unibail-rodamco

# 2008 Full-Year Results

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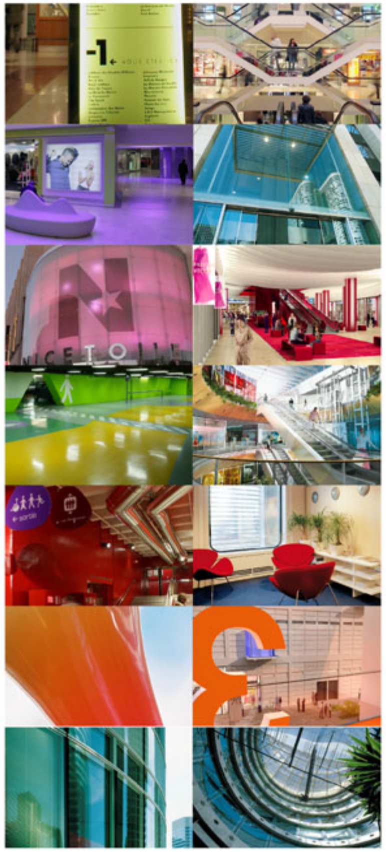

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# SOLID FINANCIALS


La Part Dieu - Lyon

# 2008 FULL YEAR FINANCIAL RESULTS AHEAD OF TARGETS

| | Unibail-Rodamco Full-year 2008 | Unibail + H2 Rodamco 2007 | |
|---|---|---|---|
| Shopping centres | 888 | 529 | |
| Offices | 228 | 179 | |
| Convention and exhibition | 99 | 63 | |
| **Net rental income** | **1,215** | **771** | |
| Convention & exhibition Services NOI | 51 | 22 | |
| Recurring Net Profit (group share) | 777 | 539 | |
| Net profit (group share) | -1,116 | 945 | |
| ***Per share data (€)*** | | | **% Growth** |
| **Recurring EPS (1)** | **8.52** | **7.86** | **+8.4%** |
| | **31 Dec 08** | **31 Dec 07** | **% Growth** |
| **Fully diluted liquidation NAVPS (2)** | **151.20** | **169.30** | **-10.7%** |

*(1) On the basis of an average number of shares in 2008 of 91,132,579 shares (including shares and ORAs issued for the purpose of the Rodamco Exchange Offer)*
*(2) On the basis of a fully diluted number of shares as at December 31, 2008 of 93,465,395 shares including 9,317,022 ORAs outstanding as at December 31, 2008*

> **Unibail-Rodamco's 2008 recurring earnings per share ("EPS") amounts to €8.52, a 8.4% growth compared to 2007 and ahead of recurring EPS growth target of 7% or more.**

> **This performance derives from:**

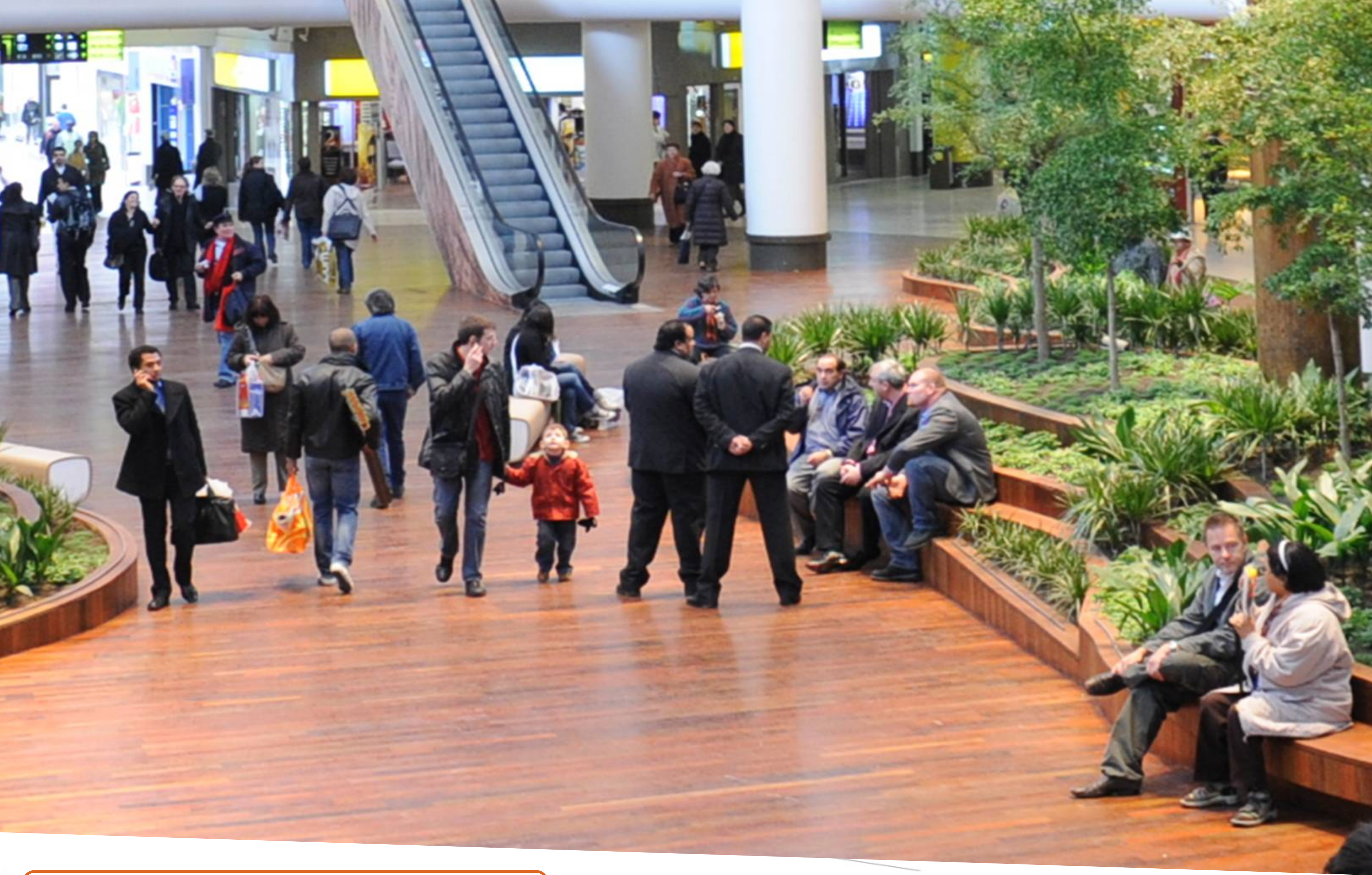
- continuous growth in rental income;
- contained cost of debt.

> **IFRS net profit shows a loss of €1,116 Mn, due to IAS 40 mark-to-market property value adjustments.**

> **This loss does not affect cash flow; the dividend pay-out policy is maintained: a full year distribution of €7.50 per share (+7.1%) for fiscal year 2008 is proposed.**

> **These property value adjustments lead to a decrease of NAVPS (triple net liquidation asset value per share) to €151.20, a 10.7% decline vs. NAVPS as at December 31, 2007.**

# RESILIENT OPERATING PERFORMANCE



Les Quatre Temps – Paris-La Défense

# A STRONG NET RENTAL INCOME GROWTH ACROSS THE DIFFERENT DIVISIONS

| | € Mn | 2008 | 2007 pro-forma (1) (2) | % Growth | Like-for-like growth |
|---|---|---|---|---|---|
| Shopping centres | - France | 420 | 353 | +18.8% | +10.0% |
| | - Netherlands | 159 | 187 | -15.0% | +3.4% |
| | - Spain | 105 | 87 | +20.6% | +7.1% |
| | - Nordics | 91 | 86 | +6.4% | +5.7% |
| | - Central Europe | 113 | 82 | +38.3% | +8.1% |
| | **Net Rental Income** | **888** | **795** | **+11.7%** | **+7.7%** |
| Offices | - France | 173 | 156 | +11.4% | +13.1% |
| | - Other | 55 | 57 | -4.0% | +8.7% |
| | **Net Rental Income** | **228** | **213** | **+7.2%** | **+12.1%** |
| Convention & exhibition | **Net Rental Income** | **99** | **92** | **+8.1%** | **+8.1%** |
| Total | **Net Rental Income** | **1,215** | **1,100** | **+10.5%** | **+8.5%** |

*(1) Pro-forma including 100% of Unibail, Rodamco and Viparis for full year 2007*
*(2) Minor restatements in comparison to full year 2007 due to accounting reclassifications*

> **Total rental income has grown by 10.5% in 2008 vs. 2007 pro-forma, and by 8.5% on a like-for-like basis.**

> **Net rental growth for the shopping centre division amounted to 11.7% in 2008 vs. 2007 pro-forma and to 7.7% on a like-for-like basis, a growth of 440 bps over inflation. It is mostly resulting from active property management, retenanting and repositioning of assets.**

> **Beyond like-for-like net rental growth on existing assets, total growth of the shopping centre division net rental income is positively impacted by:**

- the acquisition of additional plots in Vélizy 2 and Parly 2, of "Les Boutiques du Palais des Congrès" and the opening of new shopping centre Rivétoile in Strasbourg in France;
- the acquisition of La Maquinista and Habaneras in July 2008 in Spain;
- the acquisition of 140,400 m² in Shopping City Süd in Austria (Vienna) end of May 2008.

> **In the Netherlands, the net rental income was negatively impacted by the disposal of part of the Dutch high street retail portfolio.**

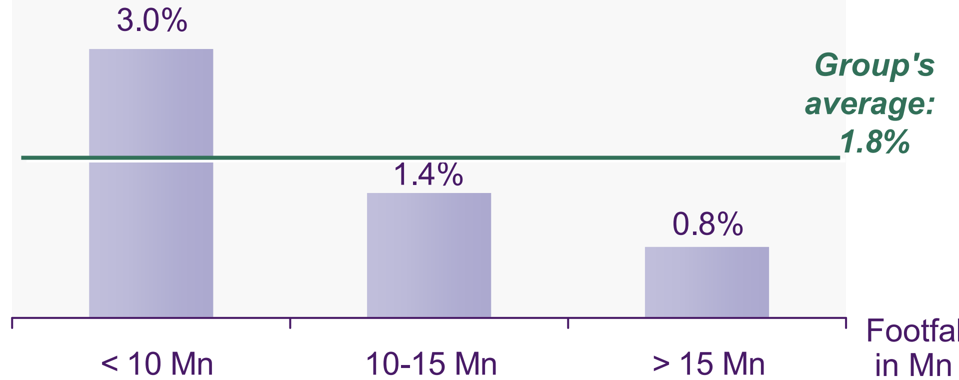
# SECURE CASH FLOW THANKS TO CONTINUED FOCUS ON FUNDAMENTALS

> **Limited vacancy rate:**
- 1.8% as at December 2008 vs. 1.1% as at December 2007
- Lower vacancy rate for large centres

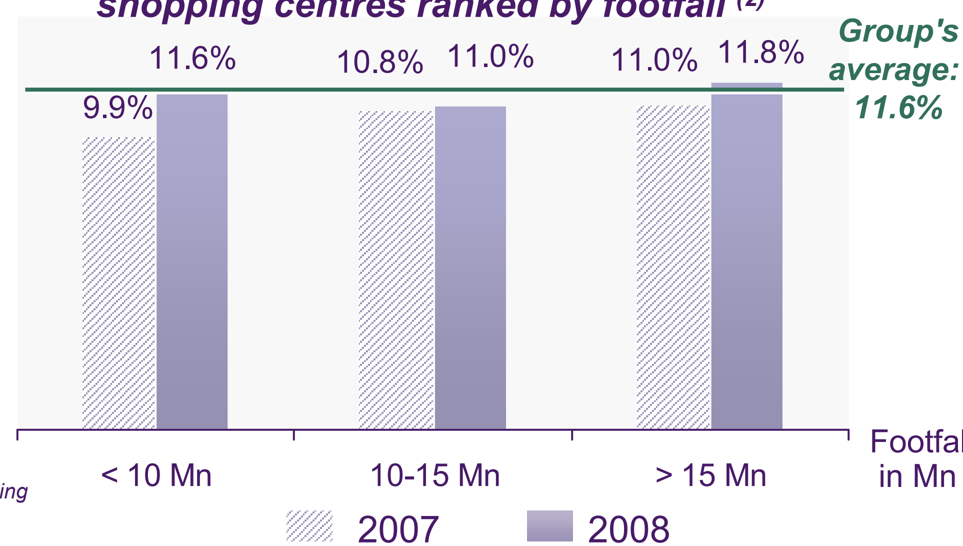
> **Limited defaulting tenants**
- Limited exposure to local retailers
- Ongoing selection of prime tenants through tenant rotation
- Resulting in only 0.9% in doubtful debtors (4)

> **Sustainable OCR (3): 11.6% in 2008 vs. 10.9% in 2007**

***Vacancy rate (1) in Unibail-Rodamco's shopping centres ranked by footfall (2) as at December 31, 2008***




***Occupancy cost ratio (3) in Unibail-Rodamco's shopping centres ranked by footfall (2)***




*(1) Financial vacancy = potential Minimum Guaranteed Rents of vacant units in operation / sum of the passing rent signed and potential Minimum Guaranteed Rents of vacant units in operation*

*(2) Including shopping centres in operation in 2008, except assets in the Netherlands where no sales data are available and assets under renovation*

*(3) Occupancy Cost Ratio = (invoiced rents + service charges including marketing cost for tenants) / tenants' sales including all shops and MSU excluding hypermarkets*

*(4) 100% of receivables from tenants outstanding for more than 6 months and 50% of those outstanding for more than 3 months (and for which there is a chance of recovery) / yearly gross rental income*

> **The Group benefits from solid and secure cash flows thanks to:**

- Limited vacancy, particularly in Unibail-Rodamco's large shopping centres:
  - vacancy in Unibail-Rodamco's centres above 15 million visits is 0.8% vs. 1.8% for Unibail-Rodamco's average portfolio;
  - vacancy has increased in Spain reaching 3.6% as at year end 2008 (vs. 0.8% as at December 31, 2007);
  - in Spain's prime quality centres, such as La Vaguada and Parquesur, vacancy rate remains limited at ca. 2% whereas it has reached higher levels in smaller centres.
- Limited defaulting tenants deriving from prime quality of tenants and assets:
  - doubtful debtors (1) represents on average 0.9% of Gross Rental Income in 2008 in the portfolio, higher than the previous year with only a slight impact on NRI.

