

# UNIBAIL-RODAMCO

Press release  
February 8, 2010

## Full year results 2009

**No1** Listed Property Company in Europe

**€22.3 Billion** Property portfolio  
Continued selective approach on high quality assets in Europe

**€9.19** Recurring EPS (+7.1%)  
Compared to full year 2008 on the back of resilient operational performance

**€128.20** fully diluted liquidation NAV/share  
Continued value correction (-2.7% compared to June 30, 2009) due to further yield expansion

**32%** Loan-to-Value  
Strong balance sheet and financial flexibility

### **BUILDING THE FUTURE**

"**The Group ends 2009** with solid earnings growth in line with expectations, despite a very adverse economic environment. The limited impact of the crisis on these results is primarily due to the high quality of the underlying asset base. In addition, the Unibail-Rodamco teams played a key role through their unrelenting efforts to turn each of the Group's assets into a place that makes a difference in the eyes of both tenants and visitors."  
*Guillaume Poitrial, CEO and Chairman of the Management Board*

### **Resilient operational performance in the economic downturn**

Recurring Earnings per share grew in line with expectation to €9.19/share, a 7.1% increase over 2008, as a consequence of growth in rental income and contained cost of debt. The Group is in a position to maintain its high distribution (87% of recurring net earnings), and will propose a €8.00/share distribution, to be paid in full on May 10, 2010.

### **Net rental income growth reflecting the resilience of prime assets**

The number of visits to the Group's centres was stable, while retailers saw a drop in sales with 1.9%. However, there were few tenant defaults with hardly an increase in vacancy (1.9% at year-end versus 1.8% at year end 2008). The shopping centre sector has continued to show a positive net rental income growth of 6.1%, with 3.9% like for like growth (due to indexation, low vacancies and minimum guaranteed rents uplifts of 21% on relettings and renewals).

The office sector net rental income contracted with 4.2% as a result of divestments, while its like for like performance showed a 9.1% increase, due to successful leasing activity and favourable indexation.

### **Decreasing Net Asset Value**

During the year, the Net Asset Value per share decreased by 15.2% to €128.20. This was almost entirely due to property yield expansion, and mostly concentrated on the first half of the year. During the second half, the property markets saw a recovery of interest from investors and the appraised asset values have been stabilising.

### **Good access to funding throughout the financial crisis**

The Group relied on a variety of funding sources throughout the year, raising €2.1Bn from bank, convertible bond and bond markets and €0.7Bn of additional liquidity from disposals. The Loan to Value ratio stood at a solid 32% at year-end 2009, in spite of the 9.8% like for like decrease in Gross Market Value of the portfolio.

### **A positive medium to long term outlook**

While 2010 starts with tangible signs of recovery, it will be a year of transition, with low or even negative indexation, the impact from divestments achieved in 2009, and limited deliveries of new assets in 2010. Against this backdrop, the Group gives a recurring earnings per share growth outlook for 2010 of 0% to 2%. Beyond 2010, the Group expects to see renewed momentum for growth based on the growing appeal of its large centres and the delivery of projects from the €5.6 billion development pipeline. With a conservative Loan to Value ratio and significant available funds, the Group is ideally positioned to seize the best acquisition opportunities, as proven by the recently announced acquisition of the Simon Ivanhoe asset portfolio in Poland and France.

Key consolidated indicators (in € Mn)	2009	2008 <sup>(1)</sup>	Growth %	Growth % like for like
<i>Shopping centres</i>	942	887	+6.1%	+3.9%
<i>Offices</i>	220	229	-4.2%	+9.1%
<i>Convention &amp; Exhibition</i>	96	99	-3.0%	-3.0%
<b>Net rental income</b>	<b>1,257</b>	<b>1,215</b>	<b>+3.4%</b>	<b>+4.0%</b>
Valuation movements and gain on disposals	-2,293	-1,739		
Net profit group share	-1,468	-1,116		
of which net recurring profit	836	782	+6.9%	
<b>Recurring earnings per share</b>	<b>€9.19</b>	<b>€8.58</b>	<b>+7.1%</b>	
<b>Distribution <sup>(2)</sup></b>	<b>€8.00</b>	<b>€7.50</b>	<b>+6.7%</b>	

(1) Slightly different from previous publication due to asset reclassification and income tax allocation to recurring result (see appendix to the press release)

(2) Subject to approval by AGM

Figures may not add up due to rounding

	Dec 31, 2009	Dec 31, 2008	%
<b>Fully diluted liquidation Net Asset Value per share</b>	<b>€128.20</b>	<b>€151.20</b>	<b>-15.2%</b>

Included in the Dow Jones sustainability Index & in the FTSE4 Good Index

Included in the Dow Jones Euro STOXX 50

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Further details on financial results on [www.unibail-rodamco.com/investors](http://www.unibail-rodamco.com/investors)

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The press-release and its appendix can be found on the Unibail-Rodamco's website [www.unibail-rodamco.com](http://www.unibail-rodamco.com)

## Consolidated Income Statement by segment

UNIBAIL-RODAMCO Consolidated Income Statement by segment (€ Mn)		2009			2008		
		Recurring activities	Valuation movements and disposals	Result	Recurring activities	Valuation movements and disposals	Result
SHOPPING CENTERS	Gross rental income	503.3	-	503.3	456.4	-	456.4
	Operating expenses & net service charges	- 49.4	-	- 49.4	- 36.8	-	- 36.8
	<b>Net rental income</b>	<b>453.9</b>	-	<b>453.9</b>	<b>419.6</b>	-	<b>419.6</b>
	Contribution of affiliates	4.9	- 20.0	- 15.0	4.7	- 3.4	1.3
	Gains on sales of properties	-	0.1	0.1	-	-	-
	Valuation movements	-	- 821.9	- 821.9	-	- 620.5	- 620.5
	<b>Result Retail France</b>	<b>458.9</b>	<b>- 841.7</b>	<b>- 382.8</b>	<b>424.3</b>	<b>- 623.9</b>	<b>- 199.6</b>
	Gross rental income	157.5	-	157.5	175.9	-	175.9
	Operating expenses & net service charges	- 15.0	-	- 15.0	- 17.2	-	- 17.2
	<b>Net rental income</b>	<b>142.5</b>	-	<b>142.5</b>	<b>158.7</b>	-	<b>158.7</b>
	Gains on sales of properties	-	5.3	5.3	-	8.7	8.7
	Valuation movements	-	- 102.1	- 102.1	-	- 53.5	- 53.5
	<b>Result Retail Netherlands - Belgium</b>	<b>142.5</b>	<b>- 96.8</b>	<b>45.7</b>	<b>158.7</b>	<b>- 44.8</b>	<b>113.9</b>
	Gross rental income	118.9	-	118.9	119.4	-	119.4
	Operating expenses & net service charges	- 28.7	-	- 28.7	- 28.0	-	- 28.0
	<b>Net rental income</b>	<b>90.2</b>	-	<b>90.2</b>	<b>91.4</b>	-	<b>91.4</b>
	Gains on sales of properties	-	1.1	1.1	-	-	-
Valuation movements	-	- 235.4	- 235.4	-	- 145.4	- 145.4	
<b>Result Retail Nordic</b>	<b>90.2</b>	<b>- 234.3</b>	<b>- 144.1</b>	<b>91.4</b>	<b>- 145.4</b>	<b>- 54.0</b>	
Gross rental income	130.3	-	130.3	114.4	-	114.4	
Operating expenses & net service charges	- 10.5	-	- 10.5	- 9.4	-	- 9.4	
<b>Net rental income</b>	<b>119.8</b>	-	<b>119.8</b>	<b>105.0</b>	-	<b>105.0</b>	
Gains on sales of properties	-	- 2.9	- 2.9	-	-	-	
Valuation movements	-	- 287.5	- 287.5	-	- 251.9	- 251.9	
<b>Result Retail Spain</b>	<b>119.8</b>	<b>- 290.5</b>	<b>- 170.7</b>	<b>105.0</b>	<b>- 251.9</b>	<b>- 146.9</b>	
Gross rental income	76.2	-	76.2	70.3	-	70.3	
Operating expenses & net service charges	- 3.0	-	- 3.0	- 2.7	-	- 2.7	
<b>Net rental income</b>	<b>73.1</b>	-	<b>73.1</b>	<b>67.6</b>	-	<b>67.6</b>	
Gains on sales of properties	-	- 29.7	- 29.7	-	0.5	0.5	
Valuation movements	-	- 99.6	- 99.6	-	14.4	14.4	
Impairment of Goodwill	-	- 35.1	- 35.1	-	-	-	
<b>Result Retail Central Europe</b>	<b>73.1</b>	<b>- 164.4</b>	<b>- 91.3</b>	<b>67.6</b>	<b>14.9</b>	<b>82.4</b>	
Gross rental income	67.2	-	67.2	48.5	-	48.5	
Operating expenses & net service charges	- 5.1	-	- 5.1	- 3.3	-	- 3.3	
<b>Net rental income</b>	<b>62.1</b>	-	<b>62.1</b>	<b>45.1</b>	-	<b>45.1</b>	
Valuation movements	-	- 41.8	- 41.8	-	- 37.2	- 37.2	
Impairment of Goodwill	-	-	-	-	- 16.4	- 16.4	
<b>Result Retail Austria</b>	<b>62.1</b>	<b>- 41.8</b>	<b>20.3</b>	<b>45.1</b>	<b>- 53.6</b>	<b>- 8.4</b>	
<b>TOTAL RESULT RETAIL</b>	<b>946.5</b>	<b>- 1,669.5</b>	<b>- 723.0</b>	<b>892.0</b>	<b>- 1,104.7</b>	<b>- 212.6</b>	
OFFICES	Gross rental income	183.9	-	183.9	175.2	-	175.2
	Operating expenses & net service charges	- 5.2	-	- 5.2	- 2.0	-	- 2.0
	<b>Net rental income</b>	<b>178.7</b>	-	<b>178.7</b>	<b>173.2</b>	-	<b>173.2</b>
	Gains on sales of properties and affiliates	-	- 7.7	- 7.7	-	28.5	28.5
	Valuation movements	-	- 318.3	- 318.3	-	- 536.8	- 536.8
	<b>Result Offices France</b>	<b>178.7</b>	<b>- 326.0</b>	<b>- 147.3</b>	<b>173.2</b>	<b>- 508.3</b>	<b>- 335.0</b>
	Gross rental income	48.1	-	48.1	64.6	-	64.6
	Operating expenses & net service charges	- 7.2	-	- 7.2	- 8.8	-	- 8.8
	<b>Net rental income</b>	<b>40.9</b>	-	<b>40.9</b>	<b>55.8</b>	-	<b>55.8</b>
	Gains on sales of properties	-	- 6.8	- 6.8	-	9.3	9.3
Valuation movements	-	- 67.3	- 67.3	-	- 87.3	- 87.3	
<b>Result Offices other countries</b>	<b>40.9</b>	<b>- 74.1</b>	<b>- 33.2</b>	<b>55.8</b>	<b>- 78.0</b>	<b>- 22.2</b>	
<b>TOTAL RESULT OFFICES</b>	<b>219.6</b>	<b>- 400.1</b>	<b>- 180.6</b>	<b>229.1</b>	<b>- 586.2</b>	<b>- 357.2</b>	
CONVENTION EXHIBITION	Gross rental income	175.3	-	175.3	185.1	-	185.1
	Operating expenses & net service charges	- 90.9	-	- 90.9	- 98.7	-	- 98.7
	<b>Net rental income</b>	<b>84.3</b>	-	<b>84.3</b>	<b>86.4</b>	-	<b>86.4</b>
	On site property services	33.8	-	33.8	41.0	-	41.0
	Hotels net rental income	11.8	-	11.8	12.7	-	12.7
	Exhibitions organizing	7.0	- 5.4	1.7	10.4	- 0.5	9.9
	Valuation movements, depreciation and capital gain	- 11.0	- 217.8	- 228.8	- 11.4	- 47.7	- 59.1
	<b>TOTAL RESULT CONVENTION &amp; EXHIBITION</b>	<b>125.9</b>	<b>- 223.1</b>	<b>- 97.2</b>	<b>139.1</b>	<b>- 48.2</b>	<b>90.9</b>
Other property services net operating result	8.4	-	8.4	8.3	-	8.3	
Other income	9.4	-	9.4	3.8	-	3.8	
<b>TOTAL OPERATING RESULT AND OTHER INCOME</b>	<b>1,309.8</b>	<b>- 2,292.8</b>	<b>- 982.9</b>	<b>1,272.3</b>	<b>- 1,739.1</b>	<b>- 466.8</b>	
General expenses	- 97.6	-	- 97.6	- 101.7	-	- 101.7	
Development costs	- 6.5	-	- 6.5	- 5.7	-	- 5.7	
Financing result	- 282.1	- 311.9	- 594.0	- 275.2	- 308.2	- 583.5	
Impairment of Goodwill	-	-	-	-	- 4.3	- 4.3	
<b>PRE-TAX RESULT</b>	<b>923.6</b>	<b>- 2,604.6</b>	<b>- 1,681.1</b>	<b>889.6</b>	<b>- 2,051.5</b>	<b>- 1,161.9</b>	
Corporate income tax	0.6	114.0	114.5	- 16.0	54.2	38.1	
<b>NET RESULT</b>	<b>924.1</b>	<b>- 2,490.7</b>	<b>- 1,566.5</b>	<b>873.6</b>	<b>- 1,997.4</b>	<b>- 1,123.8</b>	
Non-controlling interests	87.9	- 186.7	- 98.8	91.6	- 99.4	- 7.8	
<b>NET RESULT-OWNERS OF THE PARENT</b>	<b>836.3</b>	<b>- 2,304.0</b>	<b>- 1,467.8</b>	<b>782.0</b>	<b>- 1,898.0</b>	<b>- 1,116.0</b>	

Average number of shares and ORA

90,979,941

91,132,579

**Recurring earnings per share** 9.19 €

**8.58 €**

**Recurring earnings per share growth** 7.11%

**9.16%**

2008 figures slightly differ from previous publication due to asset reclassification by segment in Austria and income tax allocation restated between recurring and non recurring result

