business, particularly at international level. Furthermore, Mr. Stanley Shashoua does not have any business relations with Klépierre.

Mr. Bertrand de Feydeau did not wish to be reappointed. The Supervisory Board decided, on the proposal of the Nomination and Compensation Committee, not to proceed with a new appointment to replace him at the General Meeting of April 18, 2017, considering that even after his departure, the Board will still have at its disposal all the skill sets it needs to transact business. Furthermore, since Mr. Bertrand de Feydeau is Chairman of the Nomination and Compensation Committee, he will be replaced by an independent Board member.

Then, subject to a positive vote from the General Meeting with regard to the proposed renewals, it will be noted that among the nine members comprising the Supervisory Board following the General Meeting on April 18, 2017, there will be:

- five independent members, representing 55.56% of the members, in excess of the minimum proportion of 50% recommended by the AFEP-MEDEF Code;
- four women, representing a proportion of 44.45%, in excess of the requirements of the Commercial Code (40%);
- five foreign members, with members of US and Dutch nationalities.

**We propose the approval of Resolutions 6 to 8 that have been presented to you.**

## Resolutions 9, 10 and 11 – Consultative opinion on the items of remuneration payable or allocated to members of the Executive Board in respect of the financial year 2016

Since its revision in June 2013, the AFEP-MEDEF Code has asked listed companies to submit to their shareholders for a consultative vote the items of remuneration of the members of their Executive Board in respect of the financial year ended. This is a recommendation to vote a posteriori on the amount or value of the items of remuneration payable or allocated during the last financial year ended, and not to vote a priori on the remuneration policy for the current year.

Information relating to the items of remuneration payable or allocated to each member of the Executive Board in respect of the financial year ended is set out in section 5.2.4.1 (for Jean-Marc Jestin), section 5.2.4.2 (for Jean-Michel Gault) and section 5.2.5.3 (for Laurent Morel) of this registration document.

**We propose the approval of Resolutions 9 to 11 that have been presented to you.**

## Resolutions 12, 13 and 14 – Remuneration policy for corporate officers

The law of December 9, 2016 relating to transparency, prevention of corruption and modernization of the economy, known as the "Sapin 2" Law, introduced an a priori vote on the remuneration policy for the current financial year applied to members of the Supervisory Board and Executive Board.

Pursuant to Article L. 225-82-2 of the Commercial Code, the Supervisory Board submits for the approval of the General Meeting the principles and criteria applicable to the determination, distribution and allocation of the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind allocated to the members of the Supervisory Board and of the Executive Board in respect of the performance of their office in 2017, and which constitute the compensation policy concerning them.

### 1. The remuneration policy for members of the Supervisory Board

The remuneration of members of the Supervisory Board consists only of directors' fees paid by Klépierre, the maximum amount of which is voted on by the General Meeting and the distribution of which is decided upon by the Supervisory Board.

The variable portion of the directors' fees is the major portion, pursuant to the Code AFEP-MEDEF guidelines.

Pursuant to Article 17 paragraph 1 of the Company's bylaws, the General Meeting fixes the amount of the global budget for directors' fees allocated to the members of the Supervisory Board for their activity during the financial year. This global budget was set at 700,000 euros by the Combined General Meeting held on April 19, 2016.

This policy is presented in detail in the report of the Supervisory Board on the remuneration policy for the Supervisory Board members drawn up pursuant to Article L. 225-82-2 of the Commercial Code, which appears on section 5.2.1.1 of the 2016 registration document.

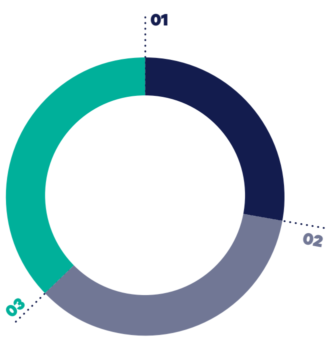
### 2. The remuneration policy for members of the Executive Board

The remuneration of each of the members of the Executive Board consists of three main elements:

- a fixed component, determined on the basis of the responsibilities assumed by each of the Members of the Executive Board, which must be sufficiently competitive to attract and retain the best talents;
- a short-term variable component, intended to associate the members of the Executive Board with the Group's short-term performance; and
- a long-term component, to align the interests of the beneficiaries as closely as possible to the interests of the shareholders in order to create long-term value.

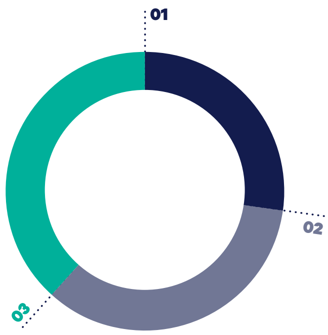
For information, in respect of the financial year 2016, the respective weighting of each of these elements was as follows:

**Jean-Marc Jestin**




**01** Fixed annual compensation: **28%**
**02** Short-term variable compensation: **35%**
**03** Long-term incentive: **37%**

**Jean-Michel Gault**




**01** Fixed annual compensation: **28%**
**02** Short-term variable compensation: **33%**
**03** Long-term incentive: **39%**

This policy is presented in detail in the report of the Supervisory Board on the remuneration policy for the Executive Board members drawn up pursuant to Article L. 225-82-2 of the Commercial Code, which appears on section 5.2.2.1 of the 2016 registration document.

Pursuant to Article L. 225-100 of the Commercial Code, the amounts resulting from the application of those principles and criteria will be submitted for the approval of the shareholders at the General Meeting convened to approve the accounts for the year 2017.

**We propose the approval of Resolutions 12 to 14 that have been presented to you.**

## Resolution 15 – Authority given to the Company to buy its own shares

Since the existing authority is due to expire in October 2017, it is proposed that the General Meeting should renew the authority given in 2016 for a further period of 18 months with effect from this General Meeting, on the understanding that in the event of a public offer made by a third party for the Company's shares, the Executive Board will not be able to use this power during the offer period without the prior authorization of the General Meeting.

This authority will enable the Company to buy back or arrange for the buyback of its shares, for the following purposes:

- to cancel shares up to a maximum of 10% of the capital per 24-month period;
- to cover the commitment to deliver shares, for example in the context of issues of negotiable securities giving access to the capital or to the allocation of share purchase options or existing bonus shares;
- allocation to employees;
- external growth operations;
- implementation of a liquidity agreement by an investment services provider acting independently; and
- retention and payment or exchange in the context of a merger, spin-off or asset transfer operation.

These shares may be acquired, sold, exchanged or transferred by any means, on one or more occasions, in particular on the market or over-the-counter, including in whole or in part by the acquisition, sale, exchange or transfer of blocks of shares. If necessary, these means shall include the use of any financial futures.

The number of the Company's shares that may be purchased in this way would be subject to the following ceilings: on the date of each buyback, the total number of shares purchased by the Company since the start of the buyback program could not exceed 10% of the shares comprising the Company's capital, and the number of shares that the Company owns at any time could not exceed 10% of the shares comprising the Company's capital on the date in question.

The maximum purchase price per share would be 55 euros. Consequently, the global amount allocated to the share buyback program could not exceed 1,728,958,330 euros.

As at December 31, 2016, 1,492,942 of the Company's shares have been purchased pursuant to the authority granted by the thirteenth resolution of the Company's General Meeting held on April 19, 2016.

**We propose the approval of Resolution 15 that has been presented to you.**

## Resolutions to be deliberated on in extraordinary session

### Resolution 16 – Delegation of authority to reduce the authorized share capital by the cancellation of treasury shares

The purpose of this resolution is to authorize the Executive Board, which may sub-delegate under the conditions provided by law, to reduce the authorized share capital on one or more occasions by the cancellation of any quantity of treasury shares within the limits authorized by law.

The Company may cancel shares that it owns in order to achieve various financial objectives, such as, for example, to actively manage its capital, to optimize its balance sheet, or to compensate for the dilution resulting from a capital increase.

The number of the Company's shares that may be canceled would be subject to the ceiling indicated below. On the date of each cancellation, the maximum number of shares of the Company canceled during the twenty-four month period preceding such cancellation, including the shares the subject of such cancellation, could not exceed 10% of the shares comprising the Company's capital on that date.

This authority is requested for a period of 26 months and would replace the authority conferred at the General Meeting held on April 19, 2016. No capital reduction operation was carried out in 2016.

**We propose the approval of Resolution 16 that has been presented to you.**

### Resolutions 17 to 22 and 24 – Renewal of financial authorities

Resolutions 17 to 22 and 24 relate to financial delegations of authority to be granted to the Executive Board. The purpose of these resolutions is to renew, in identical terms, the authorities already granted by the General Meeting held on April 14, 2015, which are due to expire.

The purpose of the financial authorities is to give the Executive Board the power to conduct Klépierre's financial management, by authorizing it, in particular, to issue negotiable securities in certain circumstances and under certain conditions, depending on market opportunities.

Subject to observance of the strictly-defined ceilings and terms and conditions of each of the authorities, the Executive Board would be authorized to issue negotiable securities while maintaining or canceling preferential subscription rights, as the case may be.

For the record, in principle, any capital increase in cash involves a preferential right to subscribe for the new shares, allowing the shareholders to subscribe for a certain period for a number of shares in proportion to their investment in the authorized share capital. This preferential subscription right can be detached from the shares and is negotiable throughout the subscription period. Some of the authorities submitted to the vote of the General Meeting would result in capital increases for which preferential subscription rights are canceled, for the following reasons:

- depending on market conditions, cancellation of preferential subscription rights might be necessary to complete an issue of negotiable securities under the best conditions, for example if the Company has to act fast;
- in addition, the vote on certain resolutions might, by law, entail the express waiver by shareholders of their preferential subscription rights in favor of the beneficiaries of the issues or allocations (particularly in the case of capital increases reserved for employees).

The main characteristics of the financial authorities, the renewal of which is submitted for the approval of the General Meeting, are set out in the following table:

| Number of the resolution | Nature of the authority | Purpose of the authority | Ceiling | Maintenance of preferential subscription rights? | Manner of determination of the issue price of the securities | Suspension of the authority during periods of public offers for Klépierre securities? | Duration of the authority | Use of the financial authority previously in force? |
|---|---|---|---|---|---|---|---|---|
| **No. 17** | Issue of shares and/or negotiable securities giving access to the capital of the Company or of its subsidiaries and/or of negotiable securities conferring entitlement to the allocation of debt securities | The use of this authority could enable the Executive Board to strengthen Klépierre's financial structure and equity capital, and/or to contribute to the investment program | Maximum nominal amount of the Company's capital increases capable of being completed immediately or in the future: €90,000,000, or 20.45% of the authorized share capital<br>Maximum nominal amount of the debt securities capable of being issued immediately or in the future: €1,200,000,000<br>This authority will also be charged (i) to the ceiling of €100,000,000 as regards the global maximum nominal amount of capital increases; and (ii) to the ceiling of €1,200,000,000 as regards the global maximum nominal amount of issues of negotiable securities representing debt (resolution 24) | Yes | In the event of an issue of shares, immediately or in the future, the Executive Board may determine the issue price and the amount of the premium which may, if applicable, be required for the issue | Yes | 26 months with effect from April 18, 2017 | No |
| **No. 18** | Issue of shares and/or negotiable securities giving access to the capital of the Company or of its subsidiaries and/or of negotiable securities conferring entitlement to the allocation of debt securities, by way of public offer | The Company could therefore access financing by calling upon investors or shareholders of the Company; diversifying the sources of financing in this way could prove to be useful | Maximum nominal amount of the Company's capital increases capable of being completed immediately or in the future: €40,000,000, or 9% of the authorized share capital<br>Maximum nominal amount of the debt securities capable of being issued immediately or in the future: €800,000,000<br>These authorities will also be charged (i) to the ceiling of €100,000,000 as regards the global maximum nominal amount of capital increases; and (ii) to the ceiling of €1,200,000,000 as regards the global maximum nominal amount of issues of negotiable securities representing debt (resolution 24) | No | As regards shares: the price will be at least equal to the minimum provided by the regulatory provisions applicable on the date of the issue (on the date hereof, the weighted average price on the last three trading days on the Euronext Paris regulated market preceding the fixing of the subscription price of the capital increase, less 5%)<br>As regards negotiable securities giving access to the capital: the issue price and the number of shares to which the conversion, repayment or generally transformation of each negotiable security giving access to the capital may confer a right, will be such that the sum immediately received by the Company, plus, if applicable, the sum liable to be received by the Company subsequently, will, in the case of each share issued as a result of the issue of those negotiable securities, be at least equal to the minimum subscription price defined in the preceding paragraph | Yes | 26 months with effect from April 18, 2017 | No |
| **No. 19** | Issue of shares and/or negotiable securities giving access to the capital of the Company and/or of negotiable securities conferring entitlement to the allocation of debt securities, by way of private placement of the kind referred to in Article L. 411-2, II of the Monetary and Financial Code | The Company could thus access means of financing that are faster than in the case of a public offer and could also access qualified investors more simply | | No | | Yes | 26 months with effect from April 18, 2017 | No |

