KLEPIERRE

2016 INTERIM FINANCIAL REPORT

CONTENTS

MANAGEMENT REPORT

1. SHOPPING CENTER OPERATIONAL BUSINESS OVERVIEW

1.1. ECONOMIC ENVIRONMENT

The economic outlook continues to slowly improve in the euro area (with growth of 1.6%[1] in 2016 and +1.7%[1] in 2017) despite the less positive international environment. The factors of resistance to the global context are the same as last year: sustained monetary stimulus, a broadly neutral fiscal stance, cheaper oil prices, and lower unemployment levels. While exports drove growth in 2015, domestic demand is taking over in 2016, leading to a more broad-based and self-sustained recovery. For the countries in which Klépierre operates, stronger growth is expected in France, Italy and Germany. In Iberia, Scandinavia, Central Europe, and Turkey, the economic recovery is expected to continue into 2016 and 2017, though at a gradually slowing pace. For the same forecast period, in most countries (except Norway, Portugal and Turkey), private consumption is expected to be higher this year than in 2015.

Expected GDP Changes - OECD (June 2016)			
		2016E	2017E
France- Belgium	France	1.4%	1.5%
	Belgium	1.2%	1.5%
Italy		1.0%	1.4%
Scandinavia	Norway	0.6%	1.3%
	Sweden	3.4%	2.8%
	Denmark	1.0%	1.8%
Iberia	Spain	2.8%	2.3%
	Portugal	1.2%	1.3%
CEE and Turkey	Poland	3.0%	3.5%
	Hungary	1.6%	3.1%
	Czech Rep.	2.4%	2.6%
	Turkey	3.9%	3.7%
Netherlands		1.7%	2.1%
Germany		1.6%	1.7%

[1] OECD (June 2016)

1.2. CHANGE IN RETAILER SALES

Retailer sales[2] in Klépierre shopping malls rose by 2.6% throughout the first half of 2016 compared to the first half of 2015. Excluding extensions and new centers opened,[3] activity maintained a certain momentum (+2.4%), as private consumption has generally shown positive trends since the beginning of 2016. Performance is driven by all regions except France-Belgium, where weather conditions were unfavorable to fashion, the major sector in terms of sales, in a lower growth retail environment.

Year-on-year retail sales change through June 2016	**Like-for-Like**	**Like-for-Like excluding extensions**
France	0.9%	0.9%
Belgium	-0.1%	-0.1%
France-Belgium	**0.8%**	**0.8%**
Italy	**3.1%**	**3.1%**
Norway	2.0%	2.0%
Sweden	4.0%	3.1%
Denmark	4.2%	4.2%
Scandinavia	**3.1%**	**2.8%**
Spain	2.0%	1.9%
Portugal	3.7%	3.7%
Iberia	**2.4%**	**2.4%**
Poland	2.8%	2.8%
Hungary	11.1%	11.1%
Czech Republic	6.6%	6.6%
Turkey	10.7%	10.7%
CEE and Turkey	**6.8%**	**6.8%**
Netherlands	**N/A**	**N/A**
Germany	**2.1%**	**-0.2%**
SHOPPING CENTERS	2.6%	2.4%

[2] Change excludes the impact of asset sales, acquisitions, and new centers opened since January 1, 2015. Retailer sales from the Dutch portfolio are not included in these numbers as retailers do not report sales to Klépierre.

[3] Boulevard Berlin in Germany, Galleria Boulevard in Sweden and Sexta Avenida in Spain

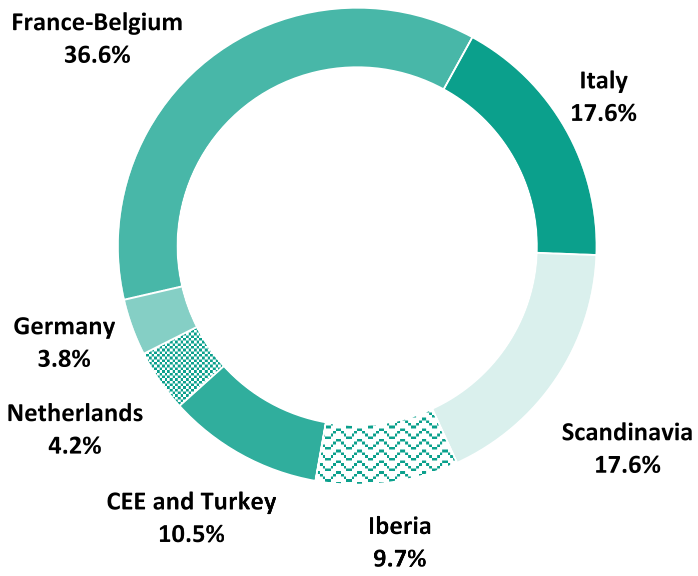
1.3. GROSS RENTS

in millions of euros total share	06/30/2016	06/30/2015	Change current
France-Belgium	205.3	204.3	0.5%
Italy	101.0	99.3	1.7%
Scandinavia	97.2	88.6	9.7%
Iberia	56.6	50.8	11.5%
CEE and Turkey	59.0	59.6	-1.0%
Netherlands	30.8	54.7	-43.8%
Germany	28.7	28.5	0.5%
Shopping centers	**578.5**	**585.8**	**-1.2%**
Other activities	15.8	18.0	-12.2%
TOTAL	**594.3**	**603.8**	**-1.6%**

Shopping center gross rents (total share) amounted to 578.5 million euros for the first half of 2016, compared with 585.8 million euros for the same period last year. This slight decrease primarily reflects the disposals completed since January 1, 2015 - in particular in the Netherlands – offset by the acquisition of Plenilunio (Spain) and Oslo City (Norway) completed in 2015.

1.4. NET RENTAL INCOME

Shopping center breakdown in net rental income by region
Period ended June 30, 2016 (total share)



in millions of euros total share	06/30/2016	06/30/2015	Change current	Change like-for-like	Index-linked rental adjustments
France-Belgium	190.2	186.4	2.1%	2.5%	-0.1%
Italy	91.6	89.1	2.8%	2.4%	0.2%
Scandinavia	91.3	78.5	16.3%	4.0%	1.4%
Iberia	50.2	41.4	21.4%	5.1%	0.1%
CEE and Turkey	54.7	51.1	7.1%	4.2%	0.7%
Netherlands	22.0	42.2	-47.9%	-6.7%	0.6%
Germany	20.0	19.4	2.8%	-0.9%	0.0%
Shopping centers	**520.0**	**508.0**	**2.4%**	**2.8%**	**0.3%**
Other activities	15.3	17.2	-10.7%	-0.4%	
TOTAL	535.3	525.2	1.9%	2.7%	

Net rental income amounted to 535.3 million euros, up 10.1 million euros compared to the first half of 2015 and including:

- 23.1 million euros in additional net rental income from the 2015 acquisitions - Plenilunio (Madrid) and Oslo City – and developments (Field's extension, Markthal and Pasteur Besançon);
- a 24.0 million euro decrease due to asset disposals, in particular the portfolio of 9 Dutch community shopping centers sold to Wereldhave in August 2015;
- a 12.8 million euro increase reflecting net rental income growth on a like-for-like basis (+2.7%);
- a 1.8 million euro decrease linked to foreign exchange rate impacts, mostly related to the Norwegian Krona depreciation.

On a like-for-like basis,[4] shopping center net rental income was up by 2.8%, a 250 basis point outperformance over index-linked rental adjustments of +0.3%. The latter stood at +0.4% for fiscal year 2015.

Foreign exchange impact on like-for-like net rental income over 6 months

	6-month change like-for-like (total share) constant forex	current forex
Norway	1.9%	-6.5%
Sweden	4.8%	5.3%
Denmark	5.3%	5.4%
Scandinavia	**4.0%**	**1.3%**
Poland	2.1%	1.5%
Hungary	10.6%	10.2%
Czech Republic	8.5%	8.1%
Turkey	-4.1%	-2.2%
Eastern Europe	**4.2%**	**4.5%**
SHOPPING CENTERS	2.8%	2.4%

[4] 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.

1.5. CONTRIBUTION OF ASSETS CONSOLIDATED UNDER THE EQUITY METHOD

The net income contribution of these assets to Klépierre's consolidated statement amounts to 8.8 million euros for the half year. The assets consolidated under the equity method are:

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

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

Gross rents - total share		
in million euros	06/30/2016	06/30/2015
France	11.8	12.6
Italy	19.2	18.5
Norway (*)	7.5	7.7
Iberia	1.4	1.3
Turkey	8.3	8.3
Total EAIs	48.2	48.5

Net rental income - total share		
in million euros	06/30/2016	06/30/2015
France	9.4	9.9
Italy	16.6	16.3
Norway (*)	6.2	6.5
Iberia	1.3	1.2
Turkey	6.1	6.3
Total EAIs	39.6	40.3

Cash-flow - total share		
in million euros	06/30/2016	06/30/2015
France	8.5	8.2
Italy	11.3	8.4
Norway (*)	6.1	6.5
Iberia	-0.6	-0.6
Turkey	5.9	4.3
Total EAIs	31.3	26.9

Net result - total share		
in million euros	06/30/2016	06/30/2015
France	-6.8	-6.0
Italy	4.3	4.5
Norway (*)	6.4	3.8
Iberia	0.1	-2.3
Turkey	4.8	3.5
Total EAIs	8.8	3.5

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

1.6. SHOPPING CENTER BUSINESS SUMMARY

	Volume of leases renewed and relet (€M)	Reversion (%)	Reversion (€M)	OCR(1)	EPRA Vacancy rate	Late payment rate (2)
France-Belgium	20.3	12.1%	2.2	12.4%	3.3%	2.0%
Italy	11.1	13.5%	1.3	11.1%	1.6%	2.2%
Scandinavia	19.2	9.1%	1.6	11.6%	4.5%	0.3%
Iberia	6.1	16.0%	0.8	13.8%	6.2%	0.4%
CEE and Turkey	8.1	9.0%	0.7	12.1%	5.1%	2.7%
Netherlands	NS	NS	NS	NA	6.7%	4.3%
Germany	NS	NS	NS	12.5%	6.4%	3.3%
TOTAL	65.1	11.2%	6.6	12.0%	3.8%	1.8%

Scope includes assets consolidated under the equity method
(1) Data not provided for the Netherlands as retailers do not report sales to Klépierre.
(2) Rate 12-month rolling

Property management in the first half of 2016 led to the signature of 893 leases, translating into additional annual minimum guaranteed rents of 12.5 million euros. These signatures included 758 leases that were renewed or relet, representing 6.6 million euros worth of additional annual minimum guaranteed rents, i.e., an average 11.2% reversion rate.

At the Group level, the shopping center vacancy rate (EPRA format) was stable at 3.8% vs December 2015 and the late payment rate remained at a very low level (1.8%), highlighting the positive outcome of re-tenanting campaigns and the improvement in rent collection across the portfolio.

2. BUSINESS ACTIVITY BY REGION

2.1. FRANCE-BELGIUM (35.5% of net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2016	06/30/2015	Change	06/30/2016	06/30/2015	Change	06/30/2016	12/31/2015
France	182.9	179.6	1.8%	182.1	178.1	2.3%	3.4%	3.1%
Belgium	7.3	6.7	8.0%	7.3	6.7	8.0%	0.9%	0.5%
France-Belgium	**190.2**	**186.4**	**2.1%**	**189.4**	**184.8**	**2.5%**	**3.3%**	**3.0%**

France

According to the OECD, economic growth should reach 1.4% this year and 1.5% in 2017, compared to 1.2% in 2015, thanks to lower energy prices and tax cuts on labor and businesses combined with persistently low interest rates. These growth projections, below the EU 15 average, have not been revised downward following the recent Brexit vote. Inflation should remain low at +0.1% in 2016 (as in 2015).

In this mixed environment, retailer sales increased by 0.9% over the first 6 months of the year. According to CNCC[5], retailer sales in France decreased by 0.3% over the January – May period (vs +0.3% for Klépierre). After 1.1% in the first quarter of 2016, retailer sales growth slowed down in the second quarter (+0.4%), primarily due to adverse weather conditions, particularly impacting the fashion segment (-2.4%), while Household Equipment (+4.3%), Health & Beauty (+1.5%), and Culture, Gifts and Leisure (+1.4% still led by telephony and sports goods) performed well.

On a like-for-like basis,[6] net rental income was up by 2.3%, outperforming by 240 basis points index-linked rental adjustments (-0.1%), reflecting the reversion achieved on leasing actions implemented in 2015 and this year. 2015 re-tenanting operations in Créteil-Soleil and Val d’Europe - both involving Zara store extensions – and the upgrade to the restaurant offer in Val d’Europe last year (featuring the arrival of Exki, Factory & Co and 2 exclusive concepts for a shopping center setting - Indiana Café and Big Fernand replacing a Cafétéria Casino) contributed to the strong rental performances of both centers in the first half compared to last year. St. Lazare Paris also contributed to the overall net rental uplift in France, with higher turnover rents.
The net rental income on a current basis was positively impacted by the contribution of Les Passages Pasteur in Besançon, a new 11,200 sq.m. downtown shopping center that opened in November 2015. This increase was partly offset by the disappearance of amortized entry fees related to Bègles Rives d’Arcins and Claye-Souilly extensions that were completed in 2013 and by a strategic vacancy at Grand Place (Grenoble).

Despite a challenging environment, leasing remained sustained, with 164 leases signed and relet or renewed leases recording an 11.3% reversion rate. The vacancy rate is up by a slight 30 basis points versus December 31, 2015. The Group continued to sign with leading brands, including Uniqlo, which will arrive at Blagnac (943 sq.m. store to open in November 2016; the first one in Toulouse) and Mango in Lattes (opening in the second half of 2016; 1,011 sq.m.). In Nailloux Outlet Village (Toulouse region), the Group reduced the vacancy rate, signing three new leases, with L’Oreal, Kusmi Tea, and Pepe Jeans, while Galeries Lafayette Outlet opened its 1,513 sq.m. store in February. Lastly, the online retailer Spartoo, which recently commenced its store network expansion, will open a 153 sq.m. unit in Jaude (Clermont), while Kusmi Tea opened its new digital store concept in Val d’Europe.

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[5] Conseil National des Centres Commerciaux

[6] 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.

Belgium

Economic growth will slow down in 2016 as fiscal consolidation and wage moderation curb private consumption. Activity is expected to gradually accelerate in 2017 as investment conditions improve and the employment rate rises (due to a reform that shifted taxes from earned income to other bases, reducing labor costs).
In a context marked by terrorist attacks, sales were flat (-0.1%) in L'esplanade in Louvain-la-Neuve (Brussels area) over the first 6 months.

Net rental income in Belgium was up 8.0% for the six months versus the same period last year. This continued strong performance is due to the relet and renewal campaigns of 2014 and 2015, which introduced better performing retailers.

2.2. ITALY (17.1% of net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2016	06/30/2015	Change	06/30/2016	06/30/2015	Change	06/30/2016	12/31/2015
Italy	**91.6**	**89.1**	**2.8%**	**91.6**	**89.4**	**2.4%**	**1.6%**	**2.1%**

The Italian economy continued to grow in the first half at a moderate pace due to the consolidation of the positive contribution of domestic demand to GDP. The main driver of growth is private consumption, together with an improvement in investment. GDP growth is expected to reach 1.0%[7] this year and 1.4% in 2017. In this environment, retailer demand continued to be sustained overall and was characterized by a significant number of international entries into the Italian market.

After 4.4% in the first quarter of 2016, retailer sales in Klépierre malls posted a 3.1% increase over the first 6 months, largely outperforming national index (January – May 2016: Klépierre shopping centers +3.2% vs national index +0.3%[8]). The relative slowdown (second quarter versus first quarter) in growth is mostly attributable to a negative calendar effect while underlying demand remained sustained. Culture / Gifts & Leisure (+4.4%), Household Equipment (+2.9%) and Health & Beauty (+2.3%) were the best performers, while the cold and rainy weather penalized the fashion segment. Nave de Vero (+18.7%) and Campania (+11.9%) posted very strong performances.

The Italian portfolio recorded a solid 220 basis point outperformance in net rental income like-for-like versus index-linked rental adjustments (+0.2%). Rental growth was driven by an overall increase in variable rents in most centers, as recently added retailers posted high sales growth – among them FootLocker, Pandora, O'bag, Mondo Convenienza, and the Inditex brands. Porta di Roma (equity-accounted asset), GrandEmilia (Modena), Le Gru (Turin), Campania (Naples), and Nave de Vero (Venice) posted strong rental increases for the six-month period.

The reversion rate achieved on lease renewals and relets reached a solid 13.5%. Vacancy was reduced by 50 basis points versus the level of December 31, 2015. The Porta di Roma retail mix has been further strengthened with the signature of a new Zara lease in April, including the extension of the unit surface (from 2,911 sq.m. to 3,326 sq.m.) with updated layouts and brand concepts. In parallel, Zara Home will open a 504 sq.m. store (versus 415 sq.m. previously). Beyond the Inditex brands, NYX, AW Lab and Bialetti have opened new stores. The L'Oreal brand NYX opened in three

[7] Source: OECD
[8] Source : Istat

centers – Porta di Roma, Campania, and La Romania – completing the cosmetics offer of these shopping centers. In Nave de Vero, Timberland (181 sq.m.) and Napapijri (107 sq.m.) replaced non-performing retailers.

Lastly, among other relevant new retailers, O'Bag (customized handbags) added one more shop in Le Corti Venete on top of the 8 already operating within Klépierre's Italian portfolio, while America Graffiti (681 sq.m.; thematic restaurant) will improve the food offer in Romagna (opening in the second half of 2016) and the synergies with the cinema, ultimately increasing dwell time.

2.3. SCANDINAVIA (17.1% of net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2016	06/30/2015	Change	06/30/2016	06/30/2015	Change	06/30/2016	12/31/2015
Norway	32.2	25.8	24.9%	24.3	23.8	1.9%	3.8%	2.8%
Sweden	31.5	30.6	2.9%	30.0	28.6	4.8%	4.1%	3.7%
Denmark	27.5	22.1	24.8%	23.2	22.0	5.3%	6.2%	8.3%
Scandinavia	**91.3**	**78.5**	**16.3%**	**77.5**	**74.5**	**4.0%**	**4.5%**	**4.5%**

Norway

The downturn in the Norwegian economy has now lasted for almost two years following the plunge in the oil price. However, while one part of the Norwegian economy related to the oil sector is still struggling, the other major export industries have benefited from better competitiveness due to the depreciation of the Norwegian krone. The effect of the latter is expected to continue going forward and the major export industries are expected to fuel the Norwegian economy in 2018, contributing to lower unemployment and higher GDP growth (growth expected to reach 0.6%[9] in 2016). Inflation is still high (+2.9%[8] in 2016), attributable to higher import prices due to the weak Norwegian krone.

Klépierre shopping center sales increased by 2.0% like-for-like[10] over the half-year, representing a significant improvement compared to the first quarter (+0.3%). Assets located in the Oslo region posted solid increases in retailer sales: Oslo City (+7.1%), Metro Senter (+6.3%), Vinterbro (+8.9%), and Gulskogen (+7.0%). By segment, this solid performance was mostly driven by Health & Beauty (+5.5%) and Food Stores & Restaurants (+3.6%).

On a like-for-like basis, net rental income is up by 1.9%, below index-linked adjustments (+2.5%). The current downturn in the country had a negative impact in Hamar Maxi (impacted by new competition), and in Arkaden, located in Stavanger - a city on the west coast that is exposed to the oil industry. Their weak results partially offset the positive and solid net rental growth recorded by Gulskogen and Vinterbro, both located in the Oslo vicinity, and by Metro and Farmanstredet.

On a current basis, the 24.9% net rental income growth results from the contribution of Oslo City, acquired in December 2015.[11] This center performed strongly in the first half of 2016, in line with our investment business plan. The center records the highest footfall and sales per sq.m. in Norway. The 2.1 million euro depreciation (-8.2%) of the Norwegian krone versus the euro in the first half of 2016 compared with the same period last year impacted net rental income on a current basis.

For the half year, the Group managed to record a 10.4% reversion rate on relet and renewed leases. New retailers include G Max (sport anchor), which opened a 1,925 sq.m. store in Maxi Storsenter. In

[9] Source: OECD

[10] 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.

[11] Please refer to press releases published on December 14, 2015 and January 4, 2016 available on Klépierre website: *www.klepierre.com*

Farmandstredet, leases have been signed with BikBok (530 sq.m.) and Carlings (239 sq.m.) to strengthen the fashion offer of the shopping center. Lastly, Lindex, one of the leading fashion concepts in Scandinavia, will open a 626 sq.m. store in September in Lillestrøm Torv.

Sweden

The Swedish economy should continue to strengthen in 2016 and 2017 according to the OECD. Domestic demand is being stimulated by expansionary fiscal and monetary policy: the low interest rate policy has stimulated domestic demand while also holding down the value of the Swedish krona. Together with continued global economic recovery, the relatively weak krona should contribute to further strong growth in exports. Unemployment is expected to fall from 6.9% in 2016 to 6.3% in 2017. Retail sales have increased in recent months, with the consumer confidence index improving in June 2016.

Retailer sales trended positively (+4.0%) overall compared to the same period last year, largely outperforming the change in footfall. All centers reported positive retailer sales development, with Emporia (+5.8%) and Allum (+3.6%) reporting the highest growth.
By segment, this solid performance was mostly driven by Health & Beauty (+9.4%) and Household Equipment (+4.6%), while Fashion sales increased by 4.3%.

On a like-for-like basis, net rental income was up by 4.8%, continuing the solid positive trend observed over the past 18 months, while average index-linked adjustments were nil for the 6 months. This performance resulted from higher sales-based rents, plus further reductions in bad debt allowances (0.4% as at June 30, 2016). Solid performances were recorded in large malls, at Kupolen (Borlänge), at Allum (Goteborg area), and at Emporia (Malmö) in particular, which posted net rental growth above 10%. Growth was driven by the positive effects of re-tenanting campaigns, a decrease in the temporary discounts granted at opening in 2012, specialty leasing, and an increase in variable rents.
On a current portfolio basis, net rental growth was penalized by the non-recurring impact of an indemnity collected in the first half of 2015 at Torp.

On the leasing front, Emporia welcomed three 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.), and Kitch'n (kitchen supplies: 225 sq.m.). In Kupolen, the restaurant offer was reinforced with the arrival of Pizza Hut (379 sq.m.) and Enellys (284 sq.m; new Hamburger concept). In Torp, the arrival of Body Shop and Rituals strengthened the cosmetics offer, while the Swedish wear brand Polarn O. Pyret opened a 144 sq.m unit. Lastly, Levi's opened 2 stores, in Allum (154 sq.m.) and in Marieberg (170 sq.m.).

Denmark

The Danish economy is showing mixed but still positive indicators. Unemployment is decreasing and is well below the EU average. Consumer confidence is still positive. Interest rates are historically low, and prices and GDP have stagnated. The Danish economy should post 1.0% GDP growth[12] in 2016, helped by improved consumer confidence, recovering house prices, and low interest rates.

[12] Source: OECD

Retailer sales in Klépierre malls were up 4.2% over the first half of the year, with Field's largely contributing to the growth thanks to the recent cinema opening and the arrival of new retailers in the Food & Beverages, Sports, and Fashion segments.

