REGISTRATION DOCUMENT

2018

KLEPIERRE

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KLEPIERRE

REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

2018

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

*This registration document was filed with the French financial markets authority (*Autorité des marchés financiers *– AMF) on March 6, 2019, in accordance with article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction only if supplemented by an offering memorandum that has received approval from the AMF. This document has been prepared by the issuer and is binding upon its signatories.*

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


KUSMI TEA

1

GROUP OVERVIEW

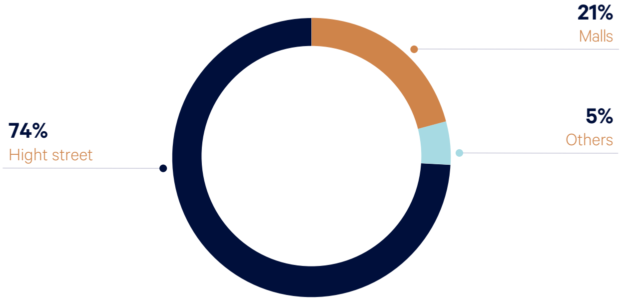
1.1 BUSINESS ENVIRONMENT, ECONOMIC MODEL AND STRATEGY

Klépierre is the owner and operator of the leading shopping center platform in Europe. The Group has a property portfolio of more than 100 leading shopping centers, attracting 1.1 billion visitors each year and valued at €24.4 billion as of December 31, 2018.

1.1.1 Business environment

The retail property market in which Klépierre operates is a highly fragmented one. In the countries where Klépierre has operations, 74% of the retail space (in GLA; Gross Leasable Area) is located on the high street, 21% in shopping centers and 5% in other property segments (retail parks, outlets).

▶ RETAIL PROPERTY MARKET BY TYPE OF PROPERTY IN 2018(1)



In an environment where online sales represent 6% of overall retailer sales(2) and keep growing, retailers are adjusting their strategy to deploy an omnichannel offer to adapt to consumers who want to seamlessly shop over the two segments (instore and online). This strategy has implications for the format and number of stores that retailers are developing, with the aim of maximizing synergies between online and physical stores.

Klépierre is the main landlord of Europe's largest retailers such as Inditex (196 stores in Klépierre malls), Bestseller (81 stores) H&M (80 stores), Sephora (53 stores), McDonald's (59 stores), Calzedonia (134 stores) and Primark (11 stores).

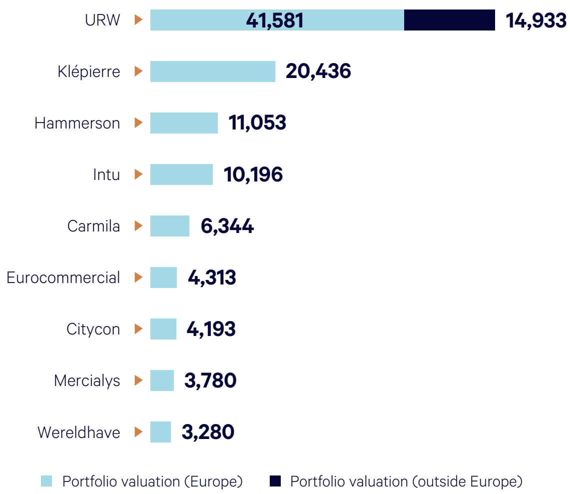
▶ NUMBER OF STORES FOR A SAMPLE OF EUROPEAN RETAILERS AS OF DECEMBER 31, 2018

INDITEX 196 stores	SEPHORA 53 stores	PRIMARK 11 stores	GrandVision 110 stores
JD 34 stores	H&M 80 stores	BESTSELLER 81 stores	PANDORA 43 stores
M 59 stores	CALZEDONIA 134 stores	YVES ROCHER 75 stores	RITUALS... 28 stores

This unique exposure to retailers is a key competitive edge as it provides Klépierre with in-depth knowledge of its customers' business models. Combined with the quality of its mall platform, Klépierre is able to compete favorably with the high street segment and other listed mall owner companies, with distinctive retailers favoring Klépierre to extend their store networks and implement their newest store concepts. This translates into the solid pace of growth registered by Klépierre over recent years (see section 1.2 on key figures).

On the shopping center segment, Klépierre's main listed competitors include Unibail Rodamco Westfield (operating in the US, the UK and Continental Europe), Hammerson (UK, Ireland and France), Intu (UK and Spain), Eurocommercial (France, Italy, Sweden, and Belgium), Carmila (France, Italy, Spain), Wereldhave (France, Netherlands, Belgium) and Mercialys (France).

▶ VALUE OF THE PROPERTY PORTFOLIO OF MAIN LISTED RETAIL REITS AT YEAR END 2018
(in €m, Group share, including transfer taxes)

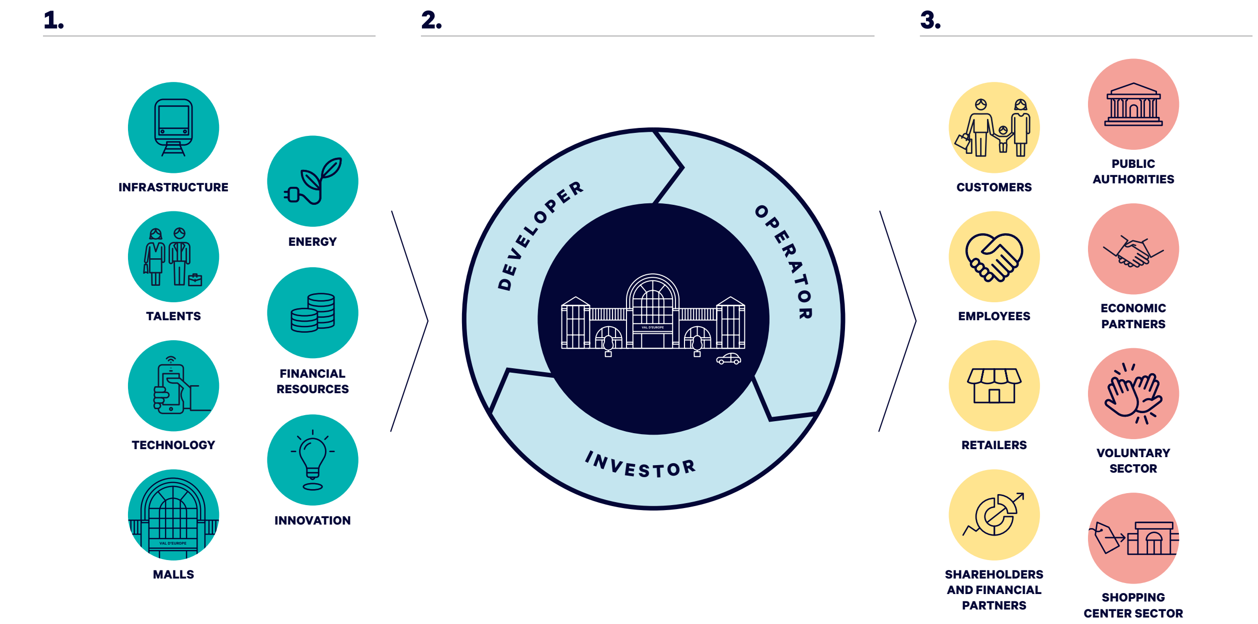


Source: Company disclosures. For URW, retail portfolio only.

(1) *Source: PwC Strategy& study on shopping malls in Continental Europe, October 2018.*

(2) *Average figures for the countries where Klépierre operates. Source: PwC Strategy& study on shopping malls in Continental Europe, October 2018.*

1.1.2 Economic model



1. INPUTS AND RESOURCES

Infrastructure
Transport infrastructure are essential to the success of shopping centers. As such, the Group depends on the good quality of said infrastructure and its maintenance in the urban areas where it operates.

Energy
In 2018, Klépierre used 469 GWh of energy, mostly from electricity and urban cooling or heating, to run its shopping centers.

Talents
Klépierre needs talented staff to operate a large portfolio of malls, find the right retail mix in each location, and invest in its properties. In 2018, the Group hired more than 200 new people in various positions across Europe for a total headcount of 1,213 as at year-end 2018.

Financial resources
Property investment is a capital-intensive business. Klépierre, whose shares are publicly traded on the Paris stock market, had a market capitalization of around €9 billion at the end of 2018. The Group had debt of €9 billion, two-thirds of which stemming from the bond market.

Technology
Klépierre tests and uses new technology in a number of fields such as maintenance, safety, digital marketing and IT.

Innovation
To best support the retail transformation, Klépierre needs to find innovative solutions. Through “Klépierre ID”, its open innovation platform, Klépierre reaches out to dozens of start-ups that can test new services in its shopping malls.

Malls
Klépierre owns more than 100 leading malls in 16 European countries giving access to 150 million consumers and attracting 1.1 billion visitors each year.

2. OUR UNIQUE APPROACH

INVESTOR
By the end of 2018 the Group’s portfolio consisted of more than 100 leading malls with a combined gross asset value of €24 billion. They are typically located in urban areas that are sought-after destinations for major retailers, and represent the dominant assets in their catchment area.

OPERATOR
In 2018 Klépierre managed more than 12,000 stores and attracted more than 1.1 billion visitors to its shopping centres. The Group offers compelling retail and leisure facilities for visitors and dynamic and adaptable space for retailers.

DEVELOPER
The development pipeline represents approximately 10% of the Group’s portfolio and focuses on value added opportunities through the refurbishment and expansion of existing assets to increase their competitive positioning with tenants and visitors.

3. VALUE CREATION

PRIMARY STAKEHOLDERS

1.1 billion visits
Value generated:
- Positive customer experience increasing visitor loyalty and sustaining operational results
- Innovative services and leisure facilities that meet visitor demand for new experiences

1,200+ employees
Value generated:
- Improved productivity and employee well-being
- Increased human capital development
- Access to a diverse talent pool
- Recruitment, compensation and career growth

12,000+ leases in place
Value generated:
- Strengthened relationships
- Knowledge sharing and support to meet changing consumer expectations
- Reduced risks and operating costs through joint action on social and environmental initiatives

€589 million in dividends distributed
Value generated:
- Profit for shareholders
- Long-term financial returns and business continuity

SECONDARY STAKEHOLDERS

€91 million in local taxes
Value generated:
- Local economic development
- Contribution to urban planning and local infrastructure
- Social inclusion and cultural promotion

€342 million operational budget
Value generated:
- Improved service quality benefiting tenants and visitors
- Promotion of innovative partners through knowledge sharing
- Reduction of reputational risks from the dissemination of responsible procurement practices

76% of mall space (in value) offered for use by local initiatives
Value generated:
- Increased exposure and fundraising opportunities
- Strengthened ties with our local areas

20 meetings with European peers on sustainability in 2018
Value generated:
- Promotion of industry best practice and knowledge sharing

1.1.3 Strategy

Since 2013, Klépierre has focused on shopping centers only and has constantly upgraded the quality of its portfolio by pursuing a clear strategy aimed at anticipating retail trends to continuously enrich the shopping experience in the malls it owns and manages.

A leading, pan-European platform

Located in the most attractive regions in Continental Europe, Klépierre shopping centers offer international brands unique locations that enable them to develop and enjoy access to more than 150 million consumers in more than 50 cities.

The relevance of the Klépierre platform is built on a dense network of high potential territories. The Group targets Continental European metropolitan areas whose demographic or economic growth exceeds the national average and that offer opportunities to strengthen its positions. Klépierre is positioned in large catchment areas, wealthy regions and in growing cities.

The principal assets, whether they were developed by the Group or recently acquired, occupy leading positions in the heart of their catchment area.

Shop. Meet. Connect.®

In early 2018, Klépierre adopted a new baseline that better encapsulates its vision of a mall: Shop. Meet. Connect.® The Group develops shopping centers as local hubs where people can:

> **Shop,** because Klépierre is convinced that the type of physical retail it offers will continue to expand and flourish. Shoppers like going to Klépierre's shopping centers because they are places where new products are best showcased and brand loyalty is actually built and strengthened;

> **Meet**, because customers are looking for more than just shopping when they come to a mall. They are looking to have an experience;

> **Connect**, because Klépierre's shopping centers are not only part of retail's transformation to phygital, by integrating retailers' omnichannel platforms and offering digital services, they are also at the center of local ecosystems where multiple and diverse communities interact.

Customer-centric mall management

Over many years, Klépierre has been evolving from a mere property owner to a retail-focused company concentrating its efforts on better serving its primary customers: retailers.

Retailers are experiencing the fast and profound revolution of their industry. Klépierre facilitates their transformation by creating the conditions for the renewal of physical retail. This is the main purpose of its "Retail First" initiative.

Klépierre also pays increasing attention to its end customers through an active marketing policy and specific mall design guidelines, both aimed at enhancing the customer experience in its malls. This attention is embodied in two concepts that supplement Klépierre's client-centric management: Let's Play® and Clubstore®.

Retail First

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

Retail First consists of several initiatives that Klépierre implements as part of its leasing management. The main two are:

> **Right-sizing** which aims at ensuring that retailers are able to offer the right format at the right location. In many cases, it implies expanding or reducing the size of their stores, and/or relocating them in more appropriate sites within a given shopping center;

> **Destination Food®,** a comprehensive plan to develop and enhance the food and beverage offer in Klépierre malls.

Let's Play®

Let's Play® sums up the positioning of Klépierre malls. It consists of promoting shopping as a game and infusing a "retailtainment" spirit into all Klépierre shopping centers. Marketing efforts are harmonized across the portfolio to foster high-quality events and services that enrich the customer experience, always with a twist of fun.

Clubstore®

Clubstore® is Klépierre's comprehensive approach to the customer experience. The Group has developed a holistic set of detailed standards with respect to 15 touch points with customers, from digital access to welcome desks, from parking to storefronts, from lighting to sound and smell, from break zones to kids' entertainment, etc. These standards are being rolled out across the portfolio to offer a sense of hospitality and a seamless journey to all who visit Klépierre malls.

Corporate and social responsibility policy: Act for Good®

In late 2017, Klépierre launched a new CSR approach: Act for Good® with Klépierre. This approach, which was developed with external stakeholders further combines the requirements of operational excellence with environmental, societal, and social performance. Act for Good® with Klépierre rests on three pillars:

> **"Act for the Planet,"** which sums up the Group's ambition to make a positive contribution to the environment. Over the last six years, Klépierre has achieved excellent environmental results it can draw on in order to speed up innovation and differentiation across its industry;

> **"Act for Territories,"** which illustrates the importance of the Group's local involvement in the regions in which it operates. While Klépierre malls pursue many local initiatives, this pillar is intended both to oversee these initiatives and increase their visibility, while strengthening the socio-economic fabric around its centers. It is being developed around employment, citizen engagement and the co-design of tomorrow's shopping centers;

> **"Act for People,"** which is about the people involved with our shopping centers. It is devoted to the well-being of our visitors, our employees and our retail tenants' employees. It engages all of the communities with which the Group interacts and promotes value creation for everyone.

Each of the three pillars is broken down into specific quantified commitments, with a five-year timeframe (2022) supplemented by medium-term goals (2030). These commitments as well as achievements for 2018, are described in section 4 "Non-financial statement."

Targeted development and strict financial discipline

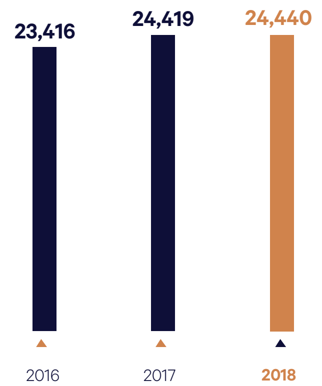
Based on a conservative approach to risk management and constant asset value enhancement, the Group's development strategy favors the extension-refurbishment of shopping centers that have already carved out strong competitive positions. However, it does not rule out designing and developing new projects in its preferred regions that are exceptional due to their locations and quality.

Klépierre also works to constantly improve its debt conditions and its financial profile. Since April 2014, the Group has enjoyed an A– credit rating from Standard & Poor's, placing it among the world's top three real estate companies. This financial strength is further buttressed by robust operating results, a tightly-managed debt level, and a high level of hedging, ensuring efficient access to the capital markets.

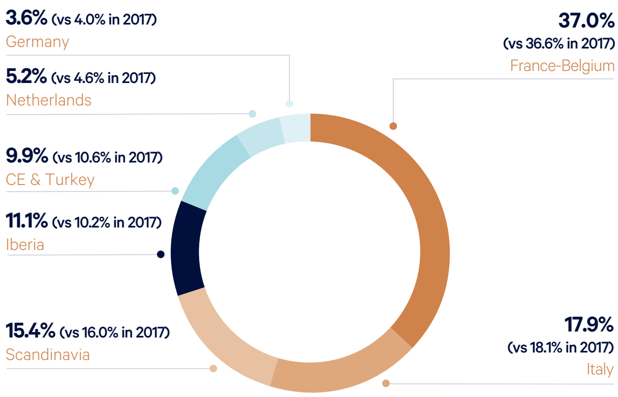
1.2 KEY FIGURES

1.2.1 Business key performance indicators

▶ VALUATION OF THE PROPERTY PORTFOLIO AS OF YEAR-END
(in €m, total share, including transfer taxes)

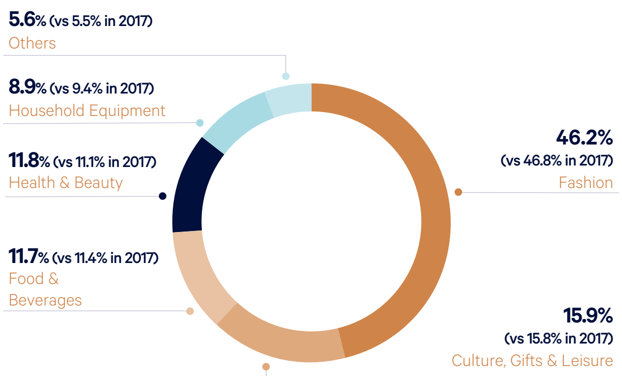


▶ GEOGRAPHICAL BREAKDOWN OF THE SHOPPING CENTER PROPERTY PORTFOLIO
(in % of net rental income, total share)



AS OF DECEMBER 31, 2018, KLÉPIERRE'S PROPERTY PORTFOLIO INCLUDES **148 SHOPPING CENTERS IN 16 COUNTRIES IN CONTINENTAL EUROPE** VALUED AT **€24.4 BILLION**(1). KLÉPIERRE SHOPPING CENTERS WELCOMED 1.1 BILLION VISITORS IN 2018.(2)

▶ RETAIL MIX
(as a % of rents)



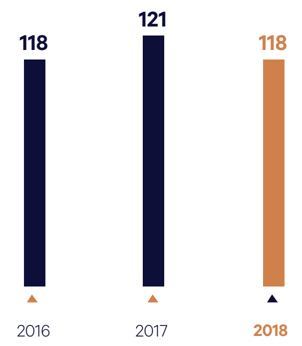
▶ TOP 10 TENANTS (11.6% OF RENTS)(3)

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

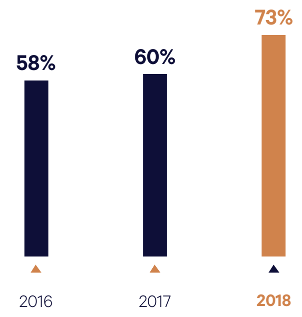
(1) *Valuation including transfer taxes and retail assets.*
(2) *Stable compared to 2017.*
(3) *The top 10 tenants represented 11.8% of rents in 2017 and 2016.*

1.2.2 Non-financial key performance indicators

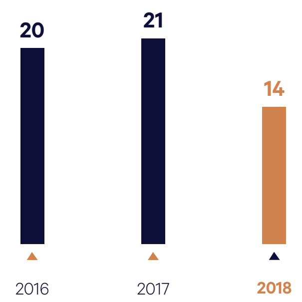
▶ **ENERGY EFFICIENCY IN kWh/sq.m.**
Reported scope
2018 coverage rate: 96.3% (126 centers owned and managed + 5 managed-only centers)



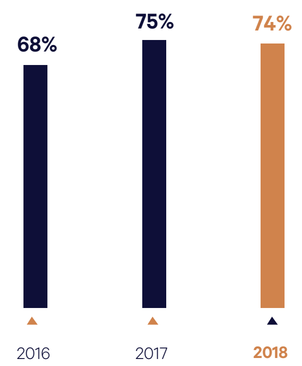
▶ **PROPORTION OF ELECTRICITY USAGE FROM RENEWABLE SOURCES**
Reported scope
2018 coverage rate: 96.3% (126 centers owned and managed + 5 managed-only centers)



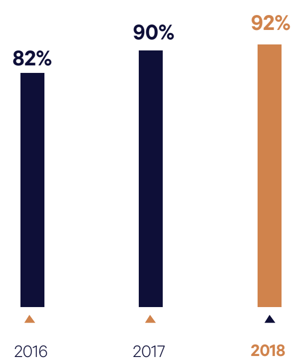
▶ **GREENHOUSE GAS EMISSIONS IN kgCO_2e/sq.m. MARKET-BASED APPROACH**
Reported scope
2018 coverage rate: 96.3% (126 centers owned and managed + 5 managed-only centers)



▶ **PERCENTAGE OF CERTIFIED PROPERTIES**
Reported scope
2018 coverage rate: 99.9% (127 centers owned and managed + 5 managed-only centers)

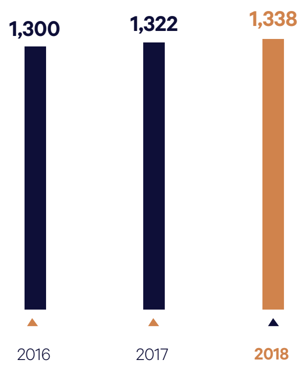


▶ **TRAINING ACCESS RATE FOR KLÉPIERRE EMPLOYEES**
Share of employees that took at least one training course over the year

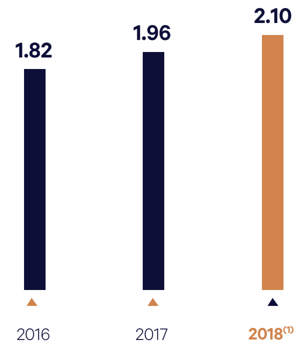


1.2.3 Financial key performance indicators

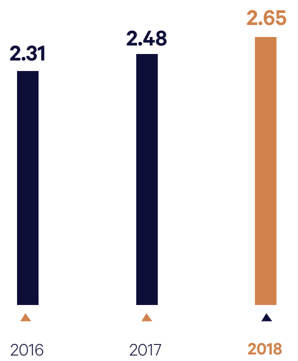
REVENUES
(in €m, total share)



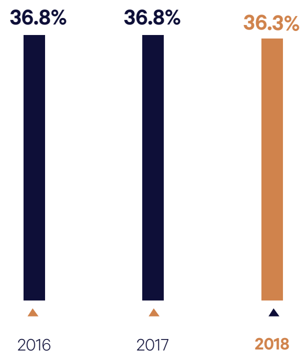
DIVIDEND PER SHARE
(in € per share)



NET CURRENT CASH FLOW
(in € per share)



LOAN-TO-VALUE
(net debt divided by the total value of the property portfolio, total share, including transfer taxes, as a %)



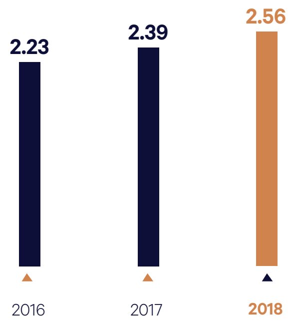
(1) *Submitted to a vote of the shareholders at the April 16, 2019 General Meeting.*

1.2.4 Sectoral key performance indicators (EPRA format)

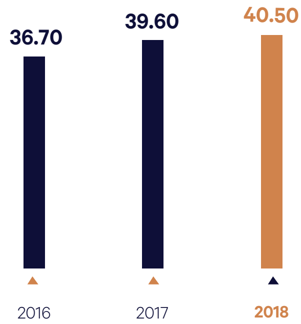
The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices recommendations guide. The updated guide is available on the EPRA website: www.epra.com.

For more information on the definitions, methodology and calculations of the sectoral key performance indicators set out below, please see section 2.8 of this registration document, "EPRA performance indicators".

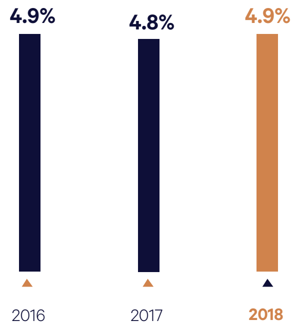
▶ EPRA EARNINGS
(in € per share)



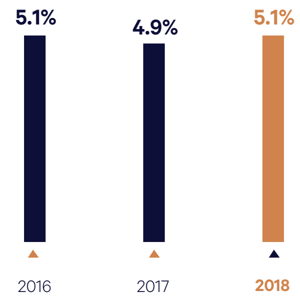
▶ EPRA NET ASSET VALUE
(in € per share)



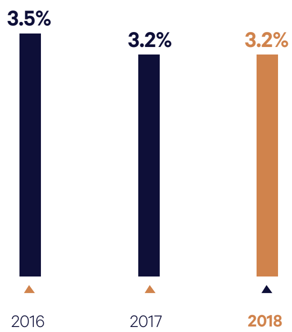
▶ EPRA NET INITIAL YIELD
(shopping centers)



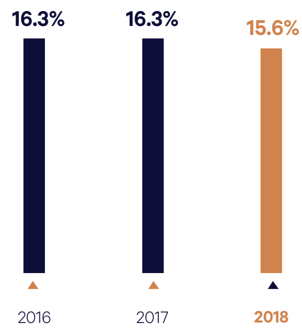
▶ EPRA "TOPPED-UP" NET INITIAL YIELD
(shopping centers)



▶ EPRA VACANCY RATE
(shopping centers)



▶ EPRA COST RATIO
(excluding vacancy cost)[(1)]



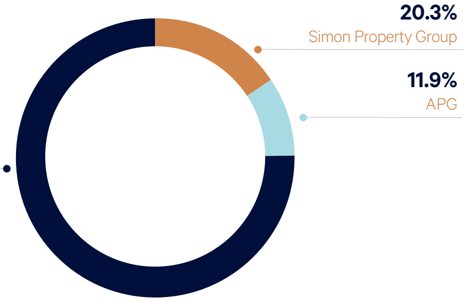
(1) The EPRA cost ratio for 2016 and 2017 has been restated to reflect service charges recovered through rents which have been reclassified in accordance with EPRA guidelines.

1.3 SHARE OWNERSHIP AND STOCK INFORMATION

Klépierre shares are traded on compartment A of Euronext Paris.

Share ownership

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



Data as of December 31, 2018.

Stock information

ISIN code	FR0000121964
Ticker symbol	LI
Trading market	Euronext Paris – Compartment A
Number of shares	314,356,063
Core indices	Euronext CAC 40, Euronext CAC Next 20, Euronext SBF 120, FTSE Global All Cap, MSCI World, MSCI Europe, S&P Developed ex-US, S&P Europe 350, Stoxx Europe 600
Real Estate Sector indices	DJ Global Select Real Estate Securities, Euronext IEIF SIIC France, Euronext REIT Europe, FTSE EPRA/NAREIT Global, FTSE EPRA/NAREIT Developed, FTSE EPRA/NAREIT Developed Europe, FTSE EPRA/NAREIT Europe, FTSE EPRA/NAREIT Eurozone, S&P Global Ex-US Property, Stoxx Europe 600 Real Estate Cap
ESG indices	MSCI World ESG, MSCI Socially Responsible Index, DJ Sustainability Europe, DJ Sustainability World, Euronext CDP Environment, Euronext Vigeo France 20, Euronext Vigeo Europe 120, Euronext Vigeo World 120, FTSE4Good Global, FTSE4Good Europe, Stoxx Global Climate Change Leaders, Stoxx Global ESG Leaders, Stoxx Global ESG Environmental Leaders, Stoxx Global ESG Social Leaders, Stoxx Global ESG Impact, Stoxx Europe Sustainability

	2013	2014	2015	2016	2017	2018
Closing price *(in €)*	33.685	35.730	40.990	37.345	36.665	26.960
Market capitalization *(in €bn)*	6.7	7.1	12.9	11.7	11.5	8.5
Year-on-year change	+12.2%	+6.1%	+14.7%	–8.9%	–1.8%	–26.5%
% change in CAC 40 index	+18.0%	–0.5%	+8.5%	+4.9%	+9.30%	–11.0%
% change in EPRA Eurozone index	+1.8%	+18.1%	+13.3%	+1.0%	+13.2%	–11.7%

Source: Bloomberg.

For more information, please see chapter 6 of this registration document, "Capital, share ownership, General Meeting of Shareholders".

1.4 BACKGROUND

Klépierre inception

> **1990:** Klépierre was formed from the demerger of Locabail-Immobilier and its portfolio of operating leases. Since then, Klépierre has owned, managed and developed shopping centers in France and Continental Europe.

> **1998:** Merger with Compagnie Financière and Financière Chaptal, two real estate entities controlled by Paribas; first international acquisition (Italy).

> **2000:** Signature of an agreement with Carrefour to acquire 160 retail galleries adjoining its hypermarkets accompanied by property management and development partnerships. Opening of Val d'Europe.

Growth with the election for SIIC status in 2003, a major acquisition with Steen & Strøm in 2008

> **2002:** Klépierre strengthens its position in Italy through two partnerships with Finin and Finiper.

> **2003:** Acquisition of 28 shopping centers in France, Spain, Italy, Greece and Portugal and its first investment in the Czech Republic (Nový Smíchov, Prague). Klépierre opts for the newly-created SIIC tax regime (the French equivalent to a REIT regime).

> **2004-2006:** Continued development of shopping centers, acquisitions in Hungary, Poland and first investment in Belgium.

> **2008:** Acquisition by Klépierre with the support of its majority shareholder BNP Paribas of 56.1% of Steen & Strøm (retail property company with operations in Norway, Sweden and Denmark) in partnership with the Netherlands-based Pension Fund APG (43.9%).

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

> **2012-2013:** Consolidation of the strategy as a pure player in shopping centers in Continental Europe: disposal program of mature assets and divestment from the office property segment amounting to nearly €1.3 billion; delivery of landmark development projects including Saint-Lazare Paris (France) and Emporia (Malmö, Sweden). Early 2012: Simon Property Group, a US-based group and world leader in the shopping center industry, acquires a 28% equity stake in Klépierre. BNP Paribas becomes the second largest shareholder with a 22% equity stake.

> **2014:** Klépierre focuses on its best-performing shopping centers: sale of 126 retail malls in France, Spain and Italy in April, five shopping centers in Sweden in July, and the remaining assets of its Paris office portfolio during the first half of the year. In all, nearly €3 billion in non-core assets were sold in 2013 and 2014. As a result of the improvement in the Company's profile, its financial structure continued to strengthen, which led Standard & Poor's to raise Klépierre's credit rating to A–. In October 2014, Klépierre launched a public exchange offer for 100% of the ordinary shares of Corio, a Dutch real estate company specialized in shopping centers, in order to create the leading pure player in shopping centers in Continental Europe, with a unique platform of assets located in regions offering the greatest potential in terms of economic and demographic growth. The proposed exchange ratio valued Corio at €7.2 billion. This transaction was welcomed by the shareholders of both groups: 93.6% of Corio shareholders tendered their shares to the public exchange offer that closed in January 2015. This acquisition was followed by the cross-border merger of Klépierre and Corio on March 31, 2015. The value of the property portfolio of the new group was over €21 billion. Following this share-based transaction, Klépierre had three main shareholders: Simon Property Group with 18%, BNP Paribas and APG with 13.5% each.

> **2015:** Acquisition of two top-tier assets for €720 million: Plenilunio, a dominant shopping center in Madrid and Oslo City, a leading shopping center located in the heart of Norway's capital. Klépierre continued to sell off non-core assets including, for example, a portfolio of nine convenience shopping centers in the Netherlands for €730 million. BNP Paribas, Klépierre's historic shareholder, sells off its remaining shares on the market.

> **2016:** Successful integration of Corio with above than announced revenue and costs synergies. In the meantime, the disposal of €600 million in assets kept improving the average quality of Klépierre's portfolio.

> **2017:** The year saw two emblematic openings of extension projects of Klépierre. In April, 17 years after its establishment, Val d'Europe was extended over another 17,000 sq.m., welcoming 30 new brands, including Primark, Uniqlo, Nike and NYX. In addition, the first phase of the Hoog Catharijne redevelopment opening confirmed its position as the most visited shopping center in the Netherlands (with 26 million visitors in 2017, up 10.5%). In May, Klépierre reinforced its position in Spain with the acquisition of Nueva Condomina, the leading shopping center in the Murcia region. At the same time, Klépierre disposed a total of €263 million in assets, mostly in Scandinavia, Spain and France.

> **2018:** In March, Klépierre opened Prado, a 23,000 sq.m. downtown mall in Marseille. This shopping center, offering unique architecture under its impressive glass canopy, is anchored by Galeries Lafayette, Zara, and Auchan Gourmand (a unique gourmet food concept), complemented by differentiating brands such as Repetto, Lush, Kusmi Tea, Sweet Pants, Comptoir des Cotonniers and Lacoste. In Hoog Catharijne, the redevelopment of the Netherlands' leading mall continued. In November, the "South Mile" opened while new iconic retailers further strengthened the retail mix in this world class mall (JD Sports, Douglas, Lush, G-Star, Guess, Levi's, Pandora, Ray-Ban). These openings, together with the disposals of €539 million worth of assets, further improved the overall quality of Klépierre's portfolio.

1.5 PROPERTY PORTFOLIO AS OF DECEMBER 31, 2018

1.5.1 Shopping centers

As of end-2018, Klépierre's portfolio comprised 148 shopping centers located in 16 countries in Continental Europe. The shopping centers represent a GLA[(1)] of 5,850,482 sq.m. (versus 5,956,309 sq.m. in 2017) including 4,401,043 sq.m. (versus 4,405,133 sq.m. in 2017) of rentable floor area (RFA)[(2)].

France-Belgium

46 shopping centers
€9,684 million in valuation (total share including transfer taxes)
€405.1 million in net rental income (total share)

Region	City, center	Depart-ment	Opening	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Auvergne – Rhône-Alpes	Annecy, Courier	74	2001		2001	Monoprix, H&M, Zara, Fnac, 40 units	19,271	19,271	0.0%	58.4%
	Clermont-Ferrand, Jaude	63	1980	R 1990 R/E 2008 R/E 2013 R/E 2015	1990	Fnac, Zara, H&M, 134 units	41,113	41,113	0.9%	100.0%
	Écully, Grand Ouest	69	1972	R/E 1997 + R (car park) 2009	2001	Carrefour, Zara, 77 units	39,968	14,654	2.7%	83.0%
	Givors, 2 Vallées	69	1976	R 1997 R 2016	2001	Carrefour, Castorama, 38 units	32,528	19,565	1.2%	83.0%
	Grenoble, Grand'Place	38	1976	R/E 2002	2015	Carrefour, H&M, Zara, Fnac, 117 units	80,573	54,893	6.5%	100.0%
	Riom, Riom Sud	63	1992	R/E 2012	2012	Carrefour, 63 units & retail park 4 units	34,613	15,333	2.7%	50.0%
	Saint-Étienne, Centre 2	42	1979		2015	Auchan, H&M, C&A, 86 units	33,741	28,180	6.9%	100.0%
	Valence, Victor Hugo	26	1994	R 2007	2007	Fnac, H&M, Zara, 38 units	10,434	10,434	1.2%	100.0%
Brittany	Rennes, Colombia	35	1986	E 2010 R 2016	2005	Monoprix, Fnac, H&M, 71 units	21,291	16,467	4.3%	100.0%
Burgundy – Franche-Comté	Besançon, Les Passages Pasteur	25	2015		2015	Monoprix, H&M, Mango, 22 units	14,341	14,341	0.0%	100.0%
Centre – Val de Loire	Chartres, La Madeleine	28	1967		2001	Carrefour, 20 units	22,239	7,115	0.0%	83.0%
Grand Est	Metz, Saint-Jacques	57	1976	R 2014	2015	Auchan, H&M, 98 units	19,500	17,000	5.3%	100.0%
Hauts-de-France	Valenciennes, Place d'Armes	59	2006		2006	Carrefour Market, H&M, Zara, 54 units	15,740	15,740	0.0%	100.0%

(1) *Total sales area (including the hypermarket if there is one), plus storage area and not including aisles and shared tenant space.*

(2) *Area owned by Klépierre and on which Klépierre collects rents.*

Region	City, center	Department	Opening	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
	Aubervilliers, Le Millénaire	93	2011		2011	Carrefour, H&M, Tati, Toys"R"Us, Zara, 142 units	58,058	58,058	7.0%	50.0%
	Boulogne-Billancourt, Passages	92	2001	R 2013	2001	Monoprix, Fnac, Zara, Mango, Go Sport, 62 units	23,400	23,400	0.4%	50.0%
	Claye-Souilly, Les Sentiers de Claye-Souilly	77	1972	E 2012	2001	Carrefour, H&M, Zara, Darty 125 units	50,780	33,780	5.3%	55.0%
	Créteil, Créteil Soleil	94	1974	R/E 2000	1991	Carrefour, H&M, Primark, Zara, 233 units	123,536	91,912	2.6%	80.0%
	Drancy, Avenir	93	1995		2008	Carrefour, 56 units	23,332	12,533	8.9%	100.0%
Île-de-France	Marne-la-Vallée – Serris, Val d'Europe	77	2000	E 2003 E 2009 R/E 2017	2000	Auchan, Primark, H&M, Zara, Uniqlo 190 units	127,400	84,500	5.3%	55.0%
	Noisy-le-Grand, Arcades	93	1978	R 1992 R/E 2009	1995	Carrefour, H&M, Zara, 147 units	57,560	42,699	2.6%	53.6%
	Paris, Saint-Lazare	75	2012		2012	Carrefour City, Sephora, Mango, 89 units	12,275	12,275	1.8%	100.0%
	Pontault-Combault	77	1978	R/E 1993	2001	Carrefour, Darty, 61 units + 6 retail park units	45,827	31,335	7.1%	83.0%
	Sevran, Beau Sevran	93	1973		2003	Carrefour, Tati, 85 units	39,056	24,531	6.6%	83.0%
	Villiers-en-Bière	77	1971	E 1990 R 2016	2001	Carrefour, Darty, Decathlon, Zara, 85 units + 4 retail park units	55,600	30,600	5.2%	83.0%
	Caen, Côte de Nacre	14	1970		2015	Carrefour, 36 units	29,817	29,817	4.2%	100.0%
	Le Havre, Espace Coty	76	1999		2000	Fnac, Monoprix, 79 units	26,585	26,585	3.4%	50.0%
Normandy	Mondeville, Mondeville 2	14	1995		2015	Carrefour, H&M, Mango, Tati, Toys"R"Us, 85 units	37,217	17,727	0.7%	100.0%
	Tourville-la-Rivière	76	1990	R 2008/ 2011	2007	Carrefour, 58 units	17,931	7,231	0.0%	85.0%
	Angoulême, Champ de Mars	16	2007		2007	H&M, Zara, JD Sport, 44 units	16,096	16,096	5.9%	100.0%
	Bègles, Rives d'Arcins	33	1995	2010 R/E 2013	1996	Carrefour, H&M, Zara, 134 units	52,271	29,471	0.6%	52.0%
Nouvelle-Aquitaine	Bègles, Rives d'Arcins, Les Arches de l'Estey	33	2010			Retail park, 20 units	34,804	34,804	0.0%	52.0%
	Bordeaux, Saint-Christoly	33	1985	R 1999/ 2004	1995	Monoprix, 30 units	8,670	8,670	8.7%	100.0%
	Blagnac	31	1993	R/E 2009	2004	E. Leclerc, H&M, Uniqlo, Zara, 129 units	72,878	72,878	1.4%	53.6%
	Lattes, Grand Sud	34	1986	R/E 1993	2002	Carrefour, 71 units	26,051	14,251	0.7%	83.0%
	Montpellier, Odysseum	34	2009		2009	Géant Casino, H&M, Zara, 97 units + activity center, 29 units	72,324	52,324	3.0%	100.0%
Occitanie	Nailloux Outlet Village	31	2011		2015	Galeries Lafayette Outlet, Nike, 114 units	23,312	23,312	N/A[1]	75.0%
	Portet-sur-Garonne, Grand Portet	31	1972	R/E 1990	2001	Carrefour, Mango, 111 units	42,709	24,709	5.9%	83.0%
	Roques-sur-Garonne	31	1995	R/E 2008 & 2009	2011	E. Leclerc, Zara, H&M, New Yorker, Tati, 95 units & retail park	50,700	38,200	5.8%	100.0%
	Saint-Orens	31	1991	R/E 1998 R/E 2008	2004	E. Leclerc, Gulli Park, Zara, 103 units	38,793	38,793	5.6%	53.6%

(1) Not included in EPRA vacancy rate.
For more information, please see chapter 2 (section 2.8.4).

Region	City, center	Depart-ment	Opening	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Pays de la Loire	Cholet La Seguiniere Outlet	49	2005		2015	Galeries Lafayette Outlet, Guess Outlet, 38 units	8,275	8,275	N/A[1]	100.0%
Provence-Alpes-Côte d'Azur	Marseille, Bourse	13	1977	R 1991/ R 1997/ E 2015/ R 2016	1990	Galeries Lafayette, Fnac, 77 units	38,950	24,750	N/A[1]	50.0%
	Marseille, Grand Littoral	13	1996	R/E 2013	2015	Carrefour, H&M, Primark, Zara, 185 units	106,511	58,682	6.7%	100.0%
	Marseille, Le Merlan	13	1976	R 2006	2003	Carrefour, 54 units	20,295	8,124	8.3%	100.0%
	Marseille, Prado	13	2018		2018	Galeries Lafayette, Zara, Auchan Gourmand, 44 units	22,420	22,420	N/A[1]	60.0%
	Nice, Nice TNL	06	1981	R 2005	2015	Carrefour, Decathlon 64 units	21,300	11,900	2.6%	100.0%
	Toulon, Centre Mayol	83	1990		2015	Carrefour, Fnac, Zara, 99 units	33,474	19,212	3.0%	40.0%
TOTAL FRANCE							**1,803,559**	**1,307,960**	**3.4%**	

(1) Not included in EPRA vacancy rate.
For more information, please see chapter 2 (section 2.8.4).

▶ BELGIUM

Region	City, center	Opening	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Walloon Brabant	Louvain-la-Neuve, L'esplanade	2005		2005	Delhaize, Fnac, H&M, Zara, 155 units	55,905	55,905	1.0%	100.0%
TOTAL BELGIUM						**55,905**	**55,905**	**1.0%**	
TOTAL FRANCE-BELGIUM						**1,859,464**	**1,363,865**	**3.3%**	

▶ MISCELLANEOUS ASSETS

Region	City, center	Depart-ment	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Brittany	Vannes Nouvelle Coutume	56	Mim, Pimkie, MS Mode	1,325	1,325	0.0%	100.0%
Burgundy – Franche-Comté	Marzy (Nevers)	58	Jouet Land, 3 restaurants	2,084	2,084	0.0%	100.0%
Hauts-de-France	Creil (Saint Maximin)	60	Cora Shopping center (Géant + 36 units) excluding retail park	17,567	4,067	0.0%	100.0%
	Creil, Forum Rebecca	60	9 units	8,865	8,865	0.0%	70.0%
Île-de-France	Orgeval, Capteor	78	5 units	8,857	8,857	0.0%	100.0%
Normandy	Dieppe	76	Belvédère Shopping center	5,729	5,729	2.8%	20.0%
Nouvelle-Aquitaine	Mérignac	33	Darty, Flunch, McDonald's	7,591	7,591	0.0%	83.0%
Occitanie	Carcassonne	11	Salvaza Shopping center	11,563	4,963	5.6%	37.0%
	Carcassonne	11	McDonald's	1,662	1,662	0.0%	37.0%
	Sète Balaruc	34	Carrefour Shopping center	16,620	3,901	0.0%	38.0%
TOTAL MISCELLANEOUS ASSETS				**81,863**	**49,044**		

Italy

33 shopping centers
€4,052 million in valuation (total share including transfer taxes)
€196.5 million in net rental income (total share)

Region	City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Abruzzo	Citta S. Angelo, Pescara Nord	1995	R/E 2010	2002	IPER, 76 units	33,971	19,398	1.7%	83.0%
	Colonnella (Teramo), Val Vibrata	2000	R/E 2007	2002	IPER, 60 units	28,673	15,819	5.1%	100.0%
Basilicata	Matera	1999		2003	Ipercoop, 7 units	10,024	1,573	0.0%	100.0%
Campania	Naples, Campania	2007	E 2014	2015	Carrefour, Zara, H&M, 225 units	92,467	85,967	1.5%	100.0%
Emilia-Romagna	Bologna, Shopville Gran Reno	1993		2015	Carrefour, 80 units	37,745	13,994	0.5%	100.0%
	Modena, Grand Emilia	1996		2015	Ipercoop, 89 units	39,565	19,815	3.3%	100.0%
	Savignano s. Rubicone (Rimini), Romagna Center	1992	R/E 2014	2002	IPER, H&M, Zara, 81 units	38,528	20,846	0.0%	100.0%
	Savignano s. Rubicone (Rimini), Parco Romagna	2004		2011	Retail park, Decathlon, 22 units	30,498	30,498	0.0%	100.0%
Friuli Venezia Giulia	Udine, Citta Fiera	1992	E 2015	2015	IPER, H&M, Mango, Zara, 152 units	116,819	47,666	7.6%	49.0%
Lazio	Rome, Porta di Roma	2007	R 2013/ 2016	2015	Auchan, H&M, Zara, Decathlon, Victoria's Secret, 267 units	94,737	73,242	0.9%	50.0%
	Rome, La Romanina	1992	R/E 2009	2002	Carrefour, H&M, 105 units	31,811	19,561	3.5%	83.0%
	Rome, Tor Vergata	2004		2005	Carrefour, Zara, 63 units	25,708	11,619	4.3%	100.0%
Lombardy	Assago (Milan), Milanofiori	1988	E 2004/2005 R 2017/2018	2005	Carrefour, Zara, Benetton, Hollister, 97 units	49,861	31,070	0.0%	100.0%
	Bergamo, Brembate	1977	R 2002	2002	IPER, Burger King, Conbipel, 24 units	13,047	2,210	0.0%	100.0%
	Bergamo, Seriate, Alle Valli	1990	R/E 2001 & 2008	2002	IPER, 51 units	30,396	10,861	0.0%	100.0%
	Como, Grandate	1999		2002	IPER, 16 units	13,693	2,271	0.0%	100.0%
	Cremona (Gadesco), Cremona Due	1985		2002	IPER, H&M, 57 units	34,613	6,145	0.0%	100.0%
	Lonato, Il Leone di Lonato	2007		2008	IPER, H&M, Zara, 128 units	47,749	30,225	0.0%	50.0%
	Milan, Globo I-II-III	1993, 2001, 2004	E 2006	2015	IPER, H&M, Zara, 140 units	58,464	30,445	0.7%	100.0%
	Pavia, Montebello della Battaglia, Montebello	1974	E 2005	2002	IPER, H&M, Zara, 61 units + retail park 15 units	62,028	43,917	0.5%	100.0%
	Solbiate Olona, Le Betulle	2002	R 2006	2005	IPER, Kiko, Original marines, 27 units	17,412	4,351	0.0%	100.0%
	Varese, Belforte	1988	E 2006/ E 2012	2002	IPER, H&M, 36 units	25,463	10,029	0.0%	100.0%
	Vignate (Milan), Acquario Center	2002		2003	Ipercoop, Tezenis, Decathlon, 63 units	39,855	20,057	1.0%	95.0%
	Vittuone, Il Destriero	2009		2009	IPER, H&M, 62 units	31,274	16,142	0.5%	50.0%
Marche	Senigallia, Il Maestrale	1999	R 2011	2015	Ipercoop, 39 units	19,803	7,388	5.1%	100.0%
	Pesaro, Rossini Center	2000	R 2008	2002	IPER, 36 units	19,814	8,601	0.0%	100.0%

Region	City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Piedmont	Collegno (Turin), La Certosa	2003		2003	Carrefour, 37 units	19,951	6,360	6.2%	100.0%
	Moncalieri (Turin)	1998	R/E 2000 R 2009	2002	Carrefour, 27 units	12,756	7,294	1.3%	83.0%
	Serravalle Scrivia, Serravalle	2003		2004	IPER, 31 units	20,948	7,972	4.4%	100.0%
	Turin, Shopville Le Gru	1994	R 2013	2015	Carrefour, Zara, 219 units	78,511	70,305	1.7%	100.0%
Apulia	Lecce, Cavallino	2001		2005	Conad, 27 units	18,821	5,805	0.0%	100.0%
Sardinia	Cagliari, Le Vele & Millennium	1998	R 2013	2015	Carrefour, 83 units	43,424	32,194	2.8%	100.0%
Veneto	Venice, Nave de Vero	2014		2015	Coop, Zara, 140 units	38,529	38,529	0.9%	100.0%
	Verona, Le Corti Venete	2006		2008	IPER, H&M, Zara, 71 units	29,666	16,381	0.5%	50.0%
TOTAL ITALY						**1,306,621**	**768,548**	**1.5%**	

Scandinavia

18 shopping centers
€3,872 million in valuation (total share including transfer taxes)
€168.4 million in net rental income (total share)

► NORWAY

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Ås, Vinterbro Senter	1996	1999 R 2013	2008	Coop, H&M, Elkjøp, Clas Ohlson, 78 units	40,834	40,834	2.3%	56.1%
Drammen, Gulskogen Senter	1985	1986, 2000, 2008, 2009, 2010	2008	XXL, H&M, 108 units	38,971	38,971	0.6%	56.1%
Hamar, Maxi Storsenter	1986	1988, 1992, 2000, 2006	2008	Coop Extra, H&M, G-Max, 70 units	20,667	20,667	9.5%	56.1%
Haugesund, Amanda	1997	1997	2008	H&M, G-Sport, Cubus, Kappahl, 68 units	24,675	14,675	0.6%	56.1%
Larvik, Nordbyen	1991	2006	2008	Meny, H&M, Clas Ohlson, 56 units	16,192	16,192	1.3%	28.1%
Lørenskog, Metro Senter	1988	2007, 2008, 2009	2008	Coop, H&M, Jernia, 116 units	52,648	52,648	7.6%	28.1%
Stavanger, Arkaden Torgterrassen	1993	2005, 2010	2008	H&M, Lindex, New Yorker, Cos, 42 units	20,628	18,395	8.9%	56.1%
Tønsberg, Farmandstredet	1997	2002, 2006, 2008	2008	H&M, Meny, Clas Ohlson, 95 units	37,700	33,450	1.7%	56.1%
Tromsø, Nerstranda	1998		2008	H&M, KappAhl, Vinmonopolet, 45 units	11,673	11,673	0.8%	56.1%
Oslo, Oslo City	1988		2015	H&M, Meny, KappAhl, Cubus, 87 units	22,956	22,956	2.6%	56.1%
TOTAL NORWAY					**286,944**	**270,461**	**3.3%**	

► SWEDEN

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Borlänge, Kupolen	1989	1995, 2005	2008	ICA, H&M, KappAhl, Lindex, New Yorker, Stadium, 94 units	49,922	49,922	6.0%	56.1%
Malmö, Emporia	2012		2008	ICA, Willys, Hollister, Apple, H&M, KappAhl, Lindex, New Yorker, Stadium, Zara, 180 units	67,313	67,313	8.8%	56.1%
Örebro, Marieberg	1988	2009	2008	H&M, Jula, Clas Ohlson, Cubus, KappAhl, Lindex, Stadium, 103 units	32,934	32,934	2.1%	56.1%
Partille, Allum	2006		2008	ICA, Willys, H&M, Clas Ohlsson, Stadium, Lindex, KappAhl, 118 units	49,714	49,714	0.9%	56.1%
Kristianstad, Galleria Boulevard	2013	2015	2013	Coop, Stadium, Clas Ohson, 50 units	20,871	20,871	14.7%	56.1%
TOTAL SWEDEN					**220,754**	**220,754**	**5.9%**	

► DENMARK

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Aarhus, Bruun's Galleri	2003		2008	H&M, 93 units	37,850	37,850	3.2%	56.1%
Copenhague, Field's	2004	E 2015	2008	Bilka, H&M, Toys"R"Us, Zara, 131 units	94,634	94,634	5.1%	56.1%
Viejle, Bryggen	2008		2008	H&M, 65 units	21,997	21,997	9.5%	56.1%
TOTAL DENMARK					**154,481**	**154,481**	**4.9%**	
TOTAL SCANDINAVIA					**662,179**	**645,696**	**4.5%**	

Iberia

18 shopping centers
€2,313 million in valuation (total share including transfer taxes)
€121.3 million in net rental income (total share)

► SPAIN

Region	City, Center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Andalusia	Jaén, La Loma	1991	E 1994 R 2016	2015	Carrefour, H&M, Zara, 49 units	29,566	11,747	0.8%	100.0%
Asturias	Oviedo, Los Prados	2002		2003	Carrefour, Dreamfit, Cortefiel, Yelmo cinema, 82 units	39,716	24,699	4.8%	100.0%
Canary Islands	Santa Cruz de Tenerife, Meridiano	2003	R 2015	2003	Carrefour, C&A, Primark, H&M, Yelmo Cineplex, Zara, 110 units	42,948	27,361	0.3%	100.0%
Catalonia	Barcelona, Maremagnum	1995	R 2012	2015	H&M, Lefties, Victoria's Secret, 158 units	22,542	22,542	1.6%	100.0%
Madrid	Parla, El Ferial	1995	R 2012	2015	Carrefour, Sprinter, Springfield, Spazio Cines, 61 units	21,808	8,608	2.3%	100.0%
	Madrid Vallecas, La Gavia	2008	R/E 2012 & 2013	2008	Carrefour, IKEA, Primark, Zara, H&M, Fnac, Cinesa, 199 units	85,471	50,191	0.1%	100.0%
	Madrid, Plenilunio	2006	E 2007 R 2018	2015	Mercadona, Primark, Zara, H&M, O2 Wellness, Yelmo Cines, Sprinter, Mango, 193 units	70,563	70,563	0.5%	100.0%
	Madrid, Principe Pio	2004		2015	H&M, Mango, Zara, Cinesa, 112 units	28,976	28,976	0.6%	100.0%
Murcia	Murcia, Nueva Condomina	2006	R 2014	2017	Leroy Merlin, Cinesa, Primark, Media Markt, Fnac, H&M, Zara, Apple, 189 units	110,222	110,222	6.2%	100.0%
Valencia	Valencia, Gran Turia	1993	R 2008	2015	Carrefour, Dreamfit, Sprinter, Cortefiel, 92 units	58,059	20,574	11.0%	100.0%
	Vinaroz, Portal Mediterráneo	2003	R 2008	2003	Carrefour, 15 units	24,318	870	7.4%	100.0%
TOTAL SPAIN						**534,189**	**376,353**	**1.8%**	

▶ PORTUGAL

Region	City, Center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Lisbon	Lisbon, Telheiras	1990		2003	Continente, Worten, Aki, Toys'R'Us, C&A, 36 units	32,061	15,297	0.0%	100.0%
	Loures, Loures	2002		2002	Continente, AKI, Decathlon, Worten, 64 units	36,003	17,370	6.8%	100.0%
North	Braga, Minho Center	1997	R 2011	2006	Continente, Worten, Sport Zone, Toys'R"Us, 57 units	22,424	9,602	9.2%	100.0%
	Gondomar (Porto), Parque Nascente	2003		2003	Jumbo, Leroy Merlin, Zara, Media Markt, Primark, 136 units	66,251	49,751	1.1%	100.0%
	Vila Nova de Gaia (Porto), Gaia Jardim	1990	R 2011	2003	Continente, Worten, 35 units	21,919	5,189	18.8%	100.0%
	Guimarães, Espaço Guimarães	2009		2015	Jumbo, H&M, Zara, Hospital, Sport Zone, 115 units	49,166	32,882	7.5%	100.0%
South	Portimão, Aqua Portimão	2011		2011	Jumbo, Primark, H&M, 108 units	35,042	23,328	3.4%	50.0%
TOTAL PORTUGAL						**262,866**	**153,419**	**4.3%**	
TOTAL IBERIA						**797,055**	**529,772**	**2.4%**	

Central Europe and Turkey

23 shopping centers
€1,672 million in valuation (total share including transfer taxes)
€108.1 million in net rental income (total share)

▶ POLAND

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Lublin, Lublin Plaza	2007	R 2018	2007	TK Maxx, H&M, Stokrotka, Cinema City, Reserved, 99 units	26,214	26,214	5.1%	100.0%
Poznan, Poznan Plaza	2005	R 2015	2005	Cinema City, IMAX, Zara, H&M, Piotr i Paweł, Komputronik, Smyk, Reserved, Go Sport, 126 units	29,444	29,444	0.0%	100.0%
Ruda Slaska, Ruda Slaska Plaza	2001	R 2008	2005	Carrefour, Reserved, CCC, H&M, 43 units	14,681	14,681	1.2%	100.0%
Rybnik, Rybnik Plaza	2007		2007	Cinema City, H&M, CCC, Reserved, RTV EURO AGD, 56 units	18,455	18,455	0.6%	100.0%
Sosnowiec, Sosnowiec Plaza	2007		2007	Stokrotka, Cinema City, Reserved, C&A, 55 units	13,109	13,109	6.6%	100.0%
Warsaw, Sadyba Best Mall	2000		2005	Carrefour Market, Cinema City, H&M, 101 units	26,285	26,285	0.0%	100.0%
TOTAL POLAND					**128,189**	**128,189**	**1.5%**	

▶ HUNGARY

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Budapest, Corvin	2010		2009	CBA, Libri, H&M, Müller, Reserved, Decathlon, CCC, 92 units	34,161	34,161	2.5%	100.0%
Budapest, Duna Plaza	1996	R 2002	2004	Cinema City, Media Saturn, CBA, H&M, Reserved, Libri, 140 units	36,571	36,571	2.2%	100.0%
Gyor, Gyor Plaza	1998	R 2008	2004	Cinema City, Auchan, CCC Euronics, 58 units	15,696	15,696	0.7%	100.0%
Miskolc, Miskolc Plaza	2000		2004	Cinema City, H&M, Reserved, CCC, Pepco, 85 units	14,791	14,791	0.7%	100.0%
TOTAL HUNGARY					**101,219**	**101,219**	**1.8%**	

▸ CZECH REPUBLIC

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Plzeň, Plzeň Plaza	2007		2008	Cinema City, H&M, Supermarket Albert, 93 units	19,681	19,681	0.2%	100.0%
Prague, Novodvorská Plaza	2006		2006	Tesco, Datart, Lindex, Sportisimo, H&M, 108 units	26,924	26,924	3.1%	100.0%
Prague, Nový Smíchov	2001	R 2011	2001	Tesco, C&A, Cinema City, H&M, M&S, Zara, Bershka, Massimo Dutti, 176 units	57,205	44,544	1.5%	100.0%
TOTAL CZECH REPUBLIC					**103,810**	**91,150**	**1.5%**	

▸ TURKEY

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Adapazari, Adacenter	2007		2015	Carrefour, Cinema, Tekzen, LCW, Playland, 72 units	25,302	25,302	20.0%	100.0%
Bursa, Anatolium	2010		2015	IKEA, Carrefour, Cinema, Koçtaş, Mediamarkt, H&M, Kahve Dünyası, Koton, LCW, 156 units	83,343	83,343	10.2%	100.0%
Denizli, Teras Park	2007	2009	2015	Carrefour, Cinema, Mediamarkt, LCW, Koton, 113 units	50,590	50,590	20.7%	51.0%
Istanbul, Akmerkez	1993	2010	2015	Wepublic, Macrocenter, Zara, Papermoon, Cinema, 166 units	34,430	33,242	6.2%	46.9%
Tarsus, Tarsu	2012		2015	Migros, Cinema, Koton, LCW, Teknosa, Nike, 83 units	27,625	27,625	19.9%	100.0%
Tekirdağ, Tekira	2008	2017	2015	Carrefour, Cinema, Teknosa, Boyner, LCW, Defacto, Koton, 86 units	34,649	34,649	2.3%	100.0%
TOTAL TURKEY					**255,939**	**254,751**	**10.2%**	

▸ GREECE

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Patras	2002		2003	Sklavenitis, Kotsovolos, Intersport, 26 units	17,701	8,942	13.2%	100.0%
Thessaloniki, Efkarpia	1995	R 2014	2003	Sklavenitis, 14 units	20,859	996	6.9%	100.0%
Thessaloniki, Makedonia	2000	R 2005-2012	2001	Sklavenitis, Ster cinemas, Orchestra, 37 units	34,797	14,984	18.1%	100.0%
TOTAL GREECE					**73,357**	**24,922**	**15.2%**	

▸ SLOVAKIA

City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Bratislava, Danubia	2000		2000	Nay, McDonald's, All Sports, 43 units	26,089	12,289	0.7%	100.0%
TOTAL SLOVAKIA					**26,089**	**12,289**	**0.7%**	
TOTAL CENTRAL EUROPE AND TURKEY					**688,604**	**612,521**	**4.9%**	

Netherlands

5 shopping centers
€1,514 million in valuation (total share excluding duties)
€56.7 million in net rental income (total share)

Region	City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Zuid-Holland	Rotterdam, Alexandrium	1984	R 2001	2015	Albert Heijn, H&M, Hema, Zara, 129 shops	46,907	45,478	4.4%	100.0%
	Rotterdam, Markthal	2014		2015	Albert Heijn, Gall and Gall, Etos, 68 shops	11,680	11,680	9.5%	100.0%
Utrecht	Utrecht, Hoog Catharijne	1973	R/E 2015	2015	Media Markt, H&M, C&A, Zara, 136 shops	107,055	79,345	N/A[1]	100.0%
Noord-Holland	Amsterdam, Villa Arena	2001	R 2008	2015	Goossens Wonen, Piet Klerkx, Perry Sport, 51 shops	79,310	54,781	15.0%	100.0%
Flevoland	T Circus Almere	2009	R 2012	2015	Primark, Van Haren, Amazing Oriental, 76 shops	29,831	27,581	3.3%	100.0%
TOTAL NETHERLANDS						**274,783**	**218,865**	**5.6%**	

(1) Not included in EPRA vacancy rate.

Germany

5 shopping centers
€976 million in valuation (total share excluding duties)
€39.5 million in net rental income (total share)

Region	City, center	Creation	Renovation/ extension	Acquired by Klépierre	Composition	Gross leasable area	Rentable floor area	EPRA vacancy rate	Klépierre equity interest
Berlin	Berlin, Boulevard Berlin	2013	R/E 2013	2015	Karstadt, Saturn, H&M, Zara, 141 units	87,687	87,687	2.4%	95.0%
Niedersachsen	Hildesheim, Arneken Galerie Hildesheim	2012	R/E 2012	2015	Saturn, H&M, TK Maxx, DM, 84 units	27,969	27,969	9.9%	95.0%
Nordrhein Westfalen	Duisburg, Forum Duisburg	2008	R/E 2008	2015	Karstadt, Saturn, Zara, C&A, 84 units	59,265	59,265	1.7%	95.0%
	Duisburg, Königsgalerie	2011	R/E 2011	2015	DM, Intersport, Postbank, Depot, Burger King, 60 units	18,514	18,514	8.8%	95.0%
Sachsen	Dresden, Centrum Galerie Dresden	2009	R/E 2014	2015	Primark, Zara, Karstadt Sports, Peek & Cloppenburg, Müller, Bershka, 89 units	68,341	68,341	5.1%	95.0%
TOTAL GERMANY						**261,776**	**261,776**	**4.1%**	

1.5.2 Other retail properties

Portfolio	Region/City	Composition	Gross leasable area
Buffalo Grill	Throughout France	98 restaurants	55,538
Vivarte	Throughout France	38 store premises of which: — 30 store premises operated by La Halle — 8 store premises operated by La Halle aux Chaussures	37,996
King Jouet	Throughout France	20 stores	17,414
Défi Mode	Throughout France	22 stores	20,969
Sephora	Metz	1 store premise operated by Sephora	717
Diversified assets	Throughout France	33 store premises of which: — 5 store premises operated by Action — 3 Leader Price supermarkets — 2 stores operated by Delbard	42,377
Other assets	Throughout France	30 store permises	27,846
TOTAL OTHER RETAIL PROPERTIES		**242 ASSETS**	**202,857**

1.5.3 Overview of valuation reports prepared by Klépierre's independent external appraisers

General context of the valuation

Context and instructions

This is a free translation into English of the valuation report issued in French and is provided solely for the convenience of English speaking readers.

Context and terms of the engagement

In accordance with the instructions of Klépierre ("the Company") as detailed in the signed valuation agreements between Klépierre and the appraisers, we have valued the assets held by the Company taking account of the nature of their ownership (freehold, ground lease, etc.). This Summary Report, which outlines the terms of our engagement, has been prepared for inclusion in the Company's registration document.

The valuations were undertaken by our valuation teams in each of the various countries and were reviewed by the pan-European valuation teams. In order to estimate the market value for each asset, we have taken into consideration domestic real estate transactions as well as the other valuations undertaken in Europe, in order to maintain a consistent approach and to take account of all available market transactions and information.

The valuations were performed using the discounted cash flow and capitalization methods, which are regularly used for these types of assets.

Our valuations were performed as of December 31, 2018.

Standards and general principles applied

We confirm that our valuations were performed in accordance with the appropriate sections of the June 2017 Edition of the RICS Valuation – Global Standards 2017 ("Red Book"), effective July 1, 2017. This is an internationally-accepted valuation basis. Our valuations are compliant with IFRS and IVSC guidance. The valuations were prepared on the basis of the recommendation of the French financial markets authority (*Autorité des marchés financiers* – AMF) on valuation data pertaining to the real estate assets of listed companies, as published on February 8, 2010. They also take into account the recommendations of the Barthès de Ruyter report on the valuation of real estate of listed companies, as published in February 2000.

We confirm that we have prepared our valuations as external and independent valuers, as defined by the RICS Red Book. We also confirm that the appraisals were performed in accordance with the principles of IFRS 13, i.e., on the basis of the "highest and best use" of each asset.

The market value set out hereafter generally approximates fair value within the meaning of IFRS, and particularly IFRS 13.

Basis of valuation

Our valuations correspond to market value and are reported to the Company on both a net basis (after deduction of transfer duties and costs) and gross basis (before deduction of transfer duties and costs).

Valuation considerations and assumptions

Information

The Company's management was asked to confirm that the information provided relating to the assets and tenants was complete and accurate in all material respects. Consequently, we have assumed that all relevant information known by Company employees that could have an impact on values was made available to us and that this information was up to date in all material respects. This includes running costs, work undertaken, financial information (including doubtful debts), turnover rents, lettings signed or in the process of being signed and lease incentives, in addition to the list of leases in force and vacant units.

Floor areas

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

Environmental analysis and ground conditions

We have not been asked to undertake a study of ground conditions or an environmental analysis, and therefore have not investigated past events in order to determine if the ground or buildings are or have been contaminated. Unless provided with information to the contrary, we have worked on the assumption that the assets are free from historic ground contamination or potential contamination, and that the condition of the land will not affect its current or future usage.

Planning regulations

We have not reviewed the relevant planning permissions and have assumed that the assets have been built, and are occupied and used, in conformity with all necessary authorizations and that the land is free of legal restrictions. We have assumed that the layout of the assets conforms to legal requirements and planning regulations, including as regards structures, fire protection, health and safety, and security. We have also assumed that any extensions in progress are being undertaken in line with planning regulations and that all necessary authorizations have been obtained.

Title deeds and tenancy schedules

Our work was based on the tenancy schedules, summaries of additional revenues, non-recoverable charges, capital projects and business plans provided to us. We have assumed, beyond that which is set out in our individual asset reports, that the assets are not subject to any constraints that could impede a sale, and that they are free from any restrictions or charges. We have not reviewed the title deeds and have taken as correct the rental, occupational and all other pertinent information provided to us by the Company.

Condition of the assets

We observed the general condition of each asset during our inspection. While our engagement does not include a building or structural survey, we have indicated in our report any disrepair that was visible during our inspection. The assets were valued based on the information provided by the Company, which state that no deleterious or harmful materials were used in their construction.

Taxation

Our valuations were performed without taking into account any fees or taxes that may be applicable in the event of a transfer. Rental and market values are stated net of value-added taxes.

Confidentiality and disclosure

In accordance with our standard practice, we confirm that our valuation reports are confidential and are addressed solely to the Company. Accordingly, we accept no liability to third parties. This report, or an extract thereof, may not be published or reproduced in any document, declaration, memorandum or communication with any third party without our prior written consent as regards the form and context in which this information may appear. In signing this Summary Report, the individual valuation firms accept no liability for the valuations carried out by the other firms.

French original signed by

Jean-Philippe Carmarans
Head of Valuation France
Cushman & Wakefield

Jean-Claude Dubois
Chairman
BNP Paribas Real Estate Valuation France

Arabella Edwards
Head of Valuation, JLL France
JLL Expertises

Christian Robinet
Senior Director
CBRE Valuation

1.6 SIMPLIFIED ORGANIZATION CHART AS OF DECEMBER 31, 2018

Shopping centers

France	Klécar France 83	Progest 100	Real estate business	Klécar Europe Sud 100			
	Klépierre Management 100	Klépierre Brand Ventures 100	Klépierre Gift Cards 100	Klépierre Procurement International 100	Klépierre Finance 100	Financière Corio 100	
Belgium	Real estate business 100						
	Klépierre Management Belgique 100	Klépierre Finance Belgique 100					
Spain	Real estate business 100	Klépierre Molina 100					
	Klépierre Management España 100						
Italy	Klécar Italia 83	K2 fund 95	Clivia SPA 50	Corio Italia 100	Real estate business 100	ISCI 50	Kléfin Italia 100
	Klépierre Management Italia 100	Klépierre Finance Italie 100					
Portugal	Real estate business 100						
	Klépierre Management Portugal 100						
Luxembourg	Holding Klégé 50						
	Reluxco 100						
Greece	Real estate business 100						
	Klépierre Management Hellas 100						
Netherlands	Capucine B.V. 100	Klépierre Nordica B.V. 100	Klépierre Nederland B.V. 100	Real estate business 100			
	Klépierre Management Nederland B.V. 100						
Turkey	Real estate business						
Germany	Real estate business						
	Klépierre Management Deutschland 100						
Poland	Real estate business 100						
	Klépierre Management Polska 100						
Hungary	Real estate business 100						
	Klépierre Management Magyarorszag 100	Klépierre Finance Hungary 100					
Czech Republic	Real estate business 100						
	Klépierre Management Ceska Republika 100						
Slovakia	Real estate business 100						
	Klépierre Management Slovensko 100						
***Norway Sweden Denmark**	Steen & Strøm AS 56.1	Real estate business					
	Management Companies						

Légende

- **%** **Direct or indirect control of Klépierre SA at December 31, 2018**
- **Real estate business**
- **Service business**
- * **Subsidiary (Steen & Strøm) covering the Nordic countries owned at 56.1% with Storm ABP**

Other activities

France	Klémurs 100
	Klépierre Conseil 100

1.7 RISK MANAGEMENT

1.7.1 Objectives

Klépierre faces generic risks related to the environment (economic, regulatory, etc.) or the normal functioning of a company, as well as specific risks related to its business sector or operations. As these risks are constantly evolving, they must be regularly monitored and mapped. Risk management does not aim at the hypothetical elimination of risks, but makes it possible to define (in the sense of "knowing" and "fixing") the degree of risk control necessary for Klépierre to undergo its daily operations and execute its strategy.

In accordance with the European "Prospectus" directive, Klépierre describes below its significant and specific risks (see section 1.7.4).

1.7.2 Principles

Klépierre's internal risk management framework is predicated on:

> Complying with laws and regulations;

> Applying instructions and guidelines laid down by the Executive Board; and

> Ensuring the Group's internal processes work smoothly.

The internal framework is underpinned by the following principles:

> Collegiality of the strategic decision-making process;

> Delegation of responsibilities through the use of correspondents who are responsible for consistent implementation of the Group's policies. Every manager is required to implement effective controls over the activities for which he/she is responsible;

> Segregation of duties by keeping operational roles separate from supervisory roles; and

> Triple level of control recommended by international audit institutions: level 1 by self-assessment (employees and their managers); level 2 by corporate controls; level 3 by internal or external audits.

1.7.3 Organization

Under the supervision of the Supervisory Board, the Executive Board is responsible for the Group's overall risk management and internal control framework.

The Executive Board's role is to: arbitrate the relevant level of risk exposure; lay down the general principles for the internal control framework; design and implement the appropriate internal control system and the corresponding roles and responsibilities; and make sure that it works smoothly, improving it where necessary.

The Group's internal control framework is overseen by the Internal Audit & Control Department. Its independence is guaranteed by direct connection to the Executive Board, and its reporting to the Audit Committee.

At least once every year the Internal Audit & Control Department reports to the Audit Committee any changes to the Group's internal control framework and the findings of the work performed by the various framework participants. In December 2018, a presentation was given to the Audit Committee on the 2018 business activities and the 2019 roadmap.

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

1.7.4 Main risk factors

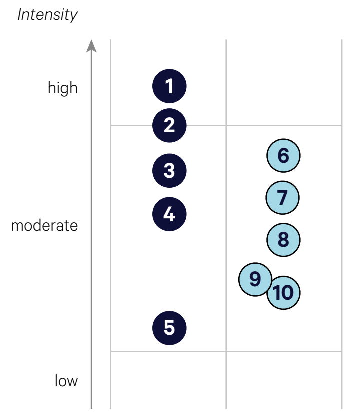
The risks described below are presented:

> In the form of net risks (i.e., gross risks after taking into account the effectiveness of prevention and protection measures);

> By category (external risks, and internal risks); and

> In descending order of intensity within each category. Intensity is measured as the combination of the likelihood that the risk may materialize and the impact that it would have on Klépierre.

► MAPPING OF MAIN AND SPECIFIC RISKS



EXTERNAL RISKS

1 - Economic environment
2 - Consumption habits
3 - Climate
4 - Financing and liquidity
5 - Regulatory framework

INTERNAL RISKS

6 - Health, safety and security
7 - Obsolescence
8 - Human resources
9 - Investments and divestments
10 - Real estate development

1.7.4.1 External risks

Economic environment

Description	Impacts	Mitigation measures
Key macroeconomic indicators that underpin the retail markets in the countries in which Klépierre operates include: GDP growth, purchasing power, consumption, inflation, unemployment, urban growth and local demography. One or several of these indicators could materially deteriorate.	A negative macroeconomic outlook is likely to manifest itself in lower footfall and a fall in tenant sales, not just in Klépierre shopping centers but more broadly across the market. This could compromise Klépierre's rental income as some retailers may delay rent payments, fail to pay rent at all, or decide to close their stores. Deflationary pressures could lead to an adverse trend in the indices against which most rents are payable under Klépierre leases. A consequence of falling rental income and higher vacancy rates is that assets may lose value and/or liquidity in the investment market. A major depreciation in asset values may also weaken Klépierre's overall financial position.	The diversified nature of Klépierre's portfolio, more than 100 assets across most European countries and many thousands of tenants representing all retail sectors, provides a hedge against negative macro-economic conditions in one market. The rents provided by the top ten tenants represent only 12% of Klépierre's turnover. The largest asset represents only 4% of the portfolio by value. Assets are based in thriving urban locations, typically serving a catchment area of 1 million people within a 30-minute journey, ensuring the Group is well positioned to benefit from the concentration of economic growth in urban locations. Asset performance is regularly monitored by asset managers to ensure their performance is as forecast, and individual business plans are updated annually for all assets. Asset disposals are executed every year to streamline the portfolio. The Group's main tenants represent the leading companies in their sector. All tenants are subject to a financial health review before signing lease contracts, and must provide financial guarantees. The use of long-term leases provides a stable rental income, with only a minority of early exit clauses activated.

Consumption habits

Description	Impacts	Mitigation measures
Changing consumer habits driven by the impact of technology have seen e-commerce take hold across the markets in which Klépierre operates. The rise in e-commerce has already forced many retailers to re-evaluate their business models and their physical retail footprint. At the same time, consumers are becoming more environmentally and socially conscious, which may also affect their consumption modes.	The continued growth of e-commerce may have a negative impact on footfall and tenant sales, cause a disruption in some retail segments, and/or render some stores unprofitable. This could impact demand for new retail space as retailers move their operations online. As a consequence, increasing vacancy rates and downward pressure on rents would affect rental income growth and asset values.	The Group has positioned its shopping malls to take advantage of the new omnichannel environment in which retailers are operating. This means selecting those retailers nimble and fast enough to offer quality online and offline shopping. This also means supporting them in transforming the format of their stores and increasing their appeal. Klépierre is also leveraging digital technology to both offer new services to its retailers and shoppers, and use data to monitor the changing needs of its customers and better meet their expectations. The Group also implements a set of initiatives aimed at giving customers more reasons to come to, or stay longer in the malls. Beyond constantly adapting the retail offering, these initiatives include creating entertaining concepts and events, enhancing the food offering, and enriching the customer journey. Through its ambitious sustainability strategy, Klépierre also aims to promote sustainable retail and increase the contribution of its malls to the local economies and communities.

Climate

Description	Impacts	Mitigation measures
Climate change is predicted to lead to an increase in the number of extreme weather-related events. With assets spanning Europe, shopping centers are likely to be affected by disruptive weather phenomena including storms, snow, floods, heat waves and forest fires. Climate change could also lead to growing political pressure, including more stringent regulation.	Extreme weather-related events could impact Klépierre's business continuity and result in the temporary closure of assets. In the long term, rising temperatures could lead to a reduction in footfall if consumption patterns and mobility habits are affected. Climatic changes are also likely to result in an increase in costs for the development, construction and operation of assets. Higher costs are likely to manifest themselves through upgrades of equipment and other changes in the construction and design of assets to cope with higher temperatures, and secondly through higher operating costs from HVAC equipment to maintain comfortable ambient temperatures. Other potential costs include an increase in insurance premiums as insurers price in the risk to assets from an increase in extreme weather-related events.	The Group's diversified geographic footprint mitigates in itself the exposure to extreme weather-related events. Major environmental risks are factored into acquisition and disposal decisions. With regards to its standing assets, the Group has developed internal measures including energy audits and other procedures to reduce energy consumption and improve efficiency. All Klépierre assets undergo an audit every five year to check their structural condition. Klépierre has an ambitious environmental performance program designed to reduce natural resource consumption and improve supply quality focusing on: > Improving operational energy efficiency and reducing heating and/or air-conditioning needs, thereby managing potential temperature variations without excess consumption; > Reducing carbon emissions; > Limiting the use of potable water. The Group has also embarked on a series of initiatives to limit its dependence on fossil fuel-based natural resources through the increased use of on-site renewables, the purchase of green electricity and the promotion of "green" modes of transport. This is supported by the Group's commitment to achieving green building certifications for both existing assets (100% BREEAM in Use) and for new developments (100% BREEAM New Construction, level Excellent), to continually reduce greenhouse gas emissions and thereby reduce Klépierre's dependence on fossil fuels. Finally, the Group's policy is to source the best available solution in the insurance market to have a good balance between insurance costs and coverage. Insurance programs take the form of master polices, combined with local policies in each country where Klépierre is present.

Financing and liquidity

Description	Impacts	Mitigation measures
Property investment being a capital-intensive business, Klépierre needs to raise long-term financial resources in the form of loans or equity to fund its investments and acquisitions and refinancing of maturing debts. This exposes the Group to risks associated with fluctuations in equity and debt capital markets in the event of a liquidity crisis or a broader economic shock.	Any restriction on the availability or price of debt following a liquidity crisis or broader economic downturn would increase funding costs for the Group, resulting in an adverse impact on its earnings, financial position and limiting its flexibility in conducting its business and pursuing growth (e.g., by impeding or preventing certain acquisitions). Furthermore, in addition to the usual covenants, the loan agreements entered into by Klépierre also contain covenants obliging the Group to comply with specific financial ratios. If Klépierre were to breach one of its covenants and be unable to remedy that failure within the time contractually allowed, the lenders could demand early repayment of the loan or claim assets offered as warranties in the loan. Lenders could also demand early repayment of outstanding amounts in accordance with cross default clauses. The forced sale of assets may also impact asset values for the Group and the sector more broadly.	Klépierre follows a prudent financial policy with a LTV target between 35-40%, and an objective to maintain its credit rating within the Standard and Poor's A category. The Group's target hedging rate is approximately 70%. This rate is defined as the proportion of fixed-rate debt (after hedging) to gross borrowings. As of December 31, 2018 the hedging rate is above the objective and reached 96%. Klépierre has access to several additional mitigation methods: > Availability of unused credit lines to absorb scheduled refinancing needs to 2020; > Access to finance facilitated by the security offered to lenders in the form of property assets; > Attentiveness to the long-term refinancing needs of the business and the need to diversify maturity dates and the sources of finance in such a way as to facilitate renewals; > Range of different loan types and counterparties used within the banking market (syndicated loans, mortgage loans, etc.); > Outstanding commercial paper—which represents the bulk of short-term financing—never exceeds the backup lines, meaning that the Company can refinance immediately if it has difficulty renewing its borrowings on the commercial paper market.

Regulatory framework

Description	Impacts	Mitigation measures
Property companies such as Klépierre are subject to robust regulatory frameworks. A relaxation or tightening of certain rules could weaken Klépierre's position. For example, since Klépierre benefits from the French "SIIC regime" (or its equivalent in some countries where it operates), it is subject to special tax rules. These include the requirement for Klépierre to distribute a significant portion of its profits in dividends each year. Any changes to the SIIC tax regime could therefore affect Klépierre's business model. Other regulatory items include laws and regulations on urban planning, commercial licenses, leases, that constitute barriers to entry for new operators or frame business practices.	Any changes to the tax regime resulting in a higher tax rate could have a negative impact on Klépierre's business, financial position and operational results leading to lower profitability, loss of attractiveness to equity investors or a decrease in corporate value. The tightening of planning regulations, by limiting the availability of leasable space, may impact the development potential of the shopping centers and consequently slow down the growth pace of the Group. Conversely, any easing of the same regulations may increase competition, resulting in a decrease in footfall, rental income and potentially higher vacancy rates.	The Group's geographical scope provides protection against the introduction of unfavorable legislation in an individual market. The Group's Legal Department conducts regular reviews of legislation and is assisted when necessary by external consultants. Legal departments in each country also cooperate to harmonize contractual terms in accordance with Group-wide leasing policies vis-à-vis international retailers. The Group also actively contributes to the work of industry bodies representing the retail real estate industry in particular—but also wider industries bodies—and participates in public policy debates on regulatory developments.

1.7.4.2 Internal risks

Health, safety and security

Description	Impacts	Mitigation measures
As publicly accessible buildings, Klépierre's shopping centers are exposed to health, safety and security risks whose occurrence may adversely affect the shopping center's image, business or performance (or Klépierre's as a whole). Material health, safety and security risks include: > A terrorist attack taking place within a shopping center site or its immediate surroundings; > An abrupt or severe deterioration of public order within a shopping center site or its immediate surroundings; > Small-scale crime, theft and/or antisocial behavior taking place within a shopping center or its immediate surroundings; > A building collapse or severe structural damage to a shopping center due to unforeseen circumstances; > A fire breaking out within a shopping center; > Visitor accidents due to slips, trips and falls; > Health risks associated with contaminants or bacterial propagation.	Failure to comply with relevant health and safety legislation or to protect people and assets against external safety and security threats could result in legal action and/or penalties for non-compliance. Shopping centers may also be subjected to temporary closure whilst damage is repaired, and investigations are carried out, leading to loss of business. Tenants' staff and visitors may also no longer feel safe within the shopping center and/or the surrounding area, reducing employment attractivity for retailers locally and leading to an adverse impact on footfall and tenant sales. Finally, a significant health, safety or security event may adversely affect the individual shopping center's image, and/or the reputation of the Klépierre Group.	Klépierre's mitigation strategy focuses on the three following intervention points: **Prevention** The Group implements preventative actions in accordance with its operating procedures covering significant health, safety and security risks. These include measures such as building structure audits, hot work permits, air and water quality analyses, etc., as well as preventive installations such as safety railings, fire/intrusion/gas alarms, anti ram-car protection, etc. Other preventative actions include the protection of sensitive areas (technical equipment, control rooms, offices, waste areas, etc.) and regular maintenance of equipment and upgrading of centers' video surveillance systems. **Training** Training is delivered to shopping center managers and technical directors through face-to-face sessions, the communication of standard operating procedures, quick-assessment tools and large-scale safety drills in shopping centers. **Control tools and audits** The Group has updated and reviewed its crisis management procedures and deployed incident reporting and monitoring software. Visible security is provided by dedicated teams and security guards permanently on site and working under the control of shopping center management teams. Third-party inspections of technical equipment (such as elevators, sprinkler systems…) guarantee their conformity. Compliance with health standards to prevent legionella is also monitored.

Obsolescence

Description	Impacts	Mitigation measures
Shopping centers need to keep apace with changing shoppers' expectations in terms of comfort, cleanliness, service offerings, and other factors to avoid obsolescence. Obsolescence could also stem from insufficient maintenance efforts or a failure to comply with a growing body of legislation covering environmental practices in the construction and performance of assets demanding stricter building quality standards.	Assets at risk of obsolescence are often characterized by falling visitor numbers and declining sales volumes. These can compromise Klépierre's rental income as some retailers may turn more reluctant to pay maintenance charges or be discouraged to come to, or stay in the mall. Lower rental income and occupancy rates may lead to a depreciation in asset values.	Klépierre undertakes regular reviews of its leasing plan on an asset-per-asset basis to ensure that the retail offering is best suited to shoppers' demand. The Group maintains strong relationships with key tenants which allows for a better understanding of their needs and the ways to support them in the transformation of their stores and in the implementation of their marketing initiatives. Klépierre also uses dedicated digital tools for social media listening to gather feedback from visitors and engage with them. This is supported by the Group's internal innovation platform – Klépierre ID – aimed at detecting new concepts in partnership with start-ups to test innovative and complementary services. As for physical obsolescence, Klépierre has developed processes and software tools to define maintenance plans based on a granular definition of life duration of each specific equipment type. Additionally, to keep ahead of increasing environmental standards, the Group is committed to achieving green building certifications for both existing assets (100% BREEAM in Use) and for new developments (100% BREEAM New Construction, level Excellent).

Human resources

Description	Impacts	Mitigation measures
Klépierre operates in a highly competitive industry with a relatively small scale of organization. Its staff are highly employable, meaning retention of skilled employees is a priority.	A decline in the Group's appeal as an employer would reduce its ability to recruit, motivate and retain talented employees, especially in key positions. A loss of core skills, knowledge and expertise due to employee turnover can have an impact on the ability of the Group to execute its corporate decision making and operate efficiently. Finally, the Group must comply with diversity legislation in many of its major markets. Failure to do so could result in fines or other sanctions.	The Group is taking steps to strengthen its employer brand. It offers competitive wages, runs a dynamic internship program and partners with leading business and engineering schools to identify and recruit the most talented individuals. High potential individuals are closely monitored to support their professional development and career progression to key positions within the Group. Through its internal academy, "Klépierre University", the Group promotes long-term investment in training which is open to all employees to: build a common base of knowledge; strengthen competencies; share experiences and best practices; support professional development; and promote employee mobility. Mobility is further encouraged by the Group's policy to promote internal talent and meet employees' development ambitions. A variety of tools are used to promote a quality work environment (such as training on health and psychosocial risks), measures to ensure work-life balance (such as homeworking), and widespread initiatives to encourage well-being at work (such as sport events, yoga classes, etc.).

Investments and divestments

Description	Impacts	Mitigation measures
Portfolio rotation is an inherent part of Klépierre's strategy to position its malls in the most profitable and dynamic catchment areas. Buying or selling an asset entails risks related to a faulty assessment of the quality and/or potential of the asset. Assets may indeed be acquired or disposed at a price disconnected with its intrinsic value. Considering the cyclical nature of the property investment market, the timing of transactions may also be inappropriate.	Inadequate acquisition or divestment decisions could have an adverse impact on the Group's financial position, operating results, and/or growth prospects. These may result in the loss of opportunities, lower asset values, disputes with buyers or sellers resulting in litigation and a loss of investor confidence.	All proposals to acquire, develop or sell assets are subject to extensive audits. Klépierre also hires the services of specialized and highly reputed advisers (including lawyers, notaries, bankers, real estate experts and auditors) to support the due diligence process. Transactions and investments are successively challenged by the Executive Board, the Investment Committee and the Supervisory Board. Finally, asset valuations are carried out by recognized external independent firms twice a year in line with AMF recommendations. Asset managers in each area are tasked with providing checked data to the independent appraisers. The appraisal values are then presented and discussed with local teams, analyzed and controlled by the Investment Department. These assessments are reviewed by the Statutory Auditors and presented to the Audit Committee.

Real estate development

Description	Impacts	Mitigation measures
Klépierre's development activity is focused on the enhancement of its own properties through redevelopments and/or extensions, and also includes the development of greenfield projects. In most European countries, developments are long projects posing significant risks in relation to planning, construction and leasing. Typical risks include delays in securing the building permits, the execution of works, and the completion of leasing. They also include cost overruns in the construction or lower rental revenues than budgeted.	The main potential impacts are: > The abandonment of the project in the conception phase; > The sale of the land plot; or > A lower return on investment at completion. In all cases these may result in adverse consequences on Klépierre's financial results, growth strategy and market reputation.	Before being commited, development projects must successively be examined by the internal Development Committee, the Executive Board, the Investment Committee, and the Supervisory Board. The validation criteria include: > Consistency of the project with Klépierre's capital allocation strategy, operational guidelines, and CSR policy; > Technical feasibility and local acceptability; > Sufficient pre-leasing rate; and > Risk-adjusted return on investment. Progress on development projects is examined on a quarterly basis by the Corporate Management Team. To limit potential loss of up-front costs and the risk of not obtaining regulatory approvals, development teams engage with stakeholders to ensure they support the proposed project as soon as a feasibility study has been carried out. Detailed design costs are not incurred without having run a preliminary financial analysis confirming the viability of the project. Construction is not started before a high level of retailers' support has been obtained.

1.7.5 Details on certain controls

1.7.5.1 Accounting organization and management control

Accounting tasks are carried out by the Finance Department in each country in which the Group operates. The company and consolidated financial statements are prepared under the responsibility of the Group Finance Department. The deployment of an ERP system (SAP) across the Group makes it possible to record day-to-day transactions and enter accounting data in an integrated and automated manner. All the processes used to prepare accounting data are subject to accounting control programs at various levels, including validation rules, authorizations and instructions concerning supporting evidence for, and documentation of, accounting entries. The "Accounting Internal Control" unit, which reports directly to the Deputy CFO, is in charge of defining and providing the accounting control rules and ensuring the smooth operation of the internal control environment.

Klépierre's internal financial data is certified using a specific tool called "FACT" (Finance Accounting Control Tool). FACT relies on a series of validation mechanisms through which the staff involved in the evaluation of accounting controls formally certify the reliability of the data provided and the proper functioning of the fundamental controls necessary to ensure the accuracy of the financial data for which they are responsible. This process contributes to the overall monitoring of the functioning of internal accounting controls within the Group and gives the Group Finance Department, which is responsible for the preparation and quality of the Klépierre Group's consolidated financial statements, the necessary level of assurance in the accuracy of financial statements of each entity. The content of the certifications is updated on a quarterly basis by the Group's accounting internal control function, and covers, among other items, regulatory requirements in terms of internal accounting control. The certifications' content is approved by the Deputy CFO.

The financial reporting system in place in all countries enables the Group to track trends in the main key performance indicators by country and by asset, and to ensure that these are properly geared to the objectives laid down in the annual budget approved by the Executive Board. Reports prepared at country level are reviewed on a quarterly basis by the Group Controlling Department, which also carries out a full reconciliation of the consistency of the accounting results with the consolidated management results.

1.7.5.2 Account closing process and consolidation

The accounts are consolidated by the Group Accounting and Consolidation Department. Data for the consolidation system used at almost all Klépierre's main subsidiaries is provided by the Finance Department in each country. A specific reporting tool is used to record off-balance sheet commitments. This allows each reporting unit to declare off-balance sheet commitments and the Consolidation Department to perform monitoring controls and data consolidation.

The consolidated financial statements are prepared using a process laid down in instructions circulated to the finance departments of each country to ensure that deadlines are met, and that the data provided complies with the Group's accounting standards.

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

- Controls on changes in the scope of consolidation and equity reconciliations;
- Analysis of supporting evidence for all consolidation adjustments;
- Analysis of and explanations for all deviations from budgets and forecasts; and
- Analysis of balance sheet movements and outstanding balances.

At each quarterly close, the Group Accounting and Consolidation Department coordinates an internal certification process for the accounting data reported by country, as well as the controls performed. As a part of this process, the CFO for each country certifies:

- The reliability and compliance of the accounting data provided with regard to the regulations in force and Group standards;
- Smooth operation of the accounting internal control system, safeguarding the quality of the accounting data; and
- Significant events that occurred after the accounts closing and their financial impact on the consolidated financial statements.

The clarity of financial reporting and the compliance of accounting methods are overseen by the Audit Committee, as well as the Statutory Auditors.


Jensen's Bøfhus

2

BUSINESS FOR THE YEAR

2.1 BUSINESS OVERVIEW

2.1.1 Economic environment

Economic growth in Europe slowed down in 2018, with eurozone GDP expected to increase by just 1.9% compared to 2.5% in 2017 and with most countries trimming between 40 bps and 90 bps off their growth rates. Domestic demand remained strong however, helping to improve labor market conditions, as evidenced by lower unemployment and higher wages. Inflation is set to hit 1.8% in 2018, fueled mainly by higher oil prices.

In 2019, eurozone GDP growth is expected to stabilize at 1.8% but could be further hampered by a combination of escalating global trade tensions, political upheaval, and tighter financial conditions. Unemployment is nevertheless set to continue on a downward trend and inflation to accelerate slightly.

► 2018 AND 2019 MACROECONOMIC FORECASTS BY GEOGRAPHY

	Real GDP growth rate			Unemployment rate			Inflation rate		
Geography	**2017**	**2018E**	**2019E**	**2017**	**2018E**	**2019E**	**2017**	**2018E**	**2019E**
EUROZONE	**2.5%**	**1.9%**	**1.8%**	**9.1%**	**8.2%**	**7.6%**	**1.5%**	**1.8%**	**1.9%**
France	**2.3%**	**1.6%**	**1.6%**	**9.4%**	**9.0%**	**8.8%**	**1.2%**	**2.2%**	**1.8%**
Belgium	**1.7%**	**1.5%**	**1.4%**	**7.1%**	**6.2%**	**6.0%**	**2.2%**	**2.3%**	**2.2%**
Italy	**1.6%**	**1.0%**	**0.9%**	**11.3%**	**10.4%**	**9.7%**	**1.3%**	**1.3%**	**1.6%**
Scandinavia									
Norway	2.0%	1.6%	1.9%	4.2%	3.7%	3.5%	1.9%	2.7%	2.3%
Sweden	2.4%	2.5%	1.9%	6.7%	6.2%	6.1%	1.8%	2.0%	2.4%
Denmark	2.3%	1.2%	1.9%	5.7%	5.2%	5.1%	1.1%	0.9%	1.8%
Iberia									
Spain	3.0%	2.6%	2.2%	17.2%	15.3%	13.8%	2.0%	1.9%	1.9%
Portugal	2.8%	2.2%	2.1%	8.9%	7.1%	6.4%	1.6%	1.3%	1.5%
CE & Turkey									
Czech Republic	4.5%	3.0%	2.7%	2.9%	2.3%	2.2%	2.5%	2.2%	2.4%
Poland	4.8%	5.2%	4.0%	4.9%	3.7%	3.2%	2.1%	1.9%	2.7%
Hungary	4.4%	4.6%	3.9%	4.2%	3.6%	3.2%	2.3%	3.0%	4.0%
Turkey	7.4%	3.3%	0.4%	10.9%	10.8%	12.7%	11.1%	16.8%	19.5%
Netherlands	**3.0%**	**2.7%**	**2.5%**	**4.9%**	**3.9%**	**3.7%**	**1.3%**	**1.7%**	**2.5%**
Germany	**2.5%**	**1.6%**	**1.6%**	**3.8%**	**3.4%**	**3.0%**	**1.7%**	**1.9%**	**2.2%**

Source: OECD Economic Outlook, November 2018. Data correspond to the percentage change over the previous year.

2.1.2 Retailer sales

On a like-for-like basis[1], total retailer sales at Klépierre's malls rose by 0.9% in 2018. Over the first 11 months of the year, retailer sales outperformed aggregate national retailer sales indices by 80 bps.[2] With growth of 1.4%, the trend improved in the final quarter of the year in all countries except France, where sales decreased in the last two months as a result of the "yellow vest" protest movement (France down 0.7% in the fourth quarter; all areas excluding France up 2.3%).

On a geographical basis, as in 2017, the most dynamic regions in 2018 remained Iberia (up 4.9%) and Central Europe & Turkey (up 5.0%). Growth in Spain came out at 4.8%, on the back of supportive consumer spending trends and the leading positioning of Klépierre's malls, which has been strengthened by recent re-tenanting initiatives. The performance of Central Europe & Turkey was mostly driven by strong growth in Hungary (up 9.1%; government's measures to increase public and minimum wages) and Turkey (up 11.8%; high level of inflation), while Poland's sales (down 0.8%) were softer as a result of the Sunday trading ban put in place last March. Italy improved slightly during the fourth quarter (up 0.9%), but sales declined by 1.6% over the year as a whole, penalized by challenging economic conditions, inclement weather that impacted the fashion segment, and new competition in the north of the country.

(1) Like-for-like change is on a same-center basis and excludes the impact of asset sales, acquisitions and foreign exchange.

(2) Compound index based on the following national retailer indices weighted by the share of each country in Klépierre's total net rental income: CNCC (France), ISTAT (Italy), INE (Iberia), Destatis (Germany), Kvarud (Norway), HUI (Sweden), Danmarks statistic (Denmark), REindex (Poland), KSH (Hungary), CZSO (Czech Republic), CBS (Netherlands), and AYD (Turkey).

YEAR-ON-YEAR CHANGE IN RETAILER SALES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 *(by country)*

Country	Like-for-like change[a]	Share in total reported retailer sales
France	+0.6%	30%
Belgium	−3.2%	2%
France-Belgium	**+0.4%**	**32%**
Italy	**−1.6%**	**25%**
Norway	−1.2%	9%
Sweden	−0.6%	7%
Denmark	−3.1%	4%
Scandinavia	**−1.4%**	**20%**
Spain	+4.8%	8%
Portugal	+5.2%	3%
Iberia	**+4.9%**	**11%**
Czech Republic	+1.5%	1%
Poland	−0.8%	3%
Hungary	+9.1%	2%
Turkey	+11.8%	2%
CE & Turkey	**+5.0%**	**8%**
Netherlands[b]	**n.m.**	**n.m.**
Germany	**+0.1%**	**3%**
TOTAL	**+0.9%**	**100%**

(a) Like-for-like change is on a constant-center basis and excludes the impact of asset sales and acquisitions.
(b) Only recently-opened shops in Hoog Catharijne (Utrecht) and a few retailers in Alexandrium (Rotterdam) report their sales to Klépierre.

Food & Beverage was the best performing segment over the course of 2018, with growth of 5.1% powered by the rollout of our Destination Food® concept in several shopping centers across Europe. Health & Beauty recorded firm growth of 4.9%, largely benefiting from leasing initiatives through the deployment of on-trend concepts (Rituals: nine new stores; Normal: six new stores, etc.). In the Culture, Gifts & Leisure segment, Sports registered a strong increase, bolstered by expansion in our malls of retailers such as JD Sports, Adidas, Snipes and Decathlon. The inclement weather conditions hurt the Fashion segment (down 1.0%) in what remains a competitive market.

YEAR-ON-YEAR CHANGE IN RETAILER SALES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 *(by segment)*

Segment	Year-on-year change	Share in total reported retailer sales
Fashion	−1.0%	39%
Culture, Gifts & Leisure	+1.1%	18%
Health & Beauty	+4.9%	13%
Household Equipment	+0.5%	12%
Food & Beverage	+5.1%	11%
Others	−1.3%	7%
TOTAL	**+0.9%**	**100%**

2.1.3 Gross rental income

GROSS RENTAL INCOME *(on a total share basis)*

In €m	2018	2017	Reported change
France-Belgium	446.1	438.1	+1.8%
Italy	210.3	210.3	+0.0%
Scandinavia	188.1	192.5	−2.3%
Iberia	134.9	123.6	+9.1%
CE & Turkey	120.6	124.5	−3.2%
Netherlands	75.1	64.6	+16.1%
Germany	51.8	54.4	−4.8%
TOTAL SHOPPING CENTERS	**1,226.8**	**1,208.0**	**+1.6%**
Other retail properties	25.4	28.0	−9.2%
TOTAL	**1,252.2**	**1,236.0**	**+1.3%**

On a total share basis, shopping center gross rental income came in at €1,226.8 million in 2018, versus €1,208 million for the same period one year ago. The 1.6% year-on-year increase in gross rental income reflects the combined impact of solid like-for-like growth, the openings of the Val d'Europe extension (Paris region, France) and of Prado (Marseille, France), the redevelopment of Hoog Catharijne (Utrecht, Netherlands), an extension to the shopping mall on part of the former Tesco hypermarket in Nový Smíchov (Prague, Czech Republic), and the acquisition of Nueva Condomina (Murcia, Spain).

Over the 12-month period, the disposal of three shopping malls in Italy, one in France, one in Spain, two malls and an office building in Hungary as well as an office building in Germany[(1)] negatively impacted rental income in these countries. In Scandinavia and Turkey, unfavorable foreign exchange effects weighed on rental income.

Adding in gross rental income generated by other retail properties (down 9.2% further to asset disposals), total gross rental income amounted to €1,252 million, versus €1,236 million in 2017, representing growth of 1.3%.

2.1.4 Net rental income

► **NET RENTAL INCOME** *(on a total share basis)*

In €m	2018	2017	Reported change	Like-for-like change	Index-linked change
France-Belgium	405.1	394.9	+2.6%	+2.9%	+1.5%
Italy	196.5	195.2	+0.7%	+2.4%	+0.6%
Scandinavia	168.4	172.6	−2.4%	+2.4%	+1.4%
Iberia	121.3	110.0	+10.3%	+7.6%	+1.1%
CE & Turkey	108.1	113.8	−5.0%	+4.8%	+1.7%
Netherlands	56.7	49.3	+14.9%	+6.7%	+1.5%
Germany	39.5	42.8	−7.7%	−0.0%	+0.0%
TOTAL SHOPPING CENTERS	**1,095.6**	**1,078.6**	**+1.6%**	**+3.4%**	**+1.2%**
Other retail properties	23.4	27.1	−13.6%		
TOTAL	**1,119.0**	**1,105.6**	**+1.2%**		

Net rental income (NRI) generated by shopping centers totaled €1,095.6 million for the twelve-month period ended December 31, 2018, up 1.6% on a reported-portfolio, total share basis compared with the same period in 2017. This increase reflects the combined effect of the following factors:

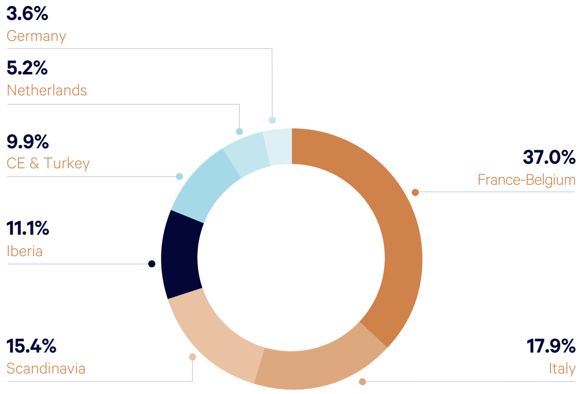
> A €34.6 million like-for-like increase (up 3.4%)[(2)] driven by indexation (1.2% positive impact), solid reversion and higher income from specialty leasing;

> A €24.6 million positive scope impact reflecting the contribution of Nueva Condomina, acquired in the first half of 2017, and that from the openings of the Hoog Catharijne (Utrecht, Netherlands) redevelopment and the Prado (Marseille, France) shopping center;

> A negative €22.0 million impact from disposals; and

> A negative €20.1 million impact attributable to the depreciation of the Turkish lira, the Swedish krona and the Norwegian krone, as well as other non-recurring items.

► **BREAKDOWN OF SHOPPING CENTER NRI BY REGION FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018** *(on a total share basis)*



(1) For more information, see section 2.4 "Investments, developments and disposals" of this chapter.

(2) Like-for-like data exclude the contribution of new spaces (acquisitions, greenfield projects or extensions), spaces being restructured, disposals completed since January 2018, and foreign exchange impacts.

▶ FOREIGN EXCHANGE IMPACT ON LIKE-FOR-LIKE NRI FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018

	Like-for-like NRI change		Forex impact on like-for-like NRI change
	At constant forex	At current forex	
Norway	+1.5%	−1.4%	−286 bps
Sweden	+3.0%	−3.3%	−625 bps
Denmark	+2.9%	+2.7%	−20 bps
Scandinavia	**+2.4%**	**−0.8%**	**−318 bps**
Czech Republic	+7.1%	+6.6%	−54 bps
Poland	+2.6%	+2.1%	−59 bps
Hungary	+12.5%	+12.5%	–
Turkey[(a)]	−2.5%	−20.4%	−1,796 bps
CE & Turkey	**+4.8%**	**+0.1%**	**−474 bps**
TOTAL	**+3.4%**	**+2.4%**	**−100 BPS**

(a) As per the Turkish Presidential Decree, most of the rents were translated from euros or US dollars into Turkish lira in the fourth quarter of 2018. Consequently, the foreign exchange impact shown in this table is twofold: for the first three quarters of 2018, it reflects the euro/dollar parity change as well as the rent discounts granted to retailers to compensate for the depreciation of the Turkish lira; for the last quarter of 2018, it reflects the euro/Turkish lira parity (see section 2.2.5 for more information).

2.1.5 Contribution of equity-accounted investments

The contribution to net rental income of equity-accounted investments[(1)] amounted to €66.5 million in 2018. The Group's equity-accounted investments are listed below:

> **France:** Espace Coty (Le Havre), Le Millénaire (Paris), Les Passages (Boulogne), Mayol (Toulon);

> **Italy:** Porta di Roma (Rome), Il Corti Venete (Verona), Il Leone (Lonato), Il Destriero (Milan), Città Fiera (Udine);

> **Norway:** Økernsenteret (Oslo), Metro Senter (Oslo), Nordbyen (Larvik);

> **Portugal:** Aqua Portimão (Portimão); and

> **Turkey:** Akmerkez (Istanbul).

The following tables present the contributions of each of these countries to gross and net rental income, EBITDA, net current cash flow, and net income.

▶ CONTRIBUTION OF EQUITY-ACCOUNTED INVESTMENTS

GROSS RENTAL INCOME – TOTAL SHARE

In €m	12/31/2018	12/31/2017
France	22.5	21.9
Italy	39.9	39.6
Norway[(a)]	7.6	7.9
Portugal	3.3	3.1
Turkey	10.3	9.9
TOTAL	**83.6**	**82.5**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET RENTAL INCOME – TOTAL SHARE

In €m	12/31/2018	12/31/2017
France	16.6	15.9
Italy	34.2	34.1
Norway[(a)]	6.2	6.4
Portugal	3.0	2.7
Turkey	6.6	6.5
TOTAL	**66.5**	**65.7**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

EBITDA – TOTAL SHARE

In €m	12/31/2018	12/31/2017
France	16.5	16.0
Italy	34.6	34.1
Norway[(a)]	6.2	6.4
Portugal	3.0	2.7
Turkey	6.2	5.9
TOTAL	**66.4**	**65.1**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET CURRENT CASH FLOW – TOTAL SHARE

In €m	12/31/2018	12/31/2017
France	13.9	13.1
Italy	26.5	25.4
Norway[(a)]	6.2	6.4
Portugal	0.6	0.3
Turkey	7.0	6.3
TOTAL	**54.1**	**51.5**

(a) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET INCOME – TOTAL SHARE[(a)]

In €m	12/31/2018	12/31/2017
France	6.6	2.5
Italy	18.2	56.8
Norway[(b)]	(0.5)	22.5
Portugal	(0.5)	3.1
Turkey	7.2	(10.6)
TOTAL	**31.0**	**74.4**

(a) Net income includes non-cash and non-recurring items, including changes in the value of investment properties.
(b) To determine the Group's share for Norway, data must be multiplied by 56.1%.

(1) Equity-accounted investments include investments in jointly-controlled companies and investments in companies in which the Group exercises significant influence.

2.1.6 Shopping center business summary: leasing highlights

▶ KEY PERFORMANCE INDICATORS

Geography	Renewed and re-let leases *(in €m)*	Reversion *(in %)*	Reversion *(in €m)*	OCR[(a)]	EPRA vacancy rate	Bad debt rate[(b)]
France-Belgium	46.3	11.7%	4.9	12.9%	3.3%	2.0%
Italy	33.5	11.5%	3.5	11.5%	1.5%	1.9%
Scandinavia	26.1	9.1%	2.2	11.6%	4.5%	0.5%
Iberia	13.6	21.6%	2.4	13.1%	2.4%	0.2%
CE & Turkey	20.3	10.1%	1.9	13.4%	4.9%	3.8%
The Netherlands	2.9	11.4%	0.3	-	5.6%	1.3%
Germany	3.8	(9.6%)	(0.4)	11.0%	4.1%	2.1%
TOTAL	**146.4**	**11.1%**	**14.6**	**12.3%**	**3.2%**	**1.7%**

All assets (including equity-accounted investments) are presented on a 100% share basis.
(a) Occupancy cost ratio. Occupancy cost ratio is not calculated for the Netherlands as only a few Dutch retailers report their sales to Klépierre.
(b) On a rolling 12-month basis.

In 2018, leasing activity remained robust with 1,762 leases signed, including 1,478 renewals and re-lettings, generating €14.6 million in additional minimum guaranteed rents (MGR; excluding extensions and greenfield projects) or an 11.1% positive rental reversion. Overall, the EPRA Vacancy Rate was stable at 3.2%. Bad debt allowances remained low at 1.7% (versus 1.5% in 2017).

Through the leasing initiatives undertaken in 2018, Klépierre continued to adapt its tenant mix in line with evolving consumer expectations. Accordingly, the Group continued to prioritize fashion flagship stores (larger than 23,000 sq.m.), which are better suited to an omni-channel retail environment, while reducing the space allocated to fashion boutiques. Greater emphasis has also been placed on other segments such as Health & Beauty, Sports and Food & Beverage. This has translated into a sustained deal flow with expanding retailers such as Rituals (11 leases including 9 new stores), Inditex (14 leases including 5 new stores), Bestseller (15 leases including 10 new stores), Calzedonia (14 leases including 7 new stores), Courir (6 leases including 5 new stores), Normal (6 new stores) and Levi's (8 leases including 6 new stores) among others.

This strategy has significantly enhanced the retail offering in many Klépierre malls, including Milanofiori (Milan), Field's (Copenhagen), Nový Smíchov (Prague) and Rives d'Arcins (Bordeaux). See section 2.2 "Business activity by region" for more information.

Lastly, the Group opened a number of iconic stores. In Porta di Roma (Rome, Italy), Victoria's Secret opened its first full-concept store in Italy. Sephora opened two near–1,000 sq.m.-flagships in Nový Smíchov (Prague) and Saint-Lazare (Paris). Lastly, together with the right-sizing of its H&M store, the Swedish group also opened four stores for its satellite brands Arket, H&M Home, & Other Stories and Monki.

2.1.7 Lease expiration schedule

▶ SHOPPING CENTER LEASE EXPIRATION SCHEDULE

Geography	≤ 2018	2019	2020	2021	2022	2023	2024	2025	2026+	Total	WALT[(b)]
France	11.2%	6.9%	7.2%	8.1%	10.5%	10.2%	9.0%	7.4%	29.4%	100.0%	5.1
Belgium	0.0%	4.0%	1.1%	2.5%	3.2%	56.3%	5.7%	6.2%	21.0%	100.0%	2.9
France-Belgium	**10.7%**	**6.8%**	**7.0%**	**7.9%**	**10.2%**	**12.1%**	**8.9%**	**7.4%**	**29.0%**	**100.0%**	**5.0**
Italy	**12.7%**	**12.8%**	**11.1%**	**12.7%**	**13.5%**	**8.5%**	**4.8%**	**6.8%**	**17.3%**	**100.0%**	**4.1**
Denmark[(a)]											
Norway	2.8%	23.0%	13.8%	14.2%	11.0%	18.4%	4.7%	4.0%	8.2%	100.0%	3.3
Sweden	2.5%	11.2%	19.7%	21.8%	26.3%	7.4%	3.0%	3.6%	4.5%	100.0%	3.0
Scandinavia	**2.7%**	**18.3%**	**16.2%**	**17.2%**	**17.1%**	**14.0%**	**4.0%**	**3.8%**	**6.7%**	**100.0%**	**3.2**
Spain	0.3%	8.0%	6.7%	9.3%	8.4%	12.6%	11.2%	4.1%	39.4%	100.0%	7.3
Portugal	0.0%	7.0%	6.9%	14.8%	14.8%	15.7%	15.5%	2.3%	22.9%	100.0%	5.8
Iberia	**0.2%**	**7.8%**	**6.7%**	**10.6%**	**9.8%**	**13.3%**	**12.2%**	**3.7%**	**35.7%**	**100.0%**	**7.0**
Czech Republic	1.6%	9.6%	22.9%	15.4%	20.6%	14.1%	3.8%	1.0%	11.0%	100.0%	3.1
Poland	1.4%	15.3%	22.9%	16.9%	12.0%	21.7%	3.5%	0.3%	6.1%	100.0%	4.0
Hungary	0.7%	8.4%	8.5%	17.9%	24.3%	22.5%	7.0%	1.2%	9.5%	100.0%	3.9
Turkey	0.0%	18.2%	15.9%	10.8%	17.0%	22.7%	4.6%	2.6%	8.3%	100.0%	3.9
CE & Turkey	**0.9%**	**12.1%**	**16.6%**	**15.3%**	**19.7%**	**19.9%**	**5.0%**	**1.3%**	**9.2%**	**100.0%**	**3.7**
Netherlands	**0.5%**	**24.2%**	**5.3%**	**9.6%**	**8.2%**	**12.8%**	**14.4%**	**1.1%**	**24.0%**	**100.0%**	**5.4**
Germany	**0.6%**	**8.3%**	**1.6%**	**8.3%**	**34.8%**	**13.0%**	**8.9%**	**0.9%**	**23.6%**	**100.0%**	**5.3**
TOTAL	**7.6%**	**10.5%**	**9.4%**	**11.0%**	**13.5%**	**12.3%**	**7.6%**	**5.5%**	**22.6%**	**100.0%**	**4.7**

(a) Under Danish law, leases are open-ended.
(b) Weighted average lease term (in number of years).

2.2 BUSINESS ACTIVITY BY REGION

2.2.1 France-Belgium (36.2% of net rental income)

▶ NRI & EPRA VACANCY RATE IN FRANCE-BELGIUM

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
France	387.0	378.0	+2.4%	365.9	356.0	+2.8%	3.4%	3.5%
Belgium	18.1	16.8	+7.3%	17.9	16.8	+6.0%	1.0%	0.2%
FRANCE-BELGIUM	**405.1**	**394.9**	**+2.6%**	**383.8**	**372.9**	**+2.9%**	**3.3%**	**3.3%**

GDP growth in France is set to come in at 1.6% in 2018, reflecting a slight slowdown compared with 2017 (growth of 2.3%) as a result of global trade tensions as well as energy price hikes and tax rises. In the fourth quarter, the "yellow vest" protest movement weighed slightly on economic performance. However, the unemployment rate continued to decline, representing 9.0% at end-2018 (versus 9.4% at end-2017), and is expected to fall further to 8.8% in 2019. GDP growth for 2019 is projected to remain firm at 1.6%, thanks mainly to tax reforms and favorable financing conditions which should support investment and further encourage job creation.

In 2018, like-for-like **retailer sales** growth at Klépierre malls came out at 0.4%. In France, the performance outpaced the national shopping center retail index by 240 bps in 2018[1]. Over the year as a whole, business activity was impacted by external factors such as the French national railway strike and more recently, the "yellow vest" protest movement in November and December, with sales down by 0.7% during the fourth quarter. On the upside, tenant sales were supported by recent leasing initiatives, including in Nice TNL (5,000-sq.m. Decathlon store), Écully (Lyon area; 2,100-sq.m. Zara store), and Bourse (Marseille; 900-sq.m. Boticinal store) which posted sound performances as a result. Eighteen months after its extension, Val d'Europe (Paris region) continued to deliver impressive performances that confirm its leadership position in the eastern Paris segment.

By segment, Household Equipment (up 2.8%), Health & Beauty (up 2.2%), and Food & Beverage (up 1.5%) all posted strong sales increases.

Net rental income in France grew by 2.8% on a like-for-like basis, outperforming indexation by 130 bps, mainly attributable to the firm positive rental reversion (10.9%), continued operating cost optimization driven by procurement initiatives, and higher specialty leasing income. On a reported-portfolio basis (up 2.4%), the full-year impact of the extension of Val d'Europe (Paris) and the opening of Prado (Marseille) offset the disposal of Grand Vitrolles (Marseille).

The 7.3% increase in net rental income in Belgium mainly reflects high positive rental reversion on renewal and re-leasing agreements (50.2% over 11 leases), combined with a decrease in related charges.

Leasing activity remained dynamic in 2018, with 465 leases signed in France and Belgium, translating into an 11.7% positive rental reversion and a stable vacancy rate of 3.3%.

Over the 12-month period, momentum with key accounts accelerated the development of several retailers in the French portfolio: Inditex signed 12 deals, including five new stores, while Celio renovated 12 stores in Klépierre's malls. Action, the fast-growing retailer offering affordable everyday products, signed on to open four new stores in Klépierre's malls, including Le Millénaire (Paris area, 1,000 sq.m.), Grand Littoral (Marseille, 1,800 sq.m.), Mayol (Toulon, 1,150 sq.m.), and Villiers-en-Bière (Paris area, 2,700 sq.m.). In the Sportswear segment, brands such as Snipes and Courir (three new stores each) and Project X (five new stores) continued to expand their footprint. From a mall-by-mall perspective, the renewal campaign at the Saint-Lazare (Paris) shopping center continued in 2018 with 19 new leases signed. Six years after opening, roughly 30% of the tenant mix has been rejuvenated with, for example, the opening of a 1,100-sq.m. Sephora flagship store and the arrival of new brands such as Xiaomi, Kiehl's, Rituals, NYX and Nespresso, which should further confirm the success of this downtown Paris shopping center. In Rives d'Arcins, one of the leading shopping centers in the Bordeaux area, 12 leases were signed to significantly upgrade the mall's offering. Zara will open a 3,300-sq.m. flagship store together with two Inditex satellites, Pull&Bear and Stradivarius. Maisons du Monde (1,800 sq.m.) and I Concept (Apple reseller) will also enhance the tenant mix. Lastly, a 6,000 sq.m. Decathlon store will be unveiled in April 2019 to complete the mall's transformation. Ahead of the extension planned in 2021, the Group continued to strengthen the tenant mix at the Grenoble Grand Place with the signature of eight new stores, including brands such as Adidas, Celio and Terranova.

2.2.2 Italy (17.6% of net rental income)

▶ NRI & EPRA VACANCY RATE IN ITALY

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
ITALY	**196.5**	**195.2**	**+0.7%**	**196.9**	**192.4**	**+2.4%**	**1.5%**	**1.2%**

The Italian **economy** underwent a slowdown over the 12-month period, with GDP growth declining from 1.6% in 2017 to 1.0% in 2018, mainly driven by a decline in domestic demand and political unrest. Energy price hikes pushed up inflation, which is expected to hit 1.6% in 2019 (versus 1.3% in 2018). Nevertheless, labor market conditions were positive, with the unemployment rate projected to decrease to 10.4% at end-2018 from 11.3% one year earlier, driven largely by temporary contracts. The prevailing tight financing conditions are expected to act as a further drag on business confidence in 2019, pushing growth down to 0.9%.

(1) The CNCC index was down 2.0% in 2018.

In this challenging economic environment, 2018 **retailer sales** declined by 1.6% on a like-for-like basis, despite an improvement during the fourth quarter when sales were up by 0.9%. Unusual weather conditions (warmest year for the last two centuries) also affected the performance of Klépierre's malls, especially in the Fashion segment (down 3.9%), although other segments performed positively (up 0.3%). Lastly, certain northern shopping centers (Le Corti Venete, Il Leone, Moncalieri) continued to be penalized by new competition.

Despite this sluggish sales performance, **leasing activity** remained extremely buoyant with a total of 286 leases signed in 2018 (271 renewal and re-leasing agreements with an average positive rental reversion of 11.5%), confirming the quality of Klépierre's platform and ability to leverage its extensive relations with retailers. During 2018, the Assago shopping center was completely remodeled, significantly enhancing its appeal. The upgrades to the mall and newly extended food court have now been completed. Following the acquisition of a portion of the Carrefour hypermarket, Zara was repositioned in bigger premises (5,700 sq.m., of which 3,800 sq.m. in sales area). Dmail, a fast-expanding Italian retailer offering a wide variety of products from household goods to leisure equipment, opened its first stores in Klépierre malls at Le Gru (Turin), Grand Emilia (Modena) and Porta di Roma (Rome), where Victoria's Secret also opened its first Italian full-concept store on 940 sq.m. The Group also signed renewal and re-leasing agreements at Campania (Naples; 29 leases), Le Gru (Turin; 18 leases), Porta di Roma (Rome; 24 leases) with high positive rental reversion.

Overall, like-for-like **net rental income** growth remained strong at 2.4%, 180 bps above indexation. This outperformance was achieved thanks to very solid positive rental reversion, and an improvement in the gross-to-net rental income ratio (from 92.8% to 93.4% in 2018). The EPRA Vacancy Rate increased slightly by 30 bps, mostly in the assets that were impacted by new competition. On a reported basis, net rental income increased by only 0.7%, reflecting the disposal of three malls last September (see section 2.4.4 "Disposals" for more information).

