unibail·rodamco

Paris, Amsterdam, July 21st, 2010

PRESS RELEASE

RESHAPING THE FUTURE

H1 2010 RESULTS

No 1 Listed Property Company in Europe
€23.3 Billion Property Portfolio (up 4.7% like-for-like)
€4.70 Recurring Earnings Per Share (up 0.4%)
€131.00 fully diluted NAV/share (up 2.2% on December 31, 2009)
31% Loan to Value
€20 per share capital reimbursement

Steady operational performance
The Group presents mid-year results in line with guidance: Recurring Earnings Per Share up 0.4%, despite low indexation, disposals ahead of plans, a seasonal slow first half year for Convention & Exhibition and a later than planned closing of the Simon Ivanhoe transaction. The positive results growth is mostly due to continued growth in the Retail division combined with lower administrative, interest and tax expenses.

Footfall in the Group's shopping centres was up 0.9% in H1 2010 and tenants' sales evolution is back to positive, with 2.2% increase (May year-to-date figures). Like-for-like rental income growth for the shopping centres came to + 1.8%, or + 1.2% above indexation. In the Office division, like for like growth came to a strong 8.7%, mostly due to leasing of vacant units.

Net asset value back to positive trend
After two years of decrease, the Group's appraised asset values grew by €1 billion, or 4.7% like-for-like to €23.3 billion. This is a consequence of the increasing long term investors interest in buying prime shopping centre and office properties. Despite the impact of the annual €8 per share distribution paid in May, the triple net NAV increased by 2.2% to €131/share, on the back of higher asset values.

Priority on selective acquisitions and major developments
The €715 million acquisition of the Simon Ivanhoe portfolio, announced in February, received competition authority clearance on July 12th, and closed on July 15th. Deliveries of several development projects took place such as Tour Oxygène and Lyon Part-Dieu extension in Lyon, and La Maquinista extension in Barcelona. In addition, the Group made very significant progress in structuring and obtaining authorisations for major projects of its €5.7 billion development pipeline.

Strategic focus, divestments and capital reimbursement

Since the merger between Unibail and Rodamco in 2007, the Group has pursued its strategy of concentrating on prime assets, building an exceptional portfolio of large shopping centres. Doing so enables a stronger management focus, fully dedicated to a smaller number of large, visible and highly profitable investments, where the Group's know-how in operation, marketing and development creates the difference.

This strategy was implemented through an ambitious divestment programme. Since the merger, some €4 billion worth of assets were sold. Backed by good market conditions, the Group is accelerating this policy with €1.2 billion of disposals signed or closed in H1 2010 (including the Capital 8 Messine Building) with an average 9% price premium achieved on appraisal value on these disposals. A further €500 million disposals are expected for the remainder of 2010.

As a consequence of this successful strategy and the strength of its balance sheet, the Group has the opportunity to reshape its capital structure to improve the quality of the return it generates for shareholders.

The joint Supervisory and Management Boards propose to return capital to the shareholders for an amount corresponding to €1.8 billion broadly in line with the disposal proceeds achieved, net of acquisitions, since the merger. For this purpose, the Group intends to call a general meeting for the 8th September 2010 to declare a capital reimbursement of €20 per share, distributable on October 12th, 2010. The capital reimbursement would be declared from the Group's contribution paid-in capital and paid from the available undrawn credit lines, which came to €4 billion at June 30, 2010.

The Group has approached two rating agencies Standard & Poor's and Fitch to rate the Group's pro forma financial position. The expected rating from both these agencies after the capital reimbursement is an "A" rating with stable outlook from Fitch and with negative outlook from Standard & Poor's.

The Group will still be among the least indebted companies within its peer group and will retain sufficient financial flexibility to deal with its significant development pipeline and any acquisition opportunities which may emerge while maintaining its highly focused strategic approach.

Outlook

The Group reaffirms its outlook for 2010 of growing the recurring earnings per share with 0% to 2%. This outlook incorporates the impact of the proposed capital reimbursement.

Key consolidated indicators (in € Mn)	H1-2010	H1-2009	Growth %	Growth % like for like
Shopping centres	474	469	1.0%	1.8%
Offices	108	111	-2.1%	8.7%
Convention & exhibition and hôtels	41	54	-23.5%	-23.5%
Net rental income	**624**	**634**	**-1.6%**	**0.4%**
Valuation movements and gain on disposals	977	-1,911		
Net profit group share	1,107	-1,324		
of which net recurring profit	429	426	0.8%	
Recurring earnings per share	**4.70 €**	**4.68 €**	**0.4%**	

	30 June 2010	Dec 31 2009	%	
Fully diluted liquidation Net Asset Value per share	**131.00 €**	**128.20 €**	**2.2%**	

The press release and its appendix can be found on Unibail-Rodamco's website: www.unibail-rodamco.com

About Unibail-Rodamco

Unibail-Rodamco is Europe's leading listed commercial property operator, investor and developer. It is present in 12 countries across the continent. Its portfolio of shopping centres, offices and convention-exhibition venues was valued at €23.3 billion on June 30, 2010. Its 1,616 employees create value for its shareholders by investing in and developing outstanding assets, then managing them to exceed its customers' expectations. The Group's success is founded on its ability to build strong relationships with tenants and communities and create comfortable, welcoming spaces for people to work, shop, relax and do business. The Group is listed on the CAC 40, AEX,Euronext 100 and Stoxx 50 indexes. Unibail-Rodamco's commitment to environmental, economic and social sustainability has been recognised with listings in the DJSI (World) and FTSE4Good indexes.
For more information, please visit our website: www.unibail-rodamco.com

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APPENDIX TO THE PRESS RELEASE
July 21, 2010

The press-release and its appendix can be found on Unibail-Rodamco's website
www.unibail-rodamco.com

[1] The financial information was subject to limited review by the auditors.

Consolidated Income Statement by segment

UNIBAIL-RODAMCO Consolidated Income Statement by segment (€ Mn)			2010-H1 Recurring activities	2010-H1 Valuation movements and disposals	2010-H1 Result	2009-H1 Recurring activities	2009-H1 Valuation movements and disposals	2009-H1 Result	2009 (full year) Recurring activities	2009 (full year) Valuation movements and disposals	2009 (full year) Result
RETAIL	FRANCE	Gross rental income	258.6	-	258.6	245.9	-	245.9	503.3	-	503.3
		Operating expenses & net service charges	-23.6	-	-23.6	-23.5	-	-23.5	-49.4	-	-49.4
		Net rental income	**235.0**	**-**	**235.0**	**222.4**	**-**	**222.4**	**453.9**	**-**	**453.9**
		Contribution of affiliates	2.4	4.8	7.1	2.7	-14.9	-12.2	4.9	-20.0	-15.0
		Gains on sales of properties	-	-	-	-	0.2	0.2	-	0.1	0.1
		Valuation movements	-	501.9	501.9	-	-712.8	-712.8	-	-821.9	-821.9
		Result Retail France	**237.4**	**506.6**	**744.0**	**225.1**	**-727.4**	**-502.3**	**458.9**	**-841.7**	**-382.8**
	NETHERLANDS	Gross rental income	67.9	-	67.9	81.4	-	81.4	157.5	-	157.5
		Operating expenses & net service charges	-5.6	-	-5.6	-7.1	-	-7.1	-15.0	-	-15.0
		Net rental income	**62.3**	**-**	**62.3**	**74.3**	**-**	**74.3**	**142.5**	**-**	**142.5**
		Contribution of affiliates			-	-	-	-	-	-	-
		Gains on sales of properties	-	7.0	7.0	-	4.6	4.6	-	5.3	5.3
		Valuation movements	-	71.2	71.2	-	-80.4	-80.4	-	-102.1	-102.1
		Result Retail Netherlands	**62.3**	**78.2**	**140.5**	**74.3**	**-75.8**	**-1.5**	**142.5**	**-96.8**	**45.7**
	NORDIC COUNTRIES	Gross rental income	62.4	-	62.4	58.9	-	58.9	118.9	-	118.9
		Operating expenses & net service charges	-16.1	-	-16.1	-14.8	-	-14.8	-28.7	-	-28.7
		Net rental income	**46.3**	**-**	**46.3**	**44.1**	**-**	**44.1**	**90.2**	**-**	**90.2**
		Gains on sales of properties	-	-	-	-	-	-	-	1.1	1.1
		Valuation movements	-	32.0	32.0	-	-166.9	-166.9	-	-235.4	-235.4
		Result Retail Nordic	**46.3**	**32.0**	**78.2**	**44.1**	**-166.9**	**-122.8**	**90.2**	**-234.3**	**-144.1**
	SPAIN	Gross rental income	65.2	-	65.2	65.0	-	65.0	130.3	-	130.3
		Operating expenses & net service charges	-5.2	-	-5.2	-5.5	-	-5.5	-10.5	-	-10.5
		Net rental income	**60.0**	**-**	**60.0**	**59.4**	**-**	**59.4**	**119.8**	**-**	**119.8**
		Gains on sales of properties	-	-	-	-	0.3	0.3	-	-2.9	-2.9
		Valuation movements	-	16.3	16.3	-	-222.5	-222.5	-	-287.5	-287.5
		Result Retail Spain	**60.0**	**16.3**	**76.3**	**59.4**	**-222.2**	**-162.8**	**119.8**	**-290.5**	**-170.7**
	CENTRAL EUROPE	Gross rental income	37.9	-	37.9	37.9	-	37.9	76.2	-	76.2
		Operating expenses & net service charges	-0.5	-	-0.5	-0.9	-	-0.9	-3.0	-	-3.0
		Net rental income	**37.3**	**-**	**37.3**	**37.0**	**-**	**37.0**	**73.1**	**-**	**73.1**
		Gains on sales of properties	-	-	-	-	0.1	0.1	-	-29.7	-29.7
		Valuation movements	-	41.3	41.3	-	-77.2	-77.2	-	-99.6	-99.6
		Impairment of goodwill	-	-	-	-	-37.8	-37.8	-	-35.1	-35.1
		Result Retail Central Europe	**37.3**	**41.3**	**78.7**	**37.0**	**-115.0**	**-78.0**	**73.1**	**-164.4**	**-91.3**
	AUSTRIA	Gross rental income	32.7	-	32.7	34.4	-	34.4	67.2	-	67.2
		Operating expenses & net service charges	0.7	-	0.7	-2.2	-	-2.2	-5.1	-	-5.1
		Net rental income	**33.4**	**-**	**33.4**	**32.2**	**-**	**32.2**	**62.1**	**-**	**62.1**
		Valuation movements	-	47.5	47.5	-	-33.8	-33.8	-	-41.8	-41.8
		Result Retail Austria	**33.4**	**47.5**	**80.9**	**32.2**	**-33.8**	**-1.6**	**62.1**	**-41.8**	**20.3**
		TOTAL RESULT RETAIL	**476.7**	**721.9**	**1,198.6**	**472.1**	**-1,341.1**	**-869.0**	**946.5**	**-1,669.5**	**-723.0**
OFFICES	FRANCE	Gross rental income	93.5	-	93.5	92.1	-	92.1	183.9	-	183.9
		Operating expenses & net service charges	-2.1	-	-2.1	-3.9	-	-3.9	-5.2	-	-5.2
		Net rental income	**91.4**	-	**91.4**	**88.2**	-	**88.2**	**178.7**	-	**178.7**
		Gains on sales of properties	-	11.0	11.0	-	0.9	0.9	-	-7.7	-7.7
		Valuation movements	-	153.1	153.1	-	-331.0	-331.0	-	-318.3	-318.3
		Result Offices France	**91.4**	**164.1**	**255.5**	**88.2**	**-330.1**	**-241.9**	**178.7**	**-326.0**	**-147.3**
	OTHER COUNTRIES	Gross rental income	19.8	-	19.8	25.5	-	25.5	48.1	-	48.1
		Operating expenses & net service charges	-3.1	-	-3.1	-3.3	-	-3.3	-7.2	-	-7.2
		Net rental income	**16.7**	**-**	**16.7**	**22.2**	**-**	**22.2**	**40.9**	**-**	**40.9**
		Gains on sales of properties	-	1.1	1.1	-	0.3	0.3	-	-6.8	-6.8
		Valuation movements	-	-0.5	-0.5	-	-57.7	-57.7	-	-67.3	-67.3
		Result Offices other countries	**16.7**	**0.6**	**17.3**	**22.2**	**-57.4**	**-35.1**	**40.9**	**-74.1**	**-33.2**
		TOTAL RESULT OFFICES	**108.1**	**164.7**	**272.8**	**110.5**	**-387.5**	**-277.0**	**219.6**	**-400.1**	**-180.6**
CONVENTION EXHIBITION	FRANCE	Gross rental income	83.5	-	83.5	96.4	-	96.4	175.3	-	175.3
		Operating expenses & net service charges	-48.1	-	-48.1	-48.3	-	-48.3	-90.9	-	-90.9
		Net rental income	**35.4**	**-**	**35.4**	**48.2**	**-**	**48.2**	**84.3**	**-**	**84.3**
		On site property services	**16.6**	**-**	**16.6**	**21.2**	**-**	**21.2**	**33.8**	**-**	**33.8**
		Hotels net rental income	**5.9**	**-**	**5.9**	**5.8**	**-**	**5.8**	**11.8**	**-**	**11.8**
		Exhibitions organising	**6.2**	**-15.6**	**-9.4**	**5.8**	**1.1**	**6.9**	**7.0**	**-5.4**	**1.7**
		Valuation movements, depreciation, capital gains	-6.1	106.4	100.3	-5.2	-183.0	-188.3	-11.0	-217.8	-228.8
		TOTAL RESULT CONVENTION EXHIBITION	**58.0**	**90.8**	**148.8**	**75.7**	**-181.9**	**-106.2**	**125.9**	**-223.1**	**-97.2**
		Other property services net operating profit	4.6	-	4.6	5.5	-	5.5	8.4	-	8.4
		Other net income	0.7	-	0.7	9.2	-	9.2	9.4	-	9.4
TOTAL OPERATING RESULT AND OTHER INCOME			**648.1**	**977.4**	**1,625.5**	**672.9**	**-1,910.5**	**-1,237.5**	**1,309.8**	**-2,292.8**	**-982.9**
		General expenses	-46.0	-	-46.0	-49.4	-	-49.4	-97.6	-	-97.6
		Development costs	-1.3	-	-1.3	-0.7	-	-0.7	-6.5	-	-6.5
		Financing result	-131.1	-130.9	-261.9	-138.1	-91.8	-229.8	-282.1	-311.9	-594.0
PRE-TAX RESULT			**469.7**	**846.5**	**1,316.2**	**484.8**	**-2,002.2**	**-1,517.4**	**923.6**	**-2,604.6**	**-1,681.1**
		Corporate income tax	3.3	-50.9	-47.6	-13.0	81.8	68.8	0.6	114.0	114.5
NET RESULT			**473.0**	**795.6**	**1,268.6**	**471.8**	**-1,920.4**	**-1,448.6**	**924.1**	**-2,490.7**	**-1,566.5**
		Non-controlling interests	43.8	117.4	161.2	46.3	-170.9	-124.6	87.9	-186.7	-98.8
NET RESULT - OWNERS OF THE PARENT			**429.1**	**678.3**	**1,107.4**	**425.5**	**-1,749.5**	**-1,324.0**	**836.3**	**-2,304.0**	**-1,467.8**

