unibail·rodamco

Full year 2008 Results


CNIT - La Défense


Forum Nacka - Stockholm


Porte de Versailles - Paris

RESILIENCE

N°1
listed real estate company in Europe

€24.6 Billion
property portfolio

« In a harsh economic climate, our recurring EPS exceeds the 2008 growth target. We achieved this thanks to a high quality asset base, conservative financing and hard working professionals. The unique Unibail-Rodamco value proposition remains strong and enables us to face the challenges and opportunities ahead of us. The Group also remains committed to achieving high standards in sustainable development as we deliver this growth.»

Guillaume Poitrinal, CEO and Chairman of the Management Board

Growing recurring income

The high footfall shopping centres, a category of assets in which the Group is the leader in continental Europe, are proving to be the most resilient in today's environment. The Group's recurring earnings per share (EPS) grew with 8.4% in 2008, thanks to robust like-for-like rental growth (8.5%) and contained cost of debt. This allows a distribution per share of €7.50 up by 7.1%.

Sound financial structure

Supported by a low debt level and an "A/A3" credit rating, the Group has secured or renewed €2.4 Billion of medium to long term financing in 2008.
In line with the real estate markets, asset values have declined during the year. Mitigating factors like the healthy rental income growth and the high quality of the assets limited this fall to 9.1% like-for-like. Due to IFRS mark-to-market accounting, these valuation movements lead to a net loss of - €1,116 Million. This does not affect operational cash flows and the Group maintains its dividend pay-out policy.

Positive outlook

More than ever, the Group's focus is on operational growth, with flexibility on its project pipeline. The Group will not start construction on new projects until targeted returns are achievable. Key value drivers, such as vacancies, debt collection and interest costs are managed closely. Combined with the high quality portfolio, the Group is confident to set a 2009 recurring EPS growth minimum target of 7% and a commensurate increase in 2009 distribution.

Key consolidated indicators (in € Mn)	2008	2007[1] Unibail+ H2 Rodamco	Growth %	Growth % like-for-like
Shopping centres	888	529		7.7%
Offices	228	179		12.1%
Convention & exhibition and hotels	99	63		8.1%
Net rental income	1 215	771		8.5%
Valuation movements and gain on disposals	-1 739	539		
Net profit group share	-1 116	945		
of which net recurring profit	777	539		
Recurring earnings per share	€8.52	€7.86	8.4%	
Distribution[2]	€7.50	€7.00	7.1%	

(1) Combination between Unibail & Rodamco effective on June 30,2007 - restated further to the completion of the Purchase Price Allocation of Rodamco
(2) Subject to appoval by AGM

	Dec 31, 2008	Dec 31, 2007	%
Fully diluted liquidation Net Asset Value per share	€151.20	€169.30	-10.7%

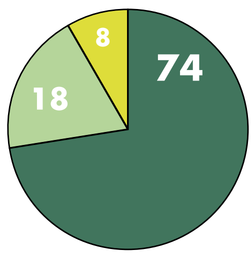
Recurring EPS
€8.52
Up 8.4%

Distribution per share
€7.50
Up 7.1%

Fully diluted liquidation NAV/share
€151.20
Down -10.7%

Loan to Value
30%

Asset categories (in %)



- Shopping centres
- Offices
- Convention & Exhibitions

Included in the Dow Jones Sustainability Index

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APPENDIX TO THE PRESS RELEASE
February 6, 2009

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

UNIBAIL-RODAMCO Consolidated Income Statement by segment (€ Mn)			2008 Recurring activities	2008 Valuation movements and disposals	2008 Result	2007 (1) Recurring activities	2007 (1) Valuation movements and disposals	2007 (1) Result
SHOPPING CENTERS	France	Gross rental income	456.4		456.4	328.5	-	328.5
		Operating expenses & net service charges	- 36.8		- 36.8	- 22.3	-	- 22.3
		Net rental income	**419.6**	-	**419.6**	**306.2**	-	**306.2**
		Contribution of affiliates	4.7	- 3.4	1.3	4.1	6.2	10.4
		Gains on sales of properties			-	-	- 1.7	- 1.7
		Valuation movements		- 620.5	- 620.5	-	876.2	876.2
		Result Retail France	**424.3**	**- 623.9**	**- 199.6**	**310.3**	**880.7**	**1 191.1**
	Netherlands	Gross rental income	175.9		175.9	106.9	-	106.9
		Operating expenses & net service charges	- 17.2		- 17.2	- 13.9	-	- 13.9
		Net rental income	**158.7**	-	**158.7**	**93.0**	-	**93.0**
		Contribution of affiliates			**-**	-	-	**-**
		Gains on sales of properties		8.7	**8.7**	-	0.4	**0.4**
		Valuation movements		- 53.5	**- 53.5**	-	73.1	**73.1**
		Result Retail Netherlands - Belgium	**158.7**	**- 44.8**	**113.9**	**93.0**	**73.5**	**166.6**
	Nordic	Gross rental income	119.4		119.4	55.9	-	55.9
		Operating expenses & net service charges	- 28.0		- 28.0	- 11.9	-	- 11.9
		Net rental income	**91.4**	**-**	**91.4**	**44.0**	**-**	**44.0**
		Contribution of affiliates			**-**	-	-	**-**
		Gains on sales of properties			**-**	-	-	**-**
		Valuation movements		- 145.4	**- 145.4**	-	82.9	**82.9**
		Result Retail Nordic	**91.4**	**- 145.4**	**- 54.0**	**44.0**	**82.9**	**126.9**
	Spain	Gross rental income	114.4		114.4	48.9	-	48.9
		Operating expenses & net service charges	- 9.4		- 9.4	- 6.1	-	- 6.1
		Net rental income	**105.0**	**-**	**105.0**	**42.8**	**-**	**42.8**
		Contribution of affiliates			**-**	-	-	**-**
		Gains on sales of properties		-	**-**	-	- 1.0	**- 1.0**
		Valuation movements		- 251.9	**- 251.9**	-	50.1	**50.1**
		Result Retail Spain	**105.0**	**- 251.9**	**- 146.9**	**42.8**	**49.1**	**91.9**
	Central Europe	Gross rental income	119.5		119.5	46.0	-	46.0
		Operating expenses & net service charges	- 6.1		- 6.1	- 3.5	-	- 3.5
		Net rental income	**113.4**	**-**	**113.4**	**42.5**	**-**	**42.5**
		Contribution of affiliates			**-**	-	-	**-**
		Gains on sales of properties		0.5	**0.5**	-	- 1.0	**- 1.0**
		Valuation movements		- 22.8	**- 22.8**	-	66.8	**66.8**
		Impairment of Goodwill		- 16.4	**- 16.4**	-	-	**-**
		Result Retail Central Europe	**113.4**	**- 38.7**	**74.7**	**42.5**	**65.8**	**108.3**
	TOTAL RESULT RETAIL		**892.7**	**- 1 104.7**	**- 211.9**	**532.6**	**1 152.1**	**1 684.7**
OFFICES & INDUSTRIAL	France	Gross rental income	175.2		175.2	159.6	-	159.6
		Operating expenses & net service charges	- 2.0		- 2.0	- 6.7	-	- 6.7
		Net rental income	**173.2**	-	**173.2**	**152.9**	-	**152.9**
		Contribution of affiliates			-	12.7	-	12.7
		Gains on sales of properties and affiliates		28.5	28.5	-	222.1	222.1
		Valuation movements		- 536.8	- 536.8	-	506.7	506.7
		Result Offices France	**173.2**	**- 508.3**	**- 335.0**	**165.6**	**728.8**	**894.4**
	Other regions	Gross rental income	63.9		63.9	32.0	-	32.0
		Operating expenses & net service charges	- 8.8		- 8.8	- 5.5	-	- 5.5
		Net rental income	**55.1**	-	**55.1**	**26.5**	-	**26.5**
		Contribution of affiliates			**-**	-	-	**-**
		Gains on sales of properties		9.3	**9.3**	-	2.7	**2.7**
		Valuation movements		- 87.3	**- 87.3**	-	19.6	**19.6**
		Result Offices other countries	**55.1**	**- 78.0**	**- 22.8**	**26.5**	**22.3**	**48.8**
	TOTAL RESULT OFFICES & INDUSTRIAL		**228.4**	**- 586.2**	**- 357.9**	**192.1**	**751.1**	**943.2**
CONVENTION EXHIBITION	France	Gross rental income	185.1		185.1	95.1	-	95.1
		Operating expenses & net service charges	- 98.7		- 98.7	- 43.5	-	- 43.5
		Net rental income	**86.4**	-	**86.4**	**51.6**	-	**51.6**
		On site property services	**41.0**		**41.0**	**12.7**	-	**12.7**
		Hotels net rental income	**12.7**		**12.7**	**11.9**	-	**11.9**
		Exhibitions organizing	**10.4**	**- 0.5**	**9.9**	**9.9**	-	**9.9**
		Valuation movements,depreciation and capital gair	- 11.4	- 47.7	- 59.1	- 7.4	- 8.2	- 15.6
	TOTAL RESULT CONVENTION & EXHIBITION		**139.1**	**- 48.2**	**90.9**	**78.7**	**- 8.2**	**70.5**
	Other property services net operating result		**8.3**		**8.3**	**5.1**		**5.1**
	Other income		**3.8**		**3.8**	**5.8**		**5.8**
	General expenses		**- 101.7**		**- 101.7**	**- 63.3**		**- 63.3**
	Development costs		**- 5.7**		**- 5.7**	**- 4.4**		**- 4.4**
	Financing result		**- 275.2**	**- 308.2**	**- 583.5**	**- 156.8**	**44.2**	**- 112.6**
	Impairment of Goodwill			**- 4.3**	**- 4.3**		**- 1 349.6**	**- 1 349.6**
PRE-TAX PROFIT			**889.6**	**- 2 051.5**	**- 1 161.9**	**589.8**	**589.5**	**1 179.4**
	Corporate income tax		**- 21.2**	**59.4**	**38.1**	**- 1.5**	**- 51.9**	**- 53.4**
NET PROFIT			**868.4**	**- 1 992.2**	**- 1 123.8**	**588.3**	**537.6**	**1 126.0**
	Minority interest		**91.6**	**- 99.4**	**- 7.8**	**49.4**	**131.8**	**181.2**
NET PROFIT GROUP SHARE			**776.8**	**- 1 892.8**	**- 1 116.0**	**538.9**	**405.8**	**944.8**

	2008	2007
Average number of shares	91 132 579	68 572 651
Recurring earnings per share	**8.52 €**	**7.86 €**
Recurring earnings per share growth	**8.4%**	

(1) Restated further to the completion of the Purchase Price Allocation of Rodamco (additional goodwill amortisation)