Net rental income was up by 5.3% on a like-for-like basis, outperforming index-linked rental adjustments by 340 bps. Similar to Sweden, the Danish portfolio continues to outperform, in line with last year's positive trend. The major leasing and re-letting initiatives carried out in 2015 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, also helped to reinforce Field's attractiveness for retailers.
The +24.8% net rental income growth on a current portfolio basis included the impact of a non-recurring property tax refund for Field's in the first half of 2016 and the new contribution from the extension opened in the second half of 2015.

A strong 14.5% reversion rate on renewals and relets was recorded for the period. The vacancy rate is down by 210 basis points versus December 31, 2015. At Field's, after having operated a popup store, Nespresso opened a permanent location last May, the first one in a Danish shopping center. At Bruun's Galleri, the American sneaker brands Skechers opened a 252 sqm. Unit, and Det Grønne Køkken, a new Danish grab and go food concept, will open in the second half of the year.

2.4. IBERIA (9.4% of net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2016	06/30/2015	Change	06/30/2016	06/30/2015	Change	06/30/2016	12/31/2015
Spain	40.5	32.2	25.9%	27.5	26.2	5.0%	4.9%	5.3%
Portugal	9.7	9.2	5.5%	9.7	9.2	5.5%	10.0%	9.7%
Iberia	**50.2**	**41.4**	**21.4%**	**37.2**	**35.4**	**5.1%**	**6.2%**	**6.3%**

Spain

GDP growth continues to be sustained in the first half of 2016. The preliminary estimates (Bank of Spain) confirm +0.7% growth in Q2 2016, fully consistent with the OECD's full-year forecast of 2.8%. Private consumption continues to be the main driver of growth, based mainly on unemployment reduction.
Foreign investment interest in real estate assets remains strong for both prime and value-add assets. The bidding process underway for Diagonal Mar in Barcelona has attracted great interest and aggressive pricing offers. The investment volume in shopping centers is already at the pre-crisis level.

For the half-year 2016, retailer sales in Klépierre malls posted a 2.0% increase, compared with 2.7% growth registered in the first quarter. This relative slowdown is mainly due to poor weather conditions, which weighed on the fashion segment. Meridiano (+8%; benefiting from recent O'Bag arrival) and Plenilunio (+5%) are still fueling the overall performance.

Net rental income on a like-for-like basis was up by 5.0%, outperforming average index-linked rental adjustments by 500 basis points. As for retailer sales, the increase is driven by sound performances posted by the largest malls as a direct result of the strong reversion levels achieved in 2015 and an improvement in rent collection. Meridiano (Tenerife), which benefited from the arrival of Primark in 2014 and the opening of a large 2,150 sq.m. H&M in March of last year, recorded net rental income growth of close to 15%.

The change in net rental income on a current basis reflects the impact of the Plenilunio (Madrid) acquisition in March 2015.[13] This mall posted reversion rates of 30% in the first half of 2016.

Spain is increasingly attracting international brands, backed by a solid economic recovery. Close to 100 leases were signed in the first half of 2016, with an average reversion rate of 14.7%. The vacancy rate is down by 40 basis points versus December 31, 2015. In the fashion segment, the group further reinforced its positioning with major leases such as H&M (new 2,150 sq.m. store in Meridiano), Victoria's Secret (Maremagnum; first opening in a Spanish shopping center), and Massimo Dutti (Principe Pio; expansion with a 450 sq.m. store). In the Sporting goods segment, Springer will open an 800 sq.m. store in Plenilunio, while Adidas will extend its footprint with two new openings in the second half of the year (Plenilunio in August, Maremagnum next October). Finally, the Italian brand O Bag (an innovative brand specialized in customized bags) selected La Gavia and Meridiano to establish its first stores in shopping centers in Spain.
Demand remained very dynamic in the Health & Beauty segment, with the continuing expansion of NYX (Plenilunio), Rituals (new opening in La Gavia), the Body Shop (Maremagnum), and Kiko (Meridiano).
Lastly, two iconic leases were signed in Principe Pio with Nespresso Kiosk and Samsung, the latter implementing its latest concept.

Portugal

GDP increased by 0.2% in the first three months of 2016, the same as in the previous period and above a preliminary estimate of a 0.1% expansion. Consumer price inflation remained positive in May 2016 (+0.3%) and is projected to rise moderately in the medium term. Retail trade in Portugal increased by 2.9% year-on-year in April 2016, accelerating from the previous month, while the unemployment rate in May remained stable.

In this context, retailer sales were up 3.7% in the first half of 2016, with a positive contribution from the three largest shopping centers: Aqua Portimão (+12.7%), Espaço Guimarães (+3.5%), and Parque Nascente (+1.3%).

On a current and like-for-like basis, the 5.5% net rental income growth is due to the reversion achieved last year across the portfolio and some cost streamlining. Index-linked rental adjustments stood at a low +0.4%.

Retailers are also developing their network in Portugal. A strong average reversion rate of 20.8% was posted this half year. The vacancy rate was up a slight 30bp compared to the level at December 31, 2015, but bad debt allowances are nil. 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), Stradivarius (implementation of new concept), and Calzedonia with improved rental conditions.

[13] Please refer to the press releases published on March 16, 2015 available on Klépierre website: *www.klepierre.com*

2.5. CEE AND TURKEY (10.2% of Net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2016	06/30/2015	Change	06/30/2016	06/30/2015	Change	06/30/2016	12/31/2015
Poland	15.9	16.2	-2.1%	15.8	15.5	2.1%	1.7%	1.8%
Hungary	9.4	9.0	4.2%	9.1	8.2	10.6%	6.6%	8.0%
Czech Republic	12.9	11.9	8.1%	12.9	11.9	8.5%	0.9%	1.1%
Turkey	15.1	13.1	15.2%	15.2	15.8	-4.1%	7.5%	8.6%
Others	1.5	0.9	NA	1.6	0.9	NA		
CEE and Turkey	**54.7**	**51.1**	**7.1%**	**54.6**	**52.4**	**4.2%**	**5.1%**	**5.2%**

Poland

The economic situation in Poland is considered to be sound, with GDP growth expected to reach +3.0% (OECD), an inflation rate of -0.2% (IMF), and the 6.9% unemployment rate (IMF) declining.

Retailer sales increased by 2.8% over the first 6 months of 2016 despite a challenging competitive environment. This increase was attributable to the two largest Klépierre shopping centers (Sadyba Best Mall: +3.2%; Poznań Plaza: +8.5%) following the renewal campaign that occurred in 2015.

On a current basis, the 2.1% decrease in net rental income is attributable to the disposal of Krakow Plaza (30,520 sq.m.) in December 2015. On a like-for-like basis, the 2.1% increase, which outperforms the index-linked rental adjustment by 190 basis points, is partly due to an improvement in overall key indicators benefiting from the disposal. It also reflects the leasing campaigns, with positive reversion in 2015 in both Sadyba Best Mall (Warsaw) and Poznań Plaza (40% of the center's GLA was renewed or relet last year, representing a total of 57 leases). The best performing asset, Sadyba, reached +9.0%.

Leasing for the half year included the following deals: At Poznań Plaza, the tenant mix has been reinforced with the arrival of New Balance (140 sq.m.) and Bytom's (Menswear; 166 sq.m.) newest concept. At Sadyba Best Mall, Starbucks opened a 122 sq.m. space.

Hungary

The Hungarian economy contracted in early 2016, though household consumption accelerated on the back of rising real incomes and the strength of consumer confidence. Employment growth is mainly driven by the private sector, although the expanding public work schemes continue to be an important factor in the decrease in unemployment. Inflation is hovering around zero due to falling energy prices. Core inflation, which does not include food and energy, is about 1.5%.
In mid-April, the Sunday closing regulation was abolished with immediate effect.

Retailer sales were up 11.1% over the first 6 months of 2016, resulting from the recent enhancement of the tenant mix. All shopping centers contributed to this performance.

On a like-for-like basis, net rental income was up 10.6%, driven by the strong and profitable leasing campaign completed in 2015, the significant decrease in vacancy, and the reduction in bad debt allowances to a historically low level. Reversion was robust for all shopping centers. Corvin Plaza recorded 24.7% growth due to new leases signed with the LPP group.

Each of the country's centers recorded net rental income growth that more than offset the impact of the five disposals completed in 2015 (Zala, Csepel, and Szeged in March, Kaposvar and Szolnok in November).

The reversion rate on relet or renewed leases reached the high level of 36.1%. The vacancy rate is down by 140 basis points versus December 31, 2015. In Corvin Plaza, the Group has signed a lease with Decathlon that will open a 1,829 sq.m. unit. It will be the first location for this major sporting goods brand in the city center of Budapest and will therefore significantly enhance the attractiveness of the shopping center.

Czech Republic

Supportive macroeconomic policies, along with a favorable external environment, contributed to a 4.3% expansion in 2015. The unemployment rate was reduced to below pre-crisis levels and contributed to a pick-up in real wage growth. However, falling public investment is weighing on GDP growth in 2016 (+2.4%). This deceleration had already started in the first quarter, with a growth rate of 3.0%.
Headline inflation remains low but is expected to increase by 2017. Household consumption should continue to drive GDP growth, supported by growth in employment and wages.

In this environment, retailer sales continued to post increases (+6.6%) at the three shopping centers owned by Klépierre (Nový Smìchov: +5.4%, Plzeň Plaza: +11.3%, Novo Plaza: +6.5%).

Net rental income was up 8.5% on a like-for-like basis thanks to the sound performances of the three centers, far above the low indexation (+0.1%). This increase was driven by very successful re-tenantings – 46 spaces let or relet, translating into a 17.6% reversion rate – and a reduction in operating costs. The vacancy rate is down by 20 basis points versus December 31, 2015.

The Novy Smichov main entrance restructuration project aimed at accommodating an iconic midsize unit and a coffee shop for a mass market brand, was finalized. Leases were signed in the second quarter of 2016 (opening are scheduled in October / November 2016) with Douglas (399 sq.m.), Starbucks (120 sq.m.), and Tiger (365 sq.m.). NYX (65 sq.m.), Stradivarius (404 sq.m.) and CCC (Polish shoes retailer; 550 sq.m.) arrivals will also strengthen the tenant mix by adding strong footfall makers.

Turkey

GDP growth is projected to remain close to 4% (OECD) per annum in 2016 and 2017. A sharp hike in the minimum wage and social transfers in early 2016 should boost private consumption. The inflation rate in May was 6.6%.

Retailer sales increased by 10.7% in Turkish Lira over the first 6 months of 2016, with growth mostly driven by Anatolium (+17.5%) and Tekira (14.3%), which benefit from dynamic Turkish brands such as LC Waïkiki, Koton, and Teknosa.

Net rental income was down 4.1% on a like-for-like basis,[14] reflecting political and economic uncertainties and the depreciation of the Turkish Lira. Akmerkez is not included in this performance as it is consolidated under the equity method. On a current basis, the 15.2% net rental income increase includes a one-off accounting restatement (2.4 million euros) and a positive currency impact.
Among the main leases signed during this six-month period, H&M will open a 2,219 sq.m. store in Anatolium next October that is expected to provide a significant boost in footfall for the center.

2.6. THE NETHERLANDS (4.1% of net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2016	06/30/2015	Change	06/30/2016	06/30/2015	Change	06/30/2016	12/31/2015
Netherlands	**22.0**	**42.2**	**-47.9%**	**11.2**	**12.0**	**-6.7%**	**6.7%**	**3.3%**

Although the economic climate is still improving slightly, the Dutch retail sector in general is not yet back to pre-crisis levels. The number of bankruptcies in the Netherlands continued to be significant in the first half-year and, as a result, the bad debt allowance has increased.
The long-term indicators for the Netherlands are positive, however, with GDP growth of 1.7% expected for 2016. In addition, investment and household consumption are expected to grow and unemployment rates to decline (expectation <6.5% at year-end).

On a current basis, net rental income reflects the disposal in August 2015 of a portfolio of 9 community shopping centers for a total consideration of 730 million euros (excluding duties). These 9 assets contributed 20.8 million euros to net rental income in the first half of 2015. Markthal, the new 11,200 sq.m. retail scheme featuring a fresh food court and a unique array of gourmet restaurants, contributed to the current performance. On a like-for-like basis,[15] net rental income is down 6.7% due to an increase in vacancies and late payment rates. A few bankrupt retailers are continuing to operate and new contracts are currently being negotiated with new operators, which should provide upside in the coming months.

2.7. GERMANY (3.7% of net rental income)

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
(total share)	06/30/2016	06/30/2015	Change	06/30/2016	06/30/2015	Change	06/30/2016	12/31/2015
Germany	**20.0**	**19.4**	**2.8%**	**13.8**	**13.9**	**-0.9%**	**6.4%**	**8.0%**

The German economy was unchanged, with a low unemployment rate (5.9%) and forecast GDP growth of 1.6% for 2016. The low inflation rate and the low cost of finance continue to support consumer spending. The business climate index (Ifo Index) remains on the optimistic side at 108.7 in June 2016.

Retailer sales at Klépierre malls increased by 2.1%, fueled by the good performance of Centrum Galerie in Dresden and following the refurbishment of Berlin (+8.4%).

The 0.9% decrease in net rental income on a like-for-like basis is the result of the good performance of Centrum Galerie (Dresden) due to new leases signed in 2015, offset by higher vacancies in the two

[14] 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.

[15] The like-for-like perimeter exludes Hoog Catharijne and Markthal

Duisburg-located centers. Boulevard Berlin, which was under refurbishment last year, is not included in the like-for-like scope.

On the leasing side, the Group has signed a lease with Burger King for a 440 sq.m. unit at Königsgalerie Duisburg. The opening, scheduled for the fourth quarter, should help reduce the overall vacancy rate of the shopping center while boosting footfall. In addition, Klépierre has further reinforced the positioning of Centrum Galerie: Dänisches Bettenlager, a leading European home furnishings and accessories retailer, opened a 745 sq.m. store (new city concept) in June. On the fashion side, Klépierre reinforced its relationship with the Bestseller Group through the signature of two leases with Jack & Jones (250 sq.m. store; menswear) and Vero Moda (306 sq.m.; women's fashion).

2.8. OTHER ACTIVITIES (2.9% of net rental income)

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

in million euros	Net rental income current			Net rental income like-for-like			EPRA Vacancy rate	
total share	06/30/2016	06/30/2015	Change	06/30/2016	06/30/2015	Change	06/30/2016	12/31/2015
Other activities	15.3	17.2	-10.7%	15.3	15.4	-0.4%	2.8%	2.6%

Net rental income on a like-for-like basis was down by 0.4%. On a current basis, the decrease is attributable to the disposals completed since January 1, 2015 (please refer to the section "Investments, developments and disposals" in the present document).

3. INVESTMENTS, DEVELOPMENTS AND DISPOSALS

3.1. INVESTMENTS MADE IN THE FIRST HALF OF 2016

A total of 73.3 million euros was invested in shopping center development throughout the first half of the year:

- 62.0 million euros were allocated to projects in the Group's committed development pipeline: investments mainly concern Prado (Marseille) and Val d'Europe (Paris region) in France, and the Hoog Catharijne extension-redevelopment in the Netherlands (see "Development pipeline" section).
- 11.3 million euros were allocated to investments in operating assets, mainly in France and Germany for this half year.

3.2. DEVELOPMENT PIPELINE

The Group's development pipeline represents 3.3 billion euros worth of investments, including 750 million euros worth of committed projects[16] with an average expected yield of 6.8%, 0.9 billion euros worth of controlled projects,[17] and 1.7 billion euros of identified projects.[18] In group share, the total pipeline represents 2.9 billion euros: 636 million euros committed, 0.8 billion euros controlled, and 1.4 billion euros identified.

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

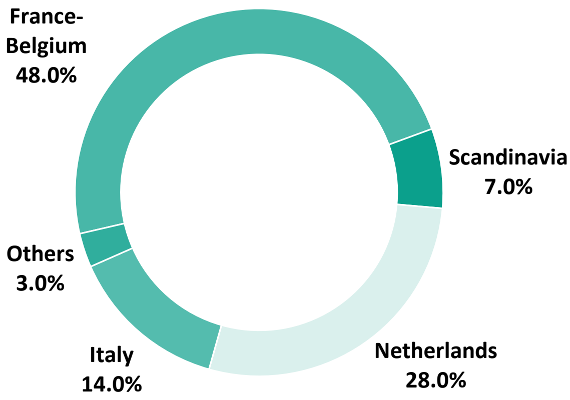
- 84% of committed and controlled projects are extension-refurbishment schemes aimed both at capitalizing on shopping destinations that have demonstrated their leadership and at accelerating the retail offer transformation;
- 16% of committed and controlled projects are greenfield projects – namely Prado in Marseille and Okern in Oslo. They are located in some of the most dynamic cities of Europe and both are integrated into large urban development programs supported by efficient transportation network plans and residential building projects.

[16] Projects that are in the process of completion, for which Klépierre controls the land and has obtained the necessary administrative approvals and permits

[17] 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)

[18] Projects that are in the process of being put together and negotiated

Shopping center committed and controlled development pipeline breakdown by region (total share)



Committed projects are progressing well:

- Hoog Catharijne (Utrecht, Netherlands): the second phase of the extension-refurbishment of this leading shopping hub – built over the Utrecht train station, which welcomes c. 75 million passengers a year – will be delivered between by year-end 2017, while phase 3 is expected to be delivered in 2019. On completion, Hoog Catharijne will be the largest mall in the country, offering flagship stores for the renowned and powerful international brands operating in a new generation state-of-the-art scheme. On the leasing side for phase 2 - the gallery linking the main city square entrance to the railways station -, 15% of projected rents are signed and 45% are under advanced negotiation.
- Val d'Europe (Paris region): this shopping mall has experienced growth in retailer sales and footfall among the strongest in France since it opened in 2000. The 17,000 sq.m. extension, which will be added to this 100,000 sq.m. retail scheme, has already attracted international retailers such as Primark, H&M, Nike, Rituals, and Kusmi Tea, which are expected to inaugurate their stores in the first quarter of 2017. About 75% of projected rents are secured. Works are progressing as planned, with first premises expected to be handed over to Primark in September / October 2016.
- Prado (Marseille, France): in the second half of 2017, this new 23,000 sq.m. development designed by Benoy and located in the most affluent districts of Marseille, will combine 50 stores and a 9,400 sq.m. Galeries Lafayette flagship store. The foundations of the Michelet building have been completed and the foundations of the entire underground parking will be finished in September. Galeries Lafayette will take possession of its premises in February 2017. The main leases are currently being actively negotiated. Overall, 28% of projected rents are signed.

Development project	Country	City	Type	Klépierre equity interest	Estimated cost (1) (M€)	Cost to date (M€)	Floor area (sq.m.)	Expected opening date
Val d'Europe	France	Paris region	extension	55.0%	94	68	17,000	H1 2017
Hoog Catharijne Phases 2 & 3	the Netherlands	Utrecht	extension-refurbishment	100.0%	464	178	61,982	2017-2019
Other projects (incl. Prado)					194	83	35,621	
TOTAL COMMITTED PROJECTS					**752**	**330**	**114,603**	
Créteil Soleil - Phase 1	France	Paris region	extension-refurbishment	80.0%	64	3	13,450	H2 2018
Bègles Rives d'Arcins	France	Bordeaux	extension	52.0%	37	5	25,080	H2 2017-H2 2020
Grand Portet	France	Toulouse region	extension-refurbishment	83.0%	65	8	8,000	H2 2021
Grand Littoral	France	Marseille	extension	100.0%	30	-	12,000	H1 2019
Grenoble Grand Place	France	Grenoble	extension	100.0%	39	-	15,630	H1 2019
Odysseum	France	Montpellier	extension	100.0%	27	-	9,140	H2 2019
Gran Reno	Italy	Bologna	extension	100.0%	121	1	15,900	H1 2020
L'esplanade	Belgium	Brussels region	extension	100.0%	131	16	19,475	H2 2020
Vitrolles	France	Marseille region	extension	83.0%	80	-	18,050	H2 2019
Val d'Europe	France	Paris region	extension	55.0%	51	-	10,620	H2 2020
Lonato(2)	Italy	Lombardy	extension	50.0%	30	-	15,000	H2 2020
Le Gru	Italy	Turin	extension	100.0%	80	-	12,000	H2 2021
Maremagnum	Spain	Barcelona	extension	100.0%	45	-	8,000	H2 2020
Økernsenteret(2)	Norway	Oslo	redevelopment	28.1%	91	5	53,220	H2 2020
Other projects					5	-	2,520	
TOTAL CONTROLLED PROJECTS					**897**	**37**	**238,085**	
TOTAL IDENTIFIED PROJECTS					**1,690**	**44**	**308,660**	
TOTAL					**3,339**	**411**	**661,348**	

(1) Estimated cost price before financial costs
(2) Asset consolidated under equity method. For this project estimated cost and cost to date are reported for Klépierre share of equity. Floor area is the total area of the project.

3.3. DISPOSALS COMPLETED SINCE JANUARY 1, 2016

Since January 1, 2016, the Group has completed a total of 156.5 million euros worth of disposals (of which 95.5 million euros during the first half; please see table below), excluding duties. Sales were completed across the whole portfolio, specifically:

- A retail gallery in Italy
- Small retail assets in France and an office building in Pantin, for which the agreement is dated December 2014

Assets	GLA (sq.m.)	Sale price (€M)	Date
Capodrise (Caserta - Italy)	6,327		4/1/2016
Total shopping centers	**6,327**	**0.8**	
Pornic (vacant)	697		1/20/2016
Pizzahuset Allum (Sweden)	2,660		2/23/2016
TNT (France) (Warehouse)	10,600		1/22/2016
Pantin	18,300		6/17/2016
Total other activities	**32,257**	**94.7**	
TOTAL DISPOSALS (€M, excl. duties)	**38,584**	**95.5**	

- On July 19, 2016 Klépierre sold a portfolio composed of 3 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.). For more information, please refer to section “events subsequent to the accounting cut-off date”.

4. CONSOLIDATED EARNINGS AND CASH FLOW

4.1. CONSOLIDATED EARNINGS

In millions of euros	06/30/2016	06/30/2015
Gross rental income	**603.9**	**609.2**
Rental & building expenses	-68.6	-84.1
Net rental income	**535.3**	**525.2**
Management and administrative income	43.8	45.2
Other operating income	6.1	8.8
Payroll expense	-66.2	-83.6
Survey & research costs	-0.2	-0.8
Other general expenses	-29.7	-38.8
EBITDA	**489.1**	**456.0**
D&A on investment property & PPE	-266.9	-234.4
Provisions	1.6	0.6
Proceeds of sales	7.3	1.2
Goodwill depreciation	0.0	0.0
Results of operations	**231.2**	**223.4**
Net cost of debt	-84.5	-111.9
Change in the fair value of financial instruments	-7.0	-3.6
Share in earnings for equity method investees	8.8	3.5
Pre-tax current income	**148.5**	**111.4**
Corporate income tax	-26.9	-19.9
Net income	**121.6**	**91.5**
Non-controlling interests	-23.7	-28.9
NET INCOME (GROUP SHARE)	**97.9**	**62.6**

Net rental income for the first six months of 2016 came to 535.3 million euros, an increase of 10.1 million euros compared with the same period last year. For further explanations please refer to the “Shopping center operational business overview” and “Business per region” sections of this document.

Management and administrative income (fees) from service businesses totaled 43.8 million euros, mainly deriving from the development pipeline and the real-estate management fees. The change primarily reflects the termination, effective June 30 2015, of a management contract for 13 Danish shopping centers owned by the pension fund Danica.