> **The Group also benefits from a diverse tenant base with no tenant representing more than 3.3% of total rental income of the Group's shopping centres.**

> **OCR remains sustainable though increasing from 10.9% to 11.6% between 2007 and 2008.**
> **OCR in the regions ranges between:**

- Central Europe: 12.4%;
- France: 12.0%;
- Nordics: 10.7%;
- Spain: 10.6% (taking into account an OCR of 8.0% for La Maquinista).

*(1) 100% of receivables from tenants outstanding for more than 6 months and 50% of those outstanding for more than 3 months (and for which there is a chance of recovery) / yearly gross rental income*

# 2008 TENANTS' SALES REFLECT THE CRISIS

> **Declining tenants' sales performance in 2008**

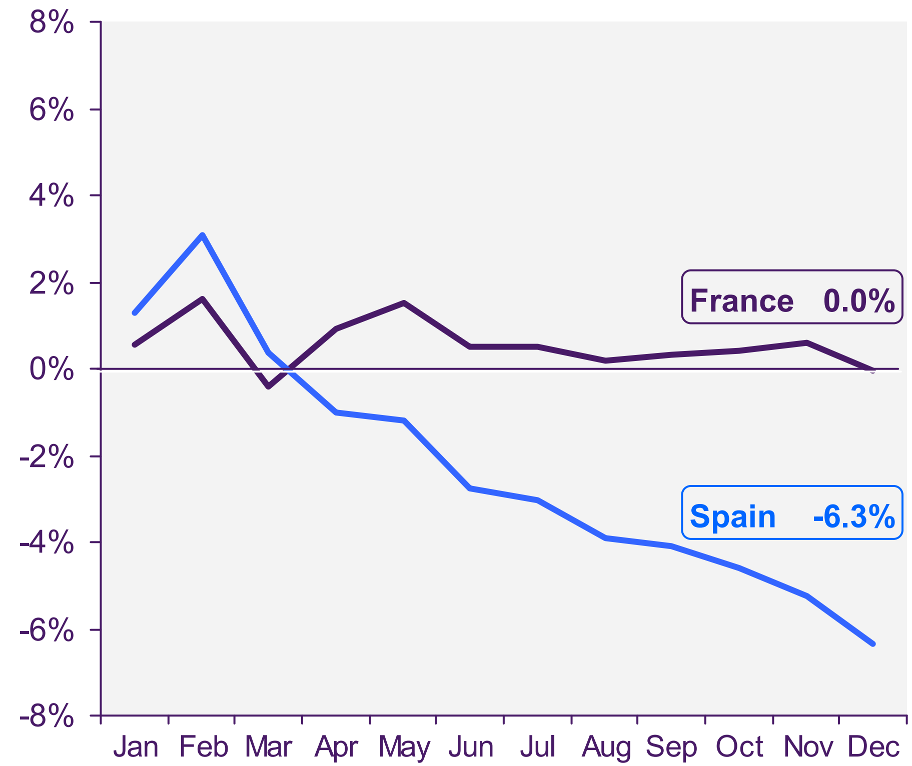
| | France | Total |
|---|---|---|
| Unibail-Rodamco's tenants' sales growth (1) | 0.0% | -0.9% (4) |
| National index (3) | -2.0% | -1.1% (2) |

> **Unibail-Rodamco's performance slightly above market**

> **Erratic but overall declining consumption trend**

> **Specific situation in Spain**

***Unibail-Rodamco's 2008 tenants' sales year to date growth in France and Spain***



> **2008 tenants' sales have declined by 0.9% [4] on average for the Group's shopping centres:**

- impact of oil and food price boom from April to September;
- disappointing Christmas sales;
- specific situation of Spain;
- disappointing medium size [5] unit performance: -2.3% in sales evolution in 2008;
- small units [6] have seen flat 2008 sales evolution.

> **Looking in more detail to specific segments such as fashion which represents a significant portion of the Group's tenant base, retailers in Unibail-Rodamco's centres have been more successful:**

- in France, Unibail-Rodamco's tenants' sales evolution in 2008 for fashion was -1.5%, outperforming the fashion sector sales index of -4.9% (IFM - French Fashion Institute);
- in Spain, Unibail-Rodamco's tenants' sales evolution in 2008 for fashion was -3.0%, modestly outperforming the fashion sector sales index of -3.5%.

*(1) Growth in 2008 vs. 2007 – in volume except the Netherlands where no sales data are available and assets under renovation*
*(2) Weighted average of Unibail-Rodamco's shopping centres tenants' sales except the Netherlands*
*(3) Latest national indices available (growth in 2008 vs. 2007):*
- *France: Champ Petits Commerces Index Insee as at December 31, 2008*
- *Spain: ICM index excluding food, Instituto Nacional de Estatistica as at December 31, 2008*
- *Sweden: Statistika Centralbyran as at December 31, 2008*
- *Austria: Statistik Austria as at November 30, 2008*
- *Czech Republic: Czech Statistical Office as at November 30, 2008*
- *Poland: GUS – Central Statistical Office as at November 30, 2008*
- *Finland: Statistika Centralen as at December 31, 2008*
- *Denmark: Danmark Statistik as at November 30, 2008*

*(4) Except the Netherlands where no sales data are available and assets under renovation*
*(5) Above 500 m²*
*(6) Below 500m²*

# WINNERS IN THE STORM

## Winning brands [1]

> Above 10% in average like-for-like 2008 sales growth achieved in Unibail-Rodamco's shopping centres

## Winning shopping centres [1]

> Above 3% in traffic/tenants' sales achieved in 2008

**The crisis will accelerate successes and failures**

*(1) Examples. Not an exhaustive list*

> **In this more challenging environment, differentiation will increase between performing and non-performing retail concepts:**

- tenants, continuing to experience superior like-for-like sales growth, and expanding to gain market share;
- shopping centres, able to attract large and increasing flows of visitors, allowing tenants' sales to overperform.

> **Shopping centres with large footfall benefit from better tenants' sales evolution and better capacity to increase rents:**

- tenants' sales growth in 2008 was:
  - +0.2% in Unibail-Rodamco's shopping centres above 15 million visits;
  - -0.7% in Unibail-Rodamco's shopping centres between 10 and 15 million visits;
  - -2.0% in Unibail-Rodamco's shopping centres below 10 million visits.
- NRI growth (like-for-like) in 2008 was:
  - +11.4% in Unibail-Rodamco's shopping centres above 15 million visits;
  - +7.9% in Unibail-Rodamco's shopping centres between 10 and 15 million visits;
  - +7.4% in Unibail-Rodamco's shopping centres below 10 million visits.

# ONGOING LEASING ACTIVITY IN A DIFFICULT ENVIRONMENT

> **1,097 leases signed in 2008 [1]:**
- 25% rental uplift achieved, showing that a large number of leases are still below market

> **Ongoing leasing activity in Q4 2008:**
- 23% rental uplift achieved
- 242 leases signed



*(1) For shopping centres in operation / excluding extensions and development projects*

**Large malls continue to attract retailers wiling to take advantage of large flows of visitors such as:**

> **La Part Dieu in Lyon/France:**

- 31 Mn visits/year;
- +1.3% in footfall in 2008;
- +0.5% in tenants' sales growth.

➔ **41 leases were signed in 2008 in La Part Dieu**

- 10 new retailers introduced;
- uplift on 2008 renewals/relettings: 53.1%.

> **Centrum Chodov in Prague/Czech Republic:**

- 13 Mn visits/year;
- +4.0% in footfall in 2008;
- +1.9% in tenants' sales growth.

➔ **17 leases were signed in 2008 in Chodov**

- 15 new retailers introduced;
- uplift on 2008 renewals/relettings: 23.2%.

> **Main leases signed in Q4 2008 and January 2009:**

- in Shopping City Süd: Esprit, Apple Premium, Footlocker, Tezenis and Geox;
- in Parquesur: G Star, Calvin Klein;
- in La Maquinista and Los Arcos: Desigual;
- in Forum Nacka: Deichman, Barnlyan, Lagerhaus;
- In Vélizy 2: Fossil, Club Bouygues Telecom, completion of leases with Darty and Mango.

# TOP PRIORITIES FOR GROWTH THROUGH THE CRISIS

## Besides under-rented situations, rental growth will stem from traffic increase

> **Renew tenant mix to increase differentiation**

- Introduce new brands
  - Apple, New Look, Fossil in France
  - Massimo Dutti, Joop, Samsonite black label in Poland
  - G Star, Zara in Stockholm
  - Desigual in Spain

> **Work on the shopping experience**

- Improve customer's journey: accessibility, quality of services, pleasant and safe atmosphere
- Communication strategy: create high visibility and customer awareness

> **Adapt communication and operational marketing**

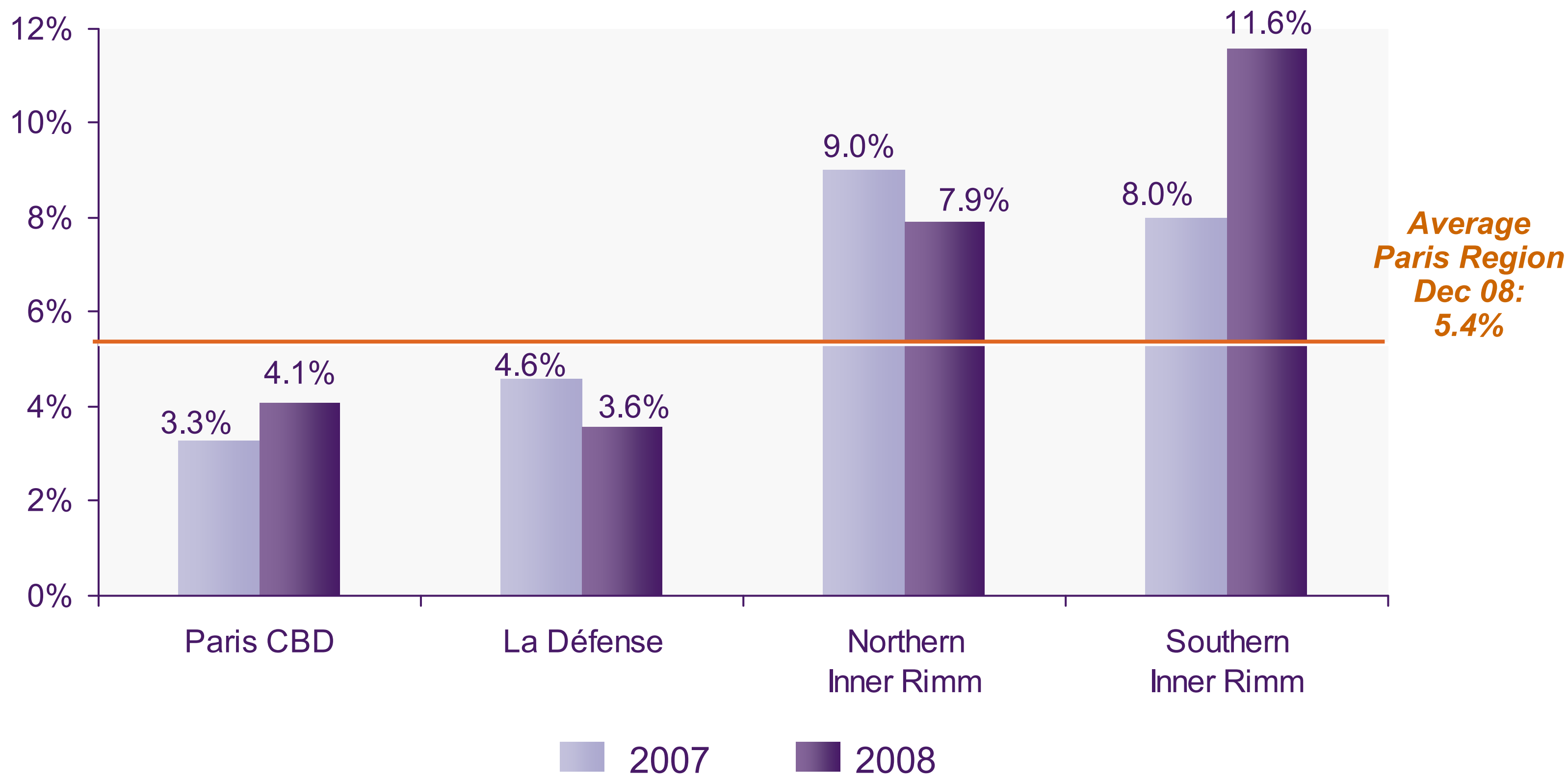
- Traffic oriented with special events and promotion
  - 25th anniversary La Vaguada (Madrid) in Spain: +6% of traffic on October 2008 vs. 2007
  - "Shopping Gagnant" in 6 shopping centres in the Paris Region on the first week of November 2008:
    - Carré Sénart: +29% of traffic vs. 2007
    - Forum des Halles: +14% of traffic vs. 2007
    - Rosny 2: +15% of traffic vs.2007



