2023 Interim Financial Report

KLEPIERRE

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1 MANAGEMENT REPORT

1.1 TRADING UPDATE

1.1.1 Retailer sales and footfall

Klépierre's operating performance continued to improve in the first half of 2023, as illustrated by solid like-for-like growth in **retailer sales**, up 8.0% compared to the same period last year.

Footfall also jumped by 10% during the period compared to 2022.

By **geographic area**, all countries contributed to the growth momentum and exceeded 2022 retailer sales levels. Southern regions were dynamic over the period with Iberia posting growth of 11.2% and Italy experiencing an 8.7% increase. Momentum was also very positive in the Netherlands & Germany (up 17.4%) and Central Europe (up 9.9%), while France was up 5.7% and retailer sales in Scandinavia expanded by 6.4%.

Retailer sales growth was strong across most **segments**, with increases ranging from 6.4% for fashion to 16.5% for food & beverage. Health & beauty outperformed the Group average with growth of 10.8% while household equipment was down slightly (down 1.6%) due to solid 2022 figures as this segment was the best performer during the pandemic.

RETAILER SALES BY GEOGRAPHY COMPARED TO 2022[a]

Geography	Like-for-like change[a]	Share *(in total reported retailer sales)*
France	+5.7%	40%
Italy	+8.7%	25%
Scandinavia	+6.4%	12%
Iberia	+11.2%	10%
Netherlands & Germany	+17.4%	7%
Central Europe	+9.9%	6%
TOTAL	**+8.0%**	**100%**

(a) Change is on a same-store basis, excluding the impact of asset sales and acquisitions and excluding Turkey.

RETAILER SALES BY SEGMENT COMPARED TO 2022[a]

Segment	Like-for-like change[a]	Share *(in total reported retailer sales)*
Fashion	+6.4%	34%
Culture, Gifts & Leisure	+7.4%	21%
Health & Beauty	+10.8%	15%
Food & Beverage	+16.5%	13%
Household Equipment	–1.6%	11%
Other	+14.6%	6%
TOTAL	**+8.0%**	**100%**

(a) Change on a same-store basis, excluding the impact of asset sales and acquisitions and excluding Turkey.

1.1.2 Rent collection

The Group collection rate is 96.5% for the first half of 2023, compared to 96.4% as of December 31, 2022.

1.1.3 Gross rental income and net rental income

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

In millions of euros	06/30/2022	06/30/2022[(a)]	06/30/2023[(b)]
France	226.8	210.7	210.6
Italy	107.2	102.1	116.9
Scandinavia	75.9	67.1	66.4
Iberia	63.0	63.0	69.9
Netherlands & Germany	53.8	49.6	55.4
Central Europe	32.2	32.2	36.6
Other countries	7.5	7.2	8.1
TOTAL SHOPPING CENTERS	566.4	532.0	563.9
Other retail properties	10.9	2.8	2.6
TOTAL	**577.3**	**534.7**	**566.5**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€19.7 million) and the gross rental income generated by disposed assets (€22.9 million).
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

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

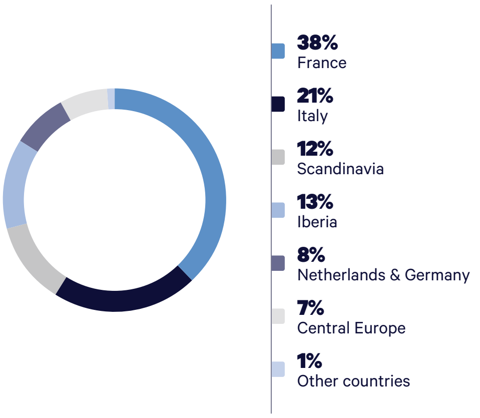
In millions of euros	06/30/2022	06/30/2022[(a)]	06/30/2023[(b)]	Like-for-like change
France	198.1	172.4	181.4	+5.3%
Italy	98.6	88.3	103.5	+7.8%
Scandinavia	65.1	56.3	59.1	+5.0%
Iberia	57.2	54.9	63.4	+12.1%
Netherlands & Germany	36.9	32.6	36.5	+11.9%
Central Europe	30.1	29.8	31.9	+7.1%
Other countries	4.3	4.2	6.0	+41.5%
TOTAL SHOPPING CENTERS	490.3	438.6	481.8	+7.6%
Other retail properties	11.0	3.2	2.3	
TOTAL	**501.3**	**441.7**	**484.1**	**+7.3%**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€38.6 million) and the net rental income generated by disposed assets (€21.0 million).
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

Net rental income amounted to €484.1 million in the first half of 2023, a record 7.3% like-for-like[(1)] increase year on year.

The rebound in retailer sales as well as the sustainable occupancy cost ratio for tenants have allowed the Group to capture reversion through a weighted 6.1% positive indexation effect, and to deliver a remarkable 28% like-for-like increase in ancillary income (turnover rents up 36%, parking lot revenues up 32% and specialty leasing revenues up 13%). Growth was also supported by disciplined management of property charges which translated into an improvement in the ratio of gross to net rental income.

BREAKDOWN OF SHOPPING CENTER NRI BY REGION AS OF JUNE 30, 2023 *(on a total share basis)*



(1) Like-for-like data exclude the contribution of new spaces (acquisitions, greenfield projects and extensions), spaces being restructured and disposals completed since January 2022.

1.1.4 Leasing update

Klépierre registered a dynamic leasing performance over the first half of the year, highlighted by the signing of 809 leases (up 16% compared to the first half of 2022), which confirmed the appeal of the Group's offering among retailers. Dealflow included 634 renewals and re-lettings, with a 5.3% positive reversion rate. Klépierre continued to create value by leveraging its key competitive advantages: (i) the high-quality portfolio in key locations, (ii) the strength of the leasing platform and (iii) the inherent agility of the Group's shopping malls, which are ideally adapted to dynamic banners that meet constantly-evolving customer expectations. In this context, the flight-to-quality strategy pursued by retailers over recent years is supporting demand for space in the Group's assets. Overall, this translated into a 100-basis point year-on-year increase in occupancy to 95.7% as of June 30, 2023 (vs. 95.8% as of December 31, 2022), while the occupancy cost ratio remained at the sustainable level of 12.8% versus 12.9% as of December 31, 2022.

Dealflow remained dense through the first half of the year with **omnichannel and international retailers**, materialized by the opening of two new Primark stores at Centre Deux and Nave de Vero in March, and the signing of the extension of Zara's flagship store at Odysseum to 3,000 sq.m. Calzedonia Group continued to expand in Italy and abroad, scaling up flagship banners Intimissimi, Intimissimi Uomo and Falconeri by opening four new stores at La Gavia (Madrid, Spain), Plzeň Plaza (Czech Republic) and Nave de Vero (Venice, Italy). The Italian group also inaugurated two new stores in France, further entrenching its footprint in the country. In addition, Klépierre accompanied Normal's expansion in Portugal (three deals) and Spain, where the brand is expected to make its market entry by the end of 2023. The first half of 2023 also illustrated the rapid rollout of on-trend **fashion brands** across Klépierre's portfolio. Denim brand Jack & Jones strengthened its positioning in France (seven deals signed) and in Italy (four deals signed), while fast-growing down jacket brand Jott, which already has six stores in France, is planning to expand its business internationally by opening its first Dutch store at Hoog Catharijne (Utrecht, Netherlands).

On top of this, the Group also supported the ramp-up of the **services segment**, notably through its collaboration with We Audition, which is expanding in France and unveiled five stores. Meanwhile, three renewals were signed with Medi Market pharmacies in Italy, bringing their total to five stores, four of which have opened this year.

Over the last six months, Klépierre has also capitalized on its strong partnerships in the very **dynamic sneakers and sports vertical**, strengthening its ties with JD Sports by signing three deals in Italy (Globo and Le Vele Millenium in January and Grandemilia in February) and the 500 sq.m. store extension in Val d'Europe (Paris region). Klépierre also supported Deichmann's geographical expansion, signing three deals for space at Emporia (Malmö, Sweden), Kupolen (Borlänge, Sweden) and Nueva Condomina (Murcia, Spain) and penning a deal to roll out two new stores in Italy. At the same time, French company Courir opened a flagship store in Hoog Catharijne (Utrecht, Netherlands) in February while Foot Locker, which recently opened its biggest store in continental Europe at Val d'Europe, continued to rightsize across the portfolio.

OCCUPANCY COST RATIO BY GEOGRAPHY

Geography	OCR[a]
France	13.3%
Italy	12.4%
Scandinavia	11.9%
Iberia	13.6%
Netherlands & Germany	12.7%
Central Europe	14.7%
Other countries	7.7%
TOTAL	**12.8%**

All assets (including equity-accounted companies) are presented on a 100% share basis.
(a) Occupancy cost ratio: ratio of invoiced rents and tenant charges to retailer sales.

1.2 BUSINESS ACTIVITY BY REGION

1.2.1 France (38% of net rental income)

NET RENTAL INCOME IN FRANCE

	Portfolio NRI			
In millions of euros	06/30/2022	06/30/2022[(a)]	06/30/2023[(b)]	Like-for-like change
FRANCE	**198.1**	**172.4**	**181.4**	**+5.3%**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

Like-for-like **retailer sales**[(1)] growth at Klépierre malls came out at 5.7% year on year, despite social protests against pensions reform and riots. Segment wise, food & beverage and health & beauty experienced the strongest growth with sales up 10.3% and 7.5% respectively. Fashion (up 4.2%) was notably impacted by the cold weather, while cultural products (up 29.8%) and restaurants (up 10.6%) performed well.

Net rental income was up 5.3% on a like-for-like basis, mainly driven by indexation and a rebound in ancillary income (up 31% on a like-for-like basis).

On the **leasing** front, Inditex continued to enlarge its stores in our malls with the successful opening of a 3,000 sq.m. Zara store at Blagnac (Toulouse), followed by the handover of two additional Zara flagships at Odysseum (Montpellier) and Arcades (Noisy-le-Grand).

While Val d'Europe is expected to consolidate its dominant position as one of France's top destinations by welcoming a unique leisure concept over 13,000 sq.m., the regional mall also saw its fashion and lifestyle offering enriched with expanded flagships for Foot Locker, JD Sports and Calzedonia, with the latter also choosing the mall to open its first Falconeri banner in France. In the men's fashion segment, Jack & Jones continued to execute its expansion strategy in France with seven new stores signed, while Devred put pen to paper on four additional stores.

The period also marked the completion and full leasing of the Grenoble Grand Place extension for an opening planned next November, with a new dining area hosting 12 restaurants and an upgraded offering involving brands such as Jott, Snipes, Palais des Thés, Chaussea and Primark. At the same time, in Saint-Etienne, the repositioning of Centre Deux was completed by rounding out the mall's offering with new tenants including Primark, JD Sports, Normal, Cleor, Foot Locker, Optical Center and Action. In Paris, the renewal and releasing campaign at Saint-Lazare got off to a good start with 12 deals signed in the first half of the year. Moreover, the Group bolstered the health & beauty segment in its French portfolio, with three new NYX stores at Arcades (Noisy-le-Grand), Centre Deux (Saint-Étienne) and Grand Place (Grenoble), while fragrance brand Adopt' opened two new stores in Montpellier and Clermont-Ferrand. Similarly, Rituals opted to join Rives d'Arcins (Bordeaux), while Aroma Zone chose Créteil Soleil for its inaugural store in the Paris region. Lastly, the services vertical which acts as an additional footfall driver continued to thrive, supported by strong momentum in the pharmacy market and the fast-paced expansion of audiologists. A new pharmacy will open at Portet-sur-Garonne (Toulouse) and four enlargements were completed at Blagnac (Toulouse), Créteil Soleil (Paris region) and Grand Place (Grenoble), while We Audition unveiled five new locations across the portfolio.

1.2.2 Italy (21% of net rental income)

NET RENTAL INCOME IN ITALY

	Portfolio NRI			
In millions of euros	06/30/2022	06/30/2022[(a)]	06/30/2023[(b)]	Like-for-like change
ITALY	**98.6**	**88.3**	**103.5**	**+7.8%**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

Retailer sales[(1)] in Italy (up 8.7%) outpaced the Group average by 70 basis points, benefiting from Klépierre's very high-quality portfolio. All retail segments contributed to the growth effort, with the exception of household equipment (down 2.1%). Food & beverage (up 29.9%) and health & beauty (up 15.2%) rebounded strongly on the back of the lifting of health restrictions, while culture, gifts & leisure (up 10.6%) was driven by the solid increase in the sports subsegment (up 13.1%).

In this context, **net rental income** in Italy increased by 7.8% on a like-for-like basis.

On the **leasing front**, the Italian portfolio remained a key performance driver at Group level and showcased the attractiveness of Klépierre's platform. The Group continued to consolidate its long-standing partnerships with key accounts in the sports subsegment, notably through a dynamic leasing flow with JD Sports which signed three deals (Globo and Le Vele Millenium in January and Grandemilia in February, all of them open as of June 2023). Meanwhile, its peer Deichmann signed up for various new stores. In the wider footwear segment, the third Dr. Martens store in Klépierre's portfolio will open at Le Gru (Turin)

(1) Change is on a same-store basis, excluding the impact of asset sales and acquisitions.

while the Italian brand Geox signed up in June for the renewal of the leases on four stores at Globo (Milan), Grandemilia (Modena), Gran Reno (Bologna) and Le Gru (Turin). A host of international retail fashion banners chose to pursue their expansion at prime Italian malls such as Nave de Vero (Venice), which unveiled new Primark and Falconeri stores in March. The value segment also contributed significantly to the solid leasing performance in the region, supported by the opening of the first Action store in the Group's Italian portfolio. At the same time, the cosmetics chain Primor chose Milanofiori (Assago) for the inauguration of its first store in the country, followed by the opening in June of a store at Campania (Naples). Lastly, the Group also prioritized the development of the services vertical with leases signed in May with Medi Market pharmacies at Alle Valli (Seriate) and Il Leone (Lonato), bringing their total presence to five stores.

1.2.3 Scandinavia (12% of net rental income)

NET RENTAL INCOME IN SCANDINAVIA

	Portfolio NRI			
In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]	Like-for-like change
SCANDINAVIA	**65.1**	**56.3**	**59.1**	**+5.0%**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

On a like-for-like basis, **retailer sales**[1] in Scandinavia were up 6.4% over the first half of 2023. Sweden (up 9.8%) posted the strongest growth, driven by an influx of Danish visitors on the back of a favorable foreign exchange rate. Denmark registered growth of 1.6% while Norway was up 6.1%. By segment, health & beauty was up 12.4% and food & beverage was up 8.1%. Despite strong post-pandemic rebounds, other segments were less dynamic during the first half.

On a like-for-like basis, **net rental income** was up 5.0%, driven by indexation and higher ancillary income (up 19% on a like-for-like basis).

Leasing dealflow was mostly characterized by the strong dynamic of international and local omnichannel fashion retailers, including Mango's new boutique at Field's (Copenhagen, Denmark) as well as New Yorker extensions at Emporia (Malmö, Sweden) and Kupolen (Borlänge, Sweden). Klépierre's leasing teams in the region also supported the expansion of Deichmann, which signed up to open a new boutique at Kupolen (Borlänge, Sweden). In May, the Group focused on further enriching the retail mix, with Danish value retailer Normal opening a new store at Bryggen (Vejle, Denmark), meaning that Normal now has stores at all ten Klépierre assets in Scandinavia. The first half of the year was also marked by the relocation and extension of lifestyle cosmetics brand Rituals at Kupolen (Borlänge, Sweden). Lastly, Emporia, the preferred destination for banners in Sweden, welcomed in May two new famous local concept stores on the home design thematic, Granit and Designtorget, that will round out the mall's lifestyle offering.

