Paris, Amsterdam, February 1, 2012

**Press Release**

# Full year results 2011

- No 1 listed Property Company in Europe
- €25.9 billion property portfolio
- €9.03 recurring earnings per share (minus 2.6%)
- Net Asset Value per Share:
    - €130.70, +4.9% (EPRA triple Net Asset Value per share)
    - €143.10, +4.8% (Going Concern NAV per share)
- 37% Loan to Value (unchanged)
- €6.9 billion investment pipeline

**NAVIGATING THE STORM**

*"Top retailers are increasingly discovering the benefits of Unibail-Rodamco's shopping centres that provide access to high footfall in rich catchment areas. In the current tough, unpredictable and volatile retail environment, these benefits are critical to success, and offer the Group opportunities to gain market share. With a 4.4% growth in 2011 like-for-like net rental income and an above target performance in recurring earnings per share, the Group is capturing its part of this win-win value chain."*
Guillaume Poitrinal, CEO and Chairman of the Management Board.

**Outperforming Recurring Earnings per Share (REPS)**

The 2011 REPS of €9.03 represents a -2.6% decline against 2010. This outperforms the minus 3% to minus 5% outlook announced early 2011. Corrected for the -6.5% REPS impact of the €20/share (€1.8 Bn) exceptional distribution in October 2010, the 2011 REPS shows good underlying growth. The results reflect good like-for-like performance in all business lines, low cost of debt, and decreasing overhead costs.

**Positive Retail environment**

Tenants' sales in the Group's retail centres grew by 2.7% over the full year. For the year to November 2011, tenants' sales growth was 2.8%, which is in stark contrast to the average -0.8% retail sales decline of the comparable combined national sales statistics. This significant outperformance reflects the attraction of large shopping centres, offering a wide variety of retail and leisure, for visitors and retailers alike. Premium, differentiating retailers including, amongst others, Apple, Forever 21 and Hollister, were introduced or increased their presence in the Group's shopping centres, signing 104 leases in 2011 compared to 48 in 2010. Like-for-like net rental income (NRI) grew by a convincing 4.6%, equal to 360 basis points over indexation. Rental uplifts on relettings and renewals came to 19.4%, up from 18.3% in 2010. Vacancy (EPRA definition) remains low and came to 1.9%.

**Good like-for-like growth in the Office Sector**

In the Office sector, like-for-like NRI grew by 4.2%, while rental uplifts achieved in France (representing 90% of the Group's office portfolio by Gross Market Value) came to 4.3%. Vacancy in France remains limited at 6.5% (7.3% for the Group's office portfolio in total).

**Retail portfolio rationalisation largely complete**

The Group divested €1,084 Mn of non-core retail and €242 Mn of office assets in 2011, at an average 7.8% premium over latest externally appraised values. This brings the total value of divestments since mid-2007 to €5.6 Bn. During the year, the Group acquired assets for €735 Mn, including shopping centre Splau in Barcelona and the full ownership of Galeria Mokotow in Warsaw and Aupark in Bratislava, the latter two previously co-owned with joint venture partners. The Group now owns 74 shopping centres; 51 of these receive more than 6 Mn visits per annum and represent 88% of the Gross Market Value of the retail portfolio.

**Revaluations driven by rental growth**
The Group's Gross Market Value at year-end stood at €25.9 Bn, up €1.4 Bn from year-end 2010. The portfolio saw a €734 Mn or +3.6% positive like-for-like revaluation, mostly driven by retail rental growth. Retail yields came down 20 basis points to 5.5% on average. The average office sector yield came to 6.6% at year-end.

**A productive year for funding**
Despite the tough situation in the financial markets in 2011, the Group obtained in total €3.1 Bn in new medium and long term funding, through bank loans and bond issues, at affordable rates. Average cost of debt was 3.6%, while Loan to Value and Interest Coverage Ratios stood at conservative levels of 37% and 3.6 times respectively. At year-end, the Group had €3.2 Bn available in undrawn funds. Using the low interest cost environment, the Group has hedged its forward exposure against interest rate movements, and is almost fully hedged for the period 2012-2014. The Group has 'A' ratings from Standard & Poor's and Fitch Ratings, with a stable outlook.

**Sizeable and flexible development pipeline**
At year-end, the pipeline stood at €6.9 Bn, of which €1.5 Bn is already spent on works in progress. Committed projects, which include projects such as Aeroville, Tour Majunga, the Mall of Scandinavia, and the extensions of Forum des Halles, Täby and Cerny Most, require another €1.7 Bn to be completed. On the remaining unspent €3.7 Bn, the Group retains full flexibility.
In 2012, the Group will deliver Lyon Confluence, the SO Ouest retail and office complex, the El Faro shopping centre, and the renovated offices Wilson, Issy Guynemer and Plaza from the pipeline into the standing portfolio.

**Dividend**
Based on the Group's REPS of €9.03, the Group will propose to the Annual General Meeting to declare a dividend of €8.00 per share in cash. This represents a pay-out ratio of 89%, within the Group's dividend pay-out ratio policy of 85-95%.

**Outlook**
For 2012, the Group remains positive in its expectations on rental income growth. This is driven by ongoing strong fundamentals, such as low vacancy, sustainable occupancy cost ratios and good rental uplifts. The cost of debt will be contained at low levels. At the same time, the impact of the current Euro zone crisis on consumption and retailer's health cannot be ignored, and therefore caution is required. Against this backdrop, the Group expects to achieve an REPS growth in 2012 of around 4%.

For the period 2013-2015, much will depend on how the economic crisis is going to be resolved. Given the Group's determination to deliver its strategy of developing, investing in and operating outstanding places to shop, work and exhibit, the Group retains its target of an annual growth of its REPS of 5% to 7% on average.

**For further information, please contact:** www.unibail-rodamco.com

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**About Unibail-Rodamco**
Created in 1968, Unibail-Rodamco SE is Europe's leading listed commercial property company, with a presence in 12 EU countries, and a portfolio of assets valued at €25.9 billion on December 31, 2011. As an integrated investor, developer and operator, the Group aims to cover the whole of the real estate value creation chain. With the support of its 1,500 professionals, Unibail-Rodamco applies those skills to highly specialised market segments such as the large shopping centres of major European capital cities, and large offices and convention & exhibition centres in the Paris region.
The Group distinguishes itself through its focus on the highest architectural, city planning and environmental standards. Its long term approach and sustainable vision focuses on the development or redevelopment of outstanding places to shop, work and relax. Its commitment to environmental, economic and social sustainability has been recognised by inclusion in the DJSI (World and Europe), FTSE4Good and STOXX Global ESG Leaders indexes.
The Group is a member of the CAC40, AEX and EuroStoxx 50 indexes. It benefits from an A rating from Standard & Poor's and Fitch Ratings. For more information, please visit our website: www.unibail-rodamco.com.

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**APPENDIX TO THE PRESS RELEASE**
**February 1, 2012**



The audit procedures by statutory auditors are in progress

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

# Consolidated income statement by segment

| UNIBAIL-RODAMCO Consolidated Income Statement by segment (in € Mn) | | | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|---|---|
| | | | Recurring activities | Valuation movements and disposals | Result | Recurring activities | Valuation movements and disposals | Result |
| SHOPPING CENTRES | France | Gross rental income | 547.6 | - | 547.6 | 529.9 | - | 529.9 |
| | | Operating expenses & net service charges | - 48.3 | - | - 48.3 | - 49.4 | - | - 49.4 |
| | | **Net rental income** | **499.3** | - | **499.3** | **480.5** | - | **480.5** |
| | | Contribution of affiliates | - | - | - | 2.4 | 4.8 | 7.1 |
| | | Gains on sales of properties | - | 8.4 | 8.4 | - | 9.7 | 9.7 |
| | | Valuation movements | - | 352.9 | 352.9 | - | 938.7 | 938.7 |
| | | Impairment of Goodwill | - | - | - | - | - 2.1 | - 2.1 |
| | | **Result Retail France** | **499.3** | **361.3** | **860.7** | **482.9** | **951.0** | **1,433.9** |
| | Netherlands | Gross rental income | 83.0 | - | 83.0 | 118.2 | - | 118.2 |
| | | Operating expenses & net service charges | - 8.0 | - | - 8.0 | - 13.4 | - | - 13.4 |
| | | **Net rental income** | **75.0** | - | **75.0** | **104.8** | - | **104.8** |
| | | Gains on sales of properties | - | 17.3 | 17.3 | - | 68.1 | 68.1 |
| | | Valuation movements | - | 19.5 | 19.5 | - | 61.3 | 61.3 |
| | | **Result Retail Netherlands** | **75.0** | **36.8** | **111.8** | **104.8** | **129.4** | **234.2** |
| | Nordic | Gross rental income | 113.9 | - | 113.9 | 127.7 | - | 127.7 |
| | | Operating expenses & net service charges | - 23.7 | - | - 23.7 | - 32.8 | - | - 32.8 |
| | | **Net rental income** | **90.2** | **-** | **90.2** | **95.0** | **-** | **95.0** |
| | | Gains on sales of properties | - | 30.9 | 30.9 | - | - 0.4 | - 0.4 |
| | | Valuation movements | - | 69.6 | 69.6 | - | 98.8 | 98.8 |
| | | **Result Retail Nordic** | **90.2** | **100.6** | **190.8** | **95.0** | **98.4** | **193.4** |
| | Spain | Gross rental income | 139.8 | - | 139.8 | 132.2 | - | 132.2 |
| | | Operating expenses & net service charges | - 11.1 | - | - 11.1 | - 9.1 | - | - 9.1 |
| | | **Net rental income** | **128.7** | **-** | **128.7** | **123.2** | **-** | **123.2** |
| | | Gains on sales of properties | - | - | - | - | - | - |
| | | Valuation movements | - | 60.7 | 60.7 | - | 92.3 | 92.3 |
| | | **Result Retail Spain** | **128.7** | **60.7** | **189.4** | **123.2** | **92.3** | **215.5** |
| | Central Europe* | Gross rental income | 105.5 | - | 105.5 | 84.2 | - | 84.2 |
| | | Operating expenses & net service charges | - 4.2 | - | - 4.2 | - 4.8 | - | - 4.8 |
| | | **Net rental income** | **101.3** | **-** | **101.3** | **79.4** | **-** | **79.4** |
| | | Gains on sales of properties | - | 5.4 | 5.4 | - | - 0.3 | - 0.3 |
| | | Valuation movements | - | 202.6 | 202.6 | - | 80.1 | 80.1 |
| | | **Result Retail Central Europe** | **101.3** | **208.0** | **309.3** | **79.4** | **79.8** | **159.2** |
| | Austria* | Gross rental income | 94.2 | - | 94.2 | 81.2 | - | 81.2 |
| | | Operating expenses & net service charges | - 4.6 | - | - 4.6 | - 3.0 | - | - 3.0 |
| | | **Net rental income** | **89.6** | **-** | **89.6** | **78.2** | **-** | **78.2** |
| | | Gains on sales of properties | - | 3.0 | 3.0 | - | - | - |
| | | Valuation movements | - | 71.4 | 71.4 | - | 119.5 | 119.5 |
| | | **Result Retail Austria** | **89.6** | **74.3** | **163.9** | **78.2** | **119.5** | **197.7** |
| | **TOTAL RESULT RETAIL** | | **984.1** | **841.8** | **1,825.8** | **963.4** | **1,470.4** | **2,433.8** |
| OFFICES | France | Gross rental income | 154.4 | - | 154.4 | 181.3 | - | 181.3 |
| | | Operating expenses & net service charges | 0.8 | - | 0.8 | - 7.8 | - | - 7.8 |
| | | **Net rental income** | **155.2** | - | **155.2** | **173.5** | - | **173.5** |
| | | Gains on sales of properties | - | 4.7 | 4.7 | - | 35.1 | 35.1 |
| | | Valuation movements | - | - 34.3 | - 34.3 | - | 193.4 | 193.4 |
| | | **Result Offices France** | **155.2** | **- 29.5** | **125.7** | **173.5** | **228.5** | **402.0** |
| | Other countries | Gross rental income | 34.2 | - | 34.2 | 39.4 | - | 39.4 |
| | | Operating expenses & net service charges | - 4.9 | - | - 4.9 | - 6.9 | - | - 6.9 |
| | | **Net rental income** | **29.3** | - | **29.3** | **32.6** | - | **32.6** |
| | | Gains on sales of properties | - | 2.6 | 2.6 | - | 1.5 | 1.5 |
| | | Valuation movements | - | 8.2 | 8.2 | - | 8.3 | 8.3 |
| | | **Result Offices other countries** | **29.3** | **10.8** | **40.1** | **32.6** | **9.8** | **42.3** |
| | **TOTAL RESULT OFFICES** | | **184.5** | **- 18.7** | **165.8** | **206.1** | **238.2** | **444.3** |
| CONVENTION EXHIBITION | France | Gross rental income | 181.1 | - | 181.1 | 180.0 | - | 180.0 |
| | | Operating expenses & net service charges | - 96.3 | - | - 96.3 | - 102.5 | - | - 102.5 |
| | | **Net rental income** | **84.8** | - | **84.8** | **77.4** | - | **77.4** |
| | | **On site property services** | **37.2** | - | **37.2** | **42.7** | - | **42.7** |
| | | **Hotels net rental income** | **8.6** | - | **8.6** | **12.8** | - | **12.8** |
| | | **Exhibitions organizing** | **10.8** | **- 0.6** | **10.2** | **15.3** | **- 12.7** | **2.6** |
| | | Valuation movements, depreciation and capital gain | - 12.1 | 78.4 | 66.2 | - 12.2 | 110.0 | 97.8 |
| | **TOTAL RESULT CONVENTION & EXHIBITION** | | **129.2** | **77.7** | **206.9** | **136.1** | **97.3** | **233.4** |
| | | Other property services net operating result | 17.3 | - | 17.3 | 13.3 | - | 13.3 |
| | | Other income | 7.2 | 2.7 | 10.0 | 0.6 | - | 0.6 |
| **TOTAL OPERATING RESULT AND OTHER INCOME** | | | **1,322.4** | **903.5** | **2,225.9** | **1,319.5** | **1,805.9** | **3,125.4** |
| | | General expenses | - 83.4 | - 2.9 | - 86.3 | - 97.5 | - 15.8 | - 113.4 |
| | | Development costs | - 5.2 | - | - 5.2 | - 7.2 | - | - 7.2 |
| | | Financing result | - 301.1 | - 191.1 | - 492.3 | - 268.9 | - 129.3 | - 398.3 |
| **PRE-TAX RESULT** | | | **932.7** | **709.5** | **1,642.1** | **945.8** | **1,660.7** | **2,606.5** |
| | | Corporate income tax | - 12.1 | - 108.8 | - 120.9 | - 9.6 | - 111.4 | - 121.0 |
| **NET RESULT** | | | **920.5** | **600.7** | **1,521.2** | **936.2** | **1,549.3** | **2,485.5** |
| | | Non-controlling interests | 90.9 | 102.5 | 193.4 | 88.3 | 209.6 | 297.9 |
| **NET RESULT-OWNERS OF THE PARENT** | | | **829.6** | **498.2** | **1,327.8** | **847.9** | **1,339.7** | **2,187.6** |

| | 2011 | 2010 |
|---|---|---|
| Average number of shares and ORA | 91,862,849 | 91,498,194 |
| **Recurring earnings per share** | **9.03 €** | **9.27 €** |
| **Recurring earnings per share growth** | **-2.6%** | |

* Aupark shopping centre in Bratislavia-Slovakia has been operationnally transferred from Central Europe to Austria. 2010 Figures have been restated accordingly.