Unibail-Rodamco P&L - EPRA format (€ Mn)	YEAR-END 2008	YEAR-END 2007 Restated [1]
Gross rental income	1 422.7	879.5
Ground rents paid	-21.3	-11.4
Net service charge expenses	-10.3	-9.1
Property operating expenses	-175.5	-93.6
Net rental income	**1 215.5**	**765.4**
Corporate expenses	-99.3	-60.3
Development expenses	-5.7	-4.4
Depreciation	-2.4	-3.0
Administrative expenses	**-107.4**	**-67.7**
Revenues from other activities	172.7	184.8
Other expenses	-131.0	-153.3
Net other income	**41.7**	**31.5**
Proceeds from disposal of investment property	1 474.3	192.6
Carrying value of investment property sold	-1 427.2	-171.9
Profit on disposal of investment property	**47.1**	**20.7**
Valuation gains	474.9	1 679.2
Valuation losses	-2 248.1	-12.1
Valuation movements	**-1 773.2**	**1 667.1**
Impairment of Goodwill	**-20.7**	**-1 349.6**
NET OPERATING PROFIT BEFORE FINANCING COST	**-596.9**	**1 067.4**
Dividend income from non-consolidated companies	0.0	0.3
Financial income	*125.0*	*68.3*
Financial expenses	*-400.2*	*-225.0*
Net financing costs	-275.2	-156.8
Bonds redeemable for shares	-11.5	-6.0
Fair value adjustments of derivatives and debt	-294.8	53.9
Debt discounting	-1.9	-3.7
Profit on disposal of associates	7.2	201.0
Share of the profit of associates	0.8	8.4
Income on financial assets	10.4	14.9
PROFIT BEFORE TAX	**-1 161.9**	**1 179.4**
Income tax expenses	38.1	-53.4
NET PROFIT FOR THE PERIOD	**-1 123.8**	**1 126.0**
Minority interests	-7.8	181.2
NET PROFIT (group share)	**-1 116.0**	**944.8**

Recurring result	776.8	538.9
Non recurring result	-1892.8	405.9
Recurring earning per share (€)	**8.52**	**7.86**

Average number of shares (undiluted)	81 815 557	63 899 201
Net profit (group share)	-1 116.0	944.8
Net profit (Group share) per share (€)	**-13.64**	**14.79**
Average number of diluted shares	91 544 086	69 274 513
Diluted net profit per share Group Share (€)	**-12.19**	**13.64**

(1) Restated further to the completion of the Purchase Price Allocation of Rodamco (additional goodwill amortisation)

Unibail-Rodamco Group Consolidated Balance Sheet (in € Mn)	Dec 31, 2007 Published	Dec 31, 2007 Restated (1)	Dec 31, 2008
NON CURRENT ASSETS	**23 835.5**	**23 859.9**	**23 847.4**
Investment properties	21 506.8	21 520.8	21 702.6
Properties under construction	797.8	797.8	737.3
Other Tangible assets	301.5	301.5	199.8
Goodwill	418.7	429.1	322.8
Intangible assets	302.4	302.4	186.2
Loans	198.3	198.3	241.9
Deferred tax assets	45.0	45.0	52.4
Derivatives at fair value	175.9	175.9	81.6
Shares of companies consolidated under equity method	89.1	89.1	322.8
CURRENT ASSETS	**1 710.3**	**1 568.4**	**1 076.8**
Properties under promise or mandate of sale	**823.0**	**784.0**	**215.3**
Inventories	**31.4**	**31.4**	**0.0**
Trade receivables from activity	**274.7**	**274.7**	**323.8**
Property portfolio	244.0	244.0	256.2
Other activities	30.7	30.7	67.6
Other trade receivables	**464.8**	**361.9**	**379.0**
Tax receivables	171.1	171.1	190.4
Receivables on sale of property	2.6	2.6	0.0
Other receivables	196.9	94.0	120.0
Prepaid expenses	94.2	94.2	68.6
Cash and equivalent	**116.4**	**116.4**	**158.7**
Financial assets	4.6	4.6	27.6
Cash	111.8	111.8	131.1
TOTAL ASSETS	**25 545.8**	**25 428.3**	**24 924.2**
Shareholders' equity (group share)	**14 603.7**	**14 589.1**	**12 885.1**
Share capital	408.8	408.8	407.3
Additional paid-in capital	6 827.4	6 827.4	6 786.4
Bonds redeemable for shares	1 566.5	1 566.5	1 566.5
Consolidated reserves	4 086.1	4 086.1	5 516.7
Hedging reserve	5.1	5.1	2.9
Other reserves	-17.7	-17.7	-54.7
Retained earnings	1 046.4	1 046.4	62.0
Consolidated result	959.4	944.8	-1 116.0
Interim dividends	-278.3	-278.3	-286.0
MINORITY INTERESTS	**1 031.2**	**1 031.2**	**1 264.6**
TOTAL SHAREHOLDERS' EQUITY	**15 634.9**	**15 620.3**	**14 149.7**
NON CURRENT LIABILITIES	**7 109.4**	**7 109.4**	**8 850.6**
Commitment to purchase minority interests	133.9	133.9	44.9
Long-term borrowings	5 783.7	5 783.7	7 510.0
Derivatives at fair value	32.0	32.0	174.6
Deferred tax liabilities	961.1	961.1	908.4
Long-term provisions	29.0	29.0	38.4
Employee benefits	9.2	9.2	9.4
Guarantee deposits	138.0	138.0	153.3
Tax liabilities	4.6	4.6	1.8
Amounts due on investments	17.9	17.9	9.8
CURRENT LIABILITIES	**2 801.5**	**2 698.6**	**1 923.9**
Amounts owed to shareholders	**153.9**	**153.9**	**157.7**
Amounts due to suppliers and other current debt	**726.7**	**623.8**	**645.8**
Amounts due to suppliers	120.8	120.8	138.6
Amounts due on investments	196.9	196.9	210.1
Sundry creditors	251.1	148.2	144.7
Other liabilities	157.9	157.9	152.4
Current borrowings and amounts due to credit institutions	**1 742.7**	**1 742.7**	**985.4**
Tax & social security liabilities	**147.9**	**147.9**	**121.8**
Contingencies and other current liabilities	**30.3**	**30.3**	**13.2**
TOTAL LIABILITIES AND EQUITY	**25 545.8**	**25 428.3**	**24 924.2**

(1) Restated further to the completion of the Purchase Price Allocation of Rodamco (additional goodwill amortisation) and reclassification of charges settlements payments.

I. SCOPE OF CONSOLIDATION, ACCOUNTING PRINCIPLES

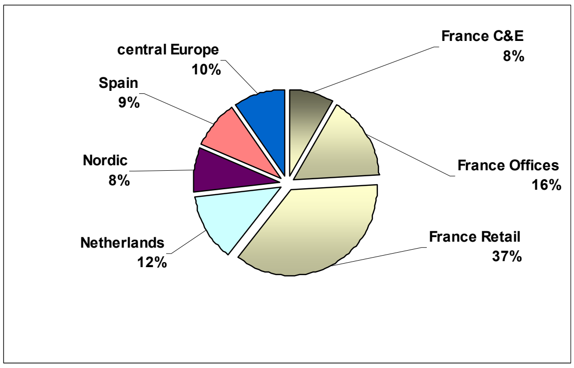
Scope of consolidation

Further to the combination between Unibail and Rodamco effective on June 30, 2007, and the combination of the convention and exhibition businesses of CCIP[1] and Unibail-Rodamco early 2008 the scope of consolidation of Unibail-Rodamco as at December 31, 2008 included 286 companies in 12 countries. These companies have been fully consolidated with the exception of 21 companies accounted for under proportional method and 5 companies under the equity method.

Rodamco Europe NV has been delisted from Amsterdam and Paris Stock Exchange on May 13, 2008. Minority shareholders still own 1.48% of Rodamco Europe NV. Squeeze out proceedings under Dutch law initiated on December 14th, 2007 before Enterprise Chamber of the Court of Appeal in Amsterdam are ongoing.

During 2008, the Unibail-Rodamco group was operationally organised under 5 geographical regions: France, the Netherlands, Spain, Nordic and Central Europe. As from January 1st, 2009, Austria which represents €1.2 Bn of asset value has become a separate region and is no longer part of Central Europe. 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 per region.



[1] Chambre de Commerce et d'Industrie de Paris

Accounting principles

Unibail-Rodamco's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards[2] (IFRS) and are compliant with the EPRA[3] best-practices policy recommendations.

No changes were made compared to the accounting principles used for the previous year.

Further to the combination of Conventions and Exhibitions activities of CCIP and Unibail-Rodamco and according to the governance policies introduced in each business line, VIPARIS (real estate investment and operations) has been fully consolidated and COMEXPOSIUM (shows organisation) has been consolidated under the equity method.

II. BUSINESS REVIEW BY SEGMENT

1. Shopping centres

1.1. Shopping centre market in 2008

The financial crisis which started in 2007, hit the economy in the second half of 2008 with many countries officially going into recession. The Unibail-Rodamco country portfolio has not escaped the effects, although the impacts of the recession on consumer retail spending differ from country to country. Within the Group's portfolio, Spain has shown the largest impact with consumer spending down 6.3%. Other countries remained stable. Retailers are considering their options, in terms of development and expansion plans, location selection and opportunities. Despite the deepening crisis in the second half year, top quality and international retailers should continue to perform well and expand, as they are in, or targeting to enter, the best performing shopping centres. New leases signed throughout 2008 showed stable rents and even an increase in the best performing shopping centres in accordance with targets. Performance of centres is defined by their size (bigger is better), sales per square meter, footfall, location (direct catchments and accessibility), quality (retail/entertainment mix) and special attractions organised by the centre.

[2] As applicable in the European Union as at Dec 31, 2008
[3] European Public Real-estate Association

Unibail-Rodamco, as a landlord, has acted decisively to safeguard the performance of its centres even though it has experienced little immediate impact of the crisis. More efforts have gone into marketing initiatives, and events to increase footfall and sales. Areas where recession impacts would be visible, such as footfall numbers, timely debt collection and occupied retail space, are not unaffected but remained strong. The high quality of the portfolio is being put to the test, and the outcomes are more than satisfactory.

1.2. Rental income from Unibail-Rodamco shopping centres

Total consolidated Net Rental Income (NRI) amounted to €888.0 Mn in 2008, representing a rise of €359.5 Mn compared with 2007 Unibail-Rodamco financial communication. These two figures are hardly comparable as Unibail and Rodamco merger took place on June 30, 2007.

For a more relevant analysis of NRI variation year on year, 2007 figures have been restated pro forma[4] as if the merger took place on January 1st, 2007.

