unibail·rodamco

Half-year results 2009

Shopping centres Offices Convention & Exhibition

Resilience

"Unibail-Rodamco posts recurring earnings per share in line with expectations. This happens in difficult times, where most macro economic indicators are negative. Tenant sales in the retail sector over the period came down, although June sales show positive growth. As expected, the Group has seen a slowdown of Net Rental Income growth across its portfolio. Yet, income growth remains positive on the back of high quality assets, which are actively marketed to the public. The Group's shopping centres remain in high demand by retailers looking for customer traffic and exceptional locations."
Guillaume Poitrinal – CEO and Chairman of the Management Board

Continued recurring EPS growth

Compared to H1 2008, all sectors (retail, office and C&E) contributed to the Group's increase in recurring earnings of 7.8% to €4.68/share. Retail benefited from the strong position of its shopping centres, with low vacancy (2.0%, vs 1.8% end 2008), and a 4.5% like-for-like growth in net rental income. Following divestments in 2008, the office sector saw a decrease in rental income, but like-for-like income grew with 10.1%, of which 7.3% from indexation.
Vacancy in the office sector dropped to 4.7% after the successful letting of 20,500m² to SNCF in mid-July. The C&E sector benefited from the successful Paris airshow in H1 2009.

Strong Financial Position

The Group signed €1.2 Bn of new debt year-to-date, including €575 Mn from the net share settled convertible bond issued in April. The undrawn credit lines increased to €2.4 Bn at June 2009. Average cost of debt for the period came to 3.8%.
The Loan to Value ratio increased slightly from 30% at year-end 2008 to 33% at mid-year 2009. This was mostly driven by declining asset values. The Group wrote off €1,930 Mn in Gross Market Value in the period, bringing the total asset write down over the last 12 months to €3.7 Bn or 16% (LfL).

Unchanged outlook

The Group will continue to invest in its development pipeline, having raised its return criteria to reflect the current market situation. It remains alert to opportunities which may be triggered by the current economic climate. The Group re-iterates its full year recurring EPS growth outlook of 7% or more. The Group confirms its policy of distributing 85-95% of recurring earnings. For 2009, this distribution is scheduled to be fully paid in April 2010.

Key consolidated indicators (in € Mn)	H1- 2009	H1- 2008	Growth %	Growth % like-for-like
Shopping centres	469	435	+8.0%	+4.5%
Offices	111	117	-5.5%	+10.1%
Convention & Exhibition	54	49	+9.8%	+9.8%
Net rental income	**634**	**601**	**+5.5%**	**+5.9%**
Valuation movements and gain on disposals	**-1,911**	**98**		
Net result group share	**-1,324**	**489**		
of which net recurring profit	**426**	**395**	**+7.6%**	
Recurring earnings per share	**€ 4.68**	**€4.34**	**+7.8%**	
	June 30, 09	**Dec.31,08**	**%**	
Fully diluted liquidation Net Asset Value per share	**€131.70**	**€151.20**	**-12.9%**	

N°1 Listed property company in Europe

€22.8 Billion
Property portfolio
Continued selective approach on high quality assets in Europe

€4.68
Recurring EPS (+7.8%)
Compared to half year 2008 on the back of resistant operational performance

€131.70
Fully diluted liquidation NAV/share
Continued value correction (-12.9%) due to further yield expansion

33%
Loan-to-Value
Strong balance sheet and financial flexibility

Included in the Dow Jones Sustainability Index & in the FTSE4 Good Index

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www.unibail-rodamco.com/investors

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APPENDIX TO THE PRESS RELEASE
July 22, 2009

Press release and appendix are available on group website: www.unibail-rodamco.com

I. SCOPE OF CONSOLIDATION, ACCOUNTING PRINCIPLES

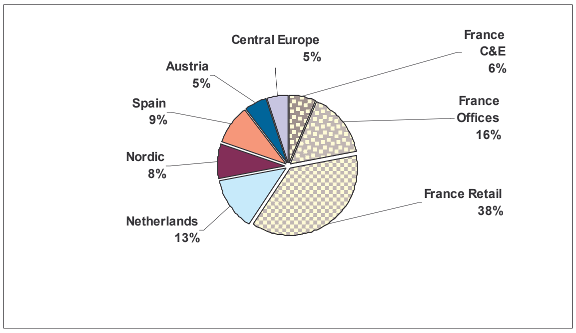
Scope of consolidation

There was no significant change in the scope of consolidation since Jan 1st, 2009.
291 companies in 13 countries have been fully consolidated with the exception of 23 companies accounted for under proportional method and 5 companies under the equity method[1].

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

The Unibail-Rodamco group is operationally organised under 6 geographical regions: France, the Netherlands, Nordic, Spain, Central Europe and Austria[2]. As France has substantial representation of all 3 business-lines of the group, this region is itself divided in 3 segments: Shopping Centres, Offices and Conventions & Exhibitions. The other regions operate mainly in the shopping centre segment.

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



[1] Mainly COMEXPOSIUM subgroup (Trade show organisation business)
[2] Organised separately from Central Europe since Jan 1st, 2009

Accounting principles

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

No changes were made compared to the accounting principles used for the previous period, except for the recently issued IAS 40 amendment on accounting of investment property under construction.

According to the new rule, investment properties under construction are measured at fair value when fair value can be measured reliably. Where fair value is not reliably measurable, the property remains accounted for at cost. This rule is applied prospectively and the total impact is booked in the income statement.

Investment properties under construction are taken at fair value once Unibail-Rodamco's management considers that a substantial part of the development's uncertainty has been eliminated[5]. In any case fair value will be used within one year before estimated project delivery.

4 projects previously at cost have been accounted for at fair value at June 30, 2009 with a limited Valuation loss of -€16 Mn.

[3] As applicable in the European Union as at June 30, 2009
[4] European Public Real-estate Association
[5] 3 criteria i) All administrative authorizations are obtained ii) Construction has started and costs are committed toward the constructor iii) Substantial uncertainty in future rental income has been eliminated.

Consolidated income statement by division

UNIBAIL-RODAMCO Consolidated Income Statement by segment (€ Mn)			2009-H1 Recurring activities	2009-H1 Valuation movements and disposals	2009-H1 Result	2008-H1 Recurring activities	2008-H1 Valuation movements and disposals	2008-H1 Result	2008 Recurring activities	2008 Valuation movements and disposals	2008 Result
SHOPPING CENTERS	France	Gross rental income	245.9		245.9	225.3	-	225.3	456.4		456.4
		Operating expenses & net service charges	- 23.5		- 23.5	- 16.0	-	- 16.0	- 36.8		- 36.8
		Net rental income	**222.4**	-	**222.4**	**209.3**	-	**209.3**	**419.6**	-	**419.6**
		Contribution of affiliates	2.7	- 14.9	- 12.2	2.3	0.6	2.9	4.7	- 3.4	1.3
		Gains on sales of properties		0.2	0.2			-			-
		Valuation movements		- 712.8	- 712.8		236.2	236.2		- 620.5	- 620.5
		Result Retail France	**225.1**	**- 727.4**	**- 502.3**	**211.6**	**236.8**	**448.4**	**424.3**	**- 623.9**	**- 199.6**
	Netherlands	Gross rental income	81.4		81.4	95.1	-	95.1	175.9		175.9
		Operating expenses & net service charges	- 7.1		- 7.1	- 9.6	-	- 9.6	- 17.2		- 17.2
		Net rental income	**74.3**	-	**74.3**	**85.5**	-	**85.5**	**158.7**	-	**158.7**
		Gains on sales of properties		4.6	4.6	-	12.3	12.3		8.7	8.7
		Valuation movements		- 80.4	- 80.4	-	59.9	59.9		- 53.5	- 53.5
		Result Retail Netherlands - Belgium	**74.3**	**- 75.8**	**- 1.5**	**85.5**	**72.2**	**157.7**	**158.7**	**- 44.8**	**113.9**
	Nordic	Gross rental income	58.9		58.9	59.1	-	59.1	119.4		119.4
		Operating expenses & net service charges	- 14.8		- 14.8	- 14.3	-	- 14.3	- 28.0		- 28.0
		Net rental income	**44.1**	-	**44.1**	**44.8**	-	**44.8**	**91.4**	-	**91.4**
		Gains on sales of properties		-	-	-	-	-			-
		Valuation movements		- 166.9	- 166.9	-	10.5	10.5		- 145.4	- 145.4
		Result Retail Nordic	**44.1**	**- 166.9**	**- 122.8**	**44.8**	**10.5**	**55.3**	**91.4**	**- 145.4**	**- 54.0**
	Spain	Gross rental income	65.0		65.0	49.5	-	49.5	114.4		114.4
		Operating expenses & net service charges	- 5.5		- 5.5	- 3.8	-	- 3.8	- 9.4		- 9.4
		Net rental income	**59.4**	-	**59.4**	**45.7**	-	**45.7**	**105.0**	-	**105.0**
		Gains on sales of properties		0.3	0.3	-	0.1	**0.1**		-	-
		Valuation movements		- 222.5	- 222.5	-	- 43.6	- 43.6		- 251.9	- 251.9
		Result Retail Spain	**59.4**	**- 222.2**	**- 162.8**	**45.7**	**- 43.5**	**2.2**	**105.0**	**- 251.9**	**- 146.9**
	Central Europe	Gross rental income	37.9		37.9	34.2	-	34.2	70.3		70.3
		Operating expenses & net service charges	- 0.9		- 0.9	- 1.1	-	- 1.1	- 2.7		- 2.7
		Net rental income	**37.0**	-	**37.0**	**33.1**	-	**33.1**	**67.6**	-	**67.6**
		Gains on sales of properties		0.1	0.1	-		-		0.5	**0.5**
		Valuation movements		- 77.2	- 77.2	-	75.5	75.5		14.4	14.4
		Impairment of Goodwill		- 37.8	- 37.8	-	-	-			-
		Result Retail Central Europe	**37.0**	**- 115.0**	**- 78.0**	**33.1**	**75.5**	**108.6**	**67.6**	**14.9**	**82.4**
	Austria	Gross rental income	34.4		34.4	16.8	-	16.8	49.2		49.2
		Operating expenses & net service charges	- 2.2		- 2.2	- 0.7	-	- 0.7	- 3.3		- 3.3
		Net rental income	**32.2**	-	**32.2**	**16.1**	-	**16.1**	**45.8**	-	**45.8**
		Gains on sales of properties			-	-		-			-
		Valuation movements		- 33.8	- 33.8	-	- 0.8	**- 0.8**		- 37.2	- 37.2
		Impairment of Goodwill			-	-	-	-		- 16.4	- 16.4
		Result Retail Austria	**32.2**	**- 33.8**	**- 1.6**	**16.1**	**- 0.8**	**15.3**	**45.8**	**- 53.6**	**- 7.7**
	TOTAL RESULT RETAIL		**472.1**	**- 1,341.1**	**- 869.0**	**436.9**	**350.6**	**787.6**	**892.7**	**- 1,104.7**	**- 211.9**
OFFICES & INDUSTRIAL	France	Gross rental income	92.1		92.1	86.3	-	86.3	175.2		175.2
		Operating expenses & net service charges	- 3.9		- 3.9	1.1	-	1.1	- 2.0		- 2.0
		Net rental income	**88.2**	-	**88.2**	**87.5**	-	**87.5**	**173.2**	-	**173.2**
		Gains on sales of properties and affiliates		0.9	0.9		4.5	4.5		28.5	28.5
		Valuation movements		- 331.0	- 331.0		- 256.5	- 256.5		- 536.8	- 536.8
		Result Offices France	**88.2**	**- 330.1**	**- 241.9**	**87.5**	**- 252.0**	**- 164.5**	**173.2**	**- 508.3**	**- 335.0**
	Other regions	Gross rental income	25.5		25.5	34.6		34.6	63.9		63.9
		Operating expenses & net service charges	- 3.3		- 3.3	- 5.2		- 5.2	- 8.8		- 8.8
		Net rental income	**22.2**	-	**22.2**	**29.4**	-	**29.4**	**55.1**	-	**55.1**
		Gains on sales of properties		0.3	0.3		5.5	5.5		9.3	9.3
		Valuation movements		- 57.7	- 57.7		2.0	2.0		- 87.3	- 87.3
		Result Offices other countries	**22.2**	**- 57.4**	**- 35.1**	**29.4**	**7.5**	**36.9**	**55.1**	**- 78.0**	**- 22.8**
	TOTAL RESULT OFFICES & INDUSTRIAL		**110.5**	**- 387.5**	**- 277.0**	**116.9**	**- 244.5**	**- 127.7**	**228.4**	**- 586.2**	**- 357.9**
CONVENTION EXHIBITION	France	Gross rental income	96.4		96.4	92.0	-	92.0	185.1		185.1
		Operating expenses & net service charges	- 48.3		- 48.3	- 49.3	-	- 49.3	- 98.7		- 98.7
		Net rental income	**48.2**	-	**48.2**	**42.7**	-	**42.7**	**86.4**	-	**86.4**
		On site property services	**21.2**		**21.2**	**18.3**	-	**18.3**	**41.0**		**41.0**
		Hotels net rental income	**5.8**		**5.8**	**6.5**	-	**6.5**	**12.7**		**12.7**
		Exhibitions organizing	**5.8**	**1.1**	**6.9**	**2.5**	**2.6**	**5.1**	**10.4**	**- 0.5**	**9.9**
		Valuation movements,depreciation and capital gain	- 5.2	- 183.0	- 188.3	- 7.1	- 10.9	- 17.9	- 11.4	- 47.7	- 59.1
	TOTAL RESULT CONVENTION & EXHIBITION		**75.7**	**- 181.9**	**- 106.2**	**62.9**	**- 8.2**	**54.7**	**139.1**	**- 48.2**	**90.9**
	Other property services net operating result		5.5		5.5	3.5		3.5	8.3		8.3
	Other net income		9.2		9.2	6.4		6.4	3.8		3.8
TOTAL OPERATING RESULT AND OTHER INCOME			**672.9**	**- 1,910.5**	**- 1,237.5**	**626.7**	**97.9**	**724.6**	**1,272.3**	**- 1,739.1**	**- 466.8**
	General expenses		**- 49.4**		**- 49.4**	**- 48.3**		**- 48.3**	**- 101.7**		**- 101.7**
	Development costs		**- 0.7**		**- 0.7**	**- 1.6**		**- 1.6**	**- 5.7**		**- 5.7**
	Financing result		**- 138.1**	**- 91.8**	**- 229.8**	**- 128.4**	**55.6**	**- 72.8**	**- 275.2**	**- 308.2**	**- 583.5**
	Impairment of Goodwill			**-**	**-**					**- 4.3**	**- 4.3**
PRE-TAX RESULT			**484.8**	**- 2,002.2**	**- 1,517.4**	**448.5**	**153.5**	**602.0**	**889.6**	**- 2,051.5**	**- 1,161.9**
	Corporate income tax		**- 13.0**	**81.8**	**68.8**	**- 6.7**	**- 47.6**	**- 54.3**	**- 16.0**	**54.2**	**38.1**
NET RESULT			**471.8**	**- 1,920.4**	**- 1,448.6**	**441.8**	**105.9**	**547.7**	**873.6**	**- 1,997.4**	**- 1,123.8**
	Non-controlling interests		**46.3**	**- 170.9**	**- 124.6**	**46.4**	**12.0**	**58.3**	**91.6**	**- 99.4**	**- 7.8**
NET RESULT -OWNERS OF THE PARENT			**425.5**	**- 1,749.5**	**- 1,324.0**	**395.4**	**93.9**	**489.4**	**782.0**	**- 1,898.0**	**- 1,116.0**