| CONSOLIDATED INCOME STATEMENT - Presented under EPRA format (in € Mn) | 2011 | 2010 |
|---|---|---|
| Gross rental income | 1,463.1 | 1,484.5 |
| Ground rents paid | -17.6 | -22.4 |
| Net service charge expenses | -13.8 | -14.1 |
| Property operating expenses | -169.7 | -190.6 |
| **Net rental income** | **1,262.0** | **1,257.4** |
| Corporate expenses | -81.1 | -95.2 |
| Development expenses | -5.2 | -7.2 |
| Depreciation | -2.3 | -2.3 |
| **Administrative expenses** | **-88.6** | **-104.7** |
| **Acquisition and related costs** | **-2.9** | **-15.8** |
| Revenues from other activities | 165.8 | 160.1 |
| Other expenses | -123.4 | -116.3 |
| **Net other income** | **42.4** | **43.8** |
| Proceeds from disposal of investment properties | 772.6 | 1,527.1 |
| Carrying value of investment properties sold | -736.5 | -1,413.4 |
| **Result on disposal of investment properties** | **36.1** | **113.7** |
| Proceeds from disposal of shares | 378.1 | - |
| Carrying value of disposed shares | -342.0 | - |
| **Result on disposal of shares** | **36.1** | **-** |
| Valuation gains | 1,022.9 | 1,838.6 |
| Valuation losses | -193.7 | -136.2 |
| **Valuation movements** | **829.2** | **1,702.3** |
| **Impairment of goodwill / badwill** | **-** | **-2.1** |
| **NET OPERATING RESULT BEFORE FINANCING COST** | **2,114.3** | **2,994.6** |
| Result from non-consolidated companies | 9.9 | 0.4 |
| *Financial income* | *81.9* | *81.2* |
| *Financial expenses* | *-383.0* | *-350.1* |
| Net financing costs | -301.1 | -268.9 |
| Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) | 43.4 | -23.8 |
| Fair value adjustments of derivatives and debt | -234.0 | -104.6 |
| Debt discounting | -0.5 | -0.9 |
| Share of the profit of associates | 4.2 | 3.5 |
| Income on financial assets | 6.0 | 6.2 |
| **RESULT BEFORE TAX** | **1,642.1** | **2,606.5** |
| Income tax expenses | -120.9 | -121.0 |
| **NET RESULT FOR THE PERIOD** | **1,521.2** | **2,485.5** |
| Non-controlling interests | 193.4 | 297.9 |
| **NET RESULT (Owners of the parent)** | **1,327.8** | **2,187.6** |

| | | |
|---|---|---|
| Average number of shares (undiluted) | 91,850,947 | 91,478,541 |
| Net result for the period (Owners of the parent) | 1,327.8 | 2,187.6 |
| **Net result for the period (Owners of the parent) per share (€)** | **14.46** | **23.91** |
| Net result for the period restated (Owners of the parent) (1) | 1,284.4 | 2,211.4 |
| Average number of diluted shares | 93,291,418 | 92,845,642 |
| **Diluted net result per share - Owners of the parent (€)** | **13.77** | **23.82** |

| | | |
|---|---|---|
| **NET RESULT FOR THE PERIOD** | **1,521.2** | **2,485.5** |
| Foreign currency differences on translation of financial statements of subsidiaries | 21.9 | 27.0 |
| Gain/loss on net investment hedge | -14.4 | 12.6 |
| Cash flow hedge | 1.4 | 0.8 |
| Revaluation of shares available for sale | 4.3 | - |
| **OTHER COMPREHENSIVE INCOME** | **13.1** | **40.4** |
| **NET COMPREHENSIVE INCOME** | **1,534.3** | **2,525.9** |
| Non-controlling interests | 193.4 | 298.0 |
| **NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT)** | **1,340.9** | **2,228.0** |

(1) The impact of the fair value of the ORNANE is restated from the net result of the period

| UNIBAIL-RODAMCO<br>**Consolidated Statement of financial position** (in € Mn) | 31.12.2011 | 31.12.2010 |
|---|---|---|
| **NON CURRENT ASSETS** | **25,426.1** | **23,177.3** |
| **Investment properties** | **24,055.9** | **21,988.4** |
| *Investment properties at fair value* | *23,419.1* | *21,646.5* |
| *Investment properties at cost* | *636.8* | *341.9* |
| Other tangible assets | 198.4 | 199.8 |
| Goodwill | 296.8 | 265.6 |
| Intangible assets | 211.3 | 170.8 |
| Loans and receivables | 253.3 | 251.4 |
| Shares available for sale | 113.0 | - |
| Deferred tax assets | 6.0 | 10.0 |
| Derivatives at fair value | 84.9 | 89.9 |
| Shares and investments in companies consolidated under the equity method | 206.6 | 201.4 |
| **CURRENT ASSETS** | **977.2** | **1,799.8** |
| **Properties under promise or mandate of sale** | **221.5** | **979.7** |
| **Trade receivables from activity** | **282.5** | **306.6** |
| Property portfolio | 257.4 | 283.2 |
| Other activities | 25.1 | 23.4 |
| **Other trade receivables** | **390.9** | **429.5** |
| Tax receivables | 179.3 | 131.0 |
| Receivables on sale of property | 3.4 | 78.6 |
| Other receivables | 155.1 | 152.7 |
| Prepaid expenses | 53.1 | 67.2 |
| **Cash and cash equivalents** | **82.3** | **84.0** |
| Financial assets | 2.3 | 10.1 |
| Cash | 80.0 | 73.9 |
| **TOTAL ASSETS** | **26,403.3** | **24,977.1** |
| **Shareholders' equity (Owners of the parent)** | **11,636.1** | **11,025.2** |
| Share capital | 459.0 | 458.7 |
| Additional paid-in capital | 5,712.0 | 5,948.2 |
| Bonds redeemable for shares | 1.4 | 1.8 |
| Consolidated reserves | 4,163.3 | 2,465.1 |
| Hedging and foreign currency translation reserves | -27.4 | -36.2 |
| Consolidated result | 1,327.8 | 2,187.6 |
| **Non-controlling interests** | **1,419.4** | **1,345.4** |
| **TOTAL SHAREHOLDERS' EQUITY** | **13,055.5** | **12,370.6** |
| **NON CURRENT LIABILITIES** | **10,127.0** | **9,609.1** |
| Long term commitment to purchase non-controlling interests | 10.7 | 10.4 |
| Net share settled bonds convertible into new and/or existing shares (ORNANE) | 738.5 | 780.0 |
| Long term bonds and borrowings | 7,571.4 | 7,256.9 |
| Long term financial leases | 120.8 | 59.0 |
| Derivatives at fair value | 369.8 | 278.1 |
| Deferred tax liabilities | 965.3 | 850.5 |
| Long term provisions | 28.3 | 24.9 |
| Employee benefits | 10.9 | 13.6 |
| Guarantee deposits | 182.1 | 180.8 |
| Tax liabilities | - | 0.5 |
| Amounts due on investments | 129.3 | 154.4 |
| **CURRENT LIABILITIES** | **3,220.8** | **2,997.4** |
| **Current commitment to purchase non-controlling interests** | **-** | **35.6** |
| **Amounts due to suppliers and other current debt** | **759.1** | **712.5** |
| Amounts due to suppliers | 117.3 | 118.7 |
| Amounts due on investments | 280.8 | 241.6 |
| Sundry creditors | 180.8 | 181.3 |
| Other liabilities | 180.2 | 170.9 |
| **Current borrowings and amounts due to credit institutions** | **2,309.2** | **2,102.3** |
| **Current financial leases** | **4.6** | **3.3** |
| **Tax and social security liabilities** | **122.2** | **123.6** |
| **Short term provisions** | **25.7** | **20.1** |
| **TOTAL LIABILITIES AND EQUITY** | **26,403.3** | **24,977.1** |

# Consolidated statement of cash flows

| (in € Mn) | 31/12/2011 | 31/12/2010 |
|---|---|---|
| **Operating activities** | | |
| **Net profit** | **1,521.2** | **2,485.5** |
| Depreciation & provisions | 18.1 | 47.0 |
| Changes in value of property assets | -829.2 | -1,702.3 |
| Changes in value of financial instruments | 190.7 | 128.4 |
| Discounting income/charges | 0.5 | 0.9 |
| Charges and income relating to stock options and similar items | 6.9 | 7.5 |
| Other income and expenses | 0.3 | 0.3 |
| Net capital gains/losses on sales of consolidated subsidiaries | -36.1 | - |
| Net capital gains/losses on sales of properties [1] | -35.2 | -112.6 |
| Income from companies consolidated under the equity method | -4.2 | -3.5 |
| Income on financial assets | -6.0 | -6.2 |
| Dividend income and net disposal result of non-consolidated companies | -9.9 | -0.3 |
| Net financing costs | 301.1 | 268.9 |
| Income tax charge | 120.9 | 121.0 |
| **Cash flow before net financing costs and tax** | **1,239.1** | **1,234.6** |
| Income on financial assets | 6.0 | 6.2 |
| Dividend income and result from companies under equity method or non consolidated | 7.8 | 0.3 |
| Income tax paid | -17.2 | -17.4 |
| Change in working capital requirement | -16.6 | -1.6 |
| **Total cash flow from operating activities** | **1,219.0** | **1,222.1** |
| **Investment activities** | | |
| **Property activities** | **-265.6** | **147.5** |
| Acquisition of consolidated subsidiaries | -357.1 | -477.9 |
| Amounts paid for works and acquisition of property assets | -1,245.6 | -824.9 |
| Exit tax payment | -0.5 | -2.5 |
| Change in property financing | -0.3 | 0.4 |
| Disposal of subsidiaries | 503.4 | - |
| Disposal of investment property | 834.6 | 1,452.4 |
| **Repayment of finance leasing** | **-0.1** | **1.3** |
| **Financial activities** | **-105.5** | **-0.7** |
| Acquisition of financial assets [2] | -108.6 | - |
| Disposal of financial assets | 3.0 | 0.4 |
| Change in financial assets | - | -1.1 |
| **Total cash flow from investment activities** | **-371.2** | **148.1** |
| **Financing activities** | | |
| Capital increase of parent company | 19.3 | 38.3 |
| Capital increase from company with non controlling shareholders | 7.5 | - |
| Distribution paid to parent company shareholders | -735.2 | -2,565.6 |
| Dividends paid to non-controlling shareholders of consolidated companies | -3.1 | -9.9 |
| Purchase of treasury shares | -17.3 | - |
| New borrowings and financial liabilities | 2,758.2 | 3,001.5 |
| Repayment of borrowings and financial liabilities | -2,410.7 | -1,561.9 |
| Financial income | 82.3 | 80.4 |
| Financial expenses | -386.1 | -334.7 |
| Other financing activities | -159.0 | -202.8 |
| **Total cash flow from financing activities** | **-844.0** | **-1,554.7** |
| **Change in cash and cash equivalents during the period** | **3.8** | **-184.5** |
| **Cash at the beginning of the year** | **70.9** | **256.4** |
| **Effect of exchange rate fluctuations on cash held** | **-1.2** | **-1.0** |
| **Cash at period-end** [3] | **73.5** | **70.9** |

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

[2] Relates mainly to the acquisition of the SFL shares.

[3] Cash and cash equivalents include bank accounts and current accounts with terms of less than three months.

# I. ACCOUNTING PRINCIPLES AND SCOPE OF CONSOLIDATION

## Accounting principles

Unibail-Rodamco's consolidated financial statements as at Dec 31, 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union as at Dec 31, 2011.

No changes were made compared to the accounting principles used for 2010 closing.

They are compliant with the best-practices recommendations published by the European Public Real-estate Association (EPRA)[1]. Key EPRA performance indicators are reported in a separate chapter at the end of this Business Review.

## Scope of consolidation

There was no significant change in the scope of consolidation since Dec 31, 2010, apart from some entities sold or liquidated in the context of the disposal plan of non core assets and the increase of the Group's stake in Aupark-Bratislava (50% to 100%) and Mokotow-Warsaw (50% to 100%). The two entities owning these shopping centres, previously consolidated proportionally, have been fully consolidated since the acquisition date.

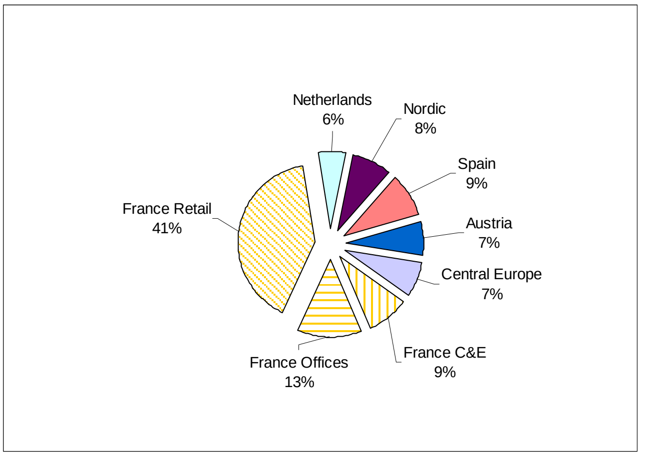
As at December 31, 2011, 261 companies have been fully consolidated, 25 companies have been consolidated proportionally and 5 companies have been accounted for under the equity method[2].

On May 17, 2011, The Enterprise Chamber of the Court of Appeal in Amsterdam set the price of the 660,562 remaining Rodamco Europe NV shares (0.74%) at €87.66 /share.

Since June 9, 2011, Unibail-Rodamco has been the 100% shareholder of Rodamco Europe NV.

The Unibail-Rodamco Group is operationally organised in 6 geographical regions: France, The Netherlands, Nordic, Spain, Central Europe and Austria[3]. 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 (Gross Market Value) per region as at December 31, 2011.




[1] EPRA Best Practices Recommendations are available on EPRA web-site: www.epra.com
[2] Mainly the COMEXPOSIUM subsidiaries (Trade show organisation business).

[3] Slovakia, previously managed by Central Europe region, is now managed from Austria. 2010 figures have been restated accordingly.

## II. BUSINESS REVIEW BY SEGMENT

### 1. Shopping centres

#### 1.1. Shopping centre market in 2011

The overall macro-economic context continued to be difficult and uncertain and worsened in H2'11. The GDP of the European Union as a whole grew only by 1.6%[4] in 2011. Rising unemployment at 9.2%[5] also held back economic growth. Consumer confidence remained fragile, and retail sales remained sluggish in spite of continued growth of internet penetration.

In this challenging context, Unibail-Rodamco maintained a healthy performance. After a strong start of the year but a difficult 2nd half, also affected by unfavourable weather conditions, overall footfall in the Group's shopping centres grew by 0.5% thanks to an excellent month of December. Tenant sales in the Group's retail centres[8] grew by 2.7% for the full year, with strong performance of Austria (+9.1% with Donau Zentrum impact) and good resistance of Spain (+2.9%). Tenant sales growth year to November 2011 was +2.8% which compares to a retail sales decline of -0.8% for the comparable national sales statistics[6] [7].

The Group's large assets (over 6 million visits per year) showed a 3.2%[8] increase in tenant sales in 2011, a clear confirmation of the superior attraction of these assets for tenants and consumers. In particular, shopping centres with active retenanting saw significant increases in tenant's sales and rotation rates[9] in 2011, such as Carré Sénart (Paris region), with a rotation rate of 19.7% and tenants' sales up by 9.9%, La Part Dieu (Lyon) with a rotation rate of 10.2% and sales up by 4.1%.

This good performance reflects the Group's asset quality and pro-active management, which aims to continuously reinforce the attractiveness of its assets by upgrading their layout and design, renewing the tenant mix and enhancing the shopping experience. In that context La Part-Dieu (Lyon), Parly 2 (Paris) and Bonaire (Valencia) were fully renovated in 2011 and 1st phases of major extensions and redevelopments were delivered at Täby (Stockholm) and Fisketorvet (Copenhagen). Following its renovation, Parly 2 realised a 9.9% rotation rate, providing the mall with international up-market retailers (Kiko, Wolford, Kitchen Bazaar, Lara Todd, Pierre Marcolini, after Zadig & Voltaire and Bang & Olufsen in 2010).
More than half of the Group's large assets[10] (in value) have been renovated or extended since 2005 and another 20% will benefit from a renovation / extension in 2012-2014.

There was robust leasing activity in 2011, where 1,320 new leases were signed, compared to 1,469 in 2010, resulting in €18.1 Mn rental uplift, ie + 19.4% on relettings and renewals. There was a spectacular surge in premium retailer[11] deals, which more than doubled in 2011, with 104 new leases compared to 48 in 2010. This confirmed the quality of Unibail-Rodamco's pan-European portfolio for large international retailers seeking to accelerate their European expansion, and their confidence in the Group's assets: Hollister (Abercrombie & Fitch Group) for instance opened its first four stores in France, as well as its first store in Sweden and in Vienna, in the Group's shopping centres. Marks & Spencer also chose to partner with Unibail-Rodamco for its expansion into France, securing major stores in the SO Ouest and Aéroville developments. The Group hosted three additional Apple Stores in France and one in Spain, bringing the total to seven stores opened in the Group's shopping centres.