Region	Net Rental Income (€Mn)		
	2007 pro forma	2008	%
France	353.2	419.5	18.8%
Netherlands	186.6	158.7	-15.0%
Nordic	85.9	91.4	6.4%
Spain	87.1	105.0	20.6%
Central Europe	82.0	113.4	38.3%
Global	**794.8**	**888.0**	11.7%

The total variation in NRI (€93.2 Mn) came mainly from:

- Acquisitions: +€54.5 Mn
  - +€20.1 Mn in France: mainly acquisition of additional plots in Velizy 2, in addition to "les Boutiques du Palais des Congrès"[5] in Paris.
  - +€22.7 Mn in Central Europe: mainly acquisition end of May of 140,400 m² in Shopping City Süd in Vienna, the largest retail and leisure complex in Austria.
  - +€11.7 Mn in Spain: acquisition of La Maquinista in Barcelona and Habaneras in Torrevieja in July, together representing 83,416 m²

- Delivery of new shopping centres or extensions: +€13.3 Mn: mainly in France (opening of Rivetoile, a new shopping centre of 28,200 m² in Strasbourg in September 2008), Sweden (delivery of 24,900 m² of extension in Forum Nacka in Stockholm) and the Czech Republic (delivery of Arcady-Pankrac, 28,838 m² in Prague)

- Disposals: -€33 Mn due to high street retail portfolio disposed of in Netherlands and in Belgium

- €57.2 Mn: increase in NRI like for like, broken down by region as shown in the following table:

Region	Net Rental Income (€Mn) Like-for-like		
	2007	2008	%
France	346.1	380.8	10.0%
Netherlands	138.8	143.5	3.4%
Nordic	85.5	90.4	5.7%
Spain	87.1	93.3	7.1%
Central Europe	83.2	89.9	8.1%
Global	**740.7**	**797.9**	7.7%

The total NRI grew by 7.7% on a like-for-like basis in 2008, compared to 2007. This represented on average 4.4% above inflation.

Region	Net Rental Income like-for-like evolution (%)			
	Indexation	Renewals, relettings net of departure	other	Total
France	4.0%	6.7%	-0.7%	10.0%
Netherlands	2.0%	-0.4%	1.8%	3.4%
Nordic	3.7%	3.4%	-1.4%	5.7%
Spain	2.9%	2.7%	1.5%	7.1%
Central Europe	2.4%	3.1%	2.6%	8.1%
Global	3.3%	4.1%	0.3%	7.7%

The highest growth was in France (+10%), in Central Europe (+8.1%) and in Spain (7.1%). Net of indexation, these growth rates were 6% in France, 5.7% in Central Europe and 4.2% in Spain.
The low progression recorded in The Netherlands (1.5% above inflation) is due to a particularly protective legal environment for tenants and a portfolio less concentrated on prime shopping centres.

On the whole portfolio, sales based rents represented 2.3% of total net rental income.

1.3. Leasing activity in 2008

Leasing activity slowed down in 2008 compared to 2007 activity which was very strong. In total €95.7 Mn of Minimum Guaranteed Rents with an average uplift of 25% was signed in 2008 versus €112 Mn and an average uplift of 27% in 2007.

Negotiations with tenants are taking more time in an environment where they are faced with the economic crisis and sales slowdown. Nevertheless, in this context, prime locations in the best shopping centres are still in heavy demand in all regions.

[4] Un-audited. Slightly different from 2007 publication due to accounting reclassifications
[5] Part of the combination of CCIP and Unibail-Rodamco 's activities

region	lettings / re-lettings / renewals excl. Pipeline				
	nb of leases signed	m²	MGR	MGR uplift	
				€ Mn	%
France	305	58,909	35.7	7.3	39%
Netherlands	146	35,049	11.9	2.6	33%
Spain	219	39,779	13.8	1.6	17%
Nordic	223	64,205	20.8	1.5	10%
Central Europe	204	33,000	13.5	2.5	24%
Global	1,097	230,942	95.7	15.5	25%

1.4. Vacancy and Lease expiry schedule

As at December 31, 2008 aggregated annualised Minimum Guaranteed Rents from Unibail-Rodamco's shopping centre portfolio amounted to €937.7 Mn, excluding variable rents and other income (€846 Mn at year end 2007).

The following table shows a breakdown by expiry date and by next termination option of the leases[6].

Retail portfolio	Lease expiry schedule			
	at date of next break option	as a % of total	at expiry date	as a % of total
Expired	33.3	3.5%	34.6	3.7%
2009	131.7	14.0%	53.5	5.7%
2010	182.4	19.4%	80.6	8.6%
2011	179.3	19.1%	61.9	6.6%
2012	102.0	10.9%	99.4	10.6%
2013	65.7	7.0%	62.8	6.7%
2014	59.9	6.4%	54.1	5.8%
2015	45.3	4.8%	60.7	6.5%
2016	25.3	2.7%	49.6	5.3%
2017	32.2	3.4%	59.5	6.3%
2018	26.5	2.8%	64.1	6.8%
2019	20.0	2.1%	28.2	3.0%
Beyond	34.1	3.6%	228.6	24.4%
M€	**937.7**	**100%**	**937.7**	**100%**

Potential rents from vacant space in operation on the total portfolio amounted to €17.2 Mn at Dec 31, 2008. The financial vacancy stood at a low level, 1.8% on average across the total portfolio, with a slight increase (1.1% as at Dec 31, 2007) driven by Spain and Nordic.

Region	**vacancy (Dec 31, 2008)**	
	€Mn	%
France	4.8	1.2%
Netherlands	2.0	1.2%
Spain	4.3	3.6%
Nordic	4.1	3.3%
Central Europe	2.0	1.5%
Global	**17.2**	**1.8%**

The occupancy cost ratio[7] moderately increased reaching 12.4% in Central Europe, 12% in France, 10.6% in Spain, 10.7% in the Nordic countries.

On average on the whole portfolio, it increased from 10.9% at year end 2007 to 11.6% at year end 2008.

1.5. Investment / pipeline

Unibail-Rodamco invested € 1,656 Mn[8] (group share) in its shopping centre portfolio in 2008:

- €1,107 Mn was invested in new acquisitions, mainly:
  - €591 Mn in Central Europe: 140,400 m² in Shopping City Süd, in Vienna, the largest retail and leisure complex in Austria. The acquisition was made on May 21, 2008 on a net initial yield of 5%. Adjacent land was also acquired for €28 Mn with development potential of up to 40,000 m².
  - €258 Mn in France:
    - Acquisition[9] of the stakes of the other partner in Rennes-Alma (43%) and Vélizy Usines Centres (49%). Unibail-Rodamco now owns 100% of these two shopping centres.
    - Acquisition of Aquaboulevard in Paris (33,000m²)
    - Acquisition of Galerie commercial du Palais des Congrés de Paris (17,765 m²), as part of the combination of CCIP and Unibail Rodamco Convention & Exhibitions activities
  - €220 Mn in Spain: mainly, acquisition of La Maquinista (59,330 m²) in Barcelona, Habaneras in Torrevieja (24,086 m²), after deduction of the 49% stake sold to GIC Real Estate.

- €321 Mn was invested in new shopping centres or extensions under construction:
  - Deliveries in 2008: Rivetoile in Strasbourg-France (28,124 m²), which grand opening took place in September 2008, extension of Forum Nacka (24,900 m²) in Stockholm opened in October 2008 and delivery of Arcady Pankrac (28,838 m²) in Prague in October 2008.
  - Pipeline projects fully contracted at year end 2008, including:
    - *Greenfield projects:*
    - Docks-76 in Rouen/France: 37,000 m², completion in 2009;
    - Docks Vauban in Le Havre/France: 57,000 m², completion in 2009;
    - Metropolis in Moscow/Russia: 81,000 m² (of which Unibail-Rodamco's share is 50%), completion in 2009 for contemplated acquisition in 2010;
    - Lyon Confluence in Lyon/France: 52,300 m², completion expected in 2011;

[6] Un-audited. In The Netherlands, the landlord cannot terminate the lease unilaterally; therefore the expiry date is considered as indefinite. These leases have been classified on the line "beyond" of the table.

[7] Occupancy Cost Ratio = (rental charges + service charges including marketing cost for tenants) / tenants' sales.
As tenants' turnover is not known for The Netherlands, no reliable occupancy cost ratio can be calculated

[8] Variation in gross asset value group share

[9] Sell option exercised by the minority shareholder

- Almere Buiten in Almere/Netherlands: 16,300 m², completion expected in 2011;

— *Extensions:*

- BAB 2 in Anglet/France: 3,100 m², completion 2009;
- Esplanade in Lyon/France: 1,500 m², completion in 2009;
- Cours Oxygène in Lyon/France: 9,000 m², completion expected in 2010;
- Donauzentrum extension in Vienna/ Austria: 27,500 m², completion expected in 2010.

— *Redevelopment:*

- CNIT Retail in La Défense/France: 28,000 m², completion expected in 2009.

o €145 Mn was invested in renovation of existing shopping centres: mainly Cnit and Les 4 Temps, Velizy 2 and Labège in Toulouse.

o Financial and other costs were capitalised respectively for €30Mn and €53 Mn.

Major development projects have made good progress in 2008 with notably commercial licences granted for 115,903 m² in France (of which Aéroville near Charles de Gaulle Airport). Building permits have been received for Centrum Cerny Most extension (39,600 m²) in Prague and regional licences to proceed have been received for Badajoz in Spain (35,000 m² for Unibail-Rodamco).

In March 2008, Unibail-Rodamco has signed an agreement to acquire the right to develop "Mall of Scandinavia", 100,000 m² of retail near the new National Soccer Stadium of Stockholm.

Unibail-Rodamco's development pipeline for shopping centres currently amounts to 961,276 m².

1.6. Divestments

The Group divested €856 Mn[10] from its retail portfolio in 2008.

Part of Dutch high street retail portfolio was sold for €744.1 Mn [10]. This disposal, in line with the strategy to focus on large scale premium assets, had a limited effect on the 2008 P&L, as the sale price was allocated under IFRS purchase price allocation rules to the Unibail Rodamco combination.

Unibail-Rodamco sold its holdings in Belgium and assets in Germany for a net disposal price of €112.5 Mn and a net result of €11.2 Mn. Unibail-Rodamco no longer has investments in Belgium.

[10] of which €28 Mn for an asset still awaiting transfer in The Netherlands.

1.7. Portfolio valuation

As at Dec 31, 2008 the shopping centre portfolio of Unibail-Rodamco was valued on the balance sheet at €17,139 Mn, excluding transfer taxes and disposal cost. Of this total, €16,550 Mn was accounted for as investment property and valued at fair value based on appraisals carried out by external valuators (see 'Net Asset Value' section). Projects under development were recorded at cost in the balance sheet and amounted to €587 Mn as at Dec 31, 2008.