1.2.4 Iberia (13% of net rental income)

NET RENTAL INCOME IN IBERIA

	Portfolio NRI			
In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]	Like-for-like change
IBERIA	**57.2**	**54.9**	**63.4**	**+12.1%**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

Klépierre's high-quality Iberian malls recorded strong **retailer sales**[1] growth of 11.2% year on year. Portugal led the way with retailer sales up 13.0%, while growth in Spain was 250 basis points higher than the Group average. The high level of household savings and the return of tourists fueled domestic demand against a backdrop of ebbing inflation and a labor market that remained supportive over the period. All retail segments performed well, especially food & beverage (up 17.5%) and health & beauty (up 12.0%). The household equipment segment – the best performer during the pandemic – posted retailer sales in line with first-half 2022.

Net rental income was up 12.1% on a like-for-like basis, supported by indexation and higher ancillary income (up 16% on a like-for-like basis).

Leasing activity was dynamic over the period as demonstrated by the arrival of Italian retailer Calzedonia at La Gavia (Madrid) in January as well as twin brands Intimissimi and Intimissimi Uomo which unveiled new stores in February. During the period, Klépierre completed the major rightsizing and refurbishment of Lefties (Inditex) at Maremagnum (Barcelona), completing the already exhaustive offering from the leading Spanish group at that mall (Pull&Bear, Bershka and Stradivarius). As part of the rollout of its Destination Food® concept at Maremagnum, the Group also broadened the food & beverage offering by signing up Time Out Market, an on-trend concept bringing the best of the city together under one roof – including top chefs, beverages and cultural experiences – that is set to open during the first half of 2024, in time for the America's Cup. The Group's Iberian mall portfolio also strengthened its ties with fast-growing lifestyle brands such as Normal which signed three deals in Portugal at Guimarães, Aqua Portimão (Portimão) and Parque Nascente (Porto). The Danish brand has high ambitions in the Iberian region and has slated its market entry in Spain for before the end of 2023 (three leases signed). In the health & beauty segment, Druni rightsized two of its stores at Maremagnum (Barcelona) in May and at La Gavia (Madrid) in June, increasing their surface area while affordable jeweller Claire's penned a deal for the opening of two new stores at Nueva Condomina (Murcia) and Plenilunio (Madrid). Several deals were signed in the sports subsegment with JD Sports (Porto), while Deichmann reopened at Nueva Condomina in March after refurbishment. Foot Locker also opted to transfer and rightsize its boutique at Murcia's leading mall.

(1) Change is on a same-store basis, excluding the impact of asset sales and acquisitions.

1.2.5 Netherlands & Germany (8% of net rental income)

NET RENTAL INCOME IN NETHERLANDS & GERMANY

	Portfolio NRI			
In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]	Like-for-like change
NETHERLANDS & GERMANY	**36.9**	**32.6**	**36.5**	**+11.9%**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

Netherlands & Germany enjoyed the strongest growth in terms of **retailer sales**[1] which increased by 17.4% over the period, notably reflecting the favorable comparison basis with the first quarter of 2022 when health restrictions remained in place. Retailer sales growth tailed off in the second quarter, on the back of challenging economic conditions in Germany which was among Europe's stragglers during the period in terms of GDP growth. By segment, food & beverage, health & beauty and culture, gifts & leisure led the pack while fashion proved its resilience, performing in line with the Group average.

Net rental income increased by 11.9% like for like, mainly benefiting from high indexation and a sharp jump in ancillary income (up 45% on a like-for-like basis).

On the leasing front, the Group's asset management initiatives in the region helped reinforce the presence of fashion retailers, including Inditex whose Stradivarius banner signed up in April to open its first boutique in Germany, at Centrum Galerie. The Dresden-based mall now boasts the full Inditex offering, following the relocation of Bershka within the mall last year, with its previous unit remodeled to welcome the leading online eyewear retailer Mr. Spex. In March 2023, Aldi opened its first inner-city supermarket in Germany, strengthening the line-up of the mall's basement, with a surface of 1,500 sq.m. Aerie, American Eagle's lingerie line, opened its first store at Alexandrium (Rotterdam) in February. Meanwhile, fast-growing down jacket brand Jott and sports fashion footwear brands Courir and Xenos opened flagship stores at Hoog Catharijne (Utrecht), enriching the retail mix and showcasing the appeal among retailers for the leading mall in the Netherlands.

1.2.6 Central Europe (7% of net rental income)

NET RENTAL INCOME IN CENTRAL EUROPE

	Portfolio NRI			
In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]	Like-for-like change
CENTRAL EUROPE	**30.1**	**29.8**	**31.9**	**+7.1%**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.

Retailer sales[1] in Central Europe exceeded first-half 2022 levels by 9.9%, benefiting from Klépierre's proactive leasing initiatives in the region over recent years, higher inflation than other geographies and growing real wages in a tight labor market that supported consumption. The Czech Republic (up 10.2%) was the main contributor to growth, powered by good performances from Nový Smíchov (Prague) that posted a 12.1% increase in retailer sales.

Net rental income in Central Europe was up 7.1% on a like-for-like basis, on the back of indexation and higher ancillary income (up 36% on a like-for-like basis).

Dealflow was dense in Central Europe, especially at Nový Smíchov, the leading mall in Prague (Czech Republic), which attracted several flagship banners including Nike which unveiled a new store in January. Deals were also signed with innovative American sportwear brand Under Armour and French fashion retailer Celio. Klépierre also signed five deals with the famous Polish clothing retailer CCC Group including its extension and the introduction of a new concept at Nový Smíchov and four additional deals with its sub-brands E-obuwie and HalfPrice in Poznań Plaza, Rybnik Plaza and Lublin Plaza. Leasing activity was dynamic in the food & beverage segment where Klépierre continued to broaden its offering by signing up Starbucks at Plzeň Plaza (Plzeň, Czech Republic). This is the American coffee shop's first point of sale in the Plzeň region and is set to open within the year. The value and lifestyle verticals also experienced good momentum, with Lublin Plaza (Poland) proving particularly attractive during the period, as illustrated by deals signed with Pepco in February for a new store and with Danish banner Flying Tiger.

(1) Change is on a same-store basis, excluding the impact of asset sales and acquisitions.

1.3 NET CURRENT CASH FLOW

1.3.1 Net current cash flow

NET CURRENT CASH FLOW

Total share *In millions of euros*	06/30/2022	06/30/2022[a]	06/30/2023[b]
Gross rental income	577.3	534.7	566.5
Rental and building expenses	(76.0)	(93.0)	(82.4)
Net rental income	501.3	441.7	484.1
Management and other income	42.0	42.0	36.3
Payroll and general and administrative expenses	(76.7)	(76.7)	(68.5)
EBITDA	466.6	407.0	451.9
Depreciation charge for right-of-use assets[c]	(4.0)	(4.0)	(4.4)
Employee benefits, stock option expense and non-current operating expenses/income	(1.9)	(1.9)	(6.5)
IFRIC 21 impact	7.7	7.7	8.6
Cost of net debt	(51.7)	(51.7)	(59.4)
Share in earnings of equity-accounted companies	28.5	26.0	27.5
Current tax expense	(17.6)	(17.6)	(23.7)
Net current cash flow	427.7	365.6	394.1
Group share			
Net current cash flow	376.5	322.8	348.3
Average number of shares[d]	286,037,065	286,037,065	286,363,431
Per share *(in euros)*			
NET CURRENT CASH FLOW	**1.32**	**1.13**	**1.21**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€41.1 million in total share or €36.0 million in Group share) and the net rental income generated by disposed assets (€21.0 million in total share or €17.7 million in Group share).
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) Right-of-use assets and lease liabilities related to the head office and vehicle leases as per IFRS 16.
(d) Excluding treasury shares.

Over the first half of 2023, net current cash flow per share increased by 7.4% year on year to €1.21[1]. This recurring performance reflects the combined impact of the following indicators:

- **Net rental income** increased by 7.3% on a like-for-like[2] basis, mainly on the back of the 6.1% positive impact of indexation as well as higher ancillary income and further improvement of property charge management;
- **EBITDA** amounted to €451.9 million, up 11.1% year on year, notably thanks to tight control of payroll and general and administrative expenses that offset the decrease in management and other income induced by lower development fees (Gran Reno extension delivered in July 2022 and several Primark stores delivered in the second half of 2022);
- **The cost of net debt** was up slightly to €59.4 million on a total share basis, mainly impacted by higher spreads. Overall, the average cost of debt remained contained at 1.4% (see section 1.6.3 "Cost of debt");
- **Current tax expense** amounted to €23.7 million on a total share basis, up €6.1 million year on year, notably reflecting higher net rental income in taxable countries (mainly Italy, Portugal and Central Europe).

(1) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(2) Like-for-like data exclude the contribution of new spaces (acquisitions, greenfield projects and extensions), spaces being restructured and disposals completed since January 2022.

1.3.2 Contribution of equity-accounted companies

The contribution of equity-accounted companies[1] to net current cash flow amounted to €27.5 million over the first half of 2023.

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

CONTRIBUTION OF EQUITY-ACCOUNTED COMPANIES

GROSS RENTAL INCOME

In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]
France	12.2	11.7	12.1
Italy	21.4	20.8	22.1
Norway[c]	3.2	3.1	3.1
Portugal	1.8	1.8	2.1
Turkey	2.7	2.7	2.7
TOTAL	**41.3**	**40.2**	**42.1**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET RENTAL INCOME

In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]
France	9.1	8.2	8.6
Italy	19.3	17.8	19.6
Norway[c]	2.4	2.4	2.4
Portugal	1.5	1.4	2.1
Turkey	2.1	2.1	2.0
TOTAL	**34.5**	**32.0**	**34.5**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) To determine the Group's share for Norway, data must be multiplied by 56.1%.

EBITDA

In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]
France	9.0	8.1	8.5
Italy	19.2	17.6	19.5
Norway[c]	2.4	2.4	2.4
Portugal	1.5	1.5	2.1
Turkey	2.0	1.9	1.8
TOTAL	**34.1**	**31.6**	**34.2**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET CURRENT CASH FLOW

In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]
France	7.5	6.7	6.7
Italy	15.9	14.4	15.9
Norway[c]	2.4	2.4	2.4
Portugal	0.3	0.2	0.7
Turkey	2.3	2.3	2.0
TOTAL	**28.5**	**26.0**	**27.5**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) To determine the Group's share for Norway, data must be multiplied by 56.1%.

NET INCOME[d]

In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]
France	3.1	2.2	(10.3)
Italy	20.1	18.6	12.8
Norway[c]	5.3	5.2	1.6
Portugal	-	-	1.7
Turkey	7.3	7.3	8.6
TOTAL	**35.8**	**33.3**	**14.1**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables and the net rental income generated by disposed assets.
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) To determine the Group's share for Norway, data must be multiplied by 56.1%.
(d) Net income includes non-cash and non-recurring items, including changes in the fair value of investment properties.

(1) Equity-accounted companies include investments in jointly controlled companies and companies in which the Group exercises significant influence. Refer to the list in the chapter 2 of the Universal Registration Document.

1.4 INVESTMENTS, DEVELOPMENTS AND DISPOSALS

1.4.1 Development pipeline

As part of its development strategy, Klépierre regularly transforms its existing assets to strengthen their leadership in their respective catchment areas. To do so, the Group focuses on renovations, extensions or restructuring operations, ensuring that they make a positive net contribution to rental income and respect a controlled level of risk.

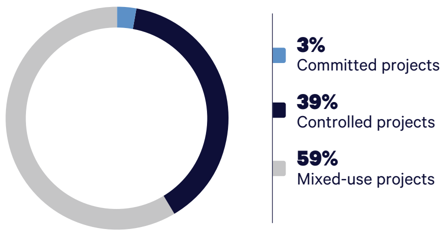
In addition, to capture the benefits of the urbanization trend and maximize value, a selection of mixed-use development projects are under consideration including roughly 57% residential, 25% office space and 10% hotels, with the remaining space given over to logistics and other uses(1). These plans aim to transform the potential of building rights at Økernsenteret (Oslo, Norway), Viva (Odense, Denmark), Blagnac (Toulouse region, France), L'Esplanade (Louvain-la-Neuve, Belgium), Nancy (France) and Field's (Copenhagen, Denmark).

With timespans between three and seven years, these projects may be developed with local partners or, alternatively, divested.

The Klépierre development pipeline breaks down into two categories:

- Committed projects: projects that are in the process of completion or have been fully approved by the relevant Klépierre governance body; and
- Controlled projects: retail and mixed-use projects that are under advanced review, for which Klépierre has control over the land (acquisition made or under offer, contingent on obtaining the necessary administrative clearance and permits).

BREAKDOWN OF THE DEVELOPMENT PIPELINE
(in % of cash to spend)



As of June 30, 2023, on a total share basis, the total pipeline represented €2.2 billion of potential investments.

Committed retail projects remained limited, representing €50 million to cash out by delivery. Meanwhile, in case of approval, potential future capex spending on controlled retail would amount to €718 million.

Over the first half of 2023, €40.4 million was spent on the pipeline, mainly in France, Spain and the Netherlands.

1.4.1.1 Extension of Grand Place (Grenoble, France)

The 16,200 sq.m. extension of Grand Place (Grenoble, France) which started in May 2022 is expected to be delivered by the end of 2023 and will bring the total leasable area of the mall to 75,000 sq.m. All the projected net rental income is already let or under advanced negotiations, with leading brands such as Primark – which is set to open its first store in the region – Snipes, JOTT and NYX, and a food area upgraded to the latest standards of Klépierre's Destination Food® strategy. Yield on cost for this project is projected at around 8%. In line with its energy sobriety strategy, Klépierre is also finalizing the installation of a solar plant on the roof of the mall, with a targeted annual production capacity of 370 MWh.

1.4.1.2 Maremagnum (Barcelona, Spain)

In early 2024, Time Out Market will inaugurate its first location in Spain and second in Europe, just in time for the America's Cup. The exclusive food and cultural concept brings together a host of different activities from cooking classes with top chefs to art from local talent and live entertainment, turning the newly refurbished Maremagnum's 5,200 sq.m. rooftop into Barcelona's leisure and food & beverage hotspot and boasting breathtaking views of the Mediterranean Sea, a key footfall anchor for the mall. Maremagnum is just a stone's throw from the port, Las Ramblas and the Barcelona Aquàrium and is set to tap into the major tourist and local flows in the area, entrenching Klépierre's footprint in the region. Yield on cost for this project is projected at 13.5%.

1.4.2 Disposals

Since January 1, 2023, the Group has completed disposals totaling €31.3 million(2) comprising several retail assets in France and Sweden.

Taking into account €50.2 million in sales under promissory agreement (mainly signed after June 30, 2023), total Group disposals closed or signed amount to €81.5 million (excluding transfer taxes). These transactions were made in line with the latest appraised values (down 0.2%).

(1) As a percentage of floor area.
(2) Total share, excluding transfer taxes.

1.5 PORTFOLIO VALUATION

1.5.1 Property portfolio valuation

1.5.1.1 Property portfolio valuation methodology

1.5.1.1.1 Scope of the portfolio as appraised by external appraisers

As of June 30, 2023, 99% of the value of Klépierre's property portfolio, or €19,285 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 are carried at cost(2); and
- Other non-appraised assets, consisting mainly of assets held for sale, are valued at the agreed transaction price, land is valued at cost (when below €5 million), and other development projects are measured internally at fair value.