## Consolidated Income Statement (EPRA format)

UNIBAIL-RODAMCO Consolidated Income Statement (EPRA format) (€ Mn)	2009	2008
Gross rental income	1,472.9	1,422.7
Ground rents paid	- 20.8	- 21.3
Net service charge expenses	- 12.3	- 10.3
Property operating expenses	- 182.6	- 175.5
<b>Net rental income</b>	<b>1,257.3</b>	<b>1,215.5</b>
Corporate expenses	- 95.3	- 99.3
Development expenses	- 6.5	- 5.7
Depreciation	- 2.3	- 2.4
<b>Administrative expenses</b>	<b>- 104.1</b>	<b>- 107.4</b>
Revenues from other activities	155.2	172.7
Other expenses	- 114.4	- 131.0
<b>Net other income</b>	<b>40.8</b>	<b>41.7</b>
Proceeds from disposal of investment properties	698.7	1,474.3
Carrying value of investment properties sold	- 738.9	- 1,427.2
<b>Result on disposal of investment properties</b>	<b>- 40.2</b>	<b>47.1</b>
Valuation gains	86.0	474.9
Valuation losses	- 2,278.1	- 2,248.1
<b>Valuation movements</b>	<b>- 2,192.1</b>	<b>- 1,773.2</b>
<b>Impairment of Goodwill</b>	<b>- 35.1</b>	<b>- 20.7</b>
<b>NET OPERATING RESULT BEFORE FINANCING COST</b>	<b>- 1,073.5</b>	<b>- 596.9</b>
Result from non-consolidated companies	- 0.2	-
<i>Financial income</i>	78.4	134.0
<i>Financial expenses</i>	- 360.5	- 409.2
Net financing costs	- 282.1	- 275.2
Bonds redeemable for shares	- 6.3	- 11.5
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	- 188.9	-
Fair value adjustments of derivatives and debt	- 117.3	- 294.8
Debt discounting	0.6	- 1.9
Profit on disposal of associates	-	7.2
Share of the profit of associates	- 22.3	0.8
Income on financial assets	8.9	10.4
<b>RESULT BEFORE TAX</b>	<b>- 1,681.1</b>	<b>- 1,161.9</b>
Income tax	114.5	38.1
<b>NET RESULT FOR THE PERIOD</b>	<b>- 1,566.5</b>	<b>- 1,123.8</b>
Non-controlling interests	- 98.8	- 7.8
<b>NET RESULT (Owners of the parent)</b>	<b>- 1,467.8</b>	<b>- 1,116.0</b>
Average number of shares (undiluted)	85,655,385	81,815,557
Net result for the period (Owners of the parent)	- 1,467.8	- 1,116.0
<b>Net profit for the period (Owners of the parent) per share (€)</b>	<b>- 17.14</b>	<b>- 13.64</b>
Average number of diluted shares	91,178,707	91,544,086
<b>Diluted net result per share - Owners of the parent (€)</b>	<b>- 16.10</b>	<b>- 12.19</b>
<b>NET RESULT FOR THE PERIOD</b>	<b>- 1,566.5</b>	<b>- 1,123.8</b>
Foreign currency differences on translation of subsidiaries financial statements	- 18.6	- 33.8
Gain/loss on net investment hedge	- 4.0	- 3.6
Cash flow hedge	- 2.6	- 2.2
<b>OTHER COMPREHENSIVE INCOME</b>	<b>- 25.2</b>	<b>- 39.6</b>
<b>NET COMPREHENSIVE INCOME</b>	<b>- 1,591.7</b>	<b>- 1,163.4</b>
Non-controlling interests	- 99.1	- 8.2
<b>NET COMPREHENSIVE INCOME (Owners of the parent)</b>	<b>- 1,492.6</b>	<b>- 1,155.2</b>
Recurring result <sup>(1)</sup>	836.3	782.0
Non-recurring result <sup>(1)</sup>	- 2,304.0	- 1,898.0
<b>Recurring earning per share and ORA (€)</b>	<b>9.19</b>	<b>8.58</b>

<sup>(1)</sup> 2008 figures slightly differ from previous publication due to income tax allocation restated between recurring and non recurring result.

Consolidated Statement of Financial Position (Balance sheet)

<b>UNIBAIL-RODAMCO</b> Consolidated Statement of financial position (in € Mn)	Year-end 2009	Year-end 2008
<b>NON CURRENT ASSETS</b>	<b>21,398.5</b>	<b>23,847.4</b>
<b>Investment properties</b>	<b>20,152.6</b>	<b>22,439.9</b>
<i>Investment properties at fair value</i>	19,581.0	21,702.6
<i>Investment properties at cost</i>	571.6	737.3
Other tangible assets	185.6	199.8
Goodwill	220.4	322.8
Intangible assets	197.4	186.2
Loans	244.9	241.9
Deferred tax assets	46.5	52.4
Derivatives at fair value	81.5	81.6
Shares and investments in companies consolidated under the equity method	269.6	322.8
<b>CURRENT ASSETS</b>	<b>1,281.8</b>	<b>1,076.8</b>
<b>Properties under promise or mandate of sale</b>	<b>396.4</b>	<b>215.3</b>
<b>Trade receivables from activity</b>	<b>323.1</b>	<b>323.8</b>
Property portfolio <sup>(1)</sup>	287.8	278.4
Other activities <sup>(1)</sup>	35.3	45.4
<b>Other trade receivables</b>	<b>297.5</b>	<b>379.0</b>
Tax receivables	138.7	190.4
Other receivables	123.2	120.0
Prepaid expenses	35.6	68.6
<b>Cash and cash equivalent</b>	<b>264.8</b>	<b>158.7</b>
Financial assets	195.8	27.6
Cash	69.0	131.1
<b>TOTAL ASSETS</b>	<b>22,680.3</b>	<b>24,924.2</b>
<b>Shareholders' equity (group share)</b>	<b>11,316.3</b>	<b>12,885.1</b>
Share capital	456.4	407.3
Additional paid-in capital	8,475.7	6,786.4
Bonds redeemable for shares	3.4	1,566.5
Consolidated reserves	3,925.1	5,516.7
Hedging reserve	0.4	2.9
Other reserves	76.9	54.7
Retained earnings	-	62.0
Consolidated result	1,467.8	1,116.0
Interim dividends	-	286.0
<b>Non-controlling interests</b>	<b>1,119.3</b>	<b>1,264.6</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>12,435.6</b>	<b>14,149.7</b>
<b>NON CURRENT LIABILITIES</b>	<b>8,323.6</b>	<b>8,850.6</b>
Commitment to purchase non-controlling interests	40.7	44.9
Net share settled bonds convertible into new and/or existing shares (ORNANE)	754.4	-
Long-term bonds and borrowings	6,371.7	7,510.0
Derivatives at fair value	267.6	174.6
Deferred tax liabilities	673.8	908.4
Long-term provisions	18.9	38.4
Employee benefits	10.3	9.4
Guarantee deposits	171.1	153.3
Tax liabilities	3.4	1.8
Amounts due on investments	11.6	9.8
<b>CURRENT LIABILITIES</b>	<b>1,921.1</b>	<b>1,923.9</b>
<b>Amounts owed to shareholders</b>	<b>-</b>	<b>157.7</b>
<b>Amounts due to suppliers and other current debt</b>	<b>671.4</b>	<b>645.8</b>
Amounts due to suppliers	94.5	138.6
Amounts due on investments	208.9	210.1
Sundry creditors	174.9	144.7
Other liabilities	193.1	152.4
<b>Current borrowings and amounts due to credit institutions</b>	<b>1,125.9</b>	<b>985.4</b>
<b>Tax and social security liabilities</b>	<b>108.0</b>	<b>121.8</b>
<b>Contingencies and other current liabilities</b>	<b>15.8</b>	<b>13.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>22,680.3</b>	<b>24,924.2</b>

<sup>(1)</sup> The split of the trade receivables between property portfolio and other activities has been reviewed in 2008 for the Viparis entities.

## Cash Flow Statement

<b>UNIBAIL-RODAMCO</b> <b>Cash flow statement</b> (€ Mn)	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
<b>Net profit</b>	- 1,566.5	- 1,123.8
Depreciation & provisions	50.0	49.3
Changes in value of property assets	2,192.1	1,773.2
Changes in value of financial instruments	306.2	294.8
Discounting income/charges	- 0.6	1.9
Charges and income relating to stock options and similar items	5.8	6.1
Other income and expenses	0.3	0.3
Net capital gains/losses on sales of properties <sup>(1)</sup>	40.2	- 53.5
Income from companies consolidated under the equity method	22.3	- 0.8
Income on financial assets	- 8.9	- 10.4
Net financing costs	288.4	286.8
Income tax charge	- 114.5	- 38.1
<b>Cash flow before net financing costs and tax</b>	<b>1,214.7</b>	<b>1,185.8</b>
Income on financial assets	8.9	10.4
Dividend income and result from companies under equity method or non consolidated	17.3	-
Income tax paid	- 12.0	- 34.6
Change in working capital requirement	72.4	- 124.4
<b>Total cash flow from operating activities</b>	<b>1,301.4</b>	<b>1,037.2</b>
<b>Investment activities</b>		
<b>Property activities</b>	- 187.7	- 735.9
Acquisition of consolidated subsidiaries	- 88.3	- 689.1
Amounts paid for works and acquisition of property assets	- 800.0	- 1,846.9
Exit tax payment <sup>(2)</sup>	- 3.1	- 54.8
Property financing <sup>(3)</sup>	4.0	- 30.5
Disposal of subsidiaries	1.0	541.3
Disposal of investment property	698.7	1,344.1
<b>Finance leasing and short-term lending activities</b>	<b>0.7</b>	<b>3.7</b>
Repayment of finance leasing	0.7	3.7
<b>Financial activities</b>	<b>17.5</b>	<b>1.4</b>
Disposal of financial assets	0.7	1.4
Repayment of financial assets	16.8	-
<b>Total cash flow from investment activities</b>	- 169.5	- 730.8
<b>Financing activities</b>		
Capital increase	30.0	15.6
Dividends paid to parent company shareholders	- 510.9	- 643.4
Dividends paid to non-controlling shareholders of consolidated companies	- 6.7	- 4.2
Purchase of treasury shares	-	- 57.4
New borrowings and financial liabilities <sup>(3)</sup>	1,862.4	2,729.6
Repayment of borrowings and financial liabilities <sup>(3)</sup>	- 2,104.6	- 2,043.6
Financial income	99.8	132.5
Financial expenses	- 326.4	- 407.5
Other financing activities	- 42.5	-
<b>Total cash flow from financing activities</b>	- 998.9	- 278.4
<b>Change in cash and cash equivalent during the year</b>	<b>132.9</b>	<b>28.0</b>
<b>Cash at beginning of year</b>	<b>123.7</b>	<b>96.9</b>
<b>Effect of exchange rate fluctuations on cash held</b>	- 0.2	- 1.2
<b>Cash at year-end <sup>(4)</sup></b>	<b>256.4</b>	<b>123.7</b>

<sup>(1)</sup> This item includes capital gains/losses on property sales, disposal of short term investment property, disposals of financing leasing and disposals of operating assets.

<sup>(2)</sup> Exit tax in 2008 included €26 Mn of exit tax in France and 27,9 Mn of an entry charge for the FBI regime in The Netherlands

<sup>(3)</sup> 2008 was restated to report cash flows arising from Commercial papers on a net basis.

<sup>(4)</sup> Cash and cash equivalents include bank accounts and current accounts with terms of less than three months.

### I. SCOPE OF CONSOLIDATION, ACCOUNTING PRINCIPLES

#### Scope of consolidation

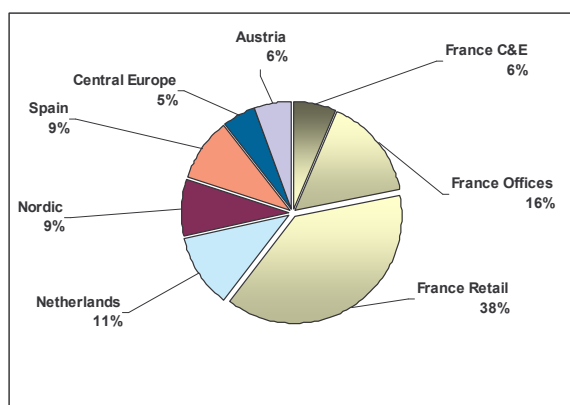
There was no significant change in the scope of consolidation since January 1, 2009.

As at December 31, 2009, 291 companies in 12 countries have been fully consolidated with the exception of 24 companies accounted for under the proportional method and 5 companies under the equity method<sup>1</sup>.

Minority shareholders own 1.48% of Rodamco Europe NV. Legal buy out proceedings under Dutch law initiated on December 14, 2007 before Enterprise Chamber of the Court of Appeal in Amsterdam are ongoing.

The Group is operationally organised in 6 geographical regions: France, The Netherlands, Nordic, Spain, Central Europe and Austria<sup>2</sup>. As France has substantial representation in all 3 business-lines of the Group, this region is itself divided in 3 segments: Shopping Centres, Offices and Conventions & Exhibitions. The other regions operate mainly in the shopping centre segment.

The table below shows the split of property net asset value per region as at Dec 31, 2009.



<sup>1</sup> Mainly COMEXPOSIUM subgroup (Trade show organisation business)

<sup>2</sup> Organised separately from Central Europe since Jan 1<sup>st</sup>, 2009

#### Accounting principles

Unibail-Rodamco's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards<sup>3</sup> (IFRS) and are compliant with the EPRA<sup>4</sup> best-practices recommendations.

No changes were made compared to the accounting principles used for the previous period, except for the IAS 40 amendment on accounting of investment property under construction.

According to the new rule, investment properties under construction are measured at fair value when fair value can be measured reliably. Where fair value is not reliably measurable, the property remains accounted for at cost. This rule was applied prospectively and the total impact was booked in the income statement.

Investment properties under construction are taken at fair value once Unibail-Rodamco's management considers that a substantial part of the development's uncertainty has been eliminated<sup>5</sup>. In any case fair value is used within one year before estimated project delivery.

As at December 31, 2009, 6 projects<sup>6</sup> have been accounted for at fair value.

<sup>3</sup> As applicable in the European Union as at December 31, 2009.

<sup>4</sup> European Public Real-estate Association.