	2009-H1	2008-H1	2008
Average number of shares and ORA	90,857,546	91,142,663	91,132,579
Recurring earnings per share	**4.68 €**	**4.34 €**	**8.58 €**
Recurring earnings per share growth	**7.83%**	**7.27%**	**9.16%**

H1'08 and 2008 figures slightly differ from previous publication due to asset reclassification by segment and income tax allocation restated between recurring and non recurring result

II. BUSINESS REVIEW BY SEGMENT

1. Shopping centres

1.1. Shopping centre market in H1'09

Most indicators of significance for the retail market have been negative during H1'09. GDP across most of continental Europe is negative, unemployment is increasing, footfall is declining and retailers' turnover is coming down. There are marked differences however between countries, between capital cities and other areas and between retail categories. Spain, for instance has seen a decline in national retail sales[6] with 11.4% where France saw a decline with only 3.2%. All retail sectors are feeling the effects of the crisis, but, in the Unibail-Rodamco portfolio, Health and Beauty is fairly stable at +0.7% while Household Equipment is down significantly with -5%.

Large cities, that tend to be more affluent and less dependent on the more impacted manufacturing sector, have been less affected by increasing unemployment.

The Group sees a clear preference from retailers for the large shopping centres in the capital cities, while small centres in provincial towns are facing increasing vacancy with tenants considering their options.

As footfall is the main driver for success of any shopping centre, the Group has significantly stepped up its efforts on advertising, entertainment programmes, promotions and overall visibility. The interests of the Group and its tenants are entirely aligned in this respect. As a consequence, footfall in the Group's retail portfolio was almost stable with a decline limited to 0.2% in H1'09.

Prime rents are stable and are expected to stay so, as a result of continuing strong demand for prime retail space. Demand is driven by large national and international retailers which are adopting a more opportunistic approach to their expansion plans.

The investment market for shopping centres remains slow, and only few benchmark transactions have been recorded in H1'09 across continental Europe. Yields continue to move up, with an increasing quality penalty for smaller assets becoming clearly visible. Prime yields have moved on average with another 50 basis points.

[6] Source national sales indices:
France: IFLS as at May 31, 2009
Spain: ICM index excluding food, National Statistics Institute as at May 31, 2009

1.2. Rental income from Unibail-Rodamco shopping centres

Total consolidated Net Rental Income (NRI) amounted to €469.4 Mn in first half of 2009, representing a rise of +8% compared with first half of 2008.

Region	Net Rental Income (€Mn)		
	2008-H1	2009-H1	%
France	209.3	222.4	6.3%
Netherlands	85.5	74.3	-13.1%
Nordic	44.8	44.1	-1.8%
Spain	45.7	59.4	30.0%
Central Europe	33.1	37.0	11.4%
Austria	16.1	32.2	100.0%
Global	**434.6**	**469.4**	8.0%

The total variation in NRI (€34.8 Mn) came mainly from:

- Acquisitions: +€31 Mn, of which:
  - +€16.8 Mn in Austria: mainly acquisition of Shopping City Süd in Vienna, end of May 2008.
  - +€12.4 Mn in Spain: acquisition of La Maquinista in Barcelona and Habaneras in Torrevieja in July 2008.

- Delivery of new shopping centres or extensions: +€13.2 Mn:
  - in France: opening of Rivetoile, in Strasbourg (28,200 m²) in September 2008, and opening of Docks 76 in Rouen (36,200 m²) in April 2009.
  - in Sweden: delivery of 26,100 m² of extension in Forum Nacka in Stockholm in November 2008.
  - in Czech Republic: delivery of Arkady-Pankrac, 30,100 m² in Prague in November 2008.

- Disposals: -€15.5 Mn largely due to high street retail portfolio disposed of in the Netherlands and in Belgium in 2008 and 2009.

- Taking into account -€3.9 Mn of constant currency correction[7] and -€6.5 Mn of one off items in 2008-H1, the net change like for like amounted to €16.5 Mn.

After taking into account Shopping City Süd NRI proforma in H1'08, the like for like growth amounted to €18.7 Mn and broke down as follows:

[7] Mainly in Sweden

Region	Net Rental Income (€Mn) Like-for-like		
	2008-H1	2009-H1	%
France	200.8	212.4	5.8%
Netherlands	69.0	72.0	4.3%
Nordic	44.9	45.7	1.9%
Spain	45.7	47.1	3.2%
Central Europe	31.8	32.4	1.8%
Austria*	28.1	29.4	4.8%
Global	**420.3**	**439.0**	4.5%

* Shopping City Süd proforma in 2008-H1- non audited
Excluding currency effect

On a like-for-like basis, H1'09 NRI grew by 4.5% compared to the H1'08, of which 3.0% due to indexation, as shown in the table below.

Region	Net Rental Income like-for-like evolution (%)			
	Indexation	Renewals, relettings net of departure	other	Total
France	3.8%	4.4%	-2.4%	5.8%
Netherlands	2.6%	1.2%	0.5%	4.3%
Nordic	2.5%	2.1%	-2.7%	1.9%
Spain	3.1%	-0.6%	0.7%	3.2%
Central Europe	1.4%	0.5%	-0.1%	1.8%
Austria	0.2%	2.7%	1.9%	4.8%
Global	3.0%	2.7%	-1.2%	4.5%

The highest growth was realised in France (+5.8%) and in Austria (+4.8%). Net of indexation the average growth rate like for like was +1.5%, with +4.6% for Austria and +2% for France.

On the whole portfolio, sales based rents represented 1.7% of total net rental income of H1'09 (2.3% on full year 2008).

In a more difficult economic environment, doubtful debtors, as a % of gross rental income[8], slightly increased from 0.9% at year end 2008 to 1.3% at June 30, 2009.

1.3. Leasing activity in H1'09

Leasing activity on standing shopping centres has been satisfactory during H1'09 with 545 leases signed compared to 447 leases signed over H1'08.

In total €50.1 Mn of Minimum Guaranteed Rents with an average uplift of 23% was signed in H1'09 versus €44 Mn in H1'08 and an average uplift of 25% for full year 2008.