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

Type of asset	Value *(in millions of euros)*
Externally-appraised assets	19,285
Acquisitions	0
Investment property at cost	133
Other internally-appraised assets (land, assets held for sale, etc.)	2
TOTAL PORTFOLIO	**19,420**

1.5.1.1.2 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.

As of June 30, 2023, the main appraisers were Cushman & Wakefield, Jones Lang LaSalle, who each valued 35% of the Group portfolio, with the remaining asset valuations being allocated to CBRE (27%) and BNP Paribas Real Estate (3%). The fees payable to these companies are set at the time the four-year term is signed and depend on the number and size of property units appraised.

BREAKDOWN BY APPRAISER OF THE APPRAISED PROPERTY PORTFOLIO AS OF JUNE 30, 2023

Appraiser	Countries covered	Share of total portfolio *(in %)*
Cushman & Wakefield	• France, Norway, Sweden, Denmark, Belgium and Poland	35%
Jones Lang LaSalle	• France, Italy, Spain, Portugal, Turkey and Greece	35%
CBRE	• France, Italy, Netherlands and Czech Republic	27%
BNP Paribas Real Estate	• Germany and France (other retail properties)	3%
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 ten-year period. Klépierre provides them 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, including management costs. The terminal value is calculated based on net rental income for the tenth year (plus one year of indexation), 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 value obtained by the DCF method is then benchmarked using metrics such as EPRA Net Initial Yield (NIY) for comparable property, value per square meter, and recent market transactions.

(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 (Viva, Økern and Louvain) are carried at cost.*

1.5.1.2 Valuation

1.5.1.2.1 Change in appraisers' assumptions over the first half of the year

The change in the like-for-like valuation[1] during the first half of 2023 was attributable to the following changes in appraisers' assumptions:

- A 20-basis-point increase in discount rates to 7.4% and a 10-basis-point increase in exit rates to 5.7%;
- New indexation and ERV projections translating into a compound annual growth rate of 2.4% for the next ten years, versus 2.8% as of December 31, 2022.

From a geographical perspective, Iberia (up 1.0% over six months) and Italy (up 1.7% over six months) continued to be the most dynamic regions, reflecting the solid operating fundamentals and the dynamism of the economies.

Overall, the shopping center portfolio valuation was down by 1.4% over six months, on a like-for-like basis.

ASSUMPTIONS USED BY APPRAISERS FOR DETERMINING THE SHOPPING CENTER PORTFOLIO VALUATION AS OF JUNE 30, 2023[a]

Geography	Discount rate[b]	Exit rate[c]	NRI CAGR[d]
France	7.0%	5.4%	3.1%
Italy	8.1%	6.4%	1.5%
Scandinavia	7.6%	5.3%	3.0%
Iberia	7.7%	6.1%	2.2%
Netherlands & Germany	6.6%	5.7%	2.5%
Central Europe	7.3%	6.2%	1.5%
TOTAL SHOPPING CENTERS (excl. other countries)	7.4%	5.7%	2.4%
Other countries	21.0%	9.3%	10.0%
TOTAL	**7.5%**	**5.8%**	**2.5%**

(a) Discount and exit rates weighted by shopping center appraised value (including transfer taxes, on a 100% share basis).
(b) Rate used to calculate the net present value of future cash flows to be generated by the asset.
(c) Rate used to capitalize net rental income at the end of the discounted cash flow period and calculate the terminal value of the asset.
(d) Compound annual growth rate (CAGR) of net rental income as estimated by the appraiser over a ten-year period.

As of June 30, 2023, the average EPRA NIY[2] for the shopping center portfolio[3] stood at 5.7%, versus 5.4% as of December 31, 2022.

CHANGE IN EPRA NET INITIAL YIELD OF THE SHOPPING CENTER PORTFOLIO[a]
(on a Group share basis, including transfer taxes)

Country	06/30/2023	12/31/2022	06/30/2022
France	5.2%	4.9%	4.8%
Italy	6.4%	6.0%	5.7%
Scandinavia	4.9%	4.6%	4.5%
Iberia	5.8%	5.8%	5.7%
Netherlands & Germany	5.8%	5.2%	4.8%
Central Europe	6.6%	6.8%	6.6%
Other countries	10.9%	11.6%	9.9%
TOTAL SHOPPING CENTERS	**5.7%**	**5.4%**	**5.2%**

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

(1) Only shopping centers, excluding Turkey. As of June 30, 2023, the value of the overall portfolio, including transfer taxes, amounts to €19,420 million on a total share basis.
(2) 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).
(3) Group share for the shopping center portfolio appraised (i.e., excluding retail parks and movie theaters).

1.5.1.2.2 Property portfolio valuation

SIX-MONTH PORTFOLIO VALUATION RECONCILIATION *(on a total share basis, including transfer taxes)*

In millions of euros	
Portfolio at 12/31/2022	19,832
Disposals	(31)
Acquisitions/developments	21
Like-for-like change	(240)
Forex	(163)
PORTFOLIO AT 06/30/2023	**19,420**

Including transfer taxes, the value of the portfolio stood at €19,420 million on a total share basis as of June 30, 2023, down 2.1% or €412 million on a reported basis compared to December 31, 2022. This decrease reflects:

- A €31 million negative impact from disposals;
- A €21 million positive impact from developments;
- A €240 million like-for-like valuation decrease (down by 1.2%); and
- A €163 million negative foreign exchange impact in Scandinavia and Turkey.

VALUATION OF THE PROPERTY PORTFOLIO[a] *(on a total share basis, including transfer taxes)*

In millions of euros	06/30/2023	% of total portfolio	Change over 6 months			Change over 12 months		
			12/31/2022	Reported	LfL[b]	06/30/2022	Reported	LfL[b]
France	7,784	40.1%	8,031	−3.1%	−3.0%	8,177	−4.8%	−4.6%
Italy	4,156	21.4%	4,078	+1.9%	+1.7%	4,064	+2.3%	+2.1%
Scandinavia	2,448	12.6%	2,643	−7.4%	−3.2%	3,053	−19.8%	−6.3%
Iberia	2,233	11.5%	2,218	+0.7%	+1.0%	2,214	+0.8%	+1.0%
Netherlands & Germany	1,613	8.3%	1,679	−3.9%	−3.9%	1,884	−14.4%	−7.0%
Central Europe	967	5.0%	946	+2.2%	+2.2%	964	+0.3%	+0.3%
Shopping centers excl. other countries	19,200	98.9%	19,595	−2.0%	−1.4%	20,355	−5.7%	−2.8%
Other countries	168	0.9%	174	−3.8%	+25.4%	147	+14.1%	+63.7%
TOTAL SHOPPING CENTERS	19,368	99.7%	19,770	−2.0%	−1.2%	20,502	−5.5%	−2.4%
TOTAL OTHER RETAIL PROPERTIES	52	0.3%	63	−17.6%	−1.3%	75	−30.8%	+0.5%
TOTAL PORTFOLIO	**19,420**	**100.0%**	**19,832**	**−2.1%**	**−1.2%**	**20,577**	**−5.6%**	**−2.4%**

(a) 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 (€1,278 million as of June 30, 2023; total share, including transfer taxes). The corresponding gross value of these assets stands at €1,281 million.
(b) Like-for-like change. For Scandinavia and Turkey, change is indicated on a constant currency basis. Central European assets are valued in euros.

1.5.1.2.3 Other information related to June 30, 2023 valuation

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

In millions of euros	
Investment property at fair value as per statement of financial position	17,395
Right-of-use asset relating to ground leases	(270)
Investment property at cost[a]	133
Fair value of property held for sale	6
Leasehold and lease incentives	38
Transfer taxes	926
Klépierre’s equity interest in assets accounted for under the equity method (incl. receivables)	1,193
TOTAL PORTFOLIO	**19,420**

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

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 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	+7.5%	+3.6%	+1.8%	−1.8%	−3.5%	−6.9%
Italy	+7.2%	+3.5%	+1.8%	−1.7%	−3.4%	−6.6%
Scandinavia	+7.4%	+3.6%	+1.8%	−1.8%	−3.5%	−6.8%
Iberia	+7.4%	+3.6%	+1.8%	−1.6%	−3.3%	−6.5%
Netherlands & Germany	+9.7%	+4.7%	+2.3%	−2.3%	−4.4%	−8.7%
Central Europe	+7.0%	+3.4%	+1.7%	−1.7%	−3.3%	−6.4%
Other countries	+5.3%	+2.6%	+1.3%	−1.3%	−2.6%	−5.0%
TOTAL SHOPPING CENTERS	**+7.6%**	**+3.7%**	**+1.8%**	**−1.8%**	**−3.5%**	**−6.9%**

	Exit rate variance					
Geography	**−100 bps**	**−50 bps**	**−25 bps**	**+25 bps**	**+50 bps**	**+100 bps**
France	+11.1%	+5.1%	+2.4%	−2.3%	−4.5%	−8.3%
Italy	+10.5%	+4.8%	+2.3%	−2.1%	−4.1%	−7.5%
Scandinavia	+14.1%	+6.3%	+3.0%	−2.7%	−5.2%	−9.5%
Iberia	+12.5%	+5.7%	+2.8%	−2.4%	−4.6%	−8.7%
Netherlands & Germany	+13.6%	+6.1%	+2.9%	−2.7%	−5.1%	−9.5%
Central Europe	+10.8%	+4.9%	+2.3%	−2.2%	−4.2%	−7.7%
Other countries	+4.2%	+2.0%	+0.9%	−1.0%	−1.8%	−3.5%
TOTAL SHOPPING CENTERS	**+11.6%**	**+5.3%**	**+2.5%**	**−2.3%**	**−4.5%**	**−8.4%**

1.5.2 Management service activities

Klépierre’s real estate management service activities include leasing, property and facility management, 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 (as of end-December), an independent external consultant, using a discounted cash flow (DCF) method based on a sum-of-the-parts approach for each country in which Klépierre operates. The DCF approach is based on a business plan comprising projected 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. In all countries, future cash flows are discounted at a rate ranging from 7.7% to 8.7% (depending on the country) based on the weighted average cost of capital of comparable listed companies managing third-party real estate investments.

There were no triggering events during the period which could lead to additional impairment tests. Thus, the fair market value of the Klépierre Group management service activities as of June 30, 2023 remained stable versus December 31, 2022, at €313.1 million on a total share basis.

1.6 FINANCING POLICY

The Group operates with one of the most solid balance sheets in the industry and with conservative leverage metrics.

1.6.1 Financial resources

1.6.1.1 Change in net debt

As of June 30, 2023, consolidated net debt totaled €7,403 million compared to €7,479 million at the end of 2022, down €76 million. The main movements during the last six months were as follows:

- Cash inflows from operations and other items, amounting to €412 million;
- Cash outflows in respect of 2022 distributions for €285 million, including €0.87 per share for the first installment of the dividend (€248 million) and distributions to non-controlling interests (€37 million);
- Cash outflows in respect of capital expenditure for €82 million (see section 1.7.6 "EPRA capital expenditure"); and
- Cash inflows from disposals of €31 million.

1.6.1.2 Debt ratios

As of June 30, 2023, the Loan-to-Value (LTV) ratio stood at 38.1%, up 40 basis points compared to December 31, 2022.

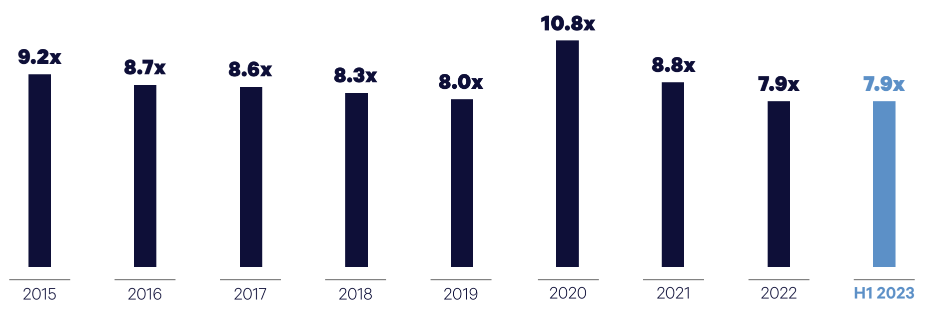
LOAN-TO-VALUE CALCULATION AS OF JUNE 30, 2023 *(as per covenant definitions, on a total share basis)*

In millions of euros	06/30/2023	12/31/2022	06/30/2022
Current financial liabilities	1,559	1,978	2,340
Bank facilities	20	0	56
Non-current financial liabilities	6,114	5,718	5,793
Revaluation due to fair value hedge and cross currency swap	112	116	82
Fair value adjustment of debt[a]		0	(1)
Gross financial liabilities excluding fair value hedge	**7,805**	**7,812**	**8,270**
Cash and cash equivalents[b]	(402)	(333)	(146)
Net debt	**7,403**	**7,479**	**8,124**
Property portfolio value (incl. transfer taxes)	19,420	19,832	20,577
LOAN-TO-VALUE RATIO	**38.1%**	**37.7%**	**39.5%**

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

The net debt to EBITDA ratio remained stable at the low level of 7.9x.

NET DEBT TO EBITDA



1.6.1.3 Main funding operations and available resources

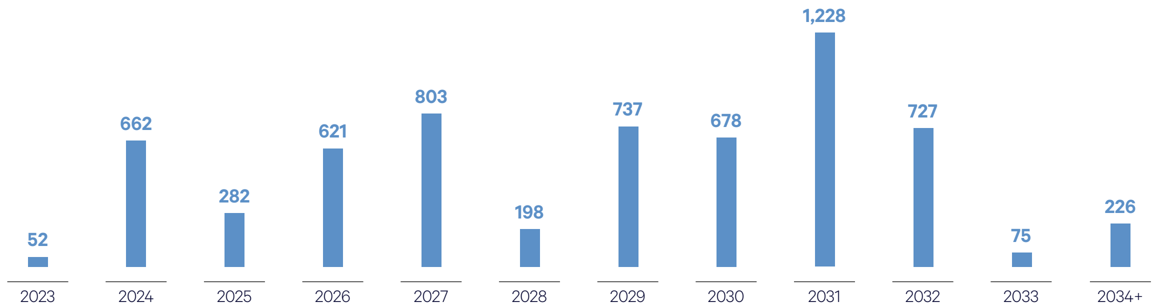
Since the beginning of the year, Klépierre has raised €730 million of medium-term debt comprising unsecured bank loans for €412 million and €118 million of mortgage loans denominated in SEK and DKK. Moreover, €200 million of new senior notes have been raised by increasing the outstanding amount of the €600 million bond maturing in May 2029 (2.0% coupon) to €700 million and the €600 million bond maturing in July 2030 (0.625% coupon) to €700 million. The Group also strengthened its liquidity position by renewing €300 million of its existing revolving credit facilities on a six-year basis while transforming them into sustainability-linked facilities. The total amount of committed credit lines was increased at end of July with the signature of two new bilateral facilities for €175 million.

As of June 30, 2023, the liquidity position[1] stood at €2.5 billion, mainly comprising €1.9 billion in unused committed revolving credit facilities (net of commercial paper), €0.3 billion in other credit facilities and €0.3 billion in cash and equivalents.