2.2.3 Scandinavia (15.1% of net rental income)

► NRI & EPRA VACANCY RATE IN SCANDINAVIA

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
Norway	64.0	65.4	−2.2%	64.4	63.4	+1.5%	3.3%	2.2%
Sweden	53.5	56.0	−4.6%	52.6	51.1	+3.0%	5.9%	3.7%
Denmark	51.0	51.1	−0.3%	50.1	48.7	+2.9%	4.9%	4.0%
SCANDINAVIA	**168.4**	**172.6**	**−2.4%**	**167.1**	**163.2**	**+2.4%**	**4.5%**	**3.1%**

GDP growth in the Scandinavian countries (Norway, Sweden and Denmark) continued at the same pace over the second half of 2018, supporting a rise in employment. In Sweden, GDP growth (2.5% in 2018) was fueled mainly by strong international demand underpinned by a weaker Swedish krona. The Danish economy is expected to continue its steady growth in the coming years on the back of strong domestic demand and a favorable external environment for export-led industries, with GDP estimated at 1.2% for 2018 and 1.9% in 2019. In Norway, despite higher fixed investment and an uptick in household income, GDP growth is expected to soften to 1.6% in 2018 from 2.0% in 2017, as a contracting domestic property market weighs on the economy. In the meantime, inflation is forecast to increase to 2.7% from 1.9% on the back of a strong oil price rebound.

Retailer sales in the Scandinavian portfolio declined slightly by 1.4% in 2018. In Denmark (down 3.1%), business activity in Field's (Copenhagen) and Bruun's (Aarhus) was affected by significant re-tenanting activity in 2018, due especially to the right-sizing of H&M stores, which are significant traffic drivers for the center. In Sweden (down 0.6%), Galleria Boulevard (Kristianstad) sales declined following the recent opening of a new mall in the catchment area, while Emporia (Malmö) continued to perform very well. In Norway (down 1.2%), ongoing re-tenanting activity at Maxi Hamar (replacement of the former hypermarket operator with the opening of Norway's largest Coop Extra in February 2019) and Farmanstredet (Tønsberg, 12 deals to restructure a portion of the mall) should pave the way for improved retailer sales in these centers in 2019.

Despite the sluggish business context, like-for-like growth in **net rental income** came out at 2.4% in 2018 (growth of 1.5%, 3.0% and 2.9% for Norway, Sweden and Denmark, respectively) thanks to the 1.4% indexation rate and healthy positive rental reversion (9.1%), together with additional income from specialty leasing (mostly in Denmark).

Leasing activity in 2018 was sustained with 305 leases signed. Key account management accelerated the development of several retailers in Klépierre's portfolio. Normal expanded in eight malls through Norway and Sweden, while Rituals opened or reopened five stores in all three countries, with a groundbreaking performance in Norway:

- In Norway, 162 leases were signed, with 13.5% positive rental reversion on renewal and re-leasing agreements. This performance was primarily driven by 18 leasing operations in Oslo City. At Metro Senter (Oslo), 28 renewals and re-lettings were signed, many of which with double-digit positive rental reversion, while the mall was strengthened with key footfall drivers such as Kappahl and VinMonopolet;
- In Sweden, 120 deals were signed in 2018. Rental reversion at Emporia (Malmö) was positive, including deals with retailers such as Tiger of Sweden, Vacker, Gant, Lexington and Peak Performance, confirming Emporia's ability to attract differentiating brands; and
- At Field's (Copenhagen), the tenant mix continued to be improved through major deals, strengthening the positioning of Field's as the leading mall in Denmark. A reenergized retail offering (right-sized Zara and H&M stores), including an outstanding lineup of international brands (Rituals, Arket, Monki, & Other Stories, H&M Home, Skechers), round out a unique food and leisure offering that saw the opening during the year of Bounce Trampoline Park on 3,700 sq.m. Bruun's Galleri (Aarhus) enriched its retail offering by introducing JD Sports (490 sq.m.) and Monki.

2.2.4 Iberia (10.8% of net rental income)

▶ NRI & EPRA VACANCY RATE IN IBERIA

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
Spain	99.3	89.6	+10.8%	92.9	86.3	+7.6%	1.8%	3.1%
Portugal	22.0	20.4	+8.0%	22.0	20.4	+8.0%	4.3%	7.6%
IBERIA	**121.3**	**110.0**	**+10.3%**	**114.9**	**106.7**	**+7.6%**	**2.4%**	**4.2%**

Economic growth in Spain remained robust in 2018, with GDP expected to grow by 2.6% in 2018. An uptick in household consumption and higher tourist traffic in the third quarter contributed significantly to the solid growth momentum. Unemployment continued to decline from 17.2% in 2017 to 15.3% in 2018, and is projected to fall further to 13.8% in 2019. Portuguese GDP growth decreased slightly to 2.2% in 2018 from 2.8% one year earlier, as exports contracted on the back of the overall slowdown in Europe. The country's unemployment rate is predicted to fall to 7.1% in 2018.

Retailer sales continued to grow at a sustained pace in 2018 (up 4.9% on a like-for-like basis, reflecting growth of 4.8% in Spain and 5.2% in Portugal). Klépierre is benefiting from solid economic momentum together with the leadership positions of its malls. The final quarter of the year registered a further uptick in sales growth on the back of the successful Black Friday campaign (5.6% increase in footfall in Spain) and strong Christmas sales. Further to improvements to the tenant mix in Nueva Condomina (Murcia), retailer sales soared by 13.5%. Retailer sales at Plenilunio's (Madrid) jumped by 7.2% following the completion of the full renovation of the shopping center.

Leasing activity remained buoyant in the region, as a total of 244 leases were signed in the year with very high positive rental reversion on renewals and re-lettings (21.6%). This dynamic leasing activity translated into a further reduction in vacancy rates (down 130 bps in Spain and 330 bps in Portugal, to 1.8% and 4.3% respectively).

Re-leasing campaigns were completed at Principe Pío (Madrid; 10 leases), Maremagnum (Barcelona; 7 leases) and La Gavia (Madrid; 14 leases), confirming the attractiveness of these shopping centers and leading to the opening of new stores such as Courir, Xiaomi, Snipes, Misako and Miniso (first store in Spain). At Nueva Condomina (Murcia), a total of 23 leases were signed in the year, including for 16 new stores such as Conforama (opening in April on 7,000 sq.m.), Xiaomi, Tim Hortons, Tous, and Bimba y Lola. Lastly, Zara opened its largest store (3,600 sq.m.) in the Murcia region in March, further strengthening the mall's exceptional Fashion offering (Primark, H&M, Bershka and Mango). All Inditex brands have now been right-sized in this leading mall.

In Portugal, the ongoing re-leasing campaign at Parque Nascente (Porto) helped diversify the tenant mix with popular new retailers such as iStore (Apple reseller), Rituals, Tous, Salsa, Chico, KFC and Fitness Hut. At Aqua Portimão (Portimão), 10 new retailers will join the mall including JD Sports, local fashion brand Tiffosi, Rituals and Parfois. Lastly, at Espaço Guimarães (Guimarães), a 4,000-sq.m. clinic opened in January 2019 together with a Fitness Hut gym (1,050 sq.m.).

Accordingly, **net rental income** saw like-for-like growth of 7.6% in Iberia (reflecting growth of 7.6% in Spain and of 8.0% in Portugal) in 2018, largely outperforming Iberian indexation (up 1.1%). This stellar performance was primarily driven by high positive rental reversion (21.6%) combined with a further decline in the vacancy rate (down 180 bps to 2.4%). Growth in specialty leasing and additional improvements in the gross-to-net ratio further boosted net rental income growth. On a reported-portfolio basis, net rental income in Spain grew by 10.8%, powered by the contribution of Nueva Condomina (acquired in May 2017), which more than offset the impact of the disposal of Gran Via de Hortaleza (Madrid) in February 2018.

2.2.5 Central Europe and Turkey (9.7% of net rental income)

▶ NRI & EPRA VACANCY RATE IN CE & TURKEY

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
Czech Republic	33.4	30.3	+10.1%	32.1	30.0	+7.1%	1.5%	1.2%
Poland	31.7	31.5	+0.6%	31.7	30.9	+2.6%	1.5%	1.1%
Hungary	21.8	21.2	+3.3%	17.6	15.7	+12.5%	1.8%	2.4%
Turkey	18.6	28.6	−35.0%	18.7	19.1	−2.5%	10.2%	7.3%
Others	2.6	2.3	+16.3%	2.6	2.4	+11.3%	9.0%	7.0%
CE & TURKEY	**108.1**	**113.8**	**−5.0%**	**102.8**	**98.1**	**+4.8%**	**4.9%**	**3.9%**

The **Central European economies** (Poland, Czech Republic, and Hungary) continued their solid pace of expansion in 2018, mainly supported by higher consumption and rising employment. However, ongoing global trade tensions and a potential slowdown in the rest of the European Union may weigh on GDP growth in 2019 and, to a greater extent, in 2020. Poland remained the region's most dynamic country, with GDP expected to grow by 5.2% year-on-year in 2018. Inflation is set to stabilize at 1.9% in 2018 (versus. 2.1% in 2017), but is expected to increase to 2.7% in 2019, driven by rising energy prices and faster wage growth. In Hungary, lower unemployment (down to 3.6% in 2018 from 4.2% in 2017) and soaring wages boosted consumer spending. Inflation is set to climb to 3.0% in 2018, compared to 2.3% in 2017. In the Czech Republic, GDP is set to grow by 3.0%, in 2018. Average annual inflation is set to increase to 2.2% in 2018 and to 2.4% in 2019 on the back of higher commodity prices and tobacco duty increases. GDP growth was primarily supported by rising household incomes and low unemployment which now stands at 2.2%, the lowest of all countries in Klépierre's portfolio.

Turkish GDP growth more than halved in 2018 (from 7.4% in 2017 to an expected 3.3% in 2018), triggering a sharp depreciation in the Turkish lira in the second half of the year. In view of the economic environment, GDP is expected to contract by 0.4% in 2019, on the back of weaker domestic demand, higher unemployment (12.7%) and a spike in inflation (19.5%).

Retailer sales in CE & Turkey grew by 5.0% in 2018, with contrasting performances between countries. In Hungary (up 9.1%), Klépierre's malls benefited from higher spending power thanks to government measures to increase wages (public sector and minimum wages). In Turkey, retailer sales advanced by 11.8%. Retailer sales in Poland were relatively soft however (down 0.8%), as a result of the Sunday trading ban initiated in March 2018. Nevertheless, Rybnik Plaza (up 7.0%) and Sosnowiec Plaza (up 6.2%) continued to post solid sales growth, thanks to strong performances from leading retailers such as fashion group LPP and local electronics and household equipment operator Media Expert. In the Czech Republic, Plzeň Plaza (Plzeň) reported solid sales growth of 6.0%, buoyed by momentum in the Health & Beauty and Culture, Gifts & Leisure segments. At Nový Smíchov (Prague), footfall and sales growth accelerated sharply following the completion of reconstruction work and the reopening of the nearby subway station.

On the **leasing** front, a total of 359 leases were signed over the year, with a 10.1% positive rental reversion on renewals and re-lettings. In Nový Smíchov (Prague), major building works on the expansion (7,000 sq.m.) of the former first-floor Tesco unit were successfully completed, paving the way for emblematic tenants such as Zara (3,300 sq.m.), Sephora (1,000 sq.m.), Bershka (1,000 sq.m.) and Lindex (1,100 sq.m.). Meanwhile, 35 leases were signed, notably with Massimo Dutti (830 sq.m.), Sparkys (500 sq.m.), Benetton (420 sq.m.) and Celio (400 sq.m.). In Plzeň Plaza (Plzeň), a major restructuring operation was successfully completed with the relocation of the Luxor bookstore to the first floor and the 600-sq.m. Terranova store enlargement. In total, 24 brands were introduced into Klépierre's Czech portfolio, including Massimo Dutti, Benetton, iWant, Nespresso, Attrativo and Kazar. In Poland, 13 new leases were signed with leading fashion retailer LPP, including six brands and 7,300 sq.m. in Sosnowiec, Ruda, Sadyba and Lublin. In addition, Sephora renewed 5 leases (Sosnowiec, Poznan, Sadyba, Rybnik and Lublin). In Turkey, following the recent Presidential Decree requiring the conversion of all leases denominated in euros and US dollars to Turkish lira for a period of two years, Klépierre has already secured 84% of its total leases (90% of gross leasable area), including the top 50 tenants. Under these new agreements, rents will be indexed to the Turkish consumer price inflation index.

Against this backdrop, like for like **net rental income** in CE & Turkey grew by 4.8%, outperforming the region's indexation by 310 bps. Hungary (up 12.5%) and the Czech Republic (up 7.1%) were the star performers, while Turkey (down 2.5%) dragged the overall performance down as a result of discounted rents granted to tenants. The strong overall performance in the region continued to be driven mainly by high positive rental reversion. On a reported basis, net rental income fell by 5.0%, principally attributable to the negative foreign exchange impact in Turkey and recent disposals in Hungary (see section 2.4.4 "Disposals" for more information).

2.2.6 Netherlands (5.1% of net rental income)

▸ NRI & EPRA VACANCY RATE IN THE NETHERLANDS

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
NETHERLANDS	56.7	49.3	+14.9%	38.0	35.7	+6.7%	5.6%	6.0%

The Dutch **economy** remained robust in 2018, with GDP growing by 2.7% year-on-year. Upbeat consumer confidence and rising wages helped drive household consumption, while unemployment continued its decline to 3.9% in 2018 from 4.9% in 2017, the lowest level in a decade. Inflation is set to hit 1.7% in 2018, up from 1.3% in 2017.

Leasing activity remained strong, with 52 leases signed (excluding Hoog Catharijne) in the Dutch portfolio and a 11.4% positive rental reversion (36 leases renewed or re-let). At Hoog Catharijne (Utrecht), the successful openings of the F&B Pavilion in February and South Mile in November gave customers access to a complete shopping experience, including several popular national and international brands such as Five Guys, Vapiano, TGI Fridays, Wagamama and The Sea Food Bar in the former, and Nelson Premium, Levi's, Ray-Ban, Lindt, BALR, Ziengs, Lyle&Scott and Pearle in the latter. Leasing activity also progressed well, with the signing of international brands such as Samsung, Pandora and Livera that strengthen the Netherlands' leading mall. At Alexandrium (Rotterdam), the existing retail mix was also boosted by international brands such as Five Guys, Starbucks, Pandora, Expresso, Zizzi, Ecco, Miss Etam and Flying Tiger. In the Health & Beauty space, Clinique has chosen Alexandrium to host their first store in the country.

Net rental income grew by 6.7% like for like, significantly above the indexation of 1.5%, showing a strong improvement compared to 2017 (up 2.1%). Net rental income was boosted by higher rent collection and the ramp-up of car parking revenues at Hoog Catharijne (Utrecht). On a reported-portfolio basis, net rental income increased by 14.9%, mainly as a result of the successful opening of Hoog Catharijne during the year.

2.2.7 Germany (3.5% of net rental income)

▸ NRI & EPRA VACANCY RATE IN GERMANY

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
GERMANY	39.5	42.8	−7.7%	41.6	41.6	−0.0%	4.1%	5.9%

GDP growth in **Germany** is set to slow to 1.6% in 2018, from 2.5% in 2017. The economy is still benefiting from resilient domestic demand and a positive contribution from exports. The labor market continued to improve, with unemployment expected to fall to 3.4%. Nevertheless, global trade tensions and uncertainties in the European Union may weigh on German business confidence and hinder growth going forward.

Retailer sales in 2018 were broadly stable, inching up by 0.1%. Sales were affected by Boulevard Berlin in view of the preparations for the arrival of Maisons du Monde on 1,400 sq.m. (first store in Berlin, opened before Christmas 2018) and Vapiano (opening in April 2019; 925 sq.m.) held business activity back during the year. On the upside, Arneken Galerie (Hildesheim) was boosted by the opening of its new anchor, TK Maxx, in mid-September, which triggered a 25% increase in footfall. Sales in Forum Duisburg also improved in 2018, thanks to significant re-tenanting activity, including 11 new concepts helping to improve the tenant mix (Zara, Only and Orsay) and the arrival of popular new retailers (Snipes, Jack&Jones, Rituals, Eyes & More) to come in 2019.

With 37 leases signed or extended in 2018, **leasing activity** has been particularly intense, given ongoing renewal campaigns in Forum Duisburg (Duisburg) and Centrum Galerie (Dresden). Accordingly, leases representing around 42,000 sq.m. have been secured in these two malls. In Duisburg, all of the anchors have renewed their leases, with some being right-sized such as H&M (on 2,970 sq.m.), Saturn and Mayersche. Furthermore, 20 re-tenanting operations were completed, reflecting healthy tenant rotation and strong market interest for our portfolio. The Group leased 7,300 sq.m. to new tenants in 2018, with additional openings representing 3,300 sq.m. in the pipeline for 2019 (Vapiano in Berlin; Tally Weijl and Tétris in Dresden; and Snipes, Eyes and More, Rituals in Forum Duisburg).

Like-for-like **net rental income** remained flat versus 2017, with positive indexation (up 1.3%) and a reduction in the EPRA Vacancy Rate (down 180 bps to 4.1%) being offset by negative rental reversion. On a reported basis, net rental income contracted by 7.7%, reflecting the disposal of Roncalli in Cologne.

2.2.8 Other retail properties (2.1% of net rental income)

► NRI & EPRA VACANCY RATE OF OTHER RETAIL PROPERTIES

	Reported portfolio NRI			Like-for-like portfolio NRI			EPRA Vacancy Rate	
In €m	2018	2017	Change	2018	2017	Change	2018	2017
OTHER RETAIL PROPERTIES	**23.4**	**27.1**	**−13.6%**	**23.2**	**24.4**	**−5.0%**	**5.9%**	**5.2%**

This segment includes standalone retail units located in France and mostly in the vicinity of large regional retail destinations.

On a reported-portfolio basis, the decrease in net rental income is attributable to the disposals completed over the past 24 months (see section 2.4 "Investments, developments and disposals").

2.3 NET CURRENT CASH FLOW

► NET CURRENT CASH FLOW & EPRA EARNINGS

In €m	2018	2017	Change
Total share			
Gross rental income	1,252.2	1,236.0	+1.3%
Rental and building expenses	(133.2)	(130.4)	+2.2%
Net rental income	**1,119.0**	**1,105.6**	**+1.2%**
Management and other income	94.9	96.1	−1.3%
General and administrative expenses	(188.2)	(189.5)	−0.7%
EBITDA	**1,025.7**	**1,012.2**	**+1.3%**
Adjustments to calculate operating cash flow exclude:			
> Employee benefits, stock option expense and non-current operating expenses	17.2	14.4	+19.1%
Operating cash flow	**1,042.9**	**1,026.7**	**+1.6%**
Cost of net debt	(151.6)	(169.8)	−10.7%
Adjustments to calculate net current cash flow before taxes exclude:			
> Amortization of Corio debt mark-to-market	(19.7)	(34.4)	−42.6%
> Financial instruments close-out costs	29.0	48.5	−40.2%
Net current cash flow before taxes	**900.6**	**871.0**	**+3.4%**
Share in equity-accounted companies	54.1	51.5	+5.0%
Current tax expenses	(31.2)	(29.2)	+6.8%
Net cash flow	**923.5**	**893.4**	**+3.4%**
Group share			
Net current cash flow	**793.7**	**760.6**	**+4.3%**
Adjustments to calculate EPRA Earnings add back:			
> Employee benefits, stock option expense and non-recurring operating expenses	(11.9)	(13.8)	−13.8%
> Depreciation, amortization and provisions for contingencies and losses	(14.4)	(14.4)	-
EPRA Earnings	**767.3**	**732.4**	**+4.8%**
Average number of shares[(a)]	*299,913,706*	*306,084,849*	−2.0%
Per share *(in €)*			
NET CURRENT CASH FLOW	**2.65**	**2.48**	**+6.5%**
EPRA EARNINGS	**2.56**	**2.39**	**+6.9%**

(a) Excluding treasury shares.

In 2018, net current cash flow per share increased by 6.5% year-on-year to €2.65. This strong performance reflects the combined impact of the following factors:

- **Net rental income** increased by 1.2% on a total share basis, powered by 3.4% like-for-like growth for shopping centers (see section 2.1.4 "Net rental income" for more information). The openings of the Prado shopping center (Marseille, France), Hoog Catharijne redevelopment (Utrecht, Netherlands), and Nueva Condomina (Murcia, Spain) all made positive contributions to net rental income growth. Disposals – mainly in France, Italy, and Central Europe – and changes in exchange rates had a negative overall impact;
- **Operating cash flow** increased by 1.6% on a total share basis, growing at a faster pace than net rental income, driven primarily by €4 million[1] in general and administrative cost savings. This translated into a further reduction in the EPRA cost ratio (from 16.3% to 15.6% excluding direct vacancy costs; see section 2.8.5);
- **Cost of net debt** decreased by €18.2 million to €151.6 million on a total share basis. Restated for non-cash and non-recurring items (amortization of Corio debt mark-to-market and financial instrument close-out costs), the cost of net debt came out at €142.3 million, representing a €13.3 million year-on-year reduction and shaving the average cost of debt by 20 bps to 1.6%. See section 2.7.3 "Cost of debt" for more information;
- **Current tax expenses** increased by €2.0 million on a total share basis to €31.2 million, mostly impacted by a change in Italian legislation regarding the deduction of notional interest for income tax purposes;
- **Non-controlling interests** amounted to €129.9 million in 2018, versus €132.8 million one year earlier, due to the acquisition by Klépierre of minority stakes in several shopping centers, notably Meridiano (Tenerife, Spain); and
- **The average number of shares** outstanding fell from 306 million to 300 million as a result of the share buyback program.

See section 2.8.1 for the reconciliation of net current cash flow to EPRA Earnings and net income.

2.4 INVESTMENTS, DEVELOPMENTS, AND DISPOSALS

2.4.1 Investment market[2]

In 2018, investment volumes in European retail properties amounted to €45.2 billion. After a strong first quarter, the market decelerated particularly towards the end of the year. 2018 was nonetheless a year of high investment volumes (20% above the 10-year average).

On a more granular basis, the retail investment market was characterized by the following trends:

- The geography of investment flows has diversified. Germany, the United Kingdom and France, which used to attract about 60% of the total European investment volume every year, now only account for 22%. This resulted mainly from the current uncertainty around Brexit and the UK retail market, as the share of transactions decreased from 29% in 2014 to 7% in 2018;
- Investment volumes have proved volatile in smaller markets such as Scandinavia (down 69% versus 2017), Netherlands (down 29%), Portugal (up 194%), Poland (up 52%) and Italy (up 54%); and
- The decrease in the average deal size, which started in 2015, showed signs of stabilization.

2.4.2 Investments

In 2018, Klépierre continued allocating capital to its properties through the following investments:

- €205 million allocated to the **development pipeline**, primarily relating to the extensions of:
  - Hoog Catharijne: in the leading mall in the Netherlands, after the opening of the North Mile in April 2017, Klépierre unveiled the South Mile in November 2018. This translated into a 9.1% footfall increase to 27.5 million. In 2019 and 2020, work will focus on the redevelopment of the mall's lateral wings, which are used on a daily basis by station passengers as urban links to the city center, and
  - Créteil Soleil (Paris region, France), where work is advancing on schedule and should be completed by the end of 2019. Leasing is progressing very well, with 81% of the space already let (signed or in advanced negotiations), at better conditions than initially budgeted. The expected yield-on-cost has been raised accordingly from 5.7% to 6.0%;
- €127 million allocated to the **standing portfolio** (of which €31 million is recharged to tenants) consisting in technical maintenance capex, refurbishment (excluding extensions) and leasing capex; and
- €110 million allocated to the **acquisitions** of additional spaces in some of our malls in Italy, as well as the minority interests of a Spanish partnership.

2.4.3 Development pipeline

2.4.3.1 Development pipeline overview

Klépierre's development pipeline strategy is to ensure tomorrow's growth by taking reasonable risks. Considering the limited demand from retailers to expand on greenfield projects, the Group has focused its development strategy on extensions. Through this strategy, the Group is seeking to transform its assets while strengthening their leadership in their respective catchment areas. Accordingly, Klépierre has a diversified risk profile and invests an average of €70 million per project, with a strategy of securing the main anchor retailers early in the process.

(1) *Restated for non-cash and non-recurring items: employee benefits, stock option expense and severance packages.*

(2) *Source: JLL, preliminary figures.*

At the end of 2018, the Group's development pipeline represented €2.6 billion worth of potential investments, including €0.3 billion worth of committed projects[(1)] with an average expected yield of 6.3%; €1.1 billion worth of controlled projects[(2)]; and €1.2 billion of identified projects[(3)]. On a Group share basis, the total pipeline represented €2.2 billion, of which €0.2 billion committed, €1.0 billion controlled, and €1.1 billion identified.

The Group focused its development investments on its main geographies (France-Belgium, Scandinavia, Italy, Netherlands and Spain).

▸ DEVELOPMENT PIPELINE AS OF DECEMBER 31, 2018 *(on a total share basis)*

Development projects	Country	Location	Type	Floor area *(in sq.m.)*	Expected opening date	Klépierre equity interest	Estimated cost[(a)] *(in €m)*	Cost to date *(in €m)*	Targeted yield on cost[(b)]
Hoog Catharijne Phase 3	Netherlands	Utrecht	Ext.-refurb.	23,844	2019-2020	100.0%	90	31	6.4%
Créteil Soleil	France	Paris region	Ext.-refurb.	11,187	2019-2020	80.0%	134	54	6.0%
Rives d'Arcins[(c)]	France	Bordeaux	Extension	12,925	2019-2020	52.0%	21	9	6.9%
Other projects				3,785			7	0	5.6%
Total committed projects				**51,741**			**252**	**95**	**6.3%**
Campania	Italy	Naples	Redevelopment	14,200	H1 2020	100.0%	32	15	
Gran Reno	Italy	Bologna	Extension	16,448	H1 2021	100.0%	123	17	
Le Gru	Italy	Turin	Ext.-refurb.	14,875	2020-2021	100.0%	126	2	
Grand Place	France	Grenoble	Extension	16,200	H1 2021	100.0%	55	1	
Maremagnum	Spain	Barcelona	Extension	8,200	H2 2021	100.0%	41	1	
Odysseum[(c)]	France	Montpellier	Ext.-refurb.	16,900	H2 2021	100.0%	54	5	
Porta di Roma[(d)]	Italy	Rome	Extension	4,880	H2 2021	50.0%	9	0	
Il Leone di Lonato[(d)]	Italy	Lombardy	Extension	9,300	H2 2021	50.0%	23	0	
Val d'Europe	France	Paris region	Extension	10,620	H1 2022	55.0%	48	0	
Blagnac	France	Toulouse region	Extension	5,000	H1 2022	53.6%	25	9	
Le Vele & Millenium	Italy	Sardinia	Extension	7,500	H2 2022	100.0%	37	0	
Allum	Sweden	Göteborg region	Redevelopment	12,500	H2 2022	56.1%	61	5	
Grand Portet	France	Toulouse region	Extension	8,000	H2 2022	83.0%	64	8	
L'esplanade	Belgium	Brussels region	Extension	19,475	H2 2022	100.0%	131	18	
Økernsenteret[(d)]	Norway	Oslo	Redevelopment	49,615	H2 2023	28.1%	76	23	
Viva	Denmark	Odense	New development	48,500	H2 2023	56.1%	185	23	
Other projects				10,100			27	2	
Total controlled projects				**272,313**			**1,116**	**129**	
Total identified projects				**243,440**			**1,204**	**6**	
TOTAL				**567,494**			**2,573**	**230**	

(a) Estimated cost as of December 31, 2018 including fitting-out (where applicable) and excluding step-up rents (where applicable), internal development fees and financial costs.
(b) Targeted yield on cost as of December 31, 2018, based on targeted NRI with full occupancy and excluding all lease incentives (where applicable), divided by the estimated cost price as defined above.
(c) Including restructured surfaces: Bègles Rives d'Arcins for 6.950 sq.m. and Odysseum for 9.200 sq.m.
(d) Assets consolidated under the equity method. For these projects, estimated costs and costs to date are reported for Klépierre's share of equity. Floor areas are the total area of the projects.

2.4.3.2 Redevelopment of Hoog Catharijne

Hoog Catharijne in Utrecht is the most popular mall in the Netherlands. To enhance its leadership, Klépierre has undertaken a very ambitious redevelopment project aimed both at adding new retail and dining space and revamping the existing shopping center with state-of-the-art design to ensure the most enjoyable customer experience. The work on the large-scale redevelopment of this world-class mall has been carried out in several phases, with all of them slated for completion by the end of 2020. In March 2018, a new corridor was opened between Utrecht's central train station – hosting 88 million passengers each year – and the heart of the mall and city center. Along this new corridor, Hoog Catharijne presents a new sequence of urban retail experiences, animated by several landmarks, including:

> A new 3,500-sq.m. food pavilion (opened in March 2018) located outside of the mall between the new entrance and train station exit, which hosts trendy restaurants consistent with Klépierre's Destination Food® concept, such as Vapiano, Wagamama, Five Guys, TGI Fridays, and The Seafood Bar;

> The "North Mile" (opened in April 2017) and "South Mile" (opened in November 2018), running in parallel to the new entrance towards the city center. New iconic retailers have extended the mall's offering, including JD Sports, Douglas, Lush, G-Star, Guess, Levi's, Pandora, Ray-Ban and a Vodafone Experience Center. Vodafone Ziggo also took possession of its new 15,300-sq.m. head office;

> The "City Square" is the new heart of the mall, overlooking the future canal to be opened by the City of Utrecht in 2020 as part of major urban works in the area. This 2,400-sq.m. iconic space is organized around a varied Food & Beverage offering (including Starbuck's, Comptoir Libanais, Leon, Bistrot Bakery);

> In 2019 and 2020, work will focus on the redevelopment of the other mall pathways, which are used on a daily basis by station passengers as urban links to the city center. Spread over 23,800 sq.m., the offering will provide new services for commuters as well as a flagship Mediamarkt store;

> The sections of the project that have already opened, totaling 52,500 sq.m., are 95%-let and the leasing rate for the entire mall is 85% overall. In 2018, footfall for the center increased by 9.1% to 27.5 million.

(1) Projects that are under construction or for which the Klépierre Executive Board has taken the decision to start the work.
(2) Projects under advanced review, for which Klépierre has control over the land (acquisition made or under offer, contingent on obtaining the necessary clearance and permits).
(3) Projects in the process of being defined and negotiated.

2.4.3.3 Extension and refurbishment of Créteil Soleil

Work on the extension of Créteil Soleil (Paris region, France) is going to plan and should be completed by the end of 2019. The 11,200-sq.m. extension is located at the main entrance of the shopping center, which welcomes 35% of the total footfall (20.3 million). Spread over three floors, it will create an outstanding connection between the subway station and the heart of the center. The program consists of creating 18 new retail premises, 15 restaurants, and adding 6 screens to the existing 12-screen movie theater, expanding the capacity to 3,650 seats. The shopping experience will be considerably improved, leveraging the excellent synergy between the restaurants and the theater.

Leasing is progressing well, with 81% of the space already let (signed or in advanced negotiations), under better conditions than initially budgeted. The expected yield on cost has been raised accordingly from 5.7% to 6.0%. The extension will be rounded out by a full refurbishment, work on which kicked off in the final quarter of 2018 and will involve implementing the Destination Food® concept, combining the existing food offering with the extension to bring the total to 35 restaurants, all set in a welcoming, stimulating new environment.

2.4.3.4 Extension and refurbishment of Gran Reno

The Gran Reno shopping center is located in Casalecchio di Reno (Bologna, Italy), the main retail and leisure destination in Bologna with a total retail offering of 160,000 sq.m. comprising Gran Reno, Ikea, Leroy Merlin and Decathlon, plus the Unipol arena complex, the largest culture and sports complex in Italy. The 16,500-sq.m. extension, which rounds out the refurbishment of the existing center, will create a huge 54,400-sq.m. regional shopping center with an unrivalled offering in Italy's wealthiest catchment area. Together with the Destination Food® concept, 70 new brands will be added to the center's offering, as well as indoor and outdoor event areas in a brand new and stimulating environment.

The building permit has been obtained and pre-leasing activity is progressing well, with 43% of the space signed for or under advanced negotiations. Subject to finalizing the construction tender and other administrative clearances, construction should start by the end of first-half 2019 with the opening slated for the first half of 2021.

2.4.4 Disposals

▶ **DISPOSALS COMPLETED SINCE JANUARY 1, 2018**

Assets (City, Country)	Area *(in sq.m.)*	Sale price[(a)] *(in €m)*	Date
Grand Vitrolles (Vitrolles, France)	16,619		01/26/2018
Gran Via de Hortaleza (Madrid, Spain)	6,291		01/26/2018
Metropoli (Milan, Italy)	30,619		09/27/2018
Settimo (Milan, Italy)	9,725		09/27/2018
Le Rondinelle (Brescia, Italy)	13,561		09/27/2018
Alba Plaza (Székesfehérvar, Hungary)	15,080		09/21/2018
Nyír Pláza (Nyíregyháza, Hungary)	13,997		09/21/2018
Shopping centers	**105,892**	**420.3**	
Roncalli (Cologne, Germany)	17,300		01/03/2018
Kristianstad (Kristianstad, Sweden)[(b)]	n.a.		02/01/2018
Portfolio of 4 Bufallo Grill units (France)	2,489		03/12/2018
Land (Caen Mondeville, France)	4,045		05/31/2018
Duna Plaza offices (Budapest, Hungary)	11,019		09/21/2018
Arkaden offices (Stavanger, Norway)	826		07/30/2018
Others	n.a.		n.a.
Other properties	**35,679**	**118.9**	
TOTAL DISPOSALS	**141,571**	**539.2**	

(a) Excluding transfer taxes, total share.
(b) Housing building rights.

Since January 1, 2018, the Group has completed disposals totaling €539.2 million (total share, excluding transfer taxes). This amount includes the sale of:

> **Seven malls:** three in Italy (Metropoli and Settimo in Milan, and Rondinelle in Brescia), two in Hungary (Alba Plaza in Székesfehérvar and Nyír Pláza in Nyíregyháza), one in France (Grand Vitrolles, Marseille), and one in Spain (Gran Via de Hortaleza, Madrid);

> **Other properties:** including buildings in Cologne (Germany) and offices next to Duna Plaza (Budapest, Hungary) and Arkaden Torgterrassen (Stavanger, Norway).

On average, these assets were sold slightly above appraised values for an average yield of 5.7%. As of December 31, 2018, taking into account sale promissory agreements, total Group disposals amounted to €613.4 million.

2.4.5 Financial investments

In 2018, the Group bought back 4,655,441 of its own shares at an average price of €32.21, for an aggregate amount of €150 million. Further to the €350 million bought back in 2017, this completes the €500 million share buyback program announced on March 13, 2017. Klépierre has decided to launch a new €400 million program, with the pace of execution planned to match that of its asset disposals.

2.5 PARENT COMPANY EARNINGS AND DISTRIBUTION

2.5.1 Summary earnings statement for the parent company, Klépierre SA

▶ EARNINGS STATEMENT FOR KLÉPIERRE SA

In €m	**2018**	**2017**
Operating income	44.0	44.9
Operating expenses	(50.0)	(46.3)
Net operating income	**(6.0)**	**(1.3)**
Share of income from joint operations	171.7	112.6
Net financial income	183.9	150.8
Net income from ordinary operations before tax	**349.7**	**262.0**
Non-recurring income	(2.1)	(10.4)
Income tax	2.6	18.1
NET INCOME	**350.2**	**269.7**

Net income for Klépierre SA came to €350.2 million in 2018, versus €269.7 million in 2017. The €80.5 million increase was primarily attributable to two factors:

- A €59.1 million increase in the share in income from joint operations, reflecting the disposal of Grand Vitrolles; and
- A €33.1 million increase in net financial income as a result of higher dividends paid by subsidiaries.

2.5.2 Distribution

The appropriation of profit for fiscal year 2018, as proposed hereafter, comprises net income of the year, retained earnings, merger surplus and merger premium.

The Executive Board will recommend that the shareholders present or represented at the Annual General Meeting to be held on April 16, 2019, approve the payment of a cash dividend in respect of fiscal year 2018 of €2.10 per share, representing a 7.1% increase on the €1.96 dividend paid in respect of fiscal year 2017. The dividend is consistent with Klépierre's general policy to distribute around 80% of net current cash flow on a Group share basis. As part of the proposed €2.10 dividend, €1.13 is attributable to the Group's SIIC-related activity and accordingly, will not be eligible for the 40% tax relief provided for in Article 158-3-2 of the French Tax Code *(Code général des impôts)*.

With a view to providing Klépierre's shareholders with more regular revenue streams, for the first time this year, the dividend will be paid in two equal installments of €1.05 on March 11, 2019 and July 10, 2019.

2.6 PORTFOLIO VALUATION

2.6.1 Property portfolio valuation methodology

2.6.1.1 Scope of the portfolio appraised by external appraisers

As of December 31, 2018, 99% of the value of Klépierre's property portfolio, or €24,211 million (including transfer taxes, on a total share basis)[(1)], was estimated by external appraisers in accordance with the methodology described below. The remainder of the portfolio was valued as follows:

- Projects under development, which are carried at cost[(2)]; and
- Other non-appraised assets consisting mainly of assets held for sale and valued at the agreed transaction price, land valued at cost, and development projects internally valued at fair value.

▶ BREAKDOWN OF THE PROPERTY PORTFOLIO BY TYPE OF VALUATION *(on a total share basis)*

Type of asset	**Value** *(in €m)*
Externally-appraised assets	**24,211**
Acquisitions	47
Investment property at cost	170
Other internally-appraissed assets (land, assets held for sale, etc.)	11
TOTAL PORTFOLIO	**24,440**

(1) Investments in equity-accounted assets are included based on the fair value of the equity owned by the Group in the companies holding the assets, taking into account receivables and facilities granted by the Group.

(2) Other projects (Gran Reno, Viva, Økern and Louvain) are carried at cost.

2.6.1.2 Methodology used by external appraisers

On December 31 and June 30 of each year, Klépierre updates the fair market value of its properties using valuations provided by independent appraisers. Engagement terms are issued for three-year periods, covering six campaigns, after which Klépierre is committed to rotating appraisers in accordance with the recommendations of the French financial markets authority (*Autorité des marchés financiers* – AMF).

Further to a tender process launched in 2017, Klépierre selected new appraisers to serve from the June 2018 campaign. Accordingly, in December 2018, 24% of the portfolio was valued by a different appraiser than in December 2017, meaning that 82% of the portfolio was rotated in the past six years. The selected appraisers are: BNP Paribas Real Estate, CBRE, Colliers, Cushman & Wakefield and Jones Lang LaSalle. The fees payable to these companies are set at the time of signing the three-year term and depend on the number of property units appraised.

► BREAKDOWN BY APPRAISER OF THE APPRAISED PROPERTY PORTFOLIO AS OF DECEMBER 31, 2018

Appraiser	Countries covered	Share in the total portfolio *(in %)*
Cushman & Wakefield	France, Norway, Sweden, Denmark, Belgium, Poland and Hungary	42.3%
CBRE	France, Spain, Italy, Netherlands, Czech Republic, Portugal and Slovakia	36.4%
Jones Lang LaSalle	Italy, Turkey and Greece	15.8%
BNP Paribas Real Estate	Germany and France (other retail properties)	5.2%
Colliers	Italy	0.2%
TOTAL		**100%**

All appraisers appointed by Klépierre comply with the professional standards applicable in France *(Charte de l'Expertise en Évaluation Immobilière)*, the recommendations of the AMF dated February 8, 2010, and RICS (Royal Institution of Chartered Surveyors) standards.

To calculate the value of each asset, appraisers use the discounted cash flow (DCF) method over a 10-year period. To determine future cash flows, the Group provides the appraisers with all relevant information pertaining to rents in place (detailed rent rolls, footfall, retailer sales, occupancy cost ratios, etc.), which they use to make their assessment of projected rental revenue in addition to their own leasing assumptions (estimated rental values, vacancy, incentives, etc.). They also make their own estimates of future capital expenditure and non-recoverable operating expenses. The terminal value is calculated based on the net rental income for the 10th year (indexed one year), capitalized by an exit yield. Lastly, appraisers apply a discount rate to the future cash flows, combining the country risk-free rate, the liquidity premium related to the local investment market and an asset-specific risk premium reflecting the location, quality, size and technical specificities of the asset considered.

The Group's Statutory Auditors have performed audit procedures on the property values as part of the audit of the consolidated financial statements. A detailed report on the property valuation campaign is examined by the Audit Committee.

► ASSUMPTIONS USED BY APPRAISERS FOR DETERMINING THE SHOPPING CENTER PORTFOLIO VALUATION(a)

Geography	Annual rent(b) *(in €/sq.m.)*	Discount rate(c)	Exit rate(d)	NRI CAGR(e)
France-Belgium	362	5.7%	4.8%	2.7%
Italy	398	7.1%	5.5%	2.0%
Scandinavia	337	6.7%	4.7%	2.0%
Iberia	313	7.4%	5.6%	2.3%
CE & Turkey	198	9.3%	7.1%	4.0%
Netherlands	244	6.5%	6.0%	2.9%
Germany	232	5.2%	4.4%	1.0%
TOTAL	**309**	**6.6%**	**5.2%**	**2.5%**

(a) Discount rate and exit rate weighted by shopping center appraised value (including transfer taxes, Group share).
(b) Average annual rent (minimum guaranteed rent plus sales based rent) per asset per sq.m.
(c) Rate used to calculate the net present value of future cash flows to be generated by the asset.
(d) Rate used to capitalize the net rental income at the end of the DCF period and calculate the terminal value of the asset.
(e) Compound annual growth rate (CAGR) of net rental income as estimated by the appraiser over a 10-year period.

The value obtained by the DCF method is then benchmarked using metrics such as EPRA Net Initial Yield (NIY) for comparable property, value per sq.m., and recent market transactions.

2.6.2 Valuation

2.6.2.1 Property portfolio valuation

▸ VALUATION OF THE PROPERTY PORTFOLIO

(on a total share basis, including transfer taxes)

In €m	12/31/2018	% of total portfolio	Change over 6 months			Change over 12 months		
			06/30/2018	Reported	LFL[(a)]	12/31/2017	Reported	LFL[(a)]
France	9,231	37.8%	9,255	−0.3%	−0.9%	9,171	+0.6%	+0.6%
Belgium	454	1.9%	452	+0.5%	+0.3%	432	+5.2%	+5.0%
France-Belgium	**9,684**	**39.6%**	**9,707**	**−0.2%**	**−0.8%**	**9,603**	**+0.8%**	**+0.8%**
Italy	**4,052**	**16.6%**	**4,112**	**−1.5%**	**+0.4%**	**4,016**	**+0.9%**	**+3.1%**
Norway	1,424	5.8%	1,510	−5.7%	−1.6%	1,461	−2.6%	−2.1%
Sweden	1,252	5.1%	1,232	+1.6%	−0.3%	1,295	−3.3%	+0.6%
Denmark	1,196	4.9%	1,179	+1.5%	+0.4%	1,139	+5.1%	+4.0%
Scandinavia	**3,872**	**15.8%**	**3,921**	**−1.2%**	**−0.6%**	**3,894**	**−0.6%**	**+0.6%**
Spain	1,918	7.8%	1,878	+2.2%	+1.9%	1,896	+1.2%	+3.6%
Portugal	394	1.6%	394	+0.2%	+0.3%	389	+1.5%	+2.3%
Iberia	**2,313**	**9.5%**	**2,271**	**+1.8%**	**+1.7%**	**2,284**	**+1.2%**	**+3.4%**
Czech Republic	696	2.8%	680	+2.4%	+1.7%	622	+11.8%	+10.7%
Poland	388	1.6%	399	−2.8%	−4.4%	409	−4.9%	−7.8%
Hungary	201	0.8%	254	−20.8%	+4.9%	252	−20.0%	+7.6%
Turkey	363	1.5%	410	−11.4%	−0.9%	448	−19.1%	+6.6%
Others	23	0.1%	25	−6.3%	−6.3%	27	−14.2%	−14.2%
CE & Turkey	**1,672**	**6.8%**	**1,768**	**−5.4%**	**−0.1%**	**1,758**	**−4.9%**	**+4.2%**
Netherlands	**1,514**	**6.2%**	**1,471**	**+2.9%**	**+0.1%**	**1,419**	**+6.7%**	**+0.7%**
Germany	**976**	**4.0%**	**978**	**−0.2%**	**−1.0%**	**1,066**	**−8.4%**	**−1.4%**
Total shopping centers	**24,083**	**98.5%**	**24,229**	**−0.6%**	**−0.2%**	**24,040**	**+0.2%**	**+1.5%**
Total other retail properties	**357**	**1.5%**	**365**	**−2.3%**	**−1.8%**	**379**	**−5.9%**	**−3.5%**
TOTAL PORTFOLIO	**24,440**	**100.0%**	**24,594**	**−0.6%**	**−0.2%**	**24,419**	**+0.1%**	**+1.5%**

(a) Like-for-like change. For Scandinavia and Turkey change is indicated on constant portfolio and forex basis. Central European assets are valued in euros.

▸ VALUATION OF THE PROPERTY PORTFOLIO

(on a Group share basis, including transfer taxes)

In €m	12/31/2018	% of total portfolio	Change over 6 months			Change over 12 months		
			06/30/2018	Current	LFL[(a)]	12/31/2017	Current	LFL[(a)]
France	7,385	35.5%	7,418	−0.4%	−1.0%	7,405	−0.3%	−0.2%
Belgium	454	2.2%	452	+0.5%	+0.3%	432	+5.2%	+5.0%
France-Belgium	**7,839**	**37.7%**	**7,869**	**−0.4%**	**−0.9%**	**7,836**	**+0.0%**	**+0.1%**
Italy	**4,021**	**19.3%**	**4,072**	**−1.2%**	**+0.5%**	**3,974**	**+1.2%**	**+3.2%**
Norway	799	3.8%	847	−5.7%	−1.6%	820	−2.6%	−2.1%
Sweden	702	3.4%	691	+1.6%	−0.3%	726	−3.3%	+0.6%
Denmark	671	3.2%	661	+1.5%	+0.4%	639	+5.1%	+4.0%
Scandinavia	**2,172**	**10.4%**	**2,200**	**−1.2%**	**−0.6%**	**2,185**	**−0.6%**	**+0.6%**
Spain	1,918	9.2%	1,878	+2.2%	+1.9%	1,895	+1.2%	+3.6%
Portugal	394	1.9%	394	+0.2%	+0.3%	389	+1.5%	+2.3%
Iberia	**2,313**	**11.1%**	**2,271**	**+1.8%**	**+1.7%**	**2,284**	**+1.3%**	**+3.4%**
Czech Republic	696	3.3%	680	+2.4%	+1.7%	622	+11.8%	+10.7%
Poland	388	1.9%	399	−2.8%	−4.4%	409	−4.9%	−7.8%
Hungary	201	1.0%	254	−20.8%	+4.9%	252	−20.0%	+7.6%
Turkey	341	1.6%	386	−11.7%	−1.4%	426	−19.9%	+5.4%
Others	23	0.1%	25	−6.3%	−6.3%	25	−6.2%	−15.4%
CE & Turkey	**1,650**	**7.9%**	**1,745**	**−5.4%**	**−0.2%**	**1,733**	**−4.8%**	**+4.0%**
Netherlands	**1,514**	**7.3%**	**1,471**	**+2.9%**	**+0.1%**	**1,419**	**+6.7%**	**+0.7%**
Germany	**927**	**4.5%**	**929**	**−0.2%**	**−1.1%**	**1,012**	**−8.4%**	**−1.4%**
Total shopping centers	**20,436**	**98.3%**	**20,557**	**−0.6%**	**−0.2%**	**20,443**	**−0.0%**	**+1.4%**
Total other retail properties	**357**	**1.7%**	**365**	**−2.3%**	**−1.8%**	**379**	**−5.9%**	**−3.5%**
TOTAL PORTFOLIO	**20,793**	**100.0%**	**20,922**	**−0.6%**	**−0.2%**	**20,822**	**−0.1%**	**+1.3%**

(a) Like-for-like change. For Scandinavia and Turkey, change is indicated on a constant forex basis. Central European assets are valued in euros.

Including transfer taxes, the value of the property portfolio as of December 31, 2018 was €24,440 million on a total share basis (€20,793 million on a Group share basis). On a total share basis (including transfer taxes), shopping centers accounted for 98.5% of the portfolio and other retail properties for 1.5%[(1)].

(1) This segment refers to standalone retail units located in France and mostly in the vicinity of retail destinations.

► VALUATION RECONCILIATION WITH THE STATEMENT OF FINANCIAL POSITION FIGURE
(on a total share basis)

In €m	
Investment property at fair value	**21,692**
Investment property at cost[(a)]	170
Fair value of property held for sale	73
Leasehold and lease incentives	40
Transfer taxes	1,119
Partners' share in assets consolidated under the equity method (incl. receivables)	1,345
TOTAL PORTFOLIO	**24,440**

(a) Including IPUC (Investment property under construction).

2.6.2.2 Shopping center portfolio valuation

Including transfer taxes, the value of the shopping center portfolio stood at €24,083 million on a total share basis as of December 31, 2018, up by 0.2% or €43 million on a reported basis. This increase reflects the combined impact of the following factors:

> A €354 million like-for-like valuation increase (up 1.5%);

> A €414 million increase related to acquisitions and development;

> A negative €541 million impact from disposals; and

> A €183 million decrease related to foreign exchange (due to the depreciation of the Turkish lira, the Swedish krona and Norwegian krone).

► 12-MONTH SHOPPING CENTER PORTFOLIO VALUATION RECONCILIATION
(on a total share basis, including transfer taxes)

in €m	
Shopping center portfolio at 12/31/2017	**24,040**
Disposals	(541)
Acquisitions/developments	414
Like for like growth	354
Forex	(183)
SHOPPING CENTER PORTFOLIO AT 12/31/2018	**24,083**

The 1.5% like-for-like increase in the shopping center portfolio valuation was supported by Italy (up 3.1%), Iberia (up 3.4%) and CE & Turkey (up 4.2%) and mostly occurred in the first half, while values remained broadly flat in the second half (down 0.2%). From June 30, 2018 to December 31, 2018, the portfolio valuation benefited from a 0.6% positive cash flow impact, while the market effect was a negative 0.8%.

► LIKE-FOR-LIKE 6-MONTH CHANGE IN SHOPPING CENTER PORTFOLIO VALUATION: MARKET AND CASH FLOW EFFECTS

Geography	LFL change	Market effect	Cash flow effect
France-Belgium	−0.8%	−1.7%	+0.9%
Italy	+0.4%	−2.1%	+2.6%
Scandinavia	−0.6%	+0.8%	−1.3%
Iberia	+1.7%	+1.2%	+0.5%
CE & Turkey	−0.1%	−1.2%	+1.1%
Netherlands	+0.1%	+1.5%	−1.4%
Germany	−1.0%	−0.2%	−0.9%
TOTAL SHOPPING CENTERS	**−0.2%**	**−0.8%**	**+0.6%**

Overall, as of December 31, 2018, the average EPRA NIY rate[(1)] of the portfolio[(2)] stood at 4.9%, a 10-bp increase compared to one year ago.

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

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

▶ CHANGE IN EPRA NET INITIAL YIELD OF THE SHOPPING CENTER PORTFOLIO[(a)]

(on a Group share basis, including transfer taxes)

Country	12/31/2018	06/30/2018	12/31/2017
France	4.2%	4.2%	4.2%
Belgium	4.0%	3.9%	4.1%
France-Belgium	**4.2%**	**4.1%**	**4.2%**
Italy	**5.5%**	**5.5%**	**5.4%**
Norway	4.9%	4.8%	4.7%
Sweden	4.2%	4.3%	4.4%
Denmark	4.5%	4.4%	4.2%
Scandinavia	**4.5%**	**4.5%**	**4.4%**
Spain	5.1%	5.0%	4.8%
Portugal	6.7%	6.2%	5.8%
Iberia	**5.4%**	**5.2%**	**5.0%**
Poland	7.7%	7.6%	6.8%
Hungary	8.4%	8.9%	8.0%
Czech Republic	4.9%	4.6%	4.9%
Turkey	8.4%	7.0%	7.2%
CE & Turkey	**6.8%**	**6.6%**	**6.5%**
Netherlands	**5.1%**	**5.0%**	**5.1%**
Germany	**4.6%**	**4.6%**	**4.6%**
TOTAL SHOPPING CENTERS	**4.9%**	**4.8%**	**4.8%**

(a) Excluding offices, retail parks, and retail boxes attached to shopping centers.

▶ SHOPPING CENTER PORTFOLIO VALUATION: SENSITIVITY TO CHANGES IN THE DISCOUNT RATE AND EXIT RATE

(on a total share basis, including transfer taxes)

The tables below present the change in the valuation of the shopping center portfolio using different discount rate and exit rate assumptions than those used by the appraisers.

	Discount rate variance					
Geography	**-100 bps**	**-50 bps**	**-25 bps**	**+25 bps**	**+50 bps**	**+100 bps**
France-Belgium	+7.8%	+3.8%	+1.8%	−2.0%	−3.8%	−8.0%
Italy	+7.8%	+3.8%	+1.9%	−1.8%	−3.6%	−7.1%
Scandinavia	+7.9%	+3.9%	+1.9%	−1.9%	−3.7%	−7.2%
Iberia	+7.6%	+3.7%	+1.8%	−1.8%	−3.6%	−6.9%
CE & Turkey	+7.2%	+3.5%	+1.7%	−1.7%	−3.4%	−6.6%
Netherlands	+7.9%	+4.0%	+2.0%	−1.9%	−3.8%	−7.5%
Germany	+8.5%	+4.1%	+2.0%	−2.0%	−3.9%	−7.7%
TOTAL SHOPPING CENTERS	**+7.8%**	**+3.8%**	**+1.9%**	**−1.9%**	**−3.7%**	**−7.5%**

	Exit rate variance					
Geography	**-100 bps**	**-50 bps**	**-25 bps**	**+25 bps**	**+50 bps**	**+100 bps**
France-Belgium	+19.1%	+8.2%	+3.6%	−3.5%	−6.6%	−11.8%
Italy	+14.0%	+6.2%	+3.0%	−2.7%	−5.2%	−9.5%
Scandinavia	+17.9%	+7.8%	+3.7%	−3.3%	−6.3%	−11.5%
Iberia	+13.3%	+6.0%	+2.8%	−2.6%	−4.9%	−9.1%
CE & Turkey	+10.7%	+4.8%	+2.3%	−2.1%	−4.0%	−7.5%
Netherlands	+17.5%	+7.7%	+3.6%	−3.3%	−6.2%	−11.3%
Germany	+20.7%	+9.0%	+4.3%	−3.8%	−7.2%	−13.1%
TOTAL SHOPPING CENTERS	**+16.8%**	**+7.3%**	**+3.4%**	**−3.2%**	**−6.0%**	**−10.8%**

2.6.2.3 Other retail properties

Including transfer taxes, the value of the other retail property portfolio stood at €357 million, down 2.3% over six months, due to the disposal of seven retail boxes and a 1.8% decrease on a like-for-like portfolio basis. The EPRA NIY of the portfolio came out at 6.7%, down 20 bps compared with December 31, 2017.

2.6.3 Management service activities

Klépierre's real estate management service activities include asset management, development and investment advisory services provided to property companies, most of which are owned by the Group.

These activities are valued once a year by Accuracy, an independent external consultant, using a DCF method based on a sum-of-the-parts approach for each country in which Klépierre operates. The DCF is based on a business plan of future cash flows (fees charged to property companies, net of payroll costs and other general and administrative expenses) including a terminal value calculated with a normative expected cash flow. Future cash flows are discounted based on the weighted average cost of capital of comparable listed companies managing third-party real estate investments.

As of December 31, 2018, the fair market value of the Klépierre Group management service activities stood at €373.5 million on a total share basis (€364.5 million, Group share) compared to €361.2 million (€353.7 million, Group share) as of December 31, 2017. This increase mainly reflects improvements in the business operations in Klépierre's portfolio.

2.7 FINANCIAL POLICY

Based on a moderate use of financial leverage, Klépierre's financial policy aims at ensuring balance-sheet stability, continuous access to financial resources and the most competitive cost of capital. Further to numerous initiatives in recent years aimed at refinancing its shortest maturities and most expensive debts in advance of term, in 2018 Klépierre focused on optimizing its liquidity and hedging positions.

2.7.1 Financial resources

2.7.1.1 Change in net debt

As of December 31, 2018, consolidated net debt totaled €8,875 million, versus €8,978 million as of December 31, 2017, a €103 million decrease that was mainly attributable to:

> Cash outflows in respect of corporate actions for €881 million (including the dividend payment in April for €589 million, distribution to non-controlling interests for €142 million and the buyback of Klépierre shares for an aggregate amount of €150 million);

> Cash outflows in respect of investments for €443 million (see section 2.8.6 "EPRA Capital Expenditure") including €332 million in capital expenditure (€205 million in development pipeline projects and €127 million in standing assets) and €110 million relating to acquisitions (mainly of hypermarket space and minority stakes in Spanish assets);

> Cash inflows from disposals for €539 million, corresponding to assets sold in France, Germany, Italy and Spain; and

> Cash inflows from operations and other items (foreign exchange, changes in working capital), amounting to €886 million.

2.7.1.2 Loan-to-Value ratio

Given the reduction in net debt, the Loan-to-Value (LTV) ratio decreased to 36.3% as of December 31, 2018, a 50-bp reduction compared to year-end 2017. This is consistent with Klépierre's strict financial discipline, reflecting the Group's long-term LTV target of between 35% and 40%.

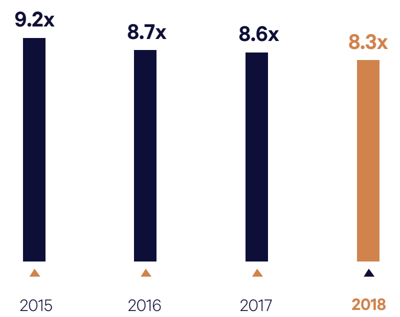
▶ LOAN-TO-VALUE CALCULATION AS OF DECEMBER 31, 2018 *(as per covenant definitions, on a total share basis)*

In €m	12/31/2018	12/31/2017
Current financial liabilities	2,069.6	2,217.2
Bank facilities	224.7	130.0
Non-current financial liabilities	7,036.3	7,368.2
Revaluation due to fair value hedge	(18.2)	(28.8)
Fair value adjustment of debt[(a)]	(40.6)	(60.4)
Gross financial liabilities excluding fair value hedge	**9,271.8**	**9,626.2**
Cash and cash equivalents[(b)]	(396.7)	(647.8)
Net debt	**8,875.1**	**8,978.5**
Property portfolio value (incl. transfer taxes)	24,439.6	24,419.4
LOAN-TO-VALUE RATIO	**36.3%**	**36.8%**

(a) Corresponds to the outstanding amount of the market value adjustment for Corio's debt recognized at the acquisition date.
(b) Inclusive of cash managed for principals.

The net debt to EBITDA ratio continued on its downward trend to 8.3x as of year-end 2018, compared to 8.6x as of December 31, 2017.

▶ **NET DEBT TO EBITDA**



2.7.1.3 Available resources

During 2018, Klépierre's liquidity position increased to €2.2 billion as of December 31, 2018 as a result of the following initiatives:

> €475 million worth of new bilateral revolving credit facilities were signed with a five-year maturity, each with two one-year extension options;

> Two bilateral facilities originally maturing in 2022 were extended to 2023 for an aggregate amount of €200 million;

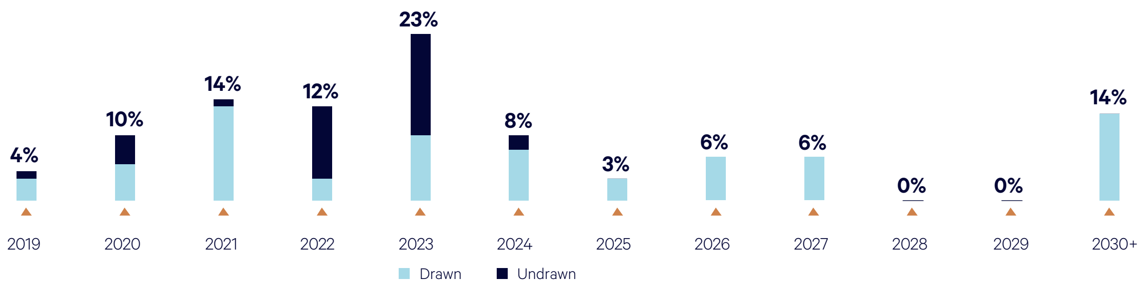
> €875 million worth of existing bank facilities were extended and amended, reflecting the improved market conditions for Klépierre; and

> The syndicated revolving credit facility maturing in July 2020 was reduced by €275 million.

In Scandinavia, Steen & Strøm raised the equivalent of €109 million in NOK and SEK in the unsecured bond market, set aside to refinance NOK 700 million (€70 million) and SEK 400 million (€39 million) worth of commercial paper. In addition, NOK 1.3 billion (€131 million) worth of committed credit facilities were signed in Norway to back up the issuance of commercial paper.

Taking into account these transactions, the Group's average debt maturity stood at 5.7 years as of December 31, 2018, versus 6.3 years at year-end 2017; the average remaining maturity of the undrawn committed credit facility remained high, at 4.6 years, compared to 4.8 years at year-end 2017.

▶ **DEBT MATURITY SCHEDULE AS OF DECEMBER 31, 2018** *(% of authorized debt)*

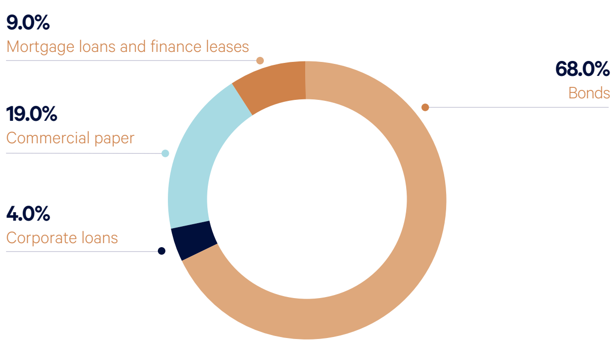


2.7.1.4 Debt structure

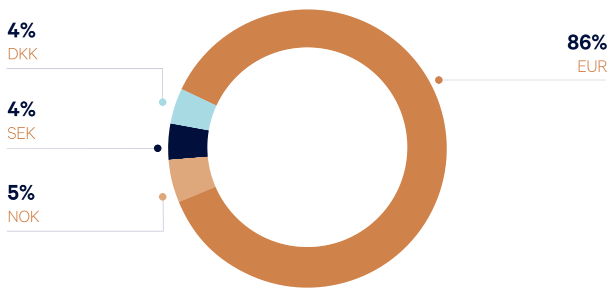
As of December 31, 2018, the share of financing sourced from capital markets in total debt stood at 87%, enabling Klépierre to benefit from excellent financing conditions. Bank facilities accounted for 13%, of which 9% concerned asset-backed debt raised mainly in Scandinavia (7.3%), France (1.4%) and Italy (0.2%).

Klépierre's debt exposure to foreign currencies is adjusted to mirror that of its assets – except for the Czech Republic, Poland and Turkey. Considering the limited exposure of the Group's portfolio to these countries[1] and the cost of currency hedging, especially over long durations, the Group decided not to hedge this position.

▶ **FINANCING BREAKDOWN BY TYPE OF RESOURCE AS OF DECEMBER 31, 2018**
(utilizations, total share)



▶ **FINANCING BREAKDOWN BY CURRENCY AS OF DECEMBER 31, 2018** *(utilizations, total share)*



(1) *On a total-share basis, excluding transfer taxes, the Czech Republic represented 2.8% of the total Klépierre portfolio, Poland 1.6% and Turkey 1.5%.*

2.7.2 Interest-rate hedging

Over 2018, Klépierre strengthened its hedging profile through the following actions:

> At the beginning of the year, Klépierre purchased €700 million worth of caps on Euribor with an average maturity of three years and an average strike below 0.6%. The aim of these transactions was to replace the caps maturing in 2018;

> In October 2018, Steen & Strøm, the leading mall property company in Scandinavia in which Klépierre has a controlling stake, subscribed €68 million worth of hedging instruments denominated in SEK and DKK to increase its hedging ratio to 77% at year-end 2018 (four percentage points higher than at year-end 2017);

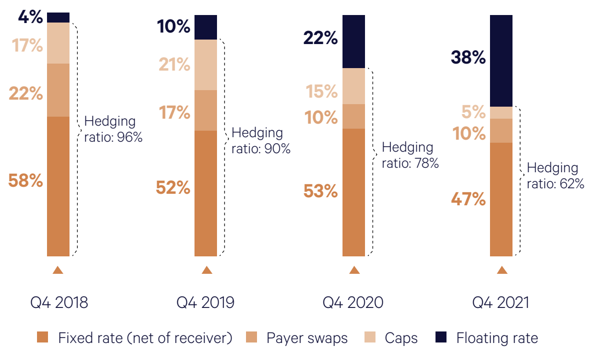
> At the end of 2018, Klépierre switched €250 million of its short-term fixed-rate exposure to optional hedging instruments. This transaction will limit the cost of carry of the hedging portfolio in the next two years;

> Klépierre also started to implement a new hedging program to increase the share of fixed-rate debt over the 2021-2025 period and consequently secure its cost of debt at an attractive level. Accordingly, Klépierre bought €200 million in payer swaptions in December 2018 and a further €500 million in early January 2019;

> In early January 2019, Klépierre bought €250 million worth of caps to renew the same amount of instruments maturing in 2019. The new average maturity is three years and the average strike below 0.25%.

As of December 31, 2018, the proportion of fixed-rate debt (including hedging instruments) was stable compared to year-end 2017 at 96%, while its average maturity remained around five years. Accordingly, the Group's cost of debt for the coming years is expected to remain stable, with less sensitivity to interest rate fluctuations.

► **DEBT BY TYPE OF HEDGING INSTRUMENTS**



Based on the interest rate yield curve as of December 31, 2018, the Group's annual cash-cost-at-risk stood at €1 million on a total share basis. In other words, the annual loss resulting from short-term interest rate movements would be less than €1 million 99% of the time. This calculation does not factor in any assumptions regarding changes in the credit spread.

2.7.3 Cost of debt

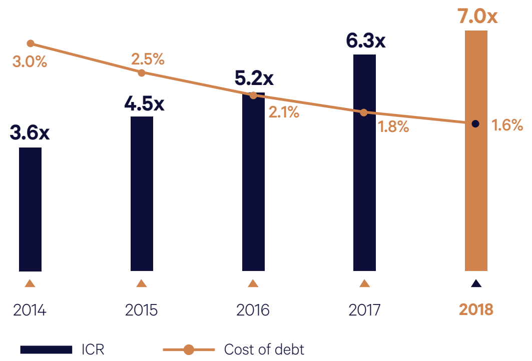
In 2018, the Group's average cost of debt continued to fall, to 1.6% versus 1.8% in 2017, benefiting from the low interest rate environment which materialized in attractive refinancing operations carried out in recent years. Based on the current debt structure and market conditions, and in view of the upcoming refinancing transactions, the cost of debt is expected to remain very low over the next three years.

In view of the low cost of debt and robust operating performances, the interest coverage ratio (ICR, EBITDA divided by net interest expense) stood at 7.0x.

► **BREAKDOWN OF COST OF DEBT**

In €m	12/31/2018	12/31/2017
Cost of net debt (as per IFRS consolidated income statement)	**152**	**170**
Non-recurring items	(3)	(12)
Non-cash impact	(10)	(7)
Interest on associate advances	12	17
Liquidity cost	(6)	(7)
Cost of debt (used for cost of debt calculations)	**145**	**161**
Average gross debt	**9,058**	**9,161**
COST OF DEBT *(in %)*	**1.6%**	**1.8%**

► **INTEREST COVERAGE RATIO AND COST OF DEBT**



2.7.4 Covenants and ratings

As of December 31, 2018, the Group's covenants remained in line with the commitments taken in its financing agreements.

Standard & Poor's currently assigns a long-term A- rating (A2 short-term rating) with a stable outlook to Klépierre and Steen & Strøm, while Moody's continues to assign a rating of A3 (stable outlook) to the notes initially issued by Corio NV that are still outstanding.

▸ COVENANTS

Financing	Ratios/covenants	Limit[a]	12/31/2018	12/31/2017
Syndicated loans and bilateral loans	Net debt/Portfolio value ("Loan to Value")	≤ 60%	36.3%	36.8%
	EBITDA/Net interest expenses[b]	≥ 2.0x	7.0x	6.3x
	Secured debt/Portfolio value[c]	≤ 20%	0.7%	0.7%
	Portfolio value[d]	≥ €10bn	€20.8bn	€20.8bn
Bond issues	Secured debt/Revalued Net Asset Value[c]	≤ 50%	0.8%	0.9%

(a) Covenants are based on the 2015 revolving credit facility.
(b) Excluding the impact of liability management operations (non-recurring items).
(c) Excluding Steen & Strøm.
(d) Group share, including transfer taxes.

A portion of Steen & Strøm's debt is subject to a covenant that requires shareholders' equity to be equal to at least 20% of net asset value at all times. On December 31, 2018, this ratio was 54.5%.

2.8 EPRA PERFORMANCE INDICATORS

The following performance indicators have been prepared in accordance with the best practice recommendations of EPRA (European Public Real Estate Association) as set out in the guide available on its website (www.epra.com).

2.8.1 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 considered as non-core activities for an investment property company.

▸ EPRA EARNINGS

In €m, Group share	12/31/2018	12/31/2017
Net income as per IFRS consolidated statement of comprehensive income	**838.8**	**1,228.6**
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	313.7	825.9
(ii) Profit or losses on disposal of investment properties, development properties held for investment and other interests	(10.7)	6.9
(iii) Profit or losses on sales of trading properties including impairment charges in respect of trading properties	-	-
(iv) Tax on profits or losses on disposals	-	-
(v) Negative goodwill/goodwill impairment[a]	(43.4)	(1.7)
(vi) Changes in fair value of financial instruments and associated close-out costs	(20.3)	(29.2)
(vii) Acquisition costs on share deals and non-controlling joint venture interests	(5.3)	(0.6)
(viii) Deferred tax in respect of EPRA adjustements[b]	(78.1)	(190.9)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(23.1)	22.9
(x) Non-controlling interests in respect of the above	(61.4)	(137.1)
EPRA EARNINGS	**767.3**	**732.4**
Company-specific adjustments:		
> Employee benefits, stock option expenses and non-current operating expenses	11.9	13.8
> Depreciation, amortization and provisions for contingencies and losses	14.4	14.4
NET CURRENT CASH FLOW	**793.7**	**760.6**
Average number of shares[c]	*299,913,706*	*306,084,849*
Per share *(in €)*		
EPRA EARNINGS	**2.56**	**2.39**
NET CURRENT CASH FLOW	**2.65**	**2.48**

(a) Goodwill impairment mostly relates to a change in the disposal scenarios for German assets. These scenarios now assume asset deals instead of share deals, which led to the write-off of the goodwill corresponding to the optimized value of deferred taxes.
(b) This item includes €68.8 million in deferred tax, and €9.2 million in non-current taxes (mostly related to disposals).
(c) Excluding treasury shares.

2.8.2 EPRA Net Asset Values

EPRA Net Asset Value (NAV) is a measure of the fair value of net assets assuming a normal investment property company business model, i.e., it is assumed that investment property is owned and operated over the long term. EPRA Triple Net Asset Value (NNNAV) is similar to EPRA NAV, but includes debt and financial instruments at fair value as well as the optimization of deferred tax liabilities.

2.8.2.1 Methodology

EPRA NAV and EPRA NNNAV are calculated by restating consolidated equity for several items.

2.8.2.2 Goodwill

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

2.8.2.3 Unrealized capital gains on management companies

The management services companies are appraised annually. The difference between the market values and the carrying amounts recognized in the consolidated financial statements is included in the calculation of NAV and NNNAV.

2.8.2.4 Fair value of financial instruments

The net mark-to-market adjustment to the value of financial instruments used for hedging purposes – where Klépierre has the intention of holding the position until the end of the contractual duration – is excluded from the calculation of NAV but added back for the calculation of NNNAV. NNNAV also incorporates the fair value of debt and interest rate hedging instruments that are not recognized under consolidated net assets in accordance with IAS 32 and IFRS 9, which essentially involves marking fixed-rate debt to market.

2.8.2.5 Deferred taxes on asset values

Deferred taxes are deducted from the fair value of assets in the IFRS consolidated financial statements. These taxes are recognized as the difference between the net carrying amounts and the tax values, as determined by capital gains tax rates in force in each country where Klépierre does not benefit from tax exemption rules.

For EPRA NAV, which measures the fair value of net assets on an ongoing, long-term basis, deferred taxes must be restated as they become payable only when the assets are sold.

For EPRA NNNAV, taxes on unrealized capital gains are calculated property by property, on the basis of applicable local tax regulations, using the most likely transaction scenario between direct sales of property ("asset deals") and disposals via the sale of shares of a company owning the property ("share deals").

2.8.2.6 Transfer taxes

Originally valued by the external appraisers based on the assumption that all properties will be sold through asset deals, transfer taxes on the sale of assets are restated by Klépierre to reflect the most likely transaction scenario between share deals and asset deals, as is done to determine the effective tax on unrealized capital gains pursuant to applicable local tax regulations (see section 2.8.2.5 above).

2.8.2.7 Calculation of EPRA Net Asset Values

▸ EPRA NET ASSET VALUES

In €m, Group share	12/31/2018	06/30/2018	12/31/2017	6-month change	12-month change
Consolidated shareholders' equity[(a)]	**10,358**	**10,242**	**10,397**	**+1.1%**	**–0.4%**
Unrealized capital gains on management service activities[(b)]	346	336	335	+2.9%	+3.0%
Goodwill restatement[(a)]	(611)	(657)	(656)	–7.0%	–6.9%
Fair value of hedging instruments	8	2	9	–	–
Deferred taxes on asset values as per SOFP[(a)]	1,525	1,507	1,470	+1.2%	+3.7%
Transfer taxes restatement[(c)]	413	419	396	–1.6%	+4.0%
EPRA NAV	**12,038**	**11,848**	**11,952**	**+1.6%**	**+0.7%**
Optimized deferred taxes on unrealized capital gains	(400)	(386)	(392)	+3.4%	+1.9%
Fair value of hedging instruments	(8)	(2)	(9)	–	–
Fair value of fixed-rate debt	(39)	(116)	(189)	–	–
EPRA NNNAV	**11,591**	**11,345**	**11,362**	**+2.2%**	**+2.0%**
Number of shares, end of period	297,430,644	300,243,165	302,099,375		
Per share *(in €)*[(d)]					
EPRA NAV	**40.50**	**39.50**	**39.60**	**+2.6%**	**+2.3%**
EPRA NNNAV	**39.00**	**37.80**	**37.60**	**+3.1%**	**+3.6%**

(a) As per the IFRS consolidated statements of financial position on a Group share basis, including equity-accounted items.
(b) The external valuation of Klépierre's management service activities stood at €365 million (see section 2.6.2), while their carrying amount in the consolidated financial statements was €19 million, giving rise to an unrealized capital gain on these activities in an amount of €346 million.
(c) External appraisers valued transfer taxes payable on the whole portfolio at €984 million, considering that all properties would be sold through asset deals. Klépierre's assessment of such transfer taxes totals €571 million, as the Group considered it would be likely to secure share deals instead of asset deals in several instances. The €413 million restatement is the difference between these two valuations.
(d) Per-share figures rounded to the nearest 10 cents.

▶ **EPRA NAV 12-MONTH RECONCILIATION PER SHARE**[1]

In € per share	
EPRA NAV at 12/31/2017	**39.60**
Cash flow	2.65
Like-for-like asset revaluation	0.87
Dividend	(1.96)
Forex and others	(0.66)
EPRA NAV at 12/31/2018	**40.50**

EPRA NAV per share amounted to €40.50 at the end of December 2018, versus €39.60 one year earlier[1]. This improvement reflects net current cash flow generation (€2.65 per share) and the increase in the value of the like-for-like portfolio (€0.87 per share), partly offset by the dividend payment (€1.96 per share). Foreign exchange and other items had a negative impact of €0.66 per share.

2.8.3 EPRA Net Initial Yields

EPRA Net Initial Yield (NIY) is calculated as annualized rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the gross market value of the property. 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-up rents). See the "Shopping center portfolio valuation" section of this document (2.6.2.2) for the geographical breakdown of EPRA NIY.

▶ **EPRA NET INITIAL YIELDS**

In €m	Shopping centers	Other retail properties	Total
Investment property – Wholly owned	19,143	357	19,500
Investment property – Share of joint ventures/funds	1,294	0	1,294
Total portfolio	**20,436**	**357**	**20,793**
Less: Developments, land and other	(1,146)	0	(1,146)
Completed property portfolio valuation (B)	**19,290**	**357**	**19,647**
Annualized cash passing rental income	1,065	25	1,090
Property outgoings	(122)	(2)	(124)
Annualized net rents (A)	**943**	**24**	**967**
Notional rent expiration of rent free periods or other lease incentives	37	1	38
Topped-up net annualized rent (C)	**980**	**25**	**1,005**
EPRA NET INITIAL YIELD (A/B)	**4.9%**	**6.7%**	**4.9%**
EPRA "TOPPED-UP" NIY (C/B)	**5.1%**	**7.0%**	**5.1%**

2.8.4 EPRA Vacancy Rate

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), excluding properties that are under development and strategic vacancies.

▶ **EPRA VACANCY RATE**[a]

In €k	France-Belgium	Italy	Scandinavia	Iberia	CE & Turkey	Netherlands	Germany	Total
Estimated rental value of vacant space (A)	14,129	4,262	8,333	3,413	6,397	2,029	1,683	40,247
Estimated rental value (B)	433,194	277,277	186,552	143,816	130,106	36,409	40,866	1,248,219
EPRA VACANCY RATE (A/B)	**3.3%**	**1.5%**	**4.5%**	**2.4%**	**4.9%**	**5.6%**	**4.1%**	**3.2%**

(a) Scope: all shopping centers, including those accounted for under the equity method, included based on a 100% share. The estimated rental values of leased and vacant spaces as of December 31, 2018 are based on internal assumptions. Shopping centers (or portions thereof) under restructuring that are excluded from the scope are as follows: Bourse and Prado (Marseille), Échirolles (Grenoble), Odysseum (Montpellier), the Val d'Europe extension (Paris region), Nailloux Village (Toulouse), Økern (Oslo), Allum (Partille) and Hoog Catharijne (Utrecht). Strategic vacancies are also excluded.

(1) NAV per share figures are rounded to the nearest 10 cents.

2.8.5 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 as a percentage of gross rental income.

► **EPRA COST RATIO**

In €m	12/31/2018	12/31/2017
Administrative and operating expenses[a]	(236.4)	(246.7)
Net service charge costs[a]	(76.4)	(72.4)
Net management fees[a]	86.0	85.6
Other net operating income intended to cover overhead expenses[a]	8.9	10.5
Share of joint ventures expenses[b]	(15.7)	(14.9)
Exclude (if part of the above):		
Service charge costs recovered through rents but not separately invoiced	8.5	7.1
EPRA Costs (including vacancy costs) (A)	**(225.1)**	**(230.8)**
Direct vacancy costs	(20.9)	(20.7)
EPRA Costs (excluding vacancy costs) (B)	**(204.2)**	**(210.1)**
Gross rental income less ground rents[a]	1,235.9	1,220.0
Less: service fee/cost component of gross rental income	(8.5)	(7.1)
Add: share of joint ventures (gross rental Income less ground rents)[b]	81.7	79.8
Gross rental income (C)	**1,309.1**	**1,292.7**
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (A/C)	**17.2%**	**17.9%**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (B/C)	**15.6%**	**16.3%**

(a) As per the IFRS consolidated statements of comprehensive income.
(b) For more information, see section 2.1.5 "Contribution of equity-accounted investments".

2.8.6 EPRA Capital Expenditure

Investments made over the course of 2018 are presented in detail in section 2.4 "Investments, developments and disposals". This section presents Klépierre's capital expenditure based on EPRA financial reporting guidelines.

► **EPRA CAPITAL EXPENDITURE[a]**

In €m	12/31/2018	12/31/2017
Acquisitions	75.3	285.6
Development	190.0	187.6
Like-for-like portfolio	127.3	95.6
Others	15.0	17.8
TOTAL	**407.7**	**586.6**

(a) Inclusive of expenses charged to tenants.

2.8.6.1 Acquisitions

During 2018, Klépierre invested €75.3 million in Italy allocated to the acquisitions of additional spaces in some of our malls.

2.8.6.2 Developments

Development capital expenditure includes investments related to new constructions and extensions of existing assets. In 2018, these investments amounted to €190.0 million, mainly including the Hoog Catharijne redevelopment (Utrecht, Netherlands), Créteil Soleil extension (Paris region, France) and Prado greenfield project (Marseille, France).

2.8.6.3 Like-for-like portfolio

Capital expenditure on the "like-for-like portfolio" includes investments made to maintain or enhance standing assets without creating additional leasing space. In 2018, these investments amounted to €127.3 million (of which €31.3 million recharged to tenants), breaking down as follows:

> **€25.8 million in refurbishment,** consisting in renovation work, mainly in common areas. In 2018, this related to Plenilunio (Madrid), Assago (Milan), Grand Portet (Toulouse, France). Most of this expenditure was charged to tenants;

> **€77.7 million in leasing capital expenditure,** mainly in connection with stores and other leasable units, including restructuring costs for re-leasing and initial leasing, fit-out contributions and eviction costs. In 2018, expenditure concerned the significant re-tenanting activity in various shopping centers including Field's (Copenhagen); malls in Poland (LPP package deals signed last year), Germany (Forum Duisburg, Arneken Galerie, Boulevard Berlin), and France (Noisy Arcades and Créteil Soleil in the Paris region); and

> **€23.8 million in technical maintenance**, aimed at replacing obsolete or dysfunctional equipment relating to assets. A large portion of these investments is charged to tenants.

2.8.6.4 Other capital expenditure

Other capital expenditure amounted to €15.0 million and consisted in development fees, leasing fees and capitalized interest (€5.8 million).

2.9 OUTLOOK

In 2019, based on European macroeconomic forecasts marked by slower GDP growth, lower unemployment and rising inflation, Klépierre expects to generate a net current cash flow per share of between €2.72 and €2.75.

3

FINANCIAL STATEMENTS

3.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

3.1.1 Consolidated statements of comprehensive income

In €m	Notes	12/31/2018	12/31/2017
Gross rental income	6.1	1,252.2	1,236.0
Land expenses (real estate)	6.2	(16.3)	(16.0)
Non-recovered rental expenses	6.3	(76.4)	(72.4)
Building expenses (owner)	6.4	(40.5)	(42.0)
Net rental income		**1,119.0**	**1,105.6**
Management, administrative and related income		86.0	85.6
Other operating income	6.5	8.9	10.5
Survey and research costs		(0.9)	(1.0)
Payroll expenses	10.1	(121.9)	(124.9)
Other general expenses		(65.4)	(63.6)
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	6.6	(13.0)	(15.2)
Provisions		(2.5)	(0.6)
Change in value of investment properties	6.7	313.7	825.9
Proceeds from disposals of investment properties and equity investments	6.8	526.8	243.0
Carrying amount of investment properties and equity investments sold	6.8	(537.5)	(236.1)
Income from the disposal of investment properties and equity investments		**(10.7)**	**6.8**
Goodwill impairment	5.1	(43.4)	(1.7)
Operating income		**1,269.8**	**1,827.5**
Net dividends and provisions on non-consolidated investments		0.0	0.0
Financial income		65.1	80.8
Financial expenses		(216.7)	(250.6)
Cost of net debt	**6.9**	**(151.6)**	**(169.8)**
Change in the fair value of financial instruments		(11.1)	(15.1)
Share in earnings of equity-accounted companies	5.5	31.0	74.4
Profit before tax		**1,138.2**	**1,717.0**
Income tax	7	(109.2)	(219.2)
Consolidated net income		**1,029.0**	**1,497.8**
Of which			
> Attributable to owners of the parent		838.8	1,228.6
> Attributable to non-controlling interests		190.1	269.2
Average number of shares – undiluted		**299,913,706**	**306,084,849**
Undiluted earnings per share *(in €) – Attributable to owners of the parent*		**2.80**	**4.01**
Average number of shares – diluted		**299,913,706**	**306,084,849**
Diluted earnings per share *(in €) – Attributable to owners of the parent*		**2.80**	**4.01**

In €m	12/31/2018	12/31/2017
Consolidated net income	**1,029.0**	**1,497.8**
Other items of comprehensive income recognized directly in equity	**(145.9)**	**(58.6)**
> Effective portion of gain and losses on cash flow hedging instruments	35.1	67.0
> Translation gains and losses	(175.4)	(117.7)
> Tax on other items of comprehensive income	(8.9)	(14.1)
Items that will be reclassified subsequently to profit or loss	**(149.2)**	**(64.8)**
> Gains and losses on sales on treasury shares	2.3	4.7
> Actuarial gains and losses	1.0	1.4
Items that will not be reclassified subsequently to profit or loss	**3.3**	**6.2**
Share of other items of comprehensive income attributable to equity-accounted companies		
Total comprehensive income	**883.1**	**1,439.1**
Of which		
> Attributable to owners of the parent	707.9	1,205.8
> Attributable to non-controlling interests	175.2	233.3
Undiluted comprehensive earnings per share *(in €) – Attributable to owners of the parent*	**2.36**	**3.94**
Diluted comprehensive earnings per share *(in €) – Attributable to owners of the parent*	**2.36**	**3.94**

3.1.2 Consolidated statements of financial position

In €m	Notes	12/31/2018	12/31/2017
Goodwill	5.1	611.8	655.2
Intangible assets	5.2	33.7	39.3
Property, plant and equipment	5.3	9.9	14.1
Investment properties at fair value	5.4	21,692.2	21,494.2
Investment properties at cost	5.4	170.2	123.1
Investments in equity-accounted companies	5.5	1,050.2	1,074.1
Other non-current assets	5.6	299.0	319.3
Long-term derivative instruments	5.12	30.4	41.0
Deferred tax assets	7	20.7	24.5
Non-current assets		**23,918.0**	**23,784.6**
Fair value of properties held for sale	5.4	72.7	295.6
Trade and other receivables	5.7	127.1	144.5
Other receivables	5.8	328.1	346.6
> Tax receivables		120.8	137.5
> Other		207.3	209.1
Short-term derivative instruments	5.12	19.2	9.9
Cash and cash equivalents	5.9	304.5	564.5
Current assets		**851.7**	**1,361.2**
TOTAL ASSETS		**24,769.7**	**25,145.8**
Share capital		440.1	440.1
Additional paid-in capital		5,650.0	5,818.1
Legal reserves		44.0	44.0
Consolidated reserves		3,384.6	2,865.8
> Treasury shares		(568,6)	(419,2)
> Hedging reserves		(26.1)	(50.2)
> Other consolidated reserves		3,979.2	3,335.2
Consolidated earnings		838.8	1,228.6
Equity attributable to owners of the parent		10,357.5	10,396.6
Equity attributable to non-controlling interests		2,535.7	2,563.8
Total equity	**5.10**	**12,893.3**	**12,960.4**
Non-current financial liabilities	5.11	7,036.3	7,368.2
Long-term provisions	5.13	28.5	26.9
Pension obligations	10.3	13.5	13.4
Long-term derivative instruments	5.12	17.1	23.1
Deposits		147.1	145.3
Deferred tax liabilities	7	1,608.8	1,547.7
Non-current liabilities		**8,851.3**	**9,124.6**
Current financial liabilities	5.11	2,069.6	2,217.2
Bank overdrafts	5.9	224.7	130.0
Trade payables		145.7	205.1
Due to suppliers of property		21.9	16.2
Other liabilities	5.14	369.7	312.4
Short-term derivative instruments	5.12	12.1	7.4
Payroll and tax liabilities	5.14	181.5	172.5
Current liabilities		**3,025.2**	**3,060.7**
TOTAL EQUITY AND LIABILITIES		**24,769.7**	**25,145.8**

3.1.3 Consolidated statements of cash flow

In €m	**12/31/2018**	**12/31/2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from consolidated companies	1,029.0	1,497.8
Elimination of expenditure and income with no cash effect or not related to operating activities		
> Depreciation, amortization and provisions	15.5	15.9
> Change in value of investment properties	(313.7)	(825.9)
> Goodwill impairment	43.4	1.7
> Capital gains and losses on asset disposals	10.7	(6.8)
> Current and deferred income taxes	109.2	219.2
> Share in earnings of equity-accounted companies	(31.0)	(74.4)
> Reclassification of interest and other items	199.6	210.8
Gross cash flow from consolidated companies	**1,062.7**	**1,038.3**
Income tax paid	(22.7)	11.5
Change in operating working capital	(19.8)	(15.5)
Net cash flows from operating activities	**1,020.2**	**1,034.3**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment properties	336.8	126.3
Proceeds from sales of other fixed assets		
Proceeds from disposals of subsidiaries (net of cash disposed)	192.5	115.9
Acquisitions of investment properties	(55.4)	(22.9)
Acquisition costs of investment properties		(1.1)
Payments in respect of construction work in progress	(327.0)	(296.3)
Acquisitions of other fixed assets	(5.9)	(8.9)
Acquisitions of subsidiaries and deduction of acquired cash	(53.0)	(259.3)
Movements in loans and advance payments granted and other investments	51.2	(2.9)
Net cash flows from (used in) investing activities	**139.3**	**(349.2)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the parent	(589.4)	(562.0)
Dividends paid to non-controlling interests	(100.4)	(47.6)
Capital increase of the parent company		
Change in capital of subsidiaries with non-controlling interests	(55.2)	14.7
Repayment of share premium		
Acquisitions/disposals of treasury shares	(149.4)	(352.2)
New loans, borrowings and hedging instruments	1,805.0	3,096.3
Repayment of loans, borrowings and hedging instruments	(2,239.3)	(2,647.6)
Interest paid	(177.5)	(212.7)
Other cash flows related to financing activities		
Net cash flows used in financing activities	**(1,506.2)**	**(711.0)**
Effect of foreign exchange rate changes on cash and cash equivalents	**(8.0)**	**(7.5)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(354.6)**	**(33.5)**
Cash and cash equivalents at beginning of year	**434.5**	**467.9**
Cash and cash equivalents at end of year	**79.9**	**434.5**

3.1.4 Statements of changes in consolidated equity

In €m	Share capital	Capital reserves	Treasury shares	Hedging reserves	Consolidated reserves and retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT 12/31/2016	**440.1**	**5,862.1**	**(67.0)**	**(99.2)**	**3,970.6**	**10,106.6**	**2,429.7**	**12,536.2**
Share capital transactions								
Share-based payments								
Treasury share transactions			(352.2)			(352.2)		(352.2)
Dividends					(562.0)	(562.0)	(47.6)	(609.6)
Net income for the period					**1,228.6**	**1,228.6**	**269.2**	**1,497.8**
Gains and losses recognized directly in equity								
> Proceeds from sales of treasury shares					4.7	4.7		4.7
> Gains and losses from cash flow hedging				62.1		62.1	4.9	67.0
> Translation gains and losses					(78.0)	(78.0)	(39.7)	(117.7)
> Actuarial gains and losses					1.4	1.4		1.4
> Tax on other items of comprehensive income				(13.1)		(13.1)	(1.0)	(14.1)
Other items of comprehensive income				**49.0**	**(71.8)**	**(22.8)**	**(35.9)**	**(58.6)**
Changes in the scope of consolidation					(1.7)	(1.7)	(7.2)	(8.9)
Other movements					0.0	0.0	(44.4)	(44.4)
EQUITY AT 12/31/2017	**440.1**	**5,862.1**	**(419.2)**	**(50.2)**	**4,563.8**	**10,396.6**	**2,563.8**	**12,960.4**
Share capital transactions								
Share-based payments								
Treasury share transactions			(149.4)			(149.4)		(149.4)
Dividends		(168.1)			(421.3)	(589.4)	(100.4)	(689.8)
Net income for the period					**838.8**	**838.8**	**190.1**	**1,029.0**
Gains and losses recognized directly in equity								
> Proceeds from sales of treasury shares					2.3	2.3		2.3
> Gains and losses from cash flow hedging				32.2		32.2	3.0	35.1
> Translation gains and losses[(a)]					(158.3)	(158.3)	(17.1)	(175.4)
> Actuarial gains and losses					1.0	1.0		1.0
> Tax on other items of comprehensive income				(8.1)		(8.1)	(0.9)	(8.9)
Other items of comprehensive income				**24.1**	**(155.0)**	**(130.9)**	**(15.0)**	**(145.9)**
Changes in the scope of consolidation					(8.1)	(8.1)	(103.0)	(111.1)
Other movements					(0.1)	(0.1)	0.2	0.0
EQUITY AT 12/31/2018	**440.1**	**5,694.0**	**(568.6)**	**(26.1)**	**4,818.0**	**10,357.5**	**2,535.7**	**12,893.3**

(a) The €158.3 million decrease in translation gains and losses mainly concerns Turkey (€-76.8 million), Sweden (€-42.5 million) and Poland (€-34.4 million).

3.1.5 Notes to the consolidated financial statements

NOTE 1 SIGNIFICANT EVENTS OF THE YEAR

1.1 Investments

On March 29, 2018, Klépierre inaugurated Prado, a new 23,000 sq. m. shopping mall in the center of Marseille (France) following 30 months of construction work.

Extension and refurbishment work (total investment of €134 million) started at Créteil Soleil (France) at the end of January 2018 and is expected to be completed in early 2020. This project will also enhance the connection between the subway station and the shopping center.

In the Netherlands, the Hoog Catharijne project is on schedule, with the new entry connecting the shopping mall with Utrecht central station opening in February 2018 and the southern "Zuidpassage" section opening in November 2018.

The other main investments during the year in France concern ongoing projects, the Odysseum extension and redevelopment in Montpellier, and in Italy, Shopville Le Gru in Turin, Campania in Naples and Milanofiori in Assago.

On May 2, 2018, Klépierre acquired Guldlisten 20 AS, a retail property located next to the Gulskogen Shopping Center in Norway. On December 28, 2018, Klépierre acquired Italian entity Gruliasco as part of the Shopville Le Gru mall development in Turin.

1.2 Main disposals

In 2018 the Group completed the following disposals:

> The Roncalli building in Germany (January 5);

> The Grand Vitrolles shopping center in France (February 15);

> The Gran Via de Hortaleza shopping center in Spain (February 15);

> Two shopping centers in Hungary, Alba Plaza and Nyiregyhaza Plaza (September 21);

> Three shopping centers in Italy, Le Rondinelle, Metropoli and Settimo (September 27).

During the year, the Group also sold a set of six retail units in France, residential building rights in Sweden, and offices in Hungary and Norway.

1.3 Dividend

On April 24, 2018, the General Meeting of Shareholders approved the payment of a €1.96 per share dividend in respect of the 2017 fiscal year, payable in cash. The total dividend paid by Klépierre in 2018 amounted to €589 million (excluding dividends payable on treasury shares).

1.4 Share buyback program

On March 13, 2017, Klépierre announced a share buyback program for an aggregate maximum amount of €500 million. As of December 31, 2017, Klépierre SA had bought back 9,761,424 shares for a total amount of €350 million. In 2018, a total of 4,655,441 shares were bought back for €150 million excluding taxes and fees.

1.5 Debt

During the year, Klépierre improved its liquidity position as a result of the following initiatives:

> €475 million worth of new bilateral revolving credit facilities were signed with a five-year maturity, each with two one-year extension options;

> Two bilateral facilities originally maturing in 2022 were extended to 2023 for an aggregate amount of €200 million;

> €875 million worth of existing bank facilities were extended and amended, reflecting the improved market conditions for Klépierre;

> The syndicated revolving credit facility maturing in July 2020 was reduced by €275 million;

> NOK 1.3 billion (€131 million) of committed credit facilities were put in place in Norway to back-up commercial paper issuance;

> In Scandinavia, Steen & Strom raised the equivalent in NOK and SEK of €109 million on the unsecured bond market. These transactions refinanced NOK 700 million (€70 million) of commercial paper and SEK 400 million (€39 million) of mortgage loans.

NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 Corporate reporting

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

On January 30, 2019, the Executive Board approved the consolidated financial statements of Klépierre SA for the period from January 1 to December 31, 2018 and authorized their publication.

The Klépierre share is listed on Euronext Paris (compartment A).

2.2 Application of IFRS

As per Regulation (EC) no. 1126/2008 of November 3, 2008 on the application of international accounting standards, the Klépierre Group's consolidated financial statements through December 31, 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB), as adopted by the European Union and applicable on that date.

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

This framework is available on the following website: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02008R1126-20190101.

The consolidated financial statements to December 31, 2018 are presented in the form of a complete set of accounts including all the information required by the IFRS.

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

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

2.2.1 Standards, amendments and interpretations whose application was mandatory as of January 1, 2018

The accounting principles applied to the consolidated financial statements for the period ended December 31, 2018 are identical to those used in the consolidated financial statements for the period ended December 31, 2017, with the exceptions of the following new standards and interpretations, whose application is mandatory for the Group:

> Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
> Annual improvements to IFRS	2014-2016 Cycle
> Amendments to IAS 40	Transfer of Investment Property
> IFRS 15	Revenue from Contracts with Customers including amendments and clarifications to IFRS 15
> IFRS 9	Financial instruments
> IFRIC 22	Foreign Currency Transactions and Advance Consideration

IFRS 15

Effective for annual periods beginning on January 1, 2018, IFRS 15 "Revenue from Contracts with Customers" supersedes IAS 18 and the related IFRIC and SIC interpretations on revenue recognition. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Leases are excluded from the scope of IFRS 15. Consequently, only service charges and management, administrative and related income are accounted for in accordance with IFRS 15.

The Group has therefore performed an inventory and analysis of the differences introduced by the new standard. An assessment was prepared taking into account the existing contractual models in the Group's businesses.

This assessment was validated by a review of major contracts and/or contacts representative of the Group's activities. Work performed during this phase did not identify any main differences with the Group's accounting policies.

Principal-Agent analysis: the Group's property companies are responsible for arranging the cleaning, maintenance, cooling and security of common areas, and engage suppliers on behalf of their tenants. The suppliers are primarily responsible for providing the services, establishing the prices and delivering the goods. The Group's assessment is that in most cases, property companies provide the arrangement for the services delivered to the tenants and act as agents, since they do not control the services based on IFRS 15 criteria and indicators.

Following the assessments and analyses performed by the Group with respect to the first time application of IFRS 15, the new standard does not have a material impact on the Group's consolidated financial statements.

IFRS 9

IFRS 9 "Financial Instruments" supersedes IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

The Group performed an inventory and analysis of the differences resulting from the provisions of this new standard.

The assessment of the Group's consolidated financial instruments and respective business models was made as of the date of initial application, i.e., January 1, 2018. The assessment of whether contractual cash flows on debt instruments solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. For trade and other receivables, the Group has applied the standard's simplified approach, and has calculated ECLs based on lifetime expected credit losses, using the Group's historical credit loss experience.

Following the assessments and analyses performed by the Group with respect to the first time application of IFRS 9, the new standard does not have a material impact on the Group's consolidated financial statements.

2.2.2 Standards, amendments and interpretations whose application was not mandatory as of January 1, 2018

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

> Annual Improvements to IFRS	2015-2017 Cycle
> Amendments to IAS 28	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
> IFRS 17	Insurance Contracts
> IAS 19 amendments	Plan Amendment, Curtailment or Settlement

The following standards and amendments have been adopted by the European Union as of December 31, 2018, but are not effective for financial periods beginning on or after January 1, 2018:

> IFRS 16	Leases
> IFRIC 23	Uncertainty over Income Tax Treatments
> Amendments to IFRS 9	Prepayment Features with Negative Compensation and Modifications of Financial Liabilities

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

IFRS 16 "Leases"

IFRS 16 "Leases" supersedes IAS 17 and will remove the distinction between finance leases and operating leases. This standard is very close to the existing standard as regards the treatment of leases by the lessor. Lessees will have a single balance sheet accounting model for all leases with two exemptions for "low-value assets" and "short-term leases". In essence, for all leases, IFRS 16 will require lessees to:

> Recognize lease assets (right-of-use assets) and lease liabilities on the statement of financial position, initially measured at the present value of unavoidable lease payments;

> Amortize right-of-use assets and interest on lease liabilities over the lease term; and

> Separate the total amount of cash paid into a principal portion and interest.

A dedicated team within the Finance Department performed the inventory and analyses of leases. On the lessor side, three categories of leases were identified as falling within the scope of IFRS 16: ground leases, head office leases and property, plant and equipment leases (mainly company cars).

The Group has elected to apply the modified retrospective approach for the first time application as of January 1, 2019. The discount rate used to determine the present value of lease liabilities was computed based on the incremental borrowing rate. Based on assumptions as of December 31, 2018, the anticipated impact amounts to a €0.4 billion increase in lease liabilities and right-of-use assets.

2.3 Use of material judgments and estimates

In preparing these consolidated financial statements in accordance with IFRS, Group management used a number of estimates and made a number of realistic, 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 main 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 carrying amounts of assets and liabilities in subsequent years are presented below:

Measurement of goodwill

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

Investment property

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

Financial instruments

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

2.4 Translation of foreign currencies

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

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

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

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

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

2.5 Distinction between liabilities and equity

The difference between liabilities and equity depends on whether or not the issuer is obliged to make a cash payment to the other party. Being able to make such a decision regarding cash payment is the crucial distinction between the two items.

2.6 Earnings per share

Earnings per share is calculated by dividing net income for the period attributable to ordinary shareholders by the weighted average number of shares outstanding, excluding treasury shares.

Diluted earnings per share is calculated by dividing net income for the period attributable to ordinary shareholders by the weighted average number of shares outstanding, excluding treasury shares, and adjusted to reflect the effects of the diluting options (if any).

In accordance with IAS 33, the average number of shares at the reporting date is adjusted after payment of the dividend in the form of shares, where applicable.

NOTE 3 SEGMENT INFORMATION

Accounting policies

Segment information

In accordance with IFRS 8, operating segments are identified on the basis of the internal reporting used by management when evaluating performance and allocating resources.

3.1 Segment earnings

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

These seven operating segments are structured as follows:

> France-Belgium (including other retail properties);

> Scandinavia (Steen & Strøm: Norway, Sweden and Denmark);

> Italy;

> Iberia (Spain & Portugal);

> Netherlands;

> Germany;

> CE & Turkey (Hungary, Poland, Czech Republic, Slovakia, Greece and Turkey).

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

Group financial policy (including the impact of financial income and expenses), corporate activities and income tax matters are handled at Group level, and are not allocated to the operating segments. For the purposes of the presentation of segment earnings, goodwill impairment is treated as a corporate activity.

The "Scandinavia" segment includes all the legal entities of the Steen & Strøm Group in which the non-controlling shareholder owns a 43.9% interest. The non-controlling interest in the Scandinavian segment amounted to €952.5 million at fair value as of December 31, 2018, versus €933.4 million as of December 31, 2017. As of December 31, 2018, the fair-value contribution of the Scandinavian portfolio represented an amount of €3,827.5 million in non-current assets, €203.1 million in current assets, €1,512.3 million in non-current liabilities and €485.7 million in current liabilities.

	France-Belgium[(a)]		Scandinavia		Italy		Iberia		Netherlands	
In €m	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Gross rents	**439.7**	**442.6**	**187.1**	**191.6**	**206.0**	**206.2**	**132.4**	**122.1**	**75.0**	**64.6**
Other rental income	31.8	23.5	1.0	0.9	4.3	4.0	2.5	1.5	0.0	0.0
Gross rental income	**471.5**	**466.0**	**188.1**	**192.5**	**210.3**	**210.3**	**134.9**	**123.6**	**75.1**	**64.6**
Rental and building expenses	(43.0)	(44.1)	(19.7)	(19.9)	(13.8)	(15.1)	(13.6)	(13.6)	(18.3)	(15.3)
Net rental income	**428.5**	**421.9**	**168.4**	**172.6**	**196.5**	**195.2**	**121.3**	**110.0**	**56.7**	**49.3**
Management and other income	47.8	49.5	8.8	9.8	15.7	13.6	7.4	7.3	5.7	6.9
Payroll and other general expenses	(66.5)	(66.1)	(20.2)	(21.5)	(24.0)	(23.9)	(13.7)	(13.8)	(12.3)	(13.6)
EBITDA	**409.8**	**405.3**	**157.0**	**160.8**	**188.2**	**184.8**	**114.9**	**103.5**	**50.1**	**42.7**
Depreciation, amortization and impairment	(11.5)	(8.6)	(2.3)	(2.4)	(0.5)	(0.4)	(0.1)	(0.7)	(0.2)	(2.0)
Change in value of investment properties	28.5	234.4	24.8	150.1	104.1	203.8	72.1	153.4	11.7	37.2
Net proceeds on disposal of investment properties and equity investments	(1.0)	(3.3)	2.5	13.0	(7.9)		(2.7)	(3.9)	(1.3)	1.2
Share in earnings of equity accounted companies	6.6	2.5	(0.5)	22.5	18.2	56.8	(0.5)	3.1		
SEGMENT INCOME	**432.4**	**630.3**	**181.5**	**344.0**	**302.1**	**445.0**	**183.7**	**255.4**	**60.3**	**79.0**
Goodwill impairment										
Cost of net debt										
Change in the fair value of financial instruments										
PROFIT BEFORE TAX										
Income tax										
NET INCOME										

(a) Shopping centers and other retail properties.

In €m	Germany 12/31/2018	Germany 12/31/2017	CE & Turkey 12/31/2018	CE & Turkey 12/31/2017	Not allocated 12/31/2018	Not allocated 12/31/2017	Klépierre Group 12/31/2018	Klépierre Group 12/31/2017
Gross rents	**51.8**	**54.4**	**118.8**	**123.7**			**1,210.8**	**1,205.2**
Other rental income	0.0	-	1.8	0.9			41.4	30.8
Gross rental income	**51.8**	**54.4**	**120.6**	**124.5**			**1,252.2**	**1,236.0**
Rental and building expenses	(12.3)	(11.6)	(12.5)	(10.7)			(133.2)	(130.4)
Net rental income	**39.5**	**42.8**	**108.1**	**113.8**			**1,119.0**	**1,105.6**
Management and other income	5.1	4.8	4.4	4.4			94.9	96.1
Payroll and other general expenses	(8.1)	(10.2)	(11.8)	(12.5)	(31.6)	(27.9)	(188.2)	(189.5)
EBITDA	**36.5**	**37.4**	**100.7**	**105.8**	**(31.6)**	**(27.9)**	**1,025.7**	**1,012.2**
Depreciation, amortization and impairment	(0.3)	(0.4)	(0.5)	(1.2)			(15.5)	(15.8)
Change in value of investment properties	(13.5)	(13.4)	86.0	60.4			313.7	825.9
Net proceeds on disposal of investment properties and equity investments	(0.0)	-	(0.3)	(0.0)			(10.7)	6.8
Share in earnings of equity accounted companies	-	-	7.2	(10.6)			31.0	74.4
SEGMENT INCOME	**22.7**	**23.5**	**193.2**	**154.3**	**(31.6)**	**(27.9)**	**1,344.2**	**1,903.6**
Goodwill impairment							(43.4)	(1.7)
Cost of net debt							(151.6)	(169.8)
Change in the fair value of financial instruments							(11.1)	(15.1)
PROFIT BEFORE TAX							**1,138.2**	**1,717.0**
Income tax							(109.2)	(219.2)
NET INCOME							**1,029.0**	**1,497.8**

3.2 Investment properties detailed by operating segment

In €m	Value of investment properties at 12/31/2018[a]	Value of investment properties at 12/31/2017[a]
France-Belgium[b]	8,901.8	8,755.8
Scandinavia	3,613.0	3,628.9
Italy	3,332.7	3,300.6
Iberia	2,198.9	2,115.3
Netherlands	1,416.3	1,325.4
Germany	926.2	928.1
CE & Turkey	1,473.4	1,563.2
TOTAL	**21,862.4**	**21,617.3**

(a) Including investment properties at fair value and investment properties at cost, excluding investment properties held for sale.
(b) Including other retail properties.

3.3 New investments over the period by operating segment

In €m	Investment Properties at fair value	Investment properties at cost	Investments at 12/31/2018[a]
France-Belgium[b]	101.7	60.4	162.1
Scandinavia	28.0	0.1	28.1
Italy	83.9	4.5	88.5
Iberia	11.6		11.6
Netherlands	84.0		84.0
Germany	11.7		11.7
CE & Turkey	21.8		21.8
TOTAL	**342.7**	**65.1**	**407.8**

(a) Investments include acquisitions, capitalized expenses and changes in scope.
(b) Including other retail properties.

The main investments of the period (including capitalized interest) in the France-Belgium segment concern the Créteil extension and renovation for €67.5 million, the Prado mall, which opened on March 29, 2018 in Marseille, for €23.1 million, and the Odysseum extension and redevelopment in Montpellier for €13.3 million.

In the Netherlands, investments for the period mainly concern the Hoog Catharijne project, located in Utrecht's central train station, for €80.5 million.

Capital expenditure in Italy was mostly attributable to Shopville Le Gru in Turin, Campania in Naples and Milanofiori in Assago.

NOTE 4 SCOPE OF CONSOLIDATION

Accounting policies

Scope of consolidation

The Klépierre consolidated financial statements include all companies over which Klépierre has control, joint control or significant influence.

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

Subsidiaries are consolidated starting on the date at which the Group obtains effective control.

Consolidation method

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

> Control: full consolidation. Control is presumed to exist when Klépierre directly or indirectly holds more than half of the company's voting rights. Control is also presumed to exist where the parent company has the power to direct the financial and operational policies of the company and appoint, dismiss or convene the majority of the members of the Board of Directors or equivalent management body;

> Joint control and significant influence: equity-method accounting. Joint control exists where operational, strategic and financial decisions require unanimous agreement between the partners. The agreement is contractual, i.e., subject to bylaws and shareholder agreements. Influence is defined as the power to contribute to a company's financial and operating policy decisions, rather than to exercise control over those policies. Significant influence is presumed where the Group directly or indirectly holds 20% or more of an entity's voting rights. Investments in associates are initially recognized in the statement of financial position at acquisition cost, and are subsequently adjusted for the share of the net cash generated after the acquisition and the changes in fair value;

> No influence: the company is not consolidated.

Changes in equity of companies accounted for using the equity method are reported on the assets side of the statement of financial position under "Investments in equity-accounted companies" and under the corresponding item in shareholder's equity. Goodwill in respect of companies accounted for using the equity method is also reported under "Investments in equity-accounted companies".

Intercompany transactions

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

As of December 31, 2018, the Group's scope of consolidation included two hundred sixty-seven companies, of which two hundred thirty-three fully consolidated companies and thirty-four companies accounted for using the equity method.

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

The main changes scope of consolidation in 2018 were as follows:

On May 2, 2018, the Group acquired 100% of the share capital of Guldlisten 20 AS, which was subsequently merged into Gulskogen Senter AS. On December 28, 2018, Shopville Le Gru Srl, a wholly-owned Group entity, acquired 100% of the share capital of Gruliasco.

On February 15, 2018, the Group sold KC11, a French entity that owns a shopping center in Vitrolles. On September 21, 2018, the Group also sold two Hungarian companies, Nyiregyhaza Plaza KFT and Uj Alba 2002 KFT, which held two malls – Nyir Plaza in Nyiregyhaza and Alba Plaza in Székesfehérvar.

During the year, the Group liquidated six entities: CSPL 2002 KFT, Kanizsa 2002 KFT, Ipopema 96 FIZ, Klépierre Kraków Sp. z o.o., Newton SNC and Paris Immobilier SAS.

Several mergers were also completed during the year:

> Steen & Strøm Norge AS was merged into Steen & Strøm AS;

> Klépierre Participaties I BV was merged into Hoog Catharijne BV;

> Klépierre Participaties II BV was merged into Klépierre Management Nederland BV;

> Field's Ejer I ApS and Field's Ejer II ApS were merged into Field's Copenhagen I/S;

> Steen & Strøm Holding AS was merged into Steen & Strøm Danemark A/S.

NOTE 5 NOTES TO THE FINANCIAL STATEMENTS: STATEMENT OF FINANCIAL POSITION

5.1 Goodwill

Accounting policies

Accounting for business combinations

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

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

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

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

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

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

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

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

Transactions that do not affect control (additional acquisition or disposal) are accounted for as an equity transaction for which the equity is allocated proportionally between the owners of the parent and the non-controlling interest without an impact on profit or loss and/or a goodwill adjustment.

Goodwill measurement and impairment

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

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

Goodwill corresponding to optimized value of deferred taxes

This goodwill results from the recognition of deferred taxes at the date of the business combination. It represents the difference between the deferred tax liabilities recognized in the balance sheet according to IAS 12 and the expected tax to be paid in case of sale by means of a share deal. As a consequence, impairment tests performed on this type of goodwill at each reporting date consist in comparing its carrying amount with the amounts expected to arise from optimizing deferred taxes.

Goodwill of management companies

Goodwill may relate to management companies. Impairment tests are performed annually and are based on valuations as determined by independent valuation. These valuations are based on the discounted cash flow (DCF) method in every country where the Klépierre Group conducts management activities. This method consists of three stages.

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

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

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

Impairment tests, performed annually by an independent appraiser, consist in comparing the carrying amount of the entities with their net asset value.

As of December 31, 2018, goodwill totaled €611.8 million, versus €655.2 million as of December 31, 2017, breaking down as follows:

Goodwill of management companies

As of December 31, 2018, goodwill of management companies totaled €252.1 million (after impairment), versus €258.2 million as of December 31, 2017.

In €m	12/31/2017	Change in scope	Disposals, retirement of assets	Impairment	Other movements	12/31/2018
France	117.7					117.7
Italy	53.7					53.7
Spain	32.0					32.0
Portugal	7.4					7.4
Netherlands	16.6			(2.6)		14.0
Germany	14.8			(1.1)		13.7
Turkey	3.1			(2.3)		0.8
Scandinavia	9.6				(0.1)	9.5
Hungary	3.4					3.4
GOODWILL RELATING TO MANAGEMENT ACTIVITIES	**258.2**	**-**	**-**	**(6.0)**	**(0.1)**	**252.1**

The main assumptions used to calculate the enterprise value based on to the latest valuations were as follows:

- The discount rate applied to Hungary and Germany was 9.1% and 11.6% for Turkey;
- The discount rate applied to other countries was 7.6%;
- The free cash flows over the duration of the business plan are based on business volume and operating margin assumptions that take into account economic and market assumptions at the date on which the plan was prepared;
- A growth rate for the 2019-2023 period based on the assumptions of the internal business plan and approved by the Company's senior management;
- Management companies' terminal value was determined using a growth rate of 1% applied from 2023.

Further to the impairment tests performed as of December 31, 2018, the Group recognized an impairment loss in the amount of €6.0 million.

Goodwill corresponding to the optimized value of deferred taxes

As of December 31, 2018, goodwill corresponding to the optimized value of deferred taxes totaled €359.6 million (after impairment), versus €397.0 million as of December 31, 2017.

In €m	12/31/2017	Change in scope	Disposals, retirement of assets	Impairment	Other movements	12/31/2018
Former Corio assets	307.3			(29.6)		277.7
Plenilunio	1.4			(1.4)		
IGC	35.7			(3.0)		32.7
Oslo City	35.5				(0.4)	35.1
Guldlisten 20 AS		0.3				0.3
Gruliasco		1.6				1.6
Nueva Condo Murcia	12.3			(3.4)		8.9
Other	4.9		(1.4)			3.4
GOODWILL ARISING ON DEFERRED TAX LIABILITIES	**397.0**	**1.9**	**(1.4)**	**(37.4)**	**(0.4)**	**359.6**

Changes in scope relate to the Gruliasco and Guldlisten 20 AS acquisitions (see note 4). The goodwill recognized on these two transactions represent the difference between the deferred tax liability on the investment property recorded in accordance with IAS 12 and that expected to be recognized under an optimized tax disposal scheme.

In Germany, the disposal scheme was changed from a share deal to an asset deal. Consequently, the goodwill allocated to all German assets has been impaired for an amount of €29.6 million.

5.2 Intangible assets

Accounting policies

Intangible assets

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

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

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

Impairment of intangible assets

After initial recognition, other intangible assets are recognized at cost, less any related amortization or impairment losses.

Useful lives are examined annually and an impairment test is conducted if there is any indication of impairment. Intangible assets with an indefinite useful life are not amortized. The “indefinite” nature of the useful life is reviewed at least annually. These assets are tested for impairment annually, or if there is any indication of impairment, by comparing their carrying amount with the recoverable amount. In the event of impairment, an impairment loss is recognized in income. The Klépierre Group’s intangible assets are not subject to independent valuation.

“Software” includes software in service as well as ongoing IT projects. The increase of this item relates to the investment of the Group in new software and applications.

In €m	12/31/2017	Acquisitions and capitalized expenses	Reduction by disposals, retirement of assets	Allowances for the period	Currency movements	Changes in the scope of consolidation	12/31/2018
Leasehold rights	2.8						2.8
Goodwill	4.2						4.2
Software	90.1	5.3	(7.4)		(0.2)		87.8
Concessions, patents and similar rights	1.8						1.8
Other intangible assets	5.2		(1.1)				4.1
TOTAL GROSS VALUE	**104.1**	**5.3**	**(8.5)**		**(0.2)**		**100.7**
Leasehold rights	(1.0)			(0.1)			(1.1)
Goodwill	(2.5)						(2.5)
Software	(55.5)		7.4	(10.5)	0.2		(58.4)
Concessions, patents and similar rights	(1.3)			(0.1)			(1.4)
Other intangible assets	(4.4)		1.1	(0.1)			(3.4)
TOTAL AMORTIZATION	**(64.8)**		**8.5**	**(10.8)**	**0.2**		**(67.0)**
INTANGIBLE ASSETS – NET VALUE	**39.3**	**5.3**	**-**	**(10.8)**	**-**	**-**	**33.7**

5.3 Property, plant and equipment

Accounting policies

Property, plant and equipment

According to IAS 16, property plant and equipment are valued at their historical cost, less accumulated depreciation and any decreases in value. Depreciation is calculated based on the useful life of each operating asset class. Property, plant and equipment include operating assets such as fixtures and other office equipment related to headquarters buildings and offices.

In €m	12/31/2017	Acquisitions and capitalized expenses	Reduction by disposals, retirement of assets	Allowances for the period	Currency movements	Changes in the scope of consolidation	Reclassifications[(a)]	12/31/2018
Non-depreciable assets								
Depreciable assets and work in progress	41.1	1.5	(1.1)		(1.4)	(1.1)	(6.0)	33.0
TOTAL GROSS VALUE	**41.1**	**1.5**	**(1.1)**		**(1.4)**	**(1.1)**	**(6.0)**	**33.0**
Depreciable assets	(27.0)		1.1	(2.2)	0.6	1.1	3.3	(23.1)
TOTAL DEPRECIATION	**(27.0)**		**1.1**	**(2.2)**	**0.6**	**1.1**	**3.3**	**(23.1)**
Impairment								
PROPERTY, PLANT AND EQUIPMENT AND WORK IN PROGRESS – NET VALUE	**14.1**	**1.5**	**-**	**(2.2)**	**(0.8)**	**-**	**(2.7)**	**9.9**

(a) *Further to the letting of office premises in the Netherlands to an external tenant, the previously owner-occupied premises have been reclassified from property, plant and equipment to investment properties.*

5.4 Investment properties

Accounting policies

Investment properties (IAS 40 & IFRS 13)

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

Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property is met.

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

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

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

- The stage of completion;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property.

Additions to investment properties consist of capital expenditure, eviction costs, capitalized interest, letting fees and other internal costs related to development. Certain internal staff and associated costs directly attributable to the management of major projects during the construction phase are also capitalized.

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

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

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

Borrowing costs

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

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

Fair value of investment property

The fair value of Klépierre's investment properties is determined by professionally qualified independent appraisers who have relevant expertise and recent industry experience in the locations and segments of the investment properties being valued. They perform their valuation of the Group's assets as of June 30 and December 31 of each year.

Klépierre selected new appraisers from the June 2018 campaign onwards. As a result, 24% of the portfolio is valued by a different company than in December 2017, meaning that 82% of the portfolio has rotated in the past six years. The different selected appraisers are BNP Paribas Real Estate, CBRE, Colliers, Cushman & Wakefield and Jones Lang LaSalle.

Investment properties are presented at fair value excluding transfer costs. These transfer costs are measured on a basis of an asset disposal. The fair values of investment properties are determined in compliance with the measurement 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 projected rent increases, capitalization and discount rates), the fair values of investment properties have been classified as level 3 according to IFRS 13 criteria. Accordingly, there are no transfers of properties between the fair value hierarchies.

Given the fact that these valuations are, by their nature, estimates, it is possible that the amount realized on the disposal of some real estate assets will differ from the estimated value of those assets, even where such disposal occurs within a few months of the reporting date.

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

Shopping centers are valued by:

> Jones Lang LaSalle (JLL) values all Greek and Turkish assets and most of the Italian portfolio;

> CBRE values all assets in Portugal, Spain, Czech Republic, Slovakia and the Netherlands, and several assets in France and Italy;

> BNP Paribas Real Estate values all German assets;

> Colliers values the Italian asset of the K2 fund;

> Cushman & Wakefield values a portion of the French portfolio, all Danish, Swedish, and Norwegian assets, as well as Polish and Hungarian assets.

Retail assets are valued by BNP Paribas Real Estate.

All valuations are conducted in accordance with the principles of the *Charte de l'Expertise en Evaluation Immobilière*, the recommendations of the AMF dated February 8, 2010 and Royal Institution of Chartered Surveyors standards. The fees paid to appraisers, agreed prior to their valuation of the properties concerned, are determined on a lump sum basis to reflect the number and complexity of the assets appraised. The fee is entirely unrelated to the appraised value of the assets concerned.