<sup>5</sup> 3 criteria: i) All administrative authorisations are obtained ii) Construction has started and costs are committed toward the constructor iii) Substantial uncertainty in future rental income has been eliminated.

<sup>6</sup> Tour Oxygène (development of an office building in Lyon/France), Donauzentrum extension (Vienna/Austria), La Maquinista extension (Barcelona/Spain), Alma extension (Rennes/France), Buitenmere (Almere/Netherlands) and Cours Oxygène (Lyon/France).



## II. BUSINESS REVIEW BY SEGMENT

### 1. Shopping centres

#### 1.1. Shopping centre market in 2009

In 2009, the economy was deeply hit by the crisis which impacted employment, spending power, consumer confidence and, therefore, the retail industry. In this uncertain context characterised by rising unemployment and lower spending, consumers have developed new purchasing habits oriented towards value for money. The slow recovery experienced in continental Europe over the last few months of 2009 has not, thus far, triggered a return to previous patterns of high consumption.

As a result, many obsolete retail concepts have come under pressure as they have become less attractive to customers, but no large scale major bankruptcies have occurred thus far in continental Europe. At the same time, a number of new retail concepts have emerged and international retailers are increasingly interested in entering the continental European market. The pressure stemming from these new competitors, combined with changing customer attitudes, has obliged many major established retailers to review their concepts and adopt a more pro-active stance. Lately, these retailers seem to be reviving their expansion plans on the back of improved economic indicators.

In the current environment, differentiation is key to success. For this reason, Unibail-Rodamco is making additional efforts to improve the environment of its shopping centres by implementing the Welcome Attitude concept (well-being and value-added services) and by designing tailor-made marketing events to drive footfall and sales. Differentiation also means a refreshed offer. In 2009, Unibail-Rodamco worked on the introduction of premium retailers via its retail intelligence department. Preferred relationships, combined with a proactive leasing strategy and accelerated tenant rotation are to offer customers a richer retail mix in the most attractive shopping environment.

These efforts combined with a high quality portfolio in prime locations have enabled Unibail-Rodamco to maintain its performance during the economic downturn. Looking ahead, the Group is well positioned to take advantage of a more favourable economic situation.

Especially in the last part of the year, investors have returned to the direct real estate investment/divestment market, looking for yield. Investment volumes, despite being 42% down from 2008 levels, have increased in the second half of 2009 by 71% compared to the first half. The fourth quarter of 2009 marks the third consecutive quarter with growth in volume, coming off a very low base. Active investors (equity players, REITs and funds) are increasingly focusing on prime product with steady cash flow, in an attempt to take advantage of

attractively priced property but are primarily focused on the UK and core markets in Europe. London and Paris remain at the forefront of investor interest. Where during the first half year domestic investors have dominated the markets, during the second half year cross-border investment was on the rise.

This increased appetite and activity combined with a very low supply of prime product, causes any prime assets available in the market to attract competitive bidding with hardening yields as a result. Where investors until recently were looking at smaller deal sizes to accommodate funding limits, large deals have returned which demonstrates improved financing possibilities as well as an increased appeal of the large, dominant prime assets.

#### 1.2. Rental income from Unibail-Rodamco shopping centres

Total consolidated Net Rental Income (NRI) amounted to € 941.6 Mn in 2009, representing a rise of 6.1% compared with 2008.

Region	Net Rental Income (€Mn)		
	2009	2008	%
France	453.9	419.6	8.2%
Netherlands	142.5	158.7	-10.2%
Nordic	90.2	91.4	-1.3%
Spain	119.8	105.0	14.1%
Central Europe	73.1	67.6	8.2%
Austria	62.1	45.1	37.6%
<b>Global</b>	<b>941.6</b>	<b>887.4</b>	<b>6.1%</b>

2008 NRI slightly differs from previous publication due to reclassification of surface from retail to office in Austria

The €54.2 Mn NRI growth came mainly from:

- Acquisitions: +€36.6 Mn of which:
  - +€18.3 Mn in Austria further to acquisition of Shopping City Süd in Vienna, end of May 2008.
  - +€14 Mn in Spain coming from the acquisition of La Maquinista in Barcelona and Habaneras in Torre Vieja in July 2008.
  - +€4.3 Mn in France due mainly to the acquisition of Aquaboulevard in Paris in December 2008.
- Deliveries of new shopping centres or extensions: +€24.2 Mn, mainly coming from:
  - Shopping centres delivered in 2008: Rivetoile, in Strasbourg/France (28,200 m<sup>2</sup>) in October 2008, extension of Forum Nacka in Stockholm/ Sweden (26,100 m<sup>2</sup>) in October 2008, Arkady-Pankrac in Prague/Czech Republic (30,100 m<sup>2</sup>) in November 2008.
  - Shopping centres delivered in 2009: Docks 76 in Rouen/France (37,700 m<sup>2</sup>) in April 2009, Docks Vauban in Le Havre/France (54,500 m<sup>2</sup>) in October 2009 and the new shopping gallery extension (16,670 m<sup>2</sup>) in the Cnit-Paris La Défense, totally restructured and inaugurated on October 21, 2009.

- Disposals: -€22.0 Mn largely due to high street retail assets disposed of in Belgium in 2008 and in The Netherlands in 2008 and 2009, and to a lesser extent one asset in Germany sold at the end of 2008.
- After taking into account -€5.9 Mn of constant currency correction<sup>7</sup>, -€5.2 Mn of one off items in 2008 and Shopping City Süd NRI restated pro-forma in H1-2008, the net change like for like amounted to €32.6 Mn.

Region	Net Rental Income (€Mn) Like-for-like		
	2009	2008	%
France	430.4	407.2	5.7%
Netherlands	131.2	129.7	1.1%
Nordic	90.8	88.5	2.6%
Spain	94.9	94.0	1.0%
Central Europe	64.9	63.9	1.5%
Austria	58.5	54.8	6.7%
<b>Global</b>	<b>870.7</b>	<b>838.1</b>	<b>3.9%</b>

The total net rental income grew by 3.9 % on a like-for-like basis in 2009, compared to 2008. This represented on average 1.1 % above inflation.

Region	Net Rental Income like-for-like evolution (%)			
	Indexation	Renewals, relettings net of departure	other	Total
France	3.5%	4.3%	-2.1%	5.7%
Netherlands	2.2%	0.7%	-1.8%	1.1%
Nordic	2.4%	0.8%	-0.7%	2.6%
Spain	3.0%	-1.6%	-0.4%	1.0%
Central Europe	1.7%	0.4%	-0.5%	1.5%
Austria	0.1%	2.6%	4.0%	6.7%
<b>Global</b>	<b>2.8%</b>	<b>2.3%</b>	<b>-1.2%</b>	<b>3.9%</b>

Net of indexation, the highest growth in NRI like for like was in Austria and France thanks to good performance in re-letting with high rental uplift achieved, whereas Spain - the worst affected country by the crisis- recorded -2%.

Sales in Unibail-Rodamco's shopping centres, excluding centres delivered in 2008 and 2009, showed a limited decrease of 1.9% in 2009 compared to 2008, with wide variations from one country to another: -6.1% in Spain, -2.2% in France, +3.7% in Poland and +6.3% in Sweden<sup>8</sup>.

On the whole portfolio, sales based rents amounted to €13.8 Mn (€20.3 Mn in 2008) and represented 1.6 % of total net rental income (2.3% in 2008).

### 1.3. Leasing activity in 2009

Leasing activity in 2009 resulted in 1,151 leases signed compared to 1,097 leases signed over 2008.

In total €101.7 Mn of Minimum Guaranteed Rents (MGR) with an average uplift of 21% was signed in 2009 versus €95.7 Mn in 2008 and an average uplift of 25% for full year 2008.

region	lettings / re-lettings / renewals excl. Pipeline				
	nb of leases signed	m <sup>2</sup>	MGR	MGR uplift	
				€ Mn	%
France	316	75,594	43.5	9.1	30%
Netherlands	99	29,433	9.4	1.8	24%
Nordic	180	42,318	11.2	0.3	3%
Spain	284	46,376	16.2	1.2	9%
Central Europe	135	20,291	6.5	0.9	18%
Austria	137	37,600	14.9	2.1	26%
<b>Global</b>	<b>1,151</b>	<b>251,612</b>	<b>101.7</b>	<b>15.4</b>	<b>21%</b>

MGR : Minimum Guaranteed Rent

Even if one can notice that tenants need more time to decide on a new shop opening, the best shopping centres and largest malls remain in good demand from retailers in all regions. The MGR uplift demonstrates the continuing reversionary potential in the Group's shopping centres.

New attractive retailers have been successfully introduced in Unibail-Rodamco shopping centres (such as MAC, Apple, Desigual, van Graaf, American Apparel...).

The size and geographical spread of the Group's portfolio is a trump card in negotiating with international retailers. It gives the opportunity to propose to dynamic and innovative retailers to expand in new countries, for instance Hema from The Netherlands came to France in 2009.

### 1.4. Vacancy and Lease expiry schedule

As at December 31, 2009 aggregated annualised Minimum Guaranteed Rents from Unibail-Rodamco's shopping centre portfolio amounted to €977.8 Mn, excluding variable rents and other income (€937.7 Mn at year end 2008).

The following table shows a breakdown by expiry date and by next termination option of the leases<sup>9</sup>.

Retail portfolio	Lease expiry schedule			
	at date of next break option	as a % of total	at expiry date	as a % of total
Expired	38.1	3.9%	38.0	3.9%
2010	140.7	14.4%	75.6	7.7%
2011	212.8	21.8%	61.5	6.3%
2012	167.1	17.1%	102.6	10.5%
2013	104.2	10.7%	70.0	7.2%
2014	80.9	8.3%	69.4	7.1%
2015	77.7	7.9%	58.6	6.0%
2016	28.6	2.9%	57.5	5.9%
2017	30.7	3.1%	61.9	6.3%
2018	27.0	2.8%	79.2	8.1%
2019	24.6	2.5%	69.8	7.1%
2020	9.5	1.0%	17.8	1.8%
Beyond	35.9	3.7%	216.2	22.1%
<b>M€</b>	<b>977.8</b>	<b>100%</b>	<b>977.8</b>	<b>100%</b>

<sup>7</sup> Mainly in Sweden

<sup>8</sup> Of which 4.9% due to Forum Nacka extension

<sup>9</sup> Un-audited. In The Netherlands, the landlord cannot terminate the lease unilaterally; therefore the expiry date is considered as indefinite. These leases have been classified on the line "beyond" on the table.

Potential rents from vacant space in operation on the total portfolio amounted to €19 Mn at Dec 31, 2009. The financial vacancy slightly increased from 1.8% at year end 2008 to 1.9% at Dec 31, 2009.

Region	vacancy (Dec 31, 2009)		% Dec 31, 2008
	€Mn	%	
France	8.0	1.7%	1.2%
Netherlands	3.0	2.1%	1.2%
Nordic	3.9	3.4%	3.3%
Spain	1.7	1.4%	3.6%
Central Europe	0.0	0.0%	0.6%
Austria	2.4	4.4%	2.7%
<b>Global</b>	<b>19.0</b>	<b>1.9%</b>	<b>1.8%</b>

Due to the leasing uplift achieved in Austria, rental values of vacant space were increased. The unoccupied areas in m<sup>2</sup> did not change materially.

In Spain, thanks to a dynamic re-letting strategy, the financial vacancy was significantly reduced at year end.

The occupancy cost ratio<sup>10</sup> moderately increased from 10.9% at year end 2008 to 11.7% at year end 2009, ranging from 9.9% in the Nordic countries to 12.3% in France and 12.8% in Central Europe.

## 1.5. Investment / pipeline

Unibail-Rodamco invested €510.5 Mn<sup>11</sup> (Group share) in its shopping centre portfolio in 2009:

- €82.2 Mn was invested in new acquisitions composed of additional plots in Shopping City Süd in Vienna/Austria and in St Genis Laval/France and a piece of land for future extension of La Maquinista in Barcelona/Spain.
- €259.7 Mn was invested in new shopping centres construction and extensions:
  - Delivered in 2009:
    - BAB 2 in Anglet/France (3,100 m<sup>2</sup>) extension delivered in February 2009;
    - Esplanade in Lyon/France (1,500 m<sup>2</sup>) delivered in March 2009;
    - Docks-76 (37,700 m<sup>2</sup>) in Rouen/France which has been successfully opened in April 2009;
    - Cnit Paris-La Défense/France new retail area (16,670 m<sup>2</sup>) inaugurated in October 2009;
    - Docks Vauban in Le Havre/France (54,500 m<sup>2</sup>) delivered in October 2009.

<sup>10</sup> Occupancy Cost Ratio = (rental charges + service charges including marketing cost for tenants) / tenants' sales; all factors including VAT and for all the occupiers of the shopping centre. In previous financial communication, OCR was calculated excluding supermarkets and department stores. As tenants' turnover is not known for The Netherlands, no reliable occupancy cost ratio can be calculated for this country.

<sup>11</sup> Variation in gross asset value Group share.

- Under construction:
  - Cours Oxygène in Lyon/France: 9,150 m<sup>2</sup>, which will be delivered in April 2010;
  - Donauzentrum extension in Vienna/Austria: 27,500 m<sup>2</sup>, completion expected in October 2010;
  - Lyon-Confluence in Lyon/France 53,200 m<sup>2</sup>, completion expected in 2011;
  - Almere Buiten in Almere/Netherlands: 16,600 m<sup>2</sup>, completion expected in 2011.

- €102.8 Mn was invested in renovation of existing shopping centres notably in Velizy 2 in France and Shopping City Süd in Vienna.
- Financial costs were capitalised for €24.3 Mn.
- Eviction costs and other costs were capitalised respectively for €25.8 Mn and €15.8 Mn.

The total pipeline retail projects represented 684,044 m<sup>2</sup> at the end of 2009, for a total estimated investment of €3.2 Bn.

Fully contracted projects represented 242,556 m<sup>2</sup> and are composed of:

- Brownfield projects:
  - Lyon Confluence in France (53,200 m<sup>2</sup>) , Almere Buiten in The Netherlands (16,600 m<sup>2</sup>);
  - Eiffel in Levallois/France: 48,160 m<sup>2</sup> / delivery in 2013;
  - Rotterdam Markthal /Netherlands: 8,100 m<sup>2</sup> / delivery in 2014.
- Extensions of existing shopping centres:
  - Cours Oxygène in Lyon (9,150 m<sup>2</sup>), Donauzentrum extension in Vienna (27,500 m<sup>2</sup>) and La Maquinista extension in Barcelona/Spain, 15,800 m<sup>2</sup> / delivery in 2010.