| Number of the resolution | Nature of the authority | Purpose of the authority | Ceiling | Maintenance of preferential subscription rights? | Manner of determination of the issue price of the securities | Suspension of the authority during periods of public offers for Klépierre securities? | Duration of the authority | Use of the financial authority previously in force? |
|---|---|---|---|---|---|---|---|---|
| **No. 20** | Increase in the number of securities to be issued in the case of an issue of ordinary shares and/or of negotiable securities giving access to the capital of the Company, of any subsidiary and/or of any other company, in the event of excess demand | This measure makes it possible to avoid the reduction of subscriptions in the event of heavy demand, by allowing an increase in the amount of the operation originally envisaged | The ceilings applicable are those set by the resolution pursuant to which the original issue was completed (pursuant to resolutions 17, 18 or 19)<br>Furthermore, additional allocations can only take place within the time limits and subject to the limitations provided by the regulations applicable on the date of issue (on the date hereof, within 30 days of the close of the subscription, and subject to a limit of 15% of the original issue) | Yes or no, as the case may be, depending on the initial issue to which the additional allocation relates | Application of the price chosen for the initial issue (pursuant to resolutions nos. 17, 18 or 19) | Yes | 26 months with effect from April 18, 2017 | No |
| **No. 21** | Issue of shares and/or negotiable securities giving access to the capital of the Company to pay for contributions in kind in the form of equity securities and/or negotiable securities giving access to the capital | This authority allows the completion of external growth operations in France or abroad, or the purchase of minority shareholdings within the Group, without affecting Klépierre's cash balances | Limit of 10% of the authorized share capital<br>The maximum nominal amount of the capital increases capable of being completed will be charged to:<br>– the ceiling of €40,000,000 (resolutions 18 and 19); and<br>– the ceiling of €100,000,000 (resolution 24)<br>The maximum nominal amount of the debt securities capable of being issued will be charged to:<br>– the ceiling of €800,000,000 (resolutions 18 and 19); and<br>– the ceiling of €1,200,000,000 (resolution 24) | No | N/A | Yes | 26 months with effect from April 18, 2017 | No |
| **No. 22** | Increase of the authorized share capital by the capitalization of premiums, reserves, profits or other items | This operation would involve the issue of new shares allocated to all the shareholders | Maximum nominal amount of the Company's capital increases capable of being completed in this respect: €100,000,000<br>The authority would also be charged to the ceiling of €100,000,000 as regards the global maximum nominal amount of capital increases (resolution 24) | N/A | N/A | Yes | 26 months with effect from April 18, 2017 | No |
| **No. 24** | Global limitation of the authorities to issue shares and negotiable securities giving access to the capital | N/A | Nominal maximum amount of the Company's capital increases capable of being completed immediately or in the future: €100,000,000, or 22.72% of the authorized share capital<br>Nominal maximum amount of the debt securities capable of being issued immediately or in the future: €1,200,000,000 | N/A | N/A | N/A | N/A | No |

**We propose the approval of Resolutions 17 to 22 and Resolution 24 that have been presented to you.**

## Resolution 23 – Issue of shares or negotiable securities giving access to the capital reserved for the members of savings plans

The purpose of the 23rd resolution is to issue shares or negotiable securities giving access to the capital reserved for the members of savings plans. Indeed, the authorities requested pursuant to resolutions 17-22 and 24 give rise to the corresponding legal obligation to submit a draft resolution allowing a potential capital increase reserved for employees.

Since the Company does not employ any salaried staff, the General Meeting is asked to **reject** this resolution, the characteristics of which are set out below:

| Number of the resolution | Nature of the authority | Ceiling | Maintenance of preferential subscription rights? | Manner of determination of the issue price of the securities | Suspension of the authority during periods of public offers for Klépierre securities? | Duration of the authority | Use of the financial authority previously in force? |
|---|---|---|---|---|---|---|---|
| **No. 23** | Issue of shares or negotiable securities giving access to the capital reserved for the members of savings plans | €3,000,000<br>The authority would also be charged to the ceiling of €100,000,000 as regards the global maximum nominal amount of capital increases (24th resolution) | No | The issue price of the new shares or negotiable securities giving access to the capital will be determined under the conditions provided by Articles L. 3332-18 and following of the Employment Code and will be at least equal to 80% of the Reference Price (as defined below) or to 70% of the Reference Price when the lock-up period provided by the plan pursuant to Articles L. 3332-25 and L.3332-26 of the Employment Code is 10 years or more<br>The Executive Board may reduce or cancel the aforementioned discounts (within the legal and regulatory limits), if it considers it appropriate to do so, particularly in order to take account of the legal, accounting, fiscal and social security regimes applicable locally<br>The Reference Price means the average price of the Company's shares on the Euronext Paris regulated market on the 20 trading days preceding the date of the decision fixing the opening date of the subscription for members of an employee savings plan | Yes | 26 months with effect from April 18, 2017 | No |

**We propose the rejection of Resolution 23 that has been presented to you.**

## Resolution 25 – Powers for formalities

The Executive Board asks for the powers necessary to complete all the advertising and filing formalities involved in the holding of this General Meeting.

**We propose the approval of Resolution 25 that has been presented to you.**

## 6.2.2 Text of the resolutions proposed to the Ordinary and Extraordinary General Meeting

### Business of the Ordinary General Meeting

#### First resolution

*(Approval of the accounts for the financial year ending December 31, 2016)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, and having considered the reports of the Executive Board, the Supervisory Board and the Statutory Auditors, the General Meeting approves, as presented, the annual accounts for the financial year ending December 31, 2016 comprising the balance sheet, profit and loss account and the notes to the accounts, which show a profit of 575,552,046,62 euros.

It also approves the operations reflected in those accounts or summarized in those reports.

It formally notes that the parent company accounts for the financial year ending December 31, 2016 do not report expenses and charges that are non-deductible for tax purposes and that are referred to in Article 39-4 of the General Taxation Code. It also formally notes that no expenses referred to in provision 39-5 of the General Taxation Code were added-back to the tax result of the current financial year.

#### Second resolution

*(Approval of the consolidated accounts for the financial year ending December 31, 2016)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, and having considered the reports of the Executive Board, the Supervisory Board and the Statutory Auditors, the General Meeting approves, as presented, the consolidated accounts for the financial year ending December 31, 2016 comprising the balance sheet, profit and loss account and the notes to the accounts, which show a profit of 1,476,901,166.34 euros.

It also approves the operations reflected in those accounts or summarized in those reports.

#### Third resolution

*(Appropriation of the profit for the financial year ending December 31, 2016 and fixing of the amount of the dividend)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting resolves to appropriate the profit for the financial year, amounting to 575,552,046.62 euros, as follows:

| | |
|---|---|
| Profit for the financial year | +575,552,046.62 euros |
| Plus earnings carried forward | +91,392,608.16 euros |
| **Forming a distributable profit of** | **+666,944,654.78 euros** |
| – By way of dividend in respect of exempt activities | -443,242,048.83 euros |
| – By way of dividend in respect of taxable activities | -128,885,985.83 euros |
| (representing a total dividend distribution of 1.82 euro per share) | |
| **Balance to earnings carried forward** | **+94,816,620.12 euros.** |

The amount of 1.41 euro per share representing the dividend in respect of the exempt activity is not income eligible for the tax relief of 40% mentioned in Article 158-3-2 of the General Taxation Code. The balance, namely 0.41 euros per share, is income eligible for the said relief.

In accordance with the provisions of Article L. 225-210 of the Commercial Code, the General Meeting resolves that the amount in respect of treasury shares owned on the date of payment of the dividend and any amount that the shareholders might have waived will be appropriated to the "earnings carried forward" account. The relevant sums will reduce the distribution deducted from the profit from the exempt and taxable activities in the same proportions as are indicated above.

The ex-dividend date in respect of the dividend of 1.82 euro per share will be April 21, 2017 and the dividend will be paid in cash on April 25, 2017.

In accordance with Article 243 bis of the General Taxation Code, it is recalled that the dividends in respect of the last three financial years were as follows:

| Financial year *(in euros)* | Total dividend paid to shareholders | Net dividend per share | Amount eligible for the tax relief provided by Article 158-3-2 GTC | Amount not eligible for the tax relief provided by Article 158-3-2 GTC |
|---|---|---|---|---|
| 2013 | 309,179,027.00 | 1.55 | 123,671,610.80 | 185,507,416.20 |
| 2014 | 398,423,693.56 | 1.60(1) | 0 | 398,423,693.56 |
| 2015 | 534,405,307.10 | 1.70 | 377,227,275.60 | 157,178,031.50 |

*(1) The net dividend of €1.60 corresponds, first, to the distribution of an interim dividend paid on January 12, 2015 in an amount of €181,518,009.40, or €0.91 per share (in respect of a total number of shares as at December 31, 2014 of 199,470,340) and secondly, to an additional distribution of €216,905,684.16, or €0.69 per existing share or per share issued in respect of the merger with Corio N.V., paid on April 21, 2015 (namely a total number of shares of 314,356,063).*

The General Meeting confers all necessary powers on the Executive Board to determine the global amount of the dividend and consequently the amount of the balance of the distributable profit to be appropriated to the "earnings carried forward" account, particularly taking into account the number of shares owned by the Company on the date of payment of the dividend and, if applicable, the number of shares canceled before that date.

#### Fourth resolution

*(Approval of the operations and agreements referred to in Article L. 225-86 of the Commercial Code)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, and having noted the special report of the Statutory Auditors on the agreements referred to in Article L. 225-86 of the Commercial Code and relating to the financial year ending December 31, 2016, the General Meeting approves that report in all its provisions and each of the new agreements mentioned therein, in accordance with the provisions of Article L. 225-88 of the said Code.

## Fifth resolution

*(Approval of the commitments relating to Mr. Jean-Marc Jestin of the kind referred to in Articles L. 225-86 and L. 225-90-1 of the Commercial Code)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting notes that it has received the special report provided for by the legal and regulatory provisions in force relating to the commitments given for the benefit of Mr. Jean-Marc Jestin, Chairman of the Executive Board, and of the kind referred to in Articles L. 225-86 and L. 225-90-1 of the Commercial Code.

It approves those commitments and the report concerning them pursuant to Articles L. 225-86 and L. 225-90-1 of the Commercial Code.

## Sixth resolution

*(Renewal of the term of office as a member of the Supervisory Board of Mrs. Catherine Simoni)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting, noting that the term of office as a member of the Supervisory Board of Mrs. Catherine Simoni expires on today's date, renews it for a period of three years expiring at the end of the Ordinary General Meeting convened in 2020 to approve the accounts for the financial year 2019.

Mrs. Catherine Simoni has indicated that she accepted the renewal of her term of office and that she did not exercise any function and was not subject to any measure liable to prohibit her from exercising it.

## Seventh resolution

*(Renewal of the term of office as a member of the Supervisory the Board of Mrs. Florence Von Erb)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting, noting that the term of office as a member of the Supervisory Board of Mrs. Florence Von Erb expires on today's date, renews it for a period of three years expiring at the end of the Ordinary General Meeting convened in 2020 to approve the accounts for the financial year 2019.

Mrs. Florence Von Erb has indicated that she accepted the renewal of her term of office and that she did not exercise any function and was not subject to any measure liable to prohibit her from exercising it.

## Eighth resolution

*(Renewal of the term of office as a member of the Supervisory Board of Mr. Stanley Shashoua)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting, noting that the term of office as a member of the Supervisory Board of Mr. Stanley Shashoua expires on today's date, renews it for a period of three years expiring at the end of the Ordinary General Meeting convened in 2020 to approve the accounts for the financial year 2019.

Mr. Stanley Shashoua has indicated that he accepted the renewal of his term of office and that he did not exercise any function and was not subject to any measure liable to prohibit him from exercising it.

## Ninth resolution

*(Consultation of the Ordinary General Meeting of Shareholders on the items of compensation payable or allocated to Mr. Jean-Marc Jestin, member and then Chairman of the Executive Board, in respect of the financial year ended)*

Having been consulted pursuant to the AFEP-MEDEF Code of Corporate Governance for Listed Companies, which is the Code of Governance to which the Company refers within the meaning of Article L. 225-68 of the Commercial Code, and pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting issues a favorable opinion on the items of remuneration payable or allocated to Mr. Jean-Marc Jestin, member of the Executive Board and then Chairman of the Executive Board with effect from November 7, 2016, in respect of the financial year ending December 31, 2016, as presented in section 5.2.4.1 of the 2016 registration document and to which the report of the Executive Board refers.

## Tenth resolution

*(Consultation of the Ordinary General Meeting of Shareholders on the items of compensation payable or allocated to Mr. Jean-Michel Gault, member of the Executive Board, in respect of the financial year ended)*

Having been consulted pursuant to the AFEP-MEDEF Code of Corporate Governance for Listed Companies, which is the Code of Governance to which the Company refers within the meaning of Article L. 225-68 of the Commercial Code, and pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting issues a favorable opinion on the items of remuneration payable or allocated to Mr. Jean-Michel Gault, member of the Executive Board, in respect of the financial year ending December 31, 2016, as presented in section 5.2.4.2 of the 2016 registration document and to which the report of the Executive Board refers.

## Eleventh resolution

*(Consultation of the Ordinary General Meeting of Shareholders on the items of compensation payable or allocated to Mr. Laurent Morel, Chairman of the Executive Board until November 7, 2016, in respect of the financial year ended )*

Having been consulted pursuant to the AFEP-MEDEF Code of Corporate Governance for Listed Companies, which is the Code of Governance to which the Company refers within the meaning of Article L. 225-68 of the Commercial Code, and pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting issues a favorable opinion on the items of remuneration payable or allocated to Mr. Laurent Morel, Chairman of the Executive Board until November 7, 2016, in respect of the financial year ending December 31, 2016, as presented in section 5.2.5.3 of the 2016 registration document and to which the report of the Executive Board refers.