2011 saw the roll-out throughout the Group of digital marketing tools, such as revamped internet sites (65 re-designed shopping centre websites with 14.5 Mn visits on a full-year basis), iPhone and Android applications (20 iPhone and 8 Android apps launched and downloaded more than 200,000 times) as well as Facebook fan pages (676,000 Facebook fans for 51 shopping centres of the Group), enabling each Shopping Centre to interact directly with end-customers and to communicate better on promotions and events.

2011 was also the year of spectacular entertainment in the Group's assets, including Cirque du Soleil who performed at six of the Group's key Parisian centres,

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[4] EU27, source Eurostat
[5] EU27, Nov 2011, source Eurostat
[6] Based on national indices Nov 2011 (year on year evolution):
- France: Institut Français du Libre Service (IFLS)
- Spain: Instituto Nacional de Estadística
- Nordics: HUI (Sweden), Danmarks Statistik (Denmark), Tilastokeskus-Statistikcentralen (Finland)
- Austria: Eurostat (Austria and Slovakia)
- Central Europe: Eurostat (Czech Republic and Poland)

[7] December statistics are available for France only, with footfall for the Group +1.1% vs CNCC index -1.3%, and tenants' sales Group +2.2% vs Procos +0.1%, CNCC -0.5% and IFLS -1.0%
[8] Tenants' sales (excluding Netherlands) on portfolio of shopping centres in operation including extensions of existing assets and excluding deliveries of new brownfield projects, high street assets and assets under heavy refurbishment. Apple store sales estimated on the basis of available public information from Apple Inc (2011 and 2010 10-K)
[9] Rotation rate = (number of re-lettings +number of assignments + number of renewals with new concepts) / number of stores

[10] For centres above 6 million visits per annum
[11] Retailer that has a strong and international brand recognition, with a differentiating store design and product approach improving shopping centres' attractivity.

and the Elite Model Look tour which took place across 31 shopping centres in Europe.

### 1.2. Rental income from Unibail-Rodamco shopping centres

The Group owns 94 retail assets, including 74 shopping centres out of which 51 host more than 6 million visits per annum. The 51 larger centres represent 88% of the Group's retail portfolio in Gross Market Value.

Total consolidated Net Rental Income (NRI) of the shopping centre portfolio amounted to €984.1 Mn in 2011.

| Region | Net Rental Income (€Mn) | | |
|---|---|---|---|
| | 2011 | 2010 | % |
| France | 499.3 | 480.5 | 3.9% |
| Netherlands | 75.0 | 104.8 | -28.4% |
| Nordic | 90.2 | 95.0 | -5.0% |
| Spain | 128.7 | 123.2 | 4.5% |
| Central Europe | 101.3 | 79.4 | 27.5% |
| Austria | 89.6 | 78.2 | 14.5% |
| **Global** | **984.1** | **961.1** | 2.4% |

Aupark shopping centre in Bratislava-Slovakia has been operationally transferred from Central Europe region to Austria. 2010 figures have been restated accordingly.

The total net growth in NRI amounted to +€ 23.0 Mn (+2.4%) and broke down as follows:

- +€46.6 Mn from acquisitions:
  - ✓ Simon Ivanhoe portfolio acquired in July 2010 comprising 2 shopping centres in Warsaw-Poland (+€18.8 Mn) and in France, Bay1-Bay2 near Paris and 3 participations in smaller shopping centres (+€9.4 Mn).
  - ✓ Increase of the Group's stake[12] in Euralille (Lille-France) from 40% to 76% in July 2010 (+€6.7 Mn).
  - ✓ Acquisition of the remaining 50% of Galeria Mokotow in Warsaw-Poland in July 2011 (+€5.4 Mn)[13].
  - ✓ Acquisition of the remaining 50% of Aupark in Bratislavia in October 2011 (€+1.9 Mn)[14].
  - ✓ Acquisition of Splau in October 2011, a 55,100 m² shopping centre in Barcelona-Spain (+€2.2 Mn).
  - ✓ Acquisition of additional plots in existing shopping centres in Spain and in France (+€2.2 Mn).

- +€8.4 Mn from delivery of shopping centres extensions: mainly, Donau Zentrum-Vienna delivered in October 2010, La Maquinista-Barcelona delivered in September 2010 and Lyon La Part-Dieu delivered in May 2010.

- -€66.6 Mn due to disposals of smaller assets:
  - ✓ -€30.6 Mn in The Netherlands further to the divestment of retail assets in 2010 and 2011 in cities of Zwijndrecht, Almere, Eindhoven, Rotterdam and Breda.
  - ✓ -€17.7 Mn in France, due to the disposal of Saint Martial-Limoges in July 2010, and Bonneveine-Marseille, Shopping Etrembières-Annemasse , Saint Genis 2 near Lyon, Evry 2 in Paris region, Boisseuil in Limoges and Croix Dampierre in Châlons-en-Champagne mainly in the first half of 2011.
  - ✓ -€13.1 Mn in Sweden due to the disposal of retail assets in Haninge, Tyresö, Balsta, Helsingborg, and Väsby in H1-2011.
  - ✓ -€0.4 Mn in Austria due to the disposal of Südpark in Klagenfurt in July 2011.
  - ✓ -€4.8 Mn due the disposal of the Group's share in Arkad in Budapest in February 2011 and Allee-Center in Germany in October 2011.

- The net growth like-for-like amounted to €35.4 Mn, after deduction of €0.8 Mn corresponding to constant currency correction[15], one-off provision reversal and transfers to pipeline for renovation or extension, representing a 4.6% growth compared to 2010, of which 1.0% due to indexation.

| Region | Net Rental Income (€Mn) Like-for-like | | |
|---|---|---|---|
| | 2011 | 2010 | % |
| France | 416.3 | 396.9 | 4.9% |
| Netherlands | 67.6 | 66.8 | 1.2% |
| Nordic | 66.7 | 62.3 | 7.0% |
| Spain | 120.7 | 118.3 | 2.0% |
| Central Europe | 56.0 | 53.4 | 4.9% |
| Austria | 77.5 | 71.8 | 8.0% |
| **Global** | **804.9** | **769.5** | 4.6% |

Excluding currency effect

| Region | Net Rental Income like-for-like evolution (%) | | | |
|---|---|---|---|---|
| | Indexation | Renewals, relettings net of departure | other | Total |
| France | 0.0% | 2.1% | 2.8% | 4.9% |
| Netherlands | 2.1% | -2.5% | 1.6% | 1.2% |
| Nordic | 2.6% | 0.4% | 4.1% | 7.0% |
| Spain | 2.2% | 0.6% | -0.7% | 2.0% |
| Central Europe | 1.3% | 5.4% | -1.8% | 4.9% |
| Austria | 2.2% | 6.9% | -1.2% | 8.0% |
| **Global** | 1.0% | 2.0% | 1.6% | 4.6% |

Net of indexation and on a like-for-like basis, the average NRI growth rate was 3.6%, the best performing regions being Austria (5.7%), France (4.9%) and Nordic (4.4%).

Across the whole portfolio, sales based rents represented 1.8% of total net rental income of 2011, stable compared to 2010.

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12 Euralille previously consolidated under equity method has been consolidated globally since July 1st, 2010.
13 Change from proportional consolidation to full consolidation.
14 Change from proportional consolidation to full consolidation.

15 Mainly in Sweden.

### 1.3. Leasing activity in 2011

1,320 leases were signed in 2011 (1,469 in 2010) for €128.6 Mn of Minimum Guaranteed Rents with an average uplift of 19.4% (18.3% in 2010).

| region | lettings / re-lettings / renewals excl. Pipeline | | | | |
|---|---|---|---|---|---|
| | nb of leases signed | m² | MGR (€ Mn) | MGR uplift like for like | |
| | | | | € Mn | % |
| France | 412 | 82,413 | 53.5 | 8.0 | 20.4% |
| Netherlands | 95 | 23,568 | 6.7 | 0.5 | 10.1% |
| Nordic | 214 | 45,646 | 20.7 | 2.0 | 12.8% |
| Spain | 344 | 55,156 | 22.9 | 2.3 | 13.3% |
| Central Europe | 157 | 23,824 | 13.6 | 3.3 | 32.9% |
| Austria | 98 | 30,746 | 11.3 | 2.0 | 30.3% |
| Global | 1,320 | 261,353 | 128.6 | 18.1 | 19.4% |

MGR : Minimum Guaranteed Rent

The rotation rate (11.3% in 2011 for the whole portfolio and 11.6% for assets above 6 million visits per annum) showed a significant increase vs 2010 (8.1%), thus unlocking significant reversionary potential translating into rental growth.

### 1.4. Vacancy and Lease expiry schedule

The following table shows a breakdown by lease expiry date and at the tenant's next break option.

| Retail portfolio | Lease expiry schedule | | | |
|---|---|---|---|---|
| | at date of next break option | as a % of total | at expiry date | as a % of total |
| Expired | 55.9 | 5.6% | 50.0 | 5.0% |
| 2012 | 160.0 | 16.1% | 80.0 | 8.1% |
| 2013 | 168.4 | 17.0% | 61.2 | 6.2% |
| 2014 | 215.9 | 21.7% | 93.0 | 9.4% |
| 2015 | 161.9 | 16.3% | 97.3 | 9.8% |
| 2016 | 70.9 | 7.1% | 81.1 | 8.2% |
| 2017 | 37.2 | 3.7% | 59.8 | 6.0% |
| 2018 | 30.1 | 3.0% | 83.9 | 8.5% |
| 2019 | 28.8 | 2.9% | 80.8 | 8.1% |
| 2020 | 22.9 | 2.3% | 68.3 | 6.9% |
| 2021 | 13.7 | 1.4% | 63.7 | 6.4% |
| 2022 | 6.1 | 0.6% | 20.5 | 2.1% |
| Beyond | 21.0 | 2.1% | 153.0 | 15.4% |
| M€ | **992.8** | **100%** | **992.8** | **100%** |

Potential rents from vacant space in operation on the total portfolio amounted to €21.7 Mn at Dec 31, 2011 versus €20.2 Mn at year end 2010.

The EPRA Vacancy rate[16] as at Dec 31, 2011 stood at 1.9% on average across the total portfolio (vs 1.7% as at Dec 31, 2010) and 1.6% for assets above 6 million visits per annum.

| Region | vacancy (Dec 31, 2011) | | % |
|---|---|---|---|
| | €Mn | % | Dec 31, 2010 |
| France | 9.9 | 1.7% | 1.4% |
| Netherlands | 3.6 | 4.1% | 2.3% |
| Nordic | 2.9 | 2.7% | 3.7% |
| Spain | 3.5 | 2.2% | 1.6% |
| Central Europe | 0.7 | 0.6% | 0.2% |
| Austria | 1.1 | 1.1% | 2.8% |
| **Global** | **21.7** | **1.9%** | **1.7%** |

Excluding pipeline

The occupancy cost ratio[17] on average stood at 12.6% compared to 12.0% at year end 2010, and 12.8% for assets above 6 million visits per annum.
It slightly grew in all regions: France 13.3% (vs. 12.9%), Spain 11.7% (vs. 11.5%), Central Europe 11.9% (vs. 11.5%), Austria 13.8% (vs.12.4%) and Nordic 10.8% (vs. 9.8%).

### 1.5. Investment

Unibail-Rodamco invested €1,358 Mn[18] in its shopping centre portfolio in 2011:

- New acquisitions amounted to €735 Mn:
  - ✓ On July 30, 2011, Unibail-Rodamco acquired from the co-owner its 50% stake in Galeria Mokotow, a prime retail and entertainment centre located in Warsaw, Poland (62,300 m² GLA). This brought Unibail-Rodamco's ownership to 100%.
  - ✓ On October 31, 2011 the Group has taken the full ownership of Aupark in Bratislava-Slovak Republic (52,300 m² GLA) further to the acquisition of the co-owner's 50% stake.
  - ✓ In Spain, on October 7, 2011 the Group acquired Splau, a 55,100 m² shopping center located in the south of Barcelona for €189 Mn.
  - ✓ A plot of land was acquired adjacent to La Maquinista-Barcelona, Spain.
  - ✓ Several acquisitions of additional plots were made in Les 4 Temps and Aquaboulevard in Paris, in Rennes Alma, Parquesur, La Vaguada in Madrid and Leidsenhage in The Netherlands, as well as parking lots close to Las Glories in Barcelona and a piece of land used for temporary parking in Täby, in Sweden.

- €309 Mn was invested in construction and extension projects. Significant progress has been made for Aeroville and SO Ouest in France, Faro del Guadiana in Badajoz in Spain and Mall of

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

[17] Occupancy Cost Ratio = (rental charges + service charges including marketing costs for tenants) / (tenants' sales); VAT included and for all the occupiers of the shopping centre. As tenants' turnover is not known for The Netherlands, no reliable OCR can be calculated for this country.

[18] Total capitalised amount in asset value group share, excluding leaseholds.

Scandinavia in Sweden (see details in following section "Development projects").

- €168 Mn was invested in renovation of existing shopping centres, notably: €108 Mn in France (mainly Vélizy 2, Parly 2 renovations inaugurated in November 2011 and Lyon Part-Dieu), €12 Mn in Spain (Parquesur and Bonaire) and €29 Mn in Austria (Donau Zentrum and Shopping City Süd).

- Financial costs, eviction costs and other costs were capitalised respectively for €24 Mn, €94 Mn and €28 Mn.

### 1.6. Divestments

Divestment of non core assets has been actively pursued in 2011, and generated a total net disposal price of €1,084.1 Mn (underlying assets values[19]) and a net disposal profit of €65.0 Mn.

- €310.2 Mn in France: Bonneveine in Marseille, shopping Etrembières in Annemasse (50%) and participations in Saint Genis 2 near Lyon, Evry 2 in Paris region, Boisseuil in Limoges and Croix Dampierre in Châlons-en-Champagne. Most of these disposals took place during the first half of the year.
- €325.8 Mn in Sweden: Haninge Centrum, Väsby Centrum, Tyresö-Stockholm, Balsta-Stockholm, Helsingborg and Eurostop-Jönköping.
- €245.9 Mn in The Netherlands: Buitenmere-Almere, Houtmarktpassage-Breda, Walburg-Zwijndrecht, Oude Marktpassage-Stadskanaal, Woonmall-Rotterdam and Piazza Centre Eindhoven.
- €202.2 Mn for the Group's share in the Arkad centre in Budapest, the 50% participation in Allee-Center in Magdeburg-Germany and the Group's 50% stake in Südpark Klagenfurt–Austria.

These divestments (at an average buyer's yield of 5.6%) implied a premium of 8.8% compared to the latest externally appraised values.

### 1.7. Portfolio valuation[20]

As at December 31, 2011 the shopping centre portfolio of Unibail-Rodamco was valued on the balance sheet at €19,145 Mn, excluding transfer taxes and transaction costs.

Valuation movements to shopping centre investment properties (standing assets and property under development) was a €776.7 Mn profit in 2011 P&L, breaking down as follows:
- €352.9 Mn in France,
- €202.6 Mn in Central Europe,
- €71.4 Mn in Austria,
- €69.6 Mn in Nordic,
- €60.7 Mn in Spain,
- €19.5 Mn in The Netherlands.

## 2. Offices

### 2.1 Office property market in 2011

**Take-up[21]**

At the end of 2011, take-up of office space in the Paris Region totaled some 2.4 Mn m², representing a year-on-year rise of 14%. These results were better than the average performance over the last ten years, with a strong Q3 (787,600 m² let) and a somewhat weaker Q4 (496,000 m² let).

The Paris Region's large segment (deals over 5,000 m²) saw a strong take-up with 68 large transactions listed during 2011 for a total of almost 1 Mn m² let (compared to 71 transactions for a total of 760,000 m² let last year). These results are mostly due to the conclusion of several very large transactions in low-rent areas such as the Thalès deal for 78,600 m² in Gennevilliers, the Carrefour deal for 85,000 m² in Massy or the SFR deal for 124,000 m² in Saint-Denis. These transactions were initiated between 2009 and 2010 for cost-cutting and centralisation purposes and totaled almost 380,000 m² (16% of the 2011 take-up of the Paris Region).

Further market support came from the level of activity inside Paris with almost 1 Mn m² let. The city accounted for 39% of the Paris Region take-up. The CBD performed particularly well with more than 400,000 m² let (around 40% of the take-up in Paris), followed by the Western Crescent.

**Rents[22]**

Rental values in the Paris Region for new, redeveloped or renovated space remained relatively stable in 2011 but with some geographical variations.