## 1.6. Divestments

The Group divested €324.2 Mn from its retail portfolio in 2009, 99% of which came from Dutch high street retail assets, pursuant to the Group's strategy to concentrate on large shopping centres.

The Group also decided to exit from the Metropolis shopping centre project in Moscow, in line with the strategy to concentrate investments on cities where the Group already has a presence.

## 1.7. Portfolio valuation

As at Dec 31, 2009 the shopping centre portfolio of Unibail-Rodamco was valued on the balance sheet at €15.7 Bn, excluding transfer taxes and disposal costs (see 'Net Asset Value' section).

Fair value adjustments to investment properties represented a charge of €1,643.4 Mn in Unibail-Rodamco's income statement at Dec 31, 2009, of which €1,346.3 Mn was already booked as at June 30, 2009.

Changes in value broke down by region as follows:  
 -€841.9 Mn in France, -€287.5 Mn in Spain, -€235.4 Mn in Nordic, -€134.7 Mn in Central Europe, -€102.1 Mn in The Netherlands and -€ 41.8 Mn in Austria.

## 2. Offices

### 2.1. Office property market in 2009<sup>12</sup>

With 1.8 Mn m<sup>2</sup> let in 2009, the volume of transactions in the Paris Region office market shows a 24% decrease compared to 2008. This decline is caused by the harsh economic environment, where many companies are delaying moving office, or renegotiating their leases or trying to optimise use of existing floor space. On a positive note, occupier interest has been stronger reflecting more real needs for space in the second half of 2009.

Large transactions (over 5,000 m<sup>2</sup>) are fewer by 37% compared to a year ago (51 transactions over the year).

The take-up for 2010 is expected to stay relatively stable compared to 2009.

The reduced take-up of office space, accelerated departures of tenants and delivery of newly developed office space contributed to an increase in immediate available supply in the Paris region by 32% in the year and stood at 3.6 Mn m<sup>2</sup> at year end 2009.

The vacancy rate stood at 6.8% for the Paris Region at the end of the 4<sup>th</sup> quarter (compared to 5.4% a year ago) with discrepancies among the Paris Region areas. The Central Business District (CBD) slightly increased its vacancy rate to 6.2%. The La Défense Business District stands out with a particularly low vacancy rate of 4.5%, the stock consisting mainly of older buildings. The first Rim and the Western Crescent finished the year with increasing vacancy rates (10.5% for the 1<sup>st</sup> Northern Rim, 11.6% for the Southern Rim, 10.6% for the Péri-Défense).

In this context of imbalance between the take-up and supply, rental values (average but also prime) are experiencing a significant correction. However, the situation is contrasted from one area to another and from one class of building to another. New and efficient buildings have been less impacted than older buildings. The CBD saw its average rents fall by about 10% in a year. This fall in rents is gradually spreading geographically to the peripheral areas which have been less affected.

During the second part of the year prime rents have started to stabilise, varying to different degrees depending on the location. The highest rent signed during 2009 was €690/m<sup>2</sup> in Paris CBD and €535/m<sup>2</sup> in La Défense.

The Paris Region saw its level of investment activity decline to €5.2 Bn which represents a decrease of 39% compared to the year 2008.

The investment market has shown signs of recovery during the second half of 2009 which indicates that the low point in terms of investment volume may have been passed. After a bad first half year where only €1.2 Bn was invested, the investments have continued to progress during the year, with €2.5 Bn invested in the 4<sup>th</sup> quarter of 2009. Even though, on the whole, the market was dominated by small deals in 2009, the unit size of deals has increased; several deals in a range of €150 – 200 Mn were signed during the 4<sup>th</sup> quarter 2009.

### 2.2. Office division 2009 activity

Unibail-Rodamco's consolidated net rental income from offices (NRI) in 2009 came to €219.6 Mn.

Region	Net Rental Income (€Mn)		
	2009	2008	%
France	178.7	173.2	3.1%
Netherlands	20.2	26.5	-23.8%
Nordic	16.3	17.8	-8.3%
Other countries	4.4	11.6	-62.0%
<b>Global</b>	<b>219.6</b>	<b>229.1</b>	<b>-4.2%</b>

2008 NRI slightly differs from previous publication due to reclassification of surface from retail to office in Austria

The variation of -€9.5 Mn between 2008 and 2009, broke down as follows:

- -€23.5 Mn came from disposals, essentially buildings disposed of in 2008 in France and in The Netherlands, and to a lesser extent, 2009 disposals in France, The Netherlands and Spain which were finalised for the most significant ones in December.
- +€2.9 Mn came from the delivery and leasing of new buildings in Paris (Clichy, 12 rue du Mail) and Cnit in Paris-La Défense.
- +€2.1 Mn generated by the acquisition of "Le Sextant" in Paris in 2009 and additional plots in Gaîté-building in Paris in 2008.
- -€6 Mn came from the renovation of Michelet-Galilée in Paris-La Défense.
- After taking into account currency correction and one off items for €0.6 Mn, the like-for-like NRI increased by €14.4 Mn.

<sup>12</sup> Source : CBRE



Like for like NRI grew by 9.1% compared to the previous year, of which 6.9% due to indexation, and broke down as shown in the following table.

Region	Net Rental Income (€Mn) Like-for-like		
	2009	2008	%
France	140.3	127.0	10.5%
Netherlands	13.8	13.3	3.7%
Nordic	18.0	17.4	3.5%
Other countries	2.1	2.1	
<b>Global</b>	<b>174.2</b>	<b>159.8</b>	<b>9.1%</b>

In 2009, 96,021 m<sup>2</sup> has been let or re-let on the whole office portfolio for €41 Mn minimum guaranteed rents.

In France, where the Group mainly operates, leasing activity resulted in 84,663 m<sup>2</sup> signed<sup>13</sup> for €39.6 Mn of annual rent, of which:

- 28,377m<sup>2</sup> in Michelet-Galilée building in La Défense fully let to a large industrial group;
- 20,487 m<sup>2</sup> let to SNCF in Cnit-Paris La Défense, ie the totality of the new office surfaces delivered in July 2009;
- 5,293m<sup>2</sup> pre-let to Ernst & Young on Tour Oxygène in Lyon, to be delivered in 2010;
- 4,953m<sup>2</sup> let to ESSEC in Cnit-La Défense.

As at Dec 31, 2009 annualised minimum guaranteed rents generated by the office portfolio amounted to €235.5 Mn. The expiry schedule of the leases (termination option and expiry date) is shown in the following table.

Office portfolio	Lease expiry schedule			
	at date of next break option	as a % of total	at expiry date	as a % of total
Expired	10.4	4.4%	13.5	5.7%
2010	31.8	13.5%	13.7	5.8%
2011	29.9	12.7%	5.2	2.2%
2012	21.8	9.3%	12.2	5.2%
2013	36.3	15.4%	27.5	11.7%
2014	13.4	5.7%	15.4	6.5%
2015	26.5	11.3%	28.8	12.2%
2016	39.4	16.7%	41.2	17.5%
2017	7.8	3.3%	20.6	8.7%
2018	9.7	4.1%	19.4	8.2%
2019	2.0	0.8%	26.6	11.3%
2020	0.0	0.0%	0.1	0.1%
Beyond	6.3	2.7%	11.5	4.9%
<b>M€</b>	<b>235.5</b>	<b>100%</b>	<b>235.5</b>	<b>100%</b>

Potential rents from vacant office space in operation amounted to €13.7 Mn at Dec 31, 2009.

The financial vacancy stood at 5.5% for the whole portfolio (9.8% as at Dec 31, 2008). In France the financial vacancy decreased from 10% at year-end 2008 to 4.3 % at Dec 31, 2009, mainly driven by the lettings to SNCF and ESSEC in Cnit-Paris La Défense.

## 2.3. Investment / divestment

Unibail-Rodamco invested €261.9 Mn in its office portfolio in 2009 (Group share):

- The Group acquired in November “Le Sextant”, a 13,282 m<sup>2</sup> office building next to Aquaboulevard in Paris for €59.3 Mn.
- €126.7 Mn was invested for tour Oxygène in Lyon (29,600 m<sup>2</sup>, completion expected in 2010) and for 3 development projects: Eiffel in Levallois/France and ‘Phare’ and ‘Majunga’ in Paris-La Défense.
- €59.6 Mn was invested for renovation, mainly Issy-Guynemer, Cnit in Paris and one building in The Netherlands.
- €16.3 Mn of financial charges and other costs were capitalised.

€399.3 Mn was divested from the office portfolio in 2009.

Four buildings were sold in France in 2009 for a total net disposal price of €288.6 Mn at an average buyer’s net initial yield of 6.15%. Two of them (34-36 rue Cambon-Paris and the Clichy building) representing 89% of the proceeds were sold in December 2009.

Total sale price of these 4 buildings was 8.3% above June 30, 2009 valuation.

Three buildings<sup>14</sup> in The Netherlands and one in Sweden were sold for a total net disposal price of €109.1 Mn.

Based on the appraised value booked in the balance sheet as at Dec 31, 2008, the net disposal result was a loss of €14.5 Mn.

A letter of intent has been signed in December 2009 for one building located on avenue Hoche in Paris for €40 Mn, representing 5.3% net initial yield for the buyer. The sale price is 8.7% above June 30, 2009 valuation.

## 2.4. Portfolio valuation

The office portfolio was valued at €3.7 Bn (excluding transfer taxes and disposal cost) on the balance sheet at Dec 31, 2009:

- €3,347 Mn in assets recorded as investment properties and accordingly marked-to-market based on independent appraisals (after transfer taxes deduction);
- €325.7 Mn of asset at historical cost for one own-use building (7 Adenauer-Paris) and projects under construction.

The change in fair value of office investment properties since December 31, 2008 generated a negative valuation result of €385.6 Mn. On a like for like basis, the additional value decline over the second half of 2009 was limited to €29.6 Mn, demonstrating the value stabilisation notably in the Paris office market by year end (see note on Net Asset Value).

<sup>13</sup> Weighted lettable area

<sup>14</sup> Mainly Aegon building in The Hague

### 3. Convention & Exhibition

This activity is exclusively located in France, and consists of a real estate venues and operations organisation (VIPARIS) and a trade show organiser (COMEXPOSIUM).

Both organisations are jointly owned with the Paris Chamber of Commerce and Industry (CCIP), where VIPARIS is fully managed and consolidated by Unibail-Rodamco and Comexposium is controlled by the CCIP and recorded under the equity accounting method.

Traditionally, the Convention and Exhibition business has a seasonal results pattern, with annual, bi-annual and tri-annual shows. Even years tend to have more shows than uneven years. When comparing the 2009 results (at EBITDA level), the relevant comparison is with 2007.

The economic crisis and the flu pandemic have left some marks on the Convention and Exhibition performance in 2009. Visitor numbers on various shows were slightly down (-0.4%) although the Business to Consumer shows saw an increase with 4.2%. Lower visitor numbers and a decrease in Exhibitors with 5% also influenced ancillary income such as parking and catering. Shows took up less space and fewer occupancy days. Total occupancy of the venues dropped with over 9% compared to 2007. Several important shows were cancelled or delayed like 'Mondial du 2 Roues' (the motor cycle show), and 'Mondial Coiffure Beauté'. Even though some 28 shows were cancelled, cancellation fees partly offset the loss in income.

In aggregate, 915 events were held on all VIPARIS venues in 2009, of which 309 shows, 151 conventions, and 419 corporate events. Many important shows have seen little impact of the crisis, as they have become landmark events for the public at large. These include 'Salon de l'Agriculture' (since 1926), 'Mondial de l'Automobile' (since 1962), 'Salon Nautique' (since 1962), 'Foire de Paris' (since 1926) and 'Maison et Objet' (since 1998).

Increased focus on operating costs resulted in 8.6% savings on the 2008 levels, and close to 10% on 2007, resulting from synergies from the 2008 merger of the CCIP and Unibail-Rodamco.

As a result and despite the difficult external environment, EBITDA improved vs. 2007 with 4.7% to €118.1 Mn. Compared to 2008 (€127.4 Mn), this represented a decline with 7.3%.

For 2010, pre-booking levels are satisfactory at 92% compared to 86% at year-end 2008 and normal levels of 85-90%.

COMEXPOSIUM contribution to Unibail-Rodamco's recurring result was €7 Mn in 2009 (€10.4 Mn in 2008).

Including the hotels Méridien-Montparnasse (Paris) and Hilton-Cnit (Paris la Défense), of which the long term rental income is part of this segment of activity, and after deduction of amortisations, the division showed an operating profit of €125.9 Mn in 2009, versus €139.1 Mn in 2008.

### III. 2009 RESULT

Administrative expenses amounted to €97.6 Mn in 2009, compared to €101.7 in 2008.

Cost incurred for feasibility studies of development projects amounted to €6.5 Mn in 2009.

Property services net operating result (€8.4 Mn) came from property services companies in France, and in Spain.

The item 'other income' reflected the result of the finance leasing portfolio of ex-Unibail and for the main part a reversal of a provision for a litigation regarding an acquisition, solved in the first half of 2009.

Group net financial expenses totalled €313.1 Mn in 2009, including capitalised financial expenses of €31Mn allocated to projects under construction.

Net borrowing expenses recorded in net recurring profit for 2009 thus came to €282.1 Mn (€275.2 Mn in 2008).

According to IFRS rules, a debt component of the ORA<sup>15</sup> issued in June 2007 was accounted for in the balance sheet, which is amortised over the life of the ORA. The fixed rate debt of Rodamco which was accounted at fair value in Unibail-Rodamco's balance sheet at the date of the merger is amortised over the life of the bonds as well. These amortisations amounted to -€16.8 Mn in 2009 and did not affect the recurring result.

Most of the ORAs were converted in 2009. Only 19,684 ORAs<sup>16</sup> were still in issue as at Dec 31, 2009.