## Twelfth resolution

*(Approval of the remuneration policy for the members of the Supervisory Board)*

Having noted the report prepared in accordance with Article L. 225-82-2 of the Commercial Code and pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting approves the principles and criteria applicable to the determination, distribution and allocation of the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind presented in that report and allocated to the members of the Supervisory Board in respect of the performance of their office.

## Thirteenth resolution

*(Approval of the remuneration policy for the Chairman of the Executive Board)*

Having noted the report prepared in accordance with Article L. 225-82-2 of the Commercial Code and pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting approves the principles and criteria applicable to the determination, distribution and allocation of the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind presented in that report and allocated to the Chairman of the Executive Board in respect of the performance of his office.

## Fourteenth resolution

*(Approval of the remuneration policy for the members of the Executive Board)*

Having noted the report prepared in accordance with Article L. 225-82-2 of the Commercial Code and pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, the General Meeting approves the principles and criteria applicable to the determination, distribution and allocation of the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind presented in that report and allocated to the members of the Executive Board in respect of the performance of their office.

## Fifteenth resolution

*(Delegation of authority to the Executive Board, for a period of 18 months, to deal in the Company's shares)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, and having considered the report of the Executive Board, the General Meeting authorizes the Executive Board, which may sub-delegate under the conditions provided by law and by the Company's bylaws, in accordance with the provisions of the Articles L. 225-209 and following of the Commercial Code and of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, to purchase or arrange for the purchase of the Company's shares, particularly in order:

- to stimulate the secondary market in or liquidity of Klépierre shares through an investment services provider in the context of a liquidity agreement complying with a Code of Conduct recognized by the French Financial Markets Authority; or
- to retain the shares purchased and to deliver them subsequently (by way of exchange, payment or otherwise) in the context of acquisition, merger, spin-off or asset transfer transactions; or
- to allocate bonus shares in the context of the provisions of Articles L. 225-197-1 and following of the Commercial Code or of any similar plan; or
- to allocate or transfer shares to the employees in respect of their participation in the fruits of the business' expansion or of the implementation of any employee savings plan under the conditions provided by law, and in particular Articles L. 3332-1 and following of the Employment Code, by transferring shares purchased in advance by the Company in the context of this resolution or making provision for a bonus allocation of those shares by way of a Company contribution in the form of securities and/or by way of replacement of the discount; or
- to implement any Company stock-option plan in the context of the provisions of Articles L. 225-177 and following of the Commercial Code or of any similar plan; or
- in general, to honor obligations associated with stock option programs or other allocations of shares to the employees or corporate officers of the issuer or of an associated company; or
- to deliver shares upon the exercise of rights attached to negotiable securities giving access to the capital by way of repayment, conversion, exchange, presentation of a warrant or in any other way; or
- to cancel all or part of the securities purchased in this way.

This program is also intended to enable the implementation of any market practice that might come to be accepted by the French Financial Markets Authority, and more generally, the completion of any operation in accordance with the regulations in force. In this event, the Company will inform its shareholders by way of a communiqué.

Purchases of the Company's shares may relate to a number of shares such that:

- on the date of each purchase, the total number of shares purchased by the Company since the start of the buyback program (including those the subject of the said purchase) does not exceed 10% of the shares comprising the Company's capital, this percentage being applied to the capital as adjusted to take account of transactions affecting it after this General Meeting, namely, for information purposes, as at December 31, 2016, a buyback ceiling of 31,435,606 shares, on the understanding (i) that the number of shares purchased by the Company with a view to their retention and subsequent delivery by way of payment or in exchange in the context of a merger, spin-off or asset transfer transaction cannot exceed 5% of the authorized share capital; and (ii) that when the shares are purchased to promote liquidity under the conditions defined by the General Regulation of the French Financial Markets Authority, the number of shares taken into account in the calculation of the 10% limit provided above corresponds to the number of shares purchased, after deduction of the number of shares re-sold during the period of the authority;
- the number of shares that the Company will own at any time whatever does not exceed 10% of the shares comprising the Company's capital on the date in question.

Purchases, sales or transfers of shares may be carried out on one or more occasions, at any time within the limits authorized by the legal and regulatory provisions in force and those provided by this resolution (except during periods of public offerings in respect of the Company's shares), and by any means, on regulated markets, multi-lateral trading systems, using systematic internalizers or over-the-counter, including by the purchase or sale of blocks of securities (without limiting the proportion of the buyback program that can be carried out in this way), by public tender or exchange offers, or by the use of options or other financial futures, or by the delivery of shares following the issue of negotiable securities giving access to the Company's capital by conversion, exchange, repayment, exercise of a warrant or in any other way, and whether directly or indirectly through an investment services provider.

The maximum purchase price of the shares in the context of this resolution will be 55 euros per share (or the exchange value of that amount in any other currency on the same date), excluding purchase expenses, this maximum price only applying to purchases decided upon after the date of this Meeting and not to future transactions concluded pursuant to an authority given by a previous General Meeting providing for purchases of shares after the date of this Meeting. In the event of transactions affecting the capital, and in particular share splits or consolidations or the allocation of bonus shares, or of transactions affecting the equity capital, the amount indicated above will be adjusted to take account of the impact of the value of such transactions on the value of the shares.

The global amount allocated to the share buyback program authorized above may not exceed 1,728,958,330 euros.

The General Meeting confers all necessary powers on the Executive Board, which may sub-delegate such powers, to implement this authority, to carry out these transactions, to settle the terms and conditions thereof, to conclude any agreements and to complete any formalities.

With effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the sixteenth resolution of the Company's General Meeting on April 19, 2016. It is given for a period of 18 months with effect from today's date.

## Business of the Extraordinary General Meeting

### Sixteenth resolution

*(Delegation of authority to the Executive Board, for a period of 26 months, to reduce the authorized share capital by the cancellation of treasury shares)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, and having considered the report of the Executive Board and the special report of the Statutory Auditors, the General Meeting authorizes the Executive Board to reduce the authorized share capital, on one or more occasions, in such proportions and at such times as it shall decide, by the cancellation of any quantity of treasury shares that it shall decide within the limits authorized by law, in accordance with the provisions of Articles L. 225-209 and following of the Commercial Code and L. 225-213 of that Code.

On the date of each cancellation, the maximum number of shares canceled by the Company during the 24-month period preceding that cancellation, including the shares canceled on that occasion, may not exceed ten per cent (10%) of the shares comprising the Company's capital on that date, namely, for information purposes, as at December 31, 2016, a maximum of 31,435,606 shares, on the understanding that this limit applies to the amount of the Company's capital as adjusted, if applicable, to take account of transactions affecting the authorized share capital after this General Meeting.

The General Meeting confers all necessary powers on the Executive Board, which may sub-delegate them under the conditions provided by law and by the Company's bylaws, to charge the difference between the book value of the shares canceled and their nominal value to any reserve or premium accounts, to settle the terms and conditions of cancellation of the shares, to complete any capital cancellation and reduction operation or operations that might be carried out pursuant to this authority, to make the consequential amendments to the bylaws, to make any declarations to the French Financial Markets Authority, and to complete any formalities.

With effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the seventeenth resolution of the Company's General Meeting on April 19, 2016. It is given for a period of 26 months with effect from today's date.

### Seventeenth resolution

*(Delegation of authority to the Executive Board, for a period of 26 months, to decide upon the issue of shares and/or negotiable securities giving access to the capital of the Company or of its subsidiaries, and/or of negotiable securities conferring entitlement to the allocation of debt securities, while maintaining shareholders' preferential subscription rights)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, and having considered the report of the Executive Board and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 and following of the Commercial Code, and in particular Article L. 225-129-2 of the said Code, and the provisions of Articles L. 228-91 and following of the said Code, the General Meeting:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided by law and by the Company's bylaws, its authority, subject to the prior authority of the Supervisory Board, to decide upon the issue, on one or more occasions, in France or abroad, in such proportions and at such times as it shall see fit, and whether in euros or in any other currency or monetary unit established by reference to a basket of currencies, and while maintaining preferential subscription rights, (i) of ordinary shares of the Company; (ii) of negotiable securities governed by Articles L. 228-91 and following of the Commercial Code, which are equity securities of the Company giving access to other equity securities of the Company, and/or conferring a right to the allocation of debt securities of the Company; (iii) of negotiable securities representing debt whether or not governed by Articles L. 228-91 and following of the Commercial Code, giving access or capable of giving access to equity securities of the Company to be issued, such negotiable securities being capable, if necessary, of also giving access to existing equity securities and/or to debt securities of the Company; (iv) of negotiable securities, which are equity securities of the Company, giving access to existing equity securities or equity securities to be issued by companies and/or to debt securities of companies, in which at the time of the issue, the Company directly or indirectly owns more than half the authorized share capital, those negotiable securities being capable, if necessary, of also giving access to existing equity securities and/or to debt securities of the Company, on the understanding that the shares and other negotiable securities may be subscribed either in cash or by the set-off of receivables.
2. Resolves to set the limits of the amounts of the capital increases authorized in the event of use by the Executive Board of this delegation of authority, as follows:
   - the maximum nominal amount of the increases in the Company's capital capable of being carried out immediately or in the future pursuant to this delegated authority is set at 90 million euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies, on the understanding that this amount will be charged to the amount of the global ceiling applicable to increases in the Company's capital provided by the twenty-fourth resolution proposed to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority. To this ceiling will be added, if applicable, the nominal amount of any shares to be issued in addition, in the event of new financial operations, in order to preserve the rights of holders of negotiable securities giving access to the capital, of stock options or of bonus share allocation rights, in accordance with the law and, if applicable, the contractual provisions;

- in the event that debt securities are issued pursuant to this delegated authority, the maximum nominal amount of the debt securities capable of being issued immediately or in the future pursuant to this delegated authority may not exceed 1,200,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies on the issue date, this amount being increased, if applicable, by any repayment premium above par, on the understanding that this amount will be charged to the amount of the global ceiling applicable to issues of negotiable securities representing debt provided by the twenty-fourth resolution proposed to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority.

3. In the event of use by the Executive Board of this delegated authority:
   - resolves that the issue or issues will be preferentially reserved to the shareholders, who may subscribe on an irreducible basis in proportion to the number of shares that they then own;
   - notes the fact that the Executive Board has the power to introduce a reducible subscription right;
   - notes the fact that any decision to issue pursuant to this delegation of authority will automatically involve waiver by the Company's shareholders, in favor of the holders of negotiable securities issued giving access to the capital or capable of giving access to equity securities of the Company to be issued, of their preferential subscription right in respect of the shares to be issued, to which those negotiable securities confer a right whether immediately or in the future;
   - notes the fact that the decision to issue the negotiable securities referred to in point 1 (IV) above pursuant to this delegated authority, will, if those negotiable securities give access to equity securities to be issued by a company of which, at the time of issue, the Company directly or indirectly owns more than half the authorized share capital, require the approval of the Extraordinary General Meeting of the company concerned;
   - resolves, in the event of issue of ordinary shares and/or negotiable securities in accordance with Article L. 225-134 of the Commercial Code, that if irreducible, and if applicable, reducible subscriptions have not absorbed the entirety of the issue, the Executive Board may, under the conditions provided by law and in such order as it shall determine, use one or other of the powers set out below:
     - to freely distribute all or part of the shares or, in the case of negotiable securities giving access to the capital, the said negotiable securities the issue of which was decided upon but which have not been subscribed,
     - to offer to the public all or part of the shares or, in the case of negotiable securities giving access to the capital, the said negotiable securities that have not been subscribed, on the French market or abroad,
     - in general and including in the two situations referred to above, to limit the issue to the amount of the subscriptions, provided that they amount to at least three-quarters of the capital increase decided upon;
   - resolves that issues of warrants to subscribe for the Company's share may take place by way of subscription offer, but also by way of bonus allocation to the owners of the old shares, on the understanding that fractional allocation rights will neither be negotiable nor transferable and that the corresponding securities will be sold.

4. Resolves that the Executive Board will have all necessary powers, which it may sub-delegate under the conditions provided by law and by the Company's bylaws, to implement this delegation of authority, particularly in order:
   - to decide upon the issue and determine the negotiable securities to be issued;
   - to decide, in the case of issue of shares, immediately or in the future, on the amount of the capital increase, the issue price and the amount of the premium which may, if applicable, be required for the issue;
   - to determine the dates and terms of the issue, and the nature, number and characteristics of the negotiable securities to be created; to decide, in addition, in the case of bonds or other debt securities (including negotiable securities conferring entitlement to the allocation of the debt securities referred to in Article L. 228-91 of the Commercial Code), on whether they will be subordinate or not, to fix their interest rate, to provide, if applicable, for the compulsory or optional cases of suspension or non-payment of interest, and to provide for their duration (whether fixed or indefinite) and the possibility of reducing or increasing the nominal value of the securities and the other terms and conditions of issue and of redemption; if applicable, these securities may be accompanied by warrants conferring a right to the allocation, purchase or subscription of bonds or other negotiable securities representing debt, may provide for the Company to have the power to issue debt securities (treated in the same way or not) in payment of interest, the payment of which was suspended by the Company, or may take the form of complex bonds within the meaning understood by the stock market authorities; to amend, during the lifetime of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities;
   - to determine the method of payment for the shares or for the negotiable securities giving access to the capital to be issued immediately or in the future;
   - to fix, if necessary, the terms and conditions of exercise of the rights attached to the shares or negotiable securities, and, in particular, to settle the date, which may be retrospective, with effect from which the new shares to be issued will be entitled to dividends, and any other terms and conditions of completion of the issue;
   - to fix the terms and conditions upon which the Company will, if applicable, have the power to purchase or exchange, on the stock market, at any time or during fixed periods, the negotiable securities issued or to be issued immediately or in the future with a view to their cancellation or otherwise, taking into account the legal provisions;
   - to provide the power to potentially suspend the exercise of the rights attached to these securities in accordance with the legal and regulatory provisions;
   - on its sole initiative, to charge the expenses of the capital increase to the amount of the premiums referable thereto and deduct from this amount the sums necessary to fund the legal reserve;
   - to determine and make any adjustments intended to take account of the impact of transactions affecting the Company's capital and to fix any other terms and conditions to ensure, if applicable, the preservation of the rights of holders of negotiable securities giving access to the capital (including by way of cash adjustments) in accordance with the legal and regulatory provisions and, if applicable, the applicable contractual provisions;

- to arrange, if applicable, for the shares or negotiable securities to be issued to be admitted to trading on a regulated market;
- to record the definitive completion of each capital increase and to make the corresponding amendments to the bylaws; and
- in general, to enter into any agreement, particularly to achieve the successful completion of the issues envisaged, and to take any measures and carry out any formalities necessary for the issue, listing and financial service of the securities issued pursuant to this delegated authority and for the exercise of the rights attached thereto.