	2010-H1	2009-H1	2009 (full year)
Average number of shares and ORA	91,364,731	90,857,546	90,979,941
Recurring earnings per share	**4.70 €**	**4.68 €**	**9.19 €**
Recurring earnings per share growth	**0.43%**	**7.83%**	**7.11%**

Consolidated Income Statement (EPRA format)

CONSOLIDATED INCOME STATEMENT - Presented under EPRA format (in € Mn)	**H1-2010**	**H1-2009**	**2009**
Gross rental income	727.5	743.5	1,472.9
Ground rents paid	-10.5	-9.9	-20.8
Net service charge expenses	-6.2	-7.3	-12.3
Property operating expenses	-87.1	-92.4	-182.6
Net rental income	**623.7**	**633.8**	**1,257.3**
Corporate expenses	-44.9	-48.3	-95.3
Development expenses	-1.3	-0.7	-6.5
Depreciation	-1.1	-1.1	-2.3
Administrative expenses	**-47.3**	**-50.1**	**-104.1**
Revenues from other activities	71.6	88.1	155.2
Other expenses	-56.4	-57.3	-114.4
Net other income	**15.2**	**30.9**	**40.8**
Proceeds from disposal of investment properties	604.5	107.9	698.7
Carrying value of investment properties sold	-585.4	-101.1	-738.9
Result on disposal of investment properties	**19.1**	**6.8**	**-40.2**
Valuation gains	1,031.3	60.4	86.0
Valuation losses	-62.2	-1,926.1	-2,278.1
Valuation movements	**969.1**	**-1,865.7**	**-2,192.1**
Impairment of goodwill	**-**	**-37.8**	**-35.1**
NET OPERATING RESULT BEFORE FINANCING COST	**1,579.8**	**-1,282.1**	**-1,073.5**
Result from non-consolidated companies	0.7	-0.1	-0.2
Financial income	*38.6*	*45.1*	*78.4*
Financial expenses	*-169.7*	*-183.2*	*-360.5*
Net financing costs	-131.1	-138.1	-282.1
Bonds redeemable for shares	-	-4.8	-6.3
Fair value adjustment of ORNANE	57.4	-28.1	-188.9
Fair value adjustments of derivatives and debt	-190.8	-58.2	-117.3
Debt discounting	2.6	-0.8	0.6
Share of the profit of associates	-5.8	-11.5	-22.3
Income on financial assets	3.5	6.2	8.9
RESULT BEFORE TAX	**1,316.2**	**-1,517.4**	**-1,681.1**
Income tax expenses	-47.6	68.8	114.5
NET RESULT FOR THE PERIOD	**1,268.6**	**-1,448.6**	**-1,566.5**
Non-controlling interests	161.2	-124.6	-98.8
NET RESULT (Owners of the parent)	**1,107.4**	**-1,324.0**	**-1,467.8**

Average number of shares (undiluted)	91,344,655	82,725,028	85,655,385
Net result for the period (Owners of the parent)	1,107.4	-1,324.0	-1,467.8
Net result for the period (Owners of the parent) per share (€)	**12.12**	**-16.00**	**-17.14**
Net result for the period restated [1] (Owners of the parent)	1,050.0	-1,324.0	-1,467.8
Average number of diluted shares	91,941,681	91,020,439	91,178,707
Diluted net result per share - Owners of the parent (€)	**11.42**	**-14.55**	**-16.10**

NET RESULT FOR THE PERIOD	**1,268.6**	**-1,448.6**	**-1,566.5**
Foreign currency differences on translation of financial statements of subsidiaries	13.2	-21.7	-18.6
Gain/loss on net investment hedge	6.4	-7.9	-4.0
Cash flow hedge	1.4	-5.4	-2.6
OTHER COMPREHENSIVE INCOME	**21.0**	**-35.0**	**-25.2**
NET COMPREHENSIVE INCOME	**1,289.6**	**-1,483.6**	**-1,591.7**
Non-controlling interests	161.3	-125.1	-99.1
NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)	**1,128.2**	**-1,358.5**	**-1,492.6**

Recurring result	429.1	425.5	836.3
Non-recurring result	678.3	-1,749.5	-2,304.0
Recurring earning per share and ORA (€)	**4.70**	**4.68**	**9.19**

[1] The impact of the fair value of the "ORNANE" is restated from the net result of the period if it dilutes the net result per share.

Consolidated Statement of Financial Position (Balance sheet)

UNIBAIL-RODAMCO **Consolidated Statement of financial position** (in € Mn)	**30/06/2010**	**31/12/2009**
NON CURRENT ASSETS	**22,075.3**	**21,363.9**
Investment properties	**20,864.9**	**20,152.6**
Investment properties at fair value	*20,090.0*	*19,581.0*
Investment properties at cost	*774.9*	*571.6*
Other tangible assets	187.5	185.6
Goodwill	219.2	220.4
Intangible assets	197.7	197.4
Loans	244.8	244.9
Deferred tax assets [1]	10.9	11.9
Derivatives at fair value	86.6	81.5
Shares and investments in companies consolidated under the equity method	263.7	269.6
CURRENT ASSETS	**1,356.8**	**1,281.8**
Properties under promise or mandate of sale	**629.1**	**396.4**
Trade receivables from activity	**295.6**	**323.1**
Property portfolio	264.0	287.8
Other activities	31.6	35.3
Other trade receivables	**282.2**	**297.5**
Tax receivables	122.4	138.7
Receivables on sale of property	4.0	-
Other receivables	119.2	123.2
Prepaid expenses	36.6	35.6
Cash and cash equivalents	**150.0**	**264.8**
Financial assets	44.2	195.8
Cash	105.9	69.0
TOTAL ASSETS	**23,432.1**	**22,645.7**
Shareholders' equity (Owners of the parent)	**11,731.0**	**11,316.3**
Share capital	457.2	456.4
Additional paid-in capital	7,759.1	8,475.7
Bonds redeemable for shares	3.4	3.4
Consolidated reserves	2,459.4	3,925.1
Hedging reserve	1.8	0.4
Other reserves	- 57.3	- 76.9
Consolidated result	1,107.4	- 1,467.8
Non-controlling interests	**1,185.0**	**1,119.3**
TOTAL SHAREHOLDERS' EQUITY	**12,916.0**	**12,435.6**
NON CURRENT LIABILITIES	**8,256.3**	**8,289.0**
Commitment to purchase non-controlling interests	43.5	40.7
Net share settled bonds convertible into new and/or existing shares (ORNANE)	697.9	754.4
Long-term bonds and borrowings	6,099.2	6,371.7
Derivatives at fair value	436.5	267.6
Deferred tax liabilities [1]	693.1	639.2
Long-term provisions	14.2	18.9
Employee benefits	10.3	10.3
Guarantee deposits	170.7	171.1
Tax liabilities	1.0	3.4
Amounts due on investments	89.8	11.6
CURRENT LIABILITIES	**2,259.8**	**1,921.1**
Amounts due to suppliers and other current debt	**585.0**	**671.4**
Amounts due to suppliers	103.2	94.5
Amounts due on investments	193.9	208.9
Sundry creditors	130.1	174.9
Other liabilities	157.8	193.1
Current borrowings and amounts due to credit institutions	**1,543.9**	**1,125.9**
Tax and social security liabilities	**116.2**	**108.0**
Short term provisions	**14.8**	**15.8**
TOTAL LIABILITIES AND EQUITY	**23,432.1**	**22,645.7**

[1] In 2010, deferred tax assets and deferred tax liabilities within a same fiscal group are offset. 2009's figures were consequently restated.

Cash Flow Statement

UNIBAIL-RODAMCO Cash flow statement (€ Mn)	H1-2010	H1-2009	31/12/2009
Operating activities			
Net profit	**1,268.6**	**-1,448.6**	**-1,566.5**
Depreciation & provisions	12.4	40.4	50.0
Changes in value of property assets	-969.1	1,865.7	2,192.1
Changes in value of financial instruments	133.4	86.2	306.2
Discounting income/charges	-2.6	0.8	-0.6
Charges and income relating to stock options and similar items	4.0	4.3	5.8
Other income and expenses	0.1	0.2	0.3
Net capital gains/losses on sales of properties [1]	-19.1	-6.8	40.2
Income from companies consolidated under the equity method	5.8	11.5	22.3
Income on financial assets	-3.5	-6.2	-8.9
Dividend income from non-consolidated companies	-0.3	-	-
Net financing costs	131.1	142.9	288.4
Income tax charge	47.6	-68.8	-114.5
Cash flow before net financing costs and tax	**608.5**	**621.6**	**1,214.7**
Income on financial assets	3.5	6.2	8.9
Dividend income and result from companies under equity method or non consolidated	0.3	8.7	17.3
Income tax paid	-8.1	-11.6	-12.0
Change in working capital requirement	-57.6	-26.8	72.4
Total cash flow from operating activities	**546.5**	**598.2**	**1,301.4**
Investment activities			
Property activities	**214.2**	**-277.5**	**-187.7**
Acquisition of consolidated subsidiaries	-40.4	-56.9	-88.3
Amounts paid for works and acquisition of property assets	-350.6	-333.0	-800.0
Exit tax payment	-	-	-3.1
Property financing	0.6	3.4	4.0
Disposal of subsidiaries	-	1.0	1.0
Disposal of investment property	604.5	108.0	698.7
Finance leasing and short-term lending activities	**0.6**	**0.8**	**0.7**
Repayment of finance leasing	0.6	0.8	0.7
Financial activities	**-0.5**	**8.8**	**17.5**
Change in financial assets	-0.9	8.3	16.8
Disposal of financial assets	0.4	0.5	0.7
Total cash flow from investment activities	**214.3**	**-267.9**	**-169.5**
Financing activities			
Capital increase	15.3	18.7	30.0
Dividends paid to parent company shareholders	-731.2	-317.7	-510.9
Dividends paid to non-controlling shareholders of consolidated companies	-10.0	-10.9	-6.7
New borrowings and financial liabilities [2]	749.5	1,336.9	1,862.4
Repayment of borrowings and financial liabilities [2]	-758.4	-1,299.7	-2,104.6
Financial income	38.6	57.4	99.8
Financial expenses	-140.1	-148.2	-326.4
Other financing activities	-73.7	-	-42.5
Total cash flow from financing activities	**-910.0**	**-363.4**	**-998.9**
Change in cash and cash equivalents during the year	**-149.1**	**-33.2**	**132.9**
Cash at beginning of year	**256.4**	**123.7**	**123.7**
Effect of exchange rate fluctuations on cash held	**0.1**	**-0.5**	**-0.2**
Cash at year-end [3]	**107.4**	**90.0**	**256.4**

[1] This item includes capital gains/losses on property sales, disposal of short term investment property, disposals of financing leasing and disposals of operating assets.