Fair value adjustments to investment properties generated a charge of €1,113.9 Mn on Unibail-Rodamco income statement at Dec 31, 2008: -€623.9 Mn in France, -€39.2[11] in Central Europe, -€53.5 Mn in The Netherlands, -€145.4 Mn in Nordic and -€251.9 Mn in Spain (see note on Net Asset Value).

2. Offices

2.1. Office property market in 2008

Some 86% of Unibail-Rodamco's office portfolio is located in France, concentrated in Paris CBD[12] and La Défense in particular. Developments on these markets drive the office division's result for 2008.

The rental activity in the Paris Region decreased in 2008 with a take-up of 2.4 Mn m², compared to 2.8 Mn m² in 2007. The 2008 letting volume is particularly due to large and very large transactions (75 transactions over 5,000 m² during the year) and the recent cost efficiency driven office centralisation and rationalisation policies which have been implemented by many firms.

Thanks to limited deliveries, the vacancy rate stabilized at a low average level of 5.4%[13] in the Paris region. Attractive office areas such as the Central Business District (at 4.1%) and La Défense (at 3.7%) are even below the 5% rate considered by the market as the liquidity rate.

Latest transactions in the CBD have seen rental levels over €800 per m², while La Défense prime rents amounted to €550 per m². The high-end rents in these areas have been stable or declining slightly in 2008. The evolution of market for the future is difficult to predict.

The investment activity for commercial property was severely affected by the financial crisis. Office deals weakened considerably in the Paris region, decreasing by 58% compared to 2007. In 2008, liquidity was limited to the smaller size investments: deals under

[11] Of which €16.4 Mn of goodwill impairment
[12] CBD : Central Business District
[13] Source : CBRE

€100 Mn made up many of the transactions. Only 3 transactions over €200 Mn have been registered in 2008 in the Paris region (versus 14 transactions in 2007).

2.2. Office division 2008 activity

Unibail-Rodamco consolidated net rental income from offices (NRI) in 2008 came to €228.4 Mn.

For a more relevant analysis of NRI variation, 2007 figures have been restated on a pro forma basis[14] as if the merger with Rodamco took place on January 1st, 2007.

Region	Net Rental Income (€Mn)		
	2007 pro forma	2008	%
France	155.5	173.2	11.4%
Netherlands	30.8	26.5	-14.0%
Nordic	16.2	17.8	9.9%
Spain	7.4	7.9	6.8%
Central Europe	3.2	3.0	-6.3%
Global	**213.1**	**228.4**	7.2%

The variation of €15.2 Mn between 2007 (pro forma) and 2008, breaks down as follows:

- -€12.2 Mn came from disposals (6 buildings sold in France in 2008 and 4 in the Netherlands)
- +€4.8 Mn came from the delivery and leasing of new buildings in Paris: Clichy, a turn-key project of 14,800m² entirely let to SNCF in March 2008, 12 rue du Mail let to Red Bull and 18-20 av Hoche let to Mayer Brown.
- +€2.4 Mn of non recurring item (tax reimbursement in France)
- Like-for-like NRI increased by €20.2 Mn, ie a 12.1% growth, of which 7.8% above indexation. This growth is broken down as shown in the following table.

Region	Net Rental Income (€Mn) Like-for-like		
	2007 proforma	2008	%
France	129.1	146.0	13.1%
Netherlands	20.4	21.4	4.9%
Nordic	16.2	18.5	14.2%
Spain	-	-	
Central Europe	1.4	1.4	0.0%
Global	**167.1**	**187.3**	12.1%

In 2008: 63,633 m² has been let or re-let on the whole office portfolio for €31.7 Mn minimum guaranteed rents, with 15% uplift on renewals and re-lettings.

In France, the leasing activity has been strong with notably:

- Capital 8-Paris 8: 9,378 m² let to SAP, Nixon Peabody and Sun Microsystems at an average of 839 €/m² . This complex is now 98% let.
- Rue Cambon- Paris 1: 1,715 m² let to Medicapital Bank (€ 720 /m²).
- Rue du Mail-Paris 2: fully let to Red Bull (€593/m²).

These achievements demonstrate that rents remain strong for prime properties of the Paris central business district.

As at Dec 31, 2008 annualised minimum guaranteed rents generated by the office portfolio amounted to €251.1 Mn. The expiry schedule of the leases (termination option and expiry date) is shown in the following table.

Office portfolio	Lease expiry schedule			
	at date of next break option	as a % of total	at expiry date	as a % of total
Expired	1.4	0.6%	5.2	2.1%
2009	31.0	12.3%	25.3	10.1%
2010	47.5	18.9%	18.2	7.3%
2011	21.4	8.5%	4.8	1.9%
2012	18.1	7.2%	11.5	4.6%
2013	17.7	7.0%	34.6	13.8%
2014	9.5	3.8%	13.9	5.5%
2015	32.8	13.1%	34.8	13.9%
2016	25.2	10.0%	36.3	14.5%
2017	20.1	8.0%	27.9	11.1%
2018	9.8	3.9%	15.0	6.0%
2019	1.8	0.7%	1.9	0.7%
Beyond	14.6	5.8%	21.5	8.6%
M€	**251.1**	**100%**	**251.1**	**100%**

Potential rents from vacant office space in operation amounted to €27.2 Mn at Dec 31, 2008.
The financial vacancy stood at 9.8% for the whole portfolio (7% as at Dec 31, 2007). In France the financial vacancy increased from 8% at year-end 2007 to 10% at Dec 31, 2008, mainly due to the delivery of 20,488 m² of renovated surface in Cnit La Défense in Oct 2008.

2.3. Investment / divestment

Unibail-Rodamco invested €218 Mn in its office portfolio in 2008:

- o New acquisitions:
- €16 Mn in France to acquire additional plots in Gaité Montparnasse-Paris.
- €30 Mn was invested in March 2008 for an economic interest[15] in an office building in Warsaw (12,115 m² on the Zlote Tarasy shopping centre complex).
- o Capital expenditures:
- €88 Mn was invested for renovation, mainly on Cnit-La Défense in Paris where 20,488 m² have been delivered, and on 7 Adenauer Paris 16.

[14] Un-audited. Slightly different from 2007 publication due to accounting reclassifications

[15] As the developer is not yet in a position to deliver the shares, this investment was accounted for a pre-payment and a financial income is recorded instead of rental income

- €18 Mn was paid as last instalment on the delivery of Villeneuve building in Clichy (France) in March 2008 (turn key fully let project).
- €52 Mn was invested for tour Oxygène in Lyon (28,000 m², completion expected in 2010) and studies for the 2 development projects in Paris-La Défense: 'Phare' and 'Majunga'.
- €14 Mn of financial charges and other costs was capitalised.

The Group divested €614.5 Mn from its office portfolio in 2008.

Six buildings were sold in France in 2008 for a total net disposal price of €309.1 Mn, two of them (136 av Ch de Gaulle-Neuilly and 17-21 rue du Faubourg St Honoré- Paris 8) representing 75% of the proceeds.
Based on the appraised value booked in the balance sheet as at Dec 31, 2007, the net capital gain amounted to €28.5 Mn.

Four buildings[16] in The Netherlands, logistics premises in Spain and one building in Ukraine were sold for a total net disposal price of €305.4 Mn and a net capital gain of €9.3 Mn.

2.4. Portfolio valuation

The office portfolio was valued €4,178 Mn (excluding transfer taxes and disposal cost) on the balance sheet at Dec 31, 2008:

- €3,875 Mn in assets recorded as investment properties and accordingly marked-to-market based on independent appraisals (after transfer taxes deduction)
- €303 Mn of asset at historical cost: 7 Adenauer Paris (own-use building)[17], and projects under construction.

The change in the fair value of office investment properties since December 31, 2007 generated a negative valuation result of €624.1 Mn (see note on Net Asset Value).

3. Convention & Exhibition

This activity is exclusively located in France, and consists of real estate investment and operations (VIPARIS) and trade shows organisation (COMEXPOSIUM). At the beginning of 2008, Unibail-Rodamco's Convention & Exhibition businesses merged with those of the Paris Chamber of Commerce and Industry (CCIP), to create the leading Convention & Exhibition player in France.

The Convention & Exhibition business is seasonal in nature, with more events during even years compared to odd years. Visitor numbers in 2008 were up some 20% compared to odd year 2007, but also improved some 6% compared to even year 2006. Despite few cancellations, for which the group received cancellation fees, realised EBITDA was better than plan. In total, VIPARIS leased space to 347 shows, 150 conventions and 382 corporate events in 2008, in its 9 venues. Feedback from the long standing and loyal tenant base indicates that presence at shows remains a priority in the current economic climate, while economies for exhibitors are realised mostly by savings in their outfitting costs. Pre-letting of the venues for the Convention & Exhibition events for 2009 remains strong, with over 86% of the normal capacity already signed up by year-end 2008. This compares to 89% pre-letting on average in previous years.

The different Convention & Exhibition venues are owned:

- by VIPARIS (50/50 with CCIP): Parc des expositions de la Porte de Versailles, Paris Nord Villepinte, Palais des congrès de Paris et de Versailles, Parc des expositions du Bourget, l'Espace Champerret and Espace Grande Arche.
- 100% by Unibail-Rodamco: Cnit in La Défense and Carrousel du Louvre.

They are all managed by VIPARIS, and fully consolidated.

Total net consolidated revenues from this activity came to €127.4 Mn in 2008 versus €64.3 Mn in 2007 before the combination with CCIP. On a pro forma[18] basis, 2007 contribution would have been €112.8 Mn, ie a 13% growth in 2008. As previously noticed, even years benefit from more bi-annual shows like "motor show" in Porte de Versailles, "world packaging exhibition" in Villepinte or "Aviation show" in Le Bourget.

Due to restructuring works, no corporate events and congress activity were possible in the Cnit during the first half year 2008. This venue has been fully operational again since Sept 2008.

The event organisation business is managed through COMEXPOSIUM (50% Unibail-Rodamco), and has been consolidated under equity method since January 1st, 2008, in consideration of its corporate governance. Its contribution to Unibail-Rodamco recurring result was €10.4 Mn in 2008.

[16] Parnassustoren-Amsterdam, Schonenvaert-Haarlem, OHK-Amsterdam and Hoogstraat-Rotterdam.

[17] 70 Wilson is no longer partially accounted for as an operational building as Comexposium is consolidated under equity method since January 1st, 2008.
5 Bd Malesherbes, previous headquarters of Unibail has been reclassified in investment property for its fair value, the valuation surplus being added to equity.

[18] Un-audited

Including the hotels Méridien-Montparnasse (Paris) and Hilton-Cnit (Paris la Défense), of which the long term rental income is part of this segment of activity, and after deduction of amortisations, the division showed an operating profit of €139.1 Mn in 2008, not directly comparable to 2007 considering the CCIP combination and the change in consolidation method for Exposium.

