

# unibail·rodamco

## 2008 FINANCIAL INTERIM REPORT

### APPENDIX TO THE PRESS RELEASE JULY 28, 2008 UPDATED AUGUST 4, 2008

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*Cancel and replace the 2008 financial interim report released on July 28th, 2008*

UNIBAIL-RODAMCO Consolidated Income Statement by segment (€ Mn)			2008 H1			2007 H1			2007 <sup>(1)</sup>		
			Recurring activities	Valuation movements and disposals	Result	Recurring activities	Valuation movements and disposals	Result	Recurring activities	Valuation movements and disposals	Result
SHOPPING CENTERS	France	Gross rental income	225.3	-	225.3	133.2	-	133.2	328.5	-	328.5
		Operating expenses & net service charges	- 16.0	-	- 16.0	- 6.2	-	- 6.2	- 22.3	-	- 22.3
		Net rental income	209.3	-	209.3	127.0	-	127.0	306.2	-	306.2
		Contribution of affiliates	2.3	0.6	2.9	1.8	4.1	5.9	4.1	6.2	10.4
		Gains on sales of properties	-	-	-	-	- 1.7	- 1.7	-	- 1.7	- 1.7
		Valuation movements	-	236.2	236.2	-	322.0	322.0	-	876.3	876.3
		Result Retail France	211.6	236.8	448.4	128.8	324.4	453.2	310.3	880.9	1,191.2
	Netherlands	Gross rental income	97.1	-	97.1	-	-	-	106.9	-	106.9
		Operating expenses & net service charges	- 10.7	-	- 10.7	-	-	-	- 13.9	-	- 13.9
		Net rental income	86.4	-	86.4	-	-	-	93.0	-	93.0
		Contribution of affiliates	-	-	-	-	-	-	-	-	-
		Gains on sales of properties	-	12.3	12.3	-	-	-	-	0.4	0.4
		Valuation movements	-	59.9	59.9	-	-	-	-	73.1	73.1
		Result Retail Netherlands - Belgium	86.4	72.2	158.6	-	-	-	93.0	73.5	166.6
	Nordic	Gross rental income	59.1	-	59.1	-	-	-	55.9	-	55.9
		Operating expenses & net service charges	- 14.3	-	- 14.3	-	-	-	- 11.9	-	- 11.9
		Net rental income	44.8	-	44.8	-	-	-	44.0	-	44.0
		Contribution of affiliates	-	-	-	-	-	-	-	-	-
		Gains on sales of properties	-	-	-	-	-	-	-	-	-
		Valuation movements	-	10.5	10.5	-	-	-	-	82.9	82.9
		Result Retail Nordic	44.8	10.5	55.3	-	-	-	44.0	82.9	126.9
	Spain	Gross rental income	49.5	-	49.5	-	-	-	48.9	-	48.9
		Operating expenses & net service charges	- 3.8	-	- 3.8	-	-	-	- 6.1	-	- 6.1
		Net rental income	45.7	-	45.7	-	-	-	42.8	-	42.8
		Contribution of affiliates	-	-	-	-	-	-	-	-	-
		Gains on sales of properties	-	0.1	0.1	-	-	-	-	- 1.0	- 1.0
Valuation movements		-	- 43.6	- 43.6	-	-	-	-	50.1	50.1	
Result Retail Spain		45.7	- 43.5	2.2	-	-	-	42.8	49.1	91.9	
Central Europe	Gross rental income	51.0	-	51.0	-	-	-	46.0	-	46.0	
	Operating expenses & net service charges	- 1.8	-	- 1.8	-	-	-	- 3.5	-	- 3.5	
	Net rental income	49.2	-	49.2	-	-	-	42.5	-	42.5	
	Contribution of affiliates	-	-	-	-	-	-	-	-	-	
	Gains on sales of properties	-	-	-	-	-	-	-	- 1.0	- 1.0	
	Valuation movements	-	74.7	74.7	-	-	-	-	66.8	66.8	
	Result Retail Central Europe	49.2	74.7	123.9	-	-	-	42.5	65.8	108.3	
TOTAL RESULT RETAIL			437.8	350.7	788.4	128.8	324.4	453.2	532.7	1,152.2	1,684.9
OFFICES & INDUSTRIAL	France	Gross rental income	86.3	-	86.3	77.5	-	77.5	159.6	-	159.6
		Operating expenses & net service charges	1.1	-	1.1	- 4.0	-	- 4.0	- 6.7	-	- 6.7
		Net rental income	87.5	-	87.5	73.5	-	73.5	152.9	-	152.9
		Contribution of affiliates	-	-	-	3.4	208.2	211.6	12.7	-	12.7
		Gains on sales of properties and affiliates	-	4.5	4.5	-	-	-	-	222.1	222.1
		Valuation movements	-	- 256.5	- 256.5	-	392.7	392.7	-	506.7	506.7
		Result Offices France	87.5	- 252.0	- 164.5	76.9	601.0	677.9	165.6	728.7	894.4
	Other regions	Gross rental income	32.5	-	32.5	-	-	-	32.0	-	32.0
		Operating expenses & net service charges	- 4.6	-	- 4.6	-	-	-	- 5.5	-	- 5.5
		Net rental income	27.9	-	27.9	-	-	-	26.5	-	26.5
		Contribution of affiliates	-	-	-	-	-	-	-	-	-
		Gains on sales of properties	-	5.5	5.5	-	-	-	-	2.7	2.7
		Valuation movements	-	2.0	2.0	-	-	-	-	19.6	19.6
Result Offices other countries	27.9	7.5	35.4	-	-	-	26.5	22.3	48.8		
TOTAL RESULT OFFICES & INDUSTRIAL			115.4	- 244.5	- 129.1	76.9	601.0	677.9	192.1	751.0	943.2
CONVENTION & EXHIBITION	France	Gross rental income	92.0	-	92.0	49.1	-	49.1	95.1	-	95.1
		Operating expenses & net service charges	- 49.3	-	- 49.3	- 23.9	-	- 23.9	- 43.5	-	- 43.5
		Net rental income	42.7	-	42.7	25.2	-	25.2	51.6	-	51.6
		On site property services	18.3	-	18.3	6.3	-	6.3	12.7	-	12.7
		Hotels net rental income	6.5	-	6.5	6.8	-	6.8	11.9	-	11.9
		Exhibitions organizing	-	7.5	7.5	3.1	0.2	3.2	9.7	-	9.7
		Contribution of affiliates	2.5	2.6	5.1	0.3	-	0.3	0.2	-	0.2
		Valuation movements and depreciation	- 7.1	- 18.3	- 25.4	- 3.6	- 0.1	- 3.7	- 7.4	- 8.2	- 15.6
		TOTAL RESULT CONVENTION & EXHIBITION	62.9	- 8.2	54.7	38.2	0.0	38.2	78.6	- 8.2	70.4
	Other property services net operating result	3.5		3.5	1.6		1.6	5.1		5.1	
	Other income	6.4		6.4	12.4		12.4	5.8		5.8	
	General expenses	- 47.7		- 47.7	- 11.1		- 11.1	- 63.3		- 63.3	
	Development costs	- 1.6		- 1.6	- 1.0		- 1.0	- 4.4		- 4.4	
	Financing result	- 128.4	55.6	- 72.8	- 44.6	97.0	52.4	- 156.8	44.1	- 112.6	
	Goodwill depreciation								- 1,349.6	- 1,349.6	
	PRE-TAX PROFIT	448.5	153.5	602.0	201.2	1,022.4	1,223.6	589.8	589.6	1,179.4	
	Corporate income tax	- 7.8	- 46.5	- 54.3	6.5	- 4.5	2.0	- 1.5	- 51.9	- 53.4	
NET PROFIT	440.7	107.0	547.7	207.7	1,017.9	1,225.6	588.3	537.7	1,126.1		
	Minority interest	46.4	12.0	58.3	21.0	60.6	81.7	49.5	131.8	181.3	
NET PROFIT GROUP SHARE			394.3	95.1	489.4	186.7	957.2	1,143.9	538.9	405.9	944.8

Average number of shares 91,142,663

**Recurring Earnings per share 4.33 €**

**H1-2008 versus H1-2007 6.9%**

46,142,271

**4.05 €**

68,572,651

**7.86 €**

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

Cancel and replace the 2008 financial interim report released on July 28th, 2008.

UNIBAIL-RODAMCO Consolidated income statement* (in € Mn)	2008-H1	2007-H1	2007 <sup>(1)</sup>
Gross rental income	699.4	262.8	879.5
Ground rents paid	- 11.2	- 6.3	- 11.4
Net service charge expenses	- 5.2	- 3.1	- 9.1
Property operating expenses	- 82.8	- 24.7	- 93.6
<b>Net rental income</b>	<b>600.1</b>	<b>228.7</b>	<b>765.4</b>
Corporate expenses	- 46.4	- 10.2	- 60.3
Development expenses	- 1.6	- 1.0	- 4.4
Depreciation	- 1.3	- 0.9	- 3.0
<b>Administrative expenses</b>	<b>- 49.3</b>	<b>- 12.1</b>	<b>- 67.7</b>
Revenues from other activities	84.2	94.2	184.8
Other expenses	- 63.0	- 70.7	- 153.3
<b>Net other income</b>	<b>21.1</b>	<b>23.5</b>	<b>31.5</b>
Proceeds from disposal of investment property	953.5	104.6	192.6
Carrying value of investment property sold	- 931.1	- 106.0	- 171.9
<b>Profit on disposal of investment property</b>	<b>22.4</b>	<b>1.4</b>	<b>20.7</b>
Valuation gains	583.3	718.4	1,679.2
Valuation losses	- 518.4	- 4.0	- 12.1
<b>Valuation movements</b>	<b>64.9</b>	<b>714.4</b>	<b>1,667.1</b>
<b>Goodwill impairment</b>			<b>- 1,349.6</b>
<b>NET OPERATING PROFIT BEFORE FINANCING COST</b>	<b>659.3</b>	<b>953.1</b>	<b>1,067.4</b>
Dividend income from non-consolidated companies	0.1	0.2	0.3
<i>Financial income</i>	<i>40.5</i>	<i>24.9</i>	<i>68.3</i>
<i>Financial expenses</i>	<i>- 168.8</i>	<i>- 69.5</i>	<i>- 225.0</i>
Net financing costs	- 128.4	- 44.6	- 156.8
Bonds redeemable for shares	- 5.8	-	- 6.0
Fair value adjustments of derivatives and debt	62.3	98.3	53.9
Derivatives' disposals	-	-	-
Debt discounting	- 0.9	- 1.3	- 3.7
Profit on disposal of associates	7.5	-	201.0
Share of the profit of associates	3.5	213.3	8.4
Income on financial assets	4.5	4.5	14.9
<b>PROFIT BEFORE TAX</b>	<b>602.0</b>	<b>1,223.5</b>	<b>1,179.4</b>
Income tax expenses	- 54.3	2.0	- 53.4
<b>NET PROFIT FOR THE PERIOD</b>	<b>547.7</b>	<b>1,225.5</b>	<b>1,126.0</b>
Minority interests	58.3	81.6	181.2
<b>NET PROFIT (group share)</b>	<b>489.4</b>	<b>1,143.9</b>	<b>944.8</b>

(\*) Presentation complying with European Public Real Estate Association best practices policy recommendations

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

*Cancel and replace the 2008 financial interim report released on July 28th, 2008.*

Unibail-Rodamco Consolidated Balance Sheet (in € Mn)	Dec 31, 2007 (1)	June 30, 2008
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<b>NON CURRENT ASSETS</b>	<b>23,859.9</b>	<b>25,267.4</b>
Tangible assets	1,099.3	1,106.4
Investment properties	21,520.8	22,735.6
Goodwill	429.1	260.4
Intangible assets	302.4	288.6
Loans	198.3	243.8
Deferred tax assets	45.0	44.1
Derivatives at fair value	175.9	261.9
Shares of companies consolidated under equity method	89.1	326.6
Other non current assets		
<b>CURRENT ASSETS</b>	<b>1,671.3</b>	<b>1,492.1</b>
<b>Properties under promise or mandate of sale</b>	<b>784.0</b>	<b>420.4</b>
<b>Inventories</b>	<b>31.4</b>	<b>-</b>
<b>Trade receivables from activity</b>	<b>274.7</b>	<b>380.0</b>
Property portfolio	244.0	317.8
Other activities	30.7	62.2
<b>Other trade receivables</b>	<b>464.8</b>	<b>484.5</b>
Tax receivables	171.1	133.1
Receivables on sale of property	2.6	-
Other receivables	196.9	230.4
Prepaid expenses	94.2	121.0
<b>Cash and equivalent</b>	<b>116.4</b>	<b>207.3</b>
Financial assets	4.6	15.8
Cash	111.8	191.4
<b>TOTAL ASSETS</b>	<b>25,531.2</b>	<b>26,759.5</b>
<b>Shareholders' equity (group share)</b>	<b>14,589.1</b>	<b>14,883.2</b>
Share capital	408.8	409.7
Additional paid-in capital	6,827.4	6,837.6
Bonds redeemable for shares	1,566.5	1,566.5
Consolidated reserves	4,086.1	5,532.7
Hedging reserve	5.1	4.0
Other reserves	- 17.7	- 18.7
Retained earnings	1,046.4	62.0
Consolidated result	944.8	489.4
Interim dividends	- 278.3	-
<b>Minority interests</b>	<b>1,031.2</b>	<b>1,302.1</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>15,620.3</b>	<b>16,185.3</b>
<b>NON CURRENT LIABILITIES</b>	<b>7,109.4</b>	<b>8,068.8</b>
Commitment to purchase minority interests	133.9	37.6
Long-term borrowings	5,783.7	6,795.8
Derivatives at fair value	32.0	46.6
Deferred tax liabilities	961.1	977.8
Long-term provisions	29.0	29.5
Employee benefits	9.2	6.8
Guarantee deposits	138.0	146.2
Tax liabilities	4.6	4.6
Amounts due on investments	17.9	23.8
<b>CURRENT LIABILITIES</b>	<b>2,801.5</b>	<b>2,505.5</b>
<b>Amounts owed to shareholders</b>	<b>153.9</b>	<b>173.1</b>
<b>Amounts due to suppliers and other current debt</b>	<b>726.7</b>	<b>800.1</b>
Amounts due to suppliers	120.8	149.3
Amounts due on investments	196.9	236.9
Sundry creditors	251.1	274.3
Other liabilities	157.9	139.6
<b>Current borrowings and amounts due to credit institutions</b>	<b>1,742.7</b>	<b>1,347.7</b>
<b>Tax &amp; social security liabilities</b>	<b>147.9</b>	<b>174.2</b>
<b>Contingencies and other current liabilities</b>	<b>30.3</b>	<b>10.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>25,531.2</b>	<b>26,759.5</b>

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

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## BUSINESS REVIEW AND 2008 FIRST HALF RESULTS

### I. SCOPE OF CONSOLIDATION, ACCOUNTING PRINCIPLES

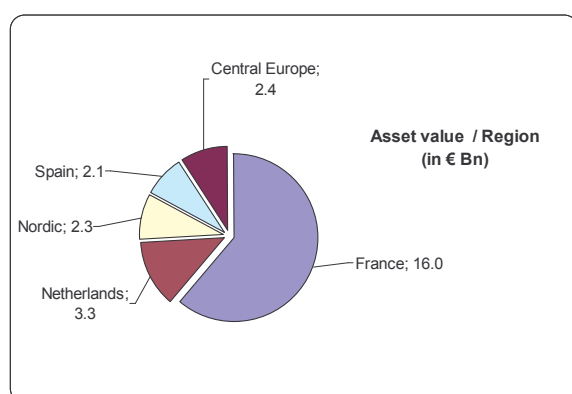
#### Scope of consolidation

Further to the combination between Unibail and Rodamco effective on June 30, 2007, and the combination of the convention and exhibition businesses of CCIP<sup>1</sup> and Unibail-Rodamco the scope of consolidation of Unibail-Rodamco as at June 30, 2008 included 290 companies in 14 countries. These companies have been fully consolidated with the exception of 17 companies accounted for under proportional method and 6 companies under the equity method.

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

Unibail-Rodamco group is operationally organised under 5 geographical regions: France, Netherlands, Spain, Nordic and Central Europe. As France has substantial representation of all 3 business-lines of the group, this region is itself divided in 3 segments: Shopping Centres, Offices and Conventions & Exhibitions. The other regions operate mainly in the shopping centre segment.

The table below shows the split of asset value per region.



#### Accounting principles

Unibail-Rodamco consolidated financial statements have been prepared in accordance with International Financial Reporting Standards<sup>2</sup> (IFRS) and are compliant with the EPRA<sup>3</sup> best-practice recommendations.

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

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

### II. BUSINESS REVIEW BY SEGMENT

#### 1. Shopping centres

##### 1.1. Shopping centre market in H1-2008

**Property Investment Market.** In sharp contrast to 2007, the first half of 2008 saw a low volume in transactions in the shopping centre market, and several attempted transactions failing to reach conclusion. The fall-out of the sub-prime crisis and credit crunch has now reached continental Europe's investment market. Despite lacking supply, demand from the traditional real estate investors remains strong, while the financial players have left the field, incapable of finding the required gearing to fund their acquisitions. A few transactions have bucked the trend however, and Unibail-Rodamco is very pleased to have been involved in these: it has been able to sell at a premium almost ¾ billion euros worth of Dutch highstreet and smaller regional centres, while it bought one of Europe's most prestigious centres in Vienna (Shopping City Süd) for €0.6 billion.

**Prime property yields show resilience, based on strong leasing activity.** As leasing activity in the prime centres remains strong, as a result of continuing demand for high quality retail space, prime yields show little movements today.

As retailers are becoming more selective in opening new shops, targeting high visitor/high turnover

<sup>1</sup> Chambre de Commerce et d'Industrie de Paris

<sup>2</sup> As applicable in the European Union as at June 30, 2008

<sup>3</sup> European Public Real-estate Association

centres, lower quality retail space is starting to feel reduced demand, and their yields show signs of weakening. With a high proportion of prime property in its portfolio, these effects on Unibail-Rodamco portfolio are not as visible.

## 1.2. Rental income from Unibail-Rodamco shopping centres in H1-2008

Total consolidated Net Rental Income (NRI) amounted to €435.5 Mn in H1-2008, representing a rise of €308.5 Mn compared with H1-2007 Unibail financial communication:

- + €281.9 Mn of additional NRI coming from ex-Rodamco assets
- + €26.6 Mn of increase in NRI of ex-Unibail portfolio.

For a more relevant analysis of NRI variation, H1-2007 figures have been restated pro forma as if the merger took place on January 1<sup>st</sup>, 2007.

Region (in M€)	Shopping centres - Net Rental Income		
	2007-H1 pro forma	2008-H1	%
France	176.4	209.3	18.6%
Netherlands	93.1	86.4	-7.2%
Nordic	42.3	44.8	6.0%
Spain	41.8	45.7	9.3%
Central Europe	41.4	49.2	18.9%
<b>Total</b>	<b>395.0</b>	<b>435.5</b>	<b>10.2%</b>

The total variation in NRI came from:

- € 11.5 Mn: Changes in portfolio, the main being:
  - In France, acquisition of “Le Printemps” in Velizy 2 and the retail part of Palais des Congrès.
  - End of May, acquisition of 140,400 m<sup>2</sup> in Shopping City Süd in Vienna, the largest retail and leisure complex in Austria.
  - Disposal of part of Dutch high street retail portfolio in April 2008 (see § 1.6 below).
- € 28.9 Mn: increase in NRI like for like breaking down by region as shown in the following table:

Region (in M€)	Shopping centres - Net Rental Income Like-for-like		
	2007-H1 pro forma	2008-H1	%
France	173.1	189.2	9.3%
Netherlands	67.0	69.4	3.6%
Nordic	42.3	44.6	5.4%
Spain	41.8	45.4	8.6%
Central Europe	41.0	45.5	11.0%
<b>Total</b>	<b>365.2</b>	<b>394.1</b>	<b>7.9%</b>

The total NRI grew by 7.9% on a like-for-like basis in H1-2008, compared to H1-2007. This represented on average more than 4.6% over inflation.

Region	Net Rental Income like-for-like evolution (%)			
	indexation	renewal reletting (net of departures)	other (o/w operating expenses)	Total
France	4.5%	6.2%	-1.3%	9.3%
Netherlands	1.7%	-0.6%	2.5%	3.6%
Nordic	2.0%	3.6%	-0.2%	5.4%
Spain	3.0%	2.4%	3.1%	8.5%
Central Europe	2.2%	5.1%	3.7%	11.0%
<b>Total</b>	<b>3.3%</b>	<b>3.9%</b>	<b>0.8%</b>	<b>7.9%</b>

The highest growth was in Central Europe (+11%), in France (+9.3%) and in Spain (8.5%) with a significant impact of indexation.

The slower progression recorded in The Netherlands is due to a particularly protective legal environment for tenants and a portfolio historically based on high street retail and less concentrated on prime shopping centres.

## 1.3. Leasing activity in H1-2008

Leasing activity slowed down during the first half of 2008 compared to the previous year, negotiations with tenants taking more time in an environment where retailers are faced with a decrease in sales. This was specifically noticeable in Spain and to a lesser extent in France. Nevertheless, in this context, prime locations in the best shopping centres are still in heavy demand.

Significant deals including global negotiation for several leases were signed with European groups (Inditex, Hennes& Mauritz, ETAM, SFR...).

Unibail Rodamco pursued its strategy to accelerate tenant's rotation while introducing new retailers bringing new shop concepts in the group's shopping centres.

region	lettings / re-lettings / renewals excl. Pipeline				
	nb of leases signed	m <sup>2</sup>	MGR	MGR uplift	
				€ Mn	%
France	132	26,756	15	3.2	43%
Netherlands	47	16,040	4	0.6	21%
Spain	106	25,687	7	0.7	17%
Nordic	86	27,537	10	0.5	8%
Central Europe	76	15,814	8	0.7	10%
<b>Global</b>	<b>447</b>	<b>111,834</b>	<b>44</b>	<b>5.7</b>	<b>20%</b>

MGR= Minimum Guaranteed Rents

Gains on renewals or re-lettings resulted in a strong growth of annual minimum guaranteed rents of 20% on average on the whole Unibail Rodamco portfolio.

#### 1.4. Vacancy and Lease expiry schedule as at June 30, 2008.

As at June 30, 2008 aggregated annualised Minimum Guaranteed Rents from Unibail-Rodamco's shopping centre portfolio amounted to €835.2 Mn, excluding variable rents and other income.

The following table shows a breakdown by expiry date and by next termination option of the leases<sup>4</sup>.

Retail portfolio (in € Mn)	Lease expiry schedule			
	at date of next break option	as a % of total	at end of lease date	as a % of total
Expired	33.2	4.0%	34.0	4.1%
2008	46.8	5.6%	23.8	2.8%
2009	142.6	17.1%	50.6	6.1%
2010	156.3	18.7%	75.9	9.1%
2011	136.4	16.3%	59.4	7.1%
2012	64.0	7.7%	90.5	10.8%
2013	51.5	6.2%	47.9	5.7%
2014	43.1	5.2%	50.2	6.0%
2015	40.8	4.9%	51.7	6.2%
2016	29.8	3.6%	50.0	6.0%
2017	32.4	3.9%	53.3	6.4%
2018	13.1	1.6%	19.8	2.4%
Beyond	45.4	5.4%	228.4	27.3%
<b>M€</b>	<b>835.2</b>	<b>100%</b>	<b>835.2</b>	<b>100%</b>

Potential rents from vacant space in operation on the total portfolio amounted to €10.3 Mn at June 30, 2008. The financial vacancy stood at a low level, 1.2% on average across the total portfolio (1.1% as at Dec 31, 2007).