Even if a selected number of transactions[23] showed an increase in rents, the overall trend still shows moderate downward pressure.

[19] As six assets were sold through share deals, the total net proceeds amounted to €964.8 Mn.
[20] See details in the following section on Net Asset Value

[21] Sources: Immostat, DTZ, CBRE
[22] Source: CBRE

In La Défense, prime rents decreased to €494/m² at the end of 2011 (compared to €511/m² last year), driven by a large supply of second-hand buildings. The highest rents during 2011 were related to transactions on Tour First with the Ernst & Young move and the Euler Hermes deal.

**Investment market**[24]

Investment transactions in offices during 2011 in the Paris Region market totalled some €11.3 Bn, up from €8.7 Bn in 2010.

The biggest transactions in 2011 were the acquisition of Europe Avenue by Generali/Predica for € 450 Mn (bought from Beacon Capital Partners) and the acquisition of River Ouest in Bezons by ING Real Estate Investment for €368 Mn (bought from HRO).

After having risen during the financial crisis, market yields have seen some compression since 2010. The prime yield stood at the end of 2011 between 4.5% and 6% in Paris CBD and between 6% and 7% in La Défense (CBRE data).

**Limited new supply**[25]

Immediate supply in the Paris Region has been stable since 2009 with 3.6 Mn m² available. Very few new developments are scheduled for delivery in 2012.

In this context, the Paris Region vacancy rate reached 6.6% with large variations from area to area: 4.9% for Paris CBD, 7% for La Défense, 10.4% for the Western Crescent and 11.7% for the Northern Crescent.

Pressure on quality supply of available space increased. The Paris Region suffers from obsolescence due to age and low quality of a significant part of the supply. New and redeveloped supply continues to be modest and was not replenished by completions, which were too few. Consequently, the share of new or renovated premises in immediately available supply is only 23%.

2012 is expected to be a year of caution: in general, companies are likely to keep on cutting costs while their new development projects could be slowed down by the economic crisis. In this context, opportunities arise for Unibail-Rodamco, supplying new, high-quality, connected and sustainable assets, in a market which is short of quality assets.

[23] According to CBRE, prime rents in Paris CBD have increased from €734/m² in 2010 to €748/m² thanks to 3 transactions over €800/m² recorded in 2011
[24] Sources: Immostat, CBRE
[25] Sources : Immostat, DTZ

## 2.2. Office division 2011 activity

Unibail-Rodamco's consolidated Net Rental Income (NRI) from the offices portfolio came to €184.5 Mn in 2011.

| Region | Net Rental Income (€Mn) | | |
|---|---|---|---|
| | 2011 | 2010 | % |
| France | 155.2 | 173.5 | -10.6% |
| Netherlands | 11.5 | 12.0 | -4.1% |
| Nordic | 15.0 | 17.6 | -15.2% |
| Other countries | 2.9 | 3.0 | -2.0% |
| **Global** | **184.5** | **206.1** | -10.5% |

The decrease of €21.6 Mn from 2010 to 2011 is explained as follows:

- -€17.1 Mn due to disposals:
  - ✓ Buildings sold in 2010: in France, Capital 8-Messine, 18-20 Hoche, 11-15 St Georges, 168 av Ch. de Gaulle-Neuilly, one logistic asset in Spain and small assets in Sweden and The Netherlands.
  - ✓ 3-5 Malesherbes in Paris, sold in July 2011.
  - ✓ Various small assets sold in 2011 in Sweden and The Netherlands.

- -€21.5 Mn due to buildings currently under refurbishment (mainly Courcellor 1 in Levallois, part of Issy-Guynemer in Paris and part of Le Wilson in La Défense).

- +€6.4 Mn came from delivery of Michelet Galilée-La Défense and Tour Oxygène-Lyon in H1-2010 and two small acquisitions in Nanterre-France and in Wilenska-Poland.

- Several one-off items, a reversal of provision for litigation and currency effect had a net positive impact of €5.5 Mn.
- Like-for-like NRI increased by €5.1 Mn, i.e a +4.2% growth, with a limited impact of indexation of +1.0%. This variation is broken down as shown in the following table.

| Region | Net Rental Income (€Mn) Like-for-like | | |
|---|---|---|---|
| | 2011 | 2010 | % |
| France | 109.1 | 105.4 | 3.5% |
| Netherlands | 5.3 | 4.7 | 13.9% |
| Nordic | 10.0 | 9.3 | 7.0% |
| Other countries | 2.3 | 2.2 | 4.7% |
| **Global** | **126.6** | **121.5** | 4.2% |

In France, 21 leases were signed or renewed in 2011. 17,284 m² were renewed and 12,137 m² relet with an average uplift of 4.3%.

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

| Office portfolio | Lease expiry schedule | | | |
|---|---|---|---|---|
| | at date of next break option | as a % of total | at expiry date | as a % of total |
| Expired | 1.2 | 0.6% | 1.1 | 0.6% |
| 2012 | 21.0 | 10.8% | 16.4 | 8.4% |
| 2013 | 43.0 | 22.0% | 13.2 | 6.7% |
| 2014 | 24.6 | 12.6% | 7.2 | 3.7% |
| 2015 | 27.3 | 14.0% | 27.0 | 13.8% |
| 2016 | 28.6 | 14.6% | 24.3 | 12.4% |
| 2017 | 2.1 | 1.1% | 15.4 | 7.9% |
| 2018 | 15.1 | 7.7% | 18.2 | 9.3% |
| 2019 | 25.3 | 13.0% | 59.7 | 30.5% |
| 2020 | 3.4 | 1.7% | 6.3 | 3.2% |
| 2021 | 2.8 | 1.4% | 2.8 | 1.4% |
| 2022 | - | 0.0% | 0.4 | 0.2% |
| Beyond | 1.1 | 0.6% | 3.7 | 1.9% |
| M€ | **195.6** | **100%** | **195.6** | **100%** |

Potential annualised rents from vacant office space in operation amounted to €14.5 Mn at December 31, 2011, corresponding to 7.3% of financial vacancy[26] on the whole portfolio (7.1% at year end 2010).

Estimated rental value of vacant spaces in France stood at €10.9 Mn, mainly in Issy-Guynemer building in Paris, Tour Ariane and Cnit in La Défense and Tour Oxygène in Lyon, corresponding to a financial vacancy of 6.5% vs. 5.7% as of end of 2010.

### 2.3. Investment

Unibail-Rodamco invested €167.2 Mn in its office portfolio in 2011.

€145 Mn was invested for works, mainly in France for the Majunga tower in La Défense, the SO Ouest building and renovation schemes for various buildings and minor acquisitions (see more details in the following section on Projects pipeline).

Financial costs and other costs capitalised amounted to €22.3 Mn.

These amounts do not include the acquisition of the 7.25% stake in SFL (Société Foncière Lyonnaise) in March 2011 for €106.5 Mn.

### 2.4. Divestments

During 2011, the Group sold one office building in France, six office buildings in Sweden and two in The Netherlands for a total net disposal price of €242.2 Mn and a net result of €7.3 Mn based on the valuations as at Dec 31, 2010.
The most significant disposal was the 3-5 Malesherbes office in Paris, sold in July 2011 for a net disposal price of €134.3 Mn, at a buyer's net initial yield of 5.0% (5.1% including car park).

These divestments (at an average buyer's yield of 5.6%) implied a premium of 3.4% compared to the latest externally appraised values.

### 2.5. Portfolio valuation[27]

As at December 31, 2011, the office portfolio was valued at €3,624 Mn, excluding transfer taxes and transaction costs, on the balance sheet, including the Group's Headquarters at 7 Adenauer, Paris, reported at historical cost.

The change in the fair value of office investment properties since December 31, 2010 generated a negative valuation result of €26.1 Mn[28].

## 3. Convention & Exhibitions

This activity is exclusively located in France and consists of a real estate venues rental and services company (VIPARIS) and a trade show organiser (COMEXPOSIUM). Both organisations are jointly owned with the Paris Chamber of Commerce and Industry (CCIP). VIPARIS is fully consolidated by Unibail-Rodamco and COMEXPOSIUM is recorded under the equity method.

Due to the global economic crisis, the average floor space rented for a typical show has come down while the opening period was sometimes shortened. However, the creation of new shows is picking up again. 2011 saw 29 new shows compared to 15 new shows in 2010.
There are other positive signs. Especially in this environment of limited marketing budgets, shows are one of the most effective media for exhibitors since they offer direct, personal and effective contacts with customers relative to other forms of media. To control advertising and gain new orders, companies maintain their presence on shows. The most important shows have seen little impact of the crisis, as they have become landmark events for the public at large.

The 2011 activity level has been largely driven by the "Agriculture show" (SIA) and "Paris International Agri-business Show" (SIMA), where the number of visitors increased by 8% compared to the last edition in 2009, and by the biennial "Le Bourget Air Show" that was greatly successful in terms of visitors, exhibitors and orders. Sustained activity has also been experienced during the second half of the year with Première Vision, Maison & Objet and the Nautic show with increases in the number of visitors. The Paris Horse Show has also confirmed its success since

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

[27] See following section on Net Asset Value.

[28] Capital 8-Murat no longer benefits from the VAT regime on transfer. An additional €24.8 Mn transfer tax was deducted to compute the new Net Market Value at year end.

its transfer to Paris Nord Villepinte. 140,000 visitors have attended the show, a 17% increase compared to the previous edition.

Congress activities have been picking up. Paris Nord Villepinte hosted the European Society of Cardiology's Annual Congress (ESC), the largest medical congress in Europe and the third largest congress worldwide in all economic sectors. With over 32,000 delegates, the Paris edition of the ESC saw 23% more participants than the last edition in Stockholm in 2010.
This experience has proved that Paris, and Paris Nord Villepinte, have the full capacity to host large scientific and professional events with more than 10,000 delegates.

Paris Expo Porte de Versailles has welcomed the 6,000 delegates of the Alzheimer's Association International Congress (ICAD Congress 2011). It was the first international congress held on Porte de Versailles.

Visitor numbers have been satisfactory with more than 9 million in aggregate on VIPARIS's venues and more than 56,000 exhibitors, of which some 33% from outside France.
In total 987 events were held on all 10 venues, of which 312 shows, 151 congresses and 524 corporate events. This is a record number since the creation of Viparis.

Traditionally, the Convention and Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year. Even years tend to have more shows than odd years.

As a result of these seasonal effects and in view of the challenging external environment, VIPARIS' EBITDA amounts to a satisfactory €122.0 Mn. This represents an increase of €3.9 Mn vs. 2009, despite the absence of the triennial show Intermat (last edition was in 2009) and the end of the Furniture show.

At year-end 2011, pre-booking levels for 2012 are strong at 91%, compared to the usual level of 85-90%.

On July 12, 2011, the Paris City Council has decided to launch a consultation with a view to modernise the Porte de Versailles site and to increase its attractiveness. The stated goal is to allow substantial investments to be done by the selected operator in exchange for a new long term lease contract given by the City in connection with the site. Nevertheless, no decision on the termination of the concession contract expiring in 2026 has been made to date and the operating conditions remain unchanged. Viparis will participate in this tender.

COMEXPOSIUM contributed to the Group's recurring result for €10.8 Mn versus €15.3 Mn in 2010 and €7 Mn in 2009 (comparable year in term of seasonality).

In January 2011, the Group acquired SEHM (Managing company of the Méridien Montparnasse hotel in Paris) and simultaneously signed a management contract with the Accor Group which now runs the hotel under the Pullman brand name. The Group already owned the building.

Including Pullman-Montparnasse and Hilton-Cnit La Défense hotels and after deduction of depreciation, the Convention & Exhibition division showed an operating profit of €129.2 Mn in 2011 (€136.1 Mn in 2010 and €125.9 Mn in 2009).

## III . Sustainability

Sustainable thinking is closely integrated into Unibail-Rodamco's day-to-day operating, development and investment activities. The Group's sustainability strategy is designed to return reliable, quantifiable improvements in performance over the long term.

Unibail-Rodamco has three main, long-term environmental targets: reduction in $CO_2$ emission per visit, energy consumption per visit and water consumption per visit. Performance against these targets is measured, and the first two are externally audited annually by Ernst &Young.

In 2011[29], the energy consumption in kWh per visit decreased by -6% (for Retail managed portfolio - like-for-like basis), which leads to a cumulative -17% energy intensity consumption decrease between 2006 and 2011, in line with the -20% reduction target set for the period 2006 to 2012.

The consolidation of carbon intensity data ($CO_2$ emissions / visit) is still ongoing, pending $CO_2$ emissions certificates from energy suppliers over 2011. However, early indications show that $CO_2$ reductions will be in line with the -40% target set for the 2006-2016 period.

Contributing to these good results are targeted energy savings measures, carbon emission reductions achieved by energy suppliers, and new 'green' electricity contracts entered into in the year.

The Group is listed in the main Environmental, Social and Governance indices[30], and continues to improve its scores. To ensure alignment between the Group

[29] 2011 figures non audited – Audit works by E&Y ongoing.
[30] FTSE4Good, DJSI World, DJSI Europe and STOXX Global ESG Leaders

and its office and retail tenants on its environmental objectives, the Group introduced 'Green Leases' for the first time at the end of 2009. Since then, almost 30% of the whole active lease portfolio includes 'green clauses'. In the development pipeline the Group achieved the BREEAM qualifications for SO-Ouest, the first Shopping Centre certified 'Excellent' in Europe, and for Majunga, the first high rise office building certified HEQ & BREEAM 'Excellent' in Europe. Furthermore, some 273,000 m² GLA is now certified under the BREEAM 'In Use' scheme across the group.

## IV. 2011 Results

*General expenses* amounted to €83.4 Mn (€97.5 Mn in 2010). The decrease reflects the results of the Group's cost efficiency project and the portfolio rationalisation.
Non-recurring general expenses include acquisition costs related to share deals[31] for an amount of €2.9 Mn in 2011 related to the Aupark and Galeria Mokotow acquisitions and the Pullman-Montparnasse hotel transaction (€15.8 M€ in 2010 related to the Simon Ivanhoe deal).

*Development costs* incurred for feasibility studies of projects and non successful deals amounted to €5.2 Mn in 2011 (€7.2 Mn in 2010).

*Property services* net operating result (€17.3 Mn) came from property services companies in France, Spain and Central Europe.

*Other income* (€7.2 Mn) was mainly composed of the €7.1 Mn dividend paid by SFL (Société Foncière Lyonnaise) in May and November 2011 on the 7.25% stake acquired by Unibail-Rodamco in March 2011.

*Group net financial expenses* totalled 345.5 Mn, including capitalised financial expenses of €44.4 Mn allocated to projects under construction. Net borrowing expenses recorded in the net recurring profit came to €301.1 Mn, the €32.2 Mn increase compared to 2010 resulting from the financing of the €1.8 Bn exceptional distribution of October 2010.

The ORNANE[32] convertible bond issued in April 2009 was accounted at fair value in accordance with IFRS. The value as at December 31, 2011 decreased compared to Dec 31, 2010, resulting in a profit of €43.4 Mn included in the non-recurring result.

[31] According to IFRS rules, acquisition costs are capitalized in case of asset deals but charged to income in case of share deals.
[32] Net share settled bonds convertible into new and/or existing shares.

Most of the ORAs[33] issued in 2007 have been converted. Only 8,173 ORAs[34] were still in issue as at December 31, 2011.
In accordance with the option adopted by Unibail-Rodamco for hedge accounting, the change in value of caps and swaps was recognised directly in the P&L, resulting in a charge of €234.5 Mn[35] in the non recurring result.

The Group's average cost of financing came to 3.6% over 2011 (3.9 % over full year 2010). 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[36] do not exist and activities in France which are not eligible to the SIIC regime, mainly in the Convention & Exhibition business.

Total income tax allocated to the recurring result amounted to -€12.1 Mn.

Corporate income tax allocated to valuation result and disposals was a charge of €108.8 Mn due mainly to the variation of deferred taxes on assets' fair value.

*Minority interests* in the consolidated recurring net profit after tax amounted to €90.9 Mn (€88.3 Mn in 2010). Minority interests related mainly to CCIP's share in VIPARIS (€32.1 Mn) and to shopping centres in France and in Spain (€56.2 Mn, mainly Les Quatre Temps and Forum des Halles). Following the completion of the statutory buy-out process, there are no minority interests in Rodamco Europe NV since June 9, 2011. Thus Rodamco Europe's minority interests in 2011 recurring result dropped to €1.3 Mn (€4.8 Mn in 2010).