[8] Aggregated amount of accruals and reversals of provisions for doubtful debtors plus any write-offs divided by gross rental income for the period. Group policy is to provide all receivables from tenants with one or more invoices overdue for more than 6 months and to provide 50% of receivables overdue for more than 3 months (and for which there is a chance of recovery). Provisions are made on overdue amounts net of VAT, cash deposits and bank guarantees.

As already observed in the second half of 2008, negotiations with tenants are taking more time in an environment where they are faced with the economic crisis and sales slowdown. Nevertheless the best shopping centres and largest malls remain in good demand from retailers in all regions.

New high profile retailers have been successfully introduced in Unibail-Rodamco shopping centres (MAC, Desigual, van Graaf …). Taking advantage of the size of the portfolio, retailers present in certain countries have been introduced in new countries, like for instance Hema from The Netherlands to France.

region	lettings / re-lettings / renewals excl. Pipeline			
	nb of leases signed	m²	MGR (€ Mn)	MGR % uplift
France	143	33 707	20.5	27%
Netherlands	64	18 532	5.4	35%
Nordic	85	25 183	5.8	10%
Spain	124	18 932	6.7	15%
Central Europe	56	17 247	2.9	14%
Austria	73	24 130	8.9	25%
Global	545	137 731	50.1	23%

MGR : Minimum Guaranteed Rent

In addition, 70 pre-lettings were signed on shopping centres or extensions under construction, mainly in France.

1.4. Vacancy and Lease expiry schedule

As at June 30, 2009 aggregated annualised Minimum Guaranteed Rents from Unibail-Rodamco's shopping centre portfolio amounted to €981.3 Mn, excluding variable rents and other income, compared to €937.7 Mn at year end 2008.

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

Retail portfolio	Lease expiry schedule			
	at date of next break option	as a % of total	at expiry date	as a % of total
Expired	34.5	3.5%	34.5	3.5%
2009	55.3	5.6%	25.1	2.6%
2010	191.1	19.5%	83.1	8.5%
2011	193.4	19.7%	60.9	6.2%
2012	157.6	16.1%	105.1	10.7%
2013	70.1	7.1%	66.0	6.7%
2014	74.2	7.6%	64.0	6.5%
2015	59.9	6.1%	61.1	6.2%
2016	27.5	2.8%	55.9	5.7%
2017	31.2	3.2%	60.9	6.2%
2018	27.0	2.8%	70.7	7.2%
2019	22.1	2.3%	56.3	5.7%
Beyond	37.2	3.8%	237.7	24.2%
M€	**981.3**	**100%**	**981.3**	**100%**

Potential rents from vacant space in operation on the total portfolio amounted to €20.4 Mn at June 30, 2009.

Financial vacancy remains at a low level, 2.0% on average across the total portfolio, increased slightly compared to Dec 31, 2008 (1.8%).

1.5. Investment / pipeline

Unibail-Rodamco invested € 248.4 Mn[9] (group share) in its shopping centre portfolio in H1'09:

- €57.2 Mn was invested in new acquisitions:
  Additional plots in Shopping City Süd in Vienna and a piece of land for Maquinista future extension in Barcelona.

- €120 Mn was invested in new shopping centres and extensions under construction, mainly:
  - Docks-76 (36,200 m²) in Rouen/France which has been successfully opened in April 2009;
  - Lyon-Confluence in Lyon/France 52,300 m², completion expected in 2011;
  - Docks Vauban in Le Havre/France: 57,200 m², which will be opened in October 2009;
  - Esplanade in Lyon/France: 1,500 m², delivered in March 2009;
  - Cours Oxygène in Lyon/France: 9,100 m², completion expected in 2010;
  - BAB 2 in Anglet/France: 3,400 m² extension, delivered in February 2009;
  - Cnit Paris-La Défense/France new retail area (17,900 m²) which will be inaugurated on Q4'09;
  - Donauzentrum extension in Vienna/Austria: 27,500 m², completion expected in 2010;
  - Almere Buiten in Almere/Netherlands: 16,300 m², completion expected in 2011.

- €44.6 Mn was invested in renovation of existing shopping centres.

- Financial and other costs were capitalised respectively for €10.4 Mn and €16.2 Mn.

The total pipeline retail projects represented 815,820 m², for a total estimated investment of €3,6 Bn, of which €1.3 Bn is already invested or contracted. The remaining part corresponds to options on potential projects which are under negotiations to ensure adequate returns.

Fully contracted projects represented 277,400 m² and are composed of:

- Brownfield projects:
  - Docks Vauban, Lyon Confluence, Almere Buiten already mentioned above;
  - Metropolis in Moscow/Russia: 50% to be acquired by Unibail Rodamco after contractual conditions are satisfied, corresponding to 40,700 m²;
  - Eiffel in Levallois/France: 48,600 m² / delivery in 2012;
  - Rotterdam Markthal /Netherlands: 10,800 m² / delivery in 2013.

- Extensions of existing shopping centres:
  Cours Oxygène and Donauzentrum extension already mentioned and La Maquinista extension in Barcelona/Spain: 14,800 m² / delivery in 2010.

1.6. Divestments

Following its strategy of divestment of non core assets, the Group divested €79.6 Mn in H1'09 mainly from its Dutch high street retail portfolio with a net disposal profit of €5.3 Mn.

1.7. Portfolio valuation

As at June 30, 2009 the shopping centre portfolio of Unibail-Rodamco was valued on the balance sheet at €15,983 Mn, excluding transfer taxes and disposal cost.

As from Jan 1, 2009, according to new IFRS accounting rules, "investment property" in the balance sheet includes standing assets and properties under construction (see chapter I). Five retail properties under development which were booked at cost at Dec 31, 2008, were booked at fair value at June,30, 2009: Docks Vauban (Le Havre/France), Cours Oxygène (Lyon La Part Dieu/France), Donauzentrum extension (Vienna/Austria), Docks 76 (Rouen/France) which has been delivered in April 2009, and Esplanade (Lyon/France) delivered in March 2009.

Valuation movements to shopping center investment properties (standing assets and property under development) resulted in a charge of €1,346.3 Mn in the Group's H1'09 income statement, breaking down as follows: €727.7 Mn in France, €115 Mn[10] in Central Europe, €33.8 Mn in Austria, €80.4 Mn in The Netherlands, €166.9 Mn in Nordic and €222.5 Mn in Spain (see details in note on Net Asset Value).

[9] Variation in gross asset value group share

[10] Of which €37.8 Mn of goodwill impairment

2. Offices

2.1. Office property market[11] in H1'09

As more than 86% of the Group's office portfolio is concentrated in France, the developments in this market largely drive the office division results.

Demand for office space fell considerably during H1'09 in the Paris Region. Take-up totalled 860,000 m² which corresponds to a 27.2% fall on 2008 figures. This low level of transactions continues to be explained by the uncertain economic climate and the fact that many companies are delaying moving or renegotiating their leases.

Some 25 large transactions (> 5,000 m²) were reported during H1'09. The small and medium transactions have been deeply affected by the slowdown in activity. The total take-up for 2009 is expected at a level between 1.7 and 1.8 Mn m².

In line with the drop in take-up, available supply increased during H1'09 and stood at 3,215,000 m² by mid-year (+8% compared to the end of 2008). This increase is the direct consequence of the slowdown in economic activity.

The immediate vacancy rate is stabilized at 6.1% in the Paris Region: the vacancy rate stays relatively stable in the CBD 4.8% and in La Défense 3.9%.

On the whole, the Paris Region market saw a decrease in rents (prime and average rents). Users are expecting a drop in values and more commercial incentives are granted in new leases.

Both the Central Business District and La Défense continue to experience a decrease in rents. However, recent transactions such as the lease signed by Suez-Environnement on the refurbished CB 21 Tower demonstrate only modest rental decreases.

Investment market: The Paris Region saw its level of investment activity decline from €4.6 Bn during H1'08 to €1.2 Bn during H1'09. This represents a decline of 74%.

[11] Sources: Immostat, JLL, DTZ

2.2. Office division H1'09 activity

Unibail-Rodamco consolidated net rental income (NRI) from offices portfolio came to €110.5 Mn in H1'09.

Region	Net Rental Income (€Mn)		
	2008-H1	2009-H1	%
France	87.5	88.2	0.8%
Netherlands	14.1	11.8	-16.3%
Nordic	9.1	8.6	-5.5%
Spain	3.9	1.2	-69.2%
Central Europe	1.5	-	-100.0%
Austria	0.8	0.7	-12.5%
Global	**116.9**	**110.5**	-5.5%

The decrease of €6.4 Mn from H1'08 to H1'09 is explained as follows:

- -€16.3 Mn came from disposals (mainly buildings disposed of in 2008);
- +€3.1 Mn came from the delivery and leasing of new buildings in Paris (Clichy, 12 rue du Mail) and in Spain;
- -€2.7 Mn of non recurring item (tax reimbursement in France in 2008);
- Like-for-like NRI increased by €9.5 Mn, ie a 10.1% growth, of which 7.3% from indexation.

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

Region	Net Rental Income (€Mn) Like-for-like		
	2008-H1	2009-H1	%
France	73.2	81.0	10.6%
Netherlands	10.8	11.6	7.5%
Nordic	8.9	9.9	10.7%
Spain	-	-	
Central Europe	-	-	
Austria	0.8	0.7	ns
Global	**93.7**	**103.2**	10.1%

In France, despite the difficult economic context, the group leasing activity remained satisfactory with 59,360 m² signed[12] for €26.1 Mn of annual rent, of which:

- 28,377m² in Galilée building in La Défense fully let to an industrial tenant (9-year firm lease / €443 /m²);
- 5,293m² pre-let to Ernst & Young on Tour Oxygène in Lyon to be delivered in 2010 (€ 272/m²);
- 4,953m² let to ESSEC in Cnit-La Défense (€510/m²).

As at June 30, 2009 annualised minimum guaranteed rents generated by the office portfolio amounted to €258.1 Mn, of which €209.7 Mn in France.

[12] Weighted lettable area

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

Office portfolio	Lease expiry schedule			
	at date of next break option	as a % of total	at expiry date	as a % of total
Expired	8.4	3.3%	8.4	3.3%
2009	6.9	2.7%	3.3	1.3%
2010	36.9	14.3%	7.8	3.0%
2011	25.3	9.8%	4.2	1.6%
2012	29.4	11.4%	10.8	4.2%
2013	17.7	6.9%	31.5	12.2%
2014	15.7	6.1%	14.8	5.7%
2015	26.4	10.2%	36.9	14.3%
2016	39.0	15.1%	39.8	15.4%
2017	13.5	5.2%	26.5	10.3%
2018	9.7	3.7%	18.8	7.3%
2019	15.7	6.1%	28.7	11.1%
Beyond	13.5	5.2%	26.5	10.3%
M€	**258.1**	**100%**	**258.1**	**100%**

Potential rents from vacant office space in operation amounted to €24.8 Mn (annualised) at June 30, 2009. The financial vacancy, 8.8% (8.9% for France) at June 30, 2009 declined slightly compared to Dec 31, 2008 (9.8%).