Region	vacancy	
	€ Mn	%
France	3.9	1.0%
Netherlands	2.2	1.4%
Spain	1.3	1.4%
Nordic	2.1	1.8%
Central Europe	0.7	0.7%
<b>Total</b>	<b>10.2</b>	<b>1.2%</b>

The occupancy cost ratio<sup>5</sup> slightly increased compared to December 31, 2007 in all regions, and reached 12.1% in Central Europe, 11.5% in France, 10.8% in Spain, 9.6% in the Nordic countries.

<sup>4</sup> In The Netherlands, the landlord cannot terminate the lease unilaterally; therefore the expiry date is considered as indefinite. These leases have been classified on the line "beyond" of the table.

<sup>5</sup> Occupancy Cost Ratio = (rental charges + service charges including marketing cost for tenants) / tenants' sales.

As tenants' turnover is not known for The Netherlands, no reliable OCR can be calculated

#### 1.5. Investment / pipeline

Unibail-Rodamco invested € 1,007 Mn in its shopping centres portfolio during first half year 2008:

- €762.6 Mn was invested in new acquisitions, mainly:
  - 140,400 m<sup>2</sup> in Shopping City Süd, in Vienna, the largest retail and leisure complex in Austria. The acquisition was made on May 21, 2008 for a total amount of €607 Mn, reflecting a net initial yield of 5%. Adjacent land was also acquired for €28.4 Mn with development potential of up to 40,000 m<sup>2</sup>.
  - In France, acquisition<sup>6</sup> of the stakes of the other partner in Rennes-Alma (43%) and Vélizy Usines Centres (49%) for €110.9 Mn. Unibail-Rodamco now owns 100% of these two shopping centres.
  - In Spain, acquisition of Toys in Los Arcos, 4,301 m<sup>2</sup> of retail area for €14.2 Mn.
- €92 Mn was invested in extension and renovation projects of existing shopping centres: mainly Cnit and Les 4 Temps in Paris, extension of Aupark in Bratislava and renovation and implementation of the "welcome attitude" concept in Forum Nacka in Stockholm.
- €152 Mn was invested in new shopping centres under construction, mainly in France (Docks de Rouen, Le Havre Vauban, Strasbourg Etoile and Lyon Confluence) and in Prague (Pankrac).

Major development projects continued to progress well with notably commercial licences granted for 113,253 m<sup>2</sup> in France (of which Aéroville near Charles de Gaulle Airport). The construction of Donauzentrum extension in Vienna (27,500 m<sup>2</sup>) has commenced, building permit has been received for Centrum Cerny Most extension (39,600 m<sup>2</sup>) in Prague and regional licences to proceed have been received for Badajoz in Spain (35,000 m<sup>2</sup> for Unibail-Rodamco).

In March 2008, Unibail-Rodamco has signed an agreement to acquire the right to develop "Mall of Scandinavia", 100,000 m<sup>2</sup> of retail near the new National Soccer Stadium of Stockholm.

The Group's development pipeline for shopping centres currently amounts to 1,084,000 m<sup>2</sup>.

#### 1.6. Divestments

In April 2008, part of Dutch high street retail portfolio was sold for € 741 Mn<sup>7</sup>. This disposal, in line with the

<sup>6</sup> Sell option exercised

<sup>7</sup> Including an asset still subject to a pre-emption right.



strategy to focus on large scale premium assets, reflected a net initial yield of 5.6%. This disposal had no effect on the 2008 P&L, as the sale price was allocated under purchase price allocation IFRS rules to the Unibail Rodamco combination.

In June, Unibail-Rodamco sold its holdings in Belgium for a net disposal price of € 93.5 Mn and a net result of €10.7 Mn. Unibail-Rodamco no longer has investments in this country.

## 1.7. Portfolio valuation

As at June 30, 2008 the shopping centre portfolio of Unibail-Rodamco was valued on the balance sheet at €17,964 Mn, excluding transfer taxes and disposal cost. Of this total, €17,193 Mn is accounted for as investment property and valued at fair value based on appraisals carried out by external valuers (see 'Net Asset Value' section). Projects under development are recorded at cost in the balance sheet and amounted to € 771 Mn as at June 30, 2008.

Fair value adjustments to investment properties generated a gain of €337.8 Mn on Unibail-Rodamco income statement at June 30, 2008 (+€236.2 Mn in France, +€74.7 in Central Europe, +€ 59.9 Mn in The Netherlands, +€10.5 Mn in Nordic and -€43.6 Mn in Spain).

## 2. Offices

### 2.1. Office property market in H1-2008

As the Group's office exposure is largely in Paris (CBD<sup>8</sup> and La Defense), developments in this market drive the overall results in the office division.

**Property Investment Market.** Investment activities weakened significantly compared to 2007, reflecting increased cost of borrowing to levels at or above prime office building yields. Compared to the 28 transactions over €100 million completed in the Paris region in H1 2007, only 8 such transactions took place in H1 2008 and none of these in the CBD/La Defense areas. The market clearly applies a 'wait and see' approach before committing to new benchmark price levels in these prime office markets, and it is hard to make sensible statements on yields in the absence of market evidence.

**Leasing market remains strong.** Office space take-up in H1 2008 in the Paris region came to 1.2 Mn m<sup>2</sup>. Leasing activity this H1 is dominated by large transactions, with 31 over 5,000 m<sup>2</sup>, and two in excess of 30,000 m<sup>2</sup>. Vacancy rates in the Paris region are

now down to 5%, while CBD and La Defense, which are characterized by their excellent diversity in tenant base, are at 3%, the lowest level since 2001. The recently announced letting of the T1 tower to Suez/GdF (70,000 m<sup>2</sup> at €550/m<sup>2</sup>) has reduced vacant space in La Defense even further. As no new office deliveries are expected for at least the next 18 months in these areas, vacancies are expected to remain low. Limited new supply and falling vacancy rates have resulted in further increases of the rental levels. Prime rents in the CBD now stand at €830/m<sup>2</sup> and €550/m<sup>2</sup> in La Defense.

### 2.2. Office division H1-2008 activity

The office portfolio was valued €5.2 Bn (including transfer taxes), 83% of which located in France.

Unibail-Rodamco consolidated NRI from offices in H1-2008 came to €115.4 Mn.

For a more relevant analysis of NRI variation, H1-2007 figures have been restated on a pro forma basis as if the merger took place on January 1<sup>st</sup>, 2007.

Region	Offices - Net Rental Income		
	2007-H1 pro forma	2008-H1	%
France	76.6	87.5	14.2%
Netherlands	14.8	12.7	-14.5%
Nordic	8.1	9.1	12.3%
Spain	3.4	3.9	14.7%
Central Europe	2.3	2.3	n.s
<b>Total</b>	<b>105.2</b>	<b>115.4</b>	<b>9.7%</b>

The variation of € 10.2 Mn between the two first half-years, 2007 (pro forma) and 2008, breaks down as follows:

- € 2.2 Mn came from disposals (2 buildings in France and 2 in the Netherlands)
- +€ 3 Mn came from the delivery and leasing of new buildings, mainly Clichy-France, a turn-key project of 14,800m<sup>2</sup> entirely let to SNCF in March 2008.
- € 2.4 Mn for buildings under renovation (mainly Cnit in France)
- +€1.5 Mn of non recurring item (tax reimbursement in France)
- Like-for-like NRI increased by €10.4 Mn, ie a 11.1% growth, of which 6.7% above indexation. This growth breaks down as shown in the following table.

Region	Offices - Net Rental Income Like-for-like		
	2007-H1 pro forma	2008-H1	%
France	69.7	78.3	12.3%
Netherlands	10.8	11.0	2.3%
Nordic	8.1	9.2	13.9%
Spain	3.5	3.7	6.8%
Central Europe	2.3	2.5	10.6%
<b>Total</b>	<b>94.3</b>	<b>104.7</b>	<b>11.1%</b>

<sup>8</sup> CBD: Central Business District



During first half of 2008: 44,640 m<sup>2</sup> has been let or re-let on the whole portfolio for €22 Mn minimum guaranteed rents, with 6.2% uplift on renewals and re-lettings.

In France, which represents 75.8% of the office portfolio NRI, the leasing activity has been strong with notably 6,534 m<sup>2</sup> let to SAP in Capital 8 (€830 /m<sup>2</sup> with 9 years of firm duration), 1,716 m<sup>2</sup> let to Medicapital Bank rue Cambon (€ 720 /m<sup>2</sup>), demonstrating that rents stand at a favourable level for prime properties.

As at June 30, 2008 annualised minimum guaranteed rents generated by the office portfolio amounted to €276.5 Mn. The expiry schedule of the leases (termination option and end of lease) is shown in the following table.

Office portfolio	Lease expiry schedule			
	at date of next break option	as a % of total	at end of lease date	as a % of total
Expired	3.0	1.1%	4.5	1.6%
2008	20.7	7.5%	22.8	8.3%
2009	40.3	14.6%	31.4	11.4%
2010	43.3	15.7%	20.8	7.5%
2011	22.4	8.1%	6.7	2.4%
2012	13.0	4.7%	13.7	5.0%
2013	18.3	6.6%	35.3	12.8%
2014	5.0	1.8%	13.5	4.9%
2015	30.4	11.0%	34.4	12.4%
2016	33.7	12.2%	36.6	13.2%
2017	20.1	7.3%	20.8	7.5%
2018	9.5	3.4%	11.4	4.1%
Beyond	16.7	6.0%	24.6	8.9%
<b>M€</b>	<b>276.5</b>	<b>100%</b>	<b>276.5</b>	<b>100%</b>

Potential rents from vacant office space in operation amounted to €15.8 Mn at June 30, 2008. The financial vacancy stood at 5.4% for the whole portfolio, coming down in France from 8% at year-end 2007 to 4.5% at June 30, 2008.

The remaining main vacant areas in Paris are: 4,320 m<sup>2</sup> on Capital 8, 2,815 m<sup>2</sup> rue St Georges and 1,815 m<sup>2</sup> for the non refurbished part of Cnit-La Défense, before the delivery in July of 20,000 m<sup>2</sup> of additional surface totally renovated.

### 2.3. Investment / divestment

Unibail-Rodamco invested €129.2 Mn in its office portfolio in H1-2008:

- €30.5 Mn was invested in March for an economic interest<sup>9</sup> in an office building in Warsaw (12,115 m<sup>2</sup> close to Zlote Tarasy shopping centre)
- €54.4 Mn was invested for renovation, mainly on Cnit-La Défense in Paris where 20,000 m<sup>2</sup> will be delivered in July 2008.
- €17.7 Mn was paid as last instalment on the delivery of Villeneuve building in Clichy (France) in March 2008 (turn key fully let project)
- €26,6 Mn was invested for projects, mainly the 2 development projects 'Phare' and 'Majunga' at Paris La Défense and tour Oxygène in Lyon.

Two buildings<sup>10</sup> were sold in France in H1-2008 for a total net disposal price of €49.3 Mn.

Two buildings<sup>11</sup> were sold in The Netherlands for a total net disposal price of €63.8 Mn (9.4% above appraised value as at December 31, 2007).

Various other assets were under sale commitments at June 30, 2008 for a total amount of €369 Mn, the most significant being 136 av Charles de Gaulle in Neuilly with a net disposal price of €120 Mn, 16% above balance sheet value as at December 31, 2007, and 30% above June, 30, 2008 appraisal.

Four major projects are on going:

- "Phare" and "Majunga", respectively 147,000 m<sup>2</sup> and 65,000 m<sup>2</sup> of gross area Building rights in Paris La Défense have been granted to Unibail-Rodamco in January 2008.
- "Eiffel" project: 33,000 m<sup>2</sup> in Levallois
- Tour Oxygène 29,600 m<sup>2</sup>, near Lyon La Part Dieu.

### 2.4. Portfolio valuation

The office portfolio was valued €4,846 Mn (excluding transfer taxes and disposal cost) on the balance sheet at June 30, 2008. This included:

- €4,196 Mn in assets recorded as investment properties and accordingly marked-to-market based on independent appraisals
- €372 Mn of assets for sale
- €161 Mn accounted for as operational buildings for internal use (7 Adenauer Paris, headquarters of

<sup>9</sup> As the developer is not yet in a position to deliver the shares, this investment was accounted for a pre-payment and a financial income is recorded instead of rental income

<sup>10</sup> 1 rue St Georges, 34/36 rue de Provence in Paris and Alsace Ouest in La Défense

<sup>11</sup> Parnassustoren, Schonenvaert

Unibail-Rodamco)<sup>12</sup>, therefore stated at its historical cost.

- €117 Mn for projects accounted for at construction cost.

The change in the fair value of office investment properties since December 31, 2007 generated a negative valuation result of €254.5 Mn.

### 3. Convention and Exhibition

This activity is exclusively located in France, and consists of venue management (VIPARIS) and event organizing (COMEXPOSIUM) activities. During H1 2008, Unibail-Rodamco's Convention & Exhibition businesses merged with those of the Paris Chamber of Commerce and Industry, to create the leading Convention & Exhibition player in France.

The positive trend seen over the last number of years regarding visitor numbers continued during the first half 2008, with increased attendance at trade fairs as well as large public shows. Compared to H1 2007, the number of exhibitors at exhibitions grew by 4.3%, while the number of visits increased by 3%.

The different Convention & Exhibition venues are owned:

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

They are all managed by VIPARIS, and fully consolidated.

Total net revenues from this activity came to €61 Mn in H1-2008 versus €31.5 Mn in H1-2007 (before the combination with CCIP). On a pro forma basis, H1-2007 contribution would have been €57.7 Mn, ie a 6.7% growth.

Due to restructuring works, no corporate events and congress activity has been possible in the Cnit during the first half year 2008, which will re-open in the second half year.

The event organisation business is managed through COMEXPOSIUM (50% Unibail-Rodamco), and has

been consolidated under equity method since January 1<sup>st</sup>, 2008, in consideration of its corporate governance. Its contribution to Unibail-Rodamco recurring result was € 2.5 Mn in H1-2008.

Including the hotels Méridien-Montparnasse (Paris) and Hilton-Cnit (Paris la Défense), which are part of this segment of activity, the division showed an operating profit of €67.5 Mn in H1-2008, not directly comparable to H1-2007 considering the CCIP combination and the change in consolidation methods.

As at June 30, 2008, the convention-exhibition venues and hotel portfolio was valued on the balance sheet at €1,394.5 Mn (excluding transfer taxes).

### III. H1-2008 RESULT

Administrative expenses amounted to €47.7 Mn.

No comparison can be made with H1-2007 due to the merger of the teams and resources of Unibail and Rodamco in the second half of 2007.

The new organisation with group offices in Paris and Amsterdam-Schiphol and the 5 regions (France / Netherlands / Spain / Nordic / Central Europe) is fully operational.

Cost incurred for feasibility studies of development projects amounted to €1.6 Mn in H1-2008.

The item 'other income' reflects:

- The result of the finance leasing portfolio of ex-Unibail (€0.5 Mn)
- The net operating result (€9.4 Mn) coming from property services companies (Espace Expansion and U2M), of which an exceptional success fee<sup>13</sup> of €5.9 Mn.

Financial expenses

Group net financial expenses totalled €147.5 Mn, including capitalised financial expenses of €19.1 Mn incurred by the financing of projects under construction. Net borrowing expenses recorded in the net recurring profit thus came to €128.4 Mn.

According to IFRS rules, a debt component of the ORA has been accounted for in the balance sheet for €232.7 Mn. which is amortised over the life of the ORA. As this amortisation was a non cash item, it did not affect the recurring profit.

<sup>12</sup> 70 Wilson is no longer partially accounted for as an operational building as Comexposium is consolidated under equity method since January 1<sup>st</sup>, 2008.

5 Bd Malesherbes, previous headquarters of Unibail has been reclassified in investment property for its fair value, the valuation surplus being added to equity.

<sup>13</sup> based on the additional value created on Rennes Alma and Velizy Usines Centre during the period where these two shopping centres were in partnership with Foncière des Régions.

Hedging instruments (swaps and caps) recorded an increase in their fair value<sup>14</sup>. In accordance with the option adopted by Unibail-Rodamco for IAS 39, €66.6 Mn<sup>15</sup> of fair value adjustment was recognised as profit in the non-recurring result of the income statement.

The Group's average refinancing rate came to 4.2% in H1-2008. Unibail-Rodamco's refinancing policy is described in the following section 'Financial Resources'.

#### Tax

The income tax charge came from countries where specific tax regimes for property companies (REITs) do not exist and activities in France which are not eligible to the SIIC<sup>16</sup> regime, mainly in the Convention & Exhibition business. Total income tax came to €54.3 Mn of which €7.8 Mn was recorded as recurring result.

**Consolidated net recurring profit after tax for H1-2008 amounted to €440.7 Mn.**

Minority interests in the consolidated net recurring profit after tax amounted to €46.4 Mn. They related mainly to CCIP minority share in VIPARIS (€14.8 Mn), to shopping centres in France (€29.9 Mn, mainly Les Quatre Temps and Forum des Halles) and to the remaining minority shareholders in Rodamco Europe<sup>17</sup> (€3.7 Mn).

**Consolidated net profit (group share) amounted to €489.4 Mn in H1-2008. This figure breaks down as follows:**

- €394.3 Mn in recurring net profit
- €95.1 Mn in fair value adjustments and net gains on property disposals

The average number of shares and ORAs<sup>18</sup> in issue during this period was 91,142,663.

**Recurring Earnings per Share came to €4.33 in H1-2008, representing a rise of 6.9% compared to H1-2007.**

<sup>14</sup> Compared to December 31, 2007

<sup>15</sup> Excluding part of Rodamco's derivatives designated as net investment hedge

<sup>16</sup> Société Immobilière d'Investissements Cotée

<sup>17</sup> 1.48% as at June 30, 2008

<sup>18</sup> ORA: Obligations Remboursables en Actions = bonds redeemable for shares. As the ORAs were mainly accounted as equity and as the charge corresponding to their debt component did not hit the recurring result, ORAs are considered as shares.

## IV. DIVIDEND AND OUTLOOK

### Dividend

Unibail-Rodamco maintains its policy of paying a quarterly dividend to its shareholders and made the following payments in first half of 2008:

- January 15, 2008: second interim dividend on 2007 result of €1.70
- April 15, 2008: third interim dividend on 2007 result of €1.70

On July 15, 2008 the remaining dividend on 2007 result of €1.90 (voted by Annual General Meeting April 29, 2008) was paid.

On October 15, 2008: first interim dividend on 2008 result of €1.75, corresponding to one quarter of 2007 dividend, will be paid.

### Outlook

Based on the performance in this first half year, the group confirms its income growth target for 2008 of at least 7% in recurring earnings per share.

## V. POST BALANCE SHEET EVENTS

Since 30 June 2008, the Group has concluded the following transactions:

- the divestment of its office portfolio in Kiev, Ukraine, for €31.5 Mn;
- the acquisition of two shopping centres (La Maquinista and Habaneras) in Spain, for a total consideration of €434 Mn;
- the signed divestment agreement for 136 av Charles de Gaulle in Neuilly-France, for a net disposal price of € 120 Mn.

## NET ASSET VALUE AS AT JUNE 30, 2008

Unibail-Rodamco's fully-diluted triple net liquidation NAV (Net Asset Value) amounted to €172.0 per share as at June 30, 2008, up 1.6% from year-end 2007. Value creation during the six-month period amounted to €6.1 per share, by adding to NAV growth of €2.7 per share, the €3.4 dividend paid out during the first six months of 2008.

### 1. PROPERTY PORTFOLIO

Unibail-Rodamco's asset portfolio including transfer taxes grew from €25,229 Mn by year-end 2007 to €26,081 Mn at June 30, 2008. On a like-for-like basis, the value of the overall portfolio slightly decreases by €15 Mn net of investments, i.e. a drop of 0.1%, compared with year-end 2007.

Asset portfolio valuation of UNIBAIL-RODAMCO (including transfer taxes) (1)	December 31, 2007 (2)		June 30, 2008		Like-for-like change at June 30, 2008 (3)		Like-for-like change net of investment at June 30, 2008	
	€ Mn	%	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	18,350	73%	18,853	72%	412	2.5%	319	1.9%
Offices	5,439	21%	5,170	20%	- 261	-5.0%	- 315	-6.1%
Convention-Exhibition centres (4)	985	4%	1,721	7%	- 16	-1.6%	- 19	-1.9%
Services	456	2%	338	1%	-	0.0%	-	0.0%
<b>Total</b>	<b>25,229</b>	<b>100%</b>	<b>26,081</b>	<b>100%</b>	<b>135</b>	<b>0.6%</b>	<b>- 15</b>	<b>-0.1%</b>

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

The valuation of the portfolio includes:

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

(2) Due to the re-categorisation of Swedish buildings, the breakdown between offices and shopping centres slightly differs from year-end publication.

(3) Principal changes in the scope of consolidation during H1 2008:

- Acquisition of the Shopping City Süd (SCS) in Vienna.
- Deal with the Paris Chamber of Commerce of Paris which brought in the portfolio the Palais des Congrès de Paris shopping centre, 4 new Convention-Exhibition Centres (Villepinte, Le Bourget, Palais des Congrès de Paris, Palais des Congrès de Versailles) and one Service Company (Comexpo : trade shows organisation).
- Disposal of part of the highstreet shop portfolio in the Netherlands and of the Belgian portfolio.
- Disposal of 1 St Georges-34/36 Provence Office building in France.

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

(4) Based on a full scope of consolidation; with a 50% ownership for most Convention-Exhibition centres, group share portfolio valuation is equal to €1,052 Mn (see §1.5).

As at June 30, 2008, independent experts have appraised 89.0% of Unibail-Rodamco's portfolio.

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

The basis for determining the fair value of Unibail-Rodamco property portfolio is the market value, which is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion,

including estimated costs that a buyer needs to make for obtaining the property. Disposal costs and transfer taxes are then deducted for the purposes of the balance sheet presented under IFRS format (assuming individual 'asset deals') and the NAV calculation (assuming optimisation) according to specific methods detailed in §2.7.

The remaining assets (11.0%), which have not been externally appraised as at June 30, 2008, have been valued as follows:

- At their disposal for assets under sale agreement representing 1.0% of the total Unibail-Rodamco asset portfolio.
- At cost for properties under construction. These mainly represent shopping centres under development (notably Forum Nacka extension in Sweden, Benidorm & Badajoz in Spain, Pankrac in the Czech Republic and in France: Rivétoile in Strasbourg, Lyon Confluence, Docks de Rouen, Le Havre) and office developments (Phare and

Majunga at La Défense, Tour Oxygène in Lyon), accounting for 3.2% of the value of Unibail-Rodamco's total portfolio.

- At their acquisition cost for assets purchased during the preceding six-month period, including principally Shopping City Süd (SCS) in Vienna, Palais des Congrès shopping Centre in Paris and the new Convention-Exhibition Centres included in the combination with the Paris Chamber of Commerce of Paris (Villepinte, Le Bourget, Palais des Congrès de Paris, Palais des Congrès de Versailles). These assets represent 5.5% of the total Unibail-Rodamco portfolio.
- At appraisal value at December 31, 2007 for service companies (Exposium and Espace Expansion), i.e. 1.3% of the total Unibail-Rodamco portfolio, with service companies appraised on an annual basis.

### 1.1 Shopping Centre portfolio

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

#### Valuation methodology

The valuation principles adopted are based on the discounted cash flow and yield methodologies. The independent appraiser determines the fair market value based on the results of these two methods. Furthermore, the resulting valuations are cross-checked against the initial yield and the fair market values per square metre. Parking spaces currently in service are also valued using discounted cash flow methodology.

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

The value of Unibail-Rodamco's Shopping Centre Portfolio increased with €503 Mn from €18,350 Mn to €18,853 Mn at June 30, 2008, including transfer taxes and disposal costs.

Based on an asset value, excluding estimated transfer taxes and disposal costs, the shopping centre division's net initial yield at June 30, 2008 came to 4.9% vs. 4.8% at year-end 2007

Shopping Centre portfolio by region	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn (1)	Net initial yield (2) June 30, 2008	Net initial yield (3) Dec. 31, 2007
France	9.583	9.173	4,4%	4,3%
Netherlands	2.938	2.746	5,5%	5,5%
Nordic (4)	2.069	2.046	5,0%	4,7%
Spain	1.937	1.889	5,4%	5,1%
Central Europe	2.326	2.291	5,6%	5,8%
<b>Total</b>	<b>18.853</b>	<b>18.146</b>	<b>4,9%</b>	<b>4,8%</b>

(1) Valuation excluding estimated transfer taxes and disposal costs (see §2.7).

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

(3) 2H2007 NAV note mentions slightly different yields; the differences come from more accurate Retail/Office split for Nordic and from a standardization of methods.

(4) According to external appraisals, retail represents 84% of Swedish portfolio against 87% in previous estimations.

One shopping centre division asset was under sale agreement at June 30, 2008. The valuation adopted based on the future selling price was equal to the appraisal value at year-end 2007.

#### Like for Like analysis:

On a like-for-like basis, the value of the Shopping Centre portfolio, including transfer taxes and disposal costs, rose by €412 Mn (+2.5%) compared with year-end 2007. Restated for capital expenditure, capitalised financial expenses, leasing expenses and eviction costs, the value of the Shopping Centre portfolio rose by 1.9% or €319 Mn on a like-for-like basis breaking down into +3.0% from the increase in revenues of shopping centres and -1.1% due to changes in yield.

Shopping Centre - Like for Like evolution (1), H1 2008	Like for Like evolution (1) in € Mn	Like for Like evolution (1) in %	Like for Like evolution (1) - Rent	Like for Like evolution (1) - Yield
France	212	2.4%	1.3%	1.1%
Netherlands	57	2.0%	1.2%	0.8%
Nordic	7	0.3%	6.0%	-5.7%
Spain	34	-1.9%	4.7%	-6.6%
Central Europe	78	5.2%	8.0%	-2.8%
<b>Total</b>	<b>319</b>	<b>1.9%</b>	<b>3.0%</b>	<b>-1.1%</b>

(1) Like for like evolution net of investments from December 31, 2007 to June 30, 2008.

#### Shopping centre development and extension projects

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

- ☞ in France: Strasbourg-Rivétoile, Lyon Confluence, Docks de Rouen, Le Havre, Passages CMK in Bordeaux, Versailles-Chantiers, the Eiffel project in Levallois and the Aéroville project (Paris Charles de Gaulle airport).



- ☞ In the Rest of Europe: Forum Nacka in Sweden, Badajoz and Benidorm in Spain, Pankrac in the Czech Republic, as well as the Donauzentrum and Shopping Centre Süd extensions in Austria.

At June 30, 2008, Shopping Centre development projects represented a total historical cost of €771 Mn on the balance sheet of Unibail-Rodamco.

## 1.2 Office portfolio

### Valuation methodology

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

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

The value of the Office Portfolio stood at €5,170 Mn at June 30, 2008.

Based on an asset value, excluding estimated transfer taxes and disposal costs, the Office division's potential yield at June 30, 2008 increased with 40 basis points to 5.9% vs. 5.5% at year-end 2007.

Valuation of office portfolio	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn	Potential yield (1) June 30, 2008	Potential yield (2) Dec. 31, 2007
France	4,319	4,167	5.7%	5.2%
Netherlands	341	318	7.2%	6.8%
Nordic (3)	280	277	6.4%	6.4%
Spain	169	164	6.2%	6.3%
Central Europe	61	59	7.4%	8.4%
<b>Total</b>	<b>5,170</b>	<b>4,985</b>	<b>5.9%</b>	<b>5.5%</b>

(1) Potential rental income on office space divided by the value of the portfolio excluding estimated transfer taxes and disposal costs.

(2) 2H2007 NAV note mentions slightly different yields; the differences come from more accurate Retail/Office split for Nordic and from a standardization of methods.

(3) According to external appraisals, office represents 16% of Swedish portfolio against 13% in previous estimations.

On a like-for-like basis, the value of Unibail-Rodamco's office portfolio, including transfer taxes and disposal costs, has decreased by €261 Mn since year-end 2007, i.e. a drop of 5.0%. After accounting for the impact of capital expenditure and capitalised financial and leasing expenses, the valuation of the Office portfolio, on a like-for-like basis, has decreased by €315 Mn or 6.1% breaking down into +2.3% from the increase of rents and lettings and -8.4% due to changes in yield.

Office - Like for Like evolution (1), H1 2008	Like for Like evolution (1) in € Mn	Like for Like evolution (1) in %	Like for Like evolution (1) - Rent	Like for Like evolution (1) - Yield
France	- 312	-7.1%	2.6%	-9.7%
Netherlands	- 9	-2.5%	1.0%	-3.5%
Nordic	3	1.0%	0.0%	1.0%
Spain	- 0	-0.2%	5.1%	-5.3%
Central Europe	4	6.7%	-3.2%	9.9%
<b>Total</b>	<b>- 315</b>	<b>-6.1%</b>	<b>2.3%</b>	<b>-8.4%</b>

(1) Like for like evolution net of investments from December 31, 2007 to June 30, 2008.

### French Office Portfolio:

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

French Office portfolio by sector	Valuation (including transfer taxes) (1)	
	€ Mn	%
Paris CBD	1,823	42%
Neuilly-Levallois-Issy	712	16%
La Défense	1,550	36%
Other	234	5%
<b>Total</b>	<b>4,319</b>	<b>100%</b>

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

Based on an asset value, excluding estimated transfer taxes and disposal costs, the French Office division's yield for occupied offices at June 30, 2008 came to 5.7%. This yield was 60 basis points higher than at year-end 2007.

Valuation of French occupied office space	Valuation including transfer taxes in € Mn (1)	Valuation excluding estimated transfer taxes in € Mn (2)	Net initial yield (3)	Average price €/ m <sup>2</sup> (4)
Paris CBD	1,690	1,643	5.1%	14,828
Neuilly-Levallois-Issy	710	670	6.1%	6,120
La Défense	1,284	1,238	6.2%	7,454
Other	189	184	6.2%	4,582
<b>Total</b>	<b>3,874</b>	<b>3,735</b>	<b>5.7%</b>	<b>8,873</b>

(1) Valuation (including transfer taxes) of occupied office space as at June 30, 2008 based on the appraiser's allocation of value between occupied and vacant space. Excluding space undergoing restructuring and vacant space.

(2) Valuation, excluding estimated transfer taxes and disposal costs (see § 2.7), of occupied office space as at June 30, 2008, based on the appraiser's allocation of value between occupied and vacant space. Scope identical to note (1) above.

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

(4) Based on the scope described in note (2), excluding estimated transfer taxes, except for the parking spaces at 68/82 rue du Maine-Paris 14<sup>th</sup> arrondissement. Restatement of parking spaces on the basis of €30,000 per space for Paris CBD and Neuilly-Levallois-Issy, and €15,000 for other areas.

Three French assets were under sale agreements at June 30, 2008 namely:

- ☞ 126 Jules Guesdes already under sale agreement at year-end 2007,
- ☞ 52 Lisbonne whose valuation adopted based on the future selling price implied an increase of 19.4% compared with the appraisal value at year-end 2007,
- ☞ 136 Charles de Gaulle whose valuation adopted based on the future selling price implied an increase of 16% compared with the appraisal value at year-end 2007 and of 30% with the unaffected appraisal value as at June, 30 2008.

### 1.3 Convention-Exhibition Portfolio

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

#### Valuation methodology

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

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

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

Like for all acquisition occurred in the previous six months, the new Convention-Exhibition centres issued from the joint venture with the Paris Chamber of Commerce of Paris (Villepinte, Le Bourget, Palais des Congrès de Paris, Palais des Congrès de Versailles) were accounted for their acquisition cost.

The valuation methodology used by DTZ Eurexi to determine the fair market value of the Méri dien-Montparnasse hotel premises at June 30, 2008 consists in capitalising the fixed portion of annual income, plus discounting cash flows representing the variable portion of rents. The discounted cash flow model has been adopted for the Cnit-Hilton hotel (operating under an operational lease agreement).

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

In view of the above, the value of Convention-Exhibition centres (including hotels), including transfer taxes and disposal costs, came to €1,721 Mn as at June 30, 2008. The strong increase is due to the full consolidation of the new Convention-Exhibition Centres tendered by the Paris Chamber of Commerce of Paris (CCIP). The 50% share of the CCIP is accounted for under minority shares.

On a like-for-like basis, net of net of investments, the value of C-E centres is down 1.9% compared with year-end 2007.

Convention-Exhibition Portfolio including transfer taxes (€ Mn)	Dec 31, 2007	June 30, 2008 (1)	Like-for-like change net of investments	
			€ Mn	%
Viparis (2)	778	1,513	- 21	-2.7%
Hotels : Méri dien Montparnasse and Cnit Hilton	206	208	2	0.9%
<b>Total</b>	<b>985</b>	<b>1,721</b>	<b>- 19</b>	<b>-1.9%</b>

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

(2) Viparis includes all of the Group's Convention-Exhibition centres.

As a consequence of the above mentioned merger (CCIP deal) the value of the Convention-Exhibition venues (Viparis) almost doubled (+94.5%). On a like-for-like basis and net of investments, the decline of 2.7% compared to year-end 2007 resulted mainly from the amortizing another semester of the Porte de Versailles lease (end in December 2026) with the City of Paris.

Based on these valuations, the average EBITDA yield on Viparis at June 30, 2008 (2008 recurring operating profit divided by the value of the asset, excluding transfer taxes) was 8.7%.

The valuations of the Cnit-Hilton and Méri dien-Montparnasse hotels increased over the semester by a total of €2 Mn, a rise of 0.9%.

### 1.4 Services

Services portfolio is composed of:

- Trade show organisation business resulting from the merger of the activities of Exposium and Comexpo.
- Espace Expansion, a company specialised in the promotion, marketing and management of property assets.



Exposium and Espace Expansion have been appraised once a year by PriceWaterhouseCoopers<sup>19</sup> since 2006. They were thus valued following the appraisal made as at December 31, 2007.

Like for all acquisition occurred in the previous six months, Comexpo was accounted for at its acquisition cost.

Intangible assets are not revalued but maintained at their historical cost on Unibail-Rodamco's consolidated balance sheet.

#### Evolution of the Services valuation

The change in value (from €456 to €338 Mn) was attributable to the change of scope following the combination with the Paris Chamber of Commerce of Paris which took place in January 2008:

- As at December 31, 2007, 100% of the value of Exposium was taken into account.
- As at June 30, 2008, 50% of the value of Exposium as well as 50% of the value of Comexpo was taken into account. Exposium which has been so far fully consolidated is now consolidated under the equity method within Comexposium.

#### **1.5 Group share figures for the Property Portfolio.**

Figures above are based on a full scope of consolidation. On a group share level, they barely vary as shown in the following report (in gross market value):

	<b>Full scope of consolidation</b>		<b>Group Share</b>	
	€ Mn	%	€ Mn	%
<b>Asset portfolio valuation - dec 31, 2007</b>				
Shopping centres	18,350	73%	17,025	71%
Offices	5,439	21%	5,421	23%
Convention-Exhibition centres	985	4%	985	4%
Services	456	2%	456	2%
<b>Total</b>	<b>25,229</b>	<b>100%</b>	<b>23,887</b>	<b>100%</b>
<b>Asset portfolio valuation - June 30, 2008</b>				
Shopping centres	18,853	72%	17,494	73%
Offices	5,170	20%	5,144	21%
Convention-Exhibition centres	1,721	7%	1,052	4%
Services	338	1%	338	1%
<b>Total</b>	<b>26,081</b>	<b>100%</b>	<b>24,028</b>	<b>100%</b>
<b>Like for Like - net of Invt - 1H08</b>				
Shopping centres	319	1.9%	304	2.0%
Offices	315	-6.1%	315	-6.1%
Convention-Exhibition centres	19	-1.9%	9	-0.9%
Services	-	0.0%	-	0.0%
<b>Total</b>	<b>15</b>	<b>-0.1%</b>	<b>20</b>	<b>-0.1%</b>
<b>Like for Like - net of Invt - 1H08 - Split rent/yield impact</b>	Rent impact %	Yield impact %	Rent impact %	Yield impact %
Shopping centres	3.0%	-1.1%	3.0%	-1.0%
Offices	2.3%	-8.4%	2.3%	-8.4%

Net initial yield and Potential yield figures are the same at full scope of consolidation and at group share level.

<sup>19</sup> PricewaterhouseCoopers valued Exposium and Espace Expansion mainly using the discounted cash flow method based on their business plans. A market-based (peer comparison) approach was also used by PricewaterhouseCoopers to cross-check the resulting valuations.

## 2. TRIPLE NET NAV CALCULATION

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

### 2.1 Consolidated shareholders' equity

At June 30, 2008, consolidated shareholders' equity (Group share) came to €14,883.2 Mn.

Shareholders' equity (Group share) incorporated net recurring profit of €394.3 Mn, €95.0 Mn of capital gain on sales of properties, fair value adjustments on property assets and on derivative financial instruments.

The debt component of the ORAs, recognised in the financial statements (€ 232.7 Mn) was added to shareholders' equity for the calculation of NAV. At the same time, all ORAs were treated as equity shares.

A receivable of €173.1 Mn was recognised as at June 30, 2008, in respect of shareholders and ORA holders representing the dividend instalment due, being €1.9 per share, which was actually paid on July 15<sup>th</sup>, 2008. This amount, which was deducted from the shareholders' equity shown on the consolidated balance sheet as at June 30, 2008, was added back for the calculation of NAV.

### 2.2 Adjustments linked to Rodamco's combination

The remaining goodwill (€ 203.7 Mn) which corresponds to the value of tax optimisation on Rodamco's assets at the date of the combination was deducted, as the optimisation of deferred taxes and transfer taxes was computed for the Unibail-Rodamco portfolio as a whole (see below).

For the calculation of the triple net asset value, Unibail-Rodamco has always recorded the projects at their historical cost. To be fully consistent, the value recognised for Rodamco's projects in the purchase price allocation and recorded in the Unibail-Rodamco's balance sheet was deducted (€ 44.1 Mn).

### 2.3 Unaccounted capital gains on the property portfolio

Further to the move of the headquarters of Unibail-Rodamco, the previous location (5, bd Malesherbes-Paris 8<sup>th</sup>) was reclassified in investment property at fair value while the new location (7 Adenauer-Paris 16<sup>th</sup>) was transferred to tangible assets for its fair value and will be depreciated in the future.

Consequently, as at June 30, 2008, no adjustment was necessary for the NAV calculation.

### 2.4 Capital gains on services companies

Intangible assets are appraised once a year (at year end). Therefore, there was no adjustment as at June 30, 2008 for Espace Expansion and Exposium valuation. However Exposium unrealised capital gain has been taken into account for only 50% since the combination with CCIP.

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

In accordance with IFRS, derivative financial instruments were recorded on Unibail-Rodamco's balance sheet at their fair value and their impact included in the consolidated shareholders' equity. Only fixed-rate debt was not accounted for at its fair value: nominal value for ex-Unibail debt and fair value at the date of the combination (June 30, 2007) for ex-Rodamco debt. Taking fixed rate debt at its fair value would have had a positive impact of €139.9 Mn. This impact was taken into account in the NAV calculation.

### 2.6 Adjustment of capital gains taxes

In accordance with accounting standards, deferred tax on property assets was calculated on a theoretical basis on the consolidated balance sheet as at June 30, 2008. For the purpose of the NAV calculation, deferred tax on unrealised capital gains on assets not qualifying for tax exemption (SIIC or FBI regime), should be re-integrated and replaced by taxes actually payable, should a disposal take place.

This resulted in an adjustment of €320.5 Mn to the NAV calculation.

### 2.7 Restatement of transfer taxes and disposal costs

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

As at June 30, 2008, these estimated transfer taxes and other disposal costs compared to transfer taxes and costs already deducted from asset values on the balance sheet (in accordance with IFRS) came to an adjustment of €189.5 Mn.

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

Unibail-Rodamco held 7,766 treasury shares as at June 30, 2008. The corresponding equity was deducted from the shareholders equity and the number of shares reduced accordingly.

Moreover, the exercise of stock-options and allotment of bonus shares outstanding at June 30, 2008 would have led to a rise in the number of shares of 2,025,232, increasing shareholders' equity by €252 Mn.

As at June 30, 2008, the fully-diluted number of shares taken into account for the NAV calculation totalled 93,268,803, including the ORAs and the dilutive impact of stock-options and bonus shares.

**Unibail-Rodamco's triple net liquidation NAV (Group share) thus stood at €16,044 Mn or €172.0 per share (fully-diluted) as at June 30, 2008, an increase of 1.6% compared with year-end 2007.**

**Value creation during the year amounted to €6.1 per share, by adding to NAV growth of €2.7 per share, the €3.4 dividend paid out (including ORA) in 2008.**

UNIBAIL-RODAMCO Triple net liquidation NAV (€ Mn)	June 30,2007 <sup>(1)</sup>	Dec 31, 2007 <sup>(1)</sup>	June 30,2008
<b>Consolidated shareholders' equity</b>	<b>13.999,0</b>	<b>14.603,7</b>	<b>14.883,2</b>
<b>Amounts owed to shareholders</b>	<b>166,9</b>	<b>139,2</b>	<b>155,4</b>
<b>Bonds redeemable for shares (restatement of debt component)</b>	<b>249,6</b>	<b>240,7</b>	<b>232,7</b>
<b>Amounts owed to bonds redeemable for share</b>		<b>14,7</b>	<b>17,7</b>
<b>Deduction of the goodwill on exchange offer</b>	<b>- 1.655,6</b>	<b>- 244,0</b>	<b>- 203,7</b>
<b>Deduction of pipeline fair value recognised in PPA</b>		<b>- 47,5</b>	<b>- 44,1</b>
<b>Fair value adjustment</b>			
Property excluding investment properties	<b>84,9</b>	<b>91,5</b>	<b>-</b>
Intangible asset : Comexposium <sup>(2)</sup> & Espace Expansion	<b>150,7</b>	<b>111,0</b>	<b>101,4</b>
Fixed-rate debt	<b>15,5</b>	<b>53,7</b>	<b>139,9</b>
<b>Adjustment to taxes</b>			
Deferred tax on capital gains on property assets (balance sheet)	<b>636,4</b>	<b>806,4</b>	<b>806,4</b>
Actual tax	<b>- 351,7</b>	<b>- 446,7</b>	<b>- 485,9</b>
<b>Adjustment to transfer taxes and disposal costs</b>			
Taxes already deducted from value of assets in balance sheets	<b>647,1</b>	<b>766,6</b>	<b>739,7</b>
Actual Transfer taxes	<b>- 487,9</b>	<b>- 564,7</b>	<b>- 550,2</b>
<b>Impact of rights giving acces to share capital</b>			
Potential impact of stock options granted	<b>168,2</b>	<b>265,9</b>	<b>252,0</b>
<b>Triple net liquidation NAV</b>	<b>13.623,1</b>	<b>15.790,3</b>	<b>16.044,4</b>
Fully diluted number of shares	85.312.925	93.279.736	93.268.803
<b>Fully diluted triple net liquidation NAV per share</b>	<b>159,7 €</b>	<b>169,3 €</b>	<b>172,0 €</b>
<b>% Change vs 31.12.2007</b>			<b>1,60%</b>

(1) As published on June 30,2007 and December 31,2007, without adjustments due to the completion of the purchase price allocation of Rodamco, impact on NAV / share being non significant.

(2) Exposium before January 2008

NAV as at June 30, 2008 is reconciled with NAV as at December 31, 2007 in the following table.

Evolution of triple net liquidation NAV Dec. 31, 2007 to June 30, 2008		
<b>Fully diluted NAV per share as at. Dec. 31, 2007 (€)</b>		<b>169.30</b>
Revaluation of property assets		0.57
	Retail	3.38
	Offices	- 2.73
	Convention & exhibition and other	- 0.08
Capital gain on disposal		0.24
Recurring net profit		4.23
Distribution in H1-2008		- 3.40
Mark-to-market of debt and financial instruments		1.64
Variation in transfer taxes & deferred taxes adjustments		- 0.55
<b>Fully diluted NAV per share as at. June 30, 2008</b>		<b>172.00</b>

## FINANCIAL RESOURCES

H1 2008 was characterised by a difficult environment in terms of bank liquidity, credit spread and rising interest rates. Unibail-Rodamco, thanks to its robust financial situation, performed well in this environment, raising to date €1.4 bn of new medium to long term debt, the average cost of funding has been limited to 4.2% on H1 2008. Financial ratios are maintained at healthy levels with an interest coverage ratio of 3.9x and an LTV of 28%.

### 1. Debt structure at 30 June 2008

Consolidated gross financial debt at 30 June 2008 amounted to €7,370 Mn.

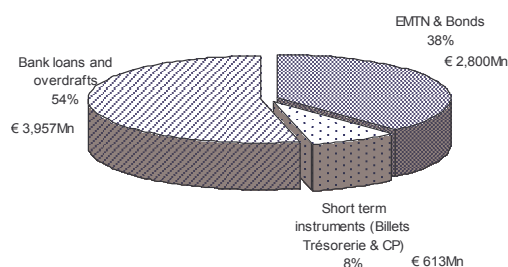
It has been assumed for the sake of computing Unibail-Rodamco's debt that the ORA had a 100% equity content<sup>20</sup>.

#### 1.1. Debt breakdown

Unibail-Rodamco's gross financial debt as at 30 June 2008 breaks down as follows:

- €2,800 Mn in bond issues, of which €800 Mn in Euro Medium Term Notes (EMTN) of Unibail's programme and €1,500 Mn in EMTN of Rodamco's programme, the remainder, €500 Mn, in Rodamco bonds;
- €613 Mn short term issues of which €388 Mn in French commercial paper (*billets de trésorerie*) and €225 Mn under Rodamco's Commercial Paper Programme<sup>21</sup>;
- €3,957 Mn in bank loans, including €3,475 Mn in corporate loans, €409 Mn in mortgage loans and €73 Mn in bank overdrafts.

No loans were subject to prepayment clauses linked to the Company's ratings<sup>22</sup>.



### 1.2. Funds Raised

During H1 2008, new financial resources for Unibail-Rodamco were obtained from both the money-market by issuing commercial paper and *billets de trésorerie*, and the bank loan market, in particular through a €600 Mn club deal and an additional €630 Mn of bilateral lines. Those new lines, which remain only partly drawn at June 30, give more flexibility on liquidity to the Group.

Since the beginning of July 2008, Unibail-Rodamco has concluded an €105 Mn EMTN at 5 years and signed a new €125 Mn bilateral line at 5 years. It is in the process of negotiating additional bilateral lines.

Unibail-Rodamco's refinancing operations over H1 2008 break down as follows:

- €1,230 Mn of new medium to long term loans raised through:
  - (i) A 5.5-year club deal loan of €600 Mn signed in April 2008. It has been drawn in totality in June 2008. The margin paid on the loan at the date of drawdown is 72.5 bp over Euribor;
  - (ii) €630 Mn of bilateral loans, partially drawn (€40 Mn), with a maturity ranging between 2.5 years and 5 years

On average, the margin paid on those €1,230 Mn loans is 63 bp and the average maturity is 4.4 years.
- A total amount of €489 Mn in short term loans from money brokers was raised or rolled over. Of this amount, €123 Mn was outstanding as at 30 June 2008.
- €1,938 Mn in commercial paper. €1,573 Mn in commercial paper (*billets de trésorerie*) issued at the level of Unibail-Rodamco with a maturity of up to one year. Rodamco raised or rolled over €365 Mn during H1 2008.
- The commercial paper programmes (one existing at Unibail-Rodamco's level (*billet de trésorerie*) and

<sup>20</sup> ORA=Obligations Remboursables en Actions Unibail-Rodamco. The €232.7 Mn of the ORA recognised as debt is included in shareholders' funds – this approach is consistent with treatment of the ORA by S&P

For more information on ORA, see the section "Other significant operations" of the Annual Report.

<sup>21</sup> Short term paper is backed by confirmed credit lines (see 1.2)

<sup>22</sup> Barring exceptional circumstances (change in control)

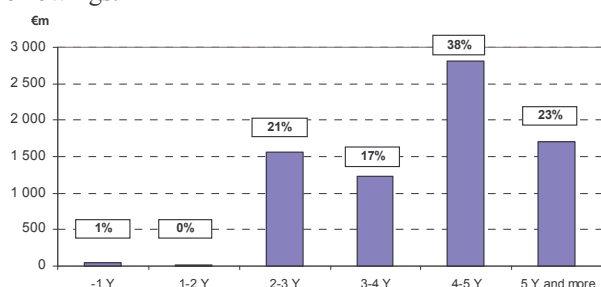
another one at Rodamco's level) are backed by confirmed credit lines<sup>23</sup>. These credit lines protect Unibail-Rodamco against the risk of a temporary or more sustained absence of lenders in the short or medium term debt markets and were provided by leading international banks.

- As at 30 June 2008 the total amount of undrawn credit lines came to €1,678 Mn.
- Unibail-Rodamco has other committed lines, generally used directly by its subsidiaries, for a total amount of €62 Mn. These lines are used for day-to-day cash flow and working capital management

Unibail-Rodamco's cash surplus was limited, amounting to an H1 2008 average of approximately €111 Mn. These surpluses were mainly invested in diversified low-risk money-market unit trusts (*SICAV*) or in overnight deposits with various, creditworthy banks.

### 1.3. Debt maturity

The following chart illustrates Unibail-Rodamco's debt as at 30 June 2008 after the allocation of the confirmed credit lines (including the undrawn part of the bank loans) by date of maturity and based on the residual life of its borrowings.



Nearly 80% of the debt had a maturity of more than 3 years as at 30 June 2008 (after taking into account undrawn credit lines).

Unibail-Rodamco's immediate debt repayment needs are limited: during H2 2008 €626 Mn of bonds or bank loans is maturing, and €166 Mn during 2009.

Based on the Group's active funding strategy and limited immediate debt refinancing requirements, most of the funding needs for the next 18 months have been covered.

<sup>23</sup> These confirmed credit lines generally include requirements to meet specific ratios relating to debt, financial expenses and revalued shareholders equity and are not usually subject to prepayment clauses linked to the company's ratings.

The average maturity of Unibail-Rodamco's debt as at 30 June 2008, taking into account the confirmed unused credit lines<sup>24</sup>, stood at 4.2 years (4.1 years as of 31 December 2007).

### 1.4. Average cost of Debt

Unibail-Rodamco's average refinancing rate came to 4.2% over H1 2008. It remained stable in comparison with 2007 (4.1% over 2007, integrating Rodamco on a full-year basis). This average cost of debt results from the level of margins on existing borrowings and the interest rate risk hedging programme implemented in 2003 and significantly built up in 2005, 2006 and the beginning of 2008.

## 2. Ratings

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

Following the merger with Rodamco, Standard & Poor's upgraded its long-term rating from 'A-' to 'A' and its short-term rating from 'A2' to 'A1' and giving a stable outlook for Unibail-Rodamco.

Moody's gave Unibail-Rodamco a long-term rating of 'A3', also with a stable outlook.

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

## 3. Market risk management

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

Unibail-Rodamco's risk management policy aims to control the impact of interest rate fluctuations on profit, while minimising the overall cost of debt. To achieve these objectives, the Group contracts 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.

<sup>24</sup> Including the undrawn part of bank loans.



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

Due to its use of derivatives to minimise its interest rate and currency risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. To limit counterparty risk, Unibail-Rodamco relies solely on major international banks for its hedging operations.

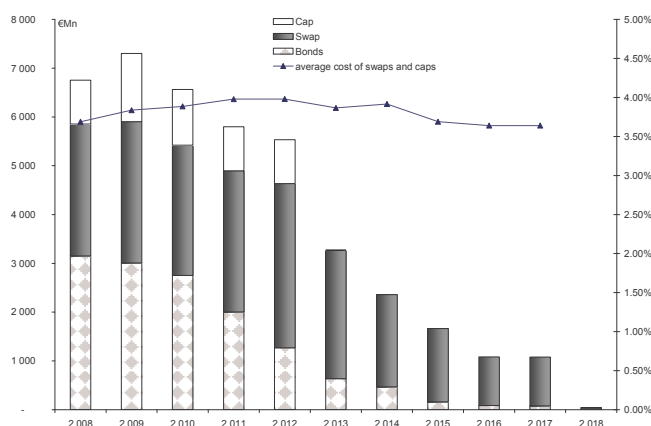
### 3.1. Interest rate risk management

#### Interest rate hedging transactions

Unibail-Rodamco's reinforced its already existing hedging portfolio at the beginning of 2008 by acquiring additional hedging. It entered in swaps covering H2 2008 (€600 Mn), 2009 and 2010 (€500 Mn). It also entered into €400 Mn of 3-year collars beginning in 2010.

In early July 2008, hedging transactions, through forward swaps, have been added to the portfolio, to hedge 2011 to 2014 (€500 Mn).

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



The graph above shows:

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

Note that, when applying IFRS, Unibail Holding did not opt to classify its financial hedging instruments as a cash flow hedge. As a result, any fair value changes in these instruments are recognised in the income statement.

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

#### Measuring interest rate exposure

As at 30 June 2008, net financial debt stood at €7,163 Mn, excluding partners' current accounts and after taking cash surpluses into account (€207 Mn).

The outstanding debt was hedged at 96% against an increase in variable rates, based on debt as at 30 June 2008 (and taking into account swaps beginning on 1 July 2008) through both:

- Debt kept at fixed rate
- Hedging in place as part of Unibail-Rodamco's macro-hedging policy

Based on Unibail-Rodamco's debt situation as at 30 June 2008 and taking into account the acquisition of La Maquinista and Habaneras and hedging instruments in place in the Group, if interest rates (Euribor, Stibor or Libor) were to rise by an average of 1%<sup>25</sup> (100 basis points) during H2 2008, the resulting increase in financial expenses would have an estimated negative impact of - €4.9 Mn on recurring net profit. A further rise of 1% would have an additional adverse impact of - €4.9Mn. Conversely, a 1% (100 basis points) drop in interest rates would reduce financial expenses by an estimated €4.9Mn and would enhance H2 2008 recurring net profit by an equivalent amount.

### 3.2. Managing and measuring currency risk exposure

The Group has activities and investments in countries outside the euro-zone, primarily in Sweden. When converted into euros, the income and value of the Group net investment may be influenced by fluctuations in exchange rates against the euro. Wherever possible, the Group aims to match foreign currency income with expenses in the same currency, reducing the exchange effects on earnings volatility and net valuation of the investment. Translation risks are hedged by either matching cash investments in a specific currency with debt in the same currency, or using derivatives to achieve the same risk management- driven goal. This hedge policy excludes revaluations, capital expenditures and deferred tax. Currency risk during the building period of pipeline investments is covered as early as possible after signing of the actual building contract. Other monetary assets and liabilities held in currencies other than the euro are managed by ensuring that net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term balances.

<sup>25</sup> The eventual impact on exchange rates due to this theoretical increase of 1% in interest rates is not taken into account; theoretical impact of rise in interest rates are calculated above a Euribor 3 months and a Stibor 3 months of 4.95%.

### Main foreign currency positions<sup>26</sup> (in € Mn)

Currency	Assets	Liabilities	Net exposure	Hedging instruments	Exposure net of hedges	Managed exposure net of hedges
SEK	1 778.8	653.8	1 125.0	613.6	511.4	7.5
DKK	332.0	103.9	228.0	127.0	101.0	38.3
HUF	1.2	-	1.2	-	1.2	1.2
USD	217.7	72.4	145.2	28.3	116.9	4.3
SKK	-	4.4	-	4.4	-	4.2
CZK	7.0	166.1	-	159.1	-	1.9
PLN	0.3	0.1	0.2	-	0.2	0.2
<b>Total</b>	<b>2 332.5</b>	<b>996.4</b>	<b>1 336.1</b>	<b>611.7</b>	<b>724.4</b>	<b>36.8</b>

The main exposure kept is in Swedish Krona. The sensitivity of 2008 recurring result<sup>27</sup> to a 10% change in the exchange rate Swedish Krona / Euro is limited to €2.4 Mn.

A 10% change in the EUR/SEK exchange rate would have a €46 Mn impact on shareholders' equity.

### 4. Financial structure

As at 30 June 2008, the portfolio valuation (including transfer taxes) of the Unibail-Rodamco group amounted to €26,081 Mn.

#### Debt ratio

As at 30 June 2008, the 'net financial debt / portfolio valuation' ratio calculated for Unibail-Rodamco was set at 28% in line with the levels recorded at 31 December 2007 (28%) and 31 December 2006 (25% for Unibail on a stand alone basis and 30% for Rodamco<sup>28</sup>).

### Interest coverage ratio

The recurring net operating profit interest coverage ratio for Unibail-Rodamco came to 3.9x for H1 2008. It is in line with the high levels achieved in recent years (4.0x in 2007, pro-forma ratio). This level was realised as a result of: (i) the low level of the Group's average debt, (ii) the tightly controlled cost of debt and (iii) income growth.

Financial ratios	31 Dec. 2007	30 June 2008
Net financial debt / market value of portfolio	28%	28%
Recurring net operating profit interest coverage ratio <sup>29</sup> (Unibail-Rodamco proforma )	4.0x	3.9x

<sup>26</sup> Managed exposure is the remaining exposure after exclusion of accepted exposures resulting from capex, revaluations and deferred taxes.

<sup>27</sup> The sensitivity is measured by applying a change in exchange rate to the net revenues in SEK (net rents – financial expenses)

<sup>28</sup> The portfolio valuation used includes transfer taxes.

<sup>29</sup> Calculation based on the '[total recurring operating results + total general expenses and other income less depreciation and amortization / [recurring net financial expenses, including capitalized interest]'. Pro forma figures including full year 2007 Unibail and Rodamco.



## **Condensed consolidated interim financial statements as at June 30, 2008**

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- **Consolidated interim income statements: EPRA<sup>(1)</sup> format and by division**
- **Interim earnings per share**
- **Consolidated interim balance sheet**
- **Consolidated interim cash flow statement**
- **Interim statement of changes in consolidated equity**
- **Interim changes in share capital**
- **Notes to the consolidated interim financial statements**
  - 1. Accounting principles and consolidation methods
  - 2. Scope of consolidation
  - 3. Highlights of the first half of 2008
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  - 8. Employee remuneration and benefits
  - 9. Related party disclosures
  - 10. Transactions after the accounting date
- **Statutory Auditors' review report on the first half-year financial information**

(1) Presentation complying with European Public Real Estate Association best practices policy recommendations

**CONSOLIDATED INTERIM INCOME STATEMENTS**

 Presented under EPRA<sup>(1)</sup> format

(in millions of euros)	Notes	H1-2008	H1-2007	YEAR-END 2007 restated (*)
Gross rental income	18	699.4	262.8	879.5
Ground rents paid	19	-11.2	-6.3	-11.4
Net service charge expenses	20	-5.2	-3.1	-9.1
Property operating expenses	21	-82.8	-24.7	-93.6
<b>Net rental income</b>		<b>600.1</b>	<b>228.7</b>	<b>765.4</b>
Corporate expenses		-46.4	-10.2	-60.3
Development expenses		-1.6	-1.0	-4.4
Depreciation		-1.3	-0.9	-3.0
<b>Administrative expenses</b>	22	<b>-49.3</b>	<b>-12.1</b>	<b>-67.7</b>
Revenues from other activities		84.2	94.2	184.8
Other expenses		-63.0	-70.7	-153.3
<b>Net other income</b>	23	<b>21.1</b>	<b>23.5</b>	<b>31.5</b>
Proceeds from disposal of investment property		953.5	104.6	192.6
Carrying value of investment property sold		-931.1	-106.0	-171.9
<b>Profit on disposal of investment property</b>	24	<b>22.4</b>	<b>-1.4</b>	<b>20.7</b>
Valuation gains		583.3	718.4	1,679.2
Valuation losses		-518.4	-4.0	-12.1
<b>Valuation movements</b>	25	<b>64.9</b>	<b>714.4</b>	<b>1,667.1</b>
<b>Amortisation of Goodwill</b>		<b>-</b>	<b>-</b>	<b>-1,349.6</b>
<b>NET OPERATING PROFIT BEFORE FINANCING COST</b>		<b>659.3</b>	<b>953.1</b>	<b>1,067.4</b>
Dividend income from non-consolidated companies		0.1	0.2	0.3
<i>Financial income</i>		40.5	24.9	68.3
<i>Financial expenses</i>		-168.8	-69.5	-225.0
Net financing costs		-128.4	-44.6	-156.8
Bonds redeemable for shares		-5.8	-	-6.0
Fair value adjustments of derivatives and debts	26	62.3	98.3	53.9
Debt discounting		-0.9	-1.3	-3.7
Profit on disposal of associates		7.5	-	201.0
Share of the profit of associates	27	3.5	213.3	8.4
Income on financial assets		4.5	4.5	14.9
<b>PROFIT BEFORE TAX</b>		<b>602.0</b>	<b>1,223.5</b>	<b>1,179.4</b>
Income tax expenses	28	-54.3	2.0	-53.4
<b>NET PROFIT FOR THE PERIOD</b>		<b>547.7</b>	<b>1,225.5</b>	<b>1,126.0</b>
Minority interests	29	58.3	81.6	181.2
<b>NET PROFIT (group share)</b>		<b>489.4</b>	<b>1,143.9</b>	<b>944.8</b>
Recurring earnings		394.3	186.7	538.9
Non recurring earnings		95.0	957.2	405.8
<b>Recurring earnings per share (€)</b>		<b>4.33</b>	<b>4.05</b>	<b>7.86</b>
Average number of shares (undiluted)		81,876,510	46,142,271	63,899,201
Net profit (group share)		489.4	1,143.9	944.8
<b>Net profit (Group share) per share (€)</b>		<b>5.98</b>	<b>24.79</b>	<b>14.79</b>
Average number of diluted shares		91,554,952	47,136,714	69,274,513

<b>Diluted net profit per share Group Share (€)</b>	<b>5.35</b>	<b>24.27</b>	<b>13.64</b>
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<sup>(1)</sup> Presentation complying with European Public Real Estate Association best practices policy recommendations

(\*) Further to the completion of the Purchase Price Allocation of the business combination of Unibail and Rodamco, the 2007 goodwill depreciation has been adjusted (see section 3 “Highlights of the first half of 2008”)

## CONSOLIDATED INTERIM INCOME STATEMENTS BY DIVISION

		H1 - 2008			H1 - 2007			2007 Restated *		
		Recurring activities	Valuation movements and disposals	Result	Recurring activities	Valuation movements and disposals	Result	Recurring activities	Valuation movements and disposals	Result
(in millions of euros)										
RETAIL	Gross rental income	225.3		225.3	133.2	-	133.2	328.5		328.5
	Operating expenses & net service charges	-16.0		-16.0	-6.2	-	-6.2	-22.3		-22.3
	<b>Net rental income</b>	<b>209.3</b>	<b>0.0</b>	<b>209.3</b>	<b>127.0</b>	<b>0.0</b>	<b>127.0</b>	<b>306.2</b>	<b>0.0</b>	<b>306.2</b>
	Contribution of affiliates	2.3	0.6	2.9	1.8	4.1	5.9	4.1	6.2	10.4
	Gains on sales of properties			0.0	-	-1.7	-1.7		-1.7	-1.7
	Valuation movements		236.2	236.2		322.0	322.0		876.2	876.2
	<b>Result Retail France</b>	<b>211.6</b>	<b>236.8</b>	<b>448.4</b>	<b>128.8</b>	<b>324.4</b>	<b>453.2</b>	<b>310.3</b>	<b>880.7</b>	<b>1,191.1</b>
	Gross rental income	97.1		97.1	-	-	0.0	106.9		106.9
	Operating expenses & net service charges	-10.7		-10.7	-	-	0.0	-13.9		-13.9
	<b>Net rental income</b>	<b>86.4</b>	<b>0.0</b>	<b>86.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>93.0</b>	<b>0.0</b>	<b>93.0</b>
	Contribution of affiliates			0.0	-	-	0.0			0.0
	Gains on sales of properties		12.3	12.3	-	-	0.0		0.4	0.4
	Valuation movements		59.9	59.9	-	-	0.0		73.1	73.1
	<b>Result Retail Netherlands - Belgium</b>	<b>86.4</b>	<b>72.2</b>	<b>158.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>93.0</b>	<b>73.5</b>	<b>166.5</b>
	Gross rental income	59.1		59.1	-	-	0.0	55.9		55.9
	Operating expenses & net service charges	-14.3		-14.3	-	-	0.0	-11.9		-11.9
	<b>Net rental income</b>	<b>44.8</b>	<b>0.0</b>	<b>44.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>44.0</b>	<b>0.0</b>	<b>44.0</b>
	Contribution of affiliates			0.0	-	-	0.0			0.0
	Gains on sales of properties			0.0	-	-	0.0			0.0
	Valuation movements		10.5	10.5	-	-	0.0		82.9	82.9
	<b>Result Retail Nordic</b>	<b>44.8</b>	<b>10.5</b>	<b>55.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>44.0</b>	<b>82.9</b>	<b>126.9</b>
	Gross rental income	49.5		49.5	-	-	0.0	48.9		48.9
	Operating expenses & net service charges	-3.8		-3.8	-	-	0.0	-6.1		-6.1
	<b>Net rental income</b>	<b>45.7</b>	<b>0.0</b>	<b>45.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>42.8</b>	<b>0.0</b>	<b>42.8</b>
	Contribution of affiliates			0.0	-	-	0.0			0.0
	Gains on sales of properties		0.1	0.1	-	-	0.0		-1.0	-1.0
	Valuation movements		-43.6	-43.6	-	-	0.0		50.1	50.1
	<b>Result Retail Spain</b>	<b>45.7</b>	<b>-43.5</b>	<b>2.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>42.8</b>	<b>49.1</b>	<b>91.9</b>
	Gross rental income	51.0		51.0	-	-	0.0	46.0		46.0
	Operating expenses & net service charges	-1.8		-1.8	-	-	0.0	-3.5		-3.5
	<b>Net rental income</b>	<b>49.2</b>	<b>0.0</b>	<b>49.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>42.5</b>	<b>0.0</b>	<b>42.5</b>
	Contribution of affiliates			0.0	-	-	0.0			0.0
	Gains on sales of properties			0.0	-	-	0.0		-1.0	-1.0
	Valuation movements		74.7	74.7	-	-	0.0		66.8	66.8
	<b>Result Retail Central Europe</b>	<b>49.2</b>	<b>74.7</b>	<b>123.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>42.5</b>	<b>65.8</b>	<b>108.3</b>
	<b>TOTAL RESULT RETAIL</b>	<b>437.8</b>	<b>350.7</b>	<b>788.4</b>	<b>128.8</b>	<b>324.4</b>	<b>453.2</b>	<b>532.6</b>	<b>1,152.0</b>	<b>1,684.7</b>
OFFICES & INDUSTRIAL	Gross rental income	86.3		86.3	77.5	-	77.5	159.6		159.6
	Operating expenses & net service charges	1.1		1.1	-4.0	-	-4.0	-6.7		-6.7
	<b>Net rental income</b>	<b>87.5</b>	<b>0.0</b>	<b>87.5</b>	<b>73.5</b>	<b>0.0</b>	<b>73.5</b>	<b>152.9</b>	<b>0.0</b>	<b>152.9</b>
	Contribution of affiliates			0.0	3.4	208.2	211.6	12.7		12.7
	Gains on sales of properties and affiliates		4.5	4.5	-	-	-		222.1	222.1
	Valuation movements		-256.5	-256.5	-	392.7	392.7		506.7	506.7
	<b>Result Offices France</b>	<b>87.5</b>	<b>-252.0</b>	<b>-164.5</b>	<b>76.9</b>	<b>600.9</b>	<b>677.8</b>	<b>165.6</b>	<b>728.8</b>	<b>894.4</b>
	Gross rental income	32.5		32.5	-	-	0.0	32.0		32.0
	Operating expenses & net service charges	-4.6		-4.6	-	-	0.0	-5.5		-5.5
	<b>Net rental income</b>	<b>27.9</b>	<b>0.0</b>	<b>27.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>26.5</b>	<b>0.0</b>	<b>26.5</b>
CONVENTION EXHIBITION	Contribution of affiliates			0.0	-	-	0.0			0.0
	Gains on sales of properties		5.5	5.5	-	-	0.0		2.7	2.7
	Valuation movements		2.0	2.0	-	-	0.0		19.6	19.6
	<b>Result Offices other countries</b>	<b>27.9</b>	<b>7.5</b>	<b>35.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>26.5</b>	<b>22.3</b>	<b>48.8</b>
	<b>TOTAL RESULT OFFICES &amp; INDUSTRIAL</b>	<b>115.4</b>	<b>-244.5</b>	<b>-129.1</b>	<b>76.9</b>	<b>600.9</b>	<b>677.8</b>	<b>192.1</b>	<b>751.1</b>	<b>943.2</b>
	Gross rental income	92.0		92.0	49.1	-	49.1	95.1		95.1
	Operating expenses & net service charges	-49.3		-49.3	-23.9	-	-23.9	-43.5		-43.5
	<b>Net rental income</b>	<b>42.7</b>	<b>0.0</b>	<b>42.7</b>	<b>25.2</b>	<b>0.0</b>	<b>25.2</b>	<b>51.6</b>	<b>0.0</b>	<b>51.6</b>
	On site property services	18.3		18.3	6.3	-	6.3	12.7		12.7
	Hotels net rental income	6.5		6.5	6.8	-	6.8	11.9		11.9
	Exhibitions organizing		7.5	7.5	3.1	0.2	3.3	9.7		9.7
	Contribution of affiliates	2.5	2.6	5.1	0.3		0.3	0.2		0.2
	Valuation movements and depreciation	-7.1	-18.3	-25.4	-3.5	-0.2	-3.7	-7.4	-8.2	-15.6
	<b>TOTAL RESULT CONVENTION EXHIBITION</b>	<b>62.9</b>	<b>-8.2</b>	<b>54.7</b>	<b>38.2</b>	<b>0.0</b>	<b>38.2</b>	<b>78.7</b>	<b>-8.2</b>	<b>70.5</b>
	Miscellaneous	5.9		5.9	12.2		12.2	5.8		5.8
	Other property services net operating profit	3.5		3.5	1.6		1.6	5.1		5.1
	Leasing	0.5		0.5						
	General expenses	-47.7		-47.7	-11.1		-11.1	-63.3		-63.3
	Development costs	-1.6		-1.6	-1.0		-1.0	-4.4		-4.4
	Financing result	-128.4	55.6	-72.8	-44.4	97.0	52.6	-156.8	44.2	-112.6
	Goodwill's depreciation			0.0					-1,349.6	-1,349.6
<b>PRE-TAX PROFIT</b>		<b>448.5</b>	<b>153.5</b>	<b>602.0</b>	<b>201.2</b>	<b>1,022.3</b>	<b>1,223.5</b>	<b>589.8</b>	<b>589.5</b>	<b>1,179.4</b>
Corporate income tax		-7.8	-46.5	-54.3	6.5	-4.5	2.0	-1.5	-51.9	-53.4
<b>NET PROFIT</b>		<b>440.7</b>	<b>107.0</b>	<b>547.7</b>	<b>207.7</b>	<b>1,017.7</b>	<b>1,225.4</b>	<b>588.3</b>	<b>537.6</b>	<b>1,126.0</b>
Minority interest		46.4	12.0	58.3	21.0	60.6	81.6	49.4	131.8	181.2
<b>NET PROFIT GROUP SHARE</b>		<b>394.3</b>	<b>95.0</b>	<b>489.4</b>	<b>186.7</b>	<b>957.1</b>	<b>1,143.8</b>	<b>538.9</b>	<b>405.8</b>	<b>944.8</b>
Average number of shares and ORA (million)		91.1			46.1			68.6		
<b>NET RECURRING RESULT PER SHARE (€)</b>		<b>4.33</b>			<b>4.05</b>			<b>7.86</b>		

(\*) Further to the completion of the Purchase Price Allocation of the business combination of Unibail and Rodamco, the 2007 goodwill depreciation has been adjusted (see section 3 “Highlights of the first half of 2008”)

The financial statements are presented in millions of euros, rounded to the nearest hundred thousand and as a result slight differences between rounded figures could exist in the different statements.