**Consolidated net result (group share) was a profit of €1,327.8 Mn in 2011. This figure breaks down as follows:**

- **€829.6 Mn of recurring net result.**
- **€498.2 Mn of fair value adjustments and net gains on disposals.**

[33] ORA: Obligations Remboursables en Actions = bonds redeemable for shares
[34] Convertible into 10,220 shares.
[35] Of which: - €1.4 Mn for derivatives nettings and - €7.8 Mn for amortisation of Rodamco debt marked to market at the time of the merger.
[36] In France : SIIC (Société d'Investissements Immobiliers Cotée).

200,109 new shares were issued in 2011, further to stock options exercised, saving scheme and ORA or Ornane conversions. 139,150 shares were bought back at an average price of €126.29 per share and cancelled.

The average number of shares and ORAs[37] in issue during this period was 91,862,849**.**

**Recurring Earnings per Share (EPS) came to €9.03 in 2011, representing a decrease of -2.6% compared to 2010.**

This outperforms the minus 3% to minus 5% outlook announced early 2011. Corrected for the -6.5% recurring EPS impact of the €20/share (€1.8 Bn) exceptional distribution in October 2010, the 2011 recurring EPS shows good underlying growth. The results reflect good like-for-like performance in all business lines, low cost of debt, and decreasing overhead costs.

## V. Post closing events

On January 20, 2012 the Group has acquired a part of the Sant Cugat Shopping Centre, comprising 22,382m² for a total acquisition cost of €33.7Mn.

## VI. Dividend and Outlook

**<u>Dividend</u>**

The Group will propose to the Annual General Meeting to declare a dividend of €8.00 per share in cash, corresponding to a total amount of €734.4 Mn for 91,806,889 shares issued as at Dec 31, 2011.
This represents an 89% pay-out ratio, in line with the Group's 85%-95% dividend pay-out policy.

The statutory 2011 result of Unibail-Rodamco SE (parent company) was a profit of €1,067.5 Mn of which €358.6 Mn of dividend received from Rodamco Europe NV and €294.5 M€ of reversal of impairment of Rodamco Europe shares.. The 2011 result of Unibail-Rodamco SE's SIIC sector amounted to €392.2 Mn with an obligation of dividend distribution of €319.7 Mn. After payment of the proposed dividend, the SIIC obligation of distribution will be totally fulfilled.

**<u>Outlook</u>**

For 2012, the Group remains positive in its expectations on rental income growth. This is driven by ongoing strong fundamentals, such as low vacancy, sustainable occupancy cost ratios and good rental uplifts. The cost of debt will be contained at low levels. At the same time the impact of the current Euro zone crisis on consumption and retailer's health cannot be ignored, and some caution is required. Against this backdrop, the Group expects to achieve an REPS growth in 2012 of around 4%.

For the period 2013-2015, much will depend on how the economic crisis is going to be resolved. Given the Group's determination to deliver its strategy of developing, investing in and operating outstanding places to shop, work and exhibit, the Group retains its target of an annual growth of its REPS of 5% to 7% on average.

[37] It has been assumed here that the ORAs have a 100% equity component.

## DEVELOPMENT PROJECTS AS AT DECEMBER 31, 2011

**Unibail-Rodamco's development project pipeline amounts to €6.9 Bn at year-end 2011. It corresponds to a total of 1.4 Mn m² Gross Lettable Area (GLA), re-developed or to be added to the standing assets portfolio. In 2011, the Group launched projects that offer good leasing prospects. In addition, several new projects were launched for which the Group retains full flexibility.**

### 1. Movements in the development project pipeline

New projects have been added to the Pipeline in 2011, mainly through four projects that perfectly illustrate the Group's strategy:

- Organic growth with two planned extensions of successful existing assets: Chodov, in Czech Republic, and Maquinista, in Spain, where Unibail-Rodamco seized the opportunity to acquire an adjacent land plot (today used as a parking lot).
- Two partnerships in Central Europe: one in the Bubny area of Prague (Czech Republic), and the other in Poland still under confidentiality agreement.

During the year, Unibail-Rodamco moved various projects ahead to pass significant milestones.
Building permits have been obtained in 2011 for major projects, such as Courcellor 1 (Office in France) and Mall of Scandinavia (Sweden). The latter project was launched at the very end of 2011, following years of negotiations and reconfiguration. The land is now acquired and the 'design and build' contract committed. Ground works have already started for a planned opening in H2-2015.

In total, more than €1 Bn of major construction contracts have been signed and works started in 2011 (in addition to Mall of Scandinavia, Aéroville in France, Majunga offices in France, extension / renovation of Centrum Cerny Most in Czech Republic, Täby in Sweden…) benefiting from favorable conditions due to the slow construction industry environment throughout Europe.

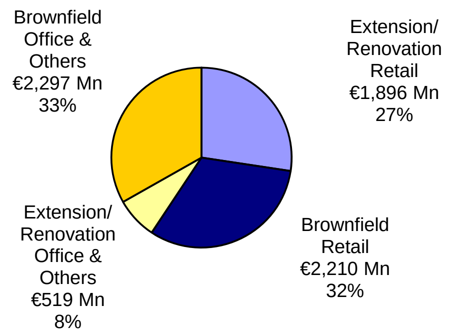
Some significant intermediate steps on major projects were achieved this year, like the grand opening of the indoor central square in Täby Centrum in October 2011 as part of Täby's extension/renovation project.

Given the pending litigation on the Trois Pays project, the Group has decided to temporarily reclassify the project out of the development pipeline. However, the Group remains confident on the positive outcome of the litigation.

### 2. Development pipeline overview

The estimated investment cost of the development pipeline as at December 31, 2011 amounts to €6.9 Bn. The breakdown is the following:

**Development pipeline by category**



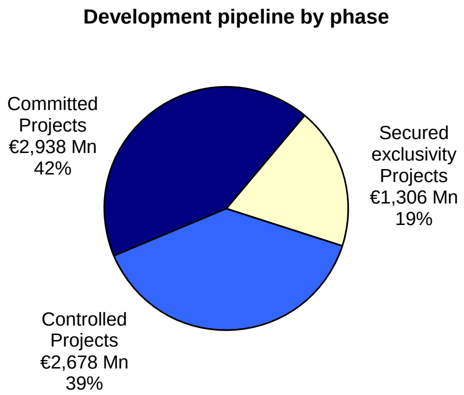

The €4.1 Bn retail pipeline is split into brownfield projects, which represent 54%, and extensions and renovations, which make up the remaining 46%. This corresponds to the creation of 783,500m² GLA and redevelopment of 102,400m².

Expected investments in the Offices & Other sector amount to €2.8 Bn. Brownfield projects, corresponding to some 357,900m$^2$ of new GLA, represent 82% of this investment. The remainder will be invested in redeveloping or refurbishing 166,800 m² of existing assets.

### 3. A secure and flexible development pipeline

Committed[38] projects as at December 31, 2011 amounted to €2.9 Bn (vs. €1.7Bn at end 2010), Controlled[39] projects to €2.7 Bn (vs. €2.9 Bn at end 2010) and Secured Exclusivity[40] projects to €1.3 Bn (vs. €2.0 Bn at end 2010).

[38] Committed projects: projects currently under construction, for which Unibail-Rodamco owns the land or building rights and has obtained all necessary administrative authorisations and permits.
[39] Controlled projects: projects in an advanced stage of studies, for which Unibail-Rodamco controls the land or building rights, but where not all administrative authorisations have been obtained yet.
[40] Secured exclusivity projects: projects for which Unibail-Rodamco has the exclusivity but where negotiations for building rights or project definition are still underway.




Of the €2.9 Bn Committed development pipeline, €1.3 Bn has already been spent, implying that €1.7 Bn remains to be invested[41]. Of this, €1.2 Bn has already been contracted.

Construction was launched during 2011 on a number of projects that consequently moved from the controlled to the committed phase. They were launched in view of favourable conditions for construction contracts and high levels of interest from potential tenants. These projects notably include Mall of Scandinavia in Sweden, Aéroville in France and the extension of Centrum Cerny Most in Czech Republic.

78% of the committed pipeline belongs to the Retail sector. The remaining 22% is concentrated in the Offices & Others sector in the Paris region.

Pre-letting levels on Committed projects in retail ensure income visibility. Of retail projects to be delivered in 2012, MGR pre-letting is ca 96% in Lyon Confluence (Lyon, France) and 80% (MGR signed, including heads of terms) in SO Ouest shopping centre (Paris region, France). On the extension of Centrum Cerny Most in Prague that should be delivered in the first half of 2013, the MGR pre-letting is 77% (MGR signed, including heads of terms).

**4. Projects introduced in the development pipeline during 2011**

In the course of 2011, projects with a consolidated total investment cost of around €650Mn were introduced in the development pipeline, including[42]:

- A shopping centre in the Bubny area in Prague, Czech Republic, with a total GLA of 59,823 m² and an expected cost of €119 Mn for Unibail-Rodamco share;
- An extension of Centrum Chodov in Prague, Czech Republic, with a net GLA of 34,268 m² and a total investment cost of €112 Mn to open in H2-2016;
- An extension to the La Maquinista Shopping centre in Barcelona, Spain, to be built on an adjacent plot of land, adding 35,000 m² for an estimated cost of €107 Mn;
- The renovation and an extension for a total GLA of 18,351 m² of the Ancelle 2-8 office building in Neuilly-sur-Seine (Paris Region, France), for an estimated total cost of €61 Mn to be delivered in H1-2014;
- And a preliminary agreement has been signed for a development project in Poland, which is still under a confidentiality agreement.

Most new projects have either Secured Exclusivity or Controlled commitment levels, providing growth potential for the Group, while ensuring a high level of flexibility.

**5. Investments in 2011**

Unibail-Rodamco invested €477 Mn[43] in works in its shopping centre portfolio in 2011:

- €309 Mn was invested in construction and extension projects with significant progress made for Aeroville and SO Ouest in France, Faro del Guadiana in Badajoz in Spain and Mall of Scandinavia in Sweden;
- €168 Mn was invested in renovation of existing shopping centres, notably: €108 Mn in France (mainly Vélizy 2, Parly 2 renovations inaugurated in November 2011 and Lyon Part Dieu), €12 Mn in Spain (Parquesur and Bonaire) and €29 Mn in Austria (Donau Zentrum and Shopping City Süd).

Unibail-Rodamco invested €145 Mn in works in its office portfolio in 2011, mainly in France for the Majunga tower in La Défense, the SO Ouest building and renovation schemes for various buildings.

**6. Delivered projects**

Various renovation projects were delivered during 2011, including the renovation of the following shopping centres:

– La Part Dieu in Lyon, France,
– Donau Zentrum in Vienna, Austria,
– Parly 2 in Paris Region and

[41] Figures may not add up due to rounding
[42] It also includes the project of renovation of L'Usine Mode & Maison (formerly Vélizy Usines Center) introduced in the development pipeline and delivered in 2011

[43] Total capitalised amount in asset value group share, excluding financial leases.

– L'Usine Mode & Maison (formerly Vélizy Usines Center) in Paris Region, France.

The Group also completed the restructuring of units in the Rosny 2 shopping centre in Paris Region, France while a 3,400 m² GLA extension in the Vallsur shopping centre in Valladolid, Spain was delivered.

**7. Deliveries expected in 2012**

Several deliveries are expected in 2012, notably:

- SO Ouest Shopping Centre, a brownfield project with 46,773 m² GLA in Paris Region, France;
- SO Ouest Office building, a 33,419 m² GLA project, in Paris Region, France, close to the SO Ouest Shopping Centre;
- Lyon Confluence, a 53,287 m² GLA brownfield shopping centre project in Lyon, France, with a 7,364 m² hotel;
- Faro del Guadiana, a 65,994 m² GLA brownfield shopping centre project, in Badajoz, Spain;
- "Carré Sénart 3" extending the existing scheme by 13 637 m²;
- Fisketorvet and Solna shopping centre renovations; and
- The delivery of several restructured offices, including the 70-80 Wilson and the Issy Guynemer office buildings.

**8. Projects overview**

*See table next page*
In addition to the introduction of new projects and the exclusion of some other projects from the development portfolio (mainly Trois Pays project), estimated costs have evolved since December 31, 2010 due to:

- Mechanical effects of inflation and discounting as projects move closer to completion;
- Currency exchange effects, specifically the strengthening of the SEK;
- Changes in programme, for example the increased size of the Oceanic (formerly Fuente de San Luis) scheme from 74,249 m² to 96,488m², the sheltering of the Lyon Confluence shopping centre to improve customer comfort, new improvement works to Forum des Halles, Mall Of Scandinavia, Parly 2 extension and Täby;
- Increase in the French tax for the creation of office and retail area in *Ile de France* (Paris area).

Opening dates for some projects have changed. For example, the delivery of SO Ouest Offices has been delayed while the delivery of SO Ouest Shopping Centre has been brought forward, ensuring the coherence of the schemes and allowing for the office project to get a 'BBC' certification (*Batiment Basse Consommation* – certification for low power consumption). Deliveries of 70-80 Wilson and Issy Guynemer office buildings in the Paris Region, France have also been delayed to H1-2012.