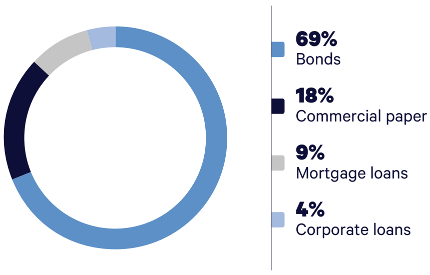
1.6.1.4 Debt structure

As of June 30, 2023, the share of financing sourced from capital markets (bonds and commercial paper) in total debt stood at 87%. The total outstanding amount (€1.4 billion) of commercial paper issued in euros is covered by committed back-up facilities in the same amount with a 4.0-year weighted average maturity. Secured debt accounted for 9% of total debt, the bulk of which concerned borrowing raised in Scandinavia. The share of unsecured bank financings (corporate loans) increased to 4% with the drawing of three new term loans for €220 million during the half year. The Group's average debt maturity stood at 6.5 years as of end-June 2023.

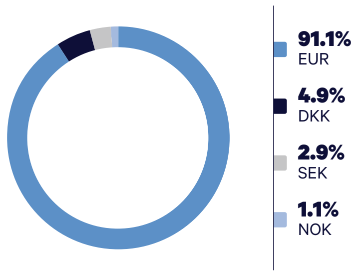
LONG-TERM DEBT MATURITY SCHEDULE AS OF JUNE 30, 2023 *(in millions of euros)*



FINANCING BREAKDOWN BY TYPE OF RESOURCES AS OF JUNE 30, 2023 *(utilizations, total share)*



FINANCING BREAKDOWN BY CURRENCY AS OF JUNE 30, 2023 *(utilizations, total share)*



1.6.2 Interest rate hedging

As of June 30, 2023, the proportion of fixed-rate or hedged debt was 100%. This position comprises 81% fixed-rate debt and payer swaps and 19% caps with low interest rates.

Going forward, the Group's hedging is 100% in the second half of 2023 and 98% in 2024.

(1) *The liquidity position represents the total financial resources available to a company. This indicator is therefore equal to the sum of cash at hand at the end of the period, committed and unused revolving credit facilities (net of commercial paper) and uncommitted credit facilities.*

1.6.3 Cost of debt

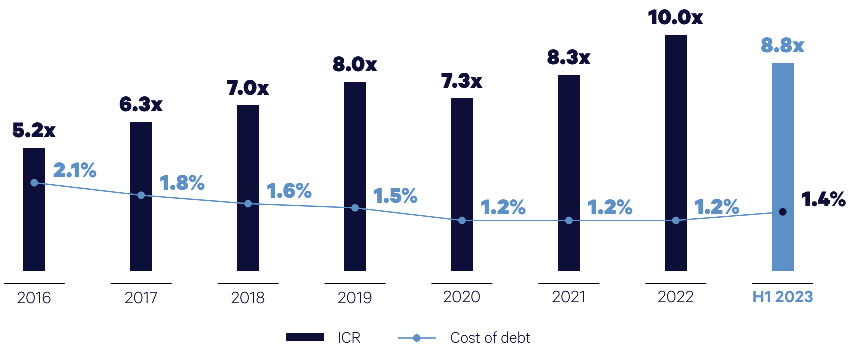
Thanks to the hedging instruments in place, the increase in interest rates in the first half of 2023 had a very limited impact as the average cost of debt remained contained at 1.4%. The interest coverage ratio (ICR) stood at 8.8x for the first half of the year. Going forward, Klépierre's cost of debt is expected to increase gradually at a moderate pace.

BREAKDOWN OF COST OF DEBT

In millions of euros	06/30/2023	06/30/2022
Cost of net debt (as per IFRS consolidated statement of comprehensive income)	61.6	58.1
Non-recurring items	(0.7)	(7.3)
Non-cash impact	(2.1)	0.8
Interest on advances to associates	2.0	3.7
Liquidity cost	(3.9)	(3.6)
Interest expense on lease liabilities[a]	(4.1)	(4.1)
Other	(0.1)	(0.1)
Cost of debt (used for cost of debt calculations)	52.7	47.6
Average gross debt	7,638.4	8,400.8
COST OF DEBT *(in %)*	**1.4%**	**1.1%**

(a) *As per IFRS 16.*

INTEREST COVERAGE RATIO AND COST OF DEBT[a]



(a) *The interest coverage ratio (as per the banking covenant definition) represents the ratio of consolidated EBITDA adjusted for the share in earnings of equity-accounted companies and the change in value of investment properties of equity-accounted companies (€483.8 million), to net interest expenses (€55.3 million) calculated as cost of net debt less net deferral of upfront payments on swaps plus amortization of the fair value of debt less other non-recurring financial expenses.*

1.6.4 Credit ratings and covenants

Standard & Poor's currently assigns Klépierre and Steen & Strøm a long-term BBB+ rating (A2 short-term rating) with a stable outlook (affirmed on June 9, 2023). Since May 2023, Fitch assigns an A– rating with a stable outlook to Klépierre's senior unsecured debt (F1 short-term rating).

COVENANTS APPLICABLE TO KLÉPIERRE SA FINANCING

Financing	Ratios/covenants	Limit[a]	06/30/2023	12/31/2022	06/30/2022
Syndicated and bilateral loans	Net debt/Portfolio value ("Loan to Value")	≤ 60%	38.1%	37.7%	39.5%
	EBITDA/Net interest expense[b]	≥ 2.0x	8.8x	10.0x	10.0x
	Secured debt/Portfolio value[c]	≤ 20%	0.5%	0.6%	0.6%
	Portfolio value[d]	≥ €10 bn	€16.8 bn	€17.1 bn	€17.6 bn
Bond issues	Secured debt/Revalued Net Asset Value[c]	≤ 50%	0.6%	0.7%	0.7%

(a) *Covenants are based on the 2022 revolving credit facility.*
(b) *Excluding the impact of the liability management operations (non-recurring items).*
(c) *Excluding Steen & Strøm.*
(d) *Group share, including transfer taxes and including equity-accounted investees.*

1.7 EPRA PERFORMANCE INDICATORS

The following performance indicators have been prepared in accordance with the EPRA (European Public Real Estate Association) Best Practices Recommendations published in February 2022 and as set out in the guide available on the EPRA website (www.epra.com). These updated guidelines aim to reflect the significant shift in the listed real estate sector, from long-term passive asset owners into highly active asset managers and capital allocators.

EPRA SUMMARY TABLE[a]

	06/30/2023	06/30/2022	See section
EPRA Earnings *(in millions of euros)*	347.5	315.7	1.7.1
EPRA Earnings per share *(in euros)*	1.21	1.10	1.7.1
EPRA NRV *(in millions of euros)*	9,702	9,865	1.7.2.2
EPRA NRV per share *(in euros)*	33.90	34.50	1.7.2.2
EPRA NTA *(in millions of euros)*	8,617	8,759	1.7.2.2
EPRA NTA per share *(in euros)*	30.10	30.60	1.7.2.2
EPRA NDV *(in millions of euros)*	8,199	8,357	1.7.2.2
EPRA NDV per share *(in euros)*	28.60	29.20	1.7.2.2
EPRA Net Initial Yield shopping centers	5.7%	5.2%	1.7.3
EPRA "Topped-up" Net Initial Yield shopping centers	5.9%	5.4%	1.7.3
EPRA Vacancy Rate	4.3%	5.3%	1.7.4
EPRA Cost Ratio (including direct vacancy costs)	20.5%	22.6%	1.7.5
EPRA Cost Ratio (excluding direct vacancy costs)	18.3%	20.2%	1.7.5
EPRA Loan-to-Value Ratio (excluding real estate transfer taxes)	44.2%	N/A	1.7.7
EPRA Loan-to-Value Ratio (including real estate transfer taxes)	42.1%	N/A	1.7.7

(a) Per-share figures rounded to the nearest 10 cents.

1.7.1 EPRA Earnings

EPRA Earnings is a measure of the underlying operating performance of an investment property company excluding fair value gains, investment property disposals, and limited other items considered as non-core activities for an investment property company.

EPRA EARNINGS

Group share *(in millions of euros)*	06/30/2022	06/30/2022[a]	06/30/2023[b]
Net income as per IFRS consolidated statement of comprehensive income	294.6	241.0	32.5
Adjustments to calculate EPRA Earnings:			
(i) Changes in value of investment properties, development properties held for investment and other interests	35.9	35.9	331.8
(ii) Profit or losses on disposal of investment properties, development properties held for investment and other interests	19.9	19.9	(0.5)
(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	3.0	3.0	0.1
(vi) Changes in fair value of financial instruments and associated close-out costs	(11.4)	(11.4)	10.7
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-	-	-
(viii) Deferred tax in respect of EPRA adjustments[c]	55.5	55.5	36.3
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(7.3)	(7.3)	13.4
(x) Non-controlling interests in respect of the above	(21.0)	(21.0)	(76.8)
EPRA EARNINGS	**369.4**	**315.7**	**347.5**
Average number of shares[d]	*286,037,065*	*286,037,065*	*286,363,431*
Per share *(in euros)*			
EPRA EARNINGS	**1.29**	**1.10**	**1.21**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€36.0 million) and the net rental income generated by disposed assets (€17.7 million).
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) In the first half of 2023, this item includes negative amounts of €25.3 million in deferred taxes, €2.4 million in non-current taxes and €8.6 million related to the application of IFRIC 21 (i.e., property tax annualization).
(d) Excluding treasury shares.

1.7.2 EPRA Net Asset Value metrics

Net Asset Value metrics are key performance indicators designed to provide stakeholders with relevant information on the fair value of the assets and liabilities of real estate companies. Measures of net asset value include: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV).

For more detailed explanations of EPRA adjustments and requirements, please refer to the *EPRA Best Practices Recommendations*.

1.7.2.1 Application by Klépierre

EPRA Net Reinstatement Value (NRV) aims to highlight the value of net assets on a long-term basis and to represent the value required to rebuild the entity, assuming that no selling of assets takes place. Consequently, deferred taxes as per IFRS and real estate transfer taxes (RETT) are added back. Intangible assets may be added if they are not already recognized in the IFRS statement of financial position and when their fair value can be reliably determined.

EPRA Net Tangible Assets (NTA) reflects tangible assets only and assumes that companies buy and sell some of their assets, thereby crystallizing certain levels of unavoidable deferred tax liability and RETT. Based on the new EPRA methodology, the portfolio is broken down into three types:

(i) Assets that the Company does not plan to sell in the long run: 100% of deferred taxes as per IFRS are added back in addition to 50% of RETT optimization;

(ii) Assets that may be sold in share deals: 50% of deferred taxes as per IFRS and RETT optimization are added back; and

(iii) Assets that may be sold through asset deals: 50% of deferred taxes as per IFRS are added back, but there is no restatement for RETT.

TREATMENT OF DEFERRED TAXES AND RETT IN EPRA NET TANGIBLE ASSETS

	Fair value	As % of total portfolio	% of deferred tax excluded
Portfolio subject to deferred tax and intention is to hold and not to sell in the long run	11,445	68%	100%
Portfolio subject to partial deferred tax and to tax structuring	3,523	21%	40%
Other portfolio	1,798	11%	50%
TOTAL PORTFOLIO	**16,767**		

By definition, EPRA NTA aims at valuing solely tangible assets and therefore, as regards Klépierre, does not incorporate the fair value of management services companies (unlike the former EPRA NAV and NNNAV indicators). This wholly integrated service management business collects fees not only from tenants and third parties but also from real estate companies, while the latter are deducted from rental income in the appraiser's discounted cash flow model. The fair value of these businesses is only included in the calculation of EPRA NRV.

Lastly, **EPRA Net Disposal Value** aims to represent the shareholders' value under an orderly sale of the business, where RETT, deferred taxes, financial instruments and certain other adjustments are calculated to the full extent of their liability, while discarding completely any RETT or tax optimization. Intangible assets are also excluded from this methodology.

1.7.2.2 Calculation of EPRA Net Asset Value

EPRA NET ASSET VALUES AS OF JUNE 30, 2023

Group share *(in millions of euros)*	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	7,831	7,831	7,831
Amounts owed to shareholders	*252*	*252*	*252*
Include/exclude:			
i) Hybrid instruments	0	0	0
Diluted NAV	8,083	8,083	8,083
Include:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	0	0	0
ii.b) Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0
ii.c) Revaluation of other non-current investments	0	0	0
iii) Revaluation of tenant leases held as finance leases	0	0	0
iv) Revaluation of trading properties	0	0	0
Diluted NAV at fair value	8,083	8,083	8,083
Exclude:			
v) Deferred tax in relation to fair value gains of IP	1,017	847	0
vi) Fair value of financial instruments	(22)	(22)	0
vii) Goodwill as a result of deferred tax	(258)	(258)	(258)
viii) Goodwill as per IFRS statement of financial position	(218)	(218)	(218)
Include:			
ix) Fair value of fixed-rate debt	0	0	592
x) Revaluation of intangible assets to fair value	285	0	0
xi) Real estate transfer tax	815	184	0
NAV	**9,702**	**8,617**	**8,199**
Fully diluted number of shares	*286,528,416*	*286,528,416*	*286,528,416*
NAV PER SHARE *(in euros)*	**33.90**	**30.10**	**28.60**

EPRA NET ASSET VALUES AS OF DECEMBER 31, 2022

Group share *(in millions of euros)*	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	8,364	8,364	8,364
Amounts owed to shareholders	*0*	*0*	*0*
Include/exclude:			
i) Hybrid instruments	0	0	0
Diluted NAV	8,364	8,364	8,364
Include:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	0	0	0
ii.b) Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0
ii.c) Revaluation of other non-current investments	0	0	0
iii) Revaluation of tenant leases held as finance leases	0	0	0
iv) Revaluation of trading properties	0	0	0
Diluted NAV at fair value	8,364	8,364	8,364
Exclude:			
v) Deferred tax in relation to fair value gains of IP	983	823	0
vi) Fair value of financial instruments	(25)	(25)	0
vii) Goodwill as a result of deferred tax	(260)	(260)	(260)
viii) Goodwill as per IFRS statement of financial position	(218)	(218)	(218)
Include:			
ix) Fair value of fixed-rate debt	0	0	694
x) Revaluation of intangible assets to fair value	289	0	0
xi) Real estate transfer tax	803	165	0
NAV	**9,936**	**8,848**	**8,580**
Fully diluted number of shares	*286,607,406*	*286,607,406*	*286,607,406*
NAV PER SHARE *(in euros)*	**34.70**	**30.90**	**29.90**

1.7.3 EPRA Net Initial Yield

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 section 1.5.1.1.3 "Valuation" for the geographical breakdown of EPRA NIY.

EPRA NET INITIAL YIELDS

In millions of euros	Shopping centers	Other retail properties	Total
Investment property – Wholly owned	15,495	52	15,547
Investment property – Share of joint ventures/funds	1,220	0	1,220
Total portfolio	**16,715**	**52**	**16,767**
Less: Developments, land and other	(267)	0	(267)
Completed property portfolio valuation (B)	**16,448**	**52**	**16,500**
Annualized cash passing rental income	1,080	5	1,085
Property outgoings	(137)	(0)	(137)
Annualized net rents (A)	**943**	**4**	**947**
Notional rent expiration of rent-free periods or other lease incentives	33	0	33
Topped-up net annualized rent (C)	**975**	**5**	**980**
EPRA NET INITIAL YIELD (A/B)	**5.7%**	**8.5%**	**5.7%**
EPRA "TOPPED-UP" NET INITIAL YIELD (C/B)	**5.9%**	**8.7%**	**5.9%**

1.7.4 EPRA Vacancy Rate

The EPRA Vacancy Rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole property portfolio (including vacant spaces), excluding properties that are under development and strategic vacancies.