## CONSOLIDATED INTERIM BALANCE SHEET

Unibail-Rodamco Group Consolidated Balance Sheet (in millions of euros)	Notes	Year-End 2007 published	Year-End 2007 restated (*)	H1-2008
<b>NON CURRENT ASSETS</b>		<b>23,835.5</b>	<b>23,859.9</b>	<b>25,267.3</b>
Tangible assets	1	1,099.3	1,099.3	1,106.4
Investment properties	2	21,506.8	21,520.8	22,735.6
Goodwill	3	418.7	429.1	260.4
Intangible assets	4	302.4	302.4	288.6
Loans		198.3	198.3	243.8
Deferred tax assets	13	45.0	45.0	44.1
Derivatives at fair value	12	175.9	175.9	261.9
Shares of companies consolidated under equity method	5	89.1	89.1	326.5
<b>CURRENT ASSETS</b>		<b>1,710.3</b>	<b>1,671.3</b>	<b>1,492.1</b>
<b>Properties under promise or mandate of sale</b>	1 & 2	<b>823.0</b>	<b>784.0</b>	<b>420.4</b>
<b>Inventories</b>	6	<b>31.4</b>	<b>31.4</b>	<b>0.0</b>
<b>Trade receivables from activity</b>	7	<b>274.7</b>	<b>274.7</b>	<b>380.0</b>
Property portfolio		244.0	244.0	317.8
Other activities		30.7	30.7	62.2
<b>Other trade receivables</b>	8	<b>464.8</b>	<b>464.8</b>	<b>484.5</b>
Tax receivables		171.1	171.1	133.1
Receivables on sale of property		2.6	2.6	0.0
Other receivables		196.9	196.9	230.4
Prepaid expenses		94.2	94.2	121.0
<b>Cash and equivalent</b>	9	<b>116.4</b>	<b>116.4</b>	<b>207.3</b>
Financial assets		4.6	4.6	15.8
Cash		111.8	111.8	191.4
<b>TOTAL ASSETS</b>		<b>25,545.8</b>	<b>25,531.2</b>	<b>26,759.5</b>
<b>Shareholders' equity (group share)</b>		<b>14,603.7</b>	<b>14,589.1</b>	<b>14,883.2</b>
Share capital		408.8	408.8	409.7
Additional paid-in capital		6,827.4	6,827.4	6,837.6
Bonds redeemable for shares		1,566.5	1,566.5	1,566.5
Consolidated reserves		4,086.1	4,086.1	5,532.7
Hedging reserve		5.1	5.1	4.0
Other reserves		-17.7	-17.7	-18.7
Retained earnings		1,046.4	1,046.4	62.0
Consolidated result		959.4	944.8	489.4
Interim dividends		-278.3	-278.3	0.0
<b>MINORITY INTERESTS</b>		<b>1,031.2</b>	<b>1,031.2</b>	<b>1,302.1</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>15,634.9</b>	<b>15,620.3</b>	<b>16,185.3</b>
<b>NON CURRENT LIABILITIES</b>		<b>7,109.4</b>	<b>7,109.4</b>	<b>8,068.8</b>
Commitment to purchase minority interests	10	133.9	133.9	37.6
Long-term borrowings	11	5,783.7	5,783.7	6,795.8
Derivatives at fair value	12	32.0	32.0	46.6
Deferred tax liabilities	13	961.1	961.1	977.8
Long-term provisions	14	29.0	29.0	29.5
Employee benefits	14	9.2	9.2	6.8
Guarantee deposits		138.0	138.0	146.2
Tax liabilities		4.6	4.6	4.6
Amounts due on investments		17.9	17.9	23.8
<b>CURRENT LIABILITIES</b>		<b>2,801.5</b>	<b>2,801.5</b>	<b>2,505.5</b>
<b>Amounts owed to shareholders</b>	15	<b>153.9</b>	<b>153.9</b>	<b>173.1</b>
<b>Amounts due to suppliers and other current debt</b>	16	<b>726.7</b>	<b>726.7</b>	<b>800.1</b>
Amounts due to suppliers		120.8	120.8	149.3
Amounts due on investments		196.9	196.9	236.9
Sundry creditors		251.1	251.1	274.3
Other liabilities		157.9	157.9	139.6
<b>Current borrowings and amounts due to credit institutions</b>	11	<b>1,742.7</b>	<b>1,742.7</b>	<b>1,347.7</b>

<b>Tax &amp; social security liabilities</b>	17	<b>147.9</b>	<b>147.9</b>	<b>174.2</b>
<b>Contingencies and other current liabilities</b>	14	<b>30.3</b>	<b>30.3</b>	<b>10.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>25,545.8</b>	<b>25,531.2</b>	<b>26,759.5</b>

(\*) Further to the completion of the Purchase Price Allocation of the business combination of Unibail and Rodamco, the 2007 goodwill depreciation has been adjusted (see section 3 “Highlights of the first half of 2008”)

## CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	Notes	H1-2008	H1-2007	Year-End 2007 restated (*)
<b>Operating activities</b>				
<b>Net profit</b>		<b>547.7</b>	<b>1,225.5</b>	<b>1,126.0</b>
Depreciation & provisions		9.7	-22.7	1,350.8
Changes in value of property assets		-64.7	-714.4	-1,667.1
Changes in value of financial instruments		-62.3	-98.3	-54.0
Discounting income/charges		0.9	1.3	3.7
Charges and income relating to stock options and similar items		3.1	2.8	5.5
Other income and expenses		-0.6	0.2	0.2
Net capital gains/losses on sales of properties and affiliates <sup>(1)</sup>		-32.2	0.7	-223.9
Income from companies consolidated under the equity method		-3.5	-213.3	-8.4
Income on financial assets		-4.5	-4.5	-14.9
Dividend income from non-consolidated companies		-0.1	-0.1	-0.2
Net financing costs		133.9	44.6	162.8
Income tax charge		54.3	5.6	53.4
<b>Cash flow before net financing costs and tax</b>		<b>581.7</b>	<b>227.4</b>	<b>733.9</b>
Income on financial assets		4.5	1.5	14.0
Dividend income and result from non-consolidated companies		0.1	0.1	0.2
Income tax paid		-22.0	-1.9	-12.1
Change in working capital requirement		-78.9	-3.1	-129.2
<b>Total cash flow from operating activities</b>		<b>485.4</b>	<b>224.0</b>	<b>606.8</b>
<b>Investment activities</b>				
<b>Property activities</b>		<b>-406.7</b>	<b>-141.7</b>	<b>-750.1</b>
Acquisition of consolidated subsidiaries	30	-695.3	-8.8	-308.3
Amounts paid for works and acquisition of property assets		-833.0	-240.5	-906.2
Exit tax payment		-	-	-30.0
Property financing <sup>(2)</sup>		-22.2	4.3	-167.7
Disposal of consolidated subsidiaries	30	279.8	14.4	468.6
Disposal of investment property		864.0	88.9	193.5
<b>Finance leasing and short-term lending activities</b>		<b>0.4</b>	<b>0.9</b>	<b>2.9</b>
Repayment of finance leasing		0.4	0.9	2.9
<b>Financial activities</b>		<b>0.7</b>	<b>0.0</b>	<b>1.1</b>
Disposal of financial assets		0.7	0.0	1.1
<b>Total cash flow from investment activities</b>		<b>-405.6</b>	<b>-140.8</b>	<b>-746.1</b>
<b>Financing activities</b>				
Capital increase		11.2	6.2	19.2
Expenses issue of shareholders' equity		-	-40.7	-42.9
Dividends paid to parent company shareholders		-310.1	-92.3	-429.3
Dividends paid to minority shareholders of consolidated companies		-4.5	-3.8	-3.8
Purchase of treasury shares		-	-	-25.7
New borrowings and financial liabilities		4,876.4	983.7	3,460.4
Repayment of borrowings and financial liabilities		-4,499.6	-888.8	-2,582.4
Net interest paid		-123.1	-49.4	-161.6
Other financing activities		-	0.4	-4.0
<b>Net cash flow from financing activities</b>		<b>-49.7</b>	<b>-84.7</b>	<b>229.9</b>
<b>Change in cash and cash equivalents during the year</b>		<b>30.1</b>	<b>-1.5</b>	<b>90.6</b>
<b>Cash at beginning of period</b>		<b>96.9</b>	<b>3.1</b>	<b>3.1</b>

<b>Effect of exchange rate fluctuations on cash held</b>		<b>7.7</b>	<b>-</b>	<b>3.2</b>
<b>Cash at period-end <sup>(3)</sup></b>	<b>31</b>	<b>134.7</b>	<b>1.6</b>	<b>96.9</b>

<sup>(1)</sup> This item includes capital gains/losses on property sales (excluding charges spread over the duration of the lease), disposal of short-term investment property, disposals of finance leasing and disposals of operating assets.

<sup>(2)</sup> “Property financing” corresponds in 2008 to the interest received on the prepayment done for the acquisition of the company owning the shopping centre Złote Tarasy located at Warsaw (Poland), as well as the prepayment made to acquire an office building close to this shopping centre.

<sup>(3)</sup> Cash and cash equivalents include bank accounts and current accounts with terms of less than three months.

(\*) Further to the completion of the Purchase Price Allocation of the business combination of Unibail and Rodamco, the 2007 goodwill depreciation has been adjusted (see section 3 “Highlights of the first half of 2008”)



## INTERIM STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in millions of euros)	Capital	Additional paid-in capital	Bonds Redeemable for Shares	Consolidated reserves (1)	Consolidated net profit	Cash flow hedging reserves	Currency translation reserve	Total Shareholders' equity	Minority interests	Total equity
<b>Balance as at January 1, 2007</b>	230.7	64.5	-	3,616.7	2,139.8	1.4	-	6,053.1	781.1	6,834.2
Earnings appropriation				2,139.8	-2,139.8			0.0		-
Dividends related to 2006				-194.3				-194.3	-21.5	215.8
Net profit for the year					1,143.9			1,143.9	81.6	1,225.5
Stock options and Company Savings Plan	0.2	5.5						5.7		5.7
Share based payments				2.8				2.8		2.8
Derivatives: depreciation of hedging reserves						-0.9		-0.9		0.9
Capital increase after the Public Exchange Offer for Rodamco	139.6	5,315.7		-22.3				5,433.0		5,433.0
Issue of bonds redeemable for shares after the Public Exchange Offer for Rodamco			1,575.2					1,575.2		1,575.2
Distribution related to the Bonds Redeemable for Shares				-18.7				-18.7		18.7
Changes in scope of consolidation				-1.2				-1.2	1,461.6	1,460.4
Reclassification of minority interests				0.4				0.4	-15.6	15.2
<b>Balance as at June 30, 2007</b>	370.5	5,385.7	1,575.2	5,523.2	1,143.9	0.5	0.0	13,999.0	2,287.2	16,286.2
Foreign currency translation							-9.7	-9.7	-0.3	-10.0
Gain/loss on net investment hedge							-8.0	-8.0		-8.0
Cash flow hedge:								0.0		0.0
Gains/losses taken into equity						-1.0		-1.0		-1.0
Depreciation of hedging reserves						-3.5		-3.5		-3.5
<b>Net income/expenses recognised directly in equity</b>	0.0	0.0	0.0	0.0	0.0	-4.5	-17.7	-22.2	-0.3	-22.5
Net profit for the year					-184.5			-184.5	99.7	-84.8
<b>Total recognised income and expense for the period</b>	0.0	0.0	0.0	0.0	-184.5	-4.5	-17.7	-206.7	99.4	-107.3
Earnings appropriation								0.0		0.0
Dividends related to 2006				-15.1				-15.1	0.0	-15.1
Interim dividends related to 2007				-278.3				-278.3		-278.3
Stock options and Company Savings Plan	1.2	12.3						13.5		13.5
Capital increase after the Public Exchange Offer for Rodamco	37.7	1,443.9		-95.0				1,386.6		1,386.6
Issue of bonds redeemable for shares after the Public Exchange Offer for Rodamco	0.2	8.9	-8.7					0.4		0.4
Distribution related to the Bonds Redeemable for Shares				-16.8				-16.8		-16.8
Share based payments				3.1				3.1		3.1
Cancellation of treasury shares	-0.8	-23.4		-1.5				-25.7		-25.7
Changes in scope of consolidation				-268.2		9.1		-259.1	-1,348.0	-1,607.1
Reclassification of minority interests				2.8				2.8	-7.4	-4.6
<b>Balance as at December 31, 2007</b>	408.8	6,827.4	1,566.5	4,854.2	959.4	5.1	-17.7	14,603.7	1,031.2	15,634.9
Opening adjustment (2)					-14.6			-14.6	0.0	-14.6
<b>Balance as at December 31, 2007 - restated</b>	408.8	6,827.4	1,566.5	4,854.2	944.8	5.1	-17.7	14,589.1	1,031.2	15,620.3
Foreign currency translation							-1.0	-1.0		-1.0
Cash flow hedge:								0.0		0.0
Gains/losses taken into equity						-1.1		-1.1		-1.1
Depreciation of hedging reserves								-1.1		-1.1
<b>Net income/expenses recognised directly in equity</b>	0.0	0.0	0.0	0.0	0.0	-1.1	-1.0	-2.1	0.0	-2.1
Net profit for the year					489.4			489.4	58.3	547.7
<b>Total recognised income and expense for the period</b>	0.0	0.0	0.0	0.0	489.4	-1.1	-1.0	487.3	58.3	545.6
Earnings appropriation				944.8	-944.8			0.0	-26.0	-26.0
Dividends related to 2007				-295.0				-295.0		-295.0
Stock options and Company Savings Plan	0.8	10.4						11.2		11.2
Distribution related to the Bonds Redeemable for Shares				-20.9				-20.9		-20.9
Reevaluation (3)				54.6				54.6		54.6
Share based payment				3.1				3.1		3.1
Changes in scope of consolidation (4)				54.9				54.9	252.4	307.3
Reclassification of minority interests				-1.0				-1.0	-13.8	-14.8
<b>Balance as at June 30, 2008</b>	409.6	6,837.8	1,566.5	5,594.7	489.4	4.0	-18.7	14,883.3	1,302.1	16,185.4

(1) Includes consolidated reserves, retained earnings and interim dividend

(2) Relates to the completion of the Purchase Price Allocation of the business combination of Unibail and Rodamco (see section 3 “Highlights of the first half of 2008”, §3.3 )

(3) Revaluation of the “3-5 Malesherbes” office building in France following its transfer from the category “Tangible assets” to “Investment property” (see section 5 “Notes and comments” note 1)

(4) Relates to the transfer of 50% of Unibail-Rodamco’s ownership of its convention-exhibitions venues (see section 3, § 3-1 “Creation of Viparis and Comexposium”)

## CHANGES IN SHARE CAPITAL

	Total number of shares
<b>As at January 1, 2007</b>	<b>46,123,217</b>
Capital increase after the Public Offer of Exchange for Rodamco	35,460,833
- <i>first offer</i>	27,917,226
- <i>second offer</i>	7,543,607
Capital increase reserved for employees under Company Savings Plan	28,668
Exercise of stock options	276,569
Bonds redeemable for shares	46,530
Cancellation of treasury shares	-173,843
<b>As at December 31, 2007</b>	<b>81,761,974</b>
Capital increase reserved for employees under Company Savings Plan	26,117
Exercise of stock options	146,068

	Bonds redeemable for shares	156
<b>As at June 30, 2008</b>		<b>81,934,315</b>

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### 1) Accounting principles and consolidation methods

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The interim consolidated financial statements have been prepared in accordance with IAS 34 “Financial interim information”. As these are condensed financial results, they do not include all of the information required by the IFRS and must be read in relation with the Group’s annual consolidated financial accounts for the year ended December 31, 2007.

The accounting principles applied for the preparation of these half-yearly consolidated financial accounts are in accordance with the IFRS and interpretations as adopted by the European Union as of June 30, 2008. These can be consulted on the website [http://ec.europa.eu/internal\\_market/accounting/ias\\_en.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission).

The accounting principles and methods used are consistent with those applied for the preparation of the annual consolidated financial statements as at December 31, 2007, except for the application of the following new obligatory interpretation :

IFRIC 11 : IFRS 2 – Group and Treasury Share Transactions

This interpretation does not have a significant impact on the Group’s accounts.

These accounting principles do not differ from the IFRS as published by the IASB, in that the obligatory application to accounting periods opened as of January 1, 2008 of the following interpretations, which have not yet been adopted by the European Union, would not have had a material impact on the Group’s accounts :

IFRIC 12 : Service Concession Arrangements

IFRIC 14 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The Group has not used in advance IFRS and interpretations, or improvements thereof, for which the obligatory date of application will only relate to accounting periods opened after January 1, 2008 :

IAS 1 R : Presentation of Financial Statements

IAS 23 R : Borrowing Costs

IAS 27 A : Consolidated and Separate Financial Statements

IAS 32 A : Puttable Financial Instruments and Obligations Arising on Liquidation

IFRS 2 A : Vesting Conditions and Cancellations

IFRS 3 R : Business Combinations

IFRS 8 : Operating Segments

IFRIC 13 : Customer Loyalty Programmes

The Group is currently analysing the potential impact of these standards on its consolidated accounts. At this stage of the analysis, the Group does not anticipate that there will be any significant impact.

The Group’s activities are not cyclical in nature. However, as far as the Convention-Exhibition division is concerned, it should be noted that business is stronger in even-numbered years.

## 2) Scope of consolidation

List of consolidated companies	Country	% interest	% interest	% control	Method <sup>(1)</sup>
		Dec 31, 2007	June 30, 2008	June 30, 2008	
SA Unibail-Rodamco	France	100.00	100.00	100.00	FC
<b>SHOPPING CENTRES</b>					
Andraka Beteiligungsverwaltungs GmbH	Austria	-	98.52	98.52	FC
Donau-Zentrum Besitz- und Vermietungs-AG	Austria	88.67	88.67	88.67	FC
DX-Donauplex Betriebsgesellschaft m.b.h	Austria	88.67	88.67	88.67	FC
DZ-Betriebsführungs GmbH	Austria	88.67	88.67	88.67	FC
Rodamco Central Europe GmbH	Austria	98.52	98.52	98.52	FC
SC Planungs- und Entwicklungs GmbH	Austria	-	98.52	98.52	FC
SC Planungs- und Entwicklungs GmbH & Co Werbebe	Austria	-	98.52	98.52	FC
SC Vösendorf Verwaltungs GmbH	Austria	-	98.52	98.52	FC
SCS Erweiterungsbau GmbH & Co Anl. Verm. KB	Austria	-	98.52	98.52	FC
SCS Immobilienverwaltungs GmbH	Austria	-	98.52	98.52	FC
SCS Infrastruktur GmbH	Austria	-	98.52	98.52	FC
SCS Liegenschaftsverwertungs GmbH	Austria	-	98.52	98.52	FC
SCS Motor CITY Süd Errichtungs GmbH	Austria	-	98.52	98.52	FC
SCS Werbe GmbH	Austria	-	98.52	98.52	FC
Südpark Holding GmbH	Austria	98.52	98.52	98.52	FC
Unibail-Rodamco Liegenschaftserwerbs GmbH	Austria	-	98.52	98.52	FC
U-R Beteiligungsverwaltungs GmbH	Austria	-	98.52	98.52	FC
Boneff N.V.	Belgium	98.52	Sold	Sold	-
Diamantvalk B.V.	Belgium	98.52	Sold	Sold	-
Edelvalk B.V.	Belgium	98.52	Sold	Sold	-
Imrohem N.V.	Belgium	98.52	Sold	Sold	-
Centrum Cerny Most AS	Czech	98.52	98.52	98.52	FC
Centrum Praha Jih-Chodov s.r.o.	Czech	98.52	98.52	98.52	FC
Moravska Obchodni A.S.	Czech	64.04	64.04	64.04	FC
Pankrac Shopping Center k.s.	Czech	73.89	73.89	73.89	PC
Rodamco Ceska Republica s.r.o.	Czech	98.52	98.52	98.52	FC
Rodamco Pankrac a.s.	Czech	98.52	98.52	98.52	FC
Fisketorvet Shopping Center Filial af Rodamco	Denmark	98.52	98.52	98.52	FC
Fisketorvet AB, Sverige					
Kiinteistö Oy Vantaanportin Liikekeskus	Finland	21.08	21.08	21.08	PC
Kiinteistö Oy Vantaanportin Liikketilat	Finland	59.11	59.11	59.11	PC
Rodareal OY	Finland	98.52	98.52	98.52	FC
Foncière Marceau Saint Sever	France	98.42	98.42	98.42	FC
SA Cipcom	France	-	50.00	50.00	FC
SA SFLA	France	100.00	100.00	100.00	FC
SA Société d'Exploitation des Parkings Forum des Halles	France	65.00	65.00	65.00	FC
SARL Immolimo	France	100.00	100.00	100.00	FC
SAS La Toison d'Or	France	100.00	100.00	100.00	FC
SAS Le Carrousel du Louvre	France	100.00	100.00	100.00	FC
SAS Les Grandes Bruyères	France	10.00	10.00	10.00	EM
SAS Nice Etoile	France	100.00	100.00	100.00	FC
SAS Parimall Bobigny 2	France	98.51	98.51	98.51	FC
SAS Parimall Parly 2	France	98.51	98.51	98.51	FC
SAS Parimall Ullis 2	France	98.52	98.52	98.52	FC
SAS Parimall Velizy 2	France	98.52	98.52	98.52	FC
SAS Parimmo 58 Marceau	France	98.51	98.51	98.51	FC
SAS Parly 2 Avenir	France	77.19	77.19	77.19	FC
SAS SALG	France	98.52	98.52	98.52	FC
SAS Société de Lancement de Magasins à l'Usine	France	100.00	100.00	100.00	FC
SAS Unicommerces	France	100.00	100.00	100.00	FC
SAS Villeneuve 2	France	98.42	98.42	98.42	FC
SCI Vendome Villeneuve 2	France	97.53	97.53	97.53	FC
SCI Aéroville	France	100.00	100.00	100.00	FC