5. Resolves that the Executive Board may not, without the prior authority of the General Meeting, use this delegated authority after the filing by a third party of a public offer for the Company's shares and until the end of the relevant offer period.
6. Fixes the period of validity of the delegated authority the subject of this resolution at 26 months with effect from the date of this Meeting.
7. Notes that, with effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the fifteenth resolution of the Company's General Meeting on April 14, 2015.

## Eigthteenth resolution

*(Delegation of authority to the Executive Board, for a period of 26 months, to decide upon the issue, by way of public offering, of shares and/or negotiable securities giving access to the capital of the Company or of its subsidiaries, and/or of negotiable securities conferring entitlement to the allocation of debt securities, while canceling preferential subscription rights)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, having considered the report of the Executive Board and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 and following of the Commercial Code, and in particular Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 225-148 of the said Code, and the provisions of Articles L. 228-91 and following of the said Code, the General Meeting:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided by law and by the Company's bylaws, its authority, subject to the prior authority of the Supervisory Board, to decide upon the issue, by way of public offering in France or abroad, on one or more occasions, in such proportions and at such times as it shall see fit, and whether in euros or in any other currency or monetary unit established by reference to a basket of currencies, (i) of ordinary shares of the Company; (ii) of negotiable securities governed by Articles L. 228-91 and following of the Commercial Code, which are equity securities of the Company giving access to other equity securities of the Company, and/or conferring a right to the allocation of debt securities of the Company; (iii) of negotiable securities representing debt whether or not governed by Articles L. 228-91 and following of the Commercial Code, giving access or capable of giving access to equity securities of the Company to be issued, such negotiable securities being capable, if necessary, of also giving access to existing equity securities and/or to debt securities of the Company; (iv) of negotiable securities, which are equity securities of the Company, giving access to existing equity securities or equity securities to be issued by companies and/or to debt securities of companies, in which at the time of the issue, the Company directly or indirectly owns more than half the authorized share capital, those negotiable securities being capable, if necessary, of also giving access to existing equity securities and/or to debt securities of the Company, on the understanding that the shares and other negotiable securities may be subscribed either in cash or by the set-off of receivables. In particular, these negotiable securities may be issued to pay for securities tendered to the Company in the context of a public tender offer including an exchange component initiated by the Company and completed in France or abroad according to local rules in respect of securities meeting the conditions laid down in Article L. 225-148 of the Commercial Code.

   This decision automatically involves the waiver by the Company's shareholders, in favor of the holders of the negotiable securities liable to be issued by companies in the Company's group, of their preferential subscription right in respect of the shares or negotiable securities giving access to the Company's capital to which those negotiable securities confer a right.
2. Resolves to fix the limits on the amounts of the Company's issues authorized in the event of use by the Executive Board of this delegated authority, as follows:
   - the maximum nominal amount of the increases in the Company's capital capable of being carried out immediately or in the future pursuant to this delegated authority is set at 40,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies, on the understanding that this amount will be charged to the amount of the nominal ceiling applicable to increases in the Company's capital without preferential subscription rights as provided by paragraph 2 of the nineteenth resolution presented to this General Meeting and to the amount of the global ceiling applicable to increases in the Company's capital provided by the twenty-fourth resolution proposed to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority;
   - to these ceilings will be added, if applicable, the nominal amount of the Company's shares to be potentially issued in the event of new financial operations, in order to preserve the rights of holders of negotiable securities giving access to the capital, in accordance with the legislative and regulatory provisions and, if applicable, the contractual provisions;
   - in the event that debt securities are issued pursuant to this delegated authority, the maximum nominal amount of the debt securities capable of being issued immediately or in the future pursuant to this delegated authority may not exceed 800,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies on the issue date, this amount being increased, if applicable, by any repayment premium above par, on the understanding that this amount will be charged to the amount of the nominal ceiling applicable to issues of negotiable securities representing debt provided by paragraph 2 of the nineteenth resolution presented to this General Meeting and to the amount of the global ceiling applicable to issues of negotiable securities representing debt provided by the twenty-fourth resolution presented to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority.
3. Resolves to cancel the preferential subscription right of the Company's shareholders in respect of the securities the subject of this resolution, while, however, leaving the Executive Board, pursuant to L. 225-135, paragraph 2, the power to confer on the shareholders, for such period and on such terms as it shall determine in accordance with the applicable legal and regulatory

provisions and in respect of all or part of an issue made, a period of priority subscription not giving rise to the creation of negotiable rights and which must be exercised in proportion to the number of shares owned by each shareholder and which may potentially be supplemented by a reducible subscription.

4. Resolves that if subscriptions, including, if applicable, those of the shareholders, have not absorbed the entirety of the issue, the Executive Board may use one or more of the following powers, in such order as it shall determine:
   - to freely distribute all or part of the unsubscribed securities;
   - to offer all or part of the unsubscribed securities to the public;
   - to limit the amount of the transaction to the amount of the subscriptions received, subject to that amount being at least equal to three-quarters of the issue decided upon.
5. Notes the fact that any decision to issue pursuant to this delegated authority will automatically involve express waiver by the shareholders, in favor of the holders of the negotiable securities issued giving access to the Company's capital, of their preferential subscription right in respect of the shares to which those negotiable securities confer a right.
6. Notes the fact that the decision to issue the negotiable securities referred to in point 1 (IV) above pursuant to this delegated authority, will, if those negotiable securities give access to equity securities to be issued by a company of which, at the time of issue, the Company directly or indirectly owns more than half the authorized share capital, require the approval of the Extraordinary General Meeting of the company concerned.
7. Notes the fact that, in accordance with Article L. 225-136-1 paragraph 1 of the Commercial Code:
   - the issue price of the shares issued directly will be at least equal to the minimum provided by the regulatory provisions applicable on the date of the issue (on the date hereof, the weighted average price on the three last trading days on the Euronext Paris regulated market preceding the fixing of the subscription price of the capital increase, less 5%), after, if applicable, correction of this average in the event of a difference between the dividend entitlement dates;
   - the issue price of the negotiable securities giving access to the capital and the number of shares to which the conversion, repayment or generally transformation of each negotiable security giving access to the capital may confer a right, will be such that the sum immediately received by the Company, plus, if applicable, the sum liable to be received by the Company subsequently, will, in the case of each share issued as a result of the issue of those negotiable securities, be at least equal to the minimum subscription price defined in the preceding paragraph.
8. Resolves that the Executive Board will have all necessary powers, which it may sub-delegate under the conditions provided by law and by the Company's bylaws, to implement this delegation of authority, particularly in order:
   - to decide upon the issue and determine the negotiable securities to be issued;
   - to decide, in the case of issue of ordinary shares, immediately or in the future, on the amount of the capital increase, the issue price and the amount of the premium which may, if applicable, be required for the issue;
   - to determine the dates and terms of the issue, and the nature, number and characteristics of the negotiable securities to be created; to decide, in addition, in the case of bonds or other debt securities (including negotiable securities conferring entitlement to the allocation of the debt securities referred to in Article L. 228-91 of the Commercial Code), on whether they will be subordinate or not, to fix their interest rate, to provide, if applicable, for the compulsory or optional cases of suspension or non-payment of interest, and to provide for their duration (whether fixed or indefinite) and the possibility of reducing or increasing the nominal value of the securities and the other terms and conditions of issue and of redemption; if applicable, these securities may be accompanied by warrants conferring a right to the allocation, purchase or subscription of bonds or other negotiable securities representing debt, may provide for the Company to have the power to issue debt securities (treated in the same way or not) in payment of interest the payment of which was suspended by the Company, or may take the form of complex bonds within the meaning understood by the stock market authorities; to amend, during the lifetime of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities;
   - to determine the method of payment for the shares or for the negotiable securities giving access to the capital to be issued immediately or in the future;
   - to fix, if necessary, the terms and conditions of exercise of the rights attached to the shares or negotiable securities giving access to the capital to be issued, and, in particular, to settle the date, which may be retrospective, with effect from which the new shares to be issued will be entitled to dividends, and any other terms and conditions of completion of the capital increase;
   - to fix the terms and conditions upon which the Company will, if applicable, have the power to purchase or exchange, on the stock market, at any time or during fixed periods, the negotiable securities issued or to be issued immediately or in the future with a view to their cancellation or otherwise, taking into account the legal provisions;
   - to provide the power to potentially suspend the exercise of the rights attached to the securities issued in accordance with the legal and regulatory provisions;
   - in the event of the issue of negotiable securities for the purpose of paying for securities tendered in the context of a public offering with an exchange component (OPE), to settle the list of negotiable securities tendered in the exchange, to fix the conditions of the issue, the exchange parity and, if applicable, the amount of the balancing payment in cash to be paid, without having to apply the methods of determination of the price set out in paragraph 7 of this resolution, and to determine the terms and conditions of the issue in the context, either of an OPE, an alternative purchase or exchange offering, or a single offering proposing the purchase or exchange of the securities referred to, in consideration of a payment in securities and in cash, or a public offer that is principally a public tender (OPA) or public exchange offering, accompanied by an OPE or OPA on a subsidiary basis, or any other form of public offering in accordance with the law and regulations applicable to the said public offering;
   - on its sole initiative, to charge the expenses of capital increases to the amount of the premiums referable thereto and to deduct from this amount the sums necessary to fund the legal reserve;
   - to determine and make any adjustments intended to take account of the impact of operations affecting the Company's capital, and to fix the manner in which, if applicable, the rights of the holders of negotiable securities giving access to the capital will be preserved (including by way of cash adjustments);

- to record the completion of each capital increase and to make the corresponding amendments to the bylaws;
- to arrange, if applicable, for the shares or negotiable securities to be issued to be admitted to trading on a regulated market;
- and in general, to enter into any agreement, particularly to achieve the successful completion of the issues envisaged, and to take any measures and carry out any formalities necessary for the issue, listing and financial service of the securities issued pursuant to this delegated authority and for the exercise of the rights attached thereto.

9. Resolves that the Executive Board may not, without the prior authority of the General Meeting, use this delegated authority after the filing by a third party of a public offer for the Company's shares and until the end of the relevant offer period.
10. Fixes the period of validity of the delegated authority the subject of this resolution at 26 months with effect from the date of this Meeting.
11. Notes that, with effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the sixteenth resolution of the Company's General Meeting on April 14, 2015.

## Nineteenth resolution

*(Delegation of authority to the Executive Board, for a period of 26 months, to decide upon the issue, by way of private placement of the kind referred to in Article L. 411-2, II of the Monetary and Financial Code, of shares and/or negotiable securities giving access to the capital of the Company and/or of negotiable securities conferring entitlement to the allocation of debt securities, while canceling preferential subscription rights)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, having considered the report of the Executive Board and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 and following of the Commercial Code, and in particular Articles L. 225-129-2, L. 225-135 and L. 225-136 of the said Code, and the provisions of Articles L. 228-91 and following of the said Code, the General Meeting:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided by law and by the Company's bylaws, its authority, subject to the prior authority of the Supervisory Board, to decide upon the issue, by way of an offering of the kind referred to in Article L. 411-2, II of the Monetary and Financial Code, in France or abroad, on one or more occasions, in such proportions and at such times as it shall see fit, and whether in euros or in any other currency or monetary unit established by reference to a basket of currencies, (i) of ordinary shares of the Company; (ii) of negotiable securities governed by Articles L. 228-91 and following of the Commercial Code, which are equity securities of the Company giving access to other equity securities of the Company, and/or conferring a right to the allocation of debt securities of the Company; (iii) of negotiable securities representing debt whether or not governed by Articles L. 228-91 and following of the Commercial Code, giving access or capable of giving access to equity securities of the Company to be issued, such negotiable securities being capable, if necessary, of also giving access to existing equity securities and/or to debt securities of the Company; (iv) of negotiable securities, which are equity securities of the Company, giving access to existing equity securities or equity securities to be issued by companies and/or to debt securities of companies, in which at the time of the issue, the Company directly or indirectly owns more than half the authorized share capital, those negotiable securities being capable, if necessary, of also giving access to existing equity securities and/or to debt securities of the Company, on the understanding that the shares and other negotiable securities may be subscribed either in cash or by the set-off of receivables.

