unibail·rodamco

Paris, Amsterdam, January 30, 2013

Press Release

FULL-YEAR 2012 RESULTS

Re-Inventing the customer experience

"In Unibail-Rodamco's 5th year anniversary since the merger in 2007, the Group's 2012 performance demonstrates the relevance of its strategy of accelerating the differentiation of the Group's portfolio of prime shopping centres. Unibail-Rodamco focused on re-inventing the customer experience in its shopping malls by introducing new international premium retailers, successfully opening three new generation shopping centres, redesigning many others and launching innovative marketing initiatives. With its strong base of 82 shopping centres, three strategic partnerships signed in 2012 and its flexible prime quality development projects, its strong balance sheet, secured low cost of financing and talented professionals, Unibail-Rodamco expects to deliver strong earnings growth in the future."

Guillaume Poitrinal, CEO and Chairman of the Management Board

Recurring EPS growing +6.7%

The 2012 recurring EPS of €9.60 represents a growth of +6.7% compared to 2011, significantly outperforming the 4% outlook provided for the year 2012. These results reflect strong underlying like-for-like performance across all of the Group's divisions, market share gains by the Group's tenants with an increase in sales, decreasing average cost of debt and a continued focus on cost efficiency.

Strong operating performance

Footfall in Unibail-Rodamco's shopping centres was up +1.3% in 2012. Tenant sales in the Group's malls were up by +2.5% through November 2012, outperforming national sales indices by 350 bps over the same period. Despite a challenging macro-economic environment, Unibail-Rodamco's performance was notably driven by its focus on large malls, which represent 89% of the Group's shopping centre gross market value, and its active operating management. Like-for-like net rental income (NRI) grew +4.2% in 2012, an outperformance of 200 bps over indexation. The Group's rotation rate increased to 13.2% and rental uplifts on relettings and renewals were up by +21.4%. 139 deals were signed with international premium retailers, confirming the appeal of the Group's malls for both customers and tenants alike. Vacancy remained low at 2.1%.

The office division showed good like-for-like results in a difficult market, with like-for-like NRI increasing by +6.9% in 2012. Convention and Exhibition saw its recurring net operating income grow +10.7% vs the last comparable period of 2010, with large shows performing very well and an increase of international congresses.

A number of innovations launched in 2012

2012 was an exceptional year in terms of innovation with a number of initiatives launched by the UR Lab in order to re-invent the customer experience in Unibail-Rodamco's malls and strengthen their leadership position in terms of customer services and differentiation:

- The 4 Star label: the Group's new quality referential based on a list of 571 criteria. 9 shopping centres were 4 Star labelled in 2012;
- The iconic shop fronts project to make Unibail-Rodamco's malls "the Home of the Flagships™" by upgrading the overall height and quality of the Group's tenants' shop fronts, thus promoting variety, innovation and design excellence in the Group's malls;
- The Dining Experience, a new initiative aimed at doubling the space dedicated to dining in Unibail-Rodamco's shopping centres by offering a collection of the best local restaurateurs and international food concepts and creating a new outstanding "Dining Plaza";
- Digital applications to strengthen the customer relationship: all of the Group's shopping centres now have an iPhone and/or Android app and the number of apps downloaded reached 1.3 Mn. The number of facebook fans of the Group's shopping malls grew to 2.6 Mn.

Asset values increase reflects superior rental growth
The Gross Market Value of the Group's portfolio as of December 31, 2012 stood at €29.3 Bn, up +4.8% like-for-like compared to December 31, 2011. The shopping centre portfolio grew +6.0% like-for-like to €23.0 Bn with a strong contribution from rents (+4.9%) as a result of rental uplifts generated by the Group. Despite significant negative impact of the mark-to-market of debt and financial instruments, the Going Concern Net Asset Value per share was €151.10, an increase of +5.6% compared to December 31, 2011, and the EPRA triple Net Asset Value per share was €138.40, an increase of +5.9% from €130.70 per share as at December 31, 2011.

Record low cost of debt
Taking advantage of the Group's robust balance sheet (Loan-To-Value of 37% and Interest Coverage Ratio of 3.5x) and "A" rating with a stable outlook from S&P and Fitch, the Group raised €4.6 Bn of medium to long-term debt at very attractive rates, of which €2.4 Bn on the bond market at an average margin of 99 bps over mid-swap. As a result, Unibail-Rodamco's average cost of debt decreased to 3.4% in 2012, from 3.6% in 2011.

€7.0 Bn flexible development pipeline
The Group's development projects amounted to €7.0 Bn at year end 2012, out of which €2.9 Bn was committed. Retail accounts for 70% of committed projects. 11 projects were delivered in 2012, including the successful openings of shopping centres Confluence and So Ouest in France and El Faro in Spain. The Group enters a period of momentum for new deliveries with the openings in 2013 of the extensions and renovations of Centrum Cerny Most in Prague, Alma in Rennes and Toison d'Or in Dijon and the brownfield mall Aéroville in the Paris region. In addition, the Group captured landmark development projects in 2012 such as Polygone Riviera, a 71,474 m² GLA new generation open air mall on the French Riviera in Cagnes-sur-Mer, next to Nice.
Unibail-Rodamco retains full flexibility on the controlled and secured exclusivity segments of the pipeline.

Outlook
For 2013, the Group remains positive in its expectations on rental income growth. In addition to the impact of new deliveries from extensions and brownfield projects, this growth should be driven by on-going strong fundamentals, such as outperforming tenant sales, low vacancy, sustainable occupancy cost ratios and good rental uplifts. The cost of debt is also expected to be contained at low levels. In light of the strong fundamentals outlined above, the Group sets a recurring EPS growth target of at least 5% for 2013.
For the longer term, the Group expects to reach recurring EPS of €14 by 2017. This objective, based on the Group's current 5-year plan, assumes (i) the successful execution of the Group's development projects, (ii) no major evolution of the Group's current capital structure, (iii) no significant change in the macro-economic conditions in Europe, (iv) no adverse tax law changes, (v) the Group's pay-out ratio maintained at its current level and (vi) the payment by the Group of the annual dividends in cash with respect to fiscal years 2013 through 2016.

Dividend
The Group will propose to the Annual General Meeting (AGM) of shareholders to declare a dividend for 2012 of €8.40 per share, representing an increase of 5% compared to 2011 and a pay-out ratio of 88% comparable to the one in 2011. Subject to the approval from the AGM, the Group's shareholders will be paid on June 3, 2013 the following amounts per Unibail-Rodamco share:

- €5.27 in cash paid from Unibail-Rodamco's tax exempt (SIIC) real estate activities;
- €3.13 per share distributed from Unibail-Rodamco's non-tax exempt activities for which shareholders will have the option to elect payment in either (i) new shares created at a discount of 7%, or (ii) cash. The withholding tax historically paid by non-French mutual funds (OPCVM) no longer applies to this part of the dividend.

Change of market of reference
As of February 28, 2013, Unibail-Rodamco's market of reference will be NYSE Euronext Amsterdam instead of Paris in order to emphasise its truly pan-European status, its unique nature as a Societas Europaea and maintain its inclusion in both the CAC40 and AEX25 indices. This change of market of reference does not impact: (i) Unibail-Rodamco's organisation (including its Paris legal headquarters), French presence or activities, (ii) the Group's dual listing on NYSE Euronext Paris and NYSE Euronext

Amsterdam, (iii) the liquidity of the shares, (iv) the tax situation of the Group's shareholders[(1)], and (v) the ISIN (FR0000124711) and mnemonic (UL) codes of the Group, which will remain unchanged.
As a result of this election of NYSE Euronext as its market of reference, Unibail-Rodamco's shares will not be eligible to the French "Service à Réglements Différés" (SRD), a deferred settlement service for individual shareholders residing in France only, as of February 23, 2013. SRD trades will be possible until February 22, 2013.
Note (1): tax elements are not intended to constitute tax advice and shareholders should consult their own tax advisors

	FY-2012	FY-2011	Growth	Like-for-like growth
Net Rental Income (in € Mn)	**1,318**	**1,262**	**+4.4%**	**+4.8%**
- Shopping centres	1,044	984	+6.1%	+4.2%
- Offices	173	185	-6.5%	+6.9%
- Conventions & Exhibitions	101	93	+7.7%	+7.7%
Recurring net result (in € Mn)	886	826	+7.2%	
Recurring EPS (in € per share)	**9.60**	**9.00**	**+6.7%**	
	Dec. 31, 2012	Dec. 31, 2011		
Total portfolio valuation (in € Mn)	**29,292**	**25,924**	**-**	**+4.8%**
Going Concern Net Asset Value (in € per share)	**151.10**	**143.10**	**+5.6%**	
EPRA triple Net Asset Value (in € per share)	**138.40**	**130.70**	**+5.9%**	

Figures may not add up due to rounding

The appendix to the press release and the full-year 2012 results presentation are available on the Group's website www.unibail-rodamco.com
The audit procedures by statutory auditors are currently in progress.

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About Unibail-Rodamco
Created in 1968, Unibail-Rodamco SE is Europe's largest listed commercial property company, with a presence in 12 EU countries, and a portfolio of assets valued at €29.3 billion as of December 31, 2012. As an integrated operator, investor and developer, the Group aims to cover the whole of the real estate value creation chain. With the support of its 1,500 professionals, Unibail-Rodamco applies those skills to highly specialised market segments such as large shopping centres of major European cities, and large offices and convention & exhibition centres in the Paris region.
The Group distinguishes itself through its focus on the highest architectural, city planning and environmental standards. Its long term approach and sustainable vision focuses on the development or redevelopment of outstanding places to shop, work and relax. Its commitment to environmental, economic and social sustainability has been recognised by inclusion in the DJSI (World and Europe), FTSE4Good and STOXX Global ESG Leaders indexes.
The Group is a member of the CAC 40, AEX 25 and EuroSTOXX 50 indices. It benefits from an A rating from Standard & Poor's and Fitch Ratings.
For more information, please visit our website: www.unibail-rodamco.com

APPENDIX TO THE PRESS RELEASE
January 30, 2013

The audit procedures by statutory auditors are in progress. Financial statements were submitted to the Supervisory Board on January 30, 2013

The press release and its appendix as well as the results presentation slide show can be found on Unibail-Rodamco's website www.unibail-rodamco.com

Consolidated Income Statement by segment (in €Mn)			2012			2011		
			Recurring activities	Non-recurring activities (3)	Result	Recurring activities	Non-recurring activities (3)	Result
SHOPPING CENTRES	France	Gross rental income (1)	599.4	-	599.4	552.6	-	552.6
		Operating expenses & net service charges (1)	- 62.7	-	- 62.7	- 53.2	-	- 53.2
		Net rental income	**536.7**	-	**536.7**	**499.3**	-	**499.3**
		Gains on sales of properties	-	6.7	6.7	-	8.4	8.4
		Valuation movements	-	765.6	765.6	-	352.9	352.9
		Result Retail France	**536.7**	**772.3**	**1,309.0**	**499.3**	**361.3**	**860.7**
	Spain	Gross rental income	155.7	-	155.7	139.8	-	139.8
		Operating expenses & net service charges	- 15.0	-	- 15.0	- 11.1	-	- 11.1
		Net rental income	**140.7**	-	**140.7**	**128.7**	-	**128.7**
		Valuation movements	-	- 77.4	- 77.4	-	60.7	60.7
		Impairment of Goodwill		- 2.0	- 2.0	-	-	-
		Result Retail Spain	**140.7**	**- 79.3**	**61.4**	**128.7**	**60.7**	**189.4**
	Central Europe	Gross rental income	113.4	-	113.4	105.5	-	105.5
		Operating expenses & net service charges	- 5.2	-	- 5.2	- 4.2	-	- 4.2
		Net rental income	**108.2**	-	**108.2**	**101.3**	-	**101.3**
		Contribution of affiliates	**18.1**	**64.6**	**82.7**	-	-	-
		Gains on sales of properties	-	-	-	-	5.4	5.4
		Valuation movements	-	261.7	261.7	-	202.6	202.6
		Result Retail Central Europe	**126.3**	**326.3**	**452.6**	**101.3**	**208.0**	**309.3**
	Austria	Gross rental income	106.5	-	106.5	94.2	-	94.2
		Operating expenses & net service charges	- 4.6	-	- 4.6	- 4.6	-	- 4.6
		Net rental income	**101.9**	-	**101.9**	**89.6**	-	**89.6**
		Gains on sales of properties	-	-	-	-	3.0	3.0
		Valuation movements	-	128.1	128.1	-	71.4	71.4
		Result Retail Austria	**101.9**	**128.1**	**230.1**	**89.6**	**74.3**	**163.9**
	Nordic countries	Gross rental income	107.5	-	107.5	113.9	-	113.9
		Operating expenses & net service charges	- 19.7	-	- 19.7	- 23.7	-	- 23.7
		Net rental income	**87.8**	-	**87.8**	**90.2**	-	**90.2**
		Gains on sales of properties	-	11.4	11.4	-	30.9	30.9
		Valuation movements	-	164.7	164.7	-	69.6	69.6
		Result Retail Nordic	**87.8**	**176.1**	**263.8**	**90.2**	**100.6**	**190.8**
	Netherlands	Gross rental income	76.9	-	76.9	83.0	-	83.0
		Operating expenses & net service charges	- 7.7	-	- 7.7	- 8.0	-	- 8.0
		Net rental income	**69.2**		**69.2**	**75.0**	-	**75.0**
		Gains on sales of properties	-	0.8	0.8	-	17.3	17.3
		Valuation movements	-	41.3	41.3	-	19.5	19.5
		Result Retail Netherlands	**69.2**	**42.1**	**111.3**	**75.0**	**36.8**	**111.8**
	TOTAL RESULT RETAIL		**1,062.5**	**1,365.6**	**2,428.1**	**984.1**	**841.8**	**1,825.8**
OFFICES	France	Gross rental income	150.6	-	150.6	154.4	-	154.4
		Operating expenses & net service charges	- 4.4	-	- 4.4	0.8	-	0.8
		Net rental income	**146.2**	-	**146.2**	**155.2**	-	**155.2**
		Gains on sales of properties	-	- 3.6	- 3.6	-	4.7	4.7
		Valuation movements	-	- 106.8	- 106.8	-	- 34.3	- 34.3
		Result Offices France	**146.2**	**- 110.4**	**35.8**	**155.2**	**- 29.5**	**125.7**
	Other countries	Gross rental income	32.1	-	32.1	34.2	-	34.2
		Operating expenses & net service charges	- 5.7	-	- 5.7	- 4.9	-	- 4.9
		Net rental income	**26.4**	-	**26.4**	**29.3**	-	**29.3**
		Gains on sales of properties	-	1.3	1.3	-	2.6	2.6
		Valuation movements	-	0.9	0.9	-	8.2	8.2
		Result Offices other countries	**26.4**	**2.2**	**28.6**	**29.3**	**10.8**	**40.1**
	TOTAL RESULT OFFICES		**172.6**	**- 108.2**	**64.4**	**184.5**	**- 18.7**	**165.8**
CONVENTION-EXHIBITION	France	Gross rental income	194.8	-	194.8	181.1	-	181.1
		Operating expenses & net service charges	- 103.6	-	- 103.6	- 96.3	-	- 96.3
		Net rental income	**91.1**	-	**91.1**	**84.8**	-	**84.8**
		On site property services	**46.5**	-	**46.5**	**37.2**	-	**37.2**
		Hotels net rental income	**9.5**		**9.5**	**8.6**	-	**8.6**
		Exhibitions organizing	**19.6**	**- 7.0**	**12.6**	**10.8**	**- 0.6**	**10.2**
		Valuation movements, depreciation and capital gains	- 12.6	25.1	12.5	- 12.1	78.4	66.2
	TOTAL RESULT CONVENTION & EXHIBITION		**154.1**	**18.1**	**172.3**	**129.2**	**77.7**	**206.9**
		Other property services net operating result	22.7	-	22.7	17.3	-	17.3
		Other income	7.1	-	7.1	7.2	2.7	10.0
TOTAL OPERATING RESULT AND OTHER INCOME			**1,419.0**	**1,275.6**	**2,694.6**	**1,322.4**	**903.5**	**2,225.9**
		General expenses (2)	- 85.2	- 6.6	- 91.8	- 86.7	- 2.9	- 89.6
		Development expenses	- 4.5		- 4.5	- 5.2	-	- 5.2
		Financing result	- 328.6	- 449.3	- 777.8	- 301.1	- 191.1	- 492.3
RESULT BEFORE TAX			**1,000.7**	**819.7**	**1,820.4**	**929.4**	**709.5**	**1,638.8**
		Income tax expenses	- 16.7	- 119.3	- 136.0	- 12.1	- 108.8	- 120.9
NET RESULT			**984.0**	**700.4**	**1,684.4**	**917.2**	**600.7**	**1,517.9**
		Non-controlling interests (2)	97.7	128.1	225.7	90.8	102.5	193.3
NET RESULT-OWNERS OF THE PARENT (2)			**886.3**	**572.3**	**1,458.6**	**826.4**	**498.2**	**1,324.6**

(1) In 2012, the property management fees reinvoiced to the tenants are reclassified in Gross rental income.The figures in 2011 have been restated accordingly.

(2) In 2012, the Group opted for an early adoption of IAS 19R ("Employee benefits"); 2011 has been restated and €3.2 Mn were restated from "Consolidated result" to "Consolidated reserves".

(3) Non-recurring activities include valuation movements, disposals, mark-to-market of financial instruments, impairment of goodwill or reversal of badwill and other non-recurring items.