The ORNANE<sup>17</sup> issued in April 2009 was booked at fair value, in accordance with IFRS. The change in value, based on the trading price, was €188.9 Mn at Dec 31, 2009 and did not affect the recurring result.

In accordance with the option adopted by Unibail-Rodamco for hedging instruments accounting (IAS 39),

<sup>15</sup> ORA: Obligations Remboursables en Actions = bonds redeemable for shares.

<sup>16</sup> Convertible into 20,077 shares

<sup>17</sup> ORNANE: Net share settled bonds convertible into new or existing shares.

the change in value of caps and swaps was recognised directly in the P&L, resulting in a negative amount of -€108.3 Mn<sup>18</sup>. This charge did not affect the recurring result.

The Group's average refinancing rate came to 4.0% in 2009 (4.2% in 2008). Unibail-Rodamco's refinancing policy is described in the following section 'Financial Resources'.

The income tax charge came from countries where specific tax regimes for property companies<sup>19</sup> do not exist and activities in France which are not eligible to the SIIC regime, mainly in the Convention & Exhibition business.

In 2009, €10.7 Mn corporate income tax allocated to the recurring result was effectively due. Based on tax losses carried forward available in the Group, deferred tax assets were recognised. Combined with an income tax credit out of previously recognised deferred tax liabilities on intangible assets and a change in tax provisions, an income tax profit of €0.6 Mn was allocated to 2009 recurring result.

The recurring income tax charge for 2008 (-€16 Mn) included a significant provision for an ongoing tax litigation.

Furthermore, an income tax credit of €114 Mn was accounted for in valuation result due mainly to the variation of deferred taxes on decreasing property assets' fair value.

As reported in its press release of December 11, 2009 Unibail-Rodamco expects to lose its status as FBI (Fiscale Beleggings Instelling) in The Netherlands for its Dutch activities in 2010. Unibail-Rodamco still qualifies as a SIIC under the French SIIC regime. Differences between the French SIIC and the Dutch FBI regime, although materially insignificant in the Group's case, proved to be irreconcilable for the Dutch tax authorities.

The Group expects that this development will have no material impact on its recurring results for the foreseeable future, due to significant Dutch tax-loss carry forwards the Group will realise, resulting from the decline in real estate values since the merger between Unibail Holding S.A. and Rodamco Europe N.V., and the implementation of other measures.

### **Consolidated net recurring profit after tax for 2009 amounted to €924.1 Mn.**

Non-controlling interests in the consolidated net recurring profit after tax amounted to €87.9 Mn. They related to CCIP's minority share in VIPARIS (€27 Mn), to shopping centres in France (€54 Mn, mainly Les Quatre Temps and Forum des Halles) and to the remaining 1.48% minority shareholders in Rodamco Europe (€6.9 Mn).

### **Consolidated net result (Group share) was a loss of €1,467.8 Mn in 2009. This figure breaks down as follows:**

- **€836.3 Mn of recurring net profit**
- **-€2,304 Mn of fair value adjustments and disposals, due to the decrease in real estate and financial instruments values.**

The average number of shares and ORAs<sup>20</sup> in issue during this period was 90,979,941.

### **Recurring Earnings per Share came to €9.19 in 2009, representing an increase of 7.11% compared to 2008.**

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<sup>18</sup> Including -€12 Mn of swaps breakage.

<sup>19</sup> In France : SIIC (Société Immobilière d'Investissements Cotée) and in The Netherlands: FBI (Fiscal Investment Institution).

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<sup>20</sup> It has been assumed here that the ORAs have a 100% equity component.

## IV. DISTRIBUTION AND OUTLOOK

### Distribution

The Group will propose to the Annual General Meeting to declare a distribution of €8.00 per share.

This proposed distribution represents 87 % of the recurring earnings per share and is in line with the established Group distribution policy.

The valuation result on the Group's assets has also affected the carrying value of the Rodamco Europe NV shares at the Group's Parent Company level. Due to Rodamco Europe NV's shares impairment, Unibail-Rodamco SE's 2009 result was a loss of €833.6 Mn. This loss will be assigned to retained earnings which are nil as at Dec 31, 2009. Therefore the proposed distribution, if voted by the Annual General Meeting, will be paid from additional paid in capital which amounted to €8,476 Mn in Unibail-Rodamco's balance sheet as at Dec 31, 2009<sup>21</sup>

Even if Unibail-Rodamco-SE's 2009 result was a loss, the result of the SIIC sector within the Group resulted in a profit and thus created an obligation of distribution of €93.1 Mn. As this obligation cannot be fulfilled by the company's result or retained earnings, it will be pushed forward and fulfilled by dividends paid from future positive results, in accordance to SIIC tax rules.

The Group will pay the €8.00 distribution per share on May 10, 2010 if approved by the Annual General Meeting on April 28, 2010.

The distribution over the year 2010 will be paid in one instalment following the Annual General Meeting in 2011.

### Post Balance Sheet events

On February 1<sup>st</sup>, 2010, Dow Jones announced the inclusion of Unibail-Rodamco in the EuroStoxx 50 index, effective February 8<sup>th</sup>, 2010.

On February 5<sup>th</sup>, 2010, the Group announced<sup>22</sup> it had reached an agreement with the Simon Property Group and Ivanhoe-Cambridge on the acquisition of their portfolio of retail assets in Poland and France, and the formation of a Joint Venture to develop five retail assets in France. This acquisition, with a consideration for the assets of €715 Mn, is subject to competition authorities' clearance in Poland, and is expected to close in the first half of 2010.

### Outlook

The 2009 Christmas period saw positive sales growth across Europe, and retailers' increasing demand for new store openings. Combined with a visible improvement in the investment market for retail properties, 2010 starts with tangible signs of recovery. However, from a recurring earning per share perspective, 2010 is expected to be a year of transition for the Group with a modest 0% to 2% growth.

This is due to the unusual combination of:

- i) exceptionally low or negative inflation, used for rent indexation;
- ii) loss of rental income from properties divested, with limited compensation from interest savings;
- iii) remaining economic uncertainties and low consumption;
- iv) limited income growth from expected deliveries out of the project pipeline in 2010.

Beyond 2010, the medium to long term growth outlook for the Group remains positive, with the expected capture of rental reversionary potential, the acceleration of tenant rotation, the delivery of the ongoing development and renovation projects and continuous efforts to reduce administrative and operating costs.

Given its earnings visibility and a solid financial situation, the Group also maintains its distribution policy which is one of the most favourable in the industry.

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<sup>21</sup> Shareholders are advised to seek local tax advice on the tax treatment of this distribution from the premium reserve.

<sup>22</sup> See separate press release issued by Unibail-Rodamco on February 5, 2010



## NET ASSET VALUE AS AT DECEMBER 31, 2009

Unibail-Rodamco's fully-diluted triple net liquidation NAV (Net Asset Value) amounted to €128.20 per share as at December 31, 2009, down 15.2% from year-end 2008 and 2.7% from mid-year 2009. The total value reduction of €23.00 per share reflects the effect of marking to market of assets and liabilities of -€26.00, the distributions during 2009 of -€5.75, offset by the recurring earnings and divestment results of net €8.75 per share.

### 1. PROPERTY PORTFOLIO

Overall, 2009 investment volumes in the European office, industrial and retail markets were significantly down on 2008, with a 42%<sup>23</sup> drop in traded value. Whereas in the first half of 2009 the very restricted and high cost funding caused a near stand-still of the investment market, a marked improvement occurred during the second half.

Driven by low base interest rates and decreased funding spreads during the second half of 2009, investors' interest improved significantly for prime product which caused a 71%<sup>1</sup> increase in transaction volume compared to the first half of the year. Buyers were primarily "equity players" taking advantage of the price corrections that have occurred in real estate across Europe. This renewed interest at the prevailing prices implies that for prime assets most of the price correction over the last two years is probably behind us, and that the market is very likely at or close to the bottom for top quality product with solid cash flows.

Given the inflexion point noticed at mid-year, this document takes not only the full-year view as usual but also presents changes versus June 30, 2009, as both half-year periods are very different.

Unibail-Rodamco's asset portfolio including transfer taxes decreased from €24,572 Mn at year-end 2008 to €22,313 Mn at December 31, 2009. On a like-for-like basis, the value of the overall portfolio decreased by €2,241 Mn net of investments, i.e. a drop of 9.8% compared with year-end 2008 and by €367 Mn (-1.7%) compared with mid-year 2009.

Asset portfolio valuation of UNIBAIL-RODAMCO (including transfer taxes) (a)	December 31, 2008 (b)		June 30, 2009 (b)		December 31, 2009		Like-for-like change net of investment - Full year 2009 (c)		Like-for-like change net of investment - second half year 2009 (c)	
	€ Mn	%	€ Mn	%	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	18,025	74%	16,807	74%	16,528	74%	- 1,610	-9.5%	- 283	-1.8%
Offices	4,490	18%	4,109	18%	3,926	18%	- 399	-10.2%	- 40	-1.1%
Convention-Exhibition centres (d)	1,724	7%	1,542	7%	1,541	7%	- 218	-12.7%	- 30	-1.9%
Services	333	1%	336	1%	318	1%	- 14	-4.2%	- 14	-4.2%
<b>Total</b>	<b>24,572</b>	<b>100%</b>	<b>22,794</b>	<b>100%</b>	<b>22,313</b>	<b>100%</b>	<b>- 2,241</b>	<b>-9.8%</b>	<b>- 367</b>	<b>-1.7%</b>

(a) Based on a full scope of consolidation, including transfer taxes and disposal costs (see §1.5 for Group share figures).

The portfolio valuation includes:

- the appraised value of the entire property portfolio (100% when fully consolidated, group share when consolidated under the proportional method).
- the market value of Unibail-Rodamco's equity holdings in companies consolidated under the equity method and loans granted to these companies (SCI Triangle des Gares, which owns the Euralille shopping centre in Lille/France and Comexposium, a trade shows organisation business).

(b) Due to a minor re-categorisation of Shopping City Süd (Vienna/Austria), the breakdown between offices and shopping centres slightly differs from year-end 2008 and mid-year 2009 publications.

(c) Principal changes in the scope of consolidation during the year:

- Acquisition of lots in Shopping City Süd (Vienna/Austria).
- Acquisition of a piece of land for Maquinista extension (Barcelona/Spain).
- Acquisition of Le Sextant and lots in Eiffel (under development), office buildings near Paris.
- Acquisition of Palais des Congrès d'Issy les Moulineaux (Convention-Exhibition centre in France).
- Disposal of part of the Dutch portfolio: several highstreet shops, several shopping centres and several lots in shopping centres as well as the Aegonplein 1-50 office building in The Hague.
- Disposal of 42-Iena, 12 Mail, Cambon and Villeneuve Clichy office buildings in Paris.

Changes on a like-for-like basis do not include the changes listed above.

(d) Based on a full scope of consolidation; with a 50% ownership for most Convention-Exhibition centres, group share portfolio valuation as at December 31, 2009 is equal to €923 Mn (see §1.5).

<sup>23</sup> Source: CBRE.

## Valuation methodology

The appraisers valuing Unibail-Rodamco's Shopping centres and Office assets are appointed from a short list based on a number of solid qualifications, e.g. reputation, credibility, compliance with RICS (Royal Institute of Chartered Surveyors) and IVSC 'International Valuation Standards Committee' and codes of conduct. This list is used to select appraisers and includes: CB Richard Ellis, Cushman & Wakefield, Healey & Baker, Jones Lang LaSalle and DTZ.

The valuation principles adopted are based on a multi-criteria approach. The independent appraiser determines the fair market value based on the results of two methods: the discounted cash flow and the yield methodologies. Furthermore, the resulting valuations are cross-checked against the initial yield and the fair market values established through actual market transactions.

Whereas during the first half of 2009 a large downward value correction took place, the second half and most notably the fourth quarter of 2009 has shown stabilisation in property investment markets. The second half contrasts with the first half of the year, when the company reported a shortage of representative ("benchmark") transactions. Investors are increasingly seeking to take advantage of the re-pricing that occurred since the start of the crisis. This increased interest, combined with improved availability of equity and credit, has led to the execution of more representative transactions and improved liquidity for large prime assets, which in turn has led to stabilisation of prime yields compared to June 30, 2009 valuations. Investors' interest remained focused on prime product with secure cash flow.

Some appraisers have observed that the volumes involved in investments in real estate remain relatively thin. Given the underlying macro-economic fundamentals, the markets may continue to show some volatility. Yet the increase in volumes towards the end of the year, combined with the increased investor appetite for transactions, gives a solid basis for the year-end 2009 valuations.

## Valuation scope

As at December 31, 2009, independent experts have appraised 96.9% of Unibail-Rodamco's portfolio.

According to the new IFRS rules, Investment Properties Under Construction (IPUC) for which a value could be reliably determined, are required to be accounted for at fair value and were assessed by external appraisers.

Investment Properties Under Construction are taken at fair value once management considers that a substantial part of the development's uncertainty has been eliminated, such that a reliable fair value can be established. The company uses generic guidelines to establish the remaining level of risk, focusing notably on uncertainty remaining in construction and leasing.

Investment Properties Under Construction were valued using a discounted cash flow or yield method approach (in accordance with RICS and IVSC standards) as deemed appropriate by the independent appraiser. In some cases, both methods were combined to validate and cross-check critical valuation parameters.

Six Investment Properties Under Construction, stated at cost in 2008, were assessed at fair value as at December 31, 2009:

- Tour Oxygène, development of an office building in Lyon/France.
- 5 shopping centres under construction: Donauzentrum extension (Vienna/Austria), Maquinista extension (Barcelona/Spain), Alma extension (Rennes/France), Buitenmere (Almere/Netherlands) and Cours Oxygène (Lyon/France).

The Docks Vauban (Le Havre/France) project, recorded as Investment Properties Under Construction at mid-year 2009, was successfully opened in October 2009 and is now included in the standing portfolio (the asset was taken at fair value in both cases).

The remaining assets (3.1%) of the portfolio, which have not been externally appraised as at December 31, 2009, have been valued as follows:

- At cost for the Investment Properties Under Construction for which a reliable value could not yet be established (see above). These Investment Properties Under Construction at cost accounted for 2.6% of the value of Unibail-Rodamco's total portfolio. These mainly represent shopping centres under development (notably Badajoz in Spain and Lyon Confluence in France) and office developments (Phare and Majunga in La Défense/France and Eiffel in Levallois/France).
- At their acquisition cost for assets purchased during the preceding six-month period (lots in Saint Genis Laval/France and Le Sextant office building near Paris) representing 0.3% of the total portfolio.
- At disposal price for assets under sale agreement (18-20 Hoche office in Paris) representing 0.2% of the total asset portfolio.