The significant vacant areas at June 30, 2009 were located in Cnit and Ariane-tower in Paris-la Défense.

On July 16, 2009, a lease was signed with SNCF with a 9.5 year firm period for 100% of the restructured part of the Cnit (20,500 m²).

Pursuant to this signature the vacancy rate was reduced to 4.7%.

2.3. Investment / divestment

Unibail-Rodamco invested €52.9 Mn in its office portfolio in H1'09.
No new acquisition was made. €47.6 Mn was invested for works, mainly in France for Tour Oxygène in Lyon and for development projects Phare, Majunga and Eiffel Levallois.

The total pipeline office projects represented 400,700 m² of which 95,200 m² was fully committed:

- Tour Oxygène in Lyon/France, 77% pre-let, which will be delivered in April 2010
- Eiffel Office in Levallois/France whose delivery is expected in 2011;
- Michelet Galilée Paris-La Défense/France refurbishment, 100% pre-let.

The Group sold 3 office buildings in H1'09 for a total net disposal price of €25.5 Mn: 42 av d'Iéna in Paris and 2 small units in Sweden and The Netherlands.
Based on the appraised value booked in the balance sheet as at Dec 31, 2008, the net capital gain amounted to €1.2 Mn.

2.4. Portfolio valuation

The office portfolio was valued €3,811 Mn (excluding transfer taxes and disposal cost) on the balance sheet at June 30, 2009, of which 7 Adenauer Paris (own-use building) assigned at historical cost.

The change in the fair value of office investment properties since December 31, 2008 generated a negative valuation result of €388.7 Mn (see note on Net Asset Value).

3. Convention & Exhibition

This activity is exclusively located in France, and consists of a real estate venues and operations organisation (VIPARIS) and a trade show organisation (COMEXPOSIUM).
Both organisations are jointly owned with the Paris Chamber of Commerce and Industry, where VIPARIS is fully managed and consolidated by Unibail-Rodamco and COMEXPOSIUM is controlled by the CCIP and recorded under the equity accounting method.

The Convention and Exhibition business is seeing some impacts of the global economic crisis. A number of shows have been cancelled or postponed, the average floor space rented for a typical show is reducing and the creation of new shows is slowing down. Yet exhibitors still rank exhibitions as one of the top two effective advertising media: the shows attracted 1% more exhibitors and 95% will commit to participate in the next edition of their show. Visitor numbers to these shows are not disappointing, especially in the BtoC segment where a 2.6% increase in footfall compared to the previous edition was seen. BtoB has seen a 7.3% drop in visit numbers due to cost reductions of companies which visit shows, but the number of companies visiting shows stays quite stable[13].

Despite this headwind, VIPARIS posted results ahead of the H1'08 results. Its operating income improved with 13.8% to €69.4 Mn, which was largely driven by the bi-annual air show at Le Bourget, and slightly offset by lower income from the CNIT which has just been renovated.

Corrected for seasonal effect, Comexposium saw a reduction in its results. This is not directly visible in the comparison of its contribution[14] to Unibail-Rodamco's result between H1'09 (€5.8 Mn) and H1'08 (€2.5 Mn) as two large shows which are organized every 2 years, took place in H1'09.

[13] Sources: OJS (Office de Justification des Statistiques)
[14] Result consolidated under equity method + financial product on Unibail-Rodamco financing.

III. FIRST HALF 2009 RESULT

Administrative expenses amounted to €50.1 Mn, including €0.7 Mn incurred for feasibility studies of development projects, at a same level as in H1'08.

Property services net operating result (+€5.5 Mn) came from property services companies in France and in Spain.

The item 'other income' (+€9.2 Mn) reflected the result of the finance leasing portfolio of ex-Unibail and a reversal of a provision for a litigation regarding an acquisition, solved in H1'09.

Group net financial expenses totalled €152.2 Mn, including capitalised financial expenses of €14.1 Mn allocated to projects under construction.
Net borrowing expenses recorded in the net recurring profit thus came to €138.1 Mn.

The ORNANE[15] issued in April 2009 was accounted at fair value, in accordance with IFRS. The change in value amounted to -€28 Mn at June 30, 2009 and did not affect the recurring result.

According to IFRS rules, a debt component of the ORA has been accounted for in the balance sheet, which is amortised over the life of the ORA. The fixed rate debt of Rodamco which was accounted at fair value in Unibail Rodamco's balance sheet at the date of the merger is amortised over the life of the bonds as well. These amortisations and long term provisions discounting, amounted to €10.1 Mn in the first half 2009 and did not affect the recurring result.

In accordance with the option adopted by Unibail-Rodamco for hedging instruments accounting (IAS 39), the change in value of caps and swaps was recognised directly in the P&L, resulting in a negative amount of €52 Mn[16]. This charge did not affect the recurring result.

The Group's average cost of financing came to 3.8% over first half of 2009 (4.2% over full year 2008). Unibail-Rodamco's refinancing policy is described in the following section 'Financial Resources'.

The income tax charge came from countries where specific tax regimes for property companies[17] do not exist and activities in France which are not eligible to the SIIC regime, mainly in the Convention & Exhibition business.

Allocation of income taxes between recurring and non recurring result in the P&L by segment was refined to be closer to the cash / non cash effect of taxes. Previous years were restated accordingly with a small positive impact on Net Recurring Result per share (H1'08: €0.01/share and 2008: €0.06/share).

Total income tax allocated to the recurring result amounted to €13 Mn, while a credit of €81.8 Mn was accounted for in valuation result due mainly to the variation of deferred taxes on assets' fair value.

Minority interests in the consolidated net recurring profit after tax amounted to €46.3 Mn. They related mainly to CCIP's minority share in VIPARIS (€17.4 Mn), to shopping centres in France (€26.4 Mn, mainly Les Quatre Temps and Forum des Halles) and to the remaining 1.48% minority shareholders in Rodamco Europe and to those of La Maquinista (€2.5 Mn).

Consolidated net result (group share) was a loss of €1,324 Mn in H1'09. This figure breaks down as follows:

- **€425.5 Mn of recurring net profit**
- **€6.8 Mn net gains on disposals**
- **-€1,756.3 Mn of fair value adjustments under IAS-40, mainly due to decreasing real estate values.**

The average number of shares and ORAs[18] in issue during this period was 90,857,546.

Recurring Earnings per Share came to €4.68 in H1'09, representing an increase of 7.8% compared to H1'08.

[15] Net share settled bonds convertible into new and/or existing shares.
[16] Including €-0.8 Mn of discounting effect

[17] In France : SIIC (Société Immobilière d'Investissements Cotée) and in The Netherlands: FBI (Fiscale Beleggings Instelling)
[18] ORA: Obligations Remboursables en Actions = bonds redeemable for shares. It has been assumed here that the ORAs have a 100% equity component.

IV. DISTRIBUTION AND OUTLOOK

Distribution

The Group reiterates its ambition to distribute 85% to 95 % of its recurring net results.

Due to the impact of the asset revaluation losses on Unibail-Rodamco-SE's statutory profit and retained earnings, distributions are likely to be paid to a large extent from its additional paid-in capital. Such distribution would require a decision from the Annual General Meeting of shareholders.

For this reason it has been decided to switch from quarterly distributions to an annual payment, scheduled for April 2010. This decision is not related to the cash position of the Group.

Outlook[19]

The Group will continue to invest in its development pipeline, having adapted its return criteria to the current market situation. It remains alert to asset acquisition opportunities which may be triggered by the current harsh economic climate.

Based on the results achieved this first half year, the Group confirms its recurring earnings per share growth target for the full year of at least 7%.

[19] Outlook may be influenced by risk factors as described in the "Risk factors" section of annual report registered with AMF on March 18, 2009.

NET ASSET VALUE AS AT JUNE 30, 2009

Unibail-Rodamco's fully-diluted triple net liquidation NAV (Net Asset Value) amounted to €131.70 per share as at June 30, 2009, down 12.9% from year-end 2008. Value reduction during the six-month period amounted to €16.00 per share, by adding back to the NAV decrease of €19.50 per share, the €3.50 dividend paid out in the first six months of 2009.

1. PROPERTY PORTFOLIO

The financial crisis has continued to take its toll on the general economy and as such also further impacted the commercial real estate sector. The European real estate investment market continued to deteriorate and showed declining levels of investment volumes, mostly driven by scarce and high cost financing, which caused investors to stay out of the market. Investment in retail in Europe during the first half of 2009 was down 51% compared to H2 2008 and 65% compared to H1 2008 (CBRE).

Unibail-Rodamco's asset portfolio including transfer taxes decreased from €24,572 Mn at year-end 2008 to €22,794 Mn at June 30, 2009. On a like-for-like basis, the value of the overall portfolio decreased by €1,930 Mn net of investments, i.e. a drop of 8.2% compared with year-end 2008.

Asset portfolio valuation of UNIBAIL-RODAMCO (including transfer taxes) (1)	December 31, 2008		June 30, 2009		Like-for-like change net of investment at June 30, 2009 (2)	
	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	18 037	74%	16 821	74%	- 1 339	-7.8%
Offices	4 478	18%	4 095	18%	- 403	-9.4%
Convention-Exhibition centres (3)	1 724	7%	1 542	7%	- 188	-10.9%
Services	333	1%	336	1%		
Total	**24 572**	**100%**	**22 794**	**100%**	**- 1 930**	**-8.2%**

(1) Based on a full scope of consolidation, including transfer taxes and disposal costs (see §1.5 for Group share figures).
The portfolio valuation includes:
- the appraised value of the entire property portfolio (100% when fully consolidated, group share when consolidated under the proportional method).
- the market value of Unibail-Rodamco's equity holdings in companies consolidated under the equity method and loans granted to these companies (SCI Triangle des Gares, which owns the Euralille shopping centre in Lille/France and Comexposium, a trade shows organisation business).

(2) Principal changes in the scope of consolidation during the first half year:
- Acquisition of lots in Shopping City Süd (Vienna/Austria)
- Acquisition of a piece of land for Maquinista extension (Barcelona/Spain)
- Acquisition of Palais des Congrès d'Issy les Moulineaux (Convention-Exhibition center in France).
- Disposal of part of the highstreet shop portfolio in The Netherlands.
- Disposal of 42-Iena, office building in Paris.

Changes on a like-for-like basis do not include the changes listed above.
(3) Based on a full scope of consolidation; with a 50% ownership for most Convention-Exhibition centres, group share portfolio valuation as at June 30, 2009 is equal to €929 Mn (see §1.5).