# Projects overview (31 December 2011)

| Developement projects [1] | Business | Country | City | Type | Total Complex GLA (m²) | GLA U-R scope of consolidation (m²) | Cost to date[2] U-R scope of consolidation (€ Mn) | Expected cost [3] U-R scope of consolidation (€ mn) | Expected Opening date[4] | U-R Yield on cost (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| LYON CONFLUENCE | Shopping Centre | France | Lyon | Greenfield / Brownfield | 53,287 m² | 53,287 m² | 241 | 281 | H1 2012 | |
| ISSY GUYNEMER | Office & others | France | Paris Region | Redevelopment / Refurbishment | 14,833 m² | 14,833 m² | 14 | 30 | H1 2012 | |
| SOLNA RENO | Shopping Centre | Sweden | Solna | Extension / Renovation | 2,091 m² | 2,091 m² | 19 | 29 | H1 2012 | |
| 70-80 WILSON | Office & others | France | Paris Region | Redevelopment / Refurbishment | 12,828 m² | 12,828 m² | 11 | 20 | H1 2012 | |
| ROTTERDAM PLAZA | Office & others | Netherlands | Rotterdam | Redevelopment / Refurbishment | 16,025 m² | 16,025 m² | 7 | 20 | H1 2012 | |
| SO OUEST OFFICES | Office & others | France | Paris Region | Greenfield / Brownfield | 33,419 m² | 33,419 m² | 165 | 195 | H2 2012 | |
| SO OUEST SC | Shopping Centre | France | Paris Region | Greenfield / Brownfield | 46,773 m² | 46,773 m² | 240 | 337 | H2 2012 | |
| FARO DEL GUADIANA | Shopping Centre | Spain | Badajoz | Greenfield / Brownfield | 65,994 m² | 42,994 m² | 53 | 90 | H2 2012 | |
| FISKETORVET RENO | Shopping Centre | Denmark | Copenhagen | Extension / Renovation | 177 m² | 177 m² | 15 | 34 | H2 2012 | |
| CARRE SENART 3 | Shopping Centre | France | Paris Region | Greenfield / Brownfield | 13,637 m² | 13,637 m² | 16 | 26 | H2 2012 | |
| CENTRUM CERNY MOST EXT | Shopping Centre | Czech Rep. | Prague | Extension / Renovation | 43,980 m² | 43,980 m² | 35 | 140 | H1 2013 | |
| AEROVILLE [5] | Shopping Centre | France | Paris Region | Greenfield / Brownfield | 83,893 m² | 83,893 m² | 67 | 334 | H2 2013 | |
| MAJUNGA | Office & others | France | Paris Region | Greenfield / Brownfield | 63,035 m² | 63,035 m² | 140 | 362 | H2 2013 | |
| FORUM DES HALLES RENO | Shopping Centre | France | Paris | Extension / Renovation | 15,310 m² | 15,310 m² | 3 | 129 | H2 2014 | |
| TABY CENTRUM EXT | Shopping Centre | Sweden | Täby | Extension / Renovation | 28,427 m² | 28,427 m² | 103 | 277 | H2 2014 | |
| MALL OF SCANDINAVIA | Shopping Centre | Sweden | Stockholm | Greenfield / Brownfield | 101,300 m² | 101,300 m² | 88 | 586 | H2 2015 | |
| OTHERS | | | | | 12,230 m² | 12,230 m² | 33 | 49 | | |
| **Committed Projects** | | | | | **607,239 m²** | **584,239 m²** | **1,253** | **2,938** | | **7.7%** |
| | | | | | | | | | | |
| SCS RENO | Shopping Centre | Austria | Vienna | Extension / Renovation | 0 m² | 0 m² | 14 | 83 | H2 2013 | |
| RENNES ALMA EXT | Shopping Centre | France | Rennes | Extension / Renovation | 10,403 m² | 10,403 m² | 23 | 93 | H2 2013 | |
| LA TOISON D OR EXT | Shopping Centre | France | Dijon | Extension / Renovation | 11,883 m² | 11,883 m² | 2 | 82 | H2 2013 | |
| 2-8 ANCELLE | Office & others | France | Paris Region | Extension / Renovation | 18,351 m² | 18,351 m² | 4 | 61 | H1 2014 | |
| COURCELLOR 1 | Office & others | France | Paris Region | Redevelopment / Refurbishment | 39,603 m² | 39,603 m² | 13 | 181 | H2 2014 | |
| BENIDORM | Shopping Centre | Spain | Benidorm | Greenfield / Brownfield | 54,639 m² | 27,319 m² | 38 | 76 | H1 2015 | |
| OCEANIC | Shopping Centre | Spain | Valencia | Greenfield / Brownfield | 96,488 m² | 96,488 m² | 1 | 252 | H1 2015 | |
| LES PORTES DE GASCOGNE | Shopping Centre | France | TOULOUSE Plaisance du Touch | Greenfield / Brownfield | 85,084 m² | 25,042 m² | 9 | 110 | H2 2015 | |
| PARLY 2 EXT | Shopping Centre | France | Paris Region | Extension / Renovation | 15,008 m² | 11,052 m² | 5 | 104 | H2 2015 | |
| TRIANGLE | Office & others | France | Paris | Greenfield / Brownfield | 83,532 m² | 83,532 m² | 6 | 515 | Post 2016 | |
| MAQUINISTA EXT | Shopping Centre | Spain | Barcelona | Extension / Renovation | 35,000 m² | 35,000 m² | 58 | 107 | Post 2016 | |
| PHARE | Office & others | France | Paris Region | Greenfield / Brownfield | 124,531 m² | 124,531 m² | 53 | 915 | Post 2016 | |
| OTHERS | | | | | 8,915 m² | 8,915 m² | 7 | 98 | | |
| **Controlled Projects** | | | | | **583,436 m²** | **492,119 m²** | **233** | **2,678** | | **8% target** |
| | | | | | | | | | | |
| TRINITY | Office & others | France | Paris Region | Greenfield / Brownfield | 45,975 m² | 45,975 m² | 2 | 286 | H2 2015 | |
| CHODOV EXT | Shopping Centre | Czech Rep. | Prague | Extension / Renovation | 34,268 m² | 34,268 m² | 4 | 112 | H2 2016 | |
| BUBNY | Shopping Centre | Czech Rep. | Prague | Greenfield / Brownfield | 59,823 m² | 35,894 m² | 1 | 119 | Post 2016 | |
| OTHERS | | | | | 218,037 m² | 218,037 m² | 3 | 789 | | |
| **Secured Exclusivity Projects** | | | | | **358,103 m²** | **334,174 m²** | **10** | **1,306** | | **8% target** |
| | | | | | | | | | | |
| **U-R Total Pipeline** | | | | | **1,548,779 m²** | **1,410,532 m²** | **1,496** | **6,922** | | **8% target** |
| | | | | | Of which additionnal area | 1,141,344 m² | | | | |
| | | | | | Of which redeveloped area | 269,188 m² | | | | |

(1) Figures subject to change according to the maturity of projects.
(2) Excluding financial costs and internal costs capitalised.
(3) Excluding financial costs and internal costs capitalised. The costs are discounted in today's value.
(4) In the case of staged phases in a project, the date corresponds to the opening of the first phase.
(5) Aeroville cost to date and expected cost does not include the leasehold fees paid after the opening of the shopping centre.

## NET ASSET VALUE AS AT DECEMBER 31, 2011

**Unibail-Rodamco's EPRA triple Net Asset Value (NNNAV)[44] amounted to €130.70 per share as at December 31, 2011, up by 4.9% from December 31, 2010. The total NNNAV increase of €6.10 per share reflects the effect of the mark-to-market of assets and liabilities for €4.90, the net recurring earnings and the net result of divestments for €9.79 per share, offset by the €8.00 per share distribution for the 2010 recurring result and a decrease of €0.59 per share due to variations in transfer taxes and deferred tax adjustments and in the diluted number of shares.**
**The going concern NAV[45] (GMV based), measuring the fair value on a long term, ongoing basis, came to €143.10 per share as at December 31, 2011, increasing by 4.8% compared to year-end 2010.**

### 1. PROPERTY PORTFOLIO

The European investment volume increased over 2011 by 6% compared to 2010 to reach €110 Bn[46], which indicates the continuing year-on-year improvement in the European real estate investment market and a continuing strong appetite from investors in high quality assets. Retail investments increased by 7% year-on-year and represented 34% of overall transactions over the period, reflecting a strong interest for retail as an investment class, due to its defensive nature.

On the back of sound recovery during the first half of 2011, the second half was characterised by a stabilisation in most of the European markets. As reported in July, across Continental Europe, the pace of growth in asset values remains differentiated: whereas yields are stabilising in core markets such as France, specific markets are seeing a yield compression on the back of strong fundamentals, competitive bidding by international equity investors attracted by relatively high yields compared to long term interest rates and sound macro-economic fundamentals. This is especially the case in Central Europe and Austria while an improved investment sentiment has been noticed in the Nordics.

As debt financing remains constrained, the market for prime products continues to be dominated by equity players (institutional investors, private funds) searching for yield and secure income. On the supply side, there is a lack of prime properties which remain highly demanded. As a result, the Group's large centres, attracting significant footfall, have shown a solid revaluation performance.

Appraisers continue to review in detail productivity performance of the Group's assets, with specific attention to footfall, recent letting deals and asset trading performance trends to confirm cash flow growth. Letting deals across the European portfolio demonstrate that retailers are still focusing on prime locations and selectively expand in locations that offer the highest footfall and sales performance.

Unibail-Rodamco's asset portfolio including transfer taxes grew from €24,532 Mn at year-end 2010 to €25,924 Mn as at December 31, 2011. On a like-for-like basis, the value of the overall portfolio increased by €734 Mn net of investments, i.e. +3.6% compared with year-end 2010.

| **Asset portfolio valuation of UNIBAIL-RODAMCO (including transfer taxes)** (a) | **December 31, 2010** | | **December 31, 2011** | | **Like-for-like change net of investment - full year 2011** (b) | |
|---|---|---|---|---|---|---|
| | € Mn | % | € Mn | % | € Mn | % |
| Shopping centres | 18,614 | 76% | 19,803 | 76% | 675 | 4.4% |
| Offices | 3,885 | 16% | 3,853 | 15% | - 11 | -0.4% |
| Convention-Exhibition centres | 1,716 | 7% | 1,901 | 7% | 61 | 3.9% |
| Services | 318 | 1% | 367 | 1% | 9 | 7.8% |
| **Total** | **24,532** | **100%** | **25,924** | **100%** | **734** | **3.6%** |

Figures may not add up due to rounding.

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

[44] EPRA NAV: the intrinsic -long term- value of the company, per share
EPRA NNNAV: the intrinsic current (liquidation) valuation of the company, per share
[45] Going Concern NAV: the amount of equity (per share) required to replicate the Group's portfolio with its current financial structure
[46] Source : DTZ research

The portfolio valuation includes:
- The appraised/at cost 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 holding in Comexposium, a trade shows organisation business, consolidated under the equity method.
The portfolio does not include shares of Société Foncière Lyonnaise or the prepayment related to Zlote Tarasy shopping centre in Poland.
(b) Excluding changes in the scope during the full-year 2011, mainly:
- Acquisitions of shopping centres: Splau (Barcelona/Spain), shares in Aupark (50%) and Galeria Mokotow (50%);
- Acquisitions of plots in Les Quatre Temps and Aquaboulevard in France, and in Parquesur and La Vaguada in Spain;
- Acquisitions of a land plot adjacent to Maquinista/Spain, a parking plot adjacent to Glories in Barcelona/Spain, a land plot related to Mall of Scandinavia project (Stockholm/Sweden), a land plot adjacent to Rennes-Alma/France and a parking plot adjacent to the Täby shopping centre (Stockholm/Sweden);
- Acquisition of the Pullman-Montparnasse hotel asset ("*fonds de commerce*");
- Acquisitions by Comexposium (mainly SODES, a company organising the "Paris Prêt-à-Porter fashion show");
- Disposal of 6 shopping centres in France (Shopping Etrembières, Saint Genis 2, Evry 2, Croix Dampierre, Boisseuil and Bonneveine);
- Disposal of 3 shopping centres in Austria and Central Europe: Allee-Center in Magdeburg/Germany, Arkad in Budapest/Hungary, and Südpark in Klagenfurt/Austria;
- Disposal of various assets in the Netherlands, including the Piazza Center office and retail buildings in Eindhoven, the Buitenmere office and retail buildings in Almere-Buiten, and small shopping centres and high street properties (Houtmarktpassage, Ginnekenstraat and Molsterrein (parking) in Breda, Oude Marktpassage, Walburg and Woonmall Alexandrium);
- Disposal of 3-5 Malesherbes office building in Paris CBD/France;
- Disposal of retail and office buildings in Sweden (Haninge, Väsby, Bälsta Centrum, Eurostop Jönköping and Tyresö), a hypermarket let to ICA Maxi in Helsingborg, the Hotel Park Inn and a residential lot in Solna.
The like-for-like change in valuation is calculated excluding changes in the scope abovementioned.

<u>Appraisers</u>

Two international and qualified appraisers, Jones Lang LaSalle and DTZ, assess the retail and office properties of the Group since 2010. The valuation process has a centralised approach, which ensures that, on the Group's internationally diversified portfolio, pan-European capital market views are taken into account. Unibail-Rodamco has allocated properties across the two appraisers, while ensuring that large regions are assessed by both companies for comparison and benchmarking purposes. The appraiser of Conventions and Exhibitions as well as Services activities is PricewaterhouseCoopers. Assets are appraised twice a year (in June and December), except service companies, appraised yearly.

| Appraiser | Property location | % of total portfolio |
|---|---|---|
| DTZ | France / Netherlands / Nordic / Spain / Central Europe | 49% |
| JLL | France / Nordic /Spain / Central Europe / Austria | 40% |
| PWC | France | 8% |
| At cost or under sale agreement | | 3% |
| | | **100%** |

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

<u>Valuation methodology</u>

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.

Intelligence on Unibail-Rodamco's own transactions executed in 2011 was also used to validate and cross-check the valuations.

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

<u>Valuation scope</u>

As at December 31, 2011, independent appraisers have appraised 97% of Unibail-Rodamco's portfolio.

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

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

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

The following assets under construction continued to be assessed at fair value as at December 31, 2011:

- Shopping centre projects such as Faro del Guadiana (Badajoz/Spain), Lyon Confluence (Lyon/France) and SO Ouest (Levallois/France);
- SO Ouest Office in Levallois/France;
- Hotel Lyon Confluence, in Lyon/France.

The extension of Täby shopping centre (Stockholm/Sweden) and the extension of Alma (Rennes/France) also continued to be assessed at fair value as at December 31, 2011, but are now considered as part of the corresponding standing assets.

In addition, Centrum Cerny Most extension (Prague/Czech Republic) and Carré Senart Shopping Park extension are now assessed at fair value.

The remaining assets (3%) of the portfolio, which have not been externally appraised as at December 31, 2011, have been valued as follows:

- At cost for the IPUC for which a reliable value could not yet be established. These mainly represent shopping centres under development (notably Aéroville in Roissy/France, Portes de Gascogne in Toulouse/France, Mall of Scandinavia in Stockholm/Sweden), and office developments (notably Phare and Majunga in La Défense/France and Courcellor in Levallois/France);
- At acquisition price for assets acquired in the second half of 2011, mainly Splau shopping centre in Spain.

### 1.1. Shopping Centre portfolio

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

Evolution of Unibail-Rodamco's Shopping Centre portfolio valuation

The value of Unibail-Rodamco's Shopping Centre Portfolio grew from €18,614 Mn as at December 31, 2010 to €19,803 Mn as at December 31, 2011, including transfer taxes and transaction costs:

| **Valuation 31/12/2010 (€ Mn)** | **18,614** | |
|---|---|---|
| Like for Like revaluation | 675 | |
| Revaluation of Non Like for Like assets | 168 | (a) |
| Capex / Acquisitions | 1,438 | |
| Disposals | - 1,099 | (b) |
| Constant Currency Effect | 8 | (c) |
| **Valuation 31/12/2011 (€ Mn)** | **19,803** | |

(a) Non like-for-like assets regarding investment properties under construction taken at cost or at fair value.
(b) Value as at 31/12/2010.
(c) Currency gain of €8 Mn in Nordic, before offsets from foreign currency loans and hedging programs.

Based on an asset value excluding estimated transfer taxes and transaction costs, the shopping centre division's net initial yield as at December 31, 2011 came to 5.5% vs. 5.7% at year-end 2010.

| **Shopping Centre portfolio by region - December 31, 2011** | **Valuation including transfer taxes in € Mn** | **Valuation excluding estimated transfer taxes in € Mn** | **Net inital yield Dec. 31, 2011** (a) | **Net inital yield Dec. 31, 2010** (a) |
|---|---|---|---|---|
| France (b) | 10,512 | 10,089 | 5.2% | 5.3% |
| Spain | 2,397 | 2,344 | 6.6% | 6.8% |
| Nordic (c) | 1,920 | 1,883 | 5.1% | 5.8% |
| Central Europe (d) | 1,846 | 1,823 | 6.2% | 6.7% |
| Netherlands | 1,303 | 1,226 | 5.6% | 6.0% |
| Austria (d) | 1,826 | 1,809 | 5.4% | 5.4% |
| **Total** | **19,803** | **19,173** | **5.5%** | **5.7%** |

(a) Annualised contracted rent (including latest indexation) net of expenses, divided by the value of the portfolio net of estimated transfer taxes and transaction costs. Shopping centres under development are not included in the calculation.
(b) For France, the effect of including Key Money in the Net Rental Income would increase net initial yield to 5.8% as at December 31, 2011.
(c) Excluding the impact of the Taby project, the Nordic net initial yield is 5.5%.
(d) Pro-forma net initial yield as at December 31, 2010 for Central Europe and Austria, following the transfer of Aupark from Central Europe to the Austria region in 2011.

Sensitivity

Based on the year-end 2011 net initial yield of 5.5%, a change of +25 basis points would result in a downward adjustment of -€822 Mn (or -4.2%) of the total shopping centre portfolio value (including transfer taxes and transaction costs).

Like-for-like analysis

On a like-for-like basis, the value of the Shopping Centre portfolio, including transfer taxes and transaction costs and restated for works, capitalised financial and leasing expenses and eviction costs, increased by €675 Mn (or +4.4%) over the year. This breaks down into +3.5% from the increase in revenues and +0.9% due to changes in yield.

| Shopping Centre - Like for Like (LxL) change (a) | | | | |
|---|---|---|---|---|
| **Full year 2011** | **Like for Like change in € Mn** | **Like for Like change in %** | **LxL change - Rent impact** | **LxL change - Yield impact (b)** |
| France | 288 | 3.5% | 2.8% | 0.7% |
| Spain | 44 | 2.3% | 3.8% | -1.6% |
| Nordic | 61 | 5.0% | 4.2% | 0.7% |
| Central Europe | 185 | 14.8% | 7.2% | 7.6% |
| Netherlands | 14 | 1.2% | 0.8% | 0.3% |
| Austria | 83 | 5.4% | 5.0% | 0.4% |
| **Total** | **675** | **4.4%** | **3.5%** | **0.9%** |

(a) Like-for-like change net of investments from December 31, 2010 to December 31, 2011.
(b) Yield impact calculated using the change in potential yields (to neutralise changes in vacancy rates) and taking into account Key Money.