   This decision automatically involves the waiver by the Company's shareholders, in favor of the holders of the negotiable securities liable to be issued by companies in the Company's group, of their preferential subscription right in respect of the shares or negotiable securities giving access to the Company's capital to which those negotiable securities confer a right.
2. Resolves to fix the limits on the amounts of the Company's issues authorized in the event of use by the Executive Board of this delegated authority, as follows:
   - the maximum nominal amount of the increases in the Company's capital capable of being carried out immediately or in the future pursuant to this delegated authority is set at 40,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies, on the understanding that this amount will be charged to the amount of the nominal ceiling applicable to increases in the Company's capital without preferential subscription rights as provided by paragraph 2 of the eighteenth resolution presented to this General Meeting and to the amount of the global ceiling applicable to increases in the Company's capital provided by the twenty-fourth resolution proposed to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority;
   - to these ceilings will be added, if applicable, the nominal amount of the Company's shares to be potentially issued in the event of new financial operations, in order to preserve the rights of holders of negotiable securities giving access to the capital, in accordance with the legislative and regulatory provisions and, if applicable, the contractual provisions; and
   - in the event that debt securities are issued pursuant to this delegated authority, the maximum nominal amount of the debt securities capable of being issued immediately or in the future pursuant to this delegated authority may not exceed 800,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies on the issue date, this amount being increased, if applicable, by any repayment premium above par, on the understanding that this amount will be charged to the amount of the nominal ceiling applicable to issues of negotiable securities representing debt provided by paragraph 2 of the eighteenth resolution presented to this General Meeting and to the amount of the global ceiling applicable to issues of negotiable securities representing debt provided by the twenty-fourth resolution presented to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority.
3. Resolves to cancel the preferential subscription right of the Company's shareholders in respect of the securities the subject of this resolution.
4. Notes the fact that if the subscriptions have not absorbed the entirety of the issue, the Executive Board may use one or other of the following powers, in such order as it shall determine:
   - to freely distribute all or part of the unsubscribed securities;
   - to limit the amount of the transaction to the amount of the subscriptions received, subject to that amount being at least equal to three-quarters of the issue decided upon.

5. Notes the fact that any decision to issue pursuant to this delegated authority will automatically involve express waiver by the shareholders, in favor of the holders of the negotiable securities issued giving access to the Company's capital, of their preferential subscription right in respect of the shares to which those negotiable securities confer a right.
6. Notes the fact that the decision to issue the negotiable securities referred to in point 1 (iv) above pursuant to this delegated authority will, if those negotiable securities give access to equity securities to be issued by a company in which the Company directly or indirectly owns or will own at least half the authorized share capital at the time of issue, require the approval of the Extraordinary General Meeting of the company concerned.
7. Notes the fact that, in accordance with Article L. 225-136-1 paragraph 1 of the Commercial Code:
   - the issue price of the shares issued directly will be at least equal to the minimum provided by the regulatory provisions applicable on the date of the issue (on the date hereof, the weighted average price on the three last trading days on the Euronext Paris regulated market preceding the fixing of the subscription price of the capital increase, less 5%), after, if applicable, correction of this average in the event of a difference between the dividend entitlement dates;
   - the issue price of the negotiable securities giving access to the capital and the number of shares to which the conversion, repayment or generally transformation of each negotiable security giving access to the capital may confer a right, will be such that the sum immediately received by the Company, plus, if applicable, the sum liable to be received by the Company subsequently, will, in the case of each share issued as a result of the issue of those negotiable securities, be at least equal to the minimum subscription price defined in the preceding paragraph.
8. Resolves that the Executive Board will have all necessary powers, which it may sub-delegate under the conditions provided by law and by the Company's bylaws, to implement this delegation of authority, particularly in order:
   - to decide upon the issue and determine the negotiable securities to be issued;
   - to decide, in the case of issue of ordinary shares, immediately and/or in the future, on the amount of the capital increase, the issue price and the amount of the premium which may, if applicable, be required for the issue;
   - to determine the dates and terms of the issue, and the nature, number and characteristics of the negotiable securities to be created; to decide, in addition, in the case of bonds or other debt securities (including negotiable securities conferring entitlement to the allocation of the debt securities referred to in Article L. 228-91 of the Commercial Code), on whether they will be subordinate or not, to fix their interest rate, to provide, if applicable, for the compulsory or optional cases of suspension or non-payment of interest, and to provide for their duration (whether fixed or indefinite) and the possibility of reducing or increasing the nominal value of the securities and the other terms and conditions of issue and of redemption; if applicable, these securities may be accompanied by warrants conferring a right to the allocation, purchase or subscription of bonds or other negotiable securities representing debt, may provide for the Company to have the power to issue debt securities (treated in the same way or not) in payment of interest the payment of which was suspended by the Company, or may take the form of complex bonds within the meaning understood by the stock market authorities; to amend, during the lifetime of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities;
   - to determine the method of payment for the shares or for the negotiable securities giving access to the capital to be issued immediately or in the future;
   - to fix, if necessary, the terms and conditions of exercise of the rights attached to the shares or negotiable securities giving access to the capital to be issued, and, in particular, to settle the date, which may be retrospective, with effect from which the new shares to be issued will be entitled to dividends, and any other terms and conditions of completion of the capital increase;
   - to fix the terms and conditions upon which the Company will, if applicable, have the power to purchase or exchange, on the stock market, at any time or during fixed periods, the negotiable securities issued or to be issued immediately or in the future with a view to their cancellation or otherwise, taking into account the legal provisions;
   - to provide the power to potentially suspend the exercise of the rights attached to the securities issued in accordance with the legal and regulatory provisions;
   - on its sole initiative, to charge the expenses of the capital increases to the amount of the premiums referable thereto and to deduct from this amount the sums necessary to fund the legal reserve;
   - to determine and make any adjustments intended to take account of the impact of operations affecting the Company's capital, and to fix the manner in which, if applicable, the rights of the holders of negotiable securities giving access to the capital will be preserved (including by way of cash adjustments);
   - to record the completion of each capital increase and to make the corresponding amendments to the bylaws;
   - to arrange, if applicable, for the shares or negotiable securities to be issued to be admitted to trading on a regulated market;
   - and in general, to enter into any agreement, particularly to achieve the successful completion of the issues envisaged, and to take any measures and carry out any formalities necessary for the issue, listing and financial service of the securities issued pursuant to this delegated authority and for the exercise of the rights attached thereto.
9. Resolves that the Executive Board may not, without the prior authority of the General Meeting, use this delegated authority after the filing by a third party of a public offer for the Company's shares and until the end of the relevant offer period.
10. Fixes the period of validity of the delegated authority the subject of this resolution at 26 months with effect from the date of this Meeting.
11. Notes that, with effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the seventeenth resolution of the Company's General Meeting on April 14, 2015.
12. Notes the fact that, in the event that the Executive Board uses the delegation of authority conferred by this resolution, it will report to the following Ordinary General Meeting, in accordance with the law and regulations, on the use made of that authority.

## Twentieth resolution

*(Delegation of authority to be given to the Executive Board, for a period of 26 months, to increase the number of securities to be issued in the event of issue of ordinary shares and/or of negotiable securities giving access to the capital of the Company, of any subsidiary and/or of any other company, while maintaining or canceling preferential subscription rights)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, having considered the report of the Executive Board and the special report of the Statutory Auditors and in accordance with the provisions of Article L. 225-135-1 of the Commercial Code, the General Meeting:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided by law and by the Company's bylaws, its authority, subject to the prior authority of the Supervisory Board, to decide to increase the number of securities to be issued in the event of an issue maintaining or canceling preferential subscription rights pursuant to the seventeenth, eighteenth and nineteenth resolutions, at the same price as chosen the original issue, within the periods and subject to the limits provided by the regulations applicable on the date of the issue (on the date hereof, within 30 days of the close of subscriptions and subject to a limit of 15% of the original issue), particularly with a view to granting a greenshoe option in accordance with market practices.
2. Resolves that in the event of the issue of ordinary shares, whether immediately and/or in the future, the nominal amount of the increases in the Company's capital decided upon by this resolution will be charged to the amount of the ceiling provided by the resolution pursuant to which the original issue was decided upon, and to the amount of the global ceiling applicable to capital increases provided by the twenty-fourth resolution proposed to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority.
3. Resolves that the Executive Board may not, without the prior authority of the General Meeting, use this delegated authority after the filing by a third party of a public offer for the Company's shares and until the end of the relevant offer period.
4. Fixes the period of validity of the delegated authority the subject of this resolution at 26 months with effect from the date of this Meeting.
5. Notes that, with effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the eighteenth resolution of the Company's General Meeting on April 14, 2015.

## Twenty-first resolution

*(Delegation of authority to the Executive Board, for a period of 26 months, to issue shares and/or of negotiable securities giving access to the Company's capital, while canceling preferential subscription rights, to pay for contributions in kind in the form of equity securities and/or negotiable securities giving access to capital)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, and having considered the report of the Executive Board and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 and following of the Commercial Code, and in particular Article L. 225-147 of the said Code, the General Meeting:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided by law and by the Company's bylaws, and subject to the prior authority of the Supervisory Board, its authority to issue, on one or more occasions, in such proportions and such times as it shall see fit, subject to a limit of 10% of the authorized share capital, this limit being assessed at any time whatever by application of this percentage to the capital as adjusted depending on operations affecting it after this General Meeting, namely, for information purposes, on December 31, 2016, a maximum of 31,435,606 shares, and in order to pay for contributions in kind made to the Company consisting of equity securities or negotiable securities giving access to capital, when the provisions of Article L. 225-148 of the Commercial Code are not applicable, (i) ordinary shares of the Company, and/or (ii) negotiable securities, whether or not governed by Articles L. 228-91 and following of the Commercial Code, which are equity securities of the Company giving access to other equity securities of the Company, and/or conferring a right to the allocation of debt securities of the Company, and/or (iii) negotiable securities representing debt whether or not governed by Articles L. 228-91 and following of the Commercial Code, giving access or capable of giving access to equity securities of Company to be issued, those negotiable securities being capable, if applicable, of also giving access to existing equity securities and/or to debt securities of the Company.
2. Resolves that the maximum nominal amount of the increases in the Company's capital capable of being carried out immediately or in the future pursuant to this resolution will be charged to the amount of the nominal ceiling applicable to increases in the Company's capital without preferential subscription rights provided by paragraph 2 of the eighteenth and nineteenth resolutions presented to this General Meeting and to the global ceiling applicable to increases in the Company's capital defined in the twenty-fourth resolution proposed to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority.
3. Resolves that, in the event that debt securities are issued pursuant to this delegated authority, the maximum nominal amount of the debt securities capable of being issued immediately or in the future pursuant to this delegated authority will be charged to the amount of the nominal ceiling applicable to issues of negotiable securities representing debt provided by paragraph 2 of the eighteenth and nineteenth resolutions presented to this General Meeting and to the amount of the global ceiling applicable to issues of negotiable securities representing debt provided by the twenty-fourth resolution presented to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority.
4. Notes, insofar as necessary, that this delegated authority automatically involves waiver by the holders of shares of their preferential subscription rights in respect of the Company's shares to which the negotiable securities issued on the basis of this resolution may confer a right.
5. Resolves that the Executive Board will have all necessary powers, which it may sub-delegate under the conditions provided by law and by the Company's bylaws, to implement this resolution, particularly in order:
   - to decide upon the issue to pay for the contributions and to determine the negotiable securities to be issued;

- to settle the list of negotiable securities tendered, to approve the valuation of the contributions, to fix the terms of issue of the negotiable securities to pay for the contributions, and if applicable the amount of the balancing payment to be made;
- to fix the manner in which, if applicable, the rights of holders of negotiable securities giving access to the capital will be preserved;
- on its sole initiative, to charge the expenses of the capital increases to the amount of the premiums referable thereto and to deduct from this amount the sums necessary to fund the legal reserve;
- to record the definitive completion of each capital increase and to make the corresponding amendments to the bylaws;
- to arrange, if applicable, for the shares or negotiable securities to be issued to be admitted to trading on a regulated market;
- and in general, to take any measures and carry out any formalities necessary for the issue, listing and financial service of the securities issued pursuant to this delegated authority and for the exercise of the rights attached thereto.

6. Resolves that the Executive Board may not, without the prior authority of the General Meeting, use this delegated authority after the filing by a third party of a public offer for the Company's shares and until the end of the relevant offer period.
7. Fixes the period of validity of the delegated authority the subject of this resolution at 26 months with effect from the date of this Meeting.
8. Notes that, with effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the nineteenth resolution of the Company's General Meeting on April 14, 2015.