Valuation methodology

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

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

As reported previously, reduced access to capital continues to cause a significantly reduced level of representative ("benchmark") transactions. Most transactions that do occur involve vendors with some degree of financial distress and purchasers looking for 'bargains' with increased pricing volatility as a result. Appraisers have reacted to this situation of increased uncertainty by carefully interpreting the limited evidence available, including abortive transactions, and by putting more emphasis on both discounted cash flow parameters and the yield method.

Appraisers confirmed that their opinion on value has been calibrated and put in pan-European context, given the lack of representative transactions and the fact that especially larger investment opportunities attract competition on an international scale.

Valuation scope

As at June 30, 2009, independent experts have appraised 96.0% of Unibail-Rodamco's portfolio.

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

Investment Properties Under Construction were taken at fair value once management considers that a substantial part of the development's uncertainty has been eliminated, such that a reliable fair value can be established. The company uses generic guidelines to establish the remaining level of risk, focusing notably on uncertainty remaining in construction and leasing.

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

Four Investment Properties Under Construction, previously stated at cost, were assigned at fair value:

- Tour Oxygène, development of an office building in Lyon/France.
- 3 shopping centres under construction: Cours Oxygène (Lyon/France), Docks Vauban (Le Havre/France), Donauzentrum extension (Vienna/Austria).

The remaining assets (4.0%) of the portfolio, which have not been externally appraised as at June 30, 2009, have been valued as follows:

- At cost for the Investment Properties Under Construction for which a reliable value could not yet be established (see above). These Investment Properties Under Construction at cost accounted for 2.1% of the value of Unibail-Rodamco's total portfolio. These mainly represent shopping centres under development (notably Badajoz in Spain and Lyon Confluence in France) and office developments (Phare and Majunga at La Défense/France).
- At their acquisition cost for assets purchased during the preceding six-month period, including lots in Shopping City Süd Vienna and Convention-Exhibition Centre in Issy (Paris region). Theses assets represented 0.2% of the total portfolio.
- At their disposal price for assets under sale agreement (Centrum Huizen in The Netherlands and 12 Mail office in Paris) representing 0.2% of the total asset portfolio.
- At appraisal value at December 31, 2008 for service companies (Comexposium, Espace Expansion and Rodamco Gestion), i.e. 1.5% 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.

Evolution of Unibail-Rodamco's Shopping Centre portfolio valuation

The value of Unibail-Rodamco's Shopping Centre Portfolio decreased from €18,037 Mn to €16,821 Mn as at June 30, 2009, including transfer taxes and disposal costs:

Valuation 31/12/2008	18 037	
Like for Like revaluation	-1 339	
Revaluation of Non Like for Like assets	-54	(1)
Capex / Acquisitions	306	
Disposals	-79	
Constant Currency effect	-50	(2)
Valuation 30/06/2009	16 821	

(1) Non Like for Like assets regarding:
(a) Investment properties under construction taken at fair value previously booked at cost (b) Investment properties under construction remaining at cost (c) Deliveries during H1 2009 (d) Part of standing assets under extension.
(2) Composed of a currency loss €33 Mn in Nordic and €17 Mn in Central Europe, before offsets from foreign currency loans and hedging programs.

Based on an asset value, excluding estimated transfer taxes and disposal costs, the shopping centre division's net initial yield at June 30, 2009 came to 5.9% vs. 5.4% at year-end 2008:

Shopping Centre portfolio by region	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn (1)	Net inital yield (2) June 30, 2009	Net initial yield (2) Dec. 31, 2008
France (3)	8 374	8 031	5.6%	5.0%
Netherlands	2 568	2 401	6.2%	5.9%
Nordic	1 618	1 596	5.9%	5.3%
Spain	1 986	1 937	6.7%	6.1%
Central Europe	1 109	1 091	6.9%	6.5%
Austria	1 165	1 143	5.6%	5.5%
Total	**16 821**	**16 200**	**5.9%**	**5.4%**

(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) For France, the effect of including Key Moneys in the Net Rental Income would increase net initial yield to 6.1% as at 30/06/2009 and 5.5% as at 31/12/2008.

Based on the midyear yield of 5.9%, a further change of + 25 basis points would result in a downward adjustment of €659 Mn (or -3.9%) of the shopping centre portfolio value (including transfer taxes and disposal costs).

Like for like analysis:

On a like-for-like basis, the value of the Shopping Centre portfolio, including transfer taxes and disposal costs and restated for capital expenditure, capitalised financial expenses, leasing expenses and eviction costs, came down by €1,339 Mn or 7.8%. This breaks down into +1.9% from the increase in revenues of shopping centres and -9.7% due to changes in yield.

Shopping Centre - Like for Like change (1), 1st half year 2009	Like for Like change (1) in € Mn	Like for Like change (1) in %	Like for Like change (1) - Rent impact	Like for Like change (1) - Yield impact
France	- 711	-8.4%	2.4%	-10.8%
Netherlands	- 87	-3.3%	2.1%	-5.4%
Nordic	- 175	-9.7%	1.0%	-10.7%
Spain	- 206	-10.1%	-0.2%	-9.9%
Central Europe	- 120	-10.3%	-0.2%	-10.1%
Austria	- 40	-3.7%	6.7%	-10.4%
Total	**- 1 339**	**-7.8%**	**1.9%**	**-9.7%**

(1) Like for like change net of investments from December 31, 2008 to June 30, 2009.

Shopping centre development and extension projects

Shopping centre development and extension projects have been either assigned a market value, where possible, or taken at cost[20]. These development and extension projects mainly comprise:

- Investment Properties Under Construction at fair value: notably Docks Vauban (Le Havre/France), Cours Oxygène (Lyon/France) and Donauzentrum extension in Vienna.
- Investment Properties Under Construction at cost: Lyon Confluence, Versailles-Chantiers, the Eiffel project in Levallois, the Aéroville project (Paris Charles de Gaulle airport) in France as well as Badajoz in Spain and Shopping City Süd extension in Austria.
- In Spain, a €17 Mn impairment was recognised on land in view of market developments.

At June 30, 2009, Shopping Centre development projects represented a total amount of €521 Mn on the balance sheet of Unibail-Rodamco.

[20] See 'valuation methodology' on previous page on the valuation of Investment Property Under Construction (IPUC).

1.2 Office portfolio

Evolution in Unibail-Rodamco's Office valuation

The value of the Office Portfolio decreased from €4,478 Mn to €4,095 Mn at June 30, 2009, including transfer taxes and disposal costs:

Valuation 31/12/2008	4 478	
Like for Like revaluation	-403	
Revaluation of Non Like for Like assets	-3	(1)
Capex / Acquisitions	56	
Disposals	-26	
Constant Currency effect	-7	(2)
Valuation 30/06/2009	4 095	

(1) Non Like for Like assets regarding for the first six months of 2009 Investment properties under construction taken at fair value (Tour Oxygène in Lyon/France).
(2) Composed of currency loss of €7 Mn on Nordic, before offsets from foreign currency loans and hedging programs.

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

Valuation of Office portfolio	Valuation (including transfer taxes) (1)	
	€ Mn	%
France	3 544	86.5%
Netherlands	280	6.8%
Nordic	225	5.5%
Spain	28	0.7%
Central Europe		
Austria	18	0.5%
Total	**4 095**	**100%**

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

For occupied offices and based on an asset value excluding estimated transfer taxes and disposal costs, the Office division's net initial yield at June 30, 2009 increased by 70 basis points to 7.1% vs. 6.4% at year-end 2008.

Valuation of occupied office space	Valuation including transfer taxes in € Mn (1)	Valuation excluding estimated transfer taxes in € Mn (1)	Net initial yield (2) June 30, 2009	Net initial yield (2) Dec. 31, 2008
France	3 152	3 049	6.9%	6.2%
Netherlands	238	222	9.6%	8.4%
Nordic	214	211	7.5%	6.9%
Spain	28	27	8.4%	7.3%
Central Europe				
Austria	18	18	7.7%	7.3%
Total	**3 650**	**3 527**	**7.1%**	**6.4%**

(1) Valuation of occupied office space as at June 30, 2009, based on the appraiser's allocation of value between occupied and vacant space.
(2) Annualised rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and disposal costs.

Based on the midyear yield of 7.1%, a further change of + 25 basis points would result in a downward adjustment of €139 Mn (or -3.4%) of the total office portfolio value (occupied and vacant space, including transfer taxes and disposal costs).

Like for Like analysis:

On a like-for-like basis, the value of Unibail-Rodamco's office portfolio, including transfer taxes and disposal costs, and after accounting for the impact of capital expenditure and capitalised financial and leasing expenses, has decreased on a like-for-like basis by €403 Mn or 9.4%. This breaks down into +0.7% from the increase of rents and lettings and -10.1% due to changes in yield.

Office - Like for Like change (1), 1st half year 2009	Like for Like change (1) in € Mn	Like for Like change (1) in %	Like for Like change (1) Rent impact	Like for Like change (1) Yield impact
France	- 346	-9.4%	1.4%	-10.8%
Netherlands	- 40	-12.7%	-5.3%	-7.4%
Nordic	- 10	-4.2%	1.8%	-6.0%
Spain	- 5	-15.7%	-2.7%	-13.0%
Central Europe				
Austria	- 2	-9.6%	-2.8%	-6.8%
Total	**- 403**	**-9.4%**	**0.7%**	**-10.1%**

(1) Like for like change net of investments from December 31, 2008 to June 30, 2009.

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	1 406	40%
Neuilly-Levallois-Issy	485	14%
La Défense	1 395	39%
Other	258	7%
Total	**3 544**	**100%**

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

For occupied offices, and based on an asset value, excluding estimated transfer taxes and disposal costs, the French Office division's yield at June 30, 2009 came to 6.9%. This yield was 70 basis points higher than at year-end 2008:

Valuation of French occupied office space	Valuation including transfer taxes in € Mn (1)	Valuation excluding estimated transfer taxes in € Mn (1)	Net initial yield (2)	Average price €/ m² (3)
Paris CBD	1 373	1 339	6.3%	12 174
Neuilly-Levallois-Issy	471	444	7.7%	4 673
La Défense	1 070	1 032	7.3%	6 434
Other	239	234	7.4%	4 067
Total	**3 152**	**3 049**	**6.9%**	**7 284**

(1) Valuation of occupied office space as at June 30, 2009, as based on the appraiser's allocation of value between occupied and vacant space.
(2) Annualised rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and disposal costs.
(3) Average price, excluding estimated transfer taxes, per m2 for occupied office space as based on the appraiser's allocation of value between occupied and vacant space. For parking spaces, average price was restated on the basis of €30,000 per space for Paris CBD and Neuilly-Levallois-Issy and €15,000 for other areas.

1.3 Convention-Exhibition Portfolio

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

Valuation methodology

The valuation methodology adopted by 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 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[21] or on capitalised cash flows over the last year.

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

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

The valuation methodology used by DTZ Eurexi to determine the fair market value of the Méridien-Montparnasse hotel asset at June 30, 2009 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).

[21] For Porte de Versailles, a concession renewal probability of 30% was assumed by the appraiser.

Evolution of the Convention-Exhibition Centres valuation

The value of Convention-Exhibition centres (including hotels), including transfer taxes and disposal costs, came to €1,542 Mn as at June 30, 2009. On a like-for-like basis, net of investments, the value of Convention and Exhibition properties is down 10.9% compared with year-end 2008.

Convention-Exhibition Portfolio including transfer taxes (€ Mn)	Dec 31, 2008	June 30, 2009 (1)	Like-for-like change net of investments	
			€ Mn	%
Viparis (2)	1 527	1 373	- 159	-10.4%
Hotels	197	169	- 29	-14.9%
Total	**1 724**	**1 542**	**- 188**	**-10.9%**

(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 (of which 50% of Palais des Sports).

On a like-for-like basis and net of investments, the value of the Convention-Exhibition venues (Viparis) decreased by 10.4% compared to year-end 2008. The decline resulted from an increase of the discount rate and the amortisation of 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, 2009 (recurring operating profit divided by the value of the asset, excluding transfer taxes) was 9.4%.

The value of the Cnit-Hilton and Méridien-Montparnasse hotels in Paris decreased over the half year by a total of €29 Mn, a reduction of 14.8%.
The Lyon Confluence Hotel project is valued at cost.

1.4 Services

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

This portfolio is appraised once a year by PriceWaterhouseCoopers[22] on the basis of the 5 year plan which is produced every year by management.

[22] PricewaterhouseCoopers valued on 31/12/2008 Comexposium, Espace Expansion and Rodamco Gestion 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.

The Services portfolio was thus valued following the appraisal made as at December 31, 2008. The slight change in value (+€ 3Mn) is due to a change of scope (acquisition of a trade show by Comexposium).

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

1.5 Group share figures for the Property Portfolio.

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

	Full scope of consolidation		Group Share	
Asset portfolio valuation - 31.12.2008	€ Mn	%	€ Mn	%
Shopping centres (1)	18 037	74%	16 548	74%
Offices	4 478	18%	4 465	20%
Convention-Exhibition centres	1 724	7%	1 041	5%
Services	333	1%	333	1%
Total	**24 572**	**100%**	**22 387**	**100%**
Asset portfolio valuation - 30.06.2009	€ Mn	%	€ Mn	%
Shopping centres	16 821	74%	15 481	74%
Offices	4 095	18%	4 085	20%
Convention-Exhibition centres	1 542	7%	929	4%
Services	336	1%	336	2%
Total	**22 794**	**100%**	**20 831**	**100%**
Like for Like change - net of Invt - 1H09	€ Mn	%	€ Mn	%
Shopping centres	- 1 339	-7.8%	- 1 229	-7.8%
Offices	- 403	-9.4%	- 402	-9.4%
Convention-Exhibition centres	- 188	-10.9%	- 116	-11.2%
Services	-	0.0%	-	0.0%
Total	**- 1 930**	**-8.2%**	**- 1 747**	**-8.2%**
Like for Like change - net of Invt - 1H09 - Split rent/yield impact	Rent impact %	Yield impact %	Rent impact %	Yield impact %
Shopping centres	1.9%	-9.7%	2.5%	-10.3%
Offices	0.7%	-10.1%	0.7%	-10.1%
Net Initial Yield	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008
Shopping centres	5.9%	5.4%	6.0%	5.5%
Offices - occupied space	7.1%	6.4%	7.1%	6.4%

(1) The group share value as at December 31, 2008 has been slightly restated since previous publication.

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, 2009, consolidated shareholders' equity (Group share) came to €11,278.3 Mn.

Shareholders' equity (Group share) incorporated net recurring profit of €425.5 Mn and €-1,749.5 Mn of fair value adjustments on property assets and on derivative financial instruments and of capital gain on sales of properties.

The debt component of the ORAs, recognised in the financial statements (€146.6 Mn) was added to shareholders' equity for the calculation of NAV. At the same time, all ORAs were treated as equity shares.

A payable of €193.1 Mn was recognised as at June 30, 2009, in respect of the final dividend due and which was actually paid on July 15th, 2009, being €2.25 per share and €0.25 per ORA. This amount, which was deducted from the shareholders' equity shown on the consolidated balance sheet as at June 30, 2009, was added back for the calculation of NAV.

2.2 Adjustments linked to the combination with Rodamco

The remaining goodwill (€152.3 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).

Following the IAS 40 amendment, projects under development for which a fair value can be reliably determined are taken at fair value. Other projects remain at cost less impairment, where applicable. As a consequence, the previous adjustment on pipeline revaluation is no longer required.

2.3 Unrealised capital gains on intangible assets

The appraisal of Espace Expansion, Rodamco Gestion (dating back to December 2008) and of the goodwill of Paris Nord Villepinte / Palais des Congrès de Paris / Palais des Congrès de Versailles gave a rise to an unrealised capital gain of €102.2 Mn which was added for the NAV calculation.

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

2.4 Mark-to-market value of debt

In accordance with IFRS rules, derivative financial instruments and the ORNANE[23] 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 negative impact of €4.6 Mn. This impact was taken into account in the NAV calculation.

2.5 Adjustment of capital gains taxes

In accordance with accounting standards, deferred tax on property assets was calculated on a theoretical basis on the consolidated balance sheet as at June 30, 2009. For the purpose of the NAV calculation, deferred tax on unrealised capital gains on assets not qualifying for tax exemption (SIIC or FBI regime), has been added back and replaced by taxes actually payable, should a disposal take place.

This resulted in an adjustment of €276.1 Mn to the NAV calculation.

2.6 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, 2009, 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 €197.0 Mn.

2.7 Treasury shares and securities giving access to share capital

Unibail-Rodamco did not hold treasury shares as at June 30, 2009.

Dilution coming from securities giving access to share capital was computed when such instruments came in the money.

The exercise of stock-options whose price was below share price[24] at June 30, 2009, would have led to a rise in the number of shares of 1,087,019, increasing shareholders' equity by €96.3 Mn.

As at June 30, 2009, the fully-diluted number of shares taken into account for the NAV calculation totalled 92,132,064 including the ORAs and the dilutive impact of stock-options.

Unibail-Rodamco's triple net liquidation NAV (Group share) thus stood at €12,132.7 Mn or <u>€131.70</u> per share (fully-diluted) as at June 30, 2009, a decrease of 12.9% compared with year-end 2008.

Value reduction during the six month period amounted to €16.00 per share, by adding back to the NAV decrease of €19.50 per share, the €3.50 dividend paid out in the first six months of 2009.

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

[24] Until December 31, 2008, all stock options were taken into account to calculate the fully-diluted number of share, regardless of the share price.

UNIBAIL-RODAMCO Triple net liquidation NAV (€ Mn)	June 30, 2008	Dec 31, 2008	June 30, 2009
Consolidated shareholders' equity	**14 883.2**	**12 885.2**	**11 278.3**
Amounts owed to shareholders	**155.4**	**142.6**	**191.5**
Bonds redeemable for shares (restatement of debt component)	**232.7**	**224.6**	**146.6**
Amounts owed to bonds redeemable for share	**17.7**	**15.2**	**1.6**
Deduction of the goodwill on exchange offer	**- 203.7**	**- 174.0**	**- 152.3**
Deduction of pipeline fair value recognised in PPA (1)	**- 44.1**	**- 36.1**	
Fair value adjustment			
Intangible asset (2)	**101.4**	**99.6**	**102.2**
Fixed-rate debt	**139.9**	**132.8**	**- 4.6**
Adjustment to taxes (3)	**320.4**	**290.3**	**276.1**
Adjustment to transfer taxes and disposal costs (4)	**189.5**	**204.0**	**197.0**
Impact of rights giving acces to share capital			
Potential impact of stock options granted	**252.0**	**343.6**	**96.3**
Triple net liquidation NAV	**16 044.3**	**14 127.8**	**12 132.7**
Fully diluted number of shares	93 268 803	93 465 395	92 132 064
Fully diluted triple net liquidation NAV per share	**172.0 €**	**151.2 €**	**131.7 €**
% Change vs 31.12.2008			**-12.9%**

(1) Following the IAS40 amendment, the previous adjustment on pipeline revaluation is no longer required (see paragraph 2.2).

(2) Espace Expansion, Rodamco Gestion, and goodwill of Paris Nord Villepinte, Palais des Congrès Paris, Palais des Congrès Versailles and Palais des Congrès Issy-les-Moulineaux.

(3) Deferred tax on unrealised capital gains on property assets (balance sheet) minus Actual tax

(4) Taxes already deducted from value of assets (balance sheet) minus Actual Transfer taxes

NAV as at June 30, 2009 is reconciled with NAV as at December 31, 2008 in the following table:

Evolution of triple net liquidation NAV Dec. 31, 2008 to June 30, 2009		
Fully diluted NAV per share as at Dec. 31, 2008		**151.20 €**
Revaluation of property assets		- 17.58
Retail	*- 12.18*	
Offices	*- 4.21*	
Convention & exhibition and other	*- 1.19*	
Capital gain on disposals		0.07
Recurring net profit		4.63
Distribution in H1 2009		- 3.50
Mark-to-market of debt and financial instruments		- 3.24
Variation in transfer taxes & deferred taxes adjustments		0.09
Other		0.03
Fully diluted NAV per share as at June 30, 2009		**131.70 €**

In H1 2009, the financial market environment saw short term interest rates decreasing, credit spreads gradually decreasing and liquidity improving with still a differentiation by sector. In this environment, Unibail-Rodamco raised €1.15 bn of new medium to long term debt, accessing various types of markets (especially the convertible bond and bank markets).
Financial ratios are maintained at healthy levels with an interest coverage ratio of 4.2x, an LTV of 33% and an average cost of debt limited to 3.8% in H1 2009.

1. Debt structure at 30 June 2009

Unibail-Rodamco's consolidated nominal financial debt at 30 June 2009 amounted to €7,605 Mn.

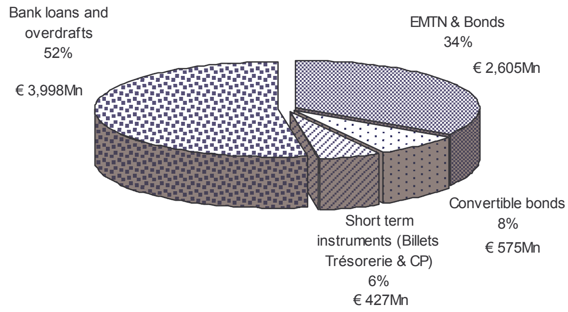
This financial debt includes the €575 Mn of net share settled bonds convertible into new and/or existing shares of Unibail-Rodamco (ORNANE) for 100% of their nominal value while the ORA is treated as equity[25].