EPRA VACANCY RATE[(a)]

In thousands of euros	Estimated rental value of vacant space (A)	Total estimated rental value (B)	EPRA Vacancy Rate (A/B)
GROUP	**52,857**	**1,240,356**	**4.3%**

(a) Scope: all shopping centers, including those accounted for under the equity method, which are included based on a 100% share. The estimated rental values of leased and vacant spaces as of June 30, 2023 are based on internal assumptions. Shopping centers (or portions thereof) under restructuring that are excluded from the scope are as follows: 2 Vallées (Givors, France), Gran Reno (Bologna, Italy), Le Gru (Bologna, Italy), Campania (Naples, Italy) and Økern (Oslo, Norway). Strategic vacancies are also excluded.

1.7.5 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, third-party asset management fees) and administrative expenses as a percentage of gross rental income.

EPRA COST RATIO

In millions of euros	06/30/2022	06/30/2022[a]	06/30/2023[b]
Administrative and operating expenses[c]	(101.0)	(120.5)	(111.2)
Net service charge costs[c]	(48.4)	(45.9)	(45.7)
Net management fees[c]	36.5	36.5	34.4
Other net operating income intended to cover overhead expenses[c]	5.5	5.5	1.9
Share of joint venture expenses[d]	(7.0)	(8.4)	(7.3)
Exclude (if part of the above):			
Service charge costs recovered through rents but not separately invoiced	5.0	5.0	5.0
EPRA Costs (including vacancy costs) (A)	(109.5)	(127.8)	(122.9)
Direct vacancy costs	(13.7)	(13.7)	(13.2)
EPRA Costs (excluding vacancy costs) (B)	(95.8)	(114.1)	(109.7)
Gross rental income less ground rents[c]	573.8	531.2	562.6
Less: service fee/cost component of gross rental income	(5.0)	(5.0)	(5.0)
Add: share of joint ventures (gross rental income less ground rents)[d]	40.7	39.6	41.6
Gross rental income (C)	609.5	565.8	599.2
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (A/C)	**18.0%**	**22.6%**	**20.5%**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (B/C)	**15.7%**	**20.2%**	**18.3%**

(a) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€41.1 million) and the net rental income generated by disposed assets (€21.0 million).
(b) Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables.
(c) As per the IFRS consolidated statements of comprehensive income.
(d) For more information, see section 1.3.2 "Contribution of equity-accounted investments".

1.7.6 EPRA Capital Expenditure

Investments in the first half of 2023 are presented in section 1.4 "Investments, developments and disposals". This section presents Klépierre's capital expenditure based on EPRA financial reporting guidelines, taking into account the latest EPRA Best Practices Recommendations as updated in February 2022.

EPRA CAPITAL EXPENDITURE

	06/30/2023			06/30/2022
In millions of euros	Group (excl. joint ventures)	Joint ventures (proportionate share)	Total Group	Total Group
Acquisitions	3.9	-	3.9	0.0
Developments	39.7	0.8	40.4	57.7
Investment properties	38.7	0.9	39.6	32.6
Incremental lettable space	-	-	-	-
No incremental lettable space	34.3	0.7	35.1	23.7
Tenant incentives	4.0	0.1	4.1	4.2
Other material non-allocated types of expenditure	0.4	0.0	0.4	4.7
Capitalized interest	0.0	-	0.0	0.5
Total Capex	82.3	1.7	84.0	90.9
Conversion from accrual to cash basis	20.8	-	20.8	(29.8)
TOTAL CAPEX ON CASH BASIS	**103.1**	**1.7**	**104.8**	**61.1**

1.7.6.1 Developments

Development capital expenditure includes investments related to new constructions and extensions of existing assets. Over the period, these investments amounted to €40.4 million, mainly relating to the extension of Grand Place (Grenoble, France) and the Maremagnum rooftop (Barcelona, Spain) and Hoog Catharijne redevelopment (Utrecht, Netherlands) projects.

1.7.6.2 Investment properties

Capital expenditure on the operational investment property portfolio mainly comprises investments to maintain or enhance standing assets without creating additional leasing space and leasing incentives granted to tenants. In the first half of 2023, these investments totaled €39.6 million, breaking down as follows:

- €35.1 million: technical maintenance and refurbishment of common areas;
- €4.1 million: leasing incentives (fit-out contribution) granted to new tenants when re-leasing or to support store transformation by existing tenants when leases are renewed; and
- €0.4 million: hard and soft construction costs incurred in connection with leasing initiatives designed to split or merge stores and/or to comply with the Group's technical standards.

1.7.7 EPRA Loan-to-Value ratio (EPRA LTV)

The purpose of EPRA LTV is to assess the gearing of shareholders' equity within a real estate company. To achieve that outcome, EPRA LTV provides adjustments to IFRS reporting.

The main overarching concepts that are introduced by EPRA LTV are:

- Any capital that is not equity (i.e., whose value accrues to the shareholders of the Company) is considered as debt irrespective of its IFRS classification;
- EPRA LTV is calculated based on proportionate consolidation. This implies that EPRA LTV includes the Group's share in the net debt and net assets of joint ventures and material associates;
- Assets are included at fair value, and net debt at nominal value.

EPRA LOAN-TO-VALUE

				Proportionate consolidation			
In millions of euros	**LTV IFRS as reported**	**EPRA adjustements**	**Group as reported**	**Share of joint ventures**	**Share of material associates**	**Non-controlling interest**	**Combined**
Include:							
Borrowings from financial Institutions	985	(2)	983	3		(301)	685
Commercial paper	1,400		1,400			-	1,400
Hybrids (including convertibles, preference shares, debt, options, perpetuals)							-
Bonds and loans	5,270	27	5,297	17	1	(38)	5,278
Foreign currency derivatives (futures, swaps, options and forwards)	6		6			(3)	3
Net payables		365	365		1	(42)	324
Owner-occupied property (debt)							
Current accounts (equity characteristic)	124	(124)	-				-
Exclude:							
Cash and cash equivalents	(382)	45	(338)	(52)	(4)	25	(368)
Net debt (A)	**7,403**	**310**	**7,714**	**(31)**	**(2)**	**(358)**	**7,323**
Include:							
Owner-occupied property							
Investment properties at fair value	17,162		17,162	1,090	150	(2,234)	16,169
Properties held for sale	6		6			0	6
Properties under development	88		88			(13)	75
Intangibles		313	313			(1)	312
Net receivables			-	14			14
Financial assets	1,239	(1,239)	-				-
Total property value (B)	**18,495**	**(926)**	**17,569**	**1,104**	**150**	**(2,248)**	**16,575**
Real estate transfer taxes	926		926	51	8	(151)	833
Total property value (incl. RETTs) (C)	**19,420**		**18,494**	**1,155**	**158**	**(2,399)**	**17,408**
EPRA LOAN-TO-VALUE RATIO (EXCLUDING RETTS) (A/B)							**44.2%**
EPRA LOAN-TO-VALUE RATIO (INCLUDING RETTS) (A/C)	**38.1%**						**42.1%**

1.8 RELATED PARTIES

No material transactions were entered into with related parties during the first half of 2023.

1.9 OUTLOOK

Based on the solid first-half performance, Klépierre is revising its full-year guidance upward and now expects net current cash flow of at least €2.40 per share in 2023, representing growth of 7% compared to €2.24[(1)] in 2022.

Assuming no major deterioration in the geopolitical and macroeconomic environment having a significant impact on household consumption, the main assumptions underpinning the guidance are:

- Retailer sales at least equal to 2022;
- Stable occupancy; and
- Stable collection rate.

The guidance also factors in the impact on costs of projected inflation in Europe for the last six months of 2023 and the current funding cost levels but does not include the impact of any further disposals.

(1) *Excluding the positive non-recurring income statement impact related to the 2020 and 2021 account receivables (€0.30) and the cash flow generated by disposed assets (€0.08), net current cash flow per share reached €2.24 in 2022.*

2 RISK FACTORS

There were no material changes during the first half of 2023 in the risk factors identified and disclosed in Klépierre's 2022 Universal Registration Document [1].

(1) *Only the exposure to hedging risks and the hedging strategy were reviewed during the period (see Note 9 to the interim consolidated financial statements on page 39 of this report).*

3 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

3.1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In millions of euros	Notes	06/30/2023	06/30/2022
Gross rental income	6.1	568.6	577.3
Land expenses (real estate)		(3.8)	(3.5)
Service charge income		133.5	120.3
Service charge expenses		(187.9)	(176.5)
Building expenses (owner)		(6.5)	(16.3)
Net rental income		**504.0**	**501.3**
Management, administrative and related income and other operating income[a]		36.3	42.0
Payroll expenses		(55.1)	(50.5)
Other general expenses[b]		(13.3)	(26.2)
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		(8.2)	(8.0)
Provisions		1.0	(0.4)
Change in value of investment properties		(321.7)	(2.6)
Income (loss) from the disposal of investment properties and equity investments		0.5	(19.9)
Goodwill impairment	5.1	(0.1)	(3.0)
Operating income		**143.2**	**432.7**
Financial income		48.9	14.5
Financial expenses		(106.4)	(68.5)
Interest expense on leases liabilities	8	(4.1)	(4.1)
Cost of net debt	**6.2**	**(61.6)**	**(58.1)**
Net dividends and provisions on non-consolidated investments		0.2	(0.0)
Change in the fair value of financial instruments		(8.6)	17.8
Gain (loss) on net monetary position	6.3	(10.1)	(33.3)
Share in earnings of equity-accounted companies		14.7	35.8
Profit before tax		**77.8**	**394.8**
Income tax expense	7	(51.3)	(65.4)
Consolidated net income		**26.5**	**329.4**
Of which			
• Attributable to owners of the parent		51.1	294.6
• Attributable to non-controlling interests		(24.6)	34.9
Average number of shares – undiluted		**285,442,363**	**285,405,409**
UNDILUTED EARNINGS PER SHARE *(in euros)* **– ATTRIBUTABLE TO OWNERS OF THE PARENT**		**0.18**	**1.03**
Average number of shares – diluted		**286,363,431**	**286,037,065**
DILUTED EARNINGS PER SHARE *(in euros)* **– ATTRIBUTABLE TO OWNERS OF THE PARENT**		**0.18**	**1.03**

(a) "Management, administrative and related income" presented for €36.5 million and "Other operating income" presented for €5.5 million as of June 30, 2022 are presented aggregated starting 2023.
(b) "Survey and research costs" presented for a negative €2.9 million as of June 30, 2022 are presented within "Other general expenses" starting 2023.

In millions of euros	06/30/2023	06/30/2022
Consolidated net income	**26.5**	**329.4**
Other items of comprehensive income recognized directly in equity	**(128.9)**	**(15.4)**
• Effective portion of gains and losses on cash flow hedging instruments	(7.3)	34.7
• Translation gains and losses	(121.8)	(42.8)
• Tax on other items of comprehensive income	1.6	(6.5)
Items that will be reclassified subsequently to profit or loss	**(127.4)**	**(14.6)**
• Gains and losses on sales on treasury shares	(1.3)	(3.1)
• Actuarial gains and losses	(0.1)	2.3
Items that will not be reclassified subsequently to profit or loss	**(1.5)**	**(0.8)**
Share of other items of comprehensive income attributable to equity-accounted companies		
Total comprehensive income (loss)	**(102.4)**	**314.0**
Of which		
• Attributable to owners of the parent	(46.4)	284.0
• Attributable to non-controlling interests	(56.0)	30.0
UNDILUTED COMPREHENSIVE EARNINGS PER SHARE *(in euros)* **– ATTRIBUTABLE TO OWNERS OF THE PARENT**	**(0.16)**	**1.00**
DILUTED COMPREHENSIVE EARNINGS PER SHARE *(in euros)* **– ATTRIBUTABLE TO OWNERS OF THE PARENT**	**(0.16)**	**0.99**

3.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In millions of euros	Notes	06/30/2023	12/31/2022
Goodwill	5.1	466.2	469.6
Intangible assets		23.0	25.3
Property, plant and equipment		11.8	16.1
Investment properties at fair value	5.2	17,394.8	17,757.1
Investment properties at cost		87.6	110.2
Investments in equity-accounted companies		954.3	994.4
Other non-current assets		289.6	296.7
Long-term derivative instruments		50.3	51.3
Non-current deferred tax assets		14.6	12.7
Non-current assets		**19,292.2**	**19,733.4**
Investment properties held for sale		5.9	13.1
Trade and other receivables	5.3	144.8	141.8
Other receivables		283.1	265.3
• Tax receivables		72.8	64.3
• Other		210.2	201.0
Short-term derivative instruments		108.3	111.4
Current deferred tax assets		5.6	4.6
Cash and cash equivalents	5.4	357.3	281.6
Current assets		**905.1**	**817.8**
TOTAL ASSETS		**20,197.2**	**20,551.2**
Share capital		401.6	401.6
Additional paid-in capital		3,344.9	3,585.9
Legal reserves		44.0	44.0
Consolidated reserves		3,988.9	3,917.5
• Treasury shares		(26.3)	(28.6)
• Hedging reserves		21.6	24.9
• Other consolidated reserves		3,993.6	3,921.2
Consolidated net income		51.1	415.2
Equity attributable to owners of the parent		**7,830.5**	**8,364.2**
Equity attributable to non-controlling interests		2,005.6	2,094.8
Total equity		**9,836.1**	**10,459.0**
Non-current financial liabilities	5.5	6,114.3	5,717.8
Non-current leases liabilities	8	267.6	266.6
Long-term provisions		28.0	29.1
Pension obligations		7.3	7.2
Long-term derivative instruments		115.3	116.6
Deposits		149.1	145.7
Deferred tax liabilities		1,085.2	1,074.1
Non-current liabilities		**7,766.7**	**7,357.1**
Current financial liabilities	5.5	1,558.6	1,978.0
Current leases liabilities	8	8.4	12.6
Bank overdrafts		19.7	0.1
Trade payables		209.0	165.7
Due to suppliers of fixed assets		32.5	52.6
Other liabilities		580.2	337.3
Short-term derivative instruments		0.8	2.7
Payroll and tax liabilities		185.1	186.1
Current liabilities		**2,594.3**	**2,735.1**
TOTAL EQUITY AND LIABILITIES		**20,197.2**	**20,551.2**

3.3 CONSOLIDATED STATEMENTS OF CASH FLOWS

In millions of euros	06/30/2023	06/30/2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from consolidated companies	26.5	329.4
Elimination of expenditure and income with no cash effect or not related to operating activities		
• Depreciation, amortization and provisions	(11.8)	9.7
• Change in value of investment properties	321.7	2.6
• Goodwill impairment	0.1	3.0
• Capital gains and losses on asset disposals	(0.5)	19.9
• Current and deferred income taxes	51.3	65.4
• Share in earnings of equity-accounted companies	(14.7)	(35.8)
• Reclassification of interest and other items	101.1	95.0
Gross cash flow from consolidated companies	473.8	489.2
Income tax (received) paid	(19.6)	(24.2)
Change in operating working capital	12.6	(29.3)
Net cash flow from operating activities	466.8	435.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment properties	31.5	131.2
Proceeds from disposals of subsidiaries (net of cash disposed, net of loans and advances repaid)	0.1	2.7
Acquisitions of investment properties	(3.9)	
Payments in respect of construction work in progress	(98.6)	(59.8)
Acquisitions of other fixed assets	(1.5)	(2.0)
Acquisitions of subsidiaries (net of cash acquired)	(0.7)	(0.5)
Dividends received (including dividends received from joint ventures and associates)	14.7	13.6
Movements in loans and advance payments granted and other investments[a]	7.5	9.3
Net cash flow from investing activities	(50.9)	94.6
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the parent	(248.2)	
Dividends paid to non-controlling interests	(22.1)	(86.9)
Repayment of share premiums		(485.4)
Acquisitions/disposals of treasury shares	0.1	(0.5)
New loans, borrowings and hedging instruments	1,732.9	1,006.2
Repayment of loans, borrowings and hedging instruments	(1,752.1)	(1,482.2)
Net repayment of lease liabilities	(7.1)	(5.8)
Interest paid	(57.8)	(54.0)
Interest paid on lease liabilities	(4.1)	(4.1)
Net cash flow used in financing activities	(358.4)	(1,112.7)
Effect of foreign exchange rate changes on cash and cash equivalents	(1.4)	(2.9)
CHANGE IN CASH AND CASH EQUIVALENTS	**56.1**	**(585.2)**
Cash and cash equivalents at beginning of period	281.5	624.5
Cash and cash equivalents at end of period	337.6	39.2

(a) Of which advances and loans repayments for a negative €8.9 million and new advances and loans for a positive €16.4 million.

