



FINANCIAL STATEMENT IMPACTS OF IFRS ADOPTION

At its March 29, 2005 meeting, the Klépierre Supervisory Board approved the consolidated financial statements presented in accordance with IFRS, which will serve as the basis for preparing financial statements as of January 1, 2005.

The adoption of these standards will not lead to any major difference in terms of understanding Klépierre's performance. The change with respect to its key performance indicators—i.e. revenues, net current cash flow and revalued net assets—is only marginal. The Group's decision to use the cost method for the valuation and accounting treatment of its investment property, which is more consistent with Klépierre's business strategy, has no impact on these indicators. However, for the sake of clarity and full disclosure, Klépierre will release, as of its interim June 30, 2005 reporting date, a *pro forma* statement that also presents the fair values of its investment property.

The only significant impact of IFRS was due to the marking to market of Klépierre's interest-rate hedging instruments, which was done before the application of IAS 32 and 39, and which results in decrease in opening balance sheet shareholders' equity of less than 5%.

Impacts on Shareholders' equity, group share

(in € millions)	January 1, 2004	December 31, 2004	January 1, 2005
French GAAP	1839.1	1922.0	
Impacts IFRS (excluding IAS 32-39)	+0.4	+3.5	
IFRS (excluding IAS 32-39)	1839.5	1925.5	1925.5
Impacts IAS 32-39			-82.6
IFRS			1842.9

Impacts on principal income statement line items for fiscal 2004

(in € millions)	French GAAP	IFRS impacts	IFRS
Revenues	431.3	+0.8	432.1
Results from operations	239.9	-2.2	237.7
Pre-tax earnings	136.1	-5.8	130.3
Net income, group share	102.1	+3.0	105.1

OPTIONS SELECTED BY KLÉPIERRE

In accordance with provisions governing the first application of IFRS, Klépierre opted for the following principles:

- Application of IAS 32-39 as of January 1, 2005
- Application of IAS 40 for the valuation of investment property using the cost method as provided for under IAS 16, using as valuations the fair value appraisals that emerged when Klépierre's assets were revalued in connection with election of SIIC status on January 1, 2003.

A detailed memo containing the quantified impacts of adopting IFRS on Klépierre's financial condition and performance in 2004 is available online (www.klepierre.com). In addition, this document contains transition tables (from French GAAP to IFRS) for the opening balance sheet on January 1, 2004, the income statement for 2004, the closing balance sheet on December 31, 2004, and the opening balance sheet on January 1, 2005 after application of IFRS 5 and IAS 32-39.

FINANCIAL STATEMENT IMPACT

Fiscal year 2004

Overall, it appears that the **impact on Shareholders' equity on January 1, 2004 is negligible (+€0.4 M)**, with the positive impact of applying IAS 17 (Leases) and IAS 40 (Investment property) largely neutralized by the negative impact of applying IAS 12 (Income taxes).

The application of IAS 40 using the cost method results in the reclassification for €4 579 million on the opening balance sheet of long-term tangible fixed assets as investment property. Klépierre also applied the parts model. The net impact of this new method is an increase in Shareholders' equity on the opening balance sheet of €13.5 million (€13.4 million in group share) and an additional depreciation allowance for 2004 of €5.6 million (€4.9 million in group share). This largely explains the €2.2 million decrease in operating results.

The impact on pre-tax earnings is a decrease of €5.8 million, reflecting a €1.2 million decline in capital gains on the sale of assets due to a slight increase in net book values as a consequence of the application of the parts model. The release during the period of a portion of the discounted exit tax payable, added to Shareholders' equity on the January 1, 2004 opening balance sheet (IAS 12), leads to an additional charge of €2.5 million.

Net income for 2004 increases by €3.9 million (€3.0 million in group share), primarily due to the release of a deferred tax liability that was partly provisioned in the opening balance sheet in application of IAS 12: In 2004, Klépierre benefited from temporary tax rules in Italy that allowed it to revalue certain assets free of tax.