## 1.1 Shopping Centre portfolio

The value of Unibail-Rodamco's shopping centre portfolio is the addition of the value of each individual asset. Accordingly, no value is placed on Unibail-Rodamco's market share, even though its market share is undoubtedly significant in this sector.

### Evolution of Unibail-Rodamco's Shopping Centre portfolio valuation

The value of Unibail-Rodamco's Shopping Centre Portfolio decreased from €18,025 Mn to €16,528 Mn as at December 31, 2009, including transfer taxes and disposal costs:

Valuation 31/12/2008 (€ Mn)	18,025	
Like for Like revaluation - 1H09	- 1,327	(a)
Like for Like revaluation - 2H09	- 283	
Revaluation of Non Like for Like assets	- 87	(b)
Capex / Acquisitions	562	
Disposals	- 346	
Constant Currency effect	- 16	(c)
<b>Valuation 31/12/2009 (€ Mn)</b>	<b>16,528</b>	

(a) vs. €-1,339 Mn communicated at mid-year 2009; the difference is due to the fact that disposals leave Like for Like scope.

(b) Non Like for Like assets regarding:

(i) Investment properties under construction taken at fair value previously booked at cost (ii) Investment properties under construction remaining at cost (iii) Deliveries during 2009 (iv) Part of standing assets under extension.

(c) Composed of a currency loss of €26 Mn in Central Europe and of a €10 Mn currency gain in Nordic, before offsets from foreign currency loans and hedging programs.

Based on an asset value excluding estimated transfer taxes and disposal costs, the shopping centre division's net initial yield at December 31, 2009 came to 6.1% vs. 5.9% at mid-year 2009 and 5.4% at year-end 2008:

Shopping Centre portfolio by region	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn (a)	Net initial yield (b) Dec. 31, 2009	Net initial yield (b) June 30, 2009	Net initial yield (b) Dec. 31, 2008
France (c)	8,420	8,074	5.8%	5.6%	5.0%
Netherlands	2,307	2,158	6.3%	6.2%	5.9%
Nordic	1,610	1,588	5.9%	5.9%	5.3%
Spain	1,929	1,881	6.9%	6.7%	6.1%
Central Europe	1,071	1,052	7.2%	6.9%	6.5%
Austria	1,191	1,168	5.8%	5.6%	5.5%
<b>Total</b>	<b>16,528</b>	<b>15,921</b>	<b>6.1%</b>	<b>5.9%</b>	<b>5.4%</b>

(a) Valuation excluding estimated transfer taxes and disposal costs (see §2.6).

(b) Annualised rent (including latest indexation) net of expenses, divided by the value of the portfolio net of estimated transfer taxes and disposal costs. Shopping centres under development are not included in the calculation.

(c) For France, the effect of including Key Moneys in the Net Rental Income would increase net initial yield to 6.3% as at 31/12/2009, 6.1% as at 30/06/2009 and 5.5% as at 31/12/2008.

Based on the year-end yield of 6.1%, a further change of + 25 basis points would result in a downward adjustment of €631 Mn (or -3.8%) of the shopping centre portfolio value (including transfer taxes and disposal costs).

### Like for Like analysis:

On a like-for-like basis, the value of the Shopping Centre portfolio, including transfer taxes and disposal costs and restated for capital expenditure, capitalised financial expenses, leasing expenses and eviction costs, came down by €1,610 Mn (or 9.5%) over the year. This breaks down into +2.4% from the increase in revenues of shopping centres and -11.9% due to changes in yield.

Shopping Centre - Like for Like (LxL) change (a)				
Full year 2009	Like for Like change in € Mn	Like for Like change in %	LxL change - Rent impact	LxL change - Yield impact
France	- 792	-9.3%	4.7%	-14.0%
Netherlands	- 109	-4.7%	3.4%	-8.1%
Nordic	- 244	-13.5%	-1.7%	-11.8%
Spain	- 269	-13.1%	-1.8%	-11.3%
Central Europe	- 150	-12.9%	0.5%	-13.4%
Austria	- 46	-4.4%	2.3%	-6.7%
<b>Total</b>	<b>- 1,610</b>	<b>-9.5%</b>	<b>2.4%</b>	<b>-11.9%</b>

(a) Like for like change net of investments from December 31, 2008 to December 31, 2009.

During the second half of 2009, the decrease in value was limited to €283 Mn or -1.8% of which +0.9% from the increase in revenues of shopping centres and -2.7% due to changes in yield.

Shopping Centre - Like for Like (LxL) change (a)				
Second half-year 2009	Like for Like change in € Mn	Like for Like change in %	LxL change - Rent impact	LxL change - Yield impact
France	- 82	-1.0%	2.6%	-3.6%
Netherlands	- 36	-1.6%	1.6%	-3.2%
Nordic	- 68	-4.2%	-3.0%	-1.2%
Spain	- 63	-3.4%	-1.7%	-1.7%
Central Europe	- 30	-2.9%	0.8%	-3.7%
Austria (b)	- 4	-0.4%	0.2%	-0.6%
<b>Total</b>	<b>- 283</b>	<b>-1.8%</b>	<b>0.9%</b>	<b>-2.7%</b>

(a) Like for like change net of investments from June 30, 2009 to December 31, 2009.

(b) First half-year rent and yield impacts for Austria have been restated since last publication because of the re-categorisation of a small portion of Shopping City Süd space from retail to office.

### Shopping centre development and extension projects

Shopping centre development and extension projects have been either assigned a market value, where possible, or taken at cost<sup>24</sup>. These development and extension projects mainly comprise:

- Investment Properties Under Construction at fair value (5 shopping centres, see page 2).
- Investment Properties Under Construction at cost, notably: Lyon Confluence, Versailles-Chantiers, the Eiffel project in Levallois, the Aéroville project (Paris Charles de Gaulle airport) in France as well as Badajoz in Spain.
- In Spain, a €17 Mn impairment was recognised for the year on land in view of market developments.

<sup>24</sup> See 'valuation scope' on previous page on the valuation of Investment Property Under Construction (IPUC).

## 1.2 Office portfolio

### Evolution in Unibail-Rodamco's Office valuation

The value of the Office Portfolio decreased from €4,490 Mn to €3,926 Mn at December 31, 2009, including transfer taxes and disposal costs:

Valuation 31/12/2008 (€ Mn)	4,490	
Like for Like revaluation - 1H09	- 359	(a)
Like for Like revaluation - 2H09	- 40	
Revaluation of Non Like for Like assets	11	(b)
Capex / Acquisitions	257	
Disposals	- 435	
Constant Currency effect	2	(c)
<b>Valuation 31/12/2009 (€ Mn)</b>	<b>3,926</b>	

(a) vs. €-403 Mn communicated at mid-year 2009; the difference is due to the fact that disposals leave Like for Like scope.

(b) Non Like for Like assets regarding investment properties under construction taken at fair value and transfer from Retail (Shopping City Süd).

(c) Composed of currency gain of €2 Mn on Nordic, before offsets from foreign currency loans and hedging programs.

The split by region of the total portfolio is the following:

Valuation of Office portfolio - 31/12/2009	Valuation (including transfer taxes)	
	€ Mn	%
France	3,464	88.3%
Netherlands	169	4.3%
Nordic	229	5.8%
Spain - Central Europe (CE) - Austria	64	1.6%
<b>Total</b>	<b>3,926</b>	<b>100%</b>

For occupied offices and based on an asset value excluding estimated transfer taxes and disposal costs, the Office division's net initial yield at December 31, 2009 increased by 60 basis points vs. year-end 2008.

Valuation of <u>occupied office space</u> - 31/12/2009	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn (a)	Net initial yield (b) Dec. 31, 2009	Net initial yield (b) June 30, 2009	Net initial yield (b) Dec. 31, 2008
France	3,120	3,017	6.8%	6.9%	6.2%
Netherlands	141	132	9.6%	9.6%	8.4%
Nordic	218	215	7.6%	7.5%	6.9%
Spain - CE - Austria	61	59	7.6%	7.9%	7.5%
<b>Total</b>	<b>3,540</b>	<b>3,423</b>	<b>7.0%</b>	<b>7.1%</b>	<b>6.4%</b>

(a) Valuation of occupied office space as at December 31, 2009, based on the appraiser's allocation of value between occupied and vacant space.

(b) Annualised rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and disposal costs.

Based on the year-end yield of 7.0%, a further change of + 25 basis points would result in a downward adjustment of €127 Mn (or -3.2%) of the total office portfolio value (occupied and vacant space, including transfer taxes and disposal costs).

### Like for Like analysis:

The value of Unibail-Rodamco's office portfolio, including transfer taxes and disposal costs, and after accounting for the impact of capital expenditure and capitalised financial and leasing expenses, has decreased on a like-for-like basis by €399 Mn (or 10.2%) over the year. This breaks down into -0.5% from the rents and lettings and -9.7% due to changes in yield.

Office - Like for Like (LxL) change (a)				
Full year 2009	Like for Like change in € Mn	Like for Like change in %	LxL change - Rent impact	LxL change - Yield impact
France	- 335	-9.8%	-0.4%	-9.4%
Netherlands	- 40	-19.4%	-2.5%	-16.9%
Nordic	- 16	-6.7%	0.7%	-7.4%
Spain - CE - Austria	- 8	-14.5%	-1.5%	-13.0%
<b>Total</b>	<b>- 399</b>	<b>-10.2%</b>	<b>-0.5%</b>	<b>-9.7%</b>

(a) Like for like change net of investments from December 31, 2008 to December 31, 2009.

During the second half of 2009, the decrease in value was limited to €40 Mn or 1.1% of which -1.5% from revenues of office buildings and +0.4% due to changes in yield.

Office - Like for Like (LxL) change (a)				
Second half-year 2009	Like for Like change in € Mn	Like for Like change in %	LxL change - Rent impact	LxL change - Yield impact
France	- 19	-0.6%	-2.1%	1.5%
Netherlands	- 14	-7.5%	4.2%	-11.7%
Nordic	- 6	-2.6%	-1.2%	-1.4%
Spain - CE - Austria (b)	- 1	-1.3%	1.4%	-2.7%
<b>Total</b>	<b>- 40</b>	<b>-1.1%</b>	<b>-1.5%</b>	<b>0.4%</b>

(a) Like for like change net of investments from June 30, 2009 to December 31, 2009.

(b) For Spain-CE-Austria, the negative yield impact, despite a net initial yield decrease, is due to a slight difference in calculation scope.

### French Office Portfolio:

Unibail-Rodamco's French office portfolio split by sector is the following:

French Office portfolio by sector - 31/12/2009	Valuation (including transfer taxes)	
	€ Mn	%
Paris CBD	1,282	37%
Neuilly-Levallois-Issy	615	18%
La Défense	1,443	41%
Other	124	4%
<b>Total</b>	<b>3,464</b>	<b>100%</b>

For occupied offices and based on an asset value, excluding estimated transfer taxes and disposal costs, the French Office division's yield at December 31, 2009 came to 6.8%. This yield was 60 basis points higher than at year-end 2008:

Valuation of French occupied office space 31/12/2009	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn (a)	Net initial yield (b)	Average price €/ m <sup>2</sup> (c)
Paris CBD	1,250	1,224	6.2%	12,988
Neuilly-Levallois-Issy	514	487	7.7%	4,492
La Défense	1,257	1,209	7.0%	6,659
Other	99	97	8.7%	3,102
<b>Total</b>	<b>3,120</b>	<b>3,017</b>	<b>6.8%</b>	<b>7,128</b>

(a) Valuation of occupied office space as at December 31, 2009, as based on the appraiser's allocation of value between occupied and vacant space.

(b) Annualised rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and disposal costs.

(c) Average price, excluding estimated transfer taxes, per m2 for occupied office space as based on the appraiser's allocation of value between occupied and vacant space. For parking spaces, average price was restated on the basis of €30,000 per space for Paris CBD and Neuilly-Levallois-Issy and €15,000 for other areas.

Average price for 'Paris CBD' and 'Other' significantly vary vs. mid-year publication due to the change of scope (disposal of 12 Mail & Cambon for Paris CBD and of Villeneuve Clichy for Other).

### 1.3 Convention-Exhibition Portfolio

The value of Unibail-Rodamco's convention-exhibition centre portfolio is derived from the combination of the value of each individual asset.

#### Valuation methodology

The valuation methodology adopted by KPMG for the venues is mainly based on a discounted cash flow model applied to total net income projected over the life of the concession or leasehold, if it exists or otherwise over a 10-year period, with an estimation of the asset's value at the end of the given time period, based either on the residual contractual value for concessions<sup>25</sup> or on capitalised cash flows over the last year.

The valuations carried out by KPMG took into account total net income, which comprised net rents and ancillary services, as well as net income from car parks.

The cost of maintenance works, major repairs, refurbishments, redevelopments and extensions, as well as concession or leasehold fees, are included in projected cash flow figures.

The valuation methodology used by DTZ Eurexi to determine the fair market value of the Méri­dien-Montpar­nasse hotel asset at December 31, 2009 consists in capitalising the fixed portion of annual income, plus

<sup>25</sup> For Porte de Versailles, a concession renewal probability of 33% was assumed by the appraiser.

discounting cash flows representing the variable portion of rents. The discounted cash flow model has been adopted for the Cnit-Hilton hotel (operating under an operational lease agreement).

#### Evolution of the Convention-Exhibition Centres valuation

The value of Convention-Exhibition centres (including hotels), including transfer taxes and disposal costs, came to €1,541 Mn<sup>26</sup> as at December 31, 2009:

Valuation 31/12/2008 (€ Mn)	1,724	(a)
Like for Like revaluation - 1H09	-188	
Like for Like revaluation - 2H09	-30	
Capex / Acquisitions	35	
Disposals	-	
<b>Valuation 31/12/2009 (€ Mn)</b>	<b>1,541</b>	<b>(b)</b>

(a) Composed of €1.527 Mn for Viparis and €197 Mn for Hotels.