	2012	2011
Average number of shares and ORA	92,368,457	91,862,849
Recurring earnings per share	**9.60 €**	**9.00 €**
Recurring earnings per share growth	**6.7%**	

Statement of Comprehensive income (EPRA format) (in €Mn)	2012	2011
Gross rental income [1]	1,548.3	1,468.1
Ground rents paid	-20.7	-17.6
Net service charge expenses	-20.5	-13.8
Property operating expenses [1]	-189.5	-174.7
Net rental income	**1,317.6**	**1,262.0**
Corporate expenses [2]	-82.9	-84.4
Development expenses	-4.5	-5.2
Depreciation	-2.3	-2.3
Administrative expenses	**-89.7**	**-91.9**
Acquisition and related costs	**-6.6**	**-2.9**
Revenues from other activities	177.1	165.8
Other expenses	-120.5	-123.4
Net other income	**56.6**	**42.4**
Proceeds from disposal of investment properties	615.3	772.6
Carrying value of investment properties sold	-598.6	-736.5
Result on disposal of investment properties	**16.6**	**36.1**
Proceeds from disposal of shares	90.4	378.1
Carrying value of disposed shares	-90.4	-342.0
Result on disposal of shares	**-**	**36.1**
Valuation gains	1,490.9	1,022.9
Valuation losses	-287.7	-193.7
Valuation movements	**1,203.2**	**829.2**
Badwill & Impairment of goodwill	**-2.0**	**-**
NET OPERATING RESULT BEFORE FINANCING COST	**2,495.8**	**2,111.0**
Result from non-consolidated companies	7.1	9.9
Financial income	*93.6*	*81.9*
Financial expenses	*-422.1*	*-383.0*
Net financing costs	-328.6	-301.1
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	-230.4	43.4
Fair value adjustments of derivatives and debt	-219.3	-234.0
Debt discounting	0.5	-0.5
Share of the profit of associates	79.9	4.2
Income on financial assets	15.4	6.0
RESULT BEFORE TAX	**1,820.4**	**1,638.8**
Income tax expenses	-136.0	-120.9
NET RESULT FOR THE PERIOD	**1,684.4**	**1,517.9**
Non-controlling interests [2]	225.7	193.3
NET RESULT (Owners of the parent) [2]	**1,458.6**	**1,324.6**
Average number of shares (undiluted)	92,358,483	91,850,947
Net result for the period (Owners of the parent)	1,458.6	1,324.6
Net result for the period (Owners of the parent) per share (€)	**15.79**	**14.42**
Net result for the period restated (Owners of the parent) [3]	1,638.0	1,281.2
Average number of diluted shares	93,105,153	93,291,418
Diluted net result per share - Owners of the parent (€)	**17.59**	**13.73**
NET RESULT FOR THE PERIOD	**1,684.4**	**1,517.9**
Foreign currency differences on translation of financial statements of subsidiaries	19.3	21.9
Gain/loss on net investment hedge	29.7	-14.4
Cash flow hedge	-4.0	1.4
Employee benefits [2]	-8.1	3.2
Revaluation of shares available for sale	5.2	4.3
OTHER COMPREHENSIVE INCOME	**42.1**	**16.3**
NET COMPREHENSIVE INCOME	**1,726.5**	**1,534.2**
Non-controlling interests	225.4	193.4
NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)	**1,501.0**	**1,340.9**

[1] In 2012, the property management fees reinvoiced to the tenants are reclassified in Gross rental income.The figures in 2011 have been restated accordingly.

[2] In 2012, the Group opted for an early adoption of IAS 19R ("Employee benefits"); 2011 has been restated and €3.2 Mn were restated from "Consolidated result" to "Consolidated reserves".

[3] The impact of the fair value of the ORNANE is restated from the net result of the period.

Consolidated Statement of financial position (in € Mn)	**31/12/2012**	**31/12/2011**
NON CURRENT ASSETS	**28,797.5**	**25,426.1**
Investment properties	**26,658.3**	**24,055.9**
Investment properties at fair value	*25,912.8*	*23,419.1*
Investment properties at cost	*745.6*	*636.8*
Other tangible assets	200.4	198.4
Goodwill	269.4	296.8
Intangible assets	206.1	211.3
Loans and receivables	127.0	244.5
Financial assets (1)	77.0	8.8
Shares available for sale	118.1	113.0
Deferred tax assets	5.0	6.0
Derivatives at fair value	182.6	84.9
Shares and investments in companies consolidated under the equity method	953.5	206.6
CURRENT ASSETS	**773.6**	**977.2**
Properties under promise or mandate of sale	**-**	**221.5**
Trade receivables from activity	**278.5**	**282.5**
Property portfolio	238.3	257.4
Other activities	40.2	25.1
Other trade receivables	**429.7**	**390.9**
Tax receivables	167.0	179.3
Receivables on sale of property	-	3.4
Other receivables	200.8	155.1
Prepaid expenses	61.9	53.1
Cash and cash equivalents	**65.3**	**82.3**
Financial assets	2.2	2.3
Cash	63.1	80.0
TOTAL ASSETS	**29,571.1**	**26,403.3**
Shareholders' equity (Owners of the parent)	**12,902.5**	**11,636.1**
Share capital	474.5	459.0
Additional paid-in capital	5,838.2	5,712.0
Bonds redeemable for shares	1.4	1.4
Consolidated reserves (2)	5,112.3	4,166.5
Hedging and foreign currency translation reserve	17.6	- 27.4
Consolidated result (2)	1,458.6	1,324.6
Non-controlling interests	**1,583.1**	**1,419.4**
TOTAL SHAREHOLDERS' EQUITY	**14,485.6**	**13,055.5**
NON CURRENT LIABILITIES	**11,723.9**	**10,127.0**
Long term commitment to purchase non-controlling interests	-	10.7
Net share settled bonds convertible into new and/or existing shares (ORNANE)	794.7	738.5
Long term bonds and borrowings	8,774.8	7,571.4
Long term financial leases	121.3	120.8
Derivatives at fair value	625.3	369.8
Deferred tax liabilities	1,016.0	965.3
Long term provisions	30.2	28.3
Employee benefits	20.0	10.9
Guarantee deposits	192.2	182.1
Tax liabilities	14.5	-
Amounts due on investments	134.7	129.3
CURRENT LIABILITIES	**3,361.6**	**3,220.8**
Current commitment to purchase non-controlling interests	**-**	**-**
Amounts due to suppliers and other current debt	**965.5**	**759.1**
Amounts due to suppliers	127.0	117.3
Amounts due on investments	400.0	280.8
Sundry creditors	274.0	180.8
Other liabilities	164.5	180.2
Current borrowings and amounts due to credit institutions	**2,225.6**	**2,309.2**
Current financial leases	**2.6**	**4.6**
Tax and social security liabilities	**146.4**	**122.2**
Short term provisions	**21.5**	**25.7**
TOTAL LIABILITIES AND EQUITY	**29,571.1**	**26,403.3**

(1) The loans and receivables in 2011 have been restated in order to reclassifiy the shares in the line "Financial assets".

(2) In 2012, The Group opted for an early adoption of IAS19 R ("Employee benefits"); 2011 has been restated and €3.2 Mn were reclassified from "Consolidated result" to "Consolidated reserves".

Consolidated statement of cash flows (in €Mn)	31/12/2012	31/12/2011
Operating activities		
Net profit [1]	**1,684.4**	**1,517.9**
Depreciation & provisions [1]	16.1	21.4
Changes in value of property assets	-1,203.2	-829.2
Changes in value of financial instruments	449.7	190.7
Discounting income/charges	-0.5	0.5
Charges and income relating to stock options and similar items	7.1	6.9
Other income and expenses	-	0.3
Net capital gains/losses on sales of consolidated subsidiaries	-	-36.1
Net capital gains/losses on sales of properties [2]	-17.6	-35.2
Result from companies consolidated under the equity method	-79.9	-4.2
Income on financial assets	-15.4	-6.0
Dividend income of non-consolidated companies	-7.3	-9.9
Net financing costs	328.6	301.1
Income tax charge	136.0	120.9
Cash flow before net financing costs and tax	**1,297.9**	**1,239.1**
Income on financial assets	14.8	6.0
Dividend income and result from companies under equity method or non consolidated	17.3	7.8
Income tax paid	-33.2	-17.2
Change in working capital requirement	34.5	-16.6
Total cash flow from operating activities	**1,331.3**	**1,219.0**
Investment activities		
Property activities	**-1,497.5**	**-265.6**
Acquisition of consolidated subsidiaries	-481.9	-357.1
Amounts paid for works and acquisition of property assets	-1,362.1	-1,245.6
Exit tax payment	-8.6	-0.5
Repayment of property financing	8.3	1.0
Increase of property financing	-63.7	-1.3
Disposal of subsidiaries	155.1	503.4
Disposal of investment property	255.5	834.6
Repayment of finance leasing	**0.3**	**-0.1**
Financial activities	**21.1**	**-105.5**
Acquisition of financial assets	-4.9	-108.6
Disposal of financial assets	25.6	3.0
Change in financial assets	0.4	-
Total cash flow from investment activities	**-1,476.1**	**-371.2**
Financing activities		
Capital increase of parent company	131.6	19.3
Capital increase from company with non controlling shareholders	-0.5	7.5
Distribution paid to parent company shareholders	-735.4	-735.2
Dividends paid to non-controlling shareholders of consolidated companies	-9.8	-3.1
Purchase of treasury shares	-	-17.3
New borrowings and financial liabilities	4,077.8	2,758.2
Repayment of borrowings and financial liabilities	-2,983.7	-2,410.7
Financial income	95.7	82.3
Financial expenses	-376.1	-386.1
Other financing activities	-71.3	-159.0
Total cash flow from financing activities	**128.4**	**-844.0**
Change in cash and cash equivalents during the period	**-16.5**	**3.8**
Cash at the beginning of the year	**73.5**	**70.9**
Effect of exchange rate fluctuations on cash held	**-0.7**	**-1.2**
Cash at period-end [3]	**56.3**	**73.5**

[1] In 2012, the Group opted for an early adoption of IAS 19R ("Employee benefits").
2011 has been restated and €3.2 Mn were restated from "Consolidated result" to "Consolidated reserves".

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

[3] Include bank accounts and current accounts with terms of less than three months less bank overdrafts.

I. ACCOUNTING PRINCIPLES AND SCOPE OF CONSOLIDATION

Accounting principles

Unibail-Rodamco's consolidated financial statements as at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable in the European Union as at December 31, 2012.

Unibail-Rodamco has adopted IAS 19, revised 2011, "Employee benefits" in its financial statements as at December 31, 2012. The financial statements as at December 31, 2011 have been restated accordingly, with an impact of -€3.2 Mn on the "Net result-owners of the parent".

No other changes were made to the accounting principles with those applied for the year ended December 31, 2011.

The financial statements are compliant with the best practice recommendations published by the European Public Real estate Association (EPRA)[1]. Key EPRA performance indicators are reported in a separate chapter at the end of this Appendix.

Scope of consolidation

The principal changes in the scope of consolidation since December 31, 2011 were:

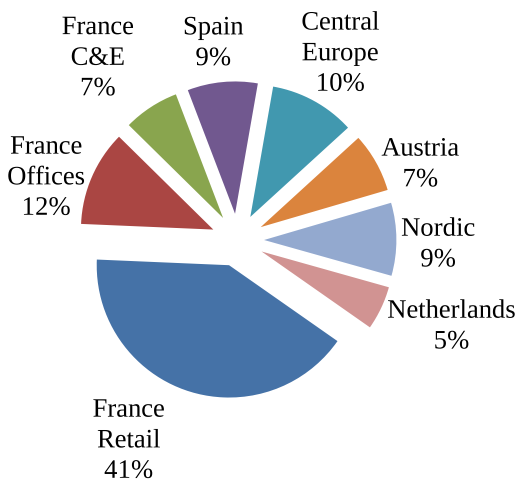
- The acquisition, in August 2012, of a 51% stake in a holding company which now owns 91.15% of mfi AG (Germany's second largest shopping centre operator, investor and developer), consolidated under the equity method[2];
- The acquisition, in August 2012, of a 50% stake in the company which owns the Ruhr-Park shopping centre, consolidated under the equity method[2];
- The indirect investment, in March 2012, in the Zlote Tarasy complex, comprising a shopping centre, a parking and two offices in Warsaw, consolidated under the equity method[3];
- Following the creation of a 50-50 joint venture combining Unibail-Rodamco's and Abu Dhabi Investment Authority ("ADIA")'s interests in Parly 2 shopping centre (Paris region), the combined entity is now consolidated under the proportional method since July 2012 (instead of full consolidation method of Unibail-Rodamco's part as at June 30, 2012);
- The acquisition of a part in Sant Cugat shopping centre in Barcelona, in January 2012, fully consolidated.

As at December 31, 2012, 260 companies have been fully consolidated, 32 companies have been consolidated proportionally and 12 companies have been accounted for under the equity method[4].

Operational reporting

The Unibail-Rodamco Group is operationally organised in six geographical regions: France, Spain, Central Europe, Austria, the Nordics and The Netherlands. 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 Convention & Exhibition. The other regions operate mainly in the shopping centre segment.

The table below shows the split of asset value (Gross Market Value) per region as at December 31, 2012.



[1] EPRA Best Practices Recommendations are available on EPRA website: www.epra.com
[2] Based on the analysis of the governance.
[3] Refer to paragraph 1.5.

[4] Mainly the Comexposium subsidiaries (trade show organisation business), the Zlote Tarasy complex in Poland, mfi AG and the Ruhr-Park shopping centre in Germany.

II. BUSINESS REVIEW BY SEGMENT

1. Shopping centres

1.1 Shopping centre market in 2012

The economic environment remained uncertain in 2012, with further weakening in the second half of the year. New austerity measures in the European Union and the continued increase in unemployment figures weighed on market conditions and households' purchasing power.

The environment was particularly difficult in Spain and in the Czech Republic with negative GDP[5] growth estimated at -1.4% and -1.3%, respectively, while in France and in The Netherlands the GDP growth for 2012 is expected to have been broadly flat. Poland, Slovakia and Sweden, on the other hand, are expected to show GDP growth of +2.4%, +2.6% and +1.1%, respectively.

Despite this challenging macro-economic backdrop, Unibail-Rodamco demonstrated the strength of its business model: large shopping centres located in wealthy and densely populated catchment areas in large European metropolitan areas, offering visitors a unique experience thanks to a critical mass of premium[6] international retailers, frequent introduction of new and differentiating tenants, impressive design, high quality services and marketing.

Footfall in the Group's shopping centres increased by +1.3% in 2012 and tenant sales[7] by +2.0%, despite a slightly negative performance in December 2012 vs. December 2011. Through November 2012, tenant sales[7] were up by +2.5%, outperforming national sales indices by +350 bps[8]. This outperformance was evident across the regions and was primarily driven by large shopping centres[9]. Through this period, tenant sales grew by +4.1% in France (e.g., +8.1% and +14.0% in Les Quatre Temps and Carré Sénart, Paris region), outperforming the national sales index by +440 bps. In Austria[10], tenant sales grew by +7.8% (e.g., +10.2% in Donau Zentrum, Vienna), outperforming the national sales indices by +590 bps. In Central Europe, tenant sales grew by +2.0% (e.g., +3.3% in Arkadia, Warsaw), outperforming the national sales indices by +230 bps. In Spain, despite a -1.6% decline in sales, tenants in the Group's shopping centres outperformed the national sales index by +530 bps. This performance was driven primarily by the largest shopping centres such as La Maquinista (+2.4%) and Parquesur (+5.7%), which account for 69% of the Group's Spanish portfolio. In these centres, tenant sales through November 2012 were up by +0.2%[7] and MGR uplift was +15.3%. Splau, a 55,100 m² GLA shopping centre in Barcelona acquired in October 2011 and refurbished by Unibail-Rodamco, saw its footfall increase by +13.5% and tenant sales by +10.6% in 2012.

In the Nordics, the analysis excludes Täby, Fisketorvet and Solna due to on-going extension and refurbishment works. The rest of the region saw tenant sales decline by -3.2%, mainly due to the departure of an anchor tenant in Örebrö.

On average, tenant sales in Unibail-Rodamco's shopping centres have outperformed the relative national sales indices by +180 bps per year since 2006, with a marked acceleration since 2009.

This strong performance of Unibail-Rodamco's portfolio reflects the Group's superior asset quality and pro-active management. Continuous improvement is ever more important to offer customers the differentiated experience the internet cannot replicate.

2012 was an exceptional year in terms of innovation with a number of projects launched by UR Lab, an initiative aimed at strengthening the Group's leadership position in terms of customer services and differentiation:

- Digital marketing: all of the Group's shopping centres now have an iPhone and/or Android app, contributing to an exponential increase in the number of apps downloaded (1.3 Mn as of December 2012 vs. 0.2 Mn as of December 2011). New features were also introduced, such

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5 Source: Eurostat, January 2013.

6 Retailer that has strong and international brand recognition, with a differentiating store design and product approach, which may increase the appeal of the shopping centres.

7 Tenant sales performance in Unibail-Rodamco's shopping centres (excluding the Netherlands) on portfolio of shopping centres in operation including extensions of existing assets and excluding deliveries of new brownfield projects, acquisition of new assets and assets under heavy refurbishment. Including Apple store sales estimated on the basis of available public information from Apple Inc. (2011 10-K published October 26, 2011, pages 20 and 30; 2012 10-K published October 31, 2012, pages 30 and 34).

8 Based on latest national indices available (year-on-year evolution) as of November 2012: France: Institut Français du Libre Service; Spain: Instituto Nacional de Estadistica;Central Europe: Česky statisticky urad (Czech Republic), Polska Rada Centrow Handlowych (Poland); Austria: Eurostat (Austria and Slovakia); Nordic: HUI Research (Sweden), Denmarks Statistik (Denmark), Statistikcentralen (Finland).