[2] H1-2009 was restated to report cash flows arising from Commercial paper on a net basis.

[3] 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

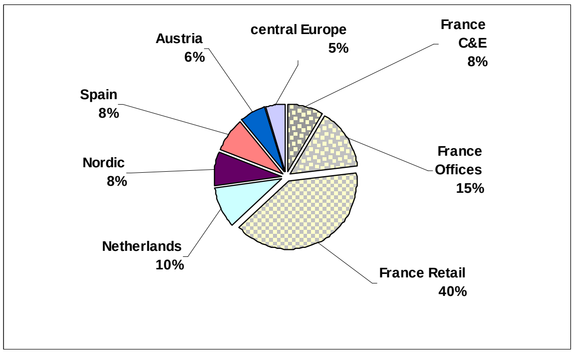
There was no significant change in the scope of consolidation since Jan 1st, 2010.

As at June 30, 2010, 291 companies in 12 countries have been fully consolidated with the exception of 23 companies accounted for under proportional method and 5 companies under the equity method[2].

The remaining minority share in Rodamco Europe NV was reduced to 0.83% as June 30, 2010 (1.48% at year end 2009) as the Group acquired 586,720 shares in June 2010, for a price per share of €70.65. Legal buy out proceedings under Dutch law initiated on December 14th, 2007 before Enterprise Chamber of the Court of Appeal in Amsterdam are ongoing.

The Unibail-Rodamco group is operationally organised under 6 geographical regions: France, the Netherlands, Nordic, Spain, Central Europe and Austria. As France has substantial representation of 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 asset value (Gross Market Value) per region as at June 30, 2010.



Accounting principles

Unibail-Rodamco's condensed consolidated financial statements as at June 30, 2010 have been prepared in accordance with IAS-34 "interim financial reporting" of the International Financial Reporting Standards[3] (IFRS) and are compliant with the EPRA[4] best-practices policy recommendations.

No changes were made compared to the accounting principles used for 2009 closing.

[2] Mainly COMEXPOSIUM subgroup (Trade show organisation business)

[3] As applicable in the European Union as at June 30, 2010

[4] European Public Real-estate Association

II. BUSINESS REVIEW BY SEGMENT

1. Shopping centres

1.1. Shopping centre market in H1'10

The economic environment remained difficult during the first half of 2010. It was marked by further increases in unemployment to levels of 10% in the Euro zone and 9.6% for the 27-member EU, low consumer confidence, the introduction of a first phase of austerity plans in European countries during the second quarter, and by particularly erratic consumption patterns.

The best located large shopping centres with a wide selection of retail, food and entertainment continue to attract the highest footfall and the best retailers. This is confirming the view that shopping has become more than a purchasing mission, and more of a leisure and wellbeing experience. Retailers are increasingly adapting to this change in behaviour, as evidenced by the success of for instance Apple, MAC and Hollister.

In this context, Unibail-Rodamco's shopping centres once again demonstrated a high degree of resilience. At end May, footfall was up by +0.9% and retailers' turnover by +2.2%, driven by the out-performance of supra-regional centres.

Turnover was up in all regions at the end of May, with the exception of Central Europe (-1.3%). Sales growth in Unibail-Rodamco's shopping centres in all the countries, except Czech Republic and Slovakia, out-performed the national indexes notably in very large shopping centres.

To emphasise the differentiation of the Group's centres, innovative events and marketing programmes continued and have boosted shopping centres activity.

Leasing activity, driven by sustained demand from major national and international retailers for large shopping centres, remained dynamic during the first half year.

Rent levels remained stable or increased in the large malls compared to 2009. Demand is being supported by the arrival of new retailers, primarily from the USA, which are launching significant expansion programmes in Continental Europe.

In the investment market, liquidity has returned with high competition for the best available assets, as evidenced for example by the CAP3000 transaction in Q2 of this year. The low interest rate environment has helped fuel the investment market, although many companies are still struggling to obtain amount of financing in line with those achieved in the past. Especially large institutional investors have come back into the market, in particular for prime products.

1.2. Rental income from Unibail-Rodamco shopping centres

Total consolidated Net Rental Income (NRI) of the shopping centre portfolio amounted to €474.3 Mn in first half of 2010. As a consequence of the ongoing divestments of non strategic assets especially in The Netherlands, the growth in NRI was limited to 1% compared to H1'09.

Region	Net Rental Income (€Mn)		
	2010-H1	2009-H1	%
France	235.0	222.4	5.6%
Netherlands	62.3	74.3	-16.1%
Nordic	46.3	44.1	4.8%
Spain	60.0	59.4	0.9%
Central Europe	37.3	37.0	1.0%
Austria	33.4	32.2	3.9%
Global	**474.3**	**469.4**	1.0%

The total net variation in NRI (+€4.9 Mn) came from:

- Delivery of new shopping centres or extensions: +€7.9 Mn:
  - ✓ Docks de Rouen–France (37,700 m²) opened in April 2009.
  - ✓ Docks Vauban–Le Havre-France (59,400 m²) inaugurated in October 2009.
  - ✓ Cnit-Paris La Défense, new retail area (16,670 m²) delivered in October 2009.
  - ✓ Lyon Part Dieu extension in Lyon-France (14,956 m²) opened in May 2010.
  - ✓ La Maquinista extension in Barcelona-Spain (15,912 m²) delivered in April 2010.
- Acquisitions of additional plots in Spain (Las Glories –Barcelona and Vallsur-Valladolid) and in Austria (Donauzentrum-Vienna) representing €1.4 Mn additional NRI compared to H1'09.
- Disposals of non strategic assets in The Netherlands generated a NRI loss of €14.2 Mn compared to H1'09.
- Taking into account €2 Mn of constant currency correction[5], the net growth like for like amounted to €7.8 Mn.

Region	Net Rental Income (€Mn) Like-for-like		
	2010-H1	2009-H1	%
France	224.8	220.1	2.1%
Netherlands	57.9	56.3	3.0%
Nordic	35.6	36.1	-1.2%
Spain	59.9	59.6	0.5%
Central Europe	37.7	37.0	2.0%
Austria	29.0	28.1	3.1%
Global	**444.9**	**437.1**	1.8%

Excluding currency effect

[5] Mainly in Sweden

On a like-for-like basis, H1'10 NRI grew by 1.8% compared to H1'09, of which 0.6% due to indexation, as shown in the table below.

Region	Net Rental Income like-for-like evolution (%)			
	Indexation	Renewals, relettings net of departure	other	Total
France	0.3%	0.9%	0.9%	2.1%
Netherlands	1.0%	0.0%	2.0%	3.0%
Nordic	2.0%	-2.6%	-0.6%	-1.2%
Spain	0.5%	-1.3%	1.3%	0.5%
Central Europe	1.0%	1.7%	-0.7%	2.0%
Austria	0.1%	2.3%	0.7%	3.1%
Global	0.6%	0.4%	0.8%	1.8%

Net of indexation and on a like for like basis, the average NRI growth rate was +1.2%, with a noteworthy performance of 3% in Austria, in particular thanks to an increase in tenants rotation.

The Nordic countries showed a negative evolution due to significant costs for snow cleaning and heating in this region which endured one of the harsher winters on record, and to an increase in vacancy in Forum Nacka in Sweden and Fisketorvet in Denmark.

On the whole portfolio, sales based rents represented 1.7% of total net rental income of H1'10 (1.5 % on full year 2009).

1.3. Leasing activity in H1'10

During the first half year, Unibail-Rodamco continued to benefit from its differentiating retailer strategy.

726 leases were signed in H1'10 (545 in H1'09), of which 106 contracts signed with Cross-Border and Premium retailers, including 20 contracts which introduced brands to new countries, shopping centres or cities for the first time.

Among the best achievements: the signature with Forever 21 (3,364 m²) at La Maquinista which is its first lease contract signed in a continental European shopping centre, Hollister's signature of its first store in Barcelona at La Maquinista, Desigual's first implementation in Austria and in Sweden, Kiko's first stores in shopping centres in France at Rosny 2, La Part-Dieu and Lyon-Confluence and Kiehl's first store in a shopping centre at Les Quatre Temps Paris-La Défense.

In total €62.4 Mn of Minimum Guaranteed Rents with an average uplift of 16.5% was signed in H1'10 versus €50.1 Mn in H1'09 with an average uplift of 23% (21% on average in 2009).

region	lettings / re-lettings / renewals excl. Pipeline				
	nb of leases signed	m²	MGR (€ Mn)	MGR uplift like for like	
				€ Mn	%
France	180	36,387	21.4	2.9	17.1%
Netherlands	34	11,355	4.2	0.4	12.5%
Nordic	101	17,978	6.3	0.2	4.5%
Spain	243	49,579	17.8	1.5	9.7%
Central Europe	104	8,974	4.7	0.9	24.3%
Austria	64	23,218	8.0	2.0	50.8%
Global	726	147,491	62.4	8.0	16.5%

MGR : Minimum Guaranteed Rent

1.4. Vacancy and Lease expiry schedule

As at June 30, 2010 aggregated annualised Minimum Guaranteed Rents from Unibail-Rodamco's shopping centre portfolio amounted to €968.9 Mn, excluding variable rents and other income, compared to €977.8 Mn at year end 2009.

The following table shows a breakdown by expiry date and by next break option of the leases.

Retail portfolio	Lease expiry schedule			
	at date of next break option	as a % of total	at expiry date	as a % of total
Expired	38.9	4.0%	40.1	4.1%
2010	67.9	7.0%	49.3	5.1%
2011	225.1	23.2%	60.0	6.2%
2012	165.0	17.0%	100.0	10.3%
2013	152.2	15.7%	71.1	7.3%
2014	82.0	8.5%	74.4	7.7%
2015	79.1	8.2%	66.9	6.9%
2016	34.7	3.6%	58.8	6.1%
2017	36.7	3.8%	68.2	7.0%
2018	19.0	2.0%	74.4	7.7%
2019	27.0	2.8%	71.5	7.4%
2020	14.3	1.5%	41.6	4.3%
Beyond	26.9	2.8%	192.5	19.9%
M€	**968.9**	**100%**	**968.9**	**100%**

Potential rents from vacant space in operation on the total portfolio amounted to €23.3 Mn at June 30, 2010.

Financial vacancy as at June 30, 2010 stood at 2.3% on average across the total portfolio, increasing slightly compared to Dec 31, 2009 (1.9%).

Region	vacancy (June 30, 2010)		%
	€Mn	%	Dec 31, 2009
France	9.6	2.0%	1.7%
Netherlands	4.0	3.2%	2.1%
Nordic	5.8	4.6%	3.4%
Spain	1.8	1.5%	1.4%
Central Europe	0.2	0.2%	0.0%
Austria	1.9	3.5%	4.4%
Global	**23.3**	**2.3%**	**1.9%**

The occupancy cost ratio[6] remained stable between 2009 and H1 2010 and stands at 11.7% for the Group.

[6] Occupancy Cost Ratio = (rental charges + service charges including marketing costs for tenants) / (tenants' sales); VAT included and for all the occupiers of the shopping centre.