1.1. Debt breakdown

Unibail-Rodamco's nominal financial debt as at 30 June 2009 breaks down as follows:

- €2,605 Mn in bond issues, of which €605 Mn in Euro Medium Term Notes (EMTN) of Unibail-Rodamco's programme and €1,500 Mn in EMTN of Rodamco's programme, the remainder, €500 Mn, in Rodamco bonds;
- €575 Mn in ORNANE;
- €427 Mn short term issues in commercial paper (*billets de trésorerie* and Euro Commercial Papers)[26];
- €3,998 Mn in bank loans, including €3,159 Mn in corporate loans, €796 Mn in mortgage loans and €43 Mn in bank overdrafts.

No loans were subject to prepayment clauses linked to the Group's ratings[27].



1.2. Funds Raised

Main financing transactions completed in H1 2009 include:

- The issue in April 2009 of a €575 Mn convertible bond (ORNANE). The ORNANE has the following features[28]:
  - 3.50% coupon
  - Duration of 5.7 years at issuance
  - Exercise price of €146.36 at issuance corresponding to a 30% issue premium
  - Upon conversion, the lower of the share price and nominal value is paid in cash and the optional value is paid in shares, thereby limiting the dilution impact for the Group.

- Signing of medium to long term loans with banks for €575 Mn including:
  (i) A 5-year club deal loan of €350 Mn signed in June 2009;
  (ii) €225 Mn of bilateral loans with a maturity ranging between 2.5 years and 5 years;

  On average, the margin applicable to these new medium to long term bank loans is 224 bps and the average maturity is 4.5 years. This margin represents a 100 bps increase compared to H2 2008 mitigated by the decrease in short term interest rates (Euribor 3 months of 1.7% on average in H1 2009 vs 4.6% on average in H2 2008). In total, cost of debt remains stable in H1 2009 vs 2008 (see section 1.4). Recent transactions, signed in July or currently under discussion, show a decrease in the spread on the new financing transactions, in line with the significant improvement of Unibail-Rodamco bonds secondary level and CDS (decrease by more than 300 bps from ca. 520 bps on January 1, 2009 to ca. 200 bps on June 30, 2009).

[25] ORA=Obligations Remboursables en Actions Unibail-Rodamco. The €146.6 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 Annual Report.
[26] Short term paper is backed by confirmed credit lines (see 1.2)
[27] Barring exceptional circumstances (change in control)
[28] For more details please refer to the AMF prospectus (dated 21 April 2009, n°09-104)

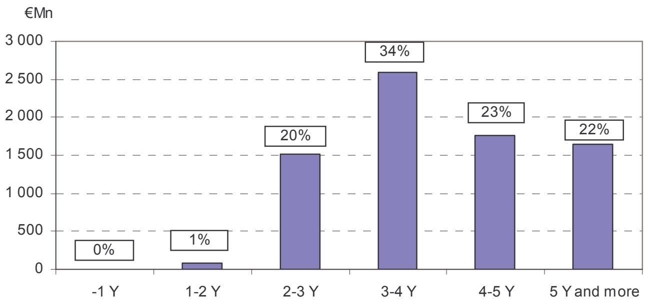
- Other new financial resources were obtained from the money-market by issuing €1,550 Mn of commercial paper with a maturity of up to 4 months.
  €1,445 Mn in *Billets de Trésorerie* and €105 Mn in Euro Commercial Paper were raised during H1 2009. €402 Mn *Billets de Trésorerie* and €25 Mn of Euro Commercial Paper was outstanding as at 30 June 2009.

- As at 30 June 2009, the total amount of undrawn credit lines came to €2,388 Mn.

In addition, since the beginning of July 2009, Unibail-Rodamco has concluded a €70 Mn EMTN transaction at 10 years and signed the restructuring of existing credit lines through an extension of maturity (2Y) and amount, bringing the total amount of the new line to €330 Mn and the duration to 5 years.

1.3. Debt maturity

The following chart illustrates Unibail-Rodamco's debt as at 30 June 2009 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 2009 (after taking into account undrawn credit lines).

The average maturity of the Group's debt as at 30 June 2009, taking into account the confirmed unused credit lines, stood at 4.2 years (4.4 years as of 31 December 2008).

<u>Liquidity needs</u>

Unibail-Rodamco's immediate debt repayment needs are limited: the amount of bonds or bank loans outstanding as at 30 June 2009 and maturing or amortizing in H2 2009 is €150 Mn and is €534 Mn for 2010, to be compared with €2,388 Mn of undrawn credit lines outstanding as at 30 June 2009.

1.4. Average cost of Debt

Unibail-Rodamco's average cost of debt came to 3.8% over H1 2009 (4.2% over 2008). This average cost of debt results from the level of margins on existing borrowings and the low interest rate environment in H1 2009.

2. Ratings

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

Standard & Poor's confirmed its long-term rating 'A' and its short-term rating 'A1' with a stable outlook in March 2009.

Moody's confirmed the Group's long-term rating of 'A3', also with a stable outlook in June 2009.

3. Market risk management

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

Unibail-Rodamco's risk management policy aims to limit the impact of interest rate fluctuations on profit, while minimising the overall cost of debt. To achieve these objectives, the Group uses derivatives, mainly caps and swaps, to hedge its interest rate exposure through a macro hedging policy. Market transactions are confined exclusively to these interest rate hedging activities, which are managed centrally and independently.

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

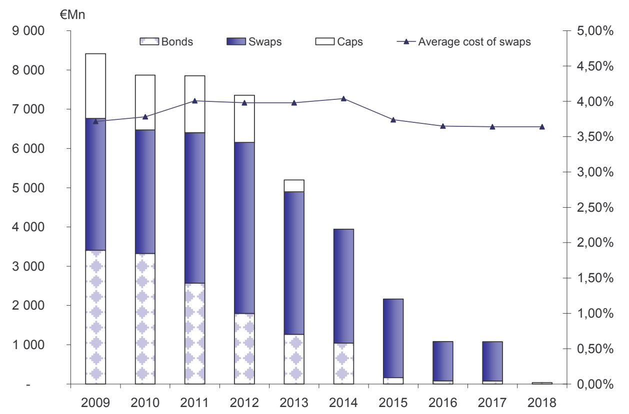
Due to its use of derivatives to minimise its interest rate and currency risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default.

3.1. Interest rate risk management

Interest rate hedging transactions

During H1 2009, Unibail-Rodamco took the opportunity of the low interest rate environment to reinforce its already existing hedging portfolio for the years 2011 to 2013. In particular, it entered into €300 Mn of 3-year collars beginning in 2011.

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



The graph above shows:

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

Note that, when applying IFRS, Unibail Holding did not opt to classify its financial hedging instruments as a cash flow hedge. As a result, any fair value changes in these instruments are recognised in the income statement.
As for Rodamco, it applied a cash flow hegde accounting policy according to IFRS for some of its derivative instruments.

Measuring interest rate exposure

As at 30 June 2009, net financial debt stood at €7,472 Mn, excluding partners' current accounts and after taking cash surpluses into account (€133 Mn).

The outstanding debt was hedged in totality against an increase in variable rates, based on debt outstanding as at 30 June 2009 through both:

- Debt kept at fixed rate
- Hedging in place as part of Unibail-Rodamco's macro-hedging policy
- Part of this hedging is made of caps and collars which will allow the Group to benefit to a certain extent from the decrease of short-term interest rates in 2009.

Based on Unibail-Rodamco's debt situation as at 30 June 2009, if interest rates (Euribor, Stibor or Libor) were to rise by an average of 1%[29] (100 basis points) during H2 2009, the resulting increase in financial expenses would have an estimated negative impact of - €0.4 Mn on recurring net profit. A further rise of 1% would have an additional adverse impact of - €2 Mn. Conversely, a 1% (100 basis points) drop in interest rates would reduce financial expenses by an estimated €0.3 Mn and would enhance H2 2009 recurring net profit by an equivalent amount.

3.2. Managing and measuring currency risk exposure

The Group has activities and investments in countries outside the euro-zone, primarily in Sweden. When converted into euros, the income and value of the Group net investment may be influenced by fluctuations in exchange rates against the euro. Wherever possible, the Group aims to match foreign currency income with expenses in the same currency, reducing the exchange effects on earnings volatility and net valuation of the investment. Translation risks are hedged by either matching cash investments in a specific currency with debt in the same currency, or using derivatives to achieve the same risk management-driven goal. 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.

Currency hedging transactions

To enhance its hedging instruments, during H1 2009 the Group put in place cross currency swaps transactions (replacing maturing foreign exchange swaps): 2-year cross currency swaps (SEK/EUR) have been put in place for a nominal amount of SEK3,385 Mn.

Measuring currency exposure

Main foreign currency positions (in € Mn)

(in € Mn) Currency	Assets	Liabilities	Net exposure	Hedging Instruments	Exposure net of hedges
SEK	1 402.5	351.8	1 050.7	647.1	403.6
DKK	297.4	77.8	219.5	127.3	92.3
HUF	0.6	-	0.6	-	0.6
USD	184.7	55.4	129.3	31.9	97.4
CZK	0.1	145.7	- 145.6	- 146.3	0.7
PLN	0.2	- 0.2	0.4	-	0.4
Total	**1 885.5**	**630.6**	**1 255.0**	**659.9**	**595.0**

[29] The eventual impact on exchange rates due to this theoretical increase of 1% in interest rates is not taken into account; theoratical impact of rise in interest rates are calculated above a Euribor, a Stibor and a Libor of 1.09%.

The main exposure kept is in Swedish Krona. A decrease of 10% in the SEK/EUR exchange rate would have a €37 Mn negative impact on shareholders' equity.
The sensitivity of H2 2009 recurring result[30] to a 10% depreciation in the SEK/EUR exchange rate is limited to €3 Mn.

4. Financial structure

As at June 30 2009, the portfolio valuation (including transfer taxes) of the Unibail-Rodamco group amounted to €22,794 Mn.

Debt ratio

As at June 30 2009, the Loan-to-Value ratio (LTV) calculated for Unibail-Rodamco was set at 33% compared to the level recorded at 31 December 2008 (30%). The slight increase of the ratio mainly results from the decrease in the fair market value of the portfolio.

Interest coverage ratio

The interest coverage ratio (ICR) for Unibail-Rodamco came to 4.2x for H1 2009. It is in line with the high levels achieved in recent years (3.8x in 2008). This level was realised as a result of: (i) the low level of the Group's average debt, (ii) the tightly controlled cost of debt and (iii) stable income.

Financial ratios	31 Dec. 2008	30 June 2009
LTV[31]	30%	33%
ICR[32]	3.8x	4.2x

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

As at 30 June 2009, 90% of the Group's[33] credit facilities and bank loans allowed indebtedness amounting to 60% or more of total asset value.