3.4 STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY

In millions of euros	Share capital	Capital reserves	Treasury shares	Hedging reserves	Other consolidated reserves	Consolidated net income	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT 12/31/2021	**401.6**	**4,115.2**	**(33.5)**	**0.1**	**3,376.6**	**544.7**	**8,404.7**	**2,188.7**	**10,593.4**
Share capital transactions									
Share-based payments									
Treasury share transactions			3.2				3.2		3.2
Allocation of net income (loss)					544.7	(544.7)			
Dividends		(485.4)					(485.4)	(104.8)	(590.1)
Net income for the period						294.6	294.6	34.9	329.4
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY									
Proceeds from sales of treasury shares					(3.1)		(3.1)		(3.1)
Gains and losses from cash flow hedging				19.7			19.7	15.0	34.7
Translation gains and losses					(25.8)		(25.8)	(17.0)	(42.8)
Actuarial gains and losses					2.3		2.3		2.3
Tax on other comprehensive income				(1.7)	(2.0)		(3.7)	(2.9)	(6.5)
Other comprehensive income				18.1	(28.6)		(10.5)	(4.9)	(15.4)
Changes in the scope of consolidation					0.0		0.0		0.0
Other movements					35.0		35.0	3.0	38.0
EQUITY AT 06/30/2022	**401.6**	**3,629.9**	**(30.2)**	**18.2**	**3,927.7**	**294.6**	**8,241.7**	**2,116.8**	**10,358.5**
Share capital transactions									
Share-based payments									
Treasury share transactions			1.6		(0.9)		0.8		0.8
Allocation of net income (loss)									
Dividends								(18.9)	(18.9)
Net income for the period						120.6	120.6	(20.2)	100.4
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY									
Proceeds from sales of treasury shares					1.0		1.0		1.0
Gains and losses from cash flow hedging				6.8			6.8	4.9	11.7
Translation gains and losses					1.6		1.6	12.7	14.3
Actuarial gains and losses					1.2		1.2		1.2
Tax on other comprehensive income				(0.0)	(0.6)		(0.7)	(0.4)	(1.0)
Other comprehensive income				6.7	3.2		9.9	17.3	27.2
Changes in the scope of consolidation					(0.0)		(0.0)	(0.7)	(0.7)
Other movements					(8.8)		(8.8)	0.4	(8.4)
EQUITY AT 12/31/2022	**401.6**	**3,629.9**	**(28.6)**	**24.9**	**3,921.2**	**415.2**	**8,364.2**	**2,094.8**	**10,459.0**
Share capital transactions									
Share-based payments									
Treasury share transactions			2.3				2.3		2.3
Allocation of net income (loss)					415.2	(415.2)			
Dividends		(499.5)					(499.5)	(35.0)	(534.6)
Net income for the period						51.1	51.1	(24.6)	26.5
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY									
Proceeds from sales of treasury shares					(1.3)		(1.3)		(1.3)
Gains and losses from cash flow hedges				(4.1)			(4.1)	(3.2)	(7.3)
Translation gains and losses[(a)]					(92.8)		(92.8)	(29.0)	(121.8)
Actuarial gains and losses					(0.1)		(0.1)		(0.1)
Tax on other comprehensive income				0.8	0.1		0.9	0.7	1.6
Other comprehensive income				(3.3)	(94.2)		(97.5)	(31.4)	(128.9)
Changes in the scope of consolidation									
Other movements[(b)]					10.0		10.0	1.8	11.8
EQUITY AT 06/30/2023	**401.6**	**3,130.3**	**(26.3)**	**21.6**	**4,252.3**	**51.1**	**7,830.5**	**2,005.6**	**9,836.1**

(a) The €92.8 million negative impact in translation gains and losses mainly concerns Turkey (negative €40.6 million), Norway (negative €32.4 million), Sweden (negative €21.6 million), and Denmark (positive €5.1 million).
(b) The positive amount of €10.0 million in "Other movements" relates to the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" to Turkey.

3.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

NOTE 1 SIGNIFICANT EVENTS OF THE PERIOD

1.1 DEBT AND FINANCING

As of June 30, 2023, consolidated net debt remained stable at €7,402.8 million compared to €7,479.3 million at the end of 2022.

Year to date, the Group has raised €680.0 million of new financing, mainly comprising bank loans totaling €530.0 million (including €412.0 million of corporate loans and €118.0 million of mortgage loans) in addition to tapping existing bonds for €150.0 million, with a weighted average maturity of 6.4 years. These funds were primarily used to refinance the €524.0 million bond maturing on April 17, 2023.

Over the first half of the year, Klépierre successfully renewed €300.0 million of its existing credit facilities, all with a five-year maturity. The Group also exercised the first one-year extension option on one of its existing bilateral revolving credit facilities (€100.0 million).

At the end of May, Fitch assigned to Klépierre a first-time rating of BBB+ with a stable outlook and a senior unsecured rating of A–, reinforcing its already very well-established access to the capital markets.

1.2 DISTRIBUTION

On May 11, 2023, the General Meeting of Shareholders approved the payment of a €1.75 per share cash distribution in respect of the 2022 fiscal year. The total distribution amounted to €499.5 million (excluding treasury shares), and was deducted from issue premiums and retained earnings.

On March 30, 2023, a €0.87 per share interim dividend was paid to shareholders, for a total amount of €248.2 million excluding taxes and fees. A further €0.88 per-share (€251.3 million) dividend was paid on July 11, 2023.

1.3 INVESTMENTS AND DIVESTMENTS

Overall, capital expenditure invested over the period in investment properties at fair value and at cost held by fully consolidated companies amounted to €82 million.

Regarding development, Klépierre focused on its main committed projects to strengthen the leadership of its shopping centers in their catchment areas, notably the Grand Place extension in Grenoble (France) and the rooftop restructuring at Maremagnum in Barcelona (Spain).

Since January 1, 2023, the Group has completed disposals totaling €31.3 million comprising several retail assets in France and Sweden, mainly including a retail park in the vicinity of Mérignac Soleil shopping center (France) and a building adjacent to Galleria Boulevard in Kristiandstad mall (Sweden).

NOTE 2 ACCOUNTING BASIS

2.1 CORPORATE REPORTING

Klépierre is a French joint-stock 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 July 31, 2023, the Executive Board approved the interim condensed consolidated financial statements of Klépierre SA for the period from January 1 to June 30, 2023 and authorized their publication.

Klépierre is listed on Euronext Paris (compartment A).

2.2 APPLICATION OF IFRS

The interim condensed consolidated financial statements for the six months ended June 30, 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in a complete set of annual consolidated financial statements and should be read in conjunction with the published consolidated financial statements (or the Universal Registration Document) for 2022.

The interim condensed 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 interim condensed consolidated financial statements nonetheless present a selection of notes explaining the major events and transactions of the period, in order to describe the changes in the Group's financial position and performance since the last annual consolidated financial statements.

2.2.1 Standards, amendments and interpretations whose application was mandatory as of January 1, 2023

The accounting principles applied to the interim condensed consolidated financial statements for the six months ended June 30, 2023 are identical to those used in the Group's consolidated financial statements for the year ended December 31, 2022, with the exception of the following new standards, amendments and interpretations, whose application is mandatory for the Group:

Amendments to IAS 1	Disclosure of Significant Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 17 and Amendments to IFRS 17	Insurance Contracts
IFRS 17 and IFRS 9	Initial Application of IFRS 17 and IFRS 9 – Comparative Information

These new standards and amendments had no impact on the Group's consolidated financial statements.

2.2.2 Standards, amendments and interpretations whose application was not mandatory as of January 1, 2023

The Group did not early adopt any new standards, amendments or interpretations not yet in effective as of January 1, 2023.

2.2.3 Amendments to IAS 12 – Pillar 2

Regarding the implementation of the OECD Pillar 2 rules, the European Union adopted on December 22, 2022 a Directive which must be transposed into domestic law before December 31, 2023. To date, no laws have been finally enacted in the countries in which the Klépierre Group invests. The impact of Pillar 2 for the Klépierre Group is currently under assessment and will depend on the enacted laws.

2.3 USE OF MATERIAL JUDGMENTS AND ESTIMATES

In preparing these consolidated financial statements in accordance with IFRS, Group management used certain estimates and realistic, reasonable assumptions. Changes in 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 period-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:

- Investment property and equity-accounted companies;
- Measurement of goodwill of management companies;
- Credit risk assessment;
- Financial instruments;
- Deferred taxes.

2.4 HYPERINFLATION

In March 2022, Turkey met the criteria of a hyperinflationary economy within the meaning of IAS 29 "Financial Reporting in Hyperinflationary Economies".

In March 2022, the three-year cumulative inflation rate commonly used to evaluate the country's inflation exceeded 100%, and is not expected to ease significantly in 2023.

The criteria set out in IAS 29 are therefore met and both the French financial markets authority (*Autorité des marchés financiers* – AMF) and the European Securities and Markets Authority (ESMA) consider that Turkey should be qualified as a hyperinflationary economy within the meaning of IAS 29 as from January 1, 2022.

Consequently, IAS 29 is applicable to the Group's operations in Turkey since 2022 and as if it had always been a hyperinflationary economy.

- Non-monetary assets and liabilities, except for those at fair value, must be adjusted for inflation using a general price index. Monetary items on the statement of financial position are not restated.
- Income statement and other comprehensive income items in local currency are restated for inflation by applying the change in the general price index from the dates when the income and expense items were initially recorded in the interim condensed consolidated financial statements. The statements of financial position, income and comprehensive income of Turkish subsidiaries are translated into euros at the closing rate of the reporting period.

The impact on comprehensive income in 2023 is presented in note 6.3 "Gain (loss) on net monetary position".

2.5 RISK FACTORS RELATING TO CLIMATE CHANGE

To draw up the interim condensed financial statements, the Executive Board takes into account the challenges of climate change and sustainable development, based on current knowledge and practices.

Expenditure related to measures taken by the Group to meet its climate commitments, in particular to achieve a net-zero carbon footprint of its portfolio of shopping centers by 2030, are recognized either as investments (maintenance and replacement of energy equipment, installation of solar panels, electric vehicle charging stations, etc.) or as recurring expenses (use of energy management tools, audits, "BOOST" action plans, studies on the net-zero strategy, etc.).

The valuation of investment property at fair value, as performed by independent appraisers in accordance with the option provided for in IAS 40, factors in climate risks.

In addition, a portion of the Group's financing incorporates environmental performance criteria of the Group's assets.

As of June 30, 2023, the Group had contracted €1,885 million in financing subject to sustainability criteria whereby the margin on the facility is reduced if Klépierre achieves the targets set out in the loan agreement. Any resulting savings are reinvested by Klépierre in programs designed to improve the low-carbon efficiency and overall environmental performance of its assets.

NOTE 3 SEGMENT INFORMATION

3.1 SEGMENT EARNINGS

For management purposes, the Group is structured into business segments corresponding to geographic regions. There are a total of seven operating segments, structured as follows:

- France (including Belgium and other retail properties);
- Italy;
- Scandinavia (Steen & Strøm: Norway, Sweden and Denmark);
- Iberia (Spain and Portugal);
- Netherlands & Germany;
- Central Europe (Poland and Czech Republic);
- Other countries (Greece and Turkey).

The management team monitors the results of each operating segment independently for the purposes of allocating resources to the segment and assessing its performance.

The Group's financing policy (including its impact on financial income and expenses), corporate activities, goodwill impairment and income tax matters are handled at Group level ("Klépierre Group"), and the resulting impacts are not allocated to the operating segments.

The "Scandinavia" segment includes all the legal entities of Steen & Strøm, in which Klépierre owns a 56.1% controlling equity stake.

	France[(a)]		Italy		Scandinavia		Iberia		Netherlands & Germany	
In millions of euros	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Gross rents	**205.5**	**224.1**	**115.0**	**105.7**	**65.7**	**74.7**	**68.0**	**60.7**	**57.2**	**53.6**
Other rental income	8.1	13.6	1.9	1.5	0.7	1.2	1.7	2.3	0.1	0.1
Gross rental income	213.6	237.7	116.9	107.2	66.4	75.9	69.7	63.0	57.2	53.8
Rental and building expenses	(16.4)	(28.6)	(12.3)	(8.6)	(7.3)	(10.9)	(5.6)	(5.8)	(17.6)	(16.8)
Net rental income	197.2	209.1	104.6	98.6	59.1	65.1	64.1	57.2	39.6	36.9
Management and other income	17.3	15.3	7.6	12.9	3.1	4.1	2.9	5.5	3.6	2.7
Payroll and other general expenses	(26.2)	(22.8)	(4.9)	(12.3)	(7.7)	(7.4)	(6.2)	(8.0)	(7.3)	(10.8)
EBITDA	**188.4**	**201.6**	**107.4**	**99.1**	**54.5**	**61.8**	**60.9**	**54.6**	**35.9**	**28.8**
Depreciation, amortization and impairment	(3.2)	(4.7)	(1.0)	(0.7)	(0.7)	(0.7)	(0.4)	(0.2)	(0.2)	(0.2)
Change in value of investment properties	(231.1)	(68.7)	37.5	(3.8)	(83.9)	(4.6)	16.1	86.1	(101.1)	(19.8)
Net proceeds (losses) on disposal of investment properties and equity investments	0.5	(0.6)			0.2	1.0		(0.0)	(0.2)	0.2
Share in earnings (losses) of equity-accounted companies	(8.8)	4.1	12.8	20.1	1.6	5.3	0.6	(1.0)		
SEGMENT INCOME (LOSS)	**(54.2)**	**131.7**	**156.7**	**114.8**	**(28.3)**	**62.7**	**77.1**	**139.5**	**(65.5)**	**9.1**
Goodwill impairment										
Cost of net debt										
Change in the fair value of financial instruments										
PROFIT BEFORE TAX										
Income tax expense										
NET INCOME										

(a) Shopping centers and other retail properties, including Belgium.