9 Shopping centres with more than 6 million visits per annum.

10 Includes Slovakia

as product search, movie trailers, gift finder and the indoor geo-location. The number of Facebook fans of the Group's shopping malls grew strongly in 2012 with 2.6 Mn fans as of December 2012, compared to 0.7 Mn as of December 31, 2011;

- The 4 Star label[11], the Group's new quality referential, was awarded to 9 shopping centres in 2012. With Carré Sénart (Paris region), Confluence (Lyon), Arkadia (Warsaw) and Galeria Mokotow (Warsaw) labelled in H1-2012, shopping centres Docks 76 (Rouen), Rivétoile (Strasbourg), So Ouest (Paris region), Nacka Forum (Stockholm) and Amstelveen (Amsterdam) were awarded the 4 Star label in H2-2012, following a comprehensive quality audit performed by SGS, the worldwide leader in service certification. The labelling process will continue in 2013 and 2014;

- The Dining Experience: a new initiative aimed at doubling the space dedicated to dining in Unibail-Rodamco's shopping centres, the creation of a new outstanding "Dining Plaza", the introduction of differentiating food concepts, the offer of unique gastronomy events and services. This new concept was launched in July 2012 in La Maquinista in Barcelona and now has 19 restaurants on 5,582 m² GLA, including 1,743 m² of newly created GLA. Since the launch of this concept, La Maquinista footfall grew +7.4% compared to the same period last year, including +14.1% on evenings and +23.6% on Sundays (days on which only restaurants and the cinema are opened) and tenant sales grew +5.4%. Following this successful opening, the Dining Experience concept will be deployed in 25 of the Group's shopping centres in the next few years;

- The Iconic shop fronts concept: to become "the Home of the flagships™" by upgrading the overall height and quality of our tenants' shop fronts, thus promoting variety, innovation and design excellence in the Group's shopping centres.

Leasing activity was strong in 2012 with 1,418 leases signed with a minimum guaranteed rental uplift of +21.4% on renewals and relettings, and with a continued focus on differentiating and exclusive retail concepts, generating traffic and customer preference. The Group's rotation rate[12] stood at 13.2% in 2012, a significant increase over 2011 at 11.3%. 139 leases were signed with international premium[6] retailers, compared to 104 in 2011. In addition to the continued development throughout the Group's portfolio of brands such as Apple (opening its first store in Scandinavia in Täby Centrum) and Hollister, Nespresso opened its first store in a shopping centre in France in Parly 2 and in The Netherlands in Amstelveen. Michael Kors, American Eagle Outfitters and Victoria's Secret choose Unibail-Rodamco's shopping centres to open their first stores in Poland, and Vans and The North Face opened their first stores in the Czech Republic in Centrum Chodov.

Retailers are becoming more selective in deciding on where they will open stores, giving preference to shopping centres with high footfall and a critical mass of premium retailers. To meet this demand, the Group has delivered 7 new shopping centres and renovated or extended many of its large shopping centres since the merger in 2007. The Group aims to have renovated or extended 75% of its portfolio by year-end 2014[13].

Extension and renovation works are on-going in France at the Forum des Halles (Paris), Alma (Rennes) and Toison d'Or (Dijon) as well as in the other regions at Shopping City Süd (Vienna), Täby (Stockholm), Fisketorvet (Copenhagen), Centrum Cerny Most (Prague) and Galeria Mokotow (Warsaw). These projects will strengthen the regional leadership of these malls and offer customers a unique shopping experience and provide retailers the opportunity to introduce their flagship stores in high footfall shopping centres.

The successful openings of Confluence (Lyon), El Faro (Badajoz, Spain) and So Ouest (Paris region) reflect the relevance of the Group's strategy of accelerating product differentiation.

So Ouest, opened October 18, 2012, was exceptionally well received by the press, tenants and visitors with over 2.8 Mn visits since its opening. The mall clearly sets a new standard for shopping centres in Continental Europe in terms of design, choice of materials and poly-sensorial experience. Thanks to its superior quality and services, So Ouest was awarded Unibail-Rodamco's exclusive 4 Star label. Its tenant mix includes brands opening their first stores in France or in the mall's catchment area: Hollister, France's

[11] The "4 Star label" for a shopping centre is based on a 571-point quality referential and audited by SGS, the world leader in service certification.

[12] Rotation rate = (number of re-lettings + number of assignments + number of renewals with new concepts) / number of stores.

[13] Based on Gross Market Value of standing shopping centres with more than 6 million visits per annum as at December 31, 2012.

first Lego store, Continental Europe's largest Marks & Spencer, and for the first time in shopping centres, contemporary brands such as Ann Tuil and Claudie Pierlot.

1.2. Net Rental Income from Unibail-Rodamco shopping centres

The Group owns 103 retail assets, including 82 shopping centres out of which 57 host more than 6 million visits per annum. These 57 centres represent 89% of the Group's retail portfolio in Gross Market Value.

Total consolidated Net Rental Income (NRI) of the shopping centre portfolio amounted to €1,044.4 Mn in 2012.

Region	Net Rental Income (€Mn)		
	2012	2011	%
France	536.7	499.3	7.5%
Spain	140.7	128.7	9.4%
Central Europe	108.2	101.3	6.8%
Austria	101.9	89.6	13.8%
Nordic	87.8	90.2	-2.7%
Netherlands	69.2	75.0	-7.8%
TOTAL NRI	**1,044.4**	**984.1**	**6.1%**

The total net growth in NRI amounted to +€60.3 Mn (+6.1%) compared to 2011 and broke down as follows:

- +€30.3 Mn from acquisitions:
  - ✓ Acquisition of Splau in October 2011, a 55,100 m² shopping centre in Barcelona-Spain and a part of the Sant Cugat shopping centre in Barcelona in January 2012 (+€10.1 Mn);
  - ✓ Acquisition of the remaining 50% of Galeria Mokotow in Warsaw-Poland in July 2011 (+€9.0 Mn)[14];
  - ✓ Acquisition of the remaining 50% of Aupark in Bratislava in October 2011 (+€8.8 Mn)[14];
  - ✓ Acquisition of additional units in existing shopping centres in Spain, The Netherlands and in France (+€2.4 Mn).

- +€17.8 Mn from delivery of shopping centres, mainly in France with Confluence in Lyon which opened in April 2012 and with So Ouest in the Paris region which opened in October 2012, and in Spain with the September opening of El Faro in Badajoz.

- -€24.6 Mn due to disposals of smaller assets:
  - ✓ -€7.4 Mn in The Netherlands further to the divestments of retail assets mainly in Almere, Eindhoven and Breda in 2011 and Brink in 2012;
  - ✓ -€6.4 Mn in France, due to the disposal of Bonneveine-Marseille, Saint Genis 2 near Lyon, Shopping Etrembières - Annemasse, Evry 2 in the Paris region, Boisseuil in Limoges and Croix Dampierre in Châlons-en-Champagne, mainly in the first half of 2011 and of Wasquehal in July 2012;
  - ✓ -€5.8 Mn due the disposal of the Group's share in Arkad in Budapest in February 2011 and Allee-Center in Magdeburg in October 2011;
  - ✓ -€3.9 Mn in Sweden due to the disposal of retail assets in Haninge, Tyresö, Bälsta, Helsingborg, and Väsby in H1-2011 and Halmstad in August 2012;
  - ✓ And -€1.1 Mn in Austria due to the disposal of Südpark in Klagenfurt in July 2011.

- +€1.1 Mn coming from other minor effects, including currency translation, assets under renovation or extension and one-off items.

- The like-for-like NRI[15] growth amounted to +€35.7 Mn, representing a +4.2% growth compared to 2011, of which +2.2% (€18.8 Mn) was due to indexation.

Region	Net Rental Income (€Mn) Like-for-like		
	2012	2011	%
France	457.2	433.9	5.4%
Spain	115.8	115.6	0.2%
Central Europe	93.4	89.4	4.4%
Austria	90.9	85.4	6.4%
Nordic	59.9	58.2	2.9%
Netherlands	67.3	66.3	1.5%
TOTAL NRI Lfl	**884.5**	**848.8**	**4.2%**

Region	Net Rental Income like-for-like evolution (%)			
	Indexation	Renewals, relettings net of departure	Other	Total
France	2.2%	2.4%	0.8%	5.4%
Spain	2.5%	0.0%	-2.3%	0.2%
Central Europe	2.1%	2.7%	-0.4%	4.4%
Austria	2.1%	5.0%	-0.7%	6.4%
Nordic	2.0%	-0.5%	1.4%	2.9%
Netherlands	2.6%	-1.4%	0.3%	1.5%
TOTAL	**2.2%**	**1.9%**	**0.1%**	**4.2%**

Net of indexation and on a like-for-like basis, the average NRI growth rate was +2.0%. The best performing regions were Austria (+4.3%), France (+3.2%) and Central Europe (+2.3%). The Nordics

[14] Change from proportional consolidation to full consolidation as at December 31, 2011.

[15] Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields) and currency exchange rate differences in the periods analysed.

were positively impacted by lower expenses (e.g. a warm winter required less snow clearing). Spain was negatively impacted by a decrease in other income (including Sales Based Rents and key money) and an increase in doubtful debtors, whereas The Netherlands was adversely affected by a number of bankruptcies and vacancies in non-core assets.

Across the whole portfolio, Sales Based Rents represented 1.8% (€19.1 Mn) of total Net Rental Income in 2012, stable compared to 2011 (1.8%).

1.3. Leasing activity in 2012

1,418 leases were signed in 2012 (vs. 1,320 in 2011) for €170.0 Mn of Minimum Guaranteed Rents with an average uplift[16] of +21.4% on renewals and relettings (+19.4% in 2011).

Region	Lettings / re-lettings / renewals excl. Pipeline				
	nb of leases signed	m²	MGR (€ Mn)	MGR uplift Like for like € Mn	MGR uplift Like for like %
France	457	156,328	78.2	13.1	23.2%
Spain	319	81,006	25.3	1.9	12.0%
Central Europe	199	37,174	18.1	4.0	35.8%
Austria	133	42,602	16.0	1.8	17.4%
Nordic	192	57,060	20.6	1.9	17.0%
Netherlands	118	46,270	11.8	1.3	18.2%
TOTAL	**1,418**	**420,440**	**170.0**	**23.9**	**21.4%**

MGR: Minimum Guaranteed Rent

1.4. Vacancy and Lease expiry schedule

As at December 31, 2012, the total annualised Minimum Guaranteed Rents from Unibail-Rodamco's shopping centre portfolio has increased to €1,079.9 Mn, compared to €992.8 Mn as at December 31, 2011.
The following table shows a breakdown by lease expiry date and at the tenant's next break option.

Retail	Lease expiry schedule			
	MGR (€Mn) at date of next break option	**As a % of total**	**MGR (€Mn) at expiry date**	**As a % of total**
Expired	59.6	5.5%	58.9	5.5%
2013	171.2	15.9%	65.3	6.0%
2014	232.3	21.5%	86.0	8.0%
2015	240.2	22.2%	91.4	8.5%
2016	99.7	9.2%	83.0	7.7%
2017	77.4	7.2%	82.9	7.7%
2018	59.4	5.5%	82.1	7.6%
2019	35.8	3.3%	86.5	8.0%
2020	27.3	2.5%	72.8	6.7%
2021	18.8	1.7%	88.0	8.1%
2022	16.9	1.6%	96.7	9.0%
2023	6.9	0.6%	17.9	1.7%
Beyond	34.6	3.2%	168.5	15.6%
TOTAL	**1,079.9**	**100%**	**1,079.9**	**100%**

Potential rents from vacant space in operation on the total portfolio amounted to €27.0 Mn as at December 31, 2012 vs. €21.7 Mn as at December 31, 2011.

The EPRA vacancy rate[17] as at December 31, 2012 stood at 2.1% on average across the total portfolio vs. 1.9% as at December 31, 2011. The increase of the vacancy rate in France is partly due to strategic vacancy in La Part-Dieu. The increase in the Nordics is mainly due to strategic vacancy in Täby (Sweden) and Fisketorvet (Denmark), currently under renovation or extension, and to some tenants' bankruptcies. The increase of vacancy in Austria is primarily due to strategic vacancy in Shopping City Süd in connection with a planned refurbishment.

Region	Vacancy (Dec. 31, 2012)		Dec. 31, 2011
	€Mn	**%**	
France	14.5	2.2%	1.7%
Spain	3.6	2.1%	2.2%
Central Europe	0.3	0.3%	0.6%
Austria	2.5	2.3%	1.1%
Nordic	3.9	3.1%	2.7%
Netherlands	2.1	2.5%	4.1%
TOTAL	**27.0**	**2.1%**	**1.9%**

The occupancy cost ratio[18] on average stood at 13.1% compared to 12.6% as at December 31, 2011. It was stable in France at 13.5% (vs. 13.3%)

[16] Minimum Guaranteed Rent uplift: the difference between new and old rents. This indicator is calculated only on renewals and relettings and not on vacant unit relettings.

[17] EPRA vacancy rate = Estimated Rental Value (ERV) of vacant spaces divided by ERV of total surfaces.

[18] Occupancy Cost Ratio = (rental charges + service charges including marketing costs for tenants) / (tenants' sales); VAT included and for all the occupiers of the shopping centre. As tenant turnover is not known for all tenants for The Netherlands, no reliable OCR can be calculated for this country. Tenants' sales including Apple store sales estimated on the basis of available public information of Apple Inc. (2011 10-K published October 26, 2011, pages 20 and 30; 2012 10-K published October 31, 2012, pages 30 and 34).

and increased in the Nordics to 11.4% (vs. 10.8%), in Spain at 12.4% (vs. 11.7%), in Central Europe at 13.3% (vs. 11.9%) and in Austria at 14.2% (vs. 13.8%). These changes were attributable to the Group's leasing activities, the impact on sales from on-going restructurings in, amongst others, Centrum Cerny Most, Täby and Shopping City Süd and the decline in tenant sales in Spain.

1.5. Investment and divestment

Unibail-Rodamco invested €1,128 Mn[19] in its shopping centre portfolio in 2012:

- New acquisitions amounted to €111 Mn:
  - ✓ In January, the Group acquired a part of the Sant Cugat shopping centre in Barcelona, comprising 22,382 m², and several plots in Los Arcos and La Maquinista, for a total acquisition cost of €35 Mn;
  - ✓ In France, several acquisitions of additional plots were made in Villabé, in Forum des Halles and in Les Quatre Temps, for a total acquisition cost of €30 Mn;
  - ✓ In The Netherlands, a number of retail units and other minor assets were acquired during 2012 for a total acquisition cost of €25 Mn;
  - ✓ In Central Europe, an acquisition of €21 Mn was made in August 2012 in Poland in order to develop a new shopping centre.

- €861 Mn was invested in construction, extension and refurbishments projects. Three shopping centres were delivered in 2012: in France, Confluence in Lyon and So Ouest in the Paris region and El Faro in Badajoz in Spain. Significant progress has been made for Aéroville in France, Centrum Cerny Most in Czech Republic and Mall of Scandinavia in Sweden (see also section "Development projects").

- Financial costs, eviction costs and other costs were capitalised respectively for €35 Mn, €97 Mn and €24 Mn.

In 2002, Rodamco Europe N.V. entered into an agreement to acquire upon completion of the project 50% of the equity in a Polish company, Zlote Tarasy S.p.z.o.o (Zlote Tarasy), which developed a shopping centre (64,243 m2 GLA), a parking and two office towers, Lumen and Skylight (a total of 43,576 m2 GLA) in central Warsaw.
In March of 2012, a final agreement was reached pursuant to which the Group acquired a limited partnership which holds 100% of the holding company (Warsaw III) which in turn owns 76.85% of Zlote Tarasy. Pursuant to this transaction, the Group invested €312.8 Mn (group share), allowing it to own indirectly 76.85% of the equity in addition to various loans. Warsaw III will continue to make payments on a participating loan made by a fund managed by CBRE Global Investors which matures no later than December 31, 2016. In compliance with the restrictions imposed on Unibail-Rodamco by the Polish competition authorities in connection with the acquisition by the Group of the shopping centres Arkadia and Wilenska in July of 2010, the management of Warsaw III and the shopping centre and parking is performed by CBRE Global Investors and AXA REIM. Consequently, the Group's investment in the Zlote Tarasy complex is consolidated under the equity method in its consolidated accounts as at December 31, 2012.

On July 26, 2012, Unibail-Rodamco and ADIA signed an agreement to merge their respective assets in Parly 2, a major shopping centre in the Paris region in France, into a jointly controlled company. Following this transaction, the Parly 2 combined entity is now consolidated under the proportional method since that date (instead of full consolidation method for Unibail-Rodamco's part as at June 30, 2012).

On August 2, 2012, Unibail-Rodamco acquired a 51% stake in a holding company which owned 90.4% of mfi AG (Germany's second largest shopping centre operator, investor and developer). mfi's portfolio as of December 31, 2012 consists of 5 standing shopping centres, one shopping centre under construction and two projects in its development portfolio. In addition, mfi manages 20 shopping centres for unrelated third parties. On August 10, 2012, Unibail-Rodamco acquired a 50% stake in the company which owns the Ruhr-Park shopping centre, one of the largest shopping centres in Germany.

€322.7 Mn was paid in August 2012 and €67.6 Mn is due to be paid on June 30, 2014[20]. The purchase price reflects an enterprise value of mfi AG of €1.1 Bn and a gross market value of €380 Mn for 100% of Ruhr-Park. This represents an average price per square meter of €4,125. Following a capital increase of €50 Mn made in August 2012, the holding company now owns 91.15% of mfi AG.

As Unibail-Rodamco does not control the acquired companies based on the current governance, they have been consolidated under the equity method in

[19] Total capitalised amount in asset value group share.

[20] Total acquisition price will be €387.2 Mn, after discounting the second installment to €64.5 Mn. The difference of €4.2 Mn compared to €383 Mn disclosed as at June 30, 2012 is due to the completion of the closing accounts.

its consolidated financial statements as at December 31, 2012.

While the major part of the Group's divestment plan has been completed during 2011 and the prior years, the Group sold a few non-core assets in France, Sweden and The Netherlands in 2012 for a total net disposal price of almost €98 Mn (excluding the Parly 2 transaction).

The Group continues its disciplined approach to asset rotation and disposals and will continue to critically evaluate opportunities.

2. Offices

2.1 Office property market in 2012[21]

Take-up[22]

Paris office take-up was 2,380,600 m² in 2012, representing a 3% decline compared to 2011.

The office market large segment (deals over 5,000 m²) boosted take-up with 68 large transactions[23] in 2012 (compared to 71 transactions in 2011), for a total of 0.9 million square meters let (i.e. -11% vs. 2011). The biggest transactions recorded were: Thalès for 49,000 m² in Vélizy[24]; Allianz for 35,175 m² on Athéna Tower (La Défense) and Yves Rocher – turnkey project of 22,759 m² in Issy-les-Moulineaux.

With 716,900 m² let in 2012[25], the activity inside Paris declined by 24% compared to last year, which is mainly due to the lack of quality supply. Nevertheless, Paris represents a significant part of total take-up (32%[25] in 2012), followed by the Western Crescent (23%[25]).

Leasing activity in La Défense reached 108,900 m² in 2012 (-7% vs. 2011), excluding the Ministry of Environment transaction.

Because the economic outlook remains highly uncertain and many prospective tenants are reluctant to make significant and long-term commitments for new office space, the Group believes the near-term outlook for the office market will remain challenging.

Rents[26]

Rental values in the Paris region for new, redeveloped or renovated space decreased slightly in 2012, but with some noticeable geographical variations.

Prime rents in Paris CBD went from €748/m² in 2011 to €771/m² due to 3 transactions[27] over €800/m² recorded in 2012. The principal transactions recorded in H2-2012 were: the law firm SJ Berwin on Ozone (92 avenue des Champs Elysées - Paris 8) for 3,500 m² and Goldman Sachs on 5 avenue Kléber (Paris 16) for 2,700 m².

In La Défense, prime rents decreased to €441/m² at the end of 2012 (compared to €494/m² last year), with only 2 deals over €500/m² recorded in 2012 in La Défense: the RTE deal on Coeur Défense for 14,144 m² (€530/m²) and the additional square meters taken by EDF in the Tour EDF for 5,782 m² (€530/m²).

Limited new supply[28]

Immediate supply in the Paris Region has remained stable since 2009 at around 3.6 Mn m², as did the vacancy rate[24] at 6.5% albeit with large variations from area to area: 10.8% for the Western Crescent, 6.6% for La Défense, 8.8% for the Paris Inner Rim and 5.2% for Paris CBD.

Beyond these differences in terms of location, the situation differs between new and modern buildings and the rest of the market which suffers from obsolescence of the offer. New and redeveloped supply continued to be absorbed. As a consequence, the share of new or refurbished office space in immediate supply fell to 19% vs. 23% in 2011.

In 2013, companies are expected to continue cutting costs and optimizing their offices areas. With its prime quality portfolio and differentiated approach to develop new generation offices, Unibail-Rodamco provides desirable assets designed to meet companies' needs.

[21] Sources: Immostat, BNP Paribas Real Estate, CBRE, DTZ, JLL.
[22] Source: Immostat, January, 2013.
[23] Source: CBRE, Market view Bureaux Ile-de-France 4ème trimestre 2012. Excluding two transactions with Ministry of Defense and Ministry of Environment.
[24] Source: DTZ, Property Times Ile-de-France, Q3-2012.
[25] Source: Immostat, January 2013, excluding the transaction with Ministry of Defense.
[26] Source: CBRE, Market view Ile-de-France Q4-2012.
[27] Source: BNP Paribas Real Estate.
[28] Source: Immostat and CBRE.

Investment market

Investments in offices[29] during 2012 in the Paris region market accounted for €10.9 Bn, representing an 8% decrease vs. 2011 (€11.9 Bn).

2012 was characterized by large portfolio deals, mostly concluded by sovereign wealth funds. Qatar Investment Authority bought an office portfolio from KanAm for more than €600 Mn[30] (Neo, 26,000 m² in Paris 9 and Cité du Retiro, 21,000 m² in Paris 8) and a trophy asset from Groupama for more than €500 Mn (52-60 avenue des Champs-Elysées in Paris 8). Another foreign fund advised by JP Morgan Asset Management acquired a €508 Mn portfolio from Eurosic (52 avenue Hoche, 11,000 m² in Paris 8 and 50-60 avenue Pierre Mendès France, 43,000 m² in Paris 13). In Q4-2012, ADIA purchased the 90 Boulevard Pasteur in Paris 15 from AMUNDI for €250 Mn.

Yields show an increasing differentiation between prime and non-prime assets and a compression in prime office assets in Paris CBD. Prime yields[31] in Paris CBD stood around 4.25% at the end of 2012 and around 6.25% in La Défense.

2.2. Office division 2012 activity

Unibail-Rodamco's consolidated Net Rental Income (NRI) from the offices portfolio came to €172.6 Mn in 2012.

Region	Net Rental Income (€Mn)		
	2012	2011	%
France	146.2	155.2	-5.8%
Nordic	14.5	15.0	-3.3%
Netherlands	8.7	11.5	-24.0%
Other countries	3.2	2.9	9.8%
TOTAL NRI	**172.6**	**184.5**	**-6.5%**

The decrease of -€11.9 Mn from 2011 to 2012 is explained as follows:

- -€6.3 Mn due to buildings currently under refurbishment (mainly 2-8 Ancelle and 34-36 Louvre in France and Plaza in The Netherlands).
- -€6.2 Mn due to disposals:
  - ✓ 3-5 Malesherbes in Paris sold in July 2011;
  - ✓ Various small assets sold in 2011 in Sweden and The Netherlands.
- -€4.6 Mn mainly due to the one-off impact in 2011 of a reversal of provision for litigation and currency effects.
- -€3.9 Mn from buildings delivered in January 2012 in France and not yet fully let (Nouvel Air, formerly "Issy-Guynemer") Paris and 80 Wilson La Défense, both renovated buildings) for which the Group had rental income in 2011.
- Like-for-like NRI[32] increased by €9.1 Mn, a +6.9% increase, of which +8.2% growth for France, i.e. €9.2 Mn (including a €4.1 Mn impact of indexation) and -€0.1 Mn decrease in other countries, mainly due to The Netherlands as shown below.

Region	Net Rental Income (€Mn) Like-for-like		
	2012	2011	%
France	122.1	112.9	8.2%
Nordic	9.7	9.4	3.3%
Netherlands	6.0	6.9	-12.4%
Other countries	3.2	2.9	12.7%
TOTAL NRI Lfl	**141.1**	**132.0**	**6.9%**

75 leases were signed in the office sector in 2012 covering 55,736 m², including 31,375 m² for France. Leases were signed on 34-36 Louvre (with Louis Vuitton Malletier) in Paris, on Tour Ariane and 70-80 Wilson in La Défense as well as on Le Sextant, Capital 8 and Nouvel Air in Paris.

2-8 Ancelle, a 16,600 m² office building in Neuilly currently undergoing restructuring was pre-let in January 2013 to CMS-Bureau Francis Lefebvre, a leading French law firm, illustrating the demand for modern assets in central locations.

The expiry schedule of the leases of the office portfolio (termination option and expiry date) is shown in the following table.

[29] Source: Immostat, January 2013.
[30] Source: Le Figaro Immobilier, 25/06/2012.
[31] Source: CBRE, Market view Bureaux Ile-de-France, Q4-2012.
[32] Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields) and currency exchange rate differences in the periods analysed.

Office	Lease expiry schedule			
	MGR (€Mn) at date of next break option	As a % of total	MGR (€Mn) at expiry date	As a % of total
Expired	2.6	1.3%	2.6	1.3%
2013	23.3	12.1%	10.8	5.6%
2014	26.3	13.7%	8.0	4.1%
2015	35.5	18.5%	27.7	14.4%
2016	30.6	15.9%	21.4	11.1%
2017	4.3	2.2%	18.5	9.6%
2018	25.1	13.1%	21.5	11.2%
2019	32.6	17.0%	56.9	29.6%
2020	5.4	2.8%	8.2	4.2%
2021	2.1	1.1%	8.6	4.5%
2022	0.2	0.1%	1.1	0.5%
2023	3.0	1.5%	3.0	1.5%
Beyond	1.2	0.6%	4.0	2.1%
TOTAL	**192.1**	**100%**	**192.1**	**100%**

Potential annualised rents from vacant office space in operation amounted to €21.6 Mn as at December 31, 2012, corresponding to financial vacancy[33] of 11.2% on the whole portfolio (7.3% as at year-end 2011).

Estimated rental value of vacant spaces in France stood at €16.6 Mn, mainly in Nouvel Air in Paris, 70-80 Wilson and the CNIT in La Défense and Le Sextant in Paris, corresponding to a financial vacancy rate of 10.4% vs. 6.5% as at December 31, 2011. This evolution is primarily due to Nouvel Air and 80 Wilson which were delivered in 2012 and are not yet fully let.

2.3. Investment and divestment

Unibail-Rodamco invested €173 Mn[34] in its office portfolio in 2012.

- €144 Mn were invested for works, mainly in France for Majunga tower in La Défense, So Ouest building and renovation schemes for various buildings (see also section "Development Projects") and €3 Mn for minor acquisitions related to projects.
- Financial costs and other costs capitalised amounted to €26 Mn.

On December 21, 2012, Unibail-Rodamco sold Tour Oxygène in Lyon to Caisse des Dépôts and Crédit Agricole Assurances at book value as at June 30, 2012, at a Net initial yield[35] of 5.9% and with a development gain of €9.9 Mn.

[33] EPRA Vacancy rate = Estimated Rental Value (ERV) of vacant spaces divided by ERV of total surfaces.

[34] Total capitalised amount in asset value group share.

[35] Calculation based on Net Rental Income for the next 12 months divided by total acquisition cost.

In total, net proceeds of divestments of office assets in 2012 amounted to €132 Mn.

3. Convention & Exhibition

This activity is exclusively located in France and consists of a real estate venues rental and services company (Viparis) and a trade show organiser (Comexposium).

Both organisations are owned with the Paris Chamber of Commerce and Industry (CCIP). Viparis is fully consolidated by Unibail-Rodamco and Comexposium is accounted for under the equity method. The Convention and Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year.

While the average floor space rented for a typical show has come down as a result of the global economic crisis, 2012 was a record year in terms of new shows with 31 new shows created, compared to 29 in 2011 and 15 in 2010. In addition, new concepts were developed with success. For instance, the exceptional Toutankhamun exhibition at the Parc des Expositions in Porte de Versailles attracted more than 250,000 visits in 3 months in 2012.

With more constrained marketing budgets, shows remain one of the most effective media for exhibitors. To control advertising and gain new orders, companies maintain their presence on shows. The most important shows have seen little impact of the crisis, as they remain landmark events for the public.

The 2012 activity level was largely driven by large shows:

- Annual shows: the successful "Agriculture Show" (SIA), attracting 681,200 visits, one of the best editions of the past ten years. The 2012 edition of the "Foire de Paris" attracted 4% more participants than the previous edition, ranking it as one of the biggest global European fairs;
- Biennial shows: the "Motor show", taking place in H2-2012, was greatly successful in terms of visits (1,230,000), exhibitors and orders. In addition, "SIAL", the largest food exhibition in the world, attracted 150,200 professional visitors, an increase of 10% compared to the previous edition in 2010;

- Triennial shows: “Intermat”, the international construction show, leader in its market, had a record year with more than 200,000 visitors and 1,350 exhibitors, of which 67% were international exhibitors.

The Congress activity was dynamic in 2012 with the strong development of international congresses at the Palais des Congrès de Paris, like the ERA-EDTA Congress and the European Association of Urology Congress.

In total, 898 events were held in all Viparis venues, of which 305 shows, 130 congresses and 463 corporate events.

As a result of its seasonal activity and despite the challenging external environment, Viparis EBITDA[36] reached €137.6 Mn, an increase of +€15.6 Mn (+13%) vs. 2011 and +€17.5 Mn (+15%) vs. 2010. Excluding the triennial show Intermat, EBITDA increased by 8% compared to 2010.
At the end of 2012, completed events and pre-booking levels for the year 2013 in Viparis venues amounted to 87%, in line with usual levels of 85-90%.

On July 12, 2011, the Paris City Council decided to launch a consultation with a view to modernise the Porte de Versailles site and to increase its appeal. The City of Paris launched on June 19, 2012 a call for tender. The objective for the selected operator will be to realise substantial investments in exchange for a new long term lease contract awarded by the City in connection with the site. No decision on the termination of the concession contract expiring in 2026 has been made to date and the operating conditions remain unchanged. Viparis is currently participating in this tender.

The NRI from hotels amounted to €9.5 Mn for 2012 compared to €8.6 Mn for 2011, an increase of €0.9 Mn mainly due to Pullman Montparnasse hotel and to the opening of Confluence hotel in Lyon.

In 2012, Comexposium contributed for €19.6 Mn to the Group’s recurring result versus €10.8 Mn in 2011 and €15.3 Mn in 2010 (comparable year in term of seasonality).

[36] EBITDA=”Net rental income” and “On site property services net income” of Viparis venues.

III. Sustainability

Sustainable thinking is closely integrated into Unibail-Rodamco's day-to-day operating, development and investment activities. Since 2007, the Group has developed a comprehensive and ambitious sustainability strategy, based on environmental best practice, social fairness and transparent governance, which is designed to return reliable, quantifiable improvements in economic performance over the long term.

Unibail-Rodamco has two main long-term environmental targets for its shopping centre portfolio: reduction in CO_2 emissions per visit and energy consumption per visit. Performance against these targets is measured and is annually externally audited by Ernst &Young since 2009.

In 2012[37], the energy consumption in kWh per visit decreased by -7% on a like-for-like basis (for the shopping centre managed portfolio), which leads to a cumulative -23% decrease between 2006 and 2012, exceeding the -20% reduction target set for this period, and in line with the -30% target set for the period 2006 to 2016.
Pending final 2012 CO_2 emissions certificates provided by energy suppliers, CO_2 emissions reduction estimates indicate that the -50% target set for the 2006-2016 period was exceeded, with a -57% cumulative decrease, of which -12% in 2012.

These excellent results were achieved thanks to the strong commitment of on-site teams, targeted measures of energy savings, carbon emissions reductions achieved by energy suppliers and new ‘green’ electricity contracts entered into in the year.
In 2012, the Group put in place a unique extensive and comprehensive in-house risk management system (RMS) across its entire portfolio in order to mitigate and better manage health and safety risks. Each managed asset now undergoes an annual risk assessment carried out by an independent third-party, leading to a customized improvement action plan. Ahead of local applicable regulations, the Group’s RMS includes minimum requirements for a large scope of subjects including air quality, water quality, asbestos, ground and air pollution, legionella, electromagnetic radiation, technical equipment and fire security.

The Group’s continued inclusion in the main Environmental, Social and Governance indices (FTSE4Good, Dow Jones Sustainability Index (“DJSI”) World, DJSI Europe and STOXX Global

[37] 2012 figures non-audited – Audit works by Ernst & Young on-going.

ESG[38] leaders) in 2012. With a score of 76% for the DJSI in 2012 (vs. 75% in 2011), the Group ranked among the top 5% of property companies and well ahead of the global industry average score of 43%.

In addition to the EPRA Sustainability Gold Award received for its compliance with the EPRA Best Practice Recommendations for Sustainability Reporting, the Group's compliance with the GRI-CRESS (Global Reporting Initiative - Construction & Real Estate Sector Supplement) framework was awarded a B+ Application Level.

In order to ensure alignment with its retail and office tenants in terms of environmental objectives, the Group introduced 'green leases' for the first time in 2009. At the end of 2012, more than 40% of the Group's active lease portfolio includes 'green clauses' compared to 32% as of December 31, 2011.

In 2012 the Group accelerated the progress towards sustainable certifications for its entire portfolio and development projects.

At the end of 2012, 43% of the Group's standing shopping centre portfolio[39] were "BREEAM In-Use" certified, corresponding to 16 shopping malls and over 1.1 Mn m² GLA, vs. only 4 malls as of December 31, 2011. 88% of the BREEAM In-Use certificates delivered to the Group's assets reached at least the 'Very Good' level[40], compared to only 32% for the European real estate market, demonstrating the superior environmental performance of the Group's assets despite the diversity of its portfolio in terms of size, age and location.

For development projects, the Group obtained three additional BREEAM certifications in 2012: two "Very Good" scores for shopping centres El Faro in Badajoz and the extension of Centrum Cerny Most in Prague, and one "Excellent" score for the office building Nouvel Air in Paris.

[38] Environmental / Social / Governance.

[39] In terms of gross market value, as of December 31, 2012.

[40] For the 'Management' score.

IV. 2012 Results

Other property services net operating result (€22.7 Mn) came from property services companies in France, Spain and Central Europe, an increase of €5.4 Mn compared to 2011 due to the growth of leasing activity and the increased size of the portfolio managed.

Other income (€7.1 Mn) was mainly composed of the dividend paid by SFL (Société Foncière Lyonnaise) in April and November 2012 on the 7.25% stake acquired by Unibail-Rodamco in March 2011.

General expenses as a percentage of NRI decreased to 7.5% in 2012 compared to 7.7% in 2011 (€91.8 Mn in 2012 compared to €89.6 Mn in 2011, after restatement of +€3.3 Mn related to IAS19R). Excluding costs relating to acquisitions, the -1.7% decrease of expenses to €85.2 Mn in 2012 from €86.7 Mn in 2011 reflects the results of the Group's cost efficiency project initiated in 2010 and the portfolio rationalisation.