# PARIS OFFICE MARKET STILL PROTECTED BY LOW VACANCY AND LIMITED NEW DELIVERY

***A position in specific areas with historically low vacancy rates***

***Low market vacancy rates in Paris CBD/La Défense***




*Sources: CBRE "Market View" Q4 2007, Q4 2008*

> **Declining 2008 office space take-up to 2.4 million m²**

- a 14% decrease in 2008 vs. 2007;
- demand of space in 2008 was supported:
  - by large transactions with in particular 5 transactions above 40,000 m² in 2008;
  - a variety of tenant base, covering various economic sectors.

> **Rental values: stable or decreasing**

- Paris CBD: -4.5% between December 08 and December 07;
- La Défense: -1.6% between December 08 and December 07.

> **But limited vacancy and limited future supply: declining building permits obtained and increasing projects put on hold.**

# A SOLID OFFICE PERFORMANCE FOR UNIBAIL-RODAMCO IN FRANCE

> **Good leasing activity with leasing of:**

- Capital 8: 98% let
- Cambon: 100% let
- 12 Mail: 100% let
- 7 Adenauer: 100% let
- Clichy Villeneuve: 100% let

→ **18% rental uplift on relettings/renewals in 2008**

→ **Increase in vacancy [(1)] due to CNIT delivery**

- From 8% to 10%
- Mainly due to CNIT 1 delivery representing 53% of vacancy rate as December 2008

**+13.1% net rental growth on a like-for-like basis in 2008 vs. 2007**


CNIT – Paris La Défense


Capital 8 – Paris 8

*(1) Financial vacancy = potential Minimum Guaranteed Rents of vacant units in operation / sum of the passing rent signed and potential Minimum Guaranteed Rents of vacant units in operation.*

> **Unibail-Rodamco has been very active in renting out vacant space carried over from 2007. Good leasing progress was achieved in a number of prime assets.**

> **Unibail-Rodamco benefits from a unique positioning with prime assets in Paris CBD and La Défense where ca. 80% of its office portfolio (1) is concentrated.**

> **New leases signed in 2008 reflect quality of underlying property:**

- €860 / m² in Capital 8;
- €720 / m² in Cambon;
- 18% rental uplift was achieved on relettings/renewals.

> **CNIT office project covering 20,488 m² was delivered in October 2008. This office is for let as at December 31, 2008 and leads to an increase in vacancy rate from 8% to 10%. Without CNIT, the vacancy rate would have come down to ca. 5%.**

*(1) In value as at December 31, 2008*

# CONVENTION & EXHIBITION: A RESILIENT 2008 RESULT

| € Mn | 2008 | 2007 pro-forma (1) | 2006 pro-forma (1) | % Growth pro-forma 2008/2007 | % Growth pro-forma 2008/2006 |
|---|---|---|---|---|---|
| C&E venues NOI | 127.4 | 112.8 | 125.1 | +13.0% | +1.8% |
| Hotels recurring NOI | 12.7 | 11.9 | 11.4 | +6.7% | +11.4% |
| **Venues recurring NOI** | **140.1** | **124.6** | **136.5** | **+12.4%** | **+2.6%** |
| Depreciation | -11.4 | | | | |
| Comexposium contribution (2) | 10.4 | | | | |
| **Recurring result of the division** | **139.1** | | | | |

VIPARIS
venues in paris

*NOI = net operating income*
*(1) Pro-forma figures include CCIP's assets contributed to Viparis for 2006 and 2007*
*(2) Before allocation of financial costs*

> **Shows have performed well in 2008 in terms of number of visits.**

> **Average occupancy rate of Viparis in 2008 of 35.9% remained stable compared to previous years.**

> **Good pre-lettings are in place for 2009:**

- between 85-90% of annual pre-letting are secured at the beginning of the year (86% for 2009).

> **The venue activity is based on recurring exhibitions providing good visibility:**

- the top 5 exhibitions represent more than 20% of 2008 rental income.
- good examples of recurring exhibitions are:
  - Paris international agricultural show since 1926;
  - The Paris trade fair since 1926;
  - Paris motor show since 1962;
  - Nautic – The salon nautique de Paris since 1962.

> Viparis is 50% owned by Unibail-Rodamco and managed by the Group: it has been fully consolidated as of January 1st, 2008.

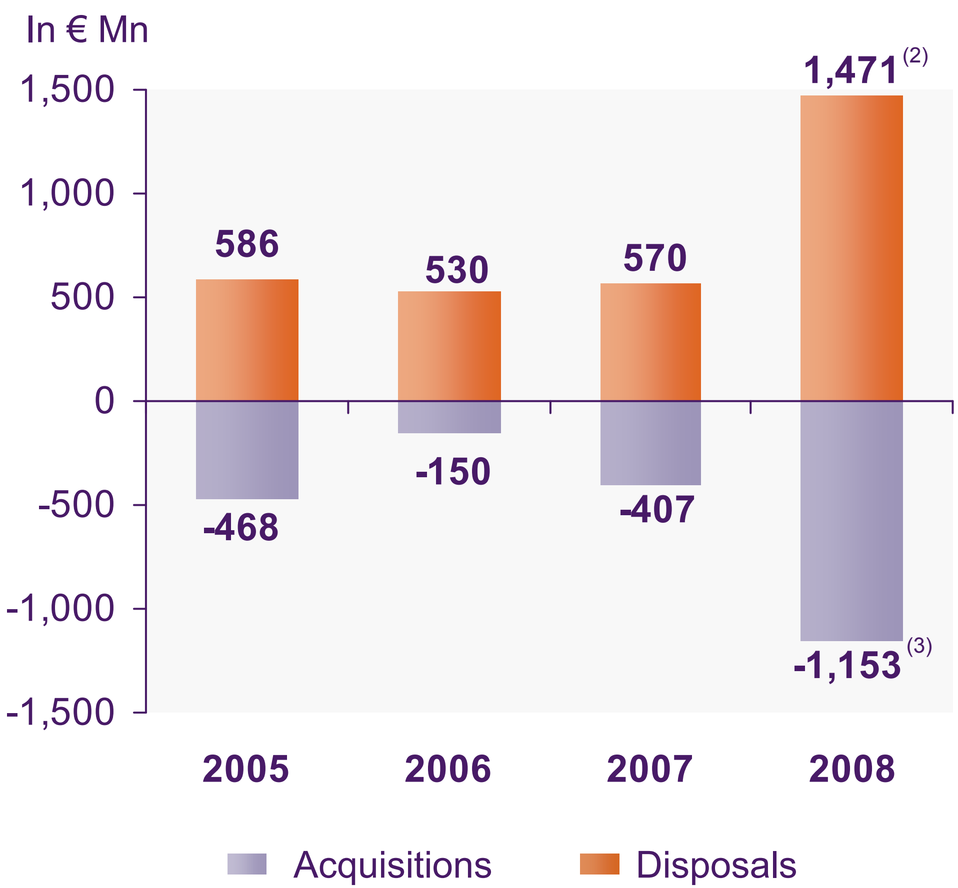
> Comexposium is 50% held by Unibail-Rodamco and consolidated under the equity method as of January 1st, 2008.

# SUCCESSFULLY REFOCUSING THE PORTFOLIO


La Maquinista - Barcelona

# MORE THAN EVER FOCUS ON PRIME ASSETS

***Unibail-Rodamco's acquisitions and disposals over last years (1)***




**OUT**


**IN**


*(1) Based on Unibail-Rodamco's scope as of June 30, 2007 and Unibail's stand-alone scope before*
*(2) Including €744 Mn of Dutch high street retail with €28 Mn of assets under transfer*
*(3) Taking into account the disposal of a minority stake of ca. 49% in La Maquinista/Habaneras to GIC Real Estate*

> **Disposal of mature assets with limited growth potential:**

- €1.5 Bn sold in 2008;
- including over 260 retail assets with an average surface of ca. 1,300 m².

> **Selective acquisitions of prime assets with growth potential reinforcing Unibail-Rodamco's position in:**

- 2 key shopping centres in key cities where the Group already operates (Shopping City Süd (Vienna) and La Maquinista (Barcelona));
- existing centres (Rennes Alma, Los Arcos, Vélizy Usines Center,…);
- €1.2 Bn in acquisitions in 2008.

> **Disposals and acquisitions were achieved on the basis of net initial yields in the same range (5.9% and 5.6% respectively) for assets:**

- with different growth potential;
- of very different quality.

# TWO LARGE SCALE SHOPPING CENTRE ACQUISITIONS

## Shopping City Süd in Vienna

- 25 million visits per year
- +1.4% in tenants' sales in 2008 vs. 0.3% (1) for the Austrian market (as at November 2008)
- 50 contracts signed since acquisition: +33% rental uplift
- Introduction of new brands:

## La Maquinista in Barcelona

- 15 million visits per year
- -3.2% in tenants' sales vs. -4.7% (2) for the Spanish market
- Partnership with GIC Real Estate which owns 49%
- Introduction of new brands:

*Latest national indices available:*
*(1) Austria: Statistik Austria as at November 30, 2008*
*(2) Spain: ICM index excluding food, Instituto Nacional de Estatistica as at December 31, 2008*

> **Unibail-Rodamco has reinforced its position in 2008 in the segment of large shopping centres, through the acquisition of:**

- 2 primes assets:
  - Shopping City Süd in Vienna acquired in May 2008: 140,400 m² in a ca. 300,000 m² retail and leisure complex;
  - La Maquinista in Barcelona acquired in July 2008: 59,330 m² in a 71,570 m² shopping centre.
- in large European cities;
- with growth potential through retenanting and extension capacity.

> **Both centres have outperformed the market in 2008 in terms of tenants' sales.**

> **Unibail-Rodamco has sold a minority stake of ca. 49% in La Maquinista/Habaneras to GIC Real Estate in December 2008:**

- same price as Unibail-Rodamco's acquisition price;
- shopping centre management by Unibail-Rodamco, with fee revenues;
- demonstrate continued long term investors' appetite for exceptional assets.

> **More growth to come (reletting/extension) in Shopping City Süd and La Maquinista.**

# SELLING MATURE ASSETS

| | Asset | Net Proceeds [1] (€ Mn) | Premium over last appraisals [2] |
|---|---|---|---|
| **2008 disposals** | The Netherlands – retail and offices [3] | 880 | +3% |
| | Belgian portfolio – retail | 92 | +22% |
| | France – offices [4] | 310 | +10% |
| | Ukraine – offices | 39 | +5% |
| | Germany – retail | 20 | +2% |
| | Spain – logistics | 130 | 0% |
| | **Total disposals** | **1,471** | **+4%** |
| **Under contracts** | Sweden – residential building | 7 | +4% |

*(1) Excluding transfer taxes and disposal costs*
*(2) Last externally appraised value before price agreement*
*(3) Including €744 Mn of Dutch high street retail with €28 Mn of assets under transfer*
*(4) Including 1 Saint Georges (Paris), Square Défense (La Défense), 136 Charles-de-Gaulle (Neuilly), 17-21 Fbg Saint-Honoré (Paris)*

> Despite a more difficult investment market, the company continued successfully its asset rotation policy by selling mature assets at premium to last unaffected appraisals including in Q4 2008.