January 1, 2005 opening balance sheet

The application as of January 1, 2005 of IAS 32 and 39 has the greatest impact, leading to a decrease in Shareholders' equity of €82.6 million.

When its French GAAP compliant financial statements for 2004 were released, Klépierre described the impact of its decision to restructure its portfolio of interest rate hedging instruments in late 2004. The primary aim of this restructuring was to eliminate the volatility of accounts attached to instruments that, under new accounting regulations, had to be accounted for at fair value due to the impossibility of classifying them as hedging instruments. In connection with the cancellation of nearly all of these contracts, and their replacement with eligible instruments under IAS 39, the portfolio was marked to market, leading to a cash payment of €93.6 million (€80.0 million net). As a result of this restructuring, Klépierre will save €14 million annually in interest expense, as of 2005. Under French GAAP, this cash payment is spread over the remaining period of the cancelled contracts. Under IAS 39, the net (after-tax) amount must be deducted from shareholders' equity on the opening balance sheet: €65.1 million in equity ("non recyclable") and €14.9 million in retained earnings ("recyclable").

In addition, January 1, 2005 Shareholders' equity is lowered by €2.6 million, reflecting the deduction of treasury shares valued at €8.8 million, which were previously classified as marketable securities, partially offset by the change in the fair value of floating-rate debt hedging instruments (€6.2 million).

Revalued net assets, published by Klépierre on the basis of December 31, 2004 financial statements, totaled €55.9 per share including duties and after deferred taxes and the deduction of €1.7 per share (corresponding to the immediate charge taken on the full cash payment on Klépierre's hedging instruments restructuring referred to above). As of January 1, 2005, and recalculated on the basis of net equity after application of IFRS, it is virtually unchanged at €55.8 per share.

2005 FINANCIAL STATEMENT PRESENTATION

On April 20, 2005, Klépierre will release its first quarter 2005 earnings based on IFRS only, as required by regulations in force. A comparative analysis with the preceding period will be made available in accordance with the same standard, as will be the case for the interim financial statements for 2005, which will be released on July 29, 2005.

Klépierre's annual Shareholders' meeting will be held on Thursday, April 7, 2005. The dividend payout determined by the Shareholders will be available for payment on April 15, 2005.

KLÉPIERRE, THE LEADING SHOPPING CENTER MANAGER IN CONTINENTAL EUROPE

For additional information, contact:

KLEPIERRE

Jean-Michel GAULT
Chief Financial Officer
Tel: 01 40 67 35 05
jean-michel.gault@klepierre.com

KLEPIERRE

Soline ROULON
Financial Communications
Tel: 01 40 67 57 39
soline.roulon@klepierre.com

KEIMA COMMUNICATION

Emmanuel DOVERGNE
Tel: 01 56 43 44 63
emmanuel.dovergne@keima.fr

OPENING BALANCE SHEET ON JANUARY 1, 2004

ASSETS	French Gaap December 31 2003	IFRS January 1 2004	variation FG/IFRS													
				Reclassification	Business combination IFRS 3	Parts method IAS 40	Lease contracts-step rent and holidays IAS 17	Lease contracts - construction leases IAS 17	Lease contracts - Eviction indemnities IAS 17	Lease contracts - Entry fees IAS 17	Employee benefits IAS 19	Discounting effect IAS 12	Income taxes IAS 12	Intangible assets IAS 38		
Non-allocated purchase goodwill	13 778	12 189	-1 589		-1 589											
Intangible assets	37 728	7 636	-30 092													
<i>Construction leases</i>	17 696	0						-17 696								
<i>Business goodwill</i>	11 790	909														-10 881
<i>Software</i>	3 667	3 667	-													
<i>Other intangible assets</i>	4 575	3 060														-1 515
Tangible fixed assets	4 580 628	1 857	-4 578 771	-4 578 771												
Fixed assets in progress	129 045	129 045														
Investment property		4 585 826	4 585 826	4 582 132		16 828		-24 015								10 881
Loans and receivables	74 602	74 602	-													
Other financial assets	10 351	10 351	-													
Non-consolidated equity investments	1 633	1 633	-													
Equity method investments	1 902	3 491	1 589		1 589											
Deferred tax asset	7 305	7 096	-209								231	-440				
NON-CURRENT ASSETS	4 856 972	4 833 726	-23 246	3 361	0	16 828	0	-41 711	0	231	-440	0	0	0	0	-1 515
Inventories	3 837	3 837	-													
Trade accounts and notes receivable	19 183	24 095	4 912				4 912									
Other receivables	150 147	150 147	-													
<i>Tax receivables (excluding deferred taxes)</i>	60 931	60 931														
<i>Miscellaneous</i>	89 216	89 216														
Miscellaneous receivables	47 372	75 230	27 858													
<i>Lease-up fees</i>	3 680	3 680														
<i>Eviction indemnities</i>	4 749	0		-3 361					-1 388							
<i>Other expenses to amortize</i>	1 924	824		-1 100												
<i>Bond issue costs</i>	5 931	0		-5 931												
<i>Bond issue premium</i>	2 073	0		-2 073												
<i>Prepaid expenses</i>	2 338	44 049						41 711								
<i>Interest on swaps</i>	26 677	26 677														
Treasury shares	16 531	16 531	-													
Cash and cash equivalents	92 310	92 310	-													
CURRENT ASSETS	329 380	362 150	32 770	-12 465	0	0	4 912	41 711	-1 388	0	0	0	0	0	0	0
TOTAL ASSETS	5 186 352	5 195 876	9 524	-9 104	0	16 828	4 912	0	-1 388	231	-440	0	0	0	0	-1 515

OPENING BALANCE SHEET ON JANUARY 1, 2004

LIABILITIES	French GAAP December 31, 2003	IFRS January 1, 2004	Change FG/IFRS	Reclassification	Business combination	Parts method	Lease contracts - step rent and holidays	Lease contracts - Construction leases	Lease contracts - Eviction indemnities	Lease contracts - entry fees	Employee benefits	Discounting effect	Income taxes	Intangible assets
				IFRS 3	IAS 40	IAS 17	IAS 17	IAS 17	IAS 17	IAS 19	IAS 12	IAS 12	IAS 38	
Share capital	179 040	179 040	-											
Additional paid-in capital	680 124	680 124	-											
Legal reserve	12 513	12 513	-											
Consolidated reserves	879 154	879 596	442											
<i>Increase due to revaluation</i>	685 404	685 404	-											
<i>Retained earnings</i>	32 785	33 227				13 460	3 666		-1 232	1 668	663	5 340	-21 608	-1 515
<i>Other consolidated reserves</i>	160 965	160 965	-											
Consolidated result	88 295	88 295	-											
shareholders' equity, group share	1 839 126	1 839 568	442	0	0	13 460	3 666		-1 232	1 668	663	5 340	-21 608	-1 515
Minority interests	416 677	415 579	- 1 098			79	197		-156	263	159		-1 640	
SHAREHOLDERS' EQUITY	2 255 803	2 255 146	- 657	-	-	13 539	3 863		- 1 388	1 930	822	5 340	- 23 248	- 1 515
Non-current financial liabilities	2 111 130	2 102 026	- 9 104											
<i>Bond</i>	600 000	591 996		-8 004										
<i>Bank borrowings (syndicated loans and other)</i>	1 328 217	1 327 117		-1 100										
<i>Other financing debt</i>	182 913	182 913												
Long-term provision	14 162	12 900	- 1 262											
<i>Retirement liabilities</i>	7 859	6 597									-1 262			
<i>Other</i>	6 303	6 303												
Security deposits received	60 740	60 740	-											
Deferred taxes	110 652	138 238	27 586											
<i>non-SIIC</i>	46 467	46 591				124								
<i>foreign subsidiaries</i>	64 185	91 647				3 165	1 049						23 248	
NON-CURRENT LIABILITIES	2 296 684	2 313 904	17 220	-9104	0	3289	1 049		0	0	-1 262	0	23 248	0
Trade payables	82 013	82 013	-											
<i>Trade notes and accounts payable</i>	33 498	33 498												
<i>Payables to fixed asset suppliers</i>	48 515	48 515												
Other payables	91 468	89 769	- 1 699											
<i>Miscellaneous payables</i>	79 745	79 745												
<i>Entry fees</i>	5 904	4 205												
<i>Other prepaid income</i>	5 819	5 819								-1 699				
Current share of bonds and financing debt	340 727	340 727	-											
<i>Loans due in less than one year</i>	236 385	236 385												
<i>Accrued interest</i>	43 805	43 805												
<i>Bank payables</i>	60 537	60 537												
Tax (excluding DT) and social liabilities	119 114	113 774	- 5 340										-5 340	
Short-term provisions	543	543	-											
CURRENT LIABILITIES	633 865	626 826	-7 039	0	0	0	0		0	-1 699	0	-5 340	0	0
TOTAL DEBT	2 930 549	2 940 730	10 181	-9 104	0	3 289	1 049		0	-1 699	-1 262	-5 340	23 248	0
TOTAL LIABILITIES	5 186 352	5 195 876	9 524	-9 104	0	16 828	4 912		-1 388	231	-440	0	0	-1 515