Development expenses incurred for feasibility studies of projects and non-completed deals amounted to €4.5 Mn in 2012 (€5.2 Mn in 2011).

Recurring financial result totalled €383.5 Mn, including capitalised financial expenses of €54.9 Mn allocated to projects under construction. Net borrowing expenses recorded in the recurring net result came to €328.6 Mn in 2012, the €27.5 Mn increase compared to 2011 resulting mainly from the increase of the debt.
The Group's average cost of financing came to 3.4% for 2012 (3.6% for 2011). Unibail-Rodamco's refinancing policy is described in section 'Financial Resources'.

Non-recurring financial result amounted to -€449.3 Mn in 2012, which breaks down as follows:

- -€214.3 Mn mark-to-market of derivatives, in accordance with the option adopted by Unibail-Rodamco for hedge accounting to recognise directly in the income statement the change in value of caps and swaps;
- -€179.4 Mn mark-to-market of the ORNANE[41] issued in 2009 until its repayment at the end of 2012;
- -€51.0 Mn mark-to-market of the ORNANE issued in 2012,
- -€7.2 Mn for amortisation of Rodamco debt marked to market at the time of the merger;

[41] Net share settled bonds convertible into new and/or existing shares.

- +€2.6 Mn of other minor items.

Almost all the ORNANE[42] convertible bonds issued in April 2009 were converted as at December 31, 2012, and created 2,013,012 new shares and an increase of shareholders' equity of €362.1 Mn.

Most of the ORAs[43] issued in 2007 have been converted. Only 7,825 ORAs[44] were still in issue as at December 31, 2012.

The income tax expenses came from countries where specific tax regimes for property companies[45] do not exist and from activities in France which are not eligible for the SIIC regime, mainly in the Convention & Exhibition business.

The income tax expenses amount takes into account the impact of the recent changes in the tax environment in the various regions where the Group operates, including the new "Royal decree" in Spain related to deductibility of interest expenses, which had no significant impact on the Group's tax expenses in 2012.

Total income tax allocated to the recurring net result amounted to -€16.7 Mn.
Corporate income tax allocated to valuation result and disposals was a charge of -€119.3 Mn due mainly to the variation of deferred taxes on assets' fair value.

Non-controlling interests in the consolidated recurring net result after tax amounted to €97.7 Mn (€90.8 Mn in 2011). Minority interests related mainly to CCIP's share in Viparis (€39.2 Mn) and to shopping centres in France (€57.9 Mn, mainly Les Quatre Temps and Forum des Halles).

Net result-owners of the parent was a profit of €1,458.6 Mn in 2012. This figure breaks down as follows:

- €886.3 Mn of recurring net result (vs. €826.4 Mn in 2011, after restatement due to the early adoption of IAS 19R with a negative impact of -€3.2 Mn on 2011 figures);
- €572.3 Mn of non-recurring result[46] (vs. €498.2 Mn in 2011).

[42] 2,766 remaining ORNANE have been reimbursed on January 2, 2013 at their nominal value.
[43] ORA: "Obligations Remboursables en Actions" = bonds redeemable for shares.
[44] Convertible into 9,781 shares.
[45] In France: SIIC (Société d'Investissements Immobiliers Cotée).
[46] Include valuation movements, disposals, mark-to-market of financial instruments, impairment of goodwill or reversal of badwill and other non-recurring items.

3,085,091 new shares were issued in 2012, further to stock options exercised, ORNANE and ORA conversions and the employees' saving scheme.
The average number of shares and ORAs[47] in issue during this period was 92,368,457.

Recurring Earnings per Share **(recurring EPS) came to €9.60 in 2012, representing an increase of +6.7% compared to 2011.**

These results reflect good like-for-like operating performance in all business activities, the successful delivery of a number of prime development projects, decreasing average cost of debt and continued cost controls.

V. Post-closing events

On January 10, 2013, Unibail-Rodamco acquired a 50.01% majority stake in the development project "Polygone Riviera" (a shopping centre of 71,474 m² GLA with an expected delivery in H2-2015) in Cagnes-sur-Mer (Nice region, France).

Unibail-Rodamco obtained a call option to acquire 29.99% additional share (to be exercised from two years after opening of Polygone Riviera) and granted Socri a put option for 29.99 % (exercisable up to two years after opening).

The expected total investment cost is €386 Mn (including Unibail-Rodamco's acquisition of the 50.01% stake) and Unibail-Rodamco's target yield on cost on this project is 8%.

VI. Dividend[48]

The Group will propose to the Annual General Meeting (AGM) to declare a dividend with respect to the year 2012 of €8.40 per share, representing an increase of 5% compared to 2011 and a pay-out ratio of 88% of the recurring net result per share and comparable to the one in 2011.

Subject to the approval from the AGM, the Group's shareholders will receive on June 3, 2013 the following amounts per Unibail-Rodamco share:
i) €5.27 in cash paid from Unibail-Rodamco's tax exempt real estate activities (the "SIIC dividend"). Such dividend, which corresponds to the

[47] It has been assumed here that the ORAs have a 100% equity component.
[48] The tax elements included in this section are not intended to constitute tax advice and shareholders should consult their own tax advisors.

distribution obligation under the SIIC regime, will not be subject to the new additional 3% tax payable by the company upon dividend distribution, but will bear French withholding tax for both French and foreign mutual funds (“OPCVM”) and will not benefit from the 40% allowance for French individual shareholders; and

ii) €3.13 per share in dividend distributed from Unibail-Rodamco’s non-tax exempt activities (the “non SIIC dividend"), for which the shareholders will have the option to elect payment in either (i) new shares created at a discount of 7%, or (ii) cash. When paid in shares, this dividend will not be subject to the new additional 3% tax payable by the company upon payment of the dividend. When paid in cash, this dividend will generate a 3% tax expense payable directly by the company upon dividend distribution. Whether paid in cash or in shares, the "non SIIC dividend" will not bear French withholding tax for either French or foreign mutual funds (“OPCVM”) and may benefit from the 40% allowance for French individual shareholders.

For investors which are not “OPCVM” or French individuals, withholding tax may apply as usual, regardless of the tax exempt or non-tax exempt origin of the distribution.

VII. Outlook

For 2013, the Group remains positive in its expectations on rental income growth. In addition to the impact of new deliveries from extensions and brownfield projects, this growth should be driven by on-going strong fundamentals, such as outperforming tenant sales, low vacancy, sustainable occupancy cost ratios and good rental uplifts. The cost of debt is also expected to be contained at low levels. In light of the strong fundamentals outlined above, the Group sets a recurring EPS growth target of at least 5% for 2013.

For the longer term, the Group expects to reach recurring earnings per share of €14 by 2017. This objective, based on the Group's current 5-year plan, assumes (i) the successful execution of the projects in Unibail-Rodamco’s development pipeline, (ii) no major evolution of the Group’s current capital structure, (iii) no significant change in the macro-economic conditions in Europe, (iv) no adverse tax law changes, (v) maintaining the Group’s current pay-out ratio, and (vi) the payment by the Group of the annual dividends in cash with respect to the financial years 2013 through 2016.

DEVELOPMENT PROJECTS AS AT DECEMBER 31, 2012

Unibail-Rodamco's development project pipeline amounted to €7.0 Bn as at December 31, 2012, corresponding to a total of 1.4 Mn m² Gross Lettable Area (GLA), to be re-developed or added to the standing assets portfolio. This amount is in line with the €6.9 Bn development pipeline as at December 31, 2011. A number of prime projects (including So Ouest, Confluence and El Faro) were successfully delivered in 2012. Three large new projects representing circa 170,000 m² of GLA were added to the pipeline in 2012. The Group retains significant flexibility on its development portfolio (56% of the total investment cost).

1. Development project portfolio evolution

With the successful openings in 2012 of Confluence, El Faro and So Ouest shopping centres, Unibail-Rodamco demonstrated its capacity to deliver a new generation of large and attractive shopping centres offering to retailers and visitors a unique retail experience.

Those openings will be followed in 2013 by, among others, the Centrum Cerny Most extension and the Aéroville openings, both with a 4 Star label, differentiating concepts and new offers of leisure and restaurants (the "Dining Experience"). The extensions of Alma in Rennes and Toison d'Or in Dijon are also expected in 2013.

These deliveries and other extensions, renovations and restructurings demonstrate the Group's ability to generate profitable growth from its development projects.

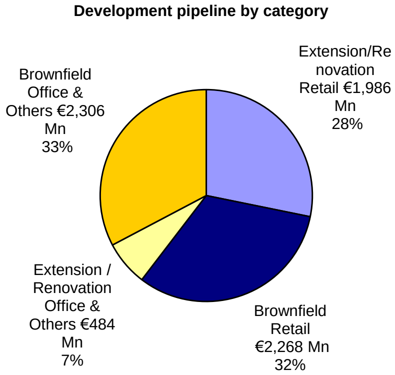
In 2012, Unibail-Rodamco sourced additional promising new projects to generate future value creation and growth.

Finally, construction works on "committed" projects are progressing on schedule.

2. Development projects overview

The estimated total investment cost of the development pipeline as at December 31, 2012 amounts to €7.0 Bn[49]. This is stable in comparison with December 31, 2011 (€6.9 Bn), as a result of the (i) new projects added to the pipeline in H2-2012 and (ii) delivery of several projects.

The pipeline categories are as follows:



The €4.3 Bn retail pipeline is split into brownfield projects, which represent 53% of the retail pipeline, and extensions and renovations, which make up the remaining 47%. This corresponds to the creation of 810,398 m² of GLA and the redevelopment of 106,589 m² of GLA.

Development projects in the Offices & Other sector amount to €2.8 Bn. Brownfield projects, corresponding to some 352,101 m² of new GLA, represent 83% of this investment. The remainder will be invested in redevelopment or refurbishment of 137,274 m² of existing assets[50].

3. A secured and flexible development pipeline

"Committed[51]" projects as at December 31, 2012 amount to €2.9 Bn (vs. €2.9 Bn December 31, 2011), Controlled[52] projects represent €3.3 Bn (vs. €2.7 Bn as at December 31, 2011) and Secured Exclusivity[53] projects €0.9 Bn (vs. €1.3 Bn as at December 31, 2011).

[49] Excluding mfi development projects, the company being consolidated under equity method by the Group as at December 31, 2012.

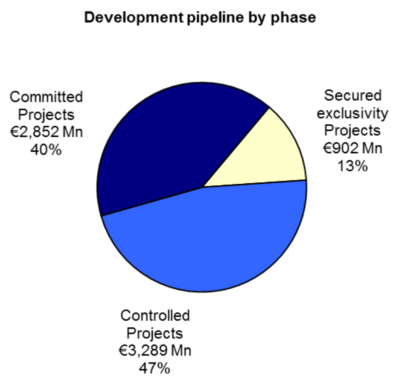
[50] m² figures may not add up due to rounding.

[51] "Committed" projects: projects currently under construction, for which Unibail-Rodamco owns the land or building rights and has obtained all necessary administrative authorizations and permits.

[52] "Controlled" projects: projects in an advanced stage of studies, for which Unibail-Rodamco controls the land or building rights, but where not all administrative authorizations have been obtained yet.

[53] "Secured exclusivity" projects: projects for which Unibail-Rodamco has the exclusivity but where negotiations for building rights or project definition are still underway.

Nine projects were transferred from the “controlled” to the “committed” category following the start of works. It mainly includes Toison d’Or and Alma (France) and Shopping City Süd (Vienna) extension and refurbishment projects as well as two office projects (2-8 Ancelle and So Ouest Plaza (formerly “Courcellor 1”), both in the Paris region.



Figures may not add up due to rounding

Of the €2.9 Bn “committed” development pipeline, €1.3 Bn has been spent, with €1.5 Bn still to be invested over the next 3 years. Of this amount, €1.1 Bn has already been contracted.

Retail accounts for 70% of the “committed” pipeline. The remaining 30% is primarily concentrated in the Offices in the Paris region for an amount of €0.9 Bn of which €0.4 Bn remains to be spent.

The “controlled” and “secured exclusivity” development pipeline represents options to create significant value for the Group at a time when obtaining financing for new construction projects is challenging.

Pre-letting levels on “committed” projects in retail ensure income visibility. The aggregate MGR pre-letting[54] of the retail projects to be opened in the next six months is 83%, and 70% for the retail projects to be delivered in the next 12 months, including:

- Centrum Cerny Most extension to be delivered in March 2013: 98%;
- Aéroville, to be opened in October 2013: 67%.

4. Projects added to the development pipeline in 2012

In the course of 2012, 3 large projects with a total investment cost of ca. €748 Mn were added to the development pipeline, including:

- Polygone Riviera, a 71,474 m² shopping centre project in Cagnes-sur-Mer, near Nice in France in a partnership with Socri and in which the Group holds a controlling stake. The expected total investment cost is €386 Mn, including Unibail-Rodamco’s acquisition of the 50.01% stake;
- A 73,979 m² GLA shopping centre in the centre of Wroclaw, Poland’s 4th largest city with more than 600,000 inhabitants, for which the land plot was bought. The expected total investment cost is €216 Mn;
- A 25,810 m² extension in Carré Sénart, Paris region, for a total expected investment cost of €146 Mn, following the delivery in 2012 of Carré Sénart Shopping Park.

5. Investments in 2012

See sections 1.5 and 2.3 of the “Business Review by segment” for shopping centres and offices respectively.

6. Delivered projects

Eleven projects, either brownfield projects or renovations/extensions of existing assets, were delivered during 2012.

Three major shopping centres projects were successfully delivered:

- The shopping centre Confluence (53,288 m²), in Lyon, opened in April 2012 and has welcomed more than 6.3 Mn visits since opening. The Confluence hotel in Lyon was delivered in March 2012;
- El Faro (43,286 m² [55]), in Badajoz, Spain, opened in September 2012, with 3.4 Mn visits since its opening;
- The shopping centre So Ouest, 48,434 m², (Paris region) opened in October 2012 (2.8 Mn visits since opening).

The Carré Sénart Shopping Park (13,637 m²) was delivered during the same period, further reinforcing the Carré Sénart shopping centre, which already attracts circa 15 million visits per year.

In addition, various renovation projects in several shopping centres were delivered during 2012. These include projects in Bonaire in Valencia (introduction of Primark), in Equinoccio in Madrid, in La Maquinista in Barcelona with the creation of a food and leisure offer and in Donauzentrum, in Vienna, with the renovation of the entertainment centre.

Finally, the Group completed the redevelopment / refurbishment of offices at Nouvel Air and 80 Wilson in the Paris region, both delivered in 2012.

[54] Including signed Heads of Terms.

[55] Unibail-Rodamco part; total complex GLA is 66,286 m².

7. Deliveries expected in 2013

Several projects are expected to be delivered at the beginning of 2013, notably:

- The extension (2,138 m²) and renovation in Solna in Stockholm;
- The renovation of Fisketorvet in Copenhagen;
- In Rotterdam, the renovation of Plaza office areas and the light refurbishment of retail and parking areas;
- So Ouest office building (33,253 m² GLA), above the So Ouest shopping centre in the Paris region.

Later in 2013, the following major deliveries are expected:

- The extension of Centrum Cerny Most in Prague, a 43,595 m² GLA project (March 2013);
- Aéroville, a brownfield project with 84,640 m² GLA in the Paris region (H2-2013);
- The extension of Alma (10,005 m² GLA) in Rennes and La Toison d'Or (12,284 m² GLA) in Dijon (H2-2013);
- The renovation of Shopping City Süd in Vienna (H2-2013).

Finally, the refurbishment of the 34-36 Louvre building in Paris, already 100% pre-let to Louis Vuitton Malletier, is expected in Q1-2013.

8. Projects overview

See table next page

Apart from the mechanical effects of inflation and discounting or currency exchange effects, notably affecting the projects denominated in SEK, estimated costs of the outstanding projects have slightly increased since December 31, 2011.
This is mainly due to some changes in scope, including the Aupark renovation with an increase of 17,593 m² GLA in the size of the project and modifications in the renovation programme of Shopping City Süd.