III. 2008 RESULT

Administrative expenses amounted to €101.7 Mn.
The new organisation with corporate structures located in Paris and Amsterdam-Schiphol and the 5 operational regions (France / Netherlands / Spain / Nordic / Central Europe) has been fully operational since the beginning of the year.

Cost incurred for feasibility studies of development projects amounted to €5.7 Mn in 2008.

Property services net operating result (+€8.3 Mn) came from property services companies in France, and in Spain.

The item 'other income' reflected the result of the finance leasing portfolio of ex-Unibail (+€1.2 Mn) and two non recurring items, a success fee[19] and a provision for litigation, resulting in a net profit of €2.6 Mn.

Group net financial expenses totalled €314.1 Mn, including capitalised financial expenses of €38.9 Mn allocated to projects under construction. Net borrowing expenses recorded in the net recurring profit thus came to €275.2 Mn.

According to IFRS rules, a debt component of the ORA has been accounted for in the balance sheet, which is amortised over the life of the ORA. The fixed rate debt of Rodamco which was accounted at fair value in Unibail Rodamco's balance sheet at the date of the merger is amortised over the life of the bonds as well. These amortisations amounted to €22.8 Mn in 2008 and did not affect the recurring result.

In accordance with the option adopted by Unibail-Rodamco for hedging instruments accounting (IAS 39), the change in value of caps and swaps driven by the low base rate interest at year end, was recognised directly in the P&L, resulting in a negative amount of €285.4 Mn. This charge did not affect the recurring result.

The Group's average refinancing rate came to 4.2% in 2008 (4% in 2007). Unibail-Rodamco's refinancing policy is described in the following section 'Financial Resources'.
In accordance with the share buyback program 552,758 shares were bought in 2008 at an average price of €103.9 / share, and cancelled[20].

The income tax charge came from countries where specific tax regimes for property companies[21] do not exist and activities in France which are not eligible to the SIIC regime, mainly in the Convention & Exhibition business. Total income tax allocated to the recurring result amounted to €21.2 Mn, while a credit of €59.4 Mn was accounted for in valuation result due mainly to the variation of deferred taxes on assets' fair value.

Consolidated net recurring profit after tax for 2008 amounted to €868.4 Mn.

Minority interests in the consolidated net recurring profit after tax amounted to €91.6 Mn. They related mainly to CCIP's minority share in VIPARIS (€32.5 Mn), to shopping centres in France (€54.1 Mn, mainly Les Quatre Temps and Forum des Halles) and to the remaining 1.48% minority shareholders in Rodamco Europe (€5 Mn).

Consolidated net result (group share) was a loss of €1,116 Mn in 2008. This figure breaks down as follows:

- **€776.8 Mn of recurring net profit**
- **€47 Mn net gains on property disposals**
- **-€1,939.8 Mn of fair value adjustments, mainly due to decreasing real estate values.**

The average number of shares and ORAs[22] in issue during this period was 91,132,579.

Recurring Earnings per Share came to €8.52 in 2008, representing an increase of 8.4% compared to 2007.

[19] Based on the additional value created on Rennes Alma and Velizy Usines Centre during the period where these two shopping centres were in partnership.

[20] 2,666 were kept and delivered as last bonus shares allocation on Jan 31,2009

[21] In France : SIIC (Société Immobilière d'Investissements Cotée) and in Netherlands: FBI (Fiscal Investment Institution)

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

IV. DIVIDEND AND OUTLOOK

Dividend

Based on the 2008 recurring result of €8.52/share, the Group will propose to the Annual General Meeting to declare a total distribution over 2008 of €7.50, part of it[23] being paid out of share premium.

2008 distribution represents a 7.1% increase over the €7.00 distributed over 2007.

With interim payments of €1.75/share each in October 2008 and January 2009, and a third €1.75/share payment payable in April 2009, the final distribution will come to €2.25/share and will be paid on July 15, 2009.

Outlook

The Group has closely reviewed its position in the current market conditions. The base line for the 2009 results has largely been set through leasing activities and indexation in 2008, and management is closely monitoring footfall and tenant sales developments, tenant's health and payment discipline. The quality of the portfolio and the geographical spread of activities across continental Europe are seen as strong assets in the current climate. Cost of debt should also continue to be contained. Consequently the Group's target in growth of recurring EPS for 2009 is set at 7% or higher.

Despite the uncertainty of market developments, the Group sees prospects for continued recurring EPS growth beyond 2009. The pace of growth however, is partly driven by external factors such as inflation, GDP growth, interest rate developments and consumer confidence which are hard to predict. Giving a quantified medium term outlook in this environment would be difficult to justify.

The distribution policy remains unchanged with 85 to 95% of recurring result being distributed to shareholders.

[23] Circa €1.24. This amount may be slightly adjusted on distribution date.

NET ASSET VALUE AS AT DECEMBER 31, 2008

Unibail-Rodamco's fully-diluted triple net liquidation NAV (Net Asset Value) amounted to €151.20 per share as at December 31, 2008, down 10.7% from year-end 2007. Over the year, value reduction amounted to €11.05 per share, by adding back to the NAV decrease of €18.10 per share, the €7.05 dividend paid out in 2008.

1. PROPERTY PORTFOLIO

The financial crisis has significantly impacted the real estate investment market and valuations by the same token.
The investment market has suffered from a severe decrease in liquidity in the overall direct real estate sector with (i) outflows from specialised real estate investors and (ii) more limited and more costly access to debt markets. The amount invested in the commercial real estate market in Europe has decreased from €246 bn in 2007 to €116 bn in 2008 (source CBRE[24]), with in particular fewer transactions on large assets. This decrease in liquidity leads to a strong rise in property yields across the board.
On the contrary and quite unexpectedly, the large shopping centre market has been quite active with the landmark transactions such as 'Grand Littoral' (Corio), Steen & Ström (Klepierre), Shopping City Süd and La Maquinista (Unibail-Rodamco).

Unibail-Rodamco's asset portfolio including transfer taxes decreased from €25,229 Mn by year-end 2007 to €24,572 Mn by year-end 2008. On a like-for-like basis, the value of the overall portfolio decreased by €2,069 Mn net of investments, i.e. a drop of 9.1%, compared with year-end 2007.

Asset portfolio valuation of UNIBAIL-RODAMCO (including transfer taxes) (1)	December 31, 2007 (2)		December 31, 2008		Like-for-like change at Dec 31, 2008 (3)		Like-for-like change net of investment at Dec 31, 2008	
	€ Mn	%	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	18 231	72%	18 037	74%	- 1 086	-6.5%	- 1 274	-7.7%
Offices	5 557	22%	4 478	18%	- 578	-12.1%	- 664	-13.9%
Convention-Exhibition centres (4)	985	4%	1 724	7%	- 109	-11.0%	- 120	-12.2%
Services	456	2%	333	1%	- 11	-4.2%	- 11	-4.2%
Total	**25 229**	**100.0%**	**24 572**	**100%**	**- 1 784**	**-7.9%**	**- 2 069**	**-9.1%**

(1) Based on a full scope of consolidation, including transfer taxes and disposal costs (see §1.5 for Group share figures).
The valuation of the portfolio 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 and Comexposium, a trade shows organisation business).

(2) Due to the re-categorisation of Swedish and Dutch buildings, the breakdown between offices and shopping centres slightly differs from year-end 2007 publication.
(3) Principal changes in the scope of consolidation during the year 2008:
- Acquisition of Shopping City Süd (SCS) in Vienna and of the Maquinista and Habaneras shopping centres in Spain
- Acquisition of lots in the Leidsenhage (Netherlands) and Los Arcos (Spain) shopping centres.
- Acquisition of co-ownership lots in Aquaboulevard (Paris) and Vélizy 2 and of land next to Vélizy Usine Center .
- Acquisition of the 10 Vercingetorix Office building in Paris.
- Deal with the Paris Chamber of Commerce of Paris which brought in the portfolio the Palais des Congrès de Paris shopping centre, 4 new Convention-Exhibition Centres (Villepinte, Le Bourget, Palais des Congrès de Paris, Palais des Congrès de Versailles) and one Service Company (Comexpo : trade shows organisation).
- Disposal of part of the highstreet shop portfolio in the Netherlands, of the Belgian highstreet shop portfolio, of part of the Spanish Logistics portfolio and of the Ukrainian office portfolio.
- Disposal of Spar Handelscentrum (Cottbus, Germany)
- Disposal of 1 St Georges-34/36 Provence, 126 Jules Guesdes, Square Défense, 136 Charles de Gaulle, 52 Lisbonne and 17-21 Faubourg St Honoré office buildings in France.

Changes on a like-for-like basis do not include the changes listed above.
(4) Based on a full scope of consolidation; with a 50% ownership for most Convention-Exhibition centres, group share portfolio valuation as at December 31, 2008, is equal to €1,041 Mn (see §1.5).

[24] CBRE: CB Richard Ellis

Valuation methodology

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

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

Instability in financial markets has led to a significantly reduced level of representative ("benchmark") transactions. Most transactions that are occurring involve vendors in financial distress and purchasers looking for 'bargains' with increased pricing volatility as a result. Appraisers have reacted to this situation of increased uncertainty by carefully interpreting the limited evidence available, including abortive transactions, and by putting more emphasis on both discounted cash flow parameters and other outcomes.

Valuation scope

As at December 31, 2008, independent experts have appraised 94.6% of Unibail-Rodamco's portfolio.

The remaining assets (5.4%), which have not been externally appraised as at December 31, 2008, have been valued as follows:

- At cost for properties under construction accounting for 3.0% of the value of Unibail-Rodamco's total portfolio. These mainly represent shopping centres under development (notably Donauzentrum extension in Austria, Benidorm & Badajoz in Spain, and in France: Lyon Confluence, Docks de Rouen, Le Havre) and office developments (Phare and Majunga at La Défense, Tour Oxygène in Lyon).
- At their acquisition cost for assets purchased during the preceding six-month period, including principally Maquinista and Habaneras in Spain, French co-ownership lots in Aquaboulevard and Vélizy 2, and the 10 Vercingetorix Office building in Paris. These assets represent 2.3% of total portfolio.
- At their disposal price for assets under sale agreement representing 0.1% of the total asset portfolio.