Closing balance sheet on December 31, 2004
Opening balance sheet on January 1, 2005

in € thousands	January 1 2004	December 31 2004	impacts	January 1 2005
	IFRS	IFRS	IAS 32-39 IFRS 5	IFRS
Non-allocated goodwill	12 189	30 889		30 889
Intangible assets	7 636	9 597		9 597
Tangible assets	1 857	59 709		59 709
Long-term fixed assets in progress	129 045	95 573		95 573
Investment property	4 585 826	4 956 094	-36 599	4 919 495
Property held for sale			36 599	36 599
Equity method investments	3 491	4 998		4 998
Non-consolidated equity investments	1 633	661		661
Other non-current assets	84 953	75 597		75 597
Deferred tax asset	7 096	7 847	13 620	21 467
NON-CURRENT ASSETS	4 833 726	5 240 965	13 620	5 254 585
Inventories	3 837	7 253		7 253
Trade accounts and notes receivable	24 095	38 225		38 225
Other receivables	225 377	326 014		326 014
<i>Tax receivables</i>	<i>60 931</i>	<i>53 699</i>		<i>53 699</i>
<i>Other debtors</i>	<i>164 446</i>	<i>272 315</i>	<i>-135 656</i>	<i>136 659</i>
Interest rate hedging instruments	0		18 059	18 059
Treasury shares	16 531	8 821	-8 821	0
Cash and cash equivalent	92 310	115 367		115 367
CURRENT ASSETS	362 150	495 680	-126 418	369 262
TOTAL ASSETS	5 195 876	5 736 645	-112 798	5 623 847
Share capital	179 040	184 658		184 658
Additional paid-in capital	680 124	743 325		743 325
Legal reserve	12 513	17 904		17 904
Consolidated reserves	879 596			
<i>Increase due to revaluation</i>	<i>685 404</i>	<i>680 521</i>		<i>680 521</i>
<i>Treasury shares</i>		<i>2 130</i>	<i>-8 821</i>	<i>-6 691</i>
<i>"Recyclable" reserves</i>		<i>0</i>	<i>-8 728</i>	<i>-8 728</i>
<i>Other consolidated reserves</i>	<i>160 965</i>	<i>124 612</i>		<i>124 612</i>
<i>Retained earnings</i>	<i>33 227</i>	<i>67 174</i>	<i>-65 063</i>	<i>2 111</i>
Consolidated result	88 295	105 147		105 147
Shareholders' equity (group share)	1 839 568	1 925 471	-82 612	1 842 859
Minority interests	415 579	402 109		402 109
SHAREHOLDERS' EQUITY	2 255 146	2 327 580	-82 612	2 244 968
Non-current financial liabilities	2 102 026	2 592 955	19 916	2 612 871
Long-term provisions	12 900	10 002		10 002
Security deposits	60 740	75 206		75 206
Deferred tax liabilities	138 238	113 995	607	114 602
NON-CURRENT LIABILITIES	2 313 904	2 792 158	20 523	2 812 681
Current financial liabilities	340 727	343 900		343 900
Supplier payables	33 498	48 630		48 630
Payables to fixed asset suppliers	48 515	4 067		4 067
Other payables	89 769	131 823	-50 709	81 114
Interest rate hedging instruments				
Tax and social liabilities	113 774	87 124		87 124
Short-term provisions	543	1 363		1 363
CURRENT LIABILITIES	626 826	616 907	-50 709	566 198
TOTAL LIABILITIES	5 195 876	5 736 645	-112 798	5 623 847

2004 Statement of Income

in € thousands

	2004 <i>French Gaap</i>	<i>IFRS</i> <i>impacts</i>	2004 <i>IFRS</i>
Lease income	397 545	786	398 331
Land expenses (landowner)		-910	-910
Rental expenses not recovered	-3 772		-3 772
Property expenses (building owner)	-40 286	2 703	-37 583
Net rents	353 487	2 579	356 066
Income from management, administration and other	33 744		33 744
Other income from operations	6 590	1 045	7 635
Depreciation and amortization, investment property	-102 387	-6 880	-109 267
Depreciation and amortization, operating property	-2 721	-269	-2 990
Depreciation and amortization of goodwill	-1 353	1 353	0
Allowance	863	16	879
Payroll expense	-43 537		-43 537
Other operating expenses	-4 834		-4 834
Results of operations	239 852	-2 156	237 696
Capital gains on the sale of investment property	131 759		131 759
Net book value of investment property sold	-115 965	-1 123	-117 088
Gain or loss on the sale of investment property	15 794	-1 123	14 671
Income on the sale of assets held for sale	2 078		2 078
Net book value of assets sold			0
Gain or loss on the sale of assets held for sale	2 078		2 078
Share in earnings of equity method investments	455		455
Dividends and net depreciation on non consolidated shares	-351		-351
Net cost of debt	-121 698		-121 698
Changes in the value of financial instruments	0		0
Effect of discounting	0	-2 510	-2 510
Pre-tax results of operations	136 130	-5 789	130 341
Tax	-13 548	9 675	-3 873
Net income	122 582	3 886	126 468
of which			
Group share	102 134	3 013	105 147
Minority interests	20 448	873	21 321
Net EPS	2,2		2,3

IMPACTS OF IFRS ADOPTION ON RNA CALCULATION

	12/31/2004 French Gaap	Impacts IAS (excl. 39)	12/31/2004 IFRS (excl. 39)	Impacts IAS 39	01/01/2005 IFRS (incl. 39)	per share		
						12/31/2004 French Gaap	12/31/2004 IFRS (excl. 39)	01/01/2005 IFRS (incl. 39)
Net capital gains (group share, including duties) :	717 747	-12 883	704 864		704 864			
Ségécé capital gains (including duties)	64 664		64 664		64 664			
Klépierre Shareholders' equity (group share)	1 922 016	3 455	1 925 471	-82 612	1 842 859			
RNA (including duties)	2 704 427	-9 428	2 694 999	-82 612	2 612 387	58,6	58,4	56,9
Duties	208 763	0	208 763		208 763			
RNA (excluding duties)	2 495 664	-9 428	2 486 236	-82 612	2 403 624	54,1	53,9	52,3
Total deferred taxes	-47 552	-27	-47 579		-47 579			
RNA (including duties and after deferred taxes on capital gains)	2 656 875	-9 456	2 647 419	-82 612	2 564 807	57,6	57,3	55,8
If cash payment on interest-rate coverage instruments not amortized						-1,7	-1,7	-
						55,9	55,6	55,8
RNA (excluding duties and after deferred taxes on capital gains)	2 448 112	-9 456	2 438 656	-82 612	2 356 044	53,0	52,8	51,3
If cash payment on interest-rate coverage instruments not amortized						-1,7	-1,7	-
						51,3	51,1	51,3
Number of shares						46 164 229	46 164 229	45 930 329