# CONTINUED DISPOSALS IN Q4 2008 DESPITE MORE DIFFICULT FINANCIAL ENVIRONMENT

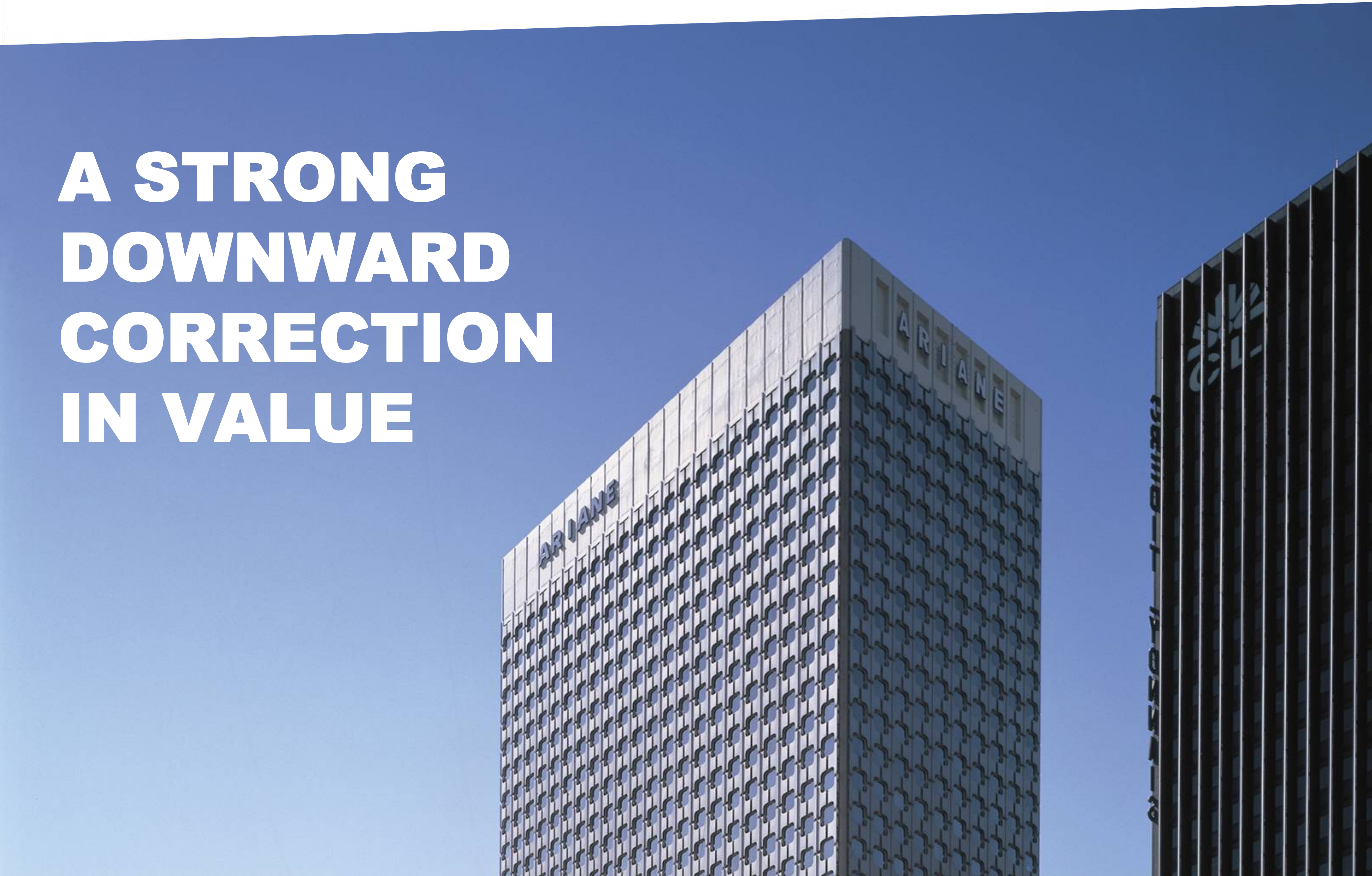
> **Disposal on November 18, 2008 at a net initial yield of 4.2%**
- 4,400 m² prime asset in the heart of Paris 8e – 17-18, Faubourg St-Honoré
- Net disposal price: €112 Mn
- A 5.3% premium to latest appraised value


17-21, Faubourg St-Honoré – Paris

> **Disposal on November 19, 2008 at a net initial yield of 6.3%**
- Spanish logistic portfolio of 138,732 m²
- Net disposal price: €130 Mn
- Equal to latest appraised value in December 2007


CLA Getafe – Madrid

# A STRONG DOWNWARD CORRECTION IN VALUE




Tour Ariane – Paris Region

# DYNAMICS IN THE INVESTMENT MARKETS CHANGED

> **Financial crisis impact on real estate values is significant, with a strong expansion in property yields, and an increasing capital outflow**

> **Quality assets with limited adverse risk on i) vacancy and ii) market rent decrease, are less under pressure, but not immune**

> **Moderating factors for further downward adjustments in values are:**

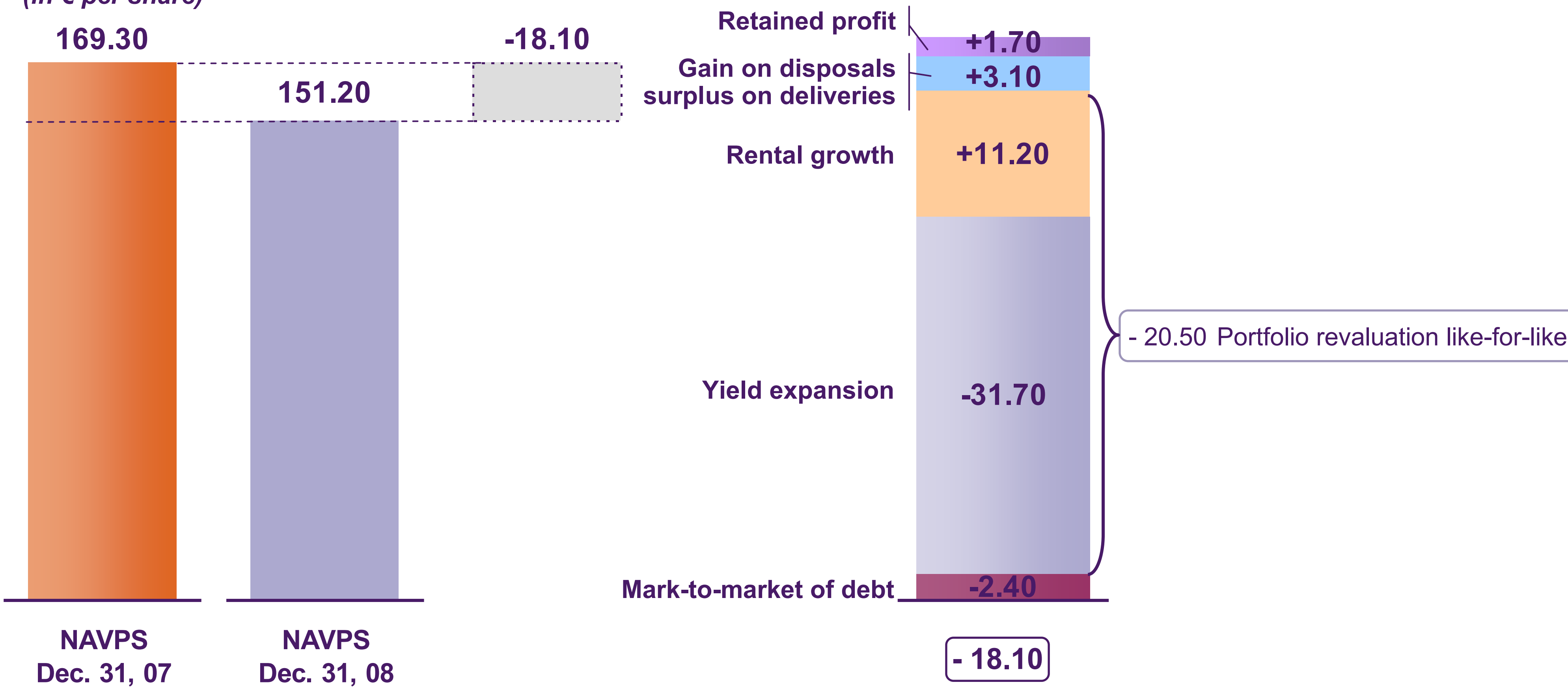
i. strong decrease of interest rates/increasing risk premium

ii. brutal stop in development activities, creating condition for future scarcity of supply

> **For Unibail-Rodamco: many opportunities given the increased likelihood of forced sellers**

# NAVPS IMPACTED BY YIELD EXPANSION

*(in € per share)*




- Yield expansion of +80 bps blended on the portfolio in 2008
- Values decreasing by 9.1% like-for-like [1]
- NAVPS [2] decreases by 10.7%

*(1) Net of investment*
*(2) NAVPS = Triple net liquidation asset value per share*
*Amounts rounded to 10 euro cents*

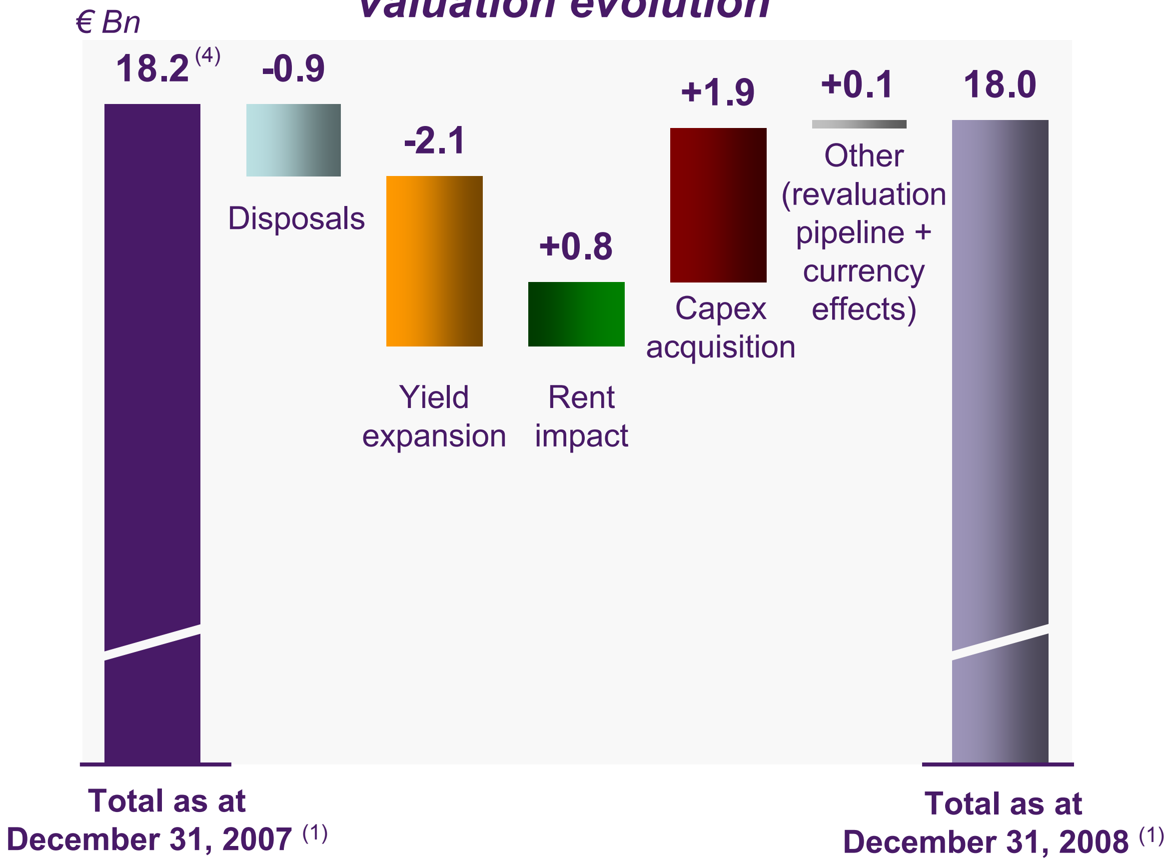
> **NAVPS decreased to €151.20/share as at December 31, 2008, i.e. a decrease of 10.7% compared to year-end 2007.**

> **The downward correction in value is mainly due to a significant yield expansion:**

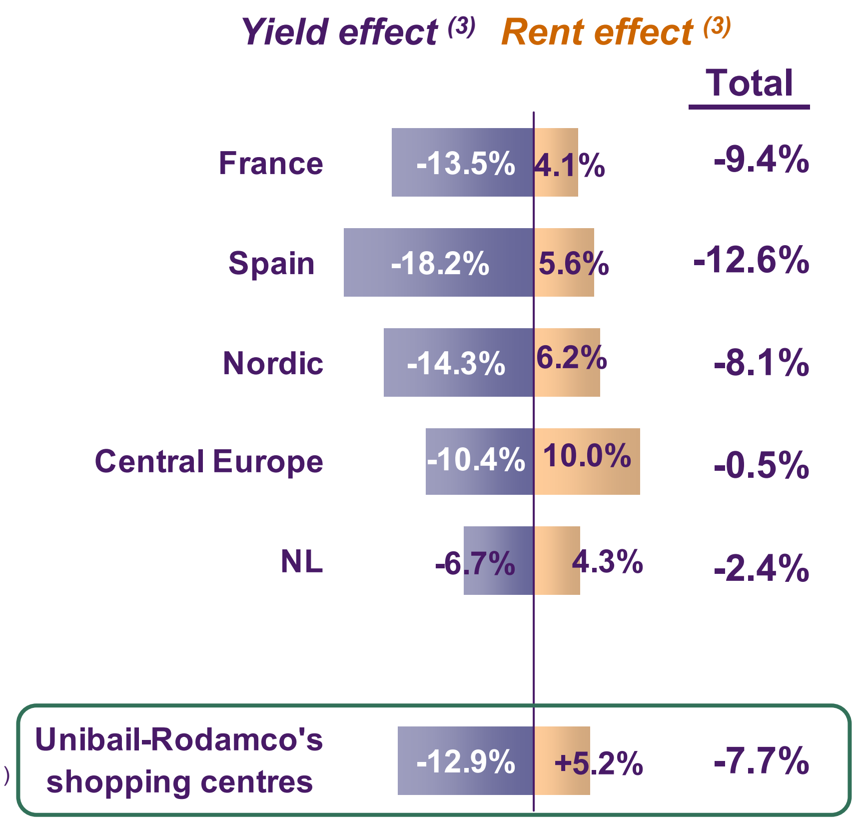
- on a like-for-like basis, the yield impact on valuation was €31.70/share, corresponding to a yield expansion of 80 bps. This impact was not fully offset by the positive effect of rental growth of €11.20/share.

# DEVALUATION FOR THE SHOPPING CENTRE DIVISION DUE TO YIELD EXPANSION

## *Shopping centres portfolio valuation evolution*




## *Split of like-for-like [2] evolution Full year 2008*




(1) Based on scope of consolidation including transfer taxes
(2) Based on assets in operation as at December 31, 2007 and December 31, 2008
(3) Like-for-like evolution net of investments from December 31, 2007 to December 31, 2008
(4) Due to the re-categorisation of Swedish and Dutch buildings, the breakdown between offices and shopping centres slightly differs from year-end 2007 publication

> **Unibail-Rodamco's shopping centre portfolio value has decreased with €194 Mn from €18,231 Mn as at December 31, 2007 to €18,037 Mn as at December 31, 2008, including transfer taxes and disposals costs.**

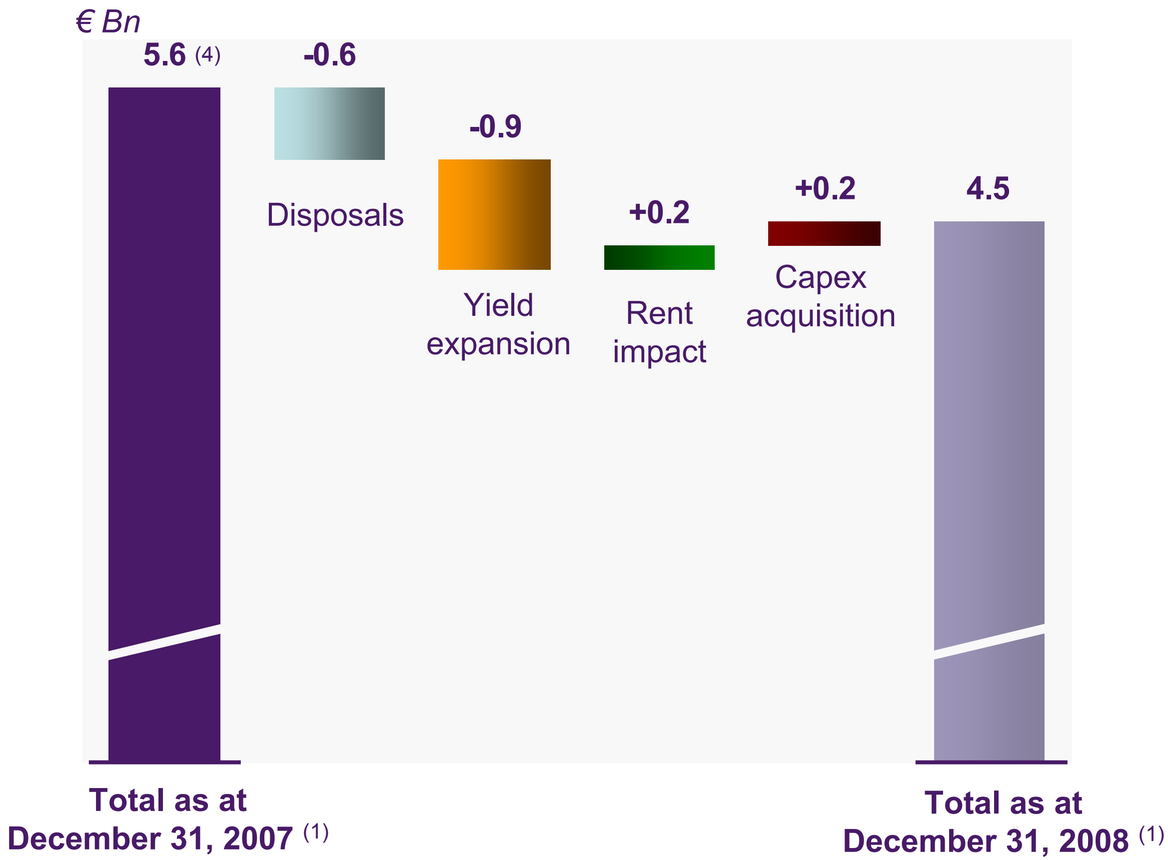
> **This evolution includes €209 Mn in positive revaluation of delivered projects, mainly: Rivétoile (France), Arkády Pankrác (Czech Rep.) and Forum Nacka extension (Sweden).**

> **Valuation on a like-for-like basis (net of investment) for shopping centres has decreased by 7.7% with:**

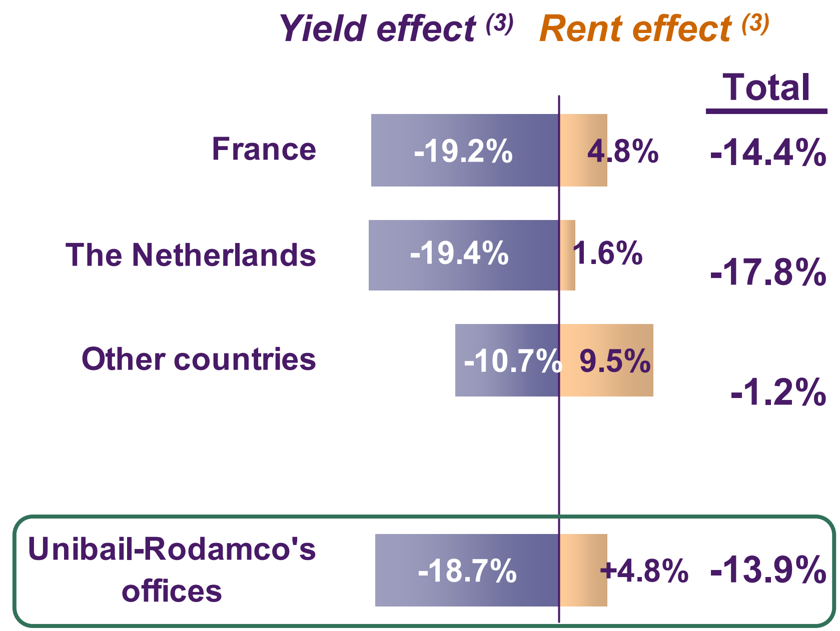
- a yield expansion impact of -12.9%, corresponding to a €2.1 Bn write-down and a 60bps yield expansion year-on-year;
- a positive +5.2% rental growth impact, corresponding to a €0.8 Bn gain in value.

# OFFICES DEVALUATION FOLLOWING A SIGNIFICANT YIELD ADJUSTMENT

## *Offices portfolio valuation evolution*




## *Split of like-for-like (2) evolution Full year 2008*




*(1) Based on scope of consolidation including transfer taxes*
*(2) Based on assets in operation as at December 31, 2007 and December 31, 2008*
*(3) Like-for-like evolution net of investments from December 31, 2007 to December 31, 2008*
*(4) Due to the re-categorisation of Swedish and Dutch buildings, the breakdown between offices and shopping centres slightly differs for year-end 2007 publication*

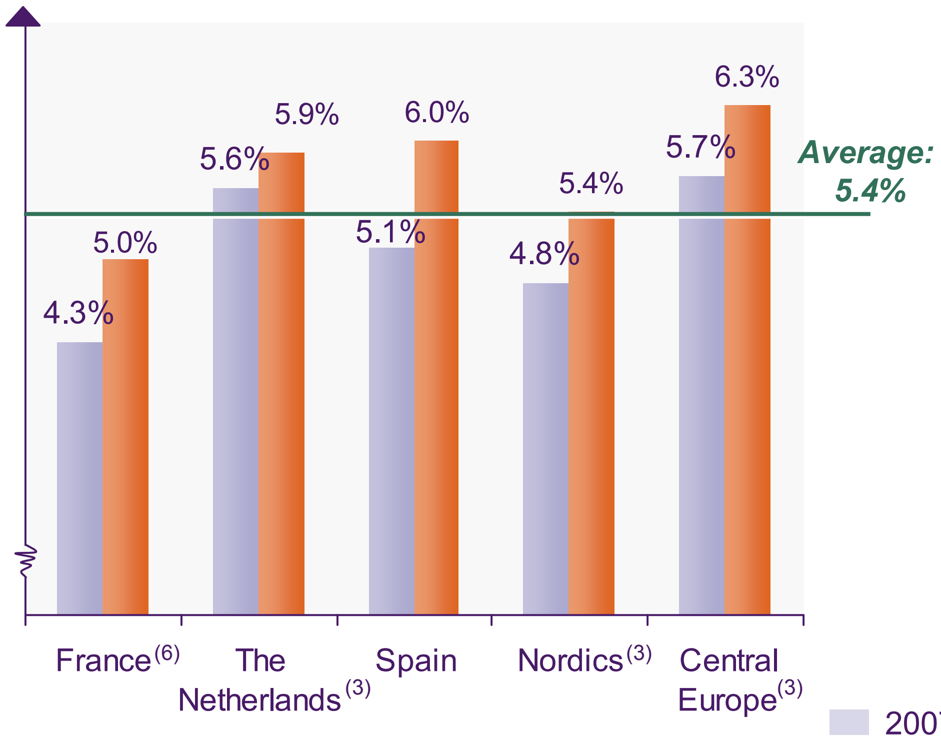
> **Unibail-Rodamco's office portfolio has decreased from €5,557 Mn as at December 31, 2007 to €4,478 Mn as at December 31, 2008, including transfer taxes and disposals costs.**

> **Valuation on a like-for-like basis (net of investment) has decreased by 13.9% with:**

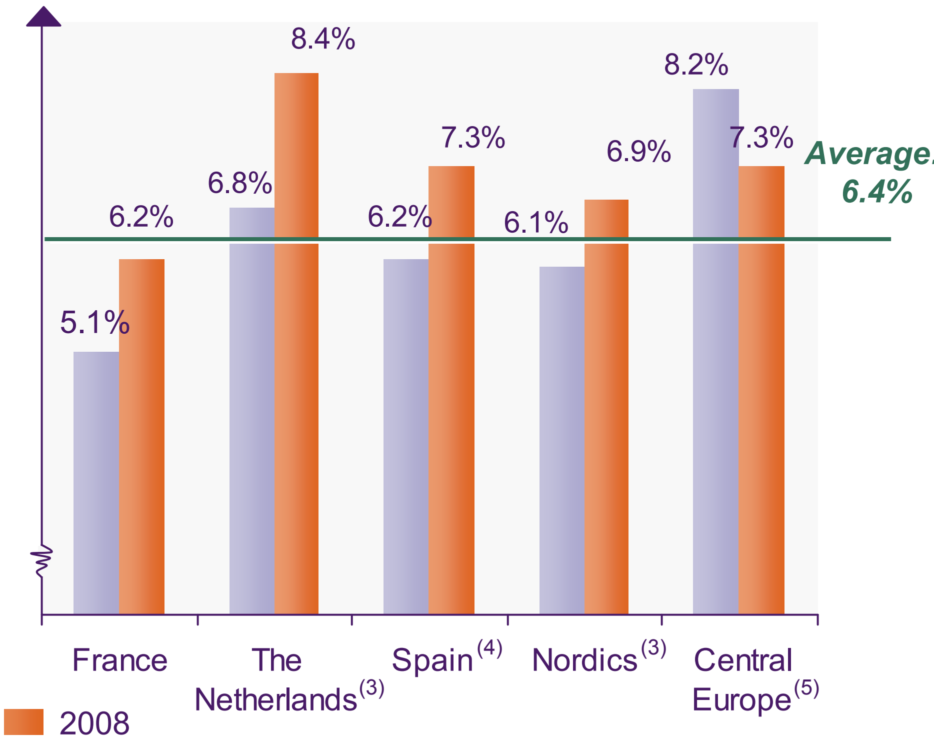
- a significant yield expansion impact of -18.7% corresponding to a €0.9 Bn write-down and a 100 bps yield expansion year-on-year;
- a positive 4.8% rental growth impact, corresponding to a €0.2 Bn gain to value.