1.5. Investment

Unibail-Rodamco invested €362.1 Mn[7] (group share) in its shopping centre portfolio in H1'10:

- €257.7 Mn was invested in new shopping centres, projects and extensions under construction, mainly:
  - ✓ in France: Eiffel-Levallois, Lyon-Confluence and Lyon Part Dieu extension.
  - ✓ in Austria: Donauzentrum extension.
  - ✓ in Spain: La Maquinista extension.

  (See additional information in the following section on « Project pipeline »)
- €66.6 Mn was invested in renovation of existing shopping centres.
- €5.7 Mn was invested in acquisitions of several plots in Garberas and Parly 2.
- Financial costs, eviction costs and other were capitalised respectively for €8.3 Mn, €15.2 Mn and €8.6 Mn.

On July 1st 2010, the Group increased its stake in Euralille–Lille-France from 40% to 76% for a consideration of €44.3 Mn. This investment which was up to now consolidated under equity method will be fully consolidated in H2'10.

The acquisition of the Simon-Ivanhoe portfolio, announced on February 5, 2010, had not closed by the end of H1'10. On July 13, the Group announced it had obtained competition authority clearance in Warsaw to finalise the transaction, on the condition that the Group relinquishes its management role in the Zlote Tarasy shopping centre in Warsaw. The deal closed on July 15, 2010.

1.6. Divestments

The Group has continued to apply its strategy of divestment of non core assets.

All the sales of the first half year took place in The Netherlands with net disposal proceeds of €290.6 Mn and a net profit of €7 Mn.

On July 13, 2010, the Group sold St Martial shopping centre (15,100 m²) in Limoges for a disposal price of €99 Mn.

In The Netherlands, divestment contracts signed in H1'10 will be finalised in July for an additional amount of € 467.7 Mn.

1.7. Portfolio valuation

As at June 30, 2010 the shopping centre portfolio of Unibail-Rodamco was valued on the balance sheet at €16,603.5 Mn, excluding transfer taxes and disposal costs.

Valuation movements to shopping center investment properties (standing assets and property under development) amounted to +€710.3 Mn in H1'10, breaking down as follows: €501.9 Mn in France, €71.2 Mn in The Netherlands, €47.5 Mn in Austria, €41.4 Mn in Central Europe, €32.0 Mn in Nordic and €16.3 Mn in Spain (see details in the following section on Net Asset Value).

2. Offices

2.1. Office property market[8] in H1'10

Take-up

The Paris Region office market performed respectably over H1'10: the take-up was over 1.0 Mn m², which is an increase of 16% compared to H1'09.

This level has been maintained essentially by medium size transactions (1,000-5,000 m²) but the large segment (deals > 5,000 m²) was also relatively active since 36 large transactions were listed during H1'10.

Take-up in the Central Business District (CBD) over H1'10 increased by 65% compared to H1'09 and stood at 177,000 m².

The volume of office take-up in Paris Region for 2010 is expected to remain relatively stable or rise slightly compared to 2009 to stand between 1.8 and 2.0 Mn m² (1.8 Mn m² in 2009).

Available supply

After rising sharply for the last two years, immediate supply remained relatively stable during H1'10 and stood at 3.6 Mn m². The vacancy rate stood at 6.8% for the Paris Region at the end of H1'10 (unchanged compared to year end 2009). This level varies significantly however between the Paris regions.

The CBD vacancy rate slightly decreased to 5.9% and La Défense Business District still stands out with a low vacancy rate 6.1%.

On the whole, the Paris Region market suffers from increased second hand office supply. Only 26% of the immediate supply is new or refurbished.

In the CBD, only 19% of the immediate supply is new or refurbished and in La Défense, only 17% of the immediate supply is new or refurbished.

[7] Variation in gross asset value group share

[8] Sources: CBRE – Immostat – DTZ.

Rents

Rental values in the Paris Region experienced a decrease in 2009; according to brokers, this decreasing trend seemed to have stopped.

H1'10 showed that prime rents have stabilized in the CBD or in La Défense, and there are even signs of moderate upward pressure on rents in these areas. The highest rent during H1'10 in CBD stood at 830€/m² and at 530€/m² in La Défense.

The situation is however still different from one area to another within the Paris Region and from one class of buildings to another; second hand buildings and especially those in more peripheral locations are still experiencing a fall in rents.

Investment

Investment in offices during H1'10 has confirmed forecasts for a significant recovery in the Paris Region market. €2.1 Bn was invested over H1'10 (compared to €1.2 Bn during H1'09).

The unit size of deals has increased since several deals over €100 Mn were signed. The two biggest market transactions during H1'10 were the acquisition of the HSBC headquarters on the Champs Elysées for a net disposal price of €400 Mn and the acquisition of Capital 8 Messine by Allianz Real Estate for a net disposal price of €242.1 Mn (the latter sold by Unibail-Rodamco).

After having risen during a significant part of 2009, yields have been experiencing a compression. In Paris CBD, the prime yield stood at the end of H1'10 between 5.15% and 5.30%. However, the decrease in yields only applies to high quality well located assets offering secured cash-flows and has not yet spread to the other Paris Regions.

2.2. Office division H1'10 activity

Unibail-Rodamco consolidated net rental income from offices portfolio came to €108.1 Mn in H1'10.

Region	Net Rental Income (€Mn)		
	2010-H1	2009-H1	%
France	91.4	88.2	3.6%
Netherlands	6.4	11.8	-45.6%
Nordic	8.4	8.6	-1.7%
Other countries	1.9	1.9	-0.2%
Global	**108.1**	**110.5**	-2.1%

The decrease of €2.4 Mn from H1'09 to H1'10 is explained as follows:

- -€15.6 Mn came from disposals
  - ✓ Buildings sold in 2009 (mainly: Cambon, Clichy, 12 Mail and Iéna in Paris, Aegon building in The Hague -The Netherlands).
  - ✓ Buildings sold in 2010 (18-20 Hoche and Capital 8–Messine in Paris, Logistic in Spain)

- +€2.3 Mn came from the acquisition of "Le Sextant" building (13,300 m²) in Paris at year end 2009.

- +€2.4 Mn came from the delivery after renovation of Michelet-Galilée in Paris-La Défense, and Tour Oxygène in Lyon-France.

- After taking into account currency effect in Sweden (+€0.6 Mn) and one off items for €0.7 Mn, like-for-like NRI increased by €7.2 Mn, ie a 8.7% growth, despite a negative impact of indexation of -0.8%.

This variation is broken down as shown in the following table.

Region	Net Rental Income (€Mn) Like-for-like		
	2010-H1	2009-H1	%
France	75.4	66.5	13.4%
Netherlands	6.5	7.3	-11.3%
Nordic	5.9	6.9	-13.8%
Other countries	1.1	1.1	-
Global	**88.9**	**81.7**	8.7%

In France, which represents 85% of the offices NRI, leasing activity was sustained during the first half of 2010: 9,227 m² of vacant units were let and 23,249 m² were re-let or renewed corresponding to €14.9 Mn of total annual rent and 27,883 m² were renegotiated. Renewals, re-lettings and renegotiations were signed with a limited MGR downward adjustment of 0.2% compared to the previous leases.

As at June 30, 2010 annualised minimum guaranteed rents generated by the office portfolio amounted to €235 Mn, of which €197.4 Mn in France.

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	7.8	3.3%	8.1	3.4%
2010	21.5	9.1%	22.3	9.5%
2011	23.0	9.8%	8.1	3.5%
2012	17.8	7.6%	8.1	3.4%
2013	42.6	18.1%	14.8	6.3%
2014	18.6	7.9%	8.7	3.7%
2015	25.8	11.0%	29.0	12.4%
2016	29.0	12.3%	28.9	12.3%
2017	6.8	2.9%	20.5	8.7%
2018	9.7	4.1%	17.8	7.6%
2019	25.7	10.9%	58.8	25.0%
2020	0.9	0.4%	1.0	0.4%
Beyond	6.0	2.5%	8.8	3.7%
M€	**235.0**	**100%**	**235.0**	**100%**

Potential annualised rents from vacant office space in operation amounted to €15.4 Mn at June 30, 2010, corresponding to 6.2% of financial vacancy on the whole portfolio, mainly due to an increase in vacancy in The Netherlands. In France the financial vacancy (4.1%) as at June 30, 2010 slightly decreased compared to December 31, 2009 (4.3%).

2.3. Investment

Unibail-Rodamco invested €63.7 Mn in its office portfolio in H1'10.

No new acquisition was made during this period.

€ 40.7 Mn was invested for works, mainly in France for Tour Oxygène in Lyon and for development projects Phare, and Majunga in Paris-La Défense and Eiffel building in Levallois.
(See more details in the following section on Projects pipeline).

€14 Mn was invested for renovation of existing buildings, mainly Michelet-Galilée and Cnit offices in Paris La Défense.

Financial costs, eviction costs and other were capitalised respectively for €6.2 Mn, €1.9 Mn and €0.9 Mn.

2.4. Divestments

The Group sold 4 office buildings in H1'10 for a total net disposal price of €315.1 Mn and a net profit of €12.1 Mn:

- The most significant was Capital 8-Messine (18,107 m²) in Paris, sold for a net disposal price of €242.1 Mn at a net initial yield of 5.6%.
- 18-20 av Hoche in Paris (2,774 m²), for a net disposal price of €40 Mn and a net initial yield of 5.3%.
- One logistic building in Madrid-Spain for €28.1 Mn.
- One asset in Sweden for €4.9 Mn.

The net gain over the last appraised value (Dec 2009) was +5.7%.

On July 2, 2010, one building located 168 av Ch. de Gaulle in Neuilly-France was sold for a net disposal price of €62.5 Mn corresponding to a net initial yield of 5.7%.

2.5. Portfolio valuation

The office portfolio was valued €3,622.2 Mn (excluding transfer taxes and disposal costs) on the balance sheet at June 30, 2010, including 7 Adenauer Paris (own-use building) assigned at historical cost.

The change in the fair value of office investment properties since December 31, 2009 generated a positive valuation result of €152.6 Mn (see following section on Net Asset Value).

3. Convention & Exhibition

This activity is exclusively located in France, and consists of real estate venues rental and service providing (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.

The convention and exhibition business is seeing the effects from the global economic crisis. Several shows, such as the Furniture Show and the Paris Tuning show have been cancelled, while creations of new shows are slowing down.

Despite this environment, shows remain for exhibitors one of the most effective advertising media.
On average, companies attend 2.6 shows a year in France and 2.2 shows abroad. As a result, Viparis has hosted more than 22,000 exhibitors on this first half-year, only some 300 (or -1.3%) less than in H1'09.

In aggregate, 555 events were held on all VIPARIS venues in the first half 2010, of which 175 shows, 62 conventions, and 282 corporate events. Visitor numbers were satisfying with more than 3.2 million visits on VIPARIS's 11 venues.
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. However, during the first half of uneven years, more shows tend to take place than during even years (the Air show in Le Bourget for instance takes place in first half of uneven years) whereas during the second half of the year it is the opposite (the major Auto/Motor show in Porte de Versailles takes place in the second half of even years).

As a result of these seasonal effects and in view of the challenging external environment, H1'10 EBITDA amounted to a satisfactory €52.0 Mn. Compared to H1'09, this represents a decrease of €17.4 Mn while compared to the more relevant H1'08 results it has come down with €9 Mn.

As at mid-year, satisfactory pre-bookings are in place for 2010: 98% of 2010 leasing activities is secured.

Comexposium, trade show organisation business consolidated under equity method, contributed to the Group's recurring result for €6.2 Mn (€5.8 Mn in H1'09), of which €3.4 Mn due to tax losses activated.

III. First half 2010 Result

Administrative expenses amounted to €47.3 Mn, of which €1.3 Mn incurred for feasibility studies of development projects.
It represented a decrease of 5.6% compared to H1'09.

Property services net operating result (+€4.6 Mn) came from property services companies in France and in Spain.

The item 'other income' was limited to +€0.7 Mn in H1'10 whereas it amounted to €9.2 Mn in H1'09 due to a reversal of a provision for a successfully closed litigation.

Group net financial expenses totalled €148.7 Mn, including capitalised financial expenses of €17.6 Mn allocated to projects under construction. Net borrowing expenses recorded in the net recurring profit thus came to €131.1 Mn (€138.1 Mn in H1'09).

The ORNANE[9] issued in April 2009 was accounted at fair value, in accordance with IFRS. The decrease in value amounted to €57.4 Mn at June 30, 2010, resulting in a profit which did not affect the recurring result.