1.1 Shopping Centre portfolio

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

Evolution of Unibail-Rodamco's Shopping Centre portfolio valuation

The value of Unibail-Rodamco's Shopping Centre Portfolio decreased from €18,231 Mn to €18,037 Mn at December 31, 2008, including transfer taxes and disposal costs:

Valuation 31/12/2007	**18 231**	
Revaluation of Non Like for Like assets	210	(1)
Capex / Acquisitions	1 907	
Currency effect	-116	(2)
Like for Like revaluation	-1 274	
Disposals	-920	
Valuation 31/12/2008	**18 037**	

(1) Non Like for Like assets regard delivered developments (including Pankrac, Forum Nacka and Strasbourg Etoile) and acquisitions during the year.
(2) Composed of a currency loss €142 Mn on Nordic and a currency gain of €26 Mn of 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 December 31, 2008 came to 5.4% vs. 4.8% at year-end 2007:

Shopping Centre portfolio by region	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn (1)	Net inital yield (2) Dec. 31, 2008	Net initial yield (3) Dec. 31, 2007
France (4)	8 978	8 610	5.0%	4.3%
Netherlands	2 726	2 549	5.9%	5.6%
Nordic (5)	1 819	1 792	5.3%	4.8%
Spain	2 175	2 121	6.1%	5.1%
Central Europe	2 339	2 298	6.0%	5.8%
Total	**18 037**	**17 369**	**5.4%**	**4.8%**

(1) Valuation excluding estimated transfer taxes and disposal costs (see §2.7).
(2) 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.
(3) Year-end 2007 NAV note mentions slightly different yield for Netherlands; the difference comes from more accurate Retail/Office split.
(4) For France, if including entrance fees received in the Net Rental Income, the Net initial yield would be equal to 5.5% as at 31/12/2008 and 4.7% as at 31/12/2007.
(5) According to external appraisals, retail represents 84% of Swedish portfolio against 87% in last year estimations.

Based on the year end yield of 5.4%, a further change of + 25 basis points would result in a downward adjustment of €780 Mn (or -4.3%) of the shopping centre portfolio value (including transfer taxes and disposal costs).

Like for Like analysis:

On a like-for-like basis, the value of the Shopping Centre portfolio, including transfer taxes and disposal costs, reduced by €1,086 Mn (-6.5%) compared with year-end 2007. Restated for capital expenditure, capitalised financial expenses, leasing expenses and eviction costs, the value of the Shopping Centre portfolio came down by 7.7% or €1,274 Mn on a like-for-like basis breaking down into +5.2% from the increase in revenues of shopping centres and -12.9% due to changes in yield.

Shopping Centre - Like for Like evolution (1), year 2008	Like for Like evolution (1) in € Mn	Like for Like evolution (1) in %	Like for Like evolution (1) - Rent impact	Like for Like evolution (1) - Yield impact
France	- 820	-9.4%	4.1%	-13.5%
Netherlands	- 62	-2.4%	4.3%	-6.7%
Nordic	- 156	-8.1%	6.2%	-14.3%
Spain	- 228	-12.6%	5.6%	-18.2%
Central Europe	- 7	-0.5%	10.0%	-10.4%
Total	**- 1 274**	**-7.7%**	**5.2%**	**-12.9%**

(1) Like for like evolution net of investments from December 31, 2007 to December 31, 2008.

Shopping centre development and extension projects

Shopping centre development and extension projects have not been assigned a market value, despite the potential capital gains, but are valued at cost until delivery, except in cases of impairment. These development and extension projects mainly comprise:

- in France: Lyon Confluence, Docks de Rouen, Docks Vauban (Le Havre), Versailles-Chantiers, the Eiffel project in Levallois and the Aéroville project (Paris Charles de Gaulle airport).
- In the rest of Europe: Badajoz in Spain as well as the Donauzentrum and Shopping City Süd extensions in Austria.
- In Spain, a €14.3 Mn impairment was recorded for a land in Benidorm in view of market developments.

At December 31, 2008, Shopping Centre development projects represented a total cost of €587 Mn on the balance sheet of Unibail-Rodamco.

1.2 Office portfolio

Evolution in Unibail-Rodamco's Office valuation

The value of the Office Portfolio decreased from €5,557 Mn to €4,478 Mn at December 31, 2008, including transfer taxes and disposal costs:

Valuation 31/12/2007	**5 557**	
Revaluation of Non Like for Like assets	37	(1)
Capex / Acquisitions	183	
Currency effect	-27	(2)
Like for Like revaluation	-664	
Disposals	-609	
Valuation 31/12/2008	**4 478**	

(1) Non Like for Like assets regard delivered developments, including Clichy Villeneuve, and acquisitions during the year.
(2) Composed of currency loss of €27 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	Valuation (including transfer taxes) (1)	
	€ Mn	%
France	3 858	86.2%
Netherlands	320	7.1%
Nordic (2)	247	5.5%
Spain	33	0.7%
Central Europe	21	0.5%
Total	**4 478**	**100%**

(1) Valuation including transfer taxes and disposal costs of all office portfolio assets.
(2) According to external appraisals, office represents 16% of Swedish portfolio against 13% in last year estimations.

For occupied offices and based on an asset value excluding estimated transfer taxes and disposal costs, the Office division's net initial yield at December 31, 2008 increased with 100 basis points to 6.4% vs. 5.4% at year-end 2007.

Valuation of occupied office space	Valuation including transfer taxes in € Mn (1)	Valuation excluding estimated transfer taxes in € Mn (1)	Net initial yield (2) Dec. 31, 2008	Net initial yield (2) Dec. 31, 2007
France	3 383	3 269	6.2%	5.1%
Netherlands	288	269	8.4%	6.8%
Nordic	238	235	6.9%	6.1%
Spain	33	32	7.3%	6.2%
Central Europe	20	20	7.3%	8.2%
Total	**3 962**	**3 825**	**6.4%**	**5.4%**

(1) Valuation of occupied office space as at December 31, 2008, based on the appraiser's allocation of value between occupied and vacant space.
(2) Annualised rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and disposal costs.

Based on the year end yield of 6.4%, a further change of + 25 basis points would result in a downward adjustment of €164 Mn (or -3.7%) of the total office portfolio value (occupied and vacant space, including transfer taxes and disposal costs).

Like for Like analysis:

On a like-for-like basis, the value of Unibail-Rodamco's office portfolio, including transfer taxes and disposal costs, has decreased by €578 Mn since year-end 2007, i.e. a drop of 12.1%. After accounting for the impact of capital expenditure and capitalised financial and leasing expenses, the valuation of the Office portfolio, on a like-for-like basis, has decreased by €664 Mn or 13.9% breaking down into +4.8% from the increase of rents and lettings and -18.7% due to changes in yield.

Office - Like for Like evolution (1), year 2008	Like for Like evolution (1) in € Mn	Like for Like evolution (1) in %	Like for Like evolution (1) - Rent impact	Like for Like evolution (1) - Yield impact
France	- 595	-14.4%	4.8%	-19.2%
Netherlands	- 66	-17.8%	1.6%	-19.4%
Nordic	- 4	-1.5%	9.7%	-11.2%
Spain				
Central Europe	1	3.3%	7.1%	-3.8%
Total	**- 664**	**-13.9%**	**4.8%**	**-18.7%**

(1) Like for like evolution net of investments from December 31, 2007 to December 31, 2008.

French Office Portfolio:

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

French Office portfolio by sector	Valuation (including transfer taxes) (1)	
	€ Mn	%
Paris CBD	1 596	41%
Neuilly-Levallois-Issy	543	14%
La Défense	1 458	38%
Other	261	7%
Total	**3 858**	**100%**

(1) Valuation including transfer taxes and disposal costs of all office portfolio assets.

For occupied offices, and based on an asset value, excluding estimated transfer taxes and disposal costs, the French Office division's yield at December 31, 2008 came to 6.2%. This yield was 110 basis points higher than at year-end 2007:

Valuation of French occupied office space	Valuation including transfer taxes in € Mn (1)	Valuation excluding estimated transfer taxes in € Mn (1)	Net initial yield (2)	Average price €/ m² (3)
Paris CBD	1 526	1 488	5.7%	13 590
Neuilly-Levallois-Issy	541	511	6.7%	5 403
La Défense	1 116	1 077	6.7%	6 867
Other	199	195	6.7%	4 583
Total	**3 383**	**3 270**	**6.2%**	**8 218**

(1) Valuation of occupied office space as at December 31, 2008, as based on the appraiser's allocation of value between occupied and vacant space.
(2) Annualised rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and disposal costs.
(3) Based on the scope described in note (1), excluding estimated transfer taxes, except for the parking spaces at 68/82 rue du Maine-Paris 14th arrondissement. Restatement of parking spaces 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 KPMG for the venues is mainly based on a discounted cash flow model applied to total net income projected over the life of the concession or leasehold, if it exists (notably the Porte de Versailles concession) 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 or on capitalised cash flows over the last year.

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

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

The valuation methodology used by DTZ Eurexi to determine the fair market value of the Méridien-Montparnasse hotel asset at December 31, 2008 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 (operating under an operational lease agreement).

Evolution of the Convention-Exhibition Centres valuation

The value of Convention-Exhibition centres (including hotels), including transfer taxes and disposal costs, came to €1,724 Mn as at December 31, 2008. The strong increase is due to the full consolidation of the new Convention-Exhibition Centres contributed by the Paris Chamber of Commerce of Paris (CCIP). The 50% share of the CCIP is accounted for under minority shares.

On a like-for-like basis, net of net of investments, the value of Convention and Exhibition properties is down 12.2% compared with year-end 2007.

Convention-Exhibition Portfolio inclunding transfer taxes (€ Mn)	Dec 31, 2007	Dec 31, 2008 (1)	Like-for-like change net of investments	
			€ Mn	%
Viparis (2)	778	1 527	- 108	-13.9%
Hotels	206	197	- 12	-5.8%
Total	**985**	**1 724**	**- 120**	**-12.2%**

(1) Based on a full scope of consolidation, including transfer taxes and disposal costs (see §1.5 for Group share figures).
(2) Viparis includes all of the Group's Convention-Exhibition centres.

As a consequence of the above mentioned merger (CCIP deal) and full consolidation method, the value of the Convention-Exhibition portfolio (Viparis) almost doubled (+96%). On a like-for-like basis and net of investments, the decline of 13.9% compared to year-end 2007 resulted from an increase in discount rate and the amortisation of another year of the Porte de Versailles leasehold (end in December 2026) with the City of Paris.

Based on these valuations, the average EBITDA yield on Viparis at December 31, 2008 (2008 recurring operating profit divided by the value of the asset, excluding transfer taxes) was 8.6%.

The value of the Cnit-Hilton and Méridien-Montparnasse hotels decreased over the year by a total of €12 Mn, a reduction of 5.8%.
The Lyon Confluence Hotel project is valued at cost.

1.4 Services

Services portfolio is composed of:
- Comexposium, a trade show organisation business, resulting from the merger of the activities of Exposium and Comexpo.
- Espace Expansion and Rodamco Gestion, companies specialised in the promotion, marketing and management of property assets.

Valuation methodology

PriceWaterhouseCoopers appraised as at December 31, 2008 the Services portfolio in order to include at their market value all significant intangible assets in the portfolio and in the calculation of Unibail-Rodamco's NAV. Intangible assets are not revalued but maintained at cost or amortized cost on Unibail-Rodamco's consolidated balance sheet.