In €k	**2018 appraisal fees**
Cushman & Wakefield	306.5
CBRE	367.2
Jones Lang Lasalle	143.0
BNP Paribas Real Estate	107.5
Colliers	6.2
TOTAL	**930.2**

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

All Klépierre Group assets are systematically appraised using two methods: the yield method (or capitalization methodology) and the discounted cash flows method. However, Klépierre only retains the latter.

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

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

As regards the discounted cash flows approach, appraisers estimate the different cash flows over a 10 year period. To determine future cash flows, appraisers are provided with all relevant information (detailed rent rolls, footfall, retailer sales, occupancy cost ratios, etc.), which they use to make their own assessment.

They factor in their own leasing assumptions (ERV, vacancy, incentives, etc.) as well as future capital expenditures and non-recoverable operating expenses. Lastly, they apply a discount rate that varies from one property to another since it is a combination of the risk-free rate and the risk premium attached to each property due to its location, quality, size, and technical specificities.

The terminal value is calculated based on the net rental income for the 10th year, capitalized by an exit yield.

5.4.1 Investment properties at fair value

In €m	
INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 12/31/2017	**21,494.2**
Additions to the scope of consolidation	19.9
Investments	318.5
Capitalized interest	4.4
Disposals and removals from the scope of consolidation	(241.2)
Other movements, reclassifications	(57.8)
Currency movements	(161.2)
Fair value adjustments	315.4
INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 12/31/2018	**21,692.2**

Additions to the scope of consolidation concern the investment properties acquired within the scope of the purchase of Guldlisten 20 AS (additional space in the Gulskogen center in Drammen, Norway) and Gruliasco (as part of the various properties bought on December 28, 2018 in the Shopville Le Gru mall in Turin, Italy).

Investments in the amount of €318.5 million and capitalized interest for €4.4 million recognized during the period mainly concern:

> The Hoog Catharijne redevelopment project in Utrecht for €80.5 million;

> The Prado shopping center in Marseille for €23.1 million, completed on March 29, 2018;

> The extensions and refurbishments of the Shopville Le Gru, Campania and Milanofiori malls in Italy.

Disposals and removals from the scope of consolidation are mainly attributable to the sales of:

> Three malls in Italy: Metropoli and Settimo in Milan, and Le Rondinelle in Brescia;

> Two malls and an office building in Hungary: Alba Plaza in Székesfehérvar, Nyir Plaza in Nyiregyhaza and Duna offices in Budapest.

The table below presents the data used to determine the fair value of investment properties:

Shopping centers *(weighted average)*	12/31/2018 Annual rent in € per sq.m.[(a)]	Discount rate[(b)]	Exit rate[(c)]	CAGR of NRI[(d)]	EPRA NIY
France-Belgium	362	5.7%	4.8%	2.7%	4.2%
Italy	398	7.1%	5.5%	2.0%	5.5%
Scandinavia	337	6.7%	4.7%	2.0%	4.5%
Netherlands	244	6.5%	6.0%	2.9%	5.1%
Iberia	313	7.4%	5.6%	2.3%	5.4%
Germany	232	5.2%	4.4%	1.0%	4.6%
CE & Turkey[(e)]	198	9.3%	7.1%	4.0%	6.8%
TOTAL GROUP	**309**	**6.6%**	**5.2%**	**2.5%**	**4.9%**

The discount rate and exit rate are weighted by shopping center portfolio valuation (including transfer taxes).

(a) Average annual rent (minimum guaranteed rent plus sales-based rent) per asset per square meter.

(b) Rate used to calculate the present value of future cash flows.

(c) Rate used to capitalize the exit rent to determine the exit value of an asset.

(d) Compound annual growth rate of net rental income determined by the appraiser at 10 years.

(e) Turkey: the average annual rent per asset per square meter amounts to €145, the average discount rate stands at 15.2%, the average exit rate is 8.7%, the compound annual growth rate of net rental income is 8.0% and EPRA NIY stands at 8.4%.

As of December 31, 2018, the average EPRA Net Initial Yield (NIY) of the portfolio stood at 4.9% (including transfer costs). A 10-bp increase in yields would result in a €390 million loss in the portfolio valuation (attributable to owners of the parent).

5.4.2 Investment properties at cost

In €m	
INVESTMENT PROPERTIES AT COST – NET VALUE AS OF 12/31/2017	**123.1**
Investments	64.1
Capitalized interest	1.0
Disposals and removals from the scope of consolidation	(0.3)
Other movements, reclassifications	(15.7)
Currency movements	(0.3)
Fair value adjustments	-
Impairment losses and reversals	(1.7)
INVESTMENT PROPERTIES AT COST – NET VALUE AS OF 12/31/2018	**170.2**

The investments for the year mainly related to the Créteil Soleil extension work in France.

As of December 31, 2018, the main investment properties at cost include:

> In France: the extension of the Créteil Soleil shopping center;

> In Scandinavia: land in Odense;

> In Belgium: building rights attached to the Louvain-La-Neuve development project;

> In Italy: the extension of the Shopville Gran Reno shopping center.

5.4.3 Investment properties held for sale

Accounting policies

Investment properties held for sale

Investment properties that the Company has committed to sell or entered into an agreement to sell are presented according to IFRS 5.

The accounting impacts are as follows:

> Reclassification as held for sale at the lower of its carrying amount and fair value less costs to sell;

> Presentation on a separate line as current assets.

In €m	
INVESTMENT PROPERTIES HELD FOR SALE – NET VALUE AS OF 12/31/2017	**295.6**
Disposals and removals from the scope of consolidation	(295.6)
Other movements, reclassifications	72.7
Currency movements	-
Fair value adjustments	-
INVESTMENT PROPERTIES HELD FOR SALE – NET VALUE AS OF 12/31/2018	**72.7**

During 2018, the main assets sold (€295.6 million) were:

- The Roncalli building in the city center of Cologne in Germany;
- The Grand Vitrolles retail mall (in which Klépierre holds an 83% equity interest, with CNP Assurances holding the remaining 17%) near Marseille in France;
- The Gran Via de Hortaleza retail mall located in Madrid, Spain;
- Four other retail units in France.

5.4.4 Investment property portfolio reconciliation

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

	12/31/2018			
In €m	Investment properties held by fully consolidated companies	Investments in equity accounted companies[a]	Transfer taxes	Total portfolio value
Investment properties at fair value	21,692.2	1,345.3	1,118.7	24,156.2
Investment properties at cost	170.2			170.2
Investment properties held for sale	72.7			72.7
Ground leases	26.6			26.6
Operating lease incentives	13.8			13.8
TOTAL	**21,975.6**	**1,345.3**	**1,118.7**	**24,439.6**

(a) Investments in equity-accounted assets are included based on the fair value of the shares held and taking into account receivables and facilities granted by the Group.

5.5 Investments in equity-accounted companies

In €m	12/31/2017 Attributable to owners of the parent	Share in 2018 net income	Dividends received	Capital increases and decreases	Currency movements	Changes in scope of consolidation and other movements	12/31/2018 Attributable to owners of the parent
Investments in joint ventures	900.5	16.8	(11.9)	2.2	(1.6)		906.0
Investments in associates	173.7	14.2	(8.5)		(35.1)		144.3
EQUITY-ACCOUNTED COMPANIES	**1,074.1**	**31.0**	**(20.4)**	**2.2**	**(36.7)**	**-**	**1,050.2**

Thirty four companies were accounted for using the equity method as of December 31, 2018, of which twenty six were joint ventures and eight were associates.

The main items of the statement of financial position and income statement of joint ventures[1] are presented below (the values shown below include consolidation adjustments):

	12/31/2018		12/31/2017	
In €m	100%	Attributable to owners of the parent	100%	Attributable to owners of the parent
Non-current assets	2,548.2	1,260.1	2,583.5	1,276.9
Current assets	118.1	57.8	91.7	45.3
Cash and cash equivalents	64.9	30.4	78.5	37.8
Non-current external financial liabilities	(95.5)	(45.3)	(108.7)	(51.8)
Non-current financial liabilities (Group and associates)	(520.3)	(259.6)	(557.2)	(278.6)
Non-current liabilities	(247.8)	(126.9)	(235.1)	(120.5)
Current external financial liabilities	(13.4)	(6.6)	(12.9)	(6.3)
Current liabilities	(7.9)	(3.9)	(4.2)	(2.3)
NET ASSETS	**1,846.3**	**906.0**	**1,835.8**	**900.5**

(1) Cécobil SCS, Du Bassin Nord SCI, Le Havre Vauban SNC, Le Havre Lafayette SNC, Girardin SCI, Société Immobilière de la Pommeraie SC, Parc de Coquelles SNC, Kleprim's SCI, Celsius Le Murier SNC, Celsius Haven SNC, Clivia SpA, Galleria Commerciale Il Destriero SpA, CCDF SpA, Galleria Commerciale Porta di Roma SpA, Galleria Commerciale 9 Srl, Italian Shopping Centre Investment Srl, Holding Klege Srl, Nordbyen Senter 2 AS, Metro Senter ANS, Økern Sentrum Ans, Økern Eiendom ANS, Metro Shopping AS, Nordbyen Senter DA, Økern Sentrum AS, Nordal ANS, and Klege Portugal SA.

	12/31/2018		12/31/2017	
In €m	100%	Attributable to owners of the parent	100%	Attributable to owners of the parent
Revenues from ordinary activities	145.8	72.0	143.0	70.9
Operating expenses	(27.3)	(13.5)	(26.4)	(13.2)
Change in value of investment properties	(45.8)	(22.0)	127.7	65.9
Financial income	(20.7)	(10.3)	(22.5)	(11.2)
Profit before tax	52.0	26.2	221.8	112.4
Tax	(18.6)	(9.4)	(55.6)	(27.8)
NET INCOME	**33.3**	**16.8**	**166.2**	**84.6**

Klépierre's share in the external net debt (current and non-current external financial liabilities adjusted for cash and cash equivalents) of its joint ventures amounted to €21.6 million as of December 31, 2018, versus €20.3 million as of December 31, 2017.

The main elements of the statement of financial position and income statements of associates[(1)] are presented below (the values shown below include consolidation restatements):

	12/31/2018		12/31/2017	
In €m	100%	Attributable to owners of the parent	100%	Attributable to owners of the parent
Non-current assets	330.3	143.2	394.1	174.4
Current assets	2.3	1.0	2.2	0.9
Cash and cash equivalents	8.6	3.8	7.4	3.3
Non-current external financial liabilities	(0.7)	(0.2)	(0.8)	(0.3)
Non-current financial liabilities (Group and associates)	(0.5)	(0.1)	(0.5)	(0.1)
Non-current liabilities	(1.7)	(0.6)	(1.8)	(0.7)
Current external financial liabilities	(0.1)	(0.0)		
Current liabilities	(5.8)	(2.6)	(8.2)	(3.8)
NET ASSETS	**332.4**	**144.3**	**392.3**	**173.7**

	12/31/2018		12/31/2017	
In €m	100%	Attributable to owners of the parent	100%	Attributable to owners of the parent
Revenues from ordinary activities	24.8	10.8	27.1	11.9
Operating expenses	(8.0)	(3.4)	(9.2)	(4.1)
Change in value of investment properties	16.1	6.0	(40.0)	(18.4)
Financial income	1.7	0.8	1.0	0.5
Profit before tax	34.6	14.2	(21.0)	(10.2)
Tax				
NET INCOME	**34.6**	**14.2**	**(21.0)**	**(10.2)**

(1) *La Rocade SCI, La Rocade Ouest SCI, Du Plateau SCI, Achères 2000 SCI, Le Champs de Maïs SC, Société du bois des fenêtres SARL, Akmerkez Gayrimenkul Yatirim Ortakligi AS and Step In SAS.*

5.6 Other non-current assets

Accounting policies for financial assets (current and non-current)

Financial assets

Financial assets include long-term financial investments, current assets representing operating receivables, debt securities, investment securities (including derivatives) and cash. Under IFRS 9, financial assets are measured at their fair value through profit or loss or at amortized cost.

Measurement and recognition of financial assets

Loans and receivables

These include receivables from equity investments, other loans and other receivables. All are recognized at amortized cost, which is calculated using the effective interest rate method. The effective interest rate is the rate that precisely discounts estimated future cash flows to obtain the carrying amount of the instrument. The impairment losses are based on a forward-looking expected credit loss (ECL) approach.

Cash and cash equivalents

Cash and cash equivalents include cash held in bank accounts, short-term deposits maturing in less than three months, money market funds and other marketable securities. They are described in note 5.9 "Cash and cash equivalents".

In €m	12/31/2017	Change in scope	Increases	Decreases	Other	12/31/2018
Other long-term investments	0.1		0.0			0.1
Loans and advances to non-consolidated companies and equity-accounted companies	302.3		8.5	(28.8)	(0.1)	282.0
Loans	0.1		1.7	(1.5)		0.3
Deposits	15.7		2.7	(3.0)	0.1	15.6
Other long-term financial investments	1.1					1.1
TOTAL	**319.3**	**-**	**12.9**	**(33.2)**	**(0.0)**	**299.0**

5.7 Trade and other receivables

Accounting policies

Trade and other receivables

Trade receivables are recognized and measured at invoice face value minus accruals for non-recoverable amounts, according to IFRS 9, as described in section 5.6.

Other receivables under this heading include the effect of recognizing lease incentives granted to tenants over time (step-up rents and rent-free periods). All receivables have a maturity of less than one year, except step-up rents and rent-free periods, which are spread over the fixed term of the lease.

Impairment is based on the standard's simplified approach. The ECL is calculated based on lifetime expected credit losses, using the Group's historical credit loss experience.

In €m	12/31/2018	12/31/2017
Trade receivables	167.2	182.3
Step-up rents and rent-free periods	37.6	31.9
GROSS VALUE	**204.7**	**214.1**
Provisions for bad debts	(77.6)	(69.6)
NET VALUE	**127.1**	**144.5**

5.8 Other receivables

	12/31/2018			12/31/2017
In €m	Total	Less than one year	More than one year	Total
Tax receivables	**120.8**	**120.8**		**137.5**
Income tax	45.3	45.3		54.9
VAT	56.1	56.1		63.4
Other tax receivables	19.4	19.4		19.1
Other	**207.3**	**174.4**	**32.9**	**209.1**
Service charges due	13.7	13.7		11.1
Downpayments to suppliers	41.6	41.6		57.4
Prepaid expenses	35.0	9.5	25.5	39.6
Funds from principals	92.2	92.2		83.3
Other	24.8	17.4	7.4	17.8
TOTAL	**328.1**	**295.2**	**32.9**	**346.6**

VAT mainly includes outstanding refunds from local tax authorities in respect of recent acquisitions or construction projects in progress.

Prepaid expenses include €26.6 million in upfront payments on ground leases, amortized over the term of the lease.

Funds managed by Klépierre Management on behalf of its principals stood at €92.2 million as of December 31, 2018 versus €83.3 million as of December 31, 2017. The management accounts of the principals are recognized under "Other liabilities" (see note 5.14) for the same amount.

5.9 Cash and cash equivalents

In €m	12/31/2018	12/31/2017
Cash equivalents	0.9	3.9
Treasury bills and certificates of deposit	0.1	0.1
Money-market investments	0.8	3.8
Cash	**303.6**	**560.6**
Gross cash and cash equivalents	**304.5**	**564.5**
Bank overdrafts	**(224.7)**	**(130.0)**
NET CASH AND CASH EQUIVALENTS	**79.9**	**434.5**

Bank overdrafts in the amount of €224.7 million mainly correspond to the gross debit position in notional cash-pooling. They are offset by a gross credit position included in gross cash and cash equivalents for €304.5 million.

Cash equivalents comprise French UCITS-type money-market funds for €0.8 million and Italian treasury bills for €0.1 million. During the period, available cash was partially used to repay a bond that fell due in January 2018 for €291 million.

5.10 Equity

5.10.1 Share capital, additional paid-in capital and capital reserves

As of December 31, 2018, the share capital was made up of 314,356,063 fully paid-up shares each with a par value of €1.40. Shares are held in either registered or bearer form.

In €	Number of shares	Share capital	Issue premiums	Merger premiums	Other premiums
As of January 1, 2018	314,356,063	440,098,488	4,906,584,902	310,095,156	601,384,000
New shares issued in 2018					
Dividend distribution in 2018					(168,054,000)
AS OF DECEMBER 31, 2018	**314,356,063**	**440,098,488**	**4,906,584,902**	**310,095,156**	**433,330,000**

On April 24, 2018, the General Meeting of Shareholders approved the payment of a €1.96 per share dividend in respect of the 2017 fiscal year, payable in cash. The total dividend approved and distributed by Klépierre shareholders in 2018 totaled €616 million (including dividends payable on treasury shares) and €589 million (excluding dividends payable on treasury shares).

A portion of the dividend distribution for €168 million was deducted from other reserves, with the remaining portion for €421 million deducted from other consolidated reserves, as described in note 5.10.3.

As of December 31, 2018 the mandatory legal reserve stood at €44 million.

5.10.2 Treasury shares

Accounting policies

Treasury shares

All treasury shares held by the Group are recognized at their acquisition cost and deducted from equity. Any gain arising on the disposal of treasury shares is recognized immediately as equity, such that disposal gains or losses do not impact net income for the fiscal year.

	12/31/2018						12/31/2017					
	Stock options	Bonus shares	Liquidity agreement	External growth	Share buyback program March 2017	Total	Stock options	Bonus shares	Liquidity agreement	External growth	Share buyback program March 2017	Total
Number of shares	418,034	869,902	335,423	885,195	14,416,865	16,925,419	506,631	872,091	231,347	885,195	9,761,424	12,256,688
> *Of which allocated*		*869,902*				*869,902*	*324,401*	*872,091*				*1,196,492*
Acquisition value *(in €m)*	11.8	29.0	9.5	18.3	500.0	568.6	14.3	28.6	7.9	18.3	350.0	419.2
Proceeds from sale *(in €m)*	(0.1)	(0.0)	(1.4)			(1.5)	1.9					1.9

As of December 31, 2018 Klépierre held 16,925,419 shares in treasury, versus 12,256,688 shares as of December 31, 2017.

On March 13, 2017, Klépierre announced a share buyback program for an aggregate maximum amount of €500 million. As of December 31, 2018, the Group had bought back 14,416,865 shares (including 4,655,441 shares in 2018) for an aggregate amount of €500 million (including €150 million in 2018).

5.10.3 Other consolidated reserves

The increase in other consolidated reserves is mainly attributable to the appropriation of 2017 consolidated net income for €1,228.6 million (before distribution) and to the 2017 dividend distribution for €421.3 million.

5.10.4 Non-controlling interests

Non-controlling interests decreased by €28 million during the 2018 fiscal year. This change mainly reflects:

- Net income for the period attributable to non-controlling interests (positive €190.1 million impact);
- Changes in the scope of consolidation (negative €103.0 million impact), of which:
  - €69.4 million attributable to the acquisition of a 17% stake in Klécar Europe Sud SCS,
  - €33.6 million attributable to capital decreases at Klécar France (€22.5 million), K2 (€7.0 million) and SCI Porte de Claye (€4.1 million);
- Payment of dividends (negative €100.4 million impact);
- Foreign exchange impacts (negative €17.1 million impact), mainly in Scandinavia.

5.11 Current and non-current financial liabilities

Accounting policies

Financial liabilities

Financial liabilities include borrowings, other forms of financing, bank overdrafts, derivatives and operating payables.

IFRS 9 "Financial Instruments": describes how financial assets and liabilities must be measured and recognized.

Measurement and recognition of financial liabilities

With the exception of derivatives, all loans and other financial liabilities are measured at amortized cost using the effective interest method.

Recognition of liabilities at amortized cost

In accordance with IFRS, redemption premiums on bonds and debt issuance expenses are deducted from the nominal value of the loans concerned and incorporated into the calculation of the effective interest rate.

Application of the amortized cost method to liabilities hedged at fair value

Changes in the fair value of (the effective portion of) swaps used as fair value hedges are balanced by remeasurement of the hedged risk component of the debt.

Given that the characteristics of derivatives and items hedged at fair value are similar in most instances, any ineffective portion carried to hedging profit or loss may be minimal.

If a derivative is canceled before the due date of the hedged liability, the amount of the debt adjustment will be amortized over the residual term using the effective interest rate calculated at the date the hedging relationship ceased.

Measurement and recognition of derivatives

As the parent company, Klépierre takes responsibility for almost all Group funding and provides centralized management of interest and exchange rate risks. This financial policy involves Klépierre in implementing the facilities and associated hedging instruments required by the Group.

Klépierre hedges its liabilities using derivatives and has consequently adopted hedge accounting in accordance with IFRS 9:

> Hedges to cover statement of financial position items whose fair value fluctuates in response to interest rate, credit or exchange rate risks (fair value hedge);

> Hedges to cover the exposure to future cash flow risk (cash flow hedges), which consists of setting the amount of future cash flows arising on a variable-rate liability or asset.

The Klépierre derivatives portfolio qualified for hedge accounting meets all IFRS 9 hedge definition and effectiveness criteria.

The adoption of hedge accounting has the following consequences:

> Fair value hedges of existing assets and liabilities: the hedged portion of the asset/liability is accounted for at fair value in the statement of financial position. The gains or losses resulting from changes in fair value are recognized immediately in profit or loss. At the same time, there is an opposite corresponding adjustment in the fair value of the hedging instrument, in line with its effectiveness;

> Cash flow hedges: the portion of the gain or loss on the fair value of the hedging instrument that is determined to be an effective hedge is recognized directly in equity and reclassified to the income statement when the hedged cash transaction affects profit or loss. The gain or loss from the change in value of the ineffective portion of the hedging instrument is recognized immediately in profit or loss.

Financial instruments qualified in the trading category are measured at fair value with fair value movements recognized in profit or loss of the period.

Recognition date: trade or settlement

IFRS aims at reflecting the time value of financial instruments as closely as possible by ensuring that, wherever possible, instruments with a deferred start date are recognized on the trade date, thus allowing calculation of the deferred start date.

However, this principle cannot be applied to all financial instruments in the same way.

For example, commercial paper is often renewed a few days before its due date. If these instruments were recognized at their trade date, this would artificially inflate the amount concerned between the renewal trade date of a paper and its effective start date.

Klépierre applies the following rules:

> Derivatives are recognized at their trade date, since their measurement effectively takes account of any deferred start dates;

> Other financial instruments (especially liabilities) are recognized on their settlement date.

Method used to calculate fair value of financial instruments

Financial assets and liabilities recognized at fair value are measured either on the basis of market price or by applying measurement models that apply the market parameters prevailing on the reporting date. The term "model" refers to mathematical methods based on generally-accepted financial theories. The realizable value of these instruments may differ from the fair value adopted when preparing the financial statements.

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

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

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

Tax treatment of changes in fair value of financial instruments

In Klépierre's case:

> The non-SIIC portion of the deferred tax on financial instruments recognized at fair value is calculated pro rata of net financial income;

> The financial instruments of foreign subsidiaries recognized at fair value give rise to deferred tax calculated on the basis of the rates applying in the country concerned.

5.11.1 Change in debt

Current and non-current financial liabilities amounted to €9,106.0 million as of December 31, 2018 versus €9,585.4 million at year-end 2017.

In €m	12/31/2018	12/31/2017
NON-CURRENT		
Bonds net of costs/premiums	**5,772.7**	**5,952.3**
> Of which fair value hedge adjustments	18.2	28.8
Bank loans and borrowings – long term	**1,096.3**	**1,240.2**
Fair value adjustments to debt[(a)]	**40.6**	**60.4**
Other loans and borrowings	**126.7**	**115.4**
> Advance payments to the Group and associates	119.4	107.9
> Other	7.2	7.5
TOTAL NON-CURRENT FINANCIAL LIABILITIES	7,036.3	7,368.2
CURRENT		
Bonds net of costs/premiums	**304.8**	**331.9**
> Of which fair value hedge adjustments		
Bank loans and borrowings – short term	**35.4**	**76.9**
Accrued interest	**81.2**	**95.1**
> On bonds	74.5	87.2
> On bank loans	4.8	6.1
> On advance payments to the Group and associates	1.9	1.8
Commercial paper	**1,646.7**	**1,711.6**
Other loans and borrowings	**1.6**	**1.6**
> Advance payments to the Group and associates	1.6	1.6
TOTAL CURRENT FINANCIAL LIABILITIES	2,069.6	2,217.2
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	9,106.0	9,585.4

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.

Net debt totaled €8,875 million as of December 31, 2018, versus €8,978 million as of December 31, 2017. Net debt is the difference between financial liabilities (excluding both fair value hedge adjustments and the mark-to-market of Corio's debt recognized at the acquisition date) plus bank overdrafts minus available cash and marketable securities.

In €m	**12/31/2018**	**12/31/2017**
Non-current and current financial liabilities	9,106.0	9,585.4
Bank overdrafts	224.7	130.0
Revaluation due to fair value hedge	(18.2)	(28.8)
Fair value adjustement of debt[(a)]	(40.6)	(60.4)
Cash and cash equivalents[(b)]	(396.7)	(647.8)
NET DEBT	**8,875.1**	**8,978.5**

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.
(b) Includes cash managed for principals for €92.2 million as of December 31, 2018 and €83.3 million as of December 31, 2017.

The €103 million decrease is mainly attributable to:

> Cash outflows in respect of corporate actions for €881 million (including the dividend payment in April for €589 million, distributions to non-controlling interests for €142 million and the buyback of Klépierre shares for an aggregate amount of €150 million);

> Cash outflows in respect of investments for €443 million, including €332 million in capital expenditure (€205 million in development pipeline projects and €127 million in standing assets) and €110 million related to acquisitions (mainly of hypermarket space and minority stakes in Spanish assets);

> Cash inflows from disposals for €539 million, corresponding to assets sold in France, Germany, Italy and Spain;

> Cash inflows from operations and other items (foreign exchange, changes in working capital), amounting to €886 million.

5.11.2 Main sources of financing

The Group's main financial resources are detailed in the table below (nominal value).

In €m	Group's financing						
	Borrower	Issue currency	Reference rate	Maturity date	Repayment profile	Maximum amount	Amount used as at 12/31/2018
Bonds						**5,024**	**5,024**
	Klépierre SA	EUR	2.750%	09/17/2019	At maturity	275	275
	Klépierre SA	EUR	4.625%	04/14/2020	At maturity	300	300
	Klépierre SA	EUR	4.750%	03/14/2021	At maturity	564	564
	Klépierre SA	EUR	1.000%	04/17/2023	At maturity	750	750
	Klépierre SA	EUR	1.750%	11/06/2024	At maturity	630	630
	Klépierre SA	EUR	2.125%	10/22/2025	At maturity	255	255
	Klépierre SA	EUR	1.875%	02/19/2026	At maturity	500	500
	Klépierre SA	EUR	1.375%	02/16/2027	At maturity	600	600
	Klépierre SA	EUR	4.230%	05/21/2027	At maturity	50	50
	Klépierre SA	EUR	1.250%	09/29/2031	At maturity	600	600
	Klépierre SA	EUR	1.625%	12/13/2032	At maturity	500	500
						634	**634**
	Klépierre (formerly-Corio)	EUR	5.448%	08/10/2020	At maturity	250	250
	Klépierre (formerly-Corio)	EUR	3.250%	02/26/2021	At maturity	299	299
	Klépierre (formerly-Corio)	EUR	3.516%	12/13/2022	At maturity	85	85
						440	**440**
	Steen & Strøm	NOK	NIBOR	02/21/2019	At maturity	30	30
	Steen & Strøm	NOK	NIBOR	08/09/2021	At maturity	70	70
	Steen & Strøm	NOK	2.620%	06/08/2022	At maturity	45	45
	Steen & Strøm	NOK	NIBOR	09/14/2022	At maturity	75	75
	Steen & Strøm	NOK	NIBOR	03/23/2023	At maturity	80	80
	Steen & Strøm	NOK	2.400%	11/07/2023	At maturity	50	50
	Steen & Strøm	SEK	STIBOR	02/22/2021	At maturity	39	39
	Steen & Strøm	SEK	1.093%	12/08/2022	At maturity	49	49
Bank loans						**3,826**	**350**
	Klépierre	EUR	Euribor	06/04/2020	At maturity	750	
	Klépierre	EUR	Euribor	07/07/2022	At maturity	475	
	Klépierre	EUR	Euribor	(b)	At maturity	2,025	
	Klépierre Nederland	EUR	Euribor	01/14/2021	At maturity	350	350
	Steen & Strøm	NOK	NIBOR	2019	At maturity	101	
	Steen & Strøm	NOK	NIBOR	2021	At maturity	121	
	Steen & Strøm	SEK	STIBOR	2019	At maturity	5	
Mortgage loans						**780**	**763**
	Massalia Shopping Mall	EUR	Euribor	06/23/2026	At maturity	131	114
	Steen & Strøm	SEK	STIBOR	(b)		254	254
	Steen & Strøm	DKK	CIBOR	(b)		312	312
	Steen & Strøm	DKK	Fixed	(b)		83	83
Property finance leases						**25**	**25**
Short-term facilities and bank overdrafts						**295**	**37**
Commercial paper						**1,649**	**1,649**
	Klépierre	EUR	-	-	At maturity	1,500	1,500
	Steen & Strøm	NOK			At maturity	90	90
	Steen & Strøm	SEK			At maturity	59	59
GROUP TOTAL[(a)]						**11,024**	**8,921**

(a) Totals are calculated excluding backup lines of funding since the maximum amount of the "commercial paper" line includes that of the backup line.
(b) These lines combined several facilities with different maturities.

As a general rule, the Group finances its assets with equity or debt contracted by Klépierre SA. In some cases, especially in partnerships or in Scandinavian countries, the Group may use mortgage loans to fund its activities. The total mortgages granted to secure these financings (€763 million) amounted to €936 million as of December 31, 2018.

5.11.3 Covenants and ratings

The Group's main credit agreements contain financial covenants. Failure to comply with these covenants could trigger mandatory repayment of the related debt.

As of December 31, 2018, the Group's ratios were in line with its contractual commitments. The financial ratios are disclosed in the management report (see "Financial resources" section).

5.11.4 Breakdown of borrowings by maturity date

Breakdown of current and non-current financial liabilities

In €m	Total	Less than one year	One to five years	More than five years
NON-CURRENT				
Bonds net of costs/premiums	**5,772.7**		**2,637.7**	**3,135.0**
> Of which fair value hedge adjustments	18.2		18.2	
Bank loans and borrowings – long term	**1,096.3**		**521.0**	**575.3**
Fair value adjustments to debt[(a)]	**40.6**		**40.6**	
Other loans and borrowings	**126.7**		**119.4**	**7.2**
> Advance payments to the Group and associates	119.4		119.4	
> Other	7.2			7.2
TOTAL NON-CURRENT FINANCIAL LIABILITIES	7,036.3		3,318.8	3,717.5
CURRENT				
Bonds net of costs/premiums	**304.8**	**304.8**		
> Of which fair value hedge adjustments				
Bank loans and borrowings – short term	**35.4**	**35.4**		
Accrued interest	**81.2**	**81.2**		
> On bonds	74.5	74.5		
> On bank loans	4.8	4.8		
> On advance payments to the Group and associates	1.9	1.9		
Commercial paper	**1,646.7**	**1,646.7**		
Other loans and borrowings	**1.6**	**1.6**		
> Advance payments to the Group and associates	1.6	1.6		
TOTAL CURRENT FINANCIAL LIABILITIES	2,069.6	2,069.6		
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	9,106.0	2,069.6	3,318.8	3,717.5

(a) Corresponds to the balance of the mark-to-market of Corio's debt recognized at the acquisition date.

As of December 31, 2018, the maturity schedule of contractual flows including principal and interest (non-discounted) is as follows:

Repayment year *In €m*	2019	2020	2021	2022	2023	2024	2025	2026	2027 and beyond	Total
Principal	2,023	582	1,359	300	947	708	288	646	2,068	8,921
Interest	144	125	83	75	64	59	49	35	114	747
GROUP TOTAL (PRINCIPAL + INTEREST)	2,166	708	1,442	374	1,011	767	337	681	2,181	9,668

All outstanding commercial paper matures during 2019 (€1,649 million). Commercial paper essentially corresponds to short-term resources used on a rollover basis. It is fully covered by back-up credit facilities. One bond denominated in euros (€275 million) and one bond denominated in Norwegian Kroner (€30 million) will mature in 2019.

As of December 31, 2017, the amortization table for the contractual flows was as follows:

Repayment year *In €m*	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026 and beyond**	**TOTAL**
Principal	2,117	345	590	1,258	395	894	713	293	2,725	9,331
Interest	149	149	131	92	80	67	62	51	158	940
GROUP TOTAL (PRINCIPAL + INTEREST)	**2,266**	**494**	**722**	**1,350**	**475**	**961**	**775**	**344**	**2,884**	**10,271**

5.12 Hedging instruments

5.12.1 Interest rate hedging portfolio

As part of its risk management policy (see note 8 "Risk exposure and hedging strategy"), Klépierre has entered into interest-rate swap or cap agreements allowing it to convert debt from floating rate to fixed rate and vice-versa. As a result of these instruments, the proportion of total debt arranged or hedged at a fixed rate was 96% as of December 31,2018 (notional amounts).

As of December 31, 2018, the breakdown of derivatives by maturity was as follows:

Hedging relationship *In €m*	**Klépierre Group derivatives**												
	Currency	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**Total**
													913
Cash flow hedge	EUR			350					114				464
	NOK	161			50	30							241
	SEK		59	59	29								146
	DKK			62									62
													344
Fair value hedge	EUR		250	94									344
	NOK												
	SEK												
	DKK												
													3,834
Trading	EUR	410	1,600	1,250	100			200					3,560
	NOK												
	SEK		49	39		39							127
	DKK		40		107								147
GROUP TOTAL		**571**	**1,997**	**1,854**	**287**	**69**		**200**	**114**				**5,092**

The "trading" category includes a portfolio of caps (for a notional amount of €1.7 billion), a portfolio of payer swaps (€1.26 billion), a portfolio of swaptions (€200 million) and receiver swaps (€650 million).

As of December 31, 2018, the corresponding contractual flows (interest) broke down as follows (positive flows = payer flows):

In €m	**Hedging relationship**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**TOTAL**
Swaps	Cash flow hedge	2	2	1	0	(0)	(0)	(1)	(1)	-	-	-	3
Swaps	Fair value hedge	(12)	(6)	(1)	-	-	-	-	-	-	-		(18)
Swaps/caps	Trading	(13)	12	(1)	0	-	-	-	-	-	-	-	(2)
EUR-denominated derivatives		**(23)**	**8**	**(1)**	**0**	**(0)**	**(0)**	**(1)**	**(1)**	-	-	-	**(17)**
NOK-denominated derivatives		**0**	**(0)**	**(0)**	**(0)**	**(0)**	-	-	-	-	-		**(1)**
SEK-denominated derivatives		**4**	**4**	**2**	**0**	**0**	-	-	-	-	-		**10**
DKK-denominated derivatives		**2**	**2**	**2**	**0**	-	-	-	-	-	-		**5**
GROUP TOTAL		**(17)**	**14**	**2**	**0**	**(0)**	**(0)**	**(1)**	**(1)**	-	-		**(3)**

As of December 31, 2017, the breakdown of derivatives by maturity date was as follows:

Hedging relationship *In €m*	Klépierre Group derivatives												
	Currency	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Total**
Cash flow hedge													**943**
	EUR				350					114			464
	NOK		163			51	30						244
	SEK	20		61	61	30							173
	DKK				63								63
Fair value hedge													**344**
	EUR			250	94								344
	NOK												
	SEK												
	DKK												
Trading													**3,099**
	EUR	700	410	1,450	300								2,860
	NOK												
	SEK			51	41								91
	DKK			40		107							148
GROUP TOTAL		**720**	**573**	**1,852**	**908**	**189**	**30**			**114**			**4,386**

As of December 31, 2017, the corresponding contractual flows (interest) broke down as follows (positive flows = payer flows):

In €m	**Hedging relationship**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Total**
Swaps	Cash flow hedge	2	1	(0)	(0)	(0)	(0)	(1)	(1)	(1)	-	-	0
Swaps	Fair value hedge	(17)	(16)	(7)	(1)	-	-	-	-	-	-	-	(42)
Swaps/caps	Trading	(6)	(8)	16	(0)	-	-	-	-	-	-	-	2
EUR-denominated derivatives		**(21)**	**(23)**	**8**	**(1)**	**(0)**	**(0)**	**(1)**	**(1)**	**(1)**	-	-	**(40)**
NOK-denominated derivatives		**2**	**0**	**(0)**	**(0)**	**(0)**	**(0)**	-	-	-	-	-	**2**
SEK-denominated derivatives		**5**	**4**	**3**	**1**	**0**	**-**	-	-	-	-	-	**14**
DKK-denominated derivatives		**2**	**2**	**1**	**1**	**0**	**-**	-	-	-	-	-	**6**
GROUP TOTAL		**(12)**	**(17)**	**13**	**1**	**(0)**	**(1)**	**(1)**	**(1)**	**(1)**	**-**		**(18)**

Fair value of the interest rate derivatives portfolio

In €m	**Fair value net of accrued interest as of 12/31/2018**	**Change in fair value during 2018**	**Matching entry**
Cash flow hedge	(15.8)	5.8	Shareholders' equity
Fair value hedge	18.2	(10.6)	Borrowings\Net income
Trading	6.7	4.4	Net income
TOTAL	**9.1**	**(0.4)**	

5.12.2 Currency hedging portfolio

Until September 2018, Klépierre managed its exposure to the foreign exchange risk linked to its Turkish assets with rents denominated in US dollars, by selling forward USD against euros. These transactions were qualified as net investment hedges. Due to regulatory changes implemented from October 2018, rents are now denominated in Turkish lira and accordingly, Klépierre has decided to stop rolling over these instruments.

Fair value of the exchange rate derivatives portfolio

In €m	**Fair value net of accrued interest as of 12/31/2018**	**Change in fair value during 2018**	**Matching entry**
Net investment hedge		(1.5)	Shareholders' equity
Trading FX		1.6	Borrowings\Net income
TOTAL		**0.1**	

5.13 Non-current provisions

Accounting policies

Provisions and contingent liabilities

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognized where the Group has a liability towards a third party, and it is probable or certain that an outflow of resources will be required to settle this liability without an equivalent or greater amount expected to be received from the third party concerned.

This standard requires that non-interest-bearing long-term liabilities are discounted.

Non-current provisions amounted to €28.5 million as of December 31, 2018 versus €26.9 million as of December 31, 2017, dedicated mainly to covering risks related to tax and business-related litigations in the different countries where Klépierre operates.

5.14 Payroll, tax liabilities and other liabilities

In €m	12/31/2018	12/31/2017
PAYROLL AND TAX LIABILITIES	**181.5**	**172.5**
Employees and related accounts	37.0	36.6
Social security and other bodies	14.1	14.1
Tax payables		
Income tax	62.1	48.1
VAT	30.7	33.7
Other taxes and duties	37.7	40.1
OTHER LIABILITIES	**369.7**	**312.4**
Creditor customers	15.6	18.4
Prepaid income	40.4	47.3
Other liabilities	313.7	246.7

The amount of €15.6 million in creditor customers corresponds to advance payments received from tenants in response to requests to pay maintenance expenses.

Other liabilities also includes funds representing the management accounts of Klépierre Management’s principals, balanced by an equal amount in other receivables under assets. These funds totaled €92.2 million as of December 31, 2018 (€83.3 million as of December 31, 2017).

NOTE 6 NOTES TO THE FINANCIAL STATEMENTS: STATEMENT OF COMPREHENSIVE INCOME

6.1 Gross rental income

Accounting policies

Leases

According to IAS 17, the Group distinguishes two types of leases:

> Finance leases, which are a leases that transfer substantially all the risks and rewards inherent in the ownership of an asset to the lessee. Title to the asset may or may not be transferred at the end of the lease term;

> Other leases are classified as operating leases.

Recognition of step-up rents and rent-free periods

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

Step-up rents and rent-free periods are recognized as additions to, or deductions from, gross rental income for the fiscal year.

The reference period adopted is the first non-cancelable lease term.

Entry fees

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

Entry fees are part of the net amount exchanged between the lessor and the lessee under a lease. For this purpose, the accounting periods during which this net amount is recognized should not be affected by the form of the agreement or the rent payment schedule. Entry fees are spread over the first non-cancelable lease term.

Early termination penalties

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

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

Gross rental income includes:

> Rents from investment property and rent-related income, such as car park rentals and early termination penalties;

> Other rental income: income from entry fees and other income;

> Step-up rents, rent-free periods and entry fees are spread over the non-cancelable term of the lease.

Service charges recharged to tenants are not included in gross rental income but deducted from rental expenses (with minor exceptions in Scandinavia). In 2018, total service charges recharged to tenants amounted to €279 million.

6.2 Land expenses (real estate)

Accounting policies

Ground leases: IAS 40 and IAS 17

Land and ground leases are classified as operating or finance leases. Klépierre considers that the operating lease criterion was met by land covered by ground lease. Initial payments made in this respect therefore constitute pre-lease payments, and are amortized over the term of the lease to reflect the expected pattern of economic benefits. Analysis is on a lease-by-lease basis.

Land expenses (real estate) correspond to lease payments (or amortization of initial payments) for properties built on land subject to a ground lease or an operating contract (concession).

6.3 Non-recovered rental expenses

These expenses are stated net of costs re-billed to tenants and mainly comprise expenses related to vacant premises.

6.4 Owners' building expenses

These expenses comprise owners' rental expenses, expenses related to construction work and legal costs, costs associated with bad debts and costs related to real estate management.

6.5 Other operating income

Other operating income notably includes building work rebilled to tenants.

6.6 Depreciation, amortization and impairment of property, plant and equipment and intangible assets

As of December 31, 2018, depreciation, amortization and impairment of property, plant and equipment and intangible assets amounted to €13.0 million, a decrease of €2.2 million versus December 31, 2017.

6.7 Change in value of investment properties

As of December 31, 2018, changes in value of investment properties amounted to €313.7 million, versus €825.9 million as of December 31, 2017.

In €m	12/31/2018	12/31/2017
Change in value of investment properties at fair value	315.4	836.3
Change in value of investment properties at cost	(1.7)	(10.4)
TOTAL	**313.7**	**825.9**

6.8 Proceeds from disposals of investment properties and equity investments

Proceeds from disposals totaled a negative €10.7 million, and mainly resulted from the disposals of:

> Shares held in French shopping center Grand Vitrolles, and the shares of the two Hungarian shopping centers, Alba Plaza and Nyir Plaza;

> The Gran Via de Hortaleza shopping center located in Spain, the Roncalli building in Germany and three malls in Italy, Metropoli, Settimo and Le Rondinelle;

> Residential building rights in Galeria Boulevard located in Kristianstad (Sweden);

> Six retail units in France, an office building in Budapest and an office building in Stavanger.

Proceeds from disposals also include transfer taxes and related expenses.

6.9 Cost of net debt

The cost of net debt totaled €151.6 million in 2018, versus €169.8 million in 2017.

The €18.2 million decrease in this item is mainly attributable to the refinancing at the end of 2017 of a bond maturing in January 2018, as well as to the restructuring of the credit facility portfolio, the reduction in drawn-down debt and non-recurring expenses from a bond redemption recognized in 2017.

In €m	12/31/2018	12/31/2017
FINANCIAL INCOME	**65.1**	**80.8**
Income from sales of securities	0.0	(0.0)
Interest income on swaps	34.9	41.2
Deferral of payments on swaps	0.0	0.8
Capitalized interest	4.3	9.2
Interest on advances to associates	10.1	11.1
Sundry interest received	6.8	5.6
Other revenue and financial income	6.3	6.6
Currency translation gains	2.7	6.3
FINANCIAL EXPENSES	**(216.7)**	**(250.6)**
Expenses from sales of securities		
Interest on bonds	(144.3)	(159.8)
Interest on bank loans	(11.4)	(16.7)
Interest expense on swaps	(26.4)	(29.1)
Deferral of payments on swaps	(31.0)	(36.7)
Interest on advances to associates	(2.0)	(3.0)
Sundry interest paid	(0.4)	(2.1)
Other financial expenses	(21.5)	(37.7)
Currency translation losses	(3.2)	(5.1)
Transfer of financial expenses	3.9	5.2
Amortization of the fair value of debt[(a)]	19.7	34.3
COST OF NET DEBT	**(151.6)**	**(169.8)**

(a) Corresponds to the amortization of the mark-to-market of Corio's debt recognized at the acquisition date.

NOTE 7 TAXES

Accounting policies

The tax status of *Sociétés d'investissement immobilier* cotée (SIIC)

At the General Meeting of Shareholders held on September 26, 2003, Klépierre was authorized to adopt SIIC tax status.

General features of SIIC tax status

All SIICs are entitled to an income tax exemption provided that their stock is listed on a regulated French market, that they have share capital of at least €15 million and that their corporate purpose is either the purchase or construction of properties for rent or the direct or indirect investment in entities with that corporate purpose. The option to adopt SIIC status is irrevocable. Subsidiaries subject to corporate income tax and at least 95% owned by the Group may also claim SIIC status.

In return for the tax exemption, SIICs have to pay out 95% of rental income and 60% of the capital gains made on property disposals. In addition they must pay out 100% of any dividends received from SIIC or SIIC equivalent subsidiaries. With effect from fiscal year 2019, the distribution rate for capital gains generated by property disposals increased from 60% to 70%.

New entities claiming SIIC status are immediately subject to a 19% exit tax on unrealized gains on properties and on shares in partnerships not subject to income tax. The exit tax is payable over a four-year period, commencing at the point when the entity concerned adopts SIIC status.

Income tax on companies not eligible for SIIC equivalent

Since adopting SIIC status in 2003, Klépierre SA has made a distinction between SIICs that are exempt from rental income and capital gains taxes, and other companies that are subject to those taxes.

Income tax on non-SIIC French entities is calculated in accordance with French tax regulations.

Tax regime of Spanish SOCIMI entities

SOCIMIs are listed Spanish companies, or subsidiaries of listed companies subject to SOCIMI equivalent regulation, whose principal activity is the acquisition, promotion and rehabilitation of urban real estate assets for the purpose of leasing them, either directly or through equity investments in other real estate investment companies.

Real estate income for SOCIMIs is taxed at 0% corporate tax (CIT) rate (instead of the general rate of 25%), provided that the requirements of the SOCIMI regime are met.

Capital gains prior to the entry into the SOCIMI regime are frozen and subject to current income tax when the asset is disposed of. However, capital gains realized after election for the SOCIMI regime are be exempt from capital gain tax and are subject to distribution requirement.

Furthermore, SOCIMIs have to meet minimum profit-sharing requirements, as follows:

> 100% of the dividends received from participating entities;

> 80% of the profit resulting from the leasing of real estate and ancillary activities;

> 50% of the profits resulting from the transfer of properties and shares linked to the Company's business provided that the remaining profits are reinvested in other real estate properties or equity investments within a maximum period of three years from the date of the transfer or, failing this 100% of the profits must be distributed as dividends once such period has elapsed.

Spanish SOCIMIs may be subject to a special 19% withholding tax on dividend distributions unless it can be proven that shareholders with an ownership interest of 5% or more are subject to tax at a minimum rate of 10%. When a direct shareholder is a SOCIMI or subject to SOCIMI-equivalent regulations (such as Klépierre SA), this requirement is assessed at the level of the parent-company shareholders.

Income tax and deferred tax

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

Income taxes are offset by losses where such offsetting is legally permissible and where they originate within the same tax consolidation group and are subject to the same tax authority. The same principle is also applicable for deferred taxes.

Deferred taxes are recognized where there are timing differences between the carrying amounts of assets and liabilities and their tax bases, and taxable income is likely in future periods.

A deferred tax asset is recognized where tax losses are carried forward on the assumption that the entity concerned is likely to generate future taxable income against which those losses can be offset.

Deferred tax assets and liabilities are measured using the balance sheet liability method and the tax rate expected to apply when the asset is realized or the liability settled on the basis of the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax assets and liabilities must reflect the tax consequences arising as a result of the way in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the reporting date.

All current and deferred tax is recognized as tax income or expense in the income statement, except for deferred tax recognized or settled at the time of acquiring or disposing of a subsidiary or investment and unrealized capital gains and losses on assets held for sale. In these cases, the associated deferred tax is recognized as equity.

Deferred tax is calculated at the local rate prevailing at the reporting date. The rates applied are: France 32.03%, Spain 25%, Italy 27.9%, Belgium 25%, Greece 29%, Portugal 22.5% plus a surtax where applicable, Poland 19%, Hungary 9%, Czech Republic 19%, Slovakia 21%, Sweden 20.6%, Norway 22%, Luxembourg 26.01%, Netherlands 20.5%, Denmark 22%, Turkey 22% and Germany 34.03%.

In €m	**12/31/2018**	**12/31/2017**
Current tax	(40.4)	(18.3)
Deferred tax	(68.8)	(201.0)
TOTAL	**(109.2)**	**(219.2)**

As of December 31, 2018, deferred tax expenses amounted to €68.8 million, versus deferred tax expenses of €201.0 million at end-2017, with the decrease stemming mainly from deferred taxes on investment properties correlated to fair value movements.

A breakdown of tax expense between France (SIIC sector and common law) and non-French companies is shown in the tax proof below:

	France		**Other**	
In €m	**SIIC sector**	**Common law**	**companies**	**Total**
Pre-tax earnings and earnings from equity-accounted companies	309.8	0.3	797.1	1,107.2
Theoretical tax expense at 34.43%	**(106.7)**	**(0.1)**	**(274.4)**	**(381.2)**
Tax-exempt earnings under the SIIC and SOCIMI tax regimes	**115.3**		**48.4**	**163.6**
Taxable sectors				
Impact of permanent timing differences	(4.7)	0.2	(5.9)	(10.4)
Untaxed consolidation adjustments	(2.7)	1.3	18.0	16.6
Impact of non-capitalized losses	(2.3)	(0.3)	4.1	1.5
Assignment of non-capitalized losses	0.1	0.3	4.2	4.6
Change of tax regime				
Discounting of deferred tax following restructuring				
Discounting of tax rates and other taxes	5.9	(0.8)	14.5	19.6
Differences in tax rates		0.1	76.4	76.5
EFFECTIVE TAX EXPENSE	**4.9**	**0.7**	**(114.8)**	**(109.2)**

Deferred taxes break down as follow:

In €m	12/31/2017	Change in scope	Change in net income	Cash flow hedging reserves	Asset, liability reclassifications	Other changes	12/31/2018
Investment properties	(1,584.8)	0.5	(61.6)		0.8	19.7	(1,625.3)
Derivatives	4.7		(1.2)	(1.9)	5.6	(0.1)	7.1
Tax loss carryforwards	32.0		(8.6)		0.0	(0.5)	22.9
Other items	0.3	(0.7)	1.3		(8.4)	(6.1)	(13.6)
TOTAL FOR ENTITIES IN A NET LIABILITY POSITION	**(1,547.7)**	**(0.2)**	**(70.1)**	**(1.9)**	**(1.8)**	**12.9**	**(1,608.8)**
Investment properties	1.2	0.0	(2.4)		0.4	0.0	(0.8)
Derivatives	11.5		1.1	(7.0)	(5.6)		
Tax loss carryforwards	13.8		2.6		(0.0)	0.0	16.4
Other items	(2.0)	(0.0)	(0.1)		7.2	(0.0)	5.1
TOTAL FOR ENTITIES IN A NET ASSET POSITION	**24.5**	**(0.0)**	**1.3**	**(7.0)**	**1.8**	**0.0**	**20.7**
NET POSITIONS	**(1,523.2)**	**(0.2)**	**(68.8)**	**(8.9)**	**(0.0)**	**12.9**	**(1,588.2)**

Deferred tax in the income statement represents an expense of €68.8 million and mainly comprises:

> €82.3 million in deferred tax expense, resulting from the change in deferred taxes on temporary differences arising from the changes in the fair market value and the tax value of investment properties;

> €18.4 million in deferred tax income on investment properties, mainly resulting from the decrease in the tax rates in Sweden (€9.8 million) and in Norway (€8 million), based on tax laws enacted on June 30, 2018 and during December 2018, respectively;

> €6.0 million in deferred tax expense, of which €5.1 million resulting from the utilization of tax loss carryforwards, partially offset by the recognition of tax losses for the period, and €0.9 million due to changes in tax rates in Norway (€0.6 million) and in Sweden (€0.3 million).

Non-capitalized deferred taxes on tax loss carryforwards amounted to €251.0 million as of December 31, 2018 versus €259.6 million as of December 31, 2017.

Change in scope mainly correspond to the impact of the first-time consolidation of Gruliasco in Italy and Guldlisten 20 AS in Norway.

Other changes in an amount of €12.9 million mainly reflect the impact of currency fluctuations.

Tax losses carried forward

Ordinary tax loss carryforwards are capitalized when their utilization is deemed probable. The expected time scale for recovering taxes loss carryforwards capitalized for all entities within the Group is three to nine years on average.

Inventory of Losses Carried forward by country is detailed below:

Country	Tax rate	Inventory of ordinary losses at 12/31/2017	Inventory of ordinary losses at 12/31/2018	Change in ordinary losses in 2018	Capitalized deferred tax at 12/31/2017	Deferred tax capitalizable at 12/31/2018	Change in capitalized amounts	Deferred tax capitalized at 12/31/2018	Deferred tax not capitalized at 12/31/2018	Comments
Belgium	25.00%	(44,228)	(44,374)	(146)		11,094			11,094	Unlimited deferral of ordinary losses
Denmark	22.00%	(5,901)	(4,260)	1,641	1,298	937	(361)	937		Unlimited deferral of ordinary losses Taxable income of up to DKK 8,025,000 for 2017 (previously DKK 7,852,500) can always be eliminated by tax loss carryforwards, whereas taxable income exceeding DKK 8,025,000 (previously DKK 7,852,500) can merely be reduced by 60% as a result of tax loss carryforwards
Spain	25.00%	(96,853)	(80,173)	16,680	7,868	20,043	(4,299)	3,569	16,474	Unlimited deferral of ordinary losses > If net income is less than €20 million, tax loss carryforwards may be used to offset up to 70% of the tax base > If net income is at least €20 million but less than €60 million, tax loss carryforwards may be used to offset up to 50% of the tax base > If net revenues are at least €60 million, tax loss carryforwards may be offset up to 25% of the tax base In any event, tax losses for an amount of up to €1 million may be offset
France	32.02%	(356,013)	(379,581)	(23,568)		121,539			121,539	Unlimited deferral of ordinary losses
	33.00%									Use of tax loss carryforwards limited to 50% of taxable income
	19.00%									(beyond €1 million)
	SIIC	(179,917)	(254,054)	(74,137)						
Greece	29.00%	(9,197)	(8,900)	297		2,581			2,581	Losses can be deferred for five years
Hungary	9.00%	(180,149)	(164,316)	15,833		14,788			14,788	> If the tax loss was generated before the tax year starting in 2014, losses can be offset until December 31, 2025 > If the tax loss was generated during the tax year starting in 2014, losses can be offset until December 31, 2025 > If the tax loss was generated after 2014, losses can be offset during the following five tax years Use of tax loss carryforwards limited to 50% of taxable income
Italy	27.90%	(22,770)	(29,329)	(6,559)		8,183			8,183	Unlimited deferral of ordinary losses
	or									No limitation for the losses for the first three years
	24.00%	(49,616)	(69,860)	(20,244)	9,867	16,766		9,404	7,362	After three years use of tax loss carryforwards limited to 80% of taxable income
Luxembourg	26.01%	(82,192)	(74,973)	7,219		19,500			19,500	Losses generated as of January 1, 2017 will only be ables to be carried forward for a maximum period of 17 years. Losses that arose before January 1, 2017 are not affected by this limitation
Norway	22.00%	(86,705)	(57,095)	29,610	12,956	12,561	(395)	12,561		Unlimited deferral of ordinary losses
Netherlands	25.00%	(22,583)	(26,049)	(3,466)	3,892	6,512	924	4,816	1,696	Losses can be deferred for nine years
Poland	19.00%	(34,249)	(33,605)	644		6,385			6,385	Losses can be deferred for five years Up to 50% of the tax loss carryforwards can be used in a given fiscal year
Portugal	22.50%	(5,930)	(5,520)	410		1,242	1,079	1,079	163	Tax losses generated in tax years starting on or after January 1, 2017 can be carried forward for five years Use of tax loss carryforwards limited to 70% of taxable income
Czech Republic	19.00%		(1,144)	(1,144)		217	217	217		Losses can be deferred for five years
Turkey	22.00%	(51,909)	(49,911)	1,998		10,980			10,980	Losses can be deferred for five years
Germany	34.03%	(38,498)	(39,864)	(1,366)		13,566			13,566	Unlimited deferral of ordinary losses Use of tax loss carryforwards limited to 60% of taxable income (beyond €1 million)
Sweden	22.00%	(119,322)	(113,766)	5,556	9,953	23,436	(3,211)	6,742	16,689	Unlimited deferral of ordinary losses
TOTAL		**(1,386,031)**	**(1,436,773)**	**(50,742)**	**45,834**	**290,331**	**(6,046)**	**39,325**	**251,001**	

NOTE 8 RISK EXPOSURE AND HEDGING STRATEGY

Klépierre identifies and regularly measures its exposure to the various sources of risk (interest rates, liquidity, foreign exchange, counterparties, equity market shares, etc.) and sets applicable management policies as required. The Group pays close attention to managing the inherent financial risks in its business activity and the financial instruments it uses.

8.1 Interest-rate risk

8.1.1 Interest-rate risk – exposure to floating-rate debt

Recurrence of floating-rate financing requirement

Floating-rate debt represented 34% of the Group's borrowings as of December 31, 2018 (before hedging). It includes: bank loans (secured and unsecured), commercial paper and the use of authorized overdrafts.

Identified risk

An increase in the interest rate against which floating-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 net 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.

Fair value of cash flow hedge *In €m*	**Notional**	**Fair value net of accrued interest**	**Change in shareholders' equity caused by a 1% increase in interest rates**
Cash flow hedge swaps at 12/31/2018			
> Euro-denominated portfolio	463.5	(2.8)	14.7
> Steen & Strøm portfolio	450.0	(13.0)	14.7
CASH FLOW HEDGE SWAPS AT 12/31/2018	**913.5**	**(15.8)**	**29.3**

Breakdown of floating-rate financial borrowings after derivatives:

Interest rate position after hedging *In €m*	**Amount**	**Change in financial expenses caused by a 1% increase in interest rates**
Gross position before hedging (floating-rate debt)	**3,036.2**	**30.4**
> Net hedge	(2,703.4)	(16.5)
Gross position after hedging	**332.8**	**13.8**
> Marketable securities	(0.9)	(0.0)
NET POSITION AFTER HEDGING	**331.9**	**13.8**

Breakdown of financial borrowings after interest rate hedging:

	Fixed-rate borrowings or converted to fixed-rate			**Floating-rate borrowings**			**Total gross borrowings**		**Average all-in cost of debt at closing date[(a)]**
In €m	**Amount**	**Rate**	**Fixed portion**	**Amount**	**Rate**	**Floating portion**	**Amount**	**Rate**	
12/31/2016	7,205	2.15%	81%	1,725	1.12%	19%	8,930	1.96%	2.00%
12/31/2017	8,880	1.68%	95%	450	1.06%	5%	9,331	1.65%	1.69%
12/31/2018	8,589	1.58%	96%	333	1.09%	4%	8,921	1.56%	1.60%

(a) Including the spreading of issue costs premium.

The average all-in cost of debt as calculated as of December 31, 2018 does not constitute a forecast over the coming period.

Hedging strategy

Klépierre has set a target of hedging approximately 70% of its exposure, calculated as the ratio of fixed-rate debt (after hedging) to gross borrowings expressed as a percentage. As of December 31, 2018, the Company was ahead of its objective having hedged 95% of its exposure.

In order to achieve its target rate, Klépierre focuses on the use of swap agreements, which convert fixed rates to floating 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 debt, it is highly likely that its short-term floating-rate loans will be renewed in the medium term. This is why Klépierre's hedging strategy covers both the long-term and short-term portions 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 borrowings

The majority of Klépierre's fixed-rate borrowings currently consist of bonds (denominated in euros, Norwegian kroner and Swedish kronor) and mortgage loans in Denmark and Sweden.

Identified risk

Klépierre's fixed-rate debt exposes the Group to changes 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 rates prior to arrangement of the loan. Klépierre may then consider hedging this risk, which may be treated as a cash flow hedge risk under IFRS.

Measurement of risk exposure and hedging strategy

As of December 31, 2018, the Group's fixed-rate debt stood at €5,885 million before hedging.

The fair value hedge strategy is calibrated to meet the overall hedging target. It is also based on the use of interest rate swaps allowing fixed-rate payments to be swapped for variable-rate payments. The credit margin component is not hedged.

As Klépierre intends to reach a high level of effectiveness as defined by IFRS 9, terms of fair value hedging instruments never exceed the maturity of the underlying hedged debt.

8.1.3 Marketable securities

As of December 31, 2018, Klépierre held €0.9 million in marketable securities.

Cash equivalents refer only to amounts invested in French open-ended money market funds (€0.8 million) and treasury bills (€0.1 million).

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 borrowings in the statement of financial position 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 the following principles:

> Floating-rate loans: 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 prices quoted on an active market where these are available.

	12/31/2018			12/31/2017		
In €m	Par value	Fair value	Change in fair value caused by a 1% increase in interest rate[(a)]	Par value	Fair value	Change in fair value caused by a 1% increase in interest rate[(a)]
Fixed-rate bonds	5,802.1	5,926.0	(215.5)	6,096.4	6,420.8	(276.7)
Fixed-rate bank loans	83.0	83.3	(1.0)	90.8	91.6	(0.7)
Other floating-rate loans	3,036.2	3,036.2		3,143.4	3,143.4	
TOTAL	**8,921.3**	**9,045.6**	**(216.4)**	**9,330.6**	**9,655.7**	**(277.4)**

(a) Change in the fair value of the debt as a result of a parallel shift in the rate curve.

Derivatives are recognized in the statement of financial position at their fair value. As of December 31, 2018, a 100 bp rise in rates would have resulted in a €9.2 million increase 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 financing in such a way as to facilitate renewals.

The average maturity of debt as of December 31, 2018 was 5.7 years, with borrowings spread between different markets (the bond market and commercial paper represent 87%, with the remainder being raised in the banking market). Within the banking market, the Company uses a range of different loan types (syndicated loans, mortgage loans, etc.) and counterparties.

Outstanding commercial paper, which represents the bulk of short-term financing, never exceeds the backup credit lines. This means that the Company can refinance immediately if it has difficulty renewing its borrowings on the commercial paper market.

As of December 31, 2018, Klépierre had undrawn credit lines totaling €2,102 million (including bank overdrafts) and €117 million available on its bank accounts. These resources are sufficient to absorb the main refinancing scheduled for the next two years.

Generally speaking, access to financing 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 covenants. Failure to comply with these covenants may trigger early repayment. 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 repayment.

Some of Klépierre SA's bonds (€5,658 million) include a bearer put option, providing the possibility of requesting early repayment in the event of a change of control generating a change in Klépierre's credit rating to below investment grade. Apart from this clause, no other financial covenant refers to Standard & Poor's rating for Klépierre.

The main covenants are detailed in the financial section of the management report.

8.3 Currency risk

The bulk of Klépierre's business has so far been conducted within the eurozone with the exception of Norway, Sweden, Denmark, Czech Republic, Hungary, Poland and Turkey.

Except for Scandinavia, the currency risk in these countries has not been deemed to be sufficiently high to warrant derivative hedging, since the acquisitions and the corresponding financing were denominated in euros.

Generally, rents are billed to lessees in euros and converted into the local currency on the billing date. Lessees may choose to pay 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 billed and the rent actually collected if the currency should fall in value against the euro between the billing 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 owed to Klépierre.

In Scandinavia, however, leases are denominated in local currency. Funding is therefore also raised in local currency. The Klépierre Group's main source of exposure to Scandinavian currency risk is therefore limited essentially to equity funds invested in the company (Steen & Strøm) and financed in euros.

In Central Europe as well as in Turkey, financings are denominated in euros at Group level. Considering the limited exposure of the Group's portfolio to these countries and the expensive cost of forex hedging, especially for long durations, the Group decided not to hedge this position.

8.4 Counterparty risk in connection with financial activities

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 transaction 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, certificates of deposit issued by leading banks.

8.4.2 Counterparty risk on hedging instruments

Klépierre conducts derivative instrument transactions only with financial institutions recognized as financially sound.

8.5 Equity risk

As of December 31, 2018, Klépierre held no listed shares other than its own shares (16,925,419 shares as of December 31, 2018), which are recognized in equity at their acquisition cost.

NOTE 9 FINANCE AND GUARANTEE COMMITMENTS

9.1 Commitments given

In €m	12/31/2018	12/31/2017
Commitments related to the Group's consolidated scope	**3.0**	**3.0**
Purchase commitments	3.0	3.0
Commitments related to Group financing		
Financial guarantees given	(a)	(a)
Commitments related to the Group's operating activities	**91.7**	**93.7**
Commitments under conditions precedent	28.0	11.9
Work completion commitments	33.5	41.9
Rental guarantees and deposits	6.4	7.7
Other commitments given	23.8	32.3
TOTAL	**94.7**	**96.7**

(a) Mortgage guarantees were included in financial guarantees given for €861 million as of December 31, 2017. As of December 31, 2018 this information has been transferred to note 5.11.2 "Main sources of financing".

9.1.1 Commitments related to the Group's consolidated scope

Purchase commitments

As of December 31, 2018, this item included a possible earn-out payment related to the acquisition of a project in France, contractually limited to €3 million excluding transfer costs.

9.1.2 Commitments related to the Group's operating activities

Commitments under conditions precedent

The commitments under conditions precedent relate to purchase agreements on land or assets and earn-out payments on acquisitions. As of December 31, 2018, this item is composed of:

> A potential earn-out related to a development project in Belgium; and

> Commitments related to two acquisitions of assets in Italy (Turin and Bologna).

Work completion commitments

Work completion commitments mainly relate to Créteil Soleil extension.

Rental guarantees and deposits

The "Rental guarantees and deposits" item is mainly comprises of deposits for the business premises of the Group's subsidiaries abroad.

Other commitments given

Other commitments given mainly include payment guarantees given to tax authorities in several countries (€16.6 million).

Other commitments given related to leases

The construction of the Saint-Lazare shopping center was authorized as part of the temporary occupation license of the public estate. The license agreement was signed in July 2008 between SOAVAL (Klépierre Group) and SNCF (National French Rail Network) for a 40-year period.

Within this period, in predetermined intervals and in return for compensation, SNCF is entitled (i) first to exercise a call option on the SOAVAL shares, and (ii) secondly to terminate the temporary occupation license.

9.2 Mutual commitments

Commitments related to development projects amounted to €111.7 million as of December 31, 2018. These commitments concern development work engaged (but not paid) by the Group with contractors where financial completion warranties have been received, in connection with Hoog Catharijne in the Netherlands (€90.4 million) and the Créteil Soleil extension (€21.3 million).

9.3 Commitments received

In €m	12/31/2018	12/31/2017
Commitments related to Group financing	**1,844.0**	**1,509.8**
Financing agreements obtained and not used[(a)]	1,844.0	1,509.8
Commitments related to the Group's operating activities	**481.2**	**482.4**
Sale commitments	77.1	96.8
Financial guarantees received in connection with management activities (Loi Hoguet)	205.0	190.0
Financial guarantees received from tenants	199.2	195.6
TOTAL	**2,325.2**	**1,992.2**

(a) Net of drawings on the commercial paper program.

9.3.1 Commitments related to Group financing

Financing agreements obtained and not used

As of December 31, 2018, Klépierre had €1,844 million in undrawn committed credit facilities on bilateral and syndicated loans. The change in commitments received related to financing for (€334.2 million) is mainly due to €250 million in new credit facilities signed during the period and €84 million in drawings repaid in fiscal year 2018 and therefore available.

9.3.2 Commitments related to the Group's operating activities

Sale commitments

As of December 31, 2018, sale commitments relate to one retail unit, one asset each in France and the Czech Republic.

Financial guarantees received in connection with management activity (Loi Hoguet)

As part of its real-estate, leasing and property management activities, banking guarantees have been delivered to Klépierre Management for an amount capped at €205 million as of December 31, 2018.

Financial guarantees 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 material or potentially material off-balance sheet commitment as defined by the applicable accounting standards.

9.4 Shareholders' agreements

The main shareholders' agreements is detailed below:

Companies (countries)	Parties to the agreement	Date of the agreement or last amendment	% controlled by the Group	Type of control	Comments
Bègles Arcins SCS (France)	Assurécureuil Pierre 3 SC	09/02/2003	52.00%	Exclusive control	The agreement contains provisions relating to the governance of the Company, and the usual protections in the event of proposed share sales, as well as a dispute resolution clause.
Secovalde SCI, Valdebac SCI (France)	Vendôme Commerces SCI	11/23/2010	55.00%	Exclusive control	The agreement contains the usual protections in the event of a proposed sale of shares to a third party (first refusal and full tag-along rights) and change of control of a shareholder.
Portes de Claye SCI (France)	Cardif Assurances vie	04/16/2012	55.00%	Exclusive control	The agreement contains provisions governing relations between the Company's shareholders. It provides the usual protections in the event of a proposed sale of shares to a third party: reciprocal preemption right, reciprocal full tag-along right, full tag-along obligation for non-controlling shareholders in the event the controlling shareholder plans to sell its full equity stake. It also gives non-controlling shareholders a right of first offer in the event of a sale of assets by the Company.
Massalia Invest SCI, Massalia Shopping Mall SCI (France)	Lacydon SA	09/27/2017	60.00%	Exclusive control	The agreement contains provisions governing relationships between shareholders of said companies, particularly with respect to the governance of Massalia Invest and Massalia Shopping Mall SCI, the terms relating to the sale and divestment by shareholders of their investment in Massalia Invest (right of first refusal, tag-along right, a change of control clause call option) and the conditions and main methods of funding of Massalia Invest and Massalia Shopping Mall SCI. The latest amendement modifies the rules applicable to the Management Committee when voting on decisions related to the shopping center's food superstore.
Nordica Holdco AB, Storm Holding Norway AS and Steen & Strøm AS (Sweden & Norway)	Stichting Pensioenfonds ABP, Storm ABP Holding BV and PG Strategic Real Estate Pool NV and Stichting Depositary APG Real Estate Pool	10/07/2008	56.10%	Exclusive control	The agreement contains the usual protections for non-controlling interests: qualified majority voting for certain decisions, call option in the event of deadlock and tag-along rights, as well as the following provisions: > A one-year lock-up period applied to Steen & Strøm shares from the date of acquisition; > Each party has a right of first offer on any shares which the other party wishes to transfer to a third party. However, if shares are transferred by a party (other than Klépierre or one of its affiliates) to a Klépierre competitor (as defined in the agreement), the shares concerned will be subject to a right of first refusal and not a right of first offer; > From the sixth year following the acquisition, either party may request a meeting of shareholders to vote on the disposal of all the shares or assets of Steen & Strøm, or a market flotation of the company. The vote will be subject to a two-thirds majority. The Group has the right to appoint three members to the Board of Directors including the Chairman, whereas the partner can appoint two members. The partner has protective rights pursuant to the shareholders' agreement and following the analysis of the decisions reserved for the partner.
Kleprim's SC (France)	Holdprim's SAS	11/30/2016	50.00%	Joint control	The agreement gives Kleprojet 1 exit rights if the conditions precedent are not met as well as the usual protections in the event of a proposed sale of shares to a third party (first refusal and full-tag along rights), change of control of a shareholder and other provisions governing relations between shareholders.
Cecobil SCS (France)	Vendôme Commerces SCI	10/25/2007	50.00%	Joint control	The agreement provides the usual protections in the event of a proposed sale of shares to a third party (first refusal and full tag-along rights) and change of control of a shareholder.
Du Bassin Nord SCI (France)	Icade SA	NA	50.00%	Joint control	The company Bassin Nord is jointly held by Klépierre SA and Icade SA and is jointly managed. The Co-Managing Directors' compensation is approved by collective decision of the shareholders, who can only withdraw totally or partially when unanimously authorized by the other shareholders.
Holding Klege Sarl (Luxembourg – Portugal)	Torelli SARL	11/24/2008	50.00%	Joint control	The agreement contains the usual provisions governing share capital transactions, decision-making and the right to information. Both parties have pre-emption rights in the event of a proposed sale of shares in the company to a third party. Each partner has the right to appoint the same number of members to the Board of Directors. The Chairman is appointed for a period of twelve continuous months on an alternating basis with the partner. All decisions are adopted on simple majority.
Italian Shopping Centre Investment SRL (Italy)	Allianz Lebenversicherungs-Aktiengesellschaft	08/05/2016	50.00%	Joint control	The agreement contains provisions governing the relationship between shareholders, including decisions which must be submitted to shareholders for approval. It includes a right of first offer and a clause of dispute resolution process ("deadlock").

Companies (countries)	Parties to the agreement	Date of the agreement or last amendment	% controlled by the Group	Type of control	Comments
Clivia SpA, Il Destriero SpA (Italy)	Finiper, Finiper Real Estate & Investment, Iper Montebello, Immobiliare Finiper et Cedro 99	12/14/2007 Tacitly renewed on 12/14/2017 for an additional 10-year period	50.00%	Joint control	The agreement contains provisions governing relations between shareholders, including a pre-emption right in the event of the sale of shares to third parties, as well as a tag-along right. The agreement also contains provisions relating to the governance of the company, and to the majority required to approve certain company decisions.
Akmerkez Gayrimenkul Yatirim Ortakligi AS (Turkey)	Several individuals	2005	46.92%	Significant influence	The agreement contains provisions governing relations between shareholders including the composition of the Board of Directors, particularly the number of representatives of each shareholder on said Board. It also contains provisions related to the majority required to adopt decisions which must be submitted to the Board of Directors for approval.

9.5 Commitments under operating leases – Lessors

The main clauses contained in the lessor's lease agreement are described below.

Rental periods vary by country. The terms for setting and indexing rents are set out in the agreement.

Indexation is used to revise the minimum guaranteed rent. The indices applied vary from country to country.

Indexation specific to each country

In France, leases are indexed to the French commercial rents index (ILC) or cost of construction index (ICC). The ILC is a compound index derived from the French consumer price index (IPC), retail trade sales value index (ICAV) and cost of construction index (ICC). Leases are modified in line with the index on January 1, each year. Most leases are indexed to the ILC for the second quarter, which is published in October and applicable from January 1 of the following year.

In Belgium, the index used is the Health index (the value of this index is determined by removing a number of products from the consumer price index product basket, in particular alcoholic beverages, tobacco products and motor fuels except for LPG). Leases are indexed every year on the effective date of the lease.

In Spain, the consumer price index is measured annually on January 1.

In Italy, the system is based on the consumer price indices (excluding tobacco) for working class and junior management (ISTAT), but is more complex in its implementation. Depending on the lease, either the ISTAT is applied at 75% (*locazione* regulated leases) or at 100%.

In Portugal, the index used is the consumer price index, excluding real estate.

In Greece, the consumer price index is applied.

The Eurostat eurozone IPCH index used in Central Europe is based on consumer prices in the EMU countries.

In Norway, leases are usually written for periods of five or 10 years. Unless agreed otherwise, either party may request an annual rent review based on the trend in the Norwegian consumer price index.

In Sweden, if a lease is signed for a period of more than three years, an annual indexation based on the Swedish consumer price index is usually included in the lease contract.

In Denmark, in most cases the rent is revised annually based on changes in the Danish consumer price index. Pursuant to Danish law applicable to commercial leases, either party may request that the rent is adjusted to reflect the market rate every four years. This provision applies unless the parties agree otherwise.

In the Netherlands, in most cases the rent is revised annually based on changes in the Dutch monthly consumer price index. Furthermore, pursuant to Dutch law applicable to commercial leases, either party may request the rent to be adjusted to reflect the market rate after the end of the first lease period, or every five years from the date of the new lease.

In Germany in most cases the index used is the consumer price index, however some tenants might have a contractually agreed minimum rate of indexation that differs from the consumer price index.

In Turkey, starting from September 2018, rents are denominated in Turkish lira in advance for each rental year, with a large majority of leases subject to annual indexation to the consumer price index per year. Leases are generally signed for a five-year period and allow the lessee to extend the contract each year, for a maximum period of 10 years. In cases where the lessee uses the option to extend the lease period, the rent will increase annually by the consumer price index.

Minimum guaranteed rent and variable rent

Appraised on a year-by-year basis, the rent payable is equivalent to a percentage of the revenues generated by the lessee during the calendar year concerned. The rate applied differs depending on business type. The total amount of this two-tier rent (a fixed portion plus a variable portion) can never be less than the minimum guaranteed rent (MGR).

The MGR is revised annually by applying the index rate according to the terms specified above. The variable portion of the rent is equivalent to the difference between the revenue percentage contained in the lease and the minimum guaranteed rent after indexation.

All or part of the variable rent is consolidated into the MGR at the point of lease renewal. In this way, the variable portion of the rent is usually reduced to zero at the beginning of the new lease. Every year, it is mechanically reduced in an amount equivalent to the rise in the MGR resulting from indexation.

Total amount of conditional rents recognized in income

The conditional rent is the portion of rental payments that is not fixed, but determined based on a factor other than time (e.g., percentage of revenues, degree of use, price indices, market interest rates, etc.).

Minimum payments made under the lease are payments that the lessee is, or may be, required to make during the term of the lease, excluding the conditional rent, the cost of services and taxes to be paid or refunded to the lessor.

Future minimum rents receivable

As of December 31, 2018, future minimum rents receivable under non-cancelable operating leases were as follows:

In €m	12/31/2018
Less than one year	950.2
Between one and five years	1,785.0
More than five years	750.8
TOTAL	**3,486.0**

9.6 Commitments under operating leases – Lessees

The Group is bound as lessee by operating leases in the course of its business. These leases essentially concern offices, vehicles and equipment rentals.

As of December 31, 2018, total future minimum rents payable under non-cancelable operating leases were as follows:

In €m	12/31/2018
Less than one year	9.5
Between one and five years	27.8
More than five years	0.8
TOTAL	**38.1**

NOTE 10 EMPLOYEE COMPENSATION AND BENEFITS

10.1 Payroll expenses

As of December 31, 2018, total payroll expenses amounted to €121.9 million.

Fixed and variable salaries and wages plus mandatory and discretionary profit sharing totaled €90.9 million, pension-related expenses, retirement expenses and other employee-related expenses were €28.1 million, taxes and similar compensation-related payments were €2.8 million.

10.2 Headcount

In 2018, the Group had an average of 1,166 employees: 702 employees worked outside the France-Belgium segment, including 139 employees in the Scandinavian real estate company Steen & Strøm. The average headcount of the Klépierre Group in 2018 breaks down as follows:

	12/31/2018	12/31/2017
France-Belgium	464	470
Scandinavia	139	147
Italy	176	176
Iberia	112	116
Netherlands	59	65
Germany	54	57
CE & Turkey	161	169
TOTAL	**1,166**	**1,200**

10.3 Employee benefits

Accounting policies

Employee benefits

Employee benefits are recognized as required by IAS 19, which applies to all payments made for services rendered, except for share-based payment, which is covered by IFRS 2.

All short-term or long-term employee benefits, whether paid in cash or in kind, must be classified into one of the following four main categories:

> Short-term benefits, such as salaries and wages, annual vacation, mandatory and discretionary profit-sharing schemes and employer top-up contributions;

> Post-employment benefits, which relate primarily to supplementary pension payments in France, and private pension schemes elsewhere;

> Other long-term benefits, which include paid vacation, long-service payments, and some deferred payment schemes paid in monetary units;

> Severance pay.

Measurement and recognition methods for employee benefits vary depending on the category.

Short-term benefits

The Company recognizes an expense when it uses services provided by its employees and pays agreed benefits in return.

Post-employment benefits

In accordance with generally-accepted accounting principles, the Group makes a distinction between defined contribution plans and defined benefit plans.

“Defined contribution plans” do not generate a liability for the Company, and therefore are not provisioned. Contributions paid during the period are recognized as an expense.

Only “Defined benefit plans” generate a liability for the Company, and are therefore measured and provisioned.

The classification of a benefit into one of these categories depends on the economic substance of the benefit, which is used to determine whether the Group is required to provide the promised benefit to the employee under the terms of an agreement or an implicit obligation.

Post-employment benefits classified as “defined benefit plans” are subject to actuarial valuations based on demographic and financial assumptions.

The amount of the commitment to be provisioned is calculated using the actuarial assumptions adopted by the Company and by applying the projected unit credit method. The value of any hedging assets (plan assets and reimbursement rights) is deducted from the resulting figure. According to IAS 19R, actuarial gains and losses are recognized in equity.

Long-term benefits

These are benefits other than post-employment benefits and severance pay, which are not payable in full within twelve months of the end of the financial year in which the employees concerned provided the services in question.

The actuarial measurement method applied is similar to that used for defined benefit plans, and the actuarial gains and losses are recognized directly in equity. Furthermore, any gain or loss resulting from changes in the plan, but deemed to apply to past services, is recognized immediately.

Severance pay

Employees receive severance pay if the Group terminates their employment contract before they reach the statutory retirement age or if they accept voluntary redundancy. Severance pay falling due more than twelve months after the reporting date is discounted.

Share-based payments

According to IFRS 2, all share-based payments must be recognized as expenses when use is made of the goods or services provided in return for these payments.

For the Klépierre Group, this standard applies primarily to the purchase of shares to meet the commitments arising from its employee stock option scheme and bonus share plans.

Bonus share plans and stock subscription options granted to employees are measured at fair value at the grant date. This fair value is not subsequently remeasured for equity-settled share-based payment transactions.

This value is applied to the number of bonus shares or options that vest at the end of the vesting period and is booked as an expense, with a corresponding increase in equity which is spread over the vesting period.

This employee expense reflecting the bonus shares or options granted (corresponding to the fair value of services rendered by employees) is measured by an independent expert. The model adopted complies with the basic assumptions of the Black & Scholes model, adapted to the specific characteristics of the options concerned.

10.3.1 Defined contribution plans

In France, the Klépierre Group contributes to a number of national and inter-profession core and supplementary pension organizations.

10.3.2 Defined benefit plans

The provisions recognized for defined benefit pension plans totaled €13.5 million as of December 31, 2018.

In €m	12/31/2017	Increases during the period	Reversals (utilized provisions)	Reversals (surplus provisions)	Changes in the scope of consolidation	12/31/2018
Provisions for employee benefit obligations						
> Defined benefit plans	10.4	0.0	(0.0)	(0.0)		10.4
> Other long term benefits	3.0	0.1				3.1
TOTAL	**13.4**	**0.1**	**(0.0)**	**(0.0)**	**-**	**13.5**

The defined benefit plans in place in **France** are subject to an independent actuarial assessment, using the projected unit credit method to calculate the expense relating to rights vested by employees and the outstanding benefits to be paid to pre-retirees and retirees. The demographic and financial assumptions used when estimating the discounted value of the plan obligations and plan assets reflect the economic conditions specific to the monetary zone concerned.

Klépierre has set up supplementary pension plans under a corporate agreement. Under these supplementary plans, employee beneficiaries will, on retirement, receive additional income over and above their national state pensions (where applicable) in accordance with the type of plan they are entitled to.

Group employees also benefit from agreed or contractual personal protection plans in various forms, such as retirement benefits.

In **Italy**, Klépierre Management Italia operates a *Trattamento di Fine Rapporto* (TFR) plan. The amount payable by the employer on termination of the employment contract (as a result of resignation, dismissal or retirement) is calculated by applying an annual coefficient for each year worked. The final amount is capped. Since the liability is known, it can be recognized under other liabilities and not as a provision for contingencies.

Until December 31, 2014, **Scandinavia** had both public and supplementary pension plans. Both plans provided for mandatory annual contributions to pension funds. In addition to these plans, Steen & Strøm had put in place a private plan for some employees in Norway. This system met the definition of a defined benefit plan within the meaning of IAS 19R. As of December 31, 2015, the subsidiary in Norway terminated their defined benefit plan and set-up a defined contribution plan. Under the defined contribution plan the entity's obligation is limited to the amount that it agrees to contribute to the fund responsible for the payment of the obligation.

In **Spain**, a provision for employee benefit commitments may be recognized where specific provision is made in the collective bargaining agreement, but this does not affect employees at the Spanish subsidiaries of the Klépierre Group. The existing commitments for post-employment medical assistance plans are measured based on assumed rises in medical costs. These assumptions, based on historical observations, take into account the estimated future changes in the cost of medical services resulting from both the cost of medical benefits and inflation.

Components of net obligation (five-year comparison of actuarial liabilities)

In €m	2018	2017	2016	2015	2014
Surplus (plan assets less obligations)					
Gross discounted value of obligations fully or partially funded by assets	**10.5**	**11.1**	**11.3**	**14.3**	**19.2**
Fair value of plan assets	(0.2)	(0.2)	(0.1)	(0.1)	(5.8)
Discounted value of unfunded obligations	10.4	11.0	11.2	14.1	13.4
Costs not yet recognized in accordance with IAS 19					
Past service cost	1.1	1.2	1.1	1.2	
Net actuarial losses or gains	(1.0)	(1.4)	(0.3)	(1.8)	
Acquisitions/Disposals		(0.1)	(0.6)	(2.1)	
Length of service awards due	(0.2)	(0.2)	(0.4)	(0.3)	0.7
NET OBLIGATION RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION FOR DEFINED BENEFIT PLANS	10.4	10.4	11.1	11.1	14.1

Change in net obligation

In €m	12/31/2018
Net obligation at the beginning of the period	10.4
Retirement expense recognized in income for the period	1.1
Contributions paid by Klépierre recognized in income for the period	
Acquisitions/Disposals	
Benefits paid to recipients of unfunded benefits	(0.2)
Change in actuarial gains and losses, and other rights modifications	(1.0)
Translation differences	
NET OBLIGATION AT THE END OF THE PERIOD	10.4

Components of retirement expenses

In €m	12/31/2018
Cost of services rendered during the year	1.0
Financial cost	0.2
Expected return on plan assets	
Amortization of actuarial gains and losses	
Amortization of past services	
Impact of plan curtailments and settlements	
Translation differences	
TOTAL RECOGNIZED IN PAYROLL EXPENSES	1.1

Main actuarial assumptions used for statement of financial position calculations

	12/31/2018	12/31/2017
Discount rate	1.41%	1.45%
Expected rate of return on plan assets	1.41%	1.45%
Expected rate of return on reimbursement rights	NA	NA
FUTURE SALARY INCREASE RATE	0.50% – 2.25%	0.50% – 2.25%

The discount rate is determined using the yield on the 10-year iBoxx AA corporate bonds index.

The negative €1.0 million impact of the change in actuarial gains and losses recognized directly in equity, reflects:

> Employee turnover; and

> The change in the discount rate over the period.

10.4 Stock options

As of December 31, 2018, five stock option plans have been set up for Group executives and employees. Plan no. 1, Plan no. 2 and Plan no. 3 expired respectively in 2014, 2015 and 2017. Plan no. 4 expired during the first half of 2018.

10.4.1 Summary data

	Plan no. 4		Plan no. 5	
	Without performance conditions	With performance conditions	Without performance conditions	With performance conditions
Date of General Meeting of Shareholders	04/09/2009	04/09/2009	04/09/2009	04/09/2009
Date of Executive Board meeting	06/21/2010	06/21/2010	05/27/2011	05/27/2011
Start of exercise period	06/21/2014	06/21/2014	05/27/2015	05/27/2015
Expiration date	06/20/2018	06/20/2018	05/26/2019	05/26/2019
Subscription or purchase price	22.31	Between 22.31 and 26.77	27.94	Between 27.94 and 33.53
Stock purchase options originally allotted	403,000	90,000	492,000	114,000
Stock purchase options canceled or lapsed at December 31, 2018	73,505	0	275,842	85,500
Stock purchase options exercised at December 31, 2018	329,495	90,000	216,158	28,500
Outstanding stock purchase options at December 31, 2018	0	0	0	0

Plan no. 5 is a performance-based plan for Executive Board members, and is partly performance-based for the Executive Committee. No corresponding expense was recognized for the period.

10.5 Performance shares

There are currently five performance share plans in place for Group executives and employees. Plan no. 1 and plan no. 2 expired respectively in 2016 and 2017. Plan no. 3 expired during the second half of 2018.

10.5.1 Summary data

	Plan no. 3	
Plan authorized in 2014	**France**	**Other**
Date of General Meeting of Shareholders	04/12/2012	04/12/2012
Date of Executive Board meeting	03/10/2014	03/10/2014
End of vesting period	03/10/2017	03/10/2018
End of lock-up period	03/10/2019	-
Shares originally allotted	208,000	47,500
Discount on performance shares in 2018	196,065	34,268
Shares canceled at December 31, 2018	2,000	11,500
Shares fully vested in 2018	9,935	1,732
Outstanding shares at December 31, 2018	0	0

	Plan no. 4	
Plan authorized in 2015	**France**	**Other**
Date of General Meeting of Shareholders	04/14/2015	04/14/2015
Date of Executive Board meeting	05/04/2015	05/04/2015
End of vesting period	05/04/2018	05/04/2019
End of lock-up period	05/04/2021	-
Shares originally allotted	235,059	54,900
Discount on performance shares in 2018	221,059	35,500
Additional shares allotted	0	0
Shares canceled at December 31, 2018	14,000	17,000
Outstanding shares at December 31, 2018	0	2,400

	Plan no. 5	
Plan authorized in 2016	**France**	**Other**
Date of General Meeting of Shareholders	04/19/2016	04/19/2016
Date of Executive Board meeting	05/02/2016	05/02/2016
End of vesting period	05/02/2019	05/02/2020
End of lock-up period	05/02/2021	-
Shares originally allotted	240,500	84,000
Additional shares allotted	0	0
Shares canceled at December 31, 2018	20,666	19,500
Outstanding shares at December 31, 2018	219,834	64,500

	Plan no. 6	
Plan authorized in 2017	**France**	**Other**
Date of General Meeting of Shareholders	04/18/2017	04/18/2017
Date of Executive Board meeting	04/18/2017	04/18/2017
End of vesting period	04/18/2020	04/18/2021
End of lock-up period	04/18/2022	-
Shares originally allotted	216,300	94,600
Additional shares allotted	0	0
Shares canceled at December 31, 2018	12,666	18,000
Outstanding shares at December 31, 2018	203,634	76,600

On April 24, 2018 and on July 9, 2018, 312,600 shares were allotted to management and Group employees, as part of a performance share plan authorized by the Executive Board. The allotment is divided into two groups with the following characteristics:

	Plan no. 7	
Plan authorized in 2018	**France**	**Other**
Date of General Meeting of Shareholders	04/24/2018	04/24/2018
Date of Executive Board meeting	04/24/2018	04/24/2018
End of vesting period	04/24/2021	04/24/2022
End of lock-up period	04/24/2023	-
Shares originally allotted	223,800	88,800
Additional shares allotted	0	0
Shares canceled at December 31, 2018	3,666	6,000
Outstanding shares at December 31, 2018	220,134	82,800

The total expense recognized for the year for all performance share plans amounted to €4.4 million and takes into account an estimate of the number of beneficiaries at the end of each vesting period, as beneficiaries may lose their entitlements if they leave the Klépierre Group during this period.

10.5.2 Other information

The following tables present the assumptions used to measure the value of bonus share plans and the expenses recognized over the period.

	Plan no. 3	
Plan authorized in 2014	**France**	**Other**
Share price on the allotment date Average of the 20 opening share prices preceeding March 10, 2014	€33.19	€33.19
Klépierre share price volatility: Historical volatility over 8 years, as calculated as of March 10, 2014 based on daily variations	23.68% Klépierre share and FTSE EPRA eurozone; correlation: 0.66	
Dividend per share	€1.55	€1.55
Share value	€15.67	€15.06
Expense for the period	-	€0.0 million

	Plan no. 4	
Plan authorized in 2015	**France**	**Other**
Share price on the allotment date Average of the 40 opening share prices preceeding May 4, 2015	€45.12	€45.12
Klépierre share price volatility: Historical volatility over 3 years, as calculated as of May 4, 2015 based on daily variations	20% Klépierre share and 13.50% FTSE EPRA eurozone; correlation: 0.82	
Dividend per share	€1.60	€1.60
Share value	€17.00	€16.20
Expense for the period	€0.4 million	€0.0 million

	Plan no. 5	
Plan authorized in 2016	**France**	**Other**
Share price on the allotment date Average of the 40 opening share prices preceeding May 2, 2016	€41.19	€41.19
Klépierre share price volatility: Historical volatility over 3 years, as calculated as of May 2, 2016 based on daily variations	22% Klépierre share and 18% FTSE EPRA eurozone; correlation: 0.8	
Dividend per share	€1.70	€1.70
Share value	€17.52	€16.81
Expense for the period	€1.1 million	€0.3 million

	Plan no. 6	
Plan authorized in 2017	**France**	**Other**
Share price on the allotment date Average of the 40 opening share prices preceeding April 18, 2017	€36.02	€36.02
Klépierre share price volatility: Historical volatility over 3 years, as calculated as of April 18, 2017 based on daily variations	21.5% Klépierre share and 15% FTSE EPRA eurozone; correlation: 0.88	
Dividend per share	€1.82	€1.82
Share value	€18.39	€17.64
Expense for the period	€1.2 million	€0.3 million

	Plan no. 7	
Plan authorized in 2018	**France**	**Other**
Share price on the allotment date Average of the 40 opening share prices preceeding April 28, 2018	€33.72	€33.72
Klépierre share price volatility: Historical volatility over 3 years, as calculated as of April 28, 2018 based on daily variations	22% Klépierre share and 14% FTSE EPRA eurozone; correlation: 0.72	
Dividend per share	€1.96	€1.96
Share value	€21.12	€19.75
Expense for the period	€0.9 million	€0.2 million

NOTE 11 ADDITIONAL INFORMATION

11.1 Transactions with related parties

11.1.1 Transactions with the Simon Property Group

To the Company's knowledge and including treasury shares, the Simon Property Group held a 20.33% stake in Klépierre SA as of December 31, 2018.

As of the date this document was prepared, there were no transactions between these two companies.

11.2.1 Transactions with the APG Group

To the Company's knowledge and including treasury shares, the APG Group held a 11.94% stake in Klépierre SA as of December 31, 2018.

As of the date this document was prepared, there were no transactions between these two companies.

11.1.3 Relationships between Klépierre Group consolidated companies

Transactions between related parties were governed by the same terms as those applying to transactions subject to arm's length conditions. The end-of-period asset and liability positions and transactions conducted during the period between fully consolidated companies are eliminated in full.

The following tables show the positions and transactions of equity-accounted companies (over which the Group has significant influence or joint control) that have not been eliminated in consolidation. A full list of Klépierre Group companies accounted for using the equity method is provided in note 11.6 "List of consolidated entities".

Asset and liability positions with related parties at period-end

	12/31/2018	12/31/2017
In €m	**Equity-accounted companies**	**Equity-accounted companies**
Loans and advances to equity-accounted companies	259.7	278.7
Non-current assets	**259.7**	**278.7**
Trade and other receivables	2.3	5.3
Other	2.2	7.0
Current assets	**4.5**	**12.3**
TOTAL ASSETS	**264.2**	**291.0**
Loans and advances from equity-accounted companies	1.4	1.4
Non-current liabilities	**1.4**	**1.4**
Trade payables	0.4	0.4
Other liabilities	-	0.1
Current liabilities	**0.4**	**0.5**
TOTAL LIABILITIES	**1.8**	**1.9**

Income statement items related to transactions with related parties

	12/31/2018	12/31/2017
In €m	Equity-accounted companies	Equity-accounted companies
Management, administrative and related income	7.3	6.6
Operating income	**7.3**	**6.6**
Cost of net debt	10.0	10.9
PROFIT BEFORE TAX	**10.0**	**17.5**
CONSOLIDATED NET INCOME	**17.3**	**17.5**

Most of these items relate to management and administration fees and income on financings provided mainly to equity-accounted investees.

11.2 Post-employment benefits

The main post-employment benefits are length-of-service awards 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.

11.3 Compensation for Supervisory Board and Executive Committee members

Klépierre SA, the parent company of the Klépierre Group, is a French joint-stock corporation (*société anonyme*) with a dual governance structure comprising an Executive Board and a Supervisory Board.

Directors' fees allocated to members of the Supervisory Board for fiscal year 2018 totaled €676,668, including €97,800 payable to the Chairman of the Supervisory Board.

Compensation for the Executive Committee breaks down as follows:

In €k	12/31/2018
Short-term benefits excluding employer's contribution	6,064.8
Short-term benefits: employer's contribution	2,663.4
Post-employment benefits	1,053.5
Other long-term benefits	241.0
Share-based payment[(a)]	1,772.0

(a) *Expense posted in the profit and loss account related to bonus share plans.*

11.4 Contingent liabilities

During the period, neither Klépierre nor its subsidiaries were subject to any governmental, judicial or arbitration proceedings (including any proceedings of which the issuer has knowledge, which are currently suspended or are threatened) which have recently had a material impact on the financial position or profitability of the issuer and/or the Group.

It is specified that part of the land where the Anatolium shopping center is located has been subject to final jurisdictional proceedings since 2012 involving Bursa Municipality (Turkey) and the previous land owners. Should any adverse court decision be handed down, Klépierre reserves the right to request compensation from the municipality.

11.5 Subsequent events

On January 10 2019, Klépierre completed the disposal of the Novo Plaza shopping center in Prague (Czech Republic).

Early in January, Klépierre strengthened its hedging profile by:

> Renewing €250 million in caps maturing during first quarter 2019 for periods of between two and four years;

> Buying €500 million in four-year payer swaptions.

11.6 Statutory Auditors' fees

	Deloitte				EY			
In €m	2018	2017	2018	2017	2018	2017	2018	2017
Audit services	**1.3**	**1.2**	**89%**	**100%**	**1.1**	**1.2**	**100%**	**100%**
Audit and review of individual and consolidated financial statements								
> Issuer	0.2	0.2	17%	20%	0.2	0.2	18%	17%
> Fully-consolidated subsidiaries	1.0	0.9	69%	76%	0.9	0.9	75%	73%
Other services directly related to the Statutory Auditors engagement								
> Issuer	0.0	0.0	1%	2%	0.1	0.0	6%	3%
> Fully-consolidated subsidiaries	0.0	0.0	3%	3%	0.0	0.1	1%	6%
Other non-audit services	**0.2**	**0.0**	**11%**		**0.0**	**-**		
> Legal, tax, employment-related and other services	0.2	0.0	11%	0%	0.0		0%	0%
TOTAL	**1.5**	**1.3**	**100%**	**100%**	**1.2**	**1.2**	**100%**	**100%**

11.7 Identity of consolidating companies

As of December 31, 2018, Klépierre was accounted for by the equity method in the consolidated financial statements of Simon Property Group, which holds a 20.33% stake in the share capital of Klépierre (including treasury shares).

Klépierre is included in the consolidated financial statements of APG, which as of December 31, 2018 held an 11.94% stake in the share capital of Klépierre (including treasury shares).

11.8 List of consolidated entities

List of consolidated companies		% interest			% control		
Fully consolidated companies	Country	12/31/2018	12/31/2017	Change	12/31/2018	12/31/2017	Change
HOLDING – HEAD OF THE GROUP							
Klépierre SA	France	100.00%	100.00%	-	100.00%	100.00%	-
SHOPPING CENTERS – FRANCE							
KLE 1 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
SCOO SC	France	53.64%	53.64%	-	53.64%	53.64%	-
Klécar France SNC	France	83.00%	83.00%	-	83.00%	83.00%	-
KC3 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC4 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC5 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC9 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC10 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC12 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
KC20 SNC	France	83.00%	83.00%	-	100.00%	100.00%	-
LP7 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klécar Europe Sud SCS	France	100.00%	83.00%	17.00%	100.00%	83.00%	17.00%
Solorec SC	France	80.00%	80.00%	-	80.00%	80.00%	-
Centre Bourse SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Bègles Arcins SCS	France	52.00%	52.00%	-	52.00%	52.00%	-
Bègles Papin SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Sécovalde SCI	France	55.00%	55.00%	-	55.00%	55.00%	-
Cécoville SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Soaval SCS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klémurs SCA	France	100.00%	100.00%	-	100.00%	100.00%	-
Nancy Bonsecours SCI	France	100.00%	100.00%	-	100.00%	100.00%	-
Sodevac SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Odysseum Place de France SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klécar Participations Italie SAS	France	83.00%	83.00%	-	83.00%	83.00%	-
Pasteur SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Holding Gondomar 1 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Holding Gondomar 3 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Combault SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Beau Sevran Invest SCI	France	83.00%	83.00%	-	100.00%	100.00%	-
Valdebac SCI	France	55.00%	55.00%	-	55.00%	55.00%	-
Progest SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Belvedere Invest SARL	France	55.00%	55.00%	-	55.00%	55.00%	-
Haies Haute Pommeraie SCI	France	53.00%	53.00%	-	53.00%	53.00%	-
Plateau des Haies SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Forving SARL	France	93.15%	93.15%	-	93.15%	93.15%	-
Saint Maximin Construction SCI	France	55.00%	55.00%	-	55.00%	55.00%	-
Pommeraie Parc SCI	France	60.00%	60.00%	-	60.00%	60.00%	-
Champs des Haies SCI	France	60.00%	60.00%	-	60.00%	60.00%	-
La Rive SCI	France	85.00%	85.00%	-	85.00%	85.00%	-
Rebecca SCI	France	70.00%	70.00%	-	70.00%	70.00%	-
Le Mais SCI	France	80.00%	80.00%	-	80.00%	80.00%	-
Le Grand Pré SCI	France	60.00%	60.00%	-	60.00%	60.00%	-
LC SCI	France	88.00%	88.00%	-	100.00%	100.00%	-
Kle Projet 1 SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Créteil SCI	France	100.00%	100.00%	-	100.00%	100.00%	-
Albert 31 SCI	France	83.00%	83.00%	-	100.00%	100.00%	-
Galeries Drancéennes SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Portes de Claye SCI	France	55.00%	55.00%	-	55.00%	55.00%	-
Klecab SCI	France	100.00%	100.00%	-	100.00%	100.00%	-
Kleber Odysseum SCI	France	100.00%	100.00%	-	100.00%	100.00%	-

List of consolidated companies Fully consolidated companies	Country	% interest 12/31/2018	12/31/2017	Change	% control 12/31/2018	12/31/2017	Change
Klé Arcades SCI	France	53.69%	53.69%	-	100.00%	100.00%	-
Le Havre Colbert SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Massalia SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Massalia Shopping Mall SCI	France	60.00%	60.00%	-	100.00%	100.00%	-
Massalia Invest SCI	France	60.00%	60.00%	-	60.00%	60.00%	-
Kle Start SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Corio et Cie SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Sanoux SCI	France	75.00%	75.00%	-	75.00%	75.00%	-
Centre Deux SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Mob SC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Alpes SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Galerie du Livre SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Les Portes de Chevreuse SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Caetoile SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Échirolles SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Sagep SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Maya SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Ayam SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Dense SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Grand Littoral SASU	France	100.00%	100.00%	-	100.00%	100.00%	-
SERVICE PROVIDERS – FRANCE							
Klépierre Management SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Conseil SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Brand Ventures SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Gift Cards SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Finance SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Financière Corio SAS	France	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Procurement International SNC	France	100.00%	100.00%	-	100.00%	100.00%	-
SHOPPING CENTERS – INTERNATIONAL							
Klépierre Management Deutschland GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Duisburg GmbH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Duisburg Leasing GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Duisburg Leasing II GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Dresden Leasing GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Duisburg II GmbH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Dresden GmnH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Koln Holding GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Unter Goldschmied Köln GmbH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Hildesheim Holding GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Projekt A GmbH & CoKG	Germany	94.90%	94.90%	-	94.90%	94.90%	-
Projekt A Vermietung GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Berlin GmbH	Germany	94.99%	94.99%	-	94.99%	94.99%	-
Klépierre Berlin Leasing GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Coimbra SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Les Cinémas de l'Esplanade SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Foncière de Louvain-La-Neuve SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
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%	-
Steen & Strøm CenterUdvikling VI A/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Klécar Foncier Iberica SL	Spain	100.00%	83.06%	16.94%	100.00%	100.00%	-
Klécar Foncier España SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Vallecas SA	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Molina SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Plenilunio Socimi SA	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Principe Pio Gestion SA	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Corio Torrelodones Office Suite SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Corio Real Estate España SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
SC Nueva Condo Murcia SLU	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Nea Efkarpia AE	Greece	100.00%	83.00%	17.00%	100.00%	100.00%	-
Klépierre Foncier Makedonia AE	Greece	100.00%	83.01%	16.99%	100.00%	100.00%	-

List of consolidated companies Fully consolidated companies	Country	% interest 12/31/2018	12/31/2017	Change	% control 12/31/2018	12/31/2017	Change
Klépierre Athinon AE	Greece	100.00%	83.00%	17.00%	100.00%	100.00%	-
Klépierre Peribola Patras AE	Greece	100.00%	83.00%	17.00%	100.00%	100.00%	-
SA Duna Plaza ZRT	Hungary	100.00%	100.00%	-	100.00%	100.00%	-
Sarl GYR 2002 KFT	Hungary	100.00%	100.00%	-	100.00%	100.00%	-
Miskolc 2002 KFT	Hungary	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Corvin KFT	Hungary	100.00%	100.00%	-	100.00%	100.00%	-
Corvin Vision KFT	Hungary	66.67%	66.67%	-	66.67%	66.67%	-
Immobiliare Gallerie Commerciali S.p.A	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Klécar Italia S.p.A	Italy	83.00%	83.00%	-	100.00%	100.00%	-
Klefin Italia S.p.A	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Di Collegno S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Serravalle S.p.A	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Assago S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Klépierre S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Cavallino S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Galleria Commerciale Solbiate S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
K2	Italy	95.06%	95.06%	-	95.06%	95.06%	-
Klépierre Matera S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Caserta S.r.l	Italy	83.00%	83.00%	-	100.00%	100.00%	-
Shopville Le Gru S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Grandemilia S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Shopville Gran Reno S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Il Maestrale S.p.A.	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Comes – Commercio e Sviluppo S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Globodue S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Globotre S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Generalcostruzioni S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
B.L.O S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Gruliasco S.r.l	Italy	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Corio Italia S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Reluxco International SA	Luxembourg	100.00%	100.00%	-	100.00%	100.00%	-
Storm Holding Norway AS	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%	-
Amanda Storsenter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Farmandstredet Eiendom AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Nerstranda AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Hamar Storsenter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Stavanger Storsenter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Vinterbro Senter DA	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Steen & Strøm Mediapartner Norge AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Oslo City Kjopesenter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Oslo City Parkering AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Gulskogen Senter AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Capucine BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Nordica BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Corio Beleggingen I BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Corio Nederland Kantoren BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Nederland BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Hoog Catharijne BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Nederland BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Bresta I BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
CCA German Retail I BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
CCA German Retail II BV	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Sadyba SKA w likwidacji	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Poznań SKA	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Ruda Śląska sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Sadyba Best Mall Sp. z o.o. sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Pologne Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Rybnik SKA	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Sosnowiec Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-

List of consolidated companies Fully consolidated companies	Country	% interest 12/31/2018	% interest 12/31/2017	% interest Change	% control 12/31/2018	% control 12/31/2017	% control Change
KLP Polska Sp. z o.o. Movement SKA w likwidacji	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Lublin sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o. Kraków sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Sadyba Best Mall Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Poznań Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Ruda Śląska Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Investment Poland Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Rybnik Property KLP Polska Sp. z o.o. sp.k.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Lublin Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
KLP Polska Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Klelou Imobiliaria Spa SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Galeria Parque Nascente SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Gondobrico SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Klenord Imobiliaria SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Kletel Imobiliaria SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Kleminho Imobiliaria SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Corio Espaço Guimarães SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Cz S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Praha S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Plzen AS	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Nový Smíchov First Floor S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Arcol Group S.R.O.	Slovakia	100.00%	100.00%	-	100.00%	100.00%	-
Nordica Holdco AB	Sweden	56.10%	56.10%	-	56.10%	56.10%	-
Steen & Strøm Holding AB	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB CentrumInvest	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Emporia	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Borlänge Köpcentrum	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Marieberg Galleria	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%	-
FAB Lackeraren Borlänge	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
FAB Centrum Västerort	Sweden	56.10%	56.10%	-	100.00%	100.00%	-
Klépierre Gayrimenkul Yönetimi ve Yatirim Ticaret AS	Turkey	100.00%	100.00%	-	100.00%	100.00%	-
Miratur Turizm Insaat ve Ticaret AS	Turkey	100.00%	100.00%	-	100.00%	100.00%	-
Tan Gayrimenkul Yatirim Insaat Turizm Pazarlama ve Ticaret AS	Turkey	51.00%	51.00%	-	51.00%	51.00%	-
SERVICE PROVIDERS – INTERNATIONAL							
Klépierre Mall Management II GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Mall Management I GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Projekt Arnekenstrasse Verwaltung GmbH	Germany	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Belgique SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Finance Belgique SA	Belgium	100.00%	100.00%	-	100.00%	100.00%	-
Steen & Strøm CenterService A/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Steen & Strøm Danemark A/S	Denmark	56.10%	56.10%	-	100.00%	100.00%	-
Klépierre Management Espana SL	Spain	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Hellas AE	Greece	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Magyarorszag KFT	Hungary	100.00%	100.00%	-	100.00%	100.00%	-
KFI Hungary KFT	Hungary	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Trading KFT	Hungary	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Italia S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Finance Italia S.r.l	Italy	100.00%	100.00%	-	100.00%	100.00%	-

List of consolidated companies Fully consolidated companies	Country	% interest 12/31/2018	% interest 12/31/2017	% interest Change	% control 12/31/2018	% control 12/31/2017	% control Change
Steen & Strøm Senterservice AS	Norway	56.10%	56.10%	-	100.00%	100.00%	-
Klépierre Vastgoed Ontwikkeling B.V.	Netherlands	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Polska Sp. z o.o.	Poland	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Portugal SA	Portugal	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Ceska Républika S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Energy CZ S.R.O.	Czech Republic	100.00%	100.00%	-	100.00%	100.00%	-
Klépierre Management Slovensko S.R.O.	Slovakia	100.00%	100.00%	-	100.00%	100.00%	-
Steen & Strøm Sverige AB	Sweden	56.10%	56.10%	-	100.00%	100.00%	-

List of consolidated companies Equity-accounted companies: jointly controlled	Country	% interest 12/31/2018	% interest 12/31/2017	% interest Change	% control 12/31/2018	% control 12/31/2017	% control Change
Cécobil SCS	France	50.00%	50.00%	-	50.00%	50.00%	-
Du Bassin Nord SCI	France	50.00%	50.00%	-	50.00%	50.00%	-
Le Havre Vauban SNC	France	50.00%	50.00%	-	50.00%	50.00%	-
Le Havre Lafayette SNC	France	50.00%	50.00%	-	50.00%	50.00%	-
Girardin SCI	France	33.40%	33.40%	-	33.40%	33.40%	-
Société Immobilière de la Pommeraie SC	France	50.00%	50.00%	-	50.00%	50.00%	-
Parc de Coquelles SNC	France	50.00%	50.00%	-	50.00%	50.00%	-
Kleprim's SCI	France	50.00%	50.00%	-	50.00%	50.00%	-
Celsius Le Murier SNC	France	40.00%	40.00%	-	40.00%	40.00%	-
Celsius Haven SNC	France	40.00%	40.00%	-	40.00%	40.00%	-
Clivia S.p.A	Italy	50.00%	50.00%	-	50.00%	50.00%	-
Galleria Commerciale Il Destriero S.p.A	Italy	50.00%	50.00%	-	50.00%	50.00%	-
CCDF S.p.A	Italy	49.00%	49.00%	-	49.00%	49.00%	-
Galleria Commerciale Porta di Roma S.p.A	Italy	50.00%	50.00%	-	50.00%	50.00%	-
Galleria Commerciale 9 S.r.l	Italy	50.00%	50.00%	-	50.00%	50.00%	-
Italian Shopping Centre Investment S.r.l	Italy	50.00%	50.00%	-	50.00%	50.00%	-
Holding Klege S.r.l	Luxembourg	50.00%	50.00%	-	50.00%	50.00%	-
Nordbyen Senter 2 AS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Metro Senter ANS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Økern Sentrum ANS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Økern Eiendom ANS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Metro Shopping AS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Nordbyen Senter DA	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Økern Sentrum AS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Nordal ANS	Norway	28.05%	28.05%	-	50.00%	50.00%	-
Klege Portugal SA	Portugal	50.00%	50.00%	-	50.00%	50.00%	-

List of consolidated companies Equity-accounted companies: significant influence	Country	% interest 12/31/2018	% interest 12/31/2017	% interest Change	% control 12/31/2018	% control 12/31/2017	% control Change
La Rocade SCI	France	38.00%	38.00%	-	38.00%	38.00%	-
La Rocade Ouest SCI	France	36.73%	36.73%	-	36.73%	36.73%	-
Du Plateau SCI	France	19.65%	19.65%	-	30.00%	30.00%	-
Achères 2000 SCI	France	30.00%	30.00%	-	30.00%	30.00%	-
Le Champs de Mais SC	France	40.00%	40.00%	-	40.00%	40.00%	-
Société du bois des fenêtres SARL	France	20.00%	20.00%	-	20.00%	20.00%	-
Step In SAS	France	24.46%	24.46%	-	24.46%	24.46%	-
Akmerkez Gayrimenkul Yatirim Ortakligi AS	Turkey	46.92%	46.92%	-	46.92%	46.92%	-

List of deconsolidated companies at 12/31/2018	Country	% interest		% control		Comments
		12/31/2018	12/31/2017	12/31/2018	12/31/2017	
KC11 SNC	France	0.00%	83.00%	0.00%	100.00%	Disposed
CSPL 2002 KFT	Hungary	0.00%	100.00%	0.00%	100.00%	Liquidated
Steen & Strom Norge AS	Norway	0.00%	56.10%	0.00%	100.00%	Merged
IPOPEMA 96 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	Poland	0.00%	100.00%	0.00%	100.00%	Liquidated
Paris Immoblier SAS	France	0.00%	100.00%	0.00%	100.00%	Liquidated
Newton SNC	France	0.00%	100.00%	0.00%	100.00%	Liquidated
Klépierre Kraków Sp. z o.o. w likwidacji	Poland	0.00%	100.00%	0.00%	100.00%	Liquidated
Nyiregyhaza Plaza KFT	Hungary	0.00%	100.00%	0.00%	100.00%	Disposed
Uj Alba 2002 KFT	Hungary	0.00%	100.00%	0.00%	100.00%	Disposed
Kanizsa 2002 KFT	Hungary	0.00%	100.00%	0.00%	100.00%	Merged
Steen & Strøm Holding AS	Denmark	0.00%	56.10%	0.00%	100.00%	Merged
Field's Eier I ApS	Denmark	0.00%	56.10%	0.00%	100.00%	Merged
Field's Eier II A/S	Denmark	0.00%	56.10%	0.00%	100.00%	Merged
Guldlisten 20 AS[a]	Norway	0.00%	0.00%	0.00%	0.00%	Merged
Klépierre Participaties I BV	Netherlands	0.00%	100.00%	0.00%	100.00%	Merged
Klépierre Participaties II BV	Netherlands	0.00%	100.00%	0.00%	100.00%	Merged
Grytingen Nya AB	Sweden	0.00%	36.35%	0.00%	64.79%	Disposed

(a) New company consolidated and merged over the period.

3.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English- speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Klépierre,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Klépierre for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of investment properties

Risk identified	Our response
As at December 31, 2018, as mentioned in Note 5.4.4 to the consolidated financial statements, the Group's investment properties, which are recognized at fair value, amount to €21,692 million and investments in equity-accounted companies relating to investment properties recognized at fair value amount to €1,345 million. The fair values used by management are based on independent appraisals. These fair values incorporate many assumptions/estimates such as market rent levels, expected capital expenditures, as well as prevailing markets yields and recent transactions. For development assets, other factors are considered, such as projected costs, the ability to commercialize the project and the risks incurred until projects are completed. Determining the fair value of investment properties requires significant judgment. Therefore, given the materiality of the item in the consolidated financial statements taken as a whole and the judgment used in determining the fair value, the valuation of investment property is considered as a key audit matter. Please refer to Note 5.4 to the consolidated financial statements.	We assessed management's controls over data used for valuations as well as the controls on values' changes in comparison with prior periods. We assessed the competence and independence of the independent appraisers. We (or our local teams), accompanied by our experts in real estate appraisal, participated in meetings with independent experts, in order to understand the methodology adopted, the main assumptions used underlying the valuation of investment properties, and especially among these, market trends, recent transactions and market yields. We performed procedures allowing us to reconcile the valuations of the independent appraisers with the consolidated financial statements. We carried out specific procedures on investment properties whose valuation and variations were significant, as well as those whose assumptions and variations were not consistent with market data. Interviews with management were conducted when necessary. Moreover, we performed analytical procedures by comparing the valuations as well as the underlying assumptions of the investment properties underlying the value of the net assets, against the prior year. We compared the main assumptions used with the relevant market data. Interviews with management were conducted when necessary. We also assessed the appropriateness of the investment properties information in the consolidated financial statements.

Presentation and measurement of derivative financial instruments

Risk identified	Our response
Your Company subscribed to various derivative contracts such as interest rate swaps and caps and currency swaps to reduce its exposure to interest rate and currency fluctuations. These derivative instruments are presented at fair value on the balance sheet for €49.6 million (assets) and €29.2 million (liabilities). They are accounted for using hedge accounting or, when they do not meet the criteria, at fair value through profit or loss. The fair value of derivative instruments is determined either from market prices or valuation models using market parameters existing at the balance sheet date. Hedge accounting requires documentation in accordance with accounting standards, in particular the prospective and retrospective measurement of the hedge's effectiveness. Risk relating to both the valuation and the accounting treatment of derivative instruments is considered a key matter due to the impact of market assumptions on their valuation and the criteria to be met for hedging relationships. Please refer to note 5.12 of the notes to the consolidated financial statements.	We evaluated the controls performed by management on the valuation of derivatives including the help of our internal experts. We reviewed management's assessment and independently recalculated the fair value for a sample of derivative instruments. We reviewed the documentation of the hedging relationship, the effectiveness tests and the accounting treatment. We assessed the appropriateness of the information on derivatives and hedge accounting in the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France the specific verifications required by Laws and regulations of the information pertaining to the Group presented in the Executive Board's management report.

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

We attest that the consolidated non-financial statement provided for by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained in this statement which has to be subject to a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Klépierre by your Annual General Meeting held on June 28, 2006 for DELOITTE & ASSOCIÉS and on April 19, 2016 for ERNST & YOUNG Audit.