## 1.2. Office portfolio

Evolution of Unibail-Rodamco's Office portfolio valuation

The value of the Office Portfolio decreased to €3,853 Mn as at December 31, 2011 from €3,885 Mn as at December 31, 2010, including transfer taxes and transaction costs:

| **Valuation 31/12/2010 (€ Mn)** | **3,885** | |
|---|---|---|
| Like for Like revaluation | - 11 | |
| Revaluation of Non Like for Like assets | 1 | (a) |
| Capex / Acquisitions | 219 | |
| Disposals | - 242 | (b) |
| Constant Currency Effect | 1 | (c) |
| **Valuation 31/12/2011 (€ Mn)** | **3,853** | |

(a) Includes: (i) investment properties under construction taken at cost or at fair value (ii) assets with significant refurbishment programmes (Issy Guynemer, 70-80 Wilson) (iii) the 7 Adenauer building in own use by the Group.
(b) Value as at 31/12/2010.
(c) Currency gain of €1 Mn in Nordic, before offsets from foreign currency loans and hedging programs.

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

| Valuation of Office portfolio - December 31, 2011 | Valuation (including transfer taxes) | |
|---|---|---|
| | **€ Mn** | **%** |
| France | 3,459 | 90% |
| Nordic | 192 | 5% |
| Netherlands | 157 | 4% |
| Austria | 38 | 1% |
| Central Europe | 8 | 0% |
| **Total** | **3,853** | **100%** |

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Office division's net initial yield as at December 31, 2011 stabilised at 6.6%.

| Valuation of occupied office space - December 31, 2011 | Valuation including transfer taxes in € Mn (a) | Valuation excluding estimated transfer taxes in € Mn | Net inital yield Dec. 31, 2011 (b) | Net inital yield Dec. 31, 2010 (b) |
|---|---|---|---|---|
| France | 2,633 | 2,551 | 6.4% | 6.4% |
| Nordic | 174 | 170 | 7.5% | 7.5% |
| Netherlands | 97 | 92 | 9.8% | 9.8% |
| Austria | 38 | 37 | 6.6% | 7.3% |
| Central Europe (c) | 8 | 8 | 8.1% | n/a |
| **Total** | **2,950** | **2,857** | **6.6%** | **6.6%** |

(a) Valuation of occupied office space as at December 31, 2011, based on the appraiser's allocation of value between occupied and vacant space.
(b) Annualised contracted rents (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs.
(c) Net initial yield for Central Europe as at December 31, 2010 not available. Wilenska office only recognised in 2011 in the office portfolio.

Sensitivity

A change of +25 basis points in the offices net initial yield would result in a downward adjustment of -€132 Mn (or -3.4%) of the total office portfolio value (occupied and vacant spaces, including transfer taxes and transaction costs).

Like-for-like analysis

The value of Unibail-Rodamco's office portfolio, including transfer taxes and transaction costs, and after accounting for the impact of works and capitalised financial and leasing expenses, decreased on a like-for-like basis by €11 Mn (or -0.4%) over the year 2011. This breaks down into +2.3% from the rents and lettings and -2.7% due to changes in yields.

| Offices - Like for Like (LxL) change (a) | | | | |
|---|---|---|---|---|
| **Full year 2011** | **Like for Like change in € Mn** | **Like for Like change in %** | **LxL change - Rent impact** | **LxL change - Yield impact (b)** |
| France | - 11 | -0.4% | 2.4% | -2.8% |
| Nordic | 6 | 6.8% | 3.5% | 3.3% |
| Netherlands | - 6 | -4.8% | 1.0% | -5.8% |
| Austria | - 0 | -0.2% | -1.9% | 1.7% |
| Central Europe | - | - | - | - |
| **Total** | **- 11** | **-0.4%** | **2.3%** | **-2.7%** |

(a) Like-for-like change net of investments from December 31, 2010 to December 31, 2011.
(b) Yield impact calculated using the change in potential yields (to neutralise changes in vacancy rates).

French Office Portfolio

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

| French Office portfolio by sector - December 31, 2011 | Valuation (including transfer taxes) | |
|---|---|---|
| | € Mn | % |
| Paris CBD | 788 | 23% |
| Neuilly-Levallois-Issy | 749 | 22% |
| La Défense | 1,670 | 48% |
| Other | 251 | 7% |
| **Total** | **3,459** | **100%** |

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the French Office division's yield as at December 31, 2011 came to 6.4%.

| Valuation of French occupied office space - December 31, 2011 | Valuation including transfer taxes in € Mn (a) | Valuation excluding estimated transfer taxes in € Mn | Net inital yield Dec. 31, 2011 (b) | Average price €/m2 (c) |
|---|---|---|---|---|
| Paris CBD | 756 | 739 | 5.9% | 13,946 |
| Neuilly-Levallois-Issy | 317 | 309 | 6.2% | 5,943 |
| La Défense | 1,331 | 1,279 | 6.7% | 7,481 |
| Other | 229 | 224 | 6.9% | 3,636 |
| **Total** | **2,633** | **2,551** | **6.4%** | **7,655** |

(a) Valuation of occupied office space as at December 31, 2011, as based on the appraiser's allocation of value between occupied and vacant spaces.
(b) Annualised contracted rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs.
(c) Average price, excluding estimated transfer taxes, per square meter for occupied office space as based on the appraiser's allocation of value between occupied and vacant spaces.
Average prices were restated for parking spaces with a basis of €30,000 per space for Paris CBD and Neuilly-Levallois-Issy and €15,000 for other areas.

### 1.3. Convention-Exhibition Portfolio

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

Valuation methodology

The valuation methodology adopted by PricewaterhouseCoopers for the venues is mainly based on a discounted cash flow model applied to total net income projected over the life of the concession or leasehold, 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[47] or on capitalised cash flows over the last year.

The discounted cash flow methodology has been adopted for the Pullman-Montparnasse hotel asset and the Cnit-Hilton hotel (both operated under an operational lease agreement) and the Lyon Confluence hotel (operated under a management contract) as at December 31, 2011.

Evolution of the Convention-Exhibition Centres valuation

The value of Convention-Exhibition centres and hotels, including transfer taxes and transaction costs, grew to €1,901 Mn[48] as at December 31, 2011:

| Valuation 31/12/2010 (€ Mn) | 1,716 | (a) |
|---|---|---|
| Like for Like revaluation | 61 | |
| Revaluation of Non Like for Like assets | 38 | |
| Capex | 87 | |
| **Valuation 31/12/2011 (€ Mn)** | **1,901** | (b) |

(a) Of which €1,530 Mn for Viparis and €186 Mn for hotels.
(b) Of which €1,630 Mn for Viparis and €271 Mn for hotels.

On a like-for-like basis, net of investments, the value of Convention and Exhibition properties and hotels is up €61 Mn or +3.9% compared with year-end 2010.

| Convention-Exhibition - Like for Like change net of investment | Full year 2011 | |
|---|---|---|
| | € Mn | % |
| Viparis and others (a) | 60 | 3.9% |
| Hotels | 1 | 1.2% |
| **Total** | **61** | **3.9%** |

(a) Viparis and others 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 grew by €60 Mn or +3.9% compared to year-end 2010.

Based on these valuations, the average EBITDA yield on Viparis (and others) as at December 31, 2011 (recurring operating profit divided by the value of the asset, excluding transfer taxes) was 7.8% and compressed by 40 basis points vs. December 31, 2010.

The Lyon Confluence Hotel project was valued as IPUC at fair value at year-end 2011.

### 1.4. Services

The services portfolio is composed of:

- Comexposium, a trade show organisation business;
- 2 property service companies, Espace Expansion and Rodamco Gestion.

The services portfolio is appraised in order to include at their market value all significant intangible assets in the

[47] For Porte de Versailles asset valuation, the expert has taken into account a probability of renewal of the concession of 22%.

[48] Based on a full scope of consolidation, including transfer taxes and transaction costs (see §1.5 for Group share figures).

portfolio and in the calculation of Unibail-Rodamco's NAV. Intangible assets are not revalued but maintained at cost or at amortised cost on Unibail-Rodamco's consolidated statement of financial position (subject to impairment test).

Comexposium was valued at €241 Mn (Group share) as at December 31, 2011 by PricewaterhouseCoopers. The value net of investments increased by 12.8% or €26 Mn compared to December 31, 2010, mainly due to an improved profitability.

Espace Expansion and Rodamco Gestion were valued at €126 Mn following the appraisal conducted by PricewaterhouseCoopers as at December 31, 2011. This represents an increase of €9 Mn or +7.8% compared to year-end 2010, due to the increase of the size of the portfolio managed.

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

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

| | Full scope consolidation | | Group share | |
|---|---|---|---|---|
| **Asset portfolio valuation - December 31, 2010** | € Mn | % | € Mn | % |
| Shopping centres | 18,614 | 76% | 17,120 | 77% |
| Offices | 3,885 | 16% | 3,880 | 17% |
| Convention-Exhibition centres | 1,716 | 7% | 1,029 | 5% |
| Services | 318 | 1% | 318 | 1% |
| **Total** | **24,532** | **100%** | **22,346** | **100%** |

| **Asset portfolio valuation - December 31, 2011** | € Mn | % | € Mn | % |
|---|---|---|---|---|
| Shopping centres | 19,803 | 76% | 18,300 | 77% |
| Offices | 3,853 | 15% | 3,850 | 16% |
| Convention-Exhibition centres | 1,901 | 7% | 1,167 | 5% |
| Services | 367 | 1% | 367 | 2% |
| **Total** | **25,924** | **100%** | **23,684** | **100%** |

| **Like for Like change - net of Investments - Full year 2011** | € Mn | % | € Mn | % |
|---|---|---|---|---|
| Shopping centres | 675 | 4.4% | 611 | 4.2% |
| Offices | - 11 | -0.4% | - 11 | -0.4% |
| Convention-Exhibition centres | 61 | 3.9% | 33 | 3.7% |
| Services | 9 | 7.8% | 9 | 7.8% |
| **Total** | **734** | **3.6%** | **642** | **3.5%** |

| **Like for Like change - net of Investments - Full year 2011 - Split rent/yield impact** | Rent impact % | Yield impact % | Rent impact % | Yield impact % |
|---|---|---|---|---|
| Shopping centres | 3.5% | 0.9% | 3.2% | 1.0% |
| Offices | 2.3% | -2.7% | 2.3% | -2.7% |

| **Net Initial Yield** | Dec. 31, 2011 | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|---|---|
| Shopping centres | 5.5% | 5.7% | 5.5% | 5.7% |
| Offices - occupied space | 6.6% | 6.6% | 6.6% | 6.6% |

## 2. EPRA TRIPLE NET ASSET VALUE CALCULATION

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

### 2.1. Consolidated shareholders' equity

As at December 31, 2011, consolidated shareholders' equity (Owners of the parent) came to €11,636 Mn.

Shareholders' equity (Owners of the parent) incorporated net recurring profit of €829.6 Mn, and a positive impact of €498.2 Mn of fair value adjustments on property assets and financial instruments, as well as capital gain on sales of properties.

### 2.2. Impact of rights giving access to share capital

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

The debt component of the ORAs[49], recognised in the financial statements (€0.2 Mn) was added to shareholders' equity for the calculation of the NNNAV. At the same time, all ORAs were treated as equity shares.

In accordance with IFRS rules, financial instruments and the ORNANE[50] were recorded on Unibail-Rodamco's statement of financial position at their fair value with the impact of the change in fair value included in the P&L and thus in the consolidated shareholders' equity.

The fair value of ORNANE as at December 31, 2011 was restated for the NNNAV calculation (€169.4 Mn of revaluation) and its potential dilutive effect was taken into account in the number of shares. The full conversion of the ORNANE would lead to the issue of 694,356 new shares without any shareholders' equity increase.

The exercise of stock-options whose prices were below share price (in the money) as at December 31, 2011 and with the performance criteria fulfilled, would have led to a rise in the number of shares of 2,784,553, leading to an increase in shareholders' equity of €291 Mn.

In 2011, 139,150 shares were bought back at an average price of €126.29 per share and cancelled.

As at December 31, 2011, the fully-diluted number of shares taken into account for the NNNAV calculation totalled 95,296,018.

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[49] Bonds redeemable for shares

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

### 2.3. Unrealised capital gains on intangible assets

The appraisal of property service companies and of the operations (“*fonds de commerce*”) of Paris Nord Villepinte / Palais des Congrès de Paris / Palais des Congrès de Versailles and Issy les Moulineaux gave rise to an unrealised capital gain of €134 Mn which was added for the NAV calculation.

### 2.4. Adjustment of capital gains taxes

In accordance with accounting standards, deferred tax on property assets was calculated on a theoretical basis on the consolidated statement of financial position as at December 31, 2011.
For the purpose of the EPRA NAV calculation, deferred tax on unrealised capital gains on assets not qualifying for tax exemption (€879 Mn) has been added back. Goodwill booked on the balance sheet as a result of deferred taxes was accordingly excluded from the NAV for a total amount of €287 Mn.

For the calculation of the EPRA NNNAV, estimated taxes actually payable should a disposal take place (€435 Mn) was deducted.

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

In accordance with IFRS rules, financial instruments were recorded on Unibail-Rodamco’s statement of financial position at their fair value.
The fair value adjustment (€281 Mn) was added back for the EPRA NAV calculation and then deducted for the EPRA NNNAV calculation.

On the contrary, the value of the fixed-rate debt on the balance sheet is equal to the nominal value for the ex-Unibail debt and the fair value of the ex-Rodamco debt at combination date (June 30, 2007). Taking fixed rate debt at its fair value would have had a negative impact of €183 Mn. This impact was taken into account in the EPRA NNNAV calculation.

### 2.6. Restatement of transfer taxes and transaction costs

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

As at December 31, 2011, these estimated transfer taxes and other transaction costs compared to transfer taxes and costs already deducted from asset values on the statement of financial position (in accordance with IFRS) came to a net adjustment of €253 Mn.

### 2.7. EPRA triple Net Asset Value

Unibail-Rodamco’s EPRA triple Net Asset Value (Owners of the parent) thus stood at €12,459 Mn or <u>€130.70</u> per share (fully-diluted) as at December 31, 2011.

The EPRA NNNAV growth was 4.9% over the year 2011.

Value creation during 2011 amounted to <u>€14.10</u> per share, adjusted for the €8.00 distribution paid out in May 2011.

The following tables show the calculation presented in compliance with EPRA best practices recommendations. A bridge from December 31, 2010 to December 31, 2011 is also presented.

### 2.8. Going concern Net Asset Value

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

Going concern NAV stands at €143.10 per share as at December 31, 2011, increasing by +4.8% vs. year-end 2010.

| **EPRA NNNAV calculation**<br>(all figures are group share, in €Mn) | **Dec. 31, 2010** | | **June 30, 2011** | | **Dec. 31, 2011** | |
|---|---|---|---|---|---|---|
| | M€ | €/share | M€ | €/share | M€ | €/share |
| Fully diluted number of shares | | 95,554,960 | | 97,555,216 | | 95,296,018 |
| NAV per the financial statements | 11,025 | | 11,226 | | 11,636 | |
| ORA and ORNANE | 213 | | 270 | | 170 | |
| Effect of exercise of options | 347 | | 497 | | 291 | |
| Diluted NAV | 11,585 | | 11,994 | | 12,097 | |
| *Include* | | | | | | |
| Revaluation intangible assets | 126 | | 127 | | 134 | |
| *exclude* | | | | | | |
| Fair value of financial instruments | 129 | | 7 | | 281 | |
| Deferred taxes on balance sheet | 760 | | 793 | | 879 | |
| Goodwill as a result of deferred taxes | -255 | | -236 | | -287 | |
| EPRA NAV | 12,345 | 129.20 € | 12,685 | 130.00 € | 13,105 | 137.50 € |
| Fair value of financial instruments | -129 | | -7 | | -281 | |
| Fair value of debt | -147 | | -126 | | -183 | |
| Effective deferred taxes | -378 | | -409 | | -435 | |
| Transfer tax optimization | 215 | | 251 | | 253 | |
| **EPRA NNNAV** | **11,906** | **124.60 €** | **12,394** | **127.00 €** | **12,459** | **130.70 €** |

| | | | |
|---|---|---|---|
| **% of change over 6 months** | **1.9%** | | **2.9%** |
| **% of change over 1 year** | | | **4.9%** |

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

| **Going Concern NNNAV calculation**<br>(all figures are group share, in €Mn) | **Dec. 31, 2010** | | **June 30, 2011** | | **Dec. 31, 2011** | |
|---|---|---|---|---|---|---|
| | M€ | €/share | M€ | €/share | M€ | €/share |
| EPRA NNNAV | 11,906 | | 12,394 | | 12,459 | |
| Effective deferred capital gain taxes | 378 | | 409 | | 435 | |
| Optimized transfer taxes | 758 | | 738 | | 743 | |
| **GOING CONCERN NAV** | **13,042** | **136.50 €** | **13,541** | **138.80 €** | **13,637** | **143.10 €** |

| | | | |
|---|---|---|---|
| **% of change over 6 months** | **1.7%** | | **3.1%** |
| **% of change over 1 year** | | | **4.8%** |

Change in EPRA NNNAV and Going concern NAV between December 31, 2010 and December 31, 2011 broke down as follows:

| **Evolution of EPRA NNNAV and Going concern NAV** | | **EPRA NNNAV** | **Going concern NAV** |
|---|---|---|---|
| **As at December 31, 2010, per share (fully diluted)** | | **124.60 €** | **136.50 €** |
| Revaluation of property assets * | | 7.74 | 7.74 |
| Retail | 7.39 | | |
| Offices | - 0.27 | | |
| Convention & Exhibition and other | 0.62 | | |
| Capital gain on disposals | | 0.76 | 0.76 |
| Recurring net profit | | 9.03 | 9.03 |
| Distribution in 2011 | | - 8.00 | - 8.00 |
| Mark-to-market of debt and financial instruments | | - 2.84 | - 2.84 |
| Variation in transfer taxes & deferred taxes adjustments | | - 0.44 | 0.01 |
| Variation in number of shares | | - 0.01 | - 0.01 |
| Other | | - 0.14 | - 0.09 |
| **As at December 31, 2011, per share (fully diluted)** | | **130.70 €** | **143.10 €** |

(*) Revaluation of property assets is €5.70 per share on like-for-like basis, of which €4.80 is due to rental effect and €0.90 is due to yield effect.