Most of the ORAs issued in 2007 were converted. Only 19,681 ORAs[10] were still in issue as at June 30, 2010.

In accordance with the option adopted by Unibail-Rodamco for hedge accounting (IAS 39), the change in value of caps and swaps was recognised directly in the P&L, resulting in a negative amount of €188.2 Mn[11]. This charge did not affect the recurring result.

The Group's average cost of financing came to 4.1% over first half 2010 (4.0 % over full year 2009). 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[12] do not exist and activities in France which are not eligible to the SIIC regime, mainly in the Convention & Exhibition business.

[9] Net share settled bonds convertible into new and/or existing shares.
[10] Convertible into 21,255 shares.
[11] Of which: €2.6Mn for discounting effect and €6.5 Mn for derivatives nettings.
[12] In France : SIIC (Société Immobilière d'Investissements Cotée).

Total income tax allocated to the recurring result was a credit of €3.3 Mn. The main differences compared to the recurring tax charge of €13 M€ in H1'09 are related to lower Viparis taxable result, recognition of deferred tax assets in Spain and reversal of provision for tax litigation closed.

Corporate income tax allocated to valuation result and disposals was a charge of €50.9 Mn due mainly to the variation of deferred taxes on assets' fair value.

Minority interests in the consolidated net recurring profit after tax amounted to €43.8 Mn. They related mainly to CCIP's minority share in VIPARIS (€13.1 Mn), to shopping centres in France and in Spain (€27.7 Mn, mainly Les Quatre Temps and Forum des Halles) and to the remaining 0.83% minority shareholders in Rodamco Europe (€3 Mn).

Consolidated net result (group share) was a profit of €1,107.4 Mn in H1'10. This figure breaks down as follows:

- **€429.1 Mn of recurring net profit**
- **€19.1 Mn net gains on disposals**
- **€659.2 Mn of fair value adjustments.**

Recurring result (€ Mn)	Consolidated	*Group Share*	*Minority Share*
Retail Net rental income	476.7	*438.2*	*38.5*
Offices Net rental income	108.1	*107.8*	*0.3*
Convention & Exhibition	58.0	*40.3*	*17.7*
Property services / other income	5.3	*5.3*	*-*
Operating result	**648.1**	***591.6***	***56.5***
General expenses / development	- 47.3	*- 47.1*	*- 0.2*
Financing result	- 131.1	*- 118.0*	*- 13.1*
Corporate income tax	3.3	*2.6*	*0.6*
Net Result	**473.0**	***429.1***	***43.8***
Non controlling interests	- 43.8		
Net result Group share	**429.1**	***429.1***	

The average number of shares and ORAs[13] in issue during this period was 91,364,731.

Recurring Earnings per Share came to €4.70 in H1'10, representing an increase of 0.43% compared to H1'09.

[13] ORA: Obligations Remboursables en Actions = bonds redeemable for shares. It has been assumed here that the ORAs have a 100% equity component.

IV. Post closing events

- On July 15, 2010, further to the formal clearance by the Polish Office of Competition and Consumer Protection (on the condition that the Group relinquishes its management role in the Zlote Tarasy shopping centre in Warsaw), the acquisition of Simon-Ivanhoe's portfolio in Poland and in France was finalized with a consideration for the assets of €715 Mn.

- On July 13, 2010, the Group completed the disposal of St-Martial shopping centre (15,100 m²) in Limoges for a disposal price of €99 Mn.

- Since June 30, €462.5 Mn of assets under sale agreements was sold in The Netherlands.

- On July 17, 2010, the Group announced that Fitch Ratings was replacing Moody's as one of the Groups's rating agencies, alongside Standard & Poor's.
  As of that date, the Group is rated "A" with stable outlook by Standard & Poor's.

V. Share capital reimbursement and Outlook

Since the merger between Unibail and Rodamco in 2007, the Group has pursued its strategy of concentrating on prime assets, building an exceptional portfolio of large shopping centres. Doing so enables a stronger management focus, fully dedicated to a smaller number of large, visible and highly profitable investments, where the Group's know-how in operation, marketing and development creates the difference.

This strategy was implemented through an ambitious divestment programme. Since the merger, some €4 billion worth of assets were sold. Backed by good market conditions, the group is accelerating this policy with €1.2 billion of disposals signed or closed in H1 2010 (including the Capital 8 Messine Building) with an average 9% price premium achieved on appraisal value on these disposals. A further €500 million disposals are expected for the remainder of 2010.

As a consequence of this successful strategy and the strength of its balance sheet, the Group has the opportunity to reshape its capital structure to improve the quality of the return it generates for shareholders.

The joint Supervisory and Management Boards propose to return capital to the shareholders for an amount corresponding to €1.8 billion broadly in line with the disposal proceeds achieved, net of acquisitions, since the merger. For this purpose, the Group intends to call an extraordinary general meeting for the 8^{th} September 2010 to declare a capital reimbursement of €20 per share, distributable on October 12^{th}, 2010. The capital reimbursement would be declared from the Group's contribution paid in capital and paid from the available undrawn credit lines, which came to €4 billion at June 30, 2010.

The Group has approached two rating agencies Standard & Poor's and Fitch to rate the Group's pro forma financial position. The expected rating from these agencies after the reimbursement is an "A" rating.

The Group will still be among the least indebted companies within its peer group and will retain sufficient financial flexibility to deal with its significant development pipeline and any acquisition opportunities which may emerge while maintaining its highly focused strategic approach.

Outlook

The Group reaffirms its outlook for 2010 of growing the recurring earnings per share with 0% to 2%. This outlook integrates the impact of the proposed capital reimbursement.

DEVELOPMENT AS AT JUNE 30, 2010

Unibail-Rodamco's development pipeline stood almost unchanged at €5.7 Bn, with new projects making up the delivery of several developments in H1'10. The development programme covers 1.1 Mn m^2 of additional Gross Lettable Area (GLA).

1. Development Market

The Property development sector is in turbulent but very interesting times. Very few new projects started construction in the past 12 months, as bank financing has vanished, leasing of newly developed projects has been difficult and the expected internal returns have proven harder to reach. For many projects that started 2 or 3 years ago, the land sites have been acquired at top m^2 prices and the construction contracts were secured at pretty high levels.

Yet, a world of opportunities has also appeared:
1 - Land prices have taken time to adjust downward as developers have managed to buy time with their banks. However the time has come where banks are foreclosing on the land plots, or are forcing the disposal of projects not yet under construction.
2 - Real development opportunities are coming to the market, sometimes with the benefit of being partially or fully authorized (zoning, commercial licenses, building permits).
3 - Construction companies have maintained good results in the past 2 years because of the completion of projects already financed before the crisis. Various state driven or public actions to support the construction industry with public investment (infrastructure or subsidized residential development) created some demand. However, it is probable that the construction industry will face a very tough period of time and that the construction prices will adjust downwards as the order books are shrinking.
4 - Both in the office and the retail sectors, the expected rental levels of newly developed projects are lower today than before the crisis, apart for high quality assets.
The appetite from retailers that have reduced their expansion plans in the past 18 months are now returning for product of top quality. At the same time, many international retailers are trying to enter countries in which they were not present.
5 - The attitude of local authorities has changed to become much more supportive of development projects because of their positive tax, employment and economical impact. The high number of projects stopped or delayed, mainly for their lack of financing, has made good projects developed by big players even more important for national, regional or local governments.
6 - Finally the cost of borrowing is quite cheap with interest rates at historical low levels. However, in today's risk adverse environment this cheap money goes less towards risky projects and available volumes for brownfield projects are low.

2. Unibail-Rodamco's development strategy

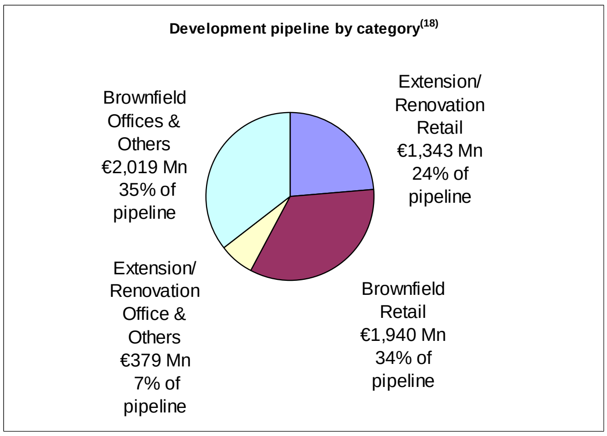
In this turbulent project development environment, Unibail-Rodamco's strategy in property development has been highly adaptive and pro-active.

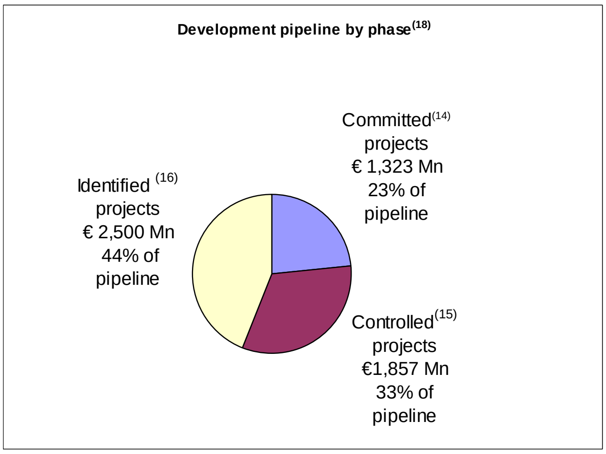
The Group has managed the past 2 years with flexibility on timing, and a tougher stance on project design and management, i.e.:
- delaying the full commitment of its development projects while keeping all the major projects alive
- stopping the few small and non-strategic projects with no potential for future value creation
- successfully opening three new shopping centers (Rivetoile, Docks 76, Docks Vauban) and extensions and renovations of existing shopping centers (Forum Nacka, Lyon Part Dieu, etc.)
- taking a more conservative approach on the projects' income projections
- re-visiting most of the development projects, including re-design to further improve their cost efficiency, re-negotiating the land prices, re-adjusting the development structure, etc. to meet economic hurdle rates
- acceleration of the extension / renovation of existing large shopping centers
- move to win-win agreements with the various development partners (land owners, retailers)
- build stronger relationships with local authorities in view of future development opportunities
- increase marketing efforts and cross border leasing activities with the expanding retailers.

As a result, the Unibail-Rodamco development pipeline retains about the same size as before the crisis, but with an improved strength and a tremendous potential.

3. Development pipeline overview

The development pipeline as of June 30, 2010, can be broken down as follows:





With €3.3 Bn, the retail sector makes up the largest part of the overall pipeline. The activities are split between new projects 59%, extensions/renovations of existing malls representing 41% of the pipeline. The projects aim to create, extend or add in total 703,000 m^2 of GLA.

The office sector pipeline comes to €2.4 Bn in value of investment, out of which 84% for newly build offices on 329,000 m^2 GLA, and the remainder will be spent on redeveloping existing assets.

The table at the end of this report gives more detail on the projects that make up this development pipeline.

Committed[14] retail projects are 70% prelet (signed or under negotiation) to date. There is no preletting of the committed[14] office projects.

4. Investments in H1 2010

Unibail-Rodamco invested €324.3 Mn[17] (group share) in its shopping centre portfolio in H1'10:

- €257.7 Mn was invested in new shopping centres, projects and extensions under construction, mainly:
  - ✓ in France: Eiffel-Levallois, Lyon-Confluence and La Part Dieu extension in Lyon.
  - ✓ in Austria: Donauzentrum extension.
  - ✓ in Spain: La Maquinista extension.
- €66.6 Mn was invested in renovation of existing shopping centres.

Unibail-Rodamco invested €54.7 Mn[17] in its office portfolio in H1'10.

- €40.7 Mn was invested for works, mainly in France for Tour Oxygène in Lyon and for development projects Phare, and Majunga in Paris-La Défense and Eiffel building in Levallois.

- €14 Mn was invested for renovation of existing buildings, mainly Michelet-Galilée and Cnit offices in Paris La Défense.

5. Deliveries in H1 2010

Deliveries during the first half of 2010 include:

- La Part-Dieu extension in Lyon, France: 14,956 m^2 of retail space was added for a total investment cost of €55 Mn. The opening of this extension of the Lyon Part-Dieu centre took place in May and resulted in an increase in visit numbers to the whole centre with 30% and an increase in tenant sales with 40% on month of opening. The extension is 100% let.