## Twenty-second resolution

*(Delegation of authority to the Executive Board, for a period of 26 months, to decide to increase the authorized share capital by the capitalization of premiums, reserves, profits or otherwise)*

Pursuant to the quorum and majority requirements applicable to Ordinary General Meetings, having considered the report of the Executive Board, subject to the prior authority of the Supervisory Board, and in accordance with the provisions of Article L. 225-130 of the Commercial Code, the General Meeting:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided by law and by the Company's bylaws, its authority to decide to increase the authorized share capital on one or more occasions, in such proportions and at such times as it shall see fit, by the successive or simultaneous capitalization in the capital of all or part of the reserves, profits or issue, merger or asset transfer premiums or other items capitalization of which is possible legally and under the bylaws, to be completed by the creation and allocation of shares, by increasing the nominal value of the shares or by combined use of both those processes. The maximum nominal amount of the increases in the Company's capital capable of being carried out in this way may not exceed 100,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies, on the understanding that this amount will be charged to the amount of the global ceiling applicable to increases in the Company's capital provided by the twenty-fourth resolution proposed to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority.
2. In the event of use by the Executive Board of this delegation of authority, delegates to the Executive Board all necessary powers, which it may sub-delegate under the conditions provided by law and by the Company's bylaws, to implement this delegated authority, in particular in order:
   - to fix the amount and nature of the sums to be capitalized, to fix the number of new equity securities to be issued and/or the amount by which the nominal value of the existing equity securities will be increased, and to settle the date, which may be retrospective, with effect from which the new equity securities will be entitled to dividends or the date on which the increase in the nominal value of the existing equity securities will take effect;
   - to resolve, in the event of the distribution of free equity securities:
     - that fractional rights will not be negotiable and that the relevant equity securities will be sold; the sums arising from the sale will be allocated to the holders of the rights under the conditions provided by law and by the regulations,
     - that shares allocated pursuant to this delegated authority in respect of old shares benefiting from double voting rights will have the benefit of that right as soon as they are issued;
   - to make any adjustments intended to take account of the impact of operations affecting the Company's capital, and to determine the manner in which, if applicable, the rights of holders of negotiable securities giving access to the capital will be preserved, and to carry out any acts and formalities for the purpose of finalizing the capital increase or increases (including by way of cash adjustments);
   - to record the completion of each capital increase and to make the corresponding amendments to the bylaws;
   - on its sole initiative, to charge the expenses of the capital increases to the amount of the premiums referable thereto and to deduct from this amount the sums necessary to fund the legal reserve;
   - to arrange, if applicable, for the shares or negotiable securities to be issued to be admitted to trading on a regulated market;
   - and in general, to conclude any agreement, take any steps and carry out any formalities necessary for the issue, admission to trading and financial servicing of the shares issued pursuant to this delegated authority, and for the exercise of the rights attached thereto.
3. Resolves that the Executive Board may not, without the prior authority of the General Meeting, use this delegated authority after the filing by a third party of a public offer for the Company's shares and until the end of the relevant offer period.
4. Fixes the period of validity of the delegated authority the subject of this resolution at 26 months with effect from the date of this Meeting.
5. Notes that, with effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the twentieth resolution of the Company's General Meeting on April 14, 2015.

## Twenty-third resolution

*(Delegation of authority to the Executive Board, for a period of 26 months, to decide upon the issue, while canceling preferential subscription rights, of shares or negotiable securities giving access to the capital and reserved for the members of savings plans)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, having considered the report of the Executive Board and the special report of the Statutory Auditors, and in accordance, on the one hand, with the provisions of Articles L. 225-129-2, L.225-129-6 and L.225-138-1 of the Commercial Code, and, on the other, those of Articles L. 3332-1 and following of the Employment Code, the General Meeting:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided by law and by the Company's bylaws, its authority to decide, subject to the prior authority of the Supervisory Board, to increase the Company's authorized share capital, on one or more occasions, by a maximum nominal amount of 3,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies, by issues of shares or negotiable securities giving access to the capital that are reserved for the members of one or more employee savings plans (or any other plan for whose members Articles L. 3332-1 and following of the Employment Code or any similar law or regulation might allow the reservation of a capital increase on equivalent terms) set up in a company or group of companies, whether French or foreign, within the scope of consolidation or combination of accounts of the Company pursuant to Article L. 3344-1 of the Employment Code; on the understanding that this resolution may be used for leveraging purposes and that the maximum nominal amount of the capital increases capable of being carried out immediately or in the future pursuant to this delegated authority will be charged to the amount of the global ceiling applicable to capital increases provided by the twenty-fourth resolution proposed to this General Meeting or, if applicable, to the amount of the global ceiling potentially provided by a resolution of the same nature that might succeed the said resolution during the period of validity of this delegated authority.
2. Resolves that the issue price of the new shares or negotiable securities giving access to the capital will be determined under the conditions provided by Articles L. 3332-18 and following of the Employment Code and will be at least equal to 80% of the Reference Price (as defined below) or to 70% of the Reference Price when the lock-up period provided by the plan pursuant to Articles L. 3332-25 and L.3332-26 of the Employment Code is 10 years or more; however, the General Meeting expressly authorizes the Executive Board to reduce or cancel the aforementioned discounts (within the legal and regulatory limits), if it considers it appropriate to do so, particularly in order to take account, inter alia, of the legal, accounting, fiscal and social security regimes applicable locally; for the purposes of this paragraph, the Reference Price means the average price of the Company's shares on the Euronext Paris regulated market on the 20 trading days preceding the date of the decision fixing the opening date of the subscription for members of an employee savings plan.
3. Authorizes the Executive Board to allocate free of charge to the beneficiaries indicated above, in addition to the shares or negotiable securities giving access to the capital to be subscribed in cash, shares or negotiable securities giving access to the capital to be issued or already issued, by way of replacement of all or part of the discount by reference to the Reference Price and/or by way of Company contribution, on the understanding that the benefit resulting from this allocation may not exceed the legal or regulatory limits applicable under the terms of Articles L. 3332-10 and following of the Employment Code.
4. Resolves to cancel shareholders' preferential subscription rights, in favor of the beneficiaries indicated above, in respect of the shares to be issued and in respect of the negotiable securities giving access to the capital the issue of which is the subject of this delegated authority, the said shareholders also waiving, in the event of allocation free of charge to the beneficiaries indicated above of shares to be issued or of negotiable securities giving access to the capital, any right to the said shares or negotiable securities giving access to the capital, including the proportion of reserves, profits or premiums incorporated in the capital, by reason of the allocation free of charge of the said securities carried out on the basis of this resolution.
5. Authorizes the Executive Board, under the conditions provided by this delegated authority, to sell shares to the members of an employee savings plan of the kind provided by Article L. 3332-24 of the Employment Code, on the understanding that sales of shares at a discount in favor of the members of one or more employee savings plans referred to in this resolution will be charged to the value of the nominal amount of the shares thus sold to the amount of the ceiling referred to in paragraph 1 above.
6. Resolves that the Executive Board will have all necessary powers to implement this delegated authority, which it may sub-delegate under the conditions provided by law and by the Company's bylaws, within the limits and subject to the conditions specified above, in particular in order:
   - to settle, subject to the legal conditions, the list of companies whose beneficiaries indicated above will be able to subscribe for the shares or negotiable securities giving access to the capital thus issued, and if applicable to benefit from the shares or negotiable securities giving access to the capital allocated free of charge;
   - to decide that the beneficiaries who are members of an employee savings plan may subscribe directly or through company mutual funds or other structures or entities allowed by the applicable legal and regulatory provisions;
   - to determine the conditions, particularly of seniority, that must be satisfied by the beneficiaries of the capital increases;
   - to settle the dates of opening and closing of subscriptions;
   - to set the amounts of the issues that will be carried out pursuant to this authority and to settle, in particular, the issue price, dates, periods and terms and conditions of subscription, payment, delivery and entitlement to dividends of the securities (which may be retrospective), the reduction rules applicable in the event of over-subscription, and the other terms and conditions of the issues, within the legal or regulatory limits in force;
   - in the case of free allocations of shares or negotiable securities giving access to the capital, to fix the nature, characteristics and number of shares or negotiable securities giving access to the capital to be issued, and the number to be allocated to each beneficiary, and to settle the date, periods, terms and conditions of allocation of those shares or negotiable securities giving access to the capital within the legal and regulatory limits in force, and in particular to choose whether to totally or partially substitute the allocation of those shares or negotiable securities giving access to the capital for the discounts by reference to the Reference Price provided for above, or to charge the exchange value of those shares or negotiable securities to the total amount of the Company's contribution, or to combine those two possibilities;

- in the case of the issue of new shares, to charge, the sums necessary to pay for the said shares, if applicable, to the reserves, profits or issue premiums;
- to record the completion of the capital increase in the amount of the shares that are actually subscribed;
- if applicable, to charge the expenses of the capital increases to the amount of the premiums referable thereto, and to deduct from that amount the necessary to increase the legal reserve to one tenth of the new capital resulting from those capital increases;
- to enter into any agreements, complete any transactions and formalities, including the formalities resulting from the capital increases, and make the corresponding amendments to the bylaws, whether directly or indirectly through an agent;
- and in general, to enter into any agreement particularly to ensure the successful completion of the issues envisaged, and to take any measures, make any decisions and carry out any formalities necessary for the issue, listing and financial service of the securities issued pursuant to this delegated authority and for the exercise of the rights attached thereto or resulting from the capital increases carried out.

7. Resolves that the Executive Board may not, without the prior authority of the General Meeting, use this delegated authority after the filing by a third party of a public offer for the Company's shares and until the end of the relevant offer period.
8. Fixes the period of validity of the delegated authority the subject of this resolution at 26 months with effect from the date of this Meeting.
9. Resolves that, with effect from today's date, this authority cancels the unused part, if applicable, of the authority delegated by the twenty-first resolution of the Company's General Meeting on April 14, 2015.

### Twenty-fourth resolution

*(Global limitation on authorities to issue shares and negotiable securities giving access to the capital)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, and having considered the report of the Executive Board, the General Meeting resolves to set at 100,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies, the global maximum nominal amount of the increases in the authorized share capital, whether immediate and/or future, capable of being carried out pursuant to the authorities granted by the resolutions 17 to 23, on the understanding that the nominal amount of the shares to be issued in addition to preserve the rights of holders of negotiable securities giving access to the Company's capital will potentially be added to this nominal amount.

The General Meeting also resolves to set at 1,200,000,000 euros or the equivalent in any other currency or monetary unit established by reference to a basket of currencies, the global maximum nominal amount of the issues of negotiable securities representing debt capable of being carried out pursuant to the authorities granted by the resolutions 17 to 21.

### Twenty-fifth resolution

*(Powers for formalities)*

Pursuant to the quorum and majority requirements applicable to Extraordinary General Meetings, the General Meeting confers all necessary powers on the holder of an original, copy or extract of the minutes of its deliberations to file any documents and carry out any formalities required by law.

## 6.2.3 Report of the Supervisory Board to the Ordinary and Extraordinary General Meeting

### Approval of the financial statements for the year ended December 31, 2016

Dear Shareholders,

Pursuant to the provisions of Article L. 225-68 of the French Commercial Code, we are required to report our observations on the financial statements as approved by the Executive Board and on the Executive Board's report submitted to you.

The Supervisory Board has been kept regularly informed by the Executive Board about the operations and business of the Company and its Group, and has carried out the necessary audits and controls in the performance of its duties. The Supervisory Board is assisted in these duties by its special-purpose committees: the Investment Committee, the Audit Committee, the Nomination and Compensation Committee and the Sustainable Development Committee.

We have no particular observations to make as regards the Executive Board's report or the statutory and consolidated financial statements for the year ended December 31, 2016. We therefore invite you to approve these financial statements and the proposed resolutions, excepted the twenty-third resolution.

We wish to thank the Executive Board and all members of staff for their hard work and effort in 2016.

The Supervisory Board

## 6.2.4 Description of the share buyback program

Drawn up in compliance with the relevant sections of Articles 241-1 and following of the General Regulations of the French Financial Markets Authority (AMF), this description of the share buyback program is intended to explain the purpose and workings of the program to repurchase Company stock that will be submitted to a vote at the Ordinary and Extraordinary General Meeting of Shareholders on April 18, 2017 ("the 2017 Share Buyback Program").

### 1. Date of the General Meeting of Shareholders called to approve the 2017 Share Buyback Program

April 18, 2017.

### 2. Shares held by the Company at February 28, 2017

At February 28, 2017, Klépierre directly or indirectly holds 2,567,843 shares, representing 0.82% of its share capital for an overall amount of 68,955,985.04 euros (at book value).

This information, and that which follows, takes into account the total number of shares that comprise the share capital of the Company at February 28, 2017 i.e., 314,356,053.

### 3. Breakdown by objective of shares held by Klépierre at February 28, 2017

At February 28, 2017,

- 224,828 shares are allocated to any stock-option plans the Company offers and to the award of bonus shares; and
- 2,343,015 shares are allocated for use in connection with the liquidity agreement drawn up with Exane BNP Paribas in September 2005, in accordance with market practices accepted by the AMF and the Association française des entreprises d'investissement ("AFEI")'s Ethics Charter for such agreements, authorizing their purchase, sale, conversion, disposal, transfer or loan, notably to stimulate trading in the market or counter adverse trends.

### 4. Objectives of the 2017 Share Buyback Program

The objectives of the 2017 Share Buyback Program are the following:

- to stimulate the secondary market in or liquidity of Klépierre shares through an investment services provider in the context of a liquidity agreement complying with a Code of Conduct recognized by the French Financial Markets Authority; or
- to deliver shares (by way of exchange, payment or otherwise) in the context of acquisition, merger, spin-off or asset transfer transactions; or
- to allocate bonus shares in the context of the provisions of Articles L. 225-197-1 and following of the French Commercial Code; or
- to allocate or sell shares to the employees in respect of their participation in the fruits of the business's expansion or the implementation of any employee savings plan under the conditions provided by law, and in particular Articles L. 3332-1 and following of the French Labor Code, by selling shares purchased in advance by the Company under the sixteenth resolution presented at the Ordinary General Meeting of April 19, 2016 or by making provision for a bonus allocation of those shares by way of a company contribution in the form of the Company's securities and/or by way of replacement of the discount; or
- to implement any Company stock-option plan in the context of the provisions of Articles L. 225-177 and following of the French Commercial Code, or any similar plan; or
- in general, to honor obligations associated with stock-option programmes or other allocations of shares to the employees or executive officers of the issuer or of an associated company; or
- to deliver shares upon the exercise of rights attached to negotiable securities giving access to the capital by way of repayment, conversion, exchange, presentation of a warrant or in any other way; or
- to cancel all or part of the securities purchased in this way.