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

Evolution of the Services valuation

The change in value (from €456 to €333 Mn) was mainly attributable to the change of scope following the combination with the Paris Chamber of Commerce of Paris which took place in January 2008:
- As at December 31, 2007, 100% of the value of Exposium was taken into account.
- As at December 31, 2008, 50% of the value of Exposium as well as 50% of the value of Comexpo was taken into account. Exposium which has been so far fully consolidated is now consolidated under the equity method within Comexposium.

The decrease of €11 Mn (-4.2%) on a like for like basis[25] is mainly due to the discount rate impact.

[25] Espace Expansion, Rodamco Gestion and 50% of Exposium

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 - dec 31, 2007	€ Mn	%	€ Mn	%
Shopping centres	18 231	72%	16 917	71%
Offices	5 557	22%	5 529	23%
Convention-Exhibition centres	985	4%	985	4%
Services	456	2%	456	2%
Total	**25 229**	**100%**	**23 887**	**100%**
Asset portfolio valuation - dec 31, 2008	€ Mn	%	€ Mn	%
Shopping centres	18 037	74%	16 755	74%
Offices	4 478	18%	4 465	20%
Convention-Exhibition centres	1 724	7%	1 041	5%
Services	333	1%	333	1%
Total	**24 572**	**100%**	**22 594**	**100%**
Like for Like - net of Invt - 2008	€ Mn	%	€ Mn	%
Shopping centres	- 1 274	-7.7%	- 1 141	-7.5%
Offices	- 664	-13.9%	- 663	-13.9%
Convention-Exhibition centres	- 120	-12.2%	- 74	-7.5%
Services	- 11	-4.2%	- 11	-4.2%
Total	**- 2 069**	**-9.1%**	**- 1 888**	**-8.9%**
Like for Like - net of Invt - 2008 - Split rent/yield impact	Rent impact %	Yield impact %	Rent impact %	Yield impact %
Shopping centres	5.2%	-12.9%	5.2%	-12.7%
Offices	4.8%	-18.7%	4.8%	-18.7%
Net Initial Yield	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
Shopping centres	5.4%	4.8%	5.4%	4.9%
Offices - occupied space	6.4%	5.4%	6.4%	5.4%

2. TRIPLE NET NAV CALCULATION

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

2.1 Consolidated shareholders' equity

At December 31, 2008, consolidated shareholders' equity (Group share) came to €12,885.2 Mn.

Shareholders' equity (Group share) incorporated net recurring profit of €776.8 Mn and €-1,876.0 Mn of fair value adjustments on property assets and on derivative financial instruments and of capital gain on sales of properties.

The debt component of the ORAs, recognised in the financial statements (€224.6 Mn) was added to shareholders' equity for the calculation of NAV. At the same time, all ORAs were treated as equity shares.

A receivable of €157.8 Mn was recognised as at December 31, 2008, in respect of shareholders and ORA holders representing the interim dividend due, being €1.75 per share, which was actually paid on January 15th, 2009. This amount, which was deducted from the shareholders' equity shown on the consolidated balance sheet as at December 31, 2008, was added back for the calculation of NAV.

2.2 Adjustments linked to Rodamco's combination

The remaining goodwill (€174.0 Mn) which corresponds to the value of tax optimisation on Rodamco'assets at the date of the combination was deducted, as the optimisation of deferred taxes and transfer taxes was computed for the Unibail-Rodamco portfolio as a whole (see below).

For the calculation of the triple net asset value, Unibail-Rodamco has always recorded the projects at their historical cost. To be fully consistent, the value recognised for Rodamco's projects in the purchase price allocation and recorded in Unibail-Rodamco's balance sheet was deducted (€36.1 Mn).

2.3 Unaccounted capital gains on the property portfolio

Further to the move of the headquarters of Unibail-Rodamco in May 2008, the previous location (5, bd Malesherbes-Paris 8th) was reclassified in investment property at fair value while the new location (7 Adenauer-Paris 16th) was transferred to tangible assets for its fair value.
As at December 31, 2008, no adjustment was necessary for the NAV calculation since the book value of Adenauer was equal to its fair value.

2.4 Capital gains on intangible assets

The appraisal of Espace Expansion, Rodamco Gestion and of the goodwill of Paris Nord Villepinte / Palais des Congrès de Paris / Palais des Congrès de Versailles gave a rise to an unrealised capital gain of €99.6 Mn which was added for the NAV calculation.

Unibail-Rodamco's other operational subsidiaries (U2M, and Unibail Management) were valued at their consolidated book value, i.e. the value of their operating fixed assets. Accordingly, this cautious approach did not give rise to any unrealised capital gains or losses.

2.5 Mark-to-market value of debt

In accordance with IFRS rules, derivative financial instruments were recorded on Unibail-Rodamco's balance sheet at their fair value and their impact included 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 positive impact of €132.8 Mn after deduction of deferred tax, mainly coming from an increase in Unibail-Rodamco spread. This impact was taken into account in the NAV calculation.

2.6 Adjustment of capital gains taxes

In accordance with accounting standards, deferred tax on property assets was calculated on a theoretical basis on the consolidated balance sheet as at December 31, 2008. For the purpose of the NAV calculation, deferred tax on unrealised capital gains on assets not qualifying for tax exemption (SIIC or FBI regime), should be re-integrated and replaced by taxes actually payable, should a disposal take place.

This resulted in an adjustment of €290.3 Mn to the NAV calculation.

2.7 Restatement of transfer taxes and disposal costs

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

As at December 31, 2008, these estimated transfer taxes and other disposal costs compared to transfer taxes and costs already deducted from asset values on the balance sheet (in accordance with IFRS) came to an adjustment of €204.1 Mn.

2.8 Treasury shares and securities giving access to share capital

Unibail-Rodamco held 2,666 treasury shares as at December 31, 2008. The corresponding equity was deducted from the shareholders equity and the number of shares reduced accordingly.

Moreover, the exercise of stock-options and allotment of bonus shares outstanding at December 31, 2008 would have led to a rise in the number of shares of 2,703,720, increasing shareholders' equity by €343.6 Mn.

As at December 31, 2008, the fully-diluted number of shares taken into account for the NAV calculation totalled 93,465,395, including the ORAs and the dilutive impact of stock-options and bonus shares.

Unibail-Rodamco's triple net liquidation NAV (Group share) thus stood at €14,127.8 Mn or €151.20 per share (fully-diluted) as at December 31, 2008, a decrease of 10.7% compared with year-end 2007.

Value reduction during the year amounted to €11.05 per share, by adding back to the NAV decrease of €18.10 per share, the €7.05 dividend paid out to shares and ORA in 2008.

UNIBAIL-RODAMCO Triple net liquidation NAV (€ Mn)	Dec 31, 2007[1]	June 30, 2008	Dec 31, 2008
Consolidated shareholders' equity	**14 603.7**	**14 883.2**	**12 885.2**
Amounts owed to shareholders	**139.2**	**155.4**	**142.6**
Bonds redeemable for shares (restatement of debt component)	**240.7**	**232.7**	**224.6**
Amounts owed to bonds redeemable for share	**14.7**	**17.7**	**15.2**
Deduction of the goodwill on exchange offer	**- 244.0**	**- 203.7**	**- 174.0**
Deduction of pipeline fair value recognised in PPA	**- 47.5**	**- 44.1**	**- 36.1**
Fair value adjustment			
Property excluding investment properties	**91.5**	**-**	**-**
Intangible asset (2)	**111.0**	**101.4**	**99.6**
Fixed-rate debt net of deferred tax	**53.7**	**139.9**	**132.8**
Adjustment to taxes			
Deferred tax on capital gains on property assets (balance sheet)	**806.4**	**806.4**	**732.6**
Actual tax	**- 446.7**	**- 486.0**	**- 442.3**
Adjustment to transfer taxes and disposal costs			
Taxes already deducted from value of assets in balance sheets	**766.6**	**739.7**	**770.1**
Actual Transfer taxes	**- 564.7**	**- 550.2**	**- 566.0**
Impact of rights giving acces to share capital			
Potential impact of stock options granted	**265.9**	**252.0**	**343.6**
Triple net liquidation NAV	**15 790.3**	**16 044.3**	**14 127.8**
Fully diluted number of shares	93 279 736	93 268 803	93 465 395
Fully diluted triple net liquidation NAV per share	**169.3 €**	**172.0 €**	**151.2 €**
% Change vs 31.12.2007			**-10.70%**

(1) As published on December 31, 2007, without adjustments due to the completion of the purchase price allocation of Rodamco, impact on NAV / share being non significant.

(2) Exposium or Comexposium, Espace Expansion, Rodamco Gestion, and goodwill of Paris Nord Villepinte, Palais des Congrès Paris, Palais des Congrès Versailles.

NAV as at December 31, 2008 is reconciled with NAV as at December 31, 2007 in the following table:

Evolution of triple net liquidation NAV Dec. 31, 2007 to Dec. 31, 2008		
Fully diluted NAV per share as at. Dec. 31, 2007		**169.30 €**
Revaluation of property assets		- 17.93
Retail	*- 10.75*	
Offices	*- 6.55*	
Convention & exhibition and other	*- 0.63*	
Capital gain on disposals		0.49
Recuring net profit		8.31
Distribution in 2008		- 6.59
Mark-to-market of debt and financial instruments		- 2.45
Variation in transfer taxes & deferred taxes adjustments		- 0.72
Other		0.80
Fully diluted NAV per share as at. Dec 31, 2008		**151.20 €**

The 2008 financial market environment has been a difficult one in terms of bank liquidity, credit spread and volatile interest rates. Unibail-Rodamco, thanks to its strong financial profile, performed well in this environment, raising €2 bn of new medium to long term debt. The average cost of funding has been limited to 4.2% on 2008. Financial ratios are maintained at healthy levels with an interest coverage ratio of 3.8x and an LTV of 30% at year end 2008.

1. Debt structure at 31 December 2008

Consolidated gross financial debt at 31 December 2008 amounted to €7,578 Mn.

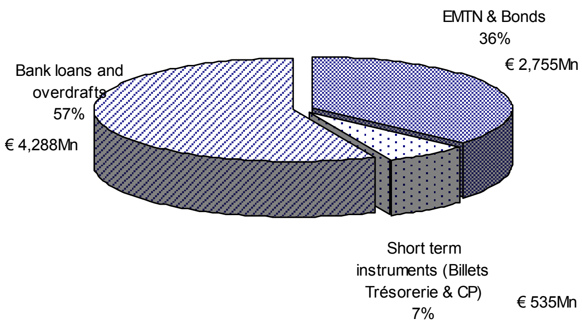
It has been assumed for the sake of computing the Group's debt that the ORA had a 100% equity content[26].