- La Maquinista extension in Barcelona, Spain. This 15,912 m^2 extension to the successful La Maquinista shopping centre was delivered in April at a total investment cost of €44 Mn, and will be opened to the public in Q4 of this year. The extension is 92% pre-let as of June 30, 2010.

- Tour Oxygène in Lyon, France. This newly built office tower was delivered in April 2010. It has in total 29,421 m^2 GLA and is 77% let. It was built at a total investment cost of €110 Mn.

- Michelet-Galilée refurbishment of the existing office building was completed in March for a total investment cost of €36 Mn and is now fully let.

[14] Committed projects: projects currently under construction, for which Unibail-Rodamco controls the land and has obtained all necessary administrative authorisations and permits.

[15] Controlled projects: project in an advanced stage of studies, for which Unibail-Rodamco controls the land, but where all administrative authorisations are not obtained yet.

[16] Identified projects: projects for which Unibail-Rodamco has the exclusivity but where negotiations for building rights or project definition are still underway

[17] Group-share, excluding financial costs and internal costs capitalised.

[18] % indicate the % in value

6. Project overview

Development Projects (1)	Business	Country	City	Type	Total Complex GLA (m²)	GLA UR share(m²)	UR Cost to Date (€Mn)(2)	Expected Cost (UR scope of consolidation) (€ Mn)(2)	Expected completion date	UR Yield on cost (%)
DONAUZENTRUM	Shopping Centre	Austria	Vienna	Extension / Renovation	25 876	25 876	109	163	H2 2010	
EIFFEL OFFICES	Office & others	France	Paris Region	Brownfield	33 441	33 441	113	191	H2 2011	
LYON CONFLUENCE	Shopping Centre	France	Lyon	Brownfield	53 396	53 396	154	243	H2 2011	
FARO DEL GUADIANA - BADAJOZ	Shopping Centre	Spain	Badajoz	Brownfield	59 000	36 827	35	80	H1 2012	
EIFFEL RETAIL	Shopping Centre	France	Paris Region	Brownfield	47 989	47 989	175	322	H1 2013	
TABY CENTRUM	Shopping Centre	Sweden	Greater Stockholm	Extension / Renovation	27 233	27 233	16	231	H2 2014	
OTHERS					33 749	30 649	32	93		
Committed Projects(4)					**280 684**	**255 411**	**633**	**1 323**		**7,4%**
CENTRUM CERNY MOST	Shopping Centre	Czech Rep.	Prague	Extension / Renovation	39 558	39 558	14	123	H2 2012	
LA TOISON D'OR	Shopping Centre	France	Dijon	Extension / Renovation	15 653	15 653	2	71	H2 2012	
RENNES ALMA	Shopping Centre	France	Rennes	Extension / Renovation	11 242	11 242	24	81	H1 2013	
MAJUNGA	Office & others	France	La Défense	Brownfield	63 035	63 035	47	377	H2 2013	
AEROVILLE	Shopping Centre	France	Paris Region	Brownfield	66 061	66 061	10	309	H2 2013	
MALL OF SCANDINAVIA	Shopping Centre	Sweden	Stockholm	Brownfield	94 884	94 884	11	400	H2 2013	
LES PORTES DE GASCOGNE (3)	Shopping Centre	France	Toulouse	Brownfield	85 000	49 893	6	204	H2 2013	
FORUM DES HALLES	Shopping Centre	France	Paris	Extension / Renovation	15 282	15 282	0	83	2013-2014	
BENIDORM	Shopping Centre	Spain	Benidorm	Brownfield	54 638	41 638	89	158	H2 2015	
OTHERS					20 920	20 920	16	51		
Controlled projects(5)					**466 273**	**418 166**	**218**	**1 857**		**8.0%-8.5%**
FISKETORVET	Shopping Centre	Denmark	Copenhagen	Extension / Renovation	2 625	2 625	0		2012	
PARLY 2	Shopping Centre	France	Paris Region	Extension / Renovation	14 545	11 268	10		2013	
ROSNY 2	Shopping Centre	France	Paris Region	Extension / Renovation	20 049	7 135	2		2013	
COURCELLOR 1	Office & others	France	Paris Region	Extension / Renovation	39 650	39 650	3		2014	
NOVA 3	Shopping Centre	Sweden	Lund	Extension / Renovation	6 900	6 900	1		2014	
PHARE	Office & others	France	La Défense	Brownfield	132 046	132 046	44		Post 2015	
TRIANGLE	Office & others	France	Paris	Brownfield	83 887	83 887	2		Post 2015	
OTHERS					180 400	180 400	17			
Identified projects(6)					**480 102**	**463 911**	**79**	**2 500**		**8.0%-8.5%**
Total Pipeline					**1 227 059**	**1 137 488**	**929**	**5 680**		**8% Target**

(1) Figures subject to change according to the maturity of the project.
(2) Excluding financial costs and internal costs capitalised.
(3) Portes de Gascogne: Part of Simon Ivanhoe deal, not yet in the scope as of 30/06/2010.Owned in a 50% JV with Simon and Ivanhoe Cambridge. 85,000 m² GLA of total complex, of which ca 15,000 m² GLA of retail park, ca 20,000 m² GLA of hypermarket and ca 50,000 m² GLA of shopping centre.
(4) Committed projects: projects currently under construction, for which Unibail-Rodamco controls the land and has obtained all necessary administrative authorizations and permits.
(5) Controlled projects: projects in an advanced stage of studies, for which Unibail-Rodamco controls the land, but where all administrative authorizations are not obtained yet
(6) Identified projects: identified projects, for which Unibail-Rodamco has the exclusivity but where negotiations for building rights or project definition are still underway

NET ASSET VALUE AS AT JUNE 30, 2010

Unibail-Rodamco's fully-diluted triple net liquidation NAV (Net Asset Value – owners of the parent) amounted to €131.00 per share as at June 30, 2010, up 2.2% from December 31, 2009. The total NAV increase of €2.80 per share reflects the effect of marking to market of assets and liabilities of €5.90 and the recurring earnings and divestment results of net €4.90, offset by the distributions during the first half-year 2010 of €8.00.

1. PROPERTY PORTFOLIO

In the first half of 2010, investment markets continued the recovery on the back of improved investor sentiment, which started to feed through during the second half of 2009. However, as investors remain risk averse and are focused on core markets and prime quality products, the recovery of values diverges between asset classes and regions.

Compared to last year, liquidity in the investment market has picked up, even in the large lot size bracket (up to €500 Mn). International investors with equity are increasingly active in the market, focusing attention on prime product which is in very short supply. This has led to competitive bidding on those assets that were put up for sale, which created downward pressure on yields especially in France.

Appraisers have shifted attention away from yields, which have stabilised or slightly improved, to sales performance and they have refined the assumptions in their cash flow forecasts as a result. The Group's portfolio is proving resilient and the dominant assets continue to lease well. In the occupiers' market, Unibail-Rodamco leasing teams are witnessing increasing demand, mostly from international retailers who want to use the window of opportunity to expand and secure space in dominant locations in times of reduced competition.

Unibail-Rodamco's asset portfolio including transfer taxes grew from €22,313 Mn at year-end 2009 to €23,278 Mn at June 30, 2010. On a like-for-like basis, the value of the overall portfolio increased by €972 Mn net of investments, i.e. up 4.7% compared with year-end 2009.

Asset portfolio valuation of UNIBAIL-RODAMCO (including transfer taxes) (a)	December 31, 2009		June 30, 2010		Like-for-like change net of investment - first half year 2010 (b)	
	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	16,528	74%	17,463	75%	731	4.7%
Offices	3,926	18%	3,851	17%	144	4.3%
Convention-Exhibition centres (c)	1,541	7%	1,663	7%	113	7.3%
Services	318	1%	301	1%	- 16	-5.0%
Total	**22,313**	**100%**	**23,278**	**100%**	**972**	**4.7%**

(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) Principal changes in the scope of consolidation during the half-year:
- Acquisition of plots in Eiffel Levallois (office building + shopping center under development near Paris) and in Garbera (San Sebastian/Spain).
- Disposal of Dutch small neighbourhood shopping centres (notably Willem Eggert, Woensel and Carnisse Veste shopping centers).
- Disposal of Capital 8-Messine and 18-20 Hoche office buildings in Paris.
- Disposal of Leganes (last logistics asset) in Madrid/Spain.

Changes on a like-for-like basis do not include the changes listed above.
(c) Based on a full scope of consolidation, with a 50% ownership for most Convention-Exhibition venues, Group share portfolio valuation as at June 30, 2010 is equal to €999 Mn (see §1.5).

Appraisers

Early 2010, the Group appointed two international, qualified appraisers, Jones Lang LaSalle and DTZ, to assess its retail and offices properties. This centralisation from the 5 appraisers used before ensures a consistent pan-European approach to the Group's valuations across the internationally diversified property portfolio. The rotation policy remains in line with international requirements, standards and guidelines, e.g. RICS (Royal Institute of Chartered Surveyors), IVSC (International Valuation Standards Committee) and FSIF (‘Fédération des Sociétés Immobilières et Foncières’), and ensures that appraiser’s key team members as well as signatories are rotated regularly. Unibail-Rodamco has allocated properties evenly across the two appraisers, while ensuring that large regions are assessed by both companies for comparison and benchmarking purposes. The appraiser on Conventions and Exhibitions was replaced by PricewaterhouseCoopers, in line with the Group rotation policy.

Appraiser	Property location	% of total portfolio (in value)
DTZ	France / Netherlands / Nordic / Spain / Central Europe	44.6%
JLL	France / Netherlands / Nordic /Spain / Central Europe / Austria	41.6%
PWC	France	7.2%
At cost or under sale agreement		6.6%
		100.0%

Fees paid to appraisers are determined prior to the valuation campaign and are independent from the value of properties appraised.
A detailed report, dated and signed is produced for each appraised property.
None of the appraisers has received fees from the Group representing more than 10% of their turnover.

Valuation methodology

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.

While investment markets have continued the recovery from last year, this improvement is divergent across Europe. Driven by investor interest in core markets for large and dominant schemes with solid sales performance and hence cash flow outlook, yields have compressed on prime schemes, led by French and Austrian "jumbos". Generally, yields on prime product across Europe are stable or decreasing as they are underpinned by shortage in supply combined with a high degree of investor interest seeking secure cash yields.

Given the uncertainty in economic outlook, implementation of austerity programs and fiscal adjustments which will impact consumer behaviour and hence retail spend, the outlook remains cautious, especially for secondary assets that show deteriorating sales performance.

Valuation scope

As at June 30, 2010, independent experts have appraised 93.4% of Unibail-Rodamco’s portfolio.

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.

Three shopping centers under construction were assessed at fair value as at June 30, 2010: Donauzentrum extension (Vienna/Austria), Alma extension (Rennes/France) and a part of Buitenmere (Almere/The Netherlands).

Two shopping centres (Maquinista extension in Barcelona/Spain and Lyon Part-Dieu extension in Lyon/France) and one office building (Tour Oxygène in Lyon/France) recorded as Investment Properties Under Construction at year-end 2009 were successfully opened during the first half-year 2010.

The parts of the portfolio (6.6%), which have not been externally appraised as at June 30, 2010, 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 3.4% of the value of Unibail-Rodamco's total portfolio. These mainly represent shopping centres under development (notably Badajoz and Benidorm in Spain as well as Lyon Confluence and Eiffel in Levallois/France) and office developments (Phare and Majunga in La Défense/France and Eiffel in Levallois/France).
- At disposal price for assets under sale agreement (part of the Dutch shopping centre and high street shop portfolio, Saint-Martial shopping centre in Limoges/France, 168 Charles de Gaulle office in Neuilly/France) representing 2.7% of the total asset portfolio.
- At appraisal value at December 31, 2009 for Espace Expansion & Rodamco Gestion, i.e. 0.5% of the total portfolio, these service companies being appraised on an annual basis (see §1.4).

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.