DEVELOPMENT PROJECTS - DECEMBER 31, 2012

Developement projects [1]	Business	Country	City	Type	Total Complex GLA (m^2)	GLA U-R scope of consolidation (m^2)	Cost to date[2] U-R scope of consolidation (€ Mn)	Expected cost [3] U-R scope of consolidation (€ mn)	Expected Opening date[4]	U-R Yield on cost (%)	Project Valuation
SOLNA RENOVATION	Shopping Centre	Sweden	Solna	Extension / Renovation	2,138 m^2	2,138 m^2	32	32	H1 2013		Fair value
FISKETORVET RENOVATION	Shopping Centre	Denmark	Copenhagen	Extension / Renovation	237 m^2	237 m^2	30	36	H1 2013		Fair value
ROTTERDAM PLAZA	Office & others	Netherlands	Rotterdam	Redevelopment / Refurbishment	16,025 m^2	16,025 m^2	12	20	H1 2013		Fair value
SO OUEST OFFICES	Office & others	France	Paris Region	Greenfield / Brownfield	33,253 m^2	33,253 m^2	174	205	H1 2013		Fair value
CENTRUM CERNY MOST EXTENSION	Shopping Centre	Czech Rep.	Prague	Extension / Renovation	43,595 m^2	43,595 m^2	105	150	H1 2013		Fair value
RENNES ALMA EXTENSION	Shopping Centre	France	Rennes	Extension / Renovation	10,005 m^2	10,005 m^2	43	96	H2 2013		Fair value
LA TOISON D OR	Shopping Centre	France	Dijon	Extension / Renovation	12,284 m^2	12,284 m^2	29	85	H2 2013		Fair value
SCS RENOVATION	Shopping Centre	Austria	Vienna	Extension / Renovation	3,483 m^2	3,483 m^2	46	113	H2 2013		Fair value
AEROVILLE [5]	Shopping Centre	France	Paris Region	Greenfield / Brownfield	84,640 m^2	84,640 m^2	171	349	H2 2013		Fair value
MAJUNGA	Office & others	France	Paris Region	Greenfield / Brownfield	63,035 m^2	63,035 m^2	223	379	H1 2014		At cost
2-8 ANCELLE	Office & others	France	Paris Region	Redevelopment / Refurbishment	16,600 m^2	16,600 m^2	8	71	H1 2014		Fair value
FORUM DES HALLES RENOVATION	Shopping Centre	France	Paris	Extension / Renovation	15,069 m^2	15,069 m^2	3	133	H2 2014		Fair value
TABY CENTRUM EXTENSION	Shopping Centre	Sweden	Täby	Extension / Renovation	28,427 m^2	28,427 m^2	196	319	H2 2014		Fair value
SO OUEST PLAZA	Office & others	France	Paris Region	Redevelopment / Refurbishment	40,182 m^2	40,182 m^2	32	181	H1 2015		At cost
MALL OF SCANDINAVIA	Shopping Centre	Sweden	Stockholm	Greenfield / Brownfield	100,438 m^2	100,438 m^2	181	614	H2 2015		At cost
OTHERS					5,361 m^2	5,361 m^2	35	68			
Committed Projects					**474,771 m^2**	**474,771 m^2**	**1,321**	**2,852**		**7.9%**	
PARLY 2 EXTENSION	Shopping Centre	France	Paris Region	Extension / Renovation	7,600 m^2	3,800 m^2	5	54	H2 2014		At cost
POLYGONE RIVIERA	Shopping Centre	France	Cagnes sur Mer	Greenfield / Brownfield	71,474 m^2	71,474 m^2	37	386	H2 2015		At cost
AUPARK EXTENSION-RENOVATION	Shopping Centre	Slovakia	Bratislava	Extension / Renovation	17,593 m^2	17,593 m^2	0	79	H2 2015		At cost
CARRE SENART EXTENSION	Shopping Centre	France	Paris Region	Greenfield / Brownfield	25,810 m^2	25,810 m^2	4	146	H2 2015		At cost
TRINITY	Office & others	France	Paris	Greenfield / Brownfield	47,750 m^2	47,750 m^2	6	293	H1 2016		At cost
VAL TOLOSA	Shopping Centre	France	Toulouse	Greenfield / Brownfield	85,731 m^2	25,552 m^2	10	114	H2 2016		At cost
CHODOV EXTENSION	Shopping Centre	Czech Rep.	Prague	Extension / Renovation	38,183 m^2	38,183 m^2	9	126	H2 2016		At cost
OCEANIA	Shopping Centre	Spain	Valencia	Greenfield / Brownfield	96,488 m^2	96,488 m^2	2	251	H1 2017		At cost
WROCLAW	Shopping Centre	Poland	Wrocław	Greenfield / Brownfield	73,979 m^2	73,979 m^2	21	216	H2 2017		At cost
MAQUINEXT	Shopping Centre	Spain	Barcelona	Extension / Renovation	35,281 m^2	35,281 m^2	59	107	H2 2017		At cost
TRIANGLE	Office & others	France	Paris	Greenfield / Brownfield	83,532 m^2	83,532 m^2	9	516	Post 2017		At cost
BENIDORM	Shopping Centre	Spain	Benidorm	Greenfield / Brownfield	53,939 m^2	26,969 m^2	38	76	Post 2017		At cost
PHARE	Office & others	France	Paris	Greenfield / Brownfield	124,531 m^2	124,531 m^2	54	914	Post 2017		At cost
OTHERS					2,500 m^2	2,500 m^2	5	13			
Controlled Projects					**764,390 m^2**	**673,441 m^2**	**259**	**3,289**		**8% target**	
BUBNY	Shopping Centre	Czech Rep.	Prague	Greenfield / Brownfield	59,823 m^2	35,894 m^2	1	116	Post 2017		At cost
OTHERS					276,929 m^2	222,256 m^2	6	786			
Secured Exclusivity Projects					**336,752 m^2**	**258,150 m^2**	**7**	**902**		**8% target**	
U-R Total Pipeline					**1,575,913 m^2**	**1,406,362 m^2**	**1,588**	**7,044**		**8% target**	
					Of which additional area	1,162,498 m^2					
					Of which redeveloped area	243,863 m^2					

(1) Figures subject to change according to the maturity of projects.
(2) Excluding financial costs and internal costs capitalised.
(3) Excluding financial costs and internal costs capitalised. The costs are discounted as at December 31, 2012.
(4) In the case of staged phases in a project, the date corresponds to the opening of the first phase.
(5) Aéroville cost to date and expected cost does not include the leasehold amounts paid after the opening of the shopping centre.

Unibail-Rodamco's EPRA triple Net Asset Value (NNNAV)[56] amounted to €138.40 per share as at December 31, 2012, up by 5.9% from December 31, 2011. The increase in the NNNAV is the result of: (i) an increase of €13.05 per share due to the revaluation of property and intangible assets, (ii) the contribution of €9.60 per share from the Recurring Earnings Per Share of 2012 and (iii) the positive effect of other items of €0.32 per share, offset by: (i) the distribution of €8.00 per share in May 2012, (ii) the mark-to-market of debt and financial instruments of -€5.92 per share and (iii) the effect of the increase of the fully diluted number of shares of -€1.35.
The going concern NAV[57] (GMV based), measuring the fair value on a long term, on-going basis, came to €151.10 per share as at December 31, 2012, up by 5.6% compared to €143.10 as at December 31, 2011.

1. PROPERTY PORTFOLIO

Despite the evolving economic crisis, the European commercial real estate investment market continued to demonstrate liquidity. The 2012 investment volume of ca. €112 Bn[58] matched 2011 volumes, confirming the sector's appeal for investors looking for secure cash-flows and yield.

The trend of diverging performance of prime and all other asset classes has continued during 2012 for both offices and retail assets. Regarding shopping centres, this trend is fuelled by the economic outlook and austerity measures announced in various countries, which is prompting consumers to be more cautious. Retailers are responding to the pressure on the consumer and the opportunity brought about by the internet by continuing to be highly selective in the locations of their key points of sale and flagship stores. They continue to favour the larger schemes characterized by high footfall and high sales per square meter.

Consequently, the prime asset class characterised by secure income with a solid risk premium over risk-free rates remains on top of the shopping lists of active investors. Many investors are actively looking for stable and secure yields and have significant amounts of equity allocated to European prime commercial real estate, despite the continuing shortfall in supply of this product category. In parallel, bank financing remains restricted especially for non-prime assets, which combined with limited interest from equity investors and deteriorating performance, negatively affects non-prime valuations.

Unibail-Rodamco's appraisers have scrutinized and benchmarked the Group's assets' productivity and performance trends (lease agreements signed, tenant sales, footfall, rental uplift, occupancy cost ratio, etc.) to determine individual assets' outlook. They have taken into account proven ability of these assets to outperform national sales indices and their resilience in the face of generally adverse economic trends in 2012.

The Group's valuation reflects broadly stable yields in some core European markets whereas some regions saw yield compression, for example in Central Europe, the Nordics and, to a limited extent, in Austria. In these regions, slight yield compression observed was supported by solid rental growth, cash-flow visibility and transactional activity.

The positive revaluation of the Unibail-Rodamco's retail assets results from strong fundamentals driving rental growth in the portfolio, underpinned by the fact that most of the Group's retail standing assets consist of large schemes with significant footfall (more than 6 million visits per year). The Group's Minimum Guaranteed Rental uplift[59] of +21.4% during 2012 compared to +19.4% in 2011 confirms continued strong retailer demand for top locations that offer the best sales and footfall performance. The Group also added significant value in the non-like-for-like segment, which includes the projects delivered in 2012 as well as the investment properties under construction, through active management and booking early successes in pre-letting in the part of the pipeline valued at fair value.

In offices, a further moderate yield correction on top of the one witnessed in June 2012 has led to a further but limited negative revaluation. The Convention and Exhibition portfolio valuation is stable with a moderate positive revaluation on the basis of operating performance and stable cash flow outlook.

[56] EPRA NNNAV (triple net net asset value): corresponds to the Going concern NAV per share less the estimated transfer taxes and capital gain taxes.
[57] Going Concern NAV: the amount of equity per share needed to replicate the Group's portfolio with its current financial structure.
[58] Source: DTZ research.
[59] Minimum Guaranteed Rent uplift: the difference between new and old rents. This indicator is calculated only on renewals and relettings and not on vacant units relettings.

Unibail-Rodamco's asset portfolio including transfer taxes grew from €25,924 Mn as at December 31, 2011 to €29,292 Mn as at December 31, 2012. On a like-for-like basis, the value of the Group's portfolio increased by €1,014 Mn net of investments, i.e. +4.8% compared with December 31, 2011.

Asset portfolio valuation of UNIBAIL-RODAMCO (a)	**December 31, 2011**		**December 31, 2012**		**Like-for-like change net of investment - full year 2012 (b)**	
	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	19,803	76%	22,987	78%	982	6%
Offices	3,853	15%	3,892	13%	- 74	-3%
Convention-Exhibition centres	1,901	7%	1,966	7%	26	1%
Services	367	1%	448	2%	80	22%
Total	**25,924**	**100%**	**29,292**	**100%**	**1,014**	**4.8%**

Figures may not add up due to rounding.

(a) Based on a full scope of consolidation, including transfer taxes and transaction costs (see §1.5 for group share figures).
The portfolio valuation includes:
- The appraised or at cost value of the entire property portfolio (100% when fully consolidated, group share when consolidated under the proportional method);
- The market value of Comexposium, a trade show organisation business, and of Unibail-Rodamco's share investments in mfi and Ruhr-Park (Germany) and Zlote Tarasy complex in Poland consolidated under the equity method.
The valuations take into account the negative cash flows related to rents paid on concessions or leaseholds, which are accounted for as financial debt in the consolidated balance sheet.
The portfolio does not include shares of Société Foncière Lyonnaise and a €60 Mn bond issued by the owner of a shopping centre in France.

(b) Excluding currency effect and changes in the scope (acquisitions, disposals, set-up of joint-ventures and deliveries of new projects) during the full-year 2012, mainly related to:
- Acquisitions of shopping centres: part of Sant Cugat (Barcelona/Spain), share investments in mfi, Ruhr-Park and Zlote Tarasy;
- Acquisitions of plots or units in Les Quatre Temps, Forum des Halles and Villabé in France, acquisitions of units in The Netherlands and a plot in Wroclaw (Poland);
- Disposals of retail assets: Wasquehal in France, Brink 100 in The Netherlands, Halmstad in Sweden;
- Disposal of plots in Alma in Rennes (France);
- Disposal of Tour Oxygène (Lyon);
- Parly 2 shopping centre, due to the joint venture agreement signed with ADIA;
- Assets delivered in 2012, including mainly: Confluence in Lyon (hotel and shopping centre), El Faro in Badajoz, Carré Sénart Shopping Park and So Ouest in Paris region.

The like-for-like change in portfolio valuation is calculated excluding changes abovementioned.

Appraisers

Two international and qualified appraisers, Jones Lang LaSalle and DTZ, assess the retail and office properties of the Group. The appraisers have been appointed in 2010 as part of Unibail-Rodamco's policy of rotating appraisers once every five years.

The valuation process has a centralised approach, which ensures that, on the Group's internationally diversified portfolio, pan-European capital market views are taken into account. Unibail-Rodamco has allocated properties across the two appraisers, while ensuring that large regions are assessed by both companies for comparison and benchmarking purposes. The appraiser of Convention and Exhibition as well as Services activities is PricewaterhouseCoopers. Assets are appraised twice a year (in June and December), except service companies, appraised yearly.

Appraiser	Property location	% of total portfolio
DTZ	France / Netherlands / Nordic / Spain / Central Europe	49%
JLL	France / Nordic /Spain / Central Europe / Austria	38%
PWC	France	7%
At cost, under sale agreement or appraised by a third party		5%
		100%

Figures may not add up due to rounding

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

Valuation methodology

The valuation principles adopted are based on a multi-criteria approach. The independent appraisers determine the fair market value based on the results of two methods: the discounted cash flow methodology as well as the yield methodology. Furthermore, the resulting valuations are cross-checked against the initial yield, value per square meter and the fair market values established through actual market transactions.

Appraisers have been given access to all information relevant for valuations, such as the Group's rent rolls, including information on vacancy, break options, expiry dates and lease incentives, performance indicators (e.g., footfall and sales where available), letting evidence and the Group's cash flow forecasts from annually updated detailed asset business plans. Appraisers make their independent assessments of current and forward looking cash flow profiles and usually reflect risk either in the cash flow forecasts (e.g. future rental levels, growth, investment requirements, void periods, incentives) or in the applied required returns or discount rates.

Valuation scope

As at December 31, 2012, Unibail-Rodamco has given a mandate to independent appraisers for the valuation of 95% of the portfolio.

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

IPUC are taken at fair value once management considers that a substantial part of the project's uncertainty has been eliminated, such that a reliable fair value can be established. Unibail-Rodamco uses generic guidelines to establish the remaining level of risk, focusing notably on uncertainty remaining in construction and leasing.

IPUC were valued using a discounted cash flow or yield method approach (in accordance with RICS and IVSC standards[60]) as deemed appropriate by the independent appraiser. In some cases, both methods were combined to validate and cross-check critical valuation parameters.

The following assets under construction continued to be assessed at fair value as at December 31, 2012:

- So Ouest Office (Paris region);
- Aéroville (Paris region);
- Centrum Cerny Most extension (Prague).

The Toison d'Or extension project is now also assessed at fair value as at December 31, 2012.

Alma (Rennes/France) extension continued to be assessed at their value and to be considered as part of the corresponding standing asset.

The following assets have opened in 2012 and are now assessed as standing assets as at December 31, 2012:

- Confluence shopping centre (opening in April) and hotel (March);
- El Faro (September);
- Carré Sénart Shopping Park (September);
- So Ouest shopping centre (October).

The remaining assets (5%) of the portfolio have been valued as follows:

- At cost for the IPUC for which a reliable value could not yet be established. These mainly represent assets under development: Mall of Scandinavia shopping centre in Stockholm, Majunga in La Défense and So Ouest Plaza office developments in Paris region; as well as all the development projects in the "controlled" and "secured exclusivity" categories (see section "Development Projects");
- At acquisition price for assets acquired in the second half of 2012;
- Zlote Tarasy, Ruhr-Park and the assets owned by mfi AG are accounted for using the equity method and are therefore included in the Group's asset portfolio as well as NAV calculation based on a valuation of these assets by external appraisers (DTZ and CBRE).

1.1. Shopping Centre portfolio

The value of Unibail-Rodamco's shopping centre portfolio is the addition of the value of each individual asset. This approach does not include the "portfolio value", which reflects the additional value of having a large group of unique assets in a single portfolio, as this value cannot be objectively assessed, yet it is definitely part of the appeal to the Group's shareholders.

Evolution of Unibail-Rodamco's shopping centre portfolio valuation

The value of Unibail-Rodamco's shopping centre portfolio grew from €19,803 Mn as at December 31, 2011 to €22,987 Mn as at December 31, 2012, including transfer taxes and transaction costs:

Valuation 31/12/2011 (€ Mn)	**19,803**	
Like-for-like revaluation	982	
Revaluation of non like-for-like assets	476	(a)
Capex / Acquisitions	2,315	
Disposals	- 669	(b)
Constant Currency Effect	81	(c)
Valuation 31/12/2012 (€ Mn)	**22,987**	

60 RICS: Royal Institution of Chartered Surveyors; IVSC: International Valuation Standards Council.

(a) Non like-for-like assets regarding investment properties under construction taken at cost or at fair value. Includes the revaluation of the shares in mfi, Ruhr-Park and Zlote Tarasy since their acquisition and the revaluation of delivered assets.
(b) Includes the investment related to mfi, Ruhr-Park and Zlote Tarasy shopping centre and parking. Includes also the Parly 2's joint venture accounting treatment (acquisition of a 50% stake in the joint venture).
(c) Value as at 31/12/2011. Includes the Parly 2's joint venture accounting treatment (disposal of Unibail-Rodamco's assets to the joint venture).
(d) Currency gain of €81 Mn mainly in Nordics, before offsets from foreign currency loans and hedging programmes.

Based on an asset value excluding estimated transfer taxes and transaction costs, the shopping centre division's net initial yield as at December 31, 2012, came to 5.3% vs. 5.5% as at December 31, 2011.

Shopping Centre portfolio by region - December 31, 2012	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn	Net inital yield Dec. 31, 2012 (a)	Net inital yield Dec. 31, 2011 (a)
France (b)	11,814	11,356	5.0%	5.2%
Spain	2,471	2,415	6.6%	6.6%
Central Europe (c)	2,904	2,877	5.8%	6.2%
Austria	2,049	2,030	5.1%	5.4%
Nordic	2,360	2,314	5.1%	5.1%
Netherlands	1,389	1,307	5.6%	5.6%
Total	**22,987**	**22,299**	**5.3%**	**5.5%**

(a) Annualised contracted rent (including latest indexation) net of expenses, divided by the value of the portfolio net of estimated transfer taxes and transaction costs. Shopping centres under development or held by companies consolidated under equity method are not included in the calculation.
(b) For France, the effect of including Key Money in the Net Rental Income would increase net initial yield to 5.5% as at December 31, 2012.
(c) Includes the group share in the equity holding of Zlote Tarasy, mfi and Ruhr-Park assets.

Sensitivity

A change of +25 basis points in net initial yield would result in a downward adjustment of -€964 Mn (or -4.2%) of the total shopping centre portfolio value (including transfer taxes and transaction costs).