Other operating income of 6.1 million euros primarily includes gains on works reinvoiced to tenants and various indemnities.

Payroll expenses and other general expenses totaled 95.9 million euros, versus 122.4 million euros for the same period last year, mainly driven by the synergy plans in connection with the Corio integration. In the first half of 2015, they also included one-off costs related to the implementation of synergies for a significant amount (11 million euros versus 3 million euros in the first half 2016). The Group expects that 28 million euros of cost synergies will be recorded in 2016.

EBITDA for the first half of 2016 was 489.1 million euros.

Depreciation and impairment allowance on property & PPE was 266.9 million euros for the period and included:

- 200.4 million euros of depreciation on investment properties
- 59.2 million euros of investment property impairment allowance, an increase of 24.1 million euros versus the same period last year
- 7.3 million euros of depreciation and impairment allowance on intangible assets and equipment.

Net proceeds from the sale of assets reached 7.3 million euros, compared with 1.2 million euros for the same period last year. On June 17, 2016, the Group disposed of a recently developed office building in Pantin.

The net cost of debt amounted to 84.5 million euros, down 24.5%, due to both a circa 350 million euros decrease in average debt in the first half of 2016 vs same period last year and a strong decrease in cost of debt (2.2% at June 30, 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 the first half of 2016 with several financial transactions. Klépierre's financial policy and structure are described in more detail in the "Financial policy" section.

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 first half of 2016 includes a 19.7 million euro positive restatement. This amount has been eliminated from the net current cash flow (see "Change in Net current cash flow" section).

The change in the fair value of financial instruments was a negative impact of 7.0 million euros in connection with the interest trading swaps portfolio.

The share of earnings for equity investees reached 8.8 million euros including, in particular, the new contribution of the parking of Oslo City jointly owned with Entra.

Corporate income tax for the period was 26.9 million euros:

- Tax payable was 25.5 million euros. This amount includes the 3% dividend tax in France for 11.7 million euros.
- The deferred tax was 1.4 million euros.

Consolidated net income

Total share, consolidated net income was 121.6 million euros. The minority share of net income (non-controlling interests) for the period was 23.7 million euros, mainly reflecting the shopping center segments in France and Scandinavia, bringing group share consolidated net income to 97.9 million euros.

4.2. CHANGE IN NET CURRENT CASH FLOW

In millions of euros	06/30/2016	06/30/2015	Δ
Total share			
EBITDA	**489.1**	**456.0**	**33.1**
Employee benefits, stock-options and non-current operating expenses	5.7	17.0	-11.3
IFRIC 21 H2 impact	7.0	9.5	-2.6
Acquisition costs on share deals and non-controlling joint venture interests	0.0	2.3	-2.3
Operating cash flow	**501.8**	**484.9**	**16.9**
Net cost of debt	-84.5	-111.9	27.4
Corio's debt mark to market amortization	-19.7	-37.1	17.4
Financial instruments close-out costs	12.0	40.8	-28.8
Net current cash flow before taxes	**409.7**	**376.6**	**33.1**
Share in equity method investees	31.3	26.9	4.4
Current tax expenses	-13.8	-13.4	-0.5
Net current cash flow (total share)	**427.2**	**390.2**	**37.0**
Group share			
Net current cash flow (group share)	**361.6**	**329.6**	**32.0**
Employee benefits, stock-options and non-current operating expenses	-5.5	-4.4	-1.1
Amortization allowances and provisions for contingencies and losses	-5.0	-6.5	1.5
EPRA Earnings	**351.2**	**318.7**	**32.5**
Number of shares (1)	311,719,983	308,661,324	
Per share			
Net current cash flow per share (in euro)	**1.16**	**1.07**	**0.09**

(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.

On a recurring cash flow basis, payroll expenses and other general expenses totaled 90.2 million euros versus 103.0 last year, a 12.9 million euros decrease.

Net current cash flow for the period came to 427.2 million euros. Group share, it amounted to 361.6 million euros. On a per share basis, net current cash flow is up 8.6% to 1.16 euros.

EPRA Earnings are presented in the section entitled “EPRA Key performance indicators” of the present document.

5. PROPERTY PORTFOLIO VALUATION

5.1. METHODOLOGY

On December 31 and June 30 of each year, Klépierre adjusts the value of its net assets per share (NAV). The valuation method used entails adding unrealized capital gains to the book value of consolidated shareholders' equity. These unrealized gains reflect the difference between independently appraised market values and book values recorded in the consolidated financial statements.

Klépierre entrusts the task of appraising its real estate assets to various appraisers. For the period ended June 30, 2016, these appraisals were carried out by the following appraisers:

Appraisers	Portfolios	Number of assets	Valuation[1]	%	June report	December report
JLL	France	43	3905	16.4%	summarized	detailed + summarized
	Belgium	2	358	1.5%	summarized	detailed + summarized
29.4%	Italy	20	2052	8.6%	summarized	detailed + summarized
	Greece	3	18	0.1%	summarized	detailed + summarized
	Turkey	4	648	2.7%	summarized	detailed + summarized
C&W	France	23	3748	15.8%	summarized	detailed + summarized
	Norway	12	1820	7.7%	summarized	detailed + summarized
	Sweden	6	1409	5.9%	summarized	detailed + summarized
42.5%	Denmark	3	1029	4.3%	summarized	detailed + summarized
	Italy (Porta di Roma)	1	637	2.7%	summarized	detailed + summarized
	Poland	6	438	1.8%	summarized	detailed + summarized
	Hungary	8	211	0.9%	summarized	detailed + summarized
	Czech Republic and Slovakia	4	478	2.0%	summarized	detailed + summarized
	Netherlands	4	158	0.7%	summarized	detailed + summarized
	Turkey	3	164	0.7%	summarized	detailed + summarized
CBRE	France	11	1247	5.2%	summarized	detailed + summarized
	Italy	12	1416	6.0%	summarized	detailed + summarized
20.7%	Spain	16	1494	6.3%	summarized	detailed + summarized
	Portugal	8	378	1.6%	summarized	detailed + summarized
	Netherlands	2	377	1.6%	summarized	detailed + summarized
BNPP Real Estate 6,3%	France (retail properties)	263	458	1.9%	summarized	detailed + summarized
	Germany	5	1042	4.4%	summarized	detailed + summarized
SAVILLS 1,2%	- Italy (Fund K2)	4	288	1.2%	summarized	detailed + summarized

[1] Values in millions of euros including transfer duties

These appraisal assignments were conducted in accordance with the Code of Compliance for SIICs, as well as with the Real Estate Appraisal Guidelines (*Charte de l'Expertise en Evaluation Immobilière),* the recommendations of the COB/CNCC working group chaired by Mr. Barthès de Ruyther, and the standards set forth by the RICS and the IVSC.

5.2. RESULTS OF APPRAISALS

5.2.1. Property portfolio valuation

The value of the portfolio as of June 30, 2016 was 22.6 billion euros total share and 19.2 billion euros group share (excluding transfer duties[19]). In total share, shopping centers accounted for 98.0% of the portfolio and other activities for 2.0%. Projects under development (Investment properties under construction) represent 3.6% of the Group's property portfolio. Such projects are accounted for at fair value, whenever a reliable value can be established, based on internal assessment. Projects that are not appraised are carried at their cost price.[20]

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 June 30, 2016, these shares were valued at 1,571 million euros (1,433 million euros group share).[21] Following the demerger of Oslo City company (consolidated under equity method as of December 31, 2015), the shopping center part is now owned 100% by Steen & Strom AS and is fully consolidated by Klépierre. The parking, jointly owned with Entra, is consolidated under the equity method.

Markthal (Rotterdam), acquired in July 2015, and Oslo City (Oslo), acquired in December 2015, previously carried at their cost price, have been appraised externally. Les Passages Pasteur (Besançon), delivered in November 2015 and previously valued based on internal assessment, has also been appraised externally.

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

in millions euros	06/30/2016	In % of total portfolio	Change over 6 months			Change over 12 months		
			12/31/2015	Current portfolio basis	Like-for-like* change	06/30/2015	Current portfolio basis	Like-for-like change*
France	8,181	36.2%	8,032	1.9%	1.9%	7,814	4.7%	4.0%
Belgium	377	1.7%	371	1.5%	1.7%	366	2.9%	3.2%
France- Belgium	**8,558**	**37.8%**	**8,403**	**1.8%**	**1.9%**	**8,180**	**4.6%**	**4.0%**
Italy	**3,603**	**15.9%**	**3,606**	**-0.1%**	**1.2%**	**3,504**	**2.8%**	**4.2%**
Norway	1,650	7.3%	1,510	9.3%	4.9%	1,209	36.5%	10.5%
Sweden	1,430	6.3%	1,389	2.9%	6.8%	1,279	11.8%	15.0%
Denmark	1,103	4.9%	1,057	4.4%	5.5%	1,024	7.7%	7.0%
Scandinavia	**4,183**	**18.5%**	**3,955**	**5.7%**	**5.7%**	**3,512**	**19.1%**	**11.1%**
Spain	1,470	6.5%	1,461	0.6%	1.2%	1,400	5.0%	3.4%
Portugal	336	1.5%	324	3.9%	2.0%	311	8.1%	8.2%
Iberia	**1,806**	**8.0%**	**1,785**	**1.2%**	**1.3%**	**1,711**	**5.6%**	**4.5%**
Poland	437	1.9%	439	-0.3%	-0.4%	428	2.2%	4.4%
Hungary	222	1.0%	216	2.8%	3.5%	227	-1.9%	2.2%
Czech Republic	463	2.0%	424	9.2%	9.2%	388	19.5%	19.4%
Turkey	603	2.7%	617	-2.4%	-3.0%	584	3.1%	-7.5%
Others	36	0.2%	39	-7.5%	-8.3%	49	-26.1%	-12.6%
CEE and Turkey	**1,762**	**7.8%**	**1,736**	**1.5%**	**1.5%**	**1,675**	**5.1%**	**3.0%**
Netherlands	**1,181**	**5.2%**	**1,139**	**3.6%**	**-1.7%**	**1,810**	**-34.8%**	**-1.2%**
Germany	**1,092**	**4.8%**	**1,068**	**2.2%**	**2.8%**	**1,082**	**1.0%**	**2.7%**
TOTAL SHOPPING CENTERS	**22,184**	**98.1%**	**21,693**	**2.3%**	**2.3%**	**21,474**	**3.3%**	**4.9%**
TOTAL OTHER ACTIVITIES	**431**	**1.9%**	**434**	**-0.6%**	**-0.5%**	**472**	**-8.6%**	**-0.5%**
TOTAL PORTFOLIO	**22,615**	**100.0%**	**22,127**	**2.2%**	**2.2%**	**21,946**	**3.1%**	**4.8%**

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

[19] Please refer to section 9.2 for transfer duties calculation methodology.

[20] The Val d'Europe extension project has been included at fair value. Other projects, in particular the Hoog Catharijne redevelopment (Netherlands) and the Prado new development (Marseille) are carried at their cost price.

[21] The assets consolidated under the equity method are: Espace Coty (Le Havre), Le Millénaire (Paris), Passages (Paris), Maisonément (Paris region), Centre Mayol (Toulon), Porta di Roma (Rome), Il Corti Venete (Verona), Il Leone di Lonato (Lonato), Il Destriero (Vittuone), Udine (Citta Fiera), Oslo City Parking (Oslo), Okernsenteret (Oslo), Metro Senter (Oslo region), Nordbyen (Larvik), Asane Storsenter (Bergen), Aqua Portimao (Portimao) and Akmerkez (Istanbul).

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

in millions euros	06/30/2016	In % of total portfolio	Change over 6 months			Change over 12 months		
			12/31/2015	Current portfolio basis	Like-for-like* change	06/30/2015	Current portfolio basis	Like-for-like change*
France	6,725	35,1%	6,631	1,4%	1,7%	6,476	3,8%	3,5%
Belgium	377	2,0%	371	1,5%	1,7%	366	2,9%	3,2%
France- Belgium	**7,102**	**37,1%**	**7,002**	**1,4%**	**1,7%**	**6,842**	**3,8%**	**3,5%**
Italy	**3,561**	**18,6%**	**3,560**	**0,0%**	**1,3%**	**3,456**	**3,0%**	**4,3%**
Norway	925	4,8%	847	9,3%	4,9%	678	36,5%	10,5%
Sweden	802	4,2%	779	2,9%	6,8%	717	11,8%	15,0%
Denmark	619	3,2%	593	4,4%	5,5%	575	7,7%	7,0%
Scandinavia	**2,346**	**12,2%**	**2,219**	**5,7%**	**5,7%**	**1,970**	**19,1%**	**11,1%**
Spain	1,431	7,5%	1,423	0,6%	1,1%	1,363	5,0%	3,3%
Portugal	336	1,8%	324	3,9%	2,0%	311	8,1%	8,2%
Iberia	**1,767**	**9,2%**	**1,747**	**1,2%**	**1,3%**	**1,674**	**5,6%**	**4,4%**
Poland	437	2,3%	439	-0,3%	-0,4%	428	2,2%	4,4%
Hungary	222	1,2%	216	2,8%	3,5%	227	-1,9%	2,2%
Czech Republic	463	2,4%	424	9,2%	9,2%	388	19,5%	19,4%
Turkey	579	3,0%	593	-2,5%	-3,1%	561	3,2%	-7,8%
Others	33	0,2%	35	-7,2%	-7,9%	45	-26,9%	-12,1%
CEE and Turkey	**1,735**	**9,1%**	**1,708**	**1,5%**	**1,5%**	**1,648**	**5,2%**	**3,1%**
Netherlands	**1,181**	**6,2%**	**1,139**	**3,6%**	**-1,7%**	**1,810**	**-34,8%**	**-1,2%**
Germany	**1,037**	**5,4%**	**1,014**	**2,3%**	**2,9%**	**1,028**	**1,0%**	**2,7%**
TOTAL SHOPPING CENTERS	**18,730**	**97,7%**	**18,390**	**1,8%**	**2,0%**	**18,429**	**1,6%**	**4,4%**
TOTAL OTHER ACTIVITIES	**431**	**2,3%**	**434**	**-0,6%**	**-0,5%**	**472**	**-8,6%**	**-0,5%**
TOTAL PORTFOLIO	**19,161**	**100,0%**	**18,824**	**1,8%**	**1,9%**	**18,901**	**1,4%**	**4,2%**

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

As of June 30, 2016, the value of the portfolio, transfer duties excluded, amounted to 22,615 million euros total share (19,161 million euros group share). Including duties, this value was 23,153 million euros total share (19,621 million euros group share).

Portfolio valuation (total share) reconciliation with figures from the fair value balance sheet

in million euros	
Investment property at fair value	**19,395**
+ Investment property at cost *	1,056
+ Fair value of property held for sale	169
+ Duties & fees on the sale of asset optimization	424
+ Equity account investees (including receivables)	1,571
TOTAL PORTFOLIO VALUATION (total share)	**22,615**

Including IPUC (Investment property under construction)

Shopping center portfolio valuation

The value of the shopping center portfolio, transfer duties excluded, was 22,184 million euros (18,730 million euros group share) on June 30, 2016, an increase of 711 million euros compared to June 30, 2015 (+€301 M in group share). This change reflects the like-for-like[22] increase in the portfolio valuation for 952 million euros (+€711 M in group share) and the investments in acquisitions and developments including Markthal (Rotterdam), Oslo City (Oslo), as well as investments related to the committed project, in particular Hoog Catharijne, Val d'Europe, and Prado. It was partly neutralized by divestments, mainly related to the disposal of a portfolio of 9 convenience shopping centers in the

[22] Excluding works and eviction costs

Netherlands. The change on a current portfolio basis also includes the exchange rate impact of the depreciation of the Norwegian krone and the Swedish krona since June 30, 2015 (impact of -90 million euros in total share / -49 million euros in group share).

A 10 bp change in yield would result in a 310 million euro change in the group share portfolio valuation.

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

in million euros	
Shopping center portfolio group share at 06/30/2015	**18,429**
Disposals	-751
Acquisitions / developments	381
Like for like growth	379
Forex	-48
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 VALUATION at 06/30/2016	**18,730**

Change in EPRA Net Initial Yields (group share, including duties) – shopping center portfolio

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

The average EPRA NIY rate[23] of the portfolio[24] stands at 5.0% (including duties), down by 10 basis points over 6 months. This change is attributable to a yield compression reflecting a buoyant investment market and the decrease in long-term interest rates.

Other activities

The value of the retail asset portfolio excluding transfer duties stands at 431 million euros, down by 0.6% over 6 months and by 8.6% over 12 months. The change on a current portfolio basis is due to the disposal of 19 units at the end of 2015 and 1 unit in January 2016.

On a constant portfolio basis, the value of the retail assets is down by 0.5% over 6 months and 12 months. The average yield rate of the portfolio stands at 7.4% excluding duties, unchanged compared with December 31, 2015 and June 30, 2015.

5.2.2. Management service activity

The assessment of the fair market value of the Klépierre Group management business is only conducted once a year (provided that the main assumptions remain globally unchanged). The last estimated market value dated December 31, 2015 stood at 324.1 million euros after taking into account the related net debt.

[23] 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).

[24] Group share for the shopping center portfolio appraised (i.e. excluding retail parks and cinemas). It also excludes the 3 Spanish shopping centers sold on July 19, 2016 (please refer to section 11 of this report).

6. EPRA KEY 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*).

6.1. 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.

in millions euros	06/30/2016	06/30/2015
Net current cash-flow, group share	**361.6**	**329.6**
Restatement payroll expenses (employee benefits, stock options)	-5.5	-4.4
Restatement amortization allowances and provisions for contingencies and losses	-5.0	-6.5
Other restatements related to tax	0.0	0.0
EPRA EARNINGS	**351.2**	**318.7**
(in euros per share)		
Average number of shares (1)	311,719,983	308,661,323 (2)
EPRA EARNINGS PER SHARE	**1.13**	**1.03**

(1) *Average number of shares, excluding treasury shares.*
(2) *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.*

6.2. 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.

Methodology

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

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. Goodwills on other assets related to Klépierre management business is excluded because these assets are taken at their fair market value in NAV calculation.

Unrealized capital gains on real estate portfolio (duties included)

The difference between the market values and the book values recorded in the consolidated financial statements (cost accounting model) is added to the consolidated shareholder's equity. The valuation of properties is initially presented inclusive of property transfer duties. Properties that are held for sale under a firm commitment on the date of the valuation are valued at their probable selling price, less related fees and taxes. For properties acquired less than six months before the date of the calculation, acquisition prices are used. Investment properties under construction and covered by irrevocable development permission are taken into account at fair value, whenever a reliable value can be established, based on internal assessment. Projects that are not appraised are carried at their cost price.

Unrealized capital gains on management companies

The management companies are appraised annually using the method 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.

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.

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 excluded as they would only become payable if the assets were sold. Deferred taxes recognized pursuant to accounting regulations in force, for the portion which corresponds to the difference between the net book values and the tax values, as determined by capital gains tax rates in force in each country, are restated for NAV calculation.

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.

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.

EPRA NAV and NNNAV Calculation

In millions of euros	06/30/2016	12/31/2015	06/30/2015	Change over 6 months		Change over 12 months	
Consolidated shareholders' equity (group share)	**5 339**	**5 772**	**6 408**	**-433**	**-7,5%**	**-1 069**	**-16,7%**
Unrealized capital gains on portfolio (duties included)	5 790	5 204	4 595	586	11,3%	1 195	26,0%
Unrealized capital gains on other assets	293	293	136	0	0,0%	157	115,3%
Goodwill restatement	-847	-835	-1 491	-13	1,5%	644	-43,2%
Fair value of financial instruments	46	38	43	9	23,0%	4	8,1%
Deferred taxes on asset values on the balance sheet	696	739	709	-43	-5,8%	-13	-1,8%
Duties and fees on the sale of assets	-459	-419	-432	-40	9,5%	-26	6,1%
EPRA NAV	**10 859**	**10 792**	**9 969**	**67**	**0,6%**	**890**	**8,9%**
Optimized deferred taxes on unrealized capital gains	-227	-257	-201	31	-11,9%	-26	12,9%
Fair value of financial instruments	-46	-38	-43	-9	23,0%	-4	8,1%
Fair value of fixed-rate debt	-321	-146	-119	-175	119,4%	-202	169,7%
EPRA NNNAV	**10 265**	**10 351**	**9 606**	**-86**	**-0,8%**	**659**	**6,9%**
Number of shares, end of period	311 773 309	311 457 530	311 192 385				
EPRA NAV per share (€)	**34,8**	**34,7**	**32,0**	**0,2**	**0,5%**	**2,8**	**8,7%**
EPRA NNNAV per share (€)	**32,9**	**33,2**	**30,9**	**-0,3**	**-0,9%**	**2,1**	**6,7%**

EPRA NAV per share was 34.8 euros, versus 32.0 euros on June 30, 2015. Over 12 months, the EPRA NAV is up by 8.7%, a change reflects the cash flow for the period (+2.2 euros) and the increase in asset value (+2.3 euros), partly offset by the dividend (-1.7 euro). EPRA NNNAV was 32.9 euros per share, up 6.7% versus June 30, 2015, with a -0.8 euro effect in connection with the change in the fair value of financial instruments.

EPRA NNNAV 12-month bridge per share

in euros per share	
EPRA NNNAV at 06/30/2015	**30.9**
Cash flow	2.2
Like-for-like asset revaluation	2.3
Dividend	-1.7
Forex and others	0.0
Change in fair value of financial instruments	-0.8
EPRA NNNAV at 06/30/2016	**32.9**

6.3. 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).

	06/30/2016		12/31/2015	
	Shopping centers	Retail assets	Shopping centers	Retail assets
Klépierre yields (1)	**5.6%**	**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%	0.0%	-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	**5.2%**	**6.8%**	**5.2%**	**6.8%**
Effect of lease incentives	-0.1%	0.0%	-0.1%	0.0%
EPRA NET INITIAL YIELD	**5.0%**	**6.8%**	**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 5.2 for the EPRA Net Initial Yield geographical breakdown.

6.4. 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).

in thousands euros	France-Belgium	Italy	Scandinavia	Iberia	CEE and Turkey	Netherlands	Germany	TOTAL
Estimated rental value (ERV)	445,154	265,415	211,792	125,720	149,359	35,129	35,818	1,268,387
ERV of vacant space	14,908	4,311	9,451	7,776	7,603	2,369	2,292	48,711
EPRA VACANCY RATE	**3.3%**	**1.6%**	**4.5%**	**6.2%**	**5.1%**	**6.7%**	**6.4%**	**3.8%**

6.5. EPRA COST RATIO

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

In million of euros	06/30/2016	06/30/2015
Administrative / operating expense line per IFRS income statement	-121.2	-145.7
Net service charge costs/fees (1)	-36.1	-33.8
Management fees less actual/estimated profit element	43.8	45.2
Other operating income/recharges intended to cover overhead expenses less any related profit	6.1	8.8
Share of Joint Ventures Expenses	-9.2	-9.8
Exclude (if part of the above):		
Investment Property depreciation	NA	NA
Ground rents costs	NA	NA
Service charge costs recovered through rents but not separately invoiced	NA	NA
EPRA Costs (including vacancy costs) (A)	**-116.6**	**-135.4**
Direct vacancy costs	-14.2	-17.4
EPRA Costs (excluding vacancy costs) (B)	**-102.4**	**-118.0**
Gross Rental Income less ground rents - per IFRS	**596.2**	**599.0**
Less: service fee / cost component of Gross Rental Income	NA	NA
Add: share of Joint ventures (Gross Rental Income less ground rents)	48.9	55.8
Gross Rental Income (C)	**645.0**	**654.9**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**18.1%**	**20.7%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**15.9%**	**18.0%**

(1) Restated from IFRIC 21 H2 impact (€-7.0 M impact in 2016; €-9.5 M in 2015))

The EPRA cost ratios decreased by more than 200 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.

7. FINANCIAL POLICY

7.1. FINANCIAL RESOURCES

7.1.1. Change in net debt

As of June 30, 2016, consolidated net debt is 9,064 million euros, compared to 8,857 million euros on December 31, 2015. This 207 million euro increase is mainly attributable to:

- The dividend payment in April 2016, for 530 million euros.
- Investments during the six months ended June 30, 2016 amounting to 73 million euros of development expenses, mainly Hoog Catharijne, Val d'Europe, and Prado. In the meantime, Klépierre collected 82 million euros related to asset disposals (Pantin Offices, Warehouse), mainly in France.
- The free cash flow, minority contribution, and foreign exchange impacts represent the remainder and helped to reduce net debt by 330 million euros.
- The appreciation of the euro against the Scandinavian currencies generated 14 million euros of positive foreign-exchange impact on debt.

7.1.2. Loan-to-Value ratio

At the end of June, the Loan-to-Value ratio stood at 39.1%. Compared to year-end 2015 this ratio is unchanged.

in million euros, total share	
Current financial liabilities (total share)	2,828
+ Bank facilities	344
+ Non current financial liabilities	6,751
- Fair Value revaluation of debt	64
- Purchase price adjustments impact	128
Gross financial liabilities excluding fair value hedge	9,731
Cash and near cash (incl. Cash managed for principals)	666
Net debt	9,064
Value of property portfolio including duties	23,153
LOAN-TO-VALUE RATIO	**39.1%**

7.1.3. Available resources

Klépierre raised around 1 billion euros 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 first six months of 2016 and finance future development needs:

- In January, Klépierre Nederland signed a new 5-year term loan for 350 million euros with a pool of 4 banks.

- In February, Klépierre issued 500 million euros worth of new long-term notes (10 years) bearing a 1.875% coupon. The transaction was successfully placed with long-term real money investors and was 3.5 x oversubscribed. This issuance covered the repayment at maturity of 526 million euros worth of 4.25% notes maturing in March 2016.

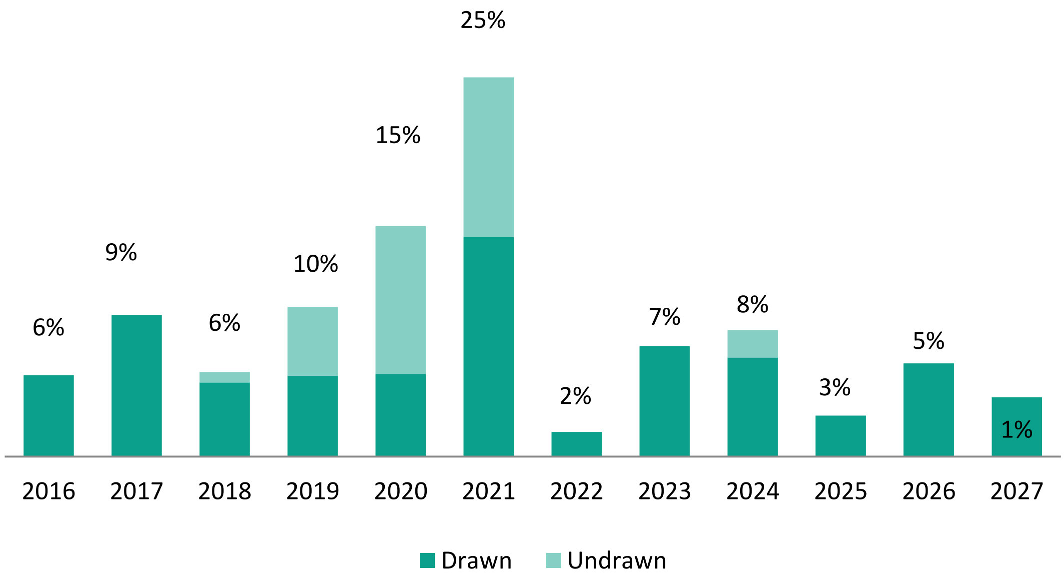
- At the end of June, a 133.5 million euro mortgage-backed facility with a 10-year maturity was put in place in order to finance the Prado project.

After swaps, the average cost of these debts is 1.5% for an average maturity of 8.2 years.

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.

After these transactions, the average duration of the debt is 5.6 years (versus 5.5 at year-end 2015). The Group's level of liquidity remains unchanged at more than 2.3 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 the upcoming financing needs for 2016, 2017 and 2018.

Debt maturity schedule
(% of authorized debt)

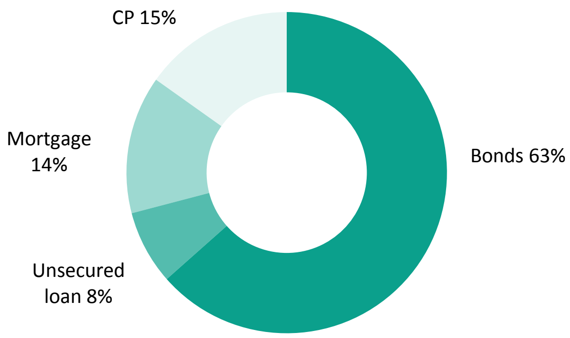


7.1.4. Debt structure and duration

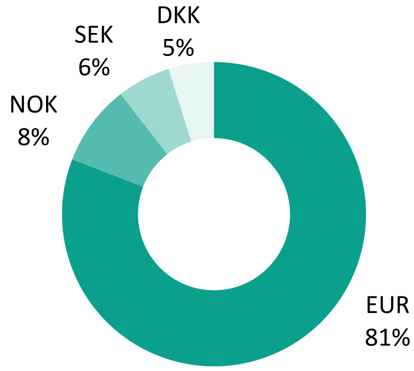
The share of capital market sources in the Group's indebtedness remains stable at 78%. This access to capital market resources has also enabled the Group to further reduce the weight of secured debts in the total balance, which mainly concerns Scandinavian financings.

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)



Financing breakdown by currency (Utilizations)



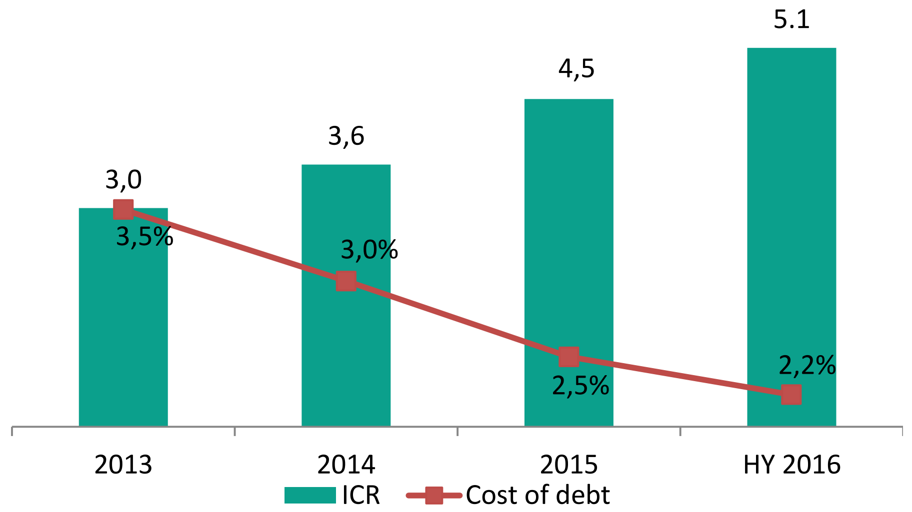
7.2. INTEREST RATE HEDGING

Since all the transactions completed during the first six months of 2016 were either fixed or swapped back to fixed-rate, the hedging ratio remained above the 70% target. At the end of the period, it stood at 78%, and the average duration of the fixed-rate position (4.6 years) remains consistent with the balance-sheet structure.

7.3. COST OF DEBT

The average group cost of debt continued to fall over the period, to 2.2%. 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 refinancings, the cost of debt is expected to fall closer to 2.0% by next year. The low cost of debt, along with robust operating performances, led to stronger 5.1x coverage of interest expense by EBITDA (ICR). Based on the structure of interest rates on June 30, 2016, the Group's annual cash-cost at risk stood at 7 million euros, i.e., the loss due to short-term interest rate movements would be less than 7 million euros 99% of the time. Given the increase in the hedging ratio, this figure is 2 million euros lower compared to year-end 2015.

Historical ICR and Cost of Debt



7.4. FINANCIAL RATIOS AND RATING

As of June 30, 2016, the Group's financing covenants remain in line with the commitments in its financing agreements.

In December 2015, 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 NV.

Financing	Ratios / covenants	Limit [1]	06/30/2016	12/31/2015
Syndicated loans and bilateral loans Klépierre SA	Net debt / Portfolio value ("Loan to Value")	≤ 60%	39,1%	39,2%
	EBITDA / Net interest expenses [2]	≥ 2.0	5,1	4,5
	Secured debt / Portfolio value (excluding Steen & Strøm)	≤ 20%	0,5%	0,9%
	Portfolio value, group share	≥ €8 Bn	€19.6 Bn	€19.2 Bn
Bond issues Klépierre SA	Secured debt / Revalued Net Asset Value (excluding Steen & Strøm)	≤ 50%	0,8%	1,5%

Ratios are based on the 2015 revolving credit facility

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 June 30, 2016, this ratio was 47%.

8. EVENTS SUBSEQUENT TO THE ACCOUNTING CUT-OFF DATE

On July 19, 2016, Klépierre sold a portfolio composed of 3 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.). Net rental income for these assets amounted to 4.4 million euros in 2015. After this transaction, 91% of the total valuation of Klépierre's Spanish portfolio is attributable to 5 leading assets with an average value (excluding duties) of 257 million euros: La Gavia, Plenilunio and Principe Pio (Madrid), Maremagnum (Barcelona), and Meridiano (Canary Islands).

9. OUTLOOK

Klépierre will carry on upgrading its portfolio while maintaining a best-in class balance sheet structure. Regular cash flow growth combined with stable if not lower LTV will continue to drive the strategy in the coming quarters. Supported by its strong first-half 2016 earnings, Klépierre revises its full-year guidance upward. Net current cash flow per share is now expected to reach at least 2.25 euros above the initial 2.23 – 2.25 euros range announced in February 2016. Cash flow growth will trigger a new increase in the dividend per share for fiscal year 2016.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EPRA MODEL)

in millions of euros	Notes	06/30/2016	06/30/2015
Gross rental income	*6.1*	603,9	609,2
Land expenses (real estate)	*6.2*	-7,7	-10,2
Non-recovered rental expenses	*6.3*	-43,1	-43,3
Building expenses (owner)	*6.4*	-17,8	-30,5
Net rental income		***535,3***	***525,2***
Management, administrative and related income		43,8	45,2
Other operating revenue	*6.5*	6,1	8,8
Survey and research costs		-0,2	-0,8
Payroll expenses	*10.1*	-64,1	-83,6
Other general expenses		-31,8	-38,8
Depreciation and impairment allowance on investment property	*6.6*	-259,6	-226,1
Depreciation and impairment allowance on intangible assets and property, plant and equipment	*6.6*	-7,3	-8,3
Provisions		1,6	0,6
Proceeds from disposal of investment properties and equity investments	*6.7*	94,9	54,8
Net book value of investment properties and equity investments sold	*6.7*	-87,6	-53,5
Income from the disposal of investment properties and equity investments		***7,3***	***1,2***
Goodwill impairment		***0,0***	***0,0***
Operating income		**231,2**	**223,4**
Net dividends and provisions on non-consolidated investments		0,0	0,0
Financial income		*61,6*	*81,4*
Financial expenses		*-146,1*	*-193,3*
Net cost of debt	*6.8*	-84,5	-111,9
Change in the fair value of financial instruments		-7,0	-3,6
Share in earnings of equity method investments	*5.7*	8,8	3,5
Profit before tax		**148,5**	**111,5**
Corporate income tax	*7*	-26,9	-19,9
Net income of consolidated entity		**121,6**	**91,5**
Of which			
Group share		*97,9*	*62,6*
Non-controlling interests		*23,7*	*28,9*
Undiluted average number of shares		**311 719 983**	**308 661 324**
Undiluted net income per share (euro) - Group share		**0,3**	**0,2**
Diluted average number of shares		**311 719 983**	**308 661 324**
Diluted net income per share (euro) - Group share		**0,3**	**0,2**

in millions of euros	06/30/2016	06/30/2015
Net income of consolidated entity	**121,6**	**91,5**
Other comprehensive income items recognized directly as equity	**-10,6**	**83,8**
Effective portion of profits and losses on cash flow hedging instruments (IAS 39)	2,7	49,1
Translation profits and losses	-12,6	28,0
Tax on other comprehensive income items	0,8	2,2
Items that will be reclassified subsequently to profit or loss	**-9,2**	**79,4**
Result from sales of treasury shares	-1,5	4,5
Actuarial gains	0,0	-0,1
Items that will not be reclassified subsequently to profit or loss	**-1,4**	**4,4**
Share of other comprehensive income items of equity method investees	0,0	0,0
Total comprehensive income	**111,0**	**175,4**
Of which		
Group share	*88,8*	*132,3*
Non-controlling interests	*22,2*	*43,1*
Undiluted comprehensive earnings per share (euro) - Group Share	**0,3**	**0,4**
Diluted comprehensive earnings per share (euro) - Group share	**0,3**	**0,4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EPRA MODEL)

in millions of euros	Notes	06/30/2016	12/31/2015
Goodwill	*5.1*	867,6	834,6
Intangible assets	*5.2*	43,4	45,7
Property, plant and equipment and work in progress	*5.3*	20,4	20,6
Investment property	*5.4*	13 894,0	13 901,6
Investment property under construction	*5.5*	806,6	807,9
Equity method securities	*5.7*	851,2	1 161,5
Other non-current assets	*5.8*	372,9	371,8
Non-current derivatives	*5.14*	71,0	96,5
Deferred tax assets	*7*	57,0	53,0
NON-CURRENT ASSETS		***16 984,1***	***17 293,2***
Investment property held for sale	*5.6*	155,1	23,9
Inventory		0,0	0,0
Trade accounts and notes receivable	*5.9*	144,5	164,3
Other receivables	*5.10*	416,0	410,4
Tax receivables		*136,5*	*180,4*
Other debtors		*279,5*	*230,1*
Current derivatives	*5.14*	10,1	4,3
Cash and cash equivalents	*5.11*	570,0	413,7
CURRENT ASSETS		***1 295,7***	***1 016,6***
TOTAL ASSETS		**18 279,8**	**18 309,8**
Share capital		440,1	440,1
Additional paid-in capital		5 818,1	5 818,1
Legal reserves		44,0	44,0
Consolidated reserves		-1 060,9	-30,3
Treasury shares		*-69,9*	*-78,4*
Hedging reserves		*-98,0*	*-104,0*
Other consolidated reserves		*-893,0*	*152,1*
Consolidated earnings		97,9	-499,8
Shareholders' equity, group share		5 339,1	5 772,0
Non-controlling interests		1 242,2	1 267,2
SHAREHOLDERS' EQUITY	*5.12*	***6 581,3***	***7 039,2***
Non-current financial liabilities	*5.13*	6 751,4	6 714,1
Long-term provisions	*5.15*	19,9	43,1
Pension commitments	*10.3*	13,3	13,0
Non-current derivatives	*5.14*	86,8	76,2
Security deposits and guarantees		141,9	145,7
Deferred tax liabilities	*7*	735,6	693,1
NON-CURRENT LIABILITIES		***7 748,9***	***7 685,3***
Current financial liabilities	*5.13*	2 827,9	2 584,0
Bank facilities	*5.11*	343,8	265,1
Trade payables		204,9	227,1
Payables to fixed asset suppliers		20,3	17,7
Other liabilities	*5.16*	363,0	298,7
Current derivatives	*5.14*	13,4	0,5
Social and tax liabilities	*5.16*	176,2	192,2
CURRENT LIABILITIES		***3 949,6***	***3 585,4***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**18 279,8**	**18 309,8**

CONSOLIDATED CASH FLOW STATEMENT (EPRA MODEL)

in millions of euros	06/30/2016	06/30/2015
Cash flows from operating activities		
Net income from consolidated companies	121,6	91,5
Elimination of expenditure and income with no cash effect		
or not related to operating activities		
• *Depreciation, amortization and provisions*	*264,8*	*234,6*
• *Goodwill impairment*	-	-
• *Capital gains and losses on asset disposals and income taxes*	*19,6*	*17,8*
• *Reclassification of financial interests and other items*	*108,0*	*169,2*
Gross cash flow from consolidated companies	**514,1**	**513,1**
Paid taxes	-10,2	-14,7
Change in operating working capital	4,5	15,2
Net cash flows from operating activities	**508,3**	**513,6**
Cash flows from investing activities		
Proceeds from sales of investment properties	82,7	52,2
Proceeds from disposals of subsidiaries (net of cash disposed)	0,1	0,4
Acquisitions of investment properties	0,0	-27,4
Acquisition costs of investment properties	0,0	-0,5
Payments in respect of construction work in progress	-144,5	-120,2
Acquisitions of other fixed assets	-6,0	-3,1
Acquisitions of subsidiaries through deduction of acquired cash	0,1	-168,3
Movement of loans and advance payments granted and other investments	13,1	-312,2
Net cash flows from investing activities	**-54,5**	**-579,1**
Cash flows from financing activities		
Dividends paid to the parent company's shareholders	-530,0	-393,2
Dividends paid to non-controlling interests	-46,9	-47,4
Acquisitions/disposal of treasury shares	8,5	0,3
New loans, borrowings and hedging instruments	1 287,6	2 193,9
Repayment of loans, borrowings and hedging instruments	-965,3	-1 212,0
Interest paid	-130,1	-312,3
Other cash flows related to financing activities (1)	0,0	-103,8
Net cash flows from financing activities	**-376,2**	**125,5**
Effect of foreign exchange rate changes on cash and cash equivalents	**-0,1**	**0,4**
CHANGE IN CASH AND CASH EQUIVALENTS	**77,6**	**60,4**
Cash at year-start	***148,6***	***86,8***
Cash at year-end	***226,2***	***147,2***

(1) The flow of the previous period corresponds to the interim dividend of 103.8 million euros paid out by Corio on January 12, 2015.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in millions of euros	Capital	Capital related reserves	Treasury stock	Hedging reserves	Consolidated reserves and result	Equity, group share	Equity, non-controlling interests	Total equity
Equity at 12/31/2014	**279,3**	**1 801,6**	**-82,0**	**-172,0**	**594,7**	**2 421,4**	**1 144,5**	**3 565,9**
Share capital transactions	160,8	4 060,5				**4 221,4**		**4 221,4**
Share-based payments								
Treasury share transactions			0,3			**0,3**		**0,3**
Dividends					-393,2	**-393,2**	-47,5	**-440,7**
Net income for the period					**62,6**	**62,6**	**28,9**	**91,6**
Gains and losses recognized directly in equity								
Income from sales of treasury shares					4,5	**4,5**		**4,5**
Income from cash flow hedging				44,6		**44,6**	4,5	**49,1**
Translation profits and losses					17,2	**17,2**	10,9	**28,0**
Actuarial gains					-0,1	**-0,1**		**-0,1**
Tax on other comprehensive income items				3,4		**3,4**	-1,2	**2,2**
Other comprehensive income items				**48,0**	**21,6**	**69,6**	**14,2**	**83,8**
Changes in the scope of consolidation					22,6	**22,7**	46,4	**69,1**
Other movements					3,4	**3,4**	-2,8	**0,7**
Equity at 06/30/2015	**440,1**	**5 862,1**	**-81,7**	**-124,0**	**311,8**	**6 408,2**	**1 183,7**	**7 591,9**
Share capital transactions								
Share-based payments								
Treasury share transactions			3,3			**3,3**		**3,3**
Dividends							-10,8	**-10,8**
Net income for the period					**-562,4**	**-562,4**	**33,2**	**-529,2**
Gains and losses recognized directly in equity								
Income from sales of treasury shares					-0,4	**-0,4**		**-0,4**
Income from cash flow hedging				21,5		**21,5**	0,1	**21,6**
Translation profits and losses					-92,8	**-92,8**	-19,3	**-112,0**
Actuarial gains					1,9	**1,9**		**1,9**
Tax on other comprehensive income items				-1,5		**-1,5**	-0,1	**-1,6**
Other comprehensive income items				**20,0**	**-91,4**	**-71,4**	**-19,4**	**-90,7**
Changes in the scope of consolidation					0,6	**0,6**	-2,2	**-1,6**
Other movements					-6,3	**-6,3**	82,7	**76,3**
Equity at 12/31/2015	**440,1**	**5 862,1**	**-78,4**	**-104,0**	**-347,7**	**5 772,0**	**1 267,2**	**7 039,2**
Share capital transactions								
Share-based payments								
Treasury share transactions			8,5			**8,5**		**8,5**
Dividends					-530,0	**-530,0**	-47,0	**-577,0**
Net income for the period					**97,9**	**97,9**	**23,7**	**121,6**
Gains and losses recognized directly in equity								
Income from sales of treasury shares					-1,5	**-1,5**		**-1,5**
Income from cash flow hedging				5,5		**5,5**	-2,9	**2,7**
Translation profits and losses					-13,7	**-13,7**	1,1	**-12,6**
Actuarial gain or loss					0,0	**0,0**		**0,0**
Tax on other comprehensive income items				0,4		**0,4**	0,3	**0,8**
Other comprehensive income items				**6,0**	**-15,1**	**-9,1**	**-1,5**	**-10,6**
Changes in the scope of consolidation					-0,0	**-0,0**	-0,0	**-0,0**
Other movements					-0,1	**-0,1**	-0,2	**-0,3**
Equity at 06/30/2016	**440,1**	**5 862,1**	**-69,9**	**-98,0**	**-795,0**	**5 339,1**	**1 242,2**	**6 581,3**

1. SIGNIFICANT EVENTS OF THE FIRST HALF OF 2016

1.1. Investments

Main investments realized during the period concern projects in The Netherlands (mainly Hoog Catharijne, 38.7 million euros) and a set of projects in France (Val d'Europe extension, Prado project, Centre Bourse extension, Blagnac refurbishment, Créteil Soleil refurbishment, and Besançon Pasteur respectively for 17.9 million euros, 5.5 million euros, 4.2 million euros 3.1 million euros, 1.9 million euros and 1 million euros).

1.2. Main disposals

On June 8, 2016, the Group disposed the office project in Pantin to AG2R La Mondiale.

Moreover, three other assets were disposed over the period: in January 2016, a retail unit and a warehouse in France, and in March 2016 a shopping center in Capodrise in Italy.

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 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 within the semester 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 euros mortgage-backed facility was put in place in order to finance the Prado project with a 10 year maturity. This facility is undrawn as of June 30, 2016.

In Scandinavia, Klépierre has been active on the market by issuing a mortgage loan of 250 million Swedish Kronor (26 million euros) in order to refinance existing mortgage loans.

2. ACCOUNTING PRINCIPLES AND METHODS

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 July 18, 2016, the Executive Board approved the Klépierre SA consolidated financial statements for the period from January 1 to June 30, 2016 and authorized their publication.

Klépierre shares have been admitted to trading on Euronext Paris™ (compartment A) and on Euronext Amsterdam since January 15, 2015. Moreover, Klépierre is part of the CAC 40 index - the French stock market's leading index – since December 21, 2015.

2.2. Principles of financial statement preparation

The interim consolidated financial statements are prepared and presented in the form of condensed financial statements, according to IAS 34, relative to Interim Financial Reporting. As the accounts are condensed financial statements, they do not include all the information required by IFRS, do not contain all the information and notes required in the annual financial statements. In this respect, the interim financial statements have to be read alongside with the published consolidated financial statements (or the registration document) of the 2015 fiscal year.

In accordance with Regulation (EC) No. 1126/2008 of November 3, 2008 on the application of international accounting standards, the Klépierre group consolidated financial statements to June 30, 2016 have been prepared in accordance with IFRS published by the IASB, as adopted by the European Union and applicable on that date.

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

This framework is available on the website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

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

The accounting principles applied to the consolidated financial statements as of June 30, 2016 are identical to those used in the consolidated financial statements as of December 31, 2015, with the exception of the adoption of the following new standards and interpretations, for which application is mandatory for the Group:

- Amendments to IAS16 and IAS38 : 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.

The adoption of the above standards and interpretations has no impact on the interim 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:

- Amendments to IFRS 10, IFRS 12 and IAS 28 : Investment entities : applying the consolidation exception
- IFRS 9 : Financial instruments

- IFRS 15 : Revenue from Contracts with Customers including amendments to IFRS 15 : Effective date of IFRS 15
- Clarification of IFRS 15 : Revenue to IFRS 15 Revenue from Contracts with Customers
- IFRS 16 : Leases
- Amendments to IFRS 2 : Classification and Measurement of Share-based Payment Transactions
- Amendment to IAS 7 : Disclosure Initiative: Statement of Cash Flows
- Amendements to IAS 12 : Recognition of Deferred Tax Assets for Unrealized Losses

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 8 May 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. Consolidated Financial Statements – basis of preparation

The consolidated financial statements include the financial statements of Klépierre SA and its subsidiaries for the period to June 30, 2016. The financial statements of subsidiaries are prepared for the same accounting period as that of the parent company using consistent accounting methods.

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

The consolidated financial statements are presented in 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.

2.4. Use of material judgments and estimates

In preparing these consolidated financial statements in accordance with IFRS, the Group management was required to use estimates and makes 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 involves estimating 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 estimates based on expected future cash flows from each cash-generating unit, and applies a pre-tax discount rate to calculate the current value of these cash flows.

The impairment tests are performed as described in the paragraph 2.12.1 of the notes to the consolidated financial statements for the year ended December 31, 2015.

- ***Investment property***

The Group appoints independent appraisers to perform half-yearly appraisals of its real estate assets in accordance with the methods described in paragraph 2.12.2 of the notes to the consolidated financial statements for the year ended December 31, 2015.

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 paragraph 2.21.4 of the notes to the consolidated financial statements for the year ended December 31, 2015.

2.5. Investment property

Klépierre opted to adopt IAS 40 using the cost accounting model on May 26, 2004 to maintain consistency between the accounting methods used by Klépierre and its majority shareholder on that date. Note 11.1 sets out pro forma financial data for investment properties on a fair value basis.

2.5.1. Cost model

Fixed assets are recognized at cost, inclusive of duties and fees, and are depreciated using the component method.

The distribution between non-depreciable values (land) and depreciable values (buildings) is established according to the methods set by the appraisers, i.e. by comparison with the reconstruction cost for shopping centers.

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

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

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

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

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

Capital gains or losses realized on investment property disposals are recognized under "Income from the disposal of investment properties and equity investments" in the income statement.

2.5.2.The component method

The component method is applied based on the recommendations of the Fédération des Sociétés Immobilières et Foncières (French Federation of Property Companies) for components and useful life:

- for properties developed by the companies themselves, assets are classified by component type and recognized at cost;
- for other properties, components are broken down into four categories: business premises, shopping centers, offices and residential properties.

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

- structures;
- facades, cladding and roofing;
- general and technical installations (GTI);
- fittings.

Components are broken down based on the history and technical characteristics of each building.

Klépierre uses the following matrix to determine components:

	Shopping centers		Retail units	
	Period	%	Period	%
Structures	30 to 50 years	50%	30 to 40 years	50%
Facades	25 years	15%	15 to25 years	15%
GTI	20 years	25%	10 to 20 years	25%
Fittings	10 to 15 years	10%	5 to 15 years	10%

A wear and tear ratio is applied when the acquired property is not new.

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

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

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

2.5.3.Fair value of investment property

The fair value of Klépierre's investment properties is appraised by the independent appraisers responsible for valuing the Group's assets on June 30 and December 31 of each year, but 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 the growth of lease rate, capitalization rates), the fair values of the investment properties have been classified as level 3 according to IFRS 13 criteria.

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 1 Dutch asset;
- 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), 5 Dutch assets, 3 Turkish assets and Porta di Roma in Italy.

Retail stores 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.

The appraising methodology of Retail assets and Shopping Centers corresponds to the one used in 2015, as indicated in paragraph 2.12.2 of the notes to the consolidated financial statements for the year ended December 31, 2015.

3. SEGMENT INFORMATION

3.1. Segment income statement at June 30, 2016

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 & Strom: 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 business 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 tax result calculation are handled at Group level, and are not allocated to the operating segments.

The sector “Scandinavia” includes all the legal entities of the Steen & Strom 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 amounts to 522.1 million euros as of June 30, 2016, compared to 521.4 million euros as of December 31, 2015. As of June 30, 2016, the share of the Scandinavian portfolio in the non-current assets equals to 3,162.7 million euros, in current assets 107.7 million euros, in non-current liabilities 1,487.9 million euros and in current liabilities 1,088.7 million euros.

in millions of euros	France-Belgium (1)		Scandinavia (Steen & Strøm)		Italy		Iberia		Netherlands		Germany		CEE &Turkey		Unaffected		Klepierre Group	
	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15	06/30/16	06/30/15
Gross rents	221,1	222,3	97,2	88,6	101,0	99,3	56,6	50,8	30,8	54,7	28,7	28,5	59,0	59,6			594,3	603,8
Other rental income	6,1	3,8	0,4	0,1	1,7	1,1	0,8	0,1				0,2	0,6	0,1			9,6	5,4
Gross rental income	**227,2**	**226,1**	**97,5**	**88,7**	**102,7**	**100,4**	**57,5**	**50,9**	**30,8**	**54,7**	**28,7**	**28,7**	**59,6**	**59,7**			**603,9**	**609,2**
Rental & building expenses	-21,6	-22,6	-6,2	-10,1	-11,1	-11,3	-7,3	-9,5	-8,8	-12,6	-8,7	-9,3	-4,9	-8,6			-68,6	-84,1
NET RENTAL INCOME	**205,6**	**203,6**	**91,3**	**78,5**	**91,5**	**89,1**	**50,2**	**41,4**	**22,0**	**42,2**	**20,0**	**19,4**	**54,7**	**51,1**			**535,3**	**525,2**
Management and other income	25,5	26,6	5,7	8,1	6,9	6,2	4,1	3,7	3,1	3,6	2,5	2,6	2,0	2,6		0,4	49,9	53,9
Payroll and other general expenses	-32,2	-37,7	-11,1	-16,6	-11,8	-12,4	-7,2	-7,5	-7,3	-16,5	-5,0	-6,2	-6,6	-7,1	-14,9	-19,0	-96,1	-123,1
EBITDA	**198,9**	**192,5**	**86,0**	**70,1**	**86,7**	**82,9**	**47,1**	**37,5**	**17,8**	**29,3**	**17,5**	**15,8**	**50,1**	**46,6**	**-14,9**	**-18,6**	**489,1**	**456,0**
Depreciation and allowance	-109,7	-82,2	-60,5	-32,8	-24,5	-25,9	-28,3	-27,5	-10,7	-22,9	-12,5	-9,7	-19,1	-32,7		-0,2	-265,3	-233,9
Income from disposals	7,4	6,5	0,0	-2,4	-0,1			-1,7	-0,2	-1,0		0,0	0,1	-0,1			7,3	1,2
Share in earnings of equity method investees	-6,8	-6,0	6,4	3,8	4,3	4,5	0,1	-2,3					4,8	3,5			8,8	3,5
SEGMENT INCOME	**89,8**	**110,8**	**31,8**	**38,7**	**66,4**	**61,5**	**19,0**	**6,0**	**6,9**	**5,3**	**5,0**	**6,2**	**36,0**	**17,2**	**-14,9**	**-18,8**	**240,0**	**226,9**
Goodwill depreciation																		
Cost of debt																	-84,5	-111,9
Change in the fair value of financial instruments																	-7,0	-3,6
PROFIT BEFORE TAX																	**148,5**	**111,4**
Corporate income tax																	-26,9	-19,9
NET INCOME																	**121,6**	**91,5**

(1) Shopping centers and Retail

3.2. Net book value of investment property by operating segment

in millions of euros	Net book value of investment property 06/30/2016
France-Belgium (1)	4 867,0
Scandinavia	2 720,1
Italy	2 422,8
Iberia	1 280,1
The Netherlands	859,7
Germany	923,7
CEE & Turkey	820,6
TOTAL	**13 894,0**

(1) Including retail assets

3.3. Investment by operating segment

Investments include acquisitions, capitalized expenses and changes in scope.

in millions of euros	Property, plant and equipment	Investment property	Investment property under construction	Investments 06/30/2016
France-Belgium (1)		2,7	90,3	93,0
Scandinavia		0,2	4,1	4,3
Italy		0,7	1,0	1,7
Iberia	0,3		1,9	2,2
The Netherlands		1,6	37,1	38,7
Germany	2,4	0,8	0,0	3,3
CEE & Turkey	0,1	1,4	1,5	2,9
TOTAL	**2,9**	**7,4**	**135,9**	**146,2**

(1) Including retail assets

3.4. Customer receivables by operating segment

in millions of euros	06/30/2016	12/31/2015
France-Belgium (1)	65,9	73,9
Scandinavia	15,4	16,5
Italy	26,1	33,2
Iberia	7,8	8,4
The Netherlands	0,1	5,4
Germany	6,4	6,2
CEE & Turkey	22,7	20,5
TOTAL	**144,5**	**164,3**

(1) Including retail assets

4. SCOPE OF CONSOLIDATION

List of consolidated companies	Country	*% of interest*			*% of control*		
Full Consolidated Companies		06/30/2016	12/31/2015	Change	06/30/2016	12/31/2015	Change
Holding - Head of the Group							
SA Klépierre	France	100,00%	100,00%	-	100,00%	100,00%	-
Shopping centers - France							
SAS KLE 1	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC SCOO	France	53,64%	53,64%	-	53,64%	53,64%	-
SNC Klécar France	France	83,00%	83,00%	-	83,00%	83,00%	-
SNC KC3	France	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC4	France	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC5	France	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC9	France	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC10	France	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC11	France	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC12	France	83,00%	83,00%	-	100,00%	100,00%	-
SNC KC20	France	83,00%	83,00%	-	100,00%	100,00%	-
SAS LP7	France	100,00%	100,00%	-	100,00%	100,00%	-
SCS Klécar Europe Sud	France	83,00%	83,00%	-	83,00%	83,00%	-
SC Solorec	France	80,00%	80,00%	-	80,00%	80,00%	-
SNC Centre Bourse	France	100,00%	100,00%	-	100,00%	100,00%	-
SCS Begles Arcins	France	52,00%	52,00%	-	52,00%	52,00%	-
SCI Bègles Papin	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Sécovalde	France	55,00%	55,00%	-	55,00%	55,00%	-
SAS Cécoville	France	100,00%	100,00%	-	100,00%	100,00%	-
SAS Soaval	France	100,00%	100,00%	-	100,00%	100,00%	-
SCA Klémurs	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Nancy Bonsecours	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Sodevac	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Odysseum Place de France	France	100,00%	100,00%	-	100,00%	100,00%	-
SAS Klécar Participations Italie	France	83,00%	83,00%	-	83,00%	83,00%	-
SNC Pasteur	France	100,00%	100,00%	-	100,00%	100,00%	-
SA Holding Gondomar 1	France	100,00%	100,00%	-	100,00%	100,00%	-
SAS Holding Gondomar 3	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Combault	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Beau Sevran Invest	France	83,00%	83,00%	-	100,00%	100,00%	-
SCI Valdebac	France	55,00%	55,00%	-	55,00%	55,00%	-
SAS Progest	France	100,00%	100,00%	-	100,00%	100,00%	-
SARL Belvedere Invest	France	55,00%	55,00%	-	55,00%	55,00%	-
SCI Haies Haute Pommeraie	France	53,00%	53,00%	-	53,00%	53,00%	-
SCI Plateau des Haies	France	100,00%	100,00%	-	100,00%	100,00%	-
SARL Forving	France	93,15%	93,15%	-	93,15%	93,15%	-
SCI Saint Maximin Construction	France	55,00%	55,00%	-	55,00%	55,00%	-
SCI Pommeraie Parc	France	60,00%	60,00%	-	60,00%	60,00%	-
SCI Champs des Haies	France	60,00%	60,00%	-	60,00%	60,00%	-
SCI La Rive	France	85,00%	85,00%	-	85,00%	85,00%	-
SCI Rebecca	France	70,00%	70,00%	-	70,00%	70,00%	-
SARL Proreal	France	51,00%	51,00%	-	51,00%	51,00%	-
SCI Le Mais	France	80,00%	80,00%	-	80,00%	80,00%	-
SCI le Grand Pré	France	60,00%	60,00%	-	60,00%	60,00%	-
SCI LC	France	88,00%	88,00%	-	100,00%	100,00%	-
SAS Kle Projet 1	France	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Créteil	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Albert 31	France	83,00%	83,00%	-	100,00%	100,00%	-
SCI Galeries Drancéennes	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Portes de Claye	France	55,00%	55,00%	-	55,00%	55,00%	-
Klecab SCI	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Kleber Odysseum	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Klé Arcades	France	53,69%	53,69%	-	100,00%	100,00%	-
SNC Le Havre Colbert	France	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Massalia	France	100,00%	100,00%	-	100,00%	100,00%	-
Klévannes	France	100,00%	100,00%	-	100,00%	100,00%	-
Massalia Shopping Mall	France	60,00%	60,00%	-	100,00%	100,00%	-
Massalia Invest	France	60,00%	60,00%	-	60,00%	60,00%	-
Corio SA	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Corio et Cie	France	100,00%	100,00%	-	100,00%	100,00%	-
Paris Immoblier Eurl	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Sanoux	France	75,00%	75,00%	-	75,00%	75,00%	-
SNC Centre Deux	France	100,00%	100,00%	-	100,00%	100,00%	-
SCI Mob	France	100,00%	100,00%	-	100,00%	100,00%	-
SAS Corio Alpes	France	100,00%	100,00%	-	100,00%	100,00%	-
Galerie du Livre SAS	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Les Portes de Chevreuse	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Caetoile	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Corio Echirolles	France	100,00%	100,00%	-	100,00%	100,00%	-
SAS Sagep	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC KupkaV et Cie	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Maya	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Ayam	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Dense	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Newton	France	100,00%	100,00%	-	100,00%	100,00%	-
Financière Corio Sarl	France	100,00%	100,00%	-	100,00%	100,00%	-
Corio Grand Littoral Eurl	France	100,00%	100,00%	-	100,00%	100,00%	-

List of consolidated companies	Country	% of interest			% of control		
Full Consolidated Companies		06/30/2016	12/31/2015	Change	06/30/2016	12/31/2015	Change
Service providers - France							
SNC Klépierre Management	France	100,00%	100,00%	-	100,00%	100,00%	-
SAS Klépierre Conseil	France	100,00%	100,00%	-	100,00%	100,00%	-
SNC Klepierre Brand Ventures	France	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Gift Cards	France	100,00%	100,00%	-	100,00%	100,00%	-
SAS Klépierre Finance	France	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Procurement International[1]	France	100,00%	0,00%	100,00%	100,00%	0,00%	100,00%
Shopping centers - International							
Klepierre 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%	-
SA Coimbra	Belgium	100,00%	100,00%	-	100,00%	100,00%	-
SA Cinémas de l'Esplanade	Belgium	100,00%	100,00%	-	100,00%	100,00%	-
SA Foncière de Louvain La Neuve	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%	-
SA Klecar Foncier Iberica	Spain	83,06%	83,06%	-	100,00%	100,00%	-
SA Klecar Foncier Espana	Spain	83,06%	83,06%	-	100,00%	100,00%	-
SA Klépierre Vallecas	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Molina	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Plenilunio Socimi SA	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Príncipe Pío 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 SL	Spain	100,00%	100,00%	-	100,00%	100,00%	-
SA Klépierre Nea Efkarpia	Greece	83,00%	83,00%	-	100,00%	100,00%	-
SA Klépierre Foncier Makedonia	Greece	83,01%	83,01%	-	100,00%	100,00%	-
SA Klépierre Athinon A.E.	Greece	83,00%	83,00%	-	100,00%	100,00%	-
SA Klépierre Peribola Patras	Greece	83,00%	83,00%	-	100,00%	100,00%	-
Sarl Zalaegerszeg plaza	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Nyiregyhaza Plaza	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
SA Duna Plaza	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Sarl CSPL 2002 (Csespel)	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Sarl GYR 2002 (Gyor)	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Debrecen 2002	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Uj Alba 2002	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Miskolc 2002	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Sarl Kanizsa 2002	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Corvin	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Corvin Vision	Hungary	66,67%	66,67%	-	66,67%	66,67%	-
Klépierre Trading	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Spa IGC	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Spa Klecar Italia	Italy	83,00%	83,00%	-	100,00%	100,00%	-
Spa Klefin Italia	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Collegno	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Serravalle	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Assago	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Klépierre	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Cavallino	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Galleria Commerciale Solbiate	Italy	100,00%	100,00%	-	100,00%	100,00%	-
K2	Italy	95,06%	95,06%	-	95,06%	95,06%	-
Klépierre Matera	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Caserta	Italy	83,00%	83,00%	-	100,00%	100,00%	-
Shopville Le Gru Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Grandemilia Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Shopville Gran Reno Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Il Maestrale S.p.A.	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Comes Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Globodue Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Globotre Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Generalcostruzioni Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
B.L.O. Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Corio Italia Srl	Italy	100,00%	100,00%	-	100,00%	100,00%	-
SA Klépierre Luxembourg	Luxembourg	100,00%	100,00%	-	100,00%	100,00%	-
Reluxco International SA	Luxembourg	100,00%	100,00%	-	100,00%	100,00%	-
Storm Holding Norway	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strom AS	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Slagenveien 2 AS	Norway	56,10%	56,10%	-	100,00%	100,00%	-

List of consolidated companies	Country	% of interest			% of control		
Full Consolidated Companies		06/30/2016	12/31/2015	Change	06/30/2016	12/31/2015	Change
Shopping centers - International							
Amanda Storsenter AS	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Farmandstredet Eiendom AS	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Farmandstredet ANS	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%	-
Gulskogen Senter ANS	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Vintebro Senter DA	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Gulskogen Prosjekt & Eiendom AS	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Lille Eiendom AS	Norway	37,03%	37,03%	-	66,00%	66,00%	-
Steen & Strøm Mediapartner Norge AS	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Oslo City Kjopcenter Shop (ex- Oslo City Kjopcenter AS)	Norway	56,10%	37,42%	18,68%	100,00%	66,70%	33,30%
Capucine BV	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Nordica	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Corio Beleggingen I BV	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Services B.V.	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Corio Nederland Kantoren BV	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre 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%	-
Klepierre Nederland B.V.	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Bresta I BV	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%	-
Klepierre Participaties I B.V.	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Participaties II B.V.	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Sadyba	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Krakow	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Poznan	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Ruda Slaska Plaza spzoo	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Sadyba Best Mall Spzoo Spolka Komanditowa	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Pologne	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Rybnik	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Sosnowiec	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Movement Poland SA	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Lublin	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Galeria Krakow Sp.z.o.o	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Sadyba Best Mall Spzoo	Poland	100,00%	100,00%	-	100,00%	100,00%	-
KLP Poznan Sp. z o.o	Poland	100,00%	100,00%	-	100,00%	100,00%	-
KLP Ruda Slaska Sp. z o.o	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%	-
KLP Rybnik Sp. z o.o	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 Polzka Sp. z o.o	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Fiz Ipopema 96	Poland	100,00%	100,00%	-	100,00%	100,00%	-
SA Klélou-Immobiliare	Portugal	100,00%	100,00%	-	100,00%	100,00%	-
SA Galeria Parque Nascente	Portugal	100,00%	100,00%	-	100,00%	100,00%	-
SA Gondobrico	Portugal	100,00%	100,00%	-	100,00%	100,00%	-
SA Klenor Imobiliaria	Portugal	100,00%	100,00%	-	100,00%	100,00%	-
SA Klétel Imobiliaria	Portugal	100,00%	100,00%	-	100,00%	100,00%	-
Kleminho	Portugal	100,00%	100,00%	-	100,00%	100,00%	-
Corio Espaçio Guimarães SA	Portugal	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Cz	Czech Republic	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Praha S.R.O.	Czech Republic	100,00%	100,00%	-	100,00%	100,00%	-
Klépierre Plzen	Czech Republic	100,00%	100,00%	-	100,00%	100,00%	-
Arcol	Slovakia	100,00%	100,00%	-	100,00%	100,00%	-
Nordica Holdco	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%	-
Västra Torp Mark AB	Sweden	56,10%	56,10%	-	100,00%	100,00%	-
NorthMan Sverige AB	Sweden	56,10%	56,10%	-	100,00%	100,00%	-
FAB Uddevallatorpet	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%	-
Mässcenter Torp 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%	-
Klepierre Gayrimenkul Yönetimi ve Yatirim Ticaret A.S.	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	Country	*% of interest*			*% of control*		
Full Consolidated Companies		06/30/2016	12/31/2015	Change	06/30/2016	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%	-
Klepierre Management Belgique[1]	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%	-
Klepierre Management Espana	Spain	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Hellas	Greece	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Magyarorszag	Hungary	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Italia	Italy	100,00%	100,00%	-	100,00%	100,00%	-
Steen & Strøm Senterservice AS	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Steen & Strom Norge AS	Norway	56,10%	56,10%	-	100,00%	100,00%	-
Klepierre Vastgoed Ontwikkeling B.V.	The Netherlands	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Polska	Poland	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Portugal	Portugal	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Ceska Républika	Czech Republic	100,00%	100,00%	-	100,00%	100,00%	-
Klepierre Management Slovensko	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	Country	*% of interest*			*% of control*		
Equity Method Companies: jointly controlled		06/30/2016	12/31/2015	Change	06/30/2016	12/31/2015	Change
SCS Cécobil	France	50,00%	50,00%	-	50,00%	50,00%	-
SCI du Bassin Nord	France	50,00%	50,00%	-	50,00%	50,00%	-
SNC Le Havre Vauban	France	50,00%	50,00%	-	50,00%	50,00%	-
SNC Le Havre Lafayette	France	50,00%	50,00%	-	50,00%	50,00%	-
SCI La Plaine du Moulin à Vent	France	50,00%	50,00%	-	50,00%	50,00%	-
SCI Girardin	France	33,40%	33,40%	-	33,40%	33,40%	-
SCI Immobilière de la Pommeraie	France	50,00%	50,00%	-	50,00%	50,00%	-
SCI Aulnes developpement	France	25,50%	25,50%	-	50,00%	50,00%	-
SNC Parc de Coquelles	France	50,00%	50,00%	-	50,00%	50,00%	-
Kleprim's	France	50,00%	50,00%	-	50,00%	50,00%	-
SNC Murier	France	40,00%	40,00%	-	40,00%	40,00%	-
SNC Haven	France	40,00%	40,00%	-	40,00%	40,00%	-
SCI Pivoines	France	33,33%	33,33%	-	33,33%	33,33%	-
SCI KupkaC	France	40,00%	40,00%	-	40,00%	40,00%	-
Clivia 2000	Italy	50,00%	50,00%	-	50,00%	50,00%	-
Galleria Commerciale Il Destriero	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 SpA	Italy	50,00%	50,00%	-	50,00%	50,00%	-
Galleria Commerciale 9 Srl	Italy	50,00%	50,00%	-	50,00%	50,00%	-
Italian Shopping Centre Investment Srl	Italy	50,00%	50,00%	-	50,00%	50,00%	-
Holding Klege	Luxembourg	50,00%	50,00%	-	50,00%	50,00%	-
International Shopping Centre SA	Luxembourg	50,00%	50,00%	-	50,00%	50,00%	-
Nordbyen Senter 2 AS	Norway	28,05%	28,05%	-	50,00%	50,00%	-
Åsane Storsenter DA	Norway	27,99%	27,99%	-	49,90%	49,90%	-
Åsane Kontorutvikling AS	Norway	27,99%	27,99%	-	49,90%	49,90%	-
Metro Senter ANS	Norway	28,05%	28,05%	-	50,00%	50,00%	-
Økern Sentrum Ans	Norway	28,05%	28,05%	-	50,00%	50,00%	-
Asane Senter AS	Norway	27,99%	27,99%	-	49,90%	49,90%	-
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%	-
Asane Storsenter Drift AS	Norway	27,99%	27,99%	-	49,90%	49,90%	-
Hovlandbanen AS	Norway	28,05%	56,10%	-28,05%	50,00%	100,00%	-50,00%
Olso City Kjopesenter Parking1	Norway	28,05%	0,00%	28,05%	50,00%	0,00%	50,00%
Klege Portugal	Portugal	50,00%	50,00%	-	50,00%	50,00%	-

List of consolidated companies	Country	% of interest			% of control		
Equity Method Companies: significant influence		06/30/2016	12/31/2015	Change	06/30/2016	12/31/2015	Change
SCI La Rocade	France	38,00%	38,00%	-	38,00%	38,00%	-
SCI la Rocade Ouest	France	36,73%	36,73%	-	36,73%	36,73%	-
SCI du Plateau	France	19,65%	19,65%	-	30,00%	30,00%	-
SCI Achères 2000	France	30,00%	30,00%	-	30,00%	30,00%	-
SCI Champs de Mais	France	40,00%	40,00%	-	40,00%	40,00%	-
SARL Société du bois des fenêtres	France	20,00%	20,00%	-	20,00%	20,00%	-
Akmerkez Gayrimenkul Yatirim Ortakligi AS	Turkey	46,92%	46,92%	-	46,92%	46,92%	-

		% interest		% control		
List of deconsolidated companies at 06/30/2016	Country	06/30/2016	12/31/2015	06/30/2016	12/31/2015	Comments
Klémentine	The Netherlands	0,00%	100,00%	0,00%	100,00%	Merged
SNC KC7	France	0,00%	83,00%	0,00%	100,00%	Merged
SNC Klétransactions	France	0,00%	100,00%	0,00%	100,00%	Merged
SNC Lyon Arc	France	0,00%	100,00%	0,00%	100,00%	Merged
SNC Les Ailes	France	0,00%	100,00%	0,00%	100,00%	Merged
Klépierre Larissa	Greece	0,00%	100,00%	0,00%	100,00%	Liquidated
Krakow spzoo	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	Belgium	0,00%	100,00%	0,00%	100,00%	Merged
Barbera Finance Srl	Italy	0,00%	100,00%	0,00%	100,00%	Deconsolidated

[1] new company created during the period

As of June 30, 2016 the Group's scope of consolidation includes 302 companies compared to 309 at December 31, 2015, including 258 fully consolidated companies and 44 companies consolidated under the equity method.

4.1. Main events of the first half of 2016

During the first half of 2016, seven empty companies have been merged or liquidated: Klementine BV, SNC KC7, SNC Kletransactions, SNC Lyon Arc, SNC les Ailes, Klepierre Larissa and Krakow Spzoo.

In addition, two Belgian companies were merged in the main Belgian real estate company.

Steen & Strøm, the 56.1% Scandinavian controlled subsidiary of Klépierre, jointly with its partner Entra, completed the acquisition of Oslo City on December 31, 2015. According to the initial Shareholder's Agreement, Steen & Strøm and Entra demerged the previous Oslo City company by creating two additional legal companies in 2016. This operation is treated as a Business combination according to IFRS3 Revised Standard. Following this demerger, "Oslo City Kjøpsenter AS – Shop" whose only asset is the shopping center, is 100% owned by Steen & Strøm AS. As a consequence the company is fully consolidated by Klépierre. "Oslo City Kjøpsenter AS – Parking", a newly created company receiving the parking lot, is 50% owned by Steen & Strøm AS and 50% owned by Entra. This company is consolidated under equity method by Klépierre.

For "Oslo City Kjøpsenter AS – Shop" which owns the shopping center, the net amount of the identifiable assets and liabilities acquired at their fair value on the acquisition date stands at 283 million euros. The 34.6 million euros in goodwill is justified by the difference between the deferred tax liability recorded according to IAS 12 and the one expected from a more tax efficient disposal scheme. In accordance with IFRS 3, this purchase price allocation is provisional and could be subject to change for a period of 12 months after the acquisition date. Since the acquisition date, Oslo City shopping center has contributed with 8.7 million euros to rental income and 8.0 million euros to Group's net rental income.

For "Oslo City Kjøpsenter AS – Parking" which owns the parking, the net amount of the identifiable assets and liabilities at their fair value at the acquisition date stands at 14.8 million euros.

4.2. Control assessment

In accordance with IFRS 12, the Group discloses its analysis to determine the nature of its interests held in other entities and the associated risks. The main partnerships of the Klépierre Group are described in the 2015 annual report.

4.3. Investments (EPRA MODEL)

The investments of the period are:

in millions of euros	06/30/2016	12/31/2015
Acquisitions (1)	331,6	6 896,9
Development (2)	132,2	276,9
Like-for-like portfolio (3)	5,8	23,4
Others (4)	5,3	20,6
Net value	**474,9**	**7 217,8**

(1) At June 30, 2016 "Acquisitions" line includes, the integration of 100% of Oslo City shopping center.

At December 31, 2015, this line included the assets related to the Corio acquisition, the acquisition of the Plenilunio shopping center (Spain) and the acquisition of Markthal (The Netherlands).

(2) At June 30, 2016 "Development" line includes the investments related to development projects, mainly Hoog Catharijne (Ultrecht – The Netherlands), Pantin (France), Val d'Europe (France), Le Prado (France), Centre Bourse (France) and Créteil Soleil (France).

At December 31, 2015, this line included the investments related to development projects, mainly Hoog Catharijne (Ultrecht – The Netherlands), Val d'Europe (France), Pantin (France), Pasteur (France), Galleria Boulevard Kristianstad (Sweden), Fields (Denmark), Créteil Soleil (France), Berlin (Germany) and Le Prado (France).

(3) At June 30, 2016, "Like-for-like portofolio" mainly includes the investments on existing investment property.

At December 31, 2015, this line mainly included the investments on Corio assets after its acquisition. The main contributors were Centrum Galerie Dresden (Germany) and Saint-Jacques (Metz - France).

(4) The line "Others" includes capitalized financial interests, eviction indemnities and development fees.

5. NOTES TO THE FINANCIAL STATEMENTS: BALANCE SHEET

5.1. Goodwill

in millions of euros	12/31/2015	Acquisitions, new businesses and contributions	Reduction by disposals, retirement of assets	Impairment	Other movements, reclassification	06/30/2016
* Metropoli	0,9					0,9
* Vignate	0,5					0,5
* Galeria Parque Nascente	1,7					1,7
* Klepierre Management Espana	10,9					10,9
* Klepierre Management	52,4					52,4
* Klepierre Management Magyarorszag	3,4					3,4
* SCOO	0,5					0,5
* ICD	0,9					0,9
* IGC	36,5					36,5
* Klepierre Management Italia	8,4					8,4
* Steen & Strom	9,8				0,3	10,1
* Coimbra	3,4					3,4
* Clivia	0,0					0,0
* Plenilunio (Orion)	46,9				-45,5	1,4
* Corio	658,3				42,5	700,8
* Oslo City		34,6			1,1	35,8
NET GOODWILL	**834,6**	**34,6**			**-1,6**	**867,6**

At June 30, 2016 goodwill totaled 867.6 million euros, compared to 834.6 million euros at December 31, 2015. The change of 33.0 million euros 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.

As of June 30, 2016 no impairment triggering event has been identified on the goodwill.

Regarding Corio, the group in accordance with IAS 36 is in progress to allocate the goodwill to the cash generating units or groups of cash generating units that are expected to benefit from the synergies of combination. This allocation, in accordance with IAS 36 standards and group accounting principles, will be finalized prior to annual impairment tests carried at the year end.

5.2. Intangible assets

The “Software” item includes software in service as well as ongoing expenses. The change of this item is related to the deployment of the Group’s new software projects.

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	06/30/2016
Leasehold right	2,8							2,8
Goodwill	3,6							3,6
Software	76,0	3,0	-1,1		0,6		0,4	78,9
Concessions, patents and similar rights	1,7							1,7
Other intangible assets	5,4	0,1	-0,2					5,3
TOTAL GROSS VALUE	**89,5**	**3,1**	**-1,3**		**0,6**		**0,4**	**92,3**
Leasehold right	-0,8			-0,1				-0,9
Goodwill	-1,8			-0,1				-1,9
Software	-36,1		1,1	-5,3	-0,2		-0,4	-40,9
Concessions, patents and similar rights	-1,2							-1,2
Other intangible assets	-4,0			-0,1				-4,1
TOTAL DEPRECIATION AND AMORTIZATION	**-43,8**		**1,1**	**-5,6**	**-0,2**		**-0,4**	**-48,9**
INTANGIBLE ASSETS – NET VALUE	**45,7**	**3,1**	**-0,2**	**-5,6**	**0,4**			**43,4**

5.3. Property, plant and equipment and work in progress

Property, plant and equipment include operating furniture and equipment.

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	06/30/2016
Non-depreciable assets								
Depreciable assets and work in progress	48,3	2,9	-0,6		-0,2		-4,6	45,8
TOTAL GROSS VALUE	**48,3**	**2,9**	**-0,6**		**-0,2**		**-4,6**	**45,8**
Depreciable assets	-27,7		0,2	-1,8	0,1		3,8	-25,4
Total depreciation and amortization	**-27,7**		**0,2**	**-1,8**	**0,1**		**3,8**	**-25,4**
Impairment								
PROPERTY, PLANT AND EQUIPMENT AND WORK IN PROGRESS – NET VALUE	**20,6**	**2,9**	**-0,4**	**-1,8**	**-0,1**		**-0,8**	**20,4**

5.4. Investment property

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, reclassifications	06/30/2016
Non-depreciable assets	6 608,2		-0,2		3,3	115,9	32,9	6 760,1
Depreciable assets	9 749,7	7,4	-0,9		0,1	213,1	-134,7	9 834,7
TOTAL GROSS VALUE	**16 357,9**	**7,4**	**-1,1**		**3,4**	**329,0**	**-101,8**	**16 594,8**
Amortization of depreciable assets	-2 054,2		0,2	-200,3	2,6		29,9	-2 221,8
TOTAL DEPRECIATION AND AMORTIZATION	**-2 054,2**		**0,2**	**-200,3**	**2,6**		**29,9**	**-2 221,8**
Impairment	-402,1			-58,6			-18,3	-479,0
INVESTMENT PROPERTY – NET VALUE	**13 901,6**	**7,4**	**-0,9**	**-258,9**	**6,0**	**329,0**	**-90,2**	**13 894,0**

The changes in scope are due to the consolidation of Oslo City shopping center property company (see note 4.1).

The “Other movements, reclassifications” item represents the net balance arising from the reclassification of investment properties to “Investment properties held for sale” (see note 5.6), and from assets brought into use during the period, thus reclassified from “Investment property under construction”.

The “Impairment" item recorded an impairment allowance net of reversals of 58.6 million euros:

- allowances of 72.2 million euros, mainly related to shopping centers in France (46.0 million euros), Spain (10.2 million euros), Sweden (8.3 million euros) and Italy (3.1 million euros);
- reversals of 13.6 million euros, mainly related to Hungary (4.6 million euros), France (4.1 million euros) and Portugal (2.2 million euros).

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:

Shopping centers 06/30/2016		EPRANIY	Discount rate (a)	Exit rate (b)
France / Belgium	Max	8,4%	9,6%	8,0%
	Min	3,6%	5,5%	4,0%
	Weighted average	*4,5%*	*6,4%*	*4,9%*
Italy	Max	7,3%	8,9%	7,5%
	Min	5,0%	5,8%	5,3%
	Weighted average	*5,7%*	*7,0%*	*5,9%*
Scandinavia	Max	5,6%	8,5%	6,5%
	Min	3,8%	6,5%	4,4%
	Weighted average	*4,5%*	*7,0%*	*5,0%*
Netherlands	Max	7,9%	8,5%	9,8%
	Min	4,8%	6,0%	5,8%
	Weighted average	*5,3%*	*6,4%*	*6,7%*
Iberia (Spain, Portugal)	Max	6,7%	11,0%	8,5%
	Min	4,6%	7,4%	4,8%
	Weighted average	*5,3%*	*7,0%*	*5,8%*
Germany	Max	5,0%	6,6%	5,5%
	Min	4,1%	4,9%	4,3%
	Weighted average	*4,4%*	*5,3%*	*4,5%*
CEE & Turkey	Max	10,3%	15,6%	10,8%
	Min	4,6%	6,8%	5,2%
	Weighted average	*6,4%*	*9,0%*	*7,3%*

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

(a) *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)*
(b) *Rate used to calculate the net present value of future cash flows*
(c) *Rate used to capitalize the exit rent to determine the exit value of an asset*

Based on an asset fair value group share including duties, the EPRA Net Initial Yield of Klepierre amounts to 5.0% as at June 30, 2016.

A change of +10 bps of the EPRA Net Initial Yield would result in a decrease of circa 350 million euros of the total shopping centers portfolio appraised.

5.5. Investment property under construction

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, reclassifications	06/30/2016
Investment property under construction	817,5	135,9	-78,0		-0,7	2,4	-47,3	829,8
Impairment	-9,6			-13,6				-23,2
INVESTMENT PROPERTY UNDER CONSTRUCTION – NET VALUE	**807,9**	**135,9**	**-78,0**	**-13,6**	**-0,7**	**2,4**	**-47,3**	**806,6**

The “Other movements, reclassifications” item is related to assets brought into use during the period.

Main investment properties under construction as of June 30, 2016 (net amounts) are:

- In France: various projects for a total amount of 284.0 million euros;
- Abroad: various projects for a total amount of 522.6 million euros, including 272.6 million euros in The Netherlands and 136.3 million euros in Scandinavia.

5.6. Investment property held for sale

in millions of euros	12/31/2015	Acquisitions and capitalised expenses	Reduction by disposals	Other movements, reclassifications	06/30/2016
INVESTMENT PROPERTY HELD FOR SALE	**23,9**		**-6,8**	**138,0**	**155,1**

In the first half of the year, the Italian shopping center in Capodrise and the French warehouse in Clamart have been sold. The Spanish shopping center in Alicante has been reclassified to the investment property.

As of June 30, 2016, investment property held for sale line mainly includes three Spanish assets (Torrelodones, Ruta de la Plata and Sexta Avenida), two shopping centers (in Courbevoie and Vannes) and eleven retail assets in France, and the Polish mall of Rybnik.

5.7. Investment in associates

in millions of euros	12/31/2015	Share in net income 2015	Dividends received	Capital increases and reductions	Currency fluctuations	Changes in the scope of consolidation and other movements	Changes in the Group's interest	06/30/2016
Investments in jointly-controlled companies	**957,6**	3,2	15,2	-2,7	7,7	-325,0		**656,0**
Investments in significant influence companies	**203,9**	5,6	-13,5		-0,8			**195,2**
INVESTMENT IN ASSOCIATES	**1 161,5**	**8,8**	**1,7**	**-2,7**	**6,9**	**-325,0**		**851,2**

Forty-four companies were consolidated under the equity method (see note 4 Scope of consolidation) as of June 30, 2016, of which thirty-seven are jointly controlled and seven are under significant influence.

The column « Change in scope and other movements » reflects to two variations:

- The removal of the company which owned the Oslo City assets (Norway) subsequently to its demerger
- The entry of the entity owning the Oslo center car park as Steen & Storm holds 50% of this entity

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

in millions of euros	06/30/2016	06/30/2016	12/31/2015	12/31/2015
	100%	Group Share	100%	Group Share
Non-current assets	2 063,7	1 020,3	2 609,9	1 384,6
Current assets	112,7	52,4	107,4	51,9
Cash and cash equivalents	111,3	54,7	76,7	37,8
Non-current external financial liabilities	-145,1	-69,9	-151,1	-72,9
Non-current financial liabilities Group and Partners	-629,3	-314,7	-662,5	-331,2
Non-current liabilities	-123,6	-61,9	-128,0	-75,3
Current external financial liabilities	-13,6	-6,6	-11,5	-5,7
Current liabilities	-31,7	-18,4	-51,6	-31,7
Net Assets	**1 344,5**	**656,0**	**1 789,3**	**957,6**

in millions of euros	06/30/2016	06/30/2016	06/30/2015	06/30/2015
	100%	Group Share	100%	Group Share
Revenues from ordinary activities	80,2	39,7	74,0	36,5
Operating expenses	-61,0	-30,2	-59,3	-29,4
Financial income	-11,6	-5,8	-16,7	-8,3
Profit before tax	7,6	3,7	-2,1	-1,2
Tax	-0,9	-0,5	-2,5	-1,2
Net Income	**6,6**	**3,2**	**-4,6**	**-2,4**

Klépierre's share in the external net debt of its jointly-controlled companies amounts to 21.8 million euros as of June 30, 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[(1)] are shown below:

in millions of euros	06/30/2016	06/30/2016	12/31/2015	12/31/2015
	100%	Group Share	100%	Group Share
Non-current assets	424,6	194,9	434,8	197,5
Current assets	3,4	1,2	4,2	1,9
Cash and cash equivalents	6,0	2,8	13,6	6,3
Non-current external financial liabilities	-0,1	-0,0	-0,2	-0,1
Non-current financial liabilities Group and Partners	-1,7	-0,5	-1,7	-0,5
Non-current liabilities	-1,9	-0,6	-1,4	-0,7
Current external financial liabilities	-	-	-	-
Current liabilities	-5,5	-2,6	-1,3	-0,6
Net Assets	**424,9**	**195,2**	**448,1**	**203,9**

in millions of euros	06/30/2016	06/30/2016	06/30/2015	06/30/2015
	100%	Group Share	100%	Group Share
Revenues from ordinary activities	20,7	9,3	20,8	9,4
Operating expenses	-8,7	-4,0	-8,4	-3,9
Financial income	0,9	0,4	-2,5	-1,2
Profit before tax	12,9	5,6	9,8	4,3
Tax	-	-	-	-
Net Income	**12,9**	**5,6**	**9,8**	**4,3**

(1) Akmerkez, SCI La Rocade, SCI La Rocade Ouest, SCI Du Plateau, SCI Achères 2000, SCI Champ de Maïs, SARL Société du bois des fenêtres

5.8. Other non-current assets

in millions of euros	12/31/2015	Newly consolidated	Increases	Reductions	Other	06/30/2016
Other long-term investments	0,1		0,1	-0,0	0,0	0,2
Loans and advances to non-consolidated companies and companies consolidated using the equity method	354,6		17,8	-28,5	12,3	356,2
Loans	0,2				-0,0	0,2
Deposits	15,6		1,3	-1,6	-0,0	15,2
Other long-term financial investments	1,3		0,0		-0,0	1,2
Total	**371,8**		**19,1**	**-30,1**	**12,2**	**372,9**

5.9. Trade accounts and notes receivable

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	06/30/2016	12/31/2015
Trade receivables	197,2	216,7
Stepped rents and rent-free periods of leases	20,2	18,7
Gross value	**217,5**	**235,4**
Provisions on bad debts	-73,0	-71,1
Net value	**144,5**	**164,3**

5.10. Other receivables

	06/30/2016			12/31/2015
in millions of euros	total	Less than one year	More than one year	total
Tax receivables	**136,5**	**135,1**	**1,3**	**180,4**
- Corporate income tax	44,5	44,5		50,8
- VAT	82,6	81,3	1,3	120,5
- Other tax receivable	9,3	9,3		9,1
Other receivables	**279,5**	**235,9**	**43,6**	**230,1**
- Service charges due	1,6	1,6		2,1
- Down payments to suppliers	68,3	68,1	0,2	30,3
- Prepaid expenses	49,5	19,1	30,4	46,7
- Funds from principals	96,2	96,2		74,8
- Other	63,8	50,7	13,1	76,1
Total	**416,0**	**371,0**	**45,0**	**410,4**

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 30.0 million euros.

Funds managed by Klépierre Management on behalf of principals stand at 96.2 million euros as of June 30th, compared to 74.8 million euros at December 31, 2015. The management accounts of the principals are recognized under “Other liabilities” (see note 5.16) for the same amount.

5.11. Cash and cash equivalents

in millions of euros	06/30/2016	12/31/2015
Cash equivalents	***8,4***	***4,9***
Treasury and certificates of deposit	1,0	1,0
Money market investments	7,4	3,9
Cash	***561,5***	***408,7***
Gross cash and cash equivalents	**570,0**	**413,7**
Bank facilities	**-343,8**	**-265,1**
Net cash and cash equivalents	**226,2**	**148,6**

Cash equivalents are composed of French UCITS-type monetary funds for 7.4 million euros and Italian treasury bills for 1 million euros.

5.12. Shareholders' equity

5.12.1. Share Capital and additional paid-in capital

At June 30, 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 June 30, 2016	**314 356 063**	**440 098 488**	**4 906 584 901**	**310 095 156**	**601 384 000**

5.12.2. Treasury shares

	06/30/2016				12/31/2015			
	Stock options	Free shares	Liquidity	External growth	Stock options	Free shares	Liquidity	External growth
Number of shares	708 730	884 329	128 500	885 195	958 940	847 363	207 035	885 195
Of which allocated	*510 245*	*884 329*			*591 321*	*847 363*		
Acquisition value *(in millions of euros)*	20,5	26,1	5,0	18,3	29,5	22,2	8,3	18,3
Income from sale *(in millions of euros)*	-2,9		-0,4		-4,1		7,3	

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

5.12.3. Other consolidated reserves

The decrease of other consolidated reserves results mainly from the fiscal year 2015 loss appropriation for 499.8 million euros and the dividend distribution for 530 million euros (see Statement of Changes in Consolidated Equity).

5.12.4. Non-controlling interests

Non-controlling interests decreased by 25 million euros during the first half of 2016. The main changes are related to the payment of the dividends (-47 million euros) and the net income of the period of non-controlling interests (23.7 million euros).

5.13. Current and non-current financial liabilities

5.13.1. Change in indebtedness

Current and non-current financial liabilities amount to 9,579 million euros as of June 30, 2016.

Net indebtedness totaled 9,064 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 Corio's debts revaluation) plus bank overdrafts minus available cash and marketable securities.

The 207 million euro increase is mainly explained by:

- Klépierre paid a 530 million euro dividend in April 2016.
- Total investments amounted to 73 million euros including development expenses mainly on Hoog Catharijne, Val d'Europe and Marseille Prado. In the meantime, Klépierre collected 82 million euros related to asset disposals (Pantin Offices, TNT Warehouse) mainly in France.
- The appreciation of the euro against the Scandinavian currencies generated 14 million euros of positive foreign-exchange impact on debt.
- The free cash-flow, debt restructuring costs and minorities' contribution represent the balance and contribute to reduce the net debt by circa 330 million euros.

in millions of euros	06/30/2016	12/31/2015
NON-CURRENT		
Bonds net costs/premiums	**4 996,9**	**5 256,0**
** Of which revaluation due to fair value hedge*	*63,9*	*69,7*
Loans and borrowings from credit institutions – more than one year	**1 457,2**	**1 164,0**
Fair value adjustment of debt (1)	**128,6**	**148,3**
Other loans and borrowings	**168,7**	**145,8**
** Advance payments to the Group and associates*	*108,9*	*89,8*
** Leasehold (finance lease)* (2)	*59,9*	*56,0*
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**6 751,4**	**6 714,1**
CURRENT		
Bonds net costs/premiums	**859,7**	**620,1**
** Of which revaluation due to fair value hedge*		
Loans and borrowings from credit institutions – less than one year	**484,6**	**534,1**
Accrued interest	**77,3**	**126,3**
** On bonds*	*69,1*	*114,2*
** On loans from credit institutions*	*7,2*	*9,2*
** On advance payments to the Group and associates*	*1,0*	*3,0*
Commercial paper	**1 392,0**	**1 299,1**
Other loans and borrowings	**14,4**	**4,4**
** Advance payments to the Group and associates*	*14,4*	*4,4*
TOTAL CURRENT FINANCIAL LIABILITIES	**2 827,9**	**2 584,0**
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**9 579,4**	**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 paragraph 2.14 Leases)

5.13.2. Principal sources of financing

The Group's main financial resources are detailed in the table below.

During the semester, Klépierre reimbursed a bond at maturity for 526 million euros of nominal value. This financing was partly replaced by a new long-term bond (500 million euros).

Klépierre Nederland signed a new 5 years 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 (undrawn as at June 30, 2016).

In Scandinavia, Klépierre has been active by issuing a mortgage loan of 250 million Swedish Kronor (26 million euros) in order to refinance existing mortgage loan.

GROUP'S FINANCING							
in millions of euros	Borrower	Issue currency	Reference rate	Maturity date	Repayment profile	Maximum amount	Amount used as at 06/30/2016
Bonds						**4 200**	**4 200**
	Klepierre SA	EUR	4,000%	4/13/2017	*In fine*	615	615
	Klepierre SA	EUR	2,750%	9/17/2019	*In fine*	500	500
	Klepierre SA	EUR	4,625%	4/14/2020	*In fine*	300	300
	Klepierre SA	EUR	4,750%	3/15/2021	*In fine*	600	600
	Klepierre SA	EUR	1,000%	4/17/2023	*In fine*	750	750
	Klepierre SA	EUR	1,750%	11/6/2024	*In fine*	630	630
	Klepierre SA	EUR	2,125%	10/22/2025	*In fine*	255	255
	Klepierre SA	EUR	1,875%	2/19/2026	*In fine*	500	500
	Klepierre SA	EUR	4,230%	5/21/2027	*In fine*	50	50
						1 176	**1 176**
	Klepierre (ex Corio)	EUR	2,389%	6/5/2017	*In fine*	50	50
	Klepierre (ex Corio)	EUR	4,625%	1/22/2018	*In fine*	291	291
	Klepierre (ex Corio)	EUR	5,448%	8/10/2020	*In fine*	250	250
	Klepierre (ex Corio)	EUR	3,250%	2/26/2021	*In fine*	500	500
	Klepierre (ex Corio)	EUR	3,516%	12/13/2022	*In fine*	85	85
						444	**444**
	Steen & Strom	NOK	NIBOR	2016	*In fine*	99	99
	Steen & Strom	NOK	NIBOR	2017	*In fine*	174	174
	Steen & Strom	SEK	STIBOR	2017	*In fine*	53	53
	Steen & Strom	NOK	NIBOR	2018	*In fine*	43	43
	Steen & Strom	NOK	NIBOR	2019	*In fine*	32	32
	Steen & Strom	NOK	2,62%	2022	*In fine*	43	43
Bank loans						**3 475**	**465**
	Klépierre	EUR	Euribor	11/17/2019	*In fine*	250	0
	Klépierre	EUR	Euribor	6/4/2020	*In fine*	750	0
	Klépierre	EUR	Euribor	11/17/2021	*In fine*	400	0
	Klépierre	EUR	Euribor	07/07/2021 [4]	*In fine*	850	90
	Klepierre	EUR	Euribor		*In fine*	850	0
	Principe Pio	EUR				25	25
	Klepierre Nederland	EUR	Euribor		*In fine*	350	350
Mortgage loans						**1 349**	**1 216**
	K2	EUR	E3m	1/15/2023	*Amortized*	31	31
	Massalia Shopping Mall [5]	EUR	Euribor	06/23/2026	*In fine*	134	0
	Steen & Strom [3]	NOK	NIBOR			270	270
	Steen & Strom [3]	SEK	STIBOR			470	470
	Steen & Strom [3]	DKK	CIBOR/Fixed [2]			445	445
Index-linked loan						**220**	**220**
Property finance leases						**58**	**58**
Short-term lines and bank overdrafts						**252**	**14**
Commercial papers						**1 428**	**1 392**
	Klépierre	EUR	-	-	*In fine*	1 300	1 264
	Steen & Strom	NOK			*In fine*	128	128
Total FOR THE GROUP [1]						**11 302**	**9 184**

[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 & Strom 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.

5.13.3. 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 June 30, 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).

5.13.4. 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	**4 996,9**		**2 683,9**	**2 313,0**
* *Of which revaluation due to fair value hedge*	*63,9*		*63,9*	
Loans and borrowings from credit institutions – more than one year	**1 457,2**		**683,5**	**773,7**
Fair value adjustment of debt [(1)]	**128,6**		**128,6**	
Other loans and borrowings	**168,7**		**108,9**	**59,9**
* *Advance payments to the Group and associates*	*108,9*		*108,9*	
* *Leasehold (finance lease)* [(2)]	*59,9*			*59,9*
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**6 751,4**		**3 604,8**	**3 146,6**
CURRENT				
Bonds net costs/premiums	**859,7**	**859,7**		
* *Of which revaluation due to fair value hedge*				
Loans and borrowings from credit institutions – less than one year	**484,6**	**484,6**		
Accrued interest	**77,3**	**77,3**		
* *On bonds*	*69,1*	*69,1*		
* *On loans from credit institutions*	*7,2*	*7,2*		
* *On advance payments to the Group and associates*	*1,0*	*1,0*		
Commercial paper	**1 392,0**	**1 392,0**		
Other loans and borrowings	**14,4**	**14,4**		
* *Advance payments to the Group and associates*	*14,4*	*14,4*		
TOTAL CURRENT FINANCIAL LIABILITIES	**2 827,9**	**2 827,9**		
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**9 579,4**	**2 827,9**	**3 604,8**	**3 146,6**

[(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 paragraph 2.14 Leases)*

Maturity schedule of financing including principal and interests (non-discounted) amounts are as follows:

Repayment year	2016	2017	2018	2019	2020	2021	2022	2023	2024 and after	TOTAL
Principal	1 595	1 302	539	586	690	1 504	179	802	1 988	**9 184**
Interest	100	166	138	135	111	60	51	42	114	**919**
TOTAL FOR THE GROUP (principal + interests)	**1 695**	**1 468**	**677**	**721**	**801**	**1 564**	**230**	**844**	**2 102**	**10 103**

in millions of euros

In 2016, 220 million euros of indexed loan is due in September.

All commercial papers in euros are issued with less than one year maturities (990 million euros) and are fully covered by back-up lines. In Scandinavian currencies, 1,190 million Norwegian Kroner of commercial papers (74 million euros) and several loans or bonds in NOK and SEK (283 million euros) will mature in 2016.

At December 31, 2015, the amortization table for these contractual flows was as follows:

Repayment year	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**

in millions of euros

5.14. Hedging instruments

5.14.1. Rate hedging portfolio

As part of its risk management policy (see section 8 “Exposure to risks and hedging strategy”), 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 78% as of June 30, 2016.

At June 30, 2016, the breakdown of derivatives by maturity date was as follows:

in millions of euros	DERIVATIVES OF KLEPIERRE GROUP												
Hedging relationship	**Currency**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**TOTAL**
Cash flow hedge													**1 301**
	EUR					200	350					114	664
	NOK	75	94		172								341
	SEK		53	21		64	64	32					233
	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		**75**	**1 296**	**721**	**432**	**914**	**576**	**32**			**200**	**114**	**4 360**

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 June 30, 2016, 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	5	11	11	10	1	0	0	0	-0	-0	-0	38
Swaps	Fair value hedge	-21	-25	-17	-17	-8	-1						-90
Swaps/cap	Trading	-4	-8	-8	-9	22	5	4	4	3	0		8
EUR-denominated derivatives		**-20**	**-22**	**-15**	**-16**	**15**	**4**	**4**	**4**	**3**	**-0**	**-0**	**-44**
NOK-denominated derivatives		**4**	**3**	**2**	**1**								**10**
SEK-denominated derivatives		**4**	**6**	**5**	**4**	**2**	**1**						**21**
DKK-denominated derivatives		**1**	**1**	**1**	**1**	**1**	**1**						**7**
TOTAL FOR THE GROUP		**-12**	**-11**	**-7**	**-10**	**18**	**6**	**4**	**4**	**3**	**-0**		**-5**

At December 31, 2015, the breakdown of derivatives by maturity date and the amortization schedule for the corresponding interest flows were as follows:

in millions of euros	DERIVATIVES OF KLEPIERRE GROUP											
Hedging relationship	**Currency**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**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 GROUPE		**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 thousands of euros*	Fair value net of accrued interest as of 06/36/2016	Change in fair value during 2016	Counterparty
Cash flow hedge	-82,0	-11,5	Shareholders' equity
Fair value hedge	63,9	-5,9	Borrowings
Trading	-3,7	-7,0	Earnings
TOTAL	**-21,8**	**-24,4**	

5.14.2. Exchange rate hedging

Klépierre manages its exposure to foreign exchange risk linked to the holding of Turkish malls with rents denominated in USD, by selling forward USD (261.5 million USD) against euros. These transactions are qualified of Net Investment Hedges.

5.15. Long-term provisions

Decreased by 23.2 million euros, provisions amount to 19.9 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 8.6 million euro provision to cover the risk relating to tax litigations.

The remaining balance of 11.3 million euros mainly concerns provisions for litigation and provisions for other business-related risks (tenants, warranty claims, etc.).

5.16. Social and tax liabilities and other liabilities

in millions of euros	06/30/2016	12/31/2015
Social and tax liabilities	**176,2**	**192,2**
Staff and related accounts	32,1	35,6
Social security and other bodies	12,8	15,5
Tax payables		
* Corporate income tax	33,6	39,7
* VAT	54,2	59,6
Other taxes and duties	43,4	41,8
Other liabilities	**363,0**	**298,7**
Creditor customers	23,6	17,1
Prepaid income	56,3	51,4
Other liabilities	283,1	230,2

The 23.6 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 96.2 million euros at June 30, 2016, compared to 74.8 million euros at December 31, 2015.

6. NOTES TO THE FINANCIAL STATEMENTS: COMPREHENSIVE INCOME STATEMENT

6.1. Gross rental income

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.

6.2. Land expenses (real estate)

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 investment property, tangible and intangible assets

Depreciation and impairment allowance on investment properties and other fixed assets, amount to 266.9 million euros, an increase of 32.5 million euros.

This figure includes asset impairment allowances net of reversals for 59.2 million euros, up by 24.1 million euros. Depreciation on investment property amounts to 200.3 million euros, up by 9.4 million euros compared to June 2015. Moreover the depreciation and impairment allowance on intangible and tangible assets decreased by 1 million euros over the period.

6.7. Income from disposals of investment properties and equity investments

Income from disposals totaled 7.3 million euros and mainly resulted from the disposal of:

- An office project in Pantin (France),
- an Italian shopping center in Caserta,
- a retail unit and a warehouse in France.

Income from disposals also includes transfer costs and related expenses.

6.8. Net cost of debt

The net cost of debt amounts to 84.5 million euros, compared to 111.9 million euros at June 30, 2015.

The decrease in net cost of debt comes from debt restructuring (bonds buy back, US Private placement repayment and hedging adjustments) that was implemented in 2015.

in millions of euros	06/30/2016	06/30/2015
Financial income	**61,6**	**81,4**
Income from sale of securities	0,1	0,0
Interest income on swaps	28,9	54,8
Deferral of payments on swaps	0,1	0,2
Capitalized interest	6,5	1,3
Interest on associates' advances	6,4	3,8
Sundry interest received	2,3	4,0
Other revenue and financial income	4,4	5,4
Currency translation gains	12,9	11,8
Financial expenses	**-146,1**	**-193,3**
Expenses from sale of securities		
Interest on bonds	-90,8	-78,2
Interest on loans from credit institutions	-13,5	-59,2
Interest expense on swaps	-22,7	-37,8
Deferral of payments on swaps	-14,7	-33,8
Interest on associates' advances	-1,1	-0,6
Sundry interest paid	-1,0	0,0
Other financial expenses	-11,3	-19,7
Currency translation losses	-13,0	-9,7
Transfer of financial expenses	2,5	8,7
Amortization of the fair value of debt(1)	19,7	37,1
Net cost of debt	**-84,5**	**-111,9**

(1) Corresponds to the amortization of the market value adjustment of Corio's debt at the acquisition date

7. TAXES

in millions of euros	06/30/2016	06/30/2015
Current tax	-25,5	-13,1
Deferred tax	-1,4	-6,8
Total	**-26,9**	**-19,9**

The Group's tax expense stands at -26.9 million euros at June 30, 2016, compared to -19.9 million euros at June 30, 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:

in millions of euros	France		Foreign companies	Total
	SIIC sector	*Common law*		
Pre-tax earnings and earnings from equity-method companies	77,6	-2,6	64,7	**139,7**
Theoretical tax expense at 34.43%	-26,7	0,9	-22,3	**-48,1**
Exonerated earnings of the SIIC and SOCIMI tax regims	19,1	0,0	2,1	**21,1**
Taxable sectors				
Impact of permanent time lags	4,2	-2,0	15,9	**18,1**
Untaxed consolidation restatements	-2,4		-8,3	**-10,7**
Impact of non-capitalized losses			-4,5	**-4,5**
Assignment of non-capitalized losses	2,6	0,5		**3,1**
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	-11,6	0,3	-3,5	**-14,8**
Rate differences			8,9	**8,9**
Actual tax expense	**-14,8**	**-0,4**	**-11,8**	**-26,9**

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	06/30/2016
Investment properties	-752,0	-45,1	1,7		0,3	6,9	-788,3
Derivatives	9,1			0,8		-0,0	9,9
Losses carried forward	58,6		-9,4		-0,0	-2,4	46,8
Other items	-8,8	0,2	2,0		-0,0	2,8	-4,0
Total for entities in a net liability position	**-693,1**	**-45,0**	**-5,7**	**0,8**	**0,3**	**7,2**	**-735,6**

in millions of euros	12/31/2015	Change in scope	Change in net income	Cash flow hedging reserves	Asset, liability reclassifications	Other changes	06/30/2016
Investment properties	5,6		0,8		-0,3	-0,0	6,2
Derivatives	37,4						37,4
Losses carried forward	16,1		-0,2		0,0	-1,3	14,6
Other items	-6,1		3,7		-0,0	1,2	-1,1
Total for entities in a net asset position	**53,0**		**4,3**		**-0,3**	**-0,1**	**57,0**
NET POSITIONS	**-640,1**	**-45,0**	**-1,4**	**0,8**	**-0,0**	**7,1**	**-678,6**

The deferred tax in the income statement shows a net loss of 1.4 million euros. This gain is mainly comprised of:

- a 2.5 million euro gain resulting from the variation of deferred taxes on temporary differences related to investment properties;
- a -9.6 million euro expense, resulting from the use of losses carried forward partially offset by the activation of losses of the period;
- a 5.7 million euro gain related to the variation of other balance sheet temporary differences (including deferred taxes on translation differences and derivatives).

“Change in scope” mainly corresponds to the effect of first consolidation of Oslo City Kjøpesenter AS – Shop.

The “Other changes” column, showing a variation of 7.1 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 233.1 million euros at June 30, 2016 compared to 235.6 million euros at December 31, 2015.

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***

Variable-rate debt represents 37% of the Group's borrowings at June 30, 2016 (before hedging). It includes: bank loans (standard and mortgages), 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 deferred swaps).

Interest rate position after hedging *(in millions of euros)*	Amount	Change in financial expenses caused by a 1% increase in interest rates
Gross position before hedging (floating rate debt)	**3 423,9**	**34,2**
- Net hedge	-1 423,6	-14,2
Gross position after hedging	**2 000,3**	**20,0**
- Marketable securities	-8,4	-0,1
Net position after hedging	**1 991,9**	**19,9**

Fair value of cash flow hedge *(in millions of euros)*	Fair value net of accrued interest	Change in financial expenses caused by a 1% increase in interest rates
Cash-Flow Hedge Swaps at 06/30/2016		
. Euro-denominated portfolio	-38,6	28,2
. Steen & Strøm portfolio	-43,4	18,6
Cash-Flow Hedge Swaps at 06/30/2016	**-82,0**	**46,8**

Break down of financial borrowings after interest rate hedging:

In millions of euros	Fixed-rate borrowings Converted to fixed-rate			Variable-rate borrowings			Total gross borrowings		Average cost of debt, base 06/30/2016
	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%**
06/30/2016	7 139	2,41%	78%	2 045	0,79%	22%	9 184	2,05%	**2,11%**

N.B.: The average cost of debt, "base 06/30/2016" is calculated on the basis of the interest rates and funding structure in place at June 30, 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 June 30, 2016 the hedging rate is above the objective and is established at 78%.

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 euro bonds 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 is treated as a cash flow hedge risk under IFRS.

- ***Measurement of risk exposure and hedging strategy***

At June 30, 2016, fixed rate debt totaled 5,760 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 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 June 30, 2016, Klépierre held 8.4 million euros of marketable securities.

Cash equivalents refer only to amounts invested in French open-ended money market funds (7.4 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:

- variable-rate 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.

	06/30/2016			12/31/2015		
In millions of euros	Par value	Fair value	Change in fair value caused by a 1% increase in interst rate*	Par value	Fair value	Change in fair value caused by a 1% increase in interst rate*
Fixed-rate bonds	5 418,5	5 978,7	-251,6	5 443,5	5 805,9	-235,2
Fixed-rate bank loans	342,0	345,0	-1,3	293,8	299,8	-1,5
Other variable-rate loans	3 423,9	3 423,9		3 112,6	3 112,6	
Total	**9 184,3**	**9 747,6**	**-252,9**	**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 June 30, 2016, a 50 basis point rise in rates would have resulted in a 10.2 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 June 30, 2016 was 5.6 years, with borrowings spread between different markets (the bond market and commercial papers represent 79%, 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.

Klépierre also has unused credit lines (including bank overdrafts) totaling 2,118 million euros at June 30, 2016. These lines will be sufficient to absorb the main refinancing scheduled for the next two 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 (5,375 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 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 June 30, 2016, Klépierre holds no equities shares quoted on an exchange market other than its own shares (2,606,754 shares at June 30, 2016), which are recognized in equity at their historical cost.

9. FINANCE AND GUARANTEE COMMITMENTS

9.1. Commitments given

Commitments given *in millions of euros*	06/30/2016	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	**1 442,0**	**1 632,8**
Financial guarantees given	1 442,0	1 632,8
Commitments related to the Group's operating activities	**114,8**	**98,6**
Commitments under conditions precedent	4,6	7,8
Work completion commitments	63,6	50,8
Rental guarantees and deposits	4,0	3,9
Other commitments given	42,6	36,1
Total	**1 559,9**	**1 734,4**

9.1.1. Commitments related to the Group's consolidated scope

- ***Equity acquisition commitments***

At June 30, 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 06/30/2016	Mortgage and pledges amount as of 06/30/2016
. France (1)	36,1	235,4
. Italy	29,2	90,0
. Norway	462,1	577,6
. Sweden	443,5	481,7
. Denmark	444,8	533,7
. Spain	26,4	26,4
Total	**1 442,0**	**1 944,8**

(1) Including a mortgage for 156.1 m€ 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 mainly for the acquisition of a land for the amount of 4.6 million euros.

- ***Work completion commitments***

The work completion commitments increases by 12.8 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 (25.2 million euros), Centre Bourse (3.8 million euros), the Prado project (3.6 million euros), Carré Jaude (2.3 million euros), Portet sur Garonne (2.4 million euros) and Grand Littoral (1.2 million euros) in France, Kristianstad (15.9 million euros) in Sweden, and Principe Pio (2,7 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 include payment guarantees on amounts owed to the state (34.1 million euros), a possible compensation to be paid in case of the non-realization of a project before 2018 in Hungary 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 269.4 million euros and are related to financial warranties given to contractors mainly on Hoog Catharijne in The Netherlands (191.8 million euros) and the

Prado shopping center (75.4 million euros). Reciprocally, Klépierre received from contractors financial warranties to complete the works.

9.3. Commitments received

Commitments received *in millions of euros*	06/30/2016	12/31/2015
Commitments related to Group financing	**1 880,5**	**1 830,0**
Financing agreements obtained and not used	1 880,5	1 830,0
Commitments related to the Group's operating activities	**381,8**	**460,2**
Sale commitments	0,0	87,2
Financial warranty received in connection with management activity (Loi Hoguet)	190,0	190,0
Financial warranties received from tenants	191,8	183,0
Total	**2 262,3**	**2 290,2**

9.3.1. Commitments related to Group financing

- ***Financing agreements obtained and not used***

At June 30, 2016, Klépierre has 1,880 million euros of committed and undrawn credit lines on bilateral and syndicated loans.

An additional amount of 141 million euros is also available in the form of an uncommitted overdraft with several banks, as of June 30, 2016. Steen & Strøm has 96 million euros available credit lines as overdrafts.

9.3.2. Commitments related to the Group's operating activities

- ***Sale commitments***

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, a financial guarantee has been delivered to Klépierre Management from Credit Agricole for an amount capped at 190 million euros as of June 30, 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. Shareholders' agreements

The Group is subject to the shareholders' and partners' agreements previously signed and which correspond to those applied in 2015, as indicated in paragraph 9.4 of the notes to the consolidated financial statements at December 31, 2015. Following the demerger of the company Oslo City Kjøpesenter AS (see note 4.1), the partners' agreement between Klépierre Group and Entra remain valid only for the entity Oslo City Kjøpesenter AS-Parking owning the parking garage.