# SIGNIFICANT YIELD EXPANSION

***Net initial yields [1] on Unibail-Rodamco's shopping centres based on like-for-like scope [2]***




***Net initial yields [1] expansion on Unibail-Rodamco's occupied offices***

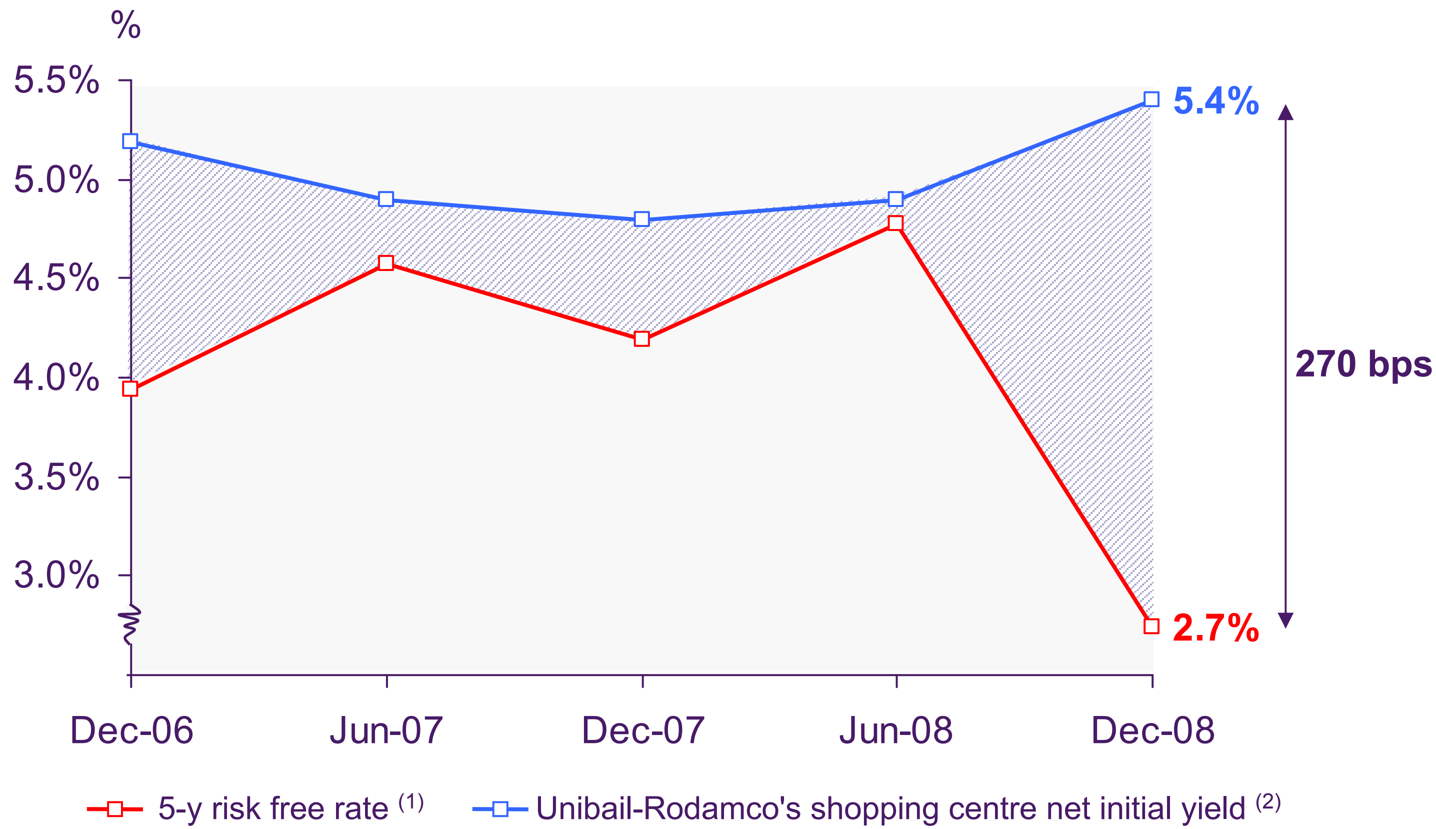



- **Yield expansion of 60 bps for the shopping centre portfolio year on year**
- **Yield expansion of 100 bps for the office portfolio year on year**

*(1) Net Initial Yield = annualised rent (including latest indexation) net of expenses / year-end portfolio valuation (excluding estimated transfer taxes)*
*(2) On a like-for-like perimeter based on assets in operation as at December 31, 2007, December 31, 2008*
*(3) Scope compared to H1 2008 has changed due to impact of Cottbus disposal in H2 2008 and to the re-categorisation of Swedish and Dutch buildings between offices and shopping centres*
*(4) Including logistic portfolio in Spain*
*(5) Impact of Ukraine portfolio disposal*
*(6) For France, if including Key Money in the Net Rental Income, the Net initial yield would be equal to 5.5% as at December 31, 2008 and 4.7% as at December 31, 2007*

- **The shopping centre portfolio's net initial yield (like-for-like scope) increased from 4.8% at year-end 2007 to 5.4% as at December 31, 2008.**
- **This derives from a more conservative approach from appraisers, in particular in their DCF approach, in the absence of relevant transaction benchmarks.**
- **Shopping centres' DCF assumptions have been adjusted by appraisers:**
  - increase in discount rates: between 190 bps and 340 bps increase in risk premium over risk-free rate (5-year government bond);
  - increase in exit cap rates: between 160 bps and 320 bps increase in risk premium over risk-free rate (5-year government bond).
- **The occupied offices portfolio's net initial yield increased from 5.4% at year-end 2007 to 6.4% as at December 31, 2008.**
- **A change of 25 basis points to the Net Initial Yield would result in a value adjustment of €780 Mn for the shopping centre division and €164 Mn for the office division. These effects are not linear, and cannot be extrapolated.**

# UNIBAIL-RODAMCO'S SHOPPING CENTRE YIELDS SHOW AN INCREASED PREMIUM OVER GOVERNMENT BOND YIELDS




**Increase in real estate premium through:**

- **Decrease in interest rates**
- **Yield expansion of Unibail-Rodamco's shopping centres**

*(1) Based on 5-y OAT at the end of civil semesters*

*(2) Unibail-Rodamco's shopping centre division net initial yield at the end of civil semesters*

*Net Initial Yield = annualised rent (including latest indexation) net of expenses / year-end portfolio valuation (excluding estimated transfer taxes)*

*Sources: Reuters*

> **Increasing spread between Unibail-Rodamco's shopping centre yields versus 5-year government bond yields due to:**

- decrease in interest rates;
- shopping centres yield expansion.

# A PRIME AND FLEXIBLE DEVELOPMENT PIPELINE

Forum Nacka - Stockholm

# SUCCESSFUL OPENINGS OF EXTENSIONS IN 2008 DEMONSTRATES UNIBAIL-RODAMCO'S SELECTIVE APPROACH AND DEVELOPMENT KNOW-HOW

## *Forum Nacka extension opened on October 23, 2008*

**Extension of 26,100 m² of retail surfaces in Stockholm/Sweden…**

> 100% let at opening

> Introduction of prime new retailers:

ZARA MediaMarkt FOSSIL

> First opening of Zara in Sweden

**… Differentiating the centre from competition thanks to the extension:**

> Gain of critical mass: 53,000 m² in total after extension

> +85% in visits since opening and December 2008 vs. same period 2007

> +94% in tenants' sales in Nov.-Dec. 2008 vs. same period 2007

> **Extension successfully completed and opened in 2008, include:**

- Forum Nacka extension in Stockholm: 26,100 m²;
- Les Quatre Temps in La Défense: completion of 22,000 m² extension with delivery of the DIY part;
- Passage CMK in Bordeaux: 7,400 m²;
- Labège 2 in Toulouse: 3,400 m².

# SUCCESSFUL DELIVERIES OF FULLY LET DEVELOPMENT PROJECTS IN LARGE CITIES

## *Arkády Pankrác (1) – Prague opened on November 13, 2008*

- 38,500 m² of total retail surfaces
- 100% let at opening
- Above 8% yield on cost
- Main tenants:

sportissimo, H&M, DATART, INTERSPAR, ZARA, s.Oliver

## *Rivétoile – Strasbourg opened on October 1st, 2008*


- 28,000 m² of retail surfaces
- 100% let at opening
- Double digit yield on cost
- Main tenants:

GAP, PUMA, Pull and Bear, ZARA HOME, s.Oliver, SAOYA

*(1) Unibail-Rodamco's ownership: 75%*

# A LARGE FLEXIBILITY ON PRIME DEVELOPMENT PIPELINE

| | December 31, 2008 | Status | % of portfolio as per 31/12/08 (1) |
|---|---|---|---|
| **Already invested** | > €737 Mn | - | 3% |
| **Contracted projects** | > €1,003 Mn (2) | > Secured costs<br>> Pre-lettings<br>> Attractive returns | 4% |
| **Potential investments** | > €4,500 Mn | > Under renegotiation<br>> To ensure adequate returns | 18% |
| **Total** | > €6,240 Mn<br>> 1,360,000 m² | - | 25% |

- **Flexibility on pipeline: €1,003 Mn (2) contracted**
- **Attractive returns on contracted projects with limited risk**
- **Option on potential projects: but not compulsory**

*(1) Based on valuation as at December 31, 2008 – scope of consolidation including transfer taxes*
*(2) Corresponds to off-balance sheet commitments*

> **Delivered projects transferred in standing investment mainly: Rivétoile, Arkády Pankrác, CNIT offices, Labège 2, Forum Nacka extension covering €479 Mn in investments.**

> **The new projects entered in potential pipeline are mainly renovation and extension on existing assets.**

> **Decision to proceed on non contracted pipeline is connected to:**

- negotiation of acquisition conditions and price for land/building rights;
- decrease of construction cost in a changing market environment for construction;
- value engineering and redesign of projects for an improved cost to value ratio;
- continuous appetite of retailers for quality large shopping centres in significant cities;
- financing needs are covered.

> **Internal Rate of Return requirements have been adjusted to account for current cost of capital.**

> **A few projects have been abandoned and have therefore been excluded from potential investments pipeline.**

# CONTRACTED PIPELINE IN PROGRESS

***The pipeline of fully contracted projects represents a total of 308,000 m² and has an average expected yield on cost of ca. 8% with a double-digit IRR***

**Docks 76 – Rouen**

**Donauzentrum extension**

**Lyon Confluence**

**Docks 76 – Rouen**

- 37,000 m² of retail surfaces
- Completion in 2009

**Donauzentrum extension**

- 27,500 m² of extension
- Completion in 2010

**Lyon Confluence**

- 52,300 m² of retail surfaces
- Completion in 2011

**Projects fully contracted are already ca. ¾ pre-let [1], targeted yield on cost of ca. 8% and delivery between in 2009-2011**

*(1) Including signed and under negotiation leases*

## Pipeline projects fully contracted include:

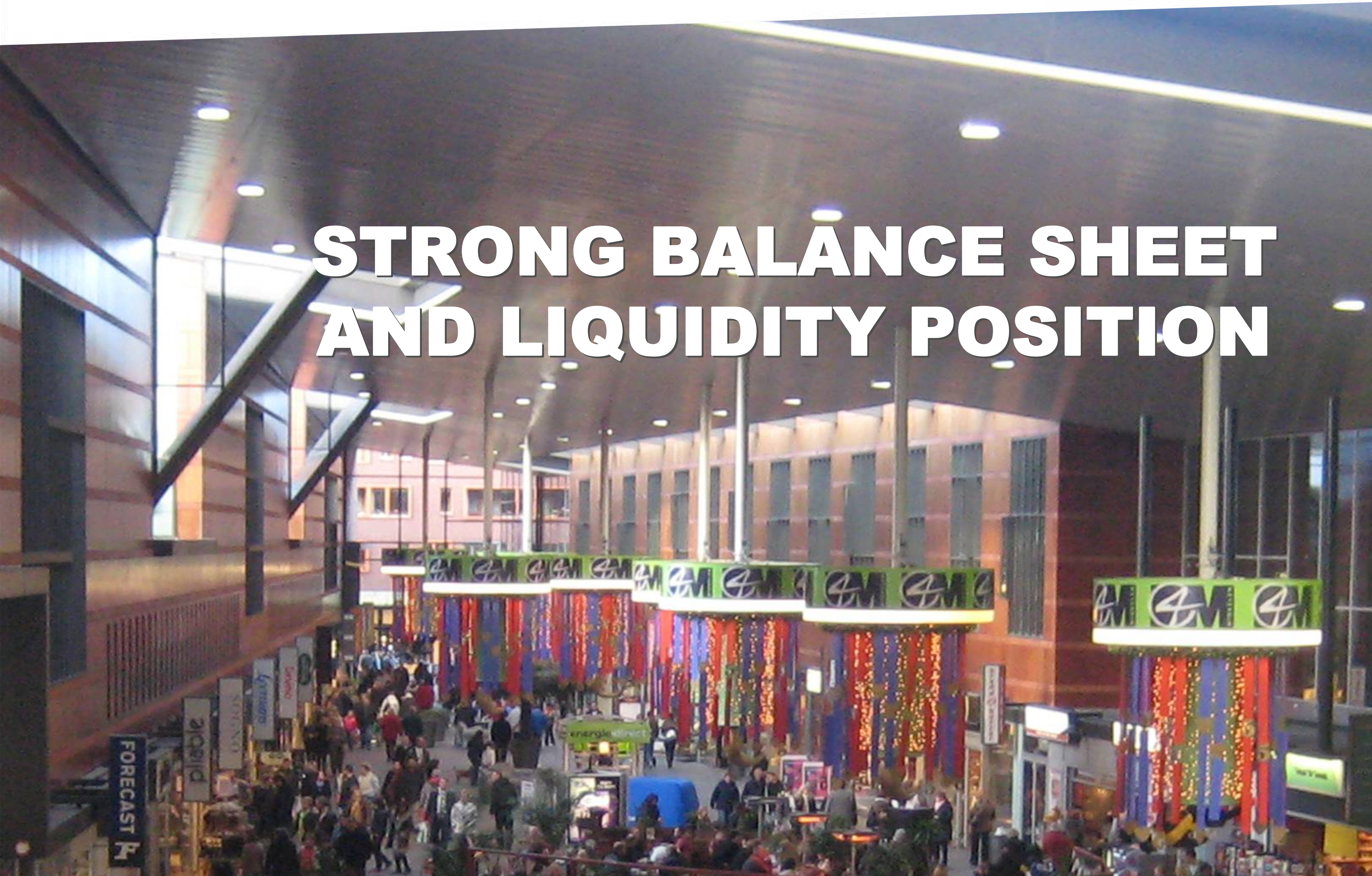
> **Shopping centres**

- Brownfield projects:
  - Docks 76 in Rouen/France: 37,000 m², completion in 2009;
  - Dock 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%). Acquisition after contractual conditions are satisfied;
  - Lyon Confluence in Lyon/France: 52,300 m², completion expected in 2011;
  - Almere Buiten in Almere/Netherlands: 16,300 m², completion expected in 2011.
- Extensions:
  - BAB 2 in Bayonne – Anglet – Biarritz/France: 3,100 m², completion in 2009;
  - Esplanade in Lyon/France: 1,500 m², completion in 2009;
  - Cours Oxygène in Lyon/France: 9,100 m², completion expected in 2010;
  - Donauzentrum extension in Vienna/Austria: 27,500 m², completion expected in 2010.
- Redevelopment:
  - CNIT Retail in La Défense/France: 27,800 m², completion expected in 2009.

> **Offices**

- Greenfield projects
  - Tour Oxygène in Lyon/France: 29,600 m², completion expected in 2010.

# STRONG BALANCE SHEET AND LIQUIDITY POSITION



De Vier Meren – Hoofdorp

# AN ONGOING GOOD ACCESS TO LIQUIDITY

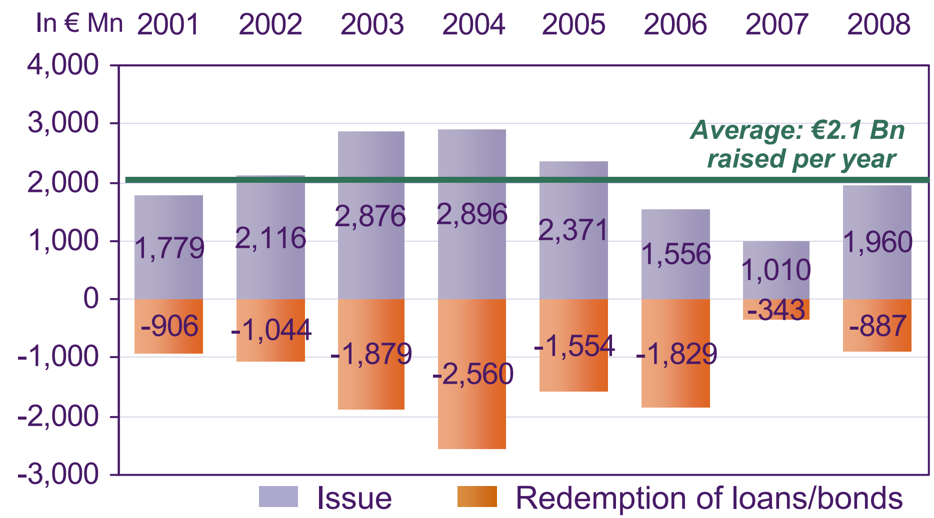
> **€2.0 Bn of new debt/bank lines raised in 2008**
- 86 bps spread on average
- 125 bps average spread in H2 2008, a 60 bps increase vs. H1 2008
- Mitigated by decline in interest rates

> **Successful renewal of back-up lines**
- €430 Mn of back-up lines renewed/extended in 2008

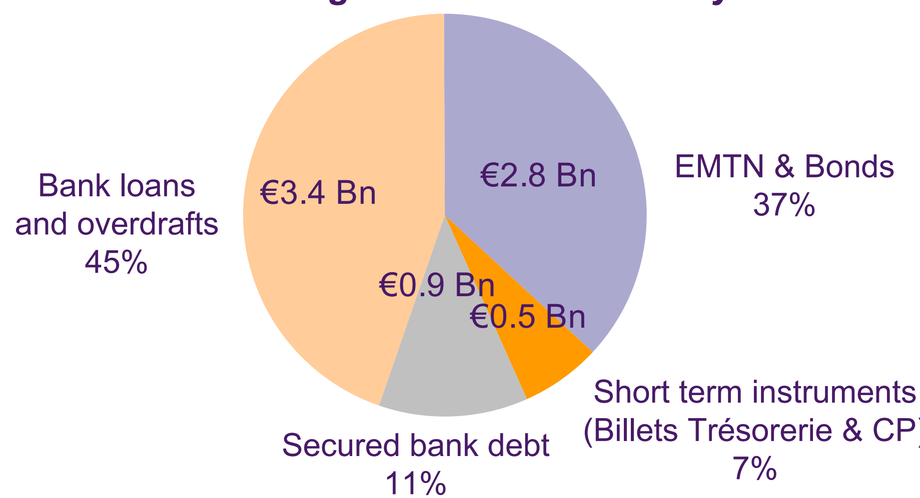
> **€1.6 Bn of undrawn credit lines as Dec. 31, 2008**

> **Access to a variety of sources of funds**
- Commercial Paper market
- Bank loan market
- To a lower extent bond market
- Minority equity partners

***Track record of raising debt***




***Breakdown of gross financial debt by nature*** (1)




*(1) As at December 31, 2008*

# STRONGEST FINANCIAL RATIOS IN THE INDUSTRY

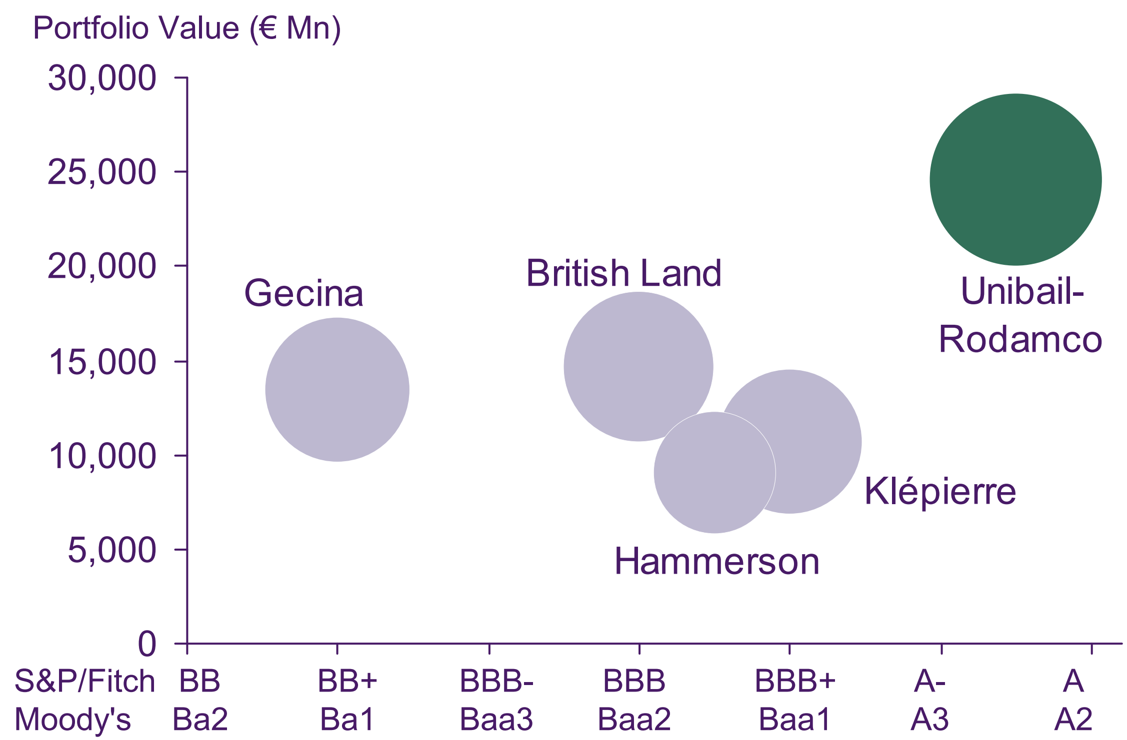
> **Strongest rating of the industry**
- S&P: "A" stable outlook
- Moody's: "A3" stable outlook

> **30% LTV [1] ratio based on:**
- Net financial debt of €7.4 Bn [4]
- Portfolio valuation: €24.5 Bn

> **3.8x ICR [2] thanks to:**
- Solid rental income
- Contained cost of debt: 4.2% in 2008

> **4.4 years average maturity of debt (as at December 31, 2008)**

**Strongest rating vs. European peers [3]**




*Bubble size: Net Financial Debt (source: last available report)*
*Rating is the average of available ratings (source: Bloomberg)*

➔ **Despite updated valuations, Unibail-Rodamco keeps the strongest financial ratios of the industry**

*(1) Loan-to-value = Net financial debt / Total portfolio valuation including transfer taxes*
*(2) Interest coverage ratio = EBITDA / net financial expenses (including capitalized interest)*
*(3) Based on last available data from companies*
*(4) Net financial debt: Borrowings excluding ORAs (treated as equity consistent with rating agencies' approach) and partners' accounts*
*Based on December 31, 2008 data for Unibail-Rodamco*

> Unibail-Rodamco keeps the strongest financial ratios in the industry even after the update in valuation which affected the LTV to a minor extent.