	Central Europe		Others countries		Not allocated		Klépierre Group	
In millions of euros	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Gross rents	**35.8**	**30.8**	**8.1**	**7.5**			**555.3**	**557.1**
Other rental income	0.8	1.4	0.0	0.0			13.3	20.2
Gross rental income	36.6	32.2	8.1	7.5			568.6	577.3
Rental and building expenses	(3.3)	(2.1)	(2.1)	(3.2)			(64.7)	(76.0)
Net rental income	33.3	30.1	6.0	4.3			504.0	501.3
Management and other income	0.7	0.6	0.9	0.9			36.3	42.0
Payroll and other general expenses	(3.0)	(2.9)	(1.9)	(1.5)	(11.3)	(11.0)	(68.5)	(76.7)
EBITDA	**31.0**	**27.9**	**5.0**	**3.7**	**(11.3)**	**(11.0)**	**471.8**	**466.6**
Depreciation, amortization and impairment	(0.3)	(0.2)	0.0	(0.1)	(1.5)	(1.5)	(7.2)	(8.4)
Change in value of investment properties	18.2	4.5	22.5	3.7			(321.7)	(2.6)
Net proceeds (losses) on disposal of investment properties and equity investments	(0.0)			(20.5)			0.5	(19.9)
Share in earnings (losses) of equity-accounted companies			8.6	7.3			14.7	35.8
SEGMENT INCOME (LOSS)	**48.9**	**32.1**	**36.1**	**(5.9)**	**(12.8)**	**(12.5)**	**158.0**	**471.5**
Goodwill impairment							(0.1)	(3.0)
Cost of net debt							(61.6)	(58.1)
Gain (loss) on net monetary position							(10.1)	(33.3)
Change in the fair value of financial instruments							(8.6)	17.8
PROFIT BEFORE TAX							**77.8**	**394.8**
Income tax expense							(51.3)	(65.4)
NET INCOME							**26.5**	**329.4**

3.2 INVESTMENT PROPERTIES BY OPERATING SEGMENT

The value of investment properties by operating segment, as shown in the consolidated statement of financial position, is presented below (excluding investment properties held by equity-accounted companies):

In millions of euros	Value of investment properties at 06/30/2023[a]	Value of investment properties at 12/31/2022[a]
France[b]	6,996.7	7,202.7
Italy	3,355.8	3,300.7
Scandinavia	2,301.9	2,481.8
Iberia	2,136.7	2,118.9
Netherlands & Germany	1,631.5	1,720.1
Central Europe	958.2	937.1
Other countries	101.6	106.0
TOTAL	**17,482.4**	**17,867.3**

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

NOTE 4 CHANGES IN CONSOLIDATION SCOPE

As of June 30, 2023, the Group's scope of consolidation included 222 companies, of which 186 fully consolidated companies and 36 companies accounted for using the equity method.

Over the period, the Group completed the merger of Financière Corio SAS with Klépierre SA. There were no other significant changes in the scope of consolidation.

NOTE 5 NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 GOODWILL

As of June 30, 2023, goodwill totaled €466.2 million, versus €469.6 million as of December 31, 2022, breaking down as follows:

Goodwill of management companies

As of June 30, 2023, goodwill of management companies totaled €218.1 million, remaining stable compared to December 31, 2022. According to IAS 36, an impairment test is performed when there is an indication that the goodwill may be impaired and at least once a year. As of June 30, 2023, in the absence of such indication, no impairment test was performed.

Goodwill corresponding to the optimized value of deferred taxes

As of June 30, 2023, goodwill corresponding to the optimized value of deferred taxes totaled €248.1 million, versus €251.5 million as of December 31, 2022.

In millions of euros	12/31/2022	Change in scope	Disposals, retirement of assets	Impairment	Currency movements	06/30/2023
Italian Corio assets	173.3			(0.1)		173.2
Spanish Corio assets	23.1					23.1
IGC	18.7					18.7
Oslo City	33.1				(3.4)	29.7
Nueva Condo Murcia						
Other	3.3					3.3
GOODWILL ARISING ON DEFERRED TAX LIABILITIES	**251.5**			**(0.1)**	**(3.4)**	**248.1**

5.2 INVESTMENT PROPERTIES

5.2.1 Investment properties at fair value

In millions of euros	
INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 12/31/2022	**17,757.1**
Additions to the scope of consolidation	
Capital expenditure	82.2
Capitalized interest	0.5
Disposals and removals from the scope of consolidation	(19.6)
Other movements, reclassifications	20.2
Currency movements	(123.9)
Fair value adjustments	(321.7)
INVESTMENT PROPERTIES AT FAIR VALUE – NET VALUE AS OF 06/30/2023	**17,394.8**

Investments for €82.2 million and capitalized interest for €0.5 million are attributable to France for €43.9 million, Italy for €17.7 million, the Netherlands for €10.5 million and Scandinavia for €6.1 million.

The Group completed disposals over the period representing a net book value of €19.6 million.

"Other movements, reclassifications" mainly includes reclassifications from "Investment properties at cost" to "Investment properties at fair value".

The table below presents the parameters used by external appraisers to determine the fair value of investment properties:

Shopping centers *(weighted average)*	Discount rate[(a)]	Exit rate[(b)]	CAGR of NRI[(c)]	EPRA NIY
France	7.0%	5.4%	3.1%	5.2%
Italy	8.1%	6.4%	1.6%	6.4%
Scandinavia	7.6%	5.3%	3.0%	4.9%
Iberia	7.7%	6.1%	2.2%	5.8%
Netherlands & Germany	6.6%	5.7%	2.5%	5.8%
Central Europe	7.3%	6.2%	1.5%	6.6%
Other countries	21.0%	9.3%	10.0%	10.9%
TOTAL GROUP	**7.5%**	**5.8%**	**2.6%**	**5.7%**

Discount and exit rates are weighted by shopping center portfolio valuation (including transfer taxes).
(a) Rate used to calculate the present value of future cash flows.
(b) Rate used to capitalize the exit rent to determine the exit value of an asset.
(c) Compound annual growth rate of net rental income determined by the appraiser at 10 years.

As of June 30, 2023, the average EPRA Net Initial Yield (NIY) of the portfolio stood at 5.7% (including transfer taxes). A 10-basis-point increase in yields would result in a €282 million decrease in the portfolio valuation (attributable to owners of the parent company).

5.2.2 Investment property portfolio reconciliation

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

	06/30/2023				
In millions of euros	Investment properties held by fully consolidated companies	Investments in equity-accounted companies[(a)]	Transfer taxes	Lease liability[(b)]	Total portfolio value (including transfer taxes)
Investment properties	17,101.2	1,193.0	925.6		19,219.8
Right-of-use asset relating to ground leases	293.6			(270.1)	23.5
Incl. upfront payments on ground leases	*23.5*				*23.5*
Investment properties at fair value	**17,394.8**	**1,193.0**	**925.6**	**(270.1)**	**19,243.3**
Investment properties at cost	87.6	45.2			132.8
Investment properties held for sale	5.9				5.9
Operating lease incentives	37.5				37.5
TOTAL	**17,525.8**	**1,238.2**	**925.6**	**(270.1)**	**19,419.6**

(a) Investments in equity-accounted assets are included based on the fair value of the shares held and taking into account shareholder financing granted by the Group.
(b) The lease liability as defined by IFRS 16 is deducted from the investment property value in the portfolio valuation.

5.3 TRADE RECEIVABLES

In millions of euros	06/30/2023	12/31/2022
Trade receivables	240.8	254.6
Allowances for bad debts	(147.9)	(167.4)
Net value of trade receivables	**93.0**	**87.2**
Step-up rents and rent-free periods	51.8	54.6
TRADE AND OTHER RECEIVABLES	**144.8**	**141.8**

As of June 30, 2023, trade receivables stood at €240.8 million, representing €244.4 million in gross trade receivables less €3.6 million in accrued rent abatements. As of December 31, 2022, trade receivables stood at €254.6 million, representing €267.2 million in gross trade receivables less €12.6 million in accrued rent abatements.

5.4 CASH AND CASH EQUIVALENTS

In millions of euros	06/30/2023	12/31/2022
Cash equivalents	39.8	0.0
• *Treasury bills and certificates of deposit*	*30.0*	*0.0*
• *Money-market investments*	*9.6*	
• *Accrued interest on other variable-income securities*	*0.2*	
Cash	317.5	281.6
Gross cash and cash equivalents	**357.3**	**281.6**
Bank overdrafts	**(19.7)**	**(0.1)**
NET CASH AND CASH EQUIVALENTS	**337.6**	**281.5**

5.5 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

5.5.1 Change in debt

Changes in debt presented below do not include lease liabilities under IFRS 16, which are presented in note 8.

Current and non-current financial liabilities amounted to €7,672.8 million as of June 30, 2023, versus €7,695.8 million as of December 31, 2022.

In millions of euros	06/30/2023	12/31/2022
NON-CURRENT		
Bonds net of costs/premiums	**5,081.9**	**4,949.5**
• Of which fair value hedge adjustments	(106.4)	(116.5)
Bank loans and borrowings – long term	**910.9**	**655.3**
Other loans and borrowings	**121.4**	**113.0**
• Advance payments to associates	121.4	113.0
• Other		
Total non-current financial liabilities	6,114.3	5,717.8
CURRENT		
Bonds net of costs/premiums	**42.7**	**675.9**
• Of which fair value hedge adjustments		
Bank loans and borrowings – short term	**70.4**	**55.1**
• Of which other borrowing issue costs	3.2	3.2
Accrued interest	**43.4**	**44.5**
• On bonds	36.5	39.6
• On bank loans	4.0	1.6
• On advance payments to associates	2.8	3.3
Commercial paper	**1,399.7**	**1,199.9**
Other loans and borrowings	**2.3**	**2.6**
• Advance payments to associates	2.3	2.6
Total current financial liabilities	1,558.6	1,978.0
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	**7,672.8**	**7,695.8**

Net debt totaled €7,402.8 million as of June 30, 2023, versus €7,479.3 million as of December 31, 2022 reduced by €76.5 million. Net debt is the difference between financial liabilities (excluding fair value hedge adjustments) plus bank overdrafts less available cash and marketable securities.

In millions of euros	06/30/2023	12/31/2022
Non-current and current financial liabilities	7,672.8	7,695.8
Bank overdrafts	19.7	0.1
Revaluation due to fair value hedge and cross currency swaps	112.4	116.1
Cash and cash equivalents[(a)]	(402.1)	(332.7)
NET DEBT	**7,402.8**	**7,479.3**

(a) Includes cash managed for principals for €44.8 million as of June 30, 2023 and for €76.3 million as of December 31, 2022.

NOTE 6 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

6.1 GROSS RENTAL INCOME

Gross rental income breaks down as follows:

In millions of euros	06/30/2023	06/30/2022
Lease rents	593.0	566.4
Deferral of tenant incentives	(37.7)	(9.1)
Gross rents	555.3	557.2
Other rental income	**13.3**	**20.2**
GROSS RENTAL INCOME	**568.6**	**577.4**

6.2 COST OF NET DEBT

The cost of net debt totaled €61.6 million in first half of 2023, versus €58.1 million in first-half 2022. Excluding IFRS 16 interest expense on lease liabilities and other accounting and non-recurring items (provisions and capitalized interest and deferral of payments on swaps), the restated cost of net debt increased by €5.2 million compared to first-half 2022 due to a much higher interest rate environment, the impact of which was partly offset by the full hedging of the debt portfolio and lower overall debt levels.

In millions of euros	06/30/2023	06/30/2022
Financial income	48.9	14.5
Income from sales of securities	0.1	
Interest income on swaps	37.2	7.2
Deferral of payments on swaps		(0.0)
Capitalized interest	0.4	0.5
Interest on advances to associates	5.1	4.7
Sundry interest received	5.0	0.5
Other revenue and financial income	0.5	0.0
Currency translation gains	0.6	1.6
Financial expenses	(106.4)	(68.5)
Expenses from sales of securities		
Interest on bonds	(42.8)	(46.7)
Interest on bank loans	(33.5)	(0.2)
Interest expense on swaps	(15.8)	(3.6)
Deferral of payments on swaps	(0.1)	(0.1)
Interest on advances to associates	(3.0)	(1.0)
Sundry interest paid	(0.0)	(0.7)
Other financial expenses[a]	(12.1)	(15.0)
Currency translation losses	(1.3)	(2.2)
Transfer of financial expenses	2.3	
Amortization of the fair value of debt		0.9
Cost of net debt	(57.5)	(54.0)
Interest expense on lease liabilities[b]	(4.1)	(4.1)
COST OF NET DEBT AFTER IFRS 16	**(61.6)**	**(58.1)**

(a) Including non-recurring financial expenses (€5.2 million), non-utilization fees (€3.9 million), other amortization (€2.5 million) and other financial expenses (€0.5 million).
(b) The breakdown of interest expense on lease liabilities by type of contract is disclosed in note 8.

6.3 GAIN (LOSS) ON NET MONETARY POSITION

The loss on the net monetary position amounts to €10.1 million as of June 30, 2023, attributable to Turkey whose economy has been hyperinflationary since March 2022 (see note 2.4 for details on the first-time application of IAS 29 in 2022).

NOTE 7 TAXES

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.

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.

In millions of euros	06/30/2023	06/30/2022
Current tax	(26.0)	(14.6)
Deferred tax	(25.3)	(50.8)
TOTAL	**(51.3)**	**(65.4)**

For the six months ended June 30, 2023, the current tax charge amounted to €26.0 million, versus €14.6 million in first-half 2022.

The deferred tax charge amounted to €25.3 million in first-half 2023, versus €50.8 million in first-half 2022.

Deferred tax recognized during the period mainly comprises a negative amount of €24.8 million in deferred tax expense resulting from temporary differences arising on changes in the fair market value and tax value of investment properties.

NOTE 8 IFRS 16 "LEASES"

As of June 30, 2023, the amounts recorded in the statement of financial position relating to leases (as lessee) are as follows:

In millions of euros	12/31/2022	Increase (new leases)	Decrease (lease terminations)	Remeasurement and other movements	Allowances and repayment of lease liabilities	Currency movements	Reclassifications	06/30/2023
Gross right-of-use asset relating to property, plant and equipment	39.6	1.1		0.3		(0.9)		40.1
Depreciation of right-of-use asset relating to property, plant and equipment	(29.8)			(0.3)	(4.4)	0.5		(34.0)
Total net right-of-use asset relating to property, plant and equipment	**9.8**	**1.1**		**(0.0)**	**(4.4)**	**(0.3)**		**6.1**
Right-of-use asset relating to ground leases at fair value	318.3	4.1	(1.0)	(0.1)		0.3		321.6
Change in fair value of right-of-use asset relating to ground leases	(25.1)				(2.7)	(0.2)		(28.0)
Total right-of-use asset relating to ground leases	**293.2**	**4.1**	**(1.0)**	**(0.1)**	**(2.7)**	**0.1**		**293.6**
TOTAL ASSETS	**303.0**	**5.1**	**(1.0)**	**(0.1)**	**(7.2)**	**(0.2)**		**299.7**
Lease liabilities – non-current	266.6	3.8	(1.0)	(0.1)		(0.1)	(1.7)	267.6
Lease liabilities – current	12.6	1.3			(7.2)	(0.1)	1.7	8.4
TOTAL LIABILITIES	**279.2**	**5.1**	**(1.0)**	**(0.1)**	**(7.2)**	**(0.1)**		**276.0**

The amount shown under "Lease terminations" within "Right-of-use asset relating to ground leases at fair value" and "Lease liabilities – non-current" relate to leased space that has been partially returned to the Barcelona port authorities.