<u>Evolution of Unibail-Rodamco's Shopping Centre portfolio valuation</u>

The value of Unibail-Rodamco's Shopping Centre Portfolio grew from €16,528 Mn to €17,463 Mn as at June 30, 2010, including transfer taxes and disposal costs:

Valuation 31/12/2009 (€ Mn)	16,528	
Like for Like revaluation	731	
Revaluation of Non Like for Like assets	60	(a)
Capex / Acquisitions	350	
Disposals	- 303	(b)
Constant Currency effect	97	(c)
Valuation 30/06/2010 (€ Mn)	17,463	

(a) Non like-for-like assets regarding:
(i) Deliveries during 1H2010 (Cour Oxygène in Lyon/France)
(ii) Investment properties under construction taken at cost or at fair value.
(b) Value as at 31/12/2009.
(c) Composed of a currency gain of €91 Mn in Nordic and of €6 Mn in Central Europe, 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 June 30, 2010 came to 5.8% vs. 6.1% at year-end 2009.

Shopping Centre portfolio by region - June 30, 2010	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn	Net inital yield (a) June 30, 2010	Net inital yield (a) Dec. 31, 2009
France (b)	9,261	8,884	5.5%	5.8%
Netherlands	2,090	1,953	5.9%	6.3%
Nordic	1,747	1,723	5.8%	5.9%
Spain	1,963	1,914	6.9%	6.9%
Central Europe	1,123	1,103	6.9%	7.2%
Austria	1,279	1,254	5.1%	5.8%
Total	**17,463**	**16,831**	**5.8%**	**6.1%**

(a) 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.
(b) For France, the effect of including Key Moneys in the Net Rental Income would increase net initial yield to 6.0% as at June 30, 2010, and 6.3% at December 31, 2009.

<u>Sensitivity</u>

Based on the mid-year yield of 5.8%, a change of 25 basis points would result in an adjustment of €691 Mn (4.0%) of the total shopping centre portfolio value (including transfer taxes and disposal costs).

<u>Like-for-like analysis</u>

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, increased by €731 Mn (or 4.7%) over the half-year. This breaks down into +1.6% from the increase in revenues of shopping centres and 3.1% due to changes in yield.

Shopping Centre - Like for Like (LxL) change (a)				
First half-year 2010	Like for Like change in € Mn	Like for Like change in %	LxL change - Rent impact	LxL change - Yield impact
France	518	6.3%	1.8%	4.5%
Netherlands	76	3.9%	-0.1%	4.0%
Nordic	31	2.0%	2.4%	-0.4%
Spain	19	1.1%	1.9%	-0.8%
Central Europe	43	4.2%	2.3%	1.9%
Austria	44	4.1%	0.5%	3.6%
Total	**731**	**4.7%**	**1.6%**	**3.1%**

(a) Like-for-like change net of investments from December 31, 2009 to June 30, 2010.

1.2. Office portfolio

Evolution of Unibail-Rodamco's Office portfolio valuation

The value of the Office Portfolio decreased from €3,926 Mn to €3,851 Mn at June 30, 2010, including transfer taxes and disposal costs:

Valuation 31/12/2009 (€ Mn)	3,926	
Like for Like revaluation	144	
Revaluation of Non Like for Like assets	8	(a)
Capex / Acquisitions	64	
Disposals	- 308	(b)
Constant Currency effect	17	(c)
Valuation 30/06/2010 (€ Mn)	3,851	

(a) Non like-for-like assets regarding deliveries during H1'10 (Tour Oxygène in Lyon/France).
(b) Value as at 31/12/2009.
(c) Composed of currency gain of €17 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 - 30/06/2010	Valuation (including transfer taxes)	
	€ Mn	%
France	3,401	88%
Netherlands	167	4%
Nordic	246	7%
Austria	37	1%
Total	**3,851**	**100%**

For occupied offices and based on an asset value excluding estimated transfer taxes and disposal costs, the Office division's net initial yield at June 30, 2010 decreased by 30 basis points vs. year-end 2009.

Valuation of occupied office space - June 30, 2010	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn (a)	Net initial yield (b) June 30, 2010	Net initial yield (b) Dec. 31, 2009
France	3,049	2,944	6.5%	6.8%
Netherlands	138	129	9.5%	9.6%
Nordic	227	225	7.7%	7.6%
Austria	36	35	7.3%	6.9%
Total (c)	**3,450**	**3,333**	**6.7%**	**7.0%**

(a) Valuation of occupied office space as at June 30, 2010, 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) The net initial yield as at 31/12/2009 includes the net initial yield for Spain. Spain no longer has assets in this category.

Sensitivity

Based on the mid-year yield of 6.7%, a change of 25 basis points would result in an adjustment of €131 Mn (3.4%) 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, increased on a like-for-like basis by €144 Mn (or 4.3%) over the half-year. This breaks down into +0.1% from the rents and lettings and +4.2% due to changes in yield.

Office - Like for Like (LxL) change (a)				
First half-year 2010	Like for Like change in € Mn	Like for Like change in %	LxL change - Rent impact	LxL change - Yield impact
France	145	5.0%	-0.5%	5.5%
Netherlands	- 3	-1.5%	5.4%	-6.9%
Nordic	2	1.0%	0.9%	0.1%
Austria		-0.9%	3.8%	-4.7%
Total	**144**	**4.3%**	**0.1%**	**4.2%**

(a) Like-for-like change net of investments from December 31, 2009 to June 30, 2010.

French Office Portfolio

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

French Office portfolio by sector - 30/06/2010	Valuation (including transfer taxes)	
	€ Mn	%
Paris CBD	982	29%
Neuilly-Levallois-Issy	664	20%
La Défense	1,532	45%
Other	223	6%
Total	**3,401**	**100%**

For occupied offices and based on an asset value excluding estimated transfer taxes and disposal costs, the French Office division's yield at June 30, 2010 came to 6.5%. This yield was 30 basis points lower than at year-end 2009.

Valuation of French occupied office space - 30/06/2010	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn (a)	Net initial yield (b)	Average price €/ m² (c)
Paris CBD	960	937	5.9%	12,993
Neuilly-Levallois-Issy	524	497	7.4%	4,741
La Défense	1,375	1,324	6.5%	7,130
Other	190	186	6.7%	3,844
Total	**3,049**	**2,944**	**6.5%**	**7,256**

(a) Valuation of occupied office space as at June 30, 2010, 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 m^2 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.

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 PricewaterhouseCoopers 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[19] or on capitalised cash flows over the last year.

The valuation methodology used by DTZ Eurexi to determine the fair market value of the Méridien-Montparnasse hotel asset at June 30, 2010 consists in capitalising the fixed portion of annual income, plus discounting cash flows representing the variable portion of rents. The discounted cash flow model has been adopted for the Cnit-Hilton hotel as well (operating under an operational lease agreement).

Evolution of the Convention-Exhibition Centres valuation

The value of Convention-Exhibition centres and hotels, including transfer taxes and disposal costs, grew to €1,663 Mn[20] as at June 30, 2010:

Valuation 31/12/2009 (€ Mn)	1,541	(a)
Like for Like revaluation	113	
Capex / Acquisitions	9	
Disposals	-	
Valuation 30/06/2010 (€ Mn)	1,663	(b)

(a) Of which €1,373 Mn for Viparis and €168 Mn for Hotels.
(b) Of which €1,488 Mn for Viparis and €175 Mn for Hotels.

On a like-for-like basis, net of investments, the value of Convention and Exhibition properties and hotels is up €113 Mn or +7.3% compared with year-end 2009.

Convention-Exhibition - Like for Like change net of investment	First half-year 2010	
	€ Mn	**%**
Viparis (a)	109	7.9%
Hotels	4	2.4%
Total	**113**	**7.3%**

(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) grew by 7.9% compared to year-end 2009. The increase resulted from a decrease of the discount rate partly offset by the amortisation of another half-year of the Porte de Versailles lease with the City of Paris.

Based on these valuations, the average EBITDA yield on Viparis at June 30, 2010 (recurring operating profit divided by the value of the asset, excluding transfer taxes) was 8.5%.

The value of the Cnit-Hilton and Méridien-Montparnasse hotels in Paris increased over the half-year by €4 Mn (+2.4%).

The Lyon Confluence Hotel project is valued at cost.

1.4. Services

The services portfolio is composed of:

- Comexposium, a trade show organisation business.
- 2 property service companies, Espace Expansion and Rodamco Gestion.

The Services portfolio is appraised 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 statement of financial position (subject to impairment test).

Comexposium was valued as at June 30, 2010 by PricewaterhouseCoopers. The value decreased by 7.9% compared to December 31, 2009, leading to an impairment of €15.6 Mn booked in Unibail-Rodamco's balance sheet.

Espace Expansion and Rodamco Gestion were valued following the appraisal by PricewaterhouseCoopers made as at December 31, 2009.

[19] For Porte de Versailles, a concession renewal probability of 33% was assumed by the appraiser.
[20] Based on a full scope of consolidation, including transfer taxes and disposal costs (see §1.5 for Group share figures).

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	
Asset portfolio valuation - 31.12.2009	€ Mn	%	€ Mn	%
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%
Total	**22.313**	**100%**	**20.345**	**100%**

Asset portfolio valuation - 30.06.2010	€ Mn	%	€ Mn	%
Shopping centres	17.463	75%	16.091	76%
Offices	3.851	17%	3.846	18%
Convention-Exhibition centres	1.663	7%	999	5%
Services	301	1%	301	1%
Total	**23.278**	**100%**	**21.237**	**100%**

Like for Like change - net of Invt - First half-year 2010	€ Mn	%	€ Mn	%
Shopping centres	731	4.7%	641	4.5%
Offices	144	4.3%	144	4.3%
Convention-Exhibition centres	113	7.3%	70	7.6%
Services	- 16	-5.0%	- 16	-5.0%
Total	**972**	**4.7%**	**839**	**4.4%**

Like for Like change - net of Invt - 1H10 - Split rent/yield impact	Rent impact %	Yield impact %	Rent impact %	Yield impact %
Shopping centres	1.6%	3.1%	1.5%	3.0%
Offices	0.1%	4.2%	0.1%	4.2%

Net Initial Yield	June 30, 2010	Dec. 31, 2009	June 30, 2010	Dec. 31, 2009
Shopping centres	5.8%	6.1%	5.9%	6.1%
Offices - occupied space	6.7%	7.0%	6.7%	7.0%

2. TRIPLE NET NAV CALCULATION

Triple net liquidation NAV is calculated by adding to consolidated shareholders' equity (Owners of the parent), as shown on the consolidated statement of financial position (under IFRS) several items as described hereafter.

2.1. Consolidated shareholders' equity

At June 30, 2010, consolidated shareholders' equity (Owners of the parent) came to €11,731.0 Mn.

Shareholders' equity (Owners of the parent) incorporated net recurring profit of €429.1 Mn and +€678.3 Mn of fair value adjustments on property assets and on 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 June 30, 2010.

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 §2.5 and 2.6).

2.3. Unrealised capital gains on intangible assets

The appraisal of property service companies 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 €105.6 Mn which was added for the NAV calculation.

2.4. Mark-to-market value of debt

In accordance with IFRS rules, financial instruments and the ORNANE[21] were recorded on Unibail-Rodamco's statement of financial position at their fair value with the impact of the change in fair value 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 €208.8 Mn. This impact was taken into account in the NAV calculation.

The ORNANE being in the money as at June 30, 2010, its fair value was restated for the NAV calculation (€131.6 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 statement of financial position as at June 30, 2010. 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 total, this resulted in an adjustment of €228.8 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 June 30, 2010, these estimated transfer taxes and other disposal costs compared to transfer taxes and costs already deducted from asset values on the statement of financial position (in accordance with IFRS) came to an adjustment of €194.2 Mn.

2.7. Treasury shares and securities giving access to share capital

Unibail-Rodamco did not hold treasury shares as at June 30, 2010.

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 at June 30, 2010, would have led to a rise in the number of shares of 2,033,537 increasing shareholders' equity by €217.7 Mn.

The full conversion of the ORNANE would lead to the issue of 70,551 new shares without any shareholders' equity increase.

As at June 30, 2010, the fully-diluted number of shares taken into account for the NAV calculation totalled 93,569,768.

[21] Share settled bonds convertible into new and/or existing shares – see Financial Resources note.

2.8. Unibail-Rodamco's triple net liquidation NAV

Unibail-Rodamco's triple net liquidation NAV (Owners of the parent) thus stood at €12,258.8 Mn or €131.00 per share (fully-diluted) as at June 30, 2010, an increase of 2.2% compared with year-end 2009.

Value creation during the half-year amounted to €10.80 per share, by adding back to the NAV increase of €2.80 per share, the €8.00 dividend paid out in May 2010.