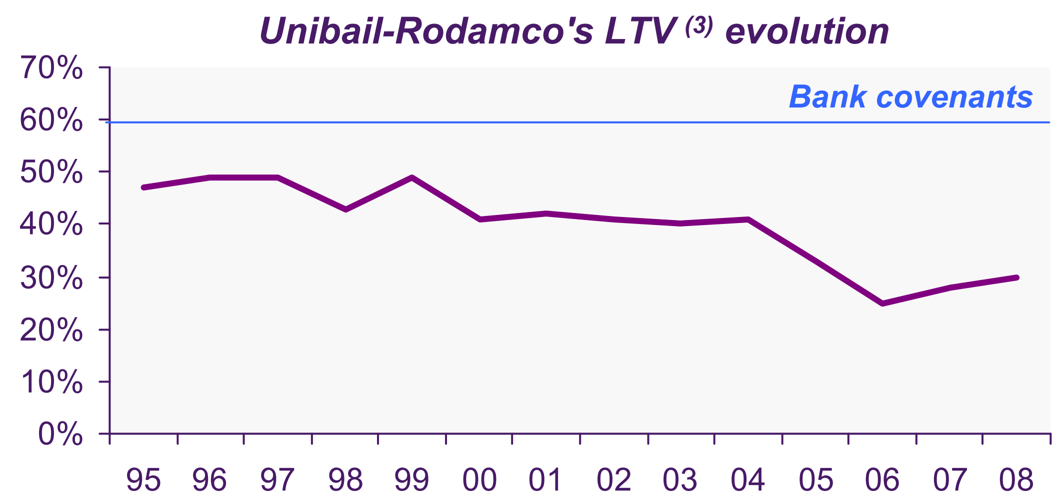
> Impact of capital recycling policy: ca. €0.3 Bn in disposals net of acquisitions in 2008.

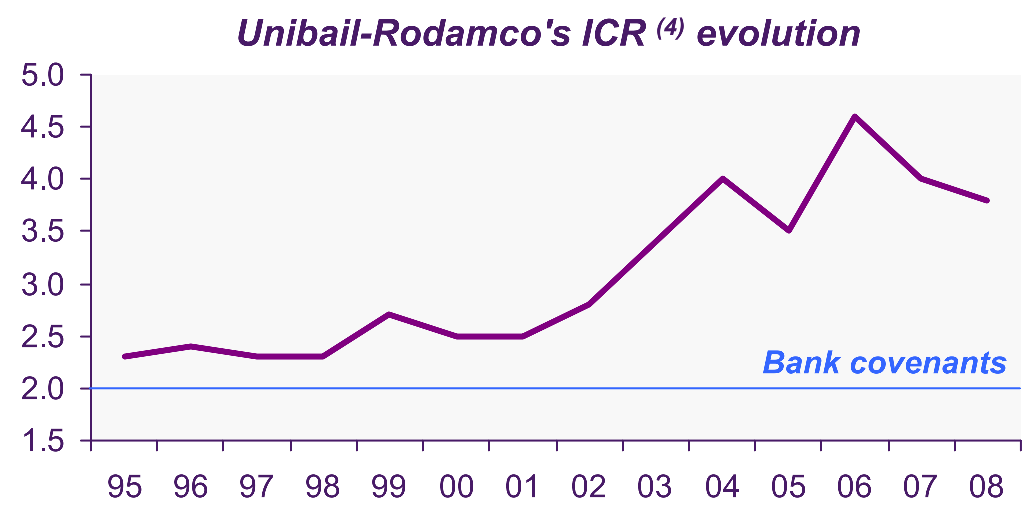
# FINANCIAL FLEXIBILITY ON COVENANTS

- **No financial covenants on bond/ commercial paper programs**
- **Significant headroom on financial covenants on credit lines**

| | Unibail-Rodamco's level | Covenant level | Debt covered [2] € Bn |
|---|---|---|---|
| LTV [1] [3] | 30% | < 60% | 4.0 |
| | | < 55% | 0.5 |
| ICR[4] | 3.8x | > 2x | 4.4 |
| FFO/net debt[5] | 11% | > 4% | 3.0 |

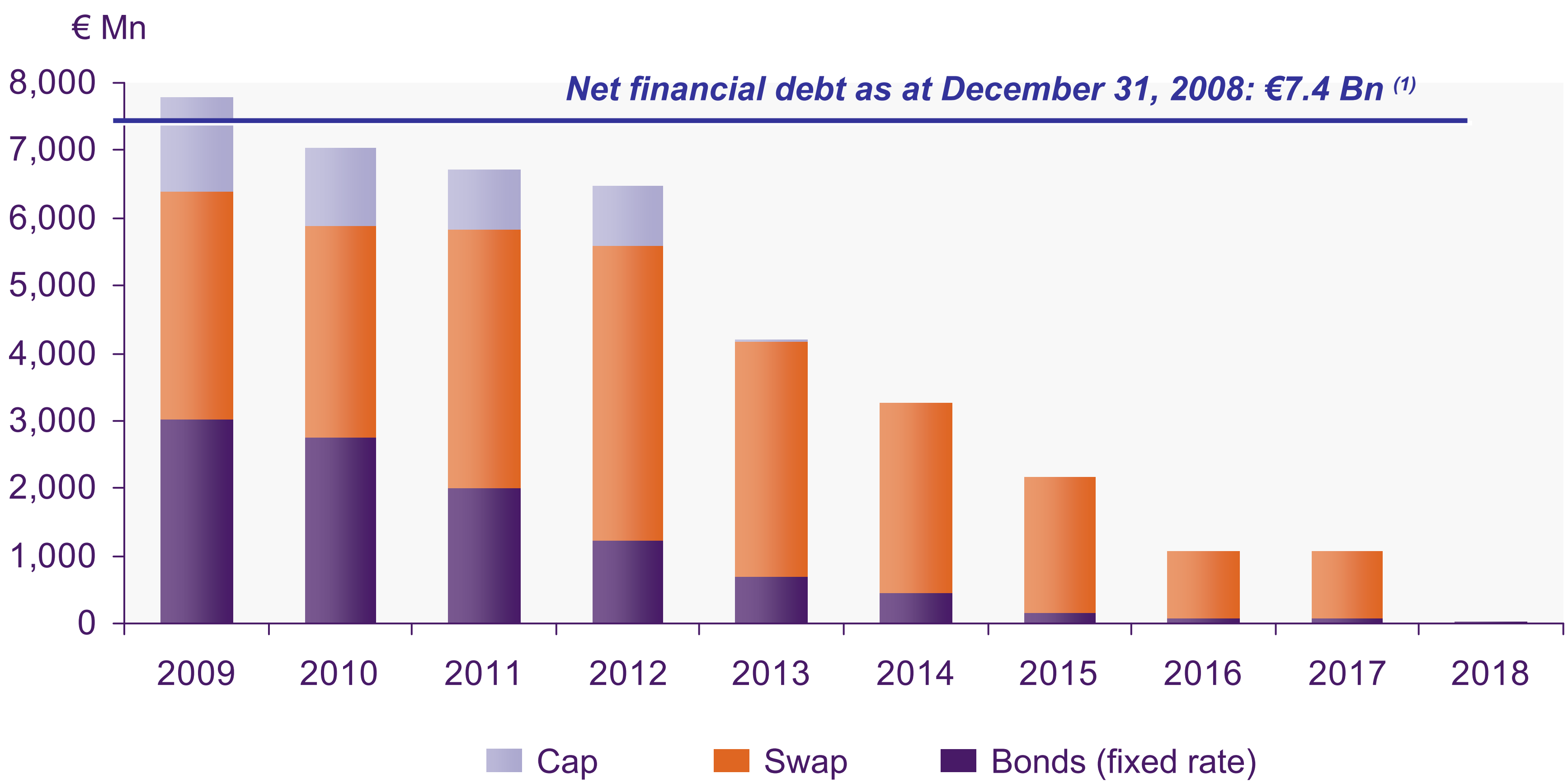
- **Limited resort to secured debt €0.9 Bn ie. 11% of gross debt drawn as at December 31, 2008**
  - LTV covenants: 50%-75%
  - ICR covenants: > 1.1x to 2x




*Based on December 31, 2008 data for Unibail-Rodamco*
1) *Includes LTV and solvency ratios*
2) *Including both Unibail-Rodamco and Rodamco credit lines*
3) *Loan-to-value = Net financial debt / Total portfolio valuation including transfer taxes*
   *Solvency ratio = Total liabilities (excluding shareholders' equity) / total assets (excluding intangible assets)*
4) *Interest coverage ratio = EBITDA /net financial expenses (including capitalized interest)*
5) *FFO/net debt as at December 31, 2008 = Funds from operations / Net financial debt*

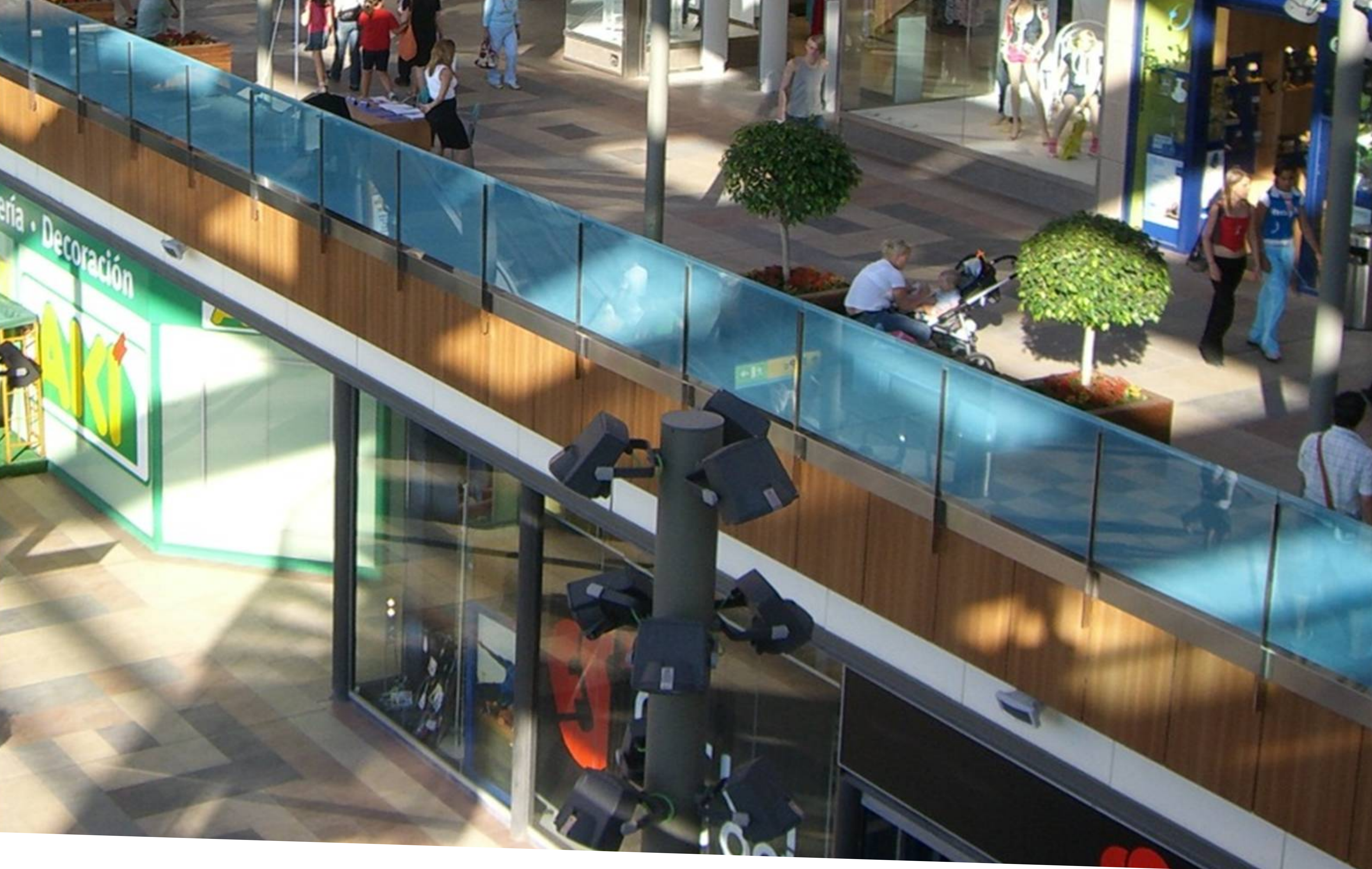
# SECURED COST OF DEBT THROUGH ACTIVE HEDGING




- **Limited sensitivity to interest rate evolution 1.75% impact on 2009 recurring EPS for a 100 bps in 3 M – Euribor level over 2009 full-year**

*(1) Net financial debt: Borrowings excluding ORAs (treated as equity consistent with rating agencies' approach) and partners' accounts*

# OUTLOOK




Habaneras - Torrevieja

# OUTLOOK

**Recurring EPS**

> **2009 recurring Earnings Per Share growth target:**

- At least 7.0% or more growth in recurring EPS for 2009

**Distribution**

> **Pay-out policy: 85% to 95% of recurring EPS, unchanged**

- Full 2008 distribution proposed of €7.50 per share
- Interim dividends on 2008 fiscal year of €1.75/share:
  - Paid on October 15, 2008
  - Paid on January 15, 2009
  - To be paid on April 15, 2009
- July 15, 2009: balance of distribution proposed €2.25 per share (1)

*(1) Subject to AGM approval*


# The End

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