The breakdown of current and non-current lease liabilities as of June 30, 2023 is presented below:

In millions of euros	Total	Less than one year	One to five years	More than five years
Lease liabilities – non-current	267.6		21.4	246.2
Lease liabilities – current	8.4	8.4		
TOTAL LEASE LIABILITIES	**276.0**	**8.4**	**21.4**	**246.2**

As lessee, the amounts recognized in comprehensive income for the six months ended June 30, 2023 in respect of leases, by type of contract, are as follows:

In millions of euros	Right-of-use asset related to property, plant and equipment	Right-of-use asset related to ground leases	Total
Depreciation and impairment of property, plant and equipment	(4.4)		(4.4)
Change in value of right-of-use asset relating to ground leases		(2.7)	(2.7)
Interest expense on lease liabilities	(0.1)	(4.0)	(4.1)
Deferred tax on IFRS 16 restatement			
TOTAL	**(4.5)**	**(6.8)**	**(11.3)**

Variable rents on ground leases not restated in accordance with IFRS 16 amount to €3.8 million for the six months ended June 30, 2023.

Short-term leases, low-value assets and variable rents on property, plant and equipment do not fall within the scope of IFRS 16. The rental expenses recorded in first-half 2023 in relation to these leases are not material.

NOTE 9 RISK EXPOSURE AND HEDGING STRATEGY

Klépierre identifies and regularly measures its exposure to the various sources of risk (interest rates, liquidity, foreign exchange, counterparties, market risk, etc.), and sets applicable management policies as required. The Group carefully manages the inherent financial risks in its business activity and the financial instruments it uses.

9.1 INTEREST-RATE RISK

9.1.1 Hedging strategy

The hedging rate is calculated as the ratio of fixed-rate debt (after hedging) to net borrowings, expressed as a percentage. Most of the fixed-rate position is made of fixed-rate debt and swaps but interest rate options can be used to raise the hedging ratio.

To achieve its target hedging rate, Klépierre may use:

- Payer swaps in order to convert floating-rate debt to fixed-rate debt;
- Receiver swaps in order to convert fixed-rate debt to floating-rate debt;
- Caps in order to limit possible fluctuations in short-term rates.

Given the nature of its business as a long-term property owner, Klépierre is structurally a borrower. Klépierre's hedging strategy covers both the long-term and short-term portions of its borrowings.

The bulk of Klépierre's fixed-rate borrowings comprises bonds (denominated in euros and Norwegian kronor) and mortgage loans. As of June 30, 2023, the Group's fixed-rate debt stood at €5,401.9 million before hedging.

Floating-rate debt represented 30% of the Group's borrowings as of June 30, 2023 (before hedging), and comprises bank loans (drawn) and commercial paper, with less than six months remaining maturities.

An increase in interest rates against which floating-rate borrowings are indexed (Euribor, Nibor, Stibor and Cibor) could result in an increase in future interest rate expense. A 0.5% increase in interest rates in the next twelve months would lower financial expenses by €0.8 million and increase equity by €3.5 million.

As of June 30, 2023, the hedging ratio reached 100%, comprising 83% of fixed-rate debts or payer swaps and 17% of caps.

As Klépierre intends to achieve a high level of hedge effectiveness as defined by IFRS 9, the terms of fair value hedging instruments never exceed the maturity of the underlying debt.

9.1.2 Derivatives portfolio

Fair value of the interest rate derivatives portfolio:

In millions of euros	Fair value net of accrued interest as of 06/30/2023[a]	Change in fair value during 2023	Matching entry
Cash flow hedge	39.3	(8.7)	Shareholders' equity
Fair value hedge	(106.2)	9.9	Financial liabilities/Net income
Trading	108.7	(57.8)	Net income
TOTAL	**41.8**	**(56.5)**	

(a) The fair value of the interest rate hedging portfolio is categorized as level 2.

With regard to the reform of European benchmarks, Klépierre has not identified any material impact on the way that it applies hedge accounting, considering that the aggregate notional amount of derivatives concerned is limited to €767.6 million as of June 30, 2023, of which:

- One receiver swap maturing in 2027 (notional amount of €75.0 million) and four receiver swaps maturing in 2030 (notional amount of €600.0 million), which are qualified as fair value hedges; and
- Two payer swaps maturing in 2026 (notional amount of €92.6 million), which are qualified as cash flow hedges.

9.1.3 Fair value of financial liabilities

The Group recognizes borrowings in the statement of financial position at amortized cost.

The following table compares the fair values of borrowings with their corresponding nominal values. Fair values are established on the basis of the following principles:

- Fair value of floating-rate loans is equal to the nominal value (assuming stable credit spreads);
- Fair value of fixed-rate bank debt: fair value is calculated solely on the basis of rate fluctuations; and
- Bonds: use of prices quoted on an active market where these are available.

	06/30/2023			12/31/2022		
In millions of euros	Par value	Fair value	Impact of a 1% increase in interest rates on fair value[a]	Par value	Fair value	Impact of a 1% increase in interest rates on fair value[a]
Fixed-rate bonds	5,275.8	4,481.2	(215.3)	5,656.7	4,734.1	(217.6)
Fixed-rate bank loans	126.1	124.1	(3.5)	126.7	124.1	(4.0)
Other floating-rate loans	2,284.0	2,284.0		1,912.3	2,236.9	
TOTAL	**7,686.0**	**6,889.4**	**(218.7)**	**7,695.6**	**7,095.1**	**(221.6)**

(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 June 30, 2023, a 100-basis-point increase in interest would have resulted in a €218.7 million decrease in the value of the Group's euro-denominated interest rate derivatives.

9.2 LIQUIDITY RISK

Klépierre's long-term refinancing policy consists in diversifying maturity dates and sources of financing in such a way as to facilitate renewals.

The average maturity of drawn debt as of June 30, 2023 was 6.5 years, with borrowings spread between different markets (bonds, commercial paper and bank loans). Within the banking market, Klépierre uses a range of different loan types (syndicated loans, bilateral loans, mortgage loans, etc.) and counterparties. Commercial paper, which represents the bulk of short-term financing, never exceeds the backup credit lines. This means that the Group can refinance immediately if it has difficulty renewing its borrowings on the commercial paper market.

As of June 30, 2023, the maturity schedule of contractual flows was as follows:

Repayment year *In millions of euros*	2023	2024	2025	2026	2027	2028	2029	2030	2031 and beyond	Total
Principal	1,124	988	283	620	803	192	737	678	2,255	7,680
Interest (loans and derivatives)	32	105	96	87	78	69	58	44	91	662
GROUP TOTAL (PRINCIPAL + INTEREST)	**1,157**	**1,093**	**379**	**708**	**880**	**261**	**795**	**722**	**2,346**	**8,342**

In November 2023, a NOK 500.0 million bond will mature. The €1,400.0 million in outstanding commercial paper matures in less than one year, of which €1,073.5 million mature whithin the second half of 2023 and €326.5 million in 2024. Commercial paper issues are generally rolled over.

As of June 30, 2023, Klépierre had undrawn credit lines totaling €2,210.3 million (including bank overdrafts).

Some of Klépierre's sources of funding (bilateral loans, bonds, etc.) contain covenants. Failure to comply with these covenants may trigger early repayment. These covenants are based on the standard ratios applicable to real estate companies. All applicable covenants are respected as of June 30, 2023.

Some Klépierre SA bonds include a bearer put option, entitling the holder to request early repayment in the event of a change of control giving rise to a downgrade in Klépierre's credit rating to below investment grade.

9.3 CURRENCY RISK

The bulk of Klépierre's business is currently conducted within the eurozone, with the exception of Norway, Sweden, Denmark, Poland, the Czech Republic and Turkey.

Given the potential cost of long term hedging to cover the exposure to currencies outside the euro zone, the Group has decided to not cover these risks on top of the following items.

In Scandinavia, as leases are denominated in local currency, funding is also raised in the country's 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.

During the first half of the year, Klépierre contracted two bank loans in JPY for JPY 28.4 billion and JPY 10.0 billion. Therefore, the Group entered into two JPY/EUR cross currency swaps (JPY 28.4 billion and JPY 10.0 billion or respectively €192.0 million and €69.9 million). The economic effect of these swaps is to convert JPY bilateral term loans into a EUR liability. Their carrying amount will fluctuate in line with the EUR/JPY exchange rate and the EUR/JPY cross currency basis swap.

FAIR VALUE OF THE FOREIGN EXCHANGE RATE DERIVATIVES PORTFOLIO

In millions of euros	Fair value net of accrued interest as of 06/30/2023[(a)]	Change in fair value during 2023	Matching entry
Trading	(7.2)	(0.9)	Net income
TOTAL	**(7.2)**	**(0.9)**	

(a) The fair value of the interest rate hedging portfolio is categorized as level 2.

9.4 COUNTERPARTY RISK IN CONNECTION WITH FINANCING ACTIVITIES

Counterparty risk is limited by the fact that Klépierre is structurally a borrower. This risk is therefore essentially restricted to investments made by the Group and its derivative transaction counterparties. As part of its risk management policy, Klépierre aims at diversifying its lending counterparties and pays attention to their financial strength.

9.4.1 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; and
- Occasionally, certificates of deposit issued by leading banks.

9.4.2 Counterparty risk on hedging instruments

Klépierre conducts derivative instrument transactions only with financial institutions recognized as financially sound. It also aims at diversifying its exposure among different counterparties.

9.5 EQUITY RISK

As of June 30, 2023, Klépierre held 1,253,824 treasury shares, which are recognized at their acquisition cost as a deduction from equity.

NOTE 10 FINANCE AND GUARANTEE COMMITMENTS

10.1 COMMITMENTS GIVEN

Main commitments given

In millions of euros	06/30/2023	12/31/2022
Commitments related to the Group's operating activities	**44.7**	**60.4**
Commitments related to developement activities	28.1	41.5
Rental guarantees	1.9	1.6
Other	14.7	17.3
TOTAL	**44.7**	**60.4**

Commitments related to development activities mainly relate to projects in France.

Rental guarantees correspond notably to local headquarters.

Other commitments given mainly include payment guarantees to tax authorities.

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, SNCF has several options at predetermined intervals and in return for compensation. SNCF owns a call option on the SOAVAL shares, and SNCF owns and option to terminate the temporary occupation license.

SIIC distribution obligations carried forward

Klépierre SA, within the framework of the tax regime of *Sociétés d'investissement immobilier cotées* (SIIC), must satisfy tax distribution obligations by distributing 95% of its rental income, 70% of its real estate capital gains and 100% of its dividends stemming from subsidiaries having elected for the SIIC regime or an equivalent regime. However, this tax distribution obligation is capped at the amount of statutory distributable income, with the surplus to be distributed in the first subsequent profitable year and in subsequent years if necessary.

10.2 MUTUAL COMMITMENTS

Commitments related to development projects amounted to €8.3 million as of June 30, 2023 versus €10.0 million as of December 31, 2022. These commitments concern development work engaged (but not paid) by the Group with contractors in connection with Hoog Catharijne in the Netherlands.

10.3 COMMITMENTS RECEIVED

In millions of euros	Notes	06/30/2023	12/31/2022
Commitments related to the Group's financing activities	**10.3.1**	**1,889.6**	**2,115.7**
Financing agreements obtained and not used[(a)]		1,889.6	2,115.7
Commitments related to the Group's operating activities	**10.3.2**	**431.9**	**433.9**
Sale commitments		45.9	64.1
Financial guarantees received in connection with management activities *(Loi Hoguet)*		190.0	180.0
Financial guarantees received from tenants and suppliers		196.0	189.8
Other			
TOTAL		**2,321.6**	**2,549.6**

(a) Net of drawings on the commercial paper program.

10.3.1 Commitments related to the Group's financing activities

Financing agreements obtained and not used

As of June 30, 2023, Klépierre had €1,889.6 million in undrawn committed credit facilities, net of commercial paper.

10.3.2 Commitments related to the Group's operating activities

Disposals commitments

As of June 30, 2023, disposals commitments relate mainly to certain assets in France and in Denmark.

Financial guarantees received in connection with management activities *(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 €190,0 million as of June 30, 2023.

Financial guarantees received from tenants and suppliers

The Group receives payment guarantees issued by financial institutions guaranteeing the amounts owed mainly by tenants.

To the best of Klépierre's knowledge, there are no other material or potentially material off-balance sheet commitments, as defined by the applicable accounting standards.

10.4 COMMITMENTS UNDER OPERATING LEASES – LESSORS

The main clauses contained in the lessor's lease agreement are described below:

- Indexation specific to each country;
- Minimum guaranteed rent and variable rent;
- Total amount of conditional rents recognized in income.

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.

NOTE 11 EMPLOYEE COMPENSATION AND BENEFITS

11.1 PAYROLL EXPENSES

Total payroll expenses amounted to €55.1 million as of June 30, 2023, and included fixed and variable salaries plus mandatory and discretionary profit sharing for €41.3 million, pension-related expenses, retirement expenses and payroll costs for €12.2 million, and taxes and similar compensation-related payments for €1.6 million.

11.2 HEADCOUNT

As of June 30, 2023, the Group had an average of 1,026 employees, breaking down as 441 employees in France (including Belgium) and 585 employees in the other geographic segments, including 108 employees at the Scandinavian real estate company Steen & Strøm. The Klépierre Group's average headcount as of June 30, 2023 breaks down as follows:

	06/30/2023	12/31/2022
France	441	429
Scandinavia	108	108
Italy	167	170
Iberia	107	109
Netherlands & Germany	88	89
Central Europe & Other	115	110
TOTAL	**1,026**	**1,015**

NOTE 12 ADDITIONAL INFORMATION

12.1 CONTINGENT LIABILITIES

During the period, neither Klépierre nor its subsidiaries were subject to any governmental, judicial or arbitration proceedings (including any proceedings of which Klépierre 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.

In July 2021, the developer of the L'Esplanade shopping center in Louvain-la-Neuve initiated a claim against certain Group companies to obtain the payment of two earn-outs related to the building rights of land plots adjacent to the shopping center. According to the judicial calendar, the first hearing is expected to take place in February or March 2024.

The construction permit for an area of Field's shopping center in Copenhagen, formally classified as a department store (25,000 sq.m. out of a total of 65,000 sq.m.), has been declared invalid by administrative authorities due to non-compliance with the local development plan. The case has been brought by Field's Copenhagen AS in front of the Copenhagen City Court. The main hearing will take place in 2024. Should the Court declare that the construction permit is invalid, its decision would be appealable, and a final decision would not be expected for several years. No provisions related to this case had been recognized in the Steen & Strøm group's consolidated financial statements as of June 30, 2023.

12.2 SUBSEQUENT EVENTS

On July 11, 2023, the balance of the €0.88 per share dividend was paid to shareholders, for a total amount of €251.3 million excluding taxes and fees (excluding treasury shares).

4 STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

For the period from January 1 to June 30, 2023

This is a free translation into English of the Statutory Auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Klépierre, for the period from January 1 to June 30, 2023;
- the verification of the information presented in the half-yearly management report.

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

4.1 CONCLUSION ON THE FINANCIAL STATEMENTS

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

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

4.2 SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris-La Défense, August 2, 2023

The Statutory Auditors

French original signed by

Deloitte & Associés		**ERNST & YOUNG Audit**
Damien LEURENT	Jean-Vincent COUSTEL	Gilles COHEN

5 STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I certify that, to the best of my knowledge, these interim condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards, and give a true and fair view of the assets and liabilities, and of the financial position and results of the Company and all its consolidated subsidiaries, and that the interim management report provides a true and fair view of the main events of the first six months of the year, their impact on the interim condensed consolidated financial statements, the significant transactions with related parties, as well as a description of the mains risks and uncertainties for the remaining six months of the year.

Paris, September 7, 2023

Jean-Marc JESTIN
Chairman of the Executive Board

Design and production: côté corp.

KLEPIERRE

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