As at December 31, 2018, DELOITTE & ASSOCIÉS was in the 13th year of total uninterrupted engagement and ERNST & YOUNG Audit in the 3rd year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

> identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

> obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

> evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

> assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

> evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

> obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, March 5, 2019

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS		ERNST & YOUNG Audit
Laure SILVESTRE-SIAZ	Damien LEURENT	Bernard HELLER

3.3 COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

3.3.1 Balance sheet

3.3.1.1 Assets

In €k	Notes	12/31/2018 Gross	12/31/2018 Depreciation, amortization and impairment	12/31/2018 Net	12/31/2017 Net
NON-CURRENT ASSETS					
Intangible assets	3.1	206,220	206,220	-	-
Concessions, patents and similar rights		18,304	18,304	-	-
Business goodwill		184,564	184,564	-	-
Intangible assets in progress		3,352	3,352	-	-
Property, plant and equipment	3.1	437,254	131,696	305,558	314,314
Land		85,035	15,240	69,795	70,146
Buildings and fixtures		266,597	111,852	154,745	161,722
> Structures		140,962	53,348	87,615	91,743
> Facades, cladding and roofing		35,673	15,521	20,152	21,177
> General and technical installations		60,480	29,372	31,107	33,343
> Fittings		29,483	13,612	15,871	15,459
Technical installations, plant and equipment		19	19	1	1
Other		83,346	4,584	78,762	78,817
Property, plant and equipment in progress		2,256	-	2,256	3,628
Advances and prepayments		-	-	-	-
Financial assets	3.2	15,421,464	824,040	14,597,424	14,861,771
Investments	3.2.1	9,753,245	798,916	8,954,329	9,201,784
Advances to subsidiaries and affiliates	3.2.2	5,149,648	24,945	5,124,703	5,263,394
Other long-term investments		179	179	-	-
Loans	3.3.1	-	-	-	28,160
Other	3.3.2	518,392	-	518,392	368,433
TOTAL I		16,064,938	1,161,955	14,902,982	15,176,084
CURRENT ASSETS					
Prepayments to suppliers		20,287	-	20,287	13,624
Receivables	3.4	39,353	3,712	35,641	81,948
Trade accounts and notes receivable		11,406	3,712	7,694	6,508
Other		27,947	-	27,947	75,440
Marketable securities	3.5	76,021	236	75,785	204,580
Treasury shares		50,209	236	49,974	50,812
Other securities		25,812	-	25,812	153,768
Cash and cash equivalents		41,920	-	41,920	91,934
Prepaid expenses	3.6	145	-	145	422
TOTAL II		177,726	3,948	173,778	392,508
Deferred expenses (III)	3.6	18,132	-	18,132	21,731
Loan issue premiums (IV)	3.6	16,153	-	16,153	18,474
Currency translation adjustment – assets (V)		-	-	-	2,584
GRAND TOTAL (I+II+III+IV+V)		16,276,949	1,165,903	15,111,046	15,611,382

3.3.1.2 Shareholders' equity and liabilities

In €k	Notes	12/31/2018	12/31/2017
SHAREHOLDERS' EQUITY	**4.1**		
Share capital (of which paid-up: 440,098)		440,098	440,098
Additional paid-in capital (from share issues, mergers and contributions)		5,650,010	5,650,010
Merger surplus		124,589	197,952
Share cancellation premium		18,557	18,557
Revaluation reserve		-	-
Legal reserve		44,010	44,010
Other reserves		-	168,055
Retained earnings		26,757	104,971
Net income		**350,224**	**269,749**
Investment subsidies		-	-
Regulated provisions		-	-
TOTAL I		**6,654,244**	**6,893,402**
PROVISIONS FOR CONTINGENCIES AND LOSSES	**4.2**	**75,789**	**44,021**
Provision for contingencies		75,428	43,660
Provision for losses		361	361
TOTAL II		**75,789**	**44,021**
LIABILITIES			
Borrowings	**4.3**	**8,310,178**	**8,570,571**
Bonds		5,732,276	6,036,234
Bank loans and borrowings		7,967	133,718
Other loans and borrowings		2,569,935	2,400,619
Due on trade receivables		**780**	**279**
Trade payables		**43,182**	**32,936**
Trade payables	4.4	37,205	28,643
Accrued taxes and payroll costs	4.5	5,977	4,293
Other payables		**8,110**	**29,897**
Due to suppliers of property and equipment		167	167
Other	4.6	7,943	29,730
Prepaid income	**4.7**	**11,677**	**15,935**
TOTAL III		**8,373,927**	**8,649,618**
Currency translation adjustment – liabilities (IV)	4.8	7,087	24,341
GRAND TOTAL (I+II+III+IV)		**15,111,046**	**15,611,382**

3.3.2 Income statement

In €k	Notes		12/31/2018	12/31/2017
OPERATING INCOME				
Rental income			34,635	35,069
> Property rentals			26,845	27,111
> Costs recharged to tenants			7,790	7,958
Fees			1,203	-
Reversals of depreciation, impairment, provisions, and expense transfers			6,718	8,456
Other income			1,407	1,415
		TOTAL I	**43,962**	**44,941**
OPERATING EXPENSES				
Purchases and external charges			(25,862)	(21,741)
Taxes other than on income			(4,136)	(3,957)
Wages and salaries			(2,709)	(2,613)
Payroll taxes			(1,960)	(2,854)
Depreciation, amortization, impairment and provisions				
> Depreciation and amortization of non-current assets and deferred expenses			(8,799)	(8,714)
> Impairment of non-current assets			(1,993)	(2,567)
> Impairment of current assets			(583)	(748)
> Provision for contingencies and losses			(2,410)	(2,043)
Other expenses			(1,502)	(1,020)
		TOTAL II	**(49,954)**	**(46,257)**
NET OPERATING INCOME (I+II)	**5.1**		**(5,992)**	**(1,317)**
SHARE OF INCOME FROM JOINT OPERATIONS	**5.2**			
Profits allocated or losses transferred		**III**	**193,636**	**123,481**
Losses incurred or profits transferred		**IV**	**(21,927)**	**(10,906)**
FINANCIAL INCOME	**5.3.1**			
From investments in subsidiaries and affiliates			553,307	269,797
From other marketable securities and receivables on non-current assets			-	-
Other interest income			8,604	8,285
Reversals of provisions and expense transfers			112,057	266,266
Foreign exchange gains			4,610	580
Net income from disposals of marketable securities			-	-
		TOTAL V	**678,579**	**544,928**
FINANCIAL EXPENSES	**5.3.2**			
Depreciation, amortization and impairment			(318,839)	(179,086)
Interest expense			(174,138)	(202,497)
Foreign exchange losses			(1,660)	(12,559)
Net expenses from disposals of marketable securities			(9)	(8)
		TOTAL VI	**(494,646)**	**(394,150)**
NET FINANCIAL INCOME (V+VI)			**183,933**	**150,778**
NET INCOME FROM ORDINARY OPERATIONS BEFORE TAX (I+II+III+IV+V+VI)			**349,650**	**262,036**
NON-RECURRING INCOME				
On management transactions			-	-
On capital transactions			1,012	22,087
Reversals of provisions and expense transfers			-	18,842
		TOTAL VII	**1,012**	**40,929**
NON-RECURRING EXPENSES				
On management transactions			(476)	-
On capital transactions			(2,599)	(51,359)
Depreciation, impairment and provisions			-	-
		TOTAL VIII	**(3,075)**	**(51,359)**
NET NON-RECURRING INCOME/(LOSS) (VII-VIII)	**5.4**		**(2,063)**	**(10,430)**
EMPLOYEE PROFIT-SHARING (IX)		**IX**	**-**	**-**
INCOME TAX (X)	**5.5**	**X**	**2,636**	**18,143**
TOTAL INCOME (I+III+V+VII)			**917,189**	**754,278**
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)			**(566,965)**	**(484,529)**
NET INCOME			**350,224**	**269,749**

3.3.3 Notes to the corporate financial statements

NOTE 1 SIGNIFICANT EVENTS

1.1 Changes in debt

During the year, Klépierre SA improved its liquidity position as a result of the following initiatives:

- €475 million worth of new bilateral revolving credit facilities were signed with a five-year maturity, each with two one-year extension options;
- Two bilateral facilities originally maturing in 2022 were extended to 2023 for an aggregate amount of €200 million;
- €875 million worth of existing bank facilities were extended and amended, reflecting the improved market conditions for Klépierre SA;
- The syndicated revolving credit facility maturing in July 2020 was reduced by €275 million.

1.2 Internal restructuring

On May 23, 2018, Klépierre SA dissolved two subsidiaries without liquidation, Newton SNC and Paris-Immobilier SAS.

These transactions were completed under the preferential treatment for mergers provided for in Article 210 A of the French Tax Code *(Code général des impôts)*.

1.3 Dividend

On April 24, 2018, the General Meeting of Shareholders approved the payment of a €1.96 per share dividend in respect of the 2017 fiscal year, payable in cash. The total dividend paid by Klépierre SA in 2018 amounted to €589 million (excluding dividends payable on treasury shares).

1.4 Share buyback program

On March 13, 2017, Klépierre SA announced a share buyback program for an aggregate maximum amount of €500 million. As of December 31, 2017, Klépierre SA had bought back 9,761,424 shares for a total amount of €350 million. In 2018, a total of 4,655,441 shares were bought back for €150 million excluding fees and taxes.

1.5 Acquisitions of equity investments

On February 28, 2018, Klépierre SA acquired the outstanding 17% of shares in Klécar Europe Sud SCS, which holds the shares of Klécar Foncier Ibérica SL, for an amount of €35 million.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND MEASUREMENT METHODS

2.1 Application of accounting policies

The Company financial statements for the year ended December 31, 2018 have been prepared in accordance with the French General Chart of Accounts *(Plan comptable général)*.

General accounting policies have been applied in accordance with the following principles:

- Prudence;
- Segregation of accounting periods;
- Compliance with the general rules applicable to the preparation and presentation of company financial statements, and on a going concern basis.

No changes were made to methods or estimates during the past fiscal year.

2.2 Measurement methods

2.2.1 Non-current assets

Property, plant and equipment and intangible assets are recognized as assets when all of the following conditions have been met:

- It is probable that the future economic benefits associated with the item will flow to the entity;
- Their cost or value can be measured reliably.

At the recognition date, asset values are measured either at their cost of acquisition or cost of construction.

Interest relating specifically to the development of non-current assets is capitalized in their acquisition cost.

2.2.2 Recognition of technical merger losses

Generally recognized for mergers and universal asset transfers *(transmission universelle de patrimoine)* of all assets and liabilities measured at carrying amount, a "technical loss" arises when the carrying amount of the acquiree's shares as stated in the assets of the acquiring company exceeds the net carrying amount of the assets contributed.

To determine whether the merger loss is "true" or "false", it must be compared to the recognized or unrecognized unrealized capital gains in the financial statements of the acquiree less the unrecognized liabilities in the financial statements of the acquiree where recognition is not mandatory (e.g., pension accruals, deferred tax liabilities) (Article 745-4 of the French General Chart of Accounts).

Technical losses were presented under "Business goodwill" until December 31, 2015. As of January 1, 2016, technical losses are recognized in accordance with French accounting standards setter (*Autorité des normes comptables* – ANC) Regulation no. 2015-06 (approved on December 4, 2015) as detailed below:

Allocation of technical merger losses

Pursuant to Article 745-5 of the French General Chart of Accounts, on the transaction date the entity allocates the technical losses to the relevant transferred assets recognized in the acquired entity's financial statements as follows:

- Firstly, to the identifiable assets transferred where they can be reliably estimated;
- The balance where applicable is allocated to the acquiree's business goodwill.

The underlying assets transferred may comprise property, plant and equipment and intangible assets, financial assets or current assets.

Amortization of technical losses

The same accounting treatment is applied to technical losses as the underlying asset to which they are allocated (Article 745-7 of the French General Chart of Accounts). As a result:

- If the asset is amortizable: the allocated technical losses must be amortized at the same rate, namely over the remaining useful life of the asset as from the merger date;
- If on the other hand the asset is not amortizable: no amortization expense is recorded for the allocated technical losses.

Impairment of technical losses

As the technical losses are allocated for accounting purposes to the underlying assets transferred:

- They must be included in the carrying amount of these assets for the purposes of impairment testing;
- They must be impaired where the present value of the underlying asset falls below its carrying amount, plus the share of the losses allocated. Impairment is first recognized against the technical losses.

2.2.3 Property, plant and equipment

Definition and recognition of components

Based on the French Federation of Real Estate Companies' (*Fédération des Sociétés Immobilières et Foncières* – FSIF) recommendations concerning components and useful lives, the component method is applied as follows:

- For properties developed by the companies themselves, assets are classified by component type and measured at their realizable value;
- Where investment properties are held in the portfolio (sometimes for long periods), components have been identified depending on the type of assets: business premises, shopping centers, offices and residential properties.

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

- Structures;
- Facades, cladding and roofing;
- General and technical installations (GTI);
- Fittings.

When applying regulations 2004-06 and 2002-10, investment properties are broken down by components using the following percentages (prepared in accordance with the FSIF template):

Components	Shopping center properties	Depreciation period (straight-line basis)
Structures	50%	35 to 50 years
Facades	15%	25 years
GTI	25%	20 years
Fittings	10%	10 to 15 years

All component figures are based on assumed "as new" values. The Company has therefore calculated the proportions of the fittings, technical installations and facade components based on the periods shown in the table, as applicable since the date of construction or most recent major renovation of the property asset concerned. The proportion for structures is deduced based on the proportions identified for the other components.

In accordance with the recommendations of the French Federation of Real Estate Companies, the depreciation periods have been determined in such a way as to obtain a zero residual value on maturity of the depreciation schedule.

Depreciation is calculated based on the various useful lives of each component.

Maintenance expenses involved in multi-year capital repairs programs or major refurbishments governed by legislation, regulations or the standard practices of the entity concerned must be recognized from the outset as distinct asset components, unless a provision has been recognized for capital repairs or major refurbishments. This policy is intended to cover those maintenance expenses whose sole purpose is to verify the condition and serviceability of installations and to carry out maintenance on such installations without extending their useful life beyond that initially intended, subject to compliance with the applicable recognition criteria.

Principles of asset impairment

At each balance sheet and interim reporting date, the Company carries out an assessment to determine if there is any indication that an asset may have suffered a significant loss in value (Article 214-16 of the French General Chart of Accounts).

An asset is impaired when its present value falls below its carrying amount. Present value corresponds to the market value (appraised value excluding transfer costs on the balance sheet date) or value in use (Article 214-1 of the French General Chart of Accounts), whichever is higher.

The fair value of the asset is determined by independent real estate appraisers, with the exception of assets acquired within the past six months, whose fair value is estimated at the cost of acquisition.

However, given the fact that these appraisals are, by their nature, estimates, it is possible for certain real estate assets that the gain or loss arising on their disposal will differ from their appraised value, even where such disposal occurs within a few months of the balance sheet date.

Assets covered by a contract of sale (*mandat de vente*) are appraised at their selling price net of disposal costs.

2.2.4 Non-current financial assets

Equity investments are recognized at cost.

At the year end, an impairment loss is recognized if the fair value of the asset is less than its carrying amount. The fair value of equities corresponds to their value in use, which is determined by taking into account the net asset value and future cash flows.

The net asset value of real estate companies is estimated on the basis of external appraisals conducted by independent real estate appraisers, except for assets under sale agreements.

Management company shares are valued at each fiscal year-end by an independent appraiser.

Treasury shares acquired for the purpose of transfer to a seller as part of an external growth transaction are impaired if the average stock market price for the last month of the fiscal year is lower than the acquisition cost.

2.2.5 Acquisition cost of non-current assets

Transfer costs, fees, commissions and legal expenses are included in the capitalized cost of intangible assets and property, plant and equipment (Articles 213-8 and 213-22 of the French General Chart of Accounts).

The Company has opted to recognize the acquisition cost of non-current financial assets as expenses.

2.2.6 Eviction costs

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

Where eviction compensation is paid as a result of major renovation or reconstruction work on a property requiring the prior removal of tenants, the cost is included in total renovation costs.

Expenditure that does not meet the combined criteria applicable to the definition and recognition of assets and which cannot be allocated to acquisition or production costs is recognized as an expense: eviction costs paid to tenants during a commercial restructuring is recognized as an expense for the fiscal year.

2.2.7 Letting fees

Letting, re-letting and renewal fees are recognized as expenses for the fiscal year.

2.3 Mergers and similar transactions

Recommendation no. 2004-01 of March 25, 2004 of the French accounting advisory board (*Conseil national de la comptabilité* – CNC), as approved on May 4, 2004 by the French accounting standards setter (*Comité de réglementation comptable* – CRC), relating to the treatment of mergers and similar transactions, sets out the accounting principles applicable to merger surpluses and losses. The accounting treatment for technical merger losses was amended by Regulation no. 2015-06 (approved by the order of December 4, 2015).

Technical losses

Any losses arising from these transactions must be accounted for as a technical merger loss:

- Recognition of technical losses based on the type of the underlying asset in a specific property, plant and equipment, intangible asset, financial asset or current asset account;
- Recognition of the balance in financial expenses.

Technical surpluses

Any surplus from these transactions must be accounted for using the same accounting treatment as a technical merger surplus. Surpluses must be recognized in financial income of the acquirer, to the extent of the share in the acquiree's accumulated retained earnings since the acquisition of the acquiree's shares. Any residual balance is taken to equity.

2.4 Receivables, payables and cash at bank and on hand

Receivables, payables and cash at bank and on hand are measured at face value.

Trade receivables are estimated individually at each annual and interim reporting date, and a provision is set aside where there is a perceived risk of non-recovery.

2.5 Marketable securities

Marketable securities are recognized at cost net of provisions.

Impairment of treasury shares is recognized when their fair value based on the average stock market price for the last month of the fiscal year is lower than their carrying amount.

A provision for bonus shares granted to employees is recorded at the allocation date. Provisions for bonus shares granted to corporate officers is accrued on straight-line basis over the vesting period.

2.6 Deferred expenses: loan issue costs

Expenditure that does not meet the combined criteria applicable to the definition and recognition of assets must be recognized as an expense. It is no longer possible to amortize these costs over several periods.

CNC recommendation no. 2004-15 on assets dated June 23, 2004 does not apply to financial instruments or to incidental expenditure such as loan issue costs, issue premiums and loan repayment premiums.

Bond issue costs and the commissions and fees relating to bank loans are spread over the full loan period.

2.7 Financial instruments and hedging transactions

The principles of hedge accounting are stated by the French General Chart of Accounts (Articles 628-6 to 628-17 and ANC regulation no. 2015-05 relating to forward financial instruments and hedging transactions). They apply to all hedges regardless of their type.

According to Article 628-6 of the French General Chart of Accounts, a hedging transaction consists in creating a relationship between an underlying (hedged) item and a hedging instrument for the purpose of reducing the risk of the adverse impact of exposure on the entity's results, cash flows or equity.

Hedge accounting is not optional (Article 628-11 of the French General Chart of Accounts and presentation note of ANC regulation no. 2015 05, section 2.3).

Any transaction identified as being managed as a hedge must be designated as a hedge for accounting purposes, unless the regulation's qualification criteria have not been met.

A transaction that does not qualify (or no longer qualifies) for hedge accounting has the same accounting treatment as an unhedged transaction, i.e., an isolated open position.

If a hedging transaction has a notional amount greater than that of the hedged item, the surplus ceases to qualify for hedge accounting as from the date on which the excess is confirmed.

The transactions for which the Company cannot meet the hedging criteria defined above are considered as isolated open positions (Article 628-18).

Accounting treatment of hedging transactions

Gains and losses arising on hedging transactions are recognized in the income statement to match the recognition of income and expenses of the hedged item.

Gains and losses on forward financial instruments (swaps) contracted for the purpose of hedging the Company's exposure to changes in interest rates are taken to income at a rate that matches the recognition of the interest expense on the hedged debt.

Changes in the value of unrealized gains and losses on hedging transactions are not recognized in the balance sheet unless doing so ensures matching treatment with the hedged item.

Unrealized gains and losses on hedging instruments arising as a result of the difference between the estimated market value at the year end and their nominal value are not recognized.

Gains and losses on hedging instruments are classified in the same way as the hedged item and therefore appear (Article 628-11 of the French General Chart of Accounts):

> In the same line item as that of the hedged item;

> Or failing this, in specific sub-accounts under the same income statement heading (operating income, financial income).

The Company may elect to recognize hedging costs (option premiums, upfront fees and other costs) either (i) in the income statement over the term of the hedge or (ii) deferred and recognized as matching entries to the gains and losses on the hedged item.

The value in use of an investment in a foreign operation may be hedged up to the equivalent value of its carrying amount in foreign currency.

The impact of hedging is taken into account in the calculation of impairment losses on securities.

As regards forward financial instruments on hedging transactions, the Company has elected for the following accounting treatment:

> Classification in income under the heading in the sub-accounts created for this purpose;

> Hedging costs are taken to the income statement over the period of the hedged item;

> Gains and losses on foreign exchange derivatives arranged in connection with the hedging of foreign currency loans are spread over the hedging period to match the hedged item.

Accounting treatment of transactions qualified as isolated open positions

Unwound gains and losses are realized at the expiration date of the hedge or on unwinding the Company's position on the market. They are then realized by the Company and immediately recognized as follows:

> For realized losses, in account 666 "Financial exchange losses" (Article 946-66 of the French General Chart of Accounts);

> For realized gains, in account 766 "Financial exchange gains" (Article 947-76 of the French General Chart of Accounts).

Unrealized gains and losses correspond to changes in the instrument's value. They are not definitively realized to the extent that the Company remains exposed to the risk of the reversal of the market values for as long as the position is not unwound.

Changes in market value are recorded in the balance sheet against the following liaison accounts:

> Under balance sheet assets for changes corresponding to unrealized losses, in account 4786 "Valuation differences on cash instruments – Assets";

> Under balance sheet liabilities for changes corresponding to unrealized gains, in account 4787 "Valuation differences on cash instruments – Liabilities";

> The contra-entry is recorded in account 52 "Cash instruments".

Pursuant to the prudence principle, unrealized gains are not taken to income (Article 628-18 of the French General Chart of Accounts) regardless of the market on which the instrument is traded.

Unrealized losses result in a provision being set aside under financial items to cover the corresponding amount, in accounts 1516 "Provisions for losses on contracts" by debiting account 6865 "Financial provision expense".

2.8 Currency translation adjustments

Receivables and payables denominated in foreign currency are translated and recognized in local currency based on the latest exchange rate published by Banque de France.

If the application of the exchange rate on the balance sheet date changes the local currency amounts previously recognized, any translation differences are recorded under "Currency translation adjustment – Assets" or "Currency translation adjustment – Liabilities".

Unrealized gains are not recognized in income but are recorded under balance sheet liabilities, whereas a provision for contingencies is set aside for unrealized losses.

The payments related to these receivables and payables are compared to the original historical values and result in the recognition of foreign exchange gains and losses without offsetting.

As of January 1, 2017, the value of foreign exchange financial instruments are recorded in unrealized gains and losses within the corresponding currency translation adjustment (assets or liabilities, see note 2.7).

2.9 Operating income and expenses

Rental income is recognized on a straight-line basis over the term of the lease, while building expenses are re-billed to customers on payment, and interest is recorded on receipt or payment. At the end of the fiscal year, operating income and expenses are adjusted to reflect the corresponding accrued receivables and payables.

Accruals for building expenses are recognized as payables in "Suppliers – invoices to be received".

2.9.1 Leases

Rental income is recognized on a straight-line basis over the term of the lease.

Rent-free periods and step-up clauses are recognized each fiscal year by spreading the resulting increase or decrease in rental income over the reference period.

The reference period adopted is the first non-cancelable lease term.

2.9.2 Early termination penalties

Tenants who terminate their leases prior to the contractual expiration date are liable to pay early termination penalties. This revenue is allocated to the terminated lease and credited to income for the period in which it is recognized.

2.10 Employee benefits

There are two types of pension plans:

> Defined contribution plans;

> Defined benefit plans, comprising long-term benefits and post-employment benefits.

In accordance with Recommendation no. 2013-02 of November 7, 2013, pension obligations are provisioned in full (preferred method) and are valued in accordance with the recommended method in the revised IAS 19.

2.11 Tax credit for competitiveness and employment (CICE)

The CICE tax credit was implemented with effect from January 1, 2013 by the French 3rd Amending Finance Act of 2012. It has the following main characteristics:

> A 4% (6% from 2014 to 2016, 7% in 2017) tax credit calculated per calendar year based on compensation equal to or less than 2.5 times the French minimum wage (SMIC) paid as from January 1, 2013;

> If it not credited against income tax payable within three years, the tax credit becomes repayable.

The French Finance Act of 2018 (no. 2017-1836 Article 9) set the rate at 6% for the 2018 fiscal year.

The CICE is recognized as a deduction from payroll expenses.

Klépierre SA benefits from the CICE tax credit through its tax transparent subsidiary, Klépierre Management SNC.

2.12 Tax regime adopted by the Company

Having elected to apply the regime provided for by Article 11 of the French Finance Act of December 30, 2002, Klépierre SA is exempt from income tax and observes the three distribution requirements set out below:

> Distribution of 95% of profits from building lease transactions prior to the end of the fiscal year following the year in which they were made;

> Distribution of 60% of capital gains arising on the disposal of buildings, equity investments in companies covered by the provisions of Article 8 whose purpose is identical to that of a SIIC or shares in subsidiaries subject to income tax, where such companies have opted for the SIIC regime prior to the end of the second fiscal year following the year in which the gains arose. With effect from fiscal year 2019, the distribution rate for capital gains generated by property disposals increased from 60% to 70%;

> Distribution of all dividends received from subsidiaries opting for the SIIC regime during the fiscal year following the year in which the dividends are received.

Taxable and exempt income is determined in accordance with the applicable regulations:

> Direct allocation of income and expenses, wherever possible;

> Allocation of general expenses pro rata to the income of each sector;

> Allocation of financial expenses pro rata to the gross non-current assets of each sector.

NOTE 3 NOTES TO THE COMPANY FINANCIAL STATEMENTS: BALANCE SHEET ASSETS

3.1 Intangible assets and property, plant and equipment

3.1.1 Gross non-current assets

In €k	Gross amount at 12/31/2017	Acquisitions, new businesses and contributions	Reductions by disposals, retirement of assets	Inter-item transfers	Gross amount at 12/31/2018
INTANGIBLE ASSETS					
Other intangible assets	**206,220**	**-**	**-**	**-**	**206,220**
> Technical merger loss	184,564	-	-	-	184,564
> Other	21,656	-	-	-	21,656
TOTAL	**206,220**	**-**	**-**	**-**	**206,220**
PROPERTY, PLANT AND EQUIPMENT					
Land	**85,035**	**-**	**-**	**-**	**85,035**
Structures	**140,828**	**-**	**-**	**134**	**140,962**
Facades, cladding and roofing	**35,419**	**-**	**-**	**254**	**35,673**
General and technical installations	**60,187**	**-**	**-**	**293**	**60,480**
Fittings	**27,401**	**-**	**-**	**2,082**	**29,483**
Construction and fittings in progress	**3,629**	**1,390**	**-**	**(2,763)**	**2,256**
Other property, plant and equipment	**83,365**	**-**	**-**	**-**	**83,365**
> Technical loss on land (goodwill)	76,447	-	-	-	76,447
> Technical loss on structures (goodwill)	2,399	-	-	-	2,399
> Other	4,519	-	-	-	4,519
TOTAL	**435,864**	**1,390**	**-**	**-**	**437,254**
TOTAL GROSS NON-CURRENT ASSETS	**642,084**	**1,390**	**-**	**-**	**643,474**

▶ **TECHNICAL MERGER LOSSES ALLOCATED TO LAND AND STRUCTURES ARE DETAILED AS FOLLOWS**

Transaction	Date	Underlying assets transferred in the merger or transfer of assets and liabilities	Gross amount	Impairment losses recognized	Net amount
Merger Centre Jaude	06/08/2015	Real estate asset (Centre Jaude shopping center)	46,342		46,342
Merger Carré Jaude 2	07/31/2015	Real estate asset (Carré Jaude 2 shopping center)	1,459		1,459
Merger Corio SAS	03/13/2017	Real estate asset (Caen Côte de Nacre shopping center)	27,083		27,083
Merger Corio SAS	03/13/2017	Real estate asset (Saint-Étienne Centre Deux shopping center)	3,963		3,963
TOTAL			**78,847**	**-**	**78,847**

Other intangible assets correspond mainly to the unallocated portion of the technical loss from the merger of Corio NV for a gross carrying amount of €184.6 million. This technical loss was written down in full at the end of the 2015 fiscal year.

Construction and fittings in progress mainly correspond to investment expense related to the work on the Clermont Jaude and Caen Côte de Nacre shopping centers.

3.1.2 Depreciation, amortization and impairment

In €k	Depreciation and amortization at 12/31/2017	Additions	Disposals	Inter-item transfers	Depreciation and amortization at 12/31/2018
INTANGIBLE ASSETS					
Other intangible assets	**206,220**	**-**	**-**	**-**	**206,220**
> Technical merger loss	184,564	-	-	-	184,564
> Other	21,656	-	-	-	21,656
TOTAL	**206,220**	**-**	**-**	**-**	**206,220**
PROPERTY, PLANT AND EQUIPMENT					
Structures	**45,018**	**2,982**	**-**	**-**	**48,000**
Facades, cladding and roofing	**14,242**	**1,279**	**-**	**-**	**15,521**
General and technical installations	**26,844**	**2,528**	**-**	**-**	**29,372**
Fittings	**11,942**	**1,670**	**-**	**-**	**13,612**
Other property, plant and equipment	**4,548**	**56**	**-**	**-**	**4,604**
> Technical loss on land (goodwill)	-	-	-	-	-
> Technical loss on structures (goodwill)	44	56	-	-	100
> Other	4,504	-	-	-	4,504
TOTAL	**102,594**	**8,515**	**-**	**-**	**111,109**
TOTAL DEPRECIATION AND AMORTIZATION	**308,814**	**8,515**	**-**	**-**	**317,329**

In €k	Impairment at 12/31/2017	Additions	Reversals	Inter-item transfers	Impairment at 12/31/2018
PROPERTY, PLANT AND EQUIPMENT					
Land	14,889	713	(362)	-	15,240
Structures	4,067	1,280	-	-	5,347
TOTAL IMPAIRMENT	**18,956**	**1,993**	**(362)**	**-**	**20,587**
TOTAL DEPRECIATION AND IMPAIRMENT	**327,770**	**10,508**	**(362)**	**-**	**337,916**

Changes during the year in property, plant and equipment mainly reflect the €1.3 million impairment of the Metz Saint-Jacques shopping center and the €0.6 million write down of land in Cholet, as well as a €0.3 million impairment reversal on a land in Vannes.

3.1.3 Net non-current assets

In €k	Net amount at 12/31/2017	Increases net of depreciation, amortization and impairment	Decreases net of reversals	Inter-item transfers	Net amount at 12/31/2018
INTANGIBLE ASSETS					
Other intangible assets	**-**	**-**	**-**	**-**	**-**
> Technical merger loss	-	-	-	-	-
> Other	-	-	-	-	-
TOTAL	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT					
Land	**70,146**	**(713)**	**362**	**-**	**69,795**
Structures	**91,743**	**(4,262)**	**-**	**134**	**87,615**
Facades, cladding and roofing	**21,177**	**(1,279)**	**-**	**254**	**20,152**
General and technical installations	**33,343**	**(2,528)**	**-**	**293**	**31,108**
Fittings	**15,459**	**(1,670)**	**-**	**2,082**	**15,871**
Construction and fittings in progress	**3,629**	**1,390**	**-**	**(2,763)**	**2,256**
Other property, plant and equipment	**78,817**	**(56)**	**-**	**-**	**78,761**
> Technical loss on land (goodwill)	76,447	-	-	-	76,447
> Technical loss on structures (goodwill)	2,355	(56)	-	-	2,299
> Other	15	-	-	-	15
TOTAL	314,314	(9,118)	362	-	305,558
TOTAL NET NON-CURRENT ASSETS	**314,314**	**(9,118)**	**362**	**-**	**305,558**

3.2 Non-current financial assets

3.2.1 Equity investments

In €k	
GROSS EQUITY INVESTMENTS AT BEGINNING OF YEAR	**9,781,364**
Acquisitions of shares	**288,279**
> Received in consideration of contributions of buildings or shares to subsidiaries	-
> Purchases, capital increases and contributions	288,279
Decreases in shares	**(316,044)**
> Decreases, capital reductions and contributions	(316,044)
Disposals and transfers of shares	**(354)**
> Cancellation of shares	(354)
> Sales of shares	-
Allocation of technical losses	**-**
GROSS EQUITY INVESTMENTS AT END OF YEAR	**9,753,245**

Acquisitions of shares mainly correspond to:

- Recapitalizations, carried out mainly by offsetting receivables at the following entities:
  - Klépierre Vallecas SA, for €67 million,
  - Klépierre Plenilunio Socimi SA, for €64.4 million,
  - Corio Italia Srl, for €31 million,
  - Capucine BV, for €12 million;
- Capital increases at the following entities:
  - Klépierre Grand Littoral SAS, for €75.1 million,
  - Klépierre Procurement International SNC, for €3.7 million;
- Acquisition of non-controlling interests in Klécar Europe Sud SCS, for €35 million.

Decreases in shares mainly include:

- Capital decreases at the following entities:
  - Klécar Europe Sud SCS, for €200.9 million,
  - Klécar France SNC, for €110.2 million;
- Distributions of premiums and a capital decrease at Portes de Claye SCI subsidiary, for €5 million.

Disposals and transfers of shares mainly include the cancellation of shares following the merger of all assets and liabilities of Paris Immobilier SAS and Newton SNC into Klépierre SA, for €0.4 million.

Impairment

In €k	Impairment at 12/31/2017	Additions	Reversals	Mergers	Impairment at 12/31/2018
Non-current financial assets					
Investments	579,581	264,818	(45,337)	(145)	798,916
TOTAL IMPAIRMENT	**579,581**	**264,818**	**(45,337)**	**(145)**	**798,916**

Changes in impairment of investments are mainly attributable to:

- Impairment of the shares of:
  - Klépierre Grand Littoral SAS, for €75.1 million,
  - Akmerkez Gayrimenkul, for €44.3 million,
  - Klécar Foncier España SL, for €37.5 million,
  - Klépierre Berlin GmbH, for €24.4 million,
  - Bresta I BV, for €20.9 million,
  - Sagep SAS, for €15.2 million,
  - Centre Bourse SNC, for €9.3 million,
  - Corio Real Estate SL, for €8.7 million,
  - Centre Deux SNC, for €7.7 million,
  - Principe Pio Gestion SA, for €5.6 million,
  - Galeries Drancéennes SNC, for €5.5 million,
  - Reluxco International SA, for €4.4 million;
- Reversals of impairment losses on the shares of:
  - Klépierre Nederland BV, for €35.3 million,
  - Klépierre Créteil SCI, for €9 million.

Financial information on subsidiaries and investments

Financial information on subsidiaries and investments *In €k*	Share capital	Shareholders equity other than share capital and net income	% interest	Net income at year end	Pre-tax revenues	Gross book value	Net book value	Guarantees and sureties given	Loans and advances granted	Dividends received
1. SUBSIDIARIES MORE THAN 50% OWNED										
Ayam SNC	3	-	90	334	-	8,029	7,471	-	1,990	-
Bègles d'Arcins SCS	26,679	18,816	52	9,063	21,177	44,991	44,991	-	46,142	-
Bègles Papin SNC	765	6,871	100	671	1,535	7,636	7,636	-	4,247	-
Bresta I BV	23	3	100	7	-	21,088	33	-	-	20,885
Caetoile SNC	3	40,865	90	5,543	10,328	152,582	47,867	-	5,626	23,425
Capucine BV	39,494	362,716	100	27,342	-	515,979	515,979	-	83,377	18,500
Cécoville SAS	3,286	169,640	100	11,644	37,084	256,588	256,588	-	86,403	99,858
Centre Bourse SNC	3,813	-	100	941	3,959	47,419	22,803	-	21,240	-
Centre deux SNC	3	31,675	90	2,937	7,340	82,913	74,515	-	-	2,573
Combault SNC	778	6,984	100	908	1,908	7,762	7,762	-	2,166	-
Corio et cie	503	10,128	100	3,203	-	40,205	40,205	-	-	3,203
Corio Belegingen I BV	18	20	100	(22)	-	2,348	16	-	-	2,290
Corio Italia SRL	62,390	352	100	(21,972)	-	1,017,800	1,017,800	-	786,141	-
Corio Real Estate SL	54,437	8,583	100	24,098	17,771	262,059	182,550	-	38,639	-
Dense SNC	3	19,284	90	2,465	7,295	83,010	83,010	-	13,045	1,488
Financière Corio SAS	3	(489)	100	129	-	1,200	-	-	41,324	-
Foncière de Louvain-la-Neuve SA	12,062	(26,118)	100	-	-	12,061	12,061	-	45,958	-
Galerie du livre SAS	76	1,986	100	127	202	6,309	6,309	-	-	102
Galeria Commerciale Klépierre SRL	1,560	40,462	100	1,129	4,336	41,052	41,052	-	2,800	-
Galeries Drancéennes SNC	4	600	100	1,783	3,969	58,341	23,233	-	8,997	-
Havre Colbert SNC	80	9,947	100	797	1,516	10,026	10,026	-	3,063	-
Holding Gondomar 1 SAS	5,085	24,359	100	2,614	6,459	64,739	64,739	-	5,995	2,445
Holding Gondomar 3 SAS	835	6,432	100	523	-	8,021	8,021	-	-	541
KLE 1 SAS	8,248	13,567	100	9,613	136	82,154	82,154	-	-	16,547
Klecab SCI	450	1,350	100	186	425	1,800	1,800	-	1,426	-
Klé Projet 1 SAS	3,754	20,817	100	(3,219)	1,249	37,201	28,433	-	10,162	-
Kleber Odysseum SCI	743	77,273	100	3,631	-	78,016	78,016	-	40,944	-
Klécar Europe Sud SCS	50,028	(2,361)	100	861	-	76,563	76,563	-	-	-
Klécar Foncier España SL	250	1,709	100	5,476	12,809	192,735	155,228	9,422	41,000	60,599
Klécar France SNC	333,086	(100,000)	83	136,429	2,603	455,060	455,060	-	-	-
Klécar Participations Italie SAS	20,456	2,057	83	2,282	-	17,587	17,587	-	55,067	3,422
Kléfin Italia SPA	15,450	64,948	100	(4,960)	-	125,625	125,625	-	285,549	-
Klémurs SCA	139,333	130,427	100	12,475	28,546	327,259	327,259	-	-	57,803
Klépierre Alpes SAS	153	39,902	100	8,317	19,243	232,597	232,597	-	27,326	14,191
Klépierre Berlin GmbH	25	129,274	95	(7,962)	11,416	122,199	91,668	-	203,806	-
Klépierre Berlin leasing GmbH	25	(4,158)	100	71	5,261	4,447	-	-	13,978	-
Klépierre Conseil SAS	1,108	5,544	100	727	1,137	7,934	7,934	-	104	-
Klépierre Créteil SCI	21,073	19,699	100	9,279	4,917	75,624	52,792	-	22,366	-
Klépierre Échirolles SNC	3	(1,550)	100	(220)	449	6,566	6,566	-	8,505	-
Klépierre Grand Littoral SAS	8,427	1,230	100	(68,460)	17,114	205,115	-	-	-	-
Klépierre Finance SAS	38	(8)	100	(841)	770	38	-	-	-	-
Klépierre Management Ceska Republika SRO	117	184	100	715	3,578	10,500	10,500	-	-	488
Klépierre Management Deutschland GmbH	25	(10,026)	100	(446)	9,046	25	-	-	12,483	-
Klépierre Management Espana SL	472	1,361	100	1,240	12,258	37,862	37,862	582	-	1,116
Klépierre Management Hellas SA	24	80	100	(156)	95	1,504	-	-	-	-
Klépierre Management Magyarorszag KFT	9	143	100	102	2,214	7,900	7,528	-	-	312
Klépierre Management Polska SPZOO	12	1,110	100	513	3,735	10,900	10,900	-	-	500
Klépierre Management Portugal SPA	200	40	100	488	3,103	16,965	11,395	-	-	1,121
Klépierre Management SNC	1,682	11,131	100	(1,535)	101,656	136,473	136,473	1,895	-	-
Klépierre Massalia SAS	10,864	(269)	100	(46)	-	13,208	10,158	-	1,388	-
Klépierre Nederland BV	136,182	1,556,371	100	(4,366)	-	1,888,564	1,841,528	350,000	282,940	-
Klépierre Nordica BV	377,640	268,491	100	41,578	-	675,657	675,657	-	6,605	28,000
Klépierre Plenilunio Socimi SA	5,000	42,658	100	9,185	23,685	234,433	234,433	-	104,204	-

Financial information on subsidiaries and investments *In €k*	Share capital	Shareholders equity other than share capital and net income	% interest	Net income at year end	Pre-tax revenues	Gross book value	Net book value	Guarantees and sureties given	Loans and advances granted	Dividends received
Klépierre Procurement International SNC	3,693	-	100	3,280	7,029	3,693	3,415	-	-	-
Klépierre Trading KFT	156	402	100	234	448	199	199	-	-	781
Klépierre Vallecas S.A.	60	69,590	100	13,066	22,852	248,900	248,900	-	106,456	9,502
Klé Start SAS	5	(50)	100	(816)	-	5	-	-	851	-
Les Portes de Chevreuses SNC	2	(17,081)	99	(1,297)	-	-	-	-	17,193	-
LP 7 SAS	45	(44)	100	(8)	-	261	11	-	7	-
Maya SNC	3	-	90	1,498	-	33,596	33,596	-	3,329	-
Mob SCI	-	(1,372)	100	498	111	4,104	4,104	-	-	-
Nancy Bonsecours SCI	3,054	3,053	100	(82)	-	6,565	5,814	-	1,783	-
Nueva Condo Murcia SLU	6,949	106,039	100	7,668	17,951	174,068	174,068	-	35,847	4,062
Pasteur SCI	227	1,738	100	(7,906)	3,349	2,091	2,091	2,427	35,011	-
Portes de Clayes SCI	56,262	170,318	55	8,432	17,692	124,619	124,619	-	-	-
Principe Pio Gestion SA	7,212	35,070	100	6,434	15,628	180,000	173,013	-	-	5,536
Progest SAS	7,703	19,402	100	9,170	1,131	116,055	116,055	-	20,771	14,706
Reluxco International SA	730	15,276	100	8,205	-	122,080	5,548	-	152,807	-
Sagep SAS	329	6,377	100	(5,100)	3,479	28,004	3,617	-	29,586	10,475
Saint Maximin Construction SCI	2	-	55	48	42	524	350	-	-	-
Sanoux SCI	14	(11,826)	75	368	7,391	-	-	-	-	-
SCOO SC	25,215	341,474	54	13,487	55,537	207,856	207,856	-	-	-
Sécovalde SCI	12,189	115,929	55	23,820	48,862	92,482	92,482	-	62,314	-
Soaval SCS	4,501	33,342	99	7,421	25,814	42,046	42,046	-	59,488	-
Sodévac SNC	2,918	26,245	100	2,676	6,459	29,163	29,163	-	3,535	-
TOTAL I				**316,317**	**624,101**	**9,250,986**	**8,457,334**	**364,327**	**2,843,985**	**404,471**
2. INVESTMENTS BETWEEN 10% AND 50% OWNED										
Akmerkez Gayrimenkul Yatirim Ortakligi AS	6,150	21,960	47	14,671	-	234,605	127,180	-	-	4,932
Bassin Nord SCI	103,889	41,634	50	(21,409)	14,347	72,762	72,762	-	9,662	-
Cecobil SCS	5,122	10,165	50	9,050	18,310	7,642	7,642	-	14,810	-
Klépierre Köln Holding GmbH	25	2,992	10	(128)	-	2,703	1,698	-	-	
Forving SARL	11	(21)	26	(2)	-	668	358	-	345	-
Klépierre Brand Venture SNC	330	-	49	1,693	11,030	490	154	-	-	-
Klépierre Management Slovensko SRO	7	2	15	100	267	4	4	-	-	3
Le Havre Lafayette SNC	525	9	50	3,751	7,452	1,702	1,702	-	7,604	-
Le Havre Vauban SNC	300	5	50	(832)	274	463	463	-	2,893	-
Odysseum Place de France SNC	97,712	-	50	7,192	21,120	49,004	49,004	6,574	45,747	-
Plateau des Haies SNC	3	-	12	2,157	2,753	3,253	3,253	-	-	-
Solorec SC	4,869	2,768	49	30,696	44,296	124,104	124,104	-	43,637	-
Ucgen Bakim Ve Yonetim Hizmetleri A			10	-	-	16	-	-	-	24
TOTAL II				**46,940**	**119,848**	**497,416**	**388,325**	**6,574**	**124,697**	**4,959**
GRAND TOTAL I+II				**363,256**	**743,949**	**9,748,401**	**8,845,658**	**370,901**	**2,968,682**	**409,430**

3.2.2 Advances to subsidiaries and affiliates

In €k	12/31/2018	12/31/2017
Advances on equity securities	4,784,749	5,110,878
Accrued interest on advances	109,699	114,466
Share of net income and dividends	255,200	114,473
Impairment of advances to subsidiaries and affiliates	(24,945)	(76,423)
TOTAL	**5,124,703**	**5,263,394**

Changes in advances on equity securities are mainly attributable to:

> Increases in advances for the following entities:
  - Cécoville SAS, for €66.4 million,
  - Klécar Foncier España SL, for €41 million,
  - Solorec SC, for €32.3 million,
  - Corio Italia Srl, for €32 million;

> Decreases in the advances for the following entities:
  - Capucine BV, for €91.4 million,
  - Klépierre Vallecas SA, for €66.7 million,
  - Corio Real Estate SL, for €65.6 million,
  - Unter Goldschmied Köln GmbH further to the sale of the company, for €65.5 million,
  - Klépierre Alpes SAS, for €51.3 million,
  - Klépierre Plenilunio Socimi SA, for €38.7 million,
  - Klépierre Kraków Sp. z o.o. further to its liquidation, for €38.3 million,
  - Klépierre Grand Littoral SAS, for €36.9 million,
  - Sagep SAS, for €20.8 million,
  - Klépierre Nordica BV, for €13.3 million,
  - Nueva Condo Murcia SC, for €9.8 million.

Impairment of advances to subsidiaries and affiliates corresponds mainly to provisions set aside for the advances to Les Portes de Chevreuse SNC for €16.9 million, Klépierre Berlin Leasing GmbH for €3.7 million and Klépierre Management Deutschland GmbH for €3.1 million.

3.3 Other non-current assets

3.3.1 Loans

Loans in 2017 included the loan granted to Klépierre Plenilunio Socimi SA. This subsidiary was recapitalized in 2018 by offsetting the receivable in question.

3.3.2 Other non-current financial assets

In €k	12/31/2018	12/31/2017
Treasury shares	518,392	368,433
TOTAL	**518,392**	**368,433**

The buyback of shares in view of their subsequent cancellation amounted to €500 million at December 31, 2018. These shares are not subject to impairment if they have not been canceled by the year end. Had these shares were remeasured at the year-end based on the average price for the last month of the fiscal year, a provision would have been recognized for €98 million.

The Company's treasury shares, acquired to be transferred to the seller as part of an external growth transaction, totaled €18.3 million.

3.4 Trade and other receivables

Receivables amounted to €35.6 million, including €7.7 million in trade receivables and €27.9 million in other receivables. Most trade receivables are due in less than one year.

Other receivables break down as follows:

In €k	12/31/2018	12/31/2017
Tax receivables	**3,046**	**18,931**
> VAT	1,435	1,190
> Other taxes and duties	1,611	17,741
Deferral of payment on swaps	**21,810**	**52,794**
Other receivables	**3,091**	**3,715**
TOTAL	**27,947**	**75,440**

Other taxes and duties mainly relate to CICE tax credits for 2015, 2016, 2017 and 2018, in an amount of €1.2 million.

Deferral of payments on swaps corresponds to the outstanding balance to be amortized of premiums paid relating to derivatives canceled or restructured. Deferral of payments on swaps have been reclassified from prepaid expenses and deferred expenses.

Other receivables mainly correspond to outstanding work to be rebilled to tenants for the renovation of the Jaude Center.

Other receivables break down as follows by maturity

In €k	Total	Less than one year	One to five years	More than five years
Tax receivables	**3,046**	**1,848**	**1,198**	**-**
> VAT	1,435	1,435	-	-
> Other taxes and duties	1,611	413	1,198	-
Deferral of payment on swaps	**21,810**	**18,695**	**3,115**	**-**
Other receivables	**3,091**	**1,858**	**1,233**	**-**
TOTAL	**27,947**	**22,401**	**5,546**	**-**

3.5 Marketable securities and treasury shares

Marketable securities amounted to €76 million of which:

- €50.2 million in treasury shares held in connection with the liquidity agreement, bonus share and stock option plans;
- €25 million in respect of term deposits;
- €0.8 million in short-term cash investments.

Information on treasury shares

At December 31, 2018, the total number of treasury shares was 16,925,419 shares (5.38% of shares in issue), with a carrying amount of €568.6 million (see notes 3.3.2 and 3.5).

These treasury shares are allocated as follows:

- 335,423 shares held under the liquidity agreement;
- 418,034 shares held for future stock options plans;
- 2,400 shares held for the 2015 bonus share plan;
- 284,334 shares held for the 2016 bonus share plan;
- 280,234 shares held for the 2017 bonus share plan;
- 302,934 shares allocated on April 24, 2018 and July 9, 2018 to Klépierre's 2018 Plan;
- 885,195 shares held to cover external growth transactions and recognized in non-current financial assets;
- 14,416,865 shares acquired within the scope of the share buyback program and recognized in non-current financial assets.

1,672,136 treasury shares held under the liquidity agreement were sold during 2018, resulting in a net loss of €1.4 million.

3.6 Prepaid expenses and deferred expenses

In €k	12/31/2018	12/31/2017
Prepaid expenses	**145**	**422**
Deferred expenses	**18,132**	**21,731**
> Bond issue costs	12,024	14,063
> Bank loan issue costs	6,109	7,668
Bond premiums	**16,153**	**18,474**
TOTAL	**34,430**	**40,627**

Loan issue costs and bond issue premiums are accounted for over the term of the borrowings.

NOTE 4 NOTES TO THE COMPANY FINANCIAL STATEMENTS: BALANCE SHEET LIABILITIES

4.1 Shareholders' equity

In €k	12/31/2017	Appropriation of profit	Distribution	Other	12/31/2018
Share capital[(a)]	**440,098**	**-**	**-**	**-**	**440,098**
Additional paid-in capital from share issues, mergers and contributions					
> Issue premiums	4,906,585	-	-	-	4,906,585
> EOC issue premiums	174,012	-	-	-	174,012
> Contribution premiums	259,318	-	-	-	259,318
> Merger premiums	310,095	-	-	-	310,095
Technical merger surplus	197,952	-	(73,363)	-	124,589
Share cancellation premium	18,557	-	-	-	18,557
Legal reserve	44,010	-	-	-	44,010
Other reserves					
> Untaxed reserves	-	-	-	-	-
> Other reserves	168,055	-	(168,055)	-	-
Retained earnings	**104,971**	**269,749**	**(374,720)**	**26,757**[(b)]	**26,757**
Net income/(loss) for the year	**269,749**	**(269,749)**	-	**350,224**	**350,224**
TOTAL	**6,893,402**	**-**	**(616,138)**	**376,981**	**6,654,244**
(a) Composition of share capital					
Ordinary shares	*314,356,063*				*314,356,063*
Par value (in €)	*1.40*				*1.40*

(b) The increase in retained earnings refers to the €26.8 million in dividends relating to allocated treasury shares.

In accordance with the resolutions approved by the General Meeting of Shareholders on April 24, 2018, a total amount of €616.1 million was distributed in the form of dividends. The dividend includes €269.7 million in respect of 2017 net income, €105 million in retained earnings, €168.1 million in other reserves and €73.4 million in technical merger surplus.

Dividends payable on treasury shares were allocated to retained earnings for a total amount of €26.8 million.

4.2 Provisions for contingencies and losses

In €k	12/31/2017	Additions	Reversals	12/31/2018
Other provisions for contingencies and losses	44,021	46,648	(14,880)	75,789
TOTAL	**44,021**	**46,648**	**(14,880)**	**75,789**

Additions to this item mainly correspond to a provision for negative equity relating to investments in Klépierre Grand Littoral SAS for €35.8 million and a provision for bonus shares plans for €9.8 million.

Reversals of provisions mainly correspond to a reversal of a provision on the shares of Sanoux SCI for €3.9 million, a reversal of provisions on swaps qualified as isolated open positions for €0.6 million, and a reversal of a provision for stock options and bonus shares for €9.7 million.

4.3 Loans and borrowings

In €k	12/31/2018	12/31/2017
Bonds	**5,732,276**	**6,036,234**
> Principal	5,657,811	5,949,051
> Accrued interest[a]	74,465	87,183
Bank loans and borrowings	**7,967**	**133,718**
> Credit facilities	-	83,382
> Interest accrued on credit facilities	759	1,213
> Bank overdrafts	4,382	46,284
> Accrued interest on swaps	2,826	2,839
Other loans and borrowings	**2,569,935**	**2,400,619**
> Security deposits and guarantees received	5,138	4,964
> Cash pooling	1,042,576	891,050
> Interest accrued on cash pooling	295	569
> Commercial paper	1,500,000	1,493,129
> Share in net income	21,927	10,906
TOTAL	**8,310,178**	**8,570,571**

(a) Coupon payable annually depending on the due date of the loan.

The maturity dates of borrowings were as follows as of December 31, 2018:

In €k	Total	Less than one year	One to five years	More than five years
Bonds	**5,732,276**	**349,065**	**2,248,211**	**3,135,000**
> Principal	5,657,811	274,600[a]	2,248,211[b]	3,135,000[c]
> Accrued interest	74,465	74,465	-	-
Bank loans and borrowings	**7,967**	**7,967**	**-**	**-**
> Credit facilities	-	-	-	-
> Interest accrued on credit facilities	759	759	-	-
> Bank overdrafts	4,382	4,382	-	-
> Accrued interest on swaps	2,826	2,826	-	-
Other loans and borrowings	**2,569,935**	**2,564,798**	**-**	**5,138**
> Security deposits and guarantees received	5,138	-	-	5,138
> Cash pooling	1,042,576	1,042,576	-	-
> Interest accrued on cash pooling	295	295	-	-
> Commercial paper	1,500,000	1,500,000	-	-
> Share in net income	21,927	21,927	-	-
TOTAL	**8,310,178**	**2,921,830**	**2,248,211**	**3,140,138**

(a) September 2019: €274,600,000.
(b) April 2020: €300,000,000, August 2020: €250,000,000, February 2021: €298,811,000, March 2021: €564,400,000, December 2022: €85,000,000, April 2023: €750,000,000.
(c) November 2024: €630,000,000, October 2025: €255,000,000, February 2026: €500,000,000, February 2027: €600,000,000, May 2027: €50,000,000, September 2031: €600,000,000, December 2032: €500,000,000.

4.4 Trade payables

On average, suppliers are paid within approximately 38 days of receipt of the related invoice.

4.5 Accrued taxes and payroll costs

In €k	12/31/2018	12/31/2017
Personnel and related accounts	1,756	1,474
Other taxes	4,221	2,819
TOTAL	**5,977**	**4,293**

In 2018, "Other taxes" mainly corresponded to accruals for payroll taxes in an amount of €2 million and to outstanding output VAT for €1.1 million.

4.6 Other payables

In €k	12/31/2018	12/31/2017
Discounts granted to customers	396	30
Deferral of payment on swaps	27	279
Other	7,520	29,421
TOTAL	**7,943**	**29,730**

Most of these payables are due in less than one year.

Other payables mainly included an intercompany liability for €23.4 million, which was repaid in 2018. As at December 31, 2018, other payables include the positive valuation differences for swaps qualified as isolated open positions for €2.8 million.

4.7 Prepaid income

In €k	12/31/2018	12/31/2017
Prepaid income	**11,677**	**15,935**
> Deferral of bond issue premiums	8,739	12,233
> Key money	425	267
> Other	2,512	3,435
TOTAL	**11,677**	**15,935**

Bond issue premiums are recognized over the term of the bonds.

Key money is recognized over the non-cancelable lease term. The balance of this item as of December 31, 2018 stood at €0.4 million, and the impact in income for 2018 amounted to €0.2 million.

Other prepaid income mainly corresponds to the recognition of interest income on commercial paper for €1.2 million and the recognition of income from capital expenditure rebilled to tenants for €1.3 million. Income from capital expenditure is recognized over the non-cancelable lease term to the extent that the annual amount exceeds €0.4 million per building.

4.8 Currency translation adjustment – liabilities

The currency translation adjustment for liabilities corresponds to the cumulative foreign exchange gains realized on currency swaps hedging USD exposure related to Akmerkez's Turkish assets for an amount of €7.1 million.

NOTE 5 NOTES TO THE COMPANY FINANCIAL STATEMENTS: INCOME STATEMENT

5.1 Net operating income

The net operating loss for 2018 amounted to €6 million, attributable mainly to an increase in operating expenses due to upfront costs incurred on an abandoned acquisition opportunity.

5.2 Share of income from joint operations

This item amounted to €171.7 million in 2018, and mainly included:

- The Company's share of 2017 net income in Cecobil SCS, Soaval SCS and Bègles Arcins SCS for €17.1 million, which was distributed in accordance with the decisions of the shareholders of the limited partnerships;
- The Company's share of 2018 net income in Klécar France SNC for €113.2 million, Solorec SCI for €15.1 million, Secovalde SCI for €13.1 million, and SCOO SC for €7.2 million;
- The Company's share of 2018 net losses in Bassin Nord SCI for €10.7 million, Pasteur SC for €7.9 million, and Klépierre Management SNC for €1.5 million.

5.3 Net financial income

The Company recorded net financial income of €183.9 million for the year ended December 31, 2018 compared to net financial income of €150.8 million for the year ended December 31, 2017.

5.3.1 Financial income

In €k	12/31/2018	12/31/2017
Income from equity investments	409,610	80,633
Interest on advances to associates	143,698	189,164
Bank interest on loans[(a)]	3,107	-
Interest on current accounts and deposits[(a)]	233	1,233
Other financial income	5,264	7,052
Reversal of financial provisions	109,017	261,508
Transferred financial expenses	3,040	4,758
Swap-FX and isolated open position income[(a)]	2,915	-
Other foreign exchange gains	1,695	580
TOTAL FINANCIAL INCOME	**678,579**	**544,928**

(a) Gains and losses on swaps, borrowings and cash pools are netted.

Income from equity investments mainly corresponds to dividends in respect of 2017 received during the year from the following subsidiaries: Klémurs SCA, Cécoville SAS, Sagep SAS, Klépierre Vallecas SA, KLE 1 SAS, Klépierre Alpes SAS and other miscellaneous subsidiaries. Interim dividends received are also included in this item for €35.5 million as well as distributions of premiums and reserves for €253 million (see note 3.2.1).

Changes in "Bank interest on loans" in an amount of €4 million are attributable to:

> An increase in interest received on commercial paper for €3.1 million;

> A decrease in interest paid on credit facilities for €0.9 million.

Other financial income amounted to €5.3 million and mainly included the recognition of premiums received on bonds for €3.5 million and guarantee fees for €1.8 million.

Reversals of financial provisions correspond to:

> Reversals of allowances against advances to subsidiaries for €52.3 million;

> Reversals of impairment of equity investments for €44.9 million;

> Reversal of provisions for treasury shares for €6.6 million;

> Reversals of provisions for risks on equity investments for €4.1 million;

> Reversals of provisions on swaps qualified as isolated open positions for €0.6 million;

> Reversals of impairment of technical losses on equity investments for €0.4 million.

In 2018, transferred financial expenses comprise bank commissions on bilateral loans.

The net gain on swaps qualified as isolated open positions and foreign exchange swaps amounted to €2.1 million and €0.8 million, respectively.

5.3.2 Financial expenses

In €k	12/31/2018	12/31/2017
Interest on bonds	134,660	149,339
Interest on Polish bonds	-	14
Bank Interest on loans[(a)]	-	913
Interest on current accounts and deposits	2,188	1,704
Swap-related and other hedging instrument expenses[(a)]	22,381	37,151
Other financial expenses	14,910	13,383
Amortization of bond premiums	2,321	2,267
Amortization of loan issue costs	6,370	5,902
Financial provision expense	310,148	170,917
Swap-FX and isolated open position expenses[(a)]	-	3,488
Other foreign exchange loss	1,660	9,071
Net expense from disposals of marketable securities	9	8
TOTAL FINANCIAL EXPENSES	**494,646**	**394,150**

(a) Gains and losses on swaps, borrowings and cash pools are netted.

The €14.7 million decrease in interest on bonds was attributable to:

> A decrease in interest further to the repayment of the loan that matured in January 2018, for €12.7 million;

> An increase in interest attributable to the full-year effect of transactions carried out in 2017 (repayment and issue of loans, bond redemptions) in an amount of €2 million.

Interest on current accounts and deposits mainly corresponds to interest from cash pooling arrangements with Klépierre Finance SAS for a net amount of €2.1 million.

In 2018, the net expense on interest-rate swaps and other hedging expenses corresponds to:

- The spread of swap contracts and hedging instruments, representing a net expense of €32.8 million;
- Net gains of €10.4 million on interest rate swaps qualifying as hedges.

Other financial expenses mainly correspond to commissions on borrowings and to merger losses further to the transfer of all assets and liabilities of certain entities.

Financial provision expense mainly includes:

- €256.5 million in impairment of equity investments;
- €36.3 million in provisions for risks on equity investments;
- €8.3 million in impairment of technical losses on equity investments;
- €8.2 million in provisions for treasury shares;
- €0.6 million in allowances against advances to subsidiaries and affiliates.

5.4 Non-recurring income and expense

In €k	12/31/2018	12/31/2017
Gains and losses on disposals of investments properties	-	(5,575)
Gains and losses on disposals of equity investments	(77)	(13,003)
Gains and losses on disposals of treasury shares	(1,521)	1,926
Gains and losses on bond redemptions	-	(12,620)
Other non-recurring income and expenses	(465)	-
Reversals of provisions and impairment	-	18,842
TOTAL	**(2,063)**	**(10,430)**

5.5 Income tax

In €k	12/31/2018	12/31/2017
Income tax and contributions	2,636	18,143
TOTAL	**2,636**	**18,143**

Income tax benefit for 2017 was attributable to the effect of the 3% dividend tax refund for €12 million (in respect of 2015 and 2016) and to late payment interest received for €6.1 million further to a tax dispute.

In 2018, income tax benefit corresponds to the additional 3% dividend tax refund (in respect of 2014) and corresponding interest.

NOTE 6 NOTES TO THE COMPANY FINANCIAL STATEMENTS: OFF-BALANCE SHEET COMMITMENTS

6.1 Reciprocal commitments relating to interest-rate hedging instruments

As of December 31, 2018, Klépierre SA holds a portfolio of interest-rate hedging instruments intended to hedge a portion of current and future debt on the basis of the total funding requirements and corresponding terms set out in the Group's financial policy.

The unrealized capital loss on interest-rate hedging instruments at December 31, 2018 amounted to €4 million (excluding accrued interest), a portion of which relates to swaps for which provisions have been set aside in an amount of €0.2 million (excluding accrued interest).

Interest rate derivatives *In €k*	12/31/2018	12/31/2017
Fixed payer swaps	1,510,000	1,260,000
Fixed receiver swaps	594,070	344,070
Swaptions	200,000	-
Caps	1,450,000	1,200,000

Foreign exchange derivatives *In €k*	12/31/2018	12/31/2017
FX forward contract in USD	-	375,000

Impact on income

Impact on income (reference capital 1-10 years) *In €k*	12/31/2018 Income	 Expenses
Fixed payer swaps	9,018	10,002
Fixed receiver swaps	16,031	3,962

In €k	12/31/2018	12/31/2017
Commitments given		
Commitments on purchases of securities and malls	-	-
Committments on sale promissory agreement	-	-
Financial guarantees given	373,819	372,080
Other commitments given	17,045	17,001
TOTAL	**390,864**	**389,081**
Commitments received		
Deposits received from tenants	1,031	1,020
Financing commitments received from financial institutions	1,750,000	1,473,489
Commitments to purchase securities	-	-
Commitments on sale of buildings	-	-
Other commitments received	-	-
TOTAL	**1,751,031**	**1,474,509**

Financial guarantees given mainly concern a parent company guarantee granted to a bank in relation to a loan contracted by a subsidiary.

6.2 Other commitments

Shareholders' agreements in respect of Bègles Arcins SCS

This agreement was entered into between Klépierre and Assurécureuil Pierre 3 on September 2, 2003, and contains provisions relating to the governance of the company, and the usual protections in the event of proposed share sales, as well as a dispute resolution clause.

Shareholders' agreement between Klépierre and Vendôme Commerces SCI in respect of Cecobil SCS

Entered into on October 25, 2007 following the conversion of Cecobil SCS into a limited partnership, this agreement contains the usual protections in the event of a proposed sale of shares to a third party (first refusal and full tag-along rights) and the change of control of a shareholder.

Klépierre is the successor to the rights and obligations of Kléber La Pérouse SNC in respect of this agreement, further to the transfer of all of its assets and liabilities to Klépierre on July 4, 2012.

Shareholders' agreements between Klépierre and Vendôme Commerces SCI in respect of Secovalde SCI and Valdebac SCI

Entered into on October 25, 2007, this agreement contains the usual protections in the event of a proposed sale of shares to a third party (first refusal and full tag-along rights) and the change of control of a shareholder.

The agreement was amended via addenda on December 29, 2008 and November 23, 2010, and is also applicable to Valdebac SCI since December 8, 2010, the date on which more than 99.99% of the shares were transferred from Kléber La Pérouse SNC and Vendôme Commerces SCI to Secovalde SCI. Consequently, the shareholders' agreement exclusively concerning Valdebac SCI, entered into by Kléber La Pérouse SNC and Vendôme Commerces on June 21, 2010, was terminated on December 8, 2010.

Klépierre is the successor to the rights and obligations of Kléber La Pérouse SNC in respect of this agreement, further to the transfer of all of its assets and liabilities to Klépierre on July 4, 2012.

Shareholders' agreements between Klépierre, Klefin Italia, Finiper, Finiper Real Estate & Investment, Ipermontebello, Immobiliare Finiper and Cedro 99 in respect of Clivia

With regard to Clivia, the agreement dated December 14, 2007 initially concluded for a period of ten years was tacitly renewed for a further ten-year period. The agreement contains provisions for a right of first refusal in the event of a sale of shares to third parties and a tag-along right, as well as provisions relating to the governance of the company and to the majority required to approve certain company decisions.

Shareholders' agreements between Klépierre and Stichting Pensioenfonds ABP in respect of Swedish company Nordica Holdco AB, and Norwegian companies Storm Holding Norway AS and Steen & Strøm

Shares in Steen & Strøm were acquired via Storm Holding Norway AS, a company registered in Norway and wholly-owned by Nordica Holdco AB, a company registered in Sweden.

This agreement was entered into on July 25, 2008 and was amended on October 7, 2008. It contains the usual protections for non-controlling interests: qualified majority voting for certain decisions, call option in the event of deadlock and tag-along rights, as well as the following provisions:

> A one-year lock-up period applied to Steen & Strøm shares from the date of acquisition;

> Each party has a right of first offer on any shares which the other party wishes to transfer to a third party. However, if the shares are transferred by a party (other than Klépierre or one of its affiliates) to a Klépierre competitor (as defined in the agreement), the shares concerned will be subject to a right of first refusal and not a right of first offer;

> From the sixth year following acquisition, either party may request a meeting of shareholders to vote on the disposal of all the shares or assets of Steen & Strøm, or a market flotation of the Company. The vote will be subject to a two-thirds majority;

- Through deeds of adherence dated December 23, 2009, Storm ABP Holding BV and APG Strategic Real Estate Pool NV became party to the shareholders' agreement;
- Through a deed of adherence dated September 30, 2011, Stichting Depositary APG Real Estate Pool became party to the shareholders' agreement.

Shareholders' agreement between Klépierre and Cardif Assurance Vie regarding Portes de Claye SCI

Entered into on April 16, 2012, this agreement contains provisions governing relations between the company's shareholders.

It provides the usual protections in the event of a proposed sale of shares to a third party:

- Reciprocal preemption right;
- Reciprocal full tag-along right;
- Full tag-along obligation for non-controlling shareholders in the event the controlling shareholder plans to sell its full equity stake.

It also gives non-controlling shareholders a right of first offer in the event of a sale of assets by the company.

Klécar France SNC became the successor to the rights and obligations of KC 2 SNC in respect of this agreement following the transfer of all of its assets and liabilities to Klécar France SNC on June 5, 2012.

Klépierre is the successor to the rights and obligations of Klécar France SNC in respect of this agreement following the transfer of its stake in Portes de Claye SCI to Klépierre.

Shareholders' agreement between Klépierre, Klépierre Massalia SAS and Lacydon SA relating to Massalia Invest SCI and Massalia Shopping Mall SCI

Entered into on November 14, 2014, this agreement contains provisions governing relations between the shareholders of said companies, particularly with respect to the governance of Massalia Invest SCI and Massalia Shopping Mall SCI, the terms relating to the sale and divestment by shareholders of their investment in Massalia Invest SCI (right of first refusal, tag-along right, change of control clause, call option) and the conditions and main methods of funding of Massalia Invest SCI and Massalia Shopping Mall SCI.

An amendment dated September 27, 2017 modified the rules applicable to the management committee when voting on decisions relating to the shopping center's food superstore.

Shareholders' agreement between the Klépierre Group and the main shareholders of Akmerkez (Turkish listed company)

Entered into in 2005, this agreement contains provisions governing relations between shareholders, including the composition of the Board of Directors, particularly the number of representatives of each shareholder on the Board. It also contains provisions relating to the majority required to adopt decisions which must be submitted to the Board of Directors for approval.

NOTE 7 OTHER DISCLOSURES

7.1 Cash pooling

On November 30, 2000, Klépierre SA joined a cash pool managed by Klépierre Finance SAS. A new agreement was entered into for the cash pool on April 5, 2017.

At December 31, 2018, Klépierre SA's liability with respect to the cash pool with Klépierre Finance SAS amounted to €1,042.6 million.

7.2 Headcount

At December 31, 2018, the Company's headcount comprised the two members of the Executive Board and an employee. The Company is managed and administered by Klépierre Management SNC.

7.3 Loans and guarantees in respect of senior executives and Supervisory Board members

None.

7.4 Compensation paid to corporate officers and Supervisory Board members

Klépierre SA, the parent company of the Klépierre Group, is a French joint-stock corporation *(société anonyme)* with a dual governance structure comprising an Executive Board and a Supervisory Board.

Gross compensation paid to corporate officers for 2018 amounted to €2,328,247.

Directors fees allocated to Supervisory Board members in respect of fiscal year 2018 totaled €676,668, including €97,800 corresponding to the gross annual amount allocated to the Chairman of the Supervisory Board.

7.5 Subsequent events

In early January 2019, Klépierre SA strengthened its hedging profile by:

- Renewing €250 million in caps maturing during first-quarter 2019 for periods of between two and four years;
- Buying €500 million in four-year payer swaptions.

On January 8, 2019, Klépierre SA subsidiary Klémurs SCA completed its capital decrease as decided by its shareholders' meeting of December 7, 2018, along with all legal formalities.

NOTE 8 INFORMATION ON CONSOLIDATION

The Klépierre SA company financial statements are fully consolidated by the Klépierre Group.

As of December 31, 2018, the Klépierre Group is accounted for under the equity method by Simon Property Group and APG, which at that date held 20.33% and 11.94% stakes in the share capital of Klépierre (including treasury shares), respectively.

3.4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Klépierre,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Klépierre for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Impairment of equity investments

Risk identified	Our response
As at December 31, 2018, Klepierre hold equity investments for a net amount of €8,954 million after €799 million of impairment, mainly in companies owning shopping centers. As detailed in note 2.2.4 to the financial statements, impairment tests for the equity investments are based on the net asset value and the future cash-flows of the equity investment, where the net asset value is estimated mainly on the basis of the appraisal value of the underlying investment properties. The valuations retained by management are carried out by third-party appraisers. Determining the fair value of investment properties requires significant judgement. Therefore, the valuation of equity investments is considered to be a key audit matter due to the significance of the item in the financial statements as a whole, combined with the judgement exercised for determining the net asset values.	We obtained an understanding of management's controls over net asset values and controls over the variations of values in comparison with prior periods. We assessed the competence and independence of the third-party appraisers. We included our real estatement valuation specialists in our meetings with the external appraisers to understand the methodology applied, the main assumptions underlying their valuations of the investment properties and more particularly amongst other inputs, market trends, recent market transactions and market yields. We performed specific procedures on investment properties where the valuation and variances were significant, as well as those where the assumptions and the changes observed in the values suggested a possible outlier versus market data for the relevant sector. When necessary, we planned further discussions with management. Moreover, we performed analytical procedures by comparing to last year, the fair values and the investment properties' assumptions underlying the net asset values. We benchmarked the latest assumptions used to relevant market information. We recomputed the net asset values based on the valuation of the underlying investment properties taking into account the related transfer taxes. We assessed the need for recognition of impairment of equity investments comparing the carrying amount of the equity investments to their net asset values.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Executive Board's management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Supervisory Board report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the Supervisory Board and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Klépierre by the annual general meeting held on April 19, 2016 for ERNST & YOUNG Audit and held on June 28, 2006 for DELOITTE & ASSOCIÉS.

As at December 31, 2018, ERNST & YOUNG Audit was in the 3rd year of total uninterrupted engagement and DELOITTE & ASSOCIÉS in the 13th year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris - La Défense, March 5, 2019

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS		ERNST & YOUNG Audit
Laure SILVESTRE-SIAZ	Damien LEURENT	Bernard HELLER

3.5 OTHER INFORMATION

3.5.1 Financial summary for the past five fiscal years (data provided under the terms of Article R. 225-102 of the French Commercial Code)

In €	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
TOPIC NAMES					
CAPITAL AT YEAR-END					
Share capital	440,098,488	440,098,488	440,098,488	440,098,488[a]	279,258,476
Number of existing ordinary shares	314,356,063	314,356,063	314,356,063	314,356,063[a]	199,470,340
TRANSACTION AND INCOME FOR THE FISCAL YEARS					
Pre-tax revenues	35,837,366	35,069,108	25,530,355	28,481,734	4,355,802
Earnings before tax, employee profit-sharing, amortization and provisions	566,377,797	158,692,858	311,977,949	706,703,461	669,668,321
Coporate income tax	(2,636,003)	(18,142,909)	729,300	(127,285)	3,752,869
Earnings after tax, employee profit-sharing, amortization and provisions	350,223,680	269,749,180	575,552,047	(110,885,971)	717,904,333
Dividends paid	660,147,732[b]	616,137,883	572,128,035	534,405,307	398,423,694
EARNINGS PER SHARE					
Earnings before tax, employee profit-sharing, amortization and provisions	1.80	0.50	0.99	2.25	3.36
Earnings after tax, employee profit-sharing, amortization and provisions	1.11	0.86	1.83	(0.35)	3.60
Net dividend per share	2.10[b]	1.96	1.82	1.70	1.60
PERSONNEL					
Average labor force employed during the fiscal year	3.6	3.8	3.0	0.5	Nil
Total payroll and employee benefits	3,488,169	1,887,157	2,435,419	25,601	–

(a) Capital increase following the exchange offer of 8 and 16 January 2015 made by Klépierre on Corio NV, followed by the crossborder merger of Corio NV by Klépierre dated March 31, 2015.
(b) Subject to shareholder approval at a general meeting April 16, 2019. Without include future share cancellations.

3.5.2 Acquisition of equity holdings and movements in equity securities impacting the corporate financial statements of Klépierre SA

No significant new shareholdings or takeovers are to be reported in 2018.

3.5.3 Average supplier payment period and of customers (data provided under the term of article L. 441-6-1 of the French Commercial Code)

On average, suppliers are paid approximately 38 days from the receipt date.

As at December 31.2018, Klepierre's suppliers balances stand at €6.4 million to be paid no later than February 7, 2019.

▶ UNPAID INVOICES RECEIVED AND ISSUED AT THE BALANCE SHEET DATE FOR THE YEAR IN WHICH THE TERM HAS EXPIRED

	Article D. 441 I. -1°: Invoices received but not paid at the closing date of the fiscal year for which the term has expired						Article D. 441 I. -2°: Unpaid invoices issued at the closing date of the fiscal year for which the term has expired					
In €	0 day *(optional)*	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total *(1 day and more)*	0 day *(optional)*	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total *(1 day and more)*
(A) LATE PAYMENT INSTALMENTS												
Number of invoices concerned	0					116	0					1,409
Total amount of invoices concerned *(including VAT)*	-	42,931	1,661	252,185	234,893	531,670	0	263,350	62,718	2,746	5,276,698	5,605,512
Percentage of total purchases for the year *(including VAT)*	0%	0%	0%	1%	1%	2%						
Percentage of sales for the financial year *(including VAT)*							0.00%	0.59%	0.14%	0.01%	11.81%	12.54%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNISED DEBTS AND RECEIVABLES												
Number of invoices excluded	5						0					
Total amount of invoices excluded *(including VAT)*	1,974						0					
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL TERM - ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE COMMERCIAL CODE												
Payment terms used to calculate payment delays	** Contractual deadlines: 45 days*						** Contractual deadlines: 45 days*					

3.5.4 Outcome of the share buyback program (data provided pursuant to Article L. 225-211 of the French Commercial Code)

In number of treasury shares	Liquidity	Plan 2010	Plan 2011	Future Stock options	Bonus shares	Acquisitions	Share buy-back program	Total
Position at 12/31/2017	**231,347**	**73,325**	**251,076**	**182,230**	**872,091**	**885,195**	**9,761,424**	**12,256,688**
Stock option allocation								0
Stock option plan adjustements		(4,505)	(230,842)	235,804	(457)			0
Options exercised during the year		(68,820)	(20,234)		(1,732)			(90,786)
Purchases	1,776,212						4,655,441	6,431,653
Sales	(1,672,136)							(1,672,136)
Position at 12/31/2018	**335,423**	**0**	**0**	**418,034**	**869,902**	**885,195**	**14,416,865**	**16,925,419**

(a) *Updating of the number of beneficiaries to reflect employee turnover.*

During 2018 as whole, 6,431,653 shares were bought back at an average price per share of €32.25 and 1,672,136 shares were sold at an average price per share of €32.54. At December 31, 2018, Klépierre held 16,925,419 of its own shares (directly or indirectly) representing a total value of €568.56 million based on book value and €23.70 million at par value.


BIENVENUE

4

SUSTAINABLE DEVELOPMENT

4.1 KLÉPIERRE'S CSR STRATEGY

4.1.1 Business environment

Klépierre's business model covers the development, management and operation of shopping centers located in prime urban locations covering 16 European markets.

With a portfolio consisting of largely dominant assets in dynamic urban centers, the Group delivers value for its stakeholders through its proactive approach to shopping center management; its commitment to developing strong partnerships with its customers; and its relentless focus on delivering compelling retail destinations.

The principle resources the Group relies upon to deliver its business model include the financial capital needed to fund its acquisition and development activities, a healthy retail sector, technology and innovation to anticipate consumer trends, infrastructure in the form of space and urban development and natural capital to power its assets.

The transformation of the retail sector is however putting these resources under pressure; challenging retailers and shopping center owners to adapt. On the one hand, e-commerce, the emergence of new consumption models and changing consumer expectations have forced retailers and shopping center owners to redefine the shopping experience and explore new distribution models. New investments in physical retail space are meanwhile concentrated on the most desirable locations that serve thriving catchment areas and offer flexible space.

At the same time, consumers are looking for a more personal experience that goes beyond just shopping. They are increasingly concerned about where their products come from, and how they are produced, as sustainability considerations influence their purchasing decisions. Within this context, features such as a compelling tenant mix featuring small and local retailers and attractive leisure facilities are vital to creating resilient assets where people can shop, relax and connect.

Lastly, investor sentiment is changing. The growth of sustainability benchmarks such as the Global Real Estate Sustainability Benchmark (GRESB) show a clear trajectory towards greater transparency driven largely by investor demand. Meanwhile, global issues such as climate change have challenged asset owners to develop resilient buildings that protect and enhance long-term values.

Klépierre's ability to thrive in this environment is underpinned by its relationships with its key stakeholders: the national and international brands that occupy its assets—many of whom represent the dominant retailers in their segment—the hundreds of millions of consumers who visit its shopping centers each year, its shareholders and investors, employees and local communities.

These relationships are enhanced by the integration of sustainability into the Group's core business activities led by the Act for Good® sustainability strategy. Launched in 2017, Act for Good® sets out Klépierre's strategy across three pillars that together reflect the Group's most material sustainability risks and opportunities and support its response to the transformation of the retail sector.

Klépierre's strategy and business model for value creation are presented in more detail in the chapter 1 of this registration document (see section 1.1).

4.1.2 Main non-financial risks and opportunities

The material social, environmental, human rights and anti-corruption related risks affecting Klépierre's business model and core activities are reviewed on an annual basis as part of the Group's overall risk assessment.

Some of these non-financial risks have been deemed sufficiently material to be added to the list of the most significant and specific risks for the Group; they include:

> Climate Change;

> Human Resources; and

> Health, Safety and Security.

For more information on these risks, and the Group's risk management framework, see section 1.7.

The tables below present the other non-financial risks and opportunities.

► **CSR TOPICS COMPRISING MAJOR RISKS**

Risk	How Klépierre is mitigating the risk	Where to find out more
Business ethics – Being involved in a case of corruption or money laundering could lead to reputational, judicial, financial or even operational risks such as the cessation of activity.	The Klépierre Code of Professional Conduct underscores the Group's commitment to ethical conduct in its business dealings. It sets out the ethical principles and corporate values to which the Group is committed, and informs all employees about what is expected of them, and what they are entitled to expect from Klépierre Group. The Code is reviewed and updated regularly, most recently in 2018 when its anti-corruption measures were strengthend with the publication of the Anti-Corruption Code of Conduct following the introduction of the Sapin II law in France. The Codes are communicated to all employees including new joiners and are annexed into the Group's internal regulations which provides a secure and anonymous reporting procedure. Risk-based training is delivered to employees most exposed to potential corruption and money laundering, and an evaluation procedure has been developed for third parties. Further compliance measures include an annual rotating audit of purchasing ethics and the communication of the Group's standards through the Responsible Procurement Charter (see Outsourcing and responsible purchasing below). Furthermore, under the **Act for People** pillar of its sustainability strategy, Klépierre has set a long-term ambition to promote ethics in its communities. Specifically, it has a set a target to promote business ethics among 100% of employees and stakeholders.	Act for People, page 196
Customer health and safety – Klépierre's shopping centers are exposed to safety risks, principally building collapse and/or a fire, as well as failure to comply with safety measures or mandatory control procedures imposed by local or national governments. Safety risks could result in loss of business. They may also adversely affect the individual shopping center's image; and/or the reputation of Klépierre Group and incur additional costs of incident investigation and/or penalties.	The Group has defined and rolled out minimum operational requirements and annual audits and prevention plans prepared across an array of sites. These cover building aspects, technical aspects and human aspects that minimize risks by applying best practices and in some cases exceeding legal obligations. Appropriate controls and procedures mitigate safety risks, with compliance tested on an ongoing basis. Uniform incident classification and reporting systems are in place across Klépierre shopping centers to better monitor the risks associated with the safety and security of individuals and assets, thereby providing greater insight and understanding.	Act for People, page 186
Outsourcing and responsible purchasing – The majority of goods and services procured by the Group includes utilities (energy and water), general operations, cleaning, maintenance, safety and security. The performance of the Group's suppliers could have a reputational impact on Klépierre if the services procured were of a low quality or did not conform with regulations governing their use. Likewise, any instances of non-compliance with internationally accepted human rights through the activities of its supply chain could lead to reputational damage for the Group and damage its ability to attract new investors and employees. The Group's business continuity could also be impacted if it is over reliant on an individual supplier who subsequently enters a period of financial difficulty.	The Group's purchasing team ensures effective management of operational risks linked to purchasing and optimizing the Group's performance in this area. Its objectives are to streamline the purchasing process; secure, evaluate and monitor a specific pool of approved suppliers and improve operational margins. Close attention is paid to sustainability aspects and the team has progressively incorporated the Group's social and environmental commitments into contractual agreements, with emphasis on economic, environmental and social criteria. These are set out in Klépierre's Responsible Procurement Charter which establishes the standards the Group expects of its suppliers in relation to environmental and social aspects, including human rights. It requires a signature of formal commitment from all Klépierre's service providers Under the **Act for People** pillar of its sustainability strategy, the Group has set long-term commitments to ensure 100% of service suppliers abide by this Responsible Procurement Charter and are selected based on CSR criteria.	Act for Territories, page 183 Act for People, page 197

▶ CSR TOPICS OFFERING THE GREATEST OPPORTUNITIES

Opportunity	How Klépierre is responding to the opportunity	Where to find out more
Local economic development – Klépierre and its tenants are reliant on prosperous and resilient communities in the catchment areas surrounding the Group's assets. Klépierre can make a positive contribution to local economic development—and thereby boost footfall, tenant sales and community engagement—by providing employment opportunities, both directly through the operation of shopping centers, and indirectly through the activities of its tenants and suppliers.	Given that the majority of job opportunities are generated by the Group's retailers, the most significant role Klépierre can play is as a facilitator by supporting tenants to recruit locally, and working with local partners including recruitment agencies to organize initiatives that bring retailers and job seekers together. To this end, the Group has set long-term targets under the **Act for Territories** pillar of its sustainability strategy to ensure that 100% of service suppliers for the daily operations of our centers are "local", and that 100% of centers facilitate local employment.	Act for Territories, page 179
Partnership with retailers – Klépierre's primary customers are the international and national brands that together constitute its strategic partners. By working together, Klépierre and its partners can significantly amplify the positive impact of their respective sustainability activities and contribute to shared goals. These include opportunities to reduce the environmental footprint of Group's assets, to supporting local economic development, boosting community engagement and philanthropic support.	Klépierre has committed to work with its retailers across all three pillars of its Act for Good strategy. The strategy challenges Klépierre and its partners to work together to deliver sustained and significant reductions with a focus on energy use, waste, local economic development and community engagement. For example, under **Act for Territories,** Klépierre has committed for all shopping centers to support an in-house solidarity event organized by a retailer. Klépierre has also committed to support the health and wellbeing of retailer's employees as part of its **Act for People** commitments. See also local economic development and circular economy for other examples of the Group's commitment to partnering with retailers on sustainability goals.	Act for the Planet, page 162 Act for Territories, page 179 Act for People, page 184
Dialog with stakeholders – The Group is reliant on positive relationships with its key stakeholders to deliver its business objectives. These stakeholders include the Group's retail partners, the consumers who visit its shopping centers each year, its shareholders and investors, employees and local communities. These relationships can be enhanced and enriched by the Act for Good strategy that aims to deliver value for the Group's stakeholders by integrating sustainability into the broader program of dialog.	The Group has embedded stakeholder engagement into its core business activities. Engagement with key stakeholders, specifically investors, employees, retailers, visitors and communities is embedded into the Group's Act for Good strategy and long-term commitments. For example, under **Act for the Planet** and **Act for Territories,** the Group has set long-term ambitions supported by short term commitments to increase visitor satisfaction and involve local stakeholders in designing new developments. These are supported by broader considerations that rely on effective dialog to achieve shared objectives. See also partnerships with retailers, local economic developments and the circular economy.	Act for the Planet, page 162 Act for Territories, page 179 Act for People, page 184
Renewable energy – Klépierre's portfolio consumes a significant amount of energy. Klépierre has a responsibility to reduce its climate change impact and positively differentiate its portfolio as a result of the use of zero-carbon energy sources. Not only does this help Klépierre curb its greenhouse gas emissions and reduce exposure to future legislative or tax risks, it also provides an indicator of the strength of the Group's operational management, and contributes significantly to the reputation of the Group among tenants, visitors and investors.	Under the **Act for the Planet** pillar of its sustainability strategy, Klépierre is targeting 100% renewable electricity supply for shopping centers' common parts energy consumption by 2022. Additionally, the Group has established a target for its five largest shopping centers to be "carbon positive" by 2022, and aims to have its climate change strategy certified by the Science-Based Targets (SBT) initiative. The risk of regulatory or tax changes is something Klépierre closely monitors through the industry bodies of which it is a member.	Act for the Planet, page 165
Circular economy – The refurbishment and expansion of shopping centers consumes natural resources and generates substantial volumes of waste. A circular economy model is one which decouples economic activity from the consumption of finite resources; designs out waste and pollution; keeps products and materials in use and regenerates natural systems. Besides reducing impacts on the environment, following a circular economy model can increase efficiency by extending the useful life of materials and resources, and can reduce costs.	To date, Klépierre has focused on limiting waste and controlling the consumption of natural resources in developments by applying the BREEAM certification standard and specifying products and materials that are durable, easy to maintain, low emission, recycled and reused, have an eco-label and/or a lower environmental impact. During the operations phase, the Group promotes effective waste management to ensure that it is disposed of properly. Going forwards, Klépierre will maintain these strategies whilst also seeking to establish circular economy approaches to managing the resources used for and within its assets. This includes long-term commitments under **Act for the Planet** to ensure that 100% of shopping centers' operational waste is diverted from landfill, and for all shopping centers to engage with retailers in a circular economy approach.	Act for the Planet, page 169

4.1.3 Approach to CSR

4.1.3.1 Co-construction with stakeholders

The risks and opportunities identified above were influenced by the most recent materiality review that was conducted in 2017, the results of which also informed the development of the Group's Sustainability strategy. This involved a rigorous multi-stakeholder engagement exercise involving a panel of 20 internal and external stakeholders representing Klépierre's main stakeholders, including retailers, investors, human resources or CSR experts, scientists, NGOs and public authorities.

The panel assessed 38 pre-identified items based on their importance to Klépierre and ranked the top ten issues in terms of risks or opportunities for the Company. Following this assessment, the panel was asked to contribute to the definition of a new sustainability strategy that would achieve the following objectives:

> Meet the expectations of Klépierre's stakeholders;

> Ensure a positive correlation between sustainability activities and financial performance;

> Focus on key impact areas; and

> Reflect the Group's operating context and make it meaningful for employees.

Armed with this brief, the panel and Group representatives explored stakeholders' perceptions of the Group's sustainability activities and developed a framework strategy for consultation. Klépierre's Executive Board participated in these discussions and in the joint development of the Act for Good® strategy by sharing its vision and goals for Klépierre as well as by outlining its commitment to developing and rolling out the new strategy.

This collaboration made it possible to highlight four key themes for Klépierre, which became the major commitments underpinning Act for Good®: climate change, sustainable construction, health and wellbeing, and local value creation.

The draft new strategy was then discussed with all Country Directors, the representatives of the functions that are most directly affected as well as the internal CSR Committee, before being reviewed by the Sustainable Development Committee of the Klépierre Supervisory Board.

4.1.3.2 Sustainability strategy

With its focus on three pillars—Planet, People and Territories—Klépierre's Act for Good sustainability strategy supports the Group's vision by tackling the significant sustainability risks and opportunities facing the shopping center sector, while delivering value to the Company and enriching its relationships with its stakeholders.

ACT FOR GOOD® WITH KLÉPIERRE

ACT FOR THE PLANET

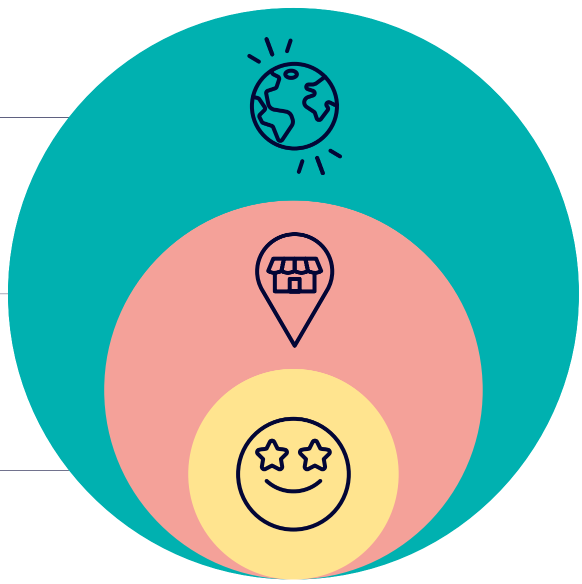
Developing a portfolio of shopping centers that generate environmental benefits

ACT FOR TERRITORIES

Designing and operating our centers as "local hubs" that stimulate value creation

ACT FOR PEOPLE

Empowering our communities in a sustainable way



Each of the three pillars is broken down into specific quantified commitments, with a five-year timeframe (2022), supplemented by medium-term goals (2030).

The strategy builds on Klépierre's achievements since it published its first sustainability strategy in 2013, predominantly in the environmental arena where the Group has historically been most active. While Klépierre continues to target improvements to the environmental performance of its assets, Act for Good® challenges it to work more closely with its customers to deliver sustained and significant reductions with a focus on energy use, water and waste, and sustain asset values by targeting green building certifications.

It also consolidates the Group's activities in two new areas: Territories and People. Act for Territories responds to consumer demand for more new experiences and a shared sense of space and community. The commitments under the Territories pillar challenge the Company to be more local and tap into consumer demand for sustainability. Lastly, Act for People sets broad targets covering the Group's relations with its employees, visitors, suppliers and business partners to build trust and transparency and to deliver a positive and productive working environment.

4.1.3.3 Act for the Planet

Act for the Planet brings together the major environmental issues that Klépierre faces in carrying out its business activities. The Group's positive contribution to environmental matters, which has been acknowledged for many years, has encouraged the Group to set its goals even higher. Over the last few years, Klépierre has achieved promising environmental results it can draw on to speed up environmental innovation and differentiation across its industry.

4.1.3.4 Act for Territories

Act for Territories shows the importance of the Group's local footprint, in the form of the shopping centers that it owns and manages in 16 countries. This pillar provides visibility and structure for the many local initiatives that already exist across Klépierre's portfolio to promote a unified response and encourage best practice. The "Act for Territories" pillar unifies and makes it possible to fit local actions into the bigger picture. This pillar builds upon employment, citizen engagement and the future of retail.

4.1.3.5 Act for People

Act for People is focused on visitors, customers, employees and Klépierre's clients' employees. This human focused pillar is directed at all the communities with which the Group interacts, with the aim of placing value creation for all at the center of its efforts.

4.2 ACT FOR THE PLANET

ACT FOR THE PLANET

2022 COMMITMENT	2030 AMBITION
Act for a low-carbon future	> **Be a recognized leader in environmental performance**
Contribute to a circular economy	> **In collaboration with our retailers, create a zero-waste business**
Develop a 100% certified assets portfolio	> **Turn promising assets into an efficient carbon-neutral property portfolio**
Innovate for sustainable mobility	> **Support new trends in mobility to accelerate customers' switch to sustainable modes of transportation**

4.2.1 Act for a low-carbon future

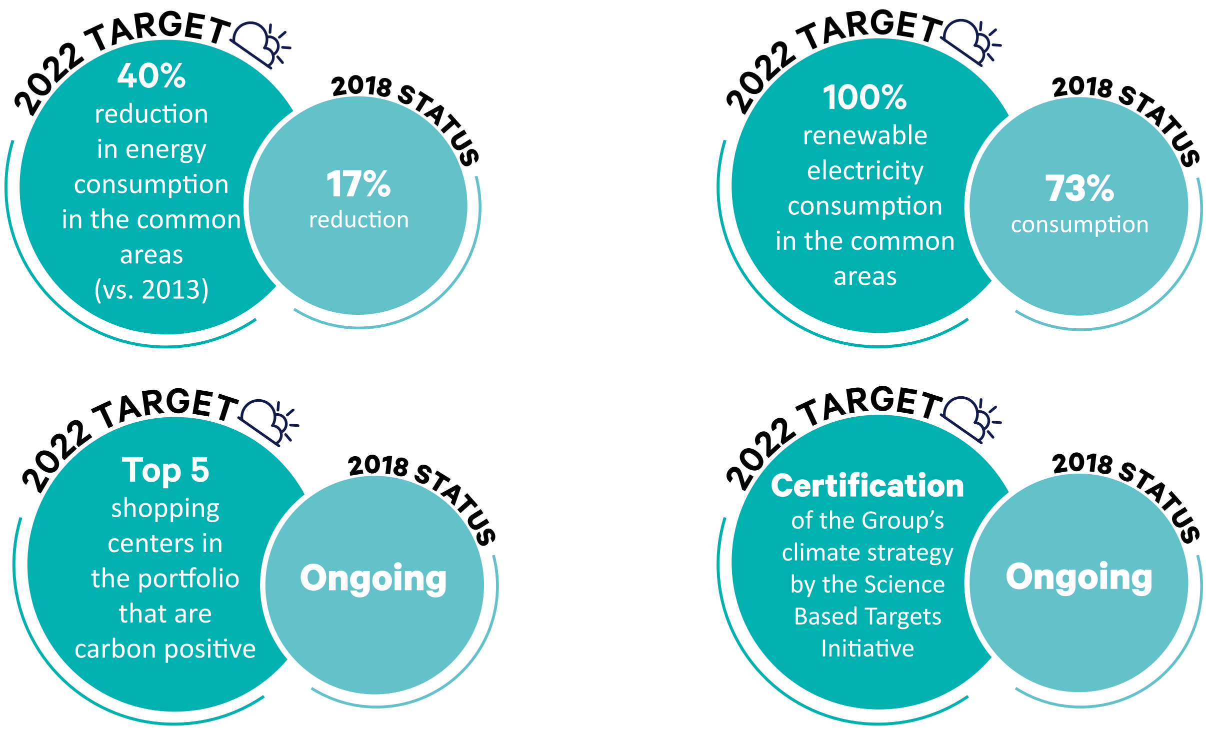
Klépierre is contributing to efforts to limit and adapt to global climate change by taking steps to reduce its greenhouse gas emissions and implementing plans to embed climate resilience into the Group's portfolio of assets.

Striving to achieve greater levels of energy efficiency continues to be a priority for Klépierre. Not only does this help Klépierre curb its greenhouse gas emissions and reduce exposure to energy market risks, it provides an indicator of the strength of the Group's operational management and contributes significantly to cost control strategies for the Group and shopping center tenants.

Klépierre has established systems to accurately measure its direct and indirect greenhouse gas (GHG) emissions in accordance with scopes 1 and 2 of the GHG Protocol, using both location and market-based methods. More recently, the Group has begun to analyze the impact of other indirect emissions (Scope 3), including emissions associated with tenants' energy consumption in each asset, visitors' travel, and service suppliers' activities. Klépierre also measures its total energy consumption and dependence on fossil fuels, and tracks the performance of its portfolio and individual assets in relation to energy efficiency.

In 2018, Klépierre's total energy consumption was approximately 485 GW, generating a cost of around €47 million. Based on climate adjusted consumptions, this correlates to a 4.5% reduction in comparison with 2017. The Group's total energy usage, added to leaks from the use of refrigerant gases, contributed to the emission of around 56,148 metric tons of CO_2e in 2018.

► LOW-CARBON FUTURE – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.2.1.1 Energy

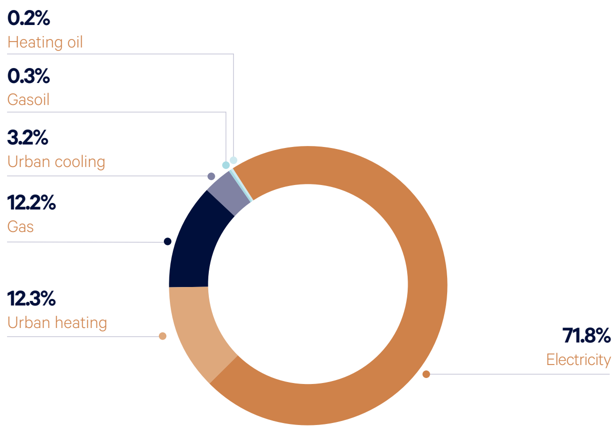
4.2.1.1.1 Energy efficiency

Klépierre has established an ambitious target to reduce energy consumption (kWh per sq.m.) in shopping centers' common parts areas by 40% by 2022, compared to a 2013 baseline.

Between 2013 and 2017 the Group steadily reduced like-for-like normalized energy consumption in line with its target. In 2018, real energy consumption has decreased by 2.5%. However, this result is partly due to the more extreme weather conditions experienced in 2018; on a climate adjusted basis, portfolio energy consumption per sq.m. in common parts areas was down by 4.5% compared to the previous year. Overall, Klépierre has increased portfolio energy efficiency by 17% over the past five years, bringing average shopping center consumption down from 143 kWh/sq.m. in 2013 to 118 kWh/sq.m. in 2018 and positioning the Company favorably to meet its target of a 40% improvement by 2022.

More importantly still, the 79 MWh saving has enabled the Group to save €31.5 million in energy costs on a cumulative, like-for-like basis, and it has resulted in the avoidance of approximately 62,000 tons of GHG emissions.

► ENERGETIC MIX IN COMMON AREAS
(Reported scope)



Comment on trends: more than 2/3 of the energy consumed in common areas is electricity, the reason why the Group took the commitment prioritize the switch to 100% green energy by 2022.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

▶ ENERGY INTENSITY IN COMMON AREAS
(Reported scope)

In kWh/sq.m.	2013	2016	2017	2018	2018/2017	2018/2013
France-Belgium	146	109	106	111	+4.7%	−24.0%
Italy	171	144	150	156	+4.0%	−8.8%
Scandinavia	121	108	121	116	−4.1%	−4.1%
Iberia	149	147	126	123	−2.4%	−17.4%
CE & Turkey	154	115	125	103	−17.6%	−33.1%
Netherlands	N/A	101	125	77	−38.4%	N/A
Germany	N/A	92	88	88	0.0%	N/A
GROUP TOTAL	**143**	**118**	**121**	**118**	**−2.5%**	**−17.5%**

Comment on trends: despite a harsher climate this year, the Group energy intensity ratio has decreased by 2.5% in comparison to 2017 thanks to efforts in energy efficiency (both building management and investments). With climate correction of energy data, the Group ratio reached -4.5% in one year.
Since 2013, this ratio has improved by 17.5% and the Group has committed to push forward to reach -40% in 2022.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

▶ ENERGY INTENSITY IN COMMON AREAS
(Like-for-like scope)

In kWh/sq.m.	2017	2018	2018/2017
France-Belgium	109	112	+2.8%
Italy	154	156	+1.3%
Scandinavia	111	116	+4.5%
Iberia	124	123	−0.8%
CE & Turkey	116	103	−11.2%
Netherlands	116	77	−33.6%
Germany	90	88	−2.2%
GROUP TOTAL	**119**	**118**	**−0.8%**

Comment on trends: in 2018, the climate was harsher than the year before, explaining the increased demand on energy to heat and cool the assets. With climate correction of energy data the Group ratio variation reached -4.2%; highlighting the effort of the teams for a continuous improvement on energy performance all over Europe.
Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht; La Madeleine, Chartres and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nîmes Etoile, Nîmes).
Coverage rate: 95.9% of shopping centers owned and managed.

▶ TOTAL ENERGY COSTS IN COMMON AREAS
(Reported scope)

In €K	2017	2018	2017/2018
France-Belgium	10,915	11,403	+4.5%
Italy	13,996	14,260	+1.9%
Scandinavia	8,767	7,598	−13.3%
Iberia	4,448	4,252	−4.4%
CE & Turkey	4,781	4,733	−1.0%
Netherlands	853	615	−27.9%
Germany	3,968	3,924	−1.1%
GROUP TOTAL	**47,728**	**46,785**	**−2.0%**

Comment on trends: on a reported scope, overall cost for energy decreased slightly in 2018. Scandinavia shows a -13.3% decrease due to real data collection in 2018 (versus estimation in previous years) and some refunds from 2017 to 2018 by the providers.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

Energy monitoring

Klépierre has achieved this reduction in portfolio energy consumption thanks to the deployment of a successful energy management strategy supported by improvements in the recording and analysis of shopping center energy performance data.

The Group has been investing in real-time energy management systems that generate automatic consumption data. These systems use a range of meters to record the energy use of individual appliances, which is then reported in real-time at shopping center, country and Group level. In 2018, these systems were introduced at a further 96 shopping centers, meaning that portfolio coverage is now at 77%.

In 2017, Klépierre introduced DEEPKI, a new tool which allows for a standardized approach to monthly reporting of energy, water and waste data (see section 4.5.3). Energy consumption is measured as Watt hours (Wh) divided by floor area (sq.m.) and benchmarked according to opening hours and other variables. This enables Klépierre to establish median shopping center performance, which is expressed as annual energy cost in euros.

Using DEEPKI, the Group can analyze data at shopping center and portfolio level; control for climate factors and undertake a robust shopping center performance benchmarking assessment. Indeed, by establishing “clusters” of shopping centers based on key variables such as retailer density, car park management, coverage of heating and cooling supply, surface area and inauguration and/or renovation, the Group has been able to identify the strongest and weakest performing assets in its portfolio and target energy management interventions accordingly.

One of the key initiatives Klépierre has pursued on this front has been to create "boost" action plans for poorer performing assets based on their benchmark performance and/or on their climatic-adjusted performance. The Group convenes specialist and on-site staff for two-day long workshops to assess each shopping center's operations and consult with all relevant members of the shopping center team to develop a plan of action that is practical and feasible. This inclusive approach helps on-site staff to understand and manage their asset better and galvanizes greater support for the deployment of energy efficiency interventions. It has already proven successful in Porta di Roma (Rome, Italy) and Field's (Copenhagen, Denmark) where staff have identified "quick wins" to reduce energy consumption without the need for capital expenditure (capex). These have resulted in climate adjusted savings of 13% within the first four months at Porta di Roma, and 8% within three months at Field's.

Klépierre employs technical directors who are responsible for the implementation of Act for the Planet commitments in all centers where the Group is present. In 2018, the Group introduced monthly webinars for all shopping centers, hosted by the technical directors, to take stock of environmental performance data and highlight best practices. The technical directors also continue to hold monthly meetings on all capex, environment and safety aspects.

Since 2017, the Group has collated a reference guide of all best practices implemented in shopping centers and corresponding savings. These range from managing the temperature and operation schedules of heating, ventilation and air-conditioning system (HVAC) equipment—practices which have enabled some shopping centers to significantly save on costs—to purchasing new devices such as sensors and variable speed drives to better control energy consuming equipment.

For shopping centers that have already implemented all identifiable operational measures to increase energy efficiency, investments are made to upgrade technical equipment such as HVAC components; retrofit LED lighting and roll-out the use of CO_2 sensors to reduce air flow and optimize the functioning of air-treatment plants. The DEEPKI platform has now been linked to the Group's budget planning, so that capex approvals can be moderated according to whether or not shopping centers have been diligent in implementing all operational energy efficiency measures identified.

Energy efficiency is also an important consideration for the development of new shopping center and undertaking renovations. The Group targets BREEAM "Excellent" as a minimum performance standard for new builds but looks to implement energy efficiency measures above and beyond the BREEAM requisites by focusing on local conditions and giving special attention to building insulation. Prado (Marseille, France), inaugurated in 2018, not only achieved the targeted "BREEAM" performance standard but was also the first shopping center in the country to achieve the *Bâtiment basse consommation* (BBC) national standard for low energy consumption (see the case study on page 176 for further details).

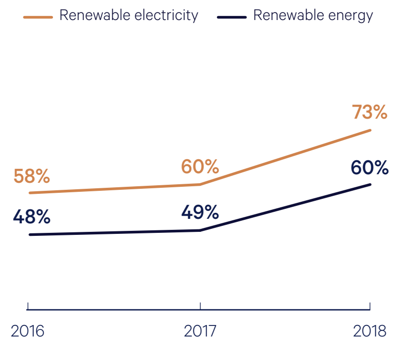
BREEAM "Excellent" is also pursued for new constructions in excess of 10,000 sq.m. gross leasable area (GLA). This currently includes the €80 million refurbishment of Créteil Soleil (Greater Paris Area, France), where the renovation of the building envelope will reduce energy requirements by increasing daylight provision and the retrofit of the shopping center's systems and equipment will result in more efficient HVAC and lighting.

Klépierre has recently created standard development guidelines, which cover aspects such as specifications for energy consuming equipment and procedures for testing and commissioning.

4.2.1.1.2 Renewable energy

Klépierre is targeting 100% renewable electricity to power the common parts of its shopping centers by 2022. As the Group re-negotiates electricity contracts, it is switching over to "green" tariffs: this has already been done in France, Belgium, Italy, Norway, Sweden and the Netherlands, and is currently being rolled out across Spain and Portugal. In addition, the italian center La Romanina currently procures "green gas" while the Group's operations in France and Belgium have signed a contract with the utility provider to procure green gas for the entire portfolio from 2019. This means that as of 2018, the Group has reached approximately 73% renewable electricity supply for shopping centers' common parts. The Group is still working to provide more accurate data, as it is not yet able to obtain the most up-to-date energy mix data from suppliers.

▸ EVOLUTION OF THE SHARE OF RENEWABLE ENERGY AND ELECTRICITY FOR COMMON SPACES



Comment on trends: in line with the Act For Good® commitment to switch to 100% renewable electricity by 2022, the vast majority of countries have started the renegociation of their energy contracts showing first results in 2018 with a +13% increase on both green electricity and green energy. The Netherlands is already at 100% of green electricity and France is the country showing the best performance in one year with a share of green electricity going from 18% in 2017 to 72% in 2018.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

Klépierre has already installed renewable energy systems at seven of its sites (Nave de Vero (Marghera, Italy), Romagna Shopping Valley (Rimini, Italy), Duna Plaza (Budapest, Hungary), Hoog Catharijne (Utrecht, the Netherlands), Field's (Copenhagen, Denmark), Maremagnum (Barcelona, Spain) and Grand Portet (Toulouse, France)), which together represent a generating capacity of 2.3 million kWh. Feasibility studies are underway across the Group's portfolio to identify further opportunities.

Priorities for 2019

> In 2019 Klépierre will continue to push for greater energy efficiency across its portfolio. Using DEEPKI, the Group will take a bottom-up approach to target setting by identifying appropriate energy performance targets at the asset level based on its shopping center "clusters" analysis, and on this basis, it will establish a goal scaled up to portfolio-level.

- Klépierre will roll out the development of "boost" action plans (currently in place at 40% of applicable assets) and provide greater energy management support for shopping centers in France and Italy following the approach already taken in Scandinavia and Spain.
- The Group will also increase engagement between technical directors and shopping center staff on a monthly basis to instill greater focus on operational energy management. The Group is already in the process of integrating environmental objectives into performance criteria for country managers, country function heads, shopping center managers, and shopping center technical managers.
- Support capex in sustainability improvements in the investment plans for each center, focusing on investments that will have a direct impact on the sustainability performance of each asset.
- Continue to roll out contracts with energy management support companies, helping the operational teams to equip their centers with real time measurement systems, but moreover to be able to pilot the building faster, taking external or internal factors into account.

Optimizing energy consumption at Plenilunio

Plenilunio shopping center has established itself as the dominant urban retail destination in eastern Madrid. The center covers 70,000 sq.m. with a large and updated fashion offer, high quality architecture and a prime location that attracts 12 million visitors annually.

The center was acquired by Klépierre in 2016 and underwent an extensive refurbishment between 2017 and 2018 to refresh its retail offer and facilities. Klépierre used the opportunity to improve the center's environmental performance as it sought to reduce operating costs and align the center's energy consumption with other assets in its portfolio.

By sharing expertise and applying the Group's Operational Best Practice Manual, the management team identified improvements to the center's technical equipment including cooling towers and HVAC systems and as well as upgrades to the building management system.

The resulting savings have been significant, with the center reporting an 11% reduction in energy consumption between 2017 and 2018 (based on absolute and climate adjusted consumption data). Furthermore, the center has achieved certification to the ISO 50001 standard for its energy management practices and performance.

4.2.1.2 Climate change

Direct GHG emissions performance

In December 2018, the United Nations climate change conference (COP 24) was convened in Poland to plan for the implementation of the 2015 Paris Agreement. The meeting came amidst warnings that climate action would need to be increased fivefold to limit global warming to 1.5 degrees Celsius, the threshold above which extreme weather events with significantly damaging impacts are anticipated.

In this context, Klépierre also has a responsibility to act to reduce its climate change impact and positively differentiate its portfolio as a result. The Group has established a target for its five largest shopping centers to be "carbon neutral" by 2022, and aims to have its climate change strategy certified by the Science-Based Targets (SBT) initiative. By implementing its energy efficiency and renewable energy objectives, the Group is also bringing about the reduction of its operational greenhouse gas (GHG) emissions.

▶ DIRECT GHG EMISSIONS IN 2018 (SCOPES 1 & 2) – LOCATION-BASED METHOD
(Reported scope)

	Scope 1				Scope 2				
In tCO_2e	Gas	Heating oil/Diesel	Refrigerant gas	Total	Electricity	Urban heating	Urban cooling	Total	Scope 1 & 2 Total
France-Belgium	3,377	21	0	**3,398**	4,501	1,174	232	**5,907**	**9,305**
Italy	4,674	309	0	**4,983**	30,031	0	0	**30,031**	**35,014**
Scandinavia	59	137	0	**197**	2,104	1,535	0	**3,640**	**3,836**
Iberia	572	0	0	**572**	11,541	0	0	**11,541**	**12,112**
CE & Turkey	1,798	0	0	**1,798**	19,821	2,183	0	**22,004**	**23,802**
Netherlands	0	0	0	**0**	2,306	66	0	**2,372**	**2,372**
Germany	0	0	0	**0**	5,341	698	0	**6,039**	**6,039**
GROUP TOTAL	**10,480**	**467**	**0**	**10,947**	**75,645**	**5,657**	**232**	**81,534**	**92,481**

Comment on trends: being the main source of energy used in Klépierre assets, electricity represents the major part of the Group direct GHG emissions (82% of scopes 1 and 2 emissions).
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

▶ DETAILS OF DIRECT GHG EMISSIONS IN 2018 (SCOPES 1 & 2) – MARKET-BASED METHOD

(Reported scope)

	Scope 1				Scope 2				
In tCO_2e	**Gas**	**Heating oil/Diesel**	**Refrigerant gas**	**Total**	**Electricity**	**Urban heating**	**Urban cooling**	**Total**	**Scope 1 & 2 Total**
France-Belgium	3,377	21	0	**3,398**	1,203	1,174	232	**2,609**	**6,007**
Italy	4,674	309	0	**4,983**	12,274	0	0	**12,274**	**17,257**
Scandinavia	59	137	0	**197**	2,067	1,535	0	**3,602**	**3,799**
Iberia	572	0	0	**572**	3,481	0	0	**3,481**	**4,053**
CE & Turkey	1,798	0	0	**1,798**	19,097	2,183	0	**21,280**	**23,078**
Netherlands	0	0	0	**0**	0	66	0	**66**	**66**
Germany	0	0	0	**0**	1,190	698	0	**1,888**	**1,888**
GROUP TOTAL	**10,480**	**467**	**0**	**10,947**	**39,312**	**5,657**	**232**	**45,200**	**56,148**

Comment on trends: the three regions with the greatest decrease in energy consumption in 2018 (the Netherlands, Germany and Scandinavia) enabled the Group to improve its performance on direct GHG emissions by 16%.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

In 2018, Klépierre's total scopes 1 and 2 GHG emissions amounted to 92,481 tons of CO_2e based on the location-based calculation method of the GHG protocol. This represents a 16% reduction, which reflects the Group's implementation of the energy management measures described on page 164 and the incremental increases in the proportion of renewable energy supplied through the national grid mixes in the countries where the Group operates.

According to the location-based method, assets in Central Europe and Italy account for around 64% of the Group's GHG emissions, due to the emissions factors of the energy sources in these countries. The location-based calculation method does not enable electricity purchased through renewable energy tariffs to be counted as zero emission factor.

In order to illustrate the efforts made by Klépierre to increase its supply of electricity purchased from renewable sources, the Group also calculates and reports its GHG emissions in accordance with the market-based method, whereby emissions factors from individual energy suppliers are applied. In accordance with the market-based method, like-for-like GHG emissions have declined by 32% over the past year owing additionally to the Group having switched to "green" energy tariffs in Belgium, France, Italy, Norway, Sweden and the Netherlands.

▶ DIRECT GHG EMISSIONS (SCOPES 1 & 2) – LOCATION-BASED METHOD

(Reported scope)

	In tCO_2e			In $kgCO_2e$/sq.m.			
	2016	**2017**	**2018**	**2016**	**2017**	**2018**	**2018/2017**
France-Belgium	7,348	10,938	9,305	9	9	8	**(11%)**
Italy	36,799	40,504	35,014	52	48	48	**0%**
Scandinavia	5,748	4,058	3,836	7	6	5	**(14%)**
Iberia	13,136	14,922	12,112	42	40	37	**(9%)**
CE & Turkey	34,845	31,712	23,802	52	54	41	**(25%)**
Netherlands	5,221	5,198	2,372	34	74	25	**(67%)**
Germany	6,990	6,176	6,039	25	22	22	**(1%)**
GROUP TOTAL	**110,178**	**113,507**	**92,481**	**29**	**28**	**24**	**(16%)**

Comment on trends: the three regions having decreased the most their energy consumption in 2018 (the Netherlands, Germany and Scandinavia) allow the Group to increase by 16% its performance related to direct GHG emissions.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

▶ DIRECT GHG EMISSIONS (SCOPES 1 & 2) – MARKET-BASED METHOD

(Reported scope)

	In tCO_2e			In $kgCO_2e$/sq.m.			
	2016	**2017**	**2018**	**2016**	**2017**	**2018**	**2018/2017**
France-Belgium	4,913	9,564	6,007	6	8	5	**(36%)**
Italy	20,536	24,571	17,257	29	29	24	**(19%)**
Scandinavia	6,463	6,162	3,799	8	10	5	**(49%)**
Iberia	7,649	10,552	4,053	24	28	12	**(56%)**
CE & Turkey	29,148	28,264	23,078	43	48	39	**(18%)**
Netherlands	552	325	66	4	5	1	**(86%)**
Germany	6,104	5,616	1,888	22	20	7	**(66%)**
GROUP TOTAL	**75,364**	**85,053**	**56,148**	**20**	**21**	**14**	**(32%)**

Comment on trends: with the market-based calculation, the Group ratio of $kgCO_2e$/sq.m. decreased by 32% in one year, mainly due to higher quality in energy sourcing, especially in regions with high national emissions factors (the Netherlands, Iberia, Germany).
Given that electricity consumption is responsible for 82% of scopes 1 and 2 emissions, the 2022 objective to have 100% green electricity will lead to reducing the Group's direct GHG emissions (scopes 1 and 2) by approximatively 80% in 4 years.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

In 2017, Klépierre named the shopping centers where it will target carbon positive status as Field's (Copenhagen, Denmark), Créteil Soleil (Greater Paris Area, France), Val d'Europe (Greater Paris Area, France), Porta di Roma (Rome, Italy) and Emporia (Malmö, Sweden). These centers, which represent Klépierre's top five assets (in value), are being considered as innovation pilots, where successful strategies may be replicated in other shopping centers so that the Group may ultimately expand its carbon positive program to cover all assets in its portfolio. In 2018, carbon emission forecasts were conducted for each asset based on estimated reductions in line with the Act for Good® strategy, and taking into account actions already planned to reduce their emissions such as equipment upgrades and changes to the energy mix from the purchasing of renewable electricty. Based on these forecasts, Klépierre will identify what further measures must be taken to achieve a positive status.

Broader carbon footprint

Beyond accounting for its scope 1 and 2 GHG emissions, Klépierre also seeks to establish the broader carbon footprint of its activities by calculating the emissions associated with sources identified under scope 3 of the GHG emissions protocol. The most significant of these are the Group's tenants' energy consumption and visitors' travel to and from its shopping centers.

▶ SCOPE 3 GHG EMISSIONS – LOCATION-BASED METHOD

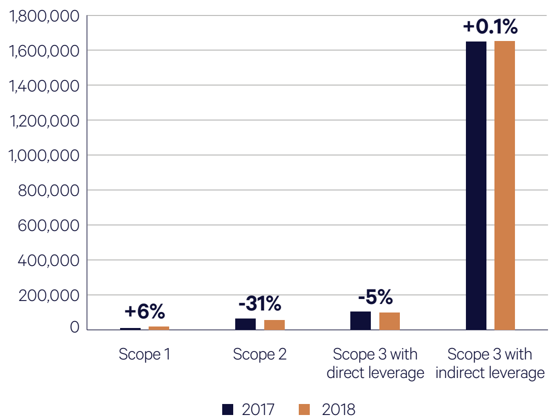
(Reported scope)

	Scope 3 with direct leverage								Scope 3 with indirect leverage			
In tCO_2e	Energy consumption not included in scopes 1 & 2	Waste	Non-property fixed assets	Goods and services purchased	Business trips	Investments	Commuting	Total – Direct Leverage	Visitors transportation	Downstream leasing	Total – Indirect leverage	Total Scope 3
France-Belgium	2,482	5,351	N/A	19,959	N/A	17,011	N/A	N/A	403,087	25,729	428,817	N/A
Italy	9,042	1,641	N/A	1,006	N/A	0	N/A	N/A	483,427	75,415	558,842	N/A
Scandinavia	895	1,868	N/A	7,913	N/A	0	N/A	N/A	116,010	45,577	161,587	N/A
Iberia	3,069	3,232	N/A	4,942	N/A	0	N/A	N/A	176,029	42,757	218,786	N/A
CE & Turkey	6,452	1,662	N/A	4,506	N/A	0	N/A	N/A	117,855	67,486	185,341	N/A
Netherlands	516	404	N/A	1,054	N/A	0	N/A	N/A	14,485	9,540	24,025	N/A
Germany	1,253	192	N/A	2,243	N/A	0	N/A	N/A	34,092	38,519	72,612	N/A
GROUP TOTAL	**23,710**	**14,352**	**344**	**41,623**	**801**	**17,011**	**325**	**98,166**	**1,344,985**	**305,024**	**1,650,009**	**1,748,175**

Comment on trends: defined as "other indirect emissions", the scope 3 GHG emissions are linked to the wider value chain of Klépierre's business. By far, these represent the largest share of the Group's total carbon footprint (95% in 2018). Among these emissions, Klépierre separates those on which it has some degree of leverage (e.g., emissions linked to the goods and services purchased to run the malls, to the investments made, the waste generated); and those on which it has only indirect leverage, such as the Group's tenants' energy consumption ("downstream leasing") and visitors' travel to and from its shopping centers.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.
** For private areas energy consumption: real data for 41 shopping centers owned and managed. For the remaining 91 shopping centers, the private energy consumptions were estimated using an electricity consumption ratio of 180 kWh/ sq.m.*
Coverage rate: 96% of shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
** For waste emissions: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).*

▶ TOTAL CARBON FOOTPRINT BY SCOPE – MARKET-BASED METHOD

(GHG emissions in tCO_2e, like-for-like scope)



Comment on trends: the variation in Scope 1 emissions is due to an increase of the Group consumption of gas, heating oil and fuel (related to harsher climatic conditions this year). The renegociation of electricty contracts, which includes higher rate of green electricity, led to a large decrease in the Scope 2 emissions. Moreover, Klépierre managed to decrease its Scope 3 emissions, on which it has both a direct and indirect leverage, thanks to several actions, such as a better waste management (more and more waste diverted from landfill) or actions to raise tenants' awareness to sustainable development.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

In 2018, tenants' energy consumption in Klépierre's shopping centers accounted for 305,024 tons of CO_2e, equivalent to 17% of the Group's scope 3 emissions (17% of the Group's total carbon footprint). In 2018, Klépierre shared its operational best practices manual with key retailers to raise awareness and provide support on the actions they can take to improve energy efficiency in their stores, along with other environmental impacts including water consumption and waste. In addition, sustainability requirements are included in the standard lease contracts for 83% of the Group's tenants.

Visitors' travel generated 1,344,985 tons of CO_2e in 2018, accounting for 77% of the Group's scope 3 emissions and 75% of its total carbon footprint. In this context and in keeping with national and local strategies to encourage sustainable urban travel, Klépierre has made sustainable mobility a priority and is already undertaking action on this front (see page 177).

Developing resilient assets

With the impacts of climate change already becoming manifest and some degree of further global warming inevitable, Klépierre has been seeking to anticipate and prepare for the potential effects of extreme weather events and increased regulation to combat climate change in relation to its assets.

The Group has pursued strategies to decrease its dependence on fossil fuels and maintain participation in industry working groups in order to reduce risks associated with energy market volatility and changes to the regulatory regime.

The fact that the Group's assets are located in major European cities decreases their relative exposure to physical climate change related-risks. Nonetheless, the Group has conducted an extensive study of the climate change impacts that could affect its assets, including higher temperatures, increased rainfall and/or snowfall, and an increased frequency and/or magnitude of earthquakes. The findings of this study have informed the review of structural requirements for the Group's assets, and this has included the introduction of a mandatory requirement for an asset-level structural audit every five years, including additional components relating to climate change risk.

As part of its existing activities, Klépierre is taking action to protect its assets from higher heating and cooling requirements due to temperature change and ensure that the physical building fabric is designed to withstand the impact of extreme weather events. This is reflected both in relation to operational management (e.g., energy efficiency measures) and development and refurbishment (e.g., efficient, high-quality and locally-adapted design).

A good example of resilient design can be seen at Alexandrium (Rotterdam, the Netherlands), where a green roof has been installed. Containing seven types of sedums planted across an area of 22,000 sq.m., the roof serves to regulate climatic conditions and pollution in several ways: it absorbs air pollution, dampens ambient noise and provides a buffer for rainwater. At the same time, it decreases heat gain to the mall, reducing the need for air-conditioning. The project was partly financed by the municipality with the objective to prevent flood risk and increase thermal inertia.

Priorities for 2019

As well as continuing to deepen its energy management program as described on page 163, 2019 will see the Group progress with its carbon positive target and take steps to obtain certification for the Group's climate strategy.

Taking renewable energy supply to the next level

This year, Klépierre France launched a vast call for tenders to renew all energy contracts with two objectives: increase the quality of energy sourcing and optimize costs. Thanks to a great collaboration between Procurement and Sustainability teams, the Group found a good equilibrium between containing this increase of costs (+20% last year in France) and giving our renewable energy procurement a new revival.

With these new contracts for electricity and gas, France and Belgium will now use only green energy, meeting our Act For Good® commitment to have 100% of green electricity three years in advance. Moreover, despite a much higher price on the market, Klépierre chose to subscribe to 100% of green gas as well; highlighting the strong focus of the Group to decrease its direct GHG emissions.

France and Belgium will save almost 5,000 tCO_2 emissions per year, reducing their Scopes 1 and 2 emissions by 77%.

4.2.2 Contribute to a circular economy

The operation, refurbishment and expansion of shopping centers consumes a significant amount of natural resources and generates substantial volumes of waste. In this way, conventional shopping center development and management follows the typical linear economy model whereby resources and products are sourced or made, used and then disposed without being recovered or replenished, and often in ways which pollute the natural environment.

A circular economy model, by contrast, is one which decouples economic activity from the consumption of finite resources; designs out waste and pollution; keeps products and materials in use and regenerates natural systems. Besides reducing impacts on the environment, following a circular economy model can increase efficiency by extending the useful life of materials and resources, and reduce costs.

To date, Klépierre has focused on limiting waste and controlling the consumption of natural resources in property development by applying the BREEAM certification standard and specifying products and materials which are sustainable, easy to maintain, low emission, recycle and reuse, have an eco-label and/or a lower environmental impact (such as PEFC™ or FSC-certified timber). At all stages of the building life cycle, preference is given to suppliers with certified environmental management systems (EMSs).

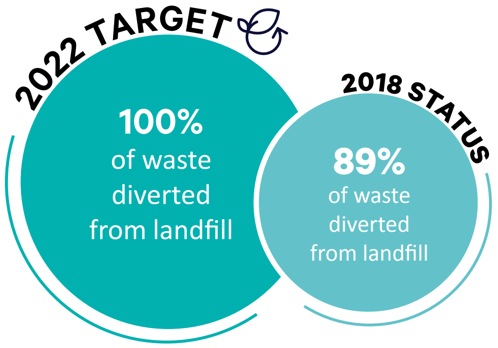
The Group has also embarked on partnerships with organizations such as Cycle Up to promote the reuse of construction materials during the renovation of two shopping centers in France. And the recently opened Prada shopping center in Marseille was the first in the Group's portfolio to achieve Cradle to Cradle™ certification by prioritizing the use of recycled and/or recyclable construction materials and certified products in its construction (see the case study on page 172).

The direct consumption of natural resources is most significant in the building management phase through the purchase of products and materials used in operational maintenance and cleaning. In 2018, Klépierre's operational shopping centers generated over 67,645 tons of waste, most significantly cardboard, food and organic waste and paper.

During the operations phase, shopping center staff are made aware of materials and products purchased and a list of the least environmentally harmful products and materials is appended to the cleaning framework agreement. The Group has promoted effective waste management by offering tailored sorting solutions for tenants and visitors and engaging with service providers responsible for removing and processing waste to ensure that it is disposed of properly. It also closely monitors the quality of its wastewater.

Going forwards, Klépierre will maintain these initiatives whilst also seeking to establish circular economy approaches to managing the resources used for and within its assets.

▶ **CIRCULAR ECONOMY – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**



4.2.2.1 Waste management

Klépierre has set a target to ensure that 100% of shopping centers' operational waste is diverted from landfill by 2022. Over the past five years, the proportion of waste recycled and recovered has increased by 30 percentage points, from 59% in 2013 to 89% in 2018. This trend was sustained over the past year, with landfill diversion increasing by an average of 15 percentage points in comparison with 2017.

▶ **WASTE DESTINATIONS IN 2018**
(Reported scope)

	Recycled		Reused		Other form of material recovery		Composted		Anaerobic digestion		Material recovery		Incinerated with energy recovery	
	tonnage	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*
France-Belgium	6,957	30%	17	0%	2,333	10%	44	0%	304	1%	9,655	42%	12,409	53%
Italy	4,741	39%	1,229	10%	1,526	13%	1,256	10%	0	0%	8,751	73%	544	5%
Scandinavia	4,188	42%	67	1%	62	1%	764	8%	491	5%	5,572	56%	4,210	43%
Iberia	3,365	33%	0	0%	531	5%	1,375	13%	0	0%	5,271	51%	3,575	35%
CE & Turkey	2,398	32%	262	4%	578	8%	104	1%	0	0%	3,341	45%	1,307	18%
Netherlands	1,879	52%	0	0%	0	0%	66	2%	0	0%	1,946	54%	1,602	44%
Germany	307	32%	0	0%	80	8%	89	9%	37	4%	514	53%	460	47%
GROUP TOTAL	**23,835**	**35%**	**1,574**	**2%**	**5,110**	**8%**	**3,698**	**5%**	**832**	**1%**	**35,049**	**52%**	**24,107**	**36%**

	Other form of energy recovery		Energetic recovery		Incinerated without energy recovery		Landfill		Non recovered		Total	
	tonnage	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*
France-Belgium	221	1%	12,630	54%	3	0%	1,011	4%	1,014	4%	**23,299**	**100%**
Italy	343	3%	887	7%	0	0%	2,448	20%	2,448	20%	**12,086**	**100%**
Scandinavia	64	1%	4,274	43%	0	0%	28	0%	28	0%	**9,874**	**100%**
Iberia	0	0%	3,575	35%	0	0%	1,489	14%	1,489	14%	**10,335**	**100%**
CE & Turkey	0	0%	1,307	17%	315	4%	2,495	33%	2,810	38%	**7,458**	**100%**
Netherlands	0	0%	1,602	44%	72	2%	0	0%	72	2%	**3,619**	**100%**
Germany	0	0%	460	47%	0	0%	0	0%	0	0%	**974**	**100%**
GROUP TOTAL	**628**	**1%**	**24,734**	**37%**	**390**	**1%**	**7,471**	**11%**	**7,861**	**12%**	**67,645**	**100%**

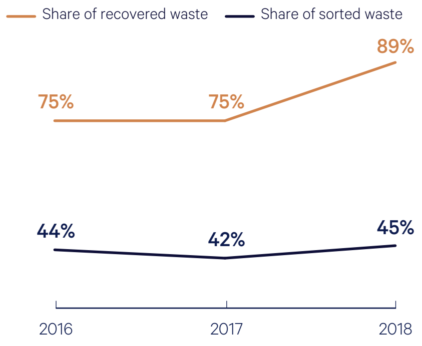
Comment on trends: in line with the Act For Good® commitment to have 100% of waste diverted from landfill in 2022, the Group managed to increase its share of recovered waste by +14% this year, working closely with waste providers on contracts but also with our retailers to increase the performance in waste management at each center.
Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).
Coverage rate: 95.5% of shopping centers owned and managed.

▶ **SHARE OF WASTE DIVERTED FROM LANDFILL**
(Reported scope)

	2016	2017	2018
France-Belgium	80%	78%	96%
Italy	48%	68%	80%
Scandinavia	99%	100%	100%
Iberia	59%	59%	91%
CE & Turkey	66%	44%	67%
Netherlands	99%	97%	90%
Germany	100%	99%	100%
GROUP TOTAL	**75%**	**75%**	**90%**

Comment on trends: in line with the Act For Good® commitment to have 100% of waste diverted from landfill by 2022, waste collection contracts have been renegociated this year to favor enhancement destinations for the waste. Thus, CE & Turkey and Iberia waste recovery ratio variations reach +18% and +32% respectively.
Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).
Coverage rate: 95.5% of shopping centers owned and managed.

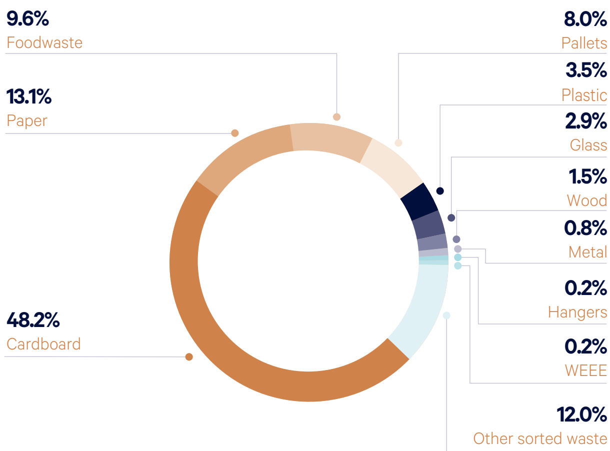
▶ **EVOLUTION OF THE SHARE OF RECOVERED AND SORTED WASTE**



Comment on trends: new waste collection contracts show their first results in terms of rate of recovered waste. At the same time, the majority of these new contracts includes more types of waste to be sorted, to be associated with close partnerhsips with retailers led to improve the sorting rate as well.
Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).
Coverage rate: 95.5% of shopping centers owned and managed.

The bulk of the waste generated in the Group's shopping centers (99.8%) is classed as non-hazardous waste and is made up of a range of recyclable waste streams which include cardboard, organic waste, paper, plastic, glass and wood. Hazardous waste, which accounts for a mere 0.2% of total waste production, is mostly comprised of used light bulbs and fluorescent tubes, electronic waste, electrical appliances and paint. These waste streams are separated on site and processed through special recovery channels.

▶ **BREAKDOWN OF SORTED WASTE BY TYPE OF WASTE (IN TONNAGE)**
(Reported scope)



Comment on trends: the vast majority of waste that the Group manages in shopping centers comes from the logistics of retailers; mainly cardboard, paper, pallets and plastic. Thanks to special attention paid to sorting with our food & beverage tenants, the share of sorted food waste reachs 10% of sorted tonnage.
Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).
Coverage rate: 95.5% of shopping centers owned and managed.

Most of the Group's assets are equipped with multi-compartment waste bins to promote waste awareness and correct segregation by visitors; tenants receive training on correct waste segregation and are provided with appropriate facilities. In 2018, the Group pursued further engagement with tenants to make sure that they can support its shopping centers' waste management targets and requirements. Retailers ID Kids, Sephora and Nature & Découvertes have contributed to the development of this strategy by supporting campaigns and workshops to raise awareness of recycling and improve waste collection among shopping center visitors and their employees.

The Group continues to seek ways to increase the proportion of waste that can be sorted on site, thereby reducing overall waste management costs. Over 30 different types of waste can be sorted at the best-performing centers, and, where combined with proper incentives for employees and tenants, waste recovery rates of 100% can already be achieved, as demonstrated by some centers in France, Scandinavia and Germany. Documenting and sharing the factors that have contributed to these successes constitutes an important part of the Group's strategy to increase recycling rates across the portfolio. Examples of specific improvement actions implemented in 2018 included:

> The introduction of organic waste collections for restaurant tenants at French shopping centers Créteil Soleil, Val d'Europe and Le Millénaire;

> Installation of "talking" bins and other initiatives to make waste sorting playful for visitors at Portet (Toulouse, France); and

> Hiring temporary "waste champions" at Markthal (Rotterdam, the Netherlands), to help tenants separate waste correctly, making a marked improvement to recycling rates after six months.

Following efforts to increase the accuracy of waste data reporting, waste data is now being entered and analyzed monthly through the DEEPKI platform, where waste contractors can enter data directly. The use of DEEPKI helps the Group monitor waste flows using specific performance indicators, focusing on the types of waste being processed as well as waste disposal destinations, and enables the Group to set appropriate targets at the asset level.

4.2.2.2 Circular retail

Klépierre has also set itself the goal for 100% of shopping centers to have involved their retailers in a circular economy approach, for example by promoting actions to enable products to have a second life.

▶ **SHARE OF SHOPPING CENTERS ENGAGING THEIR RETAILERS IN A CIRCULAR ECONOMY APPROACH**
(Reported scope)

	2018
GROUP TOTAL	**44%**

Comment on trends: given that the vast majority of waste generated in a shopping center comes from retailers' logistics, collaboration is key to increase a better treatment and to implement new solutions for a circular economy approach. Almost half of the Group centers organized a joint initiative with tenants on this topic last year (mainly sorting training, awareness initiatives, workshops with visitors on second life of products).
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.

In 2017, Klépierre was the first company in its sector to sign a Europe-wide partnership with the start-up "Too Good To Go", which uses a mobile app to facilitate the sale of unsold food on its last possible purchase day: 13 centers involved with 15,800 meals saved in total and a bit more than 36 tCO_2 emissions avoided.

Another initiative to save fresh produce from going to waste was piloted at Hoog Catharijne (Utrecht, the Netherlands). A pop-up shop, Kromkommer ("crooked cucumber"), was created in a vacant unit over a two-week period dedicated to the promotion of fruits and vegetables which would have been wasted due to over-production or irregular appearance. It resulted in the sale of 3,250 kg of produce.

In 2018, the Group initiated a pilot project with Veolia at Val d'Europe (Greater Paris Area, France), which has involved working with tenants H&M, Apple and McDonald's to tackle specific waste streams. A dedicated team from Veolia is monitoring the waste volumes generated by each tenant and is working to increase the accessibility of waste collection and separation facilities. At Emporia (Malmö, Sweden), a reverse logistics mechanism has been established, whereby service providers delivering retail goods collect recyclable waste as part of the same operation.

In September, Klépierre launched its first Act for Good® consumer campaign dedicated to raising public awareness of the circular economy. Six shopping malls in six different countries took part, bringing together retailers, shoppers, local artists and charities to promote the second life of products. Initiatives including the distribution of reusable bags, workshops and exhibitions were used to highlight simple and creative ways to reduce waste, recover and transform old objects and design furniture from recycled materials. In total, 28,000 reusable bags were distributed, 20 workshops and exhibitions were held, 130 retailers were engaged and around one million people were reached through social media.

Another concept linked to the circular economy that has been piloted by Klépierre is the use of available outdoor space for food growing and beekeeping. Campania (Naples, Italy) created its own vegetable garden in 2011, which is fertilized using composted organic waste produced by the shopping center's tenants. Akmerkez (Istanbul, Turkey) first created a rooftop garden in 2015 that also uses compostable organic waste from the center's food court. In 2017, the team planted it with 169 varieties of fruits, vegetables and other plants and in 2018 celebrated its yield of 180 kg of fresh produce with a harvest festival for shopping center visitors. Building its success, the center has recently partnered with the WWF to promote composting more broadly among tenants and visitors.

In Germany, Boulevard Berlin (Berlin) and Centrum Galerie (Dresden) produce their own "shopping center honey" whilst contributing to local conservation efforts thanks to bee hives on their roofs. Prado, Klépierre's new shopping center in Marseille, France, has installed 1,300 m^2 of green surfaces (garden, green wall, green spaces) and five hives.

Applying the circular economy concept to shopping center development and renovation

In 2018, Klépierre's newly completed project, Prado (Marseille, France), became the first shopping center in Europe to be honored with Cradle to Cradle Certified™ status. Cradle to Cradle is a design concept based on the principles of the circular economy that focuses on ensuring that materials remain in potentially infinite cycles, thereby providing economic, social and ecological benefits.

In designing Prado, Klépierre specified materials and products in accordance with the requirements of the Cradle to Cradle™ certification, prioritizing the use of recycled and/or recyclable construction materials and certified products.

Klépierre will continue to seek opportunities to reuse and recycle materials on current and forthcoming development projects. To support this endeavor, the Group recently signed a partnership agreement with Cycle Up, a start-up company in the circular economy sector that promotes the reuse of construction materials. Cycle Up is providing advice on the renovation of Créteil Soleil (Greater Paris Area, France) and Grand'Place (Grenoble, France). It is also training the Group's development teams tasked with identifying reusable products and using a digital platform to buy and sell second-hand construction materials.

Priorities for 2019

- In 2019, Klépierre will continue to focus on increasing the recycling and reuse of waste generated by its shopping centers in line with its 2022 landfill diversion target of 100%. This will involve working with each asset team to establish interim targets along this trajectory.
- In addition, Klépierre has identified five types of waste that every shopping center is expected to sort by 2022, starting with cardboard and food waste in 2019. The Group and local country teams will also continue to explore innovative waste solutions covering collection, training and treatment that can be trialed in individual centers.

4.2.2.3 Water use

Although the materiality review conducted by Klépierre in 2017 found that water scarcity is not currently a material risk for its operations (see page 158), the Group nonetheless measures its water consumption and applies best practices to ensure the most efficient use of this resource.

► PROPORTION OF SHOPPING CENTERS EXPOSED TO WATER STRESS RISKS
(Reported scope)

	2018	
	Number of centers exposed	**Share in portfolio value**
France-Belgium	0	0.0%
Italy	0	0.0%
Scandinavia	0	0.0%
Iberia	2	16.9%
CE & Turkey	1	3.0%
Netherlands	0	0.0%
Germany	0	0.0%
GROUP TOTAL	**3**	**1.7%**

Comment on trends: in 2017, the share in portfolio value of centers exposed to water stress risks was 5%. Three shopping centers exposed to water stress risks (two in Italy and one in Turkey) were sold, decreasing the share in portfolio value to 1.7%.
On the 3 shopping centers of interest, the Group is paying special attention to quantity and quality of water consumed.
Scope: 128 shopping centers owned and managed + 5 managed-only shopping centers.
Coverage rate: 100% of shopping centers owned and managed.

In 2018, 3.9 million cu.m. of water was consumed across Klépierre's shopping centers. This includes tenants' water consumption, as tenant data is collected across all centers. Water consumption intensity by building use (measured as liters/visit) was up from 4.16 in 2017 to 4.96 in 2018. The increases in 2018 are largely due to the higher demand for air conditioning following the warmer summer across much of Europe.

► TOTAL WATER CONSUMPTION
(Reported scope)

In cu.m.	**2016**	**2017**	**2018**
France-Belgium	846,199	949,813	1,043,832
Italy	1,281,014	1,101,426	1,329,028
Scandinavia	391,130	358,163	372,966
Iberia	220,780	337,018	401,117
CE & Turkey	657,244	665,408	595,898
Netherlands	58,726	26,345	23,708
Germany	126,798	118,636	128,198
GROUP TOTAL	**3,581,890**	**3,556,809**	**3,894,748**

Comment on trends: 2018 summer was warmer than the year before, increasing the demand for cooling in shopping centers. This explains the increase in the Group total water consumption this year, especially in Southern Europe (Italy +21% and Iberia +19%).
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

Klépierre records and analyzes water consumption data monthly through the DEEPKI platform, which also allows for the benchmarking of shopping centers' water efficiency based on the analyses by type of center used for energy benchmarking. In the case of water, shopping centers are grouped according to similarities in relation to the proportion of greenery present; the characteristics of their cooling towers and the proportion of tenant floors space dedicated to more water intensive services (e.g., restaurants and hair-dressers).

Water efficiency interventions are targeted at the three largest water consuming systems and activities in the Group's shopping centers (air-conditioning, toilets and cleaning); as well as the use of more drought-tolerant plant species in green areas and the recovery and reuse of rainwater where feasible. Investments in more efficient equipment, such as cooling towers, are made where and when replacements are required.

► TOTAL WATER EFFICIENCY
(Reported scope)

In L/visit	**2016**	**2017**	**2018**
France-Belgium	3.27	4.26	3.71
Italy	8.79	7.85	8.36
Scandinavia	4.25	5.68	4.37
Iberia	4.80	4.27	3.91
CE & Turkey	5.07	6.66	5.46
Netherlands	1.74	2.17	1.48
Germany	3.64	4.89	4.00
GROUP TOTAL	**4.82**	**4.16**	**4.96**

Comment on trends: 2018 summer was warmer than the year before, increasing the water demand to run cooling-towers. This higher need for cooling in shopping centers explains the increase of water efficiency to ensure the comfort of visitors.
Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

► **TOTAL WATER EFFICIENCY**
(Like-for-like scope)

In L/visit	2017	2018	2018/2017
France-Belgium	3.64	3.66	0.5%
Italy	8.55	8.59	0.4%
Scandinavia	4.18	4.37	4.5%
Iberia	3.74	3.91	4.5%
CE & Turkey	5.27	5.46	3.6%
Netherlands	1.63	1.48	(8.8%)
Germany	3.67	4.00	9.1%
GROUP TOTAL	**4.87**	**4.97**	**2.1%**

Comment on trends: 2018 summer was warmer than the year before, increasing the water demand to run cooling-towers. This higher need for cooling in shopping centers explains the increase of water efficiency to ensure the comfort of visitors.
Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht; La Madeleine, Chartres and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nîmes Etoile, Nîmes).
Coverage rate: 96% of shopping centers owned and managed.

4.2.3 Develop a fully-certified portfolio

Klépierre's experience confirms that investors' appetite for certified "green" and "healthy" buildings is growing, and numerous studies point to the economic benefits that these assets can yield in terms of tenant attraction and retention, rental income, occupier productivity and operational cost savings.

In the retail sector, green building certifications provide an opportunity for developers and owners to differentiate their products by demonstrating higher standards of environmental quality and implementing design features to sustain long-term asset values. What is more, studies show a correlation between sustainability features such as indoor air quality, greenery and daylight levels and increased dwell time, customer loyalty and tenant sales(1).

Klépierre favors the use of two green building certification standards: BREEAM New Construction and BREEAM In Use alongside ISO 14001 certification for operational shopping centers' environmental management systems.

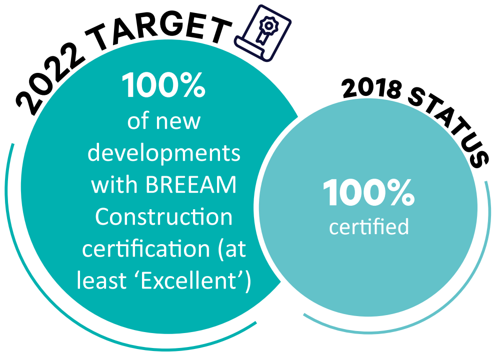
BREEAM provides a framework for assessing impacts and costs from a lifecycle perspective and enhancing the environmental quality of the development and its socio-economic contribution to the local area. The certification standard gives tenants, visitors and investors assurance that the project has been developed based on a robust process to minimize damage to ecosystems and natural resources whilst exploiting opportunities to create a better built environment for people and planet.

The Group has found these standards to be complementary: ISO 14001 provides a framework to target, deliver and monitor environmental improvements at each center, and establish procedures for continuous improvement. BREEAM standards meanwhile support the Group to carry out a comprehensive analysis of its assets' anticipated or actual environmental performance.

Additionally, Klépierre operates a portfolio-wide environmental management system covering 100% of the assets it owns and manages. This means that all assets establish environmental targets, implement actions and monitor their performance, with this process being supported and reviewed by dedicated specialists at national and Group levels.

(1) See World Green Business Council, "Health, Wellbeing & Productivity in Retail: The Impact of Green Buildings on People and Profit" (February 2016), pages 22, 26 and 33.

▸ BUILDING CERTIFICATIONS – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.2.3.1 Standing assets

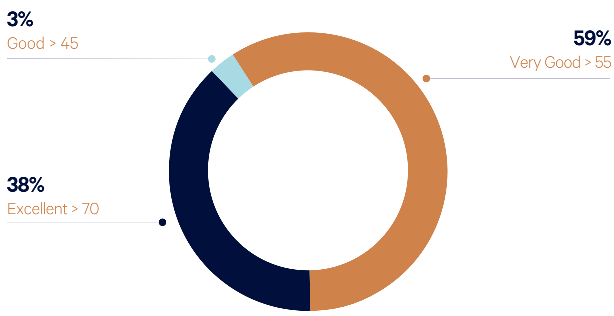
74% of the Group's standing assets (by value) currently have at least one type of sustainable building certification: 52% have been certified according to BREEAM in Use, whilst 57% operate environmental management systems certified to ISO 14001. Four further shopping centers, La Gavia and Plenilunio (both located in Madrid, Spain), Nueva Condomina (Murcia, Spain) and Santa Cruz de Tenerife (Tenerife, Spain) have obtained ISO 50001 certification for their energy management practices since 2017.

▸ NUMBER OF ASSETS WITH A SUSTAINABLE CERTIFICATION
(Reported scope)

	2018	
	Number of assets	**Share in total value**
France-Belgium	22	64%
Italy	7	41%
Scandinavia	18	100%
Iberia	11	100%
CE & Turkey	12	82%
Netherlands	4	100%
Germany	4	100%
GROUP TOTAL	**78**	**74%**

Comment on trends: in order to better implement certifications all over Europe on each asset, Klépierre signed a new contract mid 2018 to launch a portfolio approach of BREEAM In Use coverage. This led to a period of overlap between old and new contracts putting on hold some certifications for a few months, which explains the slight decrease observed in 2018 (-1 p.p.).
Post-closing, more than 80% of assets were certified or in the process of certification (+5% in comparison of 2017).
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.

▸ SUSTAINABILITY CERTIFICATIONS OF ASSETS – BREAKDOWN ON BREEAM IN USE LEVELS
(Reported scope)



Comment on trends: 97% of the Group shopping centers with a BREEAM In Use certificate achieved very good or higher, illustrating the strong focus of the Group on operational management excellence of assets.
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.

In accordance with the Act for Good® target, Klépierre is continuing to secure certifications at those centers where they have not already been obtained, whilst also ensuring that current certifications approaching expiry are successfully renewed. BREEAM in Use certification has been prioritized in this endeavor, and in 2018 a further 15 assets were certified to BREEAM in Use, with 1 achieving "Excellent", 13 "Very Good" and 1 "Good".

The process provides benefits for individual shopping centers and the Group more broadly: from establishing continuous improvement methodologies and integrating sustainability into the daily operations of each asset to promoting collaboration between teams and countries and enhancing asset values by achieving certification to a recognized international standard.

4.2.3.2 New construction and renovation

The diversity of Klépierre's portfolio is complemented by a multi-faceted design and development strategy. The Group's development team concentrates the main part of its efforts on the Group's standing assets, where there are significant opportunities to unlock additional value through expansion and/or refurbishment. The Group's over-arching development strategy, which is tailored to the unique needs of each project, pursues four objectives:

> Better integrating the assets within, and adding greater value to the surrounding city district;

> Positioning projects towards mixed use themes, whilst maintaining retail as the predominant activity;

> Extending existing assets when sufficient potential is identified; and

> Implementing the operational initiatives of the Group (Retail First, Destination Food® and Clubstore®) to fine-tune the tenant mix and introduce new retail concepts, create a bespoke gastronomic offer that is relevant to local consumers and complement the customer experience and sense of hospitality presented by the Group's malls through design and infrastructure provision.

The Group's Act for the Planet approach is deployed alongside these pillars through the application of the BREEAM standards for New Construction or Refurbishment and Fit-Out (as befits the project). BREEAM Excellent for New Construction, for example, sets our criteria that benefit the customer experience covering internal and external lighting levels, indoor air quality and acoustic performance. Requirements to improve accessibility to and from the site by providing alternative forms of transport meanwhile promote integration with the broad community and urban environment. Following the BREEAM standard is fundamentally important for the Group's developments, and BREEAM certification with "Excellent" as a minimum level is indeed an integral requirement of the Group's Act for Good® Development Checklist.

The Act for Good® Development Checklist, which is applied to all projects which involve the creation of over 10,000 sq.m. of new development, also includes the requirements for:

> All timber to be certified to PEFC or FSC standards;

> Undertaking community engagement at the initial stages of the project;

> Ensuring that the main contractor has committed to adhering to the sustainability standards set by Klépierre during the procurement and worksite phases; and

> Creating a biodiversity action plan.

In 2018, Klépierre obtained a BREEAM "Excellent" certification for its one new completed development (Prado, Marseille, France), and was on track to achieve BREEAM "Excellent" for the refurbishments of Créteil Soleil (Greater Paris Area, France) and Gran Reno (Bologna, Italy). 100% of timber used for the development of Prado was certified to PEFC or FSC, and this target is also planned to be achieved at other assets as a prerequisite for BREEAM certification.

Prado, a highly sustainable retail destination for the new eco-district of Marseille

In March 2018, Klépierre and joint venture partner Montecristo Capital inaugurated Prado, a new retail destination comprising 23,000 sq.m. of GLA located in Marseille. An exceptional shopping center on several fronts, Prado embodies Klépierre's vision for the future of retail. With an original and bold architectural design which has enabled the center to be certified as a "low consumption building", it provides testament to the Group's energy and climate change commitments.

Prado was designed as an open-air shopping center, covered by a canopy of 1,750 supported glass panels which appear to be suspended in the air. The canopy provides a screen for the "mistral" wind and shields visitors from the sun, whilst allowing natural light to penetrate and fresh air for free-cooling. A 400-sq.m. "green wall" provides visual esthetics and filters and cleanses the air. Being fully integrated within the Prado urban regeneration scheme, the shopping center can further optimize its energy use by sharing a hot water circuit with the nearby Vélodrome football stadium, offices and hotels.

After achieving BREEAM "Excellent" certification, Prado became the first shopping center in France to achieve the *Bâtiment basse consommation* (BBC) label for commercial buildings which consume at least 50% less primary energy than their benchmark, and the first in Europe to be honored with Cradle to Cradle Certified™ status, owing to its selection of recycled or recyclable construction materials and eco-responsible products.

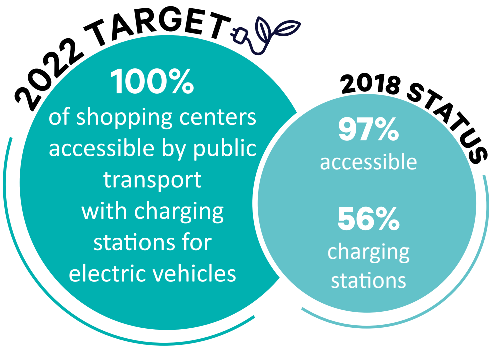
The success of the technical innovations delivered at Prado has propelled the Group to deploy similar strategies elsewhere in its development portfolio. For example, Klépierre is now integrating district heating and cooling at Økernsenteret in Norway. The Group has also learned that it needs to develop stronger engagement with tenants when it commits to achieving high energy performance in its buildings: tenants at Prado have been requested to respect the low energy consumption status of the building through their operations, and this poses challenges for retailers that do not yet have an energy efficiency commitment or strategy in place. In future, Klépierre will seek to engage with tenants from the outset with a view to establishing joint commitments to maintain or improve the targeted in-use energy efficiency of new or refurbished shopping centers.

4.2.4 Innovate towards sustainable mobility

Air pollution is currently considered one of the greatest environmental risks to public health in Europe, and growing concerns about air quality, congestion and global warming are prompting national and local governments to develop plans to increase the use of more environmentally sustainable and healthier forms of mobility, including walking, cycling, the use of public transport and electric vehicles.

Ensuring accessibility by different modes of mobility is an integral part of Klépierre's strategy. Location, urban density and transport connectivity are key criteria which are reviewed as part of the Group's investment selection process. Across its operational portfolio, Klépierre is undertaking actions to diversify the transportation and mobility offer associated with its shopping malls. The intentions behind this approach are four-fold: it supports the integration of its assets within the communities they serve; supplements efforts to increase footfall by enabling easy access by as many people as possible; it reduces pollution and GHG emissions associated with the use of motor vehicles and it helps to future-proof the Group's assets in the context of the shift towards greater use of electric vehicles, walking and cycling.

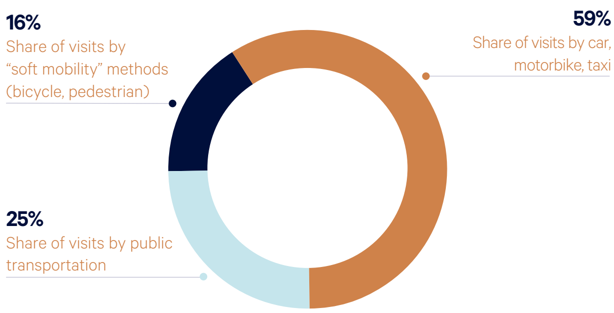
▸ SUSTAINABLE MOBILITY – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.2.4.1 Visitors' travel modes

In 2018, 41% of visits to Klépierre's shopping centers were made by active mobility (walking, cycling, etc.) or public transport. Over the past four years, the Group has seen a 3% increase in the use of public transportation which now accounts for 25% of visits.

▸ BREAKDOWN OF VISITS BY TRANSPORTATION METHOD
(Reported scope)



Comment on trends: 41% of the customers coming to the Group shopping centers use public transportation or soft mobilities. Located in the growing demographic zones, accessibility of our assets will be key in the future succcess of the Group. This is why Klépierre has defined a clear ambition to innovate for sustainable mobility with the objective to increase this proportion in coming years.
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.

Klépierre has set a target for 100% of its shopping centers to be accessible by public transportation and equipped with charging stations for electric vehicles by 2022. As of December 31, 2018, 97% of the Group's assets were accessible by public transportation, meaning that at least one bus, train or tram stop was located less than 500 meters away from a mall entrance with services at least every 20 minutes.

99% of the Group's shopping centers are easily accessible by bicycle, including all of those located in Scandinavia, Germany and the Netherlands, with some of these providing services for cyclists on site. Cycling is further encouraged by the promotion of events such as the green transport competition held at Sosnowiec Plaza (Poland), Green Mobility Week at Grand Littoral (France) and the availability of bicycle rental services at some shopping centers.

2018 saw the Group expand its provision of charging stations for electric vehicles, with a 55 shopping centers across France, Germany, Denmark, Hungary, Italy, the Netherlands, Sweden, Norway, Portugal and Spain installing these facilities. This means that 56% of the Group's assets now have electric vehicle charging points in place, including 98% and 97% of centers respectively in Scandinavia and the Netherlands, where the use of electric vehicles is most predominant. In France, Klépierre installed three pilot "fast charging" stations for Tesla vehicles as part of the Group's European framework agreement with Tesla. Other stations have been installed in Spain and pilots are also underway in Italy and Turkey.

▸ **SHARE OF THE PORTFOLIO (IN VALUE) WITH SPECIFIC MOBILITY SERVICES IN PLACE**
(Reported scope)

	Public transportation accessibility	Space reserved for cyclists	Electric car charging stations
France-Belgium	100%	97%	46%
Italy	89%	99%	31%
Scandinavia	98%	100%	98%
Iberia	100%	100%	73%
CE & Turkey	100%	100%	43%
Netherlands	100%	100%	97%
Germany	100%	100%	28%
GROUP TOTAL	**97%**	**99%**	**56%**

Comment on trends: in line with the Act For Good® commitment to have 100% of the shopping centers accessible by public transportation and electrical charging stations by 2022, these three percentages increased in 2018 (respectively +1 p.p., +2 p.p. and +1 p.p.) in comparison to 2017.
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.

Klépierre maintained several other initiatives to promote more sustainable car travel at various shopping centers in 2018, including:

> Car sharing services at Le Gru and Porta di Roma in Italy, and Belle Épine and Créteil Soleil in France, the latter of which offers a €15 gift card offered to the 50 first drivers and a refund for the round-trips of the first 150 passengers; and

> A partnership with Traficar, a local car rental service, at three shopping centers in Poland, where it is estimated that for every Traficar, the use of between 8 and 20 private vehicles is avoided;

> Car pooling dedicated parking spaces (19% of centers);

> Private shuttle inside the mall (7% of centers);

> Live display system of public transport schedule available to visitors of the shopping centers (11% of centers).

4.2.4.2 Masterplanning transport solutions

Klépierre's development activity offers opportunities to promote sustainable mobility by integrating shopping centers successfully within neighborhood masterplans and engaging with local authorities and services to do so. Indeed, all assets which have been developed, extended or renovated by the Group since 2012 are served by public transport owing to such efforts.

Prado (Marseille, France), completed in 2018, is connected by the city metro and four bus routes, and offers dedicated parking spaces for car shares. The extension of Gran Reno (Bologna, Italy) is taking place alongside the creation of a new train station to serve its location, the transformation of Hoog Catharijne (Utrecht, the Netherlands) is part of a major urban renewal project which will enable a direct connection between the shopping center and the city's central station, as well as the creation of the world's largest indoor bike park (see case study below).

Priorities for 2019

> In 2019, Klépierre will proceed with its efforts to expand the provision of electric vehicle charging stations across its operational portfolio, whilst continuing to ensure that new projects in planning exploit all possible opportunities to connect with new and existing public transport infrastructure, cycling paths and pedestrian zones.

> To further encourage visitors to choose more sustainable modes of transportation, the Group will continue to promote initiatives such as car sharing and renting, and encourage alternative forms of transport by improving cycling infrastructure and public accessibility.

Sustainable mobility: an integral part of the revitalization of Hoog Catharijne and Utrecht's urban center

Located in the heart of Utrecht between the historical town and the central station, Hoog Catharijne is the most frequently visited shopping center in the Netherlands, welcoming over 27 million people in 2018.

Hoog Catharijne is part of a major urban renewal project which will not only result in the extension and refurbishment of the retail destination itself, but also the creation of new commercial and residential property, the reinstatement of the former canal and the expansion of the train station—the busiest transport hub in the country—which serves around 90 million passengers a year.

The redevelopment of the district enables previously disconnected venues including the Jaarbeurs convention and exhibition center, TivoliVredenburg music hall, City Hall, train station and shopping center to be harmoniously interconnected and architecturally integrated through smarter urban planning. The project will significantly enhance the walkability of the district, whilst access by bicycle will be promoted through the co-creation of the world's largest indoor bike park, offering 12,500 spaces. Access to the train station will be made easier, whilst the impact of motor vehicle use will be reduced through the replacement of intersecting highways with the reinstatement of the canal.

For visitors who do choose to travel by car, Hoog Catharijne is providing 13 charging spaces for electric vehicles, from which it will receive a share of the income generated for electricity suppliers.

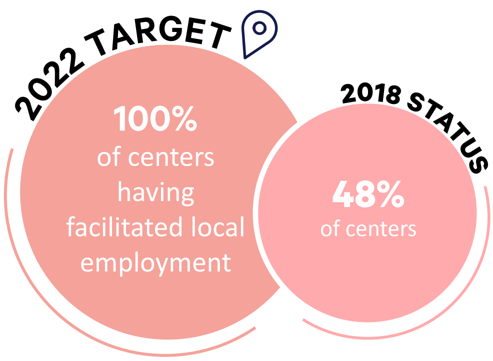
4.3 ACT FOR TERRITORIES

ACT FOR TERRITORIES	2022 COMMITMENT	2030 AMBITION
	Promote local employment around centers	Make our centers a benchmark in local value creation
	Participate in the local community	
	Pursue our responsible citizenship	Incorporate social responsibility into our sphere of influence
	Involve local actors in development projects	Jointly develop the shopping centers of the future

4.3.1 Promote local employment around our centers

Klépierre makes a significant contribution to local economic development by providing employment opportunities, both directly through the operation of its shopping centers, and indirectly through the activities of its tenants and suppliers who provide cleaning, safety, security and maintenance functions. The Group's development activities likewise provide major job creation opportunities.

▸ **LOCAL EMPLOYMENT – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**



Klépierre's long-term target is to ensure that all shopping centers in its portfolio facilitate local employment. Given that the majority of job opportunities are generated by the Group's retailers, the most significant role Klépierre can play is as a facilitator by suporting tenants to recruit locally, and working with local partners including recruitment agencies to organize initiatives that bring retailers and job seekers together. To this end, Klépierre has embarked on a number of initiatives to boost local employment by working in partnership with its tenants across the Group, such as organizing job fairs, advertising on shopping center websites, in the centers themselves and partnering with employment agencies.

Across France, several Klépierre shopping centers have partnered with Pôle emploi—the government employment agency—to promote job fairs for local residents. The fairs are an effective opportunity for retailers, other local businesses and job seekers to meet and connect at the same time. At Portet (Toulouse), for example, the shopping center and Pôle emploi organized a "markethon" for unemployed people to meet with tenants. A list of job offers and the skills required were advertised in advance through the center's Facebook page and at the center's reception desk. The event attracted more than 100 applications and 20 job offers were made. Similar events have been organized at Beau Sevran (Greater Paris Area, France), Odysseum (Montpellier) and Écully Grand Ouest (Écully).

In 2018, the Group undertook a number of projects to boost its impact further. This included working with partners to accelerate the roll-out of technology that can bring job seekers and employers together. For example, in 2018 we partnered with HucLink to install a digital kiosk at Nantes Beaulieu shopping center (France) that allows job seekers to search for vacancies that meet their criteria. In 11 days, the kiosk generated 55 applications from 275 visitors (see case study below).

Secondly, the Group undertook a number of organizational changes to embed local job creation into each shopping center's action plan. Local employment initiatives are now incorporated into individual marketing plans, with responsibility resting with the Marketing Manager for each shopping center. At the same time, the Group has not prescribed specific actions at a corporate level, but instead has encouraged marketing teams to think creatively about what initiatives can be organized that reflect both the needs of each center's tenants and the local communities.

Aside from Klépierre's tenants, the Group can make a significant contribution to local job employment by prioritizing local and regional suppliers who provide the cleaning, safety, security and maintenance services. In 2018, the Group's shopping center operating budgets totalled around €342 million, which was mostly redistributed to locally-based service suppliers. To boost its impact further, Klépierre has committed to ensure 100% of its shopping centers use local service suppliers (defined are regional and/or within 300 km from the shopping center) by 2022. By the end of 2018, 80 of the service suppliers across our portfolio fell within this definition.

A short-cut to employment

With limited resources, recruitment can be a time-consuming process for many tenants in Klépierre's shopping centers. Recognizing this challenge, and keen to support the Group's long-term target for all centers to facilitate local employment, Klépierre has partnered with HucLink to explore how technology can better connect its tenants with potential candidates.

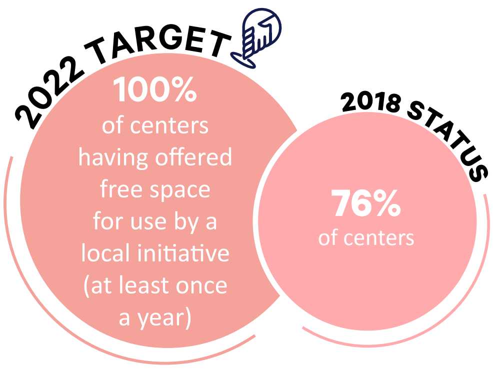
HucLink provides interactive digital kiosks that job seekers can use to search for vacancies in their immediate areas. The kiosks streamline the recruitment process by matching opportunities with candidates' skills. Candidates can register in advance and create a personal profile. Removing the need to submit a detailed curriculum vitae means the application process can be shortened to a matter of minutes.

Installed as a pilot over a two-month period at Beaulieu Centre Commercial in Nantes, the kiosk delivered encouraging results. It attracted more than 700 unique visitors and received almost 160 applications from just under 130 registered users. Following its success, Klépierre is exploring the opportunity to expand the kiosks more broadly across its portfolio in France and Belgium.

4.3.2 Participate in the local economy

With 1.1 billion visits to Klépierre shopping centers in 2018, the Company's assets provide a focus point for communities and a space for people to gather and spend time. This significant reach provides a valuable platform for local organizations and partners to raise their profile and engage with the tens of thousands of visitors who visit Klépierre shopping centers daily. The benefits cut both ways, with shopping centers strengthening reputation as assets that make a positive contribution to the communities they serve.

► PARTICIPATION IN THE LOCAL ECONOMY – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



Klépierre encourages its centers to support their communities and has set a long-term target for all shopping centers to offer free space for use by local initiatives at least once a year. In 2018, 76% of centers across Klépierre's portfolio met this target, representing 98 centers, of which 33% are in France. The range of local initiatives supported cover emergency services and public safety bodies to sports clubs, student bodies and arts associations. In addition, shopping centers also involved in a variety of original initiatives such as hosting local start-ups and organic markets with local producer stands. For example:

- Center Bourse (Marseille, France) organized a "green day" with local start-ups "clip it" and Paprec to promote waste recycling among shopping center visitors. An exhibition by Les Réparacteurs showcased the work of local artisans who specialize in giving a second life to waste goods;
- Grand'Place (Grenoble, France) partnered with the local IT school (Sup'Info) to provide technology training for elderly people to help bridge the digital divide;
- Beaulieu (Nantes, France) worked in partnership with les Apprentis d'Auteuil to support local entrepreneurs. The partnership provided entrepreneurs the opportunity to test their ideas in a commercial setting. Seven start-ups participated over a seven-month period and achieved sales of €27,000. A similar project was organized at Kupolen (Borlänge, Sweden) where the center organized a business fair for young entrepreneurs. More than 200 people took part and the event increased footfall by 40%.

While each shopping center has the freedom to select initiatives based on their local circumstances and community needs, during 2018 the Group worked closely with shopping center management and marketing teams to set an overarching framework to ensure a more consistent Group-wide approach. The framework provides guidance for shopping centers in identifying relevant initiatives and establishes comparable metrics that can be used to calculate the Group's overall impact and capture the value created, such as footfall and social media reach.

Promoting culture to enrich the visitor experience

Klépierre's shopping centers partner with cultural institutions to help them reach a much wider audience than would normally visit a gallery or museum. Not only do these partnerships contribute to the Group's goal for all its shopping centers to support a local initiative, they provide an opportunity to engage visitors and enrich their time in the shopping center.

The Field's shopping center in Copenhagen, for example, hosted a "Science On The Run" exhibition organized by the National History Museum, the Ministry of Education & Research and the Danish science museum The Experimentarium. Visitors were able to explore more than 80 exhibits in an interactive and educational setting.

At Porta di Roma in Italy, ten Van Gogh paintings were brought to life through high-definition screens and video mapping techniques. The event attracted more than 15,000 visitors including local school children.

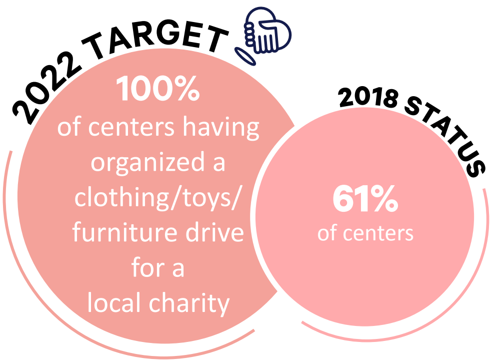
At Beau Sevran in France, the center partnered with the city hall and The Louvre to host an exhibition of original pieces from the museum's collection. The exhibit was widely advertised through the center's Facebook page, and guided tours were organized for visitors including schools and day-care centers.

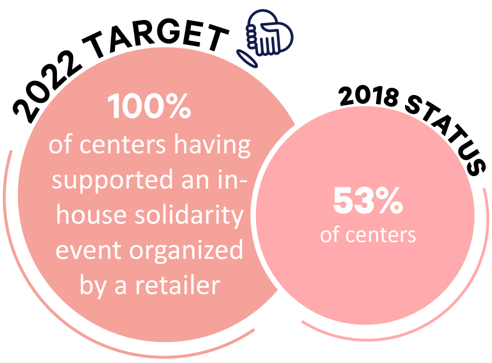
4.3.3 Pursue our responsible citizenship

The Group can play a significant role in encouraging more sustainable consumption patterns. Klépierre is integrating new models of product use and recycling, including closed-loop and circular economy principles into its business model. This includes the Group's management of waste and resource consumption associated with the operation of its shopping centers and developments, and significantly with its retailers where the Group has set a goal for all shopping centers to have involved their retailers in a circular economy approach, for example by promoting actions to enable products to have a second life (see page 171).

As these principles circulate more widely and gain widespread awareness, the Group is reaching out to its visitors to promote more sustainable forms of consumption, for example by organizing clothing, toy and furniture recycling initiatives that can give a new lease of life to products and benefit the less fortunate in their communities. In line with its partnership approach, Klépierre also supports opportunities to work with retailers to support their sustainability objectives.

► **CORPORATE CITIZENSHIP – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**





4.3.3.1 Promoting product reuse and recycling among shopping center visitors

Klépierre has set a target for all shopping centers to organize a clothing/toys/furniture drive for local charity. In 2018, 61% of centers organized at least one collection for a charitable organization. The events provide an opportunity to support local communities and charitable organizations, but also prompt visitors to consider wider sustainability implications regarding waste and the inherent value in their used or unwanted items.

At Espace Coty (Le Havre, France), for example, a partnership with Le Grenier—an organization that promotes the economic and social integration of women by recycling and selling second-hand clothing—collected more than 8 tons of unwanted clothes from more than 1,300 visitors. Similar collections were held at Centre Place d'Armes (Valenciennes, France) which collected 4.2 tons of clothes in partnership with Le Relais—an organization which supports employment opportunities through the collection and recycling of unwanted clothes. And Île Napoléon (Mulhouse, France) collected 1.2 tons of clothing for the charity "Terre des hommes" which helps children and their families across 48 countries.

4.3.3.2 Partnering with tenants to magnify our impact

Secondly, the Group encourages shopping centers to support their retailers with their sustainability objectives and offers them the support and visibility they need to make an impact. This not only amplifies Klépierre's community impacts but demonstrates its partnership approach to working with tenants.

As strategic partners on a local, national and international level, there are significant opportunities for both Klépierre and its tenants to work together and extend their individual contributions. Supporting their sustainability initiatives is also an opportunity to demonstrate solidarity over shared goals and build relationships with their customers.

Accordingly, the Group's target is for all centers to support an in-house solidarity event organized by a retailer. In 2018, 53% of centers achieved this by providing logistical support, media coverage through the Group's social media platforms, websites, social networks and relationships with local media organizations that help to drive up awareness among shopping center visitors.

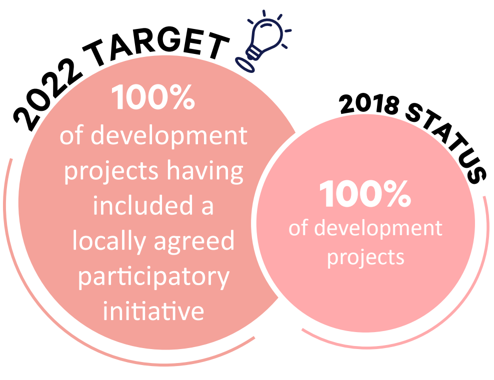
For example, Klépierre worked with Sephora across 30 shopping centers to promote a fund-raising campaign. Sephora encouraged customers to make a small donation to "Women Safe" when they bought a product. Klépierre provided marketing support to raise awareness of the campaign with participating shopping centers advertising it on their website and in local media.

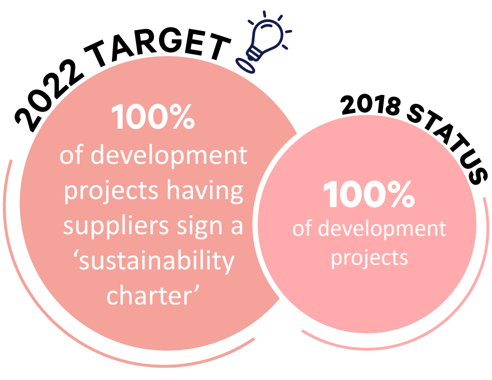
In Italy, Le Corti Venete (Verona) promoted an event by Intimissimi that encouraged customers to exchange up to five pieces of unwanted clothing in return for a discount on their next purchase, and in Campania, 25 restaurants gave their organic waste to produce compost for the Pedagogical garden. Other examples include Le Portet in France where Klépierre and Carrefour jointly promoted an "Act for Food" campaign, and at Créteil Soleil where the center provided marketing and logistical support for a charity event organized by C&A.

4.3.4 Involve local actors' development projects

As well as steps to reduce the environmental impact of the Group's development activities covering both the design and construction of shopping centers, Klépierre has set long-term commitments recognizing both the wider impact of its development activities on their communities, supply chain and biodiversity. The Group's development pipeline focuses predominantly on the redevelopment and refurbishment opportunities of existing assets in major urban centers throughout Europe. These bring with themselves a unique set of challenges, but also opportunities to engage with local stakeholders to influence the design, purpose, facilities and tenant mix of centers, embed supply chain responsibility through the procurement of materials and protect and enhance local biodiversity.

▸ **INVOLVEMENT OF LOCAL ACTORS IN THE DESIGN OF NEW DEVELOPMENTS – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**





4.3.4.1 Local participation

Klépierre consults with local stakeholders as part of the development and planning process. The Group aims for its developments to be participatory processes, and seeks to integrate stakeholder views into the process to secure local support and contribute to the commercial success of the projects. As well as meeting legal requirements in many of its markets, actively seeking stakeholder views and consulting with the communities surrounding projects from the outset provides valuable insight on a range of issues and offers a unique opportunity to integrate mutually beneficial outcomes into the project.

Accordingly, the Group has set a long-term target to guarantee that all Klépierre development projects include a locally agreed participatory initiative. Most recently, these include Prado shopping center in Marseille, France, where Klépierre consulted extensively with the local municipality and residents, conducted traffic impact studies and set up a hot line to collect feedback during construction works. At Hoog Catharijne in Utrecht in the Netherlands, Klépierre has presented at a meeting for residents organized by the municipal authority. The Group is formalizing its approach to share best practice and ensure a consistent standard is applied to all new developments.

Elsewhere across Klépierre's portfolio, shopping center managers consult regularly with community members over proposed developments and local issues. Boulevard Berlin (Germany) for example hosted a consultation attended by the local community, mayor and shopping center management team to discuss topics relating to the center and the wider municipality, such as transport issues and future development plans. Similarly, Créteil Soleil (near Paris, France) organizes two meetings per year to inform residents about new projects. In 2018, this included a consultation around the extension of the shopping center and its impact on the community that was attended by 100 residents and deputy mayor for the municipality.

4.3.4.2 Supplier participation

As well as impacting the local community, the Group's development activities have a significant impact through their supply chain, from the procurement of construction materials and construction site management. A priority for Klépierre is working with its suppliers to ensure the Group's sustainable procurement standards are shared with its suppliers and embedded in the procurement process.

Accordingly, the Group has set a long-term target for all suppliers at Klépierre development projects to sign a "sustainability charter" covering both procurement and construction site management. The charter sets Klépierre's expectations in relation to the specific nature of each project, from materials selection, employment condition and broader community impacts. By signing the charter, suppliers will commit to minimizing any negative impact of their activities such as air pollution, noise and waste management as well as meeting required standards on working conditions and materials selection.

4.3.4.3 Biodiversity action plans

With a portfolio concentrated in urban areas, Klépierre takes active measures to protect and enhance biodiversity, not just during the operational phase of its shopping centers but also during the design and development of new projects.

The Group's impact on biodiversity is systematically considered for new projects and incorporated into existing shopping refurbishments and extensions. For example, the Group's design and development teams regularly solicit the advice of ecologists during development projects for new assets or extensions of existing buildings to develop a greater understanding of the surrounding natural environment. Their advice guides the architects and developers to consider existing ecosystems and select the most appropriate plant species to preserve local flora and fauna.

As well as a mandatory requirement in some markets, taking steps to conserve and enhance biodiversity aligns with the Group's broader goals around green building certification by supporting credits towards green building certifications such as BREEAM New Construction certification, especially the credits granted toward the "Land Use and Ecology" target.

By the end of 2018, 54% of the Group's assets had implemented initiatives to promote biodiversity beyond legal requirements. These range from partnerships with local wildlife associations and schools to installing wildlife shelters as part of the active management of green spaces.

Measures such as green roofs are a common feature across Klépierre's portfolio and are regularly incorporated in the design stage as a step to protect and enhance biodiversity. Our most recent development in France, the Prado shopping center in Marseille, illustrates this approach and features a green roof under a glass canopy covering 4,200 sq.m. featuring local species adapted to the climatic conditions (see page 172). The features mean Klépierre met its long-term target for all development projects to implement a biodiversity action plan in 2018.

Priorities for 2019

> To ensure the Group remains on track toward its long-term commitment, Klépierre has begun the process to develop a standardized approach covering all Klépierre development processes with the objective of defining a common approach to biodiversity enhancement. The common approach will define a standard assessment procedure that will assess the significant biodiversity impacts and mitigation measures that can be adopted while allowing sufficient flexibility to account for local conditions.

4.4 ACT FOR PEOPLE

ACT FOR PEOPLE

2022 COMMITMENT	2030 AMBITION
Increase the satisfaction of visitors	Make our centers a top destination for local communities
Promote health and wellbeing in our centers	
Offer group employees a positive experience	Be recognized as an exemplary employer
Champion ethics in the local communities	Promote more ethical business practices
Be socially conscious	Put charity at the heart of our strategy

4.4.1 Increase the satisfaction of visitors

Rapid advances in digital technology and a simultaneous evolution in individual and social attitudes are continuing to shape retail consumer expectations, habits and preferences. Whilst the popularity of the shopping center format remains high—particularly among the younger generation—an increasing number of purchases are being made online. More than ever before, the value of bricks-and-mortar retail rests on its ability to provide experience; a physical and emotional connection with the products on offer; diversity; convenience and reliability. In this context, more and more retailers are offering omnichannel services, providing customers with a unified experience between multiple online touchpoints and physical stores.

Klépierre aims to offer a shopping center experience that is tailored to the needs of every visitor. The Group's own research has shown that convenience, accessibility, retail mix, friendliness and safety are key factors that influence visitor satisfaction, whilst the offer of wide-ranging and innovative brands, products and services; experiential stores; high-quality dining and entertainment attracts higher footfall and increases dwell time and customer loyalty. Engagement with retailers themselves is paramount to achieving Klépierre's visitor satisfaction goals. The Group's tenants are first and foremost customers, and it is by developing a sound partnership with tenants that Klépierre can most effectively cater to the evolving needs of individual people and communities whom its shopping centers serve.

► VISITORS' SATISFACTION – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS

2022 TARGET	2018 STATUS
+ 3 points increase in Group's Net Promoter Score (NPS)	+3 points increase
100% of customers' questions responded to in less than an hour	50% of centers

4.4.1.1 A customer-centric approach

In 2014, Klépierre launched Clubstore®, a concept that showcases the Group's ambition to create exclusive retail places that attract and inspire shoppers. In the spirit of hospitality, Clubstore sets out a process for improving the customer journey across 15 touchpoints identified by Klépierre. First piloted in France, it was a great success with visitors, and Klépierre has since created a set of Clubstore standards to inform shopping center design, services and attitude which is applied across all the Group's assets in the form of the Clubstore Charter.

The Clubstore Charter covers aspects ranging from digital connectivity and online experience to streamlined access and parking; from enticing mall entrances and interiors to creating an indoor environment that appeals to all the senses. Clubstore also serves as an umbrella to a wider-range of customer care projects. For example, Klépierre has been exploring ways to increase the provision of customer care services at a Group level, working with start-ups to test potential offers such as a car-sharing service, a "cut-the-queue" solution, delivery service and car-pooling.

Klépierre carries out regular visitor surveys and monitors online reviews to measure the extent to which it is fulfilling the ambitions of the Clubstore Charter. These surveys also enable the Group to ensure that it remains attentive to latest consumer preferences, obtains feedback about its malls and can fine-tune its offer accordingly. Thanks to the installation of new customer feedback machines, 87 centers in 13 countries have carried out 192,783 surveys (on social network and through direct questionnaires) in 2018. This number has a progression of 41.6% in comparison to last year thanks to a broader coverage and an increase of visitors surveyed. Using a harmonized format, they captured information about the shopping centers' attractiveness, visitors' profiles and loyalty, their retail preferences, their modes of transportation and their expectations about services and events. Surveys were also sent by email to the Group's customer database, containing similar questions.

All Klépierre employees who have direct contact with visitors (over 300 people) have received training on Clubstore, and an internal platform was launched at the end of 2017 to continue the sharing of best practices between staff to promote continual improvement in visitor hospitality.

With customers demonstrating increasing concern for environmental issues, the Clubstore Charter creates important synergies with other aspects of Klépierre's Act for Good® strategy by promoting the integration of externally visible features such as dedicated electric vehicle services; bicycle racks; renewable energy and rainwater harvesting systems, and the use of natural materials and biophilic design elements, eco-efficient lighting systems and LED lamps inside the malls.

In 2018, Klépierre made it a priority to further enliven the synergies between customer marketing and Act for Good®, charging the central marketing team with the task of ensuring that all local marketing teams are equipped to develop Act for Good-oriented marketing that is aligned to the customer-centric approach. The Act for Good campaigns carried out at six shopping centers in 2018 proved highly successful, receiving impressive social media attention, attracting additional footfall and generating and Advertising Value Equivalent of €142,000. The campaigns were integrated with the Clubstore approach and focused on generating awareness around waste and materials use (see page 172).

The Group's Net Promoter Score (NPS) is also based on findings from the surveys and is calculated based on visitors' responses in relation to the shopping center (as a detractor, neutral or promoter), making it more demanding than a satisfaction rate. In 2018, the average NPS across the Group's shopping centers was 30. Klépierre's target is to increase the shopping centers' average NPS by 3 points, by 2022.

The ongoing deployment of the Group's operational strategy—notably Clubstore®, Destination Food® and Retail First pillars—along with the use of complementary tools to engage with visitors, provide a solid pathway to meeting this goal. Indeed, the Group has identified a positive correlation between a center's NPS score and its age, facilities and general condition, with recently refurbished centers experiencing NPS improvements of up to 30 points.

Klépierre has developed a strong social media presence, with around 4.5 million Facebook fans and Instagrammers and an engagement rate three percentage points higher than the average level for the sector, and this provides another important tool for collecting visitors' feedback and gauging consumer trends. Feedback obtained through social media is shared with service providers including security, cleaning, maintenance and visitor support teams, and owing to their delivery in real time, suggestions for improvements are responded to immediately, with shopping centers maintaining flexible, customized action plans.

Having found that 55% of visitors prefer Facebook Messenger as their preferred way to contact their shopping centers, the Group has created a service in relation to this social network. Called #JustAsk, this service vouches to answer all consumers' questions through Facebook Messenger within one hour during opening hours. It has enabled Klépierre to increase threefold the number of conversations it has with visitors; promote information about shopping center brands, products, promotions, services and events; provide personalized support and obtain feedback that helps to improve visitors' experience of the physical mall. The service is available at 71 shopping centers, and has proven extremely helpful to customers, with a customer satisfaction rate of 95%.

Following the success of #JustAsk, the Group has set a target to respond to 100% of customers' questions on social networks in less than one hour, by 2022. To further support this goal, the Group has piloted the use of a chatbot that provides information about shopping centers' practical aspects; news items and promotions, in real time 24 hours a day, and seven days a week.

Klépierre and PwC have carried out a prospective study on customers and tenants' perception and expectations of shopping centers. PwC surveyed them on their current perception and their vision of centers for 2025. They have interviewed 11 retailers, covering 6 retail segments, 33 retail brands, and 1,890 customers across Europe. Regarding the output of this assessment, many topics close to our Act For Good® strategy emerged: concerns about environmental issues, willingness to support the local economy, wish for employee wellness, preference for products that are produced in a responsible way.

Priorities for 2019

> Through 2019, Klépierre will maintain its focus on measuring and enhancing customer satisfaction in line with its 2022 commitment. This includes continuing the roll out of #JustAsk, which currently serves around 50% of the portfolio, and sourcing a service provider to deploy the chatbot to shopping centers across Europe and support its potential for greater personalization and interconnection with other digital tools.

- In 2018, the Group launched a new tool, Critizr, which enables it to collate visitor feedback from surveys and multiple social media and online channels in a single place. Around 100 shopping centers are already covered, and the tool will be rolled out to all remaining centers in 2019. This will enable the Group to obtain better quality data on customers' needs and respond promptly and effectively.
- Using Klépierre ID, the Group's platform for open innovation, the marketing team is also pursuing an innovation project to simplify the customer journey, and this includes identifying strategies for increased synergies between customer experience and the other pillars of Act for Good®. Some start-ups have already been piloted which, if proven successful on the ground, may be scaled up to country or portfolio-wide, or used as inspiration to develop local partnerships to serve other settings.
- Finally, the marketing team will aim to promote two events per month in each mall, with three events across the year based on Act for Good® themes.

Rives d'Arcins: France's leading shopping center in customer satisfaction

In October 2018 Rives d'Arcins (Bègles, France) was distinguished as the "Best Retailer" in the shopping center category of the *Capital* magazine survey.

The magazine, in partnership with the Statista Institute, conducted this survey based on feedback obtained online from 20,000 consumers to measure the quality of service provided by more than 1,600 retailers based on three criteria:

1. The attention given to the customers (quality of the welcome, speed of contact, etc.).
2. The level of expertise of the retailers (competence of the staff, quality of the information provided, etc.).
3. Their willingness to recommend the brand to someone around them.

Boosted by an outstanding result for the quality of its customer service, Rives d'Arcins obtained the leading score of 7.61/10 in *Capital's* ranking. This achievement reflects the efforts made by Klépierre Group and the local shopping center team to position Rives d'Arcins as a dynamic and welcoming retail destination that offers a seamless customer journey and emotionally rich experience to the visitor.

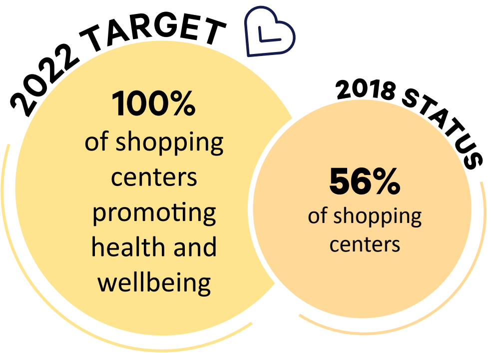
4.4.2 Promoting health, safety and wellbeing

Klépierre's malls attract and retain around 1.1 billion visitors across Europe each year. They also provide a workplace for tens of thousands of people. First and foremost, Klépierre has a responsibility to ensure the safety of all shopping center users, guaranteeing that the risk of incidents and injuries is minimized and compliance with all applicable safety standards and regulations is fulfilled. But beyond risk management, health and wellbeing presents opportunities for the Group. By positioning its shopping centers as places where people can feel safe, relaxed and well, and by actively promoting health and wellbeing products, services and activities to visitors and staff, Klépierre can support greater visitor attraction and retention, provide more comfortable work environments for its employees and tenants, and exploit its potential to reach millions of people by connecting with broader efforts to create a healthier society.

Klépierre's health and safety strategy focuses on two areas of action. Firstly, it involves identifying risks and implementing robust risk control practices and staff training to maintain high health and safety standards within its shopping centers, as well as sharing its know-how with its partners and retailers. Secondly, it addresses the safeguarding of the public in the context of heightened security risks. The management of both action areas is overseen by the Group's Safety and Security Department, with support from the Internal Audit team.

Klépierre's approach to health and wellbeing promotion is fully integrated within the Act for Good® program and intersects with the Group's operational strategy in relation to customer service. It encompasses engagement with tenants and consumers to encourage healthier lifestyles.

► **PROMOTION OF HEALTH, SAFETY AND WELLBEING – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**



4.4.2.1 Health and safety standards

Implementing a risk prevention and management policy is a top priority for Klépierre. Each shopping center takes responsibility for identifying, assessing and managing safety risks in accordance with the Group's policy and management systems, which are reviewed on an ongoing basis to ensure that they are efficient and effective across all countries and assets.

Fire, building collapse due to extreme weather or other unforeseen events, major pollution and public health risks constitute the highest priority health and safety risks in the Group's risk matrix. These risks are addressed through several procedures, including:

> Crisis management response testing, involving a simulation of an emergency scenario once or twice a year (with or without the presence of visitors) in every shopping center;

> Dedicated training on health and safety risks and prevention measures, covering aspects such as fire risk prevention, malicious act and terrorist threat, health and safety in the workplace and first aid. In 2018, 4,612 hours of safety and health training were delivered by the Group, involving 475 members of staff;

> Ongoing monitoring by operational teams and periodic checks by the internal audit function to ensure that all relevant risk controls are in place. This includes the continuous monitoring of cooling equipment to guarantee the prevention of legionella contaminations; bacterial and/or viral propagation. Procedures for legionella control were updated in 2018.

The Group continued its awareness-raising measures designed to minimize safety incidents taking place in day-to-day activities, the most common of which are falls, slips and trips in mall areas and works undertaken at height by tenants' staff and/or suppliers within shop units. Incidents occurring among visitors are monitored on a regular basis and reported at management level, with incident investigation and data analysis forming the basis of action plans to further improve risk prevention. Although accidents in tenants' units fall outside the scope of Klépierre's responsibility, the Group does require tenants to submit plans for any works being undertaken and inspects shop units once these are completed. Based on these plans, Klépierre issues a permit that identifies the significant safety risks associated with the proposed works and recommended preventative measures. Works are inspected on a regular basis by the shopping center safety and technical management team. Additional permits are implemented for any "hot work"—such as welding or metal cutting—and these are inspected every two hours to prevent fire risks.

In the long-term, the Group's objective is to reduce the rate of incidents involving falls, slips, trips and work at height to a minimum.

4.4.2.2 Security risk management

In 2017 Klépierre created a security strategy to support the Group's anticipation of and response to threats associated with crime and terrorist risks. Through 2018, the Group proceeded with the implementation of this strategy thanks to the recruitment of a Group Physical Protection Manager to assist operational teams. This has involved creating comprehensive procedures to strengthen security preparedness; carrying out dedicated training and intensifying the level of employee engagement, as well as technical and management supervision.

The formulation of Standard Operating Procedures (SOP) across the portfolio was a notable achievement for the Group. It covers nine material impacts including technical premises, control rooms and management offices protection, response to terrorist attack and ram car prevention. Its implementation involved:

> Providing every shopping center with a self-assessment tool, enabling each team to assess their local situation and adapt their action plan accordingly;

> Establishing KPI dashboards connected to the Group's existing safety data management system (KRIPTOS) to monitor the implementation process;

> Imparting training on the new procedures, reaching 80% of shopping center managers and 100% of technical directors by the end of the year, and scheduling all outstanding sessions to take place in February 2019;

> Establishing safety and security as a standard agenda item for team meetings at both management and shopping center levels; and

> Involving the Group's Internal Audit Department to ensure compliance with SOPs on all sites.

Furthermore, the Group has made significant efforts to anchor its shopping centers within their unique geographic, demographic, legal and administrative contexts by fostering cooperation with local governments, police and security forces, emergency services and tenants' security teams. In 2018 this was exemplified through a large full-scale emergency drill at Créteil Soleil (Paris area, France) involving 250 people and 120 vehicles from the fire brigade as part of a regional security exercise.

Conceived as a form of "security symbiosis", the purpose of these efforts is to enhance shopping centers' ability to anticipate and respond to security risks whilst at the same time position them as secure and friendly destinations where visitors can have a safe and positive social experience. As well as testing the effectiveness of the Group's SOP, this and similar drills held at other centers in France and Spain provide an opportunity to train the Group's senior management and improve coordination with local and regional police authorities as well as emergency response teams.

Experiencing that repression alone (such as security agents) is not sufficient to reach the highest level of safety, Klépierre has developped a complementary social approach (association partnership, collaboration with municipality, institutions, local actors of interest…). Saving useless expenses and increasing final performance, Klépierre is committed all over Europe to deploy its holistic approach of security.

4.4.2.3 Health and wellbeing

Klépierre seeks to promote health and wellbeing for the benefit of retailers and visitors through various touchpoints.

When developing and refurbishing its shopping centers, the Group sets high standards for health quality, such as the use of materials with low VOC content and effective ventilation systems, and encourages the integration of biophilic design features, as demonstrated using natural light and vegetation in its recently completed center, Prado (Marseille, France). Additional minimum standards covering internal and external lighting levels, indoor air quality and acoustic performance are followed as part of the Group's committed to achieve BREEAM New Construction Excellent certification for all new developments in excess of 10,000 sq.m. GLA.

During the operations phase, a range of activities are undertaken in relation to visitors and tenants, from promoting regular sports activities to offering meetings with healthcare or nutrition professionals.

The Group has set a target for 100% of shopping centers to promote health and wellbeing by 2022. Currently 56% of shopping centers have implemented this goal.

In 2018, a range of events was held across the Group's portfolio. There were wellness events at 68 shopping centers, such as the "Wellness Week" at Campania (Naples, Italy) including free check-ups and introduction to different sports such as boxing, judo, karate and gymnastics, as well as Paralympic sports. Akmerkez (Istanbul, Turkey) held a "Wellness Festival" involving conferences with nutritionists and dieticians, yoga classes, children activities in the garden, food market. Alexandrium (Amsterdam, the Netherlands) organized a Health Weekend in partnership with retailers who distributed free products and held cookery demonstrations and sports workshops for visitors.

Two urban runs were held in Utrecht (the Netherlands) and one in Valenciennes (France), attracting a combined total of around 7,750 participants, organized by Hoog Catharijne and Center Place d'Armes respectively. A Sportmania event with over 70 sports activities which attracted 50,000 people at Plzeň Plaza and a partnership with the local rugby club to promote its sport at Nový Smíchov (both in Czech Republic).

With a focus on disease prevention and support, heath screening and fund-raising events were held at several shopping centers, and First Aid workshops at Créteil Soleil (Greater Paris Area, France) and Jaude (Clermont-Ferrand, France) organized by the Red Cross.

Klépierre is also aiming for 100% of malls to offer dedicated health and wellbeing-related services to retailers. Currently 60% of shopping centers have these services in place, ranging from the offer of free sports sessions for tenants' staff (e.g., Portet in Toulouse, France) to the integration of childcare services for staff (e.g., Field's in Copenhagen, Denmark). Other shopping centers have hosted social events, free breakfasts for tenants' staff to encourage people to meet, socialize and jointly plan activities for their malls.

Through these initiatives and others, Klépierre's shopping centers forge closer connections with visitors and tenants. Yoga and sports classes at Corvin Plaza in Hungary, for example, gave rise to a 5% increase in footfall and enabled the center to strengthen its reputation through positive media coverage and a participant satisfaction rate of 100%.

Priorities for 2019

> With regards to safety and security, 2019 will see the Group continue with the implementation of its 2017 action plan.

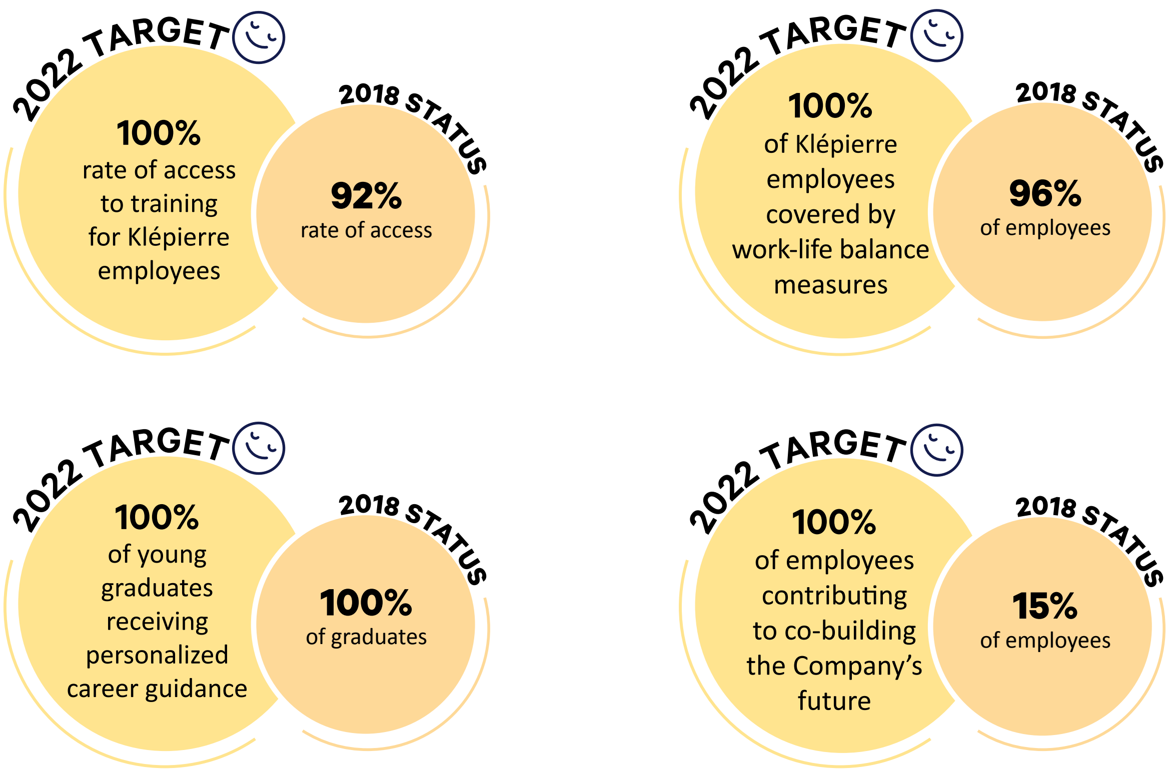
> One priority will be the creation of a technical risks inventory which will allow all shopping centers to track all operational risks in relation to local regulations and Klépierre standards using a consistent format that can be updated and monitored in real time. Another will be to strengthen collaboration with retailers so that they too can benefit from the knowledge that Klépierre has accumulated in relation to safety and security management and contribute to the Group's endeavors to keep its malls safe.

4.4.3 Offer group employees a positive experience

Klépierre has long acknowledged the link between a positive employee experience and business success. Attracting and retaining highly skilled employees, while ensuring their competencies remain relevant and up to date, is a continuous challenge faced by all companies looking to adapt themselves to the future of business. Therefore, the Group commits to provide a quality workplace to breed ground for innovation and creativity.

In Act for People, the third pillar of the Act for Good® overall strategy, Klépierre took four long-term pledges to promote training, personalized career guidance, work-life balance and employee engagement. The following infographic presents the current summary of performance against these commitments.

▸ POSITIVE EMPLOYEE EXPERIENCE – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



The Group's Human Resources strategy to fulfil these commitments by 2022 consists in a comprehensive approach to develop talent, foster diversity, ensure the quality of life at work and co-design the Company's future.

4.4.3.1 Talent Management

By the end of 2018, Klépierre directly employed 1,213 employees, among whom 1,164 were on permanent contracts. The continued investment that Klépierre has made in its workforce is reflected by the average length of service of the Group's employees which is 8 years. Considering the number of people who left the Company in 2018, Klépierre recorded a low turnover rate of 9.4%, which reflects positively on its efforts to increase employee engagement and wellbeing.

▸ WORKFORCE BREAKDOWN AT YEAR-END, BY REGION
(Permanent and temporary contracts)

	2018	2017
France-Belgium	40%	39%
Italy	16%	16%
Scandinavia	12%	12%
Iberia	10%	9%
CE & Turkey	13%	15%
Netherlands	5%	5%
Germany	4%	5%
GROUP	**100%**	**100%**

▶ WORKFORCE AT YEAR-END, BY TYPE OF EMPLOYMENT

	2018		2017	
Permanent contracts	1,164	96%	1,222	97%
Temporary contracts	49	4%	42	3%
TOTAL	**1,213**	**100%**	**1,264**	**100%**

▶ WORKFORCE AT YEAR-END, BY WORKING TIME

(Permanent and temporary contracts)

	2018		2017	
Full-time	1,103	91%	1,163	92%
Part-time	110	9%	101	8%
TOTAL	**1,213**	**100%**	**1,264**	**100%**

▶ WORKFORCE TURNOVER RATE BY REGION[(a)]

	2018	2017
France-Belgium	6.8%	8.8%
Italy	6.0%	4.3%
Scandinavia	19.3%	20.8%
Iberia	5.2%	11.2%
CE & Turkey	11.1%	13.8%
Netherlands	18.6%	25.0%
Germany	16.3%	20.7%
GROUP	**9.4%**	**11.7%**

(a) EPRA methodology: (number of resignations + retirements + deaths) / total number of employees on 12/31/N.

4.4.3.1.1 Attraction

Klépierre's ability to attract and retain talented employees is key to its capacity to grow and thrive. By investing in a diverse workforce through recruitment and retention, the Group fuels a sustainable pool of knowledge and skills that remains one of the most important elements of its business and employer brand.

In 2018, 220 new hires joined the Group with the majority being hired by the Group's branches in France and Scandinavia.

▶ HIRING BY REGION

(Permanent and temporary contracts)

	2018	2017
France-Belgium	76	70
Italy	18	23
Scandinavia	38	39
Iberia	17	16
CE & Turkey	37	46
Netherlands	19	15
Germany	15	19
GROUP	**220**	**228**

Note: The change of contract from an external contract to a temporary or a permanent contract is considered as hiring.

As a major player in its industry, Klépierre has developed partnerships with top business and engineering schools in France. HR and business representatives regularly attend their career fairs to connect directly with high potential candidates, with the objective of hiring and training them on the job to circumvent the current talent shortage. The Group offers students exciting internships, apprenticeships, International Work Experience Volunteers (VIEs) and permanent position opportunities. Regarding senior positions, Klépierre mostly works with leading recruitment consulting firms.

The Group also takes advantage of online tools such as the graduate recruitment platform "Jobteaser" to expand the reach of its recruitment activities. Simultaneously, HR operations teams are internalizing more graduate recruitment activities in a bid to access a wider pool of talent.

In August, Klépierre received the French label "Happy Trainees" for the second year in a row. The certification was awarded following an anonymous survey sent to all 70 interns employed by Klépierre France between September 2017 and July 2018. 90% of the French interns participated in the survey and Klépierre received a recommendation rate of 91.9%, far exceeding the 75% bar required to obtain the certification. Klépierre achieved excellent scores for "Career Development" (88.2%) and "Motivation" (85.5%), demonstrating the important investment the Group made to improve its early recruitment policy and the interns' appreciation for their time at Klépierre, both in terms of training and management support.

The Group also continues to hire VIEs, cooperating with the French Government Agency Business France to create international assignments for European graduates. In 2018, 75% of the VIE recruits were hired on permanent contracts at the end of their international assignments.

4.4.3.1.2 On-boarding

In April 2018, Klépierre created two new on-boarding programs at Group and local level. The objective is to enable new employees to acquire essential knowledge about the Company's business lines and build their internal network.

All new senior managers and new joiners on core operational functions are invited to the Group-level on-boarding program which includes presentations by members of the Executive Board and insights into the Group's organization and current challenges. 51 hires from 12 countries benefited from this initiative in 2018 and came to Paris for a one-day induction split between the head office and Val d'Europe shopping mall.

31 French new joiners on permanent contracts took advantage of the second, local-level on-boarding program that includes two day-long visits to shopping malls with the aim of achieving a better understanding of the business on the field. The Group's target is to extend this on-boarding scheme across all branches and cover all new hires.

4.4.3.1.3 Learning & Development

Klépierre University serves four main objectives:

> Train new graduates with a general academic background in the Group's specific expertizes;

> Help the Group adapt to business needs and market changes to increase its agility;

> Provide a wide range of training to all employees to favor cross-business and cross-country mobility; and

> Spread a common corporate culture of innovation across all branches.

As one of its four "Act for People" pledges, the Group aims to achieve a 100% access rate to training. In 2018, the rate was already 92.5% vs. 89.5% in 2017.

► ACCESS RATE TO TRAINING BY REGION

	2018	2017
France-Belgium	91.4%	93.0%
Italy	78.8%	62.2%
Scandinavia	95.2%	100.0%
Iberia	100.0%	97.7%
CE & Turkey	100.0%	91.7%
Netherlands	87.4%	92.9%
Germany	88.5%	74.6%
GROUP	**92.5%**	**89.5%**

Access rate to training: 100 x (number of trainees/annual average headcount).

► TRAINING HOURS BREAKDOWN BY REGION

	2018	2017
France-Belgium	36.8%	45.5%
Italy	10.9%	7.3%
Scandinavia	8.6%	10.4%
Iberia	16.5%	11.3%
CE & Turkey	21.6%	19.2%
Netherlands	1.7%	3.8%
Germany	3.9%	2.4%
GROUP	**100.0%**	**100.0%**

► TRAINING ACCESS RATE BY MANAGEMENT LEVEL AND GENDER

	Men	Women	Total
Executive Team	100.0%	100.0%	100.0%
Top Management	100.0%	88.1%	99.1%
Middle Management	100.0%	100.0%	100.0%
First Line Management	100.0%	100.0%	100.0%
Non-Management	92.9%	81.1%	84.3%
GROUP	**100.0%**	**86.9%**	**92.5%**

Klépierre University offers more than 100 courses to support business objectives. The Training Department delivered 26,500 hours of training in 2018 through a mix of face-to-face and digital sessions. Klépierre University aims to maximize the delivery of training by internal trainers. In 2018, 27% of classes were given by employees. The Group's target is to reach a 50% rate by 2022.

During 2018, Klépierre University undertook a number of projects to internationalize and digitalize its training offer. On the one hand, the common international training catalog was extended to share and build up a core knowledge foundation for all employees, regardless of their location or business area. The offer has almost doubled from 17 in 2017 to 28 in 2018.

On the other hand, digitalization of the training offer aims to personalize training paths, democratize access and make training lighter and more accessible by encouraging "on-the-go" training. Digitalization helps optimize pedagogy and decentralize training, enables experts to design their own sessions and provides an efficient complementary resource to extend the traditional classroom format. It effectively reduces average learning duration, also optimizing costs. The aim is to focus during face-to-face phases on value-adding learning activities based on interactive discussion and practical application.

Learn UP!

In response to the ever-evolving demands of its marketplace, Klépierre University launched its first mobile training portal in March 2018 across the Group and translated it into eight languages to make it available to as many employees as possible.

At the end of 2018, more than 25 courses were available through the mobile app, representing around 20% of the Group's core training program (up from 3% in 2017). Since its launch, it has established itself as a core component of Klépierre's training offer as it accelerates and facilitates the delivery of training by providing all employees a comprehensive suite of online training modules.

Klépierre employees can now access training when and where they want, from any device (phones, tablets or laptops). This is especially useful to the 60% of employees based in more than 100 shopping malls. This new way of learning enables team members to train easier and faster with personalized learning pathways according to their knowledge and specific needs.

More than 600 employees (51%) completed over 1,180 hours of training using Learn Up! in 2018. Learn UP! also received applause from the Global Talent Observatory in France who honored Klépierre University with a digital innovation award in 2018.

For more figures on learning, please refer to the appendices on page 207.

4.4.3.1.4 Performance and Development Review

The Group has revised its annual appraisal review process in order to answer the management need for a lighter process and greater attention on performance management. The process is now split into two one-to-one meetings; one on performance and the other on career development.

The performance review focuses on performance appraisal and is mandatory for each employee. The 2018 completion rate was 93.5%. The meeting takes place between November and January and aims to assess the accomplishments of the past year and set the employee's objectives for the coming year. It also helps identify the support and training needed for them to progress according to the Group's priorities.

For the first time in 2018, the managers had the opportunity to schedule an additional mid-year performance review. Despite its optional nature, 386 employees (31,8% of the workforce) took advantage of this in 2018.

All managers are expected to take responsibility for the development of their team members by offering feedback and support in setting out personalized improvement action plans. To this end, a new, optional development review, to be carried out upon employee request, was rolled out. It is both a tool and an opportunity available to all employees to describe their mobility wishes in the short term and their mid- to long-term professional objectives. Employees are also invited to self-evaluate their behavioral skills on a form also assessed by their managers.

Through this new development review process, all Group employees are offered personalized career guidance. In 2018, 33.3% of graduates participated in the process, which demonstrates their interest to talk about career development early in their collaboration with the Company.

The Group's recommendation is to have this discussion every two years, and up to once a year for junior employees.

4.4.3.1.5 Internal Mobility

Employee mobility is promoted to support the Group's succession planning and meet employee expectations. Klépierre offers internal job opportunities to employees with potential in order to develop in-depth expertise, take on new responsibilities, consolidate their leadership by managing cross-functional projects and enhance their ability to grow in a multicultural environment.

▶ INTERNAL MOVEMENTS

	2018	2017
Number of internal movements	89	100
% OF OPEN POSITIONS FILLED BY INTERNAL MOBILITY	**29%**	**30%**

Mobility is encouraged by HR practices such as the development interview described above and a proactive learning practice supported by Klépierre University. Local initiatives are also rolled out to foster internal mobility, including a newsletter listing all available positions (accompanied by employee testimonials promoting their business line) is sent out in France.

This set of practices encourages transparency and enables Group HR to favor internal candidates over external hires. In 2018, 29% of job positions were filled internally. All positions in the Company are eligible for internal promotion. For example, the Head of Leasing for Germany was promoted to Country manager.

In addition to intra-country mobility, Klépierre combines international mobility and promotion. As examples of this European approach, the Country manager in the Netherlands was previously Head of Asset Management in Iberia; and the recently promoted Group Head of Leasing was previously Head of Asset Management in the Netherlands.

HR teams from 10 countries coordinate and guide employees throughout the whole mobility process, starting with the identification and matching of job opportunities with the employee's mobility wishes and ending when the employee effectively joins the new position.

4.4.3.2 Diversity

With operations spanning over 16 European countries, Klépierre is inherently a diverse organization. More than 28 nationalities are represented throughout the Group, ensuring a rich cultural diversity. Still, the industry faces diversity challenges, particularly regarding gender balance at top management levels.

Klépierre's Diversity and Inclusion policy prohibits discrimination based on age, disability, family status, race, religion or gender. As a testimony of this long-term commitment, Klépierre signed the Diversity Charter in 2010, demonstrating its will to promote equal opportunities for all employees.

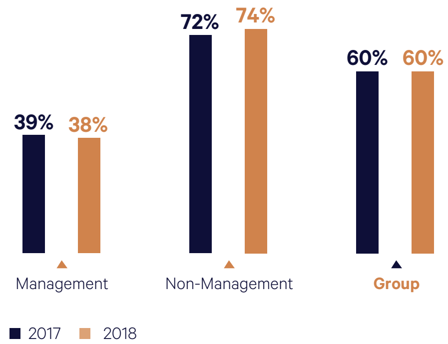
4.4.3.2.1 Gender equality

In France, a complementary agreement on Professional Equality between Women and Men was signed in 2017, covering 40% of the Group workforce and detailing specific measures in the areas of remuneration, recruitment, mobility and training.

Acknowledging the need to improve, Klépierre also plans to launch several measures at Group level starting in 2019. These include systematic analysis and correction of pay gaps and the identification of female high potentials to prepare for the succession of current executive positions.

Gender equality is more generally supported by recruitment, training, career development and mobility opportunities, as well as regular process assessments. In France, for instance, the Group has committed to recruit more female candidates in core functions. Following these good practices, the Group has accomplished significant improvements in recent years, raising the proportion of women at the Executive Management level by 11 percentage points from 2017 to 2018.

▸ PROPORTION OF WOMEN IN TOTAL WORKFORCE AT YEAR-END



(a) Management: Executive Management + Top Management + Middle Management + First Line Management.
(b) Non-Management: Officer + Assistant.

▸ PROPORTION OF WOMEN IN TOTAL WORKFORCE AT YEAR-END, BY MANAGEMENT LEVEL

	2018	2017
Executive Management	17%	6%
Top Management	12%	26%
Middle Management	30%	32%
First Line Management	44%	44%
Non-Management[(a)]	74%	72%
GROUP	**60%**	**60%**

(a) Non-Management: Officer + Assistant.

▸ RATIO OF AVERAGE SALARY (WOMEN TO MEN), BY MANAGEMENT LEVEL

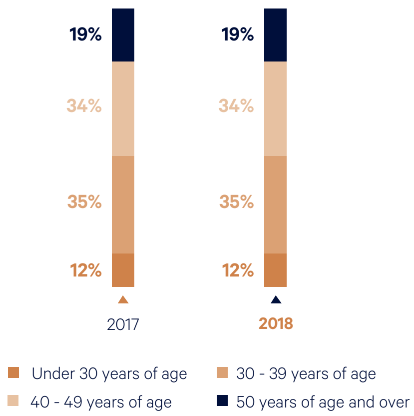
	2018	2017
Executive Management[(a)]	0.96	1.17
Top Management	0.97	0.97
Middle Management	0.68	0.70
First Line Management	0.90	0.88
Non-Management[(b)]	0.90	0.83

(a) Excluding the Executive Board.
(b) Non-Management: Officer + Assistant.

4.4.3.2.2 Age diversity

Regarding age, 12% of employees are less than 30 years old, 69% are between 30 and 49 years old and 19% are more than 50 years old. By maintaining a balanced age structure, Klépierre aims to provide an inspiring workplace to employees at different seniority levels and effective knowledge management within the Company.

▸ **WORKFORCE AT YEAR-END, BY AGE**



4.4.3.2.3 Social diversity

Klépierre aims to attract candidates from diverse social backgrounds, including from disadvantaged areas, who would not normally consider the real estate sector without targeted incentives.

Klépierre has been working with the French organization "Article 1" (formerly known as "Passeport Avenir") since 2017 to help students from underprivileged backgrounds succeed in their academic and professional lives. Klépierre supported eight students in 2018. Through this partnership, the Group has been able to develop new relationships and engage with a more diverse range of students.

The Group also answered the French government's call to on-board middle school pupils from disadvantaged backgrounds through the "PAQTE" platform in order to give them an insight into its business lines and industry. Pupils are invited to stay with the Company for short observatory periods (between 4 and 5 days).

The Group acknowledges the importance of these initiatives to build social awareness across its own employees and break stereotypes, especially at management level, by offering them the opportunity to exchange with people from different backgrounds.

4.4.3.2.4 Disability

Following a collective agreement with the French Work Council, various initiatives to support employees with disabilities have been implemented. They include raising employee awareness of the need to support colleagues with a disability, training managers to better on-board people with disabilities and ergonomic assessments conducted by occupational therapists to support their comfort and integration in the workplace.

Klépierre France also introduced enhanced social and medical benefits for employees with disabilities. They include additional leave allowances for medical reasons (which has been extended to employees who care for a dependent relative) and financial assistance to cover the purchase of specific equipment, insurance and transport expenses.

▸ **WORKERS WITH DISABILITIES AS A PROPORTION OF TOTAL WORKFORCE**

	2018	2017
Number of workers with disabilities	17	18
% OF TOTAL WORKFORCE	**1.5%**	**1.6%**

4.4.3.3 Quality of life at work

4.4.3.3.1 Health & Safety

As health and wellbeing concerns have increased in recent years, the benefits of a high-quality workplace on employee engagement, wellbeing and productivity is increasingly acknowledged.

Health and safety is a central component of Klépierre's commitment to improve employees' working life. To promote a high-quality working environment, the Group raises awareness and aims to provide health and safety training to all managers and employees.

Pyschosocial risks management in the workplace is also a priority for the Group. Mental health and wellbeing risk training was extended to all managers in France in 2018 following the successful coaching delivered to the Group's Executive Committee and to Spanish managers in 2017. By the end of 2018, 98% of managers in France had received this training which included online modules delivered through the Group's new learning app "Learn Up!" (see page 192) and face-to-face sessions. The Group also made a free and anonymous psychological assistance helpline available to all French employees in partnership with Axis Mundi, and a similar assistance program is in place in Turkey.

4.4.3.3.2 Work-life balance

In 2018, homeworking opportunities were offered to 375 employees in France as part of a 12-month pilot program to help people balance work and home commitments. Employees who met the pre-requisite conditions (including internet connectivity at home, confidentiality and phone availability during agreed working hours) were able to work from home up to 5 days per month.

The pilot was extended for a further 6-month period at the beginning of 2019, at the end of which an evaluation will assess the project's potential to be implemented and extended internationally.

The Company also applies a "right to log off" policy outside of working hours following a collective bargaining agreement enacted in France in 2018. In Poland, all employees benefit from flexible working hours while Hungarian employees with children can choose to work from home.

As a result of Klépierre's investment in this area, more than 96% of employees benefited from work-life balance measures in 2018.

4.4.3.3.3 Wellbeing at work

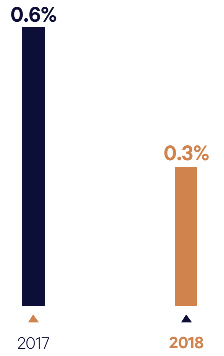
In addition to work-life balance measures, a range of wellbeing initiatives were deployed in 2018. They include fruit baskets in common areas and yoga classes at the French head office, and a physiotherapy service available to all head office employees in Spain and Portugal.

Klépierre also organizes numerous events throughout the year to engage staff at all levels and encourage employees to get to know each other better. Popular initiatives include Happy Hours, "Let's Chat" meetings and end-of-the-year celebrations organized by each country.

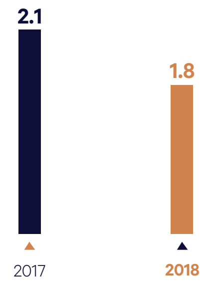
These efforts contribute to reduce absenteeism and accident rates among the Group's employees, with short-term absenteeism rates maintaining a downward trend over the past two years.

▸ SHORT-TERM ABSENTEEISM (< 7 DAYS)

RATE



NUMBER OF DAYS LOST PER EMPLOYEE



▸ WORKPLACE ACCIDENTS

	2018	2017
TOTAL NUMBER OF WORKPLACE ACCIDENTS	**6**	**9**
Workplace accidents resulting in time off work	4	2
Workplace accidents resulting in death	0	0
DAYS OFF WORK DUE TO WORKPLACE ACCIDENTS	**15**	**54**
Frequency rate of workplace accidents	1.79	0.87
Severity rate of workplace accidents	0.01	0.02
OCCUPATIONAL ILLNESSES REPORTED	**2**	**0**

Note: for workplace accidents, accidents while commuting to/from work are excluded.
The frequency rate of workplace accidents is the number of workplace accidents resulting in time off work per million hours worked. The following formula is used: (number of accidents resulting in time off work/(235 x 7.8 hours x annual average workforce + overtime) x 1,000,000).
The severity rate of workplace accidents is the number of days lost through time off work due to workplace accidents per thousand hours worked. The following formula is used: (number of days off work following a workplace accident/(235 x 7.8 hours x annual average workforce + overtime)) x 1,000.

For more figures on absenteeism, please refer to the appendices on page 208.

4.4.3.4 Co-design of the Company's future

4.4.3.4.1 Long term and direct social dialogue

The Group's approach to employee engagement relies on stakeholder dialogue. Klépierre believes an effective working environment is founded on trust and inclusivity and promotes communication to achieve it. The Group complies with all legal requirements in matters of freedom of association and collective bargaining in its markets. In 2018, 65% of the Group's employees were covered by a collective bargaining agreement.

Klépierre ensures transparent and direct communication between all management levels through informal dialogue and works councils at country level. In 2018, Klépierre's French employees elected a new representative body—the Social and Economic Committee (CSE)—that combines the responsibilities of three previous staff representative bodies: the staff representatives, the Work Council and the Health and Safety Committee. The new body is made up of 26 members and will lead negotiations covering gender diversity, compensation and benefits, working conditions and profit sharing. Klépierre's Chairman of the Executive Board will attend the Social and Economic Committee meetings on a regular basis to ensure continuity with the Group's strategy.

Together, Klépierre management and the staff representatives concluded a number of collective agreements covering the France entity. These covered topics including working time, Sunday work, savings plans, health care, disability (see appendix page 208), "right to log off" and gender equality. This dialog will continue in 2019.

Instead of conducting a new "You & Klépierre" employee survey in 2018, the Group continued to implement the measures identified following the last survey (conducted in 2016), focusing on the "Act for Good" strategy launched at the end of 2017. A central objective was to raise awareness of the long-term commitments and ambitions the Group has set for itself, and the role each employee can play to achieve them.

Specific improvement actions have also been implemented focusing on two areas: improving internal communications at Group level (including between branches and the headquarters) and accelerating the Group's talent management policy (see page 189). As an example of these actions, small-scale "Let's Chat" breakfast meetings with the Chief Executive Officer have been offered to employees as an opportunity to exchange direct feedback about the Group's strategy and the state of the industry. The "Let's Chat" sessions have taken place throughout 2018 to collect local feedback and will keep running in 2019.

More broadly, the Group's internal social network, "Workplace by Facebook", has been implemented across all locations since June 2017 and connects virtually all of Klépierre's employees. Everyone is encouraged to join and the social network has established itself as the go-to place to share individual and collective initiatives, experiences, achievements and new ideas. By the end of 2018, 90% of the Group's employees had set up their accounts and contributed to discussions dedicated to Group, country and business projects, such as Destination Food® or Let's Play®.

4.4.3.4.2 Fostering employee innovation

Innovation is essential to the Group's success. By encouraging the exchange of ideas, Klépierre positions itself as a leader in the retail real estate sector. To this end, the Company aims to achieve a target of 100% of employees actively contributing to the building of the Company's future by 2022.

Internal innovation is led by a network of 28 ambassadors coming from ten different branches, representing virtually all of the Group's business lines divided into nine project groups tackling some of the most pressing issues encountered by the Group: innovative services, security, events and entertainment, new ways of working and more. These 28 ambassadors are part the Group-wide "Klépierre ID" open innovation platform that aims to create value for the business by responding to fast-evolving technological, social and environmental factors that are transforming the industry.

The innovation and implementation proposals delivered by these nine project groups are regularly assessed by the Steering Committee, attended by members of the Corporate Management Team. Successful projects include the VivaTech Learning Expedition in 2018 to offer employees the opportunity to identify innovations which could transform Klépierre's professionnal practices.

Group-level activities are complemented by local initiatives across countries, such as the refurbishment of the sixth floor of the Group's French head office. The project was the result of a collaborative effort, with all employees involved invited to share their ideas on how the space could be redesigned to support and encourage flexible working. The newly designed floor encourages desk sharing to reduce workspace density and features activity-based zones and social hubs to support employee interaction and collaboration.

Other examples to promote new ways of working have been introduced elsewhere across the Group, such as the development of a coaching program to improve co-working and team coherence in the Netherlands and a recreation room to rest or exercise in Hungary.

Overall, 15% employees already contributed to the co-design of the Company's future in 2018, only presaging of more opportunities to come in the coming years.

4.4.4 Champion ethics in the local communities

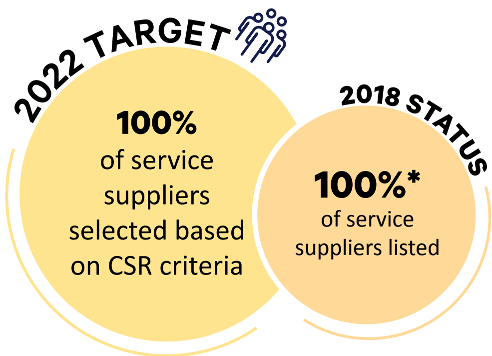
Klépierre has developed its own Code of Professional Conduct which underscores its commitment to ethics and human rights. The Code, which is publicly available on the Group's website and presented to all employees when they join the firm, provides a clear iteration of the Group's commitments and a reference point for ethics training and monitoring procedures.

The Group's policies and procedures are applied systematically across all locations and cover all employees. Human rights standards are also supported by strict national and European regulations. All Klépierre employees, and indeed all of the Group's first-tier suppliers and service providers, are based in countries which have ratified the eight fundamental conventions of the International Labor Organization (ILO) including the elimination of discrimination in the workplace, respect for freedom of association and the right to collective bargaining, the elimination of any form of forced or compulsory labor and the abolition of child labor.

Klépierre became a signatory to the United Nations Global Compact in 2012 and renewed its commitment in 2017. To this effect, the Group conducts an annual review of human rights risks, policies, monitoring and reporting procedures across all countries where it operates using the UN Global Compact's analysis tool.

The Group's relationships with its service providers and suppliers are governed by the same concern for probity and integrity. Klépierre endeavors to extend its principles of responsibility to its value chain, since it plays a key role in safety issues and in the quality of the shopping experience offered to its customers, both retailers and visitors.

► **ETHICS – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**



4.4.4.1 Code of professional conduct

Klépierre's Code of professional conduct sets out the principles and corporate values to which the Group is committed. It informs all employees about what is expected of them, and what they are entitled to expect from Klépierre Group. Its contents may not match the laws, regulations and professional standards in every country where the Group operates, but it is applied on the basis that national laws take priority when they impose regulations that are stricter than the Code and, conversely, the Code's stipulates take priority if they are more stringent than national regulations, providing that national regulations are nonetheless respected.

* *Calculated on the scope managed by the Group Procurement Department i.e., 35% of Klépierre (key suppliers). Next year will be dedicated to broadening this scope.*

The rules of conduct outlined by the Code cover the following aspects:

- Respect for the law and local customs;
- Customer service;
- Conflict of interests;
- Confidentiality and observance of professional secrecy;
- Financial communication and media;
- Privileged information and insider trading;
- Fight against money-laundering and the financing of terrorism;
- Adherence to rules governing corruption;
- Political funding;
- Delegations of authority and signatures;
- Gifts and invitations;
- Protection and utilization of Company assets;
- Adherence to procedures applicable to invitations to tender and procurement;
- Whistleblowing;
- Health and safety;
- Prevention of acts of discrimination and harassment and respect for privacy;
- Environmental responsibility.

Adherence to the Code of Professional Conduct is the duty of all Klépierre Group employees, who make a formal commitment to uphold its rules. In line with Klépierre's target to promote business ethics to 100% of employees and stakeholders, the Code was sent to all employees in 2014 and 2015, and all new joiners receive a copy of the Code and are required formally acknowledge that they have read it.

A whistleblowing procedure is in place throughout Europe and is available to all employees. It is supported by an outsourced, independent facility which can be contacted at any time, and all reports are anonymous where this is permitted by local regulations. No breach or violation of the Code was reported through this procedure in 2018.

The Group's Internal Audit team undertakes annual ethical risk assessments to monitor the risks associated with the Code, and reviews and updates the Code and its associated procedures accordingly. The recent rise in external fraud attempts via computer hacking has increased the level of priority accorded to fraud risk, and the Group is applying increased vigilance using audit and protection tools, including secure systems access and employee training.

4.4.4.2 Enhanced anti-corruption procedures

The introduction of the Sapin II law in France, which came into force in 2017, stipulates that companies of a certain size must establish an anti-corruption program to identify and mitigate corruption risks. This includes obligations to develop a Code of Conduct; internal whistleblowing mechanism; risk mapping; third-party due diligence, accounting controls; a compliance training program; a disciplinary regime and internal evaluation controls.

The Group has developed an evaluation procedure for third parties in response, and during 2018 face-to-face training on Sapin II and the European Union's fourth directive against money laundering and terrorist financing was delivered to 118 employees in leasing, asset management, development, investment and M&A teams (i.e., those deemed to be most exposed to corruption risks).

The requirements of this law also prompted Klépierre to review and update its Anti-Corruption Code of Conduct which was approved by the Group's employee representative bodies in 2018. The new Code was sent by email, in both English and French, to all internal and external Group employees by the CEO in January 2019, and is available to download on the Group's website.

During 2019 we will continue with the implementation of compliance risk assessments in accordance with Sapin II. Reporting of instances of non-compliance is managed through the existing framework and whistleblower procedure which guarantees anonymity.

4.4.4.3 Responsible purchasing

Klépierre's first-tier supply chain is characterized by five major service categories, which together represent an average 90% of the Group's operating budget across Europe. These are: utilities (energy and water); general operations; cleaning; maintenance; and safety and security. Overall, the provision of services across these main categories is closely controlled. The utilities market is strictly regulated throughout the countries where the Group operates. Most of the Group's service providers for cleaning, security and maintenance employ teams are based in the shopping centers, which allows for easier engagement and monitoring.

Rather than viewing its service providers as external "suppliers", Klépierre prefers to build relationships based on partnership, trust and mutual respect. The Group is proud of its reputation of maintaining on-time payments to service providers and endeavoring to develop long-term relationships which extend beyond the bounds of each formal contractual agreement.

To ensure effective management of operational risks linked to purchasing and optimizing the Group's performance in this area, a purchasing team was created in 2014 with objectives to streamline the purchasing process; secure, evaluate and monitor a specific pool of approved suppliers and improve operational margins.

Following the integration of Corio's assets into the Group's portfolio, the team implemented a Supplier Relationship Management System (SRM) which is applied consistently across all 16 countries where the Group is present. Whilst the Group does not maintain a central procurement function, procedures for the coordination of international purchasing have been created. Information on all tenders completed in France is shared across all countries and regions, where procurement is carried out locally according to the specific context. Procurement decision-making is supported by mixed disciplinary teams, and overseen by Country Heads, Operational and Procurement Directors.

In 2018, Klépierre purchased around €450 million worth of services and supplies for the operational management of its shopping centers. These operating expenses are subject to extensive scrutiny as they are mostly passed on to tenants through the service charge. Retailers demand transparent and effective budget management; hence the Group is continually seeking to realize cost savings on behalf of its tenants, and several steps have been taken in recent years geared towards this objective. Recent examples include a call for tender in France following the Group's decision to seek cost savings by consolidating natural gas contracts across its portfolio, and the renegotiation of waste contracts was also conducted in 2018 with the same objectives.

The Group also operates a stringent selection and approval processes; the signing of framework agreements and continuous on-site monitoring ensures that risks in relation to operating expenses are identified and minimized. The same level of diligence is also applied to non-recurring expenses.

Furthermore, the purchasing team and personnel involved in procurement decision-making give close attention to corporate responsibility and business ethics aspects. Firstly, they follow two fundamental principles: neutrality, to ensure fair, ethical, objective and transparent processes; and the consideration of the life-cycle cost of purchased products. Secondly, they have progressively incorporated the Group's social and environmental commitments into contractual agreements, with emphasis on the following items:

> *Economic*, including financial position, business ethics, and proportion of revenue derived from business with Klépierre Group (which must be no more than 22%);

> *Environmental*, including the use of environmentally-sound products and materials; energy efficiency; waste management, and the establishment of innovative processes to reduce environmental impacts;

> *Social*, such as measures to combat undeclared work; forced or child labor and ensuring that work conditions and work time hours are respected.

The procurement team supports these efforts by engaging with key suppliers on a regular basis. This includes an annual meeting with the Group's key suppliers to share challenges and identify opportunities to work with Klépierre on shared sustainability objectives.

Last but not least, Klépierre's Responsible Procurement Charter was created in 2018 to reflect the launch of the Act for Good® strategy, and which sets out the standards which the Group expects of its suppliers in relation to environmental and social aspects. More specifically, the Charter sets out requirements in relation to human rights; ethics; security; energy performance; waste management; sustainable behavior; local development and building certifications, and it requires a signature of formal commitment from all Klépierre's service providers.

Overall, service providers holding a certification are preferred, as the Group believes that this ensures the implementation of more responsible practices. Across Europe, 80% of key providers and suppliers have at least one certification, primarily ISO 9001 or 14001, and the Group will endeavor to maintain this as the minimum level for supply chain certification.

► SHARE OF CERTIFIED GROUP KEY SUPPLIERS

	Cleaning suppliers	Safety suppliers	Facility management suppliers
France-Belgium	42%	92%	38%
Italy	97%	79%	79%
Scandinavia	100%	100%	100%
Iberia	100%	95%	100%
CE & Turkey	90%	96%	96%
Netherlands	100%	100%	100%
Germany	28%	100%	92%
GROUP TOTAL	**74%**	**92%**	**72%**

Comment on trends: in the daily operation of the Group shopping centers, cleaning, safety and facility management suppliers are our main partners on site. Klépierre is committed to work closely with them with the objective to integrate CSR performance into its value chain. In 2018, more than 99% of these main partners were certified on environement, safety/security and/or quality.
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.

In 2016, a social and environmental performance analysis of the Group's main suppliers was carried out. This study assessed around 40 suppliers of varying sizes on the following criteria: environment, social, business ethics and responsible purchasing. The average score of Klépierre suppliers was 46.4% higher than the average from a benchmark panel of 15,000 suppliers on the platform of the study provider. Klépierre will continue its analysis to draw from it a concrete path of actions for engaging its suppliers and subcontractors in a shared responsible approach.

Harnessing supplier innovation for mutual benefit

Klépierre has long engaged with its suppliers to explore how they can jointly tackle shared sustainability challenges. In 2018, the Group decided to reach out to its suppliers in a call for innovation by organizing an "I-Day" at its headquarters in Paris.

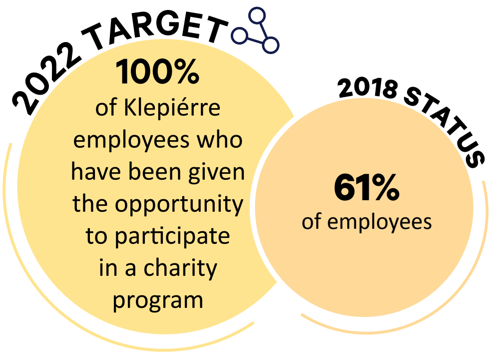
Ten suppliers were invited to pitch their innovative and income-generating ideas to Klépierre's top management. The presentations covered sustainability-focused solutions from car park shading using photovoltaic panels to electric vehicle charging stations and cleaning robots. The winning pitch was a combined presentation from Tri-O and Les Alchimistes who brought together their respective expertise to propose a novel waste solution based on a highly effective electromechanical composter.

As well as supporting the Group's long-term target to achieve 90% recycled waste in its centers, the solution promises costs savings of between 15% and 30% compared to traditional composters and the opportunity to generate new revenue by selling high quality "Made in Klépierre" compost. The solution is currently being tested at Le Millénaire shopping center in Aubervilliers in France.

4.4.5 Be socially conscious

Providing employees with the opportunity to support local charities can make a positive contribution to engagement and satisfaction levels, while at the same time strengthening the Group's ties with is communities. As such, Klépierre encourages its employees to play an active part in their communities and has set a long-term commitment for all employees to have the opportunity to support a charitable organization.

► **PHILANTHROPY – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**



During 2018, approximately 742 employees (representing 61% of total workforce) donated their time and energy to support local charitable organizations:

> 30 employees in the Czech Republic participated in a volleyball competition and raised €400 to support a project that funds school lunches for disadvantaged children;

> 40 employees from Spain volunteered to support a gift collection and cinema trip for disadvantaged children. Klépierre provided a $5,000 donation;

> Also in Spain, employees at La Gavia volunteered with a local church to support underprivileged families. Together with matched funding from Klépierre they raised €6,700. Employees also support a food bank that has benefited almost 300 families and 100 children; and

> Every Thursday, employees from the Portugal head office spend time accompanying elderly people in the Group's shopping centers. The head office also partners with a local church and employees volunteer to help elderly residents either at home or on trips to the doctor.

► **SHARE OF SHOPPING CENTERS HAVING ORGANIZED AT LEAST ONE PHILANTHOPIC ACTION DURING THE YEAR**
(Reported scope)

	2018
France-Belgium	83%
Italy	95%
Scandinavia	89%
Iberia	63%
CE & Turkey	91%
Netherlands	92%
Germany	60%
GROUP TOTAL	**84%**

Comment on trends: working closely with local networks around our centers is at the very heart of Klépierre CSR strategy. In 2018, 84% of our centers organized a charity initiative together with their customers and in partnership with an NGO to answer the needs of their communities.
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.

These charity actions took place on a cumulated amount of time of 8,636 days and more than 59,000 sq.m. were dedicated to those initiatives in all centers.

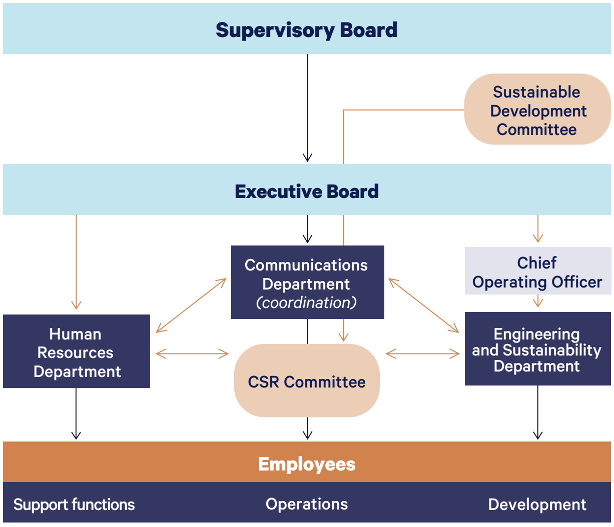
All over Europe, around 435,000 beneficiaries were reached by Klépierre philanthropy actions.

4.5 SUSTAINABILITY GOVERNANCE

Klépierre's sustainability strategy is firmly rooted in the Group's management structures. The commitments are implemented across all countries and supported by dedicated tools to monitor and track performance. Sustainability is also applied in the various external initiatives in which the Group participates.

4.5.1 Organization

Sustainability governance is well established and rooted in Klépierre's corporate operations and governance structure.



The Supervisory Board has overall supervision of the Group's sustainability performance. The Board is supported by the Sustainable Development Committee which reports to the Board and reviews the Group's processes and performance with regards to sustainability.

The Committee is composed of four Board members and is chaired by Steven Fivel, General Counsel and Corporate Secretary of Simon Property Group, Klépierre's leading shareholder. It met three times in 2018.

The **CSR Committee** supports Klépierre's **Executive Board** in the implementation of the Group's sustainability strategy. The Committee is responsible for setting targets and approving action plans and reports to the Board on the results achieved. Its members include members of the Management Board, the Engineering and Sustainability Department, Human Resources Department and the Communications Department, as well as other relevant functions (including operations and development). The Committee met four times in 2018 and works in close collaboration with the following Group-level departments:

> The **Engineering and Sustainability Department,** which brings together employees responsible for technical engineering in the centers, operational investments and sustainable development. Within this department there is a Sustainability team comprised of three employees. The Department reports to the Chief Operating Officer and oversees all technical challenges facing the operation of the Group's shopping centers as well as ensuring the implementation and circulation of the Group's environmental and societal policy across its portfolio;

> The **Human Resources Department,** which oversees the Groups HR strategy including talent management, skills development and performance challenges in line with the Group's values and social commitments;

> The **Communication Department,** which ensures the effective implementation of the strategy with Country Departments and works collaboration with Engineering and Sustainability Department as well as the Human Resources Department.

Setting country-level goals and implementing actions

Responsibility for implementing Act for Good commitments forms part of the objectives for members of the Executive Board, Country Managers, Country Heads and technical managers and officers at regional and shopping center levels. Moreover, key Act for Good commitments are incorporated into the performance share allocation plans criteria for the Group's main managers.

Country management and operational departments implement the Group's goals and implement the policies that are appropriate to their local environments across Klépierre's 16 markets. Each country then determines its annual action plan—in terms of investment and management—for all the technical and sustainable development issues regarding its performance level and targets. They are supported by best practice guides for energy, waste, water and certification management which define the appropriate actions a country can take based on actions already implemented across the Group.

These action plans are then discussed at a special annual meeting that brings together the whole European network, before being presented to the Group's Chief Operating Officer.

A network of approximately 30 employee representatives covering all Klépierre subsidiaries has responsibility for carrying out local actions and reporting on best practices. These representatives work in close contact with head office teams including the Engineering and Sustainability Department through regular monthly meetings. These meetings make it possible to accelerate the rollout of approved actions, increase information-sharing and build stronger cross-functional teams. In addition to these monthly meetings, all representatives meet in person twice a year for two days of discussions, strategy setting and inter-country collaborative work.

Finally, the Group's Act for Good® approach is systematically addressed in all communications intended for all employees. The Group's Executive Board thus shares its vision, its ambition and its requirements in these areas in a clear and decisive manner.

4.5.2 Sustainability policies

The Group's strategy is supported by the following policies that guide the actions and standards it expects its employees to follow in their business dealings.

> Social dialog policy;

> Human resources policy;

> Employee career development policy;

> Healthcare and wellbeing policy;

> Talent management policy;

> Recruitment policy;

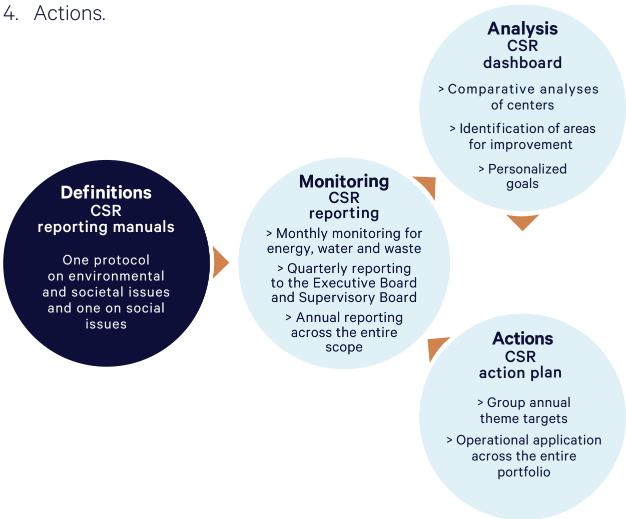
> Intern recruitment policy;

> Diversity policy.

4.5.3 Management system and tools

The Group uses a suite of tools and processes to integrate environmental and societal issues into its operational procedures. These tools cover all the Group's operations to provide a uniform approach and are organized into four groups for greater clarity internally:

1. Definitions;
2. Monitoring;
3. Analysis;
4. Actions.



4.5.3.1 Definitions: CSR reporting manuals

The Group has established standard definitions for the environmental, societal and social impacts that all shopping centers are expected to monitor.

The definitions are grouped into two reporting protocols:

> One on social aspects, which is sent to human resources managers in each country, and which includes both quantitative and qualitative data;

> The other on environmental and societal aspects, which is communicated to each country and to each asset, and which contains approximately 120 data points to be collected for each shopping center in the portfolio.

These documents are updated annually to reflect developments in the business activities of the Group, and changes to regulation in each of the Group's operating countries.

4.5.3.2 Monitoring: CSR reporting

In 2018, more than 99% of Klépierre's portfolio monitored performance data against the defined impacts and performance indicators. Internal reporting in each country is led by the technical and operational teams.

4.5.3.2.1 Environmental and societal issues

> Center managers and technical directors monitor utilities, consumption (energy and water) and waste production at least once a month. 77% of centers are also equipped with energy measurement systems that enable automated reporting (by directly hooking up to utility suppliers, for example) and provide real-time analyses of the actual performance of assets. Performance data is collected and analyzed using DEEPKI, a tool which allows for a standardized approach to monthly reporting of energy, water and waste data. Using DEEPKI, the Group can analyze data at shopping center and portfolio level; control for climate factors, and undertake a robust shopping center performance benchmarking assessment.

> At the Group level, energy, water and waste performance indicators covering the Group's entire portfolio are reported quarterly to the Executive Board and to the Supervisory Board's Sustainable Development Committee. Reporting is made annual for all CSR reporting indicators.

4.5.3.2.2 Social issues

Social data are processed using an information system shared with all Group human resources teams, thereby enabling standardized and structured management of the data, based on a single repository.

This data and supporting qualitative information is compiled every quarter by the Group Human Resources Department to monitor social indicators, providing oversight of the performance and wellbeing of employees as well as monitoring Klépierre's human resources policy.

4.5.3.3 Analysis: CSR dashboard

Shopping center, country and Group performance dashboards provide a clear view of the Group's environmental and societal impact, make it possible to identify areas for improvement, best practices and thereby improve operational oversight. The performance dashboards are presented and discussed annually with all the Country departments.

DEEPKI allows Klépierre to consolidate the main technical and sustainable development management indicators for each center monthly and compare their performance against other centers in its portfolio that are comparable from a technical perspective. This is based on key variables such as retailer density; car park management; coverage of heating and cooling supply; surface area and inauguration and/or renovation. This allows the Group to identify the strongest and weakest performing assets in its portfolio and target energy management interventions accordingly.

4.5.3.4 Actions: CSR action plan

The detailed performance analysis described above makes it possible for the Engineering and Sustainability Department to identify areas for improvement at all levels, and to identify at the beginning of the year:

> Shared Group goals, each country then implements them within its own organization, in line with the most suitable local processes and regularly reports on them during the year;

> Proposed individual goals, by shopping center, for the energy, water and waste. These goals are discussed with each country department for possible readjustment considering local conditions. Once jointly approved, these goals are implemented in each center. Progress is monitored monthly.

All these goals are first approved by the internal CSR Committee chaired by the Executive Board.

One of the key strategies Klépierre has pursued on this front has been to create "boost" action plans for poorer performing assets. This is undertaken through a rigorous process: the Group convenes specialist and on-site staff for two-day long workshops to assess each shopping center's operations and consult with all relevant members of the shopping center team to develop a plan of action that is practical and feasible. This inclusive approach helps on-site staff to understand and manage their asset better and galvanizes greater support for the deployment of energy efficiency interventions.

For shopping centers that have already implemented all identifiable operational measures to increase energy efficiency, investments are made to upgrade technical equipment. The DEEPKI platform is linked to the Group's budget planning, so that capex approvals can be moderated according to whether or not shopping centers have been diligent in implementing all operational energy efficiency measures identified.

4.5.4 Industry initiatives and charters supported by Klépierre

Klépierre is an active member of the following national and international trade associations. The Group considers them strategic for its business; and in several of them it holds a position on the governance body and/or sits on their key committees, including those dealing with sustainable development issues.

International Council of Shopping Centers (ICSC)

The ICSC has more than 60,000 members in over 90 countries, fostering the promotion and the development of shopping centers.

European Public Real Estate Association (EPRA)

EPRA's members include more than 200 European listed real estate companies. EPRA publishes the EPRA Sustainability Best Practice Recommendations (sBPR) that aim to establish a standardized approach to reporting on the environmental and social impacts that are material for publicly traded real estate companies. Klépierre is a member of the Sustainability Committee.

French Council of Shopping Centers (CNCC)

CNCC promotes and represents the shopping center industry in France. Klépierre is involved in the Sustainable Development Commission which is tasked with the oversight, sharing of best practice and coordination of industry players.

French Real Estate Association (FSIF)

FSIF promotes and represents the shared business interests of French real estate companies, including sustainability through awards and member discussions.

Global Real Estate Sustainability Benchmark (GRESB)

GRESB's primary purpose is to assess the environmental and social performance of private and publicly listed real estate companies and funds. Klépierre has participated in this benchmark since its beginning and is also a member.

United Nations Global Compact

As signatory to the United Nations Global Compact since 2012, Klépierre makes an annual Communication on Progress summarizing its commitment to implementing the 10 universal principles promoted by the Global Compact (covering human rights, labor standards, the environment and the fight against corruption). In 2017, the Group reached the "advanced" level in this improvement process, thus affirming the maturity of its commitment and accomplishments.

Charter for energy efficiency of tertiary buildings

Launched in 2013, the Charter provides a framework for real estate companies to improve the energy efficiency of their portfolios and anticipate future regulatory obligations related to tertiary buildings' energy performance. The Group has been a signatory since November 2013 and signed up again in 2017 following publication of the new version of the charter.

Diversity Charter

Launched in 2004, the Charter commits signatories to promote diversity in their workplaces and confirm their commitment to non-discrimination and equal opportunities. Klépierre has been a signatory since 2010.

Charter for Parenthood

Enacted by the French Monitoring Agency for Parenthood in the Workplace (OPE), this Charter promotes better work-life balance and has three objectives: to bring about a change in attitudes towards working parents, to create a favorable environment for working parents; and respect the principle of non-discrimination in career development for such employees. The Group has been a signatory since 2009.

The Palladio Foundation

Klépierre is a founding member of the Palladio Foundation. The Palladio Foundation was created in 2008 (under the aegis of Fondation de France) to promote sustainable urban development with a focus on construction and buildings. It is a unique organization that brings together all sectors involved the building and development of towns and cities to make urban environments as human and livable as possible.

Association pour le développement du Bâtiment Bas Carbone (BBCA)

BBCA's goal is to reduce the carbon footprint of buildings, and to promote approaches that help develop low carbon buildings. It has developed a certification program that was published in 2016.

4.6 SUPPLEMENTAL DATA, METHODOLOGY AND CONCORDANCE TABLES

4.6.1 Supplemental data

4.6.1.1 Summary performance against 2022 Act for Good® commitments

► ACT FOR THE PLANET

	2018	2022 commitment
ACT FOR A LOW-CARBON FUTURE		
Reduction in energy consumption for common areas compared with 2013	(17%)	(40%)
Percentage of electricity coming from renewable sources in the total consumption of electricity of common areas	73%	100%
The five biggest shopping centers in our portfolio are committed to having a positive carbon footprint within five years	Ongoing	Carbon neutrality
Certification of the Group's climate strategy by the Science Based Targets Initiative	Ongoing	Certified
CONTRIBUTE TO A CIRCULAR ECONOMY		
Percentage of waste diverted from landfill	89%	100%
Percentage of centers that have involved retailers in a circular economy effort	45%	100%
DEVELOP A FULLY-CERTIFIED PORTFOLIO		
Percentage of centers that have earned a sustainable development certification (BREEAM In Use, ISO 14001, etc.)	74%	100%
Percentage of development projects that have obtained a BREEAM New Construction certification (with a minimum level of "Excellent")	100%	100%
Percentage of new developments using wood from a certified forest during construction	100%	100%
INNOVATE FOR A SUSTAINABLE MOBILITY		
Percentage of centers accessible via public transportation and equipped with charging stations for electric vehicles	97%/56%	100%

► ACT FOR TERRITORIES

	2018	2022 commitment
PROMOTE LOCAL EMPLOYMENT AROUND OUR CENTERS		
Percentage of local service providers for operational management of the centers (security, maintenance, cleaning services)	80%	100%
Percentage of centers that have contributed to local employment	48%	100%
PARTICIPATE IN THE LOCAL COMMUNITY		
Percentage of centers that have made space available for a local initiative	76%	100%
PURSUE OUR CORPORATE CITIZENSHIP		
Percentage of centers that have organized a drive (clothes, toys, furnitures, etc.) to profit a local charity	61%	100%
Percentage of centers that have supported a citizen's initiative organized by a retailer in the center	53%	100%
INVOLVE LOCAL ACTORS IN DEVELOPMENT PROJECTS		
Percentage of development projects that have included local cooperation as part of the early planning process	100%	100%
Percentage of development projects certifying that suppliers sign a "sustainability charter" governing construction site supply and management	100%	100%
Percentage of development projects that have implemented a biodiversity action plan	100%	100%

► ACT FOR PEOPLE

	2018	2022 commitment
INCREASE THE SATISFACTION OF VISITORS		
Increase in the Group's Net Promoter Score (NPS)	+3 pts	+ 3 pts
Percentage of customer questions asked on social media handled in under one hour	50%	100%
PROMOTE HEALTH AND WELL-BEING IN OUR CENTERS		
Percentage of centers that have promoted health and well-being	56%	100%
Percentage of centers that have offered services to their retailers' employees	60%	100%
OFFER GROUP EMPLOYEES A POSITIVE EXPERIENCE		
Rate of access to training for Group employees	92%	100%
Percentage of employees concerned by measures aimed at achieving work/life balance	96%	100%
Percentage of recent graduates who have benefited from personalized career path support	100%	100%
Percentage of employees who have contributed to the co-construction of the Group's future	15%	100%
CHAMPION ETHICS IN THE LOCAL COMMUNITIES		
Percentage of employees and stakeholders who have been made aware of ethical business practices	46%	100%
Percentage of suppliers chosen on the basis of CSR criteria	100%	100%
BE SOCIAL CONSCIOUS		
Percentage of employees who have had the opportunity to take part in a philanthropic initiative	61%	100%
Partnerships signed with NGOs committed to employability and/ or family	Not yet at Group level	Signature

4.6.1.2 Supplemental environmental data

4.6.1.2.1 Energy

▶ TOTAL ENERGY CONSUMPTION IN COMMON AREAS
(Reported scope)

In MWh	2016	2017	2018
France-Belgium	95,526	123,616	131,676
Italy	101,156	118,791	114,594
Scandinavia	88,716	81,537	86,091
Iberia	46,262	44,432	40,824
CE & Turkey	77,587	87,465	60,073
Netherlands	15,574	11,981	7,426
Germany	25,358	24,423	24,540
GROUP TOTAL	**450,538**	**492,245**	**465,224**

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

▶ TOTAL ENERGY CONSUMPTION IN COMMON AREAS
(Like-for-like scope)

In MWh	2017	2018	2018/2017
France-Belgium	126,443	130,525	+3%
Italy	112,811	114,594	+2%
Scandinavia	83,008	86,091	+4%
Iberia	42,514	40,824	–4%
CE & Turkey	67,754	60,073	–11%
Netherlands	11,199	7,426	–34%
Germany	25,123	24,540	–2%
GROUP TOTAL	**468,854**	**464,073**	**–1%**

Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht; La Madeleine, Chartres; and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nîmes Etoile, Nîmes).
Coverage rate: 96% of shopping centers owned and managed.

▶ SHARE OF ELECTRICITY CONSUMED IN COMMON AREAS COMING FROM RENEWABLE SOURCES
(Reported scope)

	2016	2017	2018
France-Belgium	10%	14%	72%
Italy	78%	75%	76%
Scandinavia	88%	88%	87%
Iberia	85%	85%	92%
CE & Turkey	32%	45%	28%
Netherlands	100%	99%	100%
Germany	33%	71%	78%
GROUP TOTAL	**58%**	**60%**	**73%**

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

▶ SHARE OF TOTAL ENERGY CONSUMED IN COMMON AREAS COMING FROM RENEWABLE SOURCES

(Reported scope)

	2016	2017	2018
France-Belgium	12%	19%	56%
Italy	64%	63%	59%
Scandinavia	75%	78%	86%
Iberia	74%	80%	85%
CE & Turkey	23%	32%	21%
Netherlands	79%	86%	100%
Germany	22%	19%	43%
GROUP TOTAL	**48%**	**49%**	**60%**

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96% of shopping centers owned and managed.

		France-Belgium	Italy	Scandinavia	Iberia	CE & Turkey	Netherlands	Germany	Group total
Electricity consumption	Photovoltaic solar energy	0%	7%	0%	0%	1%	0%	0%	2%
	Other	0%	62%	0%	0%	6%	0%	66%	20%
	Hydroelectricity	70%	3%	85%	25%	10%	39%	6%	40%
	Wind power	2%	1%	1%	67%	7%	52%	5%	10%
	Solar thermal	0%	0%	0%	0%	0%	0%	0%	0%
	Wood biomass	0%	0%	1%	0%	3%	0%	0%	0%
	Geothermy	0%	0%	0%	0%	0%	0%	0%	0%
	Bio fuel	0%	3%	1%	0%	0%	8%	1%	1%
	TOTAL	**72%**	**76%**	**87%**	**92%**	**28%**	**100%**	**78%**	**73%**
Urban heating consumption	Wood biomass	24%	N/A	41%	N/A	7%	0%	12%	25%
	Combustion of waste	21%	N/A	23%	N/A	0%	100%	2%	18%
	Geothermy	0%	N/A	17%	N/A	2%	0%	0%	7%
	Other renewable energy	0%	N/A	0%	N/A	2%	0%	0%	0%
	TOTAL	**45%**	**0%**	**82%**	**0%**	**11%**	**100%**	**14%**	**51%**
Urban cooling consumption	Geothermy	0%	N/A	29%	N/A	N/A	0%	0%	5%
	Hydroelectricity	10%	N/A	71%	N/A	N/A	0%	0%	19%
	Solar thermal	3%	N/A	0%	N/A	N/A	0%	0%	2%
	Wind power	5%	N/A	0%	N/A	N/A	0%	0%	3%
	TOTAL	**18%**	**N/A**	**100%**	**N/A**	**N/A**	**0%**	**0%**	**28%**
% TOTAL OF RENEWABLE ENERGY		**56%**	**59%**	**86%**	**85%**	**21%**	**100%**	**43%**	**60%**

▶ ENERGY CONSUMPTION IN MWH IN 2018

(Like-for-like scope)

In MWh	Electricity consumption	Urban cooling consumption	Urban heating consumption	Fuel consumption	Energy total consumption
France-Belgium	88,562	7,570	16,011	18,347	130,490
Italy	87,809	0	0	26,428	114,237
Scandinavia	60,314	2,813	22,083	837	86,046
Iberia	37,725	0	0	3,090	40,815
CE & Turkey	41,914	0	8,435	9,719	60,068
Netherlands	4,716	871	1,839	0	7,426
Germany	11,869	3,676	8,995	0	24,540
GROUP TOTAL	**332,910**	**14,930**	**57,363**	**58,420**	**463,622**

Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht; La Madeleine, Chartres and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nîmes Etoile, Nîmes).
Coverage rate: 96% of shopping centers owned and managed.

4.6.1.2.2. Carbon emissions

► EVOLUTION OF THE TOTAL CARBON FOOTPRINT (SCOPES 1, 2 AND 3) – LOCATION-BASED METHOD
(Like-for-like scope)

In tCO_2 **Location Based**	**2018** Scope 1 Emissions	Scope 2 Emissions	Scope 3 Emissions with direct leverage	Scope 3 Emissions with indirect leverage	Total emissions
France-Belgium	3,398	5,907	N/A	428,817	438,121
Italy	4,983	30,031	N/A	558,842	593,856
Scandinavia	197	3,640	N/A	161,587	165,424
Iberia	572	11,541	N/A	218,786	230,898
CE & Turkey	1,798	22,004	N/A	185,341	209,143
Netherlands	0	2,372	N/A	24,025	26,397
Germany	0	6,039	N/A	72,612	78,651
GROUP TOTAL	**10,947**	**81,534**	**98,166**	**1,650,009**	**1,842,910**

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

In tCO_2 **Location Based**	**2017** Scope 1 Emissions	Scope 2 Emissions	Scope 3 Emissions with direct leverage	Scope 3 Emissions with indirect leverage	Total emissions
France-Belgium	5,060	5,878	N/A	N/A	10,938
Italy	7,843	32,661	N/A	N/A	40,504
Scandinavia	277	3,781	N/A	N/A	4,058
Iberia	2,298	12,624	N/A	N/A	14,922
CE & Turkey	4,018	27,694	N/A	N/A	31,712
Netherlands	0	5,198	N/A	N/A	5,198
Germany	0	6,176	N/A	N/A	6,176
GROUP TOTAL	**19,496**	**94,011**	**103,389**	**1,647,992**	**1,864,888**

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

4.6.1.2.3. Circular Economy

► WASTE DESTINATIONS
(Like-for-like scope)

	Recycled		Reused		Other form of material recovery		Composted		Anaerobic digestion		Material recovery		Incinerated with energy recovery		Other form of energy recovery		Energetic recovery		Incinerated without energy recovery		Landfill		Non recovered		Total	
	tonnage	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*	*tonnage*	*share*
France-Belgium	6,957	30%	17	0%	2,333	10%	44	0%	304	1%	9,655	42%	12,409	53%	221	1%	12,630	54%	3	0%	1,011	4%	1,014	4%	**23,299**	**100%**
Italy	4,692	39%	1,229	10%	1,526	13%	1,256	11%	0	0%	8,703	73%	544	5%	343	3%	887	7%	0	0%	2,350	20%	2,350	20%	**11,940**	**100%**
Scandinavia	4,181	42%	67	1%	59	1%	751	8%	491	5%	5,549	56%	4,233	43%	64	1%	4,297	44%	0	0%	28	0%	28	0%	**9,874**	**100%**
Iberia	3,368	33%	0	0%	531	5%	1,375	13%	0	0%	5,274	51%	4,143	40%	0	0%	4,143	40%	0	0%	901	9%	901	9%	**10,319**	**100%**
CE & Turkey	2,398	32%	262	4%	578	8%	104	1%	0	0%	3,341	45%	1,307	18%	0	0%	1,307	17%	315	4%	2,495	33%	2,810	38%	**7,458**	**100%**
Netherlands	1,879	52%	0	0%	0	0%	66	2%	0	0%	1,946	54%	1,602	44%	0	0%	1,602	44%	72	2%	0	0%	72	2%	**3,619**	**100%**
Germany	307	32%	0	0%	80	8%	89	9%	37	4%	514	53%	460	47%	0	0%	460	47%	0	0%	0	0%	0	0%	**974**	**100%**
GROUP TOTAL	**23,783**	**35%**	**1,574**	**2%**	**5,107**	**8%**	**3,685**	**5%**	**832**	**1%**	**34,981**	**52%**	**24,698**	**37%**	**628**	**1%**	**25,326**	**38%**	**390**	**1%**	**6,786**	**10%**	**7,176**	**11%**	**67,483**	**100%**

Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).
Coverage rate: 97,3% of shopping centers owned and managed.

4.6.1.2.4 Water

▶ TOTAL CONSUMPTION OF WATER
(Like-for-like scope)

In m^3	2017	2018	2018/2017
France-Belgium	1,045,155	1,029,406	–2%
Italy	1,334,805	1,329,028	0%
Scandinavia	364,409	372,966	+2%
Iberia	385,308	401,117	+4%
CE & Turkey	576,991	595,898	+3%
Netherlands	26,650	23,708	–11%
Germany	124,337	128,198	+3%
GROUP TOTAL	**3,857,656**	**3,880,322**	**+1%**

Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht; La Madeleine, Chartres and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nîmes Etoile, Nîmes).
Coverage rate: 96% of shopping centers owned and managed.

4.6.1.3 Supplemental human resources data

▶ AVERAGE ANNUAL COMPENSATION AT YEAR-END

In euros	2018	2017	Change
France-Belgium	56,145	55,633	+0.9%
Italy	43,304	43,235	+0.2%
Scandinavia	73,960	74,093	-0.2%
Iberia	44,031	43,839	+0.4%
CE & Turkey	28,437	28,222	+0.8%
Netherlands	69,698	73,305	-4.9%
Germany	60,572	56,123	+7.9%
GROUP	**52,280**	**51,769**	**+1.0%**

▶ ACCESS TO TRAINING

	2018			2017		
	Men	Women	Total	Men	Women	Total
Number of training hours	12,372	14,145	26,517	16,607	17,987	34,595
Average number of training hours per trained employee	25	22	23	33	28	30
Average number of training hours per employee	25	19	21	32	24	27
Access rate to training	100%	87%	92%	95%	85%	90%

▶ AVERAGE NUMBER OF TRAINING HOURS PER TRAINED EMPLOYEES BY MANAGEMENT LEVEL

	2018	2017
Executive Management	18	23
Top Management	20	22
Middle Management	30	38
First Line Management	29	36
Non-Management[(a)]	20	28
GROUP	**23**	**30**

(a) Non-management: Officer + Assistant.

▶ DEPARTURES BY REASON
(Permanent and temporary contracts)

	2018	2017
Resignations	102	134
Redundancies	24	25
Negotiated departures	72	40
Retirements	6	9
End of temporary contracts	43	41
Other reasons[(a)]	25	17
GROUP	**272**	**266**

(a) Outsourcing, transfer, end of trial period and death.

▶ **ABSENTEEISM**

	2018		2017	
	Men	**Women**	**Men**	**Women**
Number of days of absences due to illness	2,337	6,871	2,264	6,364
of which absences due to illness of 7 days or fewer	*576*	*1,715*	*788*	*1,934*
of which absences due to illness of 3 days or fewer	*329*	*817*	*259*	*898*
TOTAL	**3,242**	**9,402**	**3,311**	**9,196**

▶ **ABSENTEEISM RATE BY REGION**

	2018	**2017**
France-Belgium	1.9%	1.9%
Italy	1.1%	1.3%
Scandinavia	3.9%	1.7%
Iberia	0.6%	1.4%
CE & Turkey	1.5%	1.7%
Netherlands	3.1%	1.8%
Germany	5.1%	5.2%
GROUP	**2.1%**	**1.9%**

*The absenteism rate is calculated as follows: total number of days lost due to illness, workplace accidents and non-justified absences divided per monthly average of employees * 365. Long-term illnesses are not taken into account.*

List of collective bargaining agreements in France:

> Agreement on the organization and reduction of working hours – 11/13/2000;

> Provisional management of jobs and skills agreement – 06/30/2008;

> Company agreement – 01/27/2009;

> Company agreement on Sunday work – 03/28/2011;

> Company agreement relating to employees healthcare costs – 12/04/2012;

> Company agreement relating to the implementation of a company savings plan (PEE) – 01/07/2013;

> Company agreement relating to the implementation of a Company Retirement Savings Plan (PERCO) – 01/07/2013;

> Collective company agreement relating to the incapacity – death – invalidity benefits system of Klépierre Management – 04/09/2013;

> Profit-sharing agreement – 06/24/2013;

> Company agreement relating to professional equality between men and women – 02/23/2017;

> Company agreement on the implementation of the right to disconnect – 05/10/2017;

> Company agreement on voting by electronic means for the election of personnel representative bodies – 01/25/2018.

4.6.2 Methodological note

Group CSR reporting is one of the key methods of monitoring, organizing and overseeing Klépierre's CSR initiatives. Klépierre uses a comprehensive management system to quantify and pinpoint the main environmental, societal and social impacts of the Group and its activities.

The key reporting principles are as follows:

> Relevance: material sources of impacts and opportunities for each topic are taken into account;

> Representativeness: selected indicators are representative of the Group's sites and activities;

> Consistency: a guarantee that data comparisons by region and period are relevant;

> Transparency: assumptions and calculation methods are clearly defined;

> Accuracy and reliability: records are kept at site level and at the various consolidation sub-groups, to ensure traceability.

4.6.2.1 Methodological note for environmental and societal indicators

4.6.2.1.1 Key industry indicators and benchmarks

Definitions of key indicators

A reporting protocol for environmental and societal indicators has been circulated groupwide since 2006 to ensure the consistency and reliability of the CSR reporting procedure and the qualitative and quantitative data published by the Group. It acts as a reference framework for all participants in the reporting process. The protocol is updated each year to ensure that it is as relevant as possible to Klépierre's CSR commitments and strategy, and to take account of feedback received following each reporting period, of regulatory changes and of evolving industry practices and standards.

Above all, it sets out the method for collecting and calculating the data underlying the indicators, including definitions, scopes, units, formulas, contributors involved, data entry processes, etc.

Units of measurement:

> Portfolio coverage rates are mostly expressed as percentages of the value of the underlying assets (as opposed to the number of assets, for example) in order to better reflect their contribution to the Group's overall portfolio;

> Energy, carbon and water data are presented both in gross terms (kWh, tCO_2e, cu.m) for the purposes of assessing volumes, and as ratios (gross value divided by floor area or footfall) in order to discern the performance of assets on each of the given topics.

Additional clarifications on topics:

> Energy efficiency and greenhouse gas emissions of common areas and shared equipment: consumption intensity and energy performance indicators expressed in kWh or kWh/sq.m. only reflect the heating and air conditioning consumption of common areas. They do not measure the entire energy consumption of the given shopping center due to the unavailability of exhaustive data on private-area consumption by tenants;

> Greenhouse gas emissions are presented using "location-based" and "market-based" methods. For location-based data, emissions factors used in the calculations are sourced from the French Environment and Energy Management Agency's (ADEME) *Bilans* GES database (average national factors). For market-based data, emissions factors are sourced directly from each energy supplier;

> For energy and water consumption, the Group uses meter reading data (as opposed to invoices) to ensure shorter data collection lead times and greater relevance;

> Where Klépierre neither owns nor manages head office buildings it occupies, the related consumption data are not included in this report.

> Water consumption corresponds to drinking water consumption for the entire building in question (both common and private areas), excluding fire safety related usage;

> Development projects including in the 2018 reporting scope correspond to projects delivered during the course of the year, except for carbon data, for which emissions relating to project construction are spread over the years of the corresponding work.

> All key indicators are calculated based on actual and exhaustive data. For certain missing data, Klépierre has provided estimates detailed in the charts or tables concerned.

Industry frameworks

The environmental and societal management system takes into account the recommendations included in the four leading industry and/or international frameworks, namely:

> Global Reporting Initiative Construction and Real Estate Sector Supplement (GRI 4);

> European Public Real Estate Association (EPRA), Best Practices Recommendations on Sustainability Reporting;

> French council of shopping centers (*Conseil national des centres commerciaux – CNCC*) – CSR industry reporting guide/Non-financial performance statement;

> United Nations (UN) – Sustainable Development Goals.

A cross-reference table with the non-financial information presented by Klépierre in this document is provided for each of these four frameworks in section 4.6.3.

4.6.2.1.2 Reporting scope

2018 reporting scope and coverage rate

Acquisitions, disposals and developments (extensions and/or new constructions) may alter the reporting scope and distort the reading of period on period comparisons for the various indicators.

So as to provide data that is both exhaustive and comparable, Klépierre distinguishes between "reported" and "like-for-like" scopes for most of its indicators.

In addition, the notion of operational management, which is specific to the shopping center industry, is used to determine which assets are included in the scope.

The Group's scope aggregates assets owned and managed by Klépierre, and assets managed but not owned by the Group (where data are available), in order to reflect its activities as accurately as possible. Assets owned but not managed by Klépierre are not included in the Group's reporting scope.

Reported scope

The reported scope is used to assess the CSR impact of the property portfolio over a calendar year. It reflects the impacts of management, renovation and arbitrage (acquisitions and disposals) policies. In 2018, it includes:

> All shopping centers owned and managed by Klépierre (except for Chartres La Madeleine);

> Assets not owned by Klépierre but managed by the Group on behalf of third parties, for which operational data are available (five shopping centers in France in 2018: Mérignac Soleil in Mérignac, Art de vivre in Eragny, Beaulieu in Nantes, Nîmes Etoile in Nîmes and Belle Epine in Thiais).

Shopping centers acquired and managed by the Group are included in the scope as from the first full year following the acquisition. Real estate development projects are not included in the reporting scope during development or construction, but as from the first full year following completion.

The configuration may vary slightly for assets managed on behalf of third parties. Depending on the situation, Klépierre may have full management of electricity, for example, but be charged by a third party (hypermarket, etc.) for fuel usage. Waste may also be collected by a third party (such as a local authority) on a flat rate basis, for example. Situations can vary greatly, which may in some cases hinder the collection of reliable quantitative data. These methodological choices are framed by the Group's determination to communicate reliable data. Only centers that Klépierre manages outright and has full control over energy, water and waste consumption data are included in the reporting scope, which explains the difference in coverage rates between the various indicators.

Accordingly, the 2018 reporting scope represents 99.9% of the Group's portfolio as of December 31, 2018. This only includes the values of centers owned and managed by Klépierre, as is the case for all coverage rates expressed in terms of asset value (values for centers owned but not managed are unavailable).

Like-for-like scope

The like-for-like scope is used to assess changes in performance across an identical scope on a comparable basis, and reflects the Group's ability to manage and optimize its asset portfolio. It excludes the impact of acquisitions and disposals and includes all shopping centers owned and managed for at least 24 months. However, it excludes shopping centers acquired or completed during the year as well as those not managed for the entire period.

The 2018 like-for-like scope represents 99.9% of the Group's portfolio as of December 31, 2018.

Lastly, where assets are excluded from the scope of a given indicator, they are indicated in the footnotes to the tables and charts in this chapter.

Reporting periods

Klépierre uses two different reporting periods, depending on the indicator. This arises from the Group's determination to minimize the use of estimates and to collect and consolidate real data.

In order to reflect actual data promptly within the short reporting time frame, the Group decided to use a rolling one-year measurement period for consumption indicators.

For all energy, climate change, waste, water and transportation indicators, the reporting period corresponds to a rolling 12 months from October 1 of the prior year, to September 30 of the current year (i.e., October 1, 2017 to September 30, 2018 for the 2018 reporting scope).

All other indicators (certifications, social impacts, etc.) are calculated based on the calendar year, i.e., from January 1, 2018 to December 31, 2018 for the 2018 reporting scope.

4.6.2.1.3 Data collection process

Data collection tool

In 2017, the Group began rolling out an online data collection tool to its entire reporting scope aimed at automating and improving the reliability of data collection for the environmental and societal impacts of its activities. Now deployed for all assets, the online tool is accessible remotely and in real time by all teams onsite in the shopping centers, as well as by the headquarters of the national subsidiaries and by Klépierre's Corporate teams.

The tool was selected for its ability to meet the reporting requirements of the Group's annual publications process, as well as – and especially – for its functionality in terms of the daily monitoring of the buildings owned and/or managed by the Group.

Collection frequency

Consumption and billing data for energy, waste and water are collected on a monthly basis for all assets. Data for certain additional indicators are collected annually, in particular for the production of the registration document.

4.6.2.2 Methodological note for social indicators

4.6.2.2.1 Period and reporting scope

For all social indicators, the reporting period is the calendar year, from January 1 to December 31 of the year under review.

The data collection and reporting scope covers all Group subsidiaries as of December 31, 2018, in which the employees hold employment contracts with the Group.

Changes in scope arise from acquisitions of new entities and disposals of existing entities. Employees within these entities are included in or removed from the Klépierre reporting scope with effect from the month following the transaction date.

4.6.2.2.2 Definitions and clarifications

Workforce: total number of employees at December 31 on open-ended and temporary contracts, regardless of the number of hours worked or duration of employment during the year.

Average workforce: average number of employees as of the end of each month during the year.

Average gross wages: sum of contractual fixed annual salaries of employees in the Group as of December 31, on a full-time equivalent basis excluding variable compensation, divided by the workforce as of December 31 (excluding Executive Board members).

4.6.2.3 Audit by the independent third-party verifier

Over the last nine years, Klépierre has been committed to ever greater transparency and accordingly, all of its non-financial information is independently verified.

This external audit is carried out each year, based on the Group's regulatory obligations and industry best practices.

4.6.3 Cross-reference tables

The tables below propose an analysis of the cross-referencing between the informations published by Klépierre in this document and the main (European and Global) reporting standards for non-financial operations: the Global Reporting Initiative (GRI), the United Nations sutainable developement goals and the EPRA Sustainable Best Practices of Reporting.

Non-financial statement

Topics	Registration document
Description of the business model	1.1.2
Description of the principal non-financial risks relating to the Company's business	4.1.2
Description of the policies to identify, prevent and mitigate non-financial risks and their outcomes, including key indicators	4.1.2/4.6.1.1
Respect for human rights	4.4.4
Anti-corruption measures	4.4.4
Climate change (contribution and adjustments)	4.2.1
Circular economy	4.2.2
Food waste	Not included *In view of the nature of its businesses, Klépierre considers that this topic does not represent a material risk and does not therefore require inclusion in this non-financial statement*
Collective bargaining agreements and their impacts	4.4.3
Measures taken to combat discrimination and promote diversity	4.4.3
Societal commitments	4.3/4.4

Recently published regulations

In view of the very recent publication of French Act no. 2018-898 of October 23, 2018 on combating tax fraud, and French Act no. 2018-938 of October 30, 2018 on promoting fair trade in the agri-food sector and healthy, sustainable and affordable food, Klépierre is unable to include the following topics in its CSR risk analysis:

- combating tax fraud;
- combating food insecurity;
- respect for animal welfare; and
- fair, healthy and sustainable food.

In the event that any of these topics were to be identified as constituting a principal risk for the Group, it will be treated in the subsequent non-financial statement.

Global Reporting Initiative G4 (2016)

Name of GRI Standard	Number of GRI Standard	Registration document
Economic	**200**	
Economic performance	201	2.1/2.8
Market Presence	202	1.1.1
Indirect Economic Impacts	203	1.1.2
Procurement Practices	204	4.4.4.3
Anti-corruption	205	4.4.4
Anti-competitive Behavior	206	4.4.4
Environmental	**300**	
Materials	301	4.2.3
Energy	302	4.2.1.1
Water	303	4.2.2.3
Biodiversity	304	4.3.4.3
Emissions	305	4.2.1.2
Effluents and Waste	306	4.2.2.3/4.2.2.1
Environmental Compliance	307	4.1.3/4.5
Supplier Environmental Assessment	308	4.4.4.3
Social	**400**	
Employment	401	4.4.3
Labor/Management Relations	402	4.4.3
Occupational Health and Safety	403	4.4.3.3
Training and Education	404	4.4.3.1
Diversity and Equal Opportunity	405	4.4.3.2
Non-discrimination	406	4.4.3.2/4.4.4
Freedom of Association and Collective Bargaining	407	4.4.3.4
Child Labor	408	4.4.4
Forced or Compulsory Labor	409	4.4.4
Security Practices	410	4.4.2.2
Rights of Indigenous Peoples	411	
Human Rights Assessment	412	4.4.4
Local communities	413	4.3.4
Supplier Social Assessment	414	4.4.4.3
Public Policy	415	
Customer Health Safety	416	4.4.2
Marketing and Labeling	417	
Customer Privacy	418	
Socioeconomic Compliance	419	

United Nations Sutainable Development Goals

In 2015, all United Nations Member States have adopted the 17th Sustainable Development Goals. These SDG provide a blueprint for a better and more sustainable future for all. They address the global challenges we face: climate change, poverty, inequality, prosperity, peace and justice. These goals are interconnected and are addressed to citizens, States and companies.

Through our new CSR policy Act For Good® with Klépierre, we want to reiterate our commitment to participate in this shift. According to our 3-tier approach: Act For the Planet, Act For Territories and Act For People, we focus our efforts on goals which are linked to this vision.

SDG	Act For The Planet	Act For Territories	Act For People
3-Good health and well-being			4.4.2/4.4.3
4-Quality education			4.4.3
5-Gender equality			4.4.3
6-Clean water and sanitation	4.2.2.3		
7-Affordable and clean energy	4.2.1.1		
8-Decent work an economic growth		4.3.1	4.4.3
9-Industry, Innovation and Infrastructure	4.2.3		
10-Reduced Inequalities			
11-Sustainable cities and communities	4.2	4.3.4	
12-Responsible consumption and production	4.2		
13-Climate action	4.2.1		
14-Life on land	4.2		
16-Peace, Justice and Strong			4.4.4
17-Partnerships for the goals		4.3.2/4.4.4/4.3.3/4.4.5	

EPRA Sustainable Best Practices of Reporting (2017)

Name of standard SBPR	Number of standard SBPR	Registration document 2018
Elec-Abs	302-1	4.2.1.1
Elec-LfL	302-1	4.2.1.1
DH&C-Abs	302-1	4.2.1.2
DH&C-LfL	302-1	4.6.1.2
Fuels-Abs	302-1	4.2.1.2
Fuels-LfL	302-1	4.6.1.2
Energy-Int	CRE1	4.2.1.1
GHG-Dir-Abs	305-1	4.2.1.2
GHG-Indirect-Abs	305-2	4.2.1.2
GHG-Int	CRE3	4.2.1.2
Water-Abs	303-1	4.2.2.3
Water-LfL	303-1	4.2.2.3
Water-Int	CRE2	4.2.3.1
Waste-Abs	306-2	4.2.2.1
Waste-LfL	306-2	4.6.1.2
Cert-Tot	CRE8	4.2.3.1
Diversity-Emp	405-1	4.4.3.2
Diversity-Pay	405-2	4.4.3.2
Emp-Training	404-1	4.4.3.1
Emp-Dev	404-3	4.6.1.3
Emp-Turnover	401-1	4.4.3.1
H&S-Emp	403-2	4.4.3.3
H&S-Asset	416-1	4.4.2.2
H&S-Comp	416-2	4.4.2.2
Comty-Eng	413-1	4.3
Gov-Board	102-22	5.1.1.1
Gov-Selec	102-24	5.1.1.1
Gov-Col	102-25	5.1.1.1

4.6.4 Independent verifier's report on consolidated non-financial statement presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number no. 3-1050 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the Statutory Auditors of your entity Klépierre (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the December 31, 2018 (hereafter referred to as the "Statement"), presented in the management report pursuant to the provisions of the article L. 225 102-1, R. 225-105 et R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

It is the responsibility of the Board of Directors to establish the Statement in compliance with the legal and regulatory provisions including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied regarding these risks as well as the results of these policies, including key performance indicators.

The Statement has been established by applying the procedures of the entity (hereinafter referred to as the "Criteria"), the significant elements of which are presented in the Statement and available on request at the Entity's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements pursuant to the provisions of the article L. 822-11-3 of the French Commercial Code (*Code de commerce*) and the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work, to express a limited assurance conclusion on:

> the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;

> the fairness of the information provided pursuant to paragraph 3 of I and II of article R. 225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks, hereinafter the "Information".

Nonetheless, it is not our responsibility to express any form of conclusion on:

> compliance by the entity with other applicable legal and regulatory provisions, particularly regarding the vigilance plan and the fight against corruption and tax evasion;

> compliance of products and services with applicable regulations.

Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the procedures in which the independent third party conducts its mission and according to professional standards as well as to the international ISAE standard 3000 - Assurance engagements other than audits or reviews of historical financial information.

The work that we conducted enables us to assess the compliance of the Statement with the regulatory provisions and the fairness of the Information:

> we took note of the activity of all the companies included in the scope of consolidation, the statement of the main social and environmental risks related to this activity, and, if applicable, its effects regarding compliance with human rights, the fight against corruption, tax evasion as well as the resulting policies and their results;

> we assessed the suitability of the Criteria in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;

> we verified that the Statement covers each category of information provided in III of article L. 225-102-1 of the French Commercial Code regarding social and environmental matters, as well as respect of human rights and the fight against corruption and tax evasion;

> we verified that the Statement includes an explanation justifying the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1 of the French Commercial Code;

> we verified that the Statement presents the business model and the main risks related to the activity of all the entities included in the scope of consolidation; including if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, including key performance indicators;

- we verified, when relevant to the main risks or the policies presented, that the Statement presents the information provided for II in article R. 225-105 II of the French Commercial Code;
- we assessed the process of selecting and validating the main risks;
- we inquired about the existence of internal control and risk management procedures put in place by the entity;
- we assessed the consistency of the results and the key performance indicators selected regarding the main risks and policies presented;
- we verified that the Statement includes a clear and reasonable explanation for the absence of a policy regarding one or more of these risks;
- we verified that the Statement covers the consolidated scope, i.e. all the companies included in the scope of consolidation in accordance with article L. 233-16 of the French Commercial Code, with the limits specified in the Statement;
- we assessed the collection process put in place by the entity for the completeness and fairness of the Information;
- we implemented the key performance indicators and other quantitative results that we considered the most important presented in Appendix 1:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions,
  - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities listed below: Les Passages, Montebello, Serravalle, Nueva Condomina, Villa Arena Amsterdam et Arkaden Torgterrassen Stavanger which cover between 4% and 6% of consolidated data selected for these tests (6% of energy consumption, 5% of water consumption, 4% of waste production, etc.);
- we consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1;
- we assessed the overall consistency of the Statement with our knowledge of the entity.

We consider that the work we have done by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our verification work mobilized the skills of five people and took place between September 2018 and March 2019 on a total duration of intervention of about ten weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement, including the departments for Environment, Human Resources, Health and Safety and Purchasing.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the Criteria.

Paris-La Défense, March 5th 2019

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Éric DUVAUD	Jean-François BÉLORGEY
Sustainable Development Associate	**Associate**

Appendix 1: The most important information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Social Information	
> Total workforce > Turnover (%) > Absenteeism (%) > Access to training (%) and average number of training hours per employee > Share of employees trained to the corruption risk > Share of women in the Group and in each level of management	> Employment (attractiveness, retention) > Organization of work (organization, absenteeism) > Health and safety (prevention actions) > Social relations (social dialog, collective agreements), training > Equal treatment (equality between men and women, fight against discrimination, insertion of people with disabilities)
Environmental Information	
> Share of certified areas or in the process of environmental certification (the environmental management system) > Primary energy consumption and CO_2 emissions per sq.m. > The % of reduction in energy consumption in common areas compared to 2013 > Share of renewable energy in common areas > Group CO_2 emissions (scopes 1 and 2 as well as the evaluation made for scope 3) > Share of waste not landfilled and waste recovered > Water consumption per sq.m.	> Use of less-emitting energies > Limitation of the exposure to climate change > Implementation of sorting solutions and waste recovery > Preservation of existing biodiversity on development projects > Improvement of technical equipment > Building investments to improve the energy performance of buildings
Societal Information	
> The visitor satisfaction rate (Net Promoter Score) > Share of centers that promoted health and well-being > Share of shopping center managers trained in safety > Share of BREEAM In Use certified centers > Share of centers accessible by public transport and equipped with charging points for electric vehicles > Share of centers that promoted local employment > Share of service suppliers selected based on CSR criteria	> Dialog with retailers and visitors > Visitor satisfaction and implementation of well-being and comfort measures > Promotion of safety and security in shopping centers > Strengthening of green value and environmental quality (quality, labels and certifications) > Promotion of local employment around the centers > Taking into account CSR criteria in supply blanket purchase agreements


BURGER KING
STORT UDVALG AF
RESTAURANTER OG CAFE
PANDORA
MAC
ONLY

5

CORPORATE GOVERNANCE

Pursuant to Article L. 225-68 of the French Commercial Code, the Supervisory Board has decided to present to the General Meeting of April 16, 2019 this corporate governance report, which includes the information referred to in Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code, and the Supervisory Board's observations on the report of the Executive Board and on the financial statements for the fiscal year. The report is based on the preparatory work and due diligence carried out by the Legal Department. In this context, the Legal Department reviewed the legislation applicable to the drafting of the report and approached the various members of the Supervisory Board and the Executive Board to verify that the information presented herein is comprehensive and accurate.

The table below sets out the disclosures required pursuant to Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code and specifies the sections of the Company's registration document in which this information is presented. These sections, to which the reader is referred, are incorporated by reference into this report:

Topics	Information required by Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code	Title of the section of the Company's registration document presenting information required by Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code	References (page number of the Company's registration document)
Governance	List of all offices and positions held in any company by each corporate officer during the fiscal year	Section 5.1.1.1 "Composition of the Supervisory Board" Section 5.1.3.1 "Composition of the Executive Board"	221 *et seq.* 241 *et seq.*
	List of agreements signed, directly or by proxy, between, on the one hand, a corporate officer or a shareholder owning more than 10% of the voting rights of a company and, on the other, a second company, of which the first company owns, directly or indirectly, more than half of the share capital, with the exception of agreements relating to ordinary transactions concluded under arm's length conditions	Section 6.1.4.3 "Related-party agreements"	279
	Explanation of the choice of one of the two general management methods stipulated in Article L. 225-51-1 of the French Commercial Code	Section 5.1 "Management and oversight of the Company"	221
	Composition, conditions of preparation and organization of the work of the Supervisory Board	Section 5.1.1.2 "Operating methods of the Supervisory Board" Section 5.1.1.3 "Work of the Supervisory Board in fiscal year 2018"	234 *et seq.* 236
	Description of the diversity policy applied to members of the Supervisors Board with regard to criteria such as age, gender, qualifications and professional experience, and a description of the objectives of this policy, the ways in which it is implemented and the results achieved in the last fiscal year	Section 5.1.1.1 "Composition of the Supervisory Board"	230 *et seq.*
	Information on how Klépierre seeks to ensure gender balance within its executive bodies and details on diversity in the top 10% of senior responsibility positions	Section 5.1.3.2 "Gender equality in senior management"	242-243
	Limitations placed by the Supervisory Board on the Executive Board's powers	Section 5.1.1.2 "Operating methods of the Supervisory Board", sub-section "Role of the Supervisory Board"	234
	Application of a Corporate Governance Code	Section 5.1 "Management and oversight of the Company"	221
	Provisions of the Corporate Governance Code not applied along with the reasons for non-application		N/A
	Location at which the Corporate Governance Code can be consulted		221
	Special arrangements regarding shareholder attendance at the General Meeting	The arrangements regarding attendance at the Company's General Meetings can be found in Title V ("General Meetings") of the Company's bylaws (available online at www.klepierre.com)	
Compensation	Draft resolutions submitted to the General Meeting of April 16, 2019	Section 6.2 "General Meeting of Shareholders"	282 *et seq.*
	Information on the compensation policy	Section 5.2.1.1 "Compensation policy for Supervisory Board members" Section 5.2.2.1 "Compensation policy for Executive Board members"	244 245 *et seq.*
	Information relating to the compensation of corporate officers	Section 5.2.1.2 "Compensation of Supervisory Board members" Section 5.2.2.2 "Compensation of Executive Board members"	245 256 *et seq.*

Topics	Information required by Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code	Title of the section of the Company's registration document presenting information required by Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code	References (page number of the Company's registration document)
Other	Table summarizing the delegations in force that have been approved by the General Meeting of Shareholders in the area of capital increases, by application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, and showing the use made of these delegations during the fiscal year	Section 6.1.1.2 "Delegations of authority and authorizations granted to Klépierre's Executive Board"	268
	Information on factors that may have an impact in the event of a takeover bid or public exchange offer	Information about factors that may have an impact in the event of a public offering is included in note 8.2 "Liquidity risk" to the consolidated financial statements and in section 6.1.1 "General information on the share capital" of this registration document	103 268
Supervisory Board's observations on the report of the Executive Board and on the financial statements for the fiscal year		Section 6.2.3 "Report of the Supervisory Board to the Ordinary and Extraordinary General Meeting"	306

5.1 MANAGEMENT AND OVERSIGHT OF THE COMPANY

The Company was converted into a French joint-stock corporation (*société anonyme*) with an Executive Board and Supervisory Board on July 21, 1998. This general management method was adopted as it allows for a clear separation between the bodies tasked with Company's executive management and with its oversight, which is performed by the Supervisory Board. This choice has made it possible to retain a proactive and effective structure together with a flexible and rapid mode of operation for the executive bodies, while respecting the prerogatives of the Supervisory Board, whose balanced composition safeguards the independence of control and the balance of powers.

The Company refers to the Corporate Governance Code for Listed Companies published by the French association of private sector businesses (*Association française des entreprises privées* – AFEP) and the French employers' association (*Mouvement des entreprises de France* – MEDEF) ("the AFEP-MEDEF Code"). The AFEP-MEDEF Code may be consulted on the AFEP website at the following address: www.afep.com.

In accordance with the recommendations of the AFEP-MEDEF Code and with Article L. 225-68 of the French Commercial Code, Klépierre complies with all of the recommendations of the abovementioned Code.

5.1.1 Supervisory Board

The Supervisory Board is responsible for ongoing oversight over the management of the Company by the Executive Board, and especially for the company and consolidated financial statements adopted by the Executive Board.

5.1.1.1 Composition of the Supervisory Board

Provisions of the bylaws and rules of procedure of the Supervisory Board applicable to the composition of the Supervisory Board

The Company's bylaws and the rules of procedure of the Supervisory Board define the following principles:

> Number of Supervisory Board members: at least three and no more than 12 members;

> Terms of office of Supervisory Board members: three years. However, the Ordinary General Meeting of Shareholders may, by exception, appoint one or more Supervisory Board members for a term of less than three years for the sole purpose of implementing a system of rotation;

> Ownership of Klépierre shares: each member of the Supervisory Board must hold at least 60 shares throughout his/her term of office;

> Leadership of the Supervisory Board: the Supervisory Board elects a Chairman and a Vice Chairman from among its members.

Current composition

As of the filing date of this registration document, the Supervisory Board had the following nine members:

							Committee membership						
Name	Main function	Nationality	Age	Gender	Independence	Other appointments in other listed companies[a]	Investment	Audit	Nomination and Compensation	Sustainable Development	Date of first appointment	Term of appointment	Years of Board membership[b]
David Simon, Chairman of the Board	Chairman of the Board and Chief Executive Officer of Simon Property Group, Inc.	US	57	M		1	X Chairman				03/14/2012	04/24/2018 2021 GM	7
John Carrafiell	Co-founder of GreenOak Real Estate	US	53	M	X	1		X Chairman			12/11/2014 (with effect from 01/15/2015)	04/24/2018 2021 GM	4
Béatrice de Clermont-Tonnerre	Director of Artificial Intelligence Partnerships at Google	French	46	F	X	0				X	04/19/2016	04/19/2016 2019 GM	3
Steven Fivel	General Counsel and Secretary of Simon Property Group, Inc.	US	58	M		0	X		X	X Chairman	03/14/2012	04/24/2018 2021 GM	7
Robert Fowlds	Senior Advisor in real estate and finance	UK	57	M		2	X				04/24/2018	04/24/2018 2021 GM	1
Stanley Shashoua	Investments Director of Simon Property Group, Inc.	US	48	M		0	X	X		X	04/14/2015	04/18/2017 2020 GM	4
Catherine Simoni	Former Director for France and Belgium of the European real estate funds of the Carlyle group	French	54	F	X	0			X Chairman	X	12/20/2012	04/18/2017 2020 GM	6
Rose-Marie Van Lerberghe, Vice Chairman	Senior Advisor of BPI group	French	72	F	X	2		X	X		04/12/2012	04/19/2016 2019 GM	7
Florence Von Erb	Representative of Afammer (NGO) at the United Nations and former Managing Director of Adair Capital	French	59	F	X	1		X			02/17/2016	04/18/2017 2020 GM	3

(a) Offices held within the Company are not taken into consideration in this calculation.
(b) As of April 16, 2019, the date of the next General Meeting of Shareholders.

56

Average age of Board members as of December 31, 2018

5

Independent Board members

4

Female Board members

5

Non-French Board members

Biographies of Supervisory Board members

David Simon

Chairman of the Supervisory Board
Chairman of the Investment Committee

Aged 57

BS degree from Indiana University and MBA from Columbia University's Graduate School of Business

US national

BUSINESS ADDRESS
26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES
62

CAREER

David Simon is Chairman of the Board and Chief Executive Officer of Simon Property Group, Inc., which he joined in 1990. In 1993 he led the efforts to take Simon Property Group public, and became CEO in 1995. Before joining Simon Property Group, he was a Vice President of Wasserstein Perella & Co., a Wall Street firm specializing in mergers and acquisitions and leveraged buyouts. He is a former member and former Chairman of the National Association of Real Estate Investment Trusts (NAREIT) Board of Governors and a former trustee of the International Council of Shopping Centers (ICSC).

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre
- Chairman of the Supervisory Board
- Chairman of the Investment Committee

Outside Klépierre
- Director, Chairman of the Board and Chief Executive Officer:
  - Simon Property Group, Inc. (US-listed company)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre
- None

Outside Klépierre
- Director, Chairman of the Board and Chief Executive Officer:
  - Simon Property Group (Delaware), Inc.
  - The Retail Property Trust
  - M.S. Management Associates, Inc.
- Chairman of the Board and Chief Executive Officer:
  - Simon Management Associates, LLC
  - CPG Holdings, LLC

Board attendance rate in 2018: 89%
Investment Committee attendance rate in 2018: 100%

John Carrafiell

Chairman of the Audit Committee

Aged 53

BA degree from Yale University

US national

BUSINESS ADDRESS
26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES
60

CAREER

From 1987 to 2009, John Carrafiell held various roles at Morgan Stanley, as Head of Real Estate Europe from 1995, Managing Director from 1999, Global Co-Head of Real Estate from 2005, member of the Global Investment Banking Division Operating Committee from 2006 to 2007, and Global Co-Head and Co-CEO of Real Estate Investing from 2007. In 2009, he founded Alpha Real Estate Advisors (UK) and acted as Managing Partner of that company until 2010, at which point he co-founded GreenOak Real Estate, a global real estate investment, management and advisory firm that has raised USD 8 billion in equity from institutional investors and acquired or managed over USD 12 billion in real estate assets since 2011. He is currently Managing Partner of GreenOak Real Estate.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre

> Chairman of the Audit Committee

Outside Klépierre

> Chairman:
- Chelsea & Westminster Hospital NHS Foundation Trust Development Board (United Kingdom)
- The Anna Freud National Centre for Children and Families Development Board (United Kingdom)
- The Yale University School of Architecture Dean's Council (United States)

> Member of the Board of Directors (and Real Estate Investment Committee):
- Shurgard (Belgium-listed company)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

> None

Outside Klépierre

> Member of the Board of Directors:
- Grupo Lar (Spain)

> Supervisory Board Member:
- Corio NV (Netherlands)

Board attendance rate in 2018: 100%
Audit Committee attendance rate in 2018: 100%

Béatrice de Clermont-Tonnerre

Member of the Sustainable Development Committee

Aged 46

Graduate of Institut d'études politiques de Paris (Public Service Section) and ESSEC (École supérieure des sciences économiques et commerciales) Business School (MBA)

French national

BUSINESS ADDRESS
26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES
60

CAREER

Béatrice de Clermont-Tonnerre has been Director of Artificial Intelligence Partnerships at Google since July 2018, after having headed up the southern Europe third-party site Monetisation division for five years. Prior to Google, she was Senior VP, Business Development at Lagardère (2008-2013) and Head of Interactive TV and co-Head of Programming at Canalsatellite – Groupe Canal+ (2001-2005). She began her career as a radio journalist before joining the Strategy Department of Lagardère in 1995 as an analyst in the High Technologies division, covering aerospace and telecoms.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre

> Member of the Sustainable Development Committee

Outside Klépierre

> None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

> None

Outside Klépierre

> Vice Chairwoman of the Board of Directors, Hurriyet (term expired in June 2018)
> Board member of LaCie

Board attendance rate in 2018: 100%
Sustainable Development Committee attendance rate in 2018: 100%

Steven Fivel

Chairman of the Sustainable Development Committee
Member of the Nomination and Compensation Committee
Member of the Investment Committee

Aged 58

BS degree in accounting from Indiana University and doctorate in law (JD) from the John Marshall Law School, Chicago

US national

BUSINESS ADDRESS
26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES
62

CAREER

Steven Fivel began his career as Deputy Attorney General at the Office of the Attorney General of the State of Indiana. From 1988, he worked as an attorney handling shopping center finance transactions, real estate development and re-development transactions, joint ventures and corporate transactions. In 1997, he joined BrightPoint and occupied the functions of Executive Vice President, General Counsel and Secretary. In March 2011 he joined Simon Property Group as Assistant General Counsel and Assistant Secretary, leading Development and Operations, the Legal Department, and Operations within the Tax Department. Steven Fivel was appointed General Counsel and Secretary of Simon Property Group on January 1, 2017.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre
> Chairman of the Sustainable Development Committee
> Member of the Nomination and Compensation Committee
> Member of the Investment Committee

Outside Klépierre
> Member of the Board of Directors:
  – Simon Global Development BV

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre
> Chairman of the Supervisory Board of Klémurs

Outside Klépierre
> None

Board attendance rate in 2018: 100%
Investment Committee attendance rate in 2018: 100%
Sustainable Development Committee attendance rate in 2018: 100%
Nomination and Compensation Committee attendance rate in 2018: 100%

Robert Fowlds

Member of the Investment Committee

Aged 57

BS degree in Real Estate Management from the University of Reading and MBA in Finance from Cass Business School, member of the Royal Institution of Chartered Surveyors

UK national

BUSINESS ADDRESS
26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES
100

CAREER

Robert Fowlds has been a Senior Advisor in real estate and finance since 2016. Previously, he was Managing Director, Head of Real Estate Investment Banking for the United Kingdom and Ireland at JP Morgan Cazenove, where he supervised a large team with expertise in capital markets, mergers and acquisitions, consulting and debt markets in the real estate sector, before becoming Vice Chairman in 2013. Between 1987 and 2006, he held various positions in financial institutions such as Merrill Lynch, Kleinwort Benson Securities, Crédit Lyonnais Secs and Morgan Grenfell. He is also a director of the fund UK Commercial Property REIT, as well as LondonMetric PLC.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre
> Member of the Investment Committee

Outside Klépierre
> Member of the Board of Directors:
  – UK Commercial Property REIT (UK-listed fund)
  – LondonMetric PLC (UK-listed company)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre
> None

Outside Klépierre
> None

Board attendance rate in 2018: 100%
Investment Committee attendance rate in 2018: 100%

Stanley Shashoua

Member of the Investment Committee
Member of the Audit Committee
Member of the Sustainable Development Committee

Aged 48

BA degree in International Relations from Brown University and MBA in Finance from The Wharton School

US national

BUSINESS ADDRESS

26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES

60

CAREER

Stanley Shashoua is Investments Director at Simon Property Group. Previously, he was Managing Partner at LionArc Capital LLC, a private investment fund, which has invested in and managed real estate and private equity transactions for a total amount of over USD 500 million since 2007. Prior to joining LionArc Capital LLC, Stanley Shashoua was a Partner at HRO Asset Management LLC, where he was in charge of the acquisition and management of properties on behalf of institutional clients, managing transactions representing over USD 1 billion and comprising over 278,700 sq.m. He also worked at Dresdner Kleinwort Wasserstein.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre

- Member of the Investment Committee
- Member of the Audit Committee
- Member of the Sustainable Development Committee

Outside Klépierre

- Member of the Board of Directors:
  - Simon Canada Management Limited (Canada)
  - Mitsubishi Estate Simon Co. Ltd. (Japan)
  - Shinsegae Simon Co. Inc. (South Korea)
  - Genting Simon Sdn Bhd (Malaysia)
  - Premium Outlets de Mexico, S. de RL de CV (Mexico)
  - CPGOM Partners de Mexico, S. de RL de CV (Mexico)
  - Outlet Services HoldCo Ltd (Jersey)
- Managing Partner:
  - Outlet Site JV Sarl (Luxembourg)
  - HBS Global Properties LLC (USA)
  - Aero Opco LLC (USA)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- None

Board attendance rate in 2018: 100%
Investment Committee attendance rate in 2018: 100%
Sustainable Development Committee attendance rate in 2018: 100%
Audit Committee attendance rate in 2018: 100%

Catherine Simoni

Chairman of the Nomination and Compensation Committee
Member of the Sustainable Development Committee

Aged 54

Engineering degree from the University of Nice (France)

French national

BUSINESS ADDRESS

26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES

60

CAREER

For 14 years, Catherine Simoni was Director for France and Belgium of the European real estate fund of the Carlyle group, which she left in December 2014. She was previously a Director at SARI Développement, the development division of Nexity, where she was responsible for implementing business plans on several major French office developments, including leasing and sales. Prior to this, Catherine Simoni was a Manager at Robert & Finestate, a subsidiary of J.E. Robert Company, where she worked on transactions in real estate and real estate-backed loan portfolios in France, Spain, Belgium and Italy.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre

> Chairman of the Nomination and Compensation Committee
> Member of the Sustainable Development Committee

Outside Klépierre

> None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

> None

Outside Klépierre

> Managing Director France – Carlyle group

Board attendance rate in 2018: 100%
Nomination and Compensation Committee attendance rate in 2018: 100%
Sustainable Development Committee attendance rate in 2018: 100%

Rose-Marie Van Lerberghe

Vice Chairman of the Supervisory Board
Member of the Audit Committee
Member of the Nomination and Compensation Committee

Aged 72

Graduate of ENA (École nationale d'administration), Institut d'études politiques of Paris and École normale supérieure, teaching qualification (philosophy) and undergraduate degree in history

French national

BUSINESS ADDRESS

26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES

100

CAREER

Rose-Marie Van Lerberghe began her career as an Inspector at IGAS (General Inspectorate, Social Affairs) before becoming Assistant Director for the defense and promotion of jobs at the French Labor Ministry. In 1986 she joined the Danone group, where she was group Director of Human Resources. In 1996 she became Executive Director in charge of employment and professional training at the French Ministry of Labor and Solidarity. She then became Executive Director of the Paris hospital trust (APHP). From 2006 to 2011 she was Chairman of the Executive Board of Korian. From January 2010 to January 2014, she was a member of the *Conseil supérieur de la magistrature* (the French High Council of the Judiciary). She is currently a member of the Council of the Order of the Legion of Honor.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre

- Vice Chairman of the Supervisory Board
- Member of the Audit Committee
- Member of the Nomination and Compensation Committee

Outside Klépierre

- Member of the Board of Directors:
  - Bouygues (listed company)
  - CNP Assurances (listed company)
  - Fondation Hôpital Saint-Joseph
- Chairman of the Board of Directors:
  - *Orchestre des Champs-Élysées* led by Philippe Herreweghe

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

- None

Outside Klépierre

- Chairman of the Board of Directors:
  - Fondation Institut Pasteur
- Member of the Board of Directors:
  - Air France
  - Casino, Guichard-Perrachon

Board attendance rate in 2018: 89%
Nomination and Compensation Committee attendance rate in 2018: 100%
Audit Committee attendance rate in 2018: 100%

Florence Von Erb

Member of the Audit Committee

Aged 59

Graduate of HEC Paris, specializing in finance

French national

BUSINESS ADDRESS

26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES

150

CAREER

Florence Von Erb began her finance career working in JP Morgan's Paris, London and New York offices, where she specialized in international securities markets. She held positions in the firm's Treasury Department, Merchant Bank division, Latin America Debt Restructuring Unit and Equity Derivatives Group. In 2000, she joined Adair Capital, a New York-based investment management firm, where she served as Managing Director. She switched her focus to the not-for-profit world in 2004 when she became President and United Nations Representative of Make Mothers Matter International. In 2006, she co-founded Sure We Can Inc. Since 2014, she has been an active member of the UN NGO Social Development Committee and the Commission on the Status of Women, as well as serving as an Independent Director of Ipsos SA.

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre

> Member of the Audit Committee

Outside Klépierre

> Member of the Board of Directors:
 – Ipsos (listed company)
 – Ipsos Foundation

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS

Klépierre

> None

Outside Klépierre

> Chairman:
 – Make Mothers Matter International

> Co-founder:
 – Sure We Can Inc.

> Member of the Board of Directors:
 – Fourpoints

Board attendance rate in 2018: 100%
Audit Committee attendance rate in 2018: 100%

Diversity policy

The Board's diversity policy takes into account:

> Balanced representation of independent and non-independent members;

> Varied and complementary skills as reflected by the skills matrix presented below;

> Gender balance;

> A strong international profile.

The diversity of the Board's composition is one of its strengths, and the Board ensures that its composition remains balanced at each appointment or re-appointment.

Balanced composition

At the date of filing of the Company's registration document, the Supervisory Board comprised nine members, namely:

> Three members appointed on the proposal of Simon Property Group: David Simon (Chairman of the Supervisory Board), Steven Fivel and Stanley Shashoua;

> One member appointed on the proposal of APG: Robert Fowlds;

> Five independent members (listed below).

The Supervisory Board regularly reflects on the desirable balance of its composition and that of the Board Committees in order to guarantee shareholders and the market that its duties are carried out with the necessary independence and objectivity, in line with the Group's challenges and strategy. When reviewing its composition and proposals for appointment or re-appointment submitted to the General Meeting, it regularly examines the individual situation of each member, particularly:

> The skills and experience they contribute to the work of the Board and the Committees;

> Their availability and attendance at meetings, as well as their commitment;

> Their situation as regards any conflicts of interest;

> Their contribution to the diversity of the Board in terms of qualifications, age, gender, nationality, length of time on the Board and professional experience.

Taking into account the elements set out below and the diversity criteria, the Supervisory Board considers that its current composition is satisfactory and that its members are active and assiduously attend meetings. Nevertheless, it remains open to any possible improvements that might be in the interest of the Company or its development.

Varied and complementary skills on the Supervisory Board

The Supervisory Board believes that the skills of the members of the Board are varied and complementary, with some members of the Board having strategic skills and others financial or more specific competences (financial communication, human resources and legal expertise, knowledge of the real estate or commercial sector – particularly digital – or management experience). Due to the diverse and complementary experience and expertise of the Supervisory Board members, they quickly gain a detailed understanding of Klépierre's development challenges and ensure that the decision-making process is efficient.

The skills matrix of the various members of the Board as of December 31, 2018 is shown below.

Name	International experience	Real estate sector	Finance	Retail	Managerial experience	Human resources and governance	Digital
David Simon	X	X	X	X	X	X	
John Carrafiell	X	X	X		X	X	
Béatrice de Clermont-Tonnerre	X				X		X
Steven Fivel	X	X	X		X	X	
Robert Fowlds	X	X	X		X		
Stanley Shashoua	X	X	X	X	X		
Catherine Simoni	X	X			X	X	
Rose-Marie Van Lerberghe			X		X	X	
Florence Von Erb	X		X		X		

Gender balance

The Supervisory Board comprises nine members, four of whom (i.e., 44.45%) are women, a ratio exceeding the minimum 40% stipulated in the French Commercial Code and the recommendations of the AFEP-MEDEF Code. This diversity is also evident in the composition of its Committees.

Strongly international profile

With regard to the operating methods of the corporate bodies, the Company not only looks at the application of the AFEP-MEDEF Code, but also seeks to reflect the international environment in which the Group conducts its business. The Supervisory Board therefore consists of three different nationalities (US, British and French) and has five non-French members (David Simon, John Carrafiell, Steven Fivel, Robert Fowlds and Stanley Shashoua).

Majority of independent members

Summary of the procedure for qualifying as an independent member of the Supervisory Board

The Supervisory Board has adopted in full the definition of independence contained in the AFEP-MEDEF Code to determine member independence.

The status as independent member of the Supervisory Board is reviewed annually by the Nomination and Compensation Committee on the basis of an analysis of the responses of Supervisory Board members to an individual independence questionnaire sent to them in advance. The findings of the Nomination and Compensation Committee's review are then communicated to the Supervisory Board, which subsequently reviews the situation of each member of the Supervisory Board.

The conclusions of the Supervisory Board's review are presented each year to the shareholders in the registration document.

Conclusions of the review concerning the criterion of business relationships between Klépierre and the members of the Supervisory Board

The business relationship review consists of two steps. First, the Nomination and Compensation Committee and then the Supervisory Board review the various relationships in question to ascertain whether or not they constitute business relationships. Where this is the case, to assess whether a given relationship is significant or not, a second, more in-depth review is carried out based on qualitative criteria (context, history and organization of the relationship, respective powers of the parties) and quantitative criteria (materiality of the relationship for the parties).

At the date of filing of this registration document, the reviews carried out revealed that none of the members of the Supervisory Board had any business relationships with Klépierre.

Conclusions of the review of all the independence criteria

The following table shows the findings of the annual review of the independence classification of members of the Supervisory Board, conducted on February 5, 2019.

	Criteria							
Name	**Position as Group employee or corporate officer within the last five years**	**Cross-directorships**	**Significant business relationship**	**Close family ties with a corporate officer**	**Statutory auditor to Klépierre Group entity within the last five years**	**Member of the Supervisory Board for more than 12 years**	**Recipient of variable compensation in cash or shares or of any compensation linked to Klépierre's performance**	**Member representing major Klépierre shareholders**
D. Simon (Chairman) *Not independent*	No	No	No	No	No	No	No	Yes
R.-M. Van Lerberghe (Vice Chairman) *Independent*	No	No	No	No	No	No	No	No
J. Carrafiell *Independent*	No	No	No	No	No	No	No	No
B. de Clermont-Tonnerre *Independent*	No	No	No	No	No	No	No	No
S. Fivel *Not independent*	No	No	No	No	No	No	No	Yes
R. Fowlds *Not independent*	No	No	No	No	No	No	No	Yes
S. Shashoua *Not independent*	No	No	No	No	No	No	No	Yes
C. Simoni *Independent*	No	No	No	No	No	No	No	No
F. Von Erb *Independent*	No	No	No	No	No	No	No	No

Further to its review, the Supervisory Board concluded that five members (i.e., 55.6%) are independent.

Following the recommendation of the French financial markets authority (*Autorité des marchés financiers* – AMF), a table showing the list of the Supervisory Board members considered independent, as at the date of this registration document, with regard to the Supervisory Board's assessment and the AFEP-MEDEF Code is presented below.

	Independence of Board members with regard to	
	the Supervisory Board's assessment	**the AFEP-MEDEF Code**
David Simon	No	No
John Carrafiell	Yes	Yes
Béatrice de Clermont-Tonnerre	Yes	Yes
Steven Fivel	No	No
Robert Fowlds	No	No
Stanley Shashoua	No	No
Catherine Simoni	Yes	Yes
Rose-Marie Van Lerberghe	Yes	Yes
Florence Von Erb	Yes	Yes

In accordance with the recommendations of the AFEP-MEDEF Code, the proportion of independent members in the relevant committees is as follows:

> 75% for the Audit Committee (including the Chairman);

> 66.7% for the Nomination and Compensation Committee (the Chairman has the casting vote).

Changes in the composition of the Supervisory Board during fiscal years 2018 and 2019

Changes in 2018

	Departures/appointments/re-appointments in fiscal year 2018
David Simon – Chairman	Re-appointed for a period of three years by the General Meeting of Shareholders of April 24, 2018
John Carrafiell	Re-appointed for a period of three years by the General Meeting of Shareholders of April 24, 2018
Béatrice de Clermont-Tonnerre	N/A
Jeroen Drost	Term expired at the end of the General Meeting of Shareholders of April 24, 2018 and not re-appointed
Robert Fowlds	Appointed for a period of three years by the General Meeting of Shareholders of April 24, 2018
Steven Fivel	Re-appointed for a period of three years by the General Meeting of Shareholders of April 24, 2018
Stanley Shashoua	N/A
Catherine Simoni	N/A
Rose-Marie Van Lerberghe	N/A
Florence Von Erb	N/A

Terms of office expiring in 2019

The following terms of office of members of the Supervisory Board expire at the end of the General Meeting to be held on April 16, 2019:

> The term of office of Rose-Marie Van Lerberghe, member of the Supervisory Board since 2012 and Vice Chairman, and member of the Audit Committee and the Nomination and Compensation Committee;

> The term of office of Béatrice de Clermont-Tonnerre, member of the Supervisory Board since 2016 and member of the Sustainable Development Committee.

Rose-Marie Van Lerberghe and Béatrice de Clermont-Tonnerre wished to seek re-appointment. Acting on the recommendation of the Nomination and Compensation Committee, the Supervisory Board reviewed the individual situation of each of these two members. Given their skills, their contribution to the work of the Supervisory Board, their solid understanding of the Group's challenges, their status as independent members and their attendance at meetings of the Board and the Committees of which they are members, the Supervisory Board decided to propose to the General Meeting to be held on April 16, 2019 the re-appointment of these two members, each for a period of three years.

The table below summarizes the planned changes to the membership of the Supervisory Board for 2019:

Date	**Departures**	**Appointments**	**Re-appointments**
April 16, 2019	None	None	Rose-Marie Van Lerberghe Béatrice de Clermont-Tonnerre

Subject to the approval of the General Meeting to be held on April 16, 2019 of these re-appointments, the Supervisory Board will continue to be composed as follows:

	Composition after the 2019 General Meeting of Shareholders
Percentage of independent members	55.56%
Percentage of female members	44.45%
Percentage of non-French members	55.56%

Conflicts of interest – Convictions for fraud

The rules of procedure of the Supervisory Board state that the members must inform the Board of any conflict of interest, potential or otherwise, in respect of the Company and abstain from voting on the corresponding decisions.

Members of the Supervisory Board regularly receive a questionnaire setting out multiple possible examples of conflicts of interest, inviting them to declare any situations that might represent a potential conflict of interest with respect to Klépierre.

No conflict of interest, even potential, has been brought to the attention of the Supervisory Board. Moreover, the Board concluded, further to an analysis carried out in early 2019, that none of its members were in a situation of conflict of interest, potential or otherwise, and that none had any direct or indirect business relationships with Klépierre.

Executive Board members must consult the Supervisory Board before accepting any new appointments in a listed company, it being specified that no individual member of the Executive Board may hold more than two offices in listed companies, including non-French companies, outside the Group.

As of the filing date of this registration document and to the knowledge of the Company, there were no conflicts of interest between the duties toward Klépierre of any members of the Executive Board or of the Supervisory Board and their private interests and/or other duties. Furthermore:

> There are no family ties between members of the Executive Board and/or members of the Supervisory Board;

> None of the members of the Executive Board and/or members of the Supervisory Board have been convicted for fraud in the last five years;

> None of the members have been subject to bankruptcy, receivership or liquidation proceedings in the last five years;

> No conviction and/or official public sanction has been handed down against any member of the Executive or Supervisory Boards;

> No member has been prevented by a court from acting as a member of an administrative, executive or supervisory body of an issuer or from managing or running the affairs of an issuer in the last five years.

Prevention of insider trading/Stock market compliance

As a listed company, Klépierre abides by the rules concerning insider trading. To prevent the risk of insider trading, Klépierre has adopted a Stock Market Code of Conduct, which is updated regularly.

The main objectives of the Code of Conduct are to:

> Define inside information and the general rules applicable to its use;

> Identify the people concerned by inside information;

> Detail the specific rules applying to persons holding inside information;

> List the applicable penalties in the event of a breach of the requirements regarding the holding of inside information.

The Code of Conduct applies to corporate officers (the Chairman of the Executive Board and the members of the Executive Board and Supervisory Board) and persons of similar status, and more generally to permanent insiders, as well as persons holding inside information who are subject to closed periods and employees who may have access to inside information on Klépierre or Klépierre securities.

Under the terms of the Code of Conduct, corporate officers and persons of similar status and any persons with close personal ties to corporate officers and persons of similar status have an obligation to disclose any transactions they make involving securities issued by the Company.

Senior executives and other persons holding inside information who are subject to closed periods are prohibited from conducting any personal transactions in Klépierre securities during the following periods:

> For 30 calendar days before the publication of the press release announcing the annual financial statements;

> For 30 calendar days before the publication of the press release announcing the interim financial statements;

> For 15 calendar days before the publication of the quarterly information with respect to the first and third fiscal quarters.

This restriction applies until the day after the publication of the quarterly, interim or annual information concerned.

Employees may be identified as occasional insiders and as such be temporarily covered by the same ban during periods in which transactions may influence Klépierre's share price.

Furthermore, beneficiaries of performance shares may not divest them at the end of the lock-up period:

> During the 10 trading sessions before and three trading sessions after the publication of the annual consolidated financial statements;

> Between the date on which Klépierre's corporate bodies come into possession of inside information and the 10th trading session following this information being made public.

In addition to the Code of Conduct, the Group has also drawn up supporting procedures and practical information sheets, which are communicated to all Klépierre senior executives and employees.

An Inside Information Committee was set up in 2017, comprising the Executive Board members, the Group Chief Legal Officer and the Group Head of Internal Audit & Control. The role of the Committee is to decide whether to classify information as "inside", to closely monitor information that may potentially be classified as "inside", and to draw up the list of insiders in each case so that they may be reminded of their obligations.

5.1.1.2 Operating methods of the Supervisory Board

The Supervisory Board of the Company has rules of procedure governing the organization of its meetings, its powers and the distribution of directors' fees among members. The rules of procedure of the Supervisory Board may be consulted on the Company's website: www.klepierre.com.

Role of the Supervisory Board

The Supervisory Board exercises ongoing oversight over the management of the Company by the Executive Board.

At any time of the year, it may carry out any such verifications and inspections as it may deem appropriate, and may obtain any documents it may deem useful to carry out its duties.

The Supervisory Board:

> Appoints and dismisses Executive Board members by a two-thirds majority and sets their compensation;

> Appoints and dismisses the Chairman of the Executive Board and, as applicable, one or more Managing Directors, selected from among the Executive Board members;

> Receives a report from the Executive Board on the business of the Company each time it deems it necessary and otherwise at least once per quarter;

> Verifies and inspects the company financial statements and, where applicable, the consolidated financial statements prepared by the Executive Board and presented within three months of the fiscal year end, together with a written report on the Company's position and its business during the past fiscal year;

> Presents to the General Meeting called to approve the company financial statements and, where applicable, the consolidated financial statements, its observations on the Executive Board's report and on the financial statements for the fiscal year;

> Convenes the General Meeting of Shareholders, if necessary, and determines its agenda;

> Decides to transfer the registered office to any location within the same French *departément* or a neighboring *departément*, subject to ratification by the subsequent Ordinary General Meeting;

> Authorizes related-party agreements, in accordance with Article L. 225-86 of the French Commercial Code;

> Authorizes the sale of immovable property as well as the full or partial sale of interests and use of the Company's properties as collateral. The Supervisory Board may, up to an amount it sets for individual transactions, authorize the Executive Board to carry out the transactions referred to above; where a transaction exceeds the threshold, specific authorization from the Supervisory Board is required.

The Chairman of the Supervisory Board grants the Executive Board prior consent to the appointment of any permanent representatives of the Company on the board of directors or supervisory boards of any other French listed company, save where said company is a member of the Klépierre Group.

The Supervisory Board may decide to create ad hoc committees tasked with studying matters submitted to them by the Board or its Chairman.

The Supervisory Board draws up rules of procedure governing the ways in which it exercises its powers and grants authorizations to its Chairman. These include limitations on the Executive Board's powers by means of thresholds, beyond which advance authorization by the Supervisory Board is required for certain important decisions, pursuant to Article 16 of the bylaws. To this end:

> The Supervisory Board gives to the Executive Board its prior consent on the proposed allocation of profits or losses for the past fiscal year;

> The following decisions of the Executive Board are subject to the prior authorization of the Supervisory Board:

- Transactions likely to affect the strategy of the Company and Group, and to modify their financial structure and their scope of activity,
- The issue of securities, of any nature whatsoever, likely to entail a modification in the share capital,
- The following transactions to the extent that they each exceed €8,000,000 or its equivalent in any other currency:
  - The direct or indirect acquisition or sale of any assets (including immovable property and holdings), with the exception of all transactions between Klépierre Group entities,
  - In the event of a dispute, the signing of any agreements and settlements, and the acceptance of any arrangement.

The Supervisory Board alone has the authority to amend its rules of procedure.

Meetings of the Supervisory Board

The Supervisory Board meets as often as the interests of the Company require, and at least four times a year, either at the registered office or in any other location. It is convened by the Chairman and examines any item included in the agenda by the Chairman or by a simple majority of the Supervisory Board.

Meetings may be called by the Secretary of the Board in writing or verbally.

The Chairman of the Supervisory Board must call a Board meeting within 15 days if at least one member of the Executive Board or one-third of the members of the Supervisory Board present a reasoned request to that effect. If the request goes unaddressed, those who submitted it may call the meeting themselves and determine the agenda.

In practice, the Chairman generally strives to leave a period of seven days between the notice of meeting and the meeting date. The Chairman also strives to take into account the agenda constraints of members of the Supervisory Board so as to ensure the attendance of the largest number of members at each meeting. When a meeting is convened, a folder containing all of the supporting documentation for the agenda is provided to the Board members on a secure electronic Board meeting platform.

For the Supervisory Board to deliberate validly, at least half of its members must be present.

Members of the Supervisory Board may attend the Board meetings via videoconference or by any other means of telecommunication that allows them to be identified and ensures that they can participate effectively, except for meetings relating to the verification and review of the company and consolidated financial statements, where the physical presence of at least half the members is legally required.

Meetings of the Supervisory Board are held in English and/or French, with a simultaneous translation into French and English available at the request of any member.

Decisions are made based on a majority of votes cast by members present or represented. If votes are evenly split, the Chairman of the meeting holds the casting vote.

A register of attendance signed by the members of the Supervisory Board attending the meeting, in their name or for the other members of the Supervisory Board that they represent, is kept at the registered office. A Supervisory Board member may give proxy by letter to another member of the Supervisory Board to represent him or her at a meeting of the Board. No member of the Supervisory Board may, during the same meeting, hold more than one such proxy. Proxies given by letter or by fax must be appended to the register of attendance.

A copy or an extract of the minutes of a meeting of the Supervisory Board constitutes sufficient proof of the number of members of the Supervisory Board in office as well as their attendance or representation at the meeting.

The members of the Supervisory Board, and any person attending the meetings of the Supervisory Board, are bound by confidentiality obligations with regard to deliberations of the Board concerning confidential information or information presented as such by the Chairman.

Meetings of the Supervisory Board without the executive corporate officers in attendance

Given the Company's dual board structure, executive corporate officers are not members of the Supervisory Board, but are regularly invited to take part in the Board's meetings to discuss operational issues and other matters relating to the Group's activities. In addition, the Supervisory Board may meet without the executive corporate officers in attendance, particularly when the meeting agenda pertains to the performance or compensation of executive corporate officers.

Discussions and informal contact between the members of the Supervisory Board, to which the Executive Board members are not party, may also take place on an ad hoc basis over the year.

Dialogue with shareholders

In accordance with the provisions of the AFEP-MEDEF Code, the members of the Supervisory Board may also be required to communicate directly with the Company's shareholders in order to explain the positions taken by the Supervisory Board in their areas of expertise.

Assessment of the Supervisory Board

The Board periodically assesses its composition, organization and procedures, as well as those of its Committees. The Board reviews these matters once a year and carries out a formal assessment every three years.

The conclusions of these assessments are reported on in the registration document, so that shareholders are kept informed each year of the content of the assessments and any follow-up (see below, "Assessment of the Supervisory Board").

Training of Supervisory Board members

On appointment and throughout their term of office, Supervisory Board members may receive training on specific aspects of the Company, its activities and business lines.

A program primarily aimed at new Supervisory Board members but which is also open to existing members wishing to participate, is deployed when members first take office, with the purpose of meeting the following objectives:

> Introducing them to the Group as a whole;

> Familiarizing them with the Group's specific business lines (development, construction, leasing or marketing, etc.);

> Familiarizing them with the Group's organization;

> Facilitating access to useful information for the smooth exercise of their duties.

This program primarily entails site visits and exchanges with different operational staff. New Board members are also given training on Diligent Board Books, to familiarize them with the Board's governance management tool.

For example, when Robert Fowlds was appointed, he visited the Val d'Europe center on June 4, 2018, accompanied by the Managing Director of the French shopping centers and the Director of the center. A variety of different topics were also presented to him. In addition, he was able to meet the Executive Board members and a number of Group executives, in particular the Deputy Chief Financial Officer, the Chief Operating Officer and his team, and the Chief Communications Officer.

On appointment and at their request, Audit Committee members also receive information on specific accounting, financial or operational aspects of the Company's business.

In terms of ongoing training, during their term of office any Supervisory Board member who so wishes is entitled to:

> Legal training to enable them to clearly ascertain the general and specific rights and obligations incumbent upon them, including those resulting from legal or regulatory texts, the bylaws, rules of procedure and any other legally binding text;

> Visits to one or more property assets (selected from among the most representative assets in the property portfolio), accompanied by an operational staff member, in order to gain insight into the Company's business lines.

A virtual library (available on the Diligent Board Books platform) of relevant publications on compensation and governance is made available to members of the Nomination and Compensation Committee and is updated regularly, providing members with access to reports and news from the AMF, the French association of private sector businesses (AFEP) and the French employers' association (MEDEF), the French high committee for corporate governance, and the OECD, as well as the voting policies of the main proxy advisors and investors, benchmarks, and various studies by experts and specialists.

Role of the Chairman of the Supervisory Board

In addition to the duties assigned to him/her by law, the Chairman of the Board oversees the proper operation of the Board. In particular, the Chairman of the Board ensures that there is a culture of openness and transparency within the Board, so that its discussions are insightful and well-informed. The Chairman ensures that Board members receive adequate information in advance of each Board meeting so that the discussions and resolutions are effective. The Chairman also regularly ensures that Board members receive appropriate training to enable them to carry out their duties.

The Chairman of the Board discusses the Group's strategic and/or sensitive goals with Executive Board members, particularly those relating to the Group's orientation and organization (from both an operational standpoint and in terms of performance and objectives, especially in the environmental sphere), along with significant external growth projects, major financial transactions and the Group's financial information. Furthermore, if certain decisions require prior authorization by the Board, the Chairman may be called upon to assist the Executive Board in its preparatory work on these various projects. As in previous years, the Chairman was called upon in 2018 to share his insight into the sector, experience and vision in the service of the Executive Board.

Lastly, in some circumstances, the Chairman may from time to time be required to represent the Group in contacts with its tenants, major shareholders, service providers or partners.

In accordance with the bylaws, in the absence of the Chairman, the Vice Chairman chairs the meetings of the Supervisory Board and General Meetings.

5.1.1.3 Work of the Supervisory Board in fiscal year 2018

The Board met nine times in fiscal year 2018, with an average attendance rate of over 95%. The attendance rate broken down by Supervisory Board member is presented below:

	Individual attendance rate at Supervisory Board meetings
David Simon, Chairman of the Board	89%
John Carrafiell	100%
Béatrice de Clermont-Tonnerre	100%
Jeroen Drost[(a)]	75%
Robert Fowlds	100%
Steven Fivel	100%
Stanley Shashoua	100%
Catherine Simoni	100%
Rose-Marie Van Lerberghe, Vice Chairman	89%
Florence Von Erb	100%

(a) Percentage calculated on the basis of the number of meetings until the end of his term of office (end of the General Meeting of April 24, 2018).

At Board meetings, the Committee Chairmen presented the analyses and recommendations from the Committees on topics that fall within their remit.

The main issues discussed by the Supervisory Board at these meetings in 2018 were as follows:

Topics	Items on the agenda
Financial policy, reporting on the budget and accounting, dividend	> Review of the Audit Committee's work > Company and consolidated financial statements as of December 31, 2017 and related documents > Interim consolidated financial statements as of June 30, 2018 and related documents > Executive Board quarterly business reviews > Reviews of the 2018 budget > Approval of the 2019 budget > Review of the Group's financial position (net asset value, debt) > Appropriation of profit proposed at the 2018 General Meeting > New dividend policy with implementation of interim dividends > Management accounting budget and forecast documentation > Review of all statutory Executive Board reports
Strategy	> Review of a proposed linkup with Hammerson > Various presentations of the Group's asset portfolio by geographic area
Investments/divestments and authorizations granted to the Executive Board	> Review of the Investment Committee's work > Investments, developments and disposals in France and abroad > Financing > Related-party agreements > Guarantees and endorsements
Governance	> Review of the Nomination and Compensation Committee's work > Review of the composition of the Supervisory Board and its Committees (independence, diversity, etc.) > Proposals for re-appointment of members of the Supervisory Board > Re-appointment of the Chairman of the Supervisory Board > Annual review of the operating methods of the Board and Committees > Adoption of the annual report on corporate governance > Preparation for the Annual General Meeting called to approve the financial statements for the year ended December 31, 2018
Compensation policy and talent review	> Review of the policy on equality in terms of career advancement and pay for all employees and between men and women > Review of the situation and compensation of Executive Board members > Definition of the compensation policy for the coming year > Review of bonus share allotment plans and setting of the applicable performance conditions > Release of the 2018 performance share plan

Assessment of the Supervisory Board

The Board re-examines its operating methods each year and conducts formal assessments of its methods and those of its Committees at least every three years. As required by the AFEP-MEDEF Code, this involves reviewing the operating methods of the Board, verifying that important matters are properly prepared and discussed, and evaluating the contribution of each member to the Board's work.

Formal assessments: Klépierre's Supervisory Board was formally assessed over two consecutive years – 2016 and 2017 – by way of questionnaires comprising 25 questions sent to the members of the Supervisory Board. The conclusions of these assessments were presented on page 234 of Klépierre's 2017 registration document. On the recommendation of the Nomination and Compensation Committee, it was decided that the next formal assessment of the Supervisory Board should pertain to fiscal year 2019.

Annual review of the operating methods of the Board: the Supervisory Board re-examined its procedures at its meeting of December 12, 2018, in light of an activity report prepared by the Nomination and Compensation Committee presenting the work carried out by the Board and its Committees in 2018. During this discussion, the members of the Supervisory Board expressed their overall satisfaction with the operating methods of the Board and the Committees, particularly appreciating the fact that Klépierre's activities in the previous period, its financial policy and strategic issues were systematically reviewed at each Board meeting. The members also noted that the discussions of the Board and the Committees were of high quality and took place in the context of an open, calm dialogue that allowed each member to express his/her point of view. The Chairman of the Board expressed his satisfaction with the quality of the work carried out by the Board Committees and the precision with which each Committee Chairman reported on this work to the Board. The Chairman also commended the attendance rate of various members, which reflects their commitment to the work of Klépierre's governance bodies.

5.1.2 Board Committees

To assist it in carrying out its duties, the Supervisory Board has set up Board Committees whose reports are sent to the Supervisory Board before its meetings. Within its area of expertise, each Committee issues proposals, recommendations and opinions, where required, and reports on its duties to the Supervisory Board.

The Committees are as follows:

- The Investment Committee;
- The Audit Committee;
- The Nomination and Compensation Committee;
- The Sustainable Development Committee.

5.1.2.1 Investment Committee

Composition of the Investment Committee

This Committee has at least three and no more than six members chosen by the Supervisory Board from among its members.

The following table shows the composition of the Committee as of the filing date of this registration document, and all changes to the membership of the Committee over the fiscal year:

Name	Changes during the fiscal year
David Simon, Chairman	None
Jeroen Drost	Term of office expired at the end of the General Meeting of April 24, 2018
Robert Fowlds	Appointed by the Supervisory Board on July 24, 2018
Steven Fivel	None
Stanley Shashoua	None

Operating methods of the Investment Committee

The Committee meets at least twice a year, according to a schedule set by the Board. However, the Committee may meet at the request of at least two of its members.

Members of the Committee may attend meetings via videoconference or by any other means of telecommunication that allows them to be identified and to participate effectively.

For their decisions to be valid, at least half of the Committee's members must be present. Committee members may not represent other members at meetings.

Committee meetings are held in English and/or French, with a simultaneous translation into French and English available at the request of any member.

Work of the Investment Committee

Duties

The role of this Committee is to consider potential investments and disposals proposed to it before they are formally authorized by the Supervisory Board. To this end, it reviews the real estate, commercial, legal and financial aspects of transactions. In particular, it reviews the relevance of the planned transactions, their coherence with the Group's strategy and their anticipated profitability, while also verifying and measuring the related risks. Before issuing an opinion, the Investment Committee may, if needed, request additional information about or recommend changes in some or all of the real estate, commercial, legal or financial aspects.

Work of the Investment Committee in 2018

In 2018, the Investment Committee met five times, with an average attendance rate of 100%.

The main issues discussed at these meetings in 2018 were as follows:

Topics	Items on the agenda
Investments	> Review of various acquisition opportunities and recommendations in this regard > Review of a proposed linkup with Hammerson > Analysis of planned extensions and refurbishments (such as the Grand Reno project in Italy) and recommendations in this regard
Divestments	> Review of various divestments (notably in Hungary, Czech Republic, Italy and France) and recommendations in this regard
General review and oversight	> Information on all investment and divestment transactions involving shopping centers carried out by third parties in Europe > Oversight of transactions approved by the Supervisory Board

5.1.2.2 Audit Committee

Composition of the Audit Committee

This Committee has at least three and no more than six members chosen by the Supervisory Board from among its members.

The following table shows the composition of the Committee as of the filing date of this registration document, and all changes to the membership of the Committee over the fiscal year:

Name	Changes during the fiscal year
John Carrafiell, Chairman	None
Stanley Shashoua	None
Rose-Marie Van Lerberghe	None
Florence Von Erb	None

The proportion of independent members was 75%, including the Chairman.

In accordance with the report of the AMF working group on audit committees, the Supervisory Board has determined criteria for assessing whether a person is skilled in particular financial and/or accounting matters, particularly with regard to listed companies. To this end, the Board takes into account candidates' professional experience and/or academic training.

In light of their professional experience in particular, all members of the Audit Committee are considered by the Board to have specific competence in financial matters.

Operating methods of the Audit Committee

The Committee meets at least twice a year, according to a schedule set by the Board. However, the Committee may meet at the request of at least two of its members.

Members of the Committee may attend meetings via videoconference or by any other means of telecommunication that allows them to be identified and to participate effectively.

For their decisions to be valid, at least half of the Committee's members must be present. Committee members may not represent other members at meetings.

Committee meetings are held in English and/or French, with a simultaneous translation into French and English available at the request of any member.

Work of the Audit Committee

Duties

The Committee is tasked by the Board with:

> Reviewing and assessing the financial documents issued by the Company, monitoring the process of preparing financial information and, where appropriate, issuing recommendations to safeguard its integrity;

> Overseeing the effectiveness of:

- The Company's external audit, by:
  - Issuing a recommendation to the Supervisory Board on the Statutory Auditors proposed for appointment at the General Meeting of Shareholders in accordance with the applicable regulations,
  - Monitoring the performance by the Statutory Auditors of their engagement, in the light of any observations and conclusions stated by the French statutory auditors' regulator (*Haut conseil du commissariat aux comptes* – H3C) following the statutory audit, and by reviewing each year together with the Statutory Auditors their:
    - Audit plans,
    - Conclusions drawn on the basis of their work,
    - Recommendations and the follow-up work carried out;
  - Ensuring that the Statutory Auditors satisfy the independence requirements applicable to them,
  - Taking the requisite measures pursuant to Article 4-3 of Regulation (EU) no. 537/2014 and by ensuring that the requirements of Article 6 of said Regulation are met. To this end, the Audit Committee discusses with the Statutory Auditors the evidence supporting their compliance with the number of terms of office, prohibited services and caps on fees,
  - Approving the provision to the Group in France or abroad by the Statutory Auditors or members of their network, of non-audit services as provided for in the applicable internal procedure, and in particular after analyzing the threats to the independence of the Statutory Auditors and the safeguards applied by them,
  - Taking receipt of the supplemental report to the Statutory Auditors' audit report and by discussing with them the issues raised in this report;
- Klépierre's internal control and risk management systems, as well as any internal audit systems relating to accounting and financial reporting procedures, by:
  - Evaluating internal control, risk management and internal audit systems with Klépierre's internal control managers,
  - Reviewing with them:
    - The work programs and action plans for internal controls,
    - The conclusions drawn on the basis of the work performed and actions taken,
    - Their recommendations and the follow-up work carried out;
  - Reviewing how regulatory obligations in terms of internal control are met;

> Reporting to the Supervisory Board on (i) the performance of its duties, and (ii) the results of the statutory audit, how the audit contributed to the integrity of the financial information, and the role played by the Committee in this process;

> Immediately informing the Supervisory Board of any difficulties encountered.

The following people attend Committee meetings: the Chairman of the Executive Board, the members of the Executive Board (including the Chief Financial Officer), and representatives of the Statutory Auditors. The Deputy Chief Financial Officer and the heads of Consolidation and Internal Control may also attend meetings.

The Audit Committee may also, in accordance with its rules of procedure, interview any person it wishes, including external experts, and request that the Executive Board conduct hearings and provide it with any information.

Work of the Audit Committee in 2018

The Audit Committee met three times in fiscal year 2018, with an attendance rate of 100%. The main issues discussed at these meetings in 2018 were as follows:

Topics	Items on the agenda
Financial policy and reporting on budget and accounting	> Review of the company and annual and interim consolidated financial statements, review of material subsequent events and their impact, and review of off-balance sheet commitments and risks > Review of the main litigation and disputes to ensure that they are appropriately recorded in the accounts > Net asset value > Monitoring of key performance indicators and covenants > Dividend policy (interim dividend) > Engagements of the Statutory Auditors and review of the fee proposal for fiscal year 2019 > Review of the statutory audit conclusions issued by the Statutory Auditors and their statement of independence > Regular updates on changes in accounting standards (e.g., impact of IFRS 16) and tax legislation > Regular updates on changes in the legal and regulatory environment
Audit, internal control and risk management	> Review of 2018 internal control action plan (risk management, internal control and audit, ethics and compliance) > Approval of the 2019 action plan
Specific items	> Launch of a call for tenders aimed at property appraisers > Annual assessment of the operating methods of the Audit Committee

5.1.2.3 Nomination and Compensation Committee

Composition of the Nomination and Compensation Committee

This Committee has at least two and no more than five members chosen by the Board from among its members.

The following table shows the composition of the Committee as of the filing date of this registration document, and all changes to the membership of the Committee over the fiscal year:

Name	Changes during the fiscal year
Catherine Simoni, Chairman	None
Jeroen Drost	Term of office expired at the end of the General Meeting of April 24, 2018
Steven Fivel	None
Rose-Marie Van Lerberghe	None

The proportion of independent members is 66.67%, including the Chairman, who has the casting vote in the event of a tie.

Operating methods of the Nomination and Compensation Committee

The Committee meets at least once a year according to a schedule set by the Board. However, the Committee may meet at the request of at least two of its members.

Members of the Committee may attend meetings via videoconference or by any other means of telecommunication that allows them to be identified and to participate effectively.

For their decisions to be valid, at least half of the Committee's members must be present. Committee members may not represent other members at meetings.

Committee meetings are held in English and/or French, with a simultaneous translation into French and English available at the request of any member.

Work of the Nomination and Compensation Committee

Duties

This Committee is tasked by the Supervisory Board with preparing recommendations concerning the nomination of Executive Board and Supervisory Board members (including at Board Committee meetings) as well as the compensation policy for Supervisory Board members, the Chairman of the Executive Board and its members (including, for the Executive Board, the policy on performance shares and stock subscription or purchase options).

Work of the Nomination and Compensation Committee in 2018

The Committee met four times in fiscal year 2018, with an average attendance rate of 92%.
Its work focused mainly on the following topics:

Topics	Items on the agenda
Governance	> Re-appointment of the Chairman of the Supervisory Board > Membership of the Supervisory Board and Board Committees > Review of the independence of the members of the Supervisory Board and of any business relationships > Assessment of the Supervisory Board's operating methods > Update of the most recent succession plan for Klépierre's key senior executives and corporate officers in tandem with the Executive Board and the Human Resources Department > Review of the 2018 general meetings season and monitoring of relevant regulatory changes > Review of specific questions posed to the Committee by members of the Board (e.g., with regard to the possibility of accepting an additional office or position at a listed company other than Klépierre)
Compensation	> Review of the situation of members of the Executive Board and setting their compensation > Definition of the compensation policy > Changes to the performance conditions applicable to bonus shares allotted after 2017 > Review of a 2018 bonus share allotment plan > Review of the final vesting rates of performance shares for plans whose vesting period has expired
Other	> Preparation of a comprehensive schedule of work to be completed in 2019 > Implementation of an employee share ownership plan

Succession plan

With regard to the succession plan, the Nomination and Compensation Committee is closely involved in preparing and monitoring the succession plan, in tandem with the Executive Board and the Human Resources Department.

The succession plan covers a number of time frames:

> Short-term succession, in the event of an unplanned vacancy (e.g., extenuating circumstances, resignation or death);

> Medium- or long-term succession (e.g., retirement or end of term of office).

The plan applies to the Group's executive corporate officers and key senior executives.

It was reviewed for the last time in 2018 and is now slated to be reviewed each year.

It details the roles and responsibilities of the Nomination and Compensation Committee and Supervisory Board in the event that a vacancy arises on the Executive Board.

As regards senior executives, the plan sets out how to identify, support and train high-potential talent within the Group.

5.1.2.4 Sustainable Development Committee

Composition of the Sustainable Development Committee

The Committee comprises at least two and no more than four members chosen by the Board from among its members.

The following table shows the composition of the Committee as of the filing date of this registration document, and all changes to the membership of the Committee over the fiscal year:

Name	Changes during the fiscal year
Steven Fivel, Chairman	None
Béatrice de Clermont-Tonnerre	None
Stanley Shashoua	None
Catherine Simoni	None

Operating methods of the Sustainable Development Committee

The Committee meets at least twice a year, according to a schedule set by the Board. However, the Committee may meet at the request of at least two of its members.

Members of the Committee may attend meetings via videoconference or by any other means of telecommunication that allows them to be identified and to participate effectively.

For their decisions to be valid, at least half of the Committee's members must be present. Committee members may not represent other members at meetings.

Committee meetings are held in English and/or French, with a simultaneous translation into French and English available at the request of any member.

Work of the Sustainable Development Committee

Duties

The Committee is tasked with:

> Reviewing the Klépierre Group's contribution to sustainable development, in particular approving the annual CSR objectives and monitoring the progress of actions taken to achieve them;

> Cataloging the principal categories of risk to which Klépierre's business is exposed and monitoring the action plans put in place to mitigate them.

Work of the Sustainable Development Committee in 2018

The Committee met three times in fiscal year 2018, with an average attendance rate of 100%.

Its work focused mainly on:

> The Group's CSR performance: monitoring performance in terms of energy, water and waste management and implementing new reporting and CSR performance management tools;

> The launch of the new Act for Good® CSR policy, and monitoring related events staged in shopping centers.

5.1.3 Executive Board

The Executive Board is Klépierre's collective decision-making body. It is responsible for managing the Group's business so that it meets the financial targets that are set, and is also in charge of strategy and any changes therein as defined in tandem with the Supervisory Board. The Executive Board members are collectively responsible for Klépierre's management.

5.1.3.1 Composition of the Executive Board

The Executive Board is appointed by the Supervisory Board for three years. Executive Board members may be removed, in accordance with the law and the Company's bylaws, by the Supervisory Board or by the General Meeting of Shareholders.

The Supervisory Board appoints one of the Executive Board members as its Chairman. The Chairman carries out his or her duties throughout his or her term as a member of the Executive Board. The Chairman of the Executive Board represents the Company in its relations with third parties.

Current composition

As of the filing date of this registration document, the Executive Board comprised the following two members:

> Jean-Marc Jestin, Chairman of the Executive Board; and

> Jean-Michel Gault, Deputy CEO and Executive Board member.

Biographies of current Executive Board members[1]

Jean-Marc Jestin
Chairman of the Executive Board

Aged 50

Graduate of HEC

French national

BUSINESS ADDRESS
26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES
63,627

CAREER
Jean-Marc Jestin has been Chairman of the Klépierre Executive Board since November 7, 2016, after serving as Chief Operating Officer and member of the Klépierre Executive Board since October 18, 2012. Previously, Jean-Marc Jestin held a number of positions in real estate companies. He was Chief Financial Officer and then Chief Operating Officer of the pan-European platform Simon Ivanhoe from 1999 to 2007. He then joined the Unibail-Rodamco International teams, acting as Deputy Chief Investment Officer in charge of acquisitions, sales and M&A transactions. Jean-Marc Jestin started his career in 1991 at Arthur Andersen in an audit role where he contributed to the development of the real estate practice.

> Date of first appointment as a member of the Executive Board: October 18, 2012
> Date of first appointment as Chairman of the Executive Board: November 7, 2016
> Term of appointment: June 22, 2016 – June 21, 2019

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018
Klépierre
> Positions held in several subsidiaries[a]
Outside Klépierre
> None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS
> None

(a) No compensation in the form of directors' fees or other compensation is paid or due under the appointments exercised at the level of the Group's subsidiaries.

(1) In accordance with Regulation (EC) no. 809/2004 of April 29, 2004, this section does not include Klépierre subsidiaries in which the corporate officers are also members of a governing, management or supervisory body, or have been in the last five years.

Jean-Michel Gault
Member of the Executive Board

Aged 58

Graduate of École supérieure de commerce de Bordeaux

French national

BUSINESS ADDRESS
26, boulevard des Capucines – 75009 Paris (France)

NUMBER OF KLÉPIERRE SHARES
66,405

CAREER
Jean-Michel Gault has served as Deputy CEO of Klépierre since January 1, 2009. He has been an Executive Board member since June 1, 2005. Jean-Michel Gault joined Klépierre in 1998 as Chief Financial Officer, after a 10-year career in the Paribas group. In 2009, his role was expanded to include the Office Property division. In this role, he supervised Klépierre's merger with Compagnie Foncière for which he was acting as Chief Financial Officer within the Real Estate Investment division of Paribas. Previously, he was Head of Financial Services and then appointed Chief Financial Officer at Cogedim, which was a subsidiary of Paribas at that time. Jean-Michel Gault began his career with GTM International (Vinci group) as a financial controller.

> Date of first appointment: June 1, 2005
> Term of appointment: June 22, 2016 – June 21, 2019

OFFICES AND POSITIONS HELD AS OF DECEMBER 31, 2018

Klépierre
> Positions held in several subsidiaries[a]

Outside Klépierre
> None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE FISCAL YEARS
> None

(a) No compensation in the form of directors' fees or other compensation is paid or due under the appointments exercised at the level of the Group's subsidiaries.

5.1.3.2 Operating methods of the Executive Board

Role of the Executive Board

Appointed by the Supervisory Board, the Executive Board is vested with the most extensive powers to act on Klépierre's behalf in all circumstances.

It exercises these powers within the limits of the corporate purpose, subject to those powers expressly attributed by law and the bylaws to the Supervisory Board or General Meetings of Shareholders.

In particular, the Executive Board is tasked with:

> Presenting a report on the Company's business to the Supervisory Board at least once each quarter;

> Presenting the company and consolidated financial statements to the Supervisory Board for verification and review within three months of each reporting date; and

> Communicating management budget and forecast documentation as well as a summary report.

Meetings of the Executive Board

The Executive Board meets as often as the Company's interests require.

At least half of the Executive Board members must be present for proceedings to be considered valid. Decisions are adopted by the majority of votes of members present and represented. In practice, decisions were unanimous in the two-member Executive Board.

Management team

The Executive Board is backed by a Corporate Management Team (CMT) which meets every two weeks to:

> Assist the Executive Board in preparing and organizing meetings of the Supervisory Board and its Committees;

> Discuss all transactions and operations relating to the Group's organization;

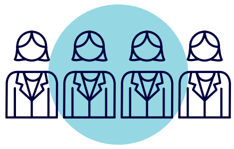
> Encourage discussions between operating departments and corporate functions, for example in terms of operations, finance, information systems, legal affairs and human resources.

The Corporate Management Team comprises the following members:

> Executive Board members;
> Chief Legal Officer;
> Chief Operating Officer;
> Group Head of Marketing, Innovation and Digital;
> Group Head of Leasing;
> Deputy Chief Financial Officer;
> Chief Development Officer;
> Chief Investment Officer;
> Chief Communications Officer;
> Managing Director of the French shopping centers.

44

Average age of CMT members as of December 31, 2018



27%

Percentage of female representation on the CMT

To strengthen the collaborative working methods within the Group, the Chief Operating Officer regularly brings together all country managers and corporate operating teams under the aegis of the Group Operations Management Team (GOMT). The GOMT is a platform for sharing Group best practices and discussing the key priorities from the standpoints of strategy, operational organization, asset management, marketing, leasing, maintenance, and safety and security. GOMT meetings are also an opportunity to discuss country operating performances and to provide progress reports on development projects.

Gender equality in senior management

The real estate sector has traditionally been a male-dominated one in France, and for many years the proportion of women in senior management roles at Klépierre was low (see section 4.3.2 of this registration document).

The Group takes decisions which help it to achieve better gender equality – not only within its management team but in positions of senior responsibility in general.

Management team

The Executive Board changed the composition of the Corporate Management Team (CMT) to reflect the growing importance of customer-facing roles amid fast-paced changes in business and evolving consumption patterns. The Group's strategy aims to enhance the appeal of its shopping centers with regard both to its banners and to consumers. This strategy is based on a series of structured operating initiatives such as Retail First® to optimize the commercial offering, Let's Play® to create an entertaining retail experience in the Group's shopping centers, and Clubstore® to improve the customer journey (see section 1.3 of this registration document).

The heads of Marketing, Innovation and Digital and of Leasing have both been appointed to the CMT and are responsible for implementing these initiatives across the Group.

As these roles are occupied by women, the proportion of women in the management team rose to 27%.

Positions of senior responsibility

In all, 10% of the positions within Klépierre are classified as positions of senior responsibility (i.e., 122 positions in total). As of December 31, 2018, 27 (22%) of these positions were held by women.

Klépierre looks primarily to fill positions internally, including senior management positions. Further increasing the proportion of women in senior management roles within the Group requires establishing a pool of high-performing female employees in its businesses and at levels of the organization that give access to positions of senior responsibility.

In the agreement on gender equality in the workplace in France (which accounts for over 40% of the Group's total headcount), signed with social partners on July 31, 2017, the Group therefore undertook to increase the proportion of women in its core businesses of asset management, marketing and leasing, and shopping center management).

In addition to these efforts expected to have benefits in the long term, in 2019 the Group will put in place a groupwide action plan with the aim of boosting the number of women in the top 10% positions of senior responsibility in the near term. This action plan will be based on:

> Systematically analyzing and rectifying any observed gender pay gap for equivalent positions as part of the annual review of compensation (the Group has observed no significant pay gaps in France since 2015);
> Organizing an annual review of female talent to effectively identify high-potential employees (second- and third-tier positions below the CMT and GOMT) looking to progress in their careers, and offer them professional opportunities or targeted development measures.

5.1.3.3 Work of the Executive Board in fiscal year 2018

The Executive Board met formally more than 45 times in 2018. The main issues discussed at these meetings and the main tasks performed in 2018 were as follows:

Topics	Items on the agenda
Investments/divestments and implementation of strategy	> Review of plans for development, investments, divestments, extensions, refurbishments and restructuring, to be presented to the Supervisory Board and to the Investment Committee > Review of a proposed linkup with Hammerson
Group financial policy, performance and reporting	> Preparation and approval of the company and consolidated financial statements for the fiscal year ended December 31, 2017 and the interim financial statements for fiscal year 2018 > Quarterly management reports > Budget preparation > Group dividend policy and decisions related to payment of an interim dividend > Share buyback program > Intragroup restructuring transactions > Restructuring of the Group's revolving credit facilities > Interest rate hedging policy > Issue of warranties, endorsements and guarantees
Internal control and risk management	> Preparation of the audit plan > Executive Board decisions systematically take risks into consideration and are regularly audited
Governance and ethics	> Review of the Stock Market Code of Conduct and management of the list of insiders
Compensation and human resources	> Annual talent review process, including as part of the allotment of performance shares > Allotment of performance shares > Implementation of an employee share ownership plan > Continuation of the policy commitments on gender equality in the workplace
Shareholder relations	> Communication with investors and roadshows > Organization of an Investor Day > Preparation for and convening of the General Meeting of Shareholders > Preparation of the registration document

5.2 COMPENSATION AND BENEFITS OF EXECUTIVE CORPORATE OFFICERS

5.2.1 Compensation of Supervisory Board members

5.2.1.1 Compensation policy for Supervisory Board members

This section is subject to the approval of the Ordinary General Meeting to be held on April 16, 2019, Such approval is sought in the context of specific resolutions (ninth resolution in the case of the compensation policy for Supervisory Board members).

The compensation of Supervisory Board members consists solely of directors' fees paid by Klépierre, the maximum amount of which is set by the General Meeting and whose allocation is decided by the Supervisory Board.

In compliance with the AFEP-MEDEF Code, the allocation rules for directors' fees include a fixed portion and a variable portion, which is the larger portion, calculated based on actual attendance at meetings.

In accordance with Article 17, paragraph 1 of the Company's bylaws, the General Meeting sets the total amount of the directors' fees allocated to the Supervisory Board members for their work during the fiscal year. This total amount set by the Ordinary and Extraordinary General Meeting of April 19, 2016 was €700,000. This amount is maintained for subsequent fiscal years unless modified by the General Meeting.

Directors' fee payments are made annually and occur after setting the variable portion due to each Supervisory Board member.

Supervisory Board members may also be reimbursed for all reasonable costs and expenses arising from the exercise of their duties, subject to providing the necessary supporting documentation.

Taking into account the fact that the number of Supervisory Board members was reduced to nine following the General Meeting of April 18, 2017, the utilization in fiscal year 2019, like in fiscal year 2018, of the annual budget of €700,000 is not expected to exceed €688,000:

> €132,000 to be allocated among the relevant Board members for service as Chairman of the Supervisory Board, Vice Chairman of the Supervisory Board, Chairman of the Audit Committee, Chairman of the Investment Committee, Chairman of the Nomination and Compensation Committee and Chairman of the Sustainable Development Committee, i.e., €22,000, for the fixed portion, per office as Chairman or Vice Chairman;

> €332,000, to be allocated among the Board members for service as Supervisory Board members, of which:

- €108,000, for the fixed portion, allocated among the Board members,
- €224,000, for the variable portion, based on actual attendance at Board meetings;

> €224,000, to be allocated among the relevant Board members for service as members of one or more Committees, for the variable portion, based on actual attendance at meetings of the Committees to which they were appointed.

5.2.1.2 Compensation of Supervisory Board members

The total amount of directors' fees for fiscal year 2018 was €688,000 (including €448,000 for the variable portion).

In accordance with the compensation policy for Supervisory Board members described above, the total amount of directors' fees paid for fiscal year 2018 was €676,668.

The compensation of Supervisory Board members was structured as shown in the table below:

DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

	Gross amounts paid in 2017 (in respect of 2016)		Gross amounts paid in 2018 (in respect of 2017)		Gross amounts paid in 2019 (in respect of 2018)	
(In €)	Directors' fees	Other compensation	Directors' fees	Other compensation	Directors' fees	Other compensation
David Simon	75,071	–	100,161	–	97,800	–
John Carrafiell	46,972	–	63,868	–	70,678	–
Béatrice de Clermont-Tonnerre[(a)]	21,503	–	41,868	–	48,678	–
Bertrand de Feydeau[(b)]	90,849	–	28,661	–	–	–
Jeroen Drost[(c)]	45,786	–	65,393	–	17,354	–
Steven Fivel	78,643	–	104,343	–	106,047	–
Bertrand Jacquillat[(d)]	15,991	–	–	–	–	–
Stanley Shashoua	45,786	–	70,706	–	80,117	–
Catherine Simoni	31,279	–	71,651	–	86,398	–
Rose-Marie Van Lerberghe	50,564	–	74,813	–	83,660	–
Florence Von Erb[(e)]	27,383	–	44,525	–	48,678	–
Robert Fowlds[(f)]	–	–	–	–	37,258	–
TOTAL	**529,827**	**–**	**665,989**	**–**	**676,668**	**–**

(a) Appointed on April 19, 2016.
(b) End of term: April 18, 2017.
(c) End of term: April 24, 2018.
(d) End of term: April 19, 2016.
(e) Appointed by co-optation on April 17, 2016 – ratified by the Klépierre General Meeting of Shareholders of April 19, 2016.
(f) Appointed on April 24, 2018.

5.2.2 Compensation of Executive Board members

In accordance with section 24.1 of the AFEP-MEDEF Code, the compensation policy and all compensation and benefits awarded to each executive corporate officer are determined by the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee.

For this purpose, the Nomination and Compensation Committee, and subsequently the Supervisory Board, takes into account all of the various components of compensation and benefits and the balance between those components, applying clear and understandable principles.

The Company complies in full with the recommendations of the AFEP-MEDEF Code on compensation.

5.2.2.1 Compensation policy for Executive Board members

This section is subject to the approval of the Ordinary and Extraordinary General Meeting to be held on April 16, 2019, sought by way of individual resolutions pertaining to each Executive Board member (the tenth resolution for the Chairman of the Executive Board, and the eleventh resolution for Executive Board members).

The principles and criteria provided for in the compensation policy set out below shall also apply in the event that a new executive corporate officer were to be appointed. In such cases, acting on the recommendation of the Nomination and Compensation Committee, the Supervisory Board will, in light of existing practices and based on the situation of the executive concerned, determine the different components of compensation, which shall not exceed those set out in the compensation policy approved by the Ordinary and Extraordinary Shareholders' Meeting.

Principles and criteria for setting Executive Board member compensation

At the beginning of each year, the Nomination and Compensation Committee conducts a general review of the different components of compensation in order to:

- Assess the appropriateness of fixed annual compensation, taking into account events affecting the Company and other compensation components;
- Calculate the amount of short-term variable compensation on the basis of performance criteria established at the beginning of the previous year;
- Set the performance criteria and the calculation method for (short- and long- term) variable compensation for the coming year;
- Determine the amount granted for long-term incentives and the related performance criteria.

The Supervisory Board then sets the compensation policy, acting on the recommendation of the Nomination and Compensation Committee and taking into account the principles of the AFEP-MEDEF Code, namely comprehensiveness, balance between the compensation components, comparability, consistency, understandability of the rules, and proportionality.

The Supervisory Board also takes into account whether Executive Board members are entitled to severance pay.

In addition, throughout the year the Nomination and Compensation Committee regularly monitors the different performance criteria set for variable compensation and long-term incentives.

The Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee, also endeavors to ensure that the compensation of Executive Board members respects the criteria stated hereafter.

Indicative timeline showing the steps required in setting the compensation of Executive Board members

Annual schedule	**Post-General Meeting of prior year to February of current year**	**From February of current year**		**April of current year**	**Post-General Meeting of Shareholders of current year**
Step managed by:	Nomination and Compensation Committee	Supervisory Board	Executive Board	General Meeting of Shareholders	Nomination and Compensation Committee
Work completed	Discussion of the compensation of each Executive Board member, in particular: 1) Overall structure: review and assessment of the appropriateness of the overall structure of compensation; 2) Fixed annual compensation: analysis of the level of fixed annual compensation; 3) Short-term variable compensation: > Setting of the amount of short-term variable compensation due in respect of the prior year on the basis of performance criteria established at the beginning of the prior year, > Setting of the performance criteria applicable to the short-term variable compensation due in respect of the current year; 4) Long-term incentive plans: > Identification of the total amount that may be allotted to Executive Board members, > Setting of the performance criteria applicable to the current share allotment plan in respect of the current year; 5) Benefits in kind; 6) Analysis of applicable governance rules and changes thereto.	Supervisory Board decisions concerning the compensation of each Executive Board member (including fixed annual compensation, annual variable compensation and long-term incentives), based on recommendations made by the Nomination and Compensation Committee. Establishment of performance attainment levels for long-term incentive plans reaching maturity.	Allotment of long-term incentives to Executive Board members, based on the allotment decided by the Supervisory Board.	Submission to the General Meeting of the compensation components paid to each Executive Board member in respect of the prior year. Submission to the General Meeting of the compensation policy applied by Klépierre for the current year. Submission to the General Meeting of other compensation components (e.g., authorization to issue long-term incentives such as stock options or performance shares; approval of related-party agreements in accordance with the law).	Report on the General Meeting of the current year (including analysis of results of the vote on the resolutions, analysis of comments from investors and proxy advisors).
Goals	Retain talent Closely align performance and compensation Define a compensation structure considered by all stakeholders as balanced and satisfactory Promote long-term growth and commitment of Group Executive Board members and employees, while ensuring the appropriate alignment between the interests of shareholders, Executive Board members and employees.				
Resources used	Acknowledged independent and specialized consultants Benchmarking of various panels (reviewed regularly by the Nomination and Compensation Committee for appropriateness) Meetings with investors and proxy advisors Legal Department Human Resources Department				
Unifying principles	Comprehensiveness, balance between the compensation components, comparability, consistency, understandability of the rules, and proportionality				

Compensation must attract and retain the best talent

Appropriate compensation, both fixed and variable, is essential to attract, retain and motivate the best talent and ensure the Company's growth. The compensation offered should therefore be competitive and in line with market practices for comparable companies. To this end, in compliance with the principle of comparability recommended by the AFEP-MEDEF Code, the Nomination and Compensation Committee validates its approach using studies conducted by various independent specialists based on panels of companies of a similar size and/or operating in the same business sector as Klépierre, and with comparable international exposure.

Over the past few years, the competitiveness of Executive Board member pay has been reviewed based on two benchmark panels:

> A panel of SBF 120 companies comprising (i) the CAC 40 companies with the smallest market capitalization, (ii) Next 20 companies and (iii) SBF 80 companies with the largest market capitalization[1]; and

> A panel of companies with comparable activities (STOXX® Europe 600 – Real Estate)[2].

The Board uses these panels as a benchmark, taking into account the Company's relative positioning based on its stock market capitalization.

Compensation based on performance, in line with the interests of Klépierre and of its shareholders

In its compensation policy and in accordance with section 24.1.2 of the AFEP-MEDEF Code, the Company ensures that executive corporate officer compensation is aligned with the interests of Klépierre and its shareholders.

The compensation policy is primarily designed to reward the performance of executive corporate officers, which allows the interests of executive corporate officers to be aligned with those of Klépierre and its shareholders. Accordingly, the vast majority of the executive corporate officer compensation package is subject to performance conditions, concerning both the short-term variable portion and the allotment of performance shares. This makes it possible to evaluate how executive corporate officers create value over various time frames.

The performance criteria used to determine the compensation of corporate officers are financial, operating and non-financial. Certain criteria are applied to multiple Executive Board members because they reflect the Company's performance under the leadership of those executives. Other criteria are specific to individual Executive Board members, and are determined based on their areas of activity.

The criteria are reviewed regularly by the Nomination and Compensation Committee, as well as by the Supervisory Board, to ensure that they continue to reflect the Company's strategy and current position, with the aim of eliminating obsolete or ineffective criteria while simultaneously achieving the stability essential to long-term performance assessment.

Compensation takes into account areas of responsibility

In accordance with section 24.1.2 of the AFEP-MEDEF Code, the compensation of executive corporate officers is based on work performed, results obtained, responsibility assumed and the duties entrusted to the executive corporate officers. Changes in the size of the Group – where such changes are especially significant, affecting the corporate structure and resulting in profound change within the organization, may also impact on the scope of responsibility of executives. Accordingly, this may influence executive compensation and its competitive positioning.

Compensation takes into account the Group's CSR objectives

Both short-term and long-term variable components are subject to non-financial criteria regarding CSR issues. These criteria are determined in line with the Group's targets in order to promote sustainable, environmentally-friendly development over the long term.

(1) Composition of the SBF 120 panel: (i) among the CAC 40 companies with the smallest capitalization: Accor Hotels, Atos, Bouygues, Dassault Systèmes, Legrand, Publicis Groupe, STMicroelectronics, Valeo, Veolia Environnement and Vivendi, (ii) among the Next 20 companies: Alstom, Arkema, Bureau Veritas, Edenred, EDF, Eiffage, Faurecia, Gecina, Gemalto, Ingenico, Natixis, Scor SE, SES, Solvay, Suez Environnement, Teleperformance, Thales and Ubisoft, (iii) among the SBF 80 companies with the largest market capitalization: ADP, Amundi, BioMérieux, Bolloré, CNP Assurances, Dassault Aviation, Getlink, Iliad, Ipsen, JC Decaux, and SEB SA – based on average market capitalization for 2018.

(2) Composition of the panel of companies with comparable activities (STOXX® Europe 600 – Real Estate): British Land (UK), Castellum (Swe), Cofinimmo (Bel), Covivio (formerly FDR) (Fr), Derwent London (UK), Deutsche Wohnen (Germ), Fabege (Swe), Fastighets Ab Balder-B Shrs (Swe), Gecina (Fr), Great Portland Estates (UK), Hammerson (UK) and Icade (Fr).

Presentation of the main components of Executive Board member compensation

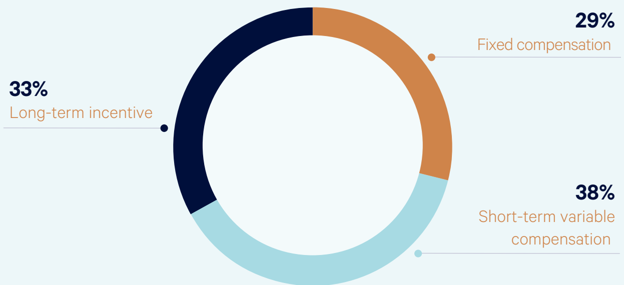
The compensation of each Executive Board member consists of three main components:

- A fixed component, determined on the basis of the responsibilities assumed by each Executive Board member, which must be sufficiently competitive to attract and retain the best talent;
- A short-term variable component that links Executive Board member compensation to the Group's short-term performance; and
- A long-term incentive component to best align the interests of the beneficiaries with those of shareholders in order to create value over the long term.

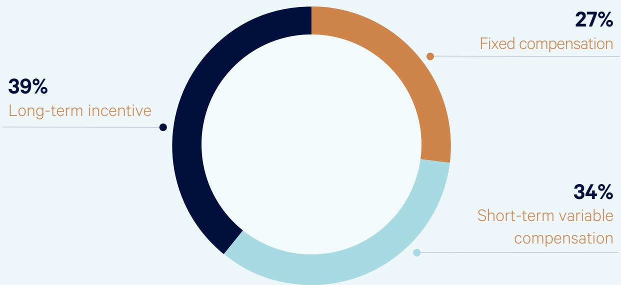
The compensation structure is heavily weighted toward variable compensation (short-term variable and long-term incentive), which represents nearly two-thirds of total annual compensation (fixed, short-term variable compensation and long-term incentive) of Executive Board members. Fixed compensation represents about one-third of the total.

For instance, for 2018, the respective weighting of each of these elements was as follows:

▶ JEAN-MARC JESTIN



▶ JEAN-MICHEL GAULT



Structure and change in compensation

Fixed compensation	Short-term variable compensation	Long-term incentives			
Fixed compensation Benefits in kind	80% quantitative criteria + 50% qualitative criteria	Absolute performance: Klépierre (TSR)	Relative performance: versus a panel of comparable companies[(a)]	Internal performance: average change in net rental income	CSR performance
		10%	30%	40%	20%
		Performance conditions assessed over three years, followed by a two-year lock-up period			
		Share holding obligation			

Component	Comments	Change in 2019 versus 2018
Fixed compensation	Over the past few years, the Supervisory Board has begun to gradually restore the fixed compensation of Executive Board members, to ensure it remains competitive and appropriate. The increase that will take effect in 2019 completes this process. Notwithstanding any major changes within the Group and its environment, fixed compensation shall now remain unchanged until expiration of the Executive Board members' terms of office (and in the event that they are re-appointed until 2022).	**Yes** **(in line with the policy announced previously)**
Variable compensation	The criteria used to set variable compensation remain appropriate. Variable compensation is mainly determined using (i) a criterion based on the Group's performance, measured through a target net current cash flow per share, one of the key indicators used by the Group in its communications with the markets, and (ii) a qualitative component that measures individual performance based on the specific objectives set for each member.	**No**
Long-term incentives	Vesting of performance shares is subject to service and performance conditions assessed over a three-year period. The performance conditions were reviewed in 2018 to take account of the Group's effective economic and operating performance. Accordingly, since 2018, the applicable performance conditions are as follows: > Financial performance: TSR of the Klépierre share; > Financial performance: performance of the Klépierre share relative to a panel of comparable companies[(a)]; > Operating performance: average change in net rental income; > CSR performance: achievement of objectives relating to social and environmental matters.	**No**

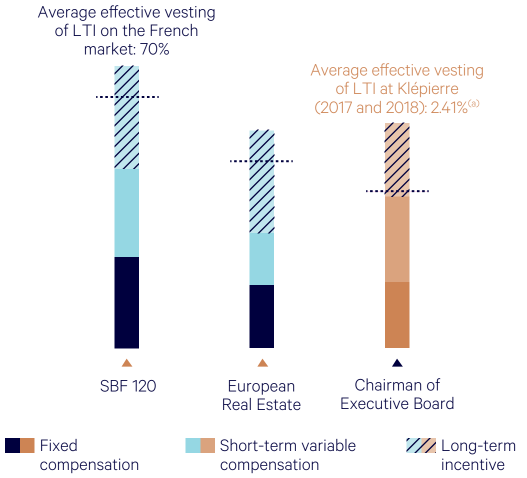
(a) *Unibail-Rodamco SE, CityCon OYS, Eurocommercial Properties, Deutsche Euroshop, Wereldhave NV, Mercialys, Vatned Retail NV, Immobiliare Grande Dis, Atrium European Real Estate, Carmila.*

Positioning of Executive Board member compensation in light of benchmark panels

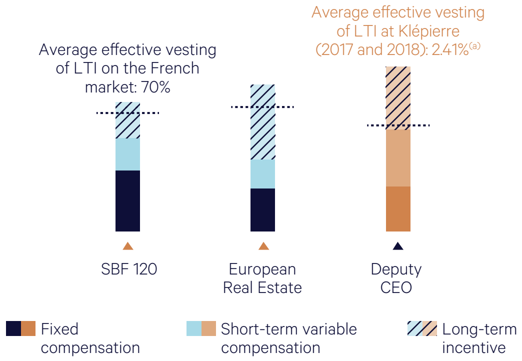
The following charts illustrate that the compensation awarded to executive corporate officers is consistent with the Company's positioning (based on its stock market capitalization) in the benchmark panels used by the Company to ensure that the compensation policy is appropriate, i.e., positioned close to the median (SPF 120 panel) or in the upper quartile (panel of companies with comparable activities – STOXX® Europe 600 – Real Estate).

It should be noted that the theoretical valuation of long-term incentive instruments carried out as part of these benchmark studies must be viewed in light of Klépierre's specific situation; the percentage of shares actually allotted in the Group was particularly low over recent fiscal years, even nil in 2018, reflecting the relative strictness of the performance conditions applicable to performance share plans.

Positioning of Jean-Marc Jestin's compensation compared to the SBF 120 panel and the panel of companies with comparable activities (STOXX® Europe 600 – Real Estate)



Positioning of Jean-Michel Gault's compensation compared to the SBF 120 panel and the panel of companies with comparable activities (STOXX® Europe 600 – Real Estate)



(a) See summary table on page 259.

The compensation of each Executive Board member includes the following components:

a) Fixed annual compensation

In accordance with the comparability principle set out in the AFEP-MEDEF Code, the Nomination and Compensation Committee is committed to regularly studying the practices of companies comparable in size and activities to Klépierre to verify (i) the appropriateness of Executive Board member compensation with regard to the Group's size and to Board members' experience as well as (ii) the competitiveness of the compensation offered to Executive Board members versus the benchmark.

After recognizing the lack of competitiveness of the Klépierre Executive Board members' fixed compensation compared to that offered in comparable companies[1], in 2015 Klépierre announced its objective of restoring the fixed annual compensation of Executive Board members to a level that is appropriate to their experience and scope of responsibilities as well as market practice, in order to bring it close to the median of the panels of companies comparable in size and activities to Klépierre based on the studies conducted each year by Towers Watson.

Acting on the recommendations of the Nomination and Compensation Committee, the Supervisory Board considered that:

> The fixed compensation level of Executive Board members, and more particularly, the fixed compensation of the Chairman of the Executive Board, was not commensurate with the skills and scope of responsibilities of the executive team;

> The compensation of Executive Board members could not be considered a key factor for retaining talent;

> The quality of the executive team and its involvement in the Company's development were key success factors for the Group;

> It was therefore necessary to make a significant effort to align their compensation with that of the market, and thus find a long-term solution to this situation.

A gradual approach was decided upon in order to avoid a significant change in fixed compensation between one fiscal year and the next.

(1) For historical reasons, Executive Board member compensation was set at relatively low levels, and over time has lost its correlation with Klépierre's size. Klépierre was a BNP Paribas subsidiary, in which the compensation of Executive Board members was determined in accordance with the compensation policy applicable to BNP Paribas group executives. Following the sale by BNP Paribas of its stake between March 2012 and November 2015, Klépierre ceased to be a controlled company, and its strategic positioning has evolved significantly, as shown by the refocusing of its portfolio on large-scale core assets.

Accordingly, pursuant to the information set out in section 5.2.2.1 of the registration document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 15, 2018, the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee, set the fixed annual compensation of the Executive Board members for 2019 on February 5, 2019, as follows:

> Fixed annual compensation for the Chairman of the Executive Board: increased from €650,000 to €750,000;

> Fixed annual compensation for the Deputy CEO and Executive Board member: increased from €440,000 to €480,000.

In line with the objective announced to the markets, the fixed compensation of Executive Board members, as reassessed for 2019, is now at a level that is close to the average of the median fixed compensation paid to corporate officers of the companies in the two benchmark panels.

The increase completes the process, begun in 2015, of restoring the fixed compensation of Executive Board members to an appropriate level. Notwithstanding any major changes within the Group and its environment, fixed compensation shall now remain unchanged until expiration of the Executive Board members' terms of office (i.e., in the event of re-appointment, until 2022).

If a new Executive Board member is appointed, their fixed annual compensation will be determined by the Supervisory Board in compliance with existing market practices for the exercise of duties of the same nature and in line with the compensation policy for Klépierre executives.

b) Short-term variable compensation

Short-term variable compensation rewards executive performance for the prior year and aims to establish a link between the interests of executives and the Group's operational strategy over the period in question pursuant to section 24.3.2 of the AFEP-MEDEF Code.

This compensation is subject to achievement of clear and ambitious targets, which are decided at the beginning of the year in question by the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee (details and weighting of the qualitative targets are communicated to Executive Board members at the beginning of the year but are not made public at this stage for confidentiality reasons – they are, however, published at a later stage).

The results are assessed after the end of the fiscal year based on the consolidated financial statements for that year and the evaluation of the performance of each Executive Board member by the Supervisory Board.

Short-term variable compensation is determined based on the following two types of components:

Component type	Component weighting	Component description	Justification of component
Quantitative component	The quantitative portion of variable compensation is capped at 80% of fixed annual compensation. In addition, a performance floor has been set at a minimum of 95% of the target. Achieving the target net current cash flow per share announced by Klépierre as guidance to the market grants entitlement to 55% of the fixed annual compensation.	The quantitative component measures Klépierre's performance in relation to a target net current cash flow per share. The net current cash flow per share target for fiscal year 2019 is €2.73.	This financial indicator is particularly relevant for a real estate company such as Klépierre as it enables the following to be measured: > Changes in income based on organic and external growth; > Cost management efficiency (operating and financial costs); > Tax exposure of recurring operations. It is one of the key indicators that the Company discloses to the market every six months. Net current cash flow per share growth and its regularity are fundamental inputs in the valuation of the Klépierre share price. At each publication of net current cash flow per share, a reconciliation with EPRA Earnings per share is also published. The quantitative component is applied identically to all Executive Board members because it measures their performance as an executive team with collective responsibility.
Qualitative component	The qualitative portion of variable compensation is capped at 50% of fixed annual compensation.	The qualitative portion of variable compensation is measured by applying several criteria, according to the profile of each Executive Board member, and for 2019 is based around the following topics: > Strategy implemented to enhance the quality of the portfolio (developments/investments/disposals); > Management of financial transactions and improvement in the Group's profitability; > Corporate social responsibility[(a)]; > Promotion of Klépierre's image.	The qualitative component measures the individual performance of each Executive Board member based on specific targets, attributed to each of the Executive Board members on the basis of their particular scope of responsibility for the relevant year. These specific targets are decided by the Supervisory Board for the year concerned according to the priorities set by the Board, acting on the recommendation of the Nomination and Compensation Committee, and are communicated to Executive Board members.

(a) The criteria applied are different from those used to assess the condition related to Klépierre's CSR performance for the purpose of the long-term incentive.

The overall short-term variable compensation paid to Executive Board members is capped at 130% of their fixed annual compensation.

In accordance with Article L. 225-82-2 of the French Commercial Code (*Code de commerce*), the variable annual compensation due in respect of fiscal year 2019 will be paid after the Ordinary General Meeting to be called in 2020 to approve the 2019 financial statements, and in the case of each Executive Board member, is contingent on its approval by that Meeting.

c) Long-term incentives

Under the authorization granted by the General Meeting, since 2012, the Supervisory Board has allotted performance shares to the Group's executive corporate officers and senior managers. In accordance with the recommendations of the AFEP-MEDEF Code, performance shares are not reserved solely for executive corporate officers. The general policy for the allotment of performance shares is discussed each year by the Nomination and Compensation Committee, which then makes recommendations to the Supervisory Board.

The purpose is to encourage the achievement of the Group's operating and financial targets and thus drive greater value creation for shareholders. Performance shares encourage the Group's executive corporate officers and senior management to adopt a long-term view, foster loyalty and promote the alignment of their interests with those of the Company and the shareholders. They affect a large group of beneficiaries (representing around 10.2% of employees).

The performance conditions are set by the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee, based on ambitious goals, and they are assessed over a three-year period following the allotment. These performance conditions apply to all allotments made under these plans.

At the General Meeting of April 19, 2016, Klépierre was authorized to allot performance shares, including to Executive Board members.

If the General Meeting approves the necessary delegations of authority, the rules of the plan to be implemented in 2019 include:

> For French beneficiaries: a three-year vesting period (save for early vesting)[1] along with a two-year lock-up period; and

> For non-French beneficiaries: a four-year vesting period (save for early vesting[1]), with no lock-up period.

In accordance with the recommendations of the AFEP-MEDEF Code, performance shares will only fully vest subject to service and performance conditions for all beneficiaries, assessed over a three-year period (with the level of fulfillment of performance conditions being assessed once at the end of the three-year period).

In 2018, the Board concluded that previous plans were no longer satisfactory in terms of their long-term compensation targets. It had become apparent, for example, that the performance criteria of the previous plans did not reflect the Group's actual economic and operating performance (including the significant growth in net current cash flow per share, exceeding the initial targets) and were therefore no longer effective in terms of motivating, retaining and attracting talent within the Group.

Accordingly, as of 2018, performance shares will only vest subject to the achievement of four performance criteria based on financial, non-financial and operating targets, assessed over a three-year period. The performance conditions are in line with the Group's policy on long-term compensation, namely:

> Conditions primarily based on internal performance indicators, improvements in which depend on the work put in by the management teams and their results, built around an approach designed to create value over the long term;

> Clear and demanding conditions, which are assessed over a three-year period, in order to avoid windfall effects;

> Varied conditions, which differ from those applicable to short-term variable compensation and which are broadly assessed based on financial and quantitative criteria along with innovative criteria linked to the environmental and social issues the Group must contend with, in accordance with the AFEP-MEDEF Code;

> Conditions entailing measures that impact the Group's various businesses and performance, and that therefore affect all of its teams.

(1) *Including in the event of the death or disability of the beneficiary, transactions resulting in a change in control, and delisting.*

Type of condition		Indicator used	Calculation method used	Weighting of condition in the total allotment	Justification of performance condition
Service condition		Beneficiary remains within the Group until the end of the vesting period. Should the beneficiary leave before expiration of the term for assessing the performance share performance criteria, the decision to maintain performance share entitlements is subject to the decision of the Board and must be justified. With respect to Executive Board members, the Supervisory Board may only authorize a partial waiver of the service condition, such that performance shares vest prorata temporis to members' service to the Group, and performance conditions will continue to apply until the end of the vesting period.	N/A	100% of the total allotment	N/A
Performance conditions	**Condition linked to Klépierre's absolute performance**	Total Shareholder Return (TSR, change in share price plus dividend) of the Klépierre share.	Calculated based on the average share price over the 40 trading days preceding the anniversary date (as compared with the average share price over the 40 trading days preceding the allotment date).	10% of the total allotment	This condition measures the returns for shareholders based on stock market performance and dividends received. Its weighting must nevertheless be limited insofar as it is mainly depends on Klépierre's share price performance, which is not solely influenced by the Company's intrinsic operating performance, but is also impacted by macroeconomic trends that may be unrelated to the Company's business.
	Condition linked to the Klépierre share's relative performance	Comparison with the performance of a panel of peers (Unibail-Rodamco SE, CityCon OYJ, Eurocommercial Properties, Deutsche Euroshop, Wereldhave NV, Mercialys, Vastned Retail NV, Immobiliare Grande Dis, Atrium European Real Estate and Carmila).		30% of the total allotment	This condition enables Klépierre's shareholder return to be calculated by comparing it with that of shareholders of companies whose primary business activity is operating shopping centers.
	Condition linked to Klépierre's internal performance	Change over three years in net rental income.	Calculation of the average annual change in net rental income reported by the Group in its annual consolidated financial statements over the last three fiscal years preceding the reference date.	40% of the total allotment	This is an operating criterion directly linked to the business of the Company, measuring the Company's performance through the change in net rental income.
	Condition linked to Klépierre's CSR performance	> GRESB rating: Klépierre must rank in the top five and have a "5-star" rating; > Level of achievement of certain targets in the CSR road map.	Application of an achievement scale presented on page 253 of Klépierre's 2018 registration document.	20% of the total allotment	This criterion reflects Klépierre's desire to unite its employees and executives around corporate social responsibility issues in line with Klépierre's five-year CSR road map.

The number of performance shares that may be definitively vested to the beneficiaries concerned is calculated using the following achievement scale:

Type of performance condition	Performance	% of shares delivered[a]	Assessment of the requirements for the chosen performance conditions
Condition linked to Klépierre's absolute performance (10%)	≤16.5%	0%	The percentage of shares allotted is zero where the increase in TSR is less than or equal to 16.5%. Achievement of the maximum target implies TSR growth of 30% or more. Exceeding the 30% threshold does not result in the allotment of additional shares, which is capped at 10% of the initial number of shares allotted.
	20%	33.3%	
	22.5%	50%	
	25%	66.7%	
	27.5%	83.3%	
	≥30%	100%	
Condition linked to the Klépierre share's relative performance (30%)	Index -1%	0%	If the Klépierre share's performance is equal to the index, only 33.33% of the shares will be allotted. To achieve the maximum target, the share must outperform the index by 3%. Exceeding the 3% threshold does not result in the allotment of additional shares, which is capped at 30% of the initial number of shares allotted.
	Index	33.3%	
	Index +1%	50%	
	Index +2%	66.7%	
	Index +3%	100%	
Condition linked to Klépierre's internal performance (40%)	<1%	0%	If the growth in net rental income over three years is equal to 1%, only 30% of the shares will be allotted. To achieve the maximum target, the increase must be greater than or equal to 3%. Exceeding the 3% threshold does not result in the allotment of additional shares, which is capped at 40% of the initial number of shares allotted.
	1%	30%	
	≥3%	100%	
Conditions linked to Klépierre's CSR performance (20%)	GRESB rating: Klépierre must rank in the top five and have a "5-star" rating	8%	GRESB (Global Real Estate Sustainable Benchmark) is an organization that assesses the ESG performance of real estate companies. The objective is to rank among the top five companies in its category (currently, the European Listed Real Estate Company category) and to obtain a "5-star" rating. CSR targets are described in more detail in the CSR road map presented on page 254 which sets a five-year target for each of the areas selected. Launched in 2018, the plan's targets take into account the expected improvement over three years within the scope of the Group's overall five-year CSR road map (see below). The shares vest only if the conditions are fulfilled. No shares are allotted if performance is below the target.
	Reduction in the Group's energy consumption Target[c]: 35% reduction	3%	
	Shopping centers obtaining sustainable development certification Target[c]: 90% of shopping centers	3%	
	Shopping centers contributing to local employment Target[c]: 85% of shopping centers having implemented at least one initiative during the year to promote local employment[b]	3%	
	Employees receiving training Target[c]: 97% of employees	3%	

(a) If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.
(b) Including the organization of an employment forum, partnerships with a local employment organization, partnership with an association supporting employment/integration, publication of jobs available at the center on the center's website and/or through posting, etc.
(c) The targets will be adjusted in future performance share plans based on those set in the CSR road map.

Klépierre's absolute performance

The weighting of the absolute performance criterion, calculated based on TSR, is capped at 10% insofar as it is primarily influenced by external macroeconomic factors that may be unrelated to the work of the management teams or their performance.

Klépierre relative performance

The relative performance of the Klépierre share is measured in relation to a panel of companies operating in the same sector as the Group.

Since 2018, the panel used to test the relative performance condition calculated based on Total Shareholder Return (TSR) has included competitors operating in the shopping center sector contending with similar issues and business cycles.

Klépierre's stock market performance is now measured in relation to the FTSE EPRA/NAREIT Eurozone Index comprising Klépierre's commercial real estate peers. The equally weighted index comprises the following securities: Unibail Rodamco SE, CityCon OYJ, Eurocommercial Properties, Deutsche Euroshop, Wereldhave NV, Mercialys, Vastned Retail NV, Immobiliare Grande Dis, Atrium European Real Estate and Carmila.

Klépierre's internal performance

The weighting of the internal performance criterion, which measures the change in net rental income over three years, is 40%, insofar as this criterion seems particularly effective in assessing the Company's business growth and the teams' efforts to drive like-for-like rental income and therefore maximizing returns from the real estate assets in the Group's property portfolio.

Growth in like-for-like net rental income includes:

> Increases in minimum guaranteed rents when the lease is renewed, which reflect the Group's capacity to host the most attractive retailers in its centers and to optimize the rental value of available space;

> Reductions in the vacancy rate; and

> Optimal management of shopping center costs.

Growth in like-for-like net rental income must be at least 3% on average over the three years preceding the share allotment date for the criterion to be considered as fulfilled.

This is a very ambitious growth target considering that the Group renews an average of only 8% of its leases each year.

The level of ambition of this target can be measured in light of the historical performance of Klépierre and of its main competitors.

Based on Klépierre's results since 2009[1], the performance criterion has been met in only five fiscal years, i.e., in every other year over the 2009 to 2018 period (2009 being the first year the three-year average was calculated).

As regards the results of Klépierre's main competitors since 2012, only around one-third reported average growth in like-for-like net rental income[2] in excess of 3%.

Klépierre's CSR performance

In addition to the three above-mentioned criteria based on (i) the total shareholder return using stock market performance and dividends received, (ii) the comparison of these returns with that of Klépierre's competitors and (iii) the Company's operational performance using the change in net rental income, the Supervisory Board considered it preferable to include a criterion based on the achievement of the Group's CSR commitments in the performance measurement mechanism in light of the importance of CSR issues in Klépierre's long-term strategy.

To this end, Klépierre defined a new CSR road map in 2018 and set ambitious targets along with a certain number of priorities to achieve as part of a five-year plan. The achievement of these priorities is assessed annually by an independent third party. Accordingly, a fourth performance condition has been introduced: (i) Klépierre must rank among the top five in its category and have a "5-star" rating, reserved for the highest performers, and (ii) the achievement over three years of the Group's CSR strategic road map as set out in the preceding table.

The targets set out in the 2019 Plan are aligned over time with the same criteria in the five-year CSR road map, as follows:

> Reduction in the Group's energy consumption: the 35% target set for the time horizon of the 2019 Plan is in line with the five-year 40% target;

> Shopping centers obtaining sustainable development certification: the 90% target set for the time horizon of the 2019 Plan horizon is in line with the five-year 100% target;

> Shopping centers contributing to local employment: the 85% target set for the time horizon of the 2019 Plan is in line with the five-year 100% target;

> Employees receiving training: the 97% target set for the time horizon of the 2019 Plan is in line with the five-year 100% target.

Please see pages 275 *et seq.* of this registration document for more information concerning the performance conditions and applicable achievement levels for plans vested prior to the date of this registration document.

Specific rules applicable to corporate officers

Caps on allotments

The General Meeting of April 19, 2016 capped the number of shares that may be allotted at 0.5% of the share capital for a period of 38 months and, within this limit, capped the number of shares that may be allotted to Executive Board members at 0.2% of the share capital.

In accordance with the compensation policy approved by the Supervisory Board, annual allotments made to Executive Board members may not represent more than 125% of short-term compensation (fixed annual compensation plus target short-term variable compensation) for the previous year for Executive Board members.

Holding obligation

Pursuant to Article L. 225-197-1 of the French Commercial Code as set out in the AFEP-MEDEF Code, the Supervisory Board set the holding obligation for Executive Board members as follows: they are required to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of tax and expenses as calculated on delivery of the shares, until the end of their term of office. In this manner, Executive Board members are encouraged to hold a large and increasing number of shares.

In accordance with the AFEP-MEDEF Code, this amount will be reviewed and set by the Supervisory Board in light of the situation of each executive corporate officer periodically, and at least each time they are re-appointed. Because of the stringent holding obligations imposed on Executive Board members, the Supervisory Board does not require them to buy shares using their own capital on delivery of the performance shares.

Other restrictions

In accordance with the AFEP-MEDEF Code, Executive Board members undertake not to enter into hedging transactions until the end of the lock-up period imposed by the performance share plans.

d) Other components of compensation

On-boarding package

The Supervisory Board may decide exceptionally to award an on-boarding package as a recruitment incentive for a new executive joining from another group.

The payment of this package, which may take different forms, is designed to offset the loss of benefits to which executives may have been entitled in their previous position. In compliance with section 24.4 of the AFEP-MEDEF Code, in the event that such a package is granted, it must be explained and the amount made public at the time it is set, even where payment is made in installments or deferred.

(1) *For the years prior to 2013, the Company calculated growth in like-for-like rental income on the basis of its gross rental income only. In addition, for purposes of comparability, the calculations were made over the entire period by retaining just the shopping center portfolio which represents, since 2013, more than 95% of the value of the property portfolio.*

(2) *Based on reported like-for-like net rental income, using shopping center portfolios for which data are available.*

Severance package

For Jean-Marc Jestin: on February 2, 2017, the Supervisory Board authorized the implementation of a severance package in the event of Jean-Marc Jestin's forced departure from Klépierre. The package was approved by the General Meeting of April 18, 2017 (fifth resolution).

The severance package will be paid in all cases of forced departure except in the event of serious or gross misconduct or in the event of the non-re-appointment of the Executive Board member at the end of this term of office.

In the event of Jean-Marc Jestin's forced departure, he may be entitled to receive under the package a severance payment in an initial amount of one year's annual compensation, calculated by reference to the most recent fixed and variable compensation paid as at the date of termination, it being specified that this initial amount may increase on a linear basis according to Jean-Marc Jestin's length of service as a corporate officer (on a basis of one month for each additional year of service with effect from January 1, 2017) and up to a maximum of two years' compensation, in accordance with the AFEP-MEDEF Code.

In terms of performance conditions, the severance package may only be paid in the event that:

> In at least two of the three fiscal years preceding the year of termination of his term of office, Jean-Marc Jestin received or is entitled to receive overall variable annual compensation (quantitative plus qualitative) representing an amount equal to at least 90% of his fixed compensation (the maximum being 130%); and

> The quantitative portion of the variable annual compensation must, as a minimum, have been paid in an amount equal to the target in the two fiscal years taken into account for the purposes of the above condition. For information, the net current cash flow per share target for fiscal year 2019 (giving rise to quantitative variable compensation of 55%) is €2.73.

The re-appointment of Executive Board members whose terms of office are due to expire in 2019 and the terms of their severance package, will be subject to the approval of the 2020 Annual General Meeting to be called to approve the financial statements for the year ending December 31, 2019, in accordance with Article L. 225-42-1 of the French Commercial Code.

Finally, in accordance with the AFEP-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim retirement benefits under a supplementary pension plan, within six months of termination.

For Jean-Michel Gault: on October 19, 2017, the Supervisory Board amended the currently suspended employment contract of Jean-Michel Gault in order to (i) record the latter's agreement not to claim severance in an amount exceeding two years of the last fixed and variable annual compensation received in his capacity as an Executive Board member (including for the termination of his employment contract) and (ii) establish a non-statutory severance package in the event of his forced departure. These amendments were approved by Klépierre's General Meeting of Shareholders of April 24, 2018 (fifth resolution).

The severance package will be paid in all cases of forced departure except in the event of serious or gross misconduct or the non-re-appointment of the Executive Board member at the end of his term of office or resignation.

The amount of the non-statutory severance is limited to two years of the last fixed and variable annual compensation received in his capacity as an Executive Board member (less any amount paid for any statutory severance or due under a collective bargaining agreement that Jean-Michel Gault may otherwise receive under his employment contract). Jean-Michel Gault's agreement not to claim severance in an amount exceeding two years of the last fixed and variable annual compensation received in his capacity as an Executive Board member (including for the termination of his employment contract) allows the Company to contain the financial risk linked to any termination of the latter's employment contract, by limiting the severance to two years under all circumstances.

Signing this amendment did not lead to any payment in favor of Jean-Michel Gault.

The payment of the non-statutory severance is also subject to the achievement of the same performance conditions as applicable to Jean-Marc Jestin.

Lastly, in accordance with the AFEP-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim full retirement benefits, within six months of termination.

Any severance for the termination of a future Chairman or Executive Board member will be calculated in accordance with Article L. 225-90-1 of the French Commercial Code and may not exceed two years of the last fixed and variable compensation paid to said corporate officer.

Extraordinary compensation

Extraordinary compensation does not form part of the general compensation policy and may only be awarded in very specific circumstances, in accordance with section 24.3.4 of the AFEP-MEDEF Code. In accordance with Article L. 225-82-2 of the French Commercial Code, if the decision were made to award this type of compensation, payment would in any event be subject to prior approval by the General Meeting.

For 2019, no extraordinary compensation will be paid to Executive Board members.

Other benefits

With respect to benefits in kind:

> Executive Board members each benefit from a company car;

> They are eligible for the same occupational insurance and healthcare benefits plan as other Group employees in France. The amount of annual contributions paid by the Company for this purpose is not material, amounting to €6,447.12 (€3,193.56 for Jean-Marc Jestin and €3,253.56 for Jean-Michel Gault);

> They are entitled to unemployment insurance subscribed with GSC.

No loans or guarantees have been granted to Klépierre corporate officers or Supervisory Board members.

Directors' fees for offices held within the Group

Since 2015, Executive Board members have ceased to receive directors' fees for the offices they hold on the governance bodies of the various Group companies.

Deferred variable compensation or multi-annual variable compensation

Klépierre's compensation policy does not include the payment of any deferred variable compensation or multi-annual variable compensation.

Defined benefit or defined contribution pension plan

Executive Board members are not eligible for any specific defined benefit or defined contribution pension plans. They qualify for the same compulsory private sector supplementary pension plan as other Group managers. In addition, Jean-Michel Gault is eligible for a supplementary pension plan for senior executives of Compagnie Bancaire. This plan has been capped and closed to new beneficiaries since December 31, 2000.

5.2.2.2 Compensation of Executive Board members

Summary tables based on the AMF and AFEP-MEDEF Code recommendations are presented on page 260 *et seq.* of this registration document.

a) Setting of the compensation of Jean-Marc Jestin, Chairman of the Executive Board, in accordance with the principles set out in section 5.2.2.1

Fixed compensation

For fiscal year 2018, the fixed compensation of Jean-Marc Jestin was €650,000.

The methods for setting the fixed annual compensation of Executive Board members are set out in section 5.2.2.1 a) of this registration document.

Short-term variable compensation

Jean-Marc Jestin's short-term variable compensation in respect of fiscal year 2018 was set by the Supervisory Board on February 5, 2019, acting on the proposal of the Nomination and Compensation Committee, after applying the criteria set at the beginning of 2018, as shown in the tables below.

It should be noted that, in accordance with the recommendations of the AFEP-MEDEF Code, Jean-Marc Jestin was not present during the deliberations of the Supervisory Board regarding his compensation.

▸ QUANTITATIVE COMPONENT, CAPPED AT 80% OF FIXED ANNUAL COMPENSATION (REPRESENTING 61.5% OF THE MAXIMUM TOTAL SHORT-TERM VARIABLE COMPENSATION)

Subject area of target	Target			Achievement for fiscal year 2018
Financial indicator	Net current cash flow per share target	Thresholds reached	The quantitative component is based on the target announced to the markets in February 2018 of €2.59 per share. In addition, a performance floor was set at a minimum of 96% of the target.	€2.65
		As a % of fixed salary	from 0% to 80%	80%
Net current cash flow per share for 2018 amounted to €2.65. Accordingly, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, to set the variable portion of Jean-Marc Jestin's compensation at 80% of his fixed compensation.				
2018 QUANTITATIVE TOTAL *(as a % of fixed compensation)*				80%

▶ QUALITATIVE COMPONENT, CAPPED AT 50% OF FIXED ANNUAL COMPENSATION (REPRESENTING 38.5% OF THE MAXIMUM TOTAL SHORT-TERM VARIABLE COMPENSATION)

Subject area of target	Subject area weighting	Target	Main achievements	Achievement for fiscal year 2018
Strategy	30%	Execution of real estate development projects and meeting the objectives set by the Investment Committee	> Review of projects initiated prior to 2018: all objectives set by the Investment Committee (schedule, costs, revenues and occupancy rates) were met or exceeded, with one exception; > Review of new projects initiated during 2018: the objectives set by the Investment Committee (schedule, costs, revenues and occupancy rates) were met in full; > Revenue targets exceeded for the Nueva Condomina shopping center acquired in 2017; > In 2018, four out of five projects approved by the Investment Committee resulted in a transaction.	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 93.33%, corresponding to **14%** of Jean-Marc Jestin's fixed compensation.
		Improvement in the quality of Klépierre's property portfolio	> Successful continuation of the Group's non-strategic asset disposal strategy; > Klépierre's position in relation to its main Italian assets strengthened, with the acquisition of all or a portion of hypermarkets.	
Corporate social responsibility	40%	Consideration of social, environmental and economic matters in the Group's activities	> Launch and roll-out of Act For Good® (the Group's new five-year CSR road map) based on the following topics: energy consumption, waste, mobility, local employment, health and well-being, etc., with specific initiatives carried out internally, among customers and investors; > Signature of partnerships for the implementation of pilot projects in shopping centers integrating new technologies/ environmentally-friendly services.	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 100%, corresponding to **20%** of Jean-Marc Jestin's fixed compensation.
		Maintaining Klépierre's classification in the main global benchmark non-financial indexes	> GRESB rating (Global Real Estate Sustainability Benchmark): obtaining the Green Star Award in the European Listed Real Estate Company category; > EPRA SBPR: obtaining a Gold Award (Sustainability Best Practices Recommendations) for high-quality non-financial reporting.	
Company image	30%	Promoting Klépierre's image through specific social initiatives	> Roll-out of new employee engagement initiatives: for example, initiatives for improving the on-boarding of new joiners; promoting well-being in the workplace and a better work-life balance, including trialling e-working; enhancing the training offering for Group employees by installing the Mobile Learning app and pushing a digital learning offering; > Initiatives launched prior to 2018 consolidated. As regards the on-boarding of interns and work-study trainees, Klépierre was awarded "Happy Trainees" certification from Choosemycompany for the second year running.	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 100%, corresponding to **15%** of Jean-Marc Jestin's fixed compensation.
		Promoting Klépierre's image through targeted marketing initiatives	> Further intensification of the events strategy; > Development of the tailored customer experience using a GDPR-compliant digital platform; > Strengthening of customer feedback processes and improvement of the customer journey (Clubstore® initiative) to boost satisfaction rates; > Deepening of relations with B2B customers (retailers), including by organizing specific events and a marketing synergy initiative with a wide array of European retailers; > Accelerating the open innovation initiative to broaden the vision of the future of retail.	
2018 QUALITATIVE TOTAL *(as a % of fixed compensation)*				**49%**
2018 TOTAL *(quantitative plus qualitative, as a % of fixed compensation)*				**129%**

For fiscal year 2018, the variable compensation of Jean-Marc Jestin amounted to €838,500.

Long-term incentives

In a decision dated February 6, 2018, the Supervisory Board authorized, acting on the recommendation of the Nomination and Compensation Committee, the allotment of 35,000 shares to Jean-Marc Jestin in respect of the 2018 Plan implemented by the Executive Board on April 24, 2018.

All of these shares are subject to performance conditions in accordance with the principles set out in section 6.1.3.3.

b) Setting of the compensation of Jean-Michel Gault, Deputy CEO and Executive Board member, in accordance with the principles set out in section 5.2.2.1

Fixed compensation

For fiscal year 2018, the fixed compensation of Jean-Michel Gault was €440,000.

The methods for setting the fixed annual compensation of Executive Board members are set out in section 5.2.2.1 a) of this registration document.

Short-term variable compensation

Jean-Michel Gault's short-term variable compensation in respect of fiscal year 2018 was set by the Supervisory Board on February 5, 2019, acting on the proposal of the Nomination and Compensation Committee, after applying the criteria set at the beginning of 2018, as shown in the tables below.

It should be noted that, in accordance with the recommendations of the AFEP-MEDEF Code, Jean-Michel Gault was not present during the deliberations of the Supervisory Board regarding his compensation.

▶ QUANTITATIVE COMPONENT, CAPPED AT 80% OF FIXED ANNUAL COMPENSATION (REPRESENTING 61.5% OF THE MAXIMUM TOTAL SHORT-TERM VARIABLE COMPENSATION)

Subject area of target	Target			Achievement for fiscal year 2018
Financial indicator	Net current cash flow per share target	Thresholds reached	The quantitative component is indexed to the target announced to the market in February 2018 of €2.59 per share. The performance floor was set at 96% of the target.	€2.65
		As a % of fixed salary	from 0% to 80%	80%
Net current cash flow per share for 2018 amounted to €2.65. Accordingly, the Supervisory Board decided, acting on the proposal of the Nomination and Compensation Committee, to set the variable portion of Jean-Michel Gault's compensation at 80% of his fixed compensation.				
2018 QUANTITATIVE TOTAL *(as a % of fixed compensation)*				**80%**

▶ QUALITATIVE COMPONENT, CAPPED AT 50% OF FIXED ANNUAL COMPENSATION (REPRESENTING 38.5% OF THE MAXIMUM TOTAL SHORT-TERM VARIABLE COMPENSATION)

Subject area of target	Subject area weighting	Target	Main achievements	Achievement for fiscal year 2018
Financial optimization	50%	Management of financial transactions	> Implementation of an interest-rate hedging program to increase the Group's coverage by 8 percentage points by the end of 2018 and 2019, and by 6 percentage points at end-2020; > Restructuring of Group's revolving credit facilities in order to generate additional liquidity. The financial conditions of the overall portfolio were improved and the average maturity of debt extended; > Preliminary discussions with potential new lenders; > Various initiatives concerning the budget and reporting processes, as well as in internal audit.	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 100%, corresponding to **25%** of Jean-Michel Gault's fixed compensation.
		Improvement in the Group's profitability	> Reduction in the cost of operating properties further to the reorganization of the registered office; > Compared to the 2018 budget, the initiatives carried out during the year contributed to a considerable decrease in attributable interest expense.	
Company image	50%	Roll-out of initiatives contributing to developments in this area	> Maintaining the Group's A- rating by Standard & Poor's; > Adoption of a new brand identity: Shop. Meet. Connect.®; > Development of a digital corporate ecosystem with the launch of Klépierre-branded Twitter and Instagram accounts; > EPRA BPR: obtaining a Gold Award recognizing the quality of financial reporting; > Investor Day organized in the Netherlands: 94% of participants very satisfied or satisfied, according to the satisfaction survey; > Launch of a planned employee share ownership plan for France-based employees.	After examining the main achievements, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, that the achievement level was 96%, corresponding to **24%** of Jean-Michel Gault's fixed compensation.
2018 QUALITATIVE TOTAL *(as a % of fixed compensation)*				**49%**
2018 TOTAL *(quantitative plus qualitative, as a % of fixed compensation)*				**129%**

For fiscal year 2018, the variable compensation of Jean-Michel Gault was €567,600.

Long-term incentives

In a decision dated February 6, 2018, the Supervisory Board authorized, acting on the recommendation of the Nomination and Compensation Committee, the allotment of 30,000 shares to Jean-Michel Gault in respect of the 2018 Plan implemented by the Executive Board on April 24, 2018.

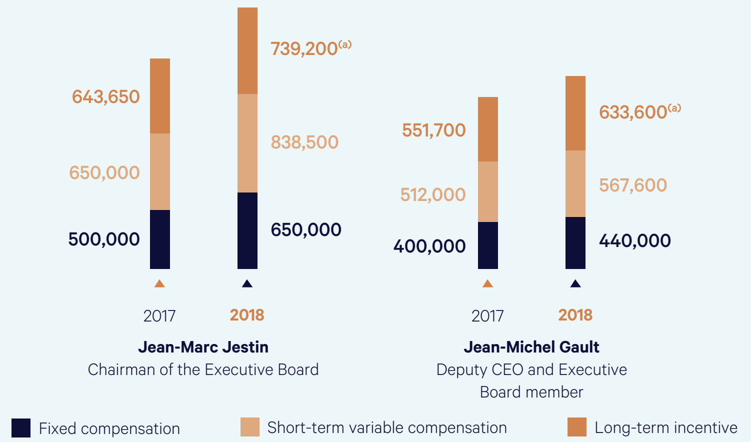
All of these shares are subject to performance conditions in accordance with the principles set out in section 6.1.3.3.

Summary

Changes in total compensation of the Executive Board members

	Jean-Marc Jestin			Jean-Michel Gault		
In €k	**2017**	**2018**	**2019 (as proposed)**	**2017**	**2018**	**2019 (as proposed)**
Fixed compensation	500	650	750	400	440	480
Short-term variable compensation (paid in current year with respect to previous year)	504	650	838	448	512	568
Number of performance shares allotted in respect of the fiscal year concerned	35,000 shares	35,000 shares	Not yet known	30,000 shares	30,000 shares	Not yet known
Number of performance shares vested during the fiscal year concerned	1,208 shares (out of 25,000 shares initially allotted)	0 shares (out of 32,353 shares initially allotted)	Not yet known	1,208 shares (out of 25,000 shares initially awarded)	0 shares (out of 32,353 shares initially allotted)	Not yet known

As the table above and charts below demonstrate, the total compensation of the Executive Board members is mainly composed of a portion subject to financial and non-financial performance conditions (short-term variable plus long-term incentive).



(a) *Average effective vesting of LTI at KLépierre (2017 and 2018): 2.41%.*

5.2.3 Summary tables based on AMF and AFEP-MEDEF Code recommendations

TABLE NO. 1 – SUMMARY OF COMPENSATION IN STOCK OPTIONS AND SHARES ALLOTTED TO EACH EXECUTIVE CORPORATE OFFICER *(in €)*

Jean-Marc Jestin – Chairman of the Executive Board	2017	2018
Compensation due in respect of the fiscal year (itemized in Table 2)	1,170,178	1,526,789
Value of options allotted during the fiscal year	–	–
Value of performance shares allotted during the fiscal year	643,650	739,200
TOTAL	**1,813,828**	**2,265,989**

Jean-Michel Gault – Deputy CEO and Executive Board member	2017	2018
Compensation due in respect of the fiscal year (itemized in Table 2)	933,928	1,045,559
Value of options allotted during the fiscal year	–	–
Value of performance shares allotted during the fiscal year	551,700	633,600
TOTAL	**1,485,628**	**1,679,159**

TABLE NO. 2 – TABLE SUMMARIZING COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER *(in €)*

	2017		2018	
Jean-Marc Jestin – Chairman of the Executive Board	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Fixed compensation	500,000	500,000	650,000	650,000
Short-term variable compensation	650,000[(a)]	503,472[(b)]	838,500[(c)]	650,000
Extraordinary compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind[(d)]	20,178	20,178	38,289	38,289
Other	0	0	0	0
TOTAL	**1,170,178**	**1,023,678**	**1,526,789**	**1,338,289**

(a) Jean-Marc Jestin's variable compensation for fiscal year 2017 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on pages 252-253 of the 2017 registration document filed with the AMF under number D.18-0134.
(b) Jean-Marc Jestin's variable compensation for fiscal year 2016 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on pages 242-243 of the 2016 registration document filed with the AMF under number D.17-0143.
(c) Jean-Marc Jestin's variable compensation for fiscal year 2018 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 262 of the 2018 registration document.
(d) Corresponds to the provision of a company car, contributions paid by the Company for Jean-Marc Jestin to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees, and to the unemployment insurance policy subscribed with GSC.

	2017		2018	
Jean-Michel Gault – Deputy CEO and Executive Board member	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Fixed compensation	400,000	400,000	440,000	440,000
Short-term variable compensation	512,000[(a)]	447,899[(b)]	567,600[(c)]	512,000
Extraordinary compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind[(d)]	21,928	21,928	37,959	37,959
Other	0	0	0	0
TOTAL	**933,928**	**869,828**	**1,045,559**	**989,959**

(a) Jean-Michel Gault's variable compensation for fiscal year 2017 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on pages 254 and 255 of the 2017 registration document filed with the AMF under number D.18-0134.
(b) Jean-Michel Gault's variable compensation for fiscal year 2016 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 244 of the 2016 registration document filed with the AMF under number D.17-0143.
(c) Jean-Michel Gault's variable compensation for fiscal year 2018 was set by the Supervisory Board, acting on the proposal of the Nomination and Compensation Committee. Details of the calculations used appear on page 264 of the 2018 registration document.
(d) Corresponds to provision of a company car, to contributions paid by the Company for Jean-Michel Gault to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees, and to the unemployment insurance policy subscribed with GSC.

TABLE NO. 3 – DIRECTORS' FEES AND OTHER COMPENSATION

Not applicable.

TABLE NO. 4 – STOCK SUBSCRIPTION OR PURCHASE OPTIONS ALLOTTED DURING THE FISCAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE COMPANY AND BY ALL GROUP COMPANIES

Not applicable.

▶ TABLE NO. 5 – STOCK SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FISCAL YEAR

Only the plans set out in the tables below were exercised during the fiscal year:

Jean-Marc Jestin – Chairman of the Executive Board	Number of options exercised during the fiscal year	Exercise price
Plan: none	None	N/A

Jean-Michel Gault – Deputy CEO and Executive Board member	Number of options exercised during the fiscal year	Exercise price
2010 Plan (with performance conditions)	15,000	€22.31
2010 Plan (with performance conditions)	7,500	€24.54

The additional table below sets out the exercise price of the options granted to Jean-Marc Jestin and Jean-Michel Gault as corporate officers that became available during the fiscal year:

Jean-Marc Jestin – Chairman of the Executive Board	Availability date	Number of options available	Exercise price
Plan: none	None	None	N/A

Jean-Michel Gault – Deputy CEO and Executive Board member	Availability date	Number of options available	Exercise price
Plan: none	None	None	N/A

▶ TABLE NO. 6 - PERFORMANCE SHARES ALLOTTED DURING THE FISCAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER

Beneficiary	Plan date	Number of shares allotted during the fiscal year	Value of shares based on method used in the consolidated financial statements	End of vesting period	End of lock-up period	Performance conditions
Jean-Marc Jestin Chairman of the Executive Board	2018 plan authorized on February 6, 2018 by the Supervisory Board and implemented on April 24, 2018 by the Executive Board.	35,000	€21.12	April 24, 2021	April 24, 2023	All of these shares are subject to performance conditions in accordance with the principles set out in sections 5.2.2.1 and 6.1.3.3. For a description of these performance conditions, see page 263 of this registration document.
Jean-Michel Gault Deputy CEO and Executive Board member	2018 plan authorized on February 6, 2018 by the Supervisory Board and implemented on April 24, 2018 by the Executive Board.	30,000	€21.12	April 24, 2021	April 24, 2023	All of these shares are subject to performance conditions in accordance with the principles set out in sections 5.2.2.1 and 6.1.3.3. For a description of these performance conditions, see page 264 of this registration document.

▶ TABLE NO. 7 – VESTING OF PERFORMANCE SHARES FOR EACH EXECUTIVE CORPORATE OFFICER

Beneficiaries	Plan	Number of shares that vested during the fiscal year	Vesting conditions
Jean-Marc Jestin	2013 Plan	13,268	Yes
Jean-Michel Gault	2013 Plan	13,268	Yes

Senior executives remain bound by a holding obligation under Article L. 225-197-1 of the French Commercial Code as recommended in the AFEP-MEDEF Code.

The additional chart below sets out the number of performance shares allotted to Executive Board members as corporate officers, which vested during the fiscal year:

Beneficiaries	Plan	End of vesting period	Number of shares vested
Jean-Marc Jestin	2015 Plans	May 4, 2018	0
Jean-Michel Gault	2015 Plans	May 4, 2018	0

▸ **TABLE NO. 11**

	Employment contract		Supplementary pension plan		Compensation or benefits due or conditionally due on termination or change of function		Compensation related to non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Marc Jestin Chairman of the Executive Board Start of term[(a)]: 06/22/2016 End of term[(a)]: 06/21/2019		X		X	X			X
Jean-Michel Gault Deputy CEO Executive Board member Start of term[(a)]: 06/22/2016 End of term[(a)]: 06/21/2019	X[(b)]		X[(c)]		X			X

(a) As an Executive Board member.
(b) In the past, Jean-Michel Gault exercised his corporate office as an Executive Board member without consideration and received compensation for his employment contract. In order to allow him to fully undertake his role as an Executive Board member, the Supervisory Board, acting on the recommendation of the Nomination and Compensation Committee, decided to suspend his employment contract for the duration of his corporate office, with effect from July 1, 2016.
(c) Jean-Michel Gault is eligible for the supplementary pension plan for executives of the former Compagnie Bancaire, which provides for an additional pension on retirement of a maximum annual amount of €7,122.

5.2.4 Components of compensation paid or allotted in respect of fiscal year 2018 submitted to the vote of the General Meeting to be held on April 16, 2019

5.2.4.1 Components of compensation paid or allotted to Jean-Marc Jestin, Chairman of the Executive Board, in respect of the fiscal year ended December 31, 2018

Components of compensation	Amounts	Comments
Fixed annual compensation	€650,000	In accordance with the compensation policy of the Executive Board members set out in section 5.2.2.1 of this registration document, the 2018 fixed annual compensation of Executive Board members was increased compared to the 2017[(a)] fixed annual compensation in order to restore its competitiveness, to the extent that it was established[(b)] that the fixed annual compensation was no longer in line with that offered to executives of comparable companies.
Annual variable compensation	€838,500	The Supervisory Board decided that the variable compensation of Jean-Marc Jestin for fiscal year 2018 would vary between 0% and 130% of his fixed annual compensation and would be set as follows: > 0% to 80% of fixed annual compensation based on net current cash flow per share. This financial indicator, which measures changes in income based on organic and external growth, cost management efficiency (operating costs and financial costs) and tax exposure of recurring operations, is especially appropriate for a real estate company such as Klépierre; and > 0% to 50% of fixed annual compensation, based on the following areas and targets set for 2018: (i) strategy (acquisitions, developments, divestment), (ii) corporate social responsibility, (iii) Company image. On the basis of the Nomination and Compensation Committee's work, the Supervisory Board meeting of February 5, 2019 decided that: > The variable portion of 2018 compensation due for achieving the quantitative target would amount to 80% of the fixed annual compensation; and > 49% of the fixed annual compensation as the amount of the variable share of 2018 compensation due for achieving the qualitative targets; representing a total of €838,500. Details of the achievement rate for the quantitative and qualitative criteria are presented on pages 256 and 257 of this registration document. Payment of this compensation is subject to the approval of the General Meeting to be held on April 16, 2019.
Deferred variable compensation	None	No deferred variable compensation.
Multi-annual variable compensation	None	No multi-annual variable compensation.
Extraordinary compensation	None	No extraordinary compensation.

(a) For fiscal year 2017, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, set the following fixed annual compensation:
> Fixed annual compensation for the Chairman of the Executive Board: €500,000;
> Fixed annual compensation of the Deputy CEO and Executive Board member: €400,000.
(b) See composition of the panels in footnotes (1) and (2) on page 247.

Components of compensation	Amounts	Comments
Performance shares	€739,200	The allotment of performance shares is examined in light of the total annual compensation of the executive corporate officer concerned while ensuring that the interests of shareholders are respected. Shares are allotted in the scope of annual plans and the number of shares is set at pre-determined times. **Summary of the main characteristics of the 2018 Plan** > Plan authorized on February 6, 2018 by the Supervisory Board and implemented on April 24, 2018 by the Executive Board. Note that this plan was authorized by the General Meeting of April 19, 2016, in the eighteenth resolution; > 35,000 shares allotted to Jean-Marc Jestin representing: – €739,200, based on the measurement of performance shares in accordance with IFRS, – 11.20% of the total allotment under this plan for all beneficiaries concerned, – 0.01% of the Company's share capital; > Allotment subject to four performance conditions (absolute, relative, internal and CSR), assessed over a three-year period for which the achievement scale is set out on page 253 of this registration document: – Total Shareholder Return on the Klépierre share (TSR: change in share price plus dividends): for 10% of shares allotted, – Performance of the Klépierre share relative to a panel of competitors operating in the shopping center sector[(a)]: for 30% of shares allotted, – Average change in net rental income, net of indexation and on a like-for-like basis, over three years: for 40% of shares allotted, and – GRESB rating and level of achievement of certain objectives set within the scope of Klépierre's 2022 CSR strategic road map (reduction in the Group's energy consumption, net asset value of the Group's shopping centers obtaining sustainable development certification, number of the Group's shopping centers having implemented at least one initiative during the year to promote local employment, and the number of employees that received training): for 20% of shares allotted; > Other conditions: – Service condition, – Obligation to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares, until the end of their term of office.
Stock subscription or purchase options	None	No allotment of stock subscription or purchase options.
Directors' fees	None	No directors' fees.
Value of benefits in kind	€38,289	Provision of a company car. Contributions paid by the Company for Jean-Marc Jestin to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees. Unemployment insurance subscribed with GSC.
Severance payment	None	On February 2, 2017, the Supervisory Board authorized the implementation of a severance package in the event of Jean-Marc Jestin's forced departure from Klépierre. This package was approved by the General Meeting of April 18, 2017 (fifth resolution). The severance package will be paid in all cases of forced departure except in the event of serious or gross misconduct and in the event of the non-re-appointment of the Executive Board member at the end of his term of office. In the event of Jean-Marc Jestin's forced departure, he may be entitled to receive under the package a severance payment in an initial amount of one year's annual compensation, calculated by reference to the most recent fixed and variable compensation paid as at the date of termination, it being specified that this initial amount may increase on a linear basis according to Jean-Marc Jestin's length of service as a corporate officer (on a basis of one month for each additional year of service with effect from January 1, 2017) and up to a maximum of two years' compensation, in accordance with the AFEP-MEDEF Code. The severance package will be paid subject to the fulfilment of the following performance conditions: > In at least two of the three fiscal years preceding the year of termination of his term of office, Jean-Marc Jestin received or is entitled to receive overall variable annual compensation (quantitative plus qualitative) representing an amount equal to at least 90% of his fixed compensation (the maximum being 130%); and > The quantitative portion of the variable annual compensation must, as a minimum, have been paid in an amount equal to the target in the two fiscal years taken into account for the purposes of the above condition. Lastly, in accordance with the AFEP-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim retirement benefits under a supplementary pension plan within six months of termination. The re-appointment of Jean-Marc Jestin, whose term of office is due to expire in 2019, and the terms of his severance package, will be subject to the approval of the 2020 Annual General Meeting to be called to approve the financial statements for the year ending December 31, 2019, in accordance with Article L. 225-42-1 of the French Commercial Code.
Non-compete benefit	None	No non-compete benefit.
Supplementary pension plan	None	Jean-Marc Jestin is not eligible for benefits under a specific supplementary pension plan but is eligible for the same compulsory private sector supplementary pension plan as other Group managers.
Other	None	

(a) Panel comprising the following companies: Unibail Rodamco SE, CityCon OYJ, Eurocommercial Properties, Deutsche Euroshop, Wereldhave NV, Mercialys, Vastned Retail NV, Immobiliare Grande Dis, Atrium European Real Estate and Carmila.

5.2.4.2 Components of compensation paid or awarded to Jean-Michel Gault, Deputy Chief Executive Officer and Executive Board member, for the fiscal year ended December 31, 2018

Components of compensation	Amounts	Comments
Fixed annual compensation	€440,000	In accordance with the compensation policy of the Executive Board members set out in section 5.2.2.1 of this registration document, the 2018 fixed annual compensation of Executive Board members was increased compared to the 2017[(a)] fixed annual compensation in order to restore its competitiveness, to the extent that it was established[(b)] that the fixed annual compensation was no longer in line with that offered to executives of comparable companies.
Annual variable compensation	€567,600	The Supervisory Board decided that Jean-Michel Gault's variable compensation for fiscal year 2018 may vary between 0% and 130% of his fixed annual compensation and will be set as follows: > 0% to 80% of fixed annual compensation based on net current cash flow per share. This financial indicator, which measures changes in income based on organic and external growth, cost management efficiency (operating costs and financial costs) and tax exposure of recurring operations, is especially appropriate for a real estate company such as Klépierre; and > 0% to 50% of fixed annual compensation, based on the following areas and targets set for 2018: (i) achievement of expected synergies and search for additional efficiencies, (ii) Company image. On the basis of the Nomination and Compensation Committee's work, the Supervisory Board meeting of February 5, 2019 decided that: > The variable portion of 2018 compensation due for achieving the quantitative target would amount to 80% of the fixed annual compensation; and > 49% of the fixed annual compensation as the amount of the variable share of 2018 compensation due for achieving the qualitative targets; representing a total of €567,600. Details of the achievement rate for the quantitative and qualitative criteria are presented on page 258 of this registration document. Payment of this compensation is subject to the approval of the General Meeting to be held on April 16, 2019.
Deferred variable compensation	None	No deferred variable compensation.
Multi-annual variable compensation	None	No multi-annual variable compensation.
Extraordinary compensation	None	No extraordinary compensation.
Performance shares	€633,600	The allotment of performance shares is examined in light of the total annual compensation of the executive corporate officer concerned while ensuring that the interests of shareholders are respected. Shares are allotted in the scope of annual plans and the number of shares is set at pre-determined times. **Summary of the main characteristics of the 2018 Plan** > Plan authorized on February 6, 2018 by the Supervisory Board and implemented on April 24, 2018 by the Executive Board. Note that this plan was authorized by the General Meeting of April 19, 2016, in the eighteenth resolution; > 30,000 shares granted to Jean-Michel Gault representing: - €633,600, based on the measurement of performance shares in accordance with IFRS, - 9.6% of the total allotment under this plan for all beneficiaries concerned, - 0.09% of the Company's share capital; > Allotment subject to four performance conditions (absolute, relative, internal and CSR), assessed over a three-year period for which the achievement scale is set out on page 253 of this registration document: - Total Shareholder Return on the Klépierre share (TSR: change in share price plus dividends): for 10% of shares allotted, - Performance of the Klépierre share relative to a panel of competitors operating in the shopping center sector[(c)]: for 30% of shares allotted, - Average change in net rental income, net of indexation and on a like-for-like basis, over three years: for 40% of shares allotted, and - GRESB rating and level of achievement of certain objectives set within the scope of Klépierre's 2022 CSR strategic road map (reduction in the Group's energy consumption, net asset value of the Group's shopping centers obtaining sustainable development certification, number of the Group's shopping centers having implemented at least one initiative during the year to promote local employment, and the number of employees that received training): for 20% of shares allotted; > Other conditions: - Service condition, - Obligation to hold in registered form a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares, until the end of their term of office.

(a) For fiscal year 2017, the Supervisory Board decided, acting on the recommendation of the Nomination and Compensation Committee, set the fixed annual compensation of the Deputy CEO and Executive Board member at €400,000.
(b) See composition of the panels in footnotes (1) and (2) on page 247.
(c) Panel comprising the following companies: Unibail Rodamco SE, CityCon OYJ, Eurocommercial Properties, Deutsche Euroshop, Wereldhave NV, Mercialys, Vastned Retail NV, Immobiliare Grande Dis, Atrium European Real Estate and Carmila.

Components of compensation	Amounts	Comments
Stock subscription or purchase options	None	No allotment of stock subscription or purchase options.
Directors' fees	None	No directors' fees.
Value of benefits in kind	€37,959	Provision of a company car. Contributions paid by the Company for Jean-Michel Gault to continue to benefit from the occupational insurance and healthcare benefits plan for Group employees. Unemployment insurance subscribed with GSC.
Severance payment	None	On October 19, 2017, the Supervisory Board authorized the signing of an amendment to the currently suspended employment contract of Jean-Michel Gault in order to (i) record the latter's agreement not to claim severance in an amount exceeding two years of the last fixed and variable annual compensation received in his capacity as an Executive Board member (including for the termination of his employment contract) and (ii) establish a non-statutory severance package in the event of his forced departure. These amendments were approved by Klépierre's General Meeting of Shareholders of April 24, 2018 (fifth resolution). The severance package will be paid in all cases of forced departure except in the event of serious or gross misconduct or the non-re-appointment of the Executive Board member at the end of his term of office or resignation. The amount of the non-statutory severance is limited to two years of the last fixed and variable annual compensation received in his capacity as an Executive Board member (less any amount paid for any statutory severance or due under a collective bargaining agreement that Jean-Michel Gault may otherwise receive under his employment contract). Jean-Michel Gault's agreement not to claim severance in an amount exceeding two years of the last fixed and variable annual compensation received in his capacity as an Executive Board member (including for the termination of his employment contract) allows the Company to contain the financial risk linked to any termination of the latter's employment contract, by limiting the severance to two years under all circumstances. Note that as of the date of this registration document, the amount of the statutory severance pay to which Jean-Michel Gault may be entitled in the event of the termination of his employment contract amounts to €551,395, i.e., 7 months of his fixed and variable compensation due for fiscal year 2018. Signing this amendment did not lead to any payment in favor of Jean-Michel Gault. In addition, payment of the non-statutory severance will be subject to achieving performance conditions identical to the conditions applicable to Jean-Marc Jestin, namely: > In at least two of the three fiscal years preceding the year of termination of his term of office, Jean-Michel Gault received or is entitled to receive overall variable annual compensation (quantitative plus qualitative) representing an amount equal to at least 90% of his fixed compensation (the maximum being 130%); and > The quantitative portion of the variable annual compensation must, as a minimum, have been paid in an amount equal to the target in the two fiscal years taken into account for the purposes of the above condition. Lastly, in accordance with the AFEP-MEDEF Code, no severance will be owed if the beneficiary is entitled to claim full retirement benefits within six months of termination. The re-appointment of Executive Board members whose terms of office are due to expire in 2019, and the terms of their severance package, will be subject to the approval of the 2020 Annual General Meeting to be called to approve the financial statements for the year ending December 31, 2019, in accordance with Article L. 225-42-1 of the French Commercial Code.
Non-compete benefit	None	No non-compete benefit.
Supplementary pension plan	€7,122	Jean-Michel Gault qualifies for a supplementary defined benefit pension plan for senior executives of the former Compagnie Bancaire that provides for an additional pension with a maximum amount determined on the basis of reference compensation and seniority as of December 31, 2000. This maximum amount is capped (subject to the application of an increase based on the growth rate of the AGIRC point value) at €7,122, and no increase in the conditional rights may vest in respect of seniority or increases in compensation after December 31, 2000. This plan has been closed to new beneficiaries since December 31, 2000. Jean-Michel Gault's compensation package takes these benefits into account. Jean-Michel Gault is also entitled to the same compulsory private sector supplementary pension plan as other Group managers.
Other	None	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SHARE CAPITAL, SHARE OWNERSHIP, GENERAL MEETING OF SHAREHOLDERS

6.1 SHARE CAPITAL AND SHARE OWNERSHIP

6.1.1 General information on the share capital

6.1.1.1 Share capital – Type of shares

As of February 20, 2019 the share capital totaled €430,393,041.40, divided into 307,423,601 fully paid-up shares, each with a par value of €1.40.

In accordance with Article 28 of the Company's bylaws, each share confers a single vote.

The shares may be held in either registered or bearer form, at the shareholder's discretion. The share capital may be modified under the conditions provided by law.

6.1.1.2 Delegations of authority and authorizations granted to Klépierre's Executive Board

As of the date of this registration document, the Executive Board holds the following delegations of authority or authorizations pursuant to the various decisions made by the General Meetings of Shareholders of April 19, 2016, April 18, 2017 and April 24, 2018:

Delegations of authority or authorizations granted by the General Meeting of Shareholders of April 19, 2016

Purpose of the resolution	Maximum amount	Duration	Utilization during fiscal year 2018
Authorization to issue bonus shares to employees and corporate officers	0.5% of the share capital	38 months with effect from April 19, 2016 (18th resolution)	Allotment of 312,600 bonus shares representing 0.10% of the share capital at December 31, 2018

Delegations of authority or authorizations granted by the General Meeting of Shareholders of April 18, 2017

Purpose of the resolution	Maximum amount	Duration	Utilization during fiscal year 2018
Capital increase with preemptive subscription rights through the issue of shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities[a]	Maximum nominal amount: €90 million and €1.2 billion for debt securities	26 months with effect from April 18, 2017 (17th resolution)	None
Capital increase without preemptive subscription rights through the issue of shares of the Company and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities, by means of a public offering or private placement[a][b]	Maximum nominal amount: €40 million and €800 million for debt securities	26 months with effect from April 18, 2017 (18th and 19th resolutions)	None
Increase in the number of securities to be issued in the event of a capital increase with or without preemptive subscription rights[a]	At the same price as that decided for the initial issue, within the periods and limits specified by the applicable regulations at the date of the issue[c]	26 months with effect from April 18, 2017 (20th resolution)	None
Capital increase without preemptive subscription rights through the issue of shares and/or securities giving rights to shares of the Company as consideration for contributions in kind granted to the Company in the form of shares and/or securities giving rights to shares of the Company[a]	Up to 10% of the share capital	26 months with effect from April 18, 2017 (21st resolution)	None
Capital increase by capitalizing premiums, reserves, profits or other items[a]	€100 million	26 months with effect from April 18, 2017 (22nd resolution)	None

(a) Overall maximum nominal amount of the share capital increases, whether immediate and/or future, that may be carried out pursuant to the authorizations granted to the Executive Board: €100 million (24th resolution) (plus the nominal amount of any additional shares issued to protect the rights of the holders of securities giving rights to shares of the Company).
Overall maximum nominal amount of debt securities giving rights to shares of the Company: €1.2 billion (24th resolution).

(b) Private placement: issues may not exceed the limits provided for in the applicable regulations at the issue date (at the date hereof, 20% of the share capital per year, pursuant to Article L. 225-136-3 of the French Commercial Code).

(c) At the date hereof, within 30 days of the close of the subscription period and within the limit of 15% of the initial issue, pursuant to Article R. 225-118 of the French Commercial Code.

Delegations of authority or authorizations granted by the General Meeting of Shareholders of April 24, 2018

Purpose of the resolution	Maximum amount	Duration	Utilization during fiscal year 2018
Authorization for the Company to buy back its own shares	Maximum program amount: 10% of the share capital and €1,571,780,300 Maximum purchase price: €50 per share with a par value of €1.40	18 months with effect from April 24, 2018 (15th resolution)	Purchase of 4,655,441 shares during fiscal year 2018
Authorization to reduce the share capital by canceling treasury shares	10% of the share capital in a 24-month period	26 months with effect from April 24, 2018 (16th resolution)	None

6.1.1.3 Dividends

The dividends distributed for the last five fiscal years are as follows:

Fiscal year	2013	2014	2015	2016	2017
Number of shares	199,470,340	(a)	314,356,063	314,356,063	314,356,063
Net dividend	€1.55	€1.60	€1.70	€1.82	€1.96
Net amount distributed	€309,179,027	€398,423,693.56	€534,405,307.10	€572,128,034.66	€616,137,883.48

(a) The dividend of €1.60 consisted of (i) an interim dividend in a total amount of €181,518,009.40, or €0.91 per share (based on a total of 199,470,340 shares as of December 31, 2014), with the shares going ex-dividend on January 8, 2015 and the interim dividend being paid in cash on January 12, 2015; and (ii) a final dividend to the shareholders representing an additional distribution of €216,905,684.16, or €0.69 per share (based on a total of 314,356,063 shares), with the shares going ex-dividend on April 17, 2015 and the final dividend being paid in cash on April 21, 2015.

Dividends unclaimed after a period of five years from the date of payment are paid to the French State.

Shares held by the Company do not confer rights to dividends.

6.1.1.4 Share capital and stock market

Shares

All the Company's share capital is traded on Euronext Paris (compartment A).

	2014	2015	2016	2017	2018
Market capitalization *(in €m)*(a)	7,127	12,885	11,740	11,526	8,475
Number of shares traded (daily average)	225,430	719,370	622,113	654,615	718,289
SHARE PRICE *(in €)*					
> High	37.76	47.69	43.17	38.13	37.32
> Low	31.10	35.29	34.56	32.24	26.50
> Closing	35.73	40.99	37.35	36.67	26.96

(a) At the fiscal year end.
Source: Bloomberg.

Trading volume over the last 18 months (in number of shares and amount of equity traded)

		High *(in €)*	Low *(in €)*	Number of shares traded	Amount of equity traded *(in €)*
2017	September	34.29	32.54	11,876,929	396,239,991
	October	34.15	32.24	11,497,988	380,601,045
	November	35.07	33.68	13,500,479	467,165,396
	December	36.67	34.78	14,687,965	523,689,898
2018	**January**	**37.32**	**35.53**	**18,736,026**	**679,821,046**
	February	**35.79**	**33.13**	**17,219,747**	**585,102,490**
	March	**35.48**	**31.71**	**24,877,425**	**840,779,803**
	April	**34.80**	**32.40**	**16,908,299**	**568,931,393**
	May	**34.37**	**33.11**	**14,957,900**	**505,459,539**
	June	**33.72**	**32.19**	**14,646,724**	**484,813,646**
	July	**32.68**	**31.51**	**13,083,685**	**418,319,385**
	August	**32.60**	**30.90**	**11,373,645**	**359,685,624**
	September	**30.77**	**30.24**	**13,399,553**	**409,243,344**
	October	**30.39**	**28.38**	**15,095,330**	**444,095,059**
	November	**31.00**	**28.81**	**12,448,930**	**371,463,947**
	December	**28.92**	**26.50**	**14,726,108**	**410,869,027**
2019	January	30.28	26.53	14,432,757	408,447,579
	February	30.85	29.76	14,767,031	421,740,759

Source: Bloomberg.

Dilutive instruments

There are no outstanding dilutive instruments.

Any changes with respect to the use of dilutive instruments as a result of the delegations of authority and authorizations granted to the Executive Board are presented on page 268 of this registration document.

6.1.1.5 Bonds

Issue date	Maturity date	Currency	Outstanding nominal	Coupon	ISIN code
EUROBOND ISSUES LISTED ON THE PARIS STOCK EXCHANGE (EMTN)[(a)]					
04/07/2010 – 04/14/2010	04/14/2020	EUR	300,000,000	4.625%	FR0010885582
03/14/2011	03/14/2021	EUR	564,400,000	4.75%	FR0011019397
05/21/2012	05/21/2027	EUR	50,000,000	4.23%	FR0011255280
09/17/2012	09/17/2019	EUR	274,600,000	2.75%	FR0011321405
01/28/2015 – 11/06/2014	11/06/2024	EUR	630,000,000	1.75%	FR0012477206 FR0012283653
04/17/2015	04/17/2023	EUR	750,000,000	1.00%	FR0012674661
10/22/2015	10/22/2025	EUR	255,000,000	2.125%	FR0013030038
02/19/2016	02/19/2026	EUR	500,000,000	1.875%	FR0013121753
09/27/2016 – 09/29/2016	09/29/2031	EUR	600,000,000	1.250%	FR0013203825
02/16/2017 – 02/27/2017	02/16/2027	EUR	600,000,000	1.375%	FR0013238045
12/11/2017	12/13/2032	EUR	500,000,000	1.625%	FR0013300605
EUROBOND ISSUES LISTED ON THE AMSTERDAM STOCK EXCHANGE (EMTN)[(a)]					
08/10/2010 – 08/03/2010	08/10/2020	EUR	250,000,000	5.448%	XS0531584984
12/13/2012 – 12/06/2012	12/13/2022	EUR	85,000,000	3.516%	XS0864386825
02/28/2013 – 02/21/2013	02/26/2021	EUR	298,811,000	3.25%	XS0896119384

(a) Prospectuses for the EMTN (Euro Medium Term Notes) program are available on Klépierre's website (www.klepierre.com), "Finance section".

6.1.2 Changes in the share capital – Breakdown of the share capital and voting rights

6.1.2.1 Changes in the share capital over the last five fiscal years

Dates	Nature of change	Number of shares concerned	Additional paid-in capital	Share capital on completion of the transaction
01/15/2015	Share capital increase[(a)]	96,589,672	€3,456,461,412.52	€414,484,016.80
01/19/2015	Share capital increase[(b)]	10,976,874	€420,030,083.61	€429,851,640.40
03/31/2015	Share capital increase[(c)]	7,319,177	€2,913,689,402.20	€440,098,488.20
02/20/2019	Share capital decrease	6,932,462	€240,363,057.51	€430,393,041.40

(a) Issue of ordinary shares of the Company as consideration for shares tendered during the initial offer period of the public exchange offer initiated by the Company for the shares of Corio, at an exchange rate of 1.14 Klépierre shares for 1 Corio share.

(b) Issue of ordinary shares of the Company as consideration for Corio shares tendered during the post-acceptance period of the offer, at an exchange rate of 1.14 Klépierre shares for 1 Corio share.

(c) Issue of ordinary shares of the Company as consideration for Corio shares tendered as part of the merger between Klépierre and Corio, at an exchange rate of 1.14 Klépierre shares for 1 Corio share.

6.1.2.2 Changes in the breakdown of the share capital and voting rights over the last three fiscal years

To the Company's knowledge and based on disclosures of crossings of thresholds set in the bylaws, the share capital breaks down as follows:

	Position as of December 31, 2016				Position as of December 31, 2017				Position as of December 31, 2018			
	Number of shares	% of share capital	% of theoretical voting rights	% of voting rights exercisable in GMs	Number of shares	% of share capital	% of theoretical voting rights	% of voting rights exercisable in GMs	Number of shares	% of share capital	% of theoretical voting rights	% of voting rights exercisable in GMs
Simon Property Group	63,924,148	20.33%	20.33%	20.50%	63,924,148	20.33%	20.33%	21.16%	63,924,148	20.33	20.33	21.49
APG Group	42,417,173	13.49%	13.49%	13.60%	42,417,173	13.49%	13.49%	14.04%	37,533,266	11.94	11.94	12.62
BlackRock	15,687,310	4.99%	4.99%	5.03%	15,785,108	5.03%	5.03%	5.23%	18,854,509	5.99	5.99	6.34
Employees	328,123	0.10%	0.10%	0.11%	348,224	0.11%	0.11%	0.12%	349,956	0.11	0.11	0.12
Free float	189,470,857	60.29%	60.29%	60.76%	179,624,722	57.14%	57.14%	59.46%	176,768,765	56.23	56.23	59.43
Treasury shares	2,528,452	0.80%	0.80%	–	12,256,688	3.90%	3.90%	–	16,925,419	5.38	5.38	–
TOTAL	**314,356,063**	**100%**	**100%**	**100%**	**314,356,063**	**100%**	**100%**	**100%**	**314,356,063**	**100%**	**100%**	**100%**

Since December 31, 2018, the share capital has been reduced in the amount of €9,705,446.80, with the cancellation of 6,932,462 treasury shares (in accordance with the delegation of authority to cancel treasury shares granted in the sixteenth resolution to the Ordinary and Extraordinary General Meeting of April 24, 2018).

To the Company's knowledge, there have been no material changes since December 31, 2018 in the ownership of the share capital or voting rights.

To the Company's knowledge, no other shareholder holds, directly or indirectly, alone or in concert, more than 5% of the share capital or voting rights, other than those set out in the table above.

Employee share ownership

The Company has not implemented any arrangements to enable employees to own a portion of its share capital. However, a project was launched in 2018 concerning an employee share ownership plan for France-based employees.

Shareholders' agreements

To the Company's knowledge, no agreement existed as of December 31, 2018 that could result in a change of control at a later date.

Upon the conclusion of the agreement between Klépierre and Corio on July 29, 2014, Simon Property Group ("**SPG**"), BNP Paribas SA ("**BNPP**"), Klépierre's reference shareholders, and the Dutch foundation (*stichting*) Stichting Depositary APG Strategic Real Estate Pool, represented by its management company APG Asset Management NV ("**APG**"), Corio's reference shareholder, each acting directly or through affiliates (respectively, the "**SPG group**", the "**BNPP group**" and the "**APG group**", and together, the "**Parties**"), entered into a shareholders' agreement (the "**Shareholders' Agreement**") to organize their relationship as Klépierre shareholders. The agreement was published by the French financial markets authority (*Autorité des marchés financiers* – AMF) as required by law, in decision 214C2161 of October 16, 2014.

The Shareholders' Agreement entered into force on January 15, 2015, the date of settlement/delivery of the public exchange offer (the "**Completion Date**").

To the Company's knowledge, the provisions of the Shareholders' Agreement are no longer applicable to the BNPP group, since its stake in Klépierre fell below 5% in November 2015.

I – Klépierre's Governance

Representation on the Supervisory Board

Under the Shareholders' Agreement, both the SPG and APG groups must be represented on Klépierre's Supervisory Board. As such, each group undertakes to vote in favor of the representatives presented by the other at General Meetings of Shareholders and Supervisory Board meetings (solely for appointments by way of co-option).

In particular, the Shareholders' Agreement provides that three Supervisory Board members must be representatives of the SPG group (including the Chairman of the Board who will have a casting vote) and one member must be a representative of the APG group. The Supervisory Board must have at least five independent members within the meaning of the AFEP-MEDEF Code, appointed by Klépierre's General Meeting of Shareholders.

In the event that the SPG group's stake falls below the lowest of (i) 13.6% of the total number of Klépierre shares, (ii) the BNPP group's stake in the Company or (iii) the APG group's stake in the Company:

(i) the number of representatives of each Party on the Supervisory Board will be determined pro rata to their respective stakes in Klépierre; and

(ii) the Chairman of the Board will no longer be appointed on a proposal from the SPG group.

Representation on the Supervisory Board committees

Under the Shareholders' Agreement, the Supervisory Board is assisted by the following advisory committees: the Audit Committee, the Nomination and Compensation Committee, the Sustainable Development Committee and the Investment Committee.

The Shareholders' Agreement also determines the membership of the Investment Committee and provides for mutual voting commitments on the part of the SPG and APG groups for that purpose, such that the representatives of each Party on the Supervisory Board are appointed as members of the Investment Committee.

II – Transfers of securities

The Shareholders' Agreement includes the following commitments with regard to transfers of Klépierre securities, which were still in force as of the date of this registration document:

Right of first refusal

After the completion date, (i) the APG group undertook to give the SPG group, and (ii) the SPG group undertook to give the APG group, a right of first refusal on all the securities offered at the price proposed by the selling entity within the SPG or APG groups (the "**Seller**"), within a period of five business days from the date of receipt of the notice.

This right of first refusal applies in the event of a transfer of Klépierre securities to a third party, on the understanding that "transfer" includes any transfer of the right of ownership, immediately or in the future, as well as any division of ownership, any form of security or trust and any derivative transaction.

However, the following transactions are excluded from the right of first refusal: (i) the tendering of securities to a public takeover bid for the Company; (ii) sales on the market (in the form of block sales, market placements or similar procedures); (iii) derivative contracts providing for settlement in cash; (iv) issues of indexed debt securities; and (v) securities lending and other temporary ownership transfer transactions (a "**Market Transaction**").

By way of exception, the right of first refusal will in any event apply in the case of the Market Transactions referred to in (i), (iii) and (v) above, as well as in the case of a Market Transaction with an identified third party, provided that the transfer is made to a competitor of SPG, and in the case of a Market Transaction (in the form of a placement) representing at least 7.5% of Klépierre's share capital and voting rights. In the case of Market Transactions in the form of a sale on the market or of a placement below this threshold, or in the case of the Market Transactions referred to in (iv) above, they will be conducted in good faith, in order to avoid the transfer of a substantial portion of the stake whose sale to a competitor of SPG is under consideration.

In the case of Market Transactions to which the right of first refusal applies, the abovementioned period of five days is reduced to three business days.

Lastly, each party undertakes to ensure that sales take place in an orderly fashion so as not to disrupt the market in Klépierre securities.

The Shareholders' Agreement was concluded for a term of 10 years. It may be terminated at any time as regards a Party, in the event that such Party comes to own less than 5% of Klépierre's share capital and voting rights.

Under the terms of the Shareholders' Agreement, SPG and APG declared that they were not acting in concert as regards Klépierre (within the meaning of Article L. 233-10 of the French Commercial Code [*Code de commerce*]), which was a key prerequisite to the signature of the Shareholders' Agreement, and they also undertake not to act in concert.

6.1.2.3 Crossing of thresholds set by law or in the bylaws

According to Article 7 of the bylaws, any individual or legal entity, acting alone or in concert, that acquires at least 2% of the Company's share capital (or any multiple thereof) is required to inform the Company by registered letter with acknowledgment of receipt indicating the number of shares held, within five trading days of the date of the threshold crossing.

If the 10% threshold of the Company's share capital is directly or indirectly exceeded (i.e., ownership of 10% or more of the rights to the dividends paid by the Company), any shareholder other than an individual is required to indicate in its threshold crossing disclosure whether or not it is a Shareholder Subject to Withholding (as defined in Article 31 of the bylaws). Should such shareholder declare that it was not a Shareholder Subject to Withholding, it would have to substantiate such claim whenever so requested by the Company, as well as provide the Company with a legal opinion from an internationally reputed tax law firm whenever so requested. Any shareholder other than an individual who informs the Company that it has directly or indirectly exceeded the 10% threshold of the Company's share capital must promptly notify the Company of any change in its tax status that may cause it to acquire or lose the status of Shareholder Subject to Withholding.

Unless they have been disclosed in accordance with the conditions set out above, the shares exceeding the disclosure threshold subject to the declaration requirement will be stripped of voting rights at General Meetings of Shareholders where the failure to disclose is brought to the attention of the Meeting or where one or more shareholders together holding at least 2% of the Company's share capital ask the Meeting to do so. Voting rights will be suspended at all General Meetings of Shareholders held within two years of the date on which the appropriate disclosure is duly made.

All shareholders are also required to inform the Company, in accordance with the procedures and deadlines set out above, if their shareholding falls below any of the abovementioned thresholds.

The table below summarizes all crossings of thresholds set by law or in the bylaws, notified to the Company during fiscal year 2018:

	Date of crossing	Number of shares held after threshold crossing	Date of the letter of notification sent to the Company	Above or below / % share capital held	Above or below / % voting rights held
BlackRock Inc.[(a)]	March 13, 2018	18,908,059	March 14, 2018	6.01%	6.01%
	March 14, 2018	18,817,905	March 15, 2018	Below (5.99%)	Below (5.99%)
	November 23, 2018	18,852,844	November 26, 2018	5.99%	5.99%
	November 26, 2018	18,888,518	November 27, 2018	Above (6.01%)	Above (6.01%)
	December 31, 2018	18,854,509	January 2, 2019	Below (5.99%)	Below (5.99%)
Simon KP I Sarl (individually)	December 20, 2018	0	December 21, 2018	Below (10% and 5%)	Below (10% and 5%)
Simon KP II Sarl (individually)	December 20, 2018	0	December 21, 2018	Below (10% and 5%)	Below (10% and 5%)
Simon KP I Sarl and Simon KP II Sarl (in concert)	December 20, 2018	0	December 21, 2018	Below (20%, 15%, 10% and 5%)	Below (20%, 15%, 10% and 5%)
Simon Global Development BV	December 20, 2018	63,924,148	December 21, 2018	Above (5%, 10%, 15% and 20%)	Above (5%, 10%, 15% and 20%)

(a) Acting on behalf of customers and funds, which it manages.

6.1.2.4 Transactions by corporate officers and similar individuals in Company securities (Article L. 621-18-2 of the French Monetary and Financial Code [*Code monétaire et financier*])

Transactions reported by corporate officers and similar individuals to the French financial markets authority (*Autorité des marchés financiers* – AMF) during fiscal year 2018 were as follows:

Name	Type of transaction	Financial instruments	Description of transaction	Total amount of transactions *(in €)*
Jean-Marc Jestin	Purchase	Shares	Purchase of 3,030 shares at a unit price of €33.36	(200,251)
	Purchase	Shares	Purchase of 3,440 shares at a unit price of €28.83	
Jean-Michel Gault	Purchase	Stock options	Exercise of stock options (22,500 options)	(520,256)
Robert Fowlds	Purchase	Shares	Purchase of 100 shares at a unit price of €33.26	(3,326)
Simon Global Development BV, a legal entity linked to Steven Fivel, who is a member of the Supervisory Board	Purchase	Shares	Purchase of 63,924,148 shares at a unit price of €28.33	(1,810,971,112.84)

6.1.3 Stock purchase options and performance shares

6.1.3.1 Stock option and performance share allotment policy

Stock options and performance shares are allotted to executive corporate officers and employees in order to strengthen their motivation over the long-term, thus aligning the interests of senior executives with those of shareholders with a view to creating long-term value.

Prior to 2012, the Company implemented several stock purchase option plans for its senior executives and certain employees. However, since 2012, the Company has given preference to performance shares. Since stock purchase options have a term of eight years, the options allotted will be exercisable until 2020.

Beneficiaries

The beneficiaries of these plans are senior executives, to whom allotments are made in accordance with the executive corporate officer compensation policy, and particularly dedicated Group employees, in order to foster loyalty. As a result, the list of beneficiaries changes each year, along with the number of shares allotted to each beneficiary.

Allotment by the Supervisory Board

These allotments are made pursuant to the recommendations of the AFEP-MEDEF Code and occur each year during the same calendar period.

Cap on the number of performance shares offered

Pursuant to the AFEP-MEDEF Code, the Supervisory Board determines the maximum percentage of performance shares that may be allotted to the members of the Executive Board (currently 0.2% of the share capital over a 38-month period from the General Meeting of Shareholders of April 19, 2016, which is deducted from the overall percentage of 0.5% of the share capital authorized by that General Meeting of Shareholders over the same period).

The number of performance shares allotted to individual members of the Executive Board must be previously approved by the Supervisory Board after recommendation by the Nomination and Compensation Committee, and is determined with regard to that executive corporate officer's total annual compensation.

Hedging arrangements

In accordance with the AFEP-MEDEF Code, the members of the Executive Board have not implemented any hedging instruments with regard to the stock options and performance shares allotted to executive corporate officers.

6.1.3.2 Overview of past stock purchase option plans

Stock purchase options have a term of eight years and can be exercised on one or more occasions from the fourth anniversary following their date of allotment, subject to service and performance conditions.

Details of the various plans in force are listed below:

Conditions common to all plans

Performance condition

The stock option plans implemented prior to 2012 have, since 2009, in addition to a service condition, included a performance condition for the members of the Executive Board (100% of their allotment) and for the other members of the Executive Committee (50% of their allotment). The exercise price for the stock purchase options is not discounted.

The performance condition is based on the performance of the Klépierre share relative to the EPRA Eurozone Index (Code no. EPEU) for the first four years of the plan.

The performance condition is measured on four occasions (at the end of each of the first four years of the plan). Each measurement concerns one-quarter of the relevant stock purchase options.

> If the performance of the Klépierre share is lower than that of the index by 20% or more, the corresponding stock purchase options lapse automatically.

> Should the Klépierre share underperform the index by between 0% and 20%, the exercise price of the stock purchase options increases proportionally by between 5% and 20%.

> Should the Klépierre share outperform the index, all stock purchase options are allotted, and the exercise price remains the same.

All of the measurements have been performed for each of the three plans in force. The stock purchase option exercise prices for the various plans are listed in Table 8 below.

Service condition

Stock purchase options may only be exercised by beneficiaries who are still with the Company at that date, barring exceptional cases where rights are maintined pursuant to the rules of the relevant plan.

Number of stock purchase options allotted for each plan in force

2010 Plan

On June 21, 2010, the Executive Board adopted a plan for 493,000 stock purchase options in respect of 170 beneficiaries, some of whom were subject (see above) to a performance condition (2010 Plan).

2011 Plan

On May 27, 2011, the Executive Board adopted a plan for 606,000 stock purchase options in respect of 211 beneficiaries, some of whom were subject (see above) to a performance condition (2011 Plan).

▶ TABLE NO. 8 – AMF/AFEP-MEDEF CODE RECOMMENDATIONS – HISTORY OF STOCK SUBSCRIPTION OR PURCHASE OPTIONS ALLOTTED – INFORMATION ON STOCK PURCHASE OPTIONS

	2010 Plan		2011 Plan	
	With performance conditions	Without performance conditions	With performance conditions	Without performance conditions
Date of Executive Board meeting	June 21, 2010	June 21, 2010	May 27, 2011	May 27, 2011
Total number of shares that may be subscribed or purchased	403,000	90,000	492,000	114,000
o/w shares that may be subscribed or purchased by corporate officers	–	65,000	–	78,000
Jean-Marc Jestin	–	–	–	–
Jean-Michel Gault	–	30,000	–	36,000
Start of exercise period	June 21, 2014	June 21, 2014	May 27, 2015	May 27, 2015
Expiration date	June 20, 2018	June 20, 2018	May 26, 2019	May 26, 2019
Subscription or purchase price[(a)]	€22.31	Between €22.31 and €26.77[(b)]	€27.94	Between €27.94 and €30.73[(b)]
Exercise conditions (for plans that contain more than one tranche)[(c)]	See above	See above	See above	See above
Number of shares subscribed as of December 31, 2018	329,495	90,000	216,158	28,500
Total number of stock subscription or purchase options canceled or lapsed	73,505	0	124,500	6,000
Stock subscription or purchase options outstanding at the fiscal year end	0	0	151,342	79,500

(a) The purchase price corresponds to the rounded average of the opening trading prices for the 20 trading days preceding the allotment date.
(b) The purchase price varies depending on the performance of the Klépierre share compared to the EPRA Eurozone Index. At each measurement date, if the Klépierre share underperforms the index by 20 points or more, these options will automatically lapse and will cease to be exercisable.
(c) The lock-up period for options granted was set at four years with effect from the allotment date and their life at eight years.

▶ TABLE NO. 8A – AMF/AFEP-MEDEF CODE RECOMMENDATIONS – STOCK SUBSCRIPTION OR PURCHASE OPTIONS ALLOTTED TO THE TOP 10 EMPLOYEES NOT HOLDING CORPORATE OFFICE/OPTIONS EXERCISED DURING THE YEAR BY THE TOP 10 EMPLOYEES NOT HOLDING CORPORATE OFFICE WHO PURCHASED THE HIGHEST NUMBER OF SHARES

	Total number of shares allotted/purchased	Average weighted price	2010 Plan	2011 Plan
Options allotted during the fiscal year to the 10 employees who received the highest number of shares in this manner	–	–	–	–
Options exercised during the fiscal year by the 10 employees who purchased the highest number of shares in this manner	40,445	24.33	26,445	14,000

6.1.3.3 Performance share plans

Conditions common to all plans adopted up to December 31, 2018

Share vesting period and lock-up period

> **Vesting period:** the shares allotted to beneficiaries vest and are delivered in the form of Company shares at the end of a vesting period set by the Executive Board. In accordance with the authorization of the General Meeting of Shareholders, the vesting period cannot be less than three years.

> **Lock-up period:** following the vesting period, beneficiaries are required to hold the shares for a period of two years. Where the vesting period for all or part of an allotment is at least four years, the Executive Board may not impose any lock-up period for the relevant shares.

> **Plans implemented by the Supervisory Board:** on the basis of the above principles, the Executive Board has implemented “3+2” plans (three-year vesting period and two-year lock-up period) for French tax residents and “4+0” plans (four-year vesting period and no lock-up period) for non-French tax residents.

Service condition

The shares will only vest if the beneficiary is still with the Group at the end of the vesting period, barring exceptional cases where rights are maintained pursuant to the rules of the relevant plan.

Should the beneficiary leave the Group before the expiration of the term set for assessing the performance share performance criteria, maintenance of all or part of the entitlement to the performance shares is subject to the decision of the Supervisory Board and must be substantiated. With respect to the Executive Board members, the Supervisory Board will authorize a partial waiver of the service condition, such that performance shares vest prorata temporis to members' service to the Group.

Performance conditions

Performance conditions are determined by the Executive Board after consultation with the Nomination and Compensation Committee and the Supervisory Board. They are identical for all performance share beneficiaries, as described below.

Overview of plans adopted between January 1, 2014 and December 31, 2018

2014 Plan

On March 10, 2014, the Executive Board adopted a plan for 255,500 shares in respect of 61 beneficiaries (2014 Plan), representing, on the basis of the Company's share capital as of December 31, 2018, a maximum potential dilution of 0.081%.

At the end of the vesting period, the performance conditions were measured as follows:

Criteria	Weighting	Outcome
Absolute performance of Klépierre: Total Shareholder Return (TSR) (change in share price plus dividend)	30%	16.11% of performance shares vested
Relative performance of Klépierre	70%	0% of performance shares vested

2015 Plans

On May 4, 2015 and July 6, 2015, the Executive Board adopted two plans (2015 Plans) for, respectively, 287,559 performance shares in respect of 64 beneficiaries and 2,400 performance shares in respect of two beneficiaries, representing, on the basis of the Company's share capital as of December 31, 2018, a maximum potential dilution of 0.092%.

At the end of the vesting period, the performance conditions were measured as follows:

Criteria	Weighting	Outcome
Absolute performance of Klépierre: Total Shareholder Return (TSR) (change in share price plus dividend)	30%	0% of performance shares vested
Relative performance of Klépierre	70%	0% of performance shares vested

2016 Plan

On May 2, 2016, the Executive Board adopted a plan for 324,500 performance shares in respect of 107 beneficiaries (2016 Plan), representing, on the basis of the Company's share capital as of December 31, 2018, a maximum potential dilution of 0.10%. The main features of the plan are as follows:

- Beneficiaries are subject to either a three-year vesting period after which the shares must be locked up for at least two years (France Plan), or to a four-year vesting period with no lock-up period (International Plan);
- Allotment is subject to performance and service conditions;
- Performance conditions are assessed against the following achievement scale:

Absolute performance: 30% weighting		Relative performance: 50% weighting		Internal performance: 20% weighting	
Performance	% of shares delivered	Performance	% of shares delivered	Performance	% of shares delivered
≤16.5%	0%	Index -1%	0%	<1%	0%
20%	33.3%	Index	33.3%	1%	30%
22.5%	50%	Index +1%	50%	≥3%	100%
25%	66.70%	Index +2%	66.7%		
27.5%	83.30%	Index +3%	100%		
≥30%	100%				

If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.

2017 Plan

On April 18, 2017, the Executive Board adopted a plan for 310,900 performance shares in respect of 116 beneficiaries (2017 Plan), representing, on the basis of the Company's share capital as of December 31, 2018, a maximum potential dilution of 0.09%. The main features of the plan are as follows:

- Beneficiaries are subject to either a three-year vesting period after which the shares must be locked up for at least two years (France Plan), or to a four-year vesting period with no lock-up period (International Plan);
- Allotment is subject to performance and service conditions;
- Performance conditions are assessed against the following achievement scale:

Absolute performance: 30% weighting		Relative performance: 50% weighting		Internal performance: 20% weighting	
Performance	% of shares delivered	Performance	% of shares delivered	Performance	% of shares delivered
≤16.5%	0%	Index -1%	0%	<1%	0%
20%	33.3%	Index	33.3%	1%	30%
22.5%	50%	Index +1%	50%	≥3%	100%
25%	66.7%	Index +2%	66.7%		
27.5%	83.3%	Index +3%	100%		
≥30%	100%				

If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.

2018 Plans

On April 24, 2018 and July 9, 2018, the Executive Board adopted plans for, respectively, 309,300 shares in respect of 119 beneficiaries and 3,300 shares in respect of one beneficiary (2018 Plans), representing, on the basis of the Company's share capital as of December 31, 2018, a maximum potential dilution of 0.10%. The main features of the plans are as follows:

- Beneficiaries are subject to either a three-year vesting period after which the shares must be locked up for at least two years (France Plan), or to a four-year vesting period with no lock-up period (International Plan);
- Allotment is subject to performance and service conditions;
- Performance conditions are assessed against the following achievement scale:

Absolute performance: 10% weighting		Relative performance: 30% weighting		Internal performance: 40% weighting		CSR performance: 20% weighting	
Performance	% of shares delivered	Performance	% of shares delivered	Performance	% of shares delivered	Performance	% of shares delivered
≤16.5%	0%	Index -1%	0%	<1%	0%	GRESB rating: Klépierre must rank in the top five and have a "5-star" rating	8%
20%	33.3%	Index	33.3%	1%	30%	Reduction in the Group's energy consumption (target: 30% reduction)	3%
22.5%	50%	Index +1%	50%	≥3%	100%	Shopping centers with sustainable development certification (target: 80% of shopping centers)	3%
25%	66.7%	Index +2%	66.7%			Shopping centers contributing to local employment (target: 70% of shopping centers having implemented at least one initiative during the year to promote local employment)	3%
27.5%	83.3%	Index +3%	100%			Employees receiving training (target: 94% of employees)	3%
≥30%	100%						

If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.

TABLE 9 – AMF/AFEP-MEDEF CODE RECOMMENDATIONS – HISTORICAL DATA OF BONUS SHARES ALLOTTED – INFORMATION ON PERFORMANCE SHARES

	2014 Plan	2015 Plans	2016 Plan	2017 Plan	2018 Plans
Date of Executive Board meeting	March 10, 2014	May 4, 2015 July 6, 2015	May 2, 2016	April 18, 2017	April 24, 2018 July 9, 2018
Total number of performance shares allotted	255,500	289,959	324,500	310,900	312,600
o/w allotted to corporate officers:					
> Jean-Marc Jestin	25,000	32,353	30,000	35,000	35,000
> Jean-Michel Gault	25,000	32,353	30,000	30,000	30,000
Vesting date	France Plan: March 10, 2017 International Plan: March 10, 2018	France Plan: May 4, 2018 International Plan: May 4, 2019	France Plan: May 2, 2019 International Plan: May 2, 2020	France Plan: April 18, 2020 International Plan: April 18, 2021	France Plan: April 24, 2021 International Plan: April 24, 2022
End of lock-up period	France Plan: March 10, 2019 International Plan: March 10, 2018	France Plan: May 4, 2020 International Plan: May 4, 2019	France Plan: May 2, 2021 International Plan: May 2, 2020	France Plan: April 18, 2022 International Plan: April 18, 2021	France Plan: April 24, 2023 International Plan: April 24, 2022
Performance condition	Performance conditions assessed based on two criteria: > TSR of the Klépierre share; > Performance of the Klépierre share relative to the FTSE EPRA Eurozone Index.	Performance conditions assessed based on two criteria: > TSR of the Klépierre share; > Performance of the Klépierre share relative to the FTSE EPRA Eurozone Index.	Performance conditions assessed based on three criteria: > TSR of the Klépierre share; > Performance of the Klépierre share relative to the FTSE EPRA Eurozone Index; > Internal performance assessed based on the average change over three years in net rental income, net of indexation, on a like-for-like basis.	Performance conditions assessed based on three criteria: > TSR of the Klépierre share; > Performance of the Klépierre share relative to the FTSE EPRA Eurozone Index; > Internal performance assessed based on the average change over three years in net rental income, net of indexation, on a like-for-like basis.	Performance conditions assessed based on four criteria: > TSR of the Klépierre share; > Performance of the Klépierre share compared to a panel of peers; > Internal performance assessed based on the average change over three years in net rental income, net of indexation and on a like-for-like basis; > Group CSR performance, assessed based on the GRESB rating and on the achievement within three years of the Group's CSR strategic priorities.
Number of shares vested as of December 31, 2018	11,667	0	0	0	0
Total number of shares canceled or lapsed	243,833	289,959	40,166	30,666	9,666
Shares outstanding at the fiscal year end	0	0	284,334	280,234	302,934

6.1.4 Material contracts

6.1.4.1 Material financing contracts

2017

Credit facility agreement

- Purpose: credit facility agreement for a total maximum amount of €100 million.
- Repayment terms: in full at maturity (2022) where the two one-year extension options are not exercised.
- Interest: indexed to three-month Euribor, plus a fixed margin and a drawdown fee.

Credit facility agreements

- Purpose: two credit facility agreements for a total maximum amount of €100 million.
- Repayment terms: in full at maturity (2022).
- Interest: indexed to three-month Euribor, plus a fixed margin and a drawdown fee.

Renegotiation of a credit facility agreement

- Purpose: renegotiation of a credit facility agreement for a maximum amount of €75 million.
- Repayment terms: in full at maturity (2022).
- Interest: indexed to three-month Euribor, plus a fixed margin and a drawdown fee.

Renegotiation of a credit facility agreement

- Purpose: renegotiation of a credit facility agreement for a maximum amount of €100 million.
- Repayment terms: in full at maturity (2022) where the two one-year extension options are not exercised.
- Interest: indexed to three-month Euribor, plus a fixed margin and a drawdown fee.

Update of the Euro Medium Term Note (EMTN) program

- Purpose: legal framework enabling the rapid issuance of a broad range of bonds.
- Maximum amount: €7 billion.
- Listing: Paris.
- Governing law: French.
- Dealers: ABN Amro, Banca IMI, Barclays, BBVA, BNP Paribas, BofA Merrill Lynch, Citigroup, CM-CIC, Crédit Agricole CIB, Deutsche Bank, DnB, Goldman Sachs, HSBC, ING, JP Morgan, Mediobanca, Mizuho, Morgan Stanley, Natixis, NatWest Markets, Oddo, Société Générale, and UBS.
- Program rating: A-.

Under the EMTN program, several euro-denominated fixed-rate issues of varying maturities (10 to 15 years) for a total amount of €1.1 billion were launched in 2017.

2018

Credit facility agreements

- Purpose: four credit facility agreements for a total maximum amount of €400 million.
- Repayment terms: in full at maturity (2023) where the two one-year extension options are not exercised.
- Interest: indexed to three-month Euribor, plus a fixed margin and a drawdown fee.

Renegotiation of credit facility agreements

- Purpose: renegotiation of five credit facility agreements for a total maximum amount of €950 million.
- Repayment terms: in full at maturity (2023) where the two one-year extension options are not exercised.
- Interest: indexed to three-month Euribor, plus a fixed margin and a drawdown fee.

Update of the Euro Medium Term Note (EMTN) program

- Purpose: legal framework enabling the rapid issuance of a broad range of bonds.
- Maximum amount: €7 billion.
- Listing: Paris.
- Governing law: French.
- Dealers: ABN Amro, Banca IMI, Barclays, BBVA, BNP Paribas, BofA Merrill Lynch, Citigroup, CM-CIC, Crédit Agricole CIB, Deutsche Bank, DnB, Goldman Sachs, HSBC, ING, JP Morgan, Mediobanca, Mizuho, Morgan Stanley, Natixis, NatWest Markets, Oddo, Santander, Société Générale, and UBS.
- Program rating: A-.

No notes were issued in 2018 under the EMTN program.

6.1.4.2 Material investment and disposal contracts

This section sets out transactions exceeding €100 million.

2017

Acquisition of Nueva Condomina

Date of agreement: May 22, 2017

- Parties: Klépierre and BNP.
- Purpose: Acquisition of SC Nueva Condomina.
- Amount: €124,100,000.

2018

Sale of three assets from K2 property fund (Italy)

Date of agreement: September 27, 2018

- Parties: BNP REIM SGR (as management company of K2) and InvestiRE SGR.
- Purpose: Sale of shopping centers in Metropoli, Rondinelle and Settimo.
- Amount: €160,706,100.

Sale of Vitrolles (France)

Date of agreement: February 15, 2018 with a rollover agreement on July 20, 2018

- Parties: Klecar France SNC and SAS LP 7, and Carmilla France.
- Purpose: Sale of the Vitrolles shopping center.
- Amount: €134,537,769.

6.1.4.3 Related-party agreements

Annual review by the Supervisory Board of the agreements authorized pursuant to Article L. 225-86 of the French Commercial Code which remained in force during fiscal year 2018

As part of their annual review of related-party agreements, the members of the Supervisory Board reviewed the agreements previously authorized which remained in force during fiscal year 2018.

Date of the authorization granted by the Supervisory Board	Related-party agreement		Parties to the agreement
	Date	Purpose	
October 3, 2008	October 6, 2008	Intra-group loan granted as part of the Steen & Strøm transaction	Nordica Holdco AB and Stichting Depositary APG Real Estate Pool assuming the rights of APG Real Estate Pool NV, the latter itself assuming the rights of Stichting Pensionfonds ABP.
November 30, 2015	December 18, 2015	Intra-group loan as part of the Oslo Center acquisition	Klépierre and APG Strategic Real Estate Pool NV (parent companies of the shareholders of Nordica Holdco AB) in favor of Nordica Holdco AB.
February 2, 2017	February 2, 2017	Implementation of a severance package in the event of the forced departure of Jean-Marc Jestin	Jean-Marc Jestin
October 19, 2017	November 21, 2017	Amendment to Jean-Michel Gault's employment contract, which is currently suspended, in order to (I) insert therein his decision not to request any severance pay exceeding two years of the last fixed and variable compensation received as a member of the Executive Board (including in respect of the termination of his employment contract) and (ii) to implement a non-statutory package in the event of his forced departure	Jean-Michel Gault

Readers are reminded that on April 19, 2016, the Supervisory Board authorized the appointment of Klépierre as tax representative of Simon KP I Sarl and Simon KP II Sarl, further to the approval of the shareholders on April 18, 2017. The duration of the agreement was linked to that of the undertaking by Simon KP I and Simon KP II to hold its stakes for two years as from the registration of the shares, following which each officially held 10% of the Company's share capital (i.e., from May 12, 2015 to May 12, 2017). Accordingly, during its annual review of related-party agreements, the Supervisory Board duly noted that the commitment entered into by Klépierre ceased to be effective as of May 12, 2017.

The Supervisory Board also noted the fact that no related-party agreements had been entered into during fiscal year 2018.

Since the end of the fiscal year, one agreement, duly authorized by the Supervisory Board in accordance with Article L. 225-86 of the French Commercial Code, was concluded with Simon Property Group LP and Simon Global Development BV. As part of an intra-group reorganization, Simon KP I and Simon KP II transferred their entire stake to Simon Global Development BV on December 20, 2018, with the effect that on this date, Simon Global Development BV notified the AMF and Klépierre that it had exceeded the legal thresholds of 5%, 10%, 15% and 20% of Klépierre's share capital and voting rights.

Dividends paid by Klépierre to shareholders resident for tax purposes outside France are, in principle, subject to a withholding tax under French law at the rate of 30%, subject to more favorable provisions in tax treaties signed by France or applied pursuant to European Union law. In order to benefit from an exemption from this withholding tax on the non-SIIC portion of the dividend received from Klépierre, Simon Global Development BV must (in accordance with the provisions of Article 119 *ter* of the French Tax Code [*Code général des impôts*]) undertake to retain a minimum uninterrupted stake of 10% in Klépierre's share capital for at least two years, and appoint a tax representative that will be accountable to the French tax authorities for the payment of the abovementioned withholding tax (and any interest and late-payment penalties) in the event of failure to observe the two-year holding undertaking.

Simon Global Development BV therefore contacted Klépierre and asked for its authorization to appoint it as its tax representative. In exchange, Simon Property Group LP issued a guarantee payable on first demand for an unlimited amount in favor of Klépierre, to cover the possibility that the French tax authorities may require Klépierre to pay the withholding tax on the non-SIIC portion of the dividend received by Simon Global Development BV from Klépierre (and any other amount claimed from Klépierre) (the "Guarantee").

On February 5, 2019, the Supervisory Board authorized Klépierre to be appointed as Simon Global Development BV's tax representative, considering that it was in Klépierre's interest to allow it to benefit from the tax rules that had previously applied to shareholders of Klépierre belonging to the Simon Property Group and that, furthermore, Klépierre did not expect to incur any risk or bear any cost due to its role as tax representative. Klépierre's appointment as Simon Global Development BV's tax representative will expire on December 20, 2020, at the same time as the two-year holding undertaking given by Simon Property Group, calculated from the share registration date (or from the share acquisition date if demonstrably different) following which Simon Global Development BV officially held at least 10% of Klépierre's share capital.

6.1.5 Statutory auditors' report on related party agreements and commitments

This is a translation into English of a report issued in French and it is provided solely for the convenience of English- speaking userss. This report should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Klépierre,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related party agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying why they benefit the Company, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-58 of the French Commercial Code (*Code de commerce*) in respect of the performance of the agreements and commitments, already authorized by the Annual General Meeting and having continuing effect during the year, if any.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this engagement. These guidelines require that we verify the consistency of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval to the annual general meeting

Agreements and commitments authorized and concluded during the year ended December 31, 2018

Pursuant to Article L. 225-86 of the French Commercial Code, neither agreement nor commitment, previously authorized and concluded by your Annual General Meeting, have been brought to our attention.

Agreements and commitments authorized after closing

We have been notified of the following related party agreements and commitments which received prior authorization from you Supervisory Board after closing.

With Simon Property Group, in which your Company holds more than 10% of the voting rights through Simon Global Development BV

Nature and purpose

Your Supervisory Board held on February 5, 2019 authorized your Company to be the tax representative of Simon Global Development BV.

Terms and conditions

Tax representation will end on December 20, 2020. In accepting this role, your Company will not incur or bear any cost.

Reasons justifying why the Company benefits from this agreement

Your Supervisory Board gave the following reason:

It is in Klépierre's interest to allow Simon Global Development BV benefiting from the preferential tax regime that was previously applicable to it and, furthermore, that Klépierre did not incur any risk or incur any costs regarding its representative role.

Agreements and commitments previously approved by the annual general meeting

Pursuant to Article R. 225-57 of the French Commercial Code (*Code de commerce*), we have been informed that the performance of the following agreements and commitments, previoulsy approved by the Annual General Meeting during previous fiscal years, continued during the year.

1. With Mr. Jean-Marc JESTIN, Chairman of the Executive Board

Nature and purpose

Establishment of a compensatory mechanism in the event of Mr. Jean-Marc Jestin's forced departure from Klépierre.

Terms and conditions

The amount of termination benefits that would be paid to Mr. Jean-Marc Jestin will be calculated progressively, based on his seniority as corporate officer of your Company. The initial amount is equal to one year of annual remuneration, calculated by reference to the last fixed and variable remuneration paid on the termination date. This initial amount will increase on a straight-line basis based on Mr. Jean-Marc Jestin's seniority as a corporate officer of your company, at the rate of one month per year of additional seniority starting from January 1, 2017. In any event, the amount of termination benefits which would be paid to Mr. Jean-Marc Jestin in the event of forced departure may not exceed twice his annual gross remuneration (including fixed and variable remuneration) received in respect of his corporate office during the last twelve months.

Moreover, with respect to performance conditions, termination benefits may only be paid if:

> Mr. Jean-Marc Jestin has received or has been entitled to receive, during at least two of the last three fiscal years preceding the year in which his corporate office terminates, annual overall variable remuneration (i.e., quantitative and qualitative) representing an amount equal to at least 90% of his fixed remuneration (the maximum being 130%); and

> The quantitative part of the annual variable remuneration has been paid in an amount, equal, at the very least, to the objectives set during the last two fiscal years taken into consideration in the previous condition.

In accordance with the AFEP-MEDEF Code, no termination benefits will be owed if the beneficiary has the possibility of receiving retirement benefits under a supplementary pension plan, within six months after termination of his functions.

2. With Mr Jean-Michel GAULT, Executive Board member

Nature and purpose

Your Supervisory Board held on October 19, 2017 on the recommendation of the Nomination and Compensation Committee, decided to amend the employment contract of Mr. Jean-Michel Gault, which was currently suspended, to include:

> A waiver on his right to claim any severance payment higher than two years of his latest fixed and variable annual compensation as Executive Board member (including as a consequence of the termination of his employment agreement); and

> The principle of an additional termination fee in case of forced departure from the Group (that is to say, in the event of his revocation as member of the Executive Board and the subsequent termination of his employment contract within one year thereafter upon Klépierre's initiative). For the avoidance of doubt, the following would not constitute a forced departure: non-renewal of his office as a member of the Executive Board, departure due to gross or willful misconduct, resignation, or in the event that Mr. Jean-Michel Gault is entitled to receive full retirement benefits within six months after termination of his functions or keeps some other functions within the Klépierre Group.

In addition, it is specified that having regard to the automatic reactivation of Mr. Jean-Michel GAULT's employment contract in the event of termination of his functions as a corporate officer, he may, in certain circumstances, ask to have his salaried functions terminated within six months of the date of termination of his corporate office.

Terms and conditions

This non-contractual payment would be subject to the achievement of performance conditions identical to those applicable to Jean-Marc Jestin, and would only be made in the event that:

> In at least two of the three full fiscal years preceding the year of termination of his term of office, Mr. Jean-Michel Gault received or was entitled to receive global variable annual remuneration (that is to say quantitative + qualitative) representing a sum equal to at least 90% of his fixed remuneration (the maximum being 130%); and

> the quantitative part of the variable annual representation would have to be paid, as a minimum, in an amount equal to the target in the two fiscal years taken into account for the purposes of consideration of the foregoing condition.

In any event, the amount of the additional termination fee would be limited to two years of his last fixed and variable annual compensation received as a member of the Executive Board (less any amount paid in respect of the legal or contractual compensation to which Mr. Jean-Michel Gault might otherwise be entitled).

3. With Nordica Holdco AB, 56.1% indirectly held by Klépierre Group

AGREEMENT N° 1

Nature and purpose

On October 3, 2008, your Supervisory Board approved the granting of an inter-group loan to Nordica Holdco AB bearing fixed interest of 6.5% and with no fixed repayment date. The interest rate was reduced to 4.7% as from January 1, 2014, and then to 3.3% as from October 6, 2018, in accordance with the interest rate adjustment mechanism stipulated in the agreement.

Terms and conditions

This loan was granted on October 6, 2008. As of December 31, 2018, the loan balance totaled €72,004,288.6 and the interest recorded in respect of the fiscal year amounted to €3,076,829.17.

AGREEMENT N° 2

Nature and purpose

On November 30, 2015, your Supervisory Board authorized an open-ended intercompany loan, granted by your company and APG Strategic Real Estate Pool NV to Nordica Holdco AB and bearing fixed interest of 3.2%. This interest rate will be adjusted starting from the fifth anniversary date of the signature of the contract.

Terms and conditions

This loan was granted on December 18, 2015. As of December 31, 2018, the loan balance totaled €19,196,911.77 and the interest recorded in the respect of the fiscal year amounted to €623,608.22.

Paris-La Défense, March 5, 2019

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG Audit
Laure SILVESTRE-SIAZ	Damien LEURENT	Bernard HELLER

6.2 GENERAL MEETING OF SHAREHOLDERS

6.2.1 Report of the Executive Board to the Ordinary and Extraordinary General Meeting

Dear shareholders,

We have called this Ordinary and Extraordinary General Meeting to submit the following draft resolutions for your approval:

1. Approval of the company financial statements for the fiscal year ended December 31, 2018;
2. Approval of the consolidated financial statements for the fiscal year ended December 31, 2018;
3. Appropriation of profit for the fiscal year ended December 31, 2018 and payment of a dividend of €2.10 per share by distribution of distributable earnings, merger surpluses and premiums;
4. Approval of the transactions and agreements referred to in Article L. 225-86 of the French Commercial Code;
5. Re-appointment of Rose-Marie Van Lerberghe as a member of the Supervisory Board;
6. Re-appointment of Béatrice de Clermont-Tonnerre as a member of the Supervisory Board;
7. Approval of the components of compensation paid or allotted to Jean-Marc Jestin for the fiscal year ended December 31, 2018;
8. Approval of the components of compensation paid or allotted to Jean-Michel Gault for the fiscal year ended December 31, 2018;
9. Approval of the compensation policy for the members of the Supervisory Board;
10. Approval of the compensation policy for the Chairman of the Executive Board;
11. Approval of the compensation policy for the members of the Executive Board;
12. Delegation of authority to the Executive Board to trade in the Company's shares for a period of 18 months;
13. Delegation of authority to the Executive Board to reduce the share capital by canceling treasury shares for a period of 26 months;
14. Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities for a period of 26 months, with preemptive subscription rights;
15. Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities for a period of 26 months, by means of a public offering without preemptive subscription rights;
16. Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company and/or securities giving rights to debt securities for a period of 26 months, by means of a private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code;
17. Delegation of authority to the Executive Board to increase the number of securities to be issued in the event of an issue of ordinary shares and/or securities giving rights to shares of the Company, any subsidiary and/or any other company for a period of 26 months, with or without preemptive subscription rights;
18. Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company as consideration for contributions in kind in the form of equity securities and/or securities giving rights to shares of the Company for a period of 26 months, without preemptive subscription rights;
19. Delegation of authority to the Executive Board to increase the Company's share capital by capitalizing premiums, reserves, profits or other items for a period of 26 months;
20. Delegation of authority to the Executive Board to issue shares or securities giving rights to shares of the Company reserved for members of company savings plans for a period of 26 months, without preemptive subscription rights;
21. Overall ceiling on authorizations to issue shares and securities giving rights to shares of the Company;
22. Delegation of authority to the Executive Board to allot bonus shares of the Company for a period of 38 months without preemptive subscription rights;
23. Powers for formalities.

Resolutions of the Ordinary General Meeting

First and second resolutions – Approval of the company financial statements and the consolidated financial statements

Having considered the Executive Board's management report and the Statutory Auditors' reports, the General Meeting is asked to approve the company financial statements for the fiscal year ended December 31, 2018, showing net income of €350,223,680.25, and the consolidated financial statements for the fiscal year ended December 31, 2018, showing net income of €1,028,965,538.11.

The General Meeting is also asked to note that the company financial statements for the fiscal year ended December 31, 2018 do not report any non-deductible expenses or charges as defined in Article 39-4 of the French Tax Code (*Code général des impôts*).

The company financial statements and the consolidated financial statements, as well as the Statutory Auditors' reports on those statements and the Executive Board's management report, appear in Klépierre's 2018 registration document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF), which is available on Klépierre's website.

We recommend that you approve the first and second resolutions as presented to you.

Third resolution – Appropriation of profit for the fiscal year ended December 31, 2018 and payment of a dividend of €2.10 per share by distribution of distributable earnings, merger surpluses and premiums

The net income for fiscal year 2018 represents distributable earnings of €350,223,680.25 and retained earnings of €26,756,602.88, for total distributable earnings of €376,980,283.13.

In order to distribute a dividend of €2.10 per share, the Board recommends using these distributable earnings and deducting €143,145,450.74 from "Merger surplus" and €140,021,998.43 from "Merger premium".

If the General Meeting approves this appropriation, shareholders would receive, for each Klépierre share owned:

- €1.13 deducted from earnings exempt from corporate income tax (dividend paid under the French real estate investment trust ["SIIC"] tax rules);
- €0.97 deducted from earnings subject to corporate income tax.

In the event of express, irrevocable and overall election for taxation at the progressive income tax rate for all income covered by the flat tax ("**PFU**"), the 40% tax relief provided for in Article 158-3-2 of the French Tax Code will apply only to the dividend on earnings subject to corporate income tax.

As announced on February 6, 2019, we remind you that an interim dividend will be distributed on March 11, 2019 (ex-dividend date: March 7, 2019) in the amount of €1.05 per share, deducted from earnings exempt from corporate income tax under the French real estate investment trust ("SIIC") tax rules. The remaining distribution amount of €1.05 per share (including €0.08 deducted from earnings exempt from corporate income tax under the French real estate investment trust ["SIIC"] tax rules and €0.97 deducted from earnings subject to corporate income tax) will be paid on July 10, 2019 (ex-dividend date: July 8, 2019).

If shares are sold between either of the payment dates, the rights to the dividend will vest to the shareholder who owns the shares on the day before the date on which the shares go ex-dividend.

We recommend that you approve the third resolution as presented to you.

Fourth resolution – Related-party agreements

In accordance with Articles L. 225-86 *et seq.* of the French Commercial Code (*Code de commerce*), the General Meeting is asked to approve the conclusions of the Statutory Auditors' special report on related-party agreements and commitments, which presents all agreements or commitments concluded between companies with common senior executives or between the Company and a shareholder holding more than 10% of the voting rights.

No new agreement was entered into during the fiscal year ended December 31, 2018.

Since the end of the fiscal year, one agreement, duly authorized by the Supervisory Board in accordance with Article L. 225-86 of the French Commercial Code, was concluded with Simon Property Group LP and Simon Global Development BV, and is consequently submitted to the General Meeting.

Presentation of the agreement with Simon Property Group

- As part of an intra-group reorganization, Simon KPI and Simon KP II transferred their entire stake in Klépierre to Simon Global Development BV on December 20, 2018, with the effect that on this date, Simon Global Development BV notified the AMF and Klépierre that it had exceeded the legal thresholds of 5%, 10%, 15% and 20% of Klépierre's share capital and voting rights. On this same date, Simon Global Development BV registered the transfer.
- Dividends paid by Klépierre to shareholders resident for tax purposes outside France are, in principle, subject to a withholding tax under French law at the rate of 30%, subject to more favorable provisions in tax treaties signed by France or applied pursuant to European Union law. In order to benefit from an exemption from this withholding tax on the non-SIIC portion of the dividend received from Klépierre, Simon Global Development BV must (in accordance with the provisions of Article 119 *ter* of the French Tax Code) undertake to retain a minimum uninterrupted stake of 10% in Klépierre's share capital for at least two years, and appoint a tax representative that will be accountable to the French tax authorities for the payment of the abovementioned withholding tax (and any interest and late-payment penalties) in the event of failure to observe the two-year holding undertaking.

  Simon Global Development BV therefore contacted Klépierre and asked for its authorization to appoint it as its tax representative. In exchange, Simon Property Group LP issued a guarantee payable on first demand for an unlimited amount in favor of Klépierre, to cover the possibility that the French tax authorities may require Klépierre to pay the withholding tax on the non-SIIC portion of the dividend received by Simon Global Development BV from Klépierre (and any other amount claimed from Klépierre) (the "Guarantee").
- On February 5, 2019, the Supervisory Board authorized Klépierre to be appointed as Simon Global Development BV's tax representative, considering that it was in Klépierre's interest to allow it to benefit from the tax rules that had previously applied to shareholders of Klépierre belonging to the Simon Property Group and that, furthermore, Klépierre did not expect to incur any risk or bear any cost due to its role as tax representative. Klépierre's appointment as Simon Global Development BV's tax representative will expire on December 20, 2020, at the same time as the two-year holding

undertaking given by Simon Property Group, calculated from the share registration date following which Simon Global Development BV officially held at least 10% of Klépierre's share capital.

> Klépierre was appointed as tax representative in exchange for the issue of the Guarantee on two previous occasions:
  - On April 23, 2012, the Supervisory Board approved the appointment pursuant to the related-party agreement subsequently approved by the General Meeting of April 11, 2013; and
  - On April 19, 2016, the Supervisory Board approved the renewal of the appointment, as required as a result of the merger with Corio, followed by the acquisition by BNP Paribas of a 2% stake in Klépierre's share capital on May 11, 2015, pursuant to a related-party agreement subsequently approved by the General Meeting of April 18, 2017.

We recommend that you approve the fourth resolution as presented to you.

Fifth and sixth resolutions – Terms of office of the members of the Supervisory Board

Resolutions 5 and 6 concern the composition of the Supervisory Board. The General Meeting is asked to re-appoint Rose-Marie Van Lerberghe and Béatrice de Clermont-Tonnerre for a period of three years.

1. Composition of the Supervisory Board as of December 31, 2018

The members of Klépierre's Supervisory Board have various skills that improve the quality of the Board's deliberations in the context of the decisions that it is called upon to take.

As of December 31, 2018, the Supervisory Board comprised the following nine members:

	Main function	Age	Date of first appointment	End of term of office
David Simon	Chairman of the Board and Chief Executive Officer of Simon Property Group, Inc.	57	2012	2021
John Carrafiell	Founding partner of GreenOak	53	2014 with effect from January 15, 2015	2021
Béatrice de Clermont-Tonnerre	Director of Artificial Intelligence Partnerships at Google	46	2016	2019
Steven Fivel	General Counsel and Secretary of Simon Property Group, Inc.	58	2012	2021
Robert Fowlds	Senior Advisor in real estate and finance	57	2018	2021
Stanley Shashoua	Investments Director of Simon Property Group, Inc.	48	2015	2020
Catherine Simoni	Former Director for France and Belgium of the European real estate fund of the Carlyle group	54	2012	2020
Rose-Marie Van Lerberghe	Senior Advisor of BPI group	72	2012	2019
Florence Von Erb	Member of various UN committees. Former Managing Director of Adair Capital	59	2016	2020

See pages 223 to 229 of this registration document for the Supervisory Board members' biographies.

2. Re-appointment proposals

The Supervisory Board regularly reflects on the desirable balance of its composition and that of the Board Committees in order to guarantee shareholders and the market that its duties are carried out with the necessary independence and objectivity, in line with the Group's challenges and strategy. When reviewing its composition and proposals for appointment or re-appointment submitted to the General Meeting, it regularly examines the individual situation of each member, particularly:

> The skills and experience they contribute to the work of the Board and the Committees;

> Their availability and attendance at meetings, as well as their commitment;

> Their situation as regards any conflicts of interest;

> Their contribution to the diversity of the Board in terms of qualifications, age, gender, nationality, length of time on the Board and professional experience.

Taking into account the elements set out below and the diversity criteria, the Supervisory Board considers that its current composition is satisfactory and that its members are active and assiduously attend meetings. As of December 31, 2018, the composition of the Supervisory Board is balanced and in line with both regulatory requirements as well as the recommendations of the AFEP-MEDEF Code. The members of the Board are experts in the real estate sector and have complementary skills. In addition, they all have in-depth knowledge of Klépierre and its operations.

With this in mind, Klépierre's Nomination and Compensation Committee and Supervisory Board are in favor of re-appointing Rose-Marie Van Lerberghe and Béatrice de Clermont-Tonnerre as members of the Supervisory Board and the committees on which they sit for a period of three years expiring at the end of the Ordinary General Meeting to be convened in 2022 to approve the financial statements for fiscal year 2021. Rose-Marie Van Lerberghe and Béatrice de Clermont-Tonnerre are prepared to renew their terms of office.

Re-appointment of Béatrice de Clermont-Tonnerre

The Board recommends re-appointing Béatrice de Clermont-Tonnerre as a member of the Supervisory Board for a period of three years. Béatrice de Clermont-Tonnerre is member of the Sustainable Development Committee, and her detailed knowledge of Klépierre and digital technology is a highly valued asset. She is also regarded as independent according to the criteria set out in the AFEP-MEDEF Corporate Governance Code. Her biography can be found on page 224 of this registration document.

Re-appointment of Rose-Marie Van Lerberghe

The Board recommends re-appointing Rose-Marie Van Lerberghe as a member of the Supervisory Board for a period of three years. Rose-Marie Van Lerberghe is member of the Audit Committee and the Nomination and Compensation Committee, and her in-depth knowledge of the challenges facing Klépierre and the Group is a highly valued asset. She is also regarded as independent according to the criteria set out in the AFEP-MEDEF Corporate Governance Code. Her biography can be found on page 228 of this registration document.

Subject to the General Meeting's approval of the proposed re-appointments, it should be noted that, of the nine members comprising the Supervisory Board following the General Meeting of April 16, 2019, there will be:

> Five independent members, representing 55.56% of the members, in excess of the minimum 50% proportion recommended by the AFEP-MEDEF Code;

> Four women, representing 44.45%, in excess of the requirements of the French Commercial Code (40%);

> Five non-French members, with members holding US or British nationality.

We recommend that you approve the fifth and sixth resolutions as presented to you.

Seventh and eighth resolutions – Approval of the components of compensation paid or allotted to the members of the Executive Board for the fiscal year ended December 31, 2018

We request that you hold an *a posteriori* vote to decide on the amount or value of the components of compensation paid or allotted during fiscal year 2018.

Information relating to the components of compensation due or allotted to each member of the Executive Board for the fiscal year is set out in section 5.2.4.1 (for Jean-Marc Jestin) and section 5.2.4.2 (for Jean-Michel Gault) of Klépierre's 2018 registration document.

We recommend that you approve the seventh and eighth resolutions as presented to you.

Ninth to eleventh resolutions – Compensation policy for corporate officers

The Supervisory Board submits for the approval of the General Meeting the principles and criteria for determining, distributing and allotting the fixed, variable and extraordinary components comprising the total compensation and benefits of any kind allotted to the members of the Supervisory Board and the Executive Board in respect of the performance of their office in 2019, and which constitute the compensation policy concerning them.

1. Compensation policy for the members of the Supervisory Board

The compensation of the members of the Supervisory Board consists exclusively of directors' fees paid by Klépierre, the maximum amount of which is voted on by the General Meeting and the distribution of which is decided on by the Supervisory Board. The variable component of the directors' fees is the major portion, pursuant to the recommendations of the AFEP-MEDEF Code.

Pursuant to Article 17 paragraph 1 of the Company's bylaws, the General Meeting sets the overall maximum amount of directors' fees allotted to the members of the Supervisory Board for their work during the fiscal year. The overall maximum amount was set at €700,000 by the Ordinary and Extraordinary General Meeting on April 19, 2016 (and was reduced to €688,000 for a Supervisory Board with nine members).

The compensation policy for the members of the Supervisory Board is presented in detail in the Supervisory Board's report on the corporate officer compensation policy prepared pursuant to Article L. 225-82-2 of the French Commercial Code, which appears in section 244 of Klépierre's 2018 registration document.

2. Compensation policy for the members of the Executive Board

The compensation of each Executive Board member consists of three main components:

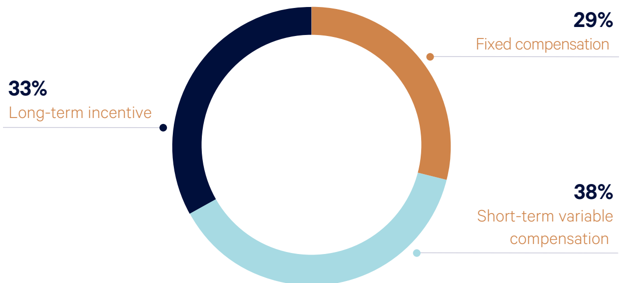
> A fixed component, determined on the basis of the responsibilities assumed by each of the members of the Executive Board, which must be sufficiently competitive to attract and retain the best talents;

> A short-term variable component the aim of which is to tie the Executive Board members to the Group's short-term performance; and

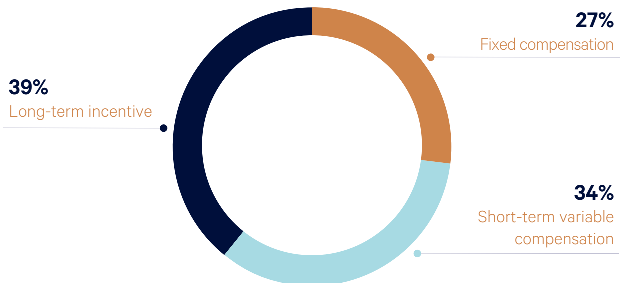
> A long-term component, to align the interests of the beneficiaries as closely as possible to the interests of the shareholders, in order to create long-term value.

For information purposes, the respective weightings of each of these components for the fiscal year, elements was as follows:

► JEAN-MARC JESTIN



► JEAN-MICHEL GAULT



The compensation policy for the members of the Executive Board is presented in detail in the Supervisory Board's report on the corporate officer compensation policy prepared pursuant to Article L. 225-82-2 of the French Commercial Code, which appears on pages 245 *et seq.* of Klépierre's 2018 registration document.

Pursuant to Article L. 225-100 of the French Commercial Code, the amounts resulting from the application of these principles and criteria will be submitted for the approval of the shareholders at the General Meeting called to approve the financial statements for the fiscal year ended December 31, 2018.

We recommend that you approve the ninth to eleventh resolutions as presented to you.

Twelfth resolution – Authorization granted to the Company to buy back its shares

The General Meeting is asked to renew the authorization granted in 2018 for a further period of 18 months, on the understanding that in the event that a public offer for the Company's securities is filed by a third party, the Executive Board may not use this authorization during the offer period without the prior authorization of the General Meeting.

This authorization will enable the Company to buy back or arrange for the buyback of its shares for the following purposes:

> To cancel shares up to a maximum of 10% of the share capital per 24-month period;

> To honor the commitment to deliver shares, for example in connection with issues of securities giving rights to shares of the Company or the allotment of share purchase options or existing bonus shares;

> To allot shares to employees;

> To carry out external growth transactions;

> To enter into a liquidity agreement with an independent investment services provider; and

> To hold shares for subsequent delivery as payment or exchange in connection with a merger, spin-off or asset transfer transaction.

The shares may be purchased, sold, exchanged or transferred by any means, on one or more occasions, in particular on the market or over-the-counter, including in whole or in part, by purchasing, selling, exchanging or transferring blocks of shares. Where appropriate, these means shall include the use of financial futures.

The number of the Company's shares that may be purchased in this way would be subject to the following ceilings: on the date of each buyback, the total number of shares purchased by the Company since the start of the buyback program may not exceed 10% of the shares comprising the Company's share capital, and the number of shares held by the Company at any time may not exceed 10% of the shares comprising the Company's share capital at the relevant date.

The maximum purchase price per share would be €45. As a result, the total amount currently allocated to the share buyback program may not exceed €1,383,406,204.50.

For information purposes, the Company bought back a total of 4,655,441 shares during the fiscal year ended December 31, 2018.

We recommend that you approve the twelfth resolution as presented to you.

Resolutions of the Extraordinary General Meeting

Thirteenth resolution – Delegation of authority to reduce the share capital by canceling treasury shares

The purpose of the thirteenth resolution is to authorize the Executive Board, which may delegate under the conditions provided for by law, to reduce the share capital, on one or more occasions, by canceling any number of treasury shares within the limits authorized by law.

The Company may cancel treasury shares in order to achieve various financial objectives, such as to actively manage its capital, to optimize its balance sheet, or to offset dilution resulting from a capital increase.

The number of the Company's shares that may be canceled would be subject to the ceilings hereafter. On the date of each cancellation, the maximum number of shares canceled by the Company during the 24-month period preceding such cancellation, including the shares subject to said cancellation, may not exceed 10% of the shares comprising the Company's capital on that date.

This authorization is requested for a period of 26 months and would replace the authorization granted at the 2018 General Meeting. No capital reductions were carried out in 2018. Since December 31, 2018, the share capital has been reduced in the amount of €9,705,446.80, with the cancellation of 6,932,462 treasury shares.

We recommend that you approve the thirteenth resolution as presented to you.

Fourteenth to nineteenth and twenty-first resolutions – Renewal of financial authorizations

These resolutions relate to financial delegations of authority that may be granted to the Executive Board. The purpose of these resolutions is to renew the authorizations previously granted by the General Meeting of April 18, 2017, which are due to expire.

The purpose of these financial authorizations is to give the Executive Board the power to steer Klépierre's financial management, by authorizing it, in particular, to issue securities in certain circumstances and under certain conditions, depending on market opportunities.

Subject to compliance with the maximum ceilings, which are consistent with market practices, and the terms and conditions strictly defined for each of the authorizations, the Executive Board would be authorized to issue securities, with or without preemptive subscription rights, where appropriate.

For the record, any capital increase in cash generally involves a preemptive right to subscribe to the new shares, allowing shareholders to subscribe during a fixed period, to a number of shares in proportion to their interest in the share capital. This preemptive subscription right can be detached from the shares and is negotiable throughout the subscription period. Certain of the authorizations submitted to the vote of the General Meeting would result in capital increases without this preemptive subscription right for the following reasons:

> Depending on market conditions, preemptive subscription rights may need to canceled in order to carry out an issue of securities under optimal conditions, for example, if the Company has to act swiftly;

> In addition, the approval of certain resolutions may, by law, entail the express waiver by shareholders of their preemptive subscription rights in favor of the beneficiaries of the issues or allotments (particularly in the case of capital increases reserved for employees).

The main characteristics of the financial authorizations, the renewal of which is submitted for the approval of the General Meeting, are set out in the following table:

Resolution	Nature of the authorization	Purpose of the authorization	Ceiling	With preemptive subscription rights?	Conditions for determining the issue price of the securities	Suspension of the authorization during a public offer for Klépierre securities?	Period of the authorization	Use in 2018 of the financial authorization previously in effect?
14th	Issue of shares and/or securities giving rights to shares of the Company or its subsidiaries and/or of securities giving rights to debt securities	Using this authorization, the Executive Board would be able to strengthen Klépierre's financial structure and shareholders' equity and/or contribute to the financing of an investment program	Maximum nominal amount of the capital increases which may be carried out immediately or in the future: €90m Maximum nominal amount of debt securities which may be issued immediately or in the future: €1.5bn This authorization will also be deducted from (i) the ceiling of €100m with respect to the overall maximum nominal amount of capital increases, and (ii) the ceiling of €1.5bn with respect to the overall maximum nominal amount of issues of debt securities (21st resolution)	Yes	In the event of a share issue either immediately or in the future, the Executive Board may determine the issue price and the amount of the premium that may be required for the issue	Yes	26 months	No
15th/16th	Issue of shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities, by means of a public offering	Using this method, the Company would be able to secure financing by calling on investors or shareholders of the Company. Diversifying sources of financing in this way may prove useful	Maximum nominal amount of the capital increases which may be carried out immediately or in the future: €42m Maximum nominal amount of debt securities which may be issued immediately or in the future: €1.5bn The authorizations will also be deducted from (i) the ceiling of €100m with respect to the overall maximum nominal amount of capital increases, and (ii) the ceiling of €1.5bn with respect to the overall maximum nominal amount of issues of debt securities (21st resolution)	No	As regards shares: the price will be at least equal to the minimum provided for in the regulatory provisions applicable on the issue date (at the date hereof, the weighted average share price on the Euronext Paris regulated market over the three trading days preceding the setting of the subscription price of the capital increase, less 5%) As regards securities giving rights to shares of the Company: the issue price and the number of shares to which the conversion, redemption or generally the transformation of each security giving rights to shares of the Company may give right, will be the amount immediately received by the Company, plus any sum that it may subsequently receive, i.e., for each share issued as a result of the issue of the securities, an amount at least equal to the minimum subscription price defined in the preceding sub-paragraph	Yes	26 months	No
	Issue of shares and/or securities giving rights to shares of the Company and/or of securities giving rights to debt securities, by means of a private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*)	Using this method, the Company would be able to secure access to faster financing than by means of a public offering and could also reach qualified investors more simply		No		Yes	26 months	No

Resolution	Nature of the authorization	Purpose of the authorization	Ceiling	With preemptive subscription rights?	Conditions for determining the issue price of the securities	Suspension of the authorization during a public offer for Klépierre securities?	Period of the authorization	Use in 2018 of the financial authorization previously in effect?
17th	Increase in the number of securities to be issued in the event of an issue of ordinary shares and/or of securities giving rights to shares of the Company, any subsidiary and/or any other company, in the event of surplus demand	This measure makes it possible to avoid reducing subscriptions in the event of heavy demand, by allowing an increase in the initially planned transaction amount	The ceilings applicable are those set by the resolution pursuant to which the original issue was carried out Furthermore, overallotment may only take place within the periods and limits provided for in the regulations applicable on the date of issue (at the date hereof, within 30 days of the close of the subscription period, and subject to a limit of 15% of the original issue)	Yes or no, where appropriate, depending on the initial issue to which the overallotment relates	Application of the price set for the initial issue	Yes	26 months	No
18th	Issue of shares and/or securities giving rights to the shares of the Company as consideration for contributions in kind in the form of equity securities and/or securities giving rights to shares of the Company	Using this authorization, the Company would be able to carry out external growth transactions in France or abroad, or purchase minority interests within the Group, without affecting Klépierre's cash flow	Limit of 10% of the share capital The maximum nominal amount of the capital increases which may be carried out will be deducted from: > The ceiling of €42m (15th and 16th resolutions); and > The ceiling of €100m (21st resolution) The maximum nominal amount of debt securities which may be issued will be deducted from the ceiling of €1.5bn (15th, 16th and 21st resolutions)	No	N/A	Yes	26 months	No
19th	Capital increase by capitalizing premiums, reserves, profits or other items	This operation would involve the issue of new shares allotted to all the shareholders	Maximum nominal amount of the capital increases that may be carried in this manner: €100m This authorization will also be deducted from the ceiling of €100m with respect to the overall maximum nominal amount of capital increases (21st resolution)	Yes	N/A	Yes	26 months	No
21st	Overall ceiling on authorizations to issue shares and securities giving rights to shares of the Company	N/A	Maximum nominal amount of the capital increases which may be carried out immediately or in the future: €100m Maximum nominal amount of debt securities which may be issued immediately or in the future: €1.5bn	N/A				

We recommend that you approve the fourteenth to nineteenth and twenty-first resolutions as presented to you.

Twentieth resolution – Issue of shares or securities giving rights to shares of the Company reserved for members of company savings plans

The purpose of the twentieth resolution is to issue shares or securities giving rights to shares of the Company reserved for members of company savings plans.

The authorizations requested under the fourteenth to nineteenth resolutions give rise to a corresponding legal obligation to submit a draft resolution for a potential capital increase reserved for employees.

We recommend that you reject the twentieth resolution as presented to you.

A project was launched in 2018 concerning an employee share ownership plan for France-based employees.

Resolution	Nature of the authorization	Ceiling	With preemptive subscription rights?	Conditions for determining the issue price of the securities	Suspension of the authorization during a public offer for Klépierre securities?	Period of the authorization	Use of the financial authority previously in effect?
20th	Issue of shares or securities giving rights to shares of the Company reserved for members of company savings plans.	€3,000,000. This authorization will also be deducted from the ceiling of €100m with respect to the overall maximum nominal amount of capital increases (21st resolution).	No	The issue price of the new shares or securities giving rights to shares of the Company will be determined under the conditions provided for in Articles L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*) and will be equal to at least to 80% of the Reference Price (as defined below) or 70% of the Reference Price when the lock-up period provided for in the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labor Code is 10 years or longer. The Executive Board may reduce or cancel the abovementioned discounts (within the legal and regulatory limits), if it considers it appropriate, particularly to take into account the legal, accounting, fiscal and social security rules applicable locally. The Reference Price means the average price of the Company shares on the Euronext Paris regulated market over the 20 trading days preceding the date of setting the opening date of the subscription period for the members of an employee savings plan.	Yes	26 months	No

Twenty-second resolution – Authorization to allot bonus shares

We recommend that you renew the authorization granted to the Executive Board by the General Meeting of April 19, 2016 to allot performance shares to employees and corporate officers of the Company and the Group companies.

As in the past, the vesting period would be three years and the lock-up period would be two years for French beneficiaries, while the vesting period would be four years, with no lock-up period, for non-French beneficiaries.

If this resolution is approved, any allotments of bonus shares will be decided, where appropriate, by the Supervisory Board or the Executive Board, based on proposals by the Nomination and Compensation Committee.

In accordance with the recommendations of the AFEP-MEDEF Code, the final allotment of all performance shares will be subject to service and performance conditions for all beneficiaries.

The Supervisory Board will renew the performance criteria used in the last plan implemented by the Company in respect of 2018.

Consequently, any share allotments made under this resolution would be subject to financial, non-financial and operational performance conditions which would be assessed over a three-year period.

These conditions, which comply with the Group's business operations and which the Board consider to be stringent, are as follows:

Type of condition		Indicator used	Calculation method used	Weighting of condition in the total allotment	Justification of performance condition
Service condition		Beneficiary remains within the Group until the end of the vesting period. Should the beneficiary leave before expiration of the term for assessing the performance share performance criteria, the decision to maintain performance share entitlements is subject to the decision of the Board and must be justified. With respect to Executive Board members, the Supervisory Board may only authorize a partial waiver of the service condition, such that performance shares vest prorata temporis to members' service to the Group, and performance conditions will continue to apply until the end of the vesting period.	N/A	100% of the total allotment	N/A
Performance conditions	***Condition linked to Klépierre's absolute performance***	Total Shareholder Return (TSR, change in share price plus dividend) of the Klépierre share.	Calculated based on the average share price over the 40 trading days preceding the anniversary date (as compared with the average share price over the 40 trading days preceding the allotment date).	10% of the total allotment	This condition measures the returns for shareholders based on stock market performance and dividends received. Its weighting must nevertheless be limited insofar as it mainly depends on Klépierre's share price performance, which is not solely influenced by the Company's intrinsic operating performance, but is also impacted by macroeconomic trends that may be unrelated to the work of the Company's management teams or to their performances.
	Condition linked to the Klépierre share's relative performance	Comparison with the performance of a panel of peers: (Unibail-Rodamco SE, CityCon OYJ, Eurocommercial Properties, Deutsche Euroshop, Wereldhave NV, Mercialys, Vastned Retail NV, Carmila, Immobiliare Grande Dis, Atrium European Real Estate).		30% of the total allotment	This condition enables Klépierre's shareholder return to be calculated by comparing it with that of shareholders of companies whose primary business activity is operating shopping centers. Since 2018, the panel used to test the relative performance condition calculated based on Total Shareholder Return (TSR) has included competitors operating in the shopping center sector which face similar issues and business cycles.
	Condition linked to Klépierre's internal performance	Change over three years in net rental income.	Calculation of the average annual change in net rental income reported by the Group in its annual consolidated financial statements over the last three fiscal years preceding the reference date.	40% of the total allotment	This condition appears to be particularly effective for assessing the Company's business growth and the teams' efforts to drive like-for-like rental income and therefore maximizing returns from the real estate assets in the Group's property portfolio. Growth in like-for-like net rental income includes: > Increases in minimum guaranteed rents when the lease is renewed, which reflect the Group's capacity to host the most attractive retailers in its centers and to optimize the rental value of available space; > Reductions in the vacancy rate; and > Optimal management of shopping center costs.
	Condition linked to Klépierre's CSR performance	> GRESB rating: Klépierre must rank in the top five and have a "5-star" rating; > Level of achievement of certain targets in the CSR road map.	Application of an achievement scale presented on page 253 of Klépierre's 2018 registration document.	20% of the total allotment	In addition to the three above-mentioned criteria based on (i) the total shareholder return using stock market performance and dividends received, (ii) the comparison of these returns with that of Klépierre's competitors and (iii) the Company's operational performance using the change in net rental income, Klépierre considered it preferable to include a criterion based on the achievement of the Group's CSR commitments in the performance measurement mechanism in light of the importance of CSR issues, in Klépierre's long-term strategy. This criterion reflects Klépierre's desire to unite its employees and executives around corporate social responsibility issues in line with Klépierre's five-year CSR road map.

Subject to the approval of this resolution, the number of performance shares which may be finally allotted to the beneficiaries of the 2019 plan would, in principle, be calculated according to the following achievement scale:

Type of performance condition	Performance	% of shares delivered[(a)]	Assessment of the requirements for the chosen performance conditions
Condition linked to Klépierre's absolute performance (10%)	≤16.5%	0%	The percentage of shares allotted is zero where the increase in TSR is less than or equal to 16.5%. Achievement of the maximum target implies TSR growth of 30% or more. Exceeding the 30% threshold does not result in the allotment of additional shares, which is capped at 10% of the number of shares initially allotted.
	20%	33.3%	
	22.5%	50%	
	25%	66.7%	
	27.5%	83.3%	
	≥30%	100%	
Condition linked to the Klépierre share's relative performance (30%)	Index -1%	0%	If the Klépierre share's performance is equal to the index, only 33.33% of the shares will be allotted. To achieve the maximum target, the share must outperform the index by 3%. Exceeding the 3% threshold does not result in the allotment of additional shares, which is capped at 30% of the number of shares initially allotted.
	Index	33.3%	
	Index +1%	50%	
	Index +2%	66.7%	
	Index +3%	100%	
Condition linked to Klépierre's internal performance (40%)	<1%	0%	If the growth in net rental income over three years is equal to 1%, only 30% of the shares will be allotted. To achieve the maximum target, the increase must be greater than or equal to 3%. This is a very ambitious growth target considering that the Group renews an average of only 8% of its leases each year. Exceeding the 3% threshold does not result in the allotment of additional shares, which is capped at 40% of the initial number of shares allotted.
	1%	30%	
	≥3%	100%	
Conditions linked to Klépierre's CSR performance (20%)	GRESB rating: Klépierre must rank in the top five and have a "5-star" rating	8%	GRESB (Global Real Estate Sustainable Benchmark) is an organization that assesses the ESG performance of real estate companies. The objective is to rank among the top five companies in its category and to obtain a "5-star" rating. CSR targets are described in more detail in the CSR road map presented on page 203 which sets a five-year target for each of the areas selected. Launched in 2018, the plan's targets take into account the expected improvement over three years within the scope of the Group's overall five-year CSR road map (see below). The shares vest only if the conditions are fulfilled. No shares are allotted if performance is below the target.
	Reduction in the Group's energy consumption Target[(c)]: 35% reduction	3%	
	Shopping centers obtaining sustainable development certification Target[(c)]: 90% of shopping centers	3%	
	Shopping centers contributing to local employment Target[(c)]: 85% of shopping centers having implemented at least one initiative during the year to promote local employment[(b)]	3%	
	Employees receiving training Target[(c)]: 97% of employees	3%	

(a) If the result obtained is between two thresholds, the number of performance shares vested is calculated on a linear basis.
(b) Including the organization of an employment forum, partnerships with a local employment organization, partnership with an association supporting employment/integration, publication of jobs available at the center on the center's website and/or through posting, etc.
(c) The targets will be adjusted in future performance share plans based on those set in the CSR road map.

The existing or future shares allotted under this authorization may not represent more than 0.5% of the share capital at the date of the Executive Board's decision.

In addition, the number of shares allotted to corporate officers may not represent more than 0.2% of the share capital at the date the Executive Board decides to allot them, and will be deducted from the abovementioned total ceiling of 0.5% of the share capital;

The members of the Executive Board must hold, in registered form until the end of their term of office, a number of shares equivalent to 50% of the gain on vested shares net of taxes and charges as calculated on delivery of the shares.

This authorization would be granted for a period of 38 months with effect from this General Meeting.

We recommend that you approve the twenty-second resolution as presented to you.

Twenty-third resolution – Powers for formalities

The Executive Board requests all necessary powers to carry out the advertising and filing formalities involved in holding this General Meeting.

We recommend that you approve the twenty-third resolution as presented to you.

6.2.2 Text of the resolutions proposed to the Ordinary and Extraordinary General Meeting

Agenda

Resolutions of the Ordinary General Meeting

1. Approval of the company financial statements for the fiscal year ended December 31, 2018;
2. Approval of the consolidated financial statements for the fiscal year ended December 31, 2018;
3. Appropriation of profit for the fiscal year ended December 31, 2018 and payment of a dividend of €2.10 per share by distribution of distributable earnings, merger surpluses and premiums;
4. Approval of the transactions and agreements referred to in Article L. 225-86 of the French Commercial Code;
5. Re-appointment of Rose-Marie Van Lerberghe as a member of the Supervisory Board;
6. Re-appointment of Béatrice de Clermont-Tonnerre as a member of the Supervisory Board;
7. Approval of the components of compensation paid or allotted to Jean-Marc Jestin for the fiscal year ended December 31, 2018;
8. Approval of the components of compensation paid or allotted to Jean-Michel Gault for the fiscal year ended December 31, 2018;
9. Approval of the compensation policy for the members of the Supervisory Board;
10. Approval of the compensation policy for the Chairman of the Executive Board;
11. Approval of the compensation policy for the members of the Executive Board;
12. Delegation of authority to the Executive Board to trade in the Company's shares for a period of 18 months.

Resolutions of the Extraordinary General Meeting

13. Delegation of authority to the Executive Board to reduce the share capital by canceling treasury shares for a period of 26 months;
14. Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities for a period of 26 months, with preemptive subscription rights;
15. Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities for a period of 26 months, by means of a public offering without preemptive subscription rights;
16. Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company and/or securities giving rights to debt securities for a period of 26 months, by means of a private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code;
17. Delegation of authority to the Executive Board to increase the number of securities to be issued in the event of an issue of ordinary shares and/or securities giving rights to shares of the Company, any subsidiary and/or any other company for a period of 26 months, with or without preemptive subscription rights;
18. Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company as consideration for contributions in kind in the form of equity securities and/or securities giving rights to shares of the Company for a period of 26 months, without preemptive subscription rights;
19. Delegation of authority to the Executive Board to increase the Company's share capital by capitalizing premiums, reserves, profits or other items for a period of 26 months;
20. Delegation of authority to the Executive Board to issue shares or securities giving rights to shares of the Company reserved for members of company savings plans for a period of 26 months, without preemptive subscription rights;
21. Overall ceiling on authorizations to issue shares and securities giving rights to shares of the Company;
22. Delegation of authority to the Executive Board to allot bonus shares of the Company for a period of 38 months without preemptive subscription rights;
23. Powers for formalities.

Draft resolutions

Resolutions of the Ordinary General Meeting

First resolution

(Approval of the company financial statements for the fiscal year ended December 31, 2018)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the reports of the Executive Board, the Supervisory Board and the Statutory Auditors, approves the company financial statements for the fiscal year ended December 31, 2018 as presented, which comprise the balance sheet and income statement, as well as the notes to the financial statements, and show net income of €350,223,680.25.

It also approves the operations reflected in said financial statements or summarized in said reports.

It notes that the company financial statements for the fiscal year ended December 31, 2018 do not report any non-deductible expenses and charges as defined in Article 39-4 of the French Tax Code (*Code général des impôts*) and do not report any add-back expenses pursuant to Article 39-5 of said Code for the fiscal year.

Second resolution

(Approval of the consolidated financial statements for the fiscal year ended December 31, 2018)

The General Meeting acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the reports of the Executive Board, the Supervisory Board and the Statutory Auditors, approves the consolidated financial statements for the fiscal year ended December 31, 2018 as presented, which comprise the statements of financial position and income, as well as the notes to the consolidated financial statements, and show net income of €1,028,965,538.11. It also approves the operations reflected in said financial statements or summarized in said reports.

Third resolution

(Appropriation of profit for the fiscal year ended December 31, 2018 and payment of a dividend of €2.10 per share by distribution of distributable earnings, merger surpluses and premiums)

The General Meeting acting under the conditions of quorum and majority required for Ordinary General Meetings, resolves to appropriate the net income for the fiscal year, amounting to €350,223,680.25, as follows:

Net income for the period	€350,223,680.25
Plus retained earnings	€26,756,602.88
For distributable earnings of	**€376,980,283.13**
Plus a deduction	
from the Merger surplus	€143,145,450.74
from the Merger premium	€140,021,998.43
For a total distribution amount of	**€660,147,732.30**
By way of dividend in respect of activities exempt from corporate income tax	€355,222,351.19
By way of dividend in respect of activities subject to corporate income tax	€304,925,381.11
(corresponding to a total dividend distribution of €2.10 per share)	
In addition to the interim dividend paid on March 11, 2019 (corresponding to a dividend payment of €1.05 per share)	€330,073,866.15
For a remaining distribution amount of	**€330,073,866.15**
Balance in Retained earnings	€0
Balance in Merger surplus	€0
Balance in Merger premiums	€170,073,157.70

In the event of express, irrevocable and global election for taxation at the progressive income taxation rate for all income covered by the flat tax ("PFU"):

- The amount of €1.13 per share representing the dividend deducted from profit from activities exempt from corporate income tax will not be eligible for the 40% tax relief mentioned in Article 158-3-2 of the French Tax Code;
- The balance, namely €0.97 per share, will be eligible for said relief.

In accordance with the provisions of Article L. 225-210 of the French Commercial Code (*Code de commerce*), the General Meeting resolves that the amount corresponding to treasury shares held on the dividend payment date and any amount that the shareholders may have waived will be appropriated to the "retained earnings" account. The corresponding sums will reduce the distribution deducted from activities exempt from corporate income tax and activities subject to corporate income tax in the same proportions as indicated above.

In light of the interim dividend payment for fiscal year 2018 on March 11, 2019 in the amount of €1.05 per share conferring dividend rights in accordance with the Executive Board's decision of February 20, 2019, the General Meeting resolves that the remaining dividend amounting to €1.05 will go ex-dividend on July 8, 2019 and will be paid in cash on July 10, 2019.

Pursuant to Article 243 *bis* of the French Tax Code, dividends for the last three fiscal years were as follows:

Fiscal year	Total dividend paid to shareholders	Net dividend per share	Amount eligible for the tax relief provided for under Article 158-3-2 of the French Tax Code	Amount not eligible for the tax relief provided for under Article 158-3-2 of the French Tax Code
2015	€534,405,307.10	€1.70	€377,227,275.60	€157,178,031.50
2016	€572,128,034.66	€1.82	€122,598,864.57	€449,529,170.09
2017	€616,137,883.48	€1.96	€402,375,760.64	€213,762,122.84

The General Meeting confers all necessary powers on the Executive Board to determine the overall amount of the dividend and consequently the amount of the balance of the distributable profit to be appropriated to the "retained earnings" account, particularly taking into account the number of shares held by the Company on the dividend payment date and, if applicable, the number of shares canceled before that date.

Fourth resolution

(Approval of the transactions and agreements referred to in Article L. 225-86 of the French Commercial Code)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the Statutory Auditors' special report on the agreements referred to in Article L. 225 86 of the French Commercial Code and related to the fiscal year ended December 31, 2018, approves said report in its entirety and each of the new agreements mentioned therein, in accordance with the provisions of Article L. 225-88 of said Code.

Fifth resolution

(Re-appointment of Rose-Marie Van Lerberghe as a member of the Supervisory Board)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings, notes that the term of office of Rose-Marie Van Lerberghe as member of the Supervisory Board expires at the date hereof and hereby renews it for a period of three years expiring at the end of the Ordinary General Meeting to be convened in 2022 to approve the financial statements for fiscal year 2021.

Rose-Marie Van Lerberghe is prepared to renew her term of office and has stated that she neither holds any position nor is affected by any situation that might prevent her from exercising it.

Sixth resolution

(Re-appointment of Béatrice de Clermont-Tonnerre as a member of the Supervisory Board)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings, notes that the term of office of Béatrice de Clermont-Tonnerre as member of the Supervisory Board expires at the date hereof and hereby renews it for a period of three years expiring at the end of the Ordinary General Meeting to be convened in 2022 to approve the financial statements for fiscal year 2021.

Béatrice de Clermont-Tonnerre is prepared to renew her term of office and has stated that she neither holds any position nor is affected by any situation that might prevent her from exercising it.

Seventh resolution

(Approval of the components of compensation paid or allotted to Jean-Marc Jestin for the fiscal year ended December 31, 2018)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the report prepared in accordance with Article L. 225-68 of the French Commercial Code, approves the components of compensation paid or allotted to Jean-Marc Jestin for the fiscal year ended December 31, 2018.

Eighth resolution

(Approval of the components of compensation paid or allotted to Jean-Michel Gault for the fiscal year ended December 31, 2018)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the report prepared in accordance with Article L. 225-68 of the French Commercial Code, approves the compensation paid or allotted to Jean-Michel Gault for the fiscal year ended December 31, 2018.

Ninth resolution

(Approval of the compensation policy for the members of the Supervisory Board)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the report prepared in accordance with Article L. 225-68 of the French Commercial Code, approves the principles and criteria for determining, distributing and allotting the fixed, variable and extraordinary components comprising the total compensation and benefits of any kind set out in said report and allotted to members of the Supervisory Board for the performance of their duties.

Tenth resolution

(Approval of the compensation policy for the Chairman of the Executive Board)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the report prepared in accordance with Article L. 225-68 of the French Commercial Code, approves the principles and criteria for determining, distributing and allotting the fixed, variable and extraordinary components comprising the total compensation and benefits of any kind set out in said report and allotted to the Chairman of the Executive Board for the performance of his duties.

Eleventh resolution

(Approval of the compensation policy for the members of the Executive Board)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the report prepared in accordance with Article L. 225-68 of the French Commercial Code, approves the principles and criteria for determining, distributing and allotting the fixed, variable and extraordinary components comprising the total compensation and benefits of any kind set out in said report and allotted to members of the Executive Board for the performance of their duties.

Twelfth resolution

(Delegation of authority to the Executive Board to trade in the Company's shares for a period of 18 months)

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the Executive Board's report, authorizes the Executive Board, which may delegate under the conditions provided for by law and the Company's bylaws, in accordance with the provisions in Articles L. 225-209 *et seq.* of the French Commercial Code and Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, to purchase or arrange for the purchase of the Company's shares, notably in order:

- To maintain the secondary market in or liquidity of the Klépierre share through an investment services provider pursuant to a liquidity agreement that complies with a Code of Conduct recognized by the French financial markets authority (*Autorité des marchés financiers* – AMF); or
- To hold the shares purchased for subsequent delivery (as exchange, payment or other) as part of an acquisition, merger, spin-off or asset transfer transaction; or
- To allot bonus shares in accordance with the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code or any other similar plan; or
- To allot or sell shares to employees in connection with an employee profit-sharing plan or pursuant to an employee savings plan under the conditions provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code (*Code du travail*), through the sale of shares previously purchased by the Company pursuant to this resolution or by making provision for a bonus allotment of those shares by way of a Company contribution in the form of securities and/or by replacing the discount; or
- To implement any Company stock purchase option plan in accordance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code or any other similar plan; or
- In general, to honor obligations with respect to stock option programs or other share allotments to employees or corporate officers of the issuer or of a related company; or
- To deliver shares on the exercise of rights attached to securities giving rights to shares of the Company by redemption, conversion, exchange, presentation of a warrant or any other means; or
- To cancel all or a portion of the securities purchased in this way.

This program is also intended to enable any future market practices permitted by the AMF to be implemented, and more generally, any transaction in accordance with the regulations in force. In such event, the Company will inform its shareholders by way of a press release.

The number of shares that may be purchased by the Company are subject to the following limits:

- On the date of each purchase, the total number of shares purchased by the Company since the start of the buyback program (including those subject to said purchase) may not exceed 10% of the shares comprising the Company's share capital, this percentage being applied to the share capital as adjusted to take into account the impact of transactions affecting the share capital after this General Meeting, i.e., for information purposes, as of the date of this General Meeting, a buyback cap of 30,742,360 shares, on the understanding (i) that the number of shares purchased by the Company with a view to their being held and subsequently delivered as payment or exchange as part of a merger, spin-off or asset transfer transaction may not exceed 5% of the share capital; and (ii) that when the shares are purchased to maintain a liquid market under the conditions defined by the General Regulation of the AMF, the number of shares included in the calculation of the abovementioned 10% ceiling corresponds to the number of shares purchased, less the number of shares resold during the authorization period;
- The number of shares that the Company may hold at any given time may not exceed 10% of the shares comprising the Company's share capital at the relevant date.

Shares may be purchased, sold or transferred on one or more occasions, at any time within the limits authorized by the legal and regulatory provisions in force and in those provided for in this resolution (except during a public offer for the Company's shares), and by any means, on regulated markets, multi-lateral trading systems, using systematic internalizers or over-the-counter, including by purchasing or selling blocks of securities (without limiting the proportion of the buyback program that may be carried out in this way), by public tender or exchange offer, or by using options or other financial futures, or by delivering shares following the issue of securities giving rights to shares of the Company by conversion, exchange, redemption, exercising of a warrant or any other means, whether directly or indirectly through an investment services provider.

The maximum purchase price of the shares under this resolution will be €45 per share (or the exchange value of this amount in any other currency at the same date), excluding acquisition fees. This maximum price only applies to purchases decided after the date of this General Meeting and not to future transactions carried out pursuant to an authorization granted by a previous General Meeting and providing for purchases after the date of this General Meeting. In the event of transactions affecting the share capital, and in particular share splits or consolidations or the allotment of bonus shares, or of transactions affecting shareholders' equity, the abovementioned amount will be adjusted to take account of the impact of the value of such transactions on the share value.

For information purposes, based on the number of shares comprising the Company's share capital as of the date of this General Meeting, the total amount allocated to the above-authorized share buyback program may not exceed €1,383,406,204.50.

The General Meeting confers all necessary powers on the Executive Board, which may delegate such powers to implement this authorization, to carry out these transactions, to determine the terms and conditions thereof, to enter into any agreements and to complete any formalities.

With effect from the date hereof, this authorization supersedes the delegation of authority granted by the fifteenth resolution of the Company's General Meeting of April 24, 2018. It is given for a period of 18 months with effect from the date hereof.

Resolutions of the Extraordinary General Meeting

Thirteenth resolution

(Delegation of authority to the Executive Board to reduce the share capital by canceling treasury shares for a period of 26 months)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report and the Statutory Auditors' special report, authorizes the Executive Board to reduce the share capital, on one or more occasions, in such proportions and at such times as it shall decide, by canceling any number of treasury shares as it shall decide within the limits authorized by law, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and L. 225-213 of said Code.

On the date of each cancellation, the maximum number of shares canceled by the Company during the 24-month period preceding that cancellation, including the shares subject to said cancellation, may not exceed 10% of the shares comprising the Company's share capital on that date, i.e., for information purposes, as of the date of this General Meeting, a maximum of 30,742,360 shares, on the understanding that this limit applies to the amount of the Company's share capital as adjusted, where necessary, to take into account the impact of any transactions affecting the share capital after this General Meeting.

The General Meeting confers all necessary powers on the Executive Board, which may delegate such powers under the conditions provided for by law and the Company's bylaws, to charge the difference between the book value of the canceled shares and their par value to any reserve or share premium accounts, to approve the terms and conditions of the cancellations, to complete any share cancellation or capital reduction transactions that may be carried out pursuant to this authorization, to make the corresponding amendments to the bylaws, to submit any declarations to the AMF and to complete all formalities.

With effect from the date hereof, this authorization supersedes the delegation of authority granted by the sixteenth resolution of the Company's General Meeting of April 24, 2018. It is given for a period of 26 months with effect from the date hereof.

Fourteenth resolution

(Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities for a period of 26 months, with preemptive subscription rights)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, in particular Article L. 225-129-2 of said Code, and the provisions of Articles L. 228-91 *et seq.* of said Code:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided for by law, the regulations and the Company's bylaws, its authority, subject to prior authorization by the Supervisory Board, to issue, on one or more occasions, in France or abroad, with preemptive subscription rights, in such proportions and at such times as it shall decide, either in euros or in any other currency or monetary unit benchmarked to a basket of currencies, (i) ordinary Company shares, (ii) securities governed by Articles L. 228-91 *et seq.* of the French Commercial Code, which are equity securities of the Company giving rights to other equity securities of the Company and/or giving rights to debt securities of the Company, (iii) debt securities governed or not by Articles L. 228-91 *et seq.* of the French Commercial Code, which give rights or may give rights to equity securities to be issued by the Company, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities of the Company, (iv) securities, which are equity securities of the Company, giving rights to existing equity securities of or equity securities to be issued by companies and/or debt securities of companies, in which the Company will directly or indirectly hold more than half the share capital at the time of the issue, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities of the Company, and/or (v) securities, which are equity securities of the Company, giving rights to existing equity securities and/or debt securities of other companies, in which the Company will not directly or indirectly hold more than half the share capital at the time of the issue, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities, on the understanding that the shares and other securities may be subscribed either in cash or by offsetting receivables.
2. Resolves to set the following ceilings on the amounts of capital increases authorized in the event that the Executive Board decides to use this delegation of authority:
   - The maximum nominal amount of the capital increases which may be carried out immediately or in the future pursuant to this delegation of authority is set at €90 million or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies, on the understanding that this amount will be deducted from the overall ceiling applicable to capital increases provided for in the twenty-first resolution of this General Meeting or, where appropriate, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority. In the event of future financial transactions, the nominal amount of any additional shares issued to preserve the rights of holders of securities giving rights to the shares of the Company, of stock subscription options or of bonus share allotment rights, will be added to this ceiling in accordance with the law and with any contractual provisions;
   - In the event that debt securities are issued under this authorization, the maximum nominal amount of the debt securities which may be issued immediately or in the future under this delegation of authority may not exceed €1.5 billion or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies on the issue date, plus any above-par redemption premium, on the understanding that the amount will be deducted from the overall ceiling applicable to issues of debt securities provided for in the twenty-first resolution of this General Meeting or, if applicable, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority.
3. In the event the Executive Board uses this delegation of authority:
   - Resolves that the issue or issues will be preferentially reserved to shareholders, who may subscribe in proportion to their existing interests in the Company's capital at that time;

- Notes that the Executive Board may grant shareholders a preferential right to subscribe for any securities not taken up by other shareholders;
- Notes that any decision to carry out an issue pursuant to this delegation of authority will automatically result in the waiver by the shareholders, in favor of the holders of securities giving rights to shares of the Company or which may give rights to equity securities to be issued, of their preemptive right to subscribe to the shares to be issued to which such securities will give immediate or future rights;
- Notes that any decision to issue the securities referred to in paragraph 1 (iv) above will, if these securities give rights to equity securities to be issued by a company in which the Company directly or indirectly holds or will hold more than half the share capital at the time of issue, require approval by the Extraordinary General Meeting of the company concerned;
- Resolves that in the event of an issue of ordinary shares and/or securities, in accordance with Article L. 225-134 of the French Commercial Code, where the entire amount of the issue is not taken up by shareholders using the abovementioned rights, the Executive Board may, under the conditions provided for by law and in such order as it shall determine, exercise one or other of the following powers:
  - Re-allot at its discretion all or a portion of the shares or, in the case of securities giving rights to shares of the company, the securities that were intended for issue but which have not been subscribed,
  - Offer to the public all or a portion of the shares or, in the case of securities giving rights to shares of the company, the securities that have not been subscribed, on the French market or abroad,
  - In general and including in the two abovementioned situations, limit the issue to the amount of the subscriptions, provided that it equals at least three-quarters of the intended capital increase amount;
- Resolves that issues of warrants for the Company's shares may be carried out by subscription offer, as well as by a bonus allotment to the holders of existing shares, on the understanding that fractional allotment rights will be neither negotiable nor transferable and that the corresponding securities will be sold.

4. Resolves that the Executive Board will have all necessary powers, which it may delegate under the conditions provided for by law and the Company's bylaws, to implement this delegation of authority, notably in order:
   - To decide on the issue and determine the securities to be issued;
   - In the case of an immediate or future share issue, to decide on the amount of the capital increase, the issue price and the amount of the premium which may be required for the issue;
   - To determine the dates and terms of the issue, and the nature, number and characteristics of the securities to be created; in addition, in the case of bonds or other debt securities (including securities giving rights to debt securities referred to in Article L. 228-91 of the French Commercial Code), to decide whether they will be subordinated or not, to set their coupon, to provide for, where applicable, mandatory or optional provisions governing the suspension or non-payment of interest and to determine the duration thereof (either temporary or indefinite), to provide for the possibility of reducing or increasing the par value of the securities and to determine the other terms and conditions of issue and redemption; if applicable, these securities may be accompanied by warrants giving rights to the allotment, purchase or subscription of bonds or other debt securities, or may grant the Company the power to issue debt securities (whether fungible or non-fungible) as consideration for the interest that was suspended by the Company, or may take the form of hybrid bonds as defined by the financial services authorities; to amend the abovementioned conditions during the term of the securities, in accordance with the applicable law;
   - To determine the payment method for the shares or securities giving rights to shares to be issued immediately or in the future;
   - To set, where applicable, the terms and conditions of exercise of the rights attached to the shares or securities, and, in particular, to determine the date (which may be retrospective) from which the new shares to be issued will be entitled to dividends, and any other conditions to complete the issue;
   - To set the terms and conditions under which the Company may purchase or trade the securities issued or to be issued immediately or in the future on the stock market, at any time or during fixed periods, with a view to their cancellation or otherwise, in accordance with the law;
   - To provide for the possibility to suspend the exercise of the rights attached to these securities, in accordance with legal and regulatory provisions;
   - On its own initiative, to charge the expenses of the capital increases to the amount of the corresponding premiums and to deduct the amounts required to fund the legal reserve from this amount;
   - To determine and make any adjustments to take into account the impact of any transactions affecting the Company's share capital and to establish all other conditions necessary to preserve the rights of holders of securities giving access to shares of the Company (including by way of cash adjustments) in accordance with legal and regulatory provisions and any applicable contractual provisions;
   - To arrange, where necessary, for the shares or securities to be issued to be admitted to trading on a regulated market;
   - To record the completion of each capital increase and to make the corresponding amendments to the bylaws;
   - And in general, to enter into any agreement, particularly to ensure the successful completion of the planned issues, take all steps and carry out all formalities necessary for the issue, listing and financial servicing of the securities issued pursuant to this delegation of authority and for the exercise of the rights attached thereto.
5. Resolves that the Executive Board may not, unless it has obtained prior authorization from the General Meeting, use this delegation of authority from the date a public offer for the Company's securities is filed by a third party and until the end of the offer period.
6. Sets the validity period of the delegation of authority granted in this resolution at 26 months with effect from the date of this Meeting.
7. Notes that, with effect from the date hereof, this delegation of authority supersedes the delegation of authority granted by the seventeenth resolution of the Company's General Meeting of April 18, 2017.

Fifteenth resolution

(Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company or its subsidiaries and/or securities giving rights to debt securities for a period of 26 months, by means of a public offering without preemptive subscription rights)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, in particular Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 225-148 of said Code, and the provisions of Articles L. 228-91 *et seq.* of said Code:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided for by law, the regulations and the Company's bylaws, its authority, subject to prior authorization by the Supervisory Board, to issue, on one or more occasions, in such proportions and at such times as it shall decide, in France or abroad, without preemptive subscription rights, by means of a public offering, either in euros or in any other currency or monetary unit benchmarked to a basket of currencies, (i) ordinary Company shares, (ii) securities governed by Articles L. 228-91 *et seq.* of the French Commercial Code, which are equity securities of the Company giving rights to other equity securities of the Company and/or giving rights to debt securities of the Company, (iii) debt securities governed or not by Articles L. 228-91 *et seq.* of the French Commercial Code, which give rights or may give rights to equity securities to be issued by the Company, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities of the Company, (iv) securities, which are equity securities of the Company, giving rights to existing equity securities of or equity securities to be issued by companies and/or debt securities of companies, in which the Company will directly or indirectly hold more than half the share capital at the time of the issue, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities of the Company, and/or (v) securities, which are equity securities of the Company, giving rights to existing equity securities and/or debt securities of other companies, in which the Company will not directly or indirectly hold more than half the share capital at the time of the issue, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities, on the understanding that the shares and other securities may be subscribed either in cash or by offsetting receivables. In particular, these securities may be issued as consideration for securities tendered to the Company in connection with a public offer with an exchange component (OPE) initiated by the Company and carried out in France or abroad according to local rules on securities that meet the conditions provided for in Article L. 225-148 of the French Commercial Code.

   This decision automatically results in the waiver by the shareholders, in favor of the holders of securities which may be issued by companies in the Company's group, of their preemptive right to subscribe to the shares or securities giving rights to shares of the Company to which such securities give right.

2. Resolves to set the following ceilings on the amounts of issues authorized in the event that the Executive Board decides to use this delegation of authority:

   - The maximum nominal amount of the capital increases which may be carried out immediately or in the future pursuant to this delegation of authority is set at €42 million or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies, on the understanding that this amount will be deducted from the nominal ceiling applicable to capital increases without preemptive subscription rights provided for in paragraph 2 of the sixteenth resolution of this General Meeting and from the overall ceiling applicable to capital increases provided for in the twenty-first resolution of this General Meeting or, where appropriate, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority;
   - In the event of future financial transactions, the nominal amount of any additional shares issued to preserve the rights of the holders of securities giving rights to shares of the Company, will be added to these ceilings in accordance with the law and any contractual provisions;
   - In the event that debt securities are issued under this delegation of authority, the maximum nominal amount of the debt securities which may be issued immediately or in the future under this delegation of authority may not exceed €1.5 billion or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies on the issue date, plus any above-par redemption premium, on the understanding that the amount will be deducted from the nominal ceiling applicable to issues of debt securities provided for in paragraph 2 of the sixteenth resolution of this General Meeting and from the overall ceiling applicable to issues of debt securities provided for in the twenty-first resolution of this General Meeting or, if applicable, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority.

3. Resolves to cancel shareholders' preemptive right to subscribe to the securities subject to this resolution, but authorizes the Executive Board, pursuant to Article L. 225-135-2 of the French Commercial Code, to give the shareholders a priority subscription period which does not give rise to negotiable rights and which must be exercised in proportion to the number of shares held by each shareholder and may be rounded out by a preferential right to subscribe for any securities not taken up by other shareholders, for such period and on such terms as it shall determine in accordance with the applicable legal and regulatory provisions and in respect of all or a portion of the issue.

4. Resolves that if subscriptions, including those by the shareholders, do not absorb the entire issue, the Executive Board may, in such order as it shall determine, exercise one or other of the following powers:

   - Re-allot at its discretion all or a portion of the unsubscribed securities;
   - Offer all or a portion of the unsubscribed securities to the public;
   - Limit the amount of the transaction to the amount of the subscriptions received, provided that it equals at least three-quarters of the intended issue amount.

5. Notes that any decision to carry out public offerings of shares and/or securities pursuant to this delegation of authority may be associated, as part of the same issue or of several issues of shares and/or securities, with offers referred to in Article L. 411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*) in accordance with the delegation of authority given in the sixteenth resolution of this General Meeting.

6. Notes that any decision to carry out an issue pursuant to this delegation of authority will automatically result in the waiver by the shareholders, in favor of the holders of securities giving rights to shares of the Company, of their preemptive right to subscribe to the shares to which such securities give right.
7. Notes that any decision to issue the securities referred to in paragraph 1 (iv) above will, if these securities give rights to equity securities to be issued by a company in which the Company directly or indirectly holds or will hold more than half the share capital at the time of issue, require approval by the Extraordinary General Meeting of the company concerned.
8. Notes that, in accordance with Article L. 225-136-1-1 of the French Commercial Code:
   - The issue price of the shares issued directly will be at least equal to the minimum provided for in the regulatory provisions applicable on the issue date (at the date hereof, the weighted average share price on the Euronext Paris regulated market over the three trading days preceding the setting of the subscription price of the capital increase, less 5%), after any correction of this average in the event of a difference in the dividend entitlement dates;
   - The issue price of the securities giving rights to shares of the Company and the number of shares to which the conversion, redemption or transformation of each security giving rights to shares of the Company may give right, will be the amount immediately received by the Company, plus any sum that it may subsequently receive, i.e., for each share issued as a result of the issue of these securities, an amount at least equal to the minimum subscription price defined in the preceding sub-paragraph.
9. Resolves that the Executive Board will have all necessary powers, which it may delegate under the conditions provided for by law and the Company's bylaws, to implement this delegation of authority, notably in order:
   - To decide on the issue and determine the securities to be issued;
   - In the case of an immediate or future share issue, to decide on the amount of the capital increase, the issue price and the amount of the premium which may be required for the issue;
   - To determine the dates and terms of the issue, and the nature, number and characteristics of the securities to be created; in addition, in the case of bonds or other debt securities (including securities giving rights to debt securities referred to in Article L. 228-91 of the French Commercial Code), to decide whether they will be subordinated or not, to set their coupon, to provide for, where applicable, mandatory or optional provisions governing the suspension or non-payment of interest and to determine the duration thereof (either temporary or indefinite), to provide for the possibility of reducing or increasing the par value of the securities and to determine the other terms and conditions of issue and redemption; if applicable, these securities may be accompanied by warrants giving rights to the allotment, purchase or subscription of bonds or other debt securities, or may grant the Company the power to issue debt securities (whether fungible or non-fungible) as consideration for the interest that was suspended by the Company, or may take the form of hybrid bonds as defined by the financial services authorities; to amend the abovementioned conditions during the term of the securities, in accordance with the applicable law;
   - To determine the payment method for the shares or securities giving rights to shares to be issued immediately or in the future;
   - To set, where applicable, the terms and conditions of exercise of the rights attached to the shares or securities giving rights to the shares to be issued, and, in particular, to determine the date (which may be retrospective) from which the new shares will be entitled to dividends, and any other conditions to complete the capital increase;
   - To set the terms and conditions under which the Company may purchase or trade the securities issued or to be issued immediately or in the future on the stock market, at any time or during fixed periods, with a view to their cancellation or otherwise, in accordance with the law;
   - To provide for the possibility to suspend the exercise of rights over the securities issued in accordance with legal and regulatory provisions;
   - In the event of the issue of securities as consideration for securities tendered during a public offer with an exchange component (OPE), to establish the list of the securities tendered to the exchange, to set the conditions of the issue, the exchange ratio and, if applicable, the amount of the cash balance to be paid without having to apply the price calculation conditions provided for in paragraph 8 of this resolution, and to determine the conditions of the issue in the case of either an OPE, an alternative purchase or exchange offer, or a single offer proposing the purchase or exchange of selected securities in exchange for a payment in cash and securities, or a public tender offer (OPA) or an exchange offer followed by a subsidiary OPE or OPA, or any other form of public offer that complies with applicable laws and regulations;
   - On its own initiative, to charge the expenses of the capital increases to the amount of the corresponding premiums and to deduct the amounts required to fund the legal reserve from this amount;
   - To determine and make any adjustments to take into account the impact of any transactions affecting the Company's share capital and to establish the conditions necessary to preserve the rights of holders of securities giving rights to shares of the Company (including by way of cash adjustments);
   - To record the completion of each capital increase and to make the corresponding amendments to the bylaws;
   - To arrange, where necessary, for the shares or securities to be issued to be admitted to trading on a regulated market;
   - And in general, to enter into any agreement, particularly to ensure the successful completion of the planned issues, take all steps and carry out all formalities necessary for the issue, listing and financial servicing of the securities issued pursuant to this delegation of authority and for the exercise of the rights attached thereto.
10. Resolves that the Executive Board may not, unless it has obtained prior authorization from the General Meeting, use this delegation of authority from the date a public offer for the Company's securities is filed by a third party and until the end of the offer period.
11. Sets the validity period of the delegation of authority granted in this resolution at 26 months with effect from the date of this Meeting.

12. Notes that, with effect from the date hereof, this delegation of authority supersedes the delegation of authority granted by the eighteenth resolution of the Company's General Meeting of April 18, 2017.
13. Notes that, in the event that the Executive Board uses the delegation of authority granted by this resolution, it will report to the following Ordinary General Meeting on the use made thereof, in accordance with the law and regulations.

Sixteenth resolution

(Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company and/or securities giving rights to debt securities for a period of 26 months, by means of a private placement referred to in Article L. 411-2 II of the French Monetary and Financial Code)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, in particular Articles L. 225-129-2, L. 225-135 and L. 225-136 of said Code, the provisions of Articles L. 228-91 *et seq.* of said Code, and the provisions of Article L. 411-2 II of the French Monetary and Financial Code:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided for by law and the Company's bylaws, its authority, subject to prior authorization by the Supervisory Board, to issue, on one or more occasions, in such proportions and at such times as it shall decide, in France or abroad, without preemptive subscription rights, by means of an offering referred to Article L. 411-2 II of the French Monetary and Financial Code, either in euros or in any other currency or monetary unit benchmarked to a basket of currencies, (i) ordinary Company shares, (ii) securities governed by Articles L. 228-91 *et seq.* of the French Commercial Code, which are equity securities of the Company giving rights to other equity securities of the Company and/or giving rights to debt securities of the Company, (iii) debt securities governed or not by Articles L. 228-91 *et seq.* of the French Commercial Code, which give rights or may give rights to equity securities to be issued by the Company, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities of the Company, (iv) securities, which are equity securities of the Company, giving rights to existing equity securities of or equity securities to be issued by companies and/or debt securities of companies, in which the Company will directly or indirectly hold more than half the share capital at the time of the issue, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities of the Company, and/or (v) securities, which are equity securities of the Company, giving rights to existing equity securities and/or debt securities of other companies, in which the Company will not directly or indirectly hold more than half the share capital at the time of the issue, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities, on the understanding that the shares and other securities may be subscribed either in cash or by offsetting receivables.

   This decision automatically results in the waiver by the shareholders, in favor of the holders of securities which may be issued by companies in the Company's group, of their preemptive right to subscribe to the shares or securities giving rights to shares of the Company to which such securities give right.

2. Resolves to set the following ceilings on the amounts of issues authorized in the event that the Executive Board decides to use this delegation of authority:
   - The maximum nominal amount of the capital increases which may be carried out immediately or in the future pursuant to this delegation of authority is set at €42 million or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies, on the understanding that this amount will be deducted from the nominal ceiling applicable to capital increases without preemptive subscription rights provided for in paragraph 2 of the fifteenth resolution of this General Meeting and from the overall ceiling applicable to capital increases provided for in the twenty-first resolution of this General Meeting or, where appropriate, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority;
   - In the event of future financial transactions, the nominal amount of any additional shares issued to preserve the rights of the holders of securities giving rights to shares of the Company, will be added to these ceilings in accordance with the law and any contractual provisions; and
   - In the event that debt securities are issued under this delegation of authority, the maximum nominal amount of the debt securities which may be issued immediately or in the future under this delegation of authority may not exceed €1.5 billion or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies on the issue date, plus any above-par redemption premium, on the understanding that the amount will be deducted from the nominal ceiling applicable to issues of debt securities provided for in paragraph 2 of the fifteenth resolution of this General Meeting and from the overall ceiling applicable to issues of debt securities provided for in the twenty-first resolution of this General Meeting or, if applicable, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority.
3. Resolves to cancel shareholders' preemptive right to subscribe to the securities subject to this resolution.
4. Notes that offers referred to in Article L. 411-2 II of the French Monetary and Financial Code and carried out pursuant to this delegation of authority may be associated, as part of the same issue or of several issues of shares and/or securities, with public offerings of shares and/or securities carried out under the delegation of authority given in the fifteenth resolution of this General Meeting.

5. Notes that if the subscriptions do not absorb the entire issue, the Executive Board may, in such order as it shall determine, exercise one or other of the following powers:
   - Re-allot at its discretion all or a portion of the unsubscribed securities;
   - Limit the amount of the transaction to the amount of the subscriptions received, provided that it equals at least three-quarters of the intended issue amount.
6. Notes that any decision to carry out an issue pursuant to this delegation of authority will automatically result in the waiver by the shareholders, in favor of the holders of securities giving rights to shares of the Company, of their preemptive right to subscribe to the shares to which such securities give right.
7. Notes that any decision to issue the securities referred to in paragraph 1 (iv) above will, if these securities give rights to equity securities to be issued by a company in which the Company directly or indirectly holds or will hold more than half the share capital at the time of issue, require approval by the Extraordinary General Meeting of the company concerned.
8. Notes that, in accordance with Article L. 225-136-1-1 of the French Commercial Code:
   - The issue price of the shares issued directly will be at least equal to the minimum provided for in the regulatory provisions applicable on the issue date (at the date hereof, the weighted average share price on the Euronext Paris regulated market over the three trading days preceding the setting of the subscription price of the capital increase, less 5%), after any correction of this average in the event of a difference in the dividend entitlement dates;
   - The issue price of the securities giving rights to shares of the Company and the number of shares to which the conversion, redemption or transformation of each security giving rights to shares of the Company may give right, will be the amount immediately received by the Company, plus any sum that it may subsequently receive, i.e., for each share issued as a result of the issue of these securities, an amount at least equal to the minimum subscription price defined in the preceding sub-paragraph.
9. Resolves that the Executive Board will have all necessary powers, which it may delegate under the conditions provided for by law and the Company's bylaws, to implement this delegation of authority, notably in order:
   - To decide on the issue and determine the securities to be issued;
   - In the case of an immediate or future share issue, to decide on the amount of the capital increase, the issue price and the amount of the premium which may be required for the issue;
   - To determine the dates and terms of the issue, and the nature, number and characteristics of the securities to be created; in addition, in the case of bonds or other debt securities (including securities giving rights to debt securities referred to in Article L. 228-91 of the French Commercial Code), to decide whether they will be subordinated or not, to set their coupon, to provide for, where applicable, mandatory or optional provisions governing the suspension or non-payment of interest and to determine the duration thereof (either temporary or indefinite), to provide for the possibility of reducing or increasing the par value of the securities and to determine the other terms and conditions of issue and redemption; if applicable, these securities may be accompanied by warrants giving rights to the allotment, purchase or subscription of bonds or other debt securities, or may grant the Company the power to issue debt securities (whether fungible or non-fungible) as consideration for the interest that was suspended by the Company, or may take the form of hybrid bonds as defined by the financial services authorities; to amend the abovementioned conditions during the term of the securities, in accordance with the applicable law;
   - To determine the payment method for the shares or securities giving rights to shares to be issued immediately or in the future;
   - To set, where applicable, the terms and conditions of exercise of the rights attached to the shares or securities giving rights to the shares to be issued, and, in particular, to determine the date (which may be retrospective) from which the new shares will be entitled to dividends, and any other conditions to complete the capital increase;
   - To set the terms and conditions under which the Company may purchase or trade the securities issued or to be issued immediately or in the future on the stock market, at any time or during fixed periods, with a view to their cancellation or otherwise, in accordance with the law;
   - To provide for the possibility to suspend the exercise of rights over the securities issued in accordance with legal and regulatory provisions;
   - On its own initiative, to charge the expenses of the capital increases to the amount of the corresponding premiums and to deduct the amounts required to fund the legal reserve from this amount;
   - To determine and make any adjustments to take into account the impact of any transactions affecting the Company's share capital and to establish the conditions necessary to preserve the rights of holders of securities giving rights to shares of the Company (including by way of cash adjustments);
   - To record the completion of each capital increase and to make the corresponding amendments to the bylaws;
   - To arrange, where necessary, for the shares or securities to be issued to be admitted to trading on a regulated market;
   - And in general, to enter into any agreement, particularly to ensure the successful completion of the planned issues, take all steps and carry out all formalities necessary for the issue, listing and financial servicing of the securities issued pursuant to this delegation of authority and for the exercise of the rights attached thereto.
10. Resolves that the Executive Board may not, unless it has obtained prior authorization from the General Meeting, use this delegation of authority from the date a public offer for the Company's securities is filed by a third party and until the end of the offer period.
11. Sets the validity period of the delegation of authority granted in this resolution at 26 months with effect from the date of this Meeting.
12. Notes that, with effect from the date hereof, this delegation of authority supersedes the delegation of authority granted by the nineteenth resolution of the Company's General Meeting of April 18, 2017.

13. Notes that, in the event that the Executive Board uses the delegation of authority granted by this resolution, it will report to the following Ordinary General Meeting on the use made thereof, in accordance with the law and regulations.

Seventeenth resolution

(Delegation of authority to the Executive Board to increase the number of securities to be issued in the event of an issue of ordinary shares and/or securities giving rights to shares of the Company, any subsidiary and/or any other company for a period of 26 months, with or without preemptive subscription rights)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-135-1 of the French Commercial Code:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided for by law, the regulations and the Company's bylaws, its authority, subject to prior authorization by the Supervisory Board, to increase the number of securities to be issued in the event of an issue with or without preemptive subscription rights pursuant to the fourteenth, fifteenth and sixteenth resolutions, at the same price as the original issue, within the periods and limits provided for in the regulations applicable on the issue date (at the date hereof, within 30 calendar days of the close of subscription period and within the limit of 15% of the initial issue), namely with a view to granting a greenshoe option in accordance with market practices.
2. Resolves that in the event of the issue of ordinary shares, whether immediately and/or in the future, the nominal amount of the capital increases which may be carried out pursuant to this resolution will be deducted from the ceiling provided for in the resolution governing the initial issue and from the overall ceiling applicable to capital increases provided for in the twenty-first resolution of this General Meeting or, where appropriate, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority.
3. Resolves that the Executive Board may not, unless it has obtained prior authorization from the General Meeting, use this delegation of authority from the date a public offer for the Company's securities is filed by a third party and until the end of the offer period.
4. Sets the validity period of the delegation of authority granted in this resolution at 26 months with effect from the date of this Meeting.
5. Notes that, with effect from the date hereof, this delegation of authority supersedes the delegation of authority granted by the twentieth resolution of the Company's General Meeting of April 18, 2017.

Eighteenth resolution

(Delegation of authority to the Executive Board to issue shares and/or securities giving rights to shares of the Company as consideration for contributions in kind in the form of equity securities and/or securities giving rights to shares of the Company for a period of 26 months, without preemptive subscription rights)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, in particular Article L. 225-147 of said Code:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided for by law and the Company's bylaws, its authority, subject to prior authorization by the Supervisory Board, to issue, on one or more occasions, in such proportions and at such times as it shall decide, within the limit of 10% of the share capital, this limit being assessed at any time whatsoever by applying this percentage to the share capital as adjusted to take into account the impact of any transactions affecting the share capital after this General Meeting, i.e., for information purposes, as of the date of this General Meeting, a maximum of 30,742,360 shares, as consideration for contributions in kind granted to the Company in the form of equity securities or securities giving rights to shares of the Company, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable, (i) ordinary Company shares, and/or (ii) securities governed or not by Articles L. 228-91 *et seq.* of the French Commercial Code, which are equity securities of the Company giving rights to other equity securities of the Company and/or giving rights to debt securities of the Company, and/or (iii) debt securities governed or not by Articles L. 228-91 *et seq.* of the French Commercial Code, which give rights or may give rights to equity securities to be issued by the Company, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities of the Company, (iv) securities, which are equity securities of the Company, giving rights to existing equity securities of or equity securities to be issued by companies and/or debt securities of companies, in which the Company will directly or indirectly hold more than half the share capital at the time of the issue, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities of the Company, and/or (v) securities, which are equity securities of the Company, giving rights to existing equity securities and/or debt securities of other companies, in which the Company will not directly or indirectly hold more than half the share capital at the time of the issue, with such securities in some circumstances also giving rights to existing equity securities and/or debt securities.
2. Resolves that the maximum nominal amount of the capital increases which may be carried out immediately or in the future pursuant to this resolution will be deducted from the nominal ceiling applicable to capital increases without preemptive subscription rights provided for in paragraph 2 of the fifteenth and sixteenth resolutions of this General Meeting and from the overall ceiling applicable to capital increases provided for in the twenty-first resolution of this General Meeting or, where appropriate, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority.

3. Resolves that, in the event that debt securities are issued under this delegation of authority, the maximum nominal amount of the debt securities which may be issued immediately or in the future under this delegation of authority will be deducted from the nominal ceiling applicable to issues of debt securities provided for in paragraph 2 of the fifteenth and sixteenth resolutions of this General Meeting and from the overall ceiling applicable to issues of debt securities provided for in the twenty-first resolution of this General Meeting or, if applicable, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority.
4. Cancels shareholders' preemptive right to subscribe to the securities which may be issued pursuant to this delegation of authority.
5. Notes, where appropriate, that this delegation of authority results in the waiver by the shareholders of their preemptive right to subscribe to the shares of the Company to which the securities that may be issued pursuant to this resolution may give right immediately or in the future.
6. Resolves that the Executive Board will have all necessary powers, which it may delegate under the conditions provided for by law and the Company's bylaws, to implement this resolution, notably in order:
   - To carry out the issue as consideration for contributions and to determine the securities to be issued, as well as their characteristics, the terms of their subscription and the dividend entitlement date;
   - To establish the list of the securities tendered, to approve the valuation of the contributions, to set the terms of the issue of securities as consideration for those contributions, and, where appropriate, the amount of the cash balance to be paid;
   - To establish, where applicable, the conditions necessary to preserve the rights of holders of securities giving rights to shares of the Company;
   - On its own initiative, to charge the expenses of the capital increases to the amount of the corresponding premiums and to deduct the amounts required to fund the legal reserve from this amount;
   - To record the completion of each capital increase and to make the corresponding amendments to the bylaws;
   - To arrange, where necessary, for the shares or securities to be issued to be admitted to trading on a regulated market;
   - And in general, to take all steps and carry out all formalities necessary for the issue, listing and financial servicing of the securities issued pursuant to this delegation of authority and for the exercise of the rights attached thereto.
7. Resolves that the Executive Board may not, unless it has obtained prior authorization from the General Meeting, use this delegation of authority from the date a public offer for the Company's securities is filed by a third party and until the end of the offer period.
8. Sets the validity period of the delegation of authority granted in this resolution at 26 months with effect from the date of this Meeting.
9. Notes that, with effect from the date hereof, this delegation of authority supersedes the delegation of authority granted by the twenty-first resolution of the Company's General Meeting of April 18, 2017.

Nineteenth resolution

(Delegation of authority to the Executive Board to increase the Company's share capital by capitalizing premiums, reserves, profits or other items for a period of 26 months)

The General Meeting of Shareholders, acting under the conditions of quorum and majority required for Ordinary General Meetings and having reviewed the reports of the Executive Board, and subject to the prior authorization of the Supervisory Board, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided for by law, the regulations and the Company's bylaws, its authority to increase the Company's share capital, on one or more occasions, in such proportions and at such times as it shall decide, by successive or simultaneous capitalization of all or a portion of the reserves, profits, issue, merger or contribution premiums or any other amounts that may be capitalized in accordance with the law or the Company's bylaws, by creating or allotting shares, or by increasing the nominal value of shares, or a combination of both. The maximum nominal amount of the capital increases which may be carried out in this way may not exceed €100 million or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies, on the understanding that this amount will be deducted from the overall ceiling applicable to capital increases provided for in the twenty-first resolution of this General Meeting or, where appropriate, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority.
2. In the event that the Executive Board uses this delegation of authority, delegates to the Executive Board all necessary powers, which it may sub-delegate under the conditions provided for by law and by the Company's bylaws, to implement this delegation of authority, notably in order:
   - To set the amount and nature of the sums to be capitalized, to determine the number of new equity securities to be issued and/or the amount by which the nominal value of existing equity securities will be increased, and to set the date (which may be retrospective) from which the new equity securities will be entitled to dividends or the date on which the increase in the nominal value of existing equity securities will take effect;
   - To decide, in the event of the distribution of bonus shares:
     - That fractional rights will not be negotiable and that the corresponding equity securities will be sold; the proceeds of the sale will be allotted to the rights holders in accordance with the conditions provided for by law and the regulations,
     - That shares allotted pursuant to this delegation of authority in respect of any existing shares with double voting rights will benefit from said rights as soon as they are issued;
   - To make any adjustments to take into account the impact of any transactions affecting the Company's share capital, to establish the conditions necessary to preserve the rights of holders of securities giving rights to shares of the Company and to take all steps and carry out all formalities necessary to complete the capital increases (including by way of cash adjustments);
   - To record the completion of each capital increase and to make the corresponding amendments to the bylaws;

- On its own initiative, to charge the expenses of the capital increases to the amount of the corresponding premiums and to deduct the amounts required to fund the legal reserve from this amount;
- To arrange, where necessary, for the shares or securities to be issued to be admitted to trading on a regulated market;
- And in general, to enter into any agreement, take all steps and carry out all formalities necessary for the issue, listing and financial servicing of the securities issued pursuant to this delegation of authority and for the exercise of the rights attached thereto.

3. Resolves that the Executive Board may not, unless it has obtained prior authorization from the General Meeting, use this delegation of authority from the date a public offer for the Company's securities is filed by a third party and until the end of the offer period.
4. Sets the validity period of the delegation of authority granted in this resolution at 26 months with effect from the date of this Meeting.
5. Notes that, with effect from the date hereof, this delegation of authority supersedes the delegation of authority granted by the twenty-second resolution of the Company's General Meeting of April 18, 2017.
6. Notes that the Executive Board must report to the following Ordinary General Meeting on the use made of the delegation of authority given in the present resolution in accordance with the law and regulations.

Twentieth resolution

(Delegation of authority to the Executive Board to issue shares or securities giving rights to shares of the Company reserved for members of company savings plans for a period of 26 months, without preemptive subscription rights)

The General Meeting of Shareholders, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and the provisions of Articles L. 3332-1 *et seq.* of the French Labor Code:

1. Delegates to the Executive Board, which may sub-delegate under the conditions provided for by law, the regulations and the Company's bylaws, its authority, subject to the prior authorization of the Supervisory Board, to increase the Company's share capital, on one or more occasions, by a maximum nominal amount of €3 million or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies, by issuing shares or securities giving rights shares of the Company, reserved for the members of one or more employee savings plans (or any other plan for whose members a capital increase can be reserved under the same conditions in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code or any similar law or regulation) implemented in a company or group of companies, whether French or foreign, which are related under Article L. 225-180 of the French Commercial Code and fall within the scope of the Company's consolidated or combined financial statements in accordance with Article L. 3344-1 of the French Labor Code, on the understanding that this resolution may be used to implement leveraged plans, on the understanding that the shares and/or securities subscribed may be paid in cash or by offsetting receivables held against the Company whose amounts are known, are liquid and are payable.
2. Resolves that the maximum nominal amount of the capital increases which may be carried out immediately or in the future pursuant to this delegation of authority may not exceed €3 million or the exchange value of this amount at the issue date, on the understanding that the nominal maximum amount of the capital increases which may be carried out immediately or in future pursuant to this delegation of authority will be deducted from the overall ceiling applicable to capital increases provided for in the twenty-first resolution of this General Meeting or, where appropriate, from the overall ceiling that may be subsequently provided for in a similar resolution which may supersede said resolution during the validity period of this delegation of authority.
3. Resolves that the issue price of the new shares or securities giving rights to shares of the Company will be determined under the conditions provided for in Articles L. 3332-18 *et seq.* of the French Labor Code and will be at least equal to 80% of the Reference Price (as defined below) or 70% of the Reference Price when the lock-up period provided for in the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labor Code is 10 years or more. However, the General Meeting expressly authorizes the Executive Board to reduce or cancel the abovementioned discounts (within the legal and regulatory limits), if it considers it appropriate to do so, particularly in order to take into account, *inter alia*, the legal, accounting, fiscal and social security rules applicable locally. For the purposes of this paragraph, the Reference Price means the average price of the Company share on the Euronext Paris regulated market over the 20 trading days preceding the date of setting the opening date of the subscription period for the members of an employee savings plan.
4. Authorizes the Executive Board to make a bonus allotment to the abovementioned beneficiaries, in addition to the shares or securities giving rights to the shares of the Company to be subscribed in cash, of shares or securities giving rights to the shares of the Company to be issued or already issued, by way of replacement of all or a portion of the discount on the Reference Price and/or by way of a Company contribution, on the understanding that the benefit resulting from this allotment may not exceed the legal or regulatory limits applicable under Articles L. 3332-10 *et seq.* of the French Labor Code.
5. Resolves to cancel shareholders' preemptive right, in favor of the abovementioned beneficiaries, to subscribe to the shares to be issued and the securities giving rights to shares of the Company subject to this delegation of authority, with said shareholders also waiving, in the event of the bonus allotment of shares to be issued or securities giving rights to shares of the Company to the abovementioned beneficiaries, all rights to such shares or securities giving rights to shares of the Company, including the portion of reserves, profits or premiums capitalized as a result of the bonus allotment of said securities pursuant to this resolution.
6. Authorizes the Executive Board, under the conditions provided for in this delegation of authority, to sell shares to the members of an employee savings plan as provided for in Article L. 3332-24 of the French Labor Code, on the understanding that the shares sold at a discount to the members of one or more of the employee savings plans referred to in this resolution will be deducted from the ceiling referred to in paragraph 1 above to the equivalent nominal amount of the shares sold.
7. Resolves that the Executive Board will have all necessary powers, which it may delegate under the conditions provided for by law and the Company's bylaws, to implement this delegation of authority, within the limits and subject to the abovementioned conditions, notably in order:
   - In accordance with the law, to establish the list of the companies whose abovementioned beneficiaries may subscribe to the shares or securities giving rights shares of the Company

issued pursuant to this authorization and may benefit, where applicable, from any bonus shares or securities giving access to shares of the Company;

- To decide that the beneficiaries who are members of an employee savings plan may subscribe directly or through company mutual funds or other structures or entities permitted by the applicable legal and regulatory provisions;
- To determine the conditions, notably with respect to seniority, that must be satisfied by the beneficiaries of the capital increases;
- To set the opening and closing dates of the subscriptions;
- To set the amounts of the issues that will be carried out pursuant to this authorization and to determine, in particular, the issue price, dates, periods, terms and conditions of subscription, payment, delivery and entitlement to dividends of the securities (which may be retrospective), the reduction rules applicable in the event of over-subscription, and the other terms and conditions of the issues, within the legal or regulatory limits in force;
- In the event of the bonus allotment of shares or securities giving rights to shares of the Company, to determine the nature, characteristics and number of shares or securities giving rights to shares of the Company to be issued, the number to be allotted to each beneficiary, and to set the date, periods, terms and conditions governing the allotment of these shares or securities giving rights to shares of the Company within the legal and regulatory limits in force, and notably, to decide whether to totally or partially substitute the allotment of these shares or securities giving rights to shares of the Company with the discounts on the Reference Price provided above, or to charge the exchange value of those shares or securities to the total amount of the Company's contribution, or a combination of both;
- In the event of the issue of new shares, to charge the amounts necessary to pay for said shares to the reserves, profits or issue premiums, where applicable;
- To record the completion of the capital increase in the amount of the shares that are actually subscribed;
- Where applicable, to charge the expenses of the capital increases to the amount of the corresponding premiums and to deduct from this amount the amounts necessary to increase the legal reserve to one-tenth of the new share capital resulting from these capital increases;
- To enter into any agreements, complete any transactions and formalities either directly or indirectly through an agent, including the formalities resulting from the capital increases, and make the corresponding amendments to the bylaws;
- And in general, to enter into any agreement, particularly to ensure the successful completion of the planned issues, take all steps and decisions and carry out all formalities necessary for the issue, listing and financial servicing of the securities issued pursuant to this delegation of authority and for the exercise of the rights attached thereto or resulting from the capital increases.

8. Resolves that the Executive Board may not, unless it has obtained prior authorization from the General Meeting, use this delegation of authority from the date a public offer for the Company's securities is filed by a third party and until the end of the offer period.
9. Sets the validity period of the delegation of authority granted in this resolution at 26 months with effect from the date of this Meeting.

Twenty-first resolution

(Overall ceiling on authorizations to issue shares and securities giving rights to shares of the Company)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report, resolves to set at €100 million or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies, the overall maximum nominal amount of the share capital increases which may be carried out immediately and/or in the future pursuant to the authorizations granted by the fourteenth to twentieth resolutions, on the understanding that the nominal amount of the additional shares issued to preserve the rights of holders of securities giving rights to shares of the Company may be added to this nominal amount.

The General Meeting also resolves to set at €1.5 billion or the equivalent in any other currency or monetary unit benchmarked to a basket of currencies, the overall maximum nominal amount of the issues of debt securities that may be carried out in accordance with the authorizations granted by the fourteenth to nineteenth resolutions.

Twenty-second resolution

(Delegation of authority to the Executive Board to allot bonus shares of the Company for a period of 38 months without preemptive subscription rights)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings and having reviewed the Executive Board's report and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. Authorizes the Executive Board, pursuant to the provisions of Article L. 225-197-1 *et seq.* of the French Commercial Code, under the conditions defined hereafter and after obtaining prior authorization from the Supervisory Board, on one or on more occasions, to allot existing or future bonus ordinary shares, to beneficiaries or categories of beneficiaries that it shall decide from amongst the employees of the Company or companies or groups of companies which are directly or indirectly related to it in accordance with the conditions provided for in Article L. 225-197-2 of said Code and/or the corporate officers of the Company or companies or groups of companies which are directly or indirectly related to it and meet the conditions provided for in Article L. 225-197-1 II of said Code, in the conditions defined hereafter.
2. Resolves that the existing or future shares allotted pursuant to this authorization may not represent more than 0.5% of the share capital at the date of the Executive Board's decision.
3. Resolves that:
   - The number of shares allotted to the Company's corporate officers, which will be deducted from the 0.5% ceiling mentioned in paragraph 2 above, may not exceed 0.2% of the Company's share capital at the date the Executive Board decides to allot them;
   - All the shares allotted will only vest subject to performance conditions.
4. Resolves that the allotment of said shares to their beneficiaries will become final either (i) at the expiration of a minimum three-year vesting period, with the beneficiaries having to hold said shares for a minimum two-year lock-up period from the date of the final allotment of said shares, or (ii) at the expiration of a minimum four-year vesting period, with the beneficiaries in that case not being subject to any lock-up period, on the understanding that the allotment of said shares to their beneficiaries will become final

before the expiration of the abovementioned vesting period in the event of second or third category disability within the meaning of Article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*) or the equivalent disposition outside of France, and that said shares will be freely transferable in such case.

5. Resolves that the Executive Board will have all necessary powers, which it may delegate under the conditions provided for by law and the Company's bylaws, to implement this delegation of authority, notably in order:
   - To determine whether the bonus shares exist or must be issued and, where appropriate, to modify its choice before the final allotment of the shares;
   - To determine the identity of the beneficiaries, or the category or categories of beneficiaries, for the share allotments from amongst the employees and corporate officers of the Company or of the abovementioned companies or groups of companies and the number of shares allotted to each of them;
   - To establish the conditions and criteria of the share allotments, notably the vesting period and minimum lock-up period required for each beneficiary, in accordance with the abovementioned conditions. With respect to the bonus shares allotted to corporate officers, the Executive Board must either (a) decide that the bonus shares may not be transferred by the beneficiaries before the end of their term of office, or (b) determine the number of bonus shares that the beneficiaries must hold in registered form until the end of their term of office;
   - To determine the performance conditions attached to the final allotment of the shares;
   - To provide for the possibility to temporarily suspend allotment rights in the event of financial transactions;
   - To record the final allotment dates and the dates from which the shares may be freely transferred, subject to legal restrictions;
   - In the event of the issue of new shares, to charge the amounts required to pay for said shares, where necessary, to reserves, profits or issue premiums, to record the capital increases carried out under this authorization, to make the corresponding amendments to the bylaws, and generally to take all steps and carry out all formalities necessary.
6. Resolves that the Company may, where appropriate, adjust the number of bonus shares necessary to preserve beneficiaries' rights in the event of any transactions affecting the Company's share capital, as provided in Article L. 225-181 of the French Commercial Code. The shares allotted in accordance with these adjustments will be deemed to be allotted at the same date as the initially allotted shares.
7. Notes that in event of the bonus allotment of new shares, this authorization will entail, as and when said shares are finally allotted, a capital increase by capitalization of reserves, profits and premiums in favor of the beneficiaries of said shares and the corresponding waiver by the shareholders, in favor of the beneficiaries of said shares, to their preemptive right to subscribe to said shares.
8. Notes that, in the event that the Executive Board uses this authorization, it will inform the General Meeting every year of the transactions carried out pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code, under the conditions provided for in Article L. 225-197-4 of said Code.
9. Notes that, with effect from the date hereof, this authorization supersedes any prior authorization given to the Executive Board to allot existing or future bonus shares to employees and corporate officers of the Group or to some of them.
10. Resolves that this authorization will be given for a period of 38 months with effect from the date hereof.

Twenty-third resolution

(Powers for formalities)

The General Meeting, acting under the conditions of quorum and majority required for Extraordinary General Meetings, confers all necessary powers on the bearer of an original, copy or extract of the minutes of this General Meeting to carry out all filing and other formalities required by law.

6.2.3 Report of the Supervisory Board to the Ordinary and Extraordinary General Meeting

Approval of the financial statements for the fiscal year ended December 31, 2018

Dear shareholders,

Pursuant to the provisions of Article L. 225-68 of the French Commercial Code, the Supervisory Board is required to report to the General Meeting our observations on the financial statements as approved by the Executive Board, as well as its report to you.

The Supervisory Board has been kept regularly informed by the Executive Board about the operations and business of the Company and its Group, and, in the performance of its duties, has carried out the necessary audits and controls. The Supervisory Board is assisted in its duties by its special committees, i.e., the Investment Committee, the Audit Committee, the Nomination and Compensation Committee and the Sustainable Development Committee.

We have no particular comments to make in respect of the Executive Board's report or of the company financial statements or the consolidated financial statements for the fiscal year ended December 31, 2018. We therefore invite you to approve these company financial statements and consolidated financial statements for the fiscal year ended December 31, 2018, in addition to all of the proposed resolutions.

We wish to thank the Executive Board and all the members of staff for their hard work and efforts during 2018.

The Supervisory Board

6.2.4 Description of the treasury share buyback program

Pursuant to Articles 241-1 *et seq.* of the General Regulation of the French financial markets authority (*Autorité des marchés financiers* – AMF), this section provides details of the treasury share buyback program that will be submitted to the Ordinary and Extraordinary General Meeting of April 16, 2019 (the "**2019 Share Buyback Program**").

1. Date of the General Meeting convened to approve the 2019 Share Buyback Program

April 16, 2019.

2. Shares held by the Company as of January 31, 2019

As of January 31, 2019, Klépierre directly or indirectly holds 16,897,429 shares, representing 5.38% of its share capital for an overall amount of 567,577,076.02 (book value).

The above figures and the following information take into account the total number of shares comprising the Company's share capital as of January 31, 2019, i.e., 314,356,053 shares.

3. Breakdown by objective of the shares held by Klépierre as of January 31, 2019

As of January 31, 2019,

- 2,172,641 shares are allocated to any stock purchase option plans offered by the Company and to the allotment of bonus shares; and
- 307,923 shares are allocated for the purchase, disposal, conversion, transfer, loan or use of shares in connection with the liquidity agreement that complies with the Ethics Charter of the French Association of Investment Firms (AFEI) and was entered into with Exane BNP Paribas in September 2005, and in accordance with market practices permitted by the AMF, notably to make a market in the shares or to carry out transactions to counter market trends;
- 14,416,865 shares are allocated for cancellation.

4. Objectives of the 2019 Share Buyback Program

The objectives of the 2019 Share Buyback Program are as follows:

- To maintain the secondary market in or liquidity of the Klépierre share through an investment services provider pursuant to a liquidity agreement that complies with a code of conduct recognized by the AMF; or
- To deliver shares (by way of exchange, payment or otherwise) in the context of acquisition, merger, spin-off or asset transfer transactions; or
- To allot bonus shares pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code; or
- To allot or sell shares to employees in connection with an employee profit-sharing plan or pursuant to an employee savings plan under the conditions provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code, through the sale of shares previously purchased by the Company under the sixteenth resolution of the Ordinary General Meeting of April 19, 2016 or by making provision for a bonus allotment of those shares by way of a Company contribution in the form of securities and/or by replacing the discount; or
- To implement any Company stock purchase option plan in accordance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, or any similar plan; or
- In general, to honor obligations with respect to stock option programs or other share allotments to employees or corporate officers of the issuer or of a related company; or
- To deliver shares on the exercise of rights attached to securities giving rights to shares of the Company by redemption, conversion, exchange, presentation of a warrant or by any other means; or
- To cancel all or a portion of the securities purchased in this way.

5. Maximum portion of the share capital to be acquired and maximum number of shares that may be acquired under the 2019 Share Buyback Program

The number of shares that the Company will be authorized to purchase may not exceed 10% of the shares comprising the Company's share capital at any time, this percentage being applied to the share capital as adjusted to take into account any transactions affecting the share capital after this General Meeting.

For information purposes, based on the share capital as of January 31, 2019, less the 16,897,429 shares held at this date, the maximum number of shares that may be purchased is 14,538,177.

The number of shares that the Company will be authorized to hold at any given time may not exceed 10% of the shares comprising the Company's share capital at the relevant date. For information purposes, based on the share capital as of the date of the General Meeting, the maximum number of shares that can be held is 30,742,360.

6. Maximum authorized purchase price per share

The maximum purchase price would be €45 per share, on the understanding that this price may be adjusted in the event of any transactions affecting the share capital or shareholders' equity, in order to take into account the impact of such transactions on the share value.

The maximum amount of funds used to finance the 2019 Share Buyback Program is estimated at €1,383,406,204.50, calculated based on a maximum purchase price of €45 per share and on Klépierre's share capital as of the date of the General Meeting.

7. Duration of the 2019 Share Buyback Program

In accordance with the twelfth resolution of the General Meeting, the Share Buyback Program may be carried out over an 18-month period following that date, i.e., until October 16, 2020.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ADDITIONAL INFORMATION

7.1 GENERAL INFORMATION

7.1.1 Company name

Klépierre

7.1.2 Paris Trade and Companies Registry

SIREN registration number: 780 152 914
SIRET number: 780 152 914 00237
NAF/APE code: 6820B

7.1.3 Legal entity identifier

969500PB4U31KEFHZ621

7.1.4 Term of the Company

Klépierre was registered as a *société anonyme* (French joint-stock corporation) governed by a Board of Directors on October 4, 1968. Its term was set at 99 years, expiring on October 3, 2067.

7.1.5 Legal form

Klépierre is a French joint-stock corporation with an Executive Board and a Supervisory Board subject to the legal provisions applicable to French joint-stock corporations, in particular Articles L. 225-57 to L. 225-93 of the French Commercial Code (*Code de commerce*) and by its own bylaws.

7.1.6 Registered office

26, boulevard des Capucines – 75009 Paris (France)
Tel.: +33 (0)1 40 67 57 40

7.1.7 Tax regime

The Company has elected to be taxed under the French real estate investment company (*sociétés d'investissement immobilier cotées* – SIIC) tax regime in accordance with the terms of Article 208-C of the French Tax Code (*Code général des impôts*).

As such, it is exempt from corporate income tax on:

> Earnings from rental properties, provided that 95% of such earnings are distributed to shareholders before the end of the fiscal year that follows the year in which they are generated;

> Capital gains from the sale of property, investments in real estate partnerships and with a purpose identical to that of a SIIC or shareholdings in subsidiaries that have elected for the new tax regime, provided that 60% of these capital gains are distributed to shareholders before the end of the second fiscal year following the year in which they are generated;

> Dividends received from subsidiaries having elected for SIIC status where these dividends arise as a result of profits and/or capital gains that are exempt from corporate income tax under the SIIC regime, provided that they are distributed in full during the fiscal year following the year in which they are generated.

7.1.8 Other disclosures

The address of the Group's corporate website is: www.klepierre.com.

The information on the corporate website does not form part of this registration document, unless incorporated by reference.

Klépierre's bylaws are available in full on the Group's website. The main provisions of the bylaws are detailed below:

Corporate purpose *(Article 2 of the bylaws)*

Klépierre's corporate purpose is as follows:

> To acquire, sell or exchange, whether directly or indirectly, any land, real-estate rights and buildings, located in France or abroad, as well as all goods and rights that might constitute an addition or annex to said buildings;

> Through its subsidiaries, to construct buildings on its own account or on behalf of Group companies and engage in all operations directly or indirectly related to the construction of these buildings;

> To operate and enhance property value by leasing such properties or otherwise;

> To enter into any lease agreement as a tenant, in France or abroad;

> To acquire direct or indirect equity interests in the persons indicated in Article 8 and in paragraphs 1, 2 and 3 of Article 206 of the French Tax Code and, more generally, to acquire equity interests in any company whose purpose is to operate rental properties;

> As a subsidiary matter, to acquire or dispose of equity interests in any company or enterprise exercising any type of activity in the real estate sector; and

> More generally to engage in all types of civil, commercial, financial, investment and real estate transactions directly related to the aforementioned purpose or in the furtherance thereof, in particular, borrowing and the constitution of any guarantees or pledges required in relation thereto.

Form and transfer of shares *(Article 7 of the bylaws)*

Fully paid-up shares are in registered or bearer form, at the holder's discretion.

Shares are registered in a shareholder account in accordance with the terms and conditions provided for in the applicable laws and regulations.

Shares may be sold or transferred freely subject to the applicable laws and regulations.

Shares resulting from a capital increase may be traded as soon as the capital increase has been completed.

Rights attached to shares *(Article 8 of the bylaws)*

Each share entitles the holder to a proportion of the corporate assets and liquidation surplus corresponding to the portion of capital it represents.

All new or existing shares of the same class and the same paid-up nominal value are fully equal to the extent that they carry the same rights. As regards the appropriation of any profit, and the total or partial redemption of their nominal capital, all shares receive the same net amount and all the taxes and duties to which they are liable are shared equally among them.

Owners of shares are liable only up to the nominal value of the shares they hold.

General Meetings of Shareholders *(Articles 25 to 29 of the bylaws)*

Depending on the nature of the decisions to be taken, shareholders meet in either Ordinary or Extraordinary General Meetings.

Meetings are convened by the Executive Board or Supervisory Board, or, by the persons designated by the French Commercial Code, should the Executive or Supervisory Board fail to do so. They deliberate in accordance with applicable legal and regulatory provisions. Meetings take place either at the registered office or at another venue specified in the notice of meeting.

In accordance with Article R. 225-85-I of the French Commercial Code, to attend General Meetings, shareholders must have registered their shares either in the share register managed by Klépierre or, for bearer shares, in a securities account managed by an authorized intermediary within the deadlines and in accordance with the conditions set out by the applicable law. In the case of bearer securities, registration is evidenced by a certificate of participation issued by the authorized intermediary. The representation of shareholders at meetings is ensured in accordance with the applicable laws and decrees.

The same applies for the communication of information to be provided or sent to shareholders.

Prior to any meeting, shareholders may vote by proxy or by ballot as provided for by the applicable laws and regulations. In particular, in accordance with the conditions set out in the relevant laws and regulations, shareholders may designate a proxy or vote by postal mail, or, if the Executive or Supervisory Board so decides at the time of the notice of meeting, by electronic means using a form prepared by Klépierre or its centralizing financial establishment.

To be retained, all proxies and voting forms must have been received by Klépierre before the maximum time limit prior to the General Meeting set out in Article R. 225-77 of the French Commercial Code. Electronic forms, however, may be received by Klépierre up until 3:00 p.m., Paris time, on the day before the General Meeting.

The decisions of Ordinary and Extraordinary General Meetings are only valid if quorum requirements provided for by law are met. The quorum is calculated in relation to the total number of existing shares, subject to exceptions provided for by law.

In all meetings, subject to any restrictions stipulated by the prevailing legislation, shareholders have one vote per share held or represented without restriction. Pursuant to the option provided for in Article L. 225-123 of the French Commercial Code, double voting rights will not be conferred on fully paid-up shares that have been registered in the name of the same shareholder for a period of two years.

Fiscal year *(Article 30 of the bylaws)*

The fiscal year begins on January 1 and ends on December 31.

Appropriation of earnings – reserves *(Article 31 of the bylaws)*

At least 5% of the profits for the fiscal year, less any losses carried forward, are allocated to the statutory reserve fund, until such fund equals one-tenth of the share capital.

The balance together with any retained earnings make up distributable profit, from which is deducted any amount that the General Meeting of Shareholders, acting on the recommendation of the Executive Board, and subject to the approval of the Supervisory Board, may decide to allocate to one or more discretionary, ordinary or extraordinary funds, with or without special appropriation, or to carry forward as retained earnings.

The balance is apportioned among the shares.

Any shareholder other than an individual:

(i) who directly or indirectly holds on the dividend payment date at least 10% of the dividend entitlements of the Company; and

(ii) whose own position or that of its shareholders, who directly or indirectly hold 10% or more of the rights to dividends, renders the Company liable for the 20% withholding tax stipulated in Article 208-C-II *ter* of the French Tax Code (the "Withholding Tax")

(such shareholders are hereafter referred to as a "Shareholder subject to Withholding"),

will be liable to the Company for a sum equal to the amount of the Withholding Tax payable by the Company on any payment in respect of said distribution.

If the Company directly or indirectly holds 10% or more of one or more SIIC subsidiaries (*sociétés d'investissement immobilier cotées*) as cited in Article 208-C of the French Tax Code, the Shareholder subject to Withholding will also be liable to the Company, when the dividend payment is made, for an amount equal to the difference (the "Difference") between (i) the amount which would have been paid to the Company by one or more SIIC subsidiaries if said SIIC subsidiary had not been liable for the Withholding Tax due to the Shareholder subject to Withholding, multiplied by the percentage of dividend rights held by shareholders other than the Shareholder subject to Withholding, and (ii) the amount actually paid by said SIIC subsidiary multiplied by the percentage of dividend rights held by shareholders other than the Shareholder subject to Withholding, such that other shareholders are not liable to pay any of the Withholding Tax paid by any of the SIICs in the equity ownership chain due to the Shareholder subject to Withholding. Shareholders other than Shareholders subject to Withholding will be creditors with respect to the Company for an amount equal to the Difference, in proportion to their dividend entitlement.

If there is more than one Shareholder subject to Withholding, each Shareholder subject to Withholding will be liable to the Company for the portion of the Withholding Tax owed by the Company generated by its direct and indirect ownership. The status of Shareholder subject to Withholding is assessed on the dividend payment date.

Subject to the information described in section 6.1.2.3 of this registration document, any shareholder other than an individual, which directly or indirectly holds at least 10% of the Company's capital, will be presumed to be a Shareholder subject to Withholding.

Any payment of dividends to a Shareholder subject to Withholding is made by registration in the shareholder's individual current account (non-interest bearing); the current account is reimbursed within five business days of registration, after any sums owed to the Company by the Shareholder subject to Withholding have been offset under the above provisions.

The General Meeting of Shareholders may grant each shareholder the choice between payment of all or part of a dividend or interim dividend in cash or shares. If the payment is in shares, the Shareholder subject to Withholding will receive a portion in shares (no fractional shares will be created) and the other portion in cash (paid by registration in the shareholder's individual current account) such that the offsetting mechanism described above can be applied to the portion of the dividend paid by registration in the individual current account.

Except in the event of a share capital reduction, no dividend may be paid to shareholders if shareholders' equity is, or would be as a result of the distribution, less than the amount of the share capital plus the reserves that may not be distributed under the law or these bylaws.

7.2 DOCUMENTS ON DISPLAY

The updated bylaws, minutes of the General Meeting of Shareholders and other corporate documents, as well as historical financial information, all appraisals and statements made by experts at the Company's request, and all other documents that must be kept at the disposal of shareholders in accordance with the law, may be consulted at the Company's registered office:

26, boulevard des Capucines - 75009 Paris (France).
Tel.: +33 (0)1 40 67 57 40

Copies of this registration document are available free of charge from Klépierre (26, boulevard des Capucines - 75009 Paris - France) and on its corporate website (www.klepierre.com), as well as on the website of the French financial markets authority (*Autorité des marchés financiers* – AMF) (*www.amf-france.org*).

7.3 STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT, WHICH SERVES AS THE ANNUAL FINANCIAL REPORT

I hereby declare, having taken all reasonable measures in this regard, that the information contained in this registration document is, to my knowledge, in accordance with the facts and contains no omissions likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and of all the entities included in the scope of consolidation, and that the management report presents fairly the changes in business, results of operations and financial position of the Company and of all the entities included in the scope of consolidation and describes the main risks and uncertainties facing them.

I have obtained a completion letter from the Statutory Auditors in which they indicate that they have verified the information regarding the financial position and financial statements presented in this document and that they have read the document in its entirety.

Paris, March 6, 2019

Jean-Marc JESTIN
Chairman of the Executive Board

7.4 PERSONS RESPONSIBLE FOR THE STATUTORY AUDIT AND THE FINANCIAL INFORMATION

Persons responsible for the statutory audit

Statutory Auditors

Deloitte & Associés

6, place de la Pyramide

92908 Paris La Défense Cedex, France

572 028 041 RCS Nanterre

Damien Leurent/Laure Silvestre-Siaz

First appointed: General Meeting of Shareholders of June 28, 2006

Term expires: General Meeting of 2022 to be called to approve the financial statements for fiscal year 2021

Ernst & Young Audit

1-2, place des Saisons

92400 Courbevoie - Paris - La Défense 1, France

344 366 315 RCS Nanterre

Bernard Heller

First appointed: General Meeting of Shareholders of April 19, 2016

Term expires: General Meeting of 2022 to be called to approve the financial statements for fiscal year 2021

Alternate Statutory Auditors

Société BEAS

7-9, villa Houssay

92200 Neuilly-sur-Seine, France

315 172 445 RCS Nanterre

First appointed: General Meeting of Shareholders of June 28, 2006

Term expires: General Meeting of 2022 to be called to approve the financial statements for fiscal year 2021

Picarle & Associés

1-2, place des Saisons

92400 Courbevoie - Paris - La Défense 1, France

410 105 894 RCS Nanterre

First appointed: General Meeting of Shareholders of April 19, 2016

Term expires: General Meeting of 2022 to be called to approve the financial statements for fiscal year 2021

Person responsible for the financial information

Jean-Michel Gault

Executive Board member – Deputy CEO

Tel.: +33 (0)1 40 67 55 05

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Annual financial report cross-reference table

This registration document contains all of the elements of the annual financial report mentioned in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and in Article 222-3 of the General Regulation of the French financial markets authority (*Autorité des marchés financiers* – AMF). A cross-reference table for the documents mentioned in Article 222-3 of the AMF's General Regulation and the corresponding sections of this registration document is provided below.

Pursuant to Article 28 of EC Regulation No. 809-2004 of April 29, 2004, the following elements are incorporated by reference:

- The consolidated financial statements for the fiscal year ended December 31, 2017 and the corresponding Statutory Auditors' report, set out respectively on pages 72 to 128 and 129 of the registration document filed with the AMF under number D. 18-0134 on March 15, 2018;
- The company financial statements for the fiscal year ended December 31, 2017 and the corresponding Statutory Auditors' report, set out respectively on pages 132 to 155 and 156 of the registration document filed with the AMF under number D.18-0134 on March 15, 2018;
- The consolidated financial statements for the fiscal year ended December 31, 2016 and the corresponding Statutory Auditors' report, set out respectively on pages 70 to 130 and 131 of the registration document filed with the AMF under number D. 17-0143 on March 10, 2017;
- The company financial statements for the fiscal year ended December 31, 2016 and the corresponding Statutory Auditors' report, set out respectively on pages 132 to 155 and 156 of the registration document filed with the AMF under number D. 17-0143 on March 10, 2017.

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KFC
MANGO
MANGO
REBAJAS
ACTIUM
MORE THAN A JEWE
GAME
SKECHERS
SWAR

GLOSSARY

ACT FOR GOOD®

Act for Good® is Klépierre's CSR approach. Through the implementation of its Act for Good® policy, Klépierre reconciles the requirements of operational excellence with environmental, societal and social performance.

Act for Good® with Klépierre is based on three pillars:

> "Act for the Planet", which sums up the Group's ambition to make a positive contribution to the environment;

> "Act for Territories", which illustrates the importance of the Group's local involvement in the regions in which it operates;

> "Act for People", which is devoted to the well-being of Klépierre's visitors, employees and clients.

Each of the three pillars is broken down into specific quantified commitments, with a five-year timeframe (2022) supplemented by medium-term goals (2030).

More information on this strategy is available in chapter 1 "Group overview" of this registration document.

ANCHOR TENANT

A retailer whose broad appeal as a consumer magnet plays a leading role in attracting and driving footfall within a specific retail or commercial zone, or shopping center.

BOX

A stand-alone retail space that is generally situated near or in the parking lot of a shopping mall or retail park, designed to enhance its appeal.

BREEAM (BUILDING RESEARCH ESTABLISHMENT ENVIRONMENTAL ASSESSMENT METHOD)

Method of environmental assessment for buildings that was developed by the Building Research Establishment (UK).

CAPITALIZATION RATE (CAP RATE)

The average capitalization rate corresponds to the ratio of total expected net rents for occupied and vacant properties to the value, excluding transfer taxes, of these same properties. Transfer taxes are paid upon change in ownership when the asset or its owning company is sold (notary fees, deed and title, registration, etc.).

CATCHMENT AREA

A habitual or theoretical area from which a point of sale or shopping center draws its potential customers. The scope of this area is influenced by the distance and time it takes to gain access.

CLUBSTORE®

All the actions taken to enhance the customer journey and experience in the Group's shopping centers. Clubstore® is one of Klépierre's strategic pillars.

CORPORATE GOVERNANCE

The system of rules, practices and processes through which the executive officers and Board of Directors or Supervisory Board direct and control a company in the interest of its shareholders and other stakeholders. Corporate governance also provides the framework within which corporate objectives are set, the resources needed to achieve them are defined, and performance assessment standards are agreed.

DESTINATION FOOD®

Destination Food® is a comprehensive plan aimed at developing and enhancing the food and beverage offer in Klépierre's shopping centers.

DEVELOPMENT PIPELINE

Name given to all investments that the Group plans to undertake over a given period of time, concerning the creation, extension and/or renovation of portfolio assets or the acquisition of assets or companies.

The Klépierre development pipeline is generally broken down into three categories:

- Committed projects: projects that are in the process of completion or for which the Klépierre Executive Board has decided to commence work;
- Controlled projects: 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 clearance and permits); and
- Identified projects: projects that are in the process of being defined and negotiated.

DIVERSITY CHARTER

An initiative undertaken in late 2004, this document formally condemns discrimination in hiring and employment. It expresses the desire of the signatories to promote a better reflection of the diversity of the French population in their workforce. The Group signed the Diversity Charter on July 31, 2010.

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

A management tool that allows businesses to roll out processes that help lessen adverse environmental impacts. These systems are designed to help organizations achieve lasting improvements and make continuous progress in the area of the environment. The ISO 14001 family of standards, for example, set out specifications and guidelines for the implementation of EMS, as well as defining the principles, procedures and criteria governing environmental audits.

EUROPEAN PUBLIC REAL ESTATE ASSOCIATION (EPRA)

The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 270 members, EPRA's mission is to promote, develop and represent the European public real estate sector. It achieves this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices (financial and non-financial) and the cohesion and strengthening of the industry. Financial and non-financial best practice recommendations contribute to improving the transparency, comparability and relevance of reporting in the whole industry.

EPRA COST RATIO

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

EPRA NET ASSET VALUE (NAV)

EPRA NAV is a measure of the fair value of net assets assuming a normal investment property company business model, i.e., that investment property is owned and operated over the long term.

EPRA NET INITIAL YIELD (NIY)

The EPRA NIY 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.

EPRA TRIPLE NET ASSET VALUE (NNNAV)

Triple net asset value as calculated in accordance with EPRA recommendations. It is similar to EPRA NAV, but includes debt and financial instruments at fair value as well as the optimized value of deferred tax liabilities. See chapter 2 "Business for the year" of this registration document for more information on the methodology used to calculate this indicator.

ESTIMATED RENTAL VALUE (ERV)

Estimated rental value is the value at which space would be let in market conditions prevailing at the valuation date.

FRENCH COMMERCIAL RENT INDEX (*INDICE DES LOYERS COMMERCIAUX* – ILC)

The ILC is published monthly by the French National Institute of Statistics and Economic Studies (INSEE) and comprises the ICC (25%), ICAV (retail trade sales index, expressed in value, 25%), and IPC (consumer price index, 50%) indices. The ICAV index, published monthly by INSEE, is calculated using a sample of revenue reports filed by 31,000 businesses. The IPC index is published monthly in the French legal gazette, and is commonly used to measure inflation. Further to the August 4, 2008 law on economic modernization and its application decree dated November 6, 2008, the ILC index can be used for retail rental price adjustments.

FRENCH COST OF CONSTRUCTION INDEX (*INDICE DU COÛT DE LA CONSTRUCTION* – ICC)

This is one of two benchmark indices used to adjust rents on retail properties. It is published quarterly by the French National Institute of Statistics and Economic Studies (INSEE), and is calculated using data from the quarterly survey on trends in the cost of new housing (PRLN). Using a representative sample of building permits, it provides information on market trends, construction characteristics and factors that can be used to derive the cost of land (price of land, demolitions, taxes, etc.). It is also currently the benchmark index used to adjust office rents.

FRENCH COUNCIL OF SHOPPING CENTERS (*CONSEIL NATIONAL DES CENTRES COMMERCIAUX* – CNCC)

Trade organization bringing together a range of stakeholders in the promotion and development of shopping centers: developers, owners, managers, retailers, service providers and merchant organizations.

FRENCH REIT (*SOCIÉTÉ D'INVESTISSEMENT IMMOBILIER COTÉE* – SIIC)

Tax regime under Article 208-C of the French Tax Code (*Code général des impôts*) that permits publicly-listed joint-stock companies whose stated equity capital exceeds €15 million, by election and subject to certain conditions, within the scope of their primary business activity of acquiring and/or constructing buildings for the purpose of leasing them and direct or indirect ownership of equity in corporations whose business purpose is identical, to qualify for corporate tax exemption on:

> Earnings from rental properties, provided that 95% of such earnings are distributed to shareholders before the end of the fiscal year that follows the year in which they are generated;

> Capital gains from the sale of property, investments in real estate partnerships and with a purpose identical to that of a SIIC or shareholdings in subsidiaries that have elected for the new tax regime, provided that 60% of these capital gains are distributed to shareholders before the end of the second fiscal year following the year in which they are generated;

> Dividends received from subsidiaries having elected for SIIC status (or SIIC equivalent) where these dividends arise as a result of profits and/or capital gains that are exempt from corporate income tax under the SIIC regime, provided that they are distributed in full during the fiscal year following the year in which they are generated.

Klépierre elected for SIIC status in 2003. No shareholder, acting alone or in concert with others, may control more than 60% of the equity capital of a company that has opted for SIIC status. Failing to comply with this threshold would lead to the Company losing SIIC status.

GROSS LEASABLE AREA (GLA)

Total sales area of a shopping center (including the hypermarket, where applicable), plus storage area and excluding aisles and shared tenant space.

GREEN LEASE

A clause or schedule added to a lease whose aim is to encourage a more constructive dialogue between lessees and lessors on environmental issues in general and energy efficiency in particular.

GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK (GRESB)

Non-profit organization whose primary purpose is to assess the environmental and social performance of companies specializing in the real estate sector. Created in 2009, it brings together the leading pension fund managers and key property sector bodies, including EPRA (European Public Real Estate Association) and ECCE (European Centre for Corporate Engagement – an international research association based at the University of Maastricht).

GLOBAL REPORTING INITIATIVE (GRI)

Originally established in 1997, this initiative seeks to develop directives that are applicable internationally in the area of sustainable development and report on the economic, environmental and social performances of companies. It proposes a range of benchmarks and indicators used to measure progress made in corporate sustainability programs.

GROSS RENT

Contractual rent calculated as the minimum guaranteed rent plus any additional variable rent based on retailer sales.

HYPERMARKET

A large retail establishment that displays and sells a broad assortment of both food and non-food products over a sales space that exceeds 2,500 sq.m.

ISO 14001

International environmental certification used for the implementation of Environmental Management Systems (EMS).

KLÉPIERRE UNIVERSITY

The Group's corporate university, which aims to share know-how inside the Company and promote the emergence of a common culture.

LATE PAYMENT

Late payment (rent, utilities and taxes, including VAT) corresponds to any payment that has not been received on the due date, recorded as of the first day it is observed as past due. As most unpaid amounts effectively correspond to late payments, Klépierre discloses a late payment rate on a 12-month rolling basis.

LET'S PLAY®

Name given to the Group's marketing strategy aiming at making visiting its shopping centers an entertaining retail experience.

LIKE-FOR-LIKE/REPORTED PORTFOLIO BASIS

The Group analyzes changes in certain indicators either based on all holdings actually owned during the comparative periods (reported portfolio), or by separating out the impact of any acquisitions, extensions or disposals during the period under review, in order to obtain a stable underlying comparison basis with the prior period (like-for-like portfolio).

LOAN-TO-VALUE (LTV)

Calculated by dividing consolidated net debt by the total value of the Group's property portfolio as determined by independent appraisers (total share, including transfer taxes).

MINIMUM GUARANTEED RENT (MGR)

The minimum guaranteed rent payable under the terms of the lease. Also known as base rent.

MID-SIZE UNIT

A retail outlet whose sales area covers more than 750 sq.m.

NET ASSET VALUE (NAV)

NAV is an indicator that measures the break-up value of a real estate company. It essentially represents the difference between the value of the Company's assets (as estimated by independent appraisers) and the total sum of its liabilities. See chapter 2 "Business for the year" of this registration document for more information on the method for calculating this indicator.

NET CURRENT CASH FLOW

This indicator corresponds to cash flow generated by the recurring operations and business of the Company, after interest and tax. See chapter 2 "Business for the year" of this registration document for more information on the method for calculating this indicator.

NET RENT

Gross rent less fees, non-recovered rental charges (in particular due to vacancies), expenses chargeable to the owner and, where applicable, expenses related to the land on which the rental unit is situated.

NON-FINANCIAL RATING AGENCIES

Agencies that rate businesses on their performances in the three key sustainability areas: quality of environment, governance and social performance. They provide investors with guidelines for assessing businesses from a non-financial perspective.

OCCUPANCY COST RATIO (OCR)

The occupancy cost ratio represents the ratio of rent and tenant charges (excluding taxes) to revenues (excluding taxes).

RENTABLE FLOOR AREA

Gross leasable area owned by Klépierre and in respect of which Klépierre collects rents.

RE-TENANTING

Leasing initiative involving proactively replacing existing tenants with more appealing and dynamic ones, in the aim of enhancing the center's overall retail mix.

RIGHT-SIZING

A Klépierre initiative consisting of ensuring that retailers are able to offer the right format for the right location. In many cases, this implies expanding or reducing the size of stores, and/or relocating them to more appropriate sites within a given shopping center.

REVERSION

Additional minimum guaranteed rent (MGR) obtained as a result of re-letting or when a lease is renewed with the same tenant (excluding additional MGR obtained when a property is leased for the first time). Reversion is negative if the new rent is lower than the previous one.

SALE AND PURCHASE PROMISSORY AGREEMENT

A contractual instrument signed between seller and buyer, under which both parties undertake to proceed with the sale of an asset at an agreed price and before a specified date.

SENIOR WORKERS

Pursuant to applicable law in France, any employee who is aged 55 or over is considered to be a senior worker with respect to career management. For new hires, the threshold is set at 50. The Group entered into an agreement pertaining to the employment of senior workers in October 2009.

SHOPPING CENTER

A group of at least 20 stores and services that form a gross leasable area (GLA) of at least 5,000 sq.m., designed, built and managed as a single entity.

SPECIALTY LEASING

Package of services offering a wide range of communication media to retail chains in order to promote their products (in- and out-of-store poster campaigns for shopping centers, plasma screens, event organization, temporary lets for promotional purposes, etc.). Klépierre Brand Ventures is the Group's specialized entity for this activity in France.

STAKEHOLDERS

Any individual or group that may affect or be affected by the accomplishment of the objectives of the organization. Stakeholders may be part of the Group (employees) or be external parties (clients, suppliers, shareholders, lenders, etc.).

YIELD

Unlike the cap rate, the yield is based on property values excluding transfer taxes, and is used by independent appraisers to estimate the value of the Group's property portfolio. It is determined using analyses of comparable recent transactions and criteria specific to the type of asset under consideration (location, sales area, rental reversion potential, possibility of extensions, percentage of ownership, etc.).

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Tel.: +33 (0)1 55 32 29 74

Klépierre
26 boulevard des Capucines
CS 20062
75009 Paris – France
+33 (0)1 40 67 57 40

www.klepierre.com

KLEPIERRE