### 5. Maximum portion of the capital to be acquired and maximum number of shares that may be acquired under the 2017 Share Buyback Program

The number of shares that the Company will be authorized to purchase cannot exceed 10% of the shares comprising the share capital of the Company, at any time, and this percentage applies to a capital adjusted in accordance with the transactions affecting it after the General Meeting. For informational purposes, based on the share capital existing at February 28, 2017 minus the 2,567,843 shares held at that date, the maximum number of shares that can be purchased is 28,867,763.

The number of shares that the Company will be authorized to hold, at any given time, may not exceed 10% of the shares comprising its share capital on the date in question. For information purposes, based on the share capital existing at February 28, 2017, the maximum number of shares that can be held totals 31,435,606.

### 6. Maximum authorized purchase price per share

The maximum purchase price is 55 euros per share and it is specified that this price could be adjusted in the event of any capital transaction or any other transaction that affects the Company's share capital, to take into account its impact on the value of the share.

The maximum amount of funds that can be used to finance the 2017 Share Buyback Program is estimated at 1,728,958,330 euros, calculated on the basis of a maximum purchase price of 55 euros per share and the share capital of Klépierre on February 28, 2017.

### 7. Duration of the 2017 Share Buyback Program

Under the sixteenth resolution that will be submitted to the General Meeting of Shareholders for a vote on April 18, 2017, the Share Buyback Program can be implemented over a period of 18 months following that date, i.e., until October 18, 2018.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# 7 GENERAL ADDITONAL INFORMATION

# 7.1 General information

## 7.1.1 Company name

Klépierre

## 7.1.2 Paris Trade and Companies Register

SIREN: 780 152 914
SIRET: 780 152 914 00237
NAF/APE: 6820B

## 7.1.3 Term of the Company

The Company was registered as a société anonyme à conseil d'administration (French corporation governed by a Board of Directors) on October 4, 1968. Its term was set at 99 years, expiring on October 3, 2067.

## 7.1.4 Legal form

Klépierre is a French corporation with an Executive Board and a Supervisory Board. It is governed by the legal provisions applicable to sociétés anonymes, in particular Articles L. 225-57 to L. 225-93 of the French Commercial Code and by its own bylaws.

## 7.1.5 Registered office

26, boulevard des Capucines – 75009 Paris
Tel.: +33 (0)1 40 67 57 40

## 7.1.6 Tax status

The Company has opted for the tax status of sociétés d'investissement immobilier cotées (SIIC, French REIT) under the terms of Article 208-C of the French General Tax Code.

As such, it is exempt from corporate income tax on:

- earnings from the rental of buildings, provided that 95% of such earnings are distributed to shareholders before the end of the fiscal year that follows the year in which they are earned;
- capital gains from the sale of buildings, investments in real estate partnerships (sociétés de personnes) and whose purpose is identical to that of an SIIC or in subsidiaries that have opted for the new tax status, provided that 60% of these capital gains are distributed to shareholders before the end of the second financial year after that in which the gains were made;
- dividends received from subsidiary companies which have opted for SIIC status where these dividends arise as a result of profits and/or capital gains that are exempt from tax under the SIIC arrangements, subject to the provision that they are distributed during the fiscal year following the year in which they were granted.

## 7.1.7 Other disclosures

Klépierre's bylaws are available in full on the Group's website (www.klepierre.com)

### Corporate purpose *(Article 2 of the bylaws)*

The Company's corporate purpose is as follows:

- to acquire, sell or exchange, whether directly or indirectly, any lands, real-estate rights and buildings, located in France or abroad, as well as all goods and rights that might constitute an addition or annex to said buildings;
- through its subsidiaries, to construct buildings on its own account or on behalf of group companies and engage in all operations directly or indirectly related to the construction of these buildings;
- to operate and enhance property value by leasing such properties or otherwise;
- to enter into any lease agreement as a tenant, in France or abroad;
- to acquire direct or indirect equity interests in the persons indicated in Article 8 and in paragraphs 1, 2 and 3 of Article 206 of the French Tax Code and, more generally, to acquire equity interests in any company whose purpose is to operate rental properties;
- as a subsidiary matter, to acquire or dispose of equity interests in any company or enterprise exercising any type of activity in the real-estate sector;
- and more generally to engage in all types of civil, commercial, financial, investment and real-estate transactions directly related to the aforementioned purpose or in the furtherance thereof, in particular, borrowing and the constitution of any guarantees or pledges required in relation thereto.

### Ownership and transfer of shares *(Article 7 of the bylaws)*

Fully paid-up shares are in registered or bearer form, at the shareholder's discretion.

Shares are registered in an account in accordance with the statutory and regulatory provisions in force.

Shares may be sold or transferred freely in accordance with applicable legislation and regulations.

Shares resulting from a capital increase can be traded as soon as the capital increase has been completed.

### Voting rights *(Article 8 of the bylaws)*

Each share gives right to part ownership in the Company's assets, to a share in profits and liquidation surplus in a proportion corresponding to the share capital it represents.

All new or existing shares, provided they are of the same class and the same paid-up nominal value, are fully assimilated once they entitle holders to the same benefits, during the appropriation of any profit, and also during the total or partial refund of their nominal capital, holders receive the same net amount, and all the taxes and duties to which they may be subject are evenly divided among them.

Owners of shares are liable only up to the limit of the nominal amount of the shares they own.

### General Meetings of Shareholders *(Articles 25 to 29 of the bylaws)*

Depending on the nature of the decisions to be taken, shareholders meet in either an ordinary or extraordinary General Meeting of Shareholders.

Meetings are convened by the Executive or Supervisory Board, or by the persons designated by the French Commercial Code. They deliberate in accordance with applicable legal and regulatory provisions. Meetings take place either at the head office or at another venue specified in the notice.

In accordance with Article R. 225-85-I of the French Commercial Code, to attend General Meetings, shareholders must have registered their securities either in the accounts of registered securities kept by the Company or in the accounts of bearer securities through an authorized intermediary, within the deadlines and according to the terms set out by applicable law. In the case of bearer securities, the registering of the securities is acknowledged by a certificate of participation issued by the authorized intermediary. Their representation at meetings is managed under the legislation and decrees in force.

The same applies for information to be provided or sent to shareholders.

Prior to any meeting, shareholders can vote or vote remotely as provided for by the applicable laws and regulations. In particular, in accordance with the conditions set out in the relevant laws and regulations, shareholders may vote by mail in the form of a paper absentee ballot, or, if the Executive Board or Supervisory Board so decides at the time of the notice of meeting, by electronic means using a form drawn up by the Company or its centralizing financial establishment.

To be retained, all ballots and proxies must have been received by the Company before the maximum time limit prior to the Meeting set out in Article R. 225-77 of the French Commercial Code. Electronic forms, however, may be received by the Company up until 3:00 P.M., Paris time, on the eve of the General Meeting.

The decisions of ordinary and extraordinary General Meetings of Shareholders are only valid if quorum requirements are met. The quorum is calculated in relation to the total number of existing shares, subject to exceptions provided for by law.

In all meetings, subject to any restrictions stipulated in the prevailing legislation, shareholders shall have one vote per share held or represented without restriction. Pursuant to the option provided for in Article L. 225-123 of the French Commercial Code, double voting rights will not be conferred on fully paid shares that have been registered in the name of the same shareholder for a period of at least two years.

### Fiscal year *(Article 30 of the bylaws)*

The fiscal year begins on January 1 and ends on December 31.

### Statutory Distribution of profits – Reserves *(Article 31 of the bylaws)*

At least 5% of the profits for the financial year, less any prior losses, are set aside to establish the statutory reserve fund, until such fund equals one-tenth of the share capital.

The balance and any retained earnings together constitute distributable profit, from which is deducted any amount that the General Meeting of Shareholders, acting on the recommendation of the Executive Board, and subject to the approval of the Supervisory Board, may decide to assign to one or more discretionary, ordinary or extraordinary funds, with or without special appropriation, or to carry forward as retained earnings.

The balance is apportioned among the shares.

Any shareholder other than a physical person:

(i) which directly or indirectly holds at least 10% of rights to dividends in the Company; and

(ii) whose own position or that of its shareholders which directly or indirectly hold 10% or more of its rights to dividends renders the Company liable for the 20% levy stipulated in Article 208 C II ter of the French General Tax Code (the "Levy")

(the said shareholder is called a "Taxpaying Shareholder"),

will owe the Company a sum equal to the amount of the Levy owed by the Company at the time of payment.

If the Company directly or indirectly holds 10% or more of one or more sociétés d'investissement immobilier cotées cited in Article 208-C of the French General Tax Code (a "SIIC Daughter"), the Taxpaying Shareholder will also owe the Company, when a dividend payment is made, a sum equal to the difference (the "Difference") between (i) the amount which would have been paid to the Company by one or more SIIC Daughters if the said SIIC Daughter(s) had not been liable for the Levy because of the Taxpaying Shareholder, multiplied by the percentage of the rights to dividends held by the shareholders other than the Taxpaying Shareholder and (ii) the amount actually paid by the said SIIC Daughter(s) multiplied by the percentage of the rights to dividends held by the shareholders other than the Taxpaying Shareholder, so that the other shareholders are not liable to pay any of the Levy paid by any of the SIICs in the chain of interests because of the Taxpaying Shareholder. Shareholders other than Taxpaying Shareholders will be in credit with the Company for an amount equal to the Difference, in proportion to their dividend entitlement.

If there is more than one Taxpaying Shareholder, each Taxpaying Shareholder will owe the Company the portion of the Levy owed by the Company which its direct or indirect interest generates. The capacity of Taxpaying Shareholder is assessed on the date of the payment.

Subject to the information described in section 6.1.2.3 of this registration document, any shareholder other than a physical person, which directly or indirectly holds at least 10% of the Company's capital, will be presumed to be a Taxpaying Shareholder.

Any payment to a Taxpaying Shareholder is made by an entry in this shareholder's individual account (without generating interest), the chargeback from the account occurs within five business days of the entry after the sums owed by the Taxpaying Shareholder to the Company have been set off under the above provisions.

The General Meeting of Shareholders can grant each shareholder an option between payment of all or part of a dividend or interim dividend in cash or shares. If the payment is in shares, the Taxpaying Shareholder will receive a portion in shares (no odd lots will be created) and the other portion in cash (paid by entry in the individual current account) so the set-off mechanism described above can apply to the portion of the dividend entered in the individual account.

Except in the event of a share capital reduction, no distribution can be made to shareholders if shareholders' equity is, or would be as a result of the distribution, less than the amount of the share capital plus the reserves that cannot be distributed under the law or the bylaws.

## 7.2 Documents accessible to the public

The bylaws, minutes of the General Meeting of Shareholders and other corporate documents, as well as historic financial information, all appraisals and declarations made by experts at the Company's request, and all other documents that have to be kept at the disposal of shareholders in accordance with the law, may be consulted at the Company's head office:

26, boulevard des Capucines – 75009 Paris (France)
Tél.: +33 (0)1 40 67 57 40

Copies of this registration document are available free of charge from Klépierre (26, boulevard des Capucines – 75009 Paris – France), and on its website (www.klepierre.com) as well as on the website of the French Financial Markets Authority (AMF) (www.amf-france.org).

## 7.3 Statement of the person responsible for the registration document which serves as the annual financial report

I hereby certify, having taken all reasonable measures in this regard, that the information contained in this registration document is, to my knowledge, in accordance with the facts, with no omissions likely to affect its import.

I certify that, to my knowledge, the financial statements have been drawn up in compliance with the applicable accounting standards and present a true and fair view of the assets, liabilities, financial position and income of the Company and of all consolidated companies, and that the management report (pages 1 and seq.) presents a true and fair account of the development, income and financial position of the Company and of all consolidated companies and describes the main risks and uncertainties facing them.

I have obtained an audit completion letter from the Statutory Auditors in which they indicate that they have verified the information regarding the financial position and financial statements presented in this document and that they have read the document in its entirety.

Paris, March 9, 2017

Jean-Marc JESTIN
Chairman of the Executive Board

# 7.4 Persons responsible for audits and financial disclosures

## Persons responsible for audits

### Statutory Auditors

#### Deloitte & Associés

185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine
572 028 041 RCS Nanterre
Joël Assayah/José-Luis Garcia
First appointment: GM of June 28, 2006
End of term: fiscal year 2021

#### Ernst & Young Audit

1-2, place des Saisons
92400 Courbevoie – Paris – La Défense 1
344 366 315 RCS Nanterre
Bernard Heller
First appointment: GM of April 19, 2016
End of term: fiscal year 2021

### Alternate Statutory Auditors

#### Société BEAS

7-9, villa Houssay
92200 Neuilly-sur-Seine
315 172 445 RCS Nanterre
First appointment: GM of June 28, 2006
End of term: fiscal year 2021

#### PICARLE & Associés

1-2, place des Saisons
92400 Courbevoie – Paris – La Défense 1
410 105 894 RCS Nanterre
First appointment: GM of April 19, 2016
End of term: fiscal year 2021

## Person responsible for financial disclosures

### Jean-Michel GAULT

Member of the Executive Board – Deputy CEO
Tel.: +33 (0)1 40 67 55 05

# 7.5 Concordance tables

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- the consolidated financial statements for the fiscal year ended December 31, 2015 and the corresponding Statutory Auditors' report, set out respectively on pages 134 to 197 and 198 of the registration document filed with the AMF under number D. 16-0131 on March 11, 2016;
- the financial statements for the fiscal year ended December 31, 2015 and the corresponding Statutory Auditors' report, set out respectively on pages 202 to 223 and 224 of the registration document filed with the AMF under number D. 16-0131 on March 11, 2016;
- the consolidated financial statements for the fiscal year ended December 31, 2014 and the corresponding Statutory Auditors' report, set out respectively on pages 133 to 200 and 201 of the registration document filed with the AMF under number D. 15-0119 on March 10, 2015;
- the financial statements for the fiscal year ended December 31, 2014 and the corresponding Statutory Auditors' report, set out respectively on pages 203 to 229 and 230 of the registration document filed with the AMF under number D. 15-0119 on March 10, 2015;

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# GLOSSARY

## Anchor

A retailer whose strong appeal as a consumer magnet plays a leading role in the animation and creation of traffic within a specific retail or commercial zone or a shopping center.