Like-for-like analysis

On a like-for-like basis, the value of the shopping centre portfolio, including transfer taxes and transaction costs and restated for works, capitalised financial and leasing expenses and eviction costs, increased by €982 Mn (or +6.0%) over the year. The main driver is the increase in rents (+4.9%) while the positive yield impact (+1.2%) reflects the yield hardening on high quality assets in some regions in which the Group operates.

Shopping Centre - Like-for-like change (a)				
Full year 2012	**In € Mn**	**%**	**Rent impact**	**Yield impact (b)**
France	523	6.6%	5.9%	0.7%
Spain	- 57	-2.5%	0.7%	-3.2%
Central Europe	247	13.9%	6.6%	7.3%
Austria	143	7.8%	6.7%	1.1%
Nordic	82	6.3%	4.3%	2.0%
Netherlands	43	3.8%	3.4%	0.4%
Total	**982**	**6.0%**	**4.9%**	**1.2%**

(a) Like-for-like change net of investments from December 31, 2011 to December 31, 2012.
(b) Yield impact calculated using the change in potential yields (to neutralise changes in vacancy rates) and taking into account Key Money.

Like-for-like revaluations show an increasing differentiation between assets above 6 million visits per year (+6.7% over 2012) and those ones with less than 6 million visits (+1.0% over 2012), in view of their increasingly divergent operating performance.

1.2. Office portfolio

Evolution of Unibail-Rodamco's office portfolio valuation

The value of the office portfolio increased to €3,892 Mn as at December 31, 2012 from €3,853 Mn as at December 31, 2011, including transfer taxes and transaction costs:

Valuation 31/12/2011 (€ Mn)	3,853	
Like-for-like revaluation	- 74	
Revaluation of non like-for-like assets	- 24	(a)
Capex / Acquisitions	266	(b)
Disposals	- 138	
Constant Currency Effect	10	(c)
Valuation 31/12/2012 (€ Mn)	**3,892**	

(a) Includes: (i) investment properties under construction taken at cost or at fair value, (ii) assets recently delivered (Nouvel Air, 80 Wilson), (iii) the 7 Adenauer building in own use by the Group and (iv) the revaluation of the shares in Zlote Tarasy offices.
(b) Includes the investment related to shares in the companies holding Zlote Tarasy offices.
(c) Currency gain of €10 Mn in the Nordics, before offsets from foreign currency loans and hedging programmes.

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

Valuation of Office portfolio - December 31, 2012	Valuation (including transfer taxes)	
	€ Mn	%
France	3,374	87%
Central Europe	113	3%
Austria	40	1%
Nordic	207	5%
Netherlands	157	4%
Total	**3,892**	**100%**

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Office division's net initial yield as at December 31, 2012 increased to 6.9%.

Valuation of occupied office space - December 31, 2012	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn	Net inital yield Dec. 31, 2012 (b)	Net inital yield Dec. 31, 2011 (b)
France	2,445	2,371	6.8%	6.4%
Central Europe (c)	8	8	8.3%	8.1%
Austria	40	39	6.6%	6.6%
Nordic	188	184	7.2%	7.5%
Netherlands	120	113	8.3%	9.8%
Total	**2,801**	**2,716**	**6.9%**	**6.6%**

(a) Valuation of occupied office space as at December 31, 2012, based on the appraiser's allocation of value between occupied / vacant space.
(b) Annualised contracted rents (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs.
(c) The investment in Zlote Tarasy offices is not included in this table.

Sensitivity

A change of +25 basis points in net initial yield would result in a downward adjustment of -€119 Mn (or -3.1%) of the total office portfolio value (occupied and vacant spaces, including transfer taxes and transaction costs).

Like-for-like analysis

The value of Unibail-Rodamco's office portfolio, including transfer taxes and transaction costs, and after accounting for the impact of works and capitalised financial and leasing expenses, decreased on a like-for-like basis by -€74 Mn (or -2.7%) over the full-year 2012. This breaks down into a +2.1% positive impact from rents and lettings and a negative -4.8% due to changes in yields.

Offices - Like for Like change (a)				
Full year 2012	In € Mn	%	Rent impact	Yield impact (b)
France	- 79	-3.3%	1.9%	-5.3%
Central Europe	- 0	-1.1%	0.8%	-1.9%
Austria	2	5.4%	5.3%	0.1%
Nordic	7	3.5%	5.9%	-2.4%
Netherlands	- 3	-2.2%	0.3%	-2.5%
Total	**- 74**	**-2.7%**	**2.1%**	**-4.8%**

(a) Like-for-like change net of investments from December 31, 2011 to December 31, 2012.
(b) Yield impact calculated using the change in potential yields (to neutralise changes in vacancy rates).

French Office Portfolio

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

French Office portfolio by sector - December 31, 2012	Valuation (including transfer taxes)	
	€ Mn	%
Paris CBD	793	24%
Neuilly-Levallois-Issy	751	22%
La Défense	1,711	51%
Other	120	4%
Total	**3,374**	**100%**

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the French Office division's yield as at December 31, 2012 came to 6.8% reflecting a 40 bps widening in yields during 2012.

Valuation of French occupied office space - December 31, 2012	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn	Net inital yield Dec. 31, 2012 (b)	Average price €/m2 (c)
Paris CBD	790	771	6.1%	13,659
Neuilly-Levallois-Issy	229	228	6.8%	5,788
La Défense	1,315	1,265	7.0%	7,055
Other	111	107	8.3%	2,454
Total	**2,445**	**2,371**	**6.8%**	**7,633**

(a) Valuation of occupied office space as at December 31, 2012, as based on the appraiser's allocation of value between occupied and vacant spaces.
(b) Annualised contracted rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs.
(c) Average price, excluding estimated transfer taxes, per square meter for occupied office space as based on the appraiser's allocation of value between occupied and vacant spaces.
Average prices were restated for parking spaces with a basis of €30,000 per space for Paris CBD and Neuilly-Levallois-Issy and €15,000 for other areas.

1.3. Convention-Exhibition Portfolio

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

Valuation methodology

The valuation methodology adopted by PricewaterhouseCoopers for the venues is mainly based on a discounted cash flow model applied to total net income projected over the life of the concession or leasehold (net of the amounts paid for the concession or leasehold) if it exists, or otherwise over a 10-year period, with an estimate of the asset's value at the end of the given time period, based either on the residual contractual value for concessions[61] or on capitalised cash flows over the last year.

The discounted cash flow methodology has been adopted for the Pullman-Montparnasse hotel asset and the Cnit-Hilton hotel (both operated under an operational lease agreement) and the Lyon Confluence hotel (operated under a management contract) as at December 31, 2012.

Evolution of the Convention-Exhibition Centres valuation

The value of Convention-Exhibition centres and hotels, including transfer taxes and transaction costs, grew to €1,966 Mn[62] as at December 31, 2012:

Valuation 31/12/2011 (€ Mn)	1,901	(a)
Like-for-like revaluation	26	
Revaluation of non like-for-like assets	1	
Capex	38	
Valuation 31/12/2012 (€ Mn)	**1,966**	(b)

(a) Of which €1,630 Mn for Viparis and €271 Mn for hotels.
(b) Of which €1,691 Mn for Viparis and €275 Mn for hotels.

On a like-for-like basis, net of investments, the value of Convention and Exhibition properties and hotels is up €26 Mn, +1.4% compared with December 31, 2011.

Convention-Exhibition - Like-for-like change net of investment	Full Year12	
	€ Mn	%
Viparis and others (a)	38	2.4%
Hotels	- 13	-5.1%
Total	**26**	**1.4%**

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

Based on these valuations, the average EBITDA yield on Viparis (and others) as at December 31, 2012 (Unibail-Rodamco's recurring operating profit divided by the value of Unibail-Rodamco's assets, excluding estimated transfer taxes) was 8.6% and increased by 85 basis points vs. December 31, 2011. This is mainly explained by the seasonal results pattern of the activity.

Confluence Hotel in Lyon, previously assessed as an IPUC at fair value, was delivered in the first half-year of 2012 and became a standing asset.

1.4. Services

The services portfolio is composed of:

- Comexposium, a trade show organisation business;
- Espace Expansion, a property service company.

The services portfolio is appraised in order to include at their market value all significant intangible assets in the portfolio and in the calculation of Unibail-Rodamco's NAV. Intangible assets are not revalued but maintained at cost or at amortised cost on Unibail-Rodamco's consolidated statement of financial position (subject to impairment test).

Comexposium was valued at €281 Mn (Group share) as at December 31, 2012 by PricewaterhouseCoopers. The value net of investment increased by +16.2% or €39 Mn compared to December 31, 2011, reflecting the impact of minor acquisitions and the improved performance of the company.

Espace Expansion and Rodamco Gestion have merged effective January 1, 2012 and were valued at €167 Mn as at December 31, 2012, following the appraisal conducted by PricewaterhouseCoopers. This represents an increase of €41 Mn or +32.5% compared to year-end 2011 due to the increased cash flows of the company and size of the portfolio managed.

[61] For Porte de Versailles asset valuation, the expert has taken into account a probability of renewal of the concession of 22.5%.
[62] Based on a full scope of consolidation, including transfer taxes and transaction costs (see §1.5 for group share figures).

1.5. Group share figures for the Property Portfolio

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

	Full scope consolidation		Group share	
Asset portfolio valuation - December 31, 2011	€ Mn	%	€ Mn	%
Shopping centres	19,803	76%	18,299	77%
Offices	3,853	15%	3,850	16%
Convention-Exhibition centres	1,901	7%	1,167	5%
Services	367	1%	367	2%
Total	**25,924**	**100%**	**23,684**	**100%**

Asset portfolio valuation - December 31, 2012	€ Mn	%	€ Mn	%
Shopping centres	22,987	78%	21,309	79%
Offices	3,892	13%	3,888	14%
Convention-Exhibition centres	1,966	7%	1,209	5%
Services	448	2%	448	2%
Total	**29,292**	**100%**	**26,854**	**100%**

Like for Like change - net of Investments - Full year 2012	€ Mn	%	€ Mn	%
Shopping centres	982	6.0%	894	5.9%
Offices	- 74	-2.7%	- 74	-2.7%
Convention-Exhibition centres	26	1.4%	13	1.2%
Services	80	21.8%	80	21.8%
Total	**1,014**	**4.8%**	**913**	**4.7%**

Like for Like change - net of Investments - Full year 2012 - Split rent/yield impact	Rent impact %	Yield impact %	Rent impact %	Yield impact %
Shopping centres	4.9%	1.2%	4.8%	1.2%
Offices	2.1%	-4.8%	2.1%	-4.8%

Net Initial Yield	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Shopping centres	5.3%	5.5%	5.4%	5.5%
Offices - occupied space	6.9%	6.6%	6.9%	6.6%

2. EPRA TRIPLE NET ASSET VALUE CALCULATION

The EPRA triple net Net Asset Value (NNNAV) is calculated by adding to the consolidated shareholders' equity (Owners of the parent), as shown on the consolidated statement of financial position (under IFRS) several items as described hereafter.

2.1. Consolidated shareholders' equity

As at December 31, 2012, consolidated shareholders' equity (Owners of the parent) came to €12,903 Mn.

Shareholders' equity (Owners of the parent) incorporated net recurring profit of €886.3 Mn, and a positive impact of €572.3 Mn of fair value adjustments on property assets and financial instruments, as well as capital gain on sales of properties.

2.2. Impact of rights giving access to share capital

Dilution from securities giving access to share capital was computed when such instruments came in the money as at December 31, 2012.

The debt component of the ORAs[63], recognised in the financial statements (€0.2 Mn) was added to shareholders' equity for the calculation of the NNNAV. At the same time, all ORAs were treated as shares of common stock.

In accordance with IFRS rules, financial instruments and the ORNANE[64] were recorded on Unibail-Rodamco's statement of financial position at their fair value with the impact of the change in fair value included in the income statement and thus in the consolidated shareholders' equity.

The ORNANE issued in 2009 has been almost fully converted as at December 31, 2012[65] and therefore no restatement of its fair value has been included in the NAV calculation as at December 31, 2012. The conversion of the ORNANE issued in 2009 led to the issue of 2,013,012 new shares. The ORNANE issued in 2012 has not been restated for the NNNAV calculation as it is "out of the money" as at December 31, 2012 and therefore had no impact on the number of shares.

The exercise of "in the money" stock-options and with the performance criteria fulfilled as at December 31, 2012, would have led to a rise in the number of shares by 3,506,670, generating an increase in shareholders' equity of €421 Mn.

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63 Bonds redeemable for shares.

64 Net share settled bonds convertible into new and/or existing shares (ORNANE) – see Financial Resources note.

65 2,766 remaining ORNANE have been reimbursed on January 2, 2013 at their nominal value.

As at December 31, 2012, the fully-diluted number of shares taken into account for the NNNAV calculation was 98,449,794.

2.3. Unrealised capital gains on intangible assets

The appraisal of property service companies and of the operations (“*fonds de commerce”*) of Paris Nord Villepinte / Palais des Congrès de Paris / Palais des Congrès de Versailles and Issy les Moulineaux gave rise to an unrealised capital gain of €284 Mn which was added for the NAV calculation. The increase compared with December 31, 2011 mainly comes from Comexposium and Espace Expansion.

2.4. Adjustment of capital gains taxes

In accordance with accounting standards, deferred tax on property assets was calculated on a theoretical basis on the consolidated statement of financial position as at December 31, 2012.
For the purpose of the EPRA NAV calculation, deferred taxes on unrealised capital gains on assets not qualifying for tax exemption (€943 Mn) has been added back. Goodwill booked on the balance sheet as a result of deferred taxes was accordingly excluded from the NAV for a total amount of €259 Mn.

For the calculation of the EPRA NNNAV, estimated taxes actually payable should a disposal take place (€455 Mn) were deducted.

2.5. Mark-to-market value of debt

In accordance with IFRS rules, financial instruments were recorded on Unibail-Rodamco’s statement of financial position at their fair value.
The fair value adjustment (€426 Mn) was added back for the EPRA NAV calculation and then deducted for the EPRA NNNAV calculation.

The value of the fixed-rate debt on the balance sheet of the Group is equal to the nominal value for the ex-Unibail debt and the fair value of the ex-Rodamco debt at combination date (June 30, 2007). Taking fixed rate debt at its fair value would have had a negative impact of €496 Mn. This impact was taken into account in the EPRA NNNAV calculation.

2.6. Restatement of transfer taxes and transaction costs

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

As at December 31, 2012, these estimated transfer taxes and other transaction costs compared to transfer taxes and costs already deducted from asset values on the statement of financial position (in accordance with IFRS) came to a net adjustment of €280 Mn.

2.7. EPRA triple Net Asset Value

Unibail-Rodamco’s EPRA triple Net Asset Value (Owners of the parent) thus stood at €13,621 Mn or €138.40 per share (fully-diluted) as at December 31, 2012.

The EPRA NNNAV per share growth was 5.9% compared with December 31, 2011.

Value creation during 2012 amounted to €15.70 per share, adjusted for the €8.00 distribution paid out in May 2012.

The following tables show the calculation presented in compliance with EPRA best practices recommendations. A bridge from December 31, 2011 December 31, 2012 is also presented.

2.8. Going concern Net Asset Value

Unibail-Rodamco adds to the EPRA NNNAV per share estimated transfer taxes and effective deferred capital gain taxes resulting in a Going concern NAV. This corresponds to the amount of equity needed to replicate the Group’s portfolio with its current financial structure.

Going concern NAV stands at €151.10 per share as at December 31, 2012, an increase of +5.6% vs. December 31, 2011.

EPRA NNNAV calculation (All figures are Group share, in €Mn)	December 31, 2011		June 30, 2012		December 31, 2012	
	€Mn	€/share	€Mn	€/share	€Mn	€/share
Fully diluted number of shares		95,296,018		97,216,853		98,449,794
NAV per the financial statements	11,636		11,693		12,903	
ORA and ORNANE	170		210		0	
Effect of exercise of options	291		453		421	
Diluted NAV	12,097		12,356		13,324	
Include						
Revaluation intangible assets	134		199		284	
exclude						
Fair value of financial instruments	281		336		426	
Deferred taxes on balance sheet	879		875		943	
Goodwill as a result of deferred taxes	-287		-259		-259	
EPRA NAV	13,105	137.50 €	13,507	138.90 €	14,718	149.50 €
Fair value of financial instruments	-281		-336		-426	
Fair value of debt	-183		-302		-496	
Effective deferred taxes	-435		-428		-455	
Impact of transfer taxes estimation	253		263		280	
EPRA NNNAV	**12,459**	**130.70 €**	**12,704**	**130.70 €**	**13,621**	**138.40 €**

% of change over 6 months	**2.9%**		**0.0%**	**5.9%**
% of change over 1 year			**2.9%**	**5.9%**

Unibail-Rodamco also states the "going concern NAV" = EPRA NNNAV per share adding back transfer taxes and deferred capital gain taxes. It corresponds to the amount of equity needed to replicate the Group's portfolio with its current financial structure - on the basis of fully diluted number of shares.