UNIBAIL-RODAMCO Triple net liquidation NAV (€ Mn)	30.06.2009	31.12.2009	30.06.2010
Consolidated shareholders' equity	**11,278.3**	**11,316.3**	**11,731.0**
Amounts owed to shareholders	**191.5**	**-**	**-**
Bonds redeemable for shares (restatement of debt component)	**146.6**	**0.4**	**0.4**
Amounts owed to bonds redeemable for shares	**1.6**	**-**	**-**
Deduction of the goodwill on exchange offer	**- 152.3**	**- 141.8**	**- 141.8**
Fair value adjustment			
Intangible asset (1)	**102.2**	**104.2**	**105.6**
Fixed-rate debt	**- 4.6**	**- 128.6**	**- 208.8**
Ornane (2)		**189.0**	**131.6**
Adjustment to taxes (3)	**276.1**	**243.4**	**228.8**
Adjustment to transfer taxes and disposal costs (4)	**197.0**	**190.4**	**194.2**
Impact of rights giving acces to share capital			
Potential impact of stock options granted	**96.3**	**224.7**	**217.7**
Triple net liquidation NAV (EPRA 'Diluted NNNAV')	**12,132.7**	**11,998.0**	**12,258.8**
Fully diluted number of shares	92,132,064	93,586,481	93,569,768
Fully diluted triple net liquidation NAV per share	**131.7 €**	**128.2 €**	**131.0 €**
% Change over 6 months		**-2.7%**	**2.2%**
% Change over 1 year			**-0.5%**

(1) Property services companies and Convention-Exhibition goodwill.
(2) Ornane being in the money, is considered fully converted with dilution effect
(3) Deferred tax on unrealised capital gains on property assets (balance sheet) minus Actual tax
(4) Taxes already deducted from value of assets (balance sheet) minus Actual Transfer taxes

NAV as at June 30, 2010 is reconciled with NAV as at December 31, 2009 in the following table:

Evolution of triple net liquidation NAV Dec. 31, 2009 to June 30, 2010		
Fully diluted NAV per share as at Dec. 31, 2009		**128.20 €**
Revaluation of property assets		8.93
Retail	6.68	
Offices	1.56	
Convention & exhibition and other	0.69	
Capital gain on disposals		0.20
Recurring net profit		4.70
Distribution in H1 2010		- 8.00
Mark-to-market of debt and financial instruments		- 2.87
Variation in transfer taxes & deferred taxes adjustments		- 0.60
Other		0.43
Fully diluted NAV per share as at June 30, 2010		**131.00 €**

In H1 2010, the financial market environment saw a decrease in interest rates and an increased volatility on the bond and bank markets. In this environment, Unibail-Rodamco raised €1.1 Bn of new medium to long term debt, through public and private bond market and bank market.
The Group has also taken additional hedges to fix its cost of debt on the long term in view of the low interest rates environment.
Financial ratios have improved with a Loan to Value (LTV) of 31% as at June 30, 2010 and an interest coverage ratio of 4.1x following strong disposal activity. The average cost of debt is maintained at a healthy level and stands at 4.1% in H1 2010.

1. Debt structure at June 30, 2010

Unibail-Rodamco's consolidated nominal financial debt at June 30, 2010 amounted to €7,431 Mn.

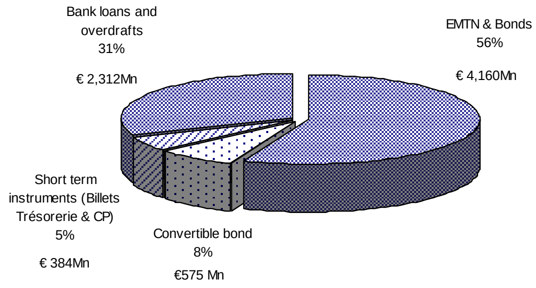
This financial debt includes €575 Mn of net share settled bonds convertible into new and/or existing shares of Unibail-Rodamco (ORNANE) for 100% of their nominal value[22].

1.1. Debt breakdown

Unibail-Rodamco's nominal financial debt as at June 30, 2010 breaks down as follows:

- €4,160 Mn in bond issues, of which €2,160 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;
- €384 Mn short term issues in commercial paper (*billets de trésorerie* and Euro Commercial Paper)[23];
- €2,312 Mn in bank loans, including €1,394 Mn in corporate loans, €875 Mn in mortgage loans and €43 Mn in bank overdrafts.

No loans were subject to prepayment clauses linked to the Group's ratings[24].



- The Group's debt remains diversified.
- Following issuance of bonds over the last 12 months the proportion of bonds has increased from 34% to 56% of the Group's total debt.

1.2. Funds Raised

Medium to long term financing transactions completed in H1 2010 amounted to €1,135 Mn and include:

- The signing of €400 Mn medium to long term bank facilities with an average maturity of 4.5 years and an average margin of 125 bps;

- The issue in March 2010 of a €500 Mn bond, increased to €635 Mn in April 2010 with the following features:
  - 3.375% coupon (equivalent to a margin over mid-swap of 101 bps on €635 Mn);
  - Duration of 5 years at issuance

- Two private placements amounting to a total of €100 Mn:
  - Those private placements are 10-year CMS[25] indexed bond swapped back to 3-month Euribor for a 10-year maturity;
  - After swaps, the average margin is 105 bps.

Other new financial resources were obtained from the money market by issuing commercial paper. The average amount of commercial paper outstanding in H1 2010 was €329 Mn, including €300 Mn of *Billets de Trésorerie* and €29 Mn of Euro Commercial Paper (maturity of up to 3 months). *Billets de trésorerie* were raised over H1 2010 at an average margin of 4 bps above Eonia and Euro Commercial Paper at an average margin of 1 bp above Euribor.

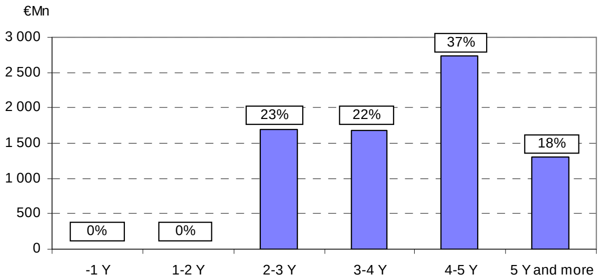
As at June 30, 2010, the total amount of undrawn credit lines came to €3,988 Mn, after taking into account €225 Mn of credit lines cancelled in January 2010 and €200 Mn of bank loans repaid during the same period, in view of their high cost.

[22] Note that the ORA (=Obligations Remboursables en Actions Unibail-Rodamco) recognised as debt for €0.4 Mn, is included in shareholders' funds – this approach is consistent with treatment of the ORA by S&P.
[23] Short term paper is backed by confirmed credit lines (see 1.2).
[24] Barring exceptional circumstances (change in control).

[25] CMS: Constant Maturity Swap.

1.3. Debt maturity

The following chart illustrates Unibail-Rodamco's debt as at June 30, 2010 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.



More than 75% of the debt had a maturity of more than 3 years as at June 30, 2010 (after taking into account undrawn credit lines).

The average maturity of the Group's debt as at June 30, 2010, taking into account the confirmed unused credit lines, stood at 4.5 years (4.5 years as of December 31, 2009).

<u>Liquidity needs</u>

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 June 30, 2010 and maturing or amortising in H2 2010 is €511 Mn (including a €500 Mn bond repaid on July 1, 2010). In 2011, the amount is €1,195 Mn to be compared with €3,988 Mn of undrawn credit lines outstanding as at June 30, 2010.

1.4. Average cost of Debt

Unibail-Rodamco's average cost of debt came to 4.1% over H1 2010 (4.0% over 2009). This average cost of debt results from the level of margins on existing borrowings, the low interest rate environment in H1 2010, 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 agency Standard & Poor's.

Standard & Poor's confirmed its long-term rating 'A' and its short-term rating 'A1' with a stable outlook on June 4, 2010.

On July 17, 2010, Unibail-Rodamco announced that Fitch Ratings is replacing Moody's as one of the Group's rating agencies, alongside Standard & Poor's.

The last rating from Moody's obtained on May 5, 2010 was A3 with a positive outlook. Fitch's rating outcome is expected on July 21, 2010.

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.

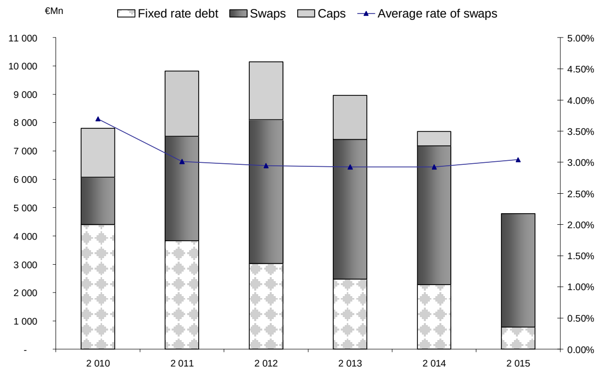
3.1. Interest rate risk management

Interest rate hedging transactions

During H1 2010, Unibail-Rodamco took the opportunity of the low interest rate environment to reinforce its already existing hedging portfolio and to manage its overall exposure.

- In H1 2010, Unibail-Rodamco entered into forward swaps to hedge in advance the years 2011 to 2015 (€3,000 Mn of swaps have been contracted over this period on different maturities at an average rate of 2.34%).
- It also put in place €1,250 Mn collars covering 4 years beginning either in 2010 or in January 2011.
- The Group has also cancelled in January 2010 €1.2 Bn swaps and €400 Mn of collars in view of its over-hedged position on shorter maturities as at December 31, 2009.

Annual projection of average hedging amounts and fixed rate debt over the next 5 years (€ Mn – as at June 30, 2010) [26]



The graph above shows:

- The part of debt which is kept at fixed rate.
- 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.

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 June 30, 2010, net financial debt stood at €7,281 Mn, excluding partners' current accounts and after taking cash surpluses into account (€150 Mn).

The outstanding debt was hedged in totality against an increase in variable rates, based on debt outstanding as at June 30, 2010 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 June 30, 2010, if interest rates (Euribor, Stibor or Libor) were to rise by an average of 0.5%[27] (50 basis points) during H2 2010, the resulting increase in financial expenses would have an estimated negative impact of €1.7 Mn on the recurring net profit. A further rise of 0.5% would have an additional adverse impact of €3.1 Mn. Conversely, a 0.5% (50 basis points) drop in interest rates would reduce financial expenses by an estimated €1.7 Mn and would enhance H2 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 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.

Measuring currency exposure

Main foreign currency positions (in €Mn)

Currency	Assets	Liabilities	Net exposure	Hedging Instruments	Exposure net of hedges
SEK	1 555.9	-396.4	1 159.6	-723.8	435.8
DKK	296.7	-69.3	227.4	-127.4	100.0
HUF	0.5	-	0.5	-	0.5
CZK	0.1	-138.6	-138.5	154.4	15.8
PLN	0.2	-1.0	-0.9	-	-0.9
Total	**1 853.4**	**-605.4**	**1 248.1**	**-696.8**	**551.3**

The main exposure kept is in Swedish Krona. A decrease of 10% in the SEK/EUR exchange rate would have a €40 Mn negative impact on shareholders' equity.
The sensitivity of the H2 2010 recurring result[28] to a 10% depreciation in the SEK/EUR exchange rate is limited to €2.8 Mn.

[26] Taking into account the planned restructuring in H2 2010 of €1 Bn of swaps.
[27] 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 0.767%

[28] 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 9.6145.

4. Financial structure

As at June 30, 2010, the portfolio valuation (including transfer taxes) of the Unibail-Rodamco group amounted to €23,278 Mn.

Debt ratio

As of June 30, 2010, the Loan-to-Value ratio (LTV) calculated for Unibail-Rodamco came to 31%, slightly under the level recorded at December 31, 2009 (32%). The improvement of the ratio mainly results from the disposals completed in H1 2010 and the increase in the fair market value of the portfolio.

Interest coverage ratio

The interest coverage ratio (ICR) for Unibail-Rodamco came to 4.1x for H1 2010. It is in line with the solid levels achieved in recent years (3.9x in 2009). 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	June 30, 2010	Dec. 31, 2009
LTV[29]	31%	32%
ICR[30]	4.1x	3.9x

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

As at June 30, 2010, 90% of the Group's 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.

[29] Loan-to-Value (LTV) = Net financial debt / Total portfolio valuation including transfer taxes.

[30] 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].