SCI Berri Washington	France	98.42	98.42	98.42	FC
SCI Bobigninvest	France	98.52	98.52	98.52	FC
SCI Bordeaux Bonnac	France	100.00	100.00	100.00	FC
SCI C.C. Lyon Part Dieu	France	98.51	98.51	98.51	FC

List of consolidated companies	Country	% interest	% interest	% control	Method <sup>(1)</sup>
		Dec 31, 2007	June 30, 2008	June 30, 2008	
SCI C.C. Rouen St Sever	France	98.51	98.51	98.51	FC
SCI Channel City	France	100.00	100.00	100.00	FC
SCI Colline Défense	France	53.30	53.30	53.30	FC
SCI Coquelles et Coquelles	France	100.00	100.00	100.00	FC
SCI du CC de Bordeaux Préfecture	France	61.00	61.00	61.00	FC
SCI du CC des Pontôts	France	100.00	100.00	100.00	FC
SCI du Forum des Halles de Paris	France	65.00	65.00	65.00	FC
SCI du Petit Parly 2	France	98.52	98.52	98.52	FC
SCI Eiffel Levallois Commerces	France	100.00	100.00	100.00	FC
SCI Elysées Chalons	France	98.42	98.42	98.42	FC
SCI Elysées Parly 2	France	98.42	98.42	98.42	FC
SCI Elysées Vauban	France	98.52	98.52	98.52	FC
SCI Elysées Vélizy 2	France	97.53	97.53	97.53	FC
SCI Espace Commerce Europe	France	50.00	50.00	50.00	PC
SCI Evry Expansion	France	100.00	100.00	100.00	FC
SCI Ext. Villeneuve 2	France	98.52	98.52	98.52	FC
SCI Gd Magasin Sud LPD	France	98.51	98.51	98.51	FC
SCI Grigny Gare	France	100.00	100.00	100.00	FC
SCI Labex	France	100.00	100.00	100.00	FC
SCI Lyon Kleber	France	98.51	98.51	98.51	FC
SCI Lyon les Brotteaux	France	98.51	98.51	98.51	FC
SCI Marceau Bussy Sud	France	98.51	98.51	98.51	FC
SCI Marceau Côté Seine	France	98.42	98.42	98.42	FC
SCI Marceau Parly 2	France	98.42	98.42	98.42	FC
SCI Marceau Plaisir	France	98.51	98.51	98.51	FC
SCI Marceau Plantation	France	98.51	98.51	98.51	FC
SCI Montparnasse	France	100.00	100.00	100.00	FC
SCI Parluniv 2	France	97.53	97.53	97.53	FC
SCI Pégase	France	53.30	53.30	53.30	FC
SCI Rosny Beauséjour	France	50.00	50.00	50.00	PC
SCI Rosvil	France	60.00	60.00	60.00	FC
SCI Rouen Bretagne	France	98.51	98.51	98.51	FC
SCI Rouen Verrerie	France	98.51	98.51	98.51	FC
SCI SCC de la Défense	France	53.30	53.30	53.30	FC
SCI Sidor	France	73.00	73.00	73.00	FC
SCI Sirmione	France	100.00	100.00	100.00	FC
SCI Spring Almacie	France	100.00	100.00	100.00	FC
SCI Spring Valentine	France	100.00	100.00	100.00	FC
SCI Spring Vélizy	France	100.00	100.00	100.00	FC
SCI Takiya	France	100.00	100.00	100.00	FC
SCI Triangle des Gares	France	40.00	40.00	40.00	EM
SCI Val de Commerces	France	50.02	50.02	50.02	FC
SCI Vendôme Boisseuil	France	100.00	100.00	100.00	FC
SCI Vendôme Boissy 2	France	100.00	100.00	100.00	FC
SCI Vendôme Saint-Genis	France	100.00	100.00	100.00	FC
SCI VRG1	France	100.00	100.00	100.00	FC
SCI VRG3	France	100.00	100.00	100.00	FC
SCI VRG4	France	100.00	100.00	100.00	FC
SCI Winter	France	-	50.02	50.02	FC
SEP CC Evry 2	France	7.50	7.50	7.50	PC
SEP Extension Evry 2	France	7.50	7.50	7.50	PC
SEP Première Extension Evry 2	France	7.50	7.50	7.50	PC
SEP Rosny 2	France	26.00	26.00	26.00	PC
SNC Almacie	France	53.75	100.00	100.00	FC
SNC Bures Palaiseau	France	100.00	100.00	100.00	FC
SNC Cegep et Cie	France	98.52	98.52	98.52	FC

SNC Centre Commercial Francilia	France	100.00	100.00	100.00	FC
SNC du CC Labège	France	100.00	100.00	100.00	FC
SNC Eiffel Levallois	France	100.00	100.00	100.00	FC
SNC Extension de Rosny	France	100.00	100.00	100.00	FC
SNC Foncière Richelieu Commerces	France	100.00	100.00	100.00	FC



List of consolidated companies	Country	% interest	% interest	% control	Method <sup>(1)</sup>
		Dec 31, 2007	June 30, 2008	June 30, 2008	
SNC Les Docks de Rouen	France	100.00	100.00	100.00	FC
SNC Les Passages de l'Etoile	France	100.00	100.00	100.00	FC
SNC Maltese	France	100.00	100.00	100.00	FC
SNC Randoli	France	100.00	100.00	100.00	FC
SNC Saint-Genis Laval	France	100.00	100.00	100.00	FC
SNC Vélizy Petit Clamart	France	100.00	100.00	100.00	FC
SNC Vuc	France	51.00	100.00	100.00	FC
Immobilien KG Dr. Mühlhauser & Co Einkaufs-Zenter	Germany	49.26	49.26	49.26	PC
KG Schliebe & Co Geschäftszentrum Frankfurter Allee	Germany	65.68	65.68	65.68	PC
PFA Betriebs-gesellschaft GmbH	Germany	21.67	21.67	21.67	EM
Rodamco Deutschland GmbH	Germany	-	98.52	98.52	FC
Rodamco Deutschland GmbH & Co. Süd	Germany	98.52	98.52	98.52	FC
Zeilgalerie Gbr	Germany	98.52	98.52	98.52	FC
EKZ 6	Hungary	32.51	32.51	32.51	PC
Euro-Mall Kft.	Hungary	98.52	98.52	98.52	FC
Vezer Center Kft.	Hungary	98.52	98.52	98.52	FC
Rodamco CH1 Sp. z.o.o.	Poland	49.26	49.26	49.26	PC
Rodamco Europe Sp z.o.o.	Poland	98.52	98.52	98.52	FC
Aupark A.S.	Slovak Republic	49.26	49.26	49.26	PC
Arrendamientos Vaguada, C.B.	Spain	61.08	61.55	61.55	PC
Proyectos Inmobiliarios New Visions, S.L.	Spain	98.52	98.52	98.52	FC
Rodamco Benidorm, S.L.	Spain	98.52	86.98	86.98	PC
Rodamco Garbera	Spain	98.52	98.52	98.52	FC
Rodamco Inversiones S.L.	Spain	98.52	98.52	98.52	FC
Rodamco Levante S.L.	Spain	98.52	98.52	98.52	FC
Rodamco Ocio S.L.	Spain	98.52	98.52	98.52	FC
Rodamco P. Comerciales S.L.	Spain	98.52	98.52	98.52	FC
Rodamco Proyecto Badajoz, S.L.	Spain	98.52	98.52	98.52	FC
Rodamco Vallsur SL	Spain	98.52	98.52	98.52	FC
Eurostop AB	Sweden	98.52	98.52	98.52	FC
Eurostop Holding AB	Sweden	98.52	98.52	98.52	FC
Rodamco Arninge Centrum KB	Sweden	98.52	98.52	98.52	FC
Rodamco Centerpool AB	Sweden	98.52	98.52	98.52	FC
Rodamco Eneby AB	Sweden	98.52	98.52	98.52	FC
Rodamco Fisketorvet AB	Sweden	98.52	98.52	98.52	FC
Rodamco Forum Nacka KB	Sweden	98.52	98.52	98.52	FC
Rodamco Hallunda Centrum HB	Sweden	98.52	98.52	98.52	FC
Rodamco Helsingborg KB	Sweden	98.52	98.52	98.52	FC
Rodamco Nova Lund 2 AB	Sweden	98.52	98.52	98.52	FC
Rodamco Nova Lund 3 AB	Sweden	98.52	98.52	98.52	FC
Rodamco Nova Lund KB	Sweden	98.52	98.52	98.52	FC
Rodamco Solna Centrum AB	Sweden	98.52	98.52	98.52	FC
Rodamco Täby Centrum KB	Sweden	98.52	98.52	98.52	FC
Rodamco Tyresö Centrum AB	Sweden	98.52	98.52	98.52	FC
Rodamco Väsby Centrum AB	Sweden	98.52	98.52	98.52	FC
Major Holding	Switzerland	-	98.52	98.52	FC
Akvest CV	The Netherlands	88.67	88.67	88.67	FC
Amvestwinkelsamenwerking CV	The Netherlands	88.67	Dissolved	Dissolved	
Copperwing B.V.	The Netherlands	98.52	98.52	98.52	FC
Fagotvalk B.V.	The Netherlands	98.52	98.52	98.52	FC
Glaszwaan B.V.	The Netherlands	98.52	98.52	98.52	FC
Oranjevast/Amvest CV	The Netherlands	9.85	9.85	9.85	EM
Rodamco Nederland Winkels B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Project I B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Russia BV	The Netherlands	98.52	98.52	98.52	FC

RoProperty Holding B.V.	The Netherlands	35.37	35.37	35.37	EM
RRN Monumenten B.V.	The Netherlands	98.52	98.52	98.52	FC
Turbozwaan B.V.	The Netherlands	98.52	98.52	98.52	FC

List of consolidated companies	Country	% interest	% interest	% control	Method <sup>(1)</sup>
		Dec 31, 2007	June 30, 2008	June 30, 2008	
OFFICES					
SARL 17 -19 - 21 Rue du Faubourg Saint Honoré	France	98.51	98.51	98.51	FC
SAS Alba	France	100.00	100.00	100.00	FC
SAS Corto	France	100.00	100.00	100.00	FC
SAS Immobilière Château Garnier	France	100.00	100.00	100.00	FC
SAS Immobilière Louvre	France	100.00	100.00	100.00	FC
SAS Iseult	France	100.00	100.00	100.00	FC
SAS Liberty	France	100.00	100.00	100.00	FC
SAS Parimmo 18 Bis Hoche	France	98.51	98.51	98.51	FC
SAS Parimmo 20 Hoche	France	98.51	98.51	98.51	FC
SAS SFAM	France	100.00	100.00	100.00	FC
SAS SIG 34	France	100.00	100.00	100.00	FC
SAS Unibail Investissement II	France	100.00	100.00	100.00	FC
SAS Véga	France	100.00	100.00	100.00	FC
SCI Marceau Part Dieu	France	98.42	98.42	98.42	FC
SCI 3-5 Malesherbes	France	100.00	100.00	100.00	FC
SCI 39-41 Cambon	France	100.00	100.00	100.00	FC
SCI 7 Adenauer	France	100.00	100.00	100.00	FC
SCI Arali	France	100.00	100.00	100.00	FC
SCI Ariane Défense	France	100.00	100.00	100.00	FC
SCI Bx Tour Credit Lyonnais	France	98.51	98.51	98.51	FC
SCI Cnit Développement	France	100.00	100.00	100.00	FC
SCI Eiffel Levallois Bureaux	France	100.00	100.00	100.00	FC
SCI Gaité Bureaux	France	100.00	100.00	100.00	FC
SCI Galilée Défense	France	100.00	100.00	100.00	FC
SCI Village 3 Défense	France	100.00	100.00	100.00	FC
SCI Village 4 Défense	France	100.00	100.00	100.00	FC
SCI Village 5 Défense	France	100.00	100.00	100.00	FC
SCI Village 6 Défense	France	100.00	100.00	100.00	FC
SCI Village 7 Défense	France	100.00	100.00	100.00	FC
SCI Village 8 Défense	France	100.00	100.00	100.00	FC
SCI VRG 2	France	100.00	100.00	100.00	FC
SCI Wilson 70	France	100.00	100.00	100.00	FC
SNC Capital 8	France	100.00	100.00	100.00	FC
SNC Gaité Parkings	France	100.00	100.00	100.00	FC
SNC Le Foullon	France	100.00	100.00	100.00	FC
Rodamco Garage AB	Sweden	98.52	98.52	98.52	FC
Rodamco Parkering AB	Sweden	98.52	98.52	98.52	FC
Akvest Kantoren CV	The Netherlands	88.67	88.67	88.67	FC
Coolsingel 120 Vastgoed B.V.	The Netherlands	98.52	Dissolved	Dissolved	
Rodamco Nederland Kantoren	The Netherlands	98.52	98.52	98.52	FC
CONVENTION-EXHIBITION					
SA Viparis - Le Palais des Congrès	France	-	50.00	50.00	FC
SA Viparis - Porte de Versailles	France	100.00	50.00	50.00	FC
SAS Espace Champerret	France	100.00	Dissolved	Dissolved	-
SAS Paris Expo Services	France	100.00	50.00	50.00	FC
SAS Société d'Exploitation du Palais des Sports	France	50.00	50.00	50.00	PC
SAS Valorexpo	France	-	100.00	100.00	FC
SAS Viparis - Le Bourget	France	-	50.00	50.00	FC
SAS Viparis - Nord Villepinte	France	-	50.00	50.00	FC
SAS Viparis - Palais des Congrès de Versailles	France	-	45.00	45.00	FC
SCI Pandore	France	100.00	50.00	50.00	FC
SCI Prop Expo	France	-	50.00	50.00	FC

Unibail Exposition	France	100.00	100.00	100.00	FC
Viparis SAS	France	100.00	50.00	50.00	FC
SA Comexposium <sup>(*)</sup>	France	100.00	50.00	50.00	EM

<sup>(\*)</sup> refers to the Subgroup which includes the former fully consolidated Exposium entities as well as the new Comexpo entities.

List of consolidated companies	Country	% interest	% interest	% control	Method <sup>(1)</sup>
		Dec 31, 2007	June 30, 2008	June 30, 2008	
PROPERTY SERVICES					
Rodamco België B.V.	Belgium	98.52	98.52	98.52	FC
Rodamco France Management SAS	France	98.52	98.52	98.52	FC
Rodamco Gestion	France	97.74	97.74	97.74	FC
Rodamco Europe España S.A.	Spain	98.52	98.52	98.52	FC
Rodamco Management AB	Sweden	98.52	98.52	98.52	FC
Rodamco Projekt AB	Sweden	98.52	98.52	98.52	FC
Rodamco Sverige AB	Sweden	98.52	98.52	98.52	FC
Rodamco Germany Management GmbH	Germany	98.52	98.52	98.52	FC
Rodamco Nederland B.V.	The Netherlands	98.52	98.52	98.52	FC
SARL Sovalec	France	99.21	99.21	99.21	FC
SARL SPSP	France	100.00	100.00	100.00	FC
SAS CNIT Restauration	France	100.00	100.00	100.00	FC
SAS Espace Expansion	France	99.99	99.99	99.99	FC
SAS S2B	France	100.00	100.00	100.00	FC
SAS Société d'Exploitation Hôtelière du CNIT	France	100.00	100.00	100.00	FC
SAS U2M	France	100.00	100.00	100.00	FC
SAS Unibail Management	France	100.00	100.00	100.00	FC
HOLDINGS AND OTHER					
Rodamco France SA	France	98.52	98.52	98.52	FC
SA Société de Tayninh	France	97.68	97.68	97.68	FC
SA Union Internationale Immobilière S.A.	France	98.51	98.51	98.51	FC
SA Vertou Dev.	France	98.51	98.51	98.51	FC
SARL Espace Expansion Immobilière	France	100.00	100.00	100.00	FC
SAS Almacie Holding	France	100.00	100.00	100.00	FC
SAS Borée	France	100.00	100.00	100.00	FC
SAS Cegep	France	98.52	98.52	98.52	FC
SAS Doria	France	100.00	100.00	100.00	FC
SAS Frankvink Investiss.	France	98.52	98.52	98.52	FC
SAS Hoche Poincaré	France	97.53	97.53	97.53	FC
SAS Unibail Participations	France	100.00	100.00	100.00	FC
SAS Unibail-Rodamco Développement	France	100.00	100.00	100.00	FC
SAS Vuc Holding	France	100.00	100.00	100.00	FC
SNC Financière 5 Malesherbes	France	100.00	100.00	100.00	FC
Unibail-Rodamco Management BV	France	100.00	100.00	100.00	FC
Promociones Rodamco Generales, S.L.	Spain	98.52	98.52	98.52	FC
Eurostop KB	Sweden	98.52	98.52	98.52	FC
Piren AB	Sweden	98.52	98.52	98.52	FC
Rodamco AB	Sweden	98.52	98.52	98.52	FC
Rodamco Expand AB	Sweden	98.52	98.52	98.52	FC
Rodamco Holding AB	Sweden	98.52	98.52	98.52	FC
Rodamco Invest AB	Sweden	98.52	98.52	98.52	FC
Rodamco Nacka AB	Sweden	98.52	98.52	98.52	FC
Rodamco Northern Europe AB	Sweden	98.52	98.52	98.52	FC
Rodamco Täby AB	Sweden	98.52	98.52	98.52	FC
Rodamco Tummlaren AB	Sweden	98.52	98.52	98.52	FC
Belindam B.V.	The Netherlands	98.52	98.52	98.52	FC
Cijferzwaan B.V.	The Netherlands	98.52	98.52	98.52	FC
Deenvink B.V.	The Netherlands	98.52	98.52	98.52	FC
Dotterzwaan B.V.	The Netherlands	98.52	98.52	98.52	FC
Feldkirchen B.V.	The Netherlands	98.52	98.52	98.52	FC
Gooioord B.V.	The Netherlands	78.82	78.82	78.82	FC
REE C.V.	The Netherlands	78.82	78.82	78.82	FC
Rodamco Austria B.V.	The Netherlands	98.52	98.52	98.52	FC

Rodamco Central Europe B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Czech B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Deutschland B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Eastern Europe Holding B.V.	The Netherlands	98.52	98.52	98.52	FC

List of consolidated companies	Country	% interest	% interest	% control	Method <sup>(1)</sup>
		Dec 31, 2007	June 30, 2008	June 30, 2008	
Rodamco España B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Europe Beheer B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Europe Finance B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Europe Finance II B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Europe N.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Europe Properties B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Hungary B.V.	The Netherlands	98.52	98.52	98.52	FC
Rodamco Retail Deutschland B.V. Cottbus	The Netherlands	98.52	98.52	98.52	FC
Rodamco Turkey B.V.	The Netherlands	98.52	98.52	98.52	FC
Romanoff Eastern Europe Property B.V.	The Netherlands	78.82	78.82	78.82	FC
Vuurvink B.V.	The Netherlands	98.52	98.52	98.52	FC

<sup>(1)</sup> FC=fully consolidated companies, PC=proportional consolidation method, EM=consolidated under the equity method.



### **3) Highlights of the first half of 2008**

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#### **3.1) Creation of VIPARIS and COMEXPOSIUM**

On January 28, 2008 the Paris Chamber of Commerce and Industry (“CCIP”) and Unibail-Rodamco Group announced the final signature of the agreement to merge their activities in the Convention-Exhibitions sector in France, regarding ownership and management of the venues as well as the organisation of exhibitions.

This signature marked the achievement of a merger process initiated last year and authorised, after approval of the French Competition Authorities (“Conseil de la Concurrence” with Official Bulletin of December 6, 2007), by the Economy, Finance and Employment Ministry and published in the “Journal Officiel” of January 25, 2008.

Henceforth, the management of the convention-exhibitions venues takes place under the new and sole brand name “Viparis” and regroups 9 important venues in the Paris Region. The venues in question are the Palais des Congrès de Paris, Parc d’Expositions de Paris-Nord Villepinte, Palais des Congrès de Versailles, Parc des Expositions de Paris Le Bourget, Parc des Expositions de la Porte de Versailles, CNIT, Carrousel du Louvre, Espace Champerret, and Espace Grande Arche.

The ownership of these venues (except Cnit and Carrousel du Louvre) is held at an equal share by CCIP and Unibail-Rodamco. According to the governance policies adopted for Viparis, these venues are fully consolidated.

From an operational point of view, the combination was effective at January 1, 2008, and thus was accounted for in the consolidated statements from this date. For this combination, the company SCI Prop Expo was created with the aim to own almost all venue properties, as the venue management companies were centralized under the company SA Viparis –Le Palais des Congrès. All of these companies are held at an equal share by CCIP and Unibail-Rodamco, according to the governance policies they are fully consolidated.

The entry into the scope of consolidation of the CCIP’s convention-exhibition venues was made for Palais des Congrès de Paris through assets transferred, for Paris-Nord Villepinte by acquisition of assets and for the other venues and the venue management companies by entities transferred.

The main impacts of these entries on the consolidated balance sheet at their date of entry are the following:

Investment properties: €583.5 Mn

Goodwill: €36.2 Mn

Intangible assets: €227.8 Mn

Deferred tax liabilities: €92.9 Mn

Long term borrowings: €255.0 Mn

Minority interests: €160.0 Mn

The transfer of 50% of Unibail-Rodamco’s ownership of its convention-exhibitions venues has been made through the disposal of 50% of its stake in Parc des Expositions de la Porte de Versailles and the transfer of 50% of its venue management company. These transfers generated a net profit of €54.9 Mn recorded in equity. Minority interests amounted to €116 Mn at the date of transfer.

The merger of CCIP and Unibail-Rodamco’s convention-exhibitions activities also resulted in the combination of Comexpo and Exposium to create the Comexposium group, one of the leading organisers of exhibitions in France with more than 180 exhibitions representing 35,000 exhibitors and 4.1 million visitors per year.

This new entity is held at an equal share by CCIP and Unibail-Rodamco. According to the governance policies adopted for Comexposium, this entity is consolidated under the equity method.

The change of consolidation method for Exposium from fully consolidated to the equity method has the following main impacts on the consolidated balance sheet.

Intangible assets: - €238.8 Mn

Goodwill: - €154.1 Mn

Deferred tax liabilities: - €69.1 Mn

A profit on net disposal was recorded in the income statement for an amount of €7.5 Mn.

The value of the stake in the Comexposium subgroup at the date of entry amounts to €69.1 Mn and a loan of €165.9 Mn was granted by the Group.

The values recognized for Viparis in the consolidated balance sheet as at June 30, 2008 are based upon current best estimates. It is possible that further adjustments may be recognised within twelve months of the acquisition date, in accordance with IFRS rules.

### **3.2) Other events**

#### **Acquisition of Shopping City Süd, Vienna**

On May 21, 2008, Unibail-Rodamco acquired 140,400 m<sup>2</sup> in « Shopping City Süd » in Vienna, Austria. The acquisition cost of this asset is €607 Mn. As this involves both the property and also the operational and financial management, the acquisition is treated as a business combination. At the end of June 2008, the initial accounting is determined provisionally based upon current best estimates.

#### **Purchase of minority interests in VUC & Almacie**

In France, acquisition of the stakes of the other partner (which exercised its sale option) in Rennes-Alma (43%) and Vélizy Usines Centres (49%) for €110.9 Mn. Unibail-Rodamco now owns 100% of these two shopping centres.

#### **Acquisition of Toys in Los Arcos**

During the first half 2008, Unibail-Rodamco acquired Toys in Los Arcos, Spain, representing 4,301 m<sup>2</sup> for a cost of €14.2 Mn.

#### **Acquisition of an economic interest in an office building in Warsaw**

€30.5 Mn was invested in March for an economic interest in an office building in Warsaw, Poland (12,115 m<sup>2</sup> close to Złote Tarasy shopping centre). As the developer is not yet in a position to deliver the shares, this investment was accounted for as a prepayment and a financial income is recorded instead of rental income.