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

[30] The sensitivity is measured by applying a change in exchange rate to the net revenues in SEK (net rents – financial expenses - taxes), based on an EUR/SEK exchange rate of 10.7528

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

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

[33] Credit facilities and bank loans taken at Corporate level, ie at Unibail-Rodamco, Rodamco Europe NV or Rodamco Europe Finance level, and excluding loans in other subsidiaries

Financial statements

- Statement of financial position (balance sheet)
- Statement of comprehensive income (Consolidated Income Statement -EPRA format)
- Statement of cash flows

UNIBAIL-RODAMCO Consolidated Statement of financial position (in € Mn)	H1-2009	Year-end 2008
NON CURRENT ASSETS	**22,026.2**	**23,847.4**
Investment properties	**20,694.6**	**22,439.9**
Investment properties at fair value	*20,230.3*	*21,702.6*
Investment properties at cost	*464.3*	*737.3*
Other tangible assets	180.5	199.8
Goodwill	301.4	322.8
Intangible assets	183.9	186.2
Loans	237.4	241.9
Deferred tax assets	46.4	52.4
Derivatives at fair value	90.1	81.6
Shares of companies consolidated under the equity method	291.9	322.8
CURRENT ASSETS	**1,120.0**	**1,076.8**
Properties under promise or mandate of sale	**278.7**	**215.3**
Trade receivables from activity	**321.5**	**323.8**
Property portfolio (1)	283.8	278.4
Other activities (1)	37.7	45.4
Other trade receivables	**386.6**	**379.0**
Tax receivables	185.4	190.4
Other receivables	136.2	120.0
Prepaid expenses	65.0	68.6
Cash and equivalent	**133.2**	**158.7**
Financial assets	18.5	27.6
Cash	114.7	131.1
TOTAL ASSETS	**23,146.1**	**24,924.2**
Shareholders' equity (Owners of the parent)	**11,278.3**	**12,885.1**
Share capital	423.7	407.3
Additional paid-in capital	7,265.7	6,786.4
Bonds redeemable for shares	1,050.8	1,566.5
Consolidated reserves	3,948.5	5,516.7
Hedging reserve	-2.5	2.9
Other reserves	-83.9	-54.7
Retained earnings	-	62.0
Consolidated result	-1,324.0	-1,116.0
Interim dividends	-	-286.0
Non-controlling interests	**1,093.6**	**1,264.6**
TOTAL SHAREHOLDERS' EQUITY	**12,371.9**	**14,149.7**
NON CURRENT LIABILITIES	**9,132.3**	**8,850.6**
Commitment to purchase non-controlling interests	42.0	44.9
Net share settled bonds convertible into new and/or existing shares (ORNANE)	592.7	-
Long-term bonds and borrowings	7,254.9	7,510.0
Derivatives at fair value	244.5	174.6
Deferred tax liabilities	791.3	908.4
Long-term provisions	18.9	38.4
Employee benefits	9.4	9.4
Guarantee deposits	164.9	153.3
Tax liabilities	3.4	1.8
Amounts due on investments	10.3	9.8
CURRENT LIABILITIES	**1,641.9**	**1,923.9**
Amounts owed to shareholders	**191.5**	**157.7**
Amounts due to suppliers and other current debt	**586.0**	**645.8**
Amounts due to suppliers	112.2	138.6
Amounts due on investments	163.0	210.1
Sundry creditors	159.0	144.7
Other liabilities	151.8	152.4
Current borrowings and amounts due to credit institutions	**705.6**	**985.4**
Tax and social security liabilities	**134.2**	**121.8**
Contingencies and other current liabilities	**24.6**	**13.2**
TOTAL LIABILITIES AND EQUITY	**23,146.1**	**24,924.2**

(1) The split of the trade receivables between property portfolio and other activities has been reviewed in 2008 for the Viparis entities

UNIBAIL-RODAMCO
STATEMENT OF COMPREHENSIVE INCOME (€ Mn)

Consolidated Income Statement (EPRA format) (€ Mn)	H1-2009	H1-2008	2008
Gross rental income	743.5	699.4	1,422.7
Ground rents paid	-9.9	-11.2	-21.3
Net service charge expenses	-7.3	-5.2	-10.3
Property operating expenses	-92.4	-82.2	-175.5
Net rental income [1]	**633.8**	**600.7**	**1,215.5**
Corporate expenses	-48.3	-47.0	-99.3
Development expenses	-0.7	-1.6	-5.7
Depreciation	-1.1	-1.3	-2.4
Administrative expenses [1]	**-50.1**	**-49.9**	**-107.4**
Revenues from other activities	88.1	84.2	172.7
Other expenses	-57.3	-63.0	-131.0
Net other income	**30.9**	**21.1**	**41.7**
Proceeds from disposal of investment property	107.9	953.5	1,474.3
Carrying value of investment property sold	-101.1	-931.1	-1,427.2
Profit on disposal of investment property	**6.8**	**22.4**	**47.1**
Valuation gains	60.4	583.3	474.9
Valuation losses	-1,926.1	-518.4	-2,248.1
Valuation movements	**-1,865.7**	**64.9**	**-1,773.2**
Impairment of Goodwill	**-37.8**	**-**	**-20.7**
NET OPERATING RESULT BEFORE FINANCING COST	**-1,282.1**	**659.3**	**-596.9**
Result from non-consolidated companies	-0.1	0.1	-
Financial income	*45.1*	*40.5*	*134.0*
Financial expenses	*-183.2*	*-168.8*	*-409.2*
Net financing costs	-138.1	-128.4	-275.2
Bonds redeemable for shares	-4.8	-5.8	-11.5
Net share settled bonds convertible into new and/or existing shares (ORNANE)	-28.1	-	-
Fair value adjustments of derivatives and debt	-58.2	62.3	-294.8
Debt discounting	-0.8	-0.9	-1.9
Profit on disposal of associates	-	7.5	7.2
Share of the profit of associates	-11.5	3.5	0.8
Income on financial assets	6.2	4.5	10.4
RESULT BEFORE TAX	**-1,517.4**	**602.0**	**-1,161.9**
Income tax expenses	68.8	-54.3	38.1
NET RESULT FOR THE PERIOD	**-1,448.6**	**547.7**	**-1,123.8**
Non-controlling interests	-124.6	58.3	-7.8
NET RESULT (Owners of the parent)	**-1,324.0**	**489.4**	**-1,116.0**

Average number of shares (undiluted)	82,725,028	81,876,510	81,815,557
Net result for the period (owners of the parent)	-1,324.0	489.4	-1,116.0
Net result for the period (Owners of the parent) per share (€)	**-16.00**	**5.98**	**-13.64**
Average number of diluted shares	91,020,439	91,554,952	91,544,086
Diluted net result per share - Owners of the parent (€)	**-14.55**	**5.35**	**-12.19**

OTHER COMPREHENSIVE INCOME

NET RESULT FOR THE PERIOD	**-1,448.6**	**547.7**	**-1,123.8**
Foreign currency differences on translation of subsidiaries financial statements	-21.7	-1.0	-33.8
Gain/loss on net investment hedge	-7.9	-	-3.6
Cash flow hedge:			
Depreciation of hedging reserves	-5.4	-1.1	-2.2
OTHER COMPREHENSIVE INCOME	**-35.0**	**-2.1**	**-39.6**
NET COMPREHENSIVE INCOME	**-1,483.6**	**545.6**	**-1,163.4**
Non-controlling interests	-125.1	58.3	-8.2
NET COMPREHENSIVE INCOME (Owners of the parent)	**-1,358.5**	**487.3**	**-1,155.2**

Recurring result [2]	425.5	395.4	782.0
Non recurring result [2]	-1,749.5	93.9	-1,898.0
Recurring earning per share and ORA (€)	**4.68**	**4.34**	**8.58**

[1] H1-2008 figures have been restated following the reclassification of valuation fees from "Net rental income" to "Administrative expenses".

[2] H1'08 and 2008 figures slightly differ from previous publication due to income tax allocation restated between recurring and non recurring result

UNIBAIL-RODAMCO Consolidated Statement of Cash Flows (in € Mn)	H1-2009	H1-2008	2008
Operating activities			
Net result	**-1,448.6**	**547.7**	**-1,123.8**
Depreciation & provisions	40.4	9.7	49.3
Changes in value of property assets	1,865.7	-64.7	1,773.2
Changes in value of financial instruments	86.2	-62.3	294.8
Discounting income/charges	0.8	0.9	1.9
Charges and income relating to stock options and similar items	4.3	3.1	6.1
Other income and expenses	0.2	-0.6	0.3
Net capital gains/losses on sales of properties	-6.8	-32.2	-53.5
Income from companies consolidated under the equity method	11.5	-3.5	-0.8
Income on financial assets	-6.2	-4.5	-10.4
Dividend income from non-consolidated companies	-	-0.1	-
Net financing costs	142.9	133.9	286.8
Income tax charge	-68.8	54.3	-38.1
Cash flow before net financing costs and tax	**621.6**	**581.7**	**1,185.8**
Income on financial assets	6.2	4.5	10.4
Dividend income and result from non-consolidated companies or consolidated under equity method	8.7	0.1	-
Income tax paid	-11.6	-22.0	-34.6
Change in working capital requirement	-26.8	-78.9	-124.4
Total cash flow from operating activities	**598.2**	**485.4**	**1,037.2**
Investment activities			
Property activities	**-277.5**	**-406.7**	**-735.9**
Acquisition of consolidated subsidiaries	-56.9	-695.3	-689.1
Amounts paid for works and acquisition of property assets	-333.0	-833.0	-1,846.9
Exit tax payment	-	-	-54.8
Property financing	3.4	-22.2	-30.5
Disposal of consolidated subsidiaries	1.0	279.8	541.3
Disposal of investment property	108.0	864.0	1,344.1
Finance leasing and short-term lending activities	**0.8**	**0.4**	**3.7**
Repayment of finance leasing	0.8	0.4	3.7
Financial activities	**8.8**	**0.7**	**1.4**
Disposal of financial assets	0.5	0.7	1.4
Repayment of financial assets	8.3	-	-
Total cash flow from investment activities	**-267.9**	**-405.6**	**-730.8**
Financing activities			
Capital increase	18.7	11.2	15.6
Dividends paid to parent company shareholders	-317.7	-310.1	-643.4
Dividends paid to non-controlling interests of consolidated companies	-10.9	-4.5	-4.2
Purchase of treasury shares	-	-	-57.4
New borrowings and financial liabilities	2,896.9	4,876.4	6,327.5
Repayment of borrowings and financial liabilities	-2,859.7	-4,499.6	-5,641.5
Financial income	57.4	32.1	132.5
Financial expenses	-148.2	-155.2	-407.5
Total cash flow from financing activities	**-363.4**	**-49.7**	**-278.4**
Change in cash and cash equivalents during the period	**-33.2**	**30.1**	**28.0**
Cash at the beginning of the year	**123.7**	**96.9**	**96.9**
Effect of exchange rate fluctuations on cash held	**-0.5**	**7.7**	**-1.2**
Cash at period-end	**90.0**	**134.7**	**123.7**