## Biodiversity

Biodiversity, or biological diversity, includes all of the living species that live on Earth (plants, animals, micro-organisms, etc.), the communities they form and the habitats in which they live.

## Box

A stand-alone retail space that is generally situated near or in the parking lot of a retail mall or a retail park, designed to enhance the appeal of the latter.

## BREEAM (Building Research Establishment Environmental Assessment Method)

Method of environmental assessment for buildings that was developed by the Building Research Establishment (UK).

## Capitalization rate (cap rate)

The average capitalization rate corresponds to the ratio of total expected net rents for occupied and vacant properties to the value, transfer duties excluded, of these same properties. Transfer duties are the fees for any change in ownership when the asset or its owning company is sold (notary fees, deed and title, registration, etc.).

## Catchment area

A habitual or theoretical area from which a point of sale or shopping center draws its potential customers. The scope of this area is influenced by the distance and time it takes to gain access.

## CDAC (Commission départementale d'aménagement commercial)

A French administrative commission that rules on commercial and retail projects submitted for prior approval.

## Clubstore®

All the actions taken to enhance the customer journey and experience in the Group's shopping centers. Clubstore® is one of Klépierre's strategic pillars.

## CNCC (Conseil national des centres commerciaux)

French professional organization that brings together the players that participate in the promotion and development of shopping centers: developers, owners, managers, retailers, service providers and merchant organizations.

## Constant/current portfolio basis

The Group analyzes the change in some indicators either by taking into account all of the holdings it actually owned over the period or date of analysis (current portfolio), or by isolating the impact of any acquisitions, extensions or disposals during the period, in order to obtain a stable basis of comparison (constant portfolio or like-for-like portfolio).

## Corporate governance

All of the relationships between the corporate executive officers of a company, its Board of Directors or its Supervisory Board, its shareholders and other stakeholders. Corporate governance also provides the framework within which corporate objectives are set, the resources needed to achieve them are defined, and performance assessment standards are agreed to.

## Development pipeline

Name given to all investments that the Group plans to undertake, over a given period of time, related to the creation, extension and/or renovation of portfolio assets or the acquisition of assets or of companies.

The Klépierre development pipeline is generally broken down into three categories:

- ongoing operations: operations in progress, in which Klépierre has land ownership and has obtained all the required administrative authorizations;
- operations in development: operations at an advanced stage of planning, in which Klépierre has obtained land ownership (an acquisition has been completed or the sale has been agreed subject to associated conditions precedent, for example, the attainment of administrative authorizations);
- operations under negotiation, for which deal arrangements and negotiations are underway.

## Diversity Charter

An initiative undertaken in late 2004, this document formally condemns discrimination in hiring and employment. It expresses the desire of the signatories to promote a better reflection of the diversity of the French population in their workforce. The Group signed it on July 31, 2010.

## EMS (Environmental Management System)

A management tool that allows businesses to roll out processes that lead to reduced environmental impacts. These systems are designed to help organizations achieve lasting improvements and make continuous progress in the area of the environment. The ISO 14001 standard, among others, sets forth specifications and guidelines for the use and implementation of EMS. It also defines the principles and procedures governing environmental audits as well as the criteria environmental auditors must satisfy.

## EPRA (European Public Real Estate Association)

This trade association has more than 200 of Europe's public real estate companies as members. It publishes recommendations intended to ensure that the financial reporting disclosures of publicly-traded real estate companies are more standardized and more detailed.

## EPRA NNNAV

Triple net asset value as calculated according to EPRA recommendations. It corresponds to revalued net assets, excluding transfer duties, and after deferred taxes and marking to market of fixed-rate debt and financial instruments. More information on the methodology and on the calculation of this indicator is available in chapter 2 "Business of the year" of the present registration document.

## Extra-financial rating agencies

Agencies that rate businesses on their performances in the three areas of sustainable development: economic, environmental and social. They provide investors with a grid for assessing businesses from an extra-financial perspective.

## GLA (Gross Leasable Area)

Total sales area (including the hypermarket if there is one), plus storage area and not including aisles and shared tenant space.

## Good Choices®

Name given in 2013 to the Group's corporate social responsibility approach which covers all environmental, societal and social initiatives. Good Choices® is one of Klépierre's strategic pillars.

## Green lease

An added clause or schedule to a lease whose aim is to encourage a more constructive dialogue between lessees and lessors on environmental issues in general and energy efficiency in particular.

## Greenhouse gases

Gases that absorb infrared rays emitted by the earth's surface, contributing to the greenhouse effect. Increasing the concentration of greenhouse gases in the earth's atmosphere is a decisive factor in climate change.

## Grenelle de l'environnement

A legislative process initiated in France in 2007, the Grenelle Environmental Forum brought together five different collegial groups (elected officials, business, trade unions, NGOs and the government) for the purpose of bringing about a green revolution. A draft bill known as Grenelle 1 was adopted by the French Parliament on July 23, 2009. The Grenelle 2 Act, which specifies its application, was passed on June 29, 2010.

## GRESB (Global Real Estate Sustainability Benchmark)

Non-profit organization whose primary purpose is to assess the environmental and social performance of companies specializing in the real estate sector. Created in 2009, it brings together 15 of the leading pension fund managers and key property sector bodies, including EPRA (European Public Real Estate Association) and ECCE (European Centre for Corporate Engagement – an international research association based in the University of Maastricht).

## GRI (Global Reporting Initiative)

Originally established in 1997, this initiative seeks to develop the directives that are applicable internationally in the area of sustainable development and report on the economic, environmental and social (HR) performances of companies. It proposes a benchmark of indicators that enable the measurement of progress made in corporate sustainable development programs.

## Gross rent

Contractual rent composed of minimum guaranteed rent, to which is added any additional variable rent, which is calculated on the basis of the retailer sales.

## Hypermarket

A retail establishment that displays and sells a broad assortment of both food and non-food products over a sales space that exceeds 2,500 sq.m.

## Hypermarket mall

A shopping center that generally features a limited number of shops whose retail mix is dominated by convenience services and whose anchor is a hypermarket.

## ICC (Indice du coût de la construction) – French Cost of Construction index

This is one of two reference indices used to adjust the rents on retail properties. It is published quarterly by INSEE and calculated on the basis of data emerging from the quarterly survey on the trend in the cost price of new housing (PRLN). Using a representative sample of building permits, this survey provides information on markets trends, the characteristics of construction, as well as factors that can be used to derive land expenses (price of land, any demolitions, various taxes, etc.). It is also currently the reference index used to make adjustments to office rents.

## ILC (Indice des loyers commerciaux) – French Commercial Rent Index

The ILC is published monthly by INSEE and is composed of the ICC (25%), the ICAV (retail trade sales index, expressed in value, for 25%), and the IPC (consumer price index, for 50%). The ICAV, published monthly by INSEE, is calculated on the basis of a sample of sales revenue reports filed by 31,000 businesses. The IPC, published monthly in the Official Gazette, is an indicator that is commonly used to measure inflation. The use of the ILC for retail rental price adjustments is possible since the August 4, 2008 law on economic modernization went into effect and the application decree dated November 6, 2008.

## ISO 14001

International environmental certification that acknowledges the implementation of an Environmental Management System (EMS).

## Klépierre University

The Group's corporate university, whose objectives are to share knowhow inside the Company and promote the emergence of a common culture.

## Late payment

Late payment (rent, utilities and taxes, including VAT sales tax) corresponds to any payment that has not been received on the due date, and integrated into reporting as of the first day the past due payment is observed. Considering that most unpaid amounts in fact correspond to late payments, Klépierre discloses a late payment rate on a 12-month rolling basis.

## Let's Play®

Name given to the Group's marketing strategy aiming at positioning its shopping centers as fun places.

## LTV (Loan-to-Value)

Consolidated net debt divided by the total valuation of the Group's property portfolio as determined by independent appraisers (total share, including duties).

## MGR

The minimum guaranteed rent payable under the terms of the lease. Also referred to as base rent.

## Mid-sized unit

A retail outlet whose sales area covers more than 750 sq.m.

## NAV (Net Asset Value)

NAV is an indicator that measures the break-up value of a real estate company. Schematically, it represents the difference between the value of the Company's assets (as estimated by independent appraisers) and the total sum of its debts or liabilities. More information on the methodology and on the calculation of this indicator is available in chapter 2 "Business of the year" of the present registration document.

## Net current cash-flow

This indicator corresponds to the amounts generated by the routine operations and business of the Company, after taking interest and tax expense into account. More information on the methodology and on the calculation of this indicator is available in chapter 2 "Business of the year" of the present registration document.

## Net rent

Gross rent less fees, non-recovered rental charges (in particular due to vacancies), expenses chargeable to the owner and, if applicable, expenses related to the land on which the rental unit sits.

## Occupancy cost ratio

The occupancy cost ratio is the ratio of rent and tenant charges (taxes excluded) to revenues (taxes excluded).

## Renewable energies

Energies exploited by humans in such a way that reserves are not exhausted. In other words, they form faster than they can be used.

## Rentable floor area

Gross leasable area owned by Klépierre and on which Klépierre collects rents.

## Re-tenanting

Leasing action aiming at proactively replacing existing tenants by more appealing and dynamic ones thus enhancing the whole merchandizing mix of the center.

## Reversion

Additional Minimum Guaranteed Rent (MGR) obtained as a result of re-letting or when a lease is renewed with the same tenant (excluding additional MGR obtained when a property is leased for the first time). Reversion can be negative if the new rent is inferior to the previous one.

## Sale and purchase promissory agreement

A contractual instrument signed by and between a seller and a buyer, according to which both parties undertake to proceed to the sale of an asset at a given price and before a defined date, indicated in the same instrument.

## Senior workers

Pursuant to applicable law in France, any employee who is aged 55 or more is considered to be a senior worker with respect to career management. For recruitment, the threshold is set at 50. The Group entered into an agreement pertaining to the employment of senior workers in October 2009.

## Shopping center

A group of at least 20 stores and services that form a Gross Leasable Area (GLA) of at least 5,000 sq.m., designed, built and managed as a single entity.

## SIIC (société d'investissement immobilier cotée – REIT)

Tax regime allowed under Article 208-C of the French General Tax Code that allows joint stock companies that are publicly listed and whose stated equity capital exceeds 15 million euros, optionally and subject to certain conditions, as part of their primary business activity of acquiring and/or constructing buildings for the purpose of leasing them and direct or indirect ownership of equity in corporations whose business purpose is identical, to qualify for corporate tax exemption on:

- earnings from the rental of buildings, provided that 95% of such earnings are distributed to shareholders before the end of the fiscal year that follows the year in which they are earned;
- the capital gains realized on the sale of buildings, equity in partnerships or in subsidiaries that have opted for SIIC status, provided that 60% of these capital gains are distributed to shareholders before the end of the second fiscal year that follows their generation;
- dividends received from subsidiaries that qualify for SIIC status when these dividends arise as a result of profits and/or capital gains that are exempt from tax under the SIIC arrangements, subject to the provision they are 100% distributed in the course of the fiscal year that follows the year in which they were granted.

Klépierre opted for the SIIC status in 2003. In 2008, tax provisions facilitating the sale of real estate assets to a SIIC (provisions of Article 201 E, I of the French General Tax Code) commonly referred to as SIIC 3, were extended until December 31, 2011. Reduced taxation applicable to capital gains realized on the sale of properties sold to a SIIC under this regime is not longer in force (since January 1, 2012). Further provisions, commonly referred as SIIC 4 and SIIC 5 which went into effect on January 1, 2010, stipulate that no shareholder, acting alone or in concert with others, may control more than 60% of the equity capital of a company that has opted for the SIIC status. In the event of non-compliance with this threshold, the Company would lose the SIIC status.

## Specialty leasing

The term specialty leasing refers to a series of services offering a wide range of communication media to retail chains to promote their products (in-store and out-of-store poster campaigns for shopping centers, plasma screens, event organization, temporary lets for promotional purposes, etc.). Klépierre Brand Ventures is the Group's special-purpose entity dedicated to this activity.

## Stakeholders

Any individual or group that may affect or be affected by the accomplishment of the objectives of the organization. Stakeholders may be inside the Group (employees) or external to it (clients, suppliers, shareholders, lenders, etc.).

## Yield rate

This rate, which unlike the cap rate allows us to determine a transfer duties included value, is used by independent appraisers to estimate the value of the Group's property portfolio. It is defined on the basis of an analysis of comparable recent transactions and criteria specific to the type of asset under consideration (location, sales area, rental reversion potential, possibility of extensions, percentage ownership, etc).

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