1.1. Debt breakdown

Unibail-Rodamco's gross financial debt as at 31 December 2008 breaks down as follows:

- €2,755 Mn in bond issues, of which €755 Mn in Euro Medium Term Notes (EMTN) of Unibail's programme and €1,500 Mn in EMTN of Rodamco's programme, the remainder, €500 Mn, in Rodamco bonds;
- €535 Mn short term issues in commercial paper (*billets de trésorerie)*[27];
- €4,288 Mn in bank loans, including €3,392 Mn in corporate loans, €861 Mn in mortgage loans and €35 Mn in bank overdrafts.

No loans were subject to prepayment clauses linked to the Group's ratings[28].



1.2. Funds Raised

During 2008, new financial resources for Unibail-Rodamco were obtained from the money-market by issuing commercial paper and *billets de trésorerie*, the bank loan market and to a lower extent on the bond market.

The Group's refinancing operations over 2008 break down as follows:

- €2,285 Mn of medium to long term loans have been raised or rolled over through:
  (i) A 5.5-year club deal loan of €600 Mn signed in April 2008. It has been drawn in totality in June 2008. The margin paid upon drawdown is 72.5 bp over Euribor;
  (ii) €1,255 Mn of bilateral loans, partially drawn, with a maturity ranging between 2.5 years and 5 years;
  (iii) €430 Mn of bilateral lines were renewed or extended.

  A further €105 Mn EMTN private placement with a 5-year maturity at an equivalent of 95 bps has been raised in 2008.

  On average, the margin applicable to those €2,390 Mn medium to long term loans and EMTN private placement is 82 bp and the average maturity is 4.7 years. Excluding the €430 Mn of bilateral lines renewed or extended, the margin would be 86 bp and the average maturity 5.4 years.
  However, the margin spreads have kept increasing throughout the year: average spread for H2 2008 was 125 bp, a 60 bp increase versus H1 2008.

- A total amount of €734 Mn in short term loans from money brokers was raised or rolled over. Of this amount, €50 Mn was outstanding as at 31 December 2008.

- €4,175 Mn in commercial paper with a maturity of up to one year. €3,089 Mn in commercial paper *Billets de Trésorerie*[29] and €1,086 Mn in Euro Commercial Paper during 2008. €535 Mn *Billets de Trésorerie* were outstanding as at 31 December 2008.

- The commercial paper programs are backed by confirmed credit lines[30]. These credit lines protect the Group against the risk of a temporary or more sustained absence of lenders in the short or medium

[26] ORA=Obligations Remboursables en Actions Unibail-Rodamco. The €224.6 Mn of the ORA recognised as debt is included in shareholders' funds – this approach is consistant with treatment of the ORA by S&P For more information on ORA, see the Annual Report.
[27] Short term paper is backed by confirmed credit lines (see 1.2)
[28] Barring exceptional circumstances (change in control)

[29] Excluding *Billets de Trésorerie* issued in favour of Subsidiaries
[30] These confirmed credit lines generally include requirements to meet specific ratios relating to debt, financial expenses and revalued shareholders equity and are not usually subject to prepayment clauses linked to the company's ratings.

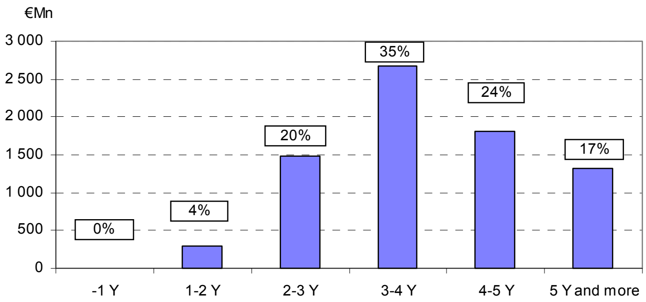
term debt markets and were provided by leading international banks.

- As at 31 December 2008, the total amount of undrawn credit lines came to €1,598 Mn.

In addition, the Group has signed a new credit line in January 2009 for an amount of €125 Mn.

1.3. Debt maturity

The following chart illustrates Unibail-Rodamco's debt as at 31 December 2008 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 three quarters of the debt had a maturity of more than 3 years as at 31 December 2008 (after taking into account undrawn credit lines).

The average maturity of the Group's debt as at 31 December 2008, taking into account the confirmed unused credit lines, stood at 4.4 years (4.1 years as of 31 December 2007).

Liquidity needs

Unibail-Rodamco's immediate debt repayment needs are limited: the amount of bonds or bank loans outstanding as at 31 December and maturing in 2009 is €339 Mn and about €530 Mn for 2010.

1.4. Average cost of Debt

Unibail-Rodamco's average refinancing rate came to 4.2% over 2008. It remained stable in comparison with 2007 (4.1% over 2007, integrating Rodamco on a full-year basis). This average cost of debt results from the level of margins on existing borrowings and the interest rate risk hedging programme implemented in 2003 and significantly built up in 2005, 2006 and the beginning of 2008.

2. Ratings

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

Standard & Poor's confirmed its long-term rating 'A' and its short-term rating 'A1' with a stable outlook in August 2008.

Moody's confirmed the Group's long-term rating of 'A3', also with a stable outlook in May 2008.

Rodamco is rated 'A' with a stable outlook by Standard & Poor's.

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 control 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

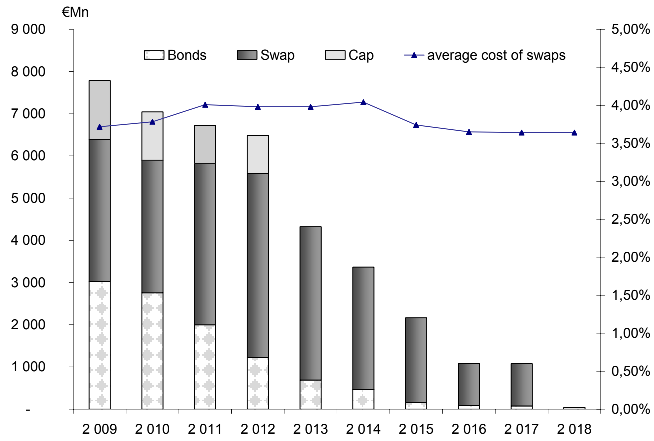
Interest rate hedging transactions

Unibail-Rodamco reinforced its already existing hedging portfolio in 2008, using collars, in order to benefit from the decrease in interest rates and medium-term swaps to hedge the Group on longer periods.

In particular, it entered into

- €650 Mn of 3-year collars beginning in 2009 and 2010.
- Forward swaps, contracted on different amounts and maturities to hedge the 2009 – 2014 period.

Annual projection of average hedging amounts and fixed rate debt (€ Mn)



The graph above shows:

- The part of debt which is kept at fixed rate, corresponding mainly to Rodamco's bonds.
- The hedging instruments used to hedge the variable rate loans and fixed rate debt immediatly 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, it applied a cash flow hegde accounting policy according to IFRS for some of its derivative instruments.

Measuring interest rate exposure

As at 31 December 2008, net financial debt stood at €7,419 Mn, excluding partners' current accounts and after taking cash surpluses into account (€159 Mn).

The outstanding debt was hedged at 97% against an increase in variable rates, based on debt as at 31 December 2008 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 which will allow the Group to benefit from the decrease of interest rates in 2009

Based on Unibail-Rodamco's debt situation as at 31 December 2008, if interest rates (Euribor, Stibor or Libor) were to rise by an average of 1%[31] (100 basis points) during 2009, the resulting increase in financial expenses would have an estimated negative impact of - €14.7 Mn on recurring net profit. A further rise of 1% would have an additional adverse impact of - €3.3 Mn. Conversely, a 1% (100 basis points) drop in interest rates would reduce financial expenses by an estimated €13.5 Mn and would enhance 2009 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. This hedge policy excludes revaluations, capital expenditures and deferred tax. 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.

Main foreign currency positions[32] (in € Mn)

Currency	Assets	Liabilities	Net exposure	Hedging Instruments	Exposure net of hedges
SEK	1,577.5	374.0	1,203.5	682.5	521.0
DKK	326.8	102.0	224.8	127.2	97.6
HUF	0.2	-	0.2	-	0.2
USD	211.8	64.1	147.7	34.8	112.9
CZK	0.2	158.7	- 158.5	- 153.3	- 5.3
PLN	0.3	- 1.1	1.4	-	1.4
Total	**2,116.7**	**697.6**	**1,419.1**	**691.3**	**727.8**

The main exposure kept is in Swedish Krona. A decrease of 10% in the SEK exchange rate vs EUR would have a €47 Mn impact on shareholders' equity.
The sensitivity of 2009 recurring result[33] to a 10% change in the exchange rate Swedish Krona / Euro is limited to €3.9 Mn.

[31] The eventual impact on exchange rates due to this theoretical increase of 1% in interest rates is not taken into account; theoratical impact of rise in interest rates are calculated above a Euribor 3 months and a Stibor 3 months of 2.892%.
[32] Managed exposure is the remaining exposure after exclusion of accepted exposures resulting from capex, revaluations and deferred taxes.
[33] 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 exchange rate of 10.4445 Eur/Sek

4. Financial structure

As at December 31 2008, the portfolio valuation (including transfer taxes) of the Unibail-Rodamco group amounted to €24,572 Mn.

Debt ratio

As at December 31 2008, the 'net financial debt / portfolio valuation' ratio (LTV) calculated for Unibail-Rodamco was set at 30% in line with the levels recorded at 31 December 2007 (28%). The slight increase of the ratio mainly results from the decrease in value of the portfolio.

Beyond this, the strength of Unibail-Rodamco's balance sheet derives from the active capital recycling policy and the group's selective acquisition policy. In 2008, Unibail-Rodamco sold for €1.5 Bn of asset while acquiring €1.2 Bn of asset, leading to a net cash inflow of €0.3 Bn.

Interest coverage ratio

The recurring net operating profit interest coverage ratio (ICR) for Unibail-Rodamco came to 3.8x for 2008. It is in line with the high levels achieved in recent years (4.0x in 2007, pro-forma ratio). This level was realised as a result of: (i) the low level of the Group's average debt, (ii) the tightly controlled cost of debt and (iii) stable income.

Financial ratios	31 Dec. 2007	31 Dec. 2008
Net financial debt / market value of portfolio	28%	30%
Recurring net operating profit interest coverage ratio[34]	4.0x	3.8x

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

As at 31 December 2008, 90% of the Group's credit lines allow indebtedness amounting to 60% of asset value or above (either at corporate level or at subsidiary level).

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

[34] Calculation based on the '[total recurring operating results + total general expenses and other income less depreciation and amortization / [recurring net financial expenses, including capitalized interest]'. Pro forma figures including full year 2007 Unibail and Rodamco.