#### **Divestment of part of the Dutch retail portfolio of high street shops**

In April 2008, Unibail-Rodamco divested a part of the Dutch retail portfolio to IEF Capital N.V., a joint venture of Bouwfonds Asset Management and Inflation Exchange Fund for an amount of €708 Mn. A further portion will be divested during the second half of 2008 for an amount of €28 Mn. This disposal had no effect on the 2008 P&L, as the sale price was allocated under purchase price allocation rules to the Unibail-Rodamco combination.

#### **Divestment of the Belgian assets**

In June 2008, Unibail-Rodamco disposed of all of its Belgian assets for a net disposal price of €93.5 Mn.

#### **Sale of offices in France**

The office properties located at 1 Saint Georges/34-36 Rue de Provence – Paris 9<sup>th</sup>, and Alsace Ouest in La Défense, France were sold for a net disposal price of €49.3 Mn.

#### **Sale of Dutch office properties**

The Parnassustoren, Vredesteincomplex and Schonenvaert office properties were sold for a net disposal price of €71.3 Mn.

#### **Rodamco Europe delisting**

Rodamco Europe NV has been delisted from the Amsterdam and Paris stock exchanges on May 13, 2008.

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

### **3.3) Completion of the purchase price allocation of the Unibail Rodamco business combination**

In accordance with IFRS rules, the purchase price allocation of the business combination of Unibail and Rodamco was completed on June 30, 2008. The final assessment of the value of assets for sale was incorporated with an offset in goodwill value. The full depreciation of this goodwill led to an adjustment of 2007 net profit from €1,140.6 Mn to €1,126.0 Mn with no change in recurring result.

## **4) Business segment report**

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### **First level of Business Segment Report**

Unibail-Rodamco is made up of the following segments:

- Retail;
- Offices;
- Convention-Exhibitions, which comprises venue management activities, enlarged to Viparis since January 1, 2008, and exhibition organisation until December 31, 2007. Leasing of 2 hotels to a management company is also included in this division;
- Property services companies in France and in Spain.

### Results by division as at June 30, 2008

[illegible]

### Results by division as at June 30, 2007

[illegible]

[illegible]

## 5) Notes and comments

### 5.1-Notes to the consolidated balance sheet assets

#### *Note 1 – Change in net tangible assets*

Net value (in millions of euros)	Dec 31, 2007	Reevaluation	Acquisitions and capitalised expenses (1)	Changes in the scope of consolidation (2)	Disposals	Other movements (3)	June 30, 2008
Operating assets	259.8	54.6	7.5			-160.2	161.7
Pipeline projects	797.8		238.8	-11.5		-138.1	887.0
Furniture and equipment	41.6		0.1	23.5	-0.1	-7.6	57.5
<b>Total tangible assets</b>	<b>1,099.2</b>	<b>54.6</b>	<b>246.4</b>	<b>12.0</b>	<b>-0.1</b>	<b>-305.9</b>	<b>1,106.2</b>
Assets under promises or mandate of sale						7.2	7.2
<b>TOTAL</b>	<b>1,099.2</b>	<b>54.6</b>	<b>246.4</b>	<b>12.0</b>	<b>-0.1</b>	<b>-298.7</b>	<b>1,113.4</b>

<sup>(1)</sup> Changes in Pipeline projects mainly came from capital expenses for French offices Tour Phare €9.6 Mn, Tour Oxygène €15.6 Mn and Clichy-Arali €17.7 Mn, and shopping centres of which City Süd Extension €28.0 Mn in Austria, Forum Nacka in Sweden €24.9 Mn, Pankrac in Czech Republic €18.9 Mn, Stadshart in The Netherlands €13.7 Mn, and in France Docks Vauban in Le Havre €23.6 Mn, Docks de Rouen €20.6 Mn and Strasbourg Etoile €16.6 Mn.

<sup>(2)</sup> Changes in the scope of consolidation come from Viparis entities and the change in the consolidation method of Group Expositum from global consolidation to the equity method. A decrease of €11.5 Mn relates to the change of the consolidation method of Benidorm shopping centre in Spain from global to proportional consolidation, further to the creation of a joint-venture.

<sup>(3)</sup> The French office buildings 3-5 Malesherbes and part of 70-Wilson, classified in operating assets in December 31, 2007, have been transferred from tangible assets to investment properties. At the date of this transfer, 3-5 Malesherbes has been revalued by €54.6 Mn (see “Interim Statement of changes in consolidated equity”). Regarding pipeline projects, the transfers to investment properties concern Leganes logistic property in Spain, Stadshart shopping centre in The Netherlands and Clichy-Arali offices in France.

#### *Note 2 – Change in investment property*

In accordance with the preferred method provided under IAS 40, investment properties are stated at their market value as determined by independent appraisers.

As at June 30, 2008, the balance of deferred lease incentives amortised over the term of the lease and deducted from the appraisal value represented €63.3 Mn.

(in millions of euros)	Dec 31, 2007 restated	Acquisitions (1)	Entries into the scope of consolidation (2)	Capitalised expenses (3)	Disposals (4)	Reclassification and transfer of category (5)	Valuation movements	June 30, 2008
Retail	16,099.9	622.5	84.4	102.2	-83.5	-19.2	338.4	17,144.7
Offices	4,506.4			42.3	-54.9	-48.8	-248.4	4,196.6
Convention-Exhibition centres	914.6	430.2	68.9	2.7	-0.1	-3.7	-18.2	1,394.4
<b>Total investment property</b>	<b>21,520.9</b>	<b>1,052.7</b>	<b>153.3</b>	<b>147.2</b>	<b>-138.5</b>	<b>-71.7</b>	<b>71.8</b>	<b>22,735.7</b>
Properties under promise or mandate of sale	784.0				-747.8	377.0		413.2
<b>TOTAL</b>	<b>22,304.9</b>	<b>1,052.7</b>	<b>153.3</b>	<b>147.2</b>	<b>-886.3</b>	<b>305.3</b>	<b>71.8</b>	<b>23,148.9</b>

- (1) The main acquisitions were Shopping City Süd in Vienna, Austria for retail and Paris-Nord Villepinte, France for Convention-Exhibition.
- (2) The main entry into the scope of consolidation relates to Viparis.
- (3) Major works related to Cnit (€30.5 Mn), Les Quatre Temps shopping centre in La Défense (€23.9 Mn), Vélizy 2 shopping centre (€ 11.7 Mn), Forum des Halles shopping centre (€8.3 Mn) and Toulouse Labège shopping centre (€6.1 Mn), all in France.
- (4) Refers mainly to the disposal of The Netherlands high street shops portfolio (€708 Mn), the Belgian portfolio of shopping centres, and office properties in France and in the Netherlands (see section 3 “Highlights of the first half of 2008”).
- (5) Reclassification refers to the signatures of new sale commitments for office properties in France, Spain, The Netherlands and Ukraine for a total amount of €371.9 Mn and for retail properties in Germany and The Netherlands for a total amount of €48.4 Mn. It also includes the transfer of the French office building 3-5 Malesherbes and part of 70-Wilson from tangible assets to investment property.

### Note 3 – Goodwill

(in millions of euros)	Dec 31, 2007 Published	Restatements <sup>(1)</sup>	Dec 31, 2007 restated	Entries into the scope of consolidation	Exits from the scope of consolidation	Amortisation	June 30, 2008
Gross value	1,753.7	25.0	1,778.7	36.2	-165.9		1,649.0
Amortisation	-1,335.0	-14.6	-1,349.6			-39.0	-1,388.6
<b>TOTAL</b>	<b>418.7</b>	<b>10.4</b>	<b>429.1</b>	<b>36.2</b>	<b>-165.9</b>	<b>-39.0</b>	<b>260.4</b>

<sup>(1)</sup> see section 3 § 3.3 «Completion of the purchase price allocation of the Unibail Rodamco business combination»

The entry into the scope of consolidation refers to the new Viparis entities and amounts to €36.2 Mn.

The exit from the scope of consolidation relates to the Exposium entities following the consolidation under the equity method (€154 Mn), and for the remainder to part of the amount of the optimization of taxes recognised in Rodamco’s Goodwill relating to the Belgian companies disposed of during the first half of the year.

An amortisation of €39.0 Mn has been recorded to take into account changes in 2008 in the amount of the optimization of taxes recognised in Rodamco’s Goodwill.

### Note 4 – Changes in intangible assets

Net value (in millions of euros)	Dec 31, 2007	Acquisitions	Entries into the scope of consolidation	Exits from the scope of consolidation	Disposals	Reclassification and other movements	June 30, 2008
Rights and exhibitions	301.3		225.9	-238.8		-1.9	286.4
Other intangible assets	1.1	0.2	1.8	-0.1	-0.4	-0.4	2.2
<b>TOTAL</b>	<b>302.4</b>	<b>0.2</b>	<b>227.6</b>	<b>-239.0</b>	<b>-0.4</b>	<b>-2.3</b>	<b>288.6</b>

The main changes in intangible assets relate to:

- entry of Viparis entities into the scope of consolidation
- exit of Exposium entities following the consolidation under the equity method.

### Note 5 – Shares and investments in companies consolidated under the equity method

The Comexposium group results from the combination of Exposium and Comexpo. Comexpo entered into the scope of consolidation at the beginning of the year (see section 3, § 3.1 “Creation of Viparis and Comexposium”) and is consolidated under the equity method.

(in millions of euros)	Dec 31, 2007	June 30, 2008
Share in SCI Triangle des Gares consolidated under the equity method	69.2	69.9



Loan granted to SCI Triangle des Gares	19.7	20.4
<b>Sub-total SCI Triangle des Gares investment</b>	<b>88.9</b>	<b>90.3</b>
Share in Comexposium group consolidated under the equity method	-	70.3
Loan granted to Comexposium group	-	165.9
<b>Sub-total Comexposium group investment</b>	<b>-</b>	<b>236.2</b>
Other companies consolidated under the equity method	0.2	-
<b>TOTAL shares and investments in companies consolidated under the equity method</b>	<b>89.1</b>	<b>326.5</b>

The value of the stake in SCI Triangle des Gares consolidated under the equity method reflects the market value of properties owned.

The value of the stake in Comexposium group includes the value of the intangible assets (net of the deferred taxes) recognised for these companies at the date of entry into the scope of consolidation.

The main balance sheet items of companies consolidated under the equity method are presented in the table below. These items are stated on a 100% basis including restatements for consolidation purposes.

#### SCI Triangle des Gares

(in millions of euros)	Dec 31, 2007	June 30, 2008
Investment property	195.7	198.1
Current assets	32.2	35.5
<b>Total assets</b>	<b>227.9</b>	<b>233.6</b>
Restated shareholders' equity	172.7	174.8
External borrowings and debts to partners	49.8	50.9
Other non-current liabilities	3.8	4.0
Current liabilities	1.6	4.0
<b>Total liabilities</b>	<b>227.9</b>	<b>233.6</b>

#### Comexposium group <sup>(1)</sup>

(in millions of euros)	Dec 31, 2007	June 30, 2008
Intangible assets	242.7	368.3
Goodwill	154.1	207.8
Current assets	93.0	187.0
<b>Total assets</b>	<b>489.8</b>	<b>763.2</b>
Restated shareholders' equity	6.1	162.8
Deferred tax liabilities	69.0	107.3
External borrowings and debts to partners	335.3	332.8
Other non-current liabilities	6.2	8.5
Current liabilities	73.3	151.9
<b>Total liabilities</b>	<b>489.8</b>	<b>763.2</b>

<sup>(1)</sup> The 2008 figures include the entry of Comexpo into the scope of consolidation.

The main income statement items of companies consolidated under the equity method are presented below. These items are stated on a 100% basis including restatements for consolidation purposes.

#### SCI Triangle des Gares

(in millions of euros)	June 30, 2007	June 30, 2008
Rental revenues	6.7	7.9
Change in fair value of properties	10.2	1.4
<b>Net income</b>	<b>14.1</b>	<b>5.9</b>

#### Comexposium group <sup>(1)</sup>

(in millions of euros)	June 30, 2007	June 30, 2008
Revenues from other activities	52.5	99.9
Net operating profit before financing cost	1.7	10.9
<b>Net income</b>	<b>-5.3</b>	<b>2.7</b>

<sup>(1)</sup>The 2008 figures include the entry of Comexpo into the scope of consolidation.

Note 6 – Inventories

This item corresponded at December 31, 2007 to the value of parking spaces at the Strasbourg-Etoile, France shopping centre subject to a forward sale agreement with the developer. These parking spaces have been sold during the first half 2008.

Note 7 – Trade receivables from activity

Trade receivables from the property portfolio include ‘deferred lease incentives’ which increase by €13.3 Mn due to new lettings mainly in French offices.

The increase of trade receivables from “other activities” is due to the entry into the scope of consolidation of the Viparis entities.

Note 8 – Other trade receivables

An amount of €24.5 Mn Value Added Tax recorded at the end of December 2007 has been reimbursed at the beginning of the period.

Note 9 – Cash and cash equivalents

The amount of cash and cash equivalents at the end of June 2008 relates to payments planned for the beginning of July 2008.

## 5.2-Notes to the consolidated balance sheet liabilities

### Note 10 – Commitments to purchase minority' interests

The decrease in this item is due to the exercise of their sales option by the minority partners of the French shopping centres Rennes Alma and Velizy Usine Center, on April 30, 2008. The Unibail-Rodamco Group acquired their minority interest of 43% and 49% respectively.

### Note 11 – Current and non-current financial liabilities

#### > Breakdown of debt

Borrowings and other financial liabilities (in € Mn)	Dec 31, 2007	June 30, 2008
<b>Bonds and EMTNs</b>	<b>3,420.8</b>	<b>2,810.5</b>
Principal debt	3,426.2	2,800.0
Accrued interest	56.1	63.3
Charges and premiums on issues of borrowings	-11.5	-10.1
Mark-to-market of debt	-47.3	-42.7
Mark-to-market of debt (Fair value hedge)	-2.7	-
<b>Bank borrowings</b>	<b>2,642.2</b>	<b>3,973.7</b>
Principal debt	2,607.4	3,885.0
Accrued interest	16.0	19.4
Charges and premiums on issues of borrowings	-2.5	-4.6
Bank overdrafts	14.8	57.7
Current accounts to balance out cash flow	4.7	14.9
Mark-to-market of debt	1.8	1.4
<b>Bonds redeemable for shares</b> (including €1.0 Mn of deducted charges)	<b>240.6</b>	<b>232.8</b>
<b>Other financial liabilities</b>	<b>1,222.8</b>	<b>1,126.5</b>
Interbank market instruments and negotiable instruments	1,088.0	613.0
Accrued interest on interbank market instruments and negotiable instruments	1.5	1.7
Current accounts with minority partners	133.3	511.8
<b>TOTAL</b>	<b>7,526.4</b>	<b>8,143.6</b>

No loans were subject to prepayment clauses linked to the Company's ratings, barring exceptional circumstances such as change in control.

Unibail-Rodamco's refinancing operations over H1 2008 break down as follows:

- €1,230 Mn of new medium to long term loans raised through:
  - (iii) A 5.5-year club deal loan of €600 Mn signed in April 2008. It has been drawn in totality in June 2008.
  - (iv) €630 Mn of bilateral loans, partially drawn (€40 Mn), with a maturity ranging between 2.5 years and 5 years.
- A total amount of €489 Mn in short term loans from money brokers was raised or rolled over. Of this amount, €123 Mn was outstanding as at June 30, 2008.
- €1,938 Mn in commercial paper with a maturity of up to one year.

The following table shows a breakdown of outstanding duration to maturity of these borrowings and financial liabilities :

<b>Outstanding duration to maturity</b> (in millions of euros)	<b>Current</b> Less than 1 year	<b>Non-current</b> 1 year to 5 years	<b>More than 5</b> years	<b>Total</b> June 30, 2008
<b>Bonds and EMTNs</b>	<b>357.9</b>	<b>1 952.6</b>	<b>500.0</b>	<b>2,810.5</b>
Principal debt	300.0	2,000.0	500.0	2,800.0
Accrued interest	63.3			63.3
Charges and premiums on issues of borrowings	-10.1			-10.1
Mark-to-market of debt	4.7	-47.4		-42.7
Mark-to-market of debt (Fair value hedge)				-
<b>Bank borrowings</b>	<b>584.6</b>	<b>2,482.4</b>	<b>906.8</b>	<b>3,973.7</b>
Principal debt	497.1	2,481.1	906.8	3,885.0
Accrued interest	19.4			19.4
Charges and premiums on issues of borrowings	-4.6			-4.6
Bank overdrafts	57.7			57.7
Current accounts to balance out cash flow	14.9			14.9
Mark-to-market of debt	0.1	1.3		1.4
<b>Bonds redeemable for shares</b> (including €1 Mn of deducted charges)	<b>15.6</b>	<b>72.4</b>	<b>144.8</b>	<b>232.8</b>
<b>Other financial liabilities</b>	<b>389.7</b>	<b>736.8</b>	<b>0.0</b>	<b>1,126.5</b>
Interbank market instruments and negotiable instruments	388.0	225.0		613.0
Accrued interest on interbank market instruments and negotiable instruments	1.7			1.7
Partners' current accounts		511.8		511.8
<b>TOTAL</b>	<b>1,347.8</b>	<b>5,244.2</b>	<b>1,551.6</b>	<b>8,143.6</b>

As at June 30, 2008, Unibail-Rodamco's average debt maturity was 4.2 years (4.1 years at December 31, 2007), after taking into account the allocation of confirmed unused credit lines.

Unibail-Rodamco's immediate debt repayment needs will amount to €626 Mn of bonds or bank loans maturing during H2 2008 and €166 Mn during 2009.

#### > Characteristics of bonds

Issue date	Rate	Amount at June 30, 2008 (€ Mn)	Maturity
July 2003	Fixed rate 3.750 %	500	July 2010
October 2004	Fixed rate 4.375 %	500	October 2014
October 2004	Fixed rate 4 %	500	October 2011
March 2005	Euribor 3 + 0.20 %	150	March 2009
June 2005	Euribor 3 + 0.27 %	50	September 2008
December 2005	Euribor 3 + 0.20 %	100	December 2008
December 2005	Fixed rate 3.750 %	500	December 2012
April 2006	Fixed rate 4.125 %	500	April 2011

<b>TOTAL</b>	<b>2,800</b>
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Bonds issued are not restricted by any covenant based on financial ratios which can lead to early repayment of the debt.

The €500 Mn bond issue launched by Unibail in October 2004 included an early redemption clause in the event of a change in ownership.

The market value of Unibail-Rodamco's fixed-rate debt is presented in the table below. The remainder of the Group's outstanding debt is variable-rate debt, which has its carrying value on the balance sheet as the sum of the nominal amount and coupon payments.

Market value of fixed-rate debts (in millions of euros)	December 31, 2007		June 30, 2008	
	Carrying value	Market value	Carrying value	Market value
<b>Long-term debt</b>				
Fixed-rate borrowings, interbank instruments and negotiable market instruments	3,642.8	3,589.0	2,999.0	2,860.0

#### Note 12 – Hedging instruments

Derivative instruments owned by the Group are stated at their fair values and are recorded in the balance sheet as at June 30, 2008, for €261.9 Mn as assets and €46.6 Mn as liabilities.

Derivatives are valued by discounted estimated future cash flows based on the interest rate curve at the end of June 2008. The valuation has been cross-checked against valuations by banks.

The mark-to-market of derivatives generated a net profit of €66.6 Mn (profit of €68.6 Mn and loss of €2.0 Mn) in the first half of 2008.

Regarding fair value hedge derivatives, a loss of €2 Mn has been recorded in other financial interest and a gain for the same amount has been recognised on the same line for the hedged item.

Concerning net investment hedge a gain of €1 Mn has been accounted for in equity.

#### Note 13 – Deferred tax

(in millions of euros)	Dec 31, 2007	Increase	Decrease	Changes in scope of consolidation	June 30, 2008
<b>Deferred tax liabilities</b>	<b>964.3</b>		<b>-9.6</b>	<b>23.7</b>	<b>978.4</b>
Deferred tax on investment properties	872.5		-8.4		864.1
Deferred tax on intangible assets	91.8		-1.2	23.7	114.3
<b>Other deferred tax liabilities</b>	<b>-3.2</b>	<b>2.1</b>	<b>0.5</b>		<b>-0.6</b>
- Doria tax consolidation group	-1.1				-1.1
- Tax loss carry-forward	-4.0	-1.5	0.5		-5.0
- Others	1.9	3.6			5.5
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>961.1</b>	<b>2.1</b>	<b>-9.1</b>	<b>23.7</b>	<b>977.8</b>
<b>Deferred tax assets</b>					
Deferred tax on investment properties					
Other deferred tax assets					
Tax-loss carry-forward	-45.0		0.9		-44.1

<b>TOTAL DEFERRED TAX ASSETS</b>	<b>-45.0</b>	<b>0.9</b>	<b>-44.1</b>
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Deferred tax liabilities on properties refer to those countries where there is no tax efficient status comparable to that of The Netherlands (FBI) and France (SIIC), that have a tax exemption on recurring income and capital gains on property sales.

In France, the Doria tax consolidation sub-group mainly comprises property services or property development companies. Further to the agreement with the Paris Chamber of Commerce and Industry, Paris Expo Porte de Versailles and the Exposium entities have been excluded from the tax consolidation sub-group.

Change in scope of consolidation results from an increase due to the entry into the scope of consolidation of the CCIP's convention-exhibition venues for an amount of €92.8 Mn, and from a decrease further to the change of consolidation method for Exposium from fully consolidated to equity method for an amount of €69.1 Mn (see 3, § 3.1 "Creation of Viparis and Comexposium").



#### Note 14 - Provisions

(in millions of euros)	Dec 31, 2007	Allocations	Utilisation	Reversals	Changes in scope of consolidation (2)	Other movements (3)	June 30, 2008
<b>Long-term provisions</b>	<b>29.0</b>	<b>1.8</b>	<b>-2.5</b>	<b>-0.9</b>	<b>-0.4</b>	<b>2.5</b>	<b>29.5</b>
Provisions for charges	0.9						0.9
Provisions for litigation	10.2		-0.1	-0.7	-2.4	9.0 <sup>(a)</sup>	16.0
Other provisions	17.9	1.8	-2.4	-0.2	2.0	-6.5 <sup>(b)</sup>	12.6
<b>Provisions for pension liabilities</b>	<b>9.2</b>	<b>0.3</b>	<b>-1.5</b>		<b>-1.2</b>		<b>6.8</b>
<b>Short-term provisions</b>	<b>30.4</b>	<b>0.9</b>	<b>-9.8</b>	<b>-0.3</b>	<b>-1.5</b>	<b>-9.4</b>	<b>10.4</b>
Provisions for litigation (1)	24.4	0.2	-9.1	-0.3	-1.5	-9.1	4.6
Other provisions	6.0	0.7	-0.7			-0.2	5.8
<b>TOTAL</b>	<b>68.6</b>	<b>3.0</b>	<b>-13.8</b>	<b>-1.2</b>	<b>-3.2</b>	<b>-6.8</b>	<b>46.6</b>

- (1) The tax risk litigation involving Unibail-Rodamco in France ended during the first half of 2008. €8.9 Mn was paid and the provision reversed accordingly.
- (2) The changes in the scope of consolidation refer mainly to a provision of tax risk for Viparis – le Bourget (€1.9 Mn), and for Exposium Group a provision for pension liabilities (€-1.2 Mn) and a tax risk litigation (€-2 Mn) due to the change in the consolidation method from full consolidation to the equity method.
- (3) <sup>(a)</sup>Reclassification of a provision for litigation of €9 Mn from short term to long term . <sup>(b)</sup> Moreover an amount of €5.5 Mn, related to an additional price for the Donau-Zentrum extension in Austria, was reclassified in “amounts due on investments” according to the Group’s accounting method.