9.5. Commitments under operating leases – Lessors

The main clauses contained in the lessor's lease agreement correspond to those applied in 2015, as indicated in paragraph 9.5 of the notes to the consolidated financial statements at December 31, 2015.

At June 30, 2016, the total future minimum rents receivable under non-cancelable operating leases were as follows:

in millions of euros	06/30/2016
Less than one year	947,5
Between one and five years	1 832,1
More than five years	546,1
Total	**3 325,7**

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.

This retention commitment still applied for three finance leases acquired in 2011 and relating to real estate assets located in Roques-sur-Garonne.

10. EMPLOYEE COMPENSATION AND BENEFITS

10.1. Payroll expenses

At June 30, 2016 total payroll expenses amounted to 64.1 million euros.

Fixed and variable salaries and wages plus incentives and profit sharing totaled 48.7 million euros, pension-related expenses, retirement expenses and other staff benefits were 13.7 million euros, taxes and similar compensation-related payments were 1.7 million euros.

10.2. Employees

At June 30, 2016 the Group had in average 1,260 employees: 770 work outside France, including 171 in the Scandinavian real estate company Steen & Strøm. The average headcount of the Klépierre group at June 30, 2016 breaks down as follows:

	06/30/2016	12/31/2015
France-Belgium	490	529
Scandinavia	171	226
Italy	177	198
Iberia	124	125
The Netherlands	64	117
Germany	61	67
CEE & Turkey	174	234
Total	**1 260**	**1 496**

10.3. Employee benefits

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 defined benefit pension plans set up by Klépierre, as well as their actuarial appraisals, correspond to those indicated in section 10.3 of the notes to the Group's consolidated financial statements for the year ended December 31, 2015.

The provisions recognized for defined benefit pension plans totaled 13.3 million euros at June 30, 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	06/30/2016
Provisions for employee benefit commitments							
. Defined benefit schemes	11,1	0,2			-0,0		11,3
. Other long term benefits	1,9	0,1					2,0
Total	**13,0**	**0,3**			**-0,0**		**13,3**

The assumptions used at December 31, 2015 are given in section 10.3.2 of the notes to the Group's consolidated financial statements for the year ended December 31, 2015.

At June 30, 2016, the main assumptions used were reviewed to take into account any changes during the first semester.

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	07-avr-06	07-avr-06
Date of the Executive Board	06-avr-09	06-avr-09
Start date for exercising options	06-avr-13	06-avr-13
Expiration date	05-avr-17	05-avr-17
Subscription or purchase price	22,60	between 22,6 and 27,12
Stock purchase options originally granted before any adjustment	377 750	103 250
Stock purchase options originally granted (number adjusted to reflect the division of the face value per 3 and the discount of preferential rights granted for the capital increase of December 2008)	NA	NA
Stock purchase options canceled or obsolete at June 30, 2016	46 000	7 500
Stock purchase options exercised at June 30, 2016	303 650	80 438
Outstanding stock purchase options at June 30, 2016 (after additional adjustment to reflect the discount of preferential rights granted for the capital increase of December 2008)	28 100	15 312

	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	09-avr-09	09-avr-09	09-avr-09	09-avr-09
Date of the Executive Board	21-juin-10	21-juin-10	27-mai-11	27-mai-11
Start date for exercising options	21-juin-14	21-juin-14	27-mai-15	27-mai-15
Expiration date	20-juin-18	20-juin-18	26-mai-19	26-mai-19
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 before any adjustment	403 000	90 000	492 000	114 000
Stock purchase options canceled or obsolete at June 30, 2016	69 000		120 000	6 000
Stock purchase options exercised at June 30, 2016	264 840	33 300	136 777	1 500
Outstanding stock purchase options at June 30, 2016	69 160	56 700	235 223	106 500

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.

The features of the plans are unchanged and can be consulted in section 10.4 of the notes to the Group's consolidated financial statements for the year ended December 31, 2015.

10.5. Free shares

There are currently five free shares plans in place for Group executives and employees.

10.5.1. Summary data

Plan authorized in 2012	Plan no. 1				
	FRANCE			*FOREIGN COUNTRIES*	
	Without performance conditions	Without performance conditions	With performance conditions	Without performance conditions	With performance conditions
Date of the general meeting of shareholders	4/12/2012	4/12/2012	4/12/2012	4/12/2012	4/12/2012
Date of the Executive Board	10/23/2012	10/23/2012	10/23/2012	10/23/2012	10/23/2012
End of period of acquisition	1/31/2016	10/23/2015	10/23/2015	10/23/2016	10/23/2016
End of period of conservation	1/31/2018	10/23/2017	10/23/2017	-	-
Shares originally granted	40 000	22 100	159 000	13 600	25 500
Shares canceled at June 30, 2016		850		5 100	9 350
Reduction of shares with performance in 2016			13 499		1 446
Shares definitively acquired in 2016	40 000	21 250	145 501		
Outstanding shares at June 30, 2016	0	0	0	8 500	14 704

Plan authorized in 2013	Plan n°2	
	With performance conditions	
	FRANCE	*FOREIGN COUNTRIES*
Date of the general meeting of shareholders	4/12/2012	4/12/2012
Date of the Executive Board	2/25/2013	2/25/2013
End of period of acquisition	2/25/2016	2/25/2017
End of period of conservation	2/25/2018	-
Shares originally granted	230 000	25 000
Shares canceled at June 30, 2016	8 000	2 000
Reduction of shares with performance in 2016	123 832	12 834
Shares definitively acquired in 2016	98 168	
Outstanding shares at June 30, 2016	0	10 166

Plan authorized in 2014	Plan n°3	
	With performance conditions	
	FRANCE	*FOREIGN COUNTRIES*
Date of the general meeting of shareholders	4/12/2012	4/12/2012
Date of the Executive Board	3/10/2014	3/10/2014
End of period of acquisition	3/10/2017	3/10/2018
End of period of conservation	3/10/2019	-
Shares originally granted	208 000	47 500
Shares canceled at June 30, 2016	0	9 500
Outstanding shares at June 30, 2016	208 000	38 000

Plan authorized in 2015	Plan n°4	
	With performance conditions	
	FRANCE	*FOREIGN COUNTRIES*
Date of the general meeting of shareholders	4/14/2015	4/14/2015
Date of the Executive Board	5/4/2015	5/4/2015
End of period of acquisition	5/4/2018	5/4/2019
End of period of conservation	5/4/2021	5/4/2023
Shares originally granted	235 059	52 500
Additional shares granted	0	2 400
Shares canceled at June 30, 2016	2 000	7 500
Outstanding shares at June 30, 2016	233 059	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 authorized in 2016	Plan n°5	
	With performance conditions	
	FRANCE	*FOREIGN COUNTRIES*
Date of the general meeting of shareholders	4/19/2016	4/19/2016
Date of the Executive Board	5/2/2016	5/2/2016
End of period of acquisition	5/2/2019	5/2/2020
End of period of conservation	5/2/2021	5/2/2020
Shares originally granted	240 500	84 000
Additional shares granted	0	0
Shares canceled at June 30, 2016	0	0
Outstanding shares at June 30, 2016	240 500	84 000

The total expense recognized for the period for all free share plans amounts to 1.8 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.

ADDITIONAL INFORMATION

10.6. Disclosures about the fair value model

Klépierre chose to apply the IAS 40 cost model and, as a result, must disclose the fair value of investment property in the notes to the financial statements.

Comprehensive income statement at fair value (EPRA model) *in millions of euros*	**06/30/2016 Fair value model**	**06/30/2015 Fair value model**
Gross rental income	603,9	609,2
Land expenses (real estate)	-7,5	-9,9
Non-recovered rental expenses	-43,1	-43,3
Building expenses (owner)	-17,3	-30,0
Net rental income	***536,1***	***526,0***
Management, administrative and related income	43,8	45,2
Other operating revenue	6,1	8,8
Change in the fair value of investment property	398,4	315,5
Survey and research costs	-0,2	-0,8
Payroll expenses	-64,1	-83,6
Other general expenses	-31,8	-38,8
Depreciation and impairment allowance on investment property	0,0	0,0
Depreciation and impairment allowance on intangible assets and property, plant and equipment	-7,3	-8,3
Provisions	1,6	0,6
Proceeds from disposal of investment properties and equity investments	94,9	54,8
Net book value of investment property and equity investments sold	-87,4	-60,2
Income from the disposal of investment property and equity investments	**7,6**	**-5,4**
Goodwill impairment	**0,0**	**0,0**
Operating income	**890,1**	**759,1**
Net dividends and provisions on non-consolidated investments	0,0	0,0
Financial income	*61,6*	*81,4*
Financial expenses	*-146,1*	*-193,3*
Net cost of debt	-84,5	-111,9
Change in the fair value of financial instruments	-7,0	-3,6
Share in earnings of equity method investees	51,2	30,6
Profit before tax	**849,9**	**674,2**
Corporate income tax	-147,6	-102,2
Net income of consolidated entity	**702,4**	**572,0**
of which		
Group share	*549,5*	*490,5*
Non-controlling interests	*152,9*	*81,5*
Undiluted average number of shares	**311 719 983**	**308 661 324**
Undiluted net income per share (euro) - Group share	**1,8**	**1,6**
Diluted average number of shares	**311 719 983**	**308 661 324**
Diluted net income per share (euro) - Group share	**1,8**	**1,6**

in millions of euros	06/30/2016 Fair value model	06/30/2015 Fair value model
Net income of consolidated entity	**702,4**	**572,0**
Other comprehensive income items recognized directly as equity	**-19,5**	**83,8**
Effective portion of profits and losses on cash flow hedging instruments (IAS 39)	2,7	49,1
Translation profits and losses	-21,5	28,0
Tax on other comprehensive income items	0,8	2,2
Items that will be reclassified subsequently to profit or loss	**-18,1**	**79,4**
Result from sales of treasury shares	-1,5	4,5
Actuarial gains	0,0	-0,1
Items that will not be reclassified subsequently to profit or loss	**-1,4**	**4,4**
Share of other comprehensive income items of equity method investees	0,0	0,0
Total comprehensive income	**682,9**	**655,8**
Of which		
Group share	*531,4*	*561,0*
Non-controlling interests	*151,5*	*94,8*
Undiluted comprehensive earnings per share (euro) - Group Share	**1,7**	**1,8**
Diluted comprehensive earnings per share (euro) - Group share	**1,7**	**1,8**

Consolidated statement of financial position (EPRA model) in millions of euros	06/30/2016 Fair value model	12/31/2015 Fair value model
Goodwill	645,6	612,5
Intangible assets	43,4	45,7
Property, plant and equipment and work in progress	20,4	20,6
Investment property at fair value	19 395,0	18 750,5
Investment property at cost	1 055,7	1 076,1
Equity method securities	1 188,4	1 455,9
Other non-current assets	372,9	371,8
Non-current derivatives	71,0	96,5
Deferred tax assets	77,1	67,6
NON-CURRENT ASSETS	***22 869,5***	***22 497,1***
Fair value of property held for sale	168,6	23,9
Trade accounts and notes receivable	144,5	164,3
Other receivables	384,3	380,3
Tax receivables	*136,5*	*180,4*
Other debtors	*247,9*	*199,9*
Current derivatives	10,1	4,3
Cash and cash equivalents	570,0	413,7
CURRENT ASSETS	***1 277,5***	***986,5***
TOTAL ASSETS	**24 147,0**	**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	2 682,1	2 949,5
Treasury shares	-69,9	-78,4
Hedging reserves	-98,0	-104,0
Fair value of investment property	3 995,9	2 990,8
Other consolidated reserves	-1 145,9	141,3
Consolidated earnings	549,5	274,7
Shareholders' equity, group share	9 533,7	9 526,4
Non-controlling interests	2 307,0	2 202,9
SHAREHOLDERS' EQUITY	***11 840,7***	***11 729,3***
Non-current financial liabilities	6 751,4	6 714,1
Long-term provisions	19,9	43,1
Pension commitments	13,3	13,0
Non-current derivatives	86,8	76,2
Security deposits and guarantees	141,9	145,7
Deferred tax liabilities	1 343,4	1 176,9
NON-CURRENT LIABILITIES	***8 356,7***	***8 169,0***
Current financial liabilities	2 827,9	2 584,0
Bank facilities	343,8	265,1
Trade payables	204,9	227,1
Payables to fixed asset suppliers	20,3	17,7
Other liabilities	363,0	298,7
Current derivatives	13,4	0,5
Social and tax liabilities	176,2	192,2
CURRENT LIABILITIES	***3 949,6***	***3 585,4***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24 147,0**	**23 483,6**

Comprehensive income statement at fair value (EPRA model) in millions of euros	**06/30/2016 Cost model**	**Fair value restatements**	**06/30/2016 Fair value model**
Gross rental income	603,9		603,9
Land expenses (real estate)	-7,7	0,3	-7,5
Non-recovered rental expenses	-43,1		-43,1
Building expenses (owner)	-17,8	0,5	-17,3
Net rental income	***535,3***	***0,8***	***536,1***
Management, administrative and related income	43,8		43,8
Other operating revenue	6,1		6,1
Change in the fair value of investment property	0,0	398,4	398,4
Survey and research costs	-0,2		-0,2
Payroll expenses	-64,1		-64,1
Other general expenses	-31,8		-31,8
Depreciation and impairment allowance on investment property	-259,6	259,6	0,0
Depreciation and impairment allowance on intangible assets and property, plant and equipment	-7,3		-7,3
Provisions	1,6		1,6
Proceeds from disposal of investment properties and equity investments	94,9		94,9
Net book value of investment property and equity investments sold	-87,6	0,3	-87,4
Income from the disposal of investment property and equity investmen	***7,3***	***0,3***	***7,6***
Goodwill impairment	***0,0***		***0,0***
Operating income	**231,2**	**659,0**	**890,1**
Financial income	*61,6*		*61,6*
Financial expenses	*-146,1*		*-146,1*
Net cost of debt	-84,5		-84,5
Change in the fair value of financial instruments	-7,0		-7,0
Share in earnings of equity method investees	8,8	42,5	51,2
Profit before tax	**148,511**	**701,4**	**849,9**
Corporate income tax	-26,9	-120,7	-147,6
Net income of consolidated entity	**121,6**	**580,8**	**702,4**
of which			
Group share	*97,9*	*451,6*	*549,5*
Non-controlling interests	*23,7*	*129,2*	*152,9*
Undiluted average number of shares	**311 719 983**		**311 719 983**
Undiluted net income per share (euro)	**0,3**		**1,8**
Diluted average number of shares	**311 719 983**		**311 719 983**
Diluted net income per share (euro)	**0,3**		**1,8**

in millions of euros	06/30/2016 Cost model	Fair value restatements	06/30/2016 Fair value model
Net income of consolidated entity	**121,6**	**580,8**	**702,4**
Other comprehensive income items recognized directly as equity	**-10,6**	**-8,9**	**-19,5**
Effective portion of profits and losses on cash flow hedging instruments (IAS 39)	2,7		2,7
Translation profits and losses	-12,6	-8,9	-21,5
Tax on other comprehensive income items	0,8		0,8
Items that will be reclassified subsequently to profit or loss	**-9,2**	**-8,9**	**-18,1**
Result from sales of treasury shares	-1,5		-1,5
Actuarial gains	0,0		0,0
Items that will not be reclassified subsequently to profit or loss	**-1,4**		**-1,4**
Share of other comprehensive income items of equity method investees	0,0		0,0
Total comprehensive income	**111,0**	**571,9**	**682,9**
Of which			
Group share	*88,8*	442,5	*531,4*
Non-controlling interests	*22,2*	129,3	*151,5*
Undiluted comprehensive earnings per share (euro)	**0,3**		**1,7**
Diluted comprehensive earnings per share (euro)	**0,3**		**1,7**

Consolidated statement of financial position (EPRA model) *in millions of euros*	**06/30/2016 Cost model**	**Fair value restatements**	**06/30/2016 Fair value model**
Goodwill	867,6	-222,1	645,6
Intangible assets	43,4		43,4
Property, plant and equipment and work in progress	20,4		20,4
Investment property	13 894,0	-13 894,0	
Investment property under construction	806,6	-806,6	
Investment property at fair value		19 395,0	19 395,0
Investment property at cost		1 055,7	1 055,7
Equity method securities	851,2	337,3	1 188,4
Other non-current assets	372,9		372,9
Non-current derivatives	71,0		71,0
Deferred tax assets	57,0	20,1	77,1
NON-CURRENT ASSETS	***16 984,1***	***5 885,4***	***22 869,5***
Investment property held for sale	155,1	-155,1	
Fair value of property held for sale		168,6	168,6
Trade accounts and notes receivable	144,5		144,5
Other receivables	416,0	-31,6	384,3
Tax receivables	*136,5*		*136,5*
Other debtors	*279,5*	*-31,6*	*247,9*
Current derivatives	10,1		*10,1*
Cash and cash equivalents	570,0		570,0
CURRENT ASSETS	***1 295,7***	***-18,2***	***1 277,5***
TOTAL ASSETS	**18 279,8**	**5 867,2**	**24 147,0**
Share capital	440,1		440,1
Additional paid-in capital	5 818,1		5 818,1
Legal reserves	44,0		44,0
Consolidated reserves	-1 060,9	3 743,0	2 682,1
Treasury shares	*-69,9*		*-69,9*
Hedging reserves	*-98,0*		*-98,0*
Fair value of investment property		*3 995,9*	*3 995,9*
Other consolidated reserves	*-893,0*	*-252,9*	*-1 145,9*
Consolidated earnings	97,9	451,6	549,5
Shareholders' equity, group share	5 339,1	4 194,6	9 533,7
Non-controlling interests	1 242,2	1 064,8	2 307,0
SHAREHOLDERS' EQUITY	***6 581,3***	***5 259,4***	***11 840,7***
Non-current financial liabilities	6 751,4		6 751,4
Long-term provisions	19,9		19,9
Pension commitments	13,3		13,3
Non-current derivatives	86,8		86,8
Security deposits and guarantees	141,9		141,9
Deferred tax liabilities	735,6	607,8	1 343,4
NON-CURRENT LIABILITIES	***7 748,9***	***607,8***	***8 356,7***
Current financial liabilities	2 827,9		2 827,9
Bank facilities	343,8		343,8
Trade payables	204,9		204,9
Payables to fixed asset suppliers	20,3		20,3
Other liabilities	363,0		363,0
Current derivatives	13,4		13,4
Social and tax liabilities	176,2		176,2
CURRENT LIABILITIES	***3 949,6***		***3 949,6***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**18 279,8**	**5 867,2**	**24 147,0**

10.7. Transactions with related parties

10.7.1. Transactions with the Simon Property Group

At company's knowledge, the Simon Property Group holds a 20.3% equity stake in Klépierre SA as of June 30, 2016.

At this date, there is no reciprocal transaction between the two companies.

10.7.2. Transactions with the APG Group

At company's knowledge, the APG Group holds a 13.09% equity stake in Klépierre SA as of June 30, 2016.

An inflation linked loan of an initial amount of 200 million euros for seven years was granted in 2009 by a related party of APG. The balance of this loan equals to 219.7 million euros as of June 30, 2016 and the amount of interests due for 2016 totals 3.4 million euros.

10.7.3. Relationships between Klépierre group consolidated companies

A full list of Klépierre group companies is given in section 4 "Scope of consolidation".

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 fully eliminated.

The following tables show the positions and reciprocal transactions of companies consolidated using the equity method (over which the Group has significant influence or a joint control) that have not been eliminated.

Balance sheet positions with related parties at period-end

in millions of euros	06/30/2016	12/31/2015
	Companies consolidated using the equity method	Companies consolidated using the equity method
Non-current assets	314,7	331,2
NON-CURRENT ASSETS	**314,7**	**331,2**
Trade accounts and notes receivable	4,9	15,2
Other receivables	10,1	8,0
CURRENT ASSETS	**15,0**	**23,2**
TOTAL ASSETS	**329,7**	**354,4**
Non-current financial liabilities	6,9	1,9
NON-CURRENT LIABILITIES	**6,9**	**1,9**
Trade payables	0,1	2,5
Other liabilities	0,2	1,6
CURRENT LIABILITIES	**0,3**	**4,1**
TOTAL LIABILITIES	**7,2**	**6,0**

"Income" items related to transactions with related parties

in millions of euros	06/30/2016 Companies consolidated using the equity method	06/30/2015 Companies consolidated using the equity method
Management, administrative and related income	4,2	1,6
Operating income	**4,2**	**1,6**
Net cost of debt	5,9	3,3
Profit before tax	**10,1**	**4,9**
Net income of the consolidated entity	**10,1**	**4,9**

Most of these items relate to management and administration fees and income on financing arrangements for these companies' businesses.

10.7.4. Post-employment benefit plans

The main post-employment benefits are severance pay and defined benefit or defined contribution pension plans.

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

10.8. 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.

It is mentioned that part of the land of the Anatolium shopping center is subject to a jurisdictional action since 2012 involving Bursa Municipality (Turkey) and previous land owners. Should any adverse court decision be taken, Klépierre preserves its rights to request compensation from the municipality.

10.9. Post-balance sheet date events

No event

10.10. Identity of the consolidating companies

At June 30, 2016, Klépierre is consolidated using the equity method by Simon Property Group and the APG Group which hold respectively a 20.3% and a 13.09% stake in the equity of Klépierre (including treasury shares).

KLEPIERRE

Société Anonyme
26, boulevard des Capucines
75009 Paris

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

Period from January 1 to June 30, 2016

ERNST & YOUNG Audit

SIEGE SOCIAL : 1/2, PLACE DES SAISONS - 92400 COURBEVOIE – PARIS-LA DEFENSE 1

SOCIETE PAR ACTIONS SIMPLIFIEE D'EXPERTISE COMPTABLE ET DE COMMISSARIAT AUX COMPTES
CAPITAL VARIABLE - RCS NANTERRE 344 366 315

DELOITTE & ASSOCIES

HEAD OFFICE : 185, AVENUE CHARLES DE GAULLE - 92200 NEUILLY-SUR-SEINE

SOCIETE ANONYME D'EXPERTISE COMPTABLE ET DE COMMISSARIAT AUX COMPTES
EQUITY: € 1 723 040 - RCS NANTERRE 572 028 041

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

This is a free translation into English of the Statutory Auditors' review 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 auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*"Code Monétaire et Financier"*), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Klépierre covering the period January 1 to June 30, 2016;
- the verification of the information contained in the interim management report.

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

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the interim management report commenting the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Signed in Paris-La-Défense and in Neuilly-sur-Seine, July 26, 2016

The statutory auditors

French original signed by

ERNST & YOUNG Audit	**Deloitte & Associés**	
Bernard Heller	Joël Assayah	José Luis Garcia

STATEMENT OF THE PERSON RESPONSIBLE

Paris – July 26, 2016

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

Laurent MOREL
Chairman of the Executive Board

PERSONS RESPONSIBLE FOR AUDITS

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185, avenue Charles de Gaulle
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José Luis Garcia/Joël Assayah
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End of term: fiscal year 2021.

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Bernard Heller
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End of term: fiscal year 2021.

PERSON RESPONSIBLE FOR FINANCIAL DISCLOSURES

Jean-Michel GAULT
Member of the Executive Board, Deputy CEO
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