## FINANCIAL RESOURCES

In 2011, the financial markets remained volatile and deteriorated in H2 on the back of macro-economic and sovereign uncertainties. This affected interest rates and credit spreads, as well as the banking environment. Despite a more challenging context, Unibail-Rodamco raised €3.1Bn of medium to long term funds through the bond and the bank markets at attractive conditions, thanks to the strength of the Group's balance sheet.

The financial ratios stand at healthy levels: the Loan to Value (LTV) stands at 37% and the interest coverage ratio stands at 3.6x. The average cost of debt stabilised and stands at 3.6% for 2011.

### 1. Debt structure at December 31, 2011

Unibail-Rodamco's consolidated nominal financial debt as at December 31, 2011 increased to €9,749 Mn (€9,252 Mn as at December 31, 2010).

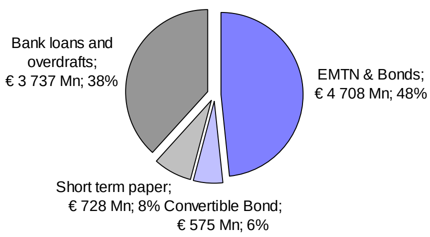
This financial debt includes €575 Mn of net share settled bonds convertible into new and/or existing shares of Unibail-Rodamco (ORNANE) for 100% of their nominal value.

**Debt breakdown**

Unibail-Rodamco's nominal financial debt as at December 31, 2011 breaks down as follows:

- €4,708 Mn in bond issues, of which €3,708 Mn in Euro Medium Term Notes (EMTN) of Unibail-Rodamco's programme and €1,000 Mn in EMTN of Rodamco Europe's programme;
- €575 Mn in ORNANE;
- €728 Mn short term issues of commercial paper (*billets de trésorerie* and Euro Commercial Paper)[51];
- €3,738 Mn in bank loans, including €2,667 Mn in corporate loans, €1,062 Mn in mortgage loans and €9 Mn in bank overdrafts.

No loans were subject to prepayment clauses linked to the Group's ratings[52].




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

**Funds Raised**

Medium to long term financing transactions completed in 2011 amounted to €3,056 Mn and include:

- The signing of €1,659 Mn medium to long term credit facilities or bank loans with an average maturity of 4.6 years and an average margin[53] of 75 bps. This amount includes the renewal of a €500 Mn syndicated loan, due to mature in 2012, and renegotiated and extended in December 2011;
- The issue of 2 public EMTN bonds for a total amount of €1,000 Mn with the following features:
  - in September 2011: issue of a €500 Mn bond with a 3.50% coupon and a duration of 4.5 years at issuance;
  - in December 2011: issue of a €500 Mn bond with a 3.875% coupon and a duration of 6 years at issuance.
- The issue of five taps on existing EMTN bonds for a total amount of €300 Mn with the following features:
  - issue of €200 Mn bonds through three taps of the existing €500 Mn bond at 3.875% maturing in November 2020. The €200 Mn bonds were raised at an average margin over mid-swap of 86 bps;
  - issue of €100 Mn bonds through two taps of the existing €500 Mn bond at 4.625% maturing in September 2016. The €100 Mn bonds were raised at an average margin over mid-swap of 73 bps;
  - The €300 Mn new bonds were swapped to variable rate at issuance.
- The issue of a floating rate €50 Mn private placement, with a duration of 6 years and a margin over 3-month Euribor of 78bps.
- The issue of two private placements for a total of €47 Mn, with a duration of 20 years and a fixed rate of 4.1% on average.
- In total €1,397 Bn was raised on the bond market in 2011 at an average margin of 148 bps over mid-swap and an average duration of 6.4 years.

[51] Short term paper is backed by confirmed credit lines (see 1.2).
[52] Barring exceptional circumstances (change in control).
[53] Taking into account current rating and based on current utilisation of these lines.

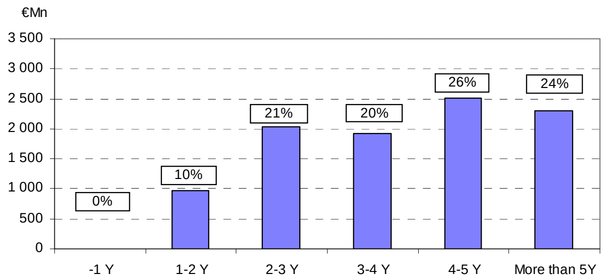
Other new financial resources were obtained from the money market by issuing commercial paper. The average amount of commercial paper outstanding in 2011 was €559 Mn, including €525 Mn of *Billets de Trésorerie* and €34 Mn of Euro Commercial Paper (maturity of up to 6 months). *Billets de trésorerie* were raised over 2011 at an average margin of 11 bps above Eonia and Euro Commercial Paper nearly flat to Euribor on average.

As at December 31, 2011, the total amount of undrawn credit lines came to €3,223 Mn.

The cash surpluses are limited to €82 Mn, thanks to the implementation of a European cash pooling system in 2010 which optimises the cost and the use of liquidity across the Group.

**Debt maturity**

The following chart illustrates Unibail-Rodamco's debt as at December 31, 2011 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[54].




About 70% of the debt had a maturity of more than 3 years as at December 31, 2011 (after taking into account undrawn credit lines).

The average maturity of the Group's debt as at December 31, 2011, taking into account the confirmed unused credit lines, has slightly increased to 4.5 years (4.3 years as of December 31, 2010).

Liquidity needs

Unibail-Rodamco's immediate debt repayment needs[55] are covered by the available undrawn credit lines: the amount of bonds or bank loans outstanding as at December 31, 2011 and maturing or amortising in 2012 is €1,539 Mn (including one €500 Mn bond to be repaid in December 2012) to be compared with €3,223 Bn of undrawn credit lines outstanding as at December 31, 2011.

**Average cost of Debt**

Unibail-Rodamco's average cost of debt came to 3.6% over 2011 (3.9% over 2010). This average cost of debt results from the level of margins on existing borrowings, the low interest rate environment in 2011, the Group's hedging instruments and the cost of carry of the undrawn credit lines.

## 2. Ratings

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

Standard & Poor's confirmed its long-term rating "A" and its short-term rating 'A1'on May 31, 2011 and revised its outlook from negative to stable.

On June 24, 2011, Fitch confirmed the "A" long term rating to the Group with a stable outlook. Fitch also rates "F1" the short-term issuances of the Group.

## 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's exposure to equity risk is immaterial.

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 or forward rates.

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

[54] Figures may not add up due to rounding
[55] Excluding Commercial Paper's repayment amounting to € 728 Mn

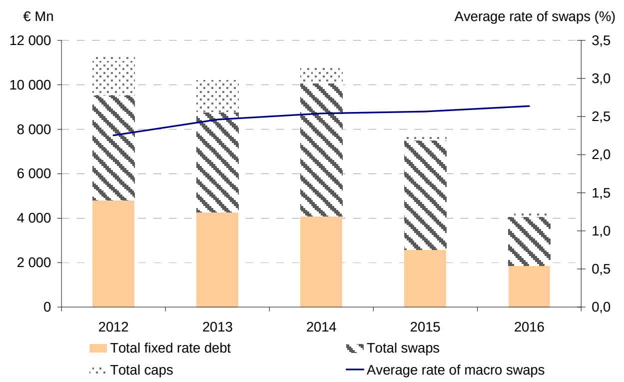
### Interest rate risk management

**Interest rate hedging transactions**

During 2011, interest rates came down reflecting the macro-economic environment.

- After reviewing the interest rate exposure of the Group as at December 31, 2010, the Group cancelled €1 Bn of swaps in January 2011.
- In H2-2011 taking into account its latest debt projection, Unibail-Rodamco entered into forward swaps to hedge in advance the years 2012 to 2016 (€1,250 Mn of swaps have been contracted on the short term - one to two years starting in 2012 - and €1,500 Mn on medium to long term maturities). These swaps were concluded at an average rate of 1.76%.
- Since December 31, 2011, €500 Mn of swaps have been cancelled in January 2012 to adjust the overall exposure of the Group in the long run (in particular in view of the bond issued in H2-2011 kept at fixed rate).

*Annual projection of average hedging amounts and fixed rate debt over the next 5 years (€ Mn – as at December 31, 2011)*




The graph above shows:

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

Note that, 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 Europe, it applied a cash flow hedge accounting policy according to IFRS for some of its derivative instruments.

**Measuring interest rate exposure**

As at December 31, 2011, net financial debt stood at €9,667 Mn, excluding partners' current accounts and after taking cash surpluses into account (€82 Mn).

The outstanding debt was hedged at 100% against an increase in variable rates, based on debt outstanding as at December 31, 2011 through both:

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

Hedges starting in 2012 have already been contracted. Those hedges will significantly decrease the exposure of the Group to interest rate evolution for 2012.

Based on Unibail-Rodamco's debt situation as at December 31, 2011[56], if interest rates (Euribor, Stibor or Libor) were to rise by an average of 0.5%[57] (50 basis points) during 2012, the resulting increase in financial expenses would have an estimated negative impact of €1.8 Mn on the recurring net profit. A further rise of 0.5% would have an additional adverse impact of €2.8 Mn. Conversely, a 0.5% (50 basis points) drop in interest rates would increase financial expenses by an estimated €3.4 Mn due to the activation of floors and would impact 2012 recurring net profit by an equivalent amount. The anticipated debt of the Group is almost fully hedged for 2012, 2013 and 2014.

### Managing and measuring currency risk exposure

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

[56] And taking into account some hedges restructuring that took place early in January 2012
[57] The eventual impact on exchange rates due to this theoretical increase of 0.5% in interest rates is not taken into account; theoretical impacts of rise in interest rates are calculated above the Euribor as of December 31, 2011 of 1.356%

**Measuring currency exposure**

*Main foreign currency positions (in €Mn)*

| (in € Mn) Currency | Assets | Liabilities | Net exposure | Hedging Instruments | Exposure net of hedges |
|---|---|---|---|---|---|
| SEK | 1 525,7 | - 361,0 | 1 164,7 | - 135,5 | 1 029,1 |
| DKK | 323,0 | - 210,5 | 112,5 | 135,7 | 248,2 |
| HUF | 1,8 | - | 1,8 | - | 1,8 |
| CZK | 0,1 | - 159,4 | - 159,3 | 156,2 | - 3,1 |
| PLN | 40,6 | - | 40,6 | - | 40,6 |
| **Total** | **1 891,1** | **- 730,9** | **1 160,2** | **156,5** | **1 316,7** |

The main exposure kept is in Swedish Krona. A decrease of 10% in the SEK/EUR exchange rate would have a €94 Mn negative impact on shareholders' equity.
The sensitivity of the 2012 recurring result[58] to a 10% depreciation in the SEK/EUR exchange rate is limited to €1 Mn following the implementation of forward exchange rate transactions early in 2012.

## 4. Financial structure

As at December 31, 2011, the portfolio valuation (including transfer taxes) of the Unibail-Rodamco group amounted to €25,924 Mn.

Debt ratio

As of December 31, 2011, the Loan-to-Value ratio (LTV) calculated for Unibail-Rodamco came unchanged vs. December 31, 2010 to 37%.

Interest coverage ratio

The interest coverage ratio (ICR) for Unibail-Rodamco came to 3.6x for 2011. It is in line with the solid levels achieved in recent years. The evolution from 2010 (4.1x) was expected and results from the €1.8 Bn exceptional distribution made in October 2010.

| **Financial ratios** | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---|---|
| LTV[59] | 37% | 37% |
| ICR[60] | 3.6x | 4.1x |

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

As at December 31, 2011, 92% of the Group's credit facilities and bank loans allowed indebtedness amounting to 60% or more of the Group's total asset value or of the value of the asset of the borrowing entity, as the case may be.

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

[58] 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 9.0834.

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

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

## EPRA PERFORMANCE MEASURES

In compliance with the EPRA[61] best practices recommendations[62], Unibail-Rodamco summarises below the Key Performance Measures over 2011.

### 1. EPRA earnings

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

| | | 2011 | 2010 | 2009 |
|---|---|---|---|---|
| EPRA Earnings | € Mn | 829.6 | 847.9 | 836.3 |
| EPRA Earnings / share | € / share | 9.03 | 9.27 | 9.19 |
| Growth Earnings / share | % | -2.6% | 0.9% | 7.1% |

**Note:**
2011 results affected by the €1.83 Bn capital reduction of October 2010, and the asset rationalisation programme, with asset sales at yields significantly above the cost of borrowing.

### 2. EPRA Net Asset Value and EPRA NNNAV

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

| | | 2011 | 2010 | 2009 |
|---|---|---|---|---|
| EPRA NAV | € / share | 137.50 | 129.20 | 133.30 |
| EPRA NNNAV | € / share | 130.70 | 124.60 | 128.20 |
| % change over year | % | 4.9% | -2.8% | -15.2% |

**Note:**
2010 NNNAV affected by the €20/share capital reduction of October 2010.

[61] EPRA: European Public Real estate Association
[62] Best Practices Recommendations, issued in October 2010. See www.epra.com

### 3. EPRA Net Initial Yields

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

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Retail | Offices | Retail | Offices |
| **Unibail-Rodamco yields** | **5.5%** | **6.6%** | **5.7%** | **6.6%** |
| Effect of vacant units | 0.0% | -0.8% | 0.0% | -0.5% |
| Effect of EPRA adjustments on NRI | 0.1% | 0.0% | 0.1% | 0.0% |
| Effect of estimated transfer taxes and transaction costs | -0.2% | -0.2% | -0.2% | -0.2% |
| **EPRA topped-up yield (1)** | **5.4%** | **5.7%** | **5.6%** | **5.9%** |
| Effect of lease incentives | -0.1% | -0.2% | -0.2% | -0.3% |
| **EPRA Net Initial Yield (2)** | **5.2%** | **5.5%** | **5.4%** | **5.6%** |

**Notes:**
1) EPRA topped-up yield: EPRA Net Initial Yield adjusted in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
2) EPRA Net Initial Yield: annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the portfolio.

### 4. EPRA Vacancy rate

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

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Retail** | | | |
| France | 1.7% | 1.4% | 1.5% |
| Netherlands | 4.1% | 2.3% | 1.9% |
| Nordic | 2.7% | 3.7% | 3.2% |
| Spain | 2.2% | 1.6% | 1.2% |
| Central Europe | 0.6% | 0.2% | 0.0% |
| Austria | 1.1% | 2.8% | 3.7% |
| **Group average Retail** | **1.9%** | **1.7%** | **1.7%** |
| **Offices** | | | |
| France | 6.5% | 5.7% | 4.3% |
| **Group average Offices** | **7.3%** | **7.1%** | **5.6%** |