Going Concern NAV calculation (All figures are Group share, in €Mn)	December 31, 2011		June 30, 2012		December 31, 2012	
	€Mn	€/share	€Mn	€/share	€Mn	€/share
EPRA NNNAV	12,459		12,704		13,621	
Effective deferred capital gain taxes	435		428		455	
Estimated transfer taxes	743		773		803	
GOING CONCERN NAV	**13,637**	**143.10 €**	**13,905**	**143.00 €**	**14,880**	**151.10 €**

% of change over 6 months	**3.1%**		**-0.1%**	**5.7%**
% of change over 1 year			**3.0%**	**5.6%**

Change in EPRA NNNAV and Going concern NAV between December 31, 2011 and December 31, 2012 broke down as follows:

Evolution of EPRA NNNAV and Going concern NAV		EPRA NNNAV	Going concern NAV
As at December 31, 2011, per share (fully diluted)		**130.70 €**	**143.10 €**
Revaluation of property assets *		11.53	11.53
Retail	12.35		
Offices	- 0.94		
Convention & Exhibition	0.12		
Revaluation of intangible assets		1.52	1.52
Capital gain on disposals		0.17	0.17
Recurring net profit		9.60	9.60
Distribution in 2012		- 8.00	- 8.00
Mark-to-market of debt and financial instruments		- 5.92	- 5.92
Variation in transfer taxes & deferred taxes adjustments		- 0.14	0.60
Variation in number of shares		- 1.35	- 1.78
Other		0.28	0.28
As at December 31, 2012, per share (fully diluted)		**138.40 €**	**151.10 €**

(*) Revaluation of property assets is €7.95 per share on like-for-like basis, of which €7.30 is due to rental effect and €0.65 is due to yield effect.

FINANCIAL RESOURCES

In 2012, the financial markets were characterized by generally improving conditions interrupted by periodic intervals of high volatility due to macro-economic uncertainties and the sovereign debt crisis. In this challenging context, Unibail-Rodamco raised €4,559 Mn of medium to long-term funds in the bond and bank markets at attractive conditions, thanks to the strength of the Group's balance sheet.

The financial ratios stand at healthy levels: the Loan to Value (LTV) ratio stands at 37% (in line with the LTV ratio as at December 31, 2011) and the Interest Coverage Ratio (ICR) is also almost stable at 3.5x (vs. 3.6x in 2011). The average cost of debt for 2012 decreased to 3.4% (vs. 3.6% for 2011).

1. Debt structure as at December 31, 2012

Unibail-Rodamco's consolidated nominal financial debt as at December 31, 2012 increased to €11,034 Mn (€9,749 Mn as at December 31, 2011). The increase in debt is due primarily to the August 2012 acquisition of a portfolio of assets in Germany and development pipeline capital expenditures, with a number of projects successfully delivered in 2012 or to be delivered in 2013.

The financial debt includes €750 Mn of net share settled bonds convertible into new and/or existing shares of Unibail-Rodamco (ORNANE) for 100% of their nominal value. The €750 Mn ORNANE was issued in September 2012 (see section 1.2) while the previously outstanding €575 Mn ORNANE issued in 2009 was repaid.

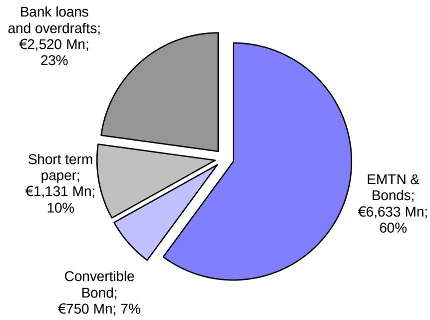
1.1. Debt breakdown

Unibail-Rodamco's nominal financial debt as at December 31, 2012 breaks down as follows:

- €6,633 Mn in bonds, of which €6,133 Mn under the Euro Medium Term Notes (EMTN) programme of Unibail-Rodamco and €500 Mn under Rodamco Europe's EMTN programme;
- €750 Mn in ORNANE;
- €1,131 Mn in commercial paper (*billets de trésorerie* and Euro Commercial Paper)[66];
- €2,520 Mn[67] in bank loans and overdrafts, including €1,380 Mn in unsecured corporate loans, €1,130 Mn in mortgage loans and €9 Mn in bank overdrafts.

No loans were subject to prepayment clauses linked to the Group's ratings[68].

[66] Short term paper is backed by committed credit lines (see 1.2).
[67] Figures may not add up due to rounding.
[68] Barring exceptional circumstances (change in control).



The Group's debt remains well diversified with a predominant and increased proportion of bond financing, in which the Group has a long track record.

1.2. Funds Raised

Medium to long-term financing transactions completed in 2012 amounted to €4,559 Mn and include:

- The signing of €1,384 Mn medium to long-term credit facilities or bank loans with an average maturity of 4.2 years and an average margin[69] of 95 bps. This amount includes the refinancing of a €600 Mn syndicated credit facility due in 2013, which was renegotiated and extended to December 2017 in December 2012;

- The issue of 3 public EMTN bond issuances for a total amount of €2,000 Mn with the following features:

  -in March 2012: €750 Mn bond issue with a 3.00% coupon and a 7-year maturity ;
  -in August 2012: €750 Mn bond issue with a 2.25% coupon and a 6-year maturity;
  -in October 2012: €500 Mn bond issue with a 1.625% coupon and 4.7-year maturity. This is the lowest coupon ever paid by Unibail-Rodamco for a public Euro benchmark;

- The issue of 2 private EMTN placements for a total amount of €425 Mn, with a 3.196% coupon and a 10-year maturity;

  In total €2,425 Mn was raised on the bond market in 2012 at an average margin of 99 bps over mid-swaps for an average duration of 6.7 years versus 148 bps on average in 2011 for an average duration of 6.4 years.

- The issue of a €750 Mn ORNANE in September 2012 with a 0.75% coupon, a duration of 5.3 years and an exercise price of €217.28 at issuance

[69] Taking into account current rating and based on current utilization of these lines.

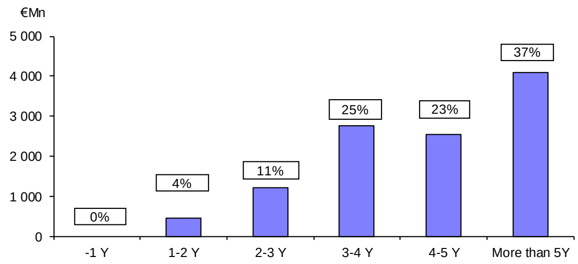
corresponding to a 35% issue premium on the VWAP[70].

In addition, Unibail-Rodamco accessed the money market by issuing commercial paper. The average amount of commercial paper outstanding in 2012 was €989 Mn (€559 Mn on average in 2011), including €964 Mn of *Billets de Trésorerie* and €25 Mn of Euro Commercial Paper (maturity of up to 3 months). *Billets de trésorerie* were raised over 2012 at an average margin of 4 bps above Eonia and Euro Commercial Paper nearly flat to Euribor.

As at December 31, 2012, the total amount of undrawn credit lines came to €4,013 Mn[71] and the cash on-hand came to €65 Mn as the Group uses a European cash pooling system optimising the use of liquidity across the Group.

1.3. Debt maturity

The following chart illustrates Unibail-Rodamco's debt as at December 31, 2012 after the allocation of the committed credit lines (including the undrawn part of the bank loans) by date of maturity and based on the residual life of its borrowings.



About 85% of the debt had a maturity of more than 3 years as at December 31, 2012 (after taking into account undrawn credit lines).

The average maturity of the Group's debt as at December 31, 2012, taking into account the unused credit lines improved to 4.9 years (versus 4.5 years as at December 2011).

<u>Liquidity needs</u>

Unibail-Rodamco's debt repayment needs[72] for 2013 are covered by the available undrawn credit lines. The amount of bonds and bank loans outstanding as at December 31, 2012 and maturing or amortising within a year is €1,040 Mn compared with €4,013 Mn[71] of undrawn committed credit lines as at December 31, 2012.

1.4. Average cost of Debt

Unibail-Rodamco's average cost of debt in 2012 decreased to 3.4% for 2012 compared to 3.6% for 2011. This average cost of debt results from low coupon levels achieved in 2012 on the fixed rate debt, the level of margins on existing borrowings, the Group's hedging instruments in place, the cost of carry of the undrawn credit lines, and to a lesser extent the low interest rate environment in 2012.

2. Ratings

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

Standard & Poor's confirmed its long-term rating "A" and its short-term rating "A1" on June 28, 2012 and maintained its stable outlook.

On March 23, 2012, Fitch confirmed the "A" long term rating of the Group with a stable outlook. Fitch also rates the short-term issuances of the Group as "F1".

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, and exchange rate fluctuations due to the Group's activities in countries outside the Euro-zone. The Group's exposure to equity risk is immaterial.

Unibail-Rodamco's risk management policy aims to limit the impact of interest rate fluctuations on results, 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 or forward rates.

Due to its use of derivatives to minimise its interest rate and currency risks, 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.

[70] Volume Weighted Average Price of Unibail-Rodamco share price, at the time of the issue.
[71] Subsequently to this date, the Group cancelled €350 Mn of undrawn credit line due to its cost.
[72] Excluding Commercial Paper's repayment amounting to €1,131 Mn.

3.1. Interest rate risk management

Interest rate hedging transactions

During 2012, interest rates came down in a deteriorating macro-economic environment.

- After reviewing the interest rate exposure of the Group as at December 31, 2011 and in particular following the €500 Mn bond issued in December 2011 which has been kept at a fixed rate, the Group cancelled €500 Mn of swaps in January 2012;

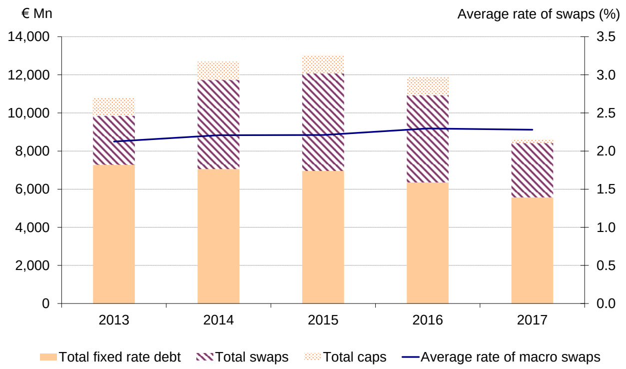
- In view of interest rates levels and of its hedging position, Unibail-Rodamco restructured its portfolio of hedges in 2012:

  -€5,500 Mn of existing swaps in nominal amounts have been restructured or extended beyond 2016 to extend the duration of the hedges of the Group;

  -€400 Mn of swaps maturing in January 2014 were cancelled;

  -the Group entered into forward collars to hedge in advance the years 2013 to 2016 for a notional amount of €750 Mn and cancelled collars with a notional amount of €750 Mn and €500 Mn covering 2013 and 2014 respectively.

Annual projection of average hedging amounts and fixed rate debt over the next 5 years (€ Mn – as at December 31, 2012)



The graph above shows:

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

Note that, Unibail-Rodamco does not classify in general 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.
Rodamco Europe applied a cash flow hedge accounting policy according to IFRS for some of its derivative instruments.

Measuring interest rate exposure

As at December 31, 2012, net financial debt stood at €10,969 Mn, excluding partners' current accounts and after taking cash surpluses into account (€65 Mn).

The outstanding debt was hedged at 98% against an increase in variable rates, based on debt outstanding as at December 31, 2012 through both:

- debt kept at fixed rate;
- hedging in place as part of Unibail-Rodamco's macro hedging policy.

Based on the estimated average debt position of Unibail-Rodamco in 2013, if interest rates (Euribor, Stibor or Pribor) were to rise by an average of 0.5%[73] (50 basis points) during 2013, the resulting increase in financial expenses would have an estimated negative impact of €4.4 Mn on the 2013 recurring net profit. A further rise of 0.5% would have an additional adverse impact of €5.8 Mn. Conversely, a 0.5% (50 basis points) drop in interest rates would decrease financial expenses by an estimated €4.4 Mn and would impact 2013 recurring net profit by an equivalent amount. The anticipated debt of the Group is almost fully hedged for 2013, 2014 and 2015.

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

[73] The eventual impact on exchange rates due to this theoretical increase of 0.5% in interest rates is not taken into account; theoretical impacts of rise or decrease in interest rates are calculated above the 3-month Euribor as of December 31, 2012 of 0.187%.

Measuring currency exposure

Main foreign currency positions (in €Mn)

(in € Mn) Currency	Assets	Liabilities	Net exposure	Hedging Instruments	Exposure net of hedges
SEK	1 902	-524	1 378	-142	1 236
DKK	371	-219	152	135	288
HUF	5	0	5	0	5
CZK	0	-88	-88	0	-88
PLN	103	0	103	0	103
Total	**2 381**	**-831**	**1 550**	**-7**	**1 543**

The main exposure kept is in Swedish Krona. A decrease of 10% in the SEK/EUR exchange rate would have a €112 Mn negative impact on shareholders' equity.
The sensitivity of the 2013 recurring result[74] to a 10% depreciation in the SEK/EUR exchange rate is limited to €6.0 Mn.
The SEK 1,750 Mn credit line signed in April 2012 undrawn as at December 31, 2012 will hedge part of the SEK balance sheet.

4. Financial structure

As at December 31, 2012, the portfolio valuation (including transfer taxes) of Unibail-Rodamco amounted to €29,292 Mn.

Debt ratio

As at December 31, 2012, the Loan-to-Value ratio (LTV) ratio calculated for Unibail-Rodamco stood at 37%, in line with the level of 37% as at December 31, 2011.

Interest coverage ratio

The Interest Coverage Ratio (ICR) ratio for Unibail-Rodamco came to 3.5x for 2012. It is in line with the solid levels achieved in recent years and slightly decreased from 3.6x in 2011.

Financial ratios	Dec. 31, 2012	Dec. 31, 2011
LTV[75]	37%	37%
ICR[76]	3.5x	3.6x

Those ratios show ample headroom vis-à-vis bank covenants usually set at a maximum of 60% LTV and a minimum of ICR of 2x, which the Group reports to the banks twice a year.

As at December 31, 2012, 96% of the Group's credit facilities and bank loans allowed indebtedness amounting to 60% or more of the Group's total asset value or of the value of the asset of the borrowing entity, as the case may be.

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

[74] The sensitivity is measured by applying a change in exchange rate to the net revenues in SEK (net rents - administrative and financial expenses - taxes), based on a EUR/SEK exchange rate of 8.6625.

[75] Loan-to-Value (LTV) = Net financial debt / Total portfolio valuation including transfer taxes. Total Portfolio valuation includes consolidated portfolio valuation (€29,292 Mn as at December 31, 2012 versus €25,924 Mn as at December 31, 2011) + the valuation of Unibail-Rodamco's 7.25% stake in Société Foncière Lyonnaise (€120 Mn as at December 31, 2012 versus €113 Mn as at December 31, 2011) + a €60 Mn bond issued by the owner of a shopping centre in France.

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

EPRA PERFORMANCE MEASURES

In compliance with the EPRA[77] best practices recommendations[78], Unibail-Rodamco summarises below the Key Performance Measures over 2012.

1. EPRA earnings

EPRA earnings are defined as 'recurring earnings from core operational activities', and are equal to the Group's definition of recurring earnings.

		2012	2011	2010
EPRA Earnings	€ Mn	886.3	826.4	847.9
EPRA Earnings / share	€ / share	9.60	9.00	9.27
Growth EPRA Earnings / share	%	6.7%	-2.9%	0.9%

Notes:

1) 2011 results were affected by the €1.83 Bn exceptional distribution of October 2010, and the asset rationalisation programme, with asset sales at yields significantly above the cost of borrowing.

2) 2011 results have been restated following the early adoption of IAS19R, with an impact of -€3.2 Mn on EPRA Earnings and -0.03 € on EPRA Earnings per share.

2. EPRA Net Asset Value and EPRA NNNAV

For a more detailed description of the EPRA NAV and triple NAV, please see the Net Asset Value chapter, included in this report.

		Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
EPRA NAV	€ / share	149.50	137.50	129.20
EPRA NNNAV	€ / share	138.40	130.70	124.60
% change over 1 year	%	5.9%	4.9%	-2.8%

Note:

2010 NAV and NNNAV were affected by the €20/share return of capital of October 2010.

[77] EPRA: European Public Real estate Association.
[78] Best Practice Recommendations. See www.epra.com

3. EPRA Net Initial Yields

The following table provides the Group yields according to the EPRA net initial yield definitions per sector and with a bridge from Unibail-Rodamco's net initial yield:

	Dec. 31, 2012		Dec. 31, 2011	
	Retail (3)	**Offices (3)**	**Retail**	**Offices**
Unibail-Rodamco yields	**5.3%**	**6.9%**	**5.5%**	**6.6%**
Effect of vacant units	0.0%	-0.8%	0.0%	-0.8%
Effect of EPRA adjustments on NRI	0.1%	0.1%	0.1%	0.0%
Effect of estimated transfer taxes and transaction costs	-0.2%	-0.2%	-0.2%	-0.2%
EPRA topped-up yields (1)	**5.2%**	**6.0%**	**5.4%**	**5.7%**
Effect of lease incentives	-0.2%	-0.6%	-0.1%	-0.2%
EPRA Net Initial Yields (2)	**5.0%**	**5.4%**	**5.2%**	**5.5%**

Notes:
1) EPRA topped-up yield: EPRA Net Initial Yield adjusted in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
2) EPRA Net Initial Yield: annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the portfolio.
3) As at December 31, 2012, the yields calculated do not include the Zlote Tarasy complex (Poland), mfi and Ruhr-Park (Germany).

4. EPRA Vacancy rate

The EPRA vacancy rate is defined as the Estimated Rental Value (ERV) of vacant spaces divided by the ERV of total space (let plus vacant).

	Dec. 31, 2012	Dec. 31, 2011	Dec. 30, 2010
Retail			
France	2.2%	1.7%	1.4%
Spain	2.1%	2.2%	1.6%
Central Europe	0.3%	0.6%	0.2%
Austria	2.3%	1.1%	2.8%
Nordic	3.1%	2.7%	3.7%
Netherlands	2.5%	4.1%	2.3%
Total Retail	**2.1%**	**1.9%**	**1.7%**
Offices			
France	10.4%	6.5%	5.7%
Total Offices	**11.2%**	**7.3%**	**7.1%**