(b) Composed of €1.373 Mn for Viparis and €168 Mn for Hotels.

On a like-for-like basis, net of investments, the value of Convention and Exhibition properties is down €218 Mn or -12.7% compared with year-end 2008. During the second half of 2009, the decrease was limited to €30 Mn or -1.9%:

Convention-Exhibition - Like for Like change net of investment	Full year 2009		Second half-year 2009	
	€ Mn	%	€ Mn	%
Viparis (a)	- 188	-12.3%	- 29	-2.1%
Hotels	- 30	-15.4%	- 1	-0.6%
<b>Total</b>	<b>- 218</b>	<b>-12.7%</b>	<b>- 30</b>	<b>-1.9%</b>

(a) Viparis includes all of the Group's Convention-Exhibition centres (of which 50% of Palais des Sports).

On a like-for-like basis and net of investments, the value of the Convention-Exhibition venues (Viparis) decreased by 12.3% compared to year-end 2008 and by 2.1% compared to mid-year 2009. The decline resulted from an increase of the discount rate and the amortisation of another year of the Porte de Versailles lease (end in December 2026) with the City of Paris.

Based on these valuations, the average EBITDA yield on Viparis at December 31, 2009 (recurring operating profit divided by the value of the asset, excluding transfer taxes) was 9.0%.

The value of the Cnit-Hilton and Méri­dien-Montpar­nasse hotels in Paris decreased over the year by a total of €30 Mn (-15.4%) and was almost flat over the second half year (-0.6%).

The Lyon Confluence Hotel project is valued at cost.

<sup>26</sup> Based on a full scope of consolidation, including transfer taxes and disposal costs (see §1.5 for Group share figures).



## 1.4 Services

Services portfolio is composed of:

- Comexposium, a trade show organisation business.
- Espace Expansion and Rodamco Gestion, companies specialised in the promotion, marketing and management of property assets.

PriceWaterhouseCoopers appraised as at December 31, 2009 the Services portfolio in order to include at their market value all significant intangible assets in the portfolio and in the calculation of Unibail-Rodamco's NAV. Intangible assets are not revalued but maintained at cost or at amortised cost on Unibail-Rodamco's consolidated balance sheet.

PricewaterhouseCoopers valued the Services portfolio mainly using the discounted cash flow method based on their business plans. A market-based (peer comparison) approach was also used by PricewaterhouseCoopers to cross-check the resulting valuations.

The decrease of €14 Mn (-4.2%) over the year on a like for like basis is mainly due to the decline in forecasted cash flow of Comexposium.

## 1.5 Group share figures for the Property Portfolio.

Figures above are based on a full scope of consolidation. The following table also provides the group share level (in gross market value):

	Full scope of consolidation		Group Share	
	€ Mn	%	€ Mn	%
<b>Asset portfolio valuation - 31.12.2008</b>				
Shopping centres (a)	18,025	74%	16,536	74%
Offices	4,490	18%	4,477	20%
Convention-Exhibition centres	1,724	7%	1,041	5%
Services	333	1%	333	1%
<b>Total</b>	<b>24,572</b>	<b>100%</b>	<b>22,387</b>	<b>100%</b>
<b>Asset portfolio valuation - 31.12.2009</b>				
Shopping centres	16,528	74%	15,188	75%
Offices	3,926	18%	3,916	19%
Convention-Exhibition centres	1,541	7%	923	5%
Services	318	1%	318	1%
<b>Total</b>	<b>22,313</b>	<b>100%</b>	<b>20,345</b>	<b>100%</b>
<b>Like for Like change - net of Invt - 2009</b>				
Shopping centres	- 1,610	-9.5%	- 1,499	-9.7%
Offices	- 399	-10.2%	- 398	-10.2%
Convention-Exhibition centres	- 218	-12.7%	- 141	-13.6%
Services	- 14	-4.2%	- 14	-4.2%
<b>Total</b>	<b>- 2,241</b>	<b>-9.8%</b>	<b>- 2,052</b>	<b>-9.9%</b>
<b>Like for Like change - net of Invt - 2009 - Split rent/yield impact</b>				
	Rent impact %	Yield impact %	Rent impact %	Yield impact %
Shopping centres	2.4%	-11.9%	2.7%	-12.4%
Offices	-0.5%	-9.7%	-0.4%	-9.8%
<b>Net Initial Yield</b>	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Shopping centres	6.1%	5.4%	6.1%	5.5%
Offices - occupied space	7.0%	6.4%	7.0%	6.4%

(a) The group share value as at December 31, 2008 has been slightly restated since previous publication notably due to the minor re-categorisation of Shopping City Süd from retail to office.

## 2. TRIPLE NET NAV CALCULATION

Triple net liquidation NAV is calculated by adding to consolidated shareholders' equity (Group share), as shown on the consolidated balance sheet (under IFRS) several items as described hereafter.

### 2.1 Consolidated shareholders' equity

At December 31, 2009, consolidated shareholders' equity (Group share) came to €11,316.3 Mn.

Shareholders' equity (Group share) incorporated net recurring profit of €836.3 Mn and €-2,304 Mn of fair value adjustments on property assets and on derivative financial instruments and of capital gain on sales of properties.

The debt component of the ORAs, recognised in the financial statements (€0.4 Mn) was added to shareholders' equity for the calculation of NAV. At the same time, all ORAs were treated as equity shares.

No amount payable to shareholders was recognised as at December 31, 2009.

### 2.2 Adjustments linked to combination with Rodamco

The remaining goodwill (€141.8 Mn) which corresponds to the value of tax optimisation on Rodamco's assets at the date of the combination was deducted, as the optimisation of deferred taxes and transfer taxes was computed for the Unibail-Rodamco portfolio as a whole (see below).

Following the IAS 40 amendment, projects under development for which a fair value can be reliably determined are taken at fair value. Other projects remain at cost less impairment, where applicable. As a consequence, the previous adjustment, made on pipeline revaluation for NAV calculation, is no longer required.

### 2.3 Unrealised capital gains on intangible assets

The appraisal of Espace Expansion, Rodamco Gestion and of the goodwill of Paris Nord Villepinte / Palais des Congrès de Paris / Palais des Congrès de Versailles and Issy les Moulineaux gave rise to an unrealised capital gain of €104.2 Mn which was added for the NAV calculation.

### 2.4 Mark-to-market value of debt

In accordance with IFRS rules, derivative financial instruments and the ORNANE<sup>27</sup> were recorded on Unibail-Rodamco's balance sheet at their fair value and their impact included in the P&L and thus in the consolidated shareholders' equity.

Only fixed-rate debt was not accounted for at its fair value: nominal value for ex-Unibail debt and fair value at the date of the combination (June 30, 2007) for ex-Rodamco debt. Taking fixed rate debt at its fair value would have had a negative impact of €128.6 Mn. This impact was taken into account in the NAV calculation.

The ORNANE being in the money, its fair value was restated for the NAV calculation (€189.0 Mn) and its potential dilutive effect was taken into account.

### 2.5 Adjustment of capital gains taxes

In accordance with accounting standards, deferred tax on property assets was calculated on a theoretical basis on the consolidated balance sheet as at December 31, 2009. For the purpose of the NAV calculation, deferred tax on unrealised capital gains on assets not qualifying for tax exemption (SIIC), has been added back and replaced by taxes actually payable, should a disposal take place. In The Netherlands, the Group expects to lose its status as FBI for its Dutch activities in 2010. For these Dutch activities, at December 31, 2009 the properties were recognised at market value for both book and tax purposes; consequently no deferred tax was booked and no restatement needed.

In total, this resulted in an adjustment of €243.4 Mn to the NAV calculation.

### 2.6 Restatement of transfer taxes and disposal costs

Transfer taxes are estimated after taking into account the disposal scenario minimising these costs: sale of the asset or of the company that owns it, provided the anticipated method is achievable, which notably depends on the net book value of the asset. This estimation is carried out on a case-by-case basis on each individual asset, according to the local tax regime.

As at December 31, 2009, these estimated transfer taxes and other disposal costs compared to transfer taxes and costs already deducted from asset values on the balance sheet (in accordance with IFRS) came to an adjustment of €190.4 Mn.

### 2.7 Treasury shares and securities giving access to share capital

Unibail-Rodamco did not hold treasury shares as at December 31, 2009.

Dilution coming from securities giving access to share capital was computed when such instruments came in the money.

The exercise of stock-options whose price was below share price<sup>28</sup> at December 31, 2009, would have led to a

<sup>27</sup> Shares settled bonds convertible into new and/or existing shares – see Financial Resources note.

<sup>28</sup> Until December 31, 2008, all stock options were taken into account to calculate the fully-diluted number of share, regardless of the share price.

rise in the number of shares of 2,112,567 increasing shareholders' equity by €224.7 Mn.

The full conversion of the ORNANE would lead to the issue of 189,288 new shares without any shareholders' equity increase. As at December 31, 2009, the fully-diluted number of shares taken into account for the NAV calculation totalled 93,586,481.

## 2.8 Unibail-Rodamco's triple net liquidation NAV

Unibail-Rodamco's triple net liquidation NAV (Group share) thus stood at €11,998.0 Mn or €128.20 per share (fully-diluted) as at December 31, 2009, a decrease of 15.2% compared with year-end 2008 and of 2.7% compared with mid-year 2009.

Value reduction during the year amounted to €17.25 per share, by adding back to the NAV decrease of €23.00 per share, the €5.75 dividend paid out in 2009.

UNIBAIL-RODAMCO Triple net liquidation NAV (€ Mn)	Dec 31, 2008	June 30, 2009	Dec 31, 2009
<b>Consolidated shareholders' equity</b>	<b>12,885.2</b>	<b>11,278.3</b>	<b>11,316.3</b>
Amounts owed to shareholders	142.6	191.5	-
Bonds redeemable for shares (restatement of debt component)	224.6	146.6	0.4
Amounts owed to bonds redeemable for shares	15.2	1.6	-
Deduction of the goodwill on exchange offer	- 174.0	- 152.3	- 141.8
Deduction of pipeline fair value recognised in PPA (1)	- 36.1	-	-
<b>Fair value adjustment</b>			
Intangible asset (2)	99.6	102.2	104.2
Fixed-rate debt	132.8	4.6	128.6
Ornane (3)			189.0
<b>Adjustment to taxes (4)</b>	<b>290.3</b>	<b>276.1</b>	<b>243.4</b>
<b>Adjustment to transfer taxes and disposal costs (5)</b>	<b>204.0</b>	<b>197.0</b>	<b>190.4</b>
<b>Impact of rights giving acces to share capital</b>			
Potential impact of stock options granted	343.6	96.3	224.7
<b>Triple net liquidation NAV (EPRA 'Diluted NNNAV')</b>	<b>14,127.8</b>	<b>12,132.7</b>	<b>11,998.0</b>
Fully diluted number of shares	93,465,395	92,132,064	93,586,481
<b>Fully diluted triple net liquidation NAV per share</b>	<b>151.2 €</b>	<b>131.7 €</b>	<b>128.2 €</b>
<b>% Change over 6 months</b>		<b>-12.9%</b>	<b>-2.7%</b>
<b>% Change over 1 year</b>			<b>-15.2%</b>

(1) Following the IAS40 amendment, the previous adjustment on pipeline revaluation is no longer required (see paragraph 2.2).

(2) Espace Expansion, Rodamco Gestion, and goodwill of Paris Nord Villepinte, Palais des Congrès Paris, Palais des Congrès Versailles and Palais des Congrès Issy-les-Moulineaux.

(3) Ornane, being in the money, is considered fully converted with dilution effect.

(4) Deferred tax on unrealised capital gains on property assets (balance sheet) minus Actual tax.

(5) Taxes already deducted from value of assets (balance sheet) minus Actual Transfer taxes.

NAV as at December 31, 2009 is reconciled with NAV as at June 30, 2009 and as at December 31, 2008 in the following table:

	Dec 08 to June 09	June 09 to Dec 09	Dec 08 to Dec 09
<b>Fully diluted NAV per share</b>	<b>151.20 €</b>	<b>131.70 €</b>	<b>151.20 €</b>
Revaluation of property assets	17.58 €	4.28 €	21.86 €
Retail	- 12.18 €	- 4.00 €	- 16.18 €
Offices	- 4.21 €	0.10 €	- 4.11 €
Convention & exhibition	- 1.19 €	- 0.39 €	- 1.58 €
Capital gain on disposals	0.07 €	0.53 €	0.46 €
Recurring net profit	4.63 €	4.30 €	8.93 €
Distribution	- 3.50 €	- 1.96 €	- 5.46 €
Mark-to-market of debt and financial instruments	- 3.24 €	- 1.16 €	- 4.40 €
Variation in transfer taxes & deferred taxes adjustments	0.09 €	0.74 €	0.65 €
Other	0.03 €	0.87 €	0.90 €
<b>Fully diluted NAV per share</b>	<b>131.70 €</b>	<b>128.20 €</b>	<b>128.20 €</b>



## FINANCIAL RESOURCES

In 2009, the financial market environment saw short term interest rates decreasing, credit spreads gradually tightening and liquidity improving. In this environment, Unibail-Rodamco raised €2.1 Bn of new medium to long term debt, accessing diversified types of markets (convertible bond market, public and private bond market and bank market).

Financial ratios are maintained at healthy levels with a Loan to Value (LTV) of 32% as at December 31, 2009, an interest coverage ratio of 3.9x and an average cost of debt limited to 4.0% in 2009.

### 1. Debt structure at December 31, 2009

Unibail-Rodamco's consolidated nominal financial debt at December 31, 2009 amounted to €7,365 Mn.

This financial debt includes the €575 Mn of net share settled bonds convertible into new and/or existing shares of Unibail-Rodamco (ORNANE) for 100% of their nominal value while the ORA is treated as equity<sup>29</sup>.

#### 1.1. Debt breakdown

Unibail-Rodamco's nominal financial debt as at December 31, 2009 breaks down as follows:

- €3,425 Mn in bond issues, of which €1,425 Mn in Euro Medium Term Notes (EMTN) of Unibail-Rodamco's programme and €1,500 Mn in EMTN of Rodamco Europe's programme, the remainder, €500 Mn, in Rodamco Europe bonds;
- €575 Mn in ORNANE;
- €560 Mn short term issues in commercial paper (*billets de trésorerie* and Euro Commercial Paper)<sup>30</sup>;
- €2,805 Mn in bank loans, including €1,930 Mn in corporate loans, €866 Mn in mortgage loans and €9 Mn in bank overdrafts.

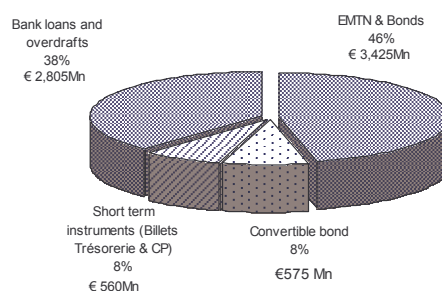
No loans were subject to prepayment clauses linked to the Group's ratings<sup>31</sup>.

<sup>29</sup> ORA (=Obligations Remboursables en Actions Unibail-Rodamco). The €0.4 Mn of the ORA recognised as debt is included in shareholders' funds – this approach is consistent with treatment of the ORA by S&P

For more information on ORA, see the Annual Report.

<sup>30</sup> Short term paper is backed by confirmed credit lines (see 1.2)

<sup>31</sup> Barring exceptional circumstances (change in control)



### 1.2. Funds Raised

Medium to long-term financing transactions completed in 2009 amounted to €2,149 Mn and include:

- The signing of medium to long term loans with banks for €754 Mn including:
  - (i) A 5-year club deal loan of €350 Mn signed in June 2009;
  - (ii) €404 Mn of bilateral loans with a maturity ranging between 2 years and 5 years including the net increase of loans refinanced in the course of 2009;
- The issue in April 2009 of a €575 Mn convertible bond (ORNANE). The ORNANE has the following features<sup>32</sup>:
  - 3.50% coupon
  - Duration of 5.7 years at issuance
  - Exercise price of €146.36 at issuance corresponding to a 30% issue premium
  - Upon conversion, the lower of the share price and nominal value is paid in cash and the optional value is paid in shares, thereby limiting the dilution impact for the Group.
- Private placements amounting to €320 Mn split as follows:
  - €70 Mn of inflation indexed bond swapped back to 3-month Euribor for a 10-year maturity
  - €100 Mn of 10-year CMS<sup>33</sup> indexed bond swapped back to 3-month Euribor for a 10-year maturity
  - €150 Mn of fixed rate bond for a 8-year maturity
- The issue in September 2009 of a €500 Mn bond with the following features:
  - 4.625% coupon
  - Duration of 7 years at issuance.

<sup>32</sup> For more details please refer to the AMF prospectus (dated April 21 2009, n°09-104)

<sup>33</sup> CMS: Constant Maturity Swap

As the market improved, with the Group's 5-year Credit Default Swap (CDS) moving from 520 bps on January 1, 2009 to 70 bps on December 31, 2009, financing conditions for Unibail-Rodamco have clearly evolved in the course of 2009:

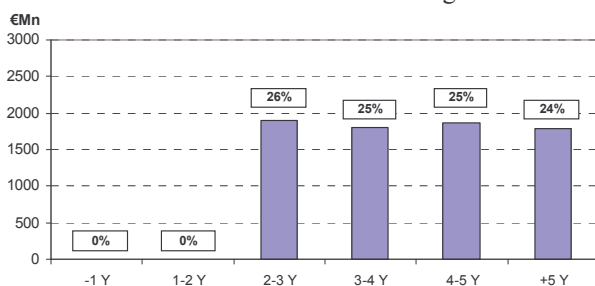
- 206 bps spread on average on €754 Mn of bank debt raised in 2009 with a 4.3-year average maturity
  - 168 bps spread on average on €820 Mn of bonds<sup>34</sup> raised in 2009 with a 7.8-year average maturity
  - leading to an average spread of 186 bps on bank and bond medium to long-term debt raised with a 6.2- year average maturity
- Other new financial resources were obtained from the money-market by issuing commercial paper. The average amount of commercial paper outstanding in 2009 was €475 Mn, including €424 Mn of *Billets de Trésorerie* and €51 Mn of Euro Commercial Paper raised on average during 2009 (maturity of up to 4 months). *Billets de trésorerie* were raised over 2009 at an average margin of 10 bps above Eonia and Euro Commercial Paper at an average margin of 3 bps above Euribor.

As at December 31, 2009, the total amount of undrawn credit lines came to €3,478 Mn.

In January 2010, €225 Mn of credit lines have been cancelled and €200 Mn of bank loans repaid in view of their cost.

### 1.3. Debt maturity

The following chart illustrates Unibail-Rodamco's debt as at December 31, 2009 after the allocation of the confirmed credit lines (including the undrawn part of the bank loans) by date of maturity and based on the residual life of its borrowings.



Nearly 75% of the debt had a maturity of more than 3 years as at December 31, 2009 (after taking into account undrawn credit lines).

<sup>34</sup>Excluding convertible bonds.

The average maturity of the Group's debt as at December 31, 2009, taking into account the confirmed unused credit lines, stood at 4.5 years (4.4 years as of December 31, 2008).

### Liquidity needs

Unibail-Rodamco's immediate debt repayment needs are largely covered by the available undrawn credit lines: the amount of bonds or bank loans outstanding as at December 31, 2009 and maturing or amortising in 2010 is €522 Mn. In 2011, the amount is €1,186 Mn to be compared with €3,478 Mn of undrawn credit lines outstanding as at December 31, 2009.

### 1.4. Average cost of Debt

Unibail-Rodamco's average cost of debt came to 4.0% over 2009 (4.2% over 2008). This average cost of debt results from the level of margins on existing borrowings, the low interest rate environment in 2009, the cost of the Group's hedging instruments and the cost of carry of the undrawn credit lines.

### 2. Ratings

Unibail-Rodamco is rated by the rating agencies Moody's and Standard & Poor's.

Standard & Poor's confirmed its long-term rating 'A' and its short-term rating 'A1' with a stable outlook in March 2009.

Moody's confirmed the Group's long-term rating of 'A3', also with a stable outlook in June 2009.

### 3. Market risk management

Market risks can generate losses resulting from fluctuations in interest rates, exchange rates, raw material prices and share prices. Unibail-Rodamco's risk is limited to interest rate fluctuations on the loans it has taken out to finance its investments and maintain the cash position it requires, as well as to exchange rate fluctuations due to the Group's international activities in countries outside the Euro-zone. The Group is not exposed to any equity risks.

Unibail-Rodamco's risk management policy aims to limit the impact of interest rate fluctuations on profit, while minimising the overall cost of debt. To achieve these objectives, the Group uses derivatives, mainly caps and swaps, to hedge its interest rate exposure through a macro hedging policy. Market transactions are confined exclusively to these interest rate hedging activities, which are managed centrally and independently.

To manage exchange rate risk, the Group aims to limit its net exposure by raising debt in local currency, by using derivatives and by buying or selling foreign currencies at spot rates.

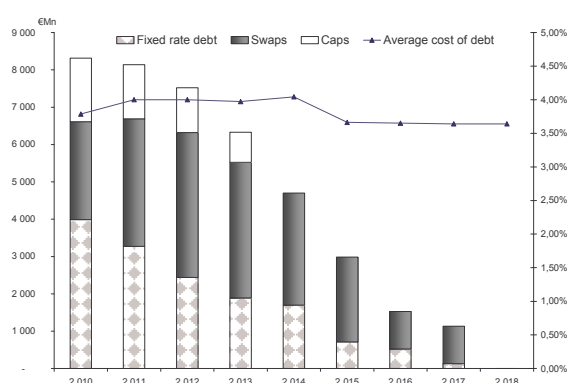
Due to its use of derivatives to minimise its interest rate and currency risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default.

### 3.1. Interest rate risk management

#### Interest rate hedging transactions

During 2009, Unibail-Rodamco took the opportunity of the low interest rate environment to reinforce its already existing hedging portfolio for the years 2011 to 2013. In particular, it entered into €300 Mn of 3-year collars beginning in 2011.

*Annual projection of average hedging amounts and fixed rate debt (€ Mn – as at December 31, 2009)*



The graph above shows:

- The part of debt which is kept at fixed rate, corresponding mainly to Rodamco's bonds.
- The hedging instruments used to hedge the variable rate loans and fixed rate debt immediately converted into variable-rate debt through the Group's macro hedging policy.

At the beginning of 2010, in view of its over-hedged position after the fixed rate debt raised in 2009 and reduction of debt level, Unibail-Rodamco cancelled

€1.2 Bn swaps and €400 Mn of collars. It also put in place €750 Mn collars covering 4 years beginning in 2010.

Note that, when applying IFRS, Unibail Holding did not opt to classify its financial hedging instruments as a cash flow hedge. As a result, any

fair value changes in these instruments are recognised in the income statement.

As for Rodamco Europe, it applied a cash flow hedge accounting policy according to IFRS for some of its derivative instruments.

#### Measuring interest rate exposure

As at December 31, 2009, net financial debt stood at €7,100 Mn, excluding partners' current accounts and after taking cash surpluses into account (€265 Mn).

The outstanding debt was hedged in totality against an increase in variable rates, based on debt outstanding as at December 31, 2009 through both:

- Debt kept at fixed rate
  - Hedging in place as part of Unibail-Rodamco's macro-hedging policy
- Part of this hedging is made of caps and collars which will allow the Group to benefit to a certain extent from the decrease of short-term interest rates in 2010.

Based on Unibail-Rodamco's debt situation as at December 31, 2009<sup>35</sup>, if interest rates (Euribor, Stibor or Libor) were to rise by an average of 0.5%<sup>36</sup> (50 basis points) during 2010, the resulting increase in financial expenses would have an estimated negative impact of €8.8 Mn on the recurring net profit. A further rise of 0.5% would have an additional adverse impact of €11.4 Mn. Conversely, a 0.5% (50 basis points) drop in interest rates would reduce financial expenses by an estimated €8.8 Mn and would enhance 2010 recurring net profit by an equivalent amount.

#### 3.2. Managing and measuring currency risk exposure

The Group has activities and investments in countries outside the euro-zone, primarily in Sweden. When converted into euros, the income and value of the Group net investment may be influenced by fluctuations in exchange rates against the euro. Wherever possible, the Group aims to match foreign currency income with expenses in the same currency, reducing the exchange effects on earnings volatility and net valuation of the investment. Translation risks are hedged by either matching cash investments in a specific currency with debt in the same currency, or using derivatives

<sup>35</sup> And including the derivatives trades made in January 2010

<sup>36</sup> The eventual impact on exchange rates due to this theoretical increase of 0.5% in interest rates is not taken into account; theoretical impacts of rise in interest rates are calculated above a Euribor, a Stibor and a Libor of 0.70%.

to achieve the same risk management-driven goal. Currency risk during the building period of pipeline investments is covered as early as possible after signing of the actual building contract. Other monetary assets and liabilities held in currencies other than the euro are managed by ensuring that net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term balances.

### Currency hedging transactions

To enhance its hedging instruments, during H1 2009, the Group put in place cross currency swaps transactions (replacing maturing foreign exchange swaps): 2-year cross currency swaps (SEK/EUR) have been put in place for a nominal amount of SEK3,385 Mn.

### Measuring currency exposure

*Main foreign currency positions (in € Mn)*

(in € Mn)						
Currency	Assets	Liabilities	Net exposure	Hedging Instruments	Exposure net of hedges	
SEK	1,413.5	- 362.4	1,051.2	- 672.0	379.2	
DKK	286.7	- 76.5	210.2	- 127.3	82.9	
HUF	1.0	-	1.0	-	1.0	
USD	175.1	- 15.7	159.4	- 30.2	129.2	
CZK	0.1	- 153.2	153.1	153.6	0.5	
PLN	0.2	- 0.9	0.7	-	0.7	
<b>Total</b>	<b>1,876.6</b>	<b>- 608.7</b>	<b>1,267.9</b>	<b>- 676.0</b>	<b>591.9</b>	

The main exposure kept is in Swedish Krona. A decrease of 10% in the SEK/EUR exchange rate would have a €34 Mn negative impact on shareholders' equity.

The sensitivity of the 2010 recurring result<sup>37</sup> to a 10% depreciation in the SEK/EUR exchange rate is limited to €5 Mn.

<sup>37</sup> The sensitivity is measured by applying a change in exchange rate to the net revenues in SEK (net rents – financial expenses - taxes), based on an EUR/SEK exchange rate of 10.3549.

### Financial structure

As at December 31, 2009, the portfolio valuation (including transfer taxes) of the Unibail-Rodamco group amounted to €22,313 Mn.

#### Debt ratio

As of December 31, 2009, the Loan-to-Value ratio (LTV) calculated for Unibail-Rodamco came to 32% compared to the level recorded at December 31, 2008 (30%). The slight increase of the ratio mainly results from the decrease in the fair market value of the portfolio.

#### Interest coverage ratio

The interest coverage ratio (ICR) for Unibail-Rodamco came to 3.9x for 2009. It is in line with the solid levels achieved in recent years (3.8 x in 2008). This level was realised as a result of: (i) the low level of the Group's average debt, (ii) the tightly controlled cost of debt and (iii) stable income.

Financial ratios	31 Dec. 2008	31 Dec. 2009
LTV <sup>38</sup>	30%	32%
ICR <sup>39</sup>	3.8x	3.9x

Those ratios show ample headroom vis a vis bank covenants usually set at 60% for LTV and 2x for ICR.

As at December 31, 2009, 88% of the Group's<sup>40</sup> credit facilities and bank loans allowed indebtedness amounting to 60% or more of total asset value.

There are no financial covenants (such as LTV or ICR) in the EMTN and the CP programs.

<sup>38</sup> Loan-to-Value (LTV) = Net financial debt / Total portfolio valuation including transfer taxes

<sup>39</sup> Interest Cover Ratio (ICR) = Recurring Ebitda / Recurring Net Financial Expenses (including capitalised interest); Recurring Ebitda being calculated as [total recurring operating results and other income less general expenses, excluding depreciation and amortisation]

<sup>40</sup> Credit facilities and bank loans taken at Corporate level, ie at Unibail-Rodamco, Rodamco Europe NV or Rodamco Europe Finance level, and excluding loans in other subsidiaries