#### Note 15 – Amounts owed to shareholders

As at June 30, 2008, this item was the balance of the dividend due on shares as well as on the bonds redeemable for shares (ORA), voted by the Annual General Meeting of April 29, 2008, and paid on July 15, 2008 (€1.90 per share).

As at December 31, 2007, this item comprised the second 2007 interim dividend payment (€1.70 per share), paid on January 15, 2008 for shares as well as for the Bonds Redeemable for Shares in accordance with the decision made by the Management Board on December 6, 2007.

#### Note 16 – Amounts due to suppliers and other current debt

Main changes concern “amounts due on investments” which evolve based on the advancement of the pipeline projects.

#### Note 17 – Tax and social security liabilities

The increase is mainly due to Value Added Tax.

### 5.3-Notes to the consolidated income statements

#### Comparability of 2008 and 2007 income statements

The information relating to the first half-year 2008 is not directly comparable to that of the first half-year 2007, as the business combination of Unibail with Rodamco became effective end-June 2007.

#### Note 18- Rental revenues

Rental income consists of rents and similar income (e.g. occupancy compensation, key money, parking revenues) invoiced for office properties and shopping centres over the period. The effects of rent-free periods, step rents and key moneys are spread over the fixed term of the lease.

Rental income from the Convention-Exhibition division includes the rents of exhibition space and the provision of unavoidable associated support services to these spaces.

Charges invoiced to tenants are not included in rental income but deducted from net service charge expenses.

#### Note 19 - Ground rents

Ground rents correspond to lease payments (or depreciation of initial payments) for properties built on land subject to a leasehold or operated under an operating contract (concession). This item mainly applies to shopping centres, in particular Forum des Halles and Carrousel du Louvre in France, and to the French exposition venues of Le Bourget and Porte de Versailles.

#### Note 20 - Net service charge expenses

These expenses are net of charges re-invoiced to tenants and relate mainly to vacant premises.

#### Note 21 - Property operating expenses

These expenses comprise service charges borne by the owner, works-related expenses, litigation expenses, charges relating to doubtful accounts and expenses relating to property management.

#### Note 22 - Administrative expenses

This item comprises head office and Group administrative expenses, expenses relating to development projects and depreciation of Unibail-Rodamco's head office.

#### Note 23 – Net other income

Revenues from other activities cover:

- fees for property services received by companies in the Convention-Exhibition division, enlarged to Viparis since January 1, 2008. This also included Exposium's turnover until December 31, 2007;
- fees for property management and maintenance services provided to offices and shopping centres. These fees are invoiced by property service companies for their property management activities on behalf of owners outside the Unibail-Rodamco Group;
- fees for project development and consulting services. The internal margins generated on these construction and renovation operations, the costs of which are capitalised in the Group's individual company accounts, are eliminated;
- revenues from other property services, mainly invoiced by U2M in France;
- revenues from residual financing leases, which comprise lease payments net of related amortisation costs.

Other expenses comprise charges relating to property services, general costs and depreciation charges for related fixed assets.

#### Note 24 – Profit on disposal of investment property

Proceeds from the disposal of investment properties correspond to the disposal price received net of disposal costs. The main operations during the first half of 2008 were the divestment of part of the Dutch retail portfolio for €708 Mn and the divestment of the Belgian assets for €93.5 Mn. The carrying value of disposed assets corresponds to the latest market valuation recorded on the closing balance sheet for the previous financial year, plus works costs and capitalised expenses for the year and adjusted for reversals of rent-free periods and step rents.

#### Note 25 – Valuation movements

This item reflects changes in the market valuation of investment properties.

(in millions of euros)	June 30, 2008	June 30, 2007	Dec 31, 2007
Retail	337.8	322.0	1,149.1
Offices	-254.5	392.7	526.3
Convention-Exhibition	-18.3	-0.3	-8.2
<b>TOTAL</b>	<b>65.0</b>	<b>714.4</b>	<b>1,667.2</b>

#### Note 26 – Fair value adjustments of derivatives

During the first half of 2008, changes in fair value of derivatives (caps and swaps) generated a gain of €68.6 Mn and a loss of €2.0 Mn.

The amortisation of the fair value of the debt recognised at the entry of Rodamco amounted to €4.3 Mn.

#### Note 27 – Share of the profit of associates and income on financial assets

This item breaks down as follows:

(in millions of euros)	Recurring activities	Valuation movements and disposals	Result
Income from stake in SCI Triangle des Gares consolidated under equity method	1.7	0.6	2.3
Income from stake in Comexposium group consolidated under equity method	-1.4	2.6	1.2
<b>Total share of income from companies consolidated under the equity method</b>	<b>0.3</b>	<b>3.2</b>	<b>3.5</b>
Interest on the loan granted to Triangle des Gares	0.5	-	0.5
Interest on the loan granted to Comexposium group	4.0	-	4.0
<b>Total interest on receivables</b>	<b>4.5</b>	<b>-</b>	<b>4.5</b>

#### Note 28 – Income tax expenses

(in millions of euros)	June 30, 2008	June 30, 2007	Dec 31, 2007
Deferred tax on:			
- Change in fair value of investment property	-14.2	-4.5	-72.0
- Change in value of income tax optimisation included in Goodwill on Rodamco entry	-39.0	-	-
- Non recurring income	6.7	-	20.0
- Recurring income	-16.7	-1.1	-10.0
Reversal for tax settlement	8.9	7.6	8.6
<b>TOTAL TAX</b>	<b>-54.3</b>	<b>2.0</b>	<b>-53.4</b>
Total tax due	-22.0	-1.9	-12.4

Note 29 – Minority interests

As at June 30, 2008, this item mainly comprised minority interests in net profits of i) Rodamco Europe's Group (€7.6 Mn), ii) several shopping centres in France (€46.2 Mn, principally Les Quatre Temps for €20.1 Mn, Almacie for €9.5 Mn and Forum des Halles for €7.4 Mn) and iii) the newly-created Viparis organisation (€4.6 Mn).

#### 5.4- Notes to the consolidated cash flow statements

Net financial interest payments as well as cash flow relating to the purchase or sale of derivative instruments are classified as cash flow from financing activities.

Interest received on loans granted to associates are classified as cash flow from operating activities.

In 2008, €310.1 Mn was paid in January 2008 and April 2008 as interim dividends on shares and on bonds redeemable for shares (ORA) regarding the 2007 financial year.

##### *Note 30 – Breakdown of acquisitions and disposals of consolidated subsidiaries*

(in millions of euros)	June 30, 2008	June 30, 2007	Dec 31, 2007
Acquisition price of shares	-857.0	-24.6	-326.7
Cash and current accounts acquired	161.7	15.8	18.4
<b>Acquisitions net of cash acquired <sup>(1)</sup></b>	<b>-695.3</b>	<b>-8.8</b>	<b>-308.3</b>
Net price of shares sold	273.0	15.5	382.8
Cash and current accounts sold	6.8	-1.1	85.7
<b>Sales net of cash sold <sup>(2)</sup></b>	<b>279.8</b>	<b>14.4</b>	<b>468.5</b>

<sup>(1)</sup> As at June 30, 2008, this item refers mainly to the acquisition of Shopping City Süd in Vienna, Austria and to the acquisition of the minority interests of Almacie and Vélizy Usine Center shopping centres in France (see section 3 “Highlights of the first half of 2008”).

<sup>(2)</sup> As at June 30, 2008, this item refers mainly to the disposal of 50% of Paris Porte de Versailles in France through the Viparis combination with the Paris Chamber of Commerce and Industry (see section 3 “Highlights of the first half of 2008”).

##### *Note 31 - Reconciliation of cash at year-end on the cash-flow statement and cash on the balance sheet*

(in millions of euros)	June 30, 2008	June 30, 2007	Dec 31, 2007
Available-for-sale investments	16.0	4.1	4.6
Cash	191.3	58.7	111.8
Current account to balance out cash flow	-14.9	-6.8	-4.7
Bank overdrafts	-57.7	-54.4	-14.8
<b>Cash at period-end</b>	<b>134.7</b>	<b>1.6</b>	<b>96.9</b>

## 6) Financial instruments

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The principles and methods applied by the Group during the first half of 2008 to manage its credit, liquidity, interest rate, currency, counterparty and capital risks corresponded to those applied during 2007, as set out in Sections 6 and 7 of the Notes to the Group's annual consolidated financial accounts for the year ended December 31, 2007.

The main activity related to risk management during the first half of 2008 is set out below.

### Liquidity risk

During H1 2008, new financial resources for Unibail-Rodamco were obtained from both the money-market by issuing commercial paper and *billets de trésorerie*, and the bank loan market, in particular through a €600 Mn club deal and an additional €630 Mn of bilateral lines. Those new lines, which remain only partly drawn at June 30, 2008, give more flexibility on liquidity to the Group.

As at June 30, 2008 the total amount of undrawn credit lines came to €1,678 Mn.

Since the beginning of July 2008, Unibail-Rodamco has concluded an €105 Mn EMTN at 5 years and signed a new bilateral line at 5 years for €125 Mn.

### Interest rate risk management

#### Average cost of Debt

Unibail-Rodamco's average refinancing rate came to 4.2% over H1 2008. It remained stable in comparison with 2007 (4.1% over 2007, integrating Rodamco on a full-year basis). This average cost of debt results from the level of margins on existing borrowings and the interest rate risk hedging programme implemented in 2003 and significantly built up in 2005, 2006 and the beginning of 2008.

#### Interest rate hedging transactions

Unibail-Rodamco reinforced its already existing hedging portfolio at the beginning of 2008 by acquiring additional hedging. It entered in swaps covering H2 2008 (€600 Mn), 2009 and 2010 (€500 Mn). It also entered into €400 Mn of 3-years collars beginning in 2010.

In early July 2008, hedging transactions, through forward swaps, have been added to the portfolio to hedge 2011 to 2014 (€500 Mn).

#### Measuring interest rate exposure

As at June 30, 2008, net financial debt stood at €7,163 Mn, excluding partners' current accounts and after taking cash surpluses into account (€207 Mn).

The outstanding debt as at June 30, 2008 was hedged at 96% against an increase in variable rates, taking into account swaps beginning on July 1, 2008, through both:

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

### Measuring interest rate risk

In millions of euros	Outstanding total at June 30, 2008	
	Fixed rate	Variable rate
Financial liabilities	3,059.1	4,311.3
Financial assets		-207.2
<b>Net financial liabilities before hedging programme</b>	<b>3,059.1</b>	<b>4,104.1</b>
Hedging	-548.7	548.7
<b>Net financial liabilities after micro-hedging (1)</b>	<b>2,510.4</b>	<b>4,652.8</b>
Swap rate hedging (2)		-2,901.0
<b>Net debt not covered by swaps</b>		<b>1,751.8</b>
Cap and floor hedging		-900.0
<b>Hedging balance</b>	<b>0.0</b>	<b>851.8</b>

<sup>(1)</sup> Partners' current accounts are not included in variable-rate debt.

<sup>(2)</sup> Forward hedging instruments are not accounted for in this table.

Based on Unibail-Rodamco's debt situation as at June 30, 2008 and hedging instruments in place in the Group, if interest rates (Euribor, Stibor or Libor) were to rise by an average of 1% (100 basis points) during H2 2008, the resulting increase in financial expenses would have an estimated negative impact of €4.9 Mn on recurring net profit. A further rise of 1% would have an additional adverse impact of €4.9 Mn. Conversely, a 1% (100 basis points) drop in interest rates would reduce financial expenses by an estimated €4.9 Mn and would enhance 2008 recurring net profit by an equivalent amount.

### Measuring currency risk exposure

#### Main foreign currency positions at June 30, 2008 (in € Mn)

Currency	Assets	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges	Managed exposure net of hedges <sup>(1)</sup>
SEK	1,778.8	653.8	<b>1,125.0</b>	613.6	<b>511.4</b>	7.5
DKK	332.0	103.9	<b>228.0</b>	127.0	<b>101.0</b>	38.3
HUF	1.2	-	<b>1.2</b>	-	<b>1.2</b>	1.2
USD	217.7	72.4	<b>145.2</b>	28.3	<b>116.9</b>	4.3
SKK	-	4.4	<b>-4.4</b>	-	<b>-4.4</b>	-4.2
CZK	7.0	166.1	<b>-159.1</b>	-157.2	<b>-1.9</b>	-1.9
PLN	0.3	0.1	<b>0.2</b>	-	<b>0.2</b>	0.2
<b>Total</b>	<b>2,332.5</b>	<b>996.4</b>	<b>1,336.1</b>	<b>611.7</b>	<b>724.4</b>	<b>36.8</b>

<sup>(1)</sup> Managed exposure is the remaining exposure after exclusion of accepted exposures resulting from capex, revaluations and deferred taxes.

The main exposure kept is in Swedish Krona. The sensitivity of 2008 recurring result to a 10% change in the exchange rate Swedish Krona / Euro is limited to €2.4 Mn. A 10% change in the EUR/SEK exchange rate would have a €46 Mn impact on shareholders' equity.



## 7) Financial commitments and guarantees

All significant commitments are shown below. The Group does not have any complex commitments.

### Commitments given

Commitments given (in millions of euros)	Dec 31, 2007	June 30, 2008
Mortgages and first lien lenders	509.4	412.0
Commitments related to construction works <sup>(1)</sup>	192.0	190.8
Residual commitments related to works contracts	182.8 <sup>(4)</sup>	430.8
Residual commitments related to forward purchase agreements <sup>(2)</sup>	584.0 <sup>(4)</sup>	530.3
Liability warranties (capped) <sup>(3)</sup>	9.0	-
Purchase undertakings and earn out	115.8	112.2
Other guarantees given	81.0	66.2
<b>TOTAL</b>	<b>1,674.0</b>	<b>1,742.3</b>

<sup>(1)</sup> Concerns the commitment to carry out maintenance and refurbishment works under the contract of the exhibition site Porte de Versailles, France.

<sup>(2)</sup> Concerns commitments linked to the building of new or extension of existing shopping centres and offices, particularly Metropolis in Moscow, Russia for €312.6 Mn and the Tour Oxygène in Lyons, France for €111.6 Mn.

<sup>(3)</sup> Liability warranties granted under the usual terms for the disposal of companies, capped at €9.0 Mn as of December 31, 2007, with the exception of certain specifically identified representations and warranties.

<sup>(4)</sup> Compared to the Consolidated Financial Accounts at December 31, 2007 as published, these figures have been restated to apply Unibail-Rodamco accounting methods to the commitments made by the former Rodamco regions. Residual commitments to works contracts become €182.8 Mn, instead of €117.9 Mn as published, and Residual commitments related to forward purchase agreements become €584.0 Mn, instead of €1,522.8 Mn as published.

### Other commitments given

- As part of the acquisition of 50.02% of Val Commerces (Etrembières, France shopping centre) in 2006, Unibail-Rodamco signed a promissory agreement with the minority partner to sell a share of SCI Val Commerces, if the Group's call option over the shares of the minority partner were to be null and void, cancelled or terminated.
- Unibail-Rodamco SA gave an earn-out commitment in the event that an extension permit is obtained for the Chelles 2, France shopping centre before 2012. The maximum amount of this payment is €91.47 per square metre of contractual Gross Leasable Area, indexed according to the Construction Cost Index.
- Unibail-Rodamco SA undertook to retain its interests in the three French subsidiaries that own the Docks de Rouen, Carré Sénart 2 and Rivétoile projects until these centres are opened to the public.
- The Group has an undertaking to acquire shares in the company that owns land at Ris-Orangis, France, scheduled for the construction of a shopping centre, contingent upon obtaining the requisite administrative consents.
- As part of the acquisition of 10% of the shares of Grandes Bruyères, France, a project to build a multi-brand store, Unibail-Rodamco SA signed an undertaking to acquire the remaining 90%, contingent upon certain conditions.
- As part of the agreements between the "CCIP" and Unibail-Rodamco to create Viparis and Comexposium, Unibail-Rodamco has committed to retain its interests in commun subsidiaries during five years. The "CCIP" has a right of first choice and a right of joint sale.
- As part of the agreement between the "CCIP" and Unibail-Rodamco to create Viparis, it was agreed that the Group's subsidiary SCI Prop Expo will sign a long term lease for a new exhibition hall at Paris-Nord Villepinte, France. This lease will be concluded upon completion of the construction of the new hall, currently planned for 2010, and will have a term of 97 years.

- Further to the Group's acquisition in 2006 of a 50% stake in the Aupark shopping and entertainment centre (Slovak Republic), the vendor has an option to sell an additional 40% to the Group from now through to 2012. From 2009 through 2012 he will also have an option to sell the remaining 10% to the Group.
- The Group's subsidiary SCI Aéroville has committed to sign a building lease with the Aéroports de Paris, France, contingent upon certain conditions.

### **Commitments received**

Commitments received (in millions of euros)	Dec 31, 2007	June 30, 2008
Refinancing agreements obtained but not used <sup>(1)</sup>	1,884.0	1,678.0
Guarantees received relating to Hoguet Regulation	56.8	79.8
Guarantees received from tenants	161.3	172.8
Other commitments received <sup>(2)</sup>	367.6	317.9
<b>TOTAL</b>	<b>2,469.7</b>	<b>2,248.5</b>

<sup>(1)</sup> These agreements are usually accompanied by a requirement to meet specific target ratios based on revalued shareholders' equity and debt. Certain credit lines are also subject to an early pre-payment clause (in full or in part) in the event of a change in ownership or a series of disposals reducing portfolio assets below a given threshold. Based on current forecasts, excluding exceptional circumstances, these thresholds are not expected to be attained during the current year.

<sup>(2)</sup> Mainly liability warranties for acquisitions of companies.

### **Other commitments received**

- Following the acquisition of Val Commerces (Etrembières, France shopping centre), an indemnity warranty was received payable in the event there proves to be an inaccuracy in the representations made regarding the asset's legal position. A similar warranty was also received with respect to the acquisition of the Labège shopping centre in Toulouse, France.
- Further to the vendor's options to sell a further 40% plus 10% in the Aupark, Slovak Republic shopping and entertainment centre, as described above in the "Other commitments given", the Group will have an option to buy this additional 50% from 2013 onwards, thereby extending its stake to 100%.
- Viparis holds a sub-concession for the exhibition venue of Parc des Expositions de Paris Le Bourget, France, which runs through to 2014 and can then be renewed by mutual agreement through to 2023. If the sub-conceder should not agree to this renewal period beyond 2014, he would have to pay a contractual indemnity to Viparis. This indemnity would be calculated based upon a combination of the turnover and the net assets of the venue. The current best estimate is that this indemnity would amount to €16,8 Mn in 2014. This indemnity reduces the amount of the amortization of the intangible asset.
- As part of the agreements between the "CCIP" and Unibail-Rodamco to create Viparis and Comexposium, the "CCIP" has committed to retain its interests in commun subsidiaries during five years. Unibail-Rodamco has a right of first choice and a right of joint sale. Finally, the "CCIP" accords to the SCI Prop Expo, a 50% subsidiary of the Group, a right of preferential purchase on its property rights in the areas of the Palais des Congrès de Paris and the Parc d'Expositions de Paris-Nord Villepinte in France.

## 8) Employee remuneration and benefits

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Personnel costs amounted to €80.8 Mn in the first half of 2008 (compared with €43.0 Mn in the first half of 2007 – the business combination of Unibail and Rodamco took effect at the end of June 2007). This included €0.8 Mn relating to the Company Savings Plan (compared with €1.3 Mn in the first half of 2007) (employer contribution and difference between the subscription price and the share price on the date of the capital increase), €2.4 Mn relating to stock options (compared with €1.7 Mn in the first half of 2007), and €0.4 Mn relating to bonus shares (compared with €0.4 Mn in the first half of 2007).

On June 26, 2008 a share capital increase of €0.1 Mn, reserved for employees under the Company Savings Plan, was carried out with the following characteristics: 26,117 shares issued at a nominal value of 5 euros. Additional paid-in capital increased by €3.4 Mn.

### Stock-option plans

During the first half year of 2008, there was no new stock-option plan granted by Unibail-Rodamco.

### Headcount

On the first half 2008, the average number of employees of the Group's companies breaks down as follows:

Regions	Dec 31, 2007	June 30, 2008
Central Europe	131	147
France	993	1,038
The Netherlands	143	122
Nordic	159	166
Spain	131	126
<b>TOTAL</b>	<b>1,557</b>	<b>1,599</b>

### Pension plan

The majority of the Group's pension schemes are defined contribution plans. The Dutch companies have pension plans with both defined contribution as well as defined benefit components, for the latter commitments are recorded as a provision.

## 9) Related party disclosures

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### Transactions with related companies

The consolidated financial statements include all of the companies in the Group's scope of consolidation (see section 2 "Scope of consolidation").

The parent company is Unibail-Rodamco S.A.

To the Group's knowledge, there are no shareholders' pacts nor persons or groups of persons exercising or who could exercise control over the Group.

The main related party transactions refer to transactions with companies consolidated under the equity method.

In millions of euros	June 30, 2008	June 30, 2007
<b>SCI Karanis</b>		
Loan	-	78.4
Recognised interest	-	4.3
Fees invoiced	-	0.7
Rental payments	-	-0.5
<b>Groupe Comexposium</b>		
Loan	165.9	-
Recognised interest	4.0	-
Rents and fees invoiced <sup>(1)</sup>	21.1	-
<b>SCI Triangle des Gares</b>		
Loan	20.4	20.9
Recognised interest	0.5	0.3
Fees invoiced <sup>(2)</sup>	0.5	0.4

<sup>(1)</sup> Correspond to rents and fees invoiced by Viparis entities to Comexposium

<sup>(2)</sup> Fees invoiced correspond to asset management and property management fees invoiced by the Group.

All of these transactions are based on market prices.

## **10) Transactions after the closing date**

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### **Divestment**

The office building located at 126, rue Jules Guesdes, Levallois, France was sold on July 2, 2008.

An agreement to sell the building located 136, avenue Charles de Gaulle, Neuilly sur Seine, France was signed on July 18, 2008 for €120 Mn (Net Disposal Price).

The offices in Ukraine were sold for a net disposal price of €31.5 Mn on July 2008.

### **Acquisition**

Unibail-Rodamco completed in July the acquisition of two shopping centers in Spain “La Maquinista” and “Habaneras” for a total amount of €434 Mn.

DELOITTE MARQUE &  
GENDROT

ERNST & YOUNG Audit

**Unibail-Rodamco**

**Statutory auditors' review report on the first half-  
year financial information**





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## Unibail-Rodamco

Period from January 1<sup>st</sup> 2008 to June 30 2008

*This is a free translation into English of the statutory auditor's review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders

In our capacity as statutory auditors and in accordance with articles L. 232-7 of the French Company Law (Code de commerce) and L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- our review of the accompanying condensed half-year consolidated financial statements of Unibail-Rodamco, for the period January 1<sup>st</sup> 2008 to June 30 2008, and
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

## **1. Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than can be obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – IFRS as adopted by the European Union applicable to Interim financial information.

## **2. Specific verification**

We have also verified the information provided in the half-year management report in respect of the condensed half-year financial statements that were the object of our review.

We have nothing to report on the fairness and consistency of this information with the condensed half-year financial statements.

Neuilly-sur-Seine and Paris-La Défense, le 28 juillet 2008

The statutory auditors

French original signed by

DELOITTE MARQUE & GENDROT  
Joël Assayah

ERNST & YOUNG Audit  
Bernard Heller