



RETURN ON RETAIL

RODAMCO EUROPE ANNUAL REPORT 2010

CONTENTS

| | |
|---|---------------|
| ▪ Key figures – five years | page 2 |
| ▪ Profile | page 3 |
| ▪ 2010 Highlights | page 4 |
| ▪ Report of the Supervisory Board | page 5 |
| ▪ Board Members | page 6 |
| ▪ Report of the Management Board including: | pages 7 - 28 |
| ▪ Financial Performance | page 10 |
| ▪ Risk management | page 19 |
| ▪ Human Resources | page 24 |
| ▪ Corporate Governance | page 26 |
| ▪ Remuneration Report | page 28 |
| ▪ Financial Statements 2010 | pages 29 - 92 |
| ▪ Consolidated financial statements 2010 | page 29 |
| ▪ Company financial statements 2010 | page 85 |
| ▪ Other information | page 92 |
| ▪ Auditor's report | pages 93 - 94 |

KEY FIGURES

| KEY FIGURES - FIVE YEARS | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| PORTFOLIO (€ MILLION) | | | | | |
| Investment property | 9,849 | 9,550 | 10,900 | 11,693 | 10,349 |
| Pipeline Projects | 92 | 204 | 426 | 433 | 233 |
| Total Portfolio | 9,941 | 9,754 | 11,326 | 12,126 | 10,582 |
| STATEMENT OF FINANCIAL POSITION (€ MILLION) | | | | | |
| Shareholders' equity | 7,184 | 6,439 | 7,254 | 7,737 | 6,487 |
| External financing | 7,536 | 4,315 | 4,166 | 3,808 | 3,320 |
| RESULTS (€ MILLION) | | | | | |
| Gross rental income | 690 | 726 | 720 | 688 | 652 |
| Net rental income | 611 | 646 | 639 | 602 | 563 |
| Direct result after tax (€ million) | 363 | 472 | 408 | 329 | 369 |
| Indirect result after tax (€ million) | 733 | -947 | -601 | 1,172 | 1,156 |
| Net loss/profit (€ million) | 1,096 | -475 | -193 | 1,501 | 1,525 |
| Other comprehensive income (€ million) | 8 | -24 | -15 | -40 | 8 |
| Net comprehensive income (€ million) | 1,104 | -499 | -208 | 1,461 | 1,533 |
| FIGURES PER SHARE | | | | | |
| Number of shares as per end of period | 89,639,292 | 89,639,292 | 89,639,292 | 89,639,292 | 89,639,292 |
| SHARE PRICE (€) | | | | | |
| Highest | - | - | 90.00 | 117.84 | 100.80 |
| Lowest | - | - | 82.89 | 83.11 | 67.85 |
| Year-end | - | - | - | 85.20 | 100.80 |
| Average | - | - | 85.09 | 100.09 | 82.66 |
| NAV per share as per end of the period | 80.14 | 71.83 | 80.92 | 86.31 | 72.37 |
| NNNAV per share as per the end of the period | 81.92 | 73.60 | 87.47 | 92.49 | 76.45 |
| Direct result per share | 4.05 | 5.27 | 4.55 | 3.67 | 4.12 |
| Indirect result per share | 8.18 | -10.56 | -6.70 | 13.07 | 12.90 |
| Net result per share reported | 12.23 | -5.30 | -2.15 | 16.74 | 17.02 |
| Dividend per share | 4.00 | 4.00 | 3.50 | 3.05 | 3.71 |
| Market capitalisation (€ million) | - | - | - | 7,637 | 9,036 |
| RATIOS | | | | | |
| Dividend yield (%) | - | - | - | 3.6 | 3.7 |
| Loan to value (%) | 29 | 31 | 38 | 34 | 34 |
| Interest coverage ratio | 2.9 | 4.5 | 3.4 | 2.9 | 3.6 |
| Price/earnings ratio | - | - | - | 23.8 | 24.5 |

PROFILE

VISION & MISSION

The mission of Rodamco Europe N.V. (the Group) is to generate consistent growth in shareholder value. Pursuant to this mission, the Group combined its business portfolio with top property company Unibail Holding S.A. (Unibail) in June 2007 and subsequently became part of Unibail-Rodamco S.E. (Unibail-Rodamco). The Group's vision continues to be the achievement of that mission through continual growth of a prime portfolio of quality retail assets around Europe. The Group manages its portfolio and properties locally to grow like-for-like rental income and, thus, add to their value, ensuring that they remain the most desirable locations for retail clients – the tenants. These components form the basis of Rodamco Europe's Return on Retail strategy.

PEOPLE & CULTURE

Knowledge and best-practice exchange are key to a successful and healthy organisation. At Rodamco Europe, personnel work in asset selection, retail management, finance & control and related disciplines and are dedicated to growing the business profitably. The Group aims to be a preferred employer by offering professionals opportunities to develop and enhance their skills in an organisation focused on excellence.

LEGAL & FISCAL STATUS

Rodamco Europe is an investment company with variable capital. In France, the Group has elected for Société d'Investissement Immobilier Cotée (SIIC) (REIT equivalent) status for the full French portfolio. Income and capital gains from the portfolio are exempt from tax in France.

As reported in its press release of December 11, 2009, the Group expects that the Dutch tax authorities will deny the status of FBI (Fiscale Beleggings Instelling) in The Netherlands for Rodamco Europe's Dutch activities for 2010 onwards. Although the Group does not agree with the viewpoint of the Dutch tax authorities, it has adopted a prudent view in its 2010 accounts, based on the assumption that the Dutch activities from 2010 onwards will be taxable. In light of the significant Dutch tax loss carry forwards identified by Group's fiscal advisors in the Netherlands, this assumption should have no impact on direct result for 2010 nor for the following years.

2010 HIGHLIGHTS

- €960 million proceeds from disposal of non-strategic assets, in line with stated strategy (2009: €660 million)
- disposal profit of €68 million (€0.76/share), (2009 disposal loss of €41 million, -€0.46/share)
- Direct result per share of €4.05 (2009: €5.27) affected by divestments but excluding divestment profits
- Positive indirect result per share of €8.18 (2009: loss of €10.56) driven by yield compression and rental increases
- Triple NAV per share up by 11.3% to €81.92
- Gross Market Value of the asset portfolio stands at €10.9 billion
- Average cost of debt of 4.1% (2009: 3.8%)
- Loan to Value 29% (2009: 31%)
- Interest Coverage Ratio 2.9 times (2009: 4.5 times)
- Retail share of total property portfolio stands at 95%
- Retail occupancy 97.8% (2009: 97.9%)
- Proposed cash dividend for 2010 is €4.00 per share (2009: €4.00), representing a 99% payout ratio

REPORT OF THE SUPERVISORY BOARD

Rodamco Europe became part of the Unibail-Rodamco Group in 2007. Since the successful merger, it has continued its strong business focus. During 2010, the focus of the Group has been on divesting non-core assets: assets that due to their size or location lack the growth prospects the Group is pursuing in the large and very large shopping centres it is now almost exclusively concentrating on. The Supervisory Board approved the Group's strategic direction and the various large disposal proposals.

Operationally, the Group has been encouraged by the strong performance of the large shopping centres, and especially by those that have been recently extended, such as the Donau Zentrum in Vienna, La Maquinista in Barcelona and La Part Dieu in Lyon. The increase in tenant sales, footfall and rental uplifts in these centres defy any sense of crisis still felt in the world of retail in general.

As at 31 December 2007, Unibail-Rodamco had acquired approximately 98.5% of Rodamco Europe's shares. During 2010, Unibail-Rodamco acquired another 586,720 shares and at year-end 2010, only 0.83% of the Group's shares remain held by independent third parties.

In July 2010, the experts appointed by the Enterprise Chamber of the Amsterdam Court of Appeal to determine the buy-out price for the remaining Rodamco Europe shares issued their report. The Enterprise Chamber only reacted to the experts' report in February 2011 and, concluding that real estate prices had continued to improve since the date of the experts' report, ordered that the experts' report be updated. The revised expert report is due in the second quarter of 2011. The Supervisory Board continues to monitor this process closely.

Rodamco Europe has a two tier governance structure (Management Board and Supervisory Board). The Supervisory Board (SB) is composed of three members: two independent members, Mr. Anton van Rossum and Mr. Clarence Steininger, and a Chairman, Mr. Guillaume Poitrinal, CEO of Unibail-Rodamco. The Management Board consists of two members, Mrs. Catherine Pourre and Mr. Peter van Rossum, both Management Board members of Unibail-Rodamco.

The SB met 6 times in 2010 with an attendance ratio of 94%. In general, the SB discussed the company's strategy and market performance. During the year a number of acquisition/divestment proposals were approved, as well as construction and development projects.

The SB considered the cost sharing and cross charging in 2010 between Unibail-Rodamco and Rodamco Europe under the inter-company transaction protocol, and the related independent external Auditor's report. The independent external audit on the execution of this protocol found no issues or exceptions. In April 2010, the SB approved modifications to the Unibail-Rodamco intra-group financing arrangements.

At its meeting of 24 March, 2011, the SB discussed its functioning, profile and the independence of its members. It also discussed the results of the MB's assessment of the structure and operation of the internal risk management and controls systems. Corporate strategy and the risks inherent to the business are fixed topics at all SB meetings.

The SB will continue to serve the company in the interest of its stakeholders until the buy-out process is complete.

As Rodamco Europe's SB, we are pleased to see the continued focus and energy by the Group in pursuit of its strategy. Its outstanding portfolio of high-quality assets and its professional workforce form a solid basis for continued excellent performance.

24 March 2011
Guillaume Poitrinal, Chairman
Anton van Rossum
Clarence Steininger

BOARD MEMBERS

SUPERVISORY BOARD

GUILLAUME L.J. POITRINAL (1967 – Male, French Nationality), Chairman

Chairman of the Management Board and Chief Executive Officer of Unibail-Rodamco since June 26, 2007. Previously, he was Chairman and CEO of Unibail. Joined Unibail in 1995 as a Project Manager in the office of the CEO. Later became Head of Corporate Development and Planning (1997), Executive Vice President – CFO and Head of Office Division (1999), Managing Director (2002) and CEO (2005). Before joining Unibail, he spent three years with the M&A and Corporate Finance Departments at Morgan Stanley in London and then Paris.

ANTON VAN ROSSUM (1945 – Male, Dutch Nationality)

Currently a member of the board of directors of the Credit Suisse A.G., a member of the Supervisory Board of the Münchener Rückversicherungs-Gesellschaft, Chairman of the Supervisory Board of Royal Vopak N.V., a member of the Conseil d'Administration of Solvay S.A. and Chairman of the Supervisory Board of Erasmus University (Rotterdam). Until the end of 2004, he was CEO and Chairman of the Executive Committee of Fortis N.V./S.A. and, prior to that, a Senior Partner at McKinsey & Company.

CLARENCE STEININGER (1944 – Male, Canadian Nationality)

From 1976–2004, Partner and Member of senior management of Deloitte & Touche. Currently Board Member at several private companies in Belgium and Luxembourg as well as a public SICAV-FIS of Luxembourg.

MANAGEMENT BOARD

CATHERINE C. POURRE (1957, Female – French Nationality)

Member of the Management Board of Unibail-Rodamco since June 26, 2007. Currently also a non-executive Director of NEOPOST SA (French listed company). Joined Unibail in 2002 as Executive Vice-President in charge of the finance, HRM, IT, legal and property engineering departments. Previously, Executive Director of Cap Gemini Ernst & Young France after 10 years as a Partner at PricewaterhouseCoopers.

PETER M. VAN ROSSUM (1956, Male – Dutch Nationality)

Appointed CFO on April 1, 2006. Member of the Management Board of Unibail-Rodamco since June 26, 2007. Has 25 years of wide international expertise and experience in various finance positions at Shell. The last was as regional Finance Director for Shell Exploration and Production in Asia Pacific. He was also Finance Manager at the Nederlandse Aardolie Maatschappij (NAM) from 2000 to 2003 and a Non-Executive Director on the board of Woodside Petroleum, a company listed on the Australian stock exchange.

REPORT OF THE MANAGEMENT BOARD

STRATEGY

Rodamco Europe's long-standing Return on Retail strategy was aimed at generating consistent growth in shareholder value through ownership and operation of quality retail properties, specifically shopping centres in dominant locations. Once the merger with Unibail was formalised in June 2007, creating the Unibail-Rodamco Group, a single marketing and retail management strategy for the entire pan-European retail portfolio was created and put in place. The Unibail-Rodamco Group has created a springboard for synergies and common technologies and methodologies to ensure value creation. Detailed five-year business plans have been drawn up for all significant assets, outlining their specific potential growth value. The business plans are designed to maximise the value of each asset by aligning initiatives (market positioning, refurbishment and extensions, tenant mix, leasing, operational marketing) to grow net rental income and identify high value-added extension projects. The focus on large shopping centres, dominant within their catchment areas and with high footfall and growth potential, has resulted in divestments of retail assets that do not fit this profile. This divestment strategy has been consistently pursued since 2008 and will continue into 2011 and 2012.

CURRENT ECONOMIC ENVIRONMENT

The economic context was generally difficult and unpredictable in 2010, despite a small increase in European GDP (+1.8%). Unemployment increased during the first half year, stabilising at 9.6% during the second half. Although consumer confidence increased slightly, it remained fragile during the year. Overall retail sales increased slightly in the countries where the Group operates, and footfall has been stable to slightly negative. The Group's assets have outperformed in this environment, by posting positive footfall growth and above average tenant sales growth numbers, due to the continuing and increasing attractiveness of large centres offering a wide range of retail and leisure opportunities to the shopping public.

DIFFERENTIATION IS KEY

The out-performance of the Group's assets is attributed to asset quality (location, size, accessibility) and pro-active management. The management focus can be summarised into three main focal points: design, retail mix and marketing. As many of the Group's assets were built decades ago, there is significant scope to upgrade their appearance and comfort levels, bringing these to the levels expected by the retailers and consumers of today. Most centres have possibilities to extend retail space, and as the large, productive centres have applications for new tenants on waiting lists, space is quickly filled. Recently extended and renovated centres, such as La Part Dieu in Lyon, France, the Donau Zentrum in Vienna, Austria, and La Maquinista in Barcelona, Spain, demonstrate that extensions and re-design are highly successful in bringing in more people, raising tenant sales substantially and creating reversionary potential which is captured in the leasing activities for these centres.

The retail mix is constantly updated, with the Group's successful strategy to bring in new and differentiating retailers, such as Apple, Hollister, Starbucks and Forever 21 in its shopping centres throughout Europe. These new to Europe retailers, mostly from the USA, are actively seeking to expand their business in continental Europe, and have, through Rodamco Europe, access to an unprecedented selection of the best European malls. As a result, the occupancy ratio remained high at 97.8%.

FRANCE

A 15,000 m² extension to La Part-Dieu opened in May with an immediate, positive impact on sales and footfall across the whole centre. A complete renovation of the original section of this shopping centre will be launched in 2011, to capitalise on the success of the opening of the extension in 2010 and the 'Les Terrasses' dining area in 2009. A major extension and renovation of Parly 2 will also be launched in 2011. Docks 76, which opened in April 2009, is maturing and showing positive growth.

Premium retail brands that opened stores in the Group's French shopping centres during 2010 include Apple, Desigual, Guess and Camper at Vélizy 2, and Zadig & Voltaire at Parly 2.

To showcase these arrivals and support the positioning of its assets, the Group revolutionised its approach to marketing and communications. For example, new iPhone applications are providing customers with instant access to information about retailers, special offers, cinema times and floor-plans, as well as innovative services such as a GPS 'find my car' system for car parks. This 'digital journey' was successfully piloted at Vélizy 2 in 2010 and will be rolled out to other large shopping centres in 2011.

The office market in central Paris and La Défense showed signs of recovery during 2010. Rents have been resilient for high-quality assets in prime locations and there has been renewed demand from institutional investors for top-quality assets. The office building at 18bis-20 avenue Hoche in Paris was sold for a net disposal price of €40 million, a premium to last appraisal values of 8%.

NETHERLANDS

Over the last three years, the portfolio has been streamlined through an intensive programme of divestments which has leveraged strong investor demand for high-quality retail assets. Almost €900 million of assets were divested in 2010 at an average premium of over 11% to their latest appraisal value. An additional set of divestments is expected to take place over the next two to three years.

The Group's activities are now focused on four core shopping centres in the Netherlands. The quality, size, location and footfall of these large shopping centres continues to attract premium national and international retailers. For example, in 2010, Desigual opened in Citymall Almere while Guess, Zara and Rituals opened in Stadshart, Amstelveen.

An infrastructure project to enhance the customer experience at Citymall Almere is moving forward rapidly in close cooperation with the local authorities and tenants.

The introduction of a new standard lease contract has standardised Unibail-Rodamco's Dutch leases along the lines of those commonly used by the Group and retailers in other regions. The new leases create a more balanced relationship between landlord and tenant and better align the interests of the Group and its retail partners.

NORDIC COUNTRIES

A very positive macro-economic environment in Sweden, home to around 80% of Unibail-Rodamco's Nordic assets in value, had a beneficial effect on footfall and sales during 2010 and increased the region's appeal to international retailers seeking new expansion opportunities. Desigual opened its first store in Scandinavia in April 2010 at Täby Centrum. Rituals is due to open at Täby in 2011. Yves Rocher launched its new concept store in Solna Centrum. Nacka Forum welcomed Companys' first store in Sweden alongside cross-border retailers Gamestop and Bijou Brigitte. Foot Locker, Mötivi and Deichmann opened stores in Fisketorvet.

2010 saw the launch of an ambitious programme of renovation, restructuring and extension projects at key assets. A major renovation and 27,295 m² GLA extension project was launched at Täby Centrum and will be delivered in phases until 2014. At Solna Centrum, the phased delivery of a renovation and restructuring project is due for completion in 2011. The ambitious renovation programme that is underway at Fisketorvet will continue in 2011, transforming this asset into the leading shopping centre in Denmark. The relevance of these large-scale extension and refurbishment projects is clearly demonstrated by the ongoing success of Nacka Forum. Footfall has risen 60% and sales have doubled since the extension was delivered in 2008.

Significant progress has been made in the negotiations regarding land and building rights for the Mall of Scandinavia development, which is destined to be the largest shopping centre in Scandinavia.

AUSTRIA

A 26,000 m² GLA extension and renovation at Donau Zentrum was successfully delivered in October 2010, transforming this centre into one of the largest, most attractive assets in the country. Donau Zentrum's winning combination of design, architecture and top-quality retail is proving highly popular with

customers: since opening, footfall is up by more than 18% and sales have risen by 61% year-on-year. An ambitious renovation and restructuring project will be launched at Shopping City Süd in 2011.

Stable macro-economic growth and an expanding labour market in Austria have resulted in increased consumer spending and significant interest from retailers seeking to enter or expand in the Austrian market. At Donau Zentrum, for example, the new extension welcomes the first Salomon, Desigual and Bench stand-alone stores in Vienna, while a massive Van Graaf store of more than 8,000 m² GLA opened at Shopping City Süd.

A joint media plan and shared events programme was implemented at Donau Zentrum and Shopping City Süd in 2010 to leverage marketing and events budgets and reduce operating costs. In October, a pre-paid 'deluxe' shopping card that can be used to make purchases in any of the 500 stores in the two centres was launched.

SPAIN

Strong leasing activity and limited vacancy rates, which demonstrate the resilience of the Group's portfolio, are particularly noteworthy given the ongoing challenges presented by the macro-economic environment in Spain. High levels of pro-active tenant rotation enabled the Group to introduce new, differentiating brands and raise the quality of the retail offering in its centres across Spain. Premium and cross-border retailers introduced in 2010 include Apple, Hollister and FNAC, which opened at La Maquinista, LO:CO and Pandora at Parquesur, and Jeff de Bruges and the new-concept Disney Store at La Vaguada.

An active programme of extensions, renovations and developments continues to add value to the portfolio. The arrival of new, premium retailers at La Maquinista following the delivery of a 16,141 m² GLA extension had a positive impact on sales and footfall for the whole centre. La Vaguada is being renovated and repositioned to re-establish its 'prime' image. From 2011, Garbera will undergo a similar metamorphosis, facilitated by Unibail-Rodamco's acquisition of space that the Eroski hypermarket liberated in 2010. In Vallsur, construction will start in the new year on a 3,300 m² GLA extension, which will bring in a new H&M to anchor the scheme.

The 66,300 m² Faro del Guadiana development project at Badajoz, which lies in a large catchment area with no competition, was launched at the end of 2010 and is due to be delivered in 2012. The project already shows high levels of pre-letting; confirmed top quality tenants include Inditex, H&M, C&A, Sephora and Primark. The centre will be anchored by an El Corte Inglés hypermarket and department store. The Group continues to make the most of current difficult market circumstances and position itself for a recovery in the Spanish economy. In 2010, it acquired a brownfield site in the Valencia region for the future development of a 75,000 m² retail scheme.

SUSTAINABLE DEVELOPMENT

The Group, as part of Unibail-Rodamco, is listed on several prestigious SRI indexes. Unibail-Rodamco has been included in the FTSE4Good and the Dow Jones Sustainability Index (World) since 2008. In 2010, it entered the Dow Jones Sustainability Index (Europe), the ASPI Index (Europe), and the NYSE Euronext Low Carbon 100 Europe® Index. In February 2011, Unibail-Rodamco was selected for inclusion in the Ethibel EXCELLENCE Investment Register and also entered the Corporate Knights Global 100 list of the world's most sustainable companies.

CONFIDENCE IN THE FUTURE

The Group's strategy has served it well during the last few years of economic downturn. The implementation of the non-core asset divestment strategy is felt on the Group's bottom line, and divestments will continue into 2011 and 2012. However, it is essential in creating a company with a high quality asset base, and strong resilience in most economic scenarios. Looking ahead, the Group embraces new challenges and opportunities with a high degree of confidence.

FINANCIAL PERFORMANCE

I. BUSINESS REVIEW AND 2010 RESULTS

Rental income - Retail portfolio

Total consolidated Net Rental Income (NRI) amounted to € 573.5 Mn in 2010, representing a decrease of 4.6% compared to 2009, with significant changes in the scope due to the ongoing divestment programme, especially in The Netherlands.

| Region | Net Rental Income (€Mn) | | |
|----------------|-------------------------|--------------|--------------|
| | 2010 | 2009 | % |
| France | 122.3 | 113.5 | 7.8% |
| Netherlands | 90.3 | 142.3 | -36.5% |
| Nordic | 95.0 | 90.2 | 5.3% |
| Spain | 123.2 | 119.8 | 2.8% |
| Central Europe | 75.5 | 73.1 | 3.3% |
| Austria | 67.3 | 62.1 | 8.3% |
| Global | 573.6 | 600.9 | -4.6% |

The €27.4 Mn NRI decline came mainly from disposals in The Netherlands which were partly compensated by the effect of the acquisition of additional units in Shopping City Süd in Vienna-Austria in Q4-2009 and the deliveries of new shopping centres or extensions, mainly: Docks Vauban–Le Havre-France (53,800 m²) inaugurated in October 2009, Lyon Part Dieu extension in Lyon-France (14,956 m²) opened in May 2010, Donau Zentrum extension in Vienna opened in October 2010, Almere-Buitenmere extension (16,578 m²) delivered in 2 phases, November 2009 and September 2010 and La Maquinista extension in Barcelona-Spain (16,141 m²) delivered in phases between April and November 2010.

Rental income - Office portfolio

Rodamco Europe's consolidated net rental income from offices (NRI) in 2010 came to €37.8 Mn.

| Region | Net Rental Income (€Mn) | | |
|---------------|-------------------------|-------------|---------------|
| | 2010 | 2009 | % |
| France | 6.7 | 3.7 | 81.1% |
| Netherlands | 10.5 | 20.2 | -48.0% |
| Nordic | 17.6 | 16.3 | 8.0% |
| other | 3.0 | 4.4 | -32.9% |
| Global | 37.8 | 44.6 | -15.4% |

The decrease came from disposals in The Netherlands (Aegon building in The Hague) and logistics asset in Spain, partly offset by the delivery of Tour Oxygène in Lyon-France.

Leasing activity

Rodamco Europe continued to expand its differentiating retailer strategy. Demand remained strong from international brands which want to develop their European network in prime locations. As at December 31, 2010, aggregated annualised Minimum Guaranteed Rents from Rodamco Europe's portfolio (retail and offices) amounted to €639.9 Mn, excluding variable rents and other income (€650.5 Mn at year end 2009).

Vacancy rate

Potential rents from vacant space in operation in retail amounted to €13.3 million at December 31, 2010. This represents a financial vacancy rate of 2.2%, compared to 2.1% at end 2009.

| Region | vacancy (Dec 31, 2010) | | (Dec 31, 2010) |
|---------------------|------------------------|-------------|----------------|
| | in € Mn | % | % |
| France | 2.1 | 1.6% | 2.0% |
| Netherlands | 1.4 | 2.0% | 2.0% |
| Nordics | 5.0 | 3.9% | 3.4% |
| Spain | 2.2 | 1.8% | 1.4% |
| Central Europe | 0.3 | 0.4% | 0.0% |
| Austria | 2.2 | 3.3% | 4.4% |
| Total retail | 13.3 | 2.2% | 2.1% |

Divestments

Pursuing its strategy of concentrating on large prime shopping centres in 2010, the Group accelerated its divestments. In The Netherlands, 16 shopping centres and 2 high street portfolios, representing 233,900 m² (GLA) were sold. Disposals amounted to €960.5 Mn (net disposal proceeds) and generated a net result of €67.8 Mn.

Portfolio valuation

As at December 31, 2010, the property assets portfolio of Rodamco Europe was valued on the balance sheet at €10.5 Bn, excluding transfer taxes and disposal costs. Fair value adjustments to investment properties resulted in a profit of €757.7 Mn in Rodamco Europe's income statement as at December 31, 2010. €734.8 Mn of this change came from the retail portfolio; the break-down by region is as follows: €298.6 Mn in France, €117.9 Mn in Austria, €98.8 Mn in the Nordics, €92.3 Mn in Spain, €85.8 Mn in Central Europe and €41.4 Mn in The Netherlands.

2010 Result

Property services net operating result (€6.5 Mn) came from property services companies in Spain. General expenses, including development costs, amounted to €65.0 Mn in 2010, compared to €68.9 Mn in 2009. Net borrowing expenses recorded in net direct result for 2010 came to €182.8 Mn and a €33.0 Mn indirect profit was recorded for derivatives' value adjustments.

The income tax charge is attributable to countries where specific tax regimes for property companies¹ do not exist. Total income tax allocated to the direct result was a charge of €5.3 Mn. Corporate income tax allocated to valuation result and disposals was a charge of €104.4 Mn due essentially to the variation of deferred tax liabilities on investment properties' fair value.

As reported in its press release of December 11, 2009, the Group expects that the Dutch tax authorities will deny the status of FBI (Fiscale Beleggings Instelling) in The Netherlands for Rodamco Europe's Dutch activities for 2010 onwards. Although the Group does not agree with the viewpoint of the Dutch tax authorities, it has adopted a prudent view in its 2010 accounts, based on the assumption that the Dutch activities from 2010 onwards will be taxable. In light of the significant Dutch tax loss carry forwards identified by Group's fiscal advisors in the Netherlands, this assumption should have no impact on direct result for 2010 nor for the following years.

¹ In France: SIIC (Société Immobilière d'Investissements Cotée).

In 2010, the consolidated net result (Group share) was a profit of €1,096.2 Mn comprising of:

- €363.3 Mn of direct net profit;
- €732.9 Mn of disposal profits and fair value adjustments of property assets and financial instruments.

The average number of shares in issue during this period was 89.6 million. Direct Earnings per Share came to €4.05 in 2010, representing a decrease of 23% compared to 2009.

Post-closing events

Disposals

The Solna Hotel in Sweden was sold on January 28, 2011 for €22.5 Mn.

The Group's 33% share in the Arkad shopping centre in Budapest, Hungary, was sold on February 9, 2011 for €56.8 Mn.

The building Tyresö Centre in Sweden was sold by parts on the 11th and 18th of February 2011 for a net disposal price of €94.5 Mn.

The building Walburg in The Netherlands was sold on March 2nd for a net disposal price of € 37.8 Mn.

Acquisitions

On March 10th, the Group acquired two companies, owners of two shopping centres in Poland, Arkadia and Wilenska. The acquisition price of these shares amount to € 360 Mn.

Rodamco Europe buy-out proceedings

On February 1, 2011 the Enterprise Chamber of the Amsterdam Court of Appeal decided to request a panel of experts to update their July 2010 report on the value of the Rodamco Europe shares, in view of the increases in the Net Asset Value per share over 2010. A final decision is now expected in the second quarter of 2011.

Outlook

As Rodamco Europe became part of the Unibail-Rodamco Group in 2007, no separate results outlook information for Rodamco Europe is provided.

II. ASSET VALUATION

Rodamco Europe's asset portfolio, including transfer taxes, increased from €10,598 million at year-end 2009 to €10,943 million at year-end 2010. Shopping centres represented € 10,347 Mn, i.e. 95% of the total value of the portfolio.

On a like-for-like basis, the value of the overall portfolio increased by €730 million net of investments, or +8.0% compared with year-end 2009.

Shopping Centre segment

The value of Rodamco Europe's Shopping Centre portfolio increased to €10,347 as at December 31, 2010 from €9,992 million as at December 31, 2009.

Based on an asset value excluding estimated transfer taxes and disposal costs, the Shopping Centre net initial yield at December 31, 2010 came to 5.9% compared to 6.3% at year-end 2009.

| Shopping Centre portfolio by region December 31, 2010 | Valuation including transfer taxes in € Mn | Valuation excluding estimated transfer taxes in € Mn | Net initial yield (a) Dec. 31, 2010 | Net initial yield (a) Dec. 31, 2009 |
|--|--|---|---|--|
| France | 2,554 | 2,443 | 5.1% | 5.8% |
| Spain | 2,013 | 1,962 | 6.8% | 6.9% |
| Nordic | 1,932 | 1,895 | 5.8% | 5.9% |
| Austria | 1,420 | 1,392 | 5.2% | 5.8% |
| Netherlands | 1,252 | 1,170 | 6.0% | 6.3% |
| Central Europe | 1,175 | 1,154 | 7.0% | 7.2% |
| Total | 10,347 | 10,016 | 5.9% | 6.3% |

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

Based on the year-end yield of 5.9%, a change of +25 basis points would result in a downward adjustment of -€416 Mn (or -4.1%) of the total shopping centre portfolio value (including transfer taxes and disposal costs).

On a like-for-like basis, the value of the Shopping Centre portfolio, including transfer taxes and disposal costs and restated for works, capitalised financial and leasing expenses and eviction costs, increased by €725 Mn (or +8.3%) over the full year 2010. This breaks down into +4.9% from the increase in revenues of shopping centres and +3.4% due to changes in yield.

| Shopping Centre - Like for Like evolution (a) | Like for Like evolution in € Mn Dec 31, 2010 | Like for Like evolution in % Dec 31, 2010 | Like for Like evolution - Rent impact Dec 31, 2010 | Like for Like evolution - Yield impact Dec 31, 2010 |
|--|--|---|---|--|
| France | 293 | 14.0% | 4.1% | 9.9% |
| Netherlands | 43 | 3.8% | 0.3% | 3.5% |
| Nordic | 112 | 7.0% | 6.5% | 0.5% |
| Spain | 83 | 4.6% | 3.5% | 1.1% |
| Central Europe | 89 | 8.6% | 8.3% | 0.3% |
| Austria | 105 | 9.7% | 7.2% | 2.6% |
| Total | 725 | 8.3% | 4.9% | 3.4% |

(b) Like-for-like change net of investments from December 31, 2009 to December 31, 2010.

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

- Investment Properties Under Construction (IPUC) at fair value: Badajoz (Badajoz/Spain)
- IPUC at cost, notably the extensions of Centrum Cerný Most (Prague/Czech Republic), Garbera (San Sebastian/Spain) and Täby (Stockholm/Sweden), and the Mall of Scandinavia project in Sweden.

Two shopping centre extensions (La Maquinista in Barcelona/Spain and La Part-Dieu in Lyon/France), recorded as Investment Properties Under Construction at year-end 2009, were successfully delivered during the first half-year 2010. The Donau Zentrum extension (Vienna/Austria) as well as a part of Buitenmere (Almere/The Netherlands), recorded as Investment Properties Under Construction at mid-year 2010, were successfully delivered respectively in October and September 2010 and are now included within the standing portfolio.

Office segment

The value of Rodamco Europe's Office portfolio decreased to €596 million as at December 31, 2010 from €606 million as at December 31, 2009.

| Valuation of Office portfolio - December 31, 2010 | Valuation (including transfer taxes) | |
|--|--------------------------------------|-------------|
| | € Mn | % |
| Nordic | 265 | 44% |
| France | 154 | 26% |
| Netherlands | 140 | 23% |
| Austria | 37 | 6% |
| Total | 596 | 100% |

For occupied offices and based on an asset value excluding estimated transfer taxes and disposal costs, the Office division's net initial yield at December 31, 2010 remained stable at 7.9% vs. year-end 2009.

A change of +25 basis points in the offices net initial yield would result in a downward adjustment of -€21 Mn (or -3.4%) of the total office portfolio value (occupied and vacant space, including transfer taxes and disposal costs).

The value of the office portfolio, including transfer taxes and disposal costs, and after accounting for the impact of works and capitalised financial and leasing expenses, increased on a like-for-like basis by €5 Mn (or +1.2%) over the year 2010. This breaks down into +2.9% from the rents and lettings and -1.7% due to changes in yields.

Tour Oxygène, an office building in Lyon/France, recorded as Investment Properties Under Construction at year-end 2009, was successfully delivered during the first half-year 2010. As at December 31, 2010, no IPUC at fair value or at cost are recorded in the office segment of Rodamco Europe.

EPRA NNNAV

| RODAMCO-Europe EPRA NNNAV (€ Mn) | | Dec 31, 2009 | June30, 2010 | Dec 31, 2010 |
|--|--------------------------|--------------|--------------|--------------|
| Consolidated shareholders' equity | | 6,439 | 6,631 | 7,184 |
| Fair value adjustment | | | | |
| | Fixed-rate debt external | - 94 | - 172 | - 186 |
| Adjustment to taxes | | 153 | 179 | 222 |
| Adjustment to transfer taxes and disposal costs | | 100 | 105 | 122 |
| Triple Net Asset Value | | 6,597 | 6,743 | 7,343 |
| Number of shares | | 89 639 292 | 89 639 292 | 89 639 292 |
| Triple Net Asset Value / share | | 73.60 | 75.22 | 81.92 |

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

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, 2010.

For the purpose of the EPRA NAV calculation, deferred tax on unrealised capital gains on assets not qualifying for tax exemption has been added back, and replaced by the estimated taxes actually payable should a disposal take place.

Mark-to-market value of debt: In accordance with IFRS rules, financial instruments were recorded on Rodamco Europe's statement of financial position at their fair value.

On the contrary, the value of the fixed-rate debt on the balance sheet is equal to its nominal value. Taking fixed rate debt at its fair value would have had a negative impact of €186 Mn. This impact was taken into account in the EPRA NNNAV calculation.

Restatement of transfer taxes and disposal 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, 2010, these estimated transfer taxes and other disposal 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 €122 Mn.

III. FINANCIAL RESOURCES

In 2010, the financial markets remained very volatile affecting both interest rates and credit spreads. Rodamco Europe's financial ratios are maintained at healthy levels with a Loan to Value (LTV) of 29% as at December 31, 2010, an interest coverage ratio of 2.9% and an average cost of debt limited to 4.1% in 2010. Being part of the Unibail-Rodamco Group, a significant part of the financing is provided by the Unibail-Rodamco Group.

1. Debt structure at December 31, 2010

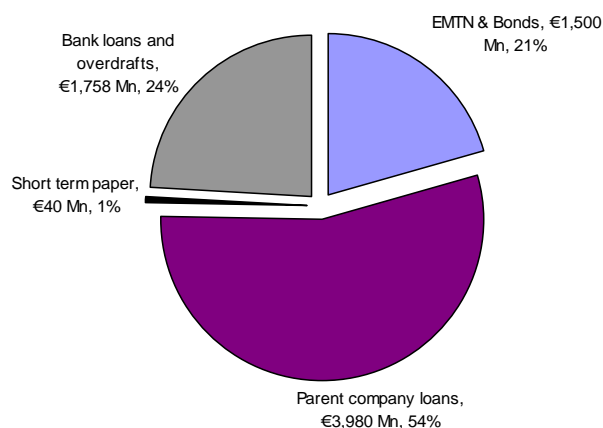
Rodamco Europe's consolidated nominal financial debt at December 31, 2010 amounted to €7,278 Mn. As at December 31, 2010, net financial debt stood at €3,190 Mn, excluding partners' current accounts and after taking cash surpluses into account (€4,088 Mn²).

Debt breakdown

Rodamco Europe's nominal financial debt as at December 31, 2010 breaks down as follows:

- €1,500 Mn in bond issues, under Rodamco Europe's EMTN programme;
- €40 Mn short term issues in commercial paper (Euro Commercial Paper)³;
- €1,758 Mn in bank loans, including €862.5 Mn in corporate loans, €879 Mn in mortgage loans and €16.5 Mn in bank overdrafts;
- €3,980 Mn in parent loans, including €2,882 Mn in corporate loans and €1,098 Mn in overdrafts with Unibail-Rodamco companies.

No loans were subject to prepayment clauses linked to the Group's ratings⁴.



As at December 31, 2010, the total amount of un-drawn credit lines came to €100 Mn.

Rodamco Europe has in addition to its un-drawn facility, cash surplus for an amount of €4,088 Mn including facilities with its parent company for €3,937 Mn, and cash or deposits for €151 Mn.

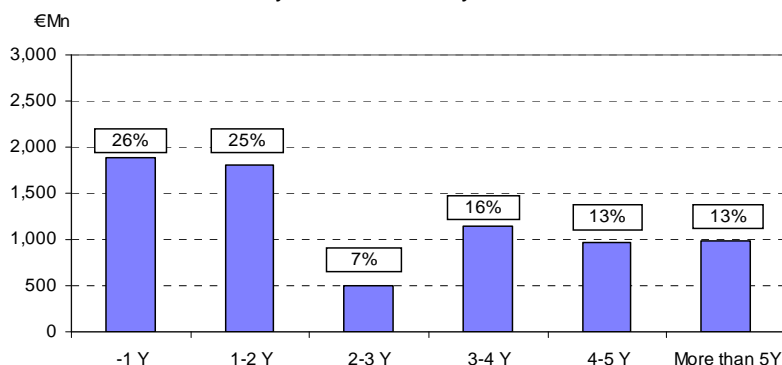
² Cash surpluses mainly include short term internal facilities with Unibail-Rodamco and current accounts that can be reimbursed on Rodamco Europe's demand

³ Short term paper is backed by confirmed credit lines

⁴ Barring exceptional circumstances (change in control)

Debt maturity

The following chart illustrates Rodamco Europe's debt as at December 31, 2010 after the allocation of the confirmed credit lines by date of maturity and based on the residual life of its borrowings.



The average maturity of the Group's debt as at December 31, 2010, taking into account the confirmed unused credit lines, stood at 3.5 years.

Average cost of debt

Rodamco Europe's average cost of debt came to 4.1% over 2010. This average cost of debt results from the level of margins on existing borrowings, the low interest rate environment in 2010, the cost of the Group's hedging instruments and the cost of carry of the un-drawn credit lines.

2. Market risk management

Interest rate risk management

The Group's strategy regarding interest rate risk is to minimise the impact that changes in rates could have on earnings and cash flow and minimise the overall cost of financing. In order to implement this strategy, Rodamco Europe borrows at variable rates and uses derivatives (mainly caps and swaps) to hedge its interest rate exposure. The Group's market transactions are confined exclusively to those interest hedging activities.

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

Measuring interest rate exposure

The structure of debt is as follows: after taking into account interest rate swaps and cross currency swaps, the debt at fixed rate represents 61% of total gross debt. Furthermore, at the end of December 2010, the debt at variable rate is entirely covered by cash available.

Managing and measuring currency risk exposure

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

Measuring currency exposure

Main foreign currency positions (in € Mn)

| (in € Mn) | | | | | | |
|--------------|----------------|------------------|--------------|---------------------|------------------------|--|
| Currency | Assets | Liabilities | Net exposure | Hedging Instruments | Exposure net of hedges | |
| SEK | 1,712.6 | - 1,069.0 | 643.6 | - 292.3 | 351.3 | |
| DKK | 310.2 | - 62.1 | 248.1 | - 127.2 | 121.0 | |
| HUF | 0.4 | - 34.1 | 33.8 | - - | 33.8 | |
| USD | - | - | - | - | - | |
| CZK | 0.0 | - 288.3 | 288.3 | - - | 288.3 | |
| PLN | 20.3 | - 2.8 | 17.5 | - | 17.5 | |
| Total | 2,043.5 | - 1,456.4 | 587.1 | - 419.5 | 167.6 | |

The main exposure kept is in Swedish Krona. A decrease of 10% in the SEK/EUR exchange rate would have a €32 Mn negative impact on shareholders' equity. The sensitivity of the 2011 direct result⁵ to a 10% depreciation in the SEK/EUR exchange rate is limited to €3 Mn.

3. Financial structure

As at December 31, 2010, the portfolio valuation (including transfer taxes) of the Rodamco Europe group amounted to €10,943 Mn.

Debt ratio

As of December 31, 2010, the Loan-to-Value ratio (LTV) calculated for Rodamco Europe came to 29%.

Interest coverage ratio

The interest coverage ratio (ICR) for Rodamco Europe came to 2.9% for 2010.

⁵ 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 9.1283.

RISK MANAGEMENT

INTERNAL RISK MANAGEMENT STRUCTURE

The Management Board (MB) of Rodamco Europe, supervised by the Supervisory Board (SB), bears full responsibility for good and responsible governance. This includes risk management and internal control systems, always maintaining a focus on sustainable growth and continuity to create consistent growth in shareholder value.

Throughout the year, the MB discusses the operation of the internal risk management and control system and any major planned changes or improvements with the SB.

PROCESS AND CRITERIA

Risk assessment and improving the internal control framework are ongoing Group-wide processes involving evaluation of quantitative and qualitative risk criteria, including but not limited to:

- risk indicators (e.g. changes in conditions, problems, complexities, uncertainties, required special expertise and skills);
- materiality in both economic and reputation terms;
- estimated likelihood of occurrence;
- triggers for a potential credit rating downgrade;
- triggers for a potential breach of the special tax regimes applicable to public property companies;
- triggers for a potential breach in loan covenants;
- ability to transfer, insure or otherwise reduce (part of) the risk.

To further strengthen, integrate and embed awareness and risk management competency across the organisation's day-to-day operations and practices, Rodamco Europe is integrated into Unibail-Rodamco's dedicated corporate risk management function.

FINANCIAL REPORTING

Internal control over financial reporting includes the following key 'checks and balances':

- MB involvement in approval of the significant investment/divestment transactions executed each year. The MB discusses extensively – in advance – all significant transactions with the SB.
- Budget and forecasting analysis: the predictable, long-term nature of contractual commitments to lease/service operations and financing instruments enables effective monitoring of actual-to budgeted/forecasted results and follow-up of any anomalous or unpredicted results.
- Comprehensive asset valuation process, policy and procedures, including regular appraisals by independent surveyors.
- Close monitoring of cash flow, interest cover, leverage, debt and interest maturity and derivatives schedules against the finance policy's target ratios and debt covenants.
- Financial reporting according to standardised guidelines outlined in Rodamco Europe's internal instructions.
- The external auditors assess internal controls over financial reporting, to the extent relevant for their statutory audit opinion, and discuss their findings with the MB and SB.

REGULATORY COMPLIANCE

In the context of legal requirements pursuant to legislation on financial Supervision, the Act on Financial Supervision 'Wft', and the Decree on the Market Conduct Supervision Financial Undertakings Wft ('Bgfo'), and without prejudice to statements made in this section, Rodamco Europe states, in compliance with article 121 of the Bgfo, that Rodamco Europe has a description of the organisation of its business operations as meant in article 4:14 of the Wft, which meets the requirements as laid down in the Wft and in the Bgfo. The description is part of the Group's control framework, as referred to in this risk management section. During the 2010 financial year, we have evaluated various aspects of the organisation of the Group's business operations, as meant in article 4:14 of the Wft. In the course of activities, we made no observations that would indicate that the description does not meet the requirements as included in the Wft and related legislation. Also, no observations were made that in 2010

business operations, as meant in article 4:14 Wft, were ineffective and did not function in accordance with the description, except for a few observations that were corrected according to an action plan.

INTERNAL CONTROLS

In 2010, Rodamco Europe conducted several internal audits throughout the regions. The aim was to identify and evaluate the organisation and control tests implemented on matters such as the operational risk management in shopping centres as well as the Group cash pooling system. Where necessary, the outcome of the audits has led to adjustments and tightening of applicable procedures. Given the nature and size of Rodamco Europe's organisations and operations, inherent internal control limitations exist, including shared or minority control, disproportionate control costs versus benefits, limited possibilities to segregate duties, and catastrophe and collusion risk. Absolute assurance cannot be provided as a result of these inherent limitations. The MB of Rodamco Europe is of the opinion that the internal risk management and control systems have functioned properly in 2010 and provide a reasonable level of assurance to prevent material inaccuracies in the 2010 financial statements. There are no indications they will not continue to function properly in 2011.

RISK FACTORS

Rodamco Europe is an almost wholly owned subsidiary of Unibail-Rodamco. As a result, it adheres to internal control policies and arrangements put in place by the Unibail-Rodamco Group. These are based on reference documents, charters, standards, procedures and best practices, which aim to create and maintain an organisation that helps to prevent or mitigate and manage controllable risk factors, notably operational, financial, tax and legal risks to which the Unibail-Rodamco Group is or could be exposed, even if these risks can never be totally eliminated. Attention is drawn to the fact that the risk factors discussed in this section are not exhaustive and that there may be other risks, either wholly or partly unknown, or of which the occurrence is not considered to be or likely to have a material adverse effect on the Group, its operations, its financial situation and/or its results.

RISK INHERENT IN BUSINESS ACTIVITIES

Risks arising from trends in the property market

Rodamco Europe is present in various sectors of the commercial property sector, specifically Shopping Centres and Offices. Apart from risk factors specific to each asset, Rodamco Europe's activities are exposed to factors beyond its control and to specific systemic risks, such as the cyclical nature of the sector in which it operates. Rodamco Europe's strategy and policies aim to curb the negative effects of these risks. Indeed, sudden changes in the economic, financial, currency, regulatory, geo-political, political, social, health and ecological environment may have an adverse impact on Rodamco Europe, the value of its assets, its results, its distribution policy, its development plans and/or its investment/divestment activities.

A long-term deterioration in economic conditions with implications for the rental market may have a negative impact on the level of the Group's activities, its results, the value of its assets, and its investment and development strategy.

The Group's assets (with the exception of certain development projects) are valued biannually using the fair valuation method. The value of the Group's assets is sensitive to variation according to the valuers' principle assumptions (yield, rental value, occupancy rate) and is, therefore, susceptible to important variations that may impact the Group, its activities and/or its results. Some of Rodamco Europe's real estate assets depend on flagship stores to attract customers and could suffer an adverse impact if one or more of these tenants were to break or fail to renew their lease or in the event of consolidation among these retail sector companies.

Risks arising from property asset construction and refurbishment projects

To the extent permitted by law, Rodamco Europe conducts development activities in the shopping centre property segment whose principal risks are linked to:

- securing the requisite legal administrative authorisations (building permits, commercial licenses, opening and/or operational licenses, etc.);
- controlling construction costs (staying on time and on budget); and

- achieving a good letting rate for properties (letting of all surfaces at sufficient rent levels).

Tenant insolvency risks

Rodamco Europe's ability to collect rents depends on the solvency of its tenants. Before entering into a specific lease, Rodamco Europe takes the credit-worthiness of tenants into consideration. Nevertheless, it is possible that tenants may not pay rent on time or may default on payments, especially in the current economic environment, and this could affect Rodamco Europe's operating performance and/or its results.

LEGAL, REGULATORY, TAX, ENVIRONMENTAL AND INSURANCE RELATED RISKS

Legal and regulatory risks

Rodamco Europe has to comply with a wide variety of laws and regulations, notably: urban planning regulations, construction and operating permits, health and safety regulations (particularly for assets that are open to the public), environmental regulations, leasing laws, labour regulations, and corporate and tax laws (see also below for the SIIC regime). Changes in the regulatory framework and/or the loss of benefits associated with a status or an authorisation could require Rodamco Europe to adapt its business activities, its assets or its strategy, possibly leading to a negative impact on the value of its property portfolio or its results, an increase in its expenses, and/or a slowing or even halting of the development of certain investment or letting activities. In the normal course of its business activities, Rodamco Europe could be involved in legal proceedings (for instance, regarding contractual responsibility, employers' liabilities, penal issues) and is subject to tax and administrative audits. To the best of our knowledge, Rodamco Europe is not involved in or party to litigation that could have a material adverse effect on the results or financial situation of Rodamco Europe.

Tax risks linked to SIIC status

Rodamco Europe French subsidiaries benefit from the French SIIC tax regime, which enables them to benefit from a corporate income tax exemption, provided that they meet certain conditions. If Unibail-Rodamco (Rodamco Europe's parent company) was to lose its SIIC status, Rodamco Europe's French subsidiaries would return to a regular tax regime in France.

Risks concerning the Dutch FBI status

Up to 2009, Rodamco Europe qualified as an FBI (Fiscale Beleggingsinstelling/Fiscal Investment Institution) for Dutch tax purposes. Under this status, it benefits from a zero tax rate for its Dutch operations, subject to certain requirements being met. As reported in its press release of December 11, 2009, the Group expects that the Dutch tax authorities will deny the status of FBI (Fiscale Beleggings Instelling) in The Netherlands for Rodamco Europe's Dutch activities for 2010 onwards. Although the Group does not agree with the viewpoint of the Dutch tax authorities, it has adopted a prudent view in its 2010 accounts, based on the assumption that the Dutch activities from 2010 onwards will be taxable. In light of the significant Dutch tax loss carry forwards identified by Group's fiscal advisors in the Netherlands, this assumption should have no impact on direct result for 2010 nor for the following years.

Environmental risks

As a property owner, Rodamco Europe has to comply with local environmental regulations in each country where it is active. Failure to comply with these local environmental regulations, or the need to comply with significant new environmental regulations that could be introduced, could lead to higher expenses or hamper the development of Rodamco Europe's activities and could potentially affect Rodamco Europe's results. Moreover, each of Rodamco Europe's real estate assets is vulnerable to natural disasters (climate change, health or ecological crises, etc.) that may have a negative impact on the affected properties.

Each year, Rodamco Europe's parent, Unibail-Rodamco, publishes detailed corporate sustainability information including its environmental policy, achievements and targets and its policy on health and safety risk management on its assets.

Insurance related risks

Insurers could face economic difficulties that leave them unable to pay claims related to insurance policies that have been taken out by the Group. As Rodamco Europe depends on the insurance markets and their financial capacities to cover its risks, it could experience insurance shortfalls or find it impossible to cover all or part of certain risks. Some of the Group's potential losses may not be covered or may be covered partially. In such cases, the Group could lose all or a portion of the capital invested in the asset, as well as the expected rents from the asset. Rodamco Europe may be exposed to a situation whereby external property insurance valuers have wrongly assessed the value (reconstruction cost) of one or more of its assets.

Risks associated with the financing policy and financial activities

As an almost wholly-owned subsidiary of Unibail-Rodamco, Rodamco Europe is exposed to the same risks regarding its financial policy and financial activities as the Unibail-Rodamco Group.

Market risks

The Group, through its activities, is exposed to market risks that can generate losses as a result of fluctuations in interest rates and/or currency exchange rates. The Group is exposed to interest-rate risks on the loans it has taken out to finance its investments. An increase in interest rates could have a negative impact on Rodamco Europe's results. Part of the Group's exposure to variable rates is hedged through derivatives but these hedges could be insufficient to cover these risks. Moreover, changes in interest rates could have a negative impact on Rodamco Europe's result by affecting the valuation of contracted derivatives.

Interest rate risk

The Group's interest policy is covered by a macro hedging policy at the level of the main shareholder, Unibail-Rodamco SE.

Liquidity risks

The Group's strategy depends on its ability to raise financial resources, either in the form of borrowing or equity capital, so that it can finance its ongoing activities and its investments. It maintains significant undrawn lines of credit, and continuously adds to these. It is possible (for example in the event of disruption in the bond or equity markets, a reduction in the lending capacities of banks, changes affecting the property market or investors' appetites for property companies, a downgrade in Unibail-Rodamco's and/or Rodamco Europe's credit rating or a change in Unibail-Rodamco's business activities, financial situation or ownership structure) that the Group could – at any given point in time – encounter difficulties in raising funds and, as a result, lack the access to liquidity that it needs. These events could also affect the cost of borrowing and lead to an increase of the financial expenses of the Group.

Counterparty risks

A large number of major international financial institutions are counterparties to the interest-rate derivatives and foreign-exchange contracts or deposits contracted by the Group. In the case of default by a counterparty, the Group could lose all or part of its deposits or may lose the benefit from hedges signed with such counterparties. This could then result in an increase in interest-rate or currency exposure.

Managing currency risk

The Group's currency risk exposure is covered at the level of the main shareholder Unibail-Rodamco SE. The Group has activities and investments in countries outside the Euro-zone, primarily in Sweden, but also in Poland, the Czech Republic and a number of others. When converted into Euros, the income and value of the Group net investment may be influenced by fluctuations in exchange rates against the Euro. Wherever possible, the Group aims to match foreign currency income with expenses in the same currency, reducing the exchange effects on earnings volatility and net valuation of the investment. Translation risks are hedged by either matching cash investments in a specific currency with debt in the same currency, or using derivatives (mainly cross currency swaps and foreign exchange swaps) to achieve the same risk management-driven goal. This hedge policy excludes revaluations, capital expenditures and deferred tax. Currency risk during the building period of pipeline investments is covered as early as possible after signing of the actual building contract. Other monetary assets and liabilities held

in currencies other than the Euro are managed by ensuring that net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term balances. In line with market practice, the Group invoices rents in certain Eastern European countries (Poland, the Czech Republic) in US dollars or euros, while the tenant is receiving revenue in local currencies. In these cases, the Group is exposed to tenant default risk as a consequence of the risk of devaluation of the local currency.

Risks related to Rodamco Europe's geographic presence

Although Rodamco Europe's operations are concentrated in Europe, part of the business is or may be conducted in markets where Rodamco Europe may be exposed to social, political and economic instability, among other risks. In relation to the risks related to Rodamco Europe's geographic presence, Rodamco Europe operates in some countries that have not joined the Euro zone. A depreciation of the local currency of these countries could have a negative impact on Rodamco Europe's cash flows in euros:

- when rents collected in local currency are translated in Euros and where the Group's hedging policy is not sufficient; or,
- when rents are collected in Euros and this affects the tenants' ability to pay. A depreciation of the currency of countries outside the Euro zone may also reduce the value of Rodamco Europe's portfolio, despite the implementation of hedging policies.

Exchange rate risk

The Group's foreign exchange risk is managed at corporate level on a regular basis. In addition, committee meetings with several members of the parent company's Management Board are held several times a year to decide the appropriate hedging. Procedures do not allow for speculative positions to be put in place.

Currency hedging transactions

The main exposure is to the Swedish Krona. A decrease of 10% in the SEK/EUR exchange rate would have a €32 million negative impact on shareholders' equity. The sensitivity of the 2011 direct result to a 10% change in the SEK/EUR exchange rate is limited to €3 million.

HUMAN RESOURCES

Following the merger with Unibail in 2007, Rodamco Europe's Human Resources policies are increasingly integrated to gain from the benefits of Unibail-Rodamco Group initiatives and programmes. The Group offers competitive packages to attract and retain the best professionals.

TALENTED, MOTIVATED TEAMS

The hard work and dedication of the Group's employees was key in returning solid results in 2010, despite the adverse economic conditions that prevailed. As it is important that every member of staff is fully engaged and highly skilled, the Group devotes considerable resources to training and human resources management in order to provide employees with a fulfilling, motivating work environment and, by extension, create value for shareholders.

ACQUIRING ESSENTIAL SKILLS AND EXPERIENCE

Investment, development and operational deals regularly run into millions of euros and involve multi-year contracts. All of the Group's human resources policies are aimed at providing personnel with the skills, experience and confidence they require to take sound decisions when faced with complex situations, major assets and large sums of money. The Group's ability to recruit, train, manage and motivate its employees directly affects the performance of the asset portfolio. The Group believes that ongoing value creation is only possible when it is anchored in a culture of close teamwork and multidisciplinary expertise. Internal mobility between the Group's core disciplines is strongly encouraged. As well as helping to build in-house networks, this approach provides employees with an in-depth understanding of technical processes and business priorities at different stages in the asset lifecycle.

TRAINING FOR ALL

Unibail-Rodamco has developed an accelerated learning and networking process for young graduates in their first professional role. The European Graduate Programme (EGP) is a year-long programme during which participants work in at least two countries and undertake three different assignments. The breadth and depth of the EGP experience means that there is fierce competition for places. Twenty six young graduates from eight countries were recruited through the programme in 2010. The Corporate HR department is expanding the EGP to transform it into the main access point for all young graduates who apply to the Group in key functions.

THE ACADEMY

Formal training is provided through the Unibail-Rodamco Academy. The Academy, which is based at the corporate headquarters of Unibail-Rodamco in Paris and trains employees from all regions, provides opportunities to learn, challenge received ideas, share best practices, and develop business networks. It capitalises on the huge reservoir of knowledge that exists in-house by relying on the Group's experienced managers to deliver the majority of its courses.

CAREER MANAGEMENT, EVALUATION AND REMUNERATION

The Group's evaluation and remuneration policies are designed to motivate employees and reward them for their efforts. Career development is supported by a 360° review process, which incorporates annual hierarchical evaluations and annual functional and peer evaluations. The results are fed into the Group-wide talent review committees which set performance-related pay and salary increases. Employees receive feedback on their progress and help with identifying development needs and professional goals. The remuneration policy aims to encourage long-term performance as well as immediate results. Performance-related bonuses are used to recognise the contribution made by individual employees to the success of their department and the wider Group. Stock options, which are subject to performance conditions, are offered across the Group to high potential staff, key managers and outstanding employees.

The following table shows the average headcount:

| Location | 2010 | 2009 |
|-----------------|-------------|-------------|
| France | 46 | 54 |
| The Netherlands | 84 | 109 |
| Nordic | 134 | 172 |
| Spain | 148 | 135 |
| Central Europe | 73 | 107 |
| Austria | 91 | 105 |
| Total | 576 | 682 |

CORPORATE GOVERNANCE

Good business practice and transparency, both in financial reporting and organisational structure and behaviour, are considered key foundations for Rodamco Europe.

GOVERNANCE STRUCTURE

Rodamco Europe's governance is structured transparently. The Group is organised along functional lines with embedded working processes to ensure clear roles, responsibilities and accountabilities. This organisational structure, supported by Business Principles, facilitates transparent reporting throughout the Group to both the SB and the MB. In turn, both SB and MB report to the Annual General Meeting of Shareholders (the AGM). The AGM, SB and MB all have specific powers and responsibilities, as laid down in the Group's Articles of Association and the Supervisory Board and Management Board Charters, all of which can be found on the Group's website: www.rodamco.com.

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM)

The AGM's powers are described in detail in Rodamco Europe's Articles of Association. In summary, it decides on issues such as statutory changes, legal (de-)mergers, the adoption of the annual accounts and profit appropriation. It appoints, suspends or dismisses members of both the SB and MB. Furthermore, the AGM approves the remuneration of the SB. The AGM further approves the appointment of external auditors. For 2010, Ernst & Young Accountants LLP was appointed.

THE SUPERVISORY BOARD (SB)

Rodamco Europe's SB is responsible for overseeing all the activities of the Company and providing guidance and advice to the MB. Supervision focuses on the achievement of strategic goals and the realisation of business objectives, and corporate sustainability goals. The SB is tasked with independent supervision of the proper execution of internal risk and control structures and financial reporting, legal and regulatory compliance. From June 2007, due to the small size of the SB, members take direct responsibility for the tasks previously carried out by dedicated SB committees. In pursuing all tasks, the SB takes the interests of all stakeholders, external and internal, into account. The composition of the SB reflects areas of expertise relevant to Rodamco Europe's core activities. The Chairman is responsible for the proper functioning of the SB. The SB consists of three members, of whom two, Anton van Rossum and Clarence Steininger, are independent.

THE MANAGEMENT BOARD (MB)

Under the supervision of the SB, the MB is responsible for Rodamco Europe's management and general affairs. The MB is responsible for day-to-day management, including comprehensive risk management, control, financing, and regulatory compliance. It is responsible for providing the SB with all necessary information on the performance of its tasks. Following the merger with Unibail in July 2007, the Rodamco Europe MB consists of two members. Throughout the Group, corporate and operating company accountabilities, roles and responsibilities are in place. Operating company management teams formally report, at least on a quarterly basis, to the MB to discuss operational performance, execution of strategic goals and investment and divestment opportunities. Informal contact between the MB and senior managers in the operating companies takes place on a very regular, often daily, basis. Best practice exchange takes place through Europe-wide meetings along functional lines and on a daily basis through contacts between functional specialists.

Rodamco Europe's Business Principles are encompassed in the Unibail-Rodamco Code of Ethics and outline the conduct expected from Rodamco Europe's people. Rodamco Europe's employees fully understand and are committed to both the business strategy and the behaviour expected of them in pursuing that strategy. The Business Principles include guidelines for behaviour relating to conflicts of interest, gifts, confidential information, trading of shares, working environment and equal opportunity. Compliance is seen as a living process and activity aims to ensure all staff adhere to (local) laws and regulations so that the integrity of the Group's business and its people are safeguarded.

TRANSPARENCY TO STAKEHOLDERS

Following delisting from the stock exchange in May 2008, Rodamco Europe's disclosure requirements have changed. The Group complies with all statutory and license-related disclosures, such as monthly statements and the publication of interim and full-year results.

Rodamco Europe has a protocol in place regarding the allocation of costs between Rodamco Europe and Unibail-Rodamco. According to this protocol, contracts between Rodamco Europe and Unibail-Rodamco must be at arm's length. KPMG reviewed the procedures followed for 2010 and determined that they are in accordance with the protocol.

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

A description of risk and control framework is included in this report on pages 22 to 27, including those actions taken to ensure reasonable assurance that these systems are reliable and comply with regulatory requirements.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The parent company of Rodamco Europe, Unibail-Rodamco, adheres to the French Corporate Governance Code. On May 13, 2008, Rodamco Europe was delisted from the Euronext Amsterdam and Euronext Paris stock exchanges and no longer adheres to the Dutch Corporate Governance Code for reporting purposes.

REMUNERATION REPORT

MANAGEMENT BOARD REMUNERATION IN 2010

Rodamco Europe has a two-member Management Board (MB), Catherine Pourre and Peter M. van Rossum; both are also members of Unibail-Rodamco's MB. Neither receives specific remuneration for their Rodamco Europe board membership.

UNIBAIL-RODAMCO STOCK OPTION PLANS

The only stock option plans in force are at the Unibail-Rodamco Group level and are subject to performance conditions. These performance conditions are such that the right to exercise stock options is subject to Unibail-Rodamco's stock performance being higher in percentage terms than that of the benchmark EPRA index over the reference period; i.e., the period between the grant date and the last trading date before the recipient exercises the options. The stock options have a lifespan of seven years and may be exercised at any time after the fourth anniversary of the date of allocation. For stock options granted in 2007 and later, all Management Board members have to keep a personal investment in Unibail-Rodamco shares, equivalent to 30% of the capital gain (net of tax) on the date of exercise of the stock options granted, until they leave the Company. This rule applies until they own Unibail-Rodamco shares with a value equivalent to two years of fixed income. The shares may result from any Unibail-Rodamco stock-option plans from which Management Board members have benefited.

UNIBAIL-RODAMCO PENSION PLANS

As stated above, neither MB member is specifically remunerated for their Rodamco Europe Board membership but both serve on the Unibail-Rodamco MB. The Unibail-Rodamco supplementary pension plans that are in place for the members of the Unibail-Rodamco MB reflect the Franco-Dutch character of the Group and the fact that normal practices and standards in the Netherlands can differ from those in France. For this reason, MB members benefit from the defined contributions plan within the framework of Unibail-Rodamco's supplementary pension plan. In common with all Dutch employees, Peter van Rossum is also eligible for a defined benefit plan. His defined benefit pension at retirement will be equal to 1.8421% of the respective pensionable salary for each year of service with the Group. In 2010, the pensionable salary is the base salary limited to €52,471 minus an offset of €15,084. Peter van Rossum joined the Company in 2006. Catherine C. Pourre has a defined contribution pension arrangement with Unibail-Rodamco.

SUPERVISORY BOARD REMUNERATION IN 2010 (€000)

Rodamco Europe's Supervisory Board (SB) consists of three members. The chairman of the SB currently receives no remuneration in this capacity. Each member of the SB receives €49,000 per year and an expense allowance of €1,800. The total remuneration of SB members in 2010 amounts to €98,000 (2009: €98,000), excluding net cost allowance, and is specified below.

| (in €000) | 2010 | 2009 |
|-------------------------|-----------|-----------|
| Guillaume L.J. Poitrial | - | - |
| Anton van Rossum | 49 | 49 |
| Clarence Steininger | 49 | 49 |
| Total | 98 | 98 |

Rodamco Europe does not grant stock options or compensation in Rodamco Europe shares, nor does it provide personal loans or guarantees to its SB members.

24 March 2011
Catherine Pourre
Peter van Rossum

RODAMCO EUROPE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

Consolidated statement of comprehensive income: EPRA format

Consolidated statement of net comprehensive income

Consolidated statement of financial position

Consolidated statement of cash flows

Consolidated statement of changes in equity

Changes in share capital

Notes to the consolidated financial statements

- I** General information
- II** Accounting principles and consolidation methods
- III** Business segment report
- IV** Scope of consolidation
- V** Highlights and comparability of the last two years
- VI** Notes and comments
 - 6.1 Notes to the consolidated assets
 - 6.2 Notes to the consolidated liabilities
 - 6.3 Notes to the consolidated statement of comprehensive income (EPRA format)
 - 6.4 Notes to the consolidated statement of cash flows
- VII** Financial instruments
- VIII** Capital risk management
- IX** Financial commitments and guarantees
- X** Employee remuneration and benefits
- XI** Related party disclosures
- XII** Relationship with statutory auditors
- XIII** Post closing events

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| CONSOLIDATED INCOME STATEMENT - Presented under EPRA ⁽¹⁾ format (in € Mn) | Notes | 2010 | 2009 |
|---|-------|----------------|-----------------|
| Gross rental income | 17 | 689.7 | 725.6 |
| Net service charge expenses | 18 | -6.7 | -5.2 |
| Property operating expenses | 19 | -71.6 | -74.9 |
| Net rental income | | 611.3 | 645.6 |
| Corporate expenses | | -64.5 | -68.1 |
| Development expenses | | -0.5 | -0.8 |
| Administrative expenses | 20 | -65.0 | -68.9 |
| Revenues from other activities | | 9.3 | 15.0 |
| Other expenses | | -2.8 | -0.4 |
| Net other income | 21 | 6.5 | 14.6 |
| Proceeds from disposal of investment properties | | 960.5 | 660.4 |
| Carrying value of investment properties sold | | -892.7 | -701.7 |
| Result on disposal of investment properties | 22 | 67.7 | -41.4 |
| Valuation gains | | 805.7 | 30.9 |
| Valuation losses | | -48.0 | -1,055.0 |
| Valuation movements | 23 | 757.7 | -1,024.1 |
| Impairment of goodwill | 24 | - | -35.1 |
| NET OPERATING RESULT BEFORE FINANCING COST | | 1,378.3 | -509.3 |
| <i>Financial income</i> | | <i>100.3</i> | <i>56.4</i> |
| <i>Financial expenses</i> | | <i>-283.1</i> | <i>-171.7</i> |
| Net financing costs | 25 | -182.8 | -115.3 |
| Fair value adjustments of derivatives | 26 | 33.3 | -0.1 |
| Debt discounting | 27 | -0.3 | 0.9 |
| RESULT BEFORE TAX | | 1,228.5 | -623.7 |
| Income tax expenses | 28 | -109.7 | 120.9 |
| NET RESULT FOR THE PERIOD | | 1,118.8 | -502.8 |
| Non-controlling interests | 29 | 22.6 | -27.8 |
| NET RESULT (Owners of the parent) | | 1,096.2 | -475.0 |
| Average number of shares (undiluted) | | 89,639,292 | 89,639,292 |
| Net result for the period (Owners of the parent) | | 1,096.2 | -475.0 |
| Net result for the period (Owners of the parent) per share (€) | | 12.23 | -5.30 |
| Average number of diluted shares | | 89,639,292 | 89,639,292 |
| Diluted net result per share - Owners of the parent (€) | | 12.23 | -5.30 |

⁽¹⁾ Presentation complying with European Public Real Estate Association best practice recommendations.

| NET COMPREHENSIVE INCOME (in € Mn) | Notes | 2010 | 2009 |
|---|-------|----------------|---------------|
| NET RESULT FOR THE PERIOD | | 1,118.8 | -502.8 |
| Foreign currency differences on translation of financial statements of subsidiaries | | 27.0 | -18.9 |
| Gain/loss on net investment hedge | | -22.0 | -4.3 |
| Cash flow hedge | | 2.9 | -1.0 |
| OTHER COMPREHENSIVE INCOME | 30 | 7.9 | -24.3 |
| NET COMPREHENSIVE INCOME | | 1,126.7 | -527.1 |
| Non-controlling interests | | 22.6 | -27.8 |
| NET COMPREHENSIVE INCOME (OWNERS OF THE PARENT) | | 1,104.1 | -499.3 |

For the presentation of the income statement by division, please refer to the “notes to the consolidated financial statements” section 3 “Business segment report”.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (in € Mn) | Notes | Dec 31, 2010 | Dec 31, 2009 |
|--|-------|-----------------|-----------------|
| NON CURRENT ASSETS | | 10,527.2 | 10,349.9 |
| Investment properties | 1 | 9,941.1 | 9,753.8 |
| <i>Investment properties at fair value</i> | | 9,849.0 | 9,549.6 |
| <i>Investment properties at cost</i> | | 92.1 | 204.2 |
| Other tangible assets | 2 | 2.8 | 2.3 |
| Goodwill | 3 | 65.8 | 70.9 |
| Intangible assets | 4 | 2.6 | 5.2 |
| Loans and receivables ⁽¹⁾ | 5 | 459.7 | 459.1 |
| Deferred tax assets ⁽²⁾ | 12 | 4.0 | 3.3 |
| Derivatives at fair value | 11 | 51.2 | 55.2 |
| CURRENT ASSETS | | 5,366.7 | 1,375.4 |
| Properties under promise or mandate of sale | 1 | 535.4 | 396.4 |
| Current loans | 5 | 500.0 | - |
| Trade receivables from activity | 6 | 55.6 | 50.2 |
| Property portfolio | | 54.5 | 42.3 |
| Other activities | | 1.1 | 7.9 |
| Other trade receivables | 7 | 187.7 | 117.3 |
| Tax receivables | | 25.6 | 29.6 |
| Receivables on sale of properties ⁽¹⁾ | | 78.6 | 16.8 |
| Other receivables | | 68.5 | 56.2 |
| Prepaid expenses | | 14.9 | 14.7 |
| Cash and cash equivalents | 8 | 4,088.0 | 811.5 |
| Financial assets | | 1.9 | 68.4 |
| Other financial assets | | 3,936.6 | 675.3 |
| Cash | | 149.6 | 67.7 |
| TOTAL ASSETS | | 15,893.9 | 11,725.3 |
| Shareholders' equity (Owners of the parent) | | 7,184.3 | 6,439.3 |
| Share capital | | 717.1 | 717.1 |
| Additional paid-in capital | | 2,956.0 | 2,956.0 |
| Consolidated reserves | | 2,475.4 | 3,309.5 |
| Hedging and foreign currency translation reserves | | -60.4 | -68.3 |
| Consolidated result | | 1,096.2 | -475.0 |
| Non-controlling interests | | 31.0 | 8.5 |
| TOTAL SHAREHOLDERS' EQUITY | | 7,215.3 | 6,447.8 |
| NON CURRENT LIABILITIES | | 6,353.0 | 4,022.9 |
| Long term commitment to purchase non-controlling interests | 9 | 10.4 | 10.1 |
| Long-term bonds and borrowings | 10 | 5,529.6 | 3,390.7 |
| Derivatives at fair value | 11 | 97.4 | 40.1 |
| Deferred tax liabilities ⁽²⁾ | 12 | 606.9 | 488.9 |
| Long-term provisions | 13 | 20.6 | 11.4 |
| Employee benefits | 13 | 11.0 | 8.1 |
| Guarantee deposits | | 69.6 | 66.1 |
| Amounts due on investments | 14 | 7.5 | 7.5 |
| CURRENT LIABILITIES | | 2,325.6 | 1,254.6 |
| Amounts due to suppliers and other current debt | 15 | 222.2 | 239.7 |
| Amounts due to suppliers | | 28.3 | 21.8 |
| Amounts due on investments | | 33.6 | 53.9 |
| Sundry creditors | | 92.8 | 89.8 |
| Other liabilities | | 67.6 | 74.3 |
| Current borrowings and amounts due to credit institutions | 10 | 2,062.7 | 971.5 |
| Tax and social security liabilities | 16 | 34.7 | 32.5 |
| Short term provisions | 13 | 6.0 | 10.9 |
| TOTAL LIABILITIES AND EQUITY | | 15,893.9 | 11,725.3 |

⁽¹⁾ In 2009, an amount of €243.9 Mn has been reclassified from "receivables on sale of properties" to "loans and receivables".

⁽²⁾ In 2010, deferred tax assets and deferred tax liabilities within a same fiscal group are offset. The figures for 2009 have been restated accordingly.

CONSOLIDATED STATEMENT OF CASH FLOWS

| (€ Mn) | Notes | 2010 | 2009 |
|--|-------|----------------|---------------|
| Operating activities | | | |
| Net result | | 1,118.8 | -502.9 |
| Depreciation & provisions | | 15.3 | 25.8 |
| Changes in value of property assets | | -757.7 | 1,024.1 |
| Changes in value of financial instruments | | -33.3 | 0.1 |
| Discounting income/charges | | 0.3 | -0.9 |
| Charges and income relating to stock options and similar items | | - | 1.0 |
| Net capital gains/losses on sales of properties ⁽¹⁾ | | -67.8 | 41.4 |
| Net financing costs | | 182.8 | 115.3 |
| Income tax charge | | 109.7 | -120.9 |
| Cash flow before net financing costs and tax | | 568.1 | 583.1 |
| Income tax paid | | -10.0 | -6.4 |
| Change in working capital requirement ⁽²⁾ | | -30.9 | -129.6 |
| Total cash flow from operating activities | | 527.3 | 447.1 |
| Investment activities | | | |
| Property activities | | 547.6 | 262.8 |
| Acquisition of consolidated subsidiaries | 31 | 1.1 | -57.0 |
| Amounts paid for works and acquisition of property assets ⁽²⁾ | | -338.2 | -340.0 |
| Increase of property financing | | -0.6 | -0.7 |
| Disposal of investment property | | 885.3 | 660.4 |
| Financial activities | | -0.4 | - |
| Repayment of financial assets | | -0.4 | - |
| Total cash flow from investment activities | | 547.2 | 262.8 |
| Financing activities | | | |
| Dividends paid to parent company shareholders | | -358.6 | -313.8 |
| New borrowings and financial liabilities | | 3,119.1 | 526.1 |
| Repayment of borrowings and financial liabilities | | -658.7 | -671.2 |
| New loans | | -500.0 | - |
| Financial income | | 96.5 | 77.9 |
| Financial expenses | | -277.6 | -174.5 |
| Other financing activities | | -17.9 | - |
| Total cash flow from financing activities | | 1,402.9 | -555.5 |
| Change in cash and cash equivalents during the period | | 2,477.3 | 154.4 |
| Cash at the beginning of year | | 497.1 | 343.1 |
| Effect of exchange rate fluctuations on cash held | | -0.9 | -0.4 |
| Cash at year-end ⁽³⁾ | 32 | 2,973.5 | 497.1 |

⁽¹⁾ Includes capital gains/losses on property sales and disposals of short term investment properties, finance leasing and operating assets.

⁽²⁾ Change in debt of investment has been reclassified from "change in working capital requirement" to "amounts paid for works". The figures for 2009 have been restated accordingly.

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (in € Mn) | Share capital | Additional paid-in capital | Consolidated reserves | Consolidated net result | Hedging & foreign currency translation reserves ⁽¹⁾ | Total Owners of the parent | Non-controlling interests | Total shareholder's equity |
|--|---------------|----------------------------|-----------------------|-------------------------|--|----------------------------|---------------------------|----------------------------|
| Balance as at December 31, 2008 | 717.1 | 2,956.0 | 3,817.2 | -192.6 | -44.0 | 7,253.7 | 36.7 | 7,290.4 |
| Profit or loss of the period | - | - | - | -475.0 | - | -475.0 | -27.9 | -502.9 |
| Other comprehensive income | - | - | - | - | -24.3 | -24.3 | - | -24.3 |
| Net comprehensive income | - | - | - | -475.0 | -24.3 | -499.3 | -27.9 | -527.2 |
| Earnings appropriation | - | - | -192.6 | 192.6 | - | - | - | - |
| Dividends related to 2008 | - | - | -313.8 | - | - | -313.8 | - | -313.8 |
| Other movements | - | - | -1.3 | - | - | -1.3 | -0.4 | -1.7 |
| Balance as at December 31, 2009 | 717.1 | 2,956.0 | 3,309.5 | -475.0 | -68.3 | 6,439.3 | 8.5 | 6,447.8 |
| Profit or loss of the period | - | - | - | 1,096.2 | - | 1,096.2 | 22.6 | 1,118.8 |
| Other comprehensive income | - | - | - | - | 7.9 | 7.9 | - | 7.9 |
| Net comprehensive income | - | - | - | 1,096.2 | 7.9 | 1,104.1 | 22.6 | 1,126.7 |
| Earnings appropriation | - | - | -475.0 | 475.0 | - | - | - | - |
| Dividends related to 2009 | - | - | -358.6 | - | - | -358.6 | - | -358.6 |
| Other movements | - | - | -0.5 | - | - | -0.5 | - | -0.5 |
| Balance as at December 31, 2010 | 717.1 | 2,956.0 | 2,475.4 | 1,096.2 | -60.4 | 7,184.3 | 31.0 | 7,215.3 |

⁽¹⁾ The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

CHANGES IN SHARE CAPITAL

The share capital consists of 204,524,430 authorised shares of which 89,639,292 shares are issued and fully paid up at December 31, 2010, similar to 2009. The shares have a par value of €8 each. No movements occurred in 2010, as was the case in 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. GENERAL INFORMATION

Rodamco Europe NV is a public limited company, engaged in the holding of Group companies that invest in and manage property. The address of its registered office is Schiphol Boulevard 371, Tower H, 1118 BJ Luchthaven Schiphol, The Netherlands. The consolidated financial report comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Company was de-listed effective May 13, 2008 from all stock exchanges.

The financial statements were authorized for issue by the Supervisory Board on March 24, 2011 and will be proposed for adoption to the Annual General Meeting to be held on 8 June, 2011.

On July 19, 2006, the Company has been granted a license under the Act on the Supervision of Investment Institutions (e.g. Collective Investment Schemes) by the Netherlands Authority for the Financial Markets ("Autoriteit Financiële Markten" or AFM) and as a consequence has become subject to AFM supervision. Together with a number of other supervision acts, the Act on the Supervision of Investment Institutions has been incorporated into a single Act: the Act on Financial Supervision. The Act on Financial Supervision has become effective on January 1, 2007 and as a consequence has replaced the existing supervision acts.

On April 10, 2007, the Company and Unibail Holding S.A. ("Unibail"), in a joint communiqué, announced their intention to combine both companies to create the leading pan-European commercial property company. The merger was implemented through an exchange offer initiated by Unibail, consisting of 0.5223 of a Unibail common share for each Rodamco common share. The combination of both companies became effective on June 25, 2007 and Unibail Holding S.A. changed its name at that date to Unibail-Rodamco S.A.

Effective June 11, 2010, the parent company has accepted an unsolicited offer to purchase 579,420 shares in Rodamco Europe NV for a price of €70.65 per share ex-dividend. An additional offer to purchase 7,300 shares was concluded on June 15, 2010. These transactions represented 43.7% of the then remaining Rodamco Europe NV shares held by third parties. On December 31, 2010, Unibail-Rodamco S.E. holds 99.17% of the Rodamco Europe NV shares.

Parent company Unibail-Rodamco S.E., incorporated in France, has the power to amend the financial statements. Statutory buy out proceedings to obtain the remaining 0.83% shares have been started by Unibail-Rodamco S.A. in December 2007.

The buy out price is to be determined by the Enterprise Chamber of the Court of Appeals in Amsterdam ('Ondernemingskamer'). Unibail-Rodamco S.A. has initially proposed in 2007 a squeeze out price which was based on the exchange ratio of the original exchange offer, adjusted for dividend payments. In arriving at the proposed squeeze out price, the exchange ratio was applied to the volume-weighted average Unibail-Rodamco share price of the thirty trading days ending on December 12, 2007, resulting in a price of €81.03 per Rodamco Europe share.

On March 9, 2010, the Dutch Enterprise Chamber rendered an interim judgment, appointing three independent experts and asked them to give a value to Rodamco Europe as a stand-alone entity as per the present moment. The expert report was filed with the enterprise chamber in July 2010. No decision has been rendered in 2010 (see section 13 "Post closing events").

II. ACCOUNTING PRINCIPLES AND CONSOLIDATION METHODS

In accordance with EC regulation no. 1606/2002 of July 19, 2002, on the application of international accounting standards, Unibail-Rodamco has prepared its consolidated financial statements for the financial year ending December 31, 2010 under International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable at this date.

These can be consulted on the website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The accounting principles and methods used are consistent with those applied for the preparation of the annual consolidated financial statements as at December 31, 2009, except for the application of the following new obligatory standards and interpretations:

- IAS 27 A: Consolidated and Separate Financial Statements
- IAS 39 A: Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- IFRS 2 A: Group Cash Settled – Share Based Payment Transactions
- IFRS 3 R: Business Combinations
- IFRS 5 A: Non Current Assets Held For Sale and Discontinued Operations
- IFRIC 9 & IAS 39 A: Reassessment of Embedded Derivatives
- IFRIC 12: Service Concession Arrangements
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IFRIC 17: Distributions of Non-Cash Assets to Owners
- IFRIC 18: Transfers of Assets from Customers
- Improvements of IFRS (April 2009)

These standards, amendments and interpretations do not have a significant impact on the Group's accounts, except for the amendment of IAS 27 and IFRS 3 Revised, that change in a prospective way the accounting terms of business combinations.

The amendment of IAS 27 requires that a change in the ownership interest in a subsidiary (without loss of control) be accounted for as an equity transaction. Therefore, such a transaction would no longer give rise to goodwill, nor give rise to gain or loss. The adoption of this amendment did not have any impact on the financial position or the performance of the Group.

IFRS 3 Revised introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results (see § 2.2. "Business combinations"). The acquisition costs incurred are now booked as expenses. No business combination was accounted for in 2010.

The following norms, interpretations, and amendments have been adopted by the European Union as at December 31, 2010 but with a later effective date of application and were not applied in advance:

- IAS 32 A: Classification of Rights Issues
- IFRIC 14 A: Prepayments of a Minimum Funding Requirement
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
- IAS 24 R: Related Party Disclosures
- IFRS 1A: Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters

The following texts were published by the IASB but have not yet been adopted by the European Union:

- Improvements of IFRS (May 2010)
- IFRS 7 A: Disclosures - Transfers of Financial Assets
- IFRS 1 A: Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
- IAS 12 A: Deferred Tax - Recovery of Underlying Assets
- IFRS 9: Financial instruments

Improvements of IFRS

The IASB published in May 2010 "Improvements of IFRS", the final version of the second annual IFRS improvement project. Unless a specific measure plans another date, amendments will come into force for the financial years opening on or after January 1, 2011, earlier application also being authorised.

This project has not yet been approved by the European Union. The measurement of the potential impacts on the consolidated accounts of the Group is ongoing.

Estimations and assumptions

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by management, particularly with regards to the fair value of investment properties and financial instruments as well as the valuation of goodwill. The most significant estimates are set out in the notes to the consolidated financial statements: for the valuation of investment properties in § 2.4 “Asset valuation methods” and section 6 note 1 “Investment properties”, for the goodwill and intangible assets, respectively in § 2.2 “Business combinations” and § 2.4 “Asset valuation methods” and, for fair value of financial instruments, in section 6 note 11 “Hedging instruments”. Actual future results or outcomes may differ from these estimates. The property portfolio of the Retail and Offices segments are valued by independent appraisals.

The consolidated financial statements concern the financial years ending December 31, 2010 and December 31, 2009.

2.1. Scope and methods of consolidation

The scope of consolidation includes all companies controlled by the Group and all companies in which the Group exercises joint control or significant influence. The method of consolidation is determined by the type of control exercised.

- Control: fully consolidated. Control is presumed if the Group directly or indirectly holds an interest of more than 50%, unless there is clear evidence that this shareholding does not provide control. Full control also exists when the parent company holds 50% or less of the voting rights in a company and has authority regarding the company’s financial and operational strategies and to appoint or dismiss the majority of members of the Board of Directors or an equivalent decision-making body.
- Joint control: proportionally consolidated. This is demonstrated by the sharing of control of an economic activity under a contractual agreement. It requires the unanimous agreement of partners for operating, strategic and financial decisions.
- Significant influence: consolidated under the equity method. Significant influence is identified when there is authority to contribute to financial and operational decision-making of the company concerned, but without exercising control over its policies. Significant influence is assumed where the Group directly or indirectly holds more than 20% of voting rights in a company.

The consolidated financial statements are established by integrating the individual financial statements of Rodamco Europe N.V. with all relevant subsidiaries over which the Group exercises control. Subsidiaries closing their accounts more than three months before or after that of Rodamco Europe N.V. prepare pro forma interim statements to December 31, determined on a 12-month basis.

2.2. Business combinations

From January 2010

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. The Group continues to measure the non-controlling interest at the proportionate share of the acquiree’s identifiable net assets.

Acquisition costs incurred are booked as expenses.

At the date of acquisition and in accordance with IFRS 3 Revised, identifiable assets, liabilities, off-balance sheet items and contingent liabilities of the acquired company are valued individually at their market value regardless of their purpose. The analysis and appraisals required for the initial valuation of these items, as well as any corrections based on new information, may be carried out within 12 months of the date of acquisition.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as liability will be recognised in profit and loss.

Prior to January 2010

In comparison with the above policy, the following differences applied:

- Transaction costs directly attributable to the acquisition formed part of the acquisition costs
- Contingent consideration was recognised if, and only if, i) the Group had a present obligation, ii) an economic outflow was more likely than not and iii) a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Goodwill

Goodwill only arises upon a business combination and is initially measured as the residual cost of the business combination after recognising the acquiree's identifiable assets, liabilities, and contingent liabilities. Subsequently the goodwill is carried at cost and is subject to regular reviews by the Group and impairment tests at least once per year or whenever there is an indication of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units expected to benefit from the acquisition. The recoverable amount of a cash-generating unit is determined using the most appropriate method, most commonly the discounted cash flows method, and is applied to the full cash-generating unit rather than each legal entity.

Goodwill may be created by the recognition, on the acquisition of the business, of deferred tax liabilities based on the value of the asset, in excess of the effective amount of taxes. Therefore, this goodwill is justified by the tax optimisation (income tax and transfer tax) expected on these assets. The impairment of this goodwill is calculated according to the amounts of tax optimisation existing at the date of reporting.

Under IFRS 3 Revised, acquisition of additional shares from non-controlling shareholders are regarded as equity transactions and therefore no additional goodwill is recognised. This method was already applied by the Group.

Consequently, when non-controlling shareholders have an agreement to sell, non-controlling interests are reclassified as debt at the present value of the exercise price. The difference between the latest value and the net carrying value of the non-controlling interests is recognised as equity – owners of the parent. Any subsequent change in debt is also accounted for as equity – owners of the parent. Income from non-controlling interests and dividends are booked in equity – owners of the parent.

2.3. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Consideration in determining the functional currency is given to the denomination of the major cash flows of the entity e.g. revenues and financing. As a consequence, the Group uses the functional currency rather than the local currency for the following entities:

- euro for the property companies in Czech Republic, Hungary, Slovakia and Poland (in 2010),
- US dollar for Poland (in 2009).

The consolidated financial statements are presented in euros, which is the Group's functional and presentation currency.

Foreign currency transactions and balances

Transactions in foreign currencies are translated into euros at the spot foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the accounting date are translated into euros at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary

assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at foreign exchange rates ruling at the dates the fair value was determined.

Exchange differences arising on the settlement of currency transactions or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous financial statements are recognised in the profit and loss account in the year in which they arise. Translation differences on non-monetary financial assets and liabilities that are stated at fair value are reported as part of the fair value gain or loss.

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates at the date of transactions. Foreign exchange gains and losses resulting from settlement of these transactions are recognised in the income statement. Foreign exchange gains and losses resulting from the retranslation of monetary assets and liabilities denominated in foreign currencies are also recognised in the income statement with the exception of:

- unrealised translation results on net investments,
- unrealised translation results on intercompany loans that, in substance, form part of the net investment.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised directly in equity, whereas those relating to the ineffective portion are recognised in the profit and loss account.

Group companies with a functional currency different from the presentation currency

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated into euros at foreign exchange rates ruling at the accounting date,
- income and expenses are translated into euros at rates approximating the foreign exchange rates ruling at the dates of the transactions,
- all resulting exchange rate differences are recognised as a separate component of equity (currency translation reserve),
- when a Group company is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.4. Asset valuation methods

Investment properties (IAS 40)

Under the benchmark treatment recommended by IAS 40, investment properties are shown at their market value.

Since January 1, 2009, Investment Properties Under Construction (IPUC) are covered by IAS 40 and are eligible to be measured at fair value. In accordance with the Group's investment properties valuation method, they are valued at fair value by an external appraiser. Those for which the fair value is not reliably determinable are still valued at cost until such time as a fair value valuation becomes reliable, or until one year before the construction completion.

The pipeline project is eligible for a fair value measurement once all three following criteria are fulfilled:

- All administrative authorisations needed to complete the project are obtained,
- The construction has started and costs are committed toward the constructor,
- Substantial uncertainty in future rental income has been eliminated.

If the time to delivery is less than one year, the project has to be taken at fair value.

For the Investment Properties Under Construction whose fair value could be reliably measured, the difference between market value and cost value was entirely recognised in the income statement.

The buildings under construction valued at cost mainly include the shopping centres under development Benidorm in Spain, Täby extension in Stockholm-Sweden and Cerný Most extension in Prague.

Properties under construction are subject to impairment tests, determined on the basis of the estimated fair value of the project. The fair value of a project is assessed by the Development & Investment teams through a market-fair exit capitalisation rate and the targeted net rents at completion. When the fair value is lower than net book value, an impairment provision is booked.

For properties measured at fair value, the market value adopted by the Group is determined on the basis of appraisals by independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. A discount is applied to the gross value in order to reflect disposal costs and transfer taxes⁶, depending on the country and on the tax situation of the property.

For the Shopping Centre and Office portfolio, 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 per square metre established through actual market transactions.

The income statement for a given year (Y) records the change in value for each property, which is determined as follows:

market value Y – [market value Y-1 + amount of works expenses and other costs capitalisable in year Y].

Capital gains on disposals of investment properties are calculated by comparison with their latest market value recorded in the closing statement of financial position for the previous financial year.

Properties under promise or mandate of sale are identified separately in the statement of financial position.

Tangible assets (IAS 16)

Under the preferential method proposed by IAS 16, operating assets are valued at their historic cost, less cumulative depreciation and any decrease in value. Depreciation is calculated using the "component accounting" method, where each asset is broken down into major components based on their useful life. The four components of a property are the main structure, the facade, technical equipment and finishing fixtures and fittings, depreciated respectively over 60, 30, 20 and 15 years for office properties and 35, 25, 20 and 15 years for retail outlets.

If the appraisal value of a property is lower than net book value, an impairment provision is booked.

Borrowing costs generated by construction projects (IAS 23)

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interests capitalised are calculated using the Group's weighted average costs of borrowing applied to the average value of the work completed during each quarter, unless specific financing exists for the project. In this case, the specific interest costs are capitalised.

Intangible assets (IAS 38) / Impairment of assets (IAS 36)

An intangible asset is recognised when it is identifiable and separable and can be sold, transferred, licensed, rented, or exchanged, either individually or as part of a contract with an attached asset or a liability, or which arises from contractual or other legal rights regardless of whether those rights are transferable or separable. After initial recognition, intangible assets are recognised at cost less any amortisation charges and impairment losses.

⁶ Transfer taxes are valued on the assumption that the property is sold directly, even though the cost of these taxes can, in certain cases, be reduced by selling the property's holding company.

Intangible assets with a finite life are amortised on a linear basis over the life of the asset. The useful life of an asset is reviewed each year and an impairment test is carried out whenever there is an indication of impairment.

2.5. Leasing

Leases are classified as finance leases when they transfer substantially all risks and rewards of ownership of the leased asset to the lessee. Otherwise they are classified as operating leases.

Ground leaseholds

Based on the analysis of existing contracts, IAS 17 and IAS 40, a leasehold may be classified as either an operating lease or a finance lease. The classification is made on a contract-by-contract basis and depending on the risks and rewards transferred to the Group.

For the leaseholds recognised as operating leases, rental payments are recognised as expenses in the income statement. Rental payments made at the beginning of the contract are classified as prepaid expenses and expensed over the life of the contract.

Buildings constructed on land under a lease agreement are recognised in accordance with the accounting principles described in § 2.4.

Accounting treatment of investment properties leases

Assets leased as operating leases are recorded on the statement of financial position as investment property assets. Rental revenue is recorded on a straight-line basis over the firm duration of the lease.

Rents and key money

Under IAS 17 and SIC 15, the financial impacts of terms set out in the lease agreement are spread over the fixed duration of the lease starting from the date the premises are made available to the tenant. This applies to rent-free periods, step rents and key money.

Eviction costs

Compensation payments to evicted tenants may be capitalised, in view of the securing of higher rentals through new lease agreements on improved terms and which ultimately enhance or at least maintain asset performance.

Assets leased as operating leases are recorded on the statement of financial position as investment property assets. Rental revenue is recorded on a straight-line basis over the firm duration of the lease.

2.6. Financial instruments (IAS 32 / IAS 39 / IFRS 7)

The recognition and measurement of financial assets and liabilities are defined by the standard IAS 39.

a) Classification and measurement of non-derivative financial assets and liabilities

• Loans and receivables

Loans and receivables, acquired or granted, not held for the purpose of trading or sale, are recorded on the statement of financial position as "Loans and receivables". After initial recording, they are measured at amortised cost based on the effective interest rate. They may be subject to impairment when necessary.

• Available-for-sale securities

These are non-derivative financial assets held for an undetermined period that may be sold by the Group at any time. They are measured at their fair value at the accounting date and recorded as financial assets under "cash and cash equivalents". Interest accrued or received on fixed-income securities is recorded as income based on the effective interest rate. Changes in market value other than income are recorded in shareholders' equity. Fair value variations are recorded on the income statement if the asset is sold or significantly impaired.

- **Non-derivative financial liabilities**

Non-derivative financial liabilities are measured after initial booking at amortised cost using the effective interest rate. In certain cases, IAS 39 permits financial liabilities to be designated as at fair value upon initial recording.

b) Classification and measurement of financial derivatives and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to movements in interest and currency exchange rates.

All financial derivatives are recorded as financial assets or liabilities at fair value on the statement of financial position. Fair value variations of financial derivatives, apart from those designated as cash flow hedges or as net investment hedges (see below), are recognised in the income statement for the period.

The Group has a macro-hedging strategy for its debt. Except for currency derivatives, it has chosen not to use the hedge accounting proposed by IAS 39. All such derivatives are therefore measured at their market value and any fair value variations are recorded in the income statement.

Regarding the currency derivatives, they aim at hedging the investments made in countries outside of the Eurozone. Therefore the majority of currency swaps and forward contracts are designated as a net investment hedge. The portion of the gain or loss on these instruments that is determined to be an effective hedge is recognised directly in equity (currency translation reserve). The ineffective portion is recognised directly in the profit and loss account, as fair value changes derivative financial instruments.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the profit and loss account. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of "financing result" as these instruments are designated as hedging instruments.

2.7. Discounting of deferred payments

Long-term liabilities and receivables are discounted when this has a significant impact.

- Guarantee deposits received from tenants have not been discounted given the negligible impact of discounting.
- Provisions for material liabilities taken under IAS 37 are discounted over the estimated duration of the disputes they cover.

2.8. Taxes

The Group companies are taxable according to the tax rules of their country. In some countries, special tax regimes for public property companies exist.

French SIIC status (Société d'Investissement Immobilier Cotée)

All the French property companies which are eligible for SIIC tax status have opted for this regime. Direct income and capital gains are exempted from French tax but the companies are required to distribute 85% of their direct income, 50% of capital gains and 100% of dividends received from SIIC subsidiaries.

Dutch FBI regime

Rodamco Europe NV had FBI (Fiscale Beleggings Instelling) status for the year 2009. Consequently, the property companies in The Netherlands did benefit from a 0% tax rate. FBI companies are required to distribute all the taxable result, except capital gains which can be added to a reinvestment reserve.

The requirements for FBI companies partly are related to their activities and their shareholding base. According to the Dutch Ministry of Finance, Unibail-Rodamco SE itself, the main shareholder of

Rodamco Europe, does not qualify as an FBI, as it is deemed not to meet the activity test. Therefore, as reported in its press release of December 11, 2009, Unibail-Rodamco expects that the Dutch tax authorities will deny the status of FBI in The Netherlands for Unibail-Rodamco's Dutch activities for 2010 onwards. Differences between the French SIIC and the Dutch FBI regime, although materially insignificant in the Group's case, proved to be irreconcilable for the Dutch tax authorities.

Although the Group does not agree with the viewpoint of the Dutch tax authorities, it has adopted a prudent view in its 2010 accounts, based on the assumption that the Dutch activities from 2010 onwards will be taxable. As the Group, with support from its tax advisors, claims significant Dutch tax loss carry forwards, this should have no impact on the Group's recurring result for 2010, nor should it have a material impact on its recurring results for the foreseeable future.

Income tax and deferred tax

- *Corporate income tax*

Corporate income tax is calculated using appropriate local rules and rates.

- *Deferred tax*

Deferred taxes are recognised in respect of all temporary differences between the carrying amount and tax base of assets and liabilities at each financial year-end.

Deferred tax assets or liabilities are calculated based on total temporary differences and on tax losses carried forward, using the local tax rate that will apply on the expected reversal date of the concerned differences, if this rate has been set. Otherwise, they are calculated using the applicable tax rate in effect at the financial year-end date. Within a given fiscal entity or group and for a given tax rate, debit balances are booked to assets for the amount expected to be recoverable over a foreseeable period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The main deferred tax liabilities relate to the mark-to-market of investment properties, resulting in the recognition of a deferred tax liability for non tax-exempt assets.

2.9. Employee benefits

Under IAS 19, a company must recognise all commitments made to its employees (i.e. current or future, formal or informal, cash payments or payments in kind). The cost of employee benefits must be recorded during the vesting period.

Post-employment benefits

Pension schemes may be defined contribution or defined benefit schemes.

Under defined contribution schemes, the employer only pays a contribution, with no commitment from the Group regarding the level of benefits to be provided. The contributions paid are booked as expenses for the year.

Under defined benefit schemes, the employer makes a formal or implied commitment to an amount or level of benefits and therefore carries the medium or long-term risk. A provision is booked to liabilities to cover all of these pension commitments. The Group doesn't apply the "corridor" method. This provision is assessed regularly by independent actuaries using the projected unit credit method, which takes into account demographic assumptions, early retirements, salary increases and discount and inflation rates.

In the majority of the Group's companies, pensions due under the various compulsory retirement schemes to which employers contribute are managed by specialist external organisations. Defined contributions paid into these various compulsory retirement schemes are recognised in the income statement for the period.

The Dutch companies have pension plans with both defined contribution as well as defined benefit components. For the latter, commitments are recorded as a provision. Provisions are booked for retirement allowances relating to defined benefit schemes based on the net present value of these future allowances.

Long-term benefits

These are benefits paid to employees more than 12 months after the end of the financial year during which the corresponding service was provided. The same valuation method is used as for post-employment benefits.

Except for the provision for retirement allowances, no commitments relating to long-term or post-employment benefits need to be accrued.

2.10. Business segment reporting

Segment information is presented in respect of the Group's divisions and geographical segments, based on the Group's management and internal reporting structure.

Business segments

The Group presents its result by division: Retail and Offices.

Geographical segments

Geographical segments are determined on the basis of the Group's definition of a home region. A home region is defined as a region with more than €1 billion in property investment and a local organisation dedicated to the business lines: the "owner function" (asset selection and management including pipeline), retail management, and the finance function.

The following are considered home regions based on specific operational and strategic factors:

- France,
- The Netherlands,
- Nordic Countries managed from Sweden, including Sweden, Denmark and Finland,
- Spain,
- Central Europe managed from the Czech Republic, including the Czech Republic, Germany, Hungary, Poland and Slovakia.
- Austria.

2.11. Earnings per share

The fundamental earnings per share indicator is calculated by dividing net result (owners of the parent) by the weighted average number of ordinary shares in circulation over the period.

2.12. Current and non-current assets and liabilities

In accordance with IAS 1 "Presentation of Financial Statements", assets and liabilities other than consolidated shareholders' equity are classified in the statement of financial position as "current" when they are due or payable within twelve months of the balance sheet date.

III. BUSINESS SEGMENT REPORT

Consolidated income statement by division

| (in € Mn) | | 2010 | | | 2009 | | |
|--|--|-------------------|-----------------------------------|----------------|-------------------|-----------------------------------|---------------|
| | | Direct activities | Valuation movements and disposals | Result | Direct activities | Valuation movements and disposals | Result |
| RETAIL | Gross rental income | 133.4 | - | 133.4 | 123.7 | - | 123.7 |
| | Operating expenses & net service charges | -11.1 | - | -11.1 | -10.2 | - | -10.2 |
| | Net rental income | 122.3 | - | 122.3 | 113.5 | - | 113.5 |
| | Valuation movements | - | 298.6 | 298.6 | - | -207.6 | -207.6 |
| | Result Retail France | 122.3 | 298.6 | 420.9 | 113.5 | -207.6 | -94.1 |
| | Gross rental income | 102.4 | - | 102.4 | 157.2 | - | 157.2 |
| | Operating expenses & net service charges | -12.1 | - | -12.1 | -15.0 | - | -15.0 |
| | Net rental income | 90.3 | - | 90.3 | 142.3 | - | 142.3 |
| | Gains on sales of properties | - | 67.1 | 67.1 | - | -1.0 | -1.0 |
| | Valuation movements | - | 41.4 | 41.4 | - | -92.6 | -92.6 |
| | Result Retail Netherlands | 90.3 | 108.5 | 198.8 | 142.3 | -93.7 | 48.6 |
| | Gross rental income | 127.7 | - | 127.7 | 118.9 | - | 118.9 |
| | Operating expenses & net service charges | -32.8 | - | -32.8 | -28.7 | - | -28.7 |
| | Net rental income | 95.0 | - | 95.0 | 90.2 | - | 90.2 |
| | Gains on sales of properties | - | -0.4 | -0.4 | - | 1.1 | 1.1 |
| | Valuation movements | - | 98.8 | 98.8 | - | -234.9 | -234.9 |
| | Result Retail Nordic | 95.0 | 98.4 | 193.4 | 90.2 | -233.8 | -143.6 |
| Gross rental income | 132.2 | - | 132.2 | 130.3 | - | 130.3 | |
| Operating expenses & net service charges | -9.1 | - | -9.1 | -10.5 | - | -10.5 | |
| Net rental income | 123.2 | - | 123.2 | 119.8 | - | 119.8 | |
| Gains on sales of properties | - | - | - | - | -2.9 | -2.9 | |
| Valuation movements | - | 92.3 | 92.3 | - | -284.2 | -284.2 | |
| Result Retail Spain | 123.2 | 92.3 | 215.5 | 119.8 | -287.2 | -167.4 | |
| Gross rental income | 78.5 | - | 78.5 | 76.2 | - | 76.2 | |
| Operating expenses & net service charges | -3.0 | - | -3.0 | -3.0 | - | -3.0 | |
| Net rental income | 75.5 | - | 75.5 | 73.1 | - | 73.1 | |
| Gains on sales of properties | - | -0.3 | -0.3 | - | -29.7 | -29.7 | |
| Valuation movements | - | 85.8 | 85.8 | - | -97.7 | -97.7 | |
| Impairment of goodwill | - | - | - | - | -35.1 | -35.1 | |
| Result Retail Central Europe | 75.5 | 85.5 | 161.0 | 73.1 | -162.5 | -89.4 | |
| Gross rental income | 70.3 | - | 70.3 | 67.2 | - | 67.2 | |
| Operating expenses & net service charges | -3.0 | - | -3.0 | -5.1 | - | -5.1 | |
| Net rental income | 67.3 | - | 67.3 | 62.1 | - | 62.1 | |
| Gains on sales of properties | - | -0.1 | -0.1 | - | - | - | |
| Valuation movements | - | 117.9 | 117.9 | - | -41.8 | -41.8 | |
| Result Retail Austria | 67.3 | 117.8 | 185.1 | 62.1 | -41.8 | 20.3 | |
| TOTAL RESULT RETAIL | 573.5 | 801.1 | 1,374.6 | 600.9 | -1,026.5 | -425.6 | |
| OFFICES | Gross rental income | 45.1 | - | 45.1 | 52.1 | - | 52.1 |
| | Operating expenses & net service charges | -7.3 | - | -7.3 | -7.5 | - | -7.5 |
| | Net rental income | 37.8 | - | 37.8 | 44.6 | - | 44.6 |
| | Gains on sales of properties | - | 1.5 | 1.5 | - | -8.8 | -8.8 |
| | Valuation movements | - | 22.9 | 22.9 | - | -65.2 | -65.2 |
| TOTAL RESULT OFFICES | 37.8 | 24.4 | 62.2 | 44.6 | -74.0 | -29.4 | |
| | Other property services net operating profit | 6.5 | - | 6.5 | 5.8 | - | 5.8 |
| | Other net income | - | - | - | 8.8 | - | 8.8 |
| TOTAL OPERATING RESULT AND OTHER INCOME | | 617.9 | 825.4 | 1,443.3 | 660.1 | -1,100.4 | -440.4 |
| | General expenses | -64.5 | - | -64.5 | -68.1 | - | -68.1 |
| | Development costs | -0.5 | - | -0.5 | -0.8 | - | -0.8 |
| | Financing result | -182.8 | 33.0 | -149.8 | -115.3 | 0.8 | -114.4 |
| RESULT BEFORE TAX | | 370.1 | 858.4 | 1,228.5 | 475.9 | -1,099.6 | -623.7 |
| | Income tax expenses | -5.3 | -104.4 | -109.7 | -4.0 | 124.9 | 120.9 |
| NET RESULT | | 364.7 | 754.1 | 1,118.8 | 471.9 | -974.7 | -502.8 |
| | Non-controlling interests | 1.4 | 21.2 | 22.6 | -0.1 | -27.7 | -27.8 |
| NET RESULT - OWNERS OF THE PARENT | | 363.3 | 732.9 | 1,096.2 | 472.0 | -947.0 | -475.0 |
| Average number of shares (million) | | 89.6 | | | 89.6 | | |
| DIRECT RESULT PER SHARE (€) | | 4.05 | | | 5.27 | | |

The income statement by division is split between direct and indirect result. The indirect result before tax is made up of the valuation movements on investment properties, fair value adjustments on derivatives and debts, the net result on disposals, impairment of goodwill, as well as costs directly incurred during a business combination.

The income tax is also split between direct taxes and indirect taxes.

Direct tax is the outcome of:

- the amount of income tax effectively due on direct income, after deduction of any tax losses
- plus/minus changes in a deferred tax asset recognised on tax losses stemming from direct income (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by indirect profits)
- plus/minus changes in deferred tax assets not related to tax losses and deferred tax liabilities relating to direct result (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by indirect profits).

Reconciliation between the results by division and the consolidated income statement (EPRA format) for 2010

| (in € Mn) | Retail | | | | | | | Offices | Not allocated | TOTAL 2010 |
|---|--------------|--------------|--------------|--------------|----------------|--------------|----------------|-------------|---------------|----------------|
| | France | Netherlands | Nordic | Spain | Central Europe | Austria | Total Retail | | | |
| Gross rental income | 133.4 | 102.4 | 127.7 | 132.2 | 78.5 | 70.3 | 644.5 | 45.1 | - | 689.7 |
| Net rental income | 122.3 | 90.3 | 95.0 | 123.2 | 75.5 | 67.3 | 573.6 | 37.8 | - | 611.3 |
| Administrative expenses | - | - | - | - | - | - | - | - | -65.0 | -65.0 |
| Revenues from other activities | - | - | - | - | - | - | - | - | 9.3 | 9.3 |
| Net other income | - | - | - | - | - | - | - | - | 6.5 | 6.5 |
| Result on disposal of investment properties | - | 67.1 | -0.4 | - | -0.3 | -0.1 | 66.3 | 1.5 | - | 67.7 |
| Valuation movements | 298.6 | 41.4 | 98.8 | 92.3 | 85.8 | 117.9 | 734.8 | 22.9 | - | 757.7 |
| Net operating result before financing cost | 420.9 | 198.8 | 193.4 | 215.5 | 161.0 | 185.1 | 1,374.6 | 62.2 | -58.5 | 1,378.3 |
| Net financing costs | - | - | - | - | - | - | - | - | -182.8 | -182.8 |
| Fair value adjustments of derivatives and debt & debt discounting | - | - | - | - | - | - | - | - | 33.0 | 33.0 |
| Result before tax | - | - | - | - | - | - | - | - | - | 1,228.5 |
| Income tax expenses | - | - | - | - | - | - | - | - | -109.7 | -109.7 |
| Net result | - | - | - | - | - | - | - | - | - | 1,118.8 |

Reconciliation between the results by division and the consolidated income statement (EPRA format) for 2009

| (in € Mn) | Retail | | | | | | | Offices | Not allocated | TOTAL 2009 |
|---|--------------|--------------|---------------|---------------|----------------|-------------|---------------|--------------|---------------|---------------|
| | France | Netherlands | Nordic | Spain | Central Europe | Austria | Total Retail | | | |
| Gross rental income | 123.7 | 157.2 | 118.9 | 130.3 | 76.2 | 67.2 | 673.5 | 52.1 | - | 725.6 |
| Net rental income | 113.5 | 142.3 | 90.2 | 119.8 | 73.1 | 62.1 | 601.0 | 44.6 | - | 645.6 |
| Administrative expenses | - | - | - | - | - | - | - | - | -68.9 | -68.9 |
| Revenues from other activities | - | - | - | - | - | - | - | - | 15.0 | 15.0 |
| Net other income | - | - | - | - | - | - | - | - | 14.6 | 14.6 |
| Result on disposal of investment properties | - | -1.0 | 1.1 | -2.9 | -29.7 | - | -32.6 | -8.8 | - | -41.4 |
| Valuation movements | -207.6 | -92.6 | -234.9 | -284.2 | -97.7 | -41.8 | -958.9 | -65.2 | - | -1,024.1 |
| Impairment of goodwill | - | - | - | - | -35.1 | - | -35.1 | - | - | -35.1 |
| Net operating result before financing cost | -94.1 | 48.6 | -143.6 | -167.4 | -89.4 | 20.3 | -425.6 | -29.4 | -54.3 | -509.3 |
| Net financing costs | - | - | - | - | - | - | - | - | -115.3 | -115.3 |
| Fair value adjustments of derivatives and debt & debt discounting | - | - | - | - | - | - | - | - | 0.8 | 0.8 |
| Result before tax | - | - | - | - | - | - | - | - | - | -623.7 |
| Income tax expenses | - | - | - | - | - | - | - | - | 120.9 | 120.9 |
| Net result | - | - | - | - | - | - | - | - | - | -502.8 |

DECEMBER 31, 2010

Statement of financial position by division

| (in € Mn) | Retail | | | | | | | Offices | Not allocated (1) | Dec 31, 2010 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|--------------|----------------------|-----------------|
| | France | Netherlands | Nordic | Spain | Central Europe | Austria | Total Retail | | | |
| Investment properties at fair value | 2,412.3 | 1,071.4 | 1,543.5 | 1,947.5 | 1,060.7 | 1,320.9 | 9,356.3 | 492.6 | - | 9,849.0 |
| Investment properties at cost | 13.9 | - | 38.9 | 15.0 | 24.3 | - | 92.1 | - | - | 92.1 |
| Properties under promise or mandate of sale | - | 98.1 | 282.4 | - | 54.6 | 25.3 | 460.4 | 75.0 | - | 535.4 |
| Other tangible assets | - | - | 0.6 | - | - | - | 0.6 | 0.2 | 2.0 | 2.8 |
| Goodwill | - | - | 19.8 | - | 11.1 | 34.9 | 65.8 | - | - | 65.8 |
| Intangible assets | - | - | - | - | - | - | - | - | 2.6 | 2.6 |
| | 2,426.2 | 1,169.5 | 1,885.3 | 1,962.5 | 1,150.6 | 1,381.1 | 9,975.2 | 567.9 | 4.6 | 10,547.7 |
| Other assets | 41.5 | 83.6 | 19.2 | 66.6 | 208.9 | 8.2 | 427.9 | 5.9 | 4,912.3 | 5,346.2 |
| Total Assets | 2,467.8 | 1,253.1 | 1,904.5 | 2,029.0 | 1,359.5 | 1,389.3 | 10,403.1 | 573.7 | 4,917.0 | 15,893.9 |
| Total Liabilities excluding shareholders' equity | 95.8 | 46.4 | 309.0 | 184.3 | 136.5 | 182.6 | 954.7 | 8.6 | 7,715.3 | 8,678.6 |

(1) Refers to structure properties, furniture and equipments items.

Investments by division

| (in € Mn) | Retail | | | | | | | Offices | Not allocated | Dec 31, 2010 |
|--|--------------|-------------|-------------|-------------|----------------|-------------|--------------|-------------|---------------|-----------------|
| | France | Netherlands | Nordic | Spain | Central Europe | Austria | Total Retail | | | |
| Investments in investment properties at fair value | 98.4 | 11.8 | 28.5 | 39.3 | 3.5 | 98.0 | 279.4 | 18.2 | - | 297.6 |
| Investment in tangible assets at cost | 3.7 | 3.4 | 15.5 | -9.3 | 5.3 | - | 18.7 | - | - | 18.7 |
| Total investments | 102.2 | 15.2 | 44.1 | 30.1 | 8.7 | 98.0 | 298.1 | 18.2 | - | 316.3 |

DECEMBER 31, 2009

Statement of financial position by division

| (in € Mn) | Retail | | | | | | | Offices | Not allocated (1) | Dec 31, 2009 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|--------------|----------------------|-----------------|
| | France | Netherlands | Nordic | Spain | Central Europe | Austria | Total Retail | | | |
| Investment properties at fair value | 2,015.3 | 1,589.1 | 1,546.8 | 1,779.2 | 1,002.8 | 1,099.6 | 9,032.9 | 516.7 | - | 9,549.6 |
| Investment properties at cost | 10.2 | 1.7 | 22.2 | 103.2 | 36.2 | 30.7 | 204.2 | - | - | 204.2 |
| Properties under promise or mandate of sale | - | 332.3 | - | - | - | - | 332.3 | 64.1 | - | 396.4 |
| Other tangible assets | - | - | - | - | - | - | - | - | 2.3 | 2.3 |
| Goodwill | - | - | 19.8 | - | 15.1 | 36.1 | 70.9 | - | - | 70.9 |
| Intangible assets | - | - | - | - | - | - | - | - | 5.2 | 5.2 |
| | 2,025.5 | 1,923.2 | 1,588.8 | 1,882.4 | 1,054.1 | 1,166.4 | 9,640.4 | 580.8 | 7.5 | 10,228.7 |
| Other assets | 42.3 | 266.1 | 19.4 | 43.5 | 215.9 | 8.4 | 595.5 | 6.0 | 895.1 | 1,496.6 |
| Total Assets | 2,067.8 | 2,189.2 | 1,608.2 | 1,925.9 | 1,270.0 | 1,174.8 | 10,235.9 | 586.8 | 902.6 | 11,725.3 |
| Total Liabilities excluding shareholders' equity | 81.5 | 60.5 | 272.0 | 161.1 | 119.7 | 142.4 | 837.2 | 15.4 | 4,424.9 | 5,277.5 |

(1) Refers to structure properties, furniture and equipments items.

Investments by division

| (in € Mn) | Retail | | | | | | | Offices | Not allocated | Dec 31, 2009 |
|--|-------------|-------------|-------------|-------------|----------------|--------------|--------------|-------------|---------------|-----------------|
| | France | Netherlands | Nordic | Spain | Central Europe | Austria | Total Retail | | | |
| Investments in investment properties at fair value | 71.3 | 10.2 | 15.1 | 18.4 | 3.9 | 104.8 | 223.7 | 55.6 | - | 279.3 |
| Investment in tangible assets at cost | 0.4 | 5.2 | 9.2 | 44.8 | 5.3 | 1.3 | 66.3 | 7.6 | 0.3 | 74.2 |
| Total investments | 71.7 | 15.4 | 24.4 | 63.2 | 9.2 | 106.1 | 289.9 | 63.3 | 0.3 | 353.5 |

IV. SCOPE OF CONSOLIDATION

| List of consolidated companies | Country | Method (1) | % interest Dec 31, 2010 | % control Dec 31, 2010 | % interest Dec 31, 2009 |
|---|-----------------|---------------|-------------------------------|------------------------------|-------------------------------|
| Rodamco Europe NV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| SHOPPING CENTRES | | | | | |
| "ANDRAKA" Beteiligungsverwaltungs GmbH | Austria | - | Liquidated | Liquidated | 100.00 |
| Donauzentrum Besitz- u. Vermietungs GmbH | Austria | FC | 90.00 | 90.00 | 90.00 |
| SCS Infrastruktur GmbH | Austria | - | Liquidated | Liquidated | 100.00 |
| SCS Liegenschaftsverwertung GmbH | Austria | FC | 100.00 | 100.00 | 100.00 |
| SCS Motor City Süd Errichtungsges.mBH | Austria | FC | 100.00 | 100.00 | 100.00 |
| Shopping Center Planungs- und Entwicklungsgesellschaft mbH | Austria | FC | 100.00 | 100.00 | 100.00 |
| Shopping Center Planungs- und Entwicklungsgesellschaft mbH & Co. Werbeberatung KG | Austria | FC | 100.00 | 100.00 | 100.00 |
| Shopping City Süd Erweiterungsbau Gesellschaft mbH & Co Anlagenvermietung KG | Austria | FC | 100.00 | 100.00 | 100.00 |
| Südpark Betriebs und Verwaltungs GmbH | Austria | PC | 50.00 | 50.00 | 50.00 |
| Centrum Cerny Most as | Czech Republic | FC | 100.00 | 100.00 | 100.00 |
| Centrum Praha Jih-Chodov sro | Czech Republic | FC | 100.00 | 100.00 | 100.00 |
| Pankrac Shopping Center ks | Czech Republic | PC | 75.00 | 75.00 | 75.00 |
| Autopaikat Oy | Finland | PC | 34.29 | 34.29 | 34.29 |
| Kiinteistö Oy Vantaanportin Liikekeskus | Finland | PC | 21.40 | 21.40 | 21.40 |
| Kiinteistö Oy Vantaanportin Liiketilat | Finland | PC | 60.00 | 60.00 | 60.00 |
| SAS Parimall-Bobigny 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Parimall-Parly 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Parimall-Ulis 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Parimall-Vélizy 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Parimmo-58 Marceau | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Parly 2 Avenir | France | FC | 78.40 | 78.40 | 78.40 |
| SAS SALG | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Villeneuve 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Berri Washington | France | FC | 100.00 | 100.00 | 100.00 |
| SCI du CC de Lyon La Part Dieu | France | FC | 100.00 | 100.00 | 100.00 |
| SCI du CC de Rouen St Sever | France | FC | 100.00 | 100.00 | 100.00 |
| SCI du Petit Parly 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Elysées Châlons | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Elysées Parly 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Elysées Vauban | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Elysées Vélizy 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Extension Villeneuve 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Foncière Marceau Saint Sever | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Grand Magasin Sud LPD | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Lyon Kléber | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Lyon Les Brotteaux | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Marceau Bussy-Sud | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Marceau Côté Seine | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Marceau Parly 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Marceau Plaisir | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Parlunic 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Rouen Bretagne | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Rouen Verrerie | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Vendôme Villeneuve 2 | France | FC | 100.00 | 100.00 | 100.00 |
| SEP Valorisation CC LPD | France | PC | 59.30 | 59.30 | 59.30 |
| SEP Valorisation CC Parly 2 | France | PC | 47.85 | 48.47 | 47.85 |
| SEP Valorisation CC Saint Sever | France | PC | 76.55 | 76.55 | 76.55 |
| SEP Valorisation CC Ulis 2 | France | PC | 18.05 | 18.05 | 18.05 |
| SEP Valorisation CC Villeneuve 2 | France | PC | 52.57 | 52.57 | 52.57 |
| SNC Cegep et Cie | France | FC | 100.00 | 100.00 | 100.00 |
| Immobilienkommanditgesellschaft Dr. Mühlhäuser & Co Einkaufscenter Magdeburg | Germany | PC | 50.00 | 50.00 | 50.00 |
| KG Schliebe & Co Geschäftszentrum Frankfurter Allee | Germany | PC | 66.67 | 66.67 | 66.67 |
| EKZ 6 ÖVT-E Kft | Hungary | PC | 33.00 | 33.00 | 33.00 |

| List of consolidated companies | Country | Method (1) | % interest | % control | % interest |
|---|-----------------|---------------|--------------|--------------|--------------|
| | | | Dec 31, 2010 | Dec 31, 2010 | Dec 31, 2009 |
| Euromall Kft | Hungary | FC | 100.00 | 100.00 | 100.00 |
| Vezer Center Kft | Hungary | FC | 100.00 | 100.00 | 100.00 |
| Rodamco CH1 Sp zoo | Poland | PC | 50.00 | 50.00 | 50.00 |
| Aupark as | Slovakia | PC | 50.00 | 50.00 | 50.00 |
| Essential Whites SLU | Spain | FC | 52.78 | 100.00 | 52.78 |
| Promociones Inmobiliarias Gardiner SLU | Spain | FC | 52.78 | 100.00 | 52.78 |
| Proyectos Inmobiliarios Time Blue SLU | Spain | FC | 51.11 | 100.00 | 51.11 |
| Unibail-Rodamco Benidorm SL | Spain | PC | 50.00 | 50.00 | 88.29 |
| Unibail-Rodamco Garbera SL | Spain | FC | 100.00 | 100.00 | 100.00 |
| Unibail-Rodamco Inversiones SLU | Spain | FC | 100.00 | 100.00 | 100.00 |
| Unibail-Rodamco Ocio SLU | Spain | FC | 100.00 | 100.00 | 100.00 |
| Unibail-Rodamco Proyecto Badajoz SLU | Spain | FC | 100.00 | 100.00 | - |
| Unibail-Rodamco Steam SLU | Spain | FC | 51.11 | 100.00 | 51.11 |
| Unibail-Rodamco Vallsur SL | Spain | FC | 100.00 | 100.00 | 100.00 |
| Eurostop KB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Arninge Centrum KB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Centerpool AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Eneby AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Fisketorvet AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Forum Nacka KB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Garage AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Helsingborg KB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Nova Lund KB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Nova Lund 2 AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Nova Lund 3 AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Parkering AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Solna Centrum AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Täby Centrum KB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Tyresö Centrum AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Väsby Centrum AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Oranjevast/Amvest CV | The Netherlands | EM | 10.00 | 10.00 | 10.00 |
| Unibail-Rodamco Nederland Winkels BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| OFFICES | | | | | |
| SA Rodamco France | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Parimmo-18 Bis Hoche | France | - | Liquidated | Liquidated | 100.00 |
| SAS Parimmo-20 Hoche | France | - | Liquidated | Liquidated | 100.00 |
| SCI Bureaux Tour Crédit Lyonnais | France | FC | 100.00 | 100.00 | 100.00 |
| SCI Marceau Part Dieu | France | FC | 100.00 | 100.00 | 100.00 |
| Akvest Kantoren CV | The Netherlands | FC | 90.00 | 90.00 | 90.00 |
| SERVICES | | | | | |
| Donauzentrum Betriebsführungsges.mBH | Austria | FC | 100.00 | 100.00 | 90.00 |
| DX Donauplex Betriebsges.mBH | Austria | - | Liquidated | Liquidated | 90.00 |
| SCS Immobilienverwaltungs GmbH | Austria | - | Liquidated | Liquidated | 100.00 |
| Shopping Center Vösendorf Verwaltungsgesellschaft mbH | Austria | FC | 100.00 | 100.00 | 100.00 |
| Südpark Holding GmbH | Austria | FC | 100.00 | 100.00 | 100.00 |
| Unibail-Rodamco Beteiligungsverwaltung GmbH | Austria | FC | 100.00 | 100.00 | 100.00 |
| Unibail-Rodamco Invest GmbH | Austria | FC | 100.00 | 100.00 | 100.00 |
| EKZ 11 sro | Czech Republic | PC | 75.00 | 75.00 | - |
| Rodamco Ceska Republica sro | Czech Republic | FC | 100.00 | 100.00 | 100.00 |
| SAS Rodamco France Management | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Rodamco Gestion | France | FC | 100.00 | 100.00 | 100.00 |
| PFAB GmbH | Germany | EM | 22.22 | 22.22 | 22.22 |
| Rodamco Europe Sp zoo | Poland | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Metropolis Management LLC | Russia | FC | 100.00 | 100.00 | 100.00 |
| RF Property Management spol, sro | Slovakia | PC | 50.00 | 50.00 | 50.00 |
| Unibail-Rodamco Spain SAU | Spain | FC | 100.00 | 100.00 | 100.00 |

| List of consolidated companies | Country | Method (1) | % interest Dec 31, 2010 | % control Dec 31, 2010 | % interest Dec 31, 2009 |
|--|-----------------|---------------|-------------------------------|------------------------------|-------------------------------|
| Rodamco Management AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Projekt AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Sverige AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Europe Beheer BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Nederland BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Unibail-Rodamco Development Nederland BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| HOLDINGS AND OTHER | | | | | |
| SCS Werbe-gesellschaft mbH | Austria | - | Liquidated | Liquidated | 100.00 |
| Unibail-Rodamco Liegenschaftserwerbs GmbH | Austria | FC | 100.00 | 100.00 | 100.00 |
| Moravska Obchodni as | Czech Republic | FC | 65.00 | 65.00 | 65.00 |
| Rodamco Pankrac as | Czech Republic | FC | 100.00 | 100.00 | 100.00 |
| Rodareal Oy | Finland | FC | 100.00 | 100.00 | 100.00 |
| SA Union Internationale Immobilière | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Frankvink Investissements | France | FC | 100.00 | 100.00 | 100.00 |
| SAS Hoche Poincaré | France | FC | 100.00 | 100.00 | 100.00 |
| SAS R.E. France Financing | France | FC | 100.00 | 100.00 | - |
| Rodamco Deutschland GmbH | Germany | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Deutschland GmbH & Co Süd Liegenschafts KG | Germany | FC | 100.00 | 100.00 | 100.00 |
| Zeilgalerie Gbr | Germany | FC | 100.00 | 100.00 | 100.00 |
| GSSM Warsaw Sp zoo | Poland | FC | 100.00 | 100.00 | 100.00 |
| WSSM Warsaw Sp zoo | Poland | FC | 100.00 | 100.00 | 100.00 |
| Arrendamientos Vaguada CB | Spain | PC | 62.47 | 62.47 | 62.47 |
| Promociones Unibail-Rodamco Generales SLU | Spain | FC | 100.00 | 100.00 | 100.00 |
| Proyectos Inmobiliarios New Visions SLU | Spain | FC | 100.00 | 100.00 | - |
| Unibail-Rodamco Levante SLU | Spain | FC | 100.00 | 100.00 | 100.00 |
| Unibail-Rodamco Parques Comerciales SLU | Spain | FC | 100.00 | 100.00 | 100.00 |
| Eurostop AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Eurostop Holding AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Fastighetsbolaget Älvringen AB | Sweden | FC | 100.00 | 100.00 | - |
| Fastighetsbolaget Grindtorp AB | Sweden | FC | 100.00 | 100.00 | - |
| Fastighetsbolaget Helsingborg Östra AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Fastighetsbolaget Helsingborg Västra AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Fjärilen Bostads AB | Sweden | - | Sold | Sold | 100.00 |
| Haninge Handel Fastighets AB | Sweden | FC | 100.00 | 100.00 | - |
| Knölsvanen Bostads AB | Sweden | FC | 100.00 | 100.00 | - |
| Piren AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Expand AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Hallunda Centrum HB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Holding AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Invest AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Nacka AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Northern Europe AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Täby AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Tummlaren AB | Sweden | FC | 100.00 | 100.00 | 100.00 |
| Solna Torg Fastighets AB | Sweden | FC | 100.00 | 100.00 | - |
| Trumpetsvanen Bostads AB | Sweden | FC | 100.00 | 100.00 | - |
| Tyresö Hus Fastighets AB | Sweden | FC | 100.00 | 100.00 | - |
| Väsby Handel Fastighets AB | Sweden | FC | 100.00 | 100.00 | - |
| Väsby Hus Fastighets AB | Sweden | FC | 100.00 | 100.00 | - |
| Belindam BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Cijferzwaan BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Deenvink BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Dotterzwaan BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Feldkirchen BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| New Tower Real Estate BV | The Netherlands | FC | 51.11 | 51.11 | 51.11 |
| Old Tower Real Estate BV | The Netherlands | FC | 52.78 | 52.78 | 52.78 |
| Rodamco Austria BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Central Europe BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |

| List of consolidated companies | Country | Method (1) | % interest Dec 31, 2010 | % control Dec 31, 2010 | % interest Dec 31, 2009 |
|---------------------------------------|-----------------|-----------------------|--|---------------------------------------|--|
| Rodamco Czech BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Deutschland BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco España BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Europe Finance BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Europe Finance II BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Europe Properties BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Hungary BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Nederland Winkels BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Project I BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Retail Deutschland BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Russia BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Rodamco Turkey BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Romanoff Eastern Europe Property BV | The Netherlands | FC | 80.00 | 80.00 | 80.00 |
| Unibail-Rodamco Poland 1 BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Unibail-Rodamco Poland 2 BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |
| Vuurvink BV | The Netherlands | FC | 100.00 | 100.00 | 100.00 |

(1) FC: full consolidation method, PC: proportional consolidation method, EM: equity method.

V. HIGHLIGHTS AND COMPARABILITY OF THE LAST TWO YEARS

In 2009

1. Disposals

• Disposals of offices

Three buildings in The Netherlands and one in Sweden were sold for a total net disposal price of €109.1 Mn.

• Disposals of shopping centres

The Group divested €322.8 Mn from its Retail portfolio in 2009, 94% of which came from Dutch high street retail assets, pursuant to the Group's strategy to concentrate on large shopping centres.

• Disposals to Unibail-Rodamco

Rodamco Europe sold six Dutch assets to the permanent establishment in the Netherlands of Unibail-Rodamco for a net disposal price of €254.7 Mn.

2. Leave The Dutch FBI Regime

As reported in its press release of December 11, 2009, the Group expects to lose its status as FBI (Fiscale Beleggings Instelling) in The Netherlands for its Dutch activities in 2010. The Group still qualifies as a SIIC under the French SIIC regime.

Differences between the French SIIC and the Dutch FBI regime, although materially insignificant in the Group's case, proved to be irreconcilable for the Dutch tax authorities.

As the Group, with support from its tax advisors, claims significant Dutch tax loss carry forwards, this should have no impact on the Group's recurring result for 2010, nor should it have a material impact on its recurring results for the foreseeable future.

3. Disposal Of Russian activity

The Group exited from the Metropolis shopping centre project in Moscow, in line with the strategy to concentrate investments on cities where the Group already has a presence. All the costs related to this discontinued operation were recorded in the result for the period on the line "result on disposal of investment properties" for an amount of €30.4 Mn.

4. Impairment of Shopping City Süd goodwill

A fiscal group was created in 2009 for Shopping City Süd in Austria, leading to the recognition of deferred tax assets of €70.5 Mn. The goodwill recorded at the acquisition was impaired for the same amount. Both amounts were recorded on the line "income tax expenses" of the statement of comprehensive income.

In 2010

1. Disposals

• Offices

The office building 18-20 avenue Hoche, Paris – France was sold for a total net disposal price of €40.0 Mn.

One logistic building in Madrid was sold for €27.5 Mn.

Small assets in Sweden and in The Netherlands were sold for a total net amount of €14.0 Mn.

• Shopping centres

Pursuing its strategy of concentrating on large prime shopping centres in 2010, the Group has accelerated its divestments. All the disposals in 2010 took place in The Netherlands: 16 shopping centres and 2 high street portfolios were sold. Disposals amounted to €880.6 Mn (net disposal proceeds) and generated a net result of €66.3 Mn.

2. Acquisitions of shopping centres

The Group invested in several plots, notably in Garbera and Parquesur in Spain for €12 Mn.

3. Change in stake on Benidorm project

According to the partners' agreement, as all of the authorisations had not been obtained in September 2010, the Group's interest in Unibail Rodamco Benidorm SL, which owns the Benidorm project in Spain, changed from 89% to 50%.

4. Group refinancing

The Group's financial structure has gone through a first phase of restructuring in 2010, with notably an increase in parent company loans. The second phase is scheduled for completion in 2011. All intra group positions and parent company transactions are done at arms' length terms and conditions.

Internal transfers of loans were done at fair value. Consequently, a revaluation premium was recorded within the amount of parent company borrowings, which is amortised over the duration of the loans.

VI. NOTES AND COMMENTS

6.1. Notes to the consolidated assets

Note 1 – Investment properties

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

The recovery of European investment volume continued throughout 2010 after a market upturn during the first half of the year. Selective equity investors continued to focus on prime and secure products in cities with significant catchment areas. European core markets witnessed improved investment activity, with especially France (retail and offices), Austria/Germany, Poland and Sweden.

Taking into account this pan-European recovery and scarcity of supply of high quality assets, appraisals showed compressing yields.

Appraisers have taken into account the operating performance of the Group's assets, in particular of the large centres for which demand from national and international retailers increases.

Investment Properties Under Construction (IPUC) are covered by IAS 40 since January 1, 2009 and hence are eligible for revaluation except for those for which the fair value is not reliably determinable.

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 Group uses generic guidelines to establish the remaining level of risk, focusing notably on uncertainty remaining in construction and leasing.

IPUC at fair value were valued using a discounted cash flow or yield method approach (in accordance with RICS⁷ and IVSC⁸ standards) as deemed appropriate by the independent appraiser. In some cases, both methods were combined to validate and cross-check critical valuation parameters.

One IPUC was assessed at fair value as at December 31, 2010: the shopping centre project, Faro del Guadiana-Badajoz, in Spain.

The following properties, recorded as Investment Properties Under Construction at year-end 2009, were successfully opened in 2010, and are now included within the standing portfolio:

- the shopping centres: Donau Zentrum extension in Vienna, Austria, a part of Buitenmere in Almere, The Netherlands, the Maquinista extension in Barcelona, Spain and Cours Oxygène in Lyon, France
- and an office building Tour Oxygène in Lyon, France.

As at December 31, 2010, the IPUC still stated at cost are mainly, in Spain, Benidorm; in the Czech Republic, the extensions of Centrum Chodov and Centrum Cerny Most and in Sweden, the Täby extension and the Mall of Scandinavia.

Assets still stated at cost were subject to an impairment test at December 31, 2010. A reversal was booked for €12.4 Mn (of which €7.9 Mn related to disposals in The Netherlands) and an allowance for -€2.3 Mn (of which -€0.3 Mn related to disposals).

As mentioned in section 2 "Accounting principles and consolidation methods" § 2.4 "Asset valuation methods", for the Shopping Centre and Offices portfolios, the valuation principles adopted are based on the discounted cash flow and yield methodologies.

Shopping Centre portfolio

Based on an asset value excluding estimated transfer taxes and disposal costs, the division net initial yield at December 31, 2010 came to 5.9% vs. 6.3% at year-end 2009.

Based on the year-end yield of 5.9%, a further change of +25 basis points would result in a downward adjustment of -€416 Mn (or -4.1%) of the portfolio value (including transfer taxes and disposal costs).

⁷ RICS: Royal Institute of Chartered Surveyors

⁸ IVSC: International Valuation Standards Committee

Office portfolio

For occupied offices and based on an asset value excluding estimated transfer taxes and disposal costs, the division net initial yield at December 31, 2010 remained stable at 7.9% vs. year-end 2009.

A change of +25 basis points in the offices net initial yield would result in a downward adjustment of -€21 Mn (or -3.4%) of the portfolio value (occupied and vacant space, including transfer taxes and disposal costs).

For further information on the parameters used for the investment properties valuation and on vacancy rate, please refer respectively to the notes on the Asset Valuation and on Business review.

As at December 31, 2010, the outstanding balances of deferred lease incentives and key monies amortised over the firm term of the lease and deducted from the appraisal value represented €6.9 Mn.

Changes in investment properties at fair value

| (in € Mn) | Dec 31, 2009 | Acquisitions ⁽¹⁾ | Capitalised expenses ⁽²⁾ | Disposals ⁽³⁾ | Reclassification and transfer of category ⁽⁴⁾ | Valuation movements | Currency translation | Dec 31, 2010 |
|---|----------------|-----------------------------|-------------------------------------|--------------------------|--|---------------------|----------------------|----------------------|
| Retail | 9,032.8 | 45.9 | 233.6 | -478.5 | -366.3 | 732.2 | 156.5 | 9,356.3 |
| Offices | 516.8 | 10.7 | 7.5 | -12.3 | -75.2 | 15.2 | 29.9 | 492.6 |
| Total investment properties | 9,549.6 | 56.6 | 241.1 | -490.8 | -441.5 | 747.4 | 186.4 | 9,849.0 |
| Properties under promise or mandate of sale | 396.4 | - | - | -396.4 | 531.1 | - | - | 531.1 ⁽⁵⁾ |
| Total | 9,946.1 | 56.6 | 241.1 | -887.2 | 89.6 | 747.4 | 186.4 | 10,380.1 |

(1) The main acquisitions were, in France, a forward purchase agreement for Tour Oxygène (€10.7 Mn) and Cours Oxygène (€33.5 Mn) in Lyon and, in Spain, some additional plots in Parquesur (€8.3 Mn) and San Sebastian Garbera (€37 Mn).

(2) Major works related to:

- shopping centres: in France, mainly Lyon Part Dieu (€27.3 Mn) and Parly 2 in Le Chesnay (€11.9 Mn); in Austria, Donau Zentrum (€82.5 Mn) and Shopping City Süd (€14.7 Mn) in Vienna; in Spain, La Maquinista (€11.3 Mn) in Barcelona, and in Sweden, Solna Centrum (€7.9 Mn).

- offices: mainly Tour Oxygène (€1.8 Mn) in France and Solna Centrum offices (€2.3 Mn) in Sweden.

(3) Refers mainly to the disposal of small shopping centres in the Netherlands (€810.2 Mn) and office properties in France (€39.4 Mn), in Spain (€25.3 Mn), in the Netherlands (€7.7 Mn) and in Sweden (€4.1 Mn) (see section 5 "Highlights and comparability of the last two years").

(4) The Faro del Guadiana in Spain, the Shopping City Süd in Austria and the last part of the Almere Buitenmere extension in the Netherlands were transferred from IPUC at cost to Investment Properties at fair value.

(5) Sales commitment for retail properties in Sweden, Austria, Hungary and the Netherlands amount to €456.1 Mn, and for offices properties in Sweden and the Netherlands, the amount is €75.0 Mn.

| (in € Mn) | Dec 31, 2008 | Acquisitions | Capitalised expenses | Disposals | Reclassification and transfer of category | Valuation movements | Currency translation | Dec 31, 2009 |
|---|-----------------|--------------|----------------------|---------------|---|---------------------|----------------------|----------------|
| Retail | 10,255.6 | 42.8 | 180.8 | -332.9 | -150.4 | -943.3 | -19.7 | 9,032.8 |
| Offices | 644.4 | 40.2 | 15.5 | -129.6 | 7.0 | -62.3 | 1.6 | 516.8 |
| Total investment properties | 10,900.0 | 83.0 | 196.3 | -462.5 | -143.4 | -1,005.6 | -18.2 | 9,549.6 |
| Properties under promise or mandate of sale | 215.3 | - | - | -215.3 | 396.4 | - | - | 396.4 |
| Total | 11,115.3 | 83.0 | 196.3 | -677.8 | 253.1 | -1,005.6 | -18.2 | 9,946.1 |

Changes in investment properties at cost

| (in € Mn) | Dec 31, 2009 | Acquisitions ⁽¹⁾ | Changes in scope of consolidation ⁽²⁾ | Capitalised expenses ⁽³⁾ | Disposals ⁽⁴⁾ | Reclassification and transfer of category ⁽⁵⁾ | Impairment | Currency translation | Dec 31, 2010 |
|---|--------------|-----------------------------|--|-------------------------------------|--------------------------|--|------------|----------------------|--------------|
| Gross value | 246.8 | -10.4 | -42.3 | 29.0 | -7.6 | -98.0 | - | 3.6 | 121.2 |
| Amortisation | -42.6 | - | - | - | 7.6 | 3.4 | 2.5 | - | -29.1 |
| Total IP at cost | 204.2 | -10.4 | -42.3 | 29.0 | - | -94.6 | 2.5 | 3.6 | 92.1 |
| Properties under promise or mandate of sale | - | - | - | - | - | 4.3 | - | - | 4.3 |
| Total | 204.2 | -10.4 | -42.3 | 29.0 | - | -90.3 | 2.5 | 3.6 | 96.4 |

⁽¹⁾ Relates mainly to the repayment by the vendor of the land acquisition cost of the Benidorm project in Spain for -€12.0 Mn.

⁽²⁾ Due to the change of interest from 89% to 50% in the proportionally consolidated subsidiary Unibail-Rodamco Benidorm SL., owner of the Benidorm project in Spain (-€42.3 Mn).

⁽³⁾ Major works related to the shopping centre Täby Centrum (€13.6 Mn) in Sweden, Cerny Most Extension (€41 Mn) in Czech Republic and Buitenmere (€3.4 Mn) in the Netherlands.

⁽⁴⁾ Relates to an office building in the Netherlands.

⁽⁵⁾ Corresponds for the most part to the transfer of assets to the category "Investment properties at fair value". See "Changes in investment properties at fair value" footnote 4 for more details.

| (in € Mn) | Dec 31, 2008 | Acquisitions | Capitalised expenses | Disposals | Reclassification and transfer of category | Impairment | Currency translation | Dec 31, 2009 |
|--------------|--------------|--------------|----------------------|--------------|---|--------------|----------------------|--------------|
| Gross value | 449.6 | 28.5 | 45.4 | -24.2 | -252.8 | - | 0.3 | 246.8 |
| Amortisation | -23.4 | - | - | - | - | -19.2 | - | -42.6 |
| Total | 426.2 | 28.5 | 45.4 | -24.2 | -252.8 | -19.2 | 0.3 | 204.2 |

Note 2 – Other tangible assets

2010 Change

| (in € Mn) | Dec 31, 2009 | Acquisitions and capitalised expenses | Disposals | Other movements | Amortisation | Dec 31, 2010 |
|--------------|--------------|---------------------------------------|------------|-----------------|--------------|--------------|
| Gross value | | 8.8 | 1.2 | -0.1 | - | 10.4 |
| Amortisation | | -6.5 | - | 0.1 | -0.7 | -7.5 |
| Total | | 2.3 | 1.2 | - | -0.7 | 2.8 |

2009 Change

| (in € Mn) | Dec 31, 2008 | Acquisitions and capitalised expenses | Disposals | Other movements | Amortisation | Dec 31, 2009 |
|--------------|--------------|---------------------------------------|------------|-----------------|--------------|--------------|
| Gross value | | 10.1 | 0.3 | -1.5 | - | 8.8 |
| Amortisation | | -7.1 | - | 1.5 | -0.9 | -6.5 |
| Total | | 3.0 | 0.3 | - | -0.9 | 2.3 |

Note 3 – Goodwill

2010 change

| (in € Mn) | Dec 31, 2009 | Decrease | Impairment | Dec 31, 2010 |
|--------------|--------------|---------------------|-------------|--------------|
| Gross value | 201.3 | -1.2 ⁽¹⁾ | - | 200.2 |
| Impairment | -130.4 | - | -4.0 | -134.4 |
| Total | 70.9 | -1.2 | -4.0 | 65.8 |

⁽¹⁾ On May 14, 2010, €1.2 Mn was received as purchase price adjustment for Shopping City Süd in Vienna, Austria.

The amount of goodwill at December 31, 2010 is related to the acquisition of the following shopping centres:

- Shopping City Süd in Vienna, Austria
- Aupark in Bratislava, Slovak Republic
- Jumbo in Helsinki, Finland

It is justified by the tax optimisation expected on these properties.

An impairment test of these goodwill was made, based on the amounts of tax optimisation determined at the date of reporting. Further to that, an impairment of €4.0 Mn was booked on the goodwill of Aupark. This impairment was recorded in "Income tax expenses" in the income statement.

2009 change

| (in € Mn) | Dec 31, 2008 | Increase | Impairment | Dec 31, 2009 |
|--------------|--------------|-------------|---------------|--------------|
| Gross value | 166.2 | 35.1 | - | 201.3 |
| Impairment | -24.8 | - | -105.6 | -130.4 |
| Total | 141.4 | 35.1 | -105.6 | 70.9 |

Note 4 – Intangible assets

2010 change

| (in € Mn) | Dec 31, 2009 | Acquisitions | Charges | Reclassification and other movements | Dec 31, 2010 |
|--------------|--------------|--------------|-------------|--------------------------------------|--------------|
| Gross value | 14.1 | 0.2 | - | -0.5 | 13.8 |
| Amortisation | -8.9 | - | -2.8 | 0.5 | -11.2 |
| Total | 5.2 | 0.2 | -2.8 | - | 2.6 |

2009 change

| (in € Mn) | Dec 31, 2008 | Acquisitions | Charges | Reclassification and other movements | Dec 31, 2009 |
|--------------|--------------|--------------|-------------|--------------------------------------|--------------|
| Gross value | 13.4 | 0.7 | - | - | 14.1 |
| Amortisation | -6.1 | - | -2.8 | - | -8.9 |
| Total | 7.2 | - | -2.8 | - | 5.2 |

Note 5 – Loans and receivables

| (in € Mn) | Dec 31, 2010 | | | Dec 31, 2009 | | |
|--|--------------|-----------|--------------|----------------------|-----------|--------------|
| | Gross | Provision | Net | Gross | Provision | Net |
| Loans to parent company | 243.9 | - | 243.9 | 243.9 ⁽¹⁾ | - | 243.9 |
| Advances to companies consolidated under the proportional method | 7.5 | - | 7.5 | 10.2 | - | 10.2 |
| Non-consolidated interests | 0.2 | - | 0.2 | 0.2 | - | 0.2 |
| Deposits paid | 6.4 | - | 6.4 | 6.0 | - | 6.0 |
| Prepayments ⁽²⁾ | 198.2 | - | 198.2 | 198.4 | - | 198.4 |
| Other financial assets | 3.3 | - | 3.3 | 0.3 | - | 0.3 |
| Total non current | 459.7 | - | 459.7 | 459.1 | - | 459.1 |
| Loans to parent company | 500.0 | - | 500.0 | - | - | - |
| Total current | 500.0 | - | 500.0 | - | - | - |

⁽¹⁾ In 2009, an amount of €243.9 Mn has been reclassified from “receivables on sale of properties” to “loans and receivables”.

⁽²⁾ Refers to the prepayment done to ING in 2007 for the acquisition of 50% of the company owning the shopping centre Zlote Tarasy located in Warsaw, Poland. As at December 31, 2010, the shares have not yet been delivered.

Note 6 – Trade receivables from activity

All of these receivables are due within one year, except rent-free periods and step rents amortised over the firm term of the lease.

| Trade related receivables (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|---|--------------|--------------|
| Trade receivables | 38.1 | 43.8 |
| Doubtful accounts | 24.2 | 14.5 |
| Rent-free periods and step rents | 13.5 | 8.0 |
| Gross value | 75.7 | 66.3 |
| Provisions for doubtful accounts | -20.1 | -16.1 |
| Net | 55.6 | 50.2 |
| Breakdown of trade receivables by business line (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
| Retail | 51.1 | 39.6 |
| Offices | 3.4 | 2.7 |
| Other | 1.1 | 7.9 |
| Total | 55.6 | 50.2 |
| Changes in provisions for doubtful accounts (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
| As of January 1 | -16.1 | -18.5 |
| Currency translation adjustments | -0.2 | - |
| Change in scope of consolidation | - | -0.2 |
| Reclassifications | - | 3.1 |
| Additions | -5.1 | -6.6 |
| Use and reversal | 1.2 | 6.1 |
| As of December 31 | -20.1 | -16.1 |

Note 7 – Other trade receivables

All of these receivables are due within one year.

| Tax receivables (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|----------------------------------|---------------------|---------------------|
| Value-Added Tax | 19.8 | 27.5 |
| Corporate income tax | 5.8 | 2.0 |
| Total | 25.6 | 29.6 |

| Receivables on sale of properties (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|--|---------------------|---------------------|
| Receivables on sale of properties | 78.6 ⁽²⁾ | 16.8 ⁽¹⁾ |
| Total | 78.6 | 16.8 |

| Other receivables (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|--|---------------------|---------------------|
| Receivables from suppliers | 0.5 | 2.4 |
| Service charges due | 6.7 | 6.4 |
| Other debtors ⁽³⁾ | 55.6 | 45.0 |
| Receivables from partners | 5.1 | 3.4 |
| Accrued income receivables on caps and swaps | 1.1 | - |
| Gross value | 69.0 | 57.2 |
| Provisions | -0.5 | -1.0 |
| Net | 68.5 | 56.2 |

| Prepaid expenses (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|-----------------------------------|---------------------|---------------------|
| Prepaid expenses | 14.9 | 14.7 |
| Total | 14.9 | 14.7 |

⁽¹⁾ In 2009, an amount of €243.9 Mn has been reclassified from “receivables on sale of properties” to “loans and receivables”.

⁽²⁾ Relates mainly to two disposals in The Netherlands, which took place on December 31, 2010 and for which cash was received early in January 2011.

⁽³⁾ Change relates mainly to a receivable on Benidorm land and a payment in advance related to a new project in Valencia, both in Spain.

Note 8 – Cash and cash equivalents

| (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|--|----------------------|---------------------|
| Available-for-sale investments | 1.9 | 68.4 |
| Current account to balance out cash flow | 3,936.6 | 675.3 |
| Cash | 149.6 ⁽¹⁾ | 67.7 |
| Total | 4,088.0 | 811.5 |

⁽¹⁾ Of which €105 Mn of cash-pooling with the parent company Unibail-Rodamco SE.

The cash balances available at December 31, 2010, mainly came from the revenues from the sales of assets by Rodamco Europe in The Netherlands region, and ongoing restructuring of the Group's financial structure. The restructuring, including settlement of the cash balances, is expected to be completed in 2011.

6.2. Notes to the consolidated liabilities

Note 9 – Commitment to purchase non-controlling interests

The Group has given commitments to purchase the non-controlling interests in the shopping centre Donau Zentrum in Vienna, Austria.

Note 10 – Current and non current financial liabilities

Debt breakdown

| Borrowings and other financial liabilities (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|--|------------------------|---------------------|
| Bonds and EMTNs | 1,518.6 | 2,019.8 |
| Principal debt | 1,500.0 | 2,000.0 |
| Accrued interest | 20.9 | 16.0 |
| Charges and premiums on issues of borrowings | -5.3 | -5.8 |
| Mark-to-market of debt (fair value hedge) | 3.0 | 9.6 |
| Bank borrowings | 2,855.9 | 1,548.5 |
| Principal debt | 1,741.7 | 1,222.7 |
| Accrued interest on borrowings | 0.8 | 13.4 |
| Charges and premiums on issues of borrowings | -3.3 | -3.6 |
| Bank overdrafts | 16.5 | 5.2 |
| Accrued interest on bank overdrafts | 2.1 | 1.6 |
| Current accounts to balance out cash flows | 1,098.1 | 309.2 |
| Other financial liabilities | 3,217.8 | 794.0 |
| Interbank market instruments and negotiable instruments | 40.0 | 118.0 |
| Parent company borrowings | 2,968.8 ⁽¹⁾ | 442.7 |
| Accrued interest on parent company borrowings | 13.5 | 1.4 |
| Charges and premiums on issues of parent company borrowing | -0.5 | - |
| Current accounts with non-controlling interests | 195.9 | 231.9 |
| Total | 7,592.3 | 4,362.2 |
| <i>of which current</i> | <i>2,062.7</i> | <i>971.5</i> |
| <i>of which non current</i> | <i>5,529.6</i> | <i>3,390.7</i> |

⁽¹⁾ includes €86.8 Mn of reevaluation (see section 5 "Highlights and comparability of the last two years – In 2010" § 4).

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

A significant part of bank loans and credit facilities contains financial covenants such as LTV (Loan To Value) and ICR (Interest Coverage Ratio) ratios.

Current levels of ratios show ample headroom vis-à-vis those bank covenants (see financial resources note)

Rodamco Europe's nominal financial debt as at December 31, 2010 breaks down as follows:

- €1,500 Mn in bond issues, under Rodamco Europe's EMTN programme,
- €1,758 Mn in bank loans, including €862.5 Mn in corporate loans, €879 Mn in mortgage loans and €16.5 Mn in bank overdrafts,
- €40 Mn short term issues in commercial paper (Euro Commercial Paper) backed by confirmed credit lines,
- €3,980 Mn in internal loans, including €2,882 Mn in internal corporate loans and €1,098 Mn in overdrafts with Unibail-Rodamco companies.

Due to the active capital recycling policy applied in The Netherlands, very few external bank financings were raised over the year by Rodamco Europe.

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

| Outstanding duration to maturity (in € Mn) | Current | Non current | | Total |
|---|------------------|-------------------|-------------------|----------------|
| | Less than 1 year | 1 year to 5 years | More than 5 years | Dec 31, 2010 |
| Bonds and EMTNs | 518.6 | 1,000.0 | - | 1,518.6 |
| Principal debt | 500.0 | 1,000.0 | - | 1,500.0 |
| Accrued interest | 20.9 | - | - | 20.9 |
| Charges and premiums on issues of borrowings | -5.3 | - | - | -5.3 |
| Mark-to-market of debt (fair value hedge) | 3.0 | - | - | 3.0 |
| Bank borrowings | 1,272.3 | 1,254.5 | 329.1 | 2,855.9 |
| Principal debt | 158.2 | 1,254.5 | 329.1 | 1,741.7 |
| Accrued interest | 0.8 | - | - | 0.8 |
| Charges and premiums on issues of borrowings | -3.3 | - | - | -3.3 |
| Bank overdrafts | 16.5 | - | - | 16.5 |
| Accrued interest on bank overdrafts | 2.1 | - | - | 2.1 |
| Current accounts to balance out cash flows | 1,098.1 | - | - | 1,098.1 |
| Other financial liabilities | 271.8 | 2,297.0 | 649.1 | 3,217.8 |
| Interbank market instruments and negotiable instruments | 40.0 | - | - | 40.0 |
| Parent company borrowings | 218.8 | 2,101.0 | 649.1 | 2,968.8 |
| Accrued interest on parent company borrowings | 13.5 | - | - | 13.5 |
| Charges and premiums on issues of parent company borrowings | -0.5 | - | - | -0.5 |
| Current accounts with non-controlling interests | - | 195.9 | - | 195.9 |
| Total | 2,062.7 | 4,551.5 | 978.1 | 7,592.3 |

Maturity of current principal debt

| (in € Mn) | Current | | | Total |
|---|-------------------|---------------------|--------------------|--------------|
| | Less than 1 month | 1 month to 3 months | More than 3 months | Dec 31, 2010 |
| Bonds and EMTNs | - | - | 500.0 | 500.0 |
| Bank borrowings | 1.1 | 1.6 | 155.5 | 158.2 |
| Interbank market instruments and negotiable instruments | - | 40.0 | - | 40.0 |
| Parent company borrowings | 2.7 | 13.0 | 203.1 | 218.8 |
| Total | 3.7 | 54.6 | 858.6 | 916.9 |

As at December 31, 2010, Rodamco Europe's average debt maturity was 3.5 years (3.8 years as of December 31, 2009), after taking into account the confirmed unused credit lines.

The amount of bonds and bank loans due within the next twelve months includes mainly €500 Mn bond to be repaid on April 21, 2011.

Characteristics of bonds

| Issue date | Rate | Amount at December 31, 2010 (€ Mn) | Maturity |
|---------------|--------------------|------------------------------------|---------------|
| October 2004 | Fixed rate 4.375 % | 500.0 | October 2014 |
| December 2005 | Fixed rate 3.750 % | 500.0 | December 2012 |
| April 2006 | Fixed rate 4.125 % | 500.0 | April 2011 |
| Total | | 1,500.0 | |

Bonds issued are not restricted by any covenant based on financial ratios which can lead to early repayment of the debt.

The bonds issued by Rodamco under the EMTN programme and maturing in 2011, 2012, and 2014 (€1,500 Mn as at December 31, 2010) include a restriction of the amount of indebtedness at subsidiary level, which cannot exceed in aggregate 30% of Total Group Assets. At December 31, 2010, this threshold is respected.

The market value of Rodamco Europe's fixed-rate and index-linked debt is presented in the table below. The remainder of the Group's outstanding debt is variable-rate debt, whose carrying value on the statement of financial position is the sum of the nominal amount and coupon accruals.

| (in € Mn) | December 31, 2010 | | December 31, 2009 | |
|---|-------------------|--------------|-------------------|--------------|
| | Carrying value | Market value | Carrying value | Market value |
| Long-term debt | | | | |
| Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments | 4,454.1 | 4,640.0 | 3,027.3 | 3,121.4 |

Note 11 – Hedging instruments

Derivative instruments owned by the Group are stated at their fair values and are recorded in the statement of financial position as at December 31, 2010 for €51.2 Mn as assets and €97.4 Mn as liabilities.

The mark-to-market of the derivatives generated a net profit of €8.6 Mn including €2.4 Mn of cancellation of swaps.

Derivatives are valued by discounting estimated future cash flows based on the interest rate curve at the end of December 2010. The valuation has been cross-checked against valuations by banks.

The change in derivatives as well as the amounts recorded in the different lines of the Statement of Comprehensive Income are described in the table below:

| (in millions of euros) | Dec 31, 2009 | Amounts recognised in the Statement of Comprehensive Income | | | Disposals | Dec 31, 2010 |
|---------------------------|--------------|---|---|----------------------------|-----------|-------------------|
| | | Net financing costs | Fair value adjustments of derivatives and debts | Other comprehensive income | | |
| Assets | | | | | | |
| Derivatives at fair value | 55.2 | -33.3 | 26.4 | 2.9 | - | 51.2 |
| - Fair value hedge | 37.9 | -37.9 | - | - | - | - |
| - Cash flow hedge | 8.9 | 4.6 | - | 2.9 | - | 16.4 ¹ |
| - No hedge accounting | 8.4 | - | 26.4 | - | - | 34.8 |
| Liabilities | | | | | | |
| Derivatives at fair value | 40.1 | 3.8 | 20.2 | 53.8 | -20.5 | 97.4 |
| - Fair value hedge | - | 3.3 | - | - | - | 3.3 |
| - Cash flow hedge | -0.2 | 0.5 | - | - | - | 0.3 |
| - Net investment hedge | 18.9 | - | - | 53.8 | - | 72.7 |
| - No hedge accounting | 21.4 | - | 20.2 | - | -20.5 | 21.1 |

⁽¹⁾ Related to one currency swap that will end in May 2012.

Note 12 – Deferred tax

2010 change

| (in € Mn) | Year- beginning 2010 ⁽¹⁾ (restated) | Increase | Decrease | Reclassifi- cations | Currency transla-tion | Dec 31, 2010 |
|---|---|---------------|-------------|------------------------|--------------------------|---------------------|
| Deferred tax liabilities | -551.0 | -114.6 | - | - | -21.6 | -687.2 |
| Deferred tax on investment properties | -551.0 | -114.6 | - | - | -21.6 | -687.2 |
| Other deferred tax liabilities | 62.1 | 21.6 | -4.7 | - | 1.3 | 80.3 |
| - Tax loss carry-forward ⁽¹⁾ | 66.1 | 17.0 | -4.7 | - | 1.3 | 79.7 ⁽²⁾ |
| - Others | -4.0 | 4.6 | - | - | - | 0.6 |
| Total Deferred tax liabilities | -488.9 | -93.0 | -4.7 | - | -20.3 | -606.9 |
| Deferred tax assets | | | | | | |
| Tax-loss carry-forward | 3.3 | 0.7 | - | - | - | 4.0 |
| Total Deferred tax assets | 3.3 | 0.7 | - | - | - | 4.0 |

⁽¹⁾ In 2010, deferred tax assets and deferred tax liabilities within a same fiscal group are offset. The figures for 2009 have been restated accordingly, as €34.6 Mn of deferred tax assets were offset against deferred tax liabilities.

⁽²⁾ These tax losses relate mainly to tax-losses in Austria and Sweden. The off-setting of these tax losses is not limited in time.

Deferred tax liabilities on properties refer to those countries where there is no tax efficient status comparable to that of France (SIIC), providing a tax exemption on direct income and capital gains on property sales. The increase of deferred tax liabilities on investment properties is mainly due to the increase of the valuation of the assets.

2009 change

| (in € Mn) | Dec 31, 2008 | Increase | Decrease | Reclassifi- cations | Currency transla-tion | Dec 31, 2009 |
|---------------------------------------|-----------------|-------------|--------------|------------------------|--------------------------|-----------------|
| Deferred tax liabilities | -735.5 | -4.8 | 186.1 | - | 3.2 | -551.0 |
| Deferred tax on investment properties | -735.5 | -4.8 | 186.1 | - | 3.2 | -551.0 |
| Other deferred tax liabilities | -1.1 | 20.6 | - | 8.0 | - | 27.5 |
| - Tax loss carry-forward | 2.9 | 20.6 | - | 8.0 | - | 31.5 |
| - Others | -4.0 | - | - | - | - | -4.0 |
| Total Deferred tax liabilities | -736.6 | 15.8 | 186.1 | 8.0 | 3.2 | -523.5 |
| Deferred tax assets | | | | | | |
| Tax-loss carry-forward | 49.9 | 2.0 | -6.2 | -8.0 | 0.2 | 37.9 |
| Total Deferred tax assets | 49.9 | 2.0 | -6.2 | -8.0 | 0.2 | 37.9 |

Unrecognised deferred tax assets

| (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|---|----------------------|--------------|
| Temporary differences investment properties | 44.1 | 85.0 |
| Tax loss carry-forwards not recognised | 116.1 ⁽¹⁾ | 89.9 |
| Total unrecognised assets | 160.2 | 174.9 |

⁽¹⁾ Including €88 Mn of tax losses whose off-setting is not limited in time.

The temporary differences and tax losses are mainly related to real estate operations in Germany (€63.9 Mn) and in Spain (€63.2 Mn). Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available to be offset against these assets. It is expected that the Dutch tax authorities will deny the FBI status for Rodamco Europe's Dutch activities for 2010 onwards (see section 2 "Accounting principles and consolidation methods" § 2.8 "Taxes"). The Group does not agree with this position. As at December 2010, a deferred tax liability of €5.1 Mn was booked on the Dutch investment properties. A deferred tax asset for the same amount, based on tax losses, was recognised. Both amounts were netted. In this context of uncertainty, no other deferred tax asset has been recognised for significant Dutch tax-loss carry forwards.

Note 13 – Provisions

2010 change

| (in € Mn) | Dec 31, 2009 | Allocations | Reversals used | Reversals not used | Discount | Other movements ⁽³⁾ | Dec 31, 2010 |
|---|--------------|-------------|----------------|--------------------|------------|--------------------------------|--------------|
| Long-term provisions | 11.4 | 3.2 | -2.8 | - | 0.3 | 8.5 | 20.6 |
| Provisions for litigation ⁽¹⁾ | 11.3 | 2.8 | -2.8 | - | 0.3 | 5.2 | 16.7 |
| Other provisions | 0.1 | 0.5 | - | - | - | 3.4 | 3.9 |
| Provisions for pension liabilities | 8.1 | 3.0 | -0.1 | - | - | - | 11.0 |
| Short-term provisions | 10.9 | 3.8 | -2.1 | -2.6 | - | -4.1 | 6.0 |
| Provisions for litigation ⁽²⁾ | 5.3 | 2.6 | -0.9 | -0.8 | - | -2.1 | 4.2 |
| Other provisions ⁽²⁾ | 5.6 | 1.2 | -1.2 | -1.8 | - | -2.0 | 1.8 |
| Total | 30.4 | 10.1 | -5.0 | -2.6 | 0.3 | 4.4 | 37.6 |

⁽¹⁾ Long term provisions were booked for new litigation identified on an abandoned development project for €1.0 Mn and on taxes for €1.5 Mn. An existing provision was used for a tax claim for €2.8 Mn.

⁽²⁾ Short term provisions were made for disputed service charges for €1.8 Mn. Existing provisions for service charges were used for €1.3 Mn, and reversed not used for €2.6 Mn.

⁽³⁾ Other movements relate principally to the reclassification of various provisions between long term and short term, depending on the current estimate of when they will be settled, as well as the reclassification to provisions of amounts which were booked as accruals at December 31, 2009.

The Group is involved in legal proceedings in Austria where a tenant has obtained a court judgment limiting the amount of square metres a certain category of retailers in the shopping centre may operate without its consent. The related risks have been taken into account in the fair value calculation of the investment property.

2009 change

| (in € Mn) | Dec 31, 2008 | Allocations | Reversals used | Reversals not used | Discount | Other movements | Dec 31, 2009 |
|---|--------------|-------------|----------------|--------------------|-------------|-----------------|--------------|
| Long-term provisions | 28.0 | - | -1.1 | -9.4 | -0.9 | -5.2 | 11.4 |
| Provisions for litigation | 27.7 | - | - | -9.2 | -0.9 | -6.3 | 11.3 |
| Other provisions | 0.3 | - | -1.1 | -0.2 | - | 1.1 | 0.1 |
| Provisions for pension liabilities | 6.9 | 2.6 | - | -2.5 | - | 1.0 | 8.1 |
| Short-term provisions | 8.5 | 1.5 | -3.9 | - | - | 4.8 | 10.9 |
| Provisions for litigation | 0.4 | 0.9 | -3.2 | - | - | 7.2 | 5.3 |
| Other provisions | 8.2 | 0.6 | -0.7 | - | - | -2.4 | 5.6 |
| Total | 43.4 | 4.1 | -5.0 | -11.9 | -0.9 | 0.6 | 30.4 |

Note 14 – Amounts due on investments

As at December 31, 2010, the non current balance comprised the earn-out due for Donauzentrum in Vienna, Austria for €7.5 Mn.

Note 15 – Amounts due to suppliers and other current debt

| Trade payables by division (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|---|---------------------|---------------------|
| Retail | 22.3 | 14.9 |
| Offices | - | 0.7 |
| Others | 6.0 | 6.1 |
| Total | 28.3 | 21.8 |

| Amounts due on investments (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|---|---------------------|---------------------|
| Amounts due on investments ⁽¹⁾ | 33.6 | 53.9 |
| Total | 33.6 | 53.9 |

| Sundry creditors (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|-----------------------------------|---------------------|---------------------|
| Due to customers ⁽²⁾ | 10.6 | 9.6 |
| Due to partners | 1.8 | 11.4 |
| Other creditors | 80.3 | 68.8 |
| Total | 92.8 | 89.8 |

| Other liabilities (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|------------------------------------|---------------------|---------------------|
| Prepaid income ⁽³⁾ | 67.6 | 74.3 |
| Total | 67.6 | 74.3 |

⁽¹⁾ Decrease mainly due to the delivery of shopping centres in France

⁽²⁾ This item includes eviction costs

⁽³⁾ Mainly rents received in advance

Note 16 – Tax and social security liabilities

| (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|-----------------------------|---------------------|---------------------|
| Social security liabilities | 4.9 | 5.6 |
| Value-added tax | 23.5 | 22.8 |
| Income tax due | 3.3 | 1.9 |
| Other tax liabilities | 3.0 | 2.3 |
| Total | 34.7 | 32.5 |

6.3. Notes to the consolidated statement of comprehensive income (EPRA format)

Note 17 – Gross rental income

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

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

Note 18 – Net service charge expenses

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

| (in € Mn) | 2010 | 2009 |
|-------------------------|-------------|-------------|
| Service charge income | 154.4 | 146.5 |
| Service charge expenses | -161.1 | -151.7 |
| Total | -6.7 | -5.2 |

Note 19 – Property operating expenses

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

Note 20 – Administrative expenses

This item comprises Group administrative expenses and expenses relating to development projects.

Note 21 – Net other income

Revenues from other activities cover the margin for property management and maintenance services provided to Offices and Shopping Centres when fees are invoiced by property service companies.

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

Note 22 – Result on disposal of investment properties

Proceeds from the disposal of investment properties correspond to the disposal price received net of disposal costs. The carrying value of disposed assets corresponds to the market valuation recorded on the closing statement of financial position for the previous financial year, plus works costs and capitalised expenses for the period and adjusted for reversals of remaining amounts of rent-free periods and step rents straightlined. See section 5 "Highlights and comparability of the last two years – In 2010 § 1" for details of the main assets disposals.

Note 23 – Valuation movements

This item reflects changes in market valuation of investment properties.

| (in € Mn) | 2010 | 2009 |
|--------------|--------------|-----------------|
| Retail | 734.8 | -958.9 |
| Offices | 22.9 | -65.2 |
| Total | 757.7 | -1,024.1 |

Note 24 – Impairment of goodwill

In 2010, an impairment of goodwill was booked on Aupark (see note 3). As this goodwill was justified by tax optimisation, the impairment was classified on the line “Income tax expenses” (see note 28).

In 2009, following the payment of the earn-out on Aupark in Bratislava, Slovakia, a goodwill of €35.1 Mn was recognised and immediately fully impaired.

Note 25 – Net financing costs

| (in € Mn) | 2010 | 2009 |
|---|---------------|---------------|
| Security transactions | 0.2 | 0.0 |
| Other financial interest ⁽¹⁾⁽²⁾ | 61.1 | 29.5 |
| Interest income on caps and swaps | 36.6 | 26.9 |
| Currency gains | 2.4 | 0.0 |
| Total financial income | 100.3 | 56.4 |
| Security transactions | - | - |
| Interest on bonds | -73.3 | -83.8 |
| Interest and expenses on loans ⁽²⁾ | -151.4 | -62.2 |
| Interest on partners' advances | -12.5 | -15.3 |
| Other financial interest | -15.0 | -4.1 |
| Interest expenses on caps and swaps | -43.2 | -24.4 |
| Currency losses | - | -0.1 |
| Sub-total financial expenses | -295.3 | -189.9 |
| Capitalised financial expenses | 12.2 | 18.2 |
| Total financial expenses | -283.1 | -171.7 |
| Net financial expenses | -182.8 | -115.3 |

⁽¹⁾ Other financial interest includes notably financial interest on the prepayment for the acquisition of 50% of the company owning the shopping centre Złote Tarasy and the adjacent office building in Warsaw, Poland (see note 5 “Loans and receivables”).

⁽²⁾ In 2010, the increase of interests received and paid is due to the restructuring of the group financing (see section 5 “Highlights and comparability of the last two years – In 2010” § 4).

Note 26 – Fair value adjustments of derivatives

During 2010, changes in fair value of swaps generated a profit of €6.2 Mn.

The swap cancellation generated a profit of €2.4 Mn.

The amortisation of the revaluation premium following the loan restructuring is €24.7 Mn.

In 2009, changes in fair value of swaps generated a loss of €0.1 Mn.

Note 27 – Debt discounting

This item records the discounting of long term provisions and liabilities, according to their scheduled term.

Note 28 – Income tax expenses

| (in € Mn) | 2010 | 2009 |
|--|---------------------|--------------|
| Deferred tax on: | | |
| - Change in fair value of investment properties | -114.6 | 181.3 |
| - Impairment of goodwill justified by taxes | -4.0 ⁽¹⁾ | -70.5 |
| - Indirect income | 14.3 | 14.1 |
| - Direct income | -6.7 | -4.0 |
| Allocation / reversal of provision concerning tax issues | 1.3 | - |
| Total tax | -109.7 | 120.9 |
| Total tax due | -9.9 | -6.4 |

⁽¹⁾ Impairment of the goodwill on Aupark.

| Reconciliation of effective tax rate | % | 2010 |
|---|----------------------------|----------------|
| Profit before tax and impairment of goodwill | | 1,228.5 |
| Income tax using the average tax rate | 28.4% | -348.3 |
| Tax exempt profits (SIIC) ⁽¹⁾ | -13.0% | 160.3 |
| Tax exempt costs | 0.1% | -1.2 |
| Effect of tax losses utilized | 0.1% | -1.3 |
| Effect of non-recognised tax losses ⁽²⁾ | -6.5% | 79.3 |
| Effect of currency translation in tax | -0.3% | 3.9 |
| Other | -0.1% | 1.6 |
| Impairment of goodwill justified by taxes | 0.3% | -4.0 |
| | 8.9% ⁽¹⁾ | -109.7 |

⁽¹⁾ The very low tax rate of 8.9% is mainly due to tax exempt profits in France according to SIIC regime.

⁽²⁾ Relates to a large extent to the effect of unrecognized tax losses in the Netherlands (see note 12 "Deferred tax")

Note 29 – Non-controlling interests

For 2010, this item mainly comprised non-controlling interests in net gains in Spain resulting from valuation movements of La Maquinista and Habaneras.

Note 30 – Other comprehensive income

For 2010 other comprehensive income comprised:

- €27 Mn of foreign currency differences on translation of financial statements of subsidiaries related mainly to Sweden and Denmark,
- €22 Mn of Net Investment Hedge which comprises the fair value adjustments of derivatives and the impact of foreign currency translation on loans qualified as Net Investment Hedge,
- €2.9 Mn of depreciation of hedging reserve related to derivatives qualified as Cash Flow Hedge.

6.4. Notes to the consolidated statement of cash flows

The tax charge is classified under cash flow from operating activities.

Net financial interest payments as well as cash flow relating to the purchase or sale of derivative instruments are classified as cash flow from financing activities. The cash flow impact of the cancellation of swaps is on the line "other financing activities".

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

As at June 9, 2010, €358.6 Mn were declared as dividend on shares regarding the 2009 financial year.

Note 31 – Breakdown of acquisitions of consolidated subsidiaries

| (in € Mn) | 2010 | 2009 |
|---|------------|--------------|
| Acquisition price of shares | 1.1 | -57.0 |
| Acquisitions net of cash acquired ⁽¹⁾ | 1.1 | -57.0 |
| Net price of shares sold | - | - |
| Cash and current accounts sold | - | - |
| Sales net of cash sold | - | - |

⁽¹⁾ For 2010, this item refers mainly to a purchase price adjustment received on Shopping City Süd for €1.2 Mn.

Note 32 – Reconciliation of cash at year-end on the statement of cash flows and cash on the statement of financial position

| (in € Mn) | 2010 | 2009 |
|--|----------------|--------------|
| Available-for-sale investments | 1.9 | 68.4 |
| Parent company cash pooling | 3,936.6 | 675.3 |
| Cash | 149.6 | 67.7 |
| Current accounts to balance out cash flows | -1,098.1 | -309.2 |
| Bank overdrafts | -16.5 | -5.2 |
| Cash at period-end | 2,973.5 | 497.1 |

VII FINANCIAL INSTRUMENTS

Carrying value of financial instruments per category in accordance with IAS 39

L&R: Loans and Receivables

AfS: Available for Sale financial assets

FAHfT: Financial Assets Held for Trade

FLAC: Financial Liabilities measured At Cost

FLHfT: Financial Liabilities Held for Trade

| Year-end 2010 (in € Mn) | Categories in accordance with IAS 39 | Carrying Amount 2010.12 | Amounts recognised in statement of financial position according to IAS39 | | | Fair value |
|--|--------------------------------------|-------------------------|--|---------------------------------|--|----------------|
| | | | Amortised Cost | Fair value recognised in equity | Fair value recognised in profit & loss | |
| Assets | | | | | | |
| Loans and receivables | L&R | 459.7 | 459.7 | - | - | 504.1 |
| Derivatives at fair value | FAHfT | 51.2 | - | -1.2 | 52.4 | 51.2 |
| Trade receivables from activity ⁽¹⁾ | L&R | 42.1 | 42.1 | - | - | 42.1 |
| Receivables on sale of properties | L&R | 78.6 | 78.6 | - | - | 78.6 |
| Other receivables | L&R | 68.5 | 68.5 | - | - | 68.5 |
| Cash and cash equivalents | AfS | 4,088.0 | - | 1.9 | - | 4,088.0 |
| | | 4,788.1 | 648.9 | 0.7 | 52.4 | 4,832.5 |
| Liabilities | | | | | | |
| Bonds, borrowings and amounts due to credit institutions | FLAC | 7,592.3 | 7,303.3 | - | - | 7,778.2 |
| Derivatives at fair value | FLHfT | 97.4 | - | 72.9 | 24.5 | 97.4 |
| Guarantee deposits | FLAC | 69.6 | 69.6 | - | - | 69.6 |
| Amounts due to suppliers and other current debt ⁽²⁾ | FLAC | 154.6 | 154.6 | - | - | 154.6 |
| | | 7,913.9 | 7,527.5 | 72.9 | 24.5 | 8,099.8 |
| Year-end 2009 | | | | | | |
| (in € Mn) | Categories in accordance with IAS 39 | Carrying Amount 2009.12 | Amounts recognised in statement of financial position according to IAS39 | | | Fair value |
| | | | Amortised Cost | Fair value recognised in equity | Fair value recognised in profit & loss | |
| Assets | | | | | | |
| Loans and receivables | L&R | 459.1 ⁽³⁾ | 459.1 | - | - | 484.8 |
| Derivatives at fair value | FAHfT | 55.2 | - | -4.3 | 59.5 | 55.2 |
| Trade receivables from activity ⁽¹⁾ | L&R | 42.2 | 42.2 | - | - | 42.2 |
| Receivables on sale of properties | L&R | 16.8 ⁽³⁾ | 16.8 | - | - | 16.8 |
| Other receivables | L&R | 56.2 | 56.2 | - | - | 56.2 |
| Cash and cash equivalents | AfS | 811.5 | - | 68.4 | - | 811.5 |
| | | 1,441.0 | 574.3 | 64.2 | 59.5 | 1,466.7 |
| Liabilities | | | | | | |
| Financial debts | FLAC | 4,362.2 ⁽⁴⁾ | 4,066.6 | - | - | 4,456.3 |
| Derivatives at fair value | FLHfT | 40.1 | - | 19.1 | 21.0 | 40.1 |
| Guarantee deposits | FLAC | 66.1 | 66.1 | - | - | 66.1 |
| Amounts due to suppliers and other current debt ⁽²⁾ | FLAC | 164.3 | 164.3 | - | - | 164.3 |
| | | 4,632.7 | 4,297.0 | 19.1 | 21.0 | 4,726.8 |

⁽¹⁾ Excluding rent-free periods and step rents.

⁽²⁾ Excluding prepaid income, service charges billed and tax liabilities

⁽³⁾ In 2009, an amount of €243.9 Mn has been reclassified from "receivables on sale of properties" to "loans and receivables".

⁽⁴⁾ The current accounts to balance out cash flows are included in the financial debts.

“Trade receivables from activity”, “Receivables on sale of properties”, “Other receivables”, “Cash and cash equivalents” and “Amounts due to suppliers and other current debt” mainly have short-term maturity; their carrying amounts at the reporting date approximate the fair value.

Fair value hierarchy of financial instruments

This table splits the financial instruments in assets or liabilities into three levels:

- level 1: financial instruments quoted in an active market.
- level 2: financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.
- level 3: financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data.

| (in € Mn) | Fair value measurement at Dec 31, 2010 | | | |
|---|--|------------|--------------|----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets | | | | |
| <i>Fair value through profit & loss</i> | | | | |
| Derivatives | 52.4 | - | 52.4 | - |
| <i>Fair value through equity</i> | | | | |
| Derivatives | -1.2 | - | -1.2 | - |
| Available-for-sale investments | 1.9 | 1.9 | - | - |
| Total | 53.1 | 1.9 | 51.2 | - |
| Liabilities | | | | |
| <i>Fair value through profit & loss</i> | | | | |
| Bonds | 289.0 | - | 289.0 | - |
| Derivatives | 24.5 | - | 24.5 | - |
| <i>Fair value through equity</i> | | | | |
| Derivatives | 72.9 | - | 72.9 | - |
| Total | 386.4 | - | 386.4 | - |

Net gain/loss by category

| 2010 (in € Mn) | From interest | From trading | From subsequent measurement | | | Net gain/loss |
|---|------------------|-----------------|-----------------------------|-------------------------|--|---------------|
| | | | at fair value | Currency translation | impairment/ reversal of impairment | |
| Loans & receivables | 37.2 | - | - | - | - | 37.2 |
| Available for sale financial assets | - | - | 0.2 | - | - | 0.2 |
| Financial instruments held for trading | - | -6.6 | - | - | - | -6.6 |
| Other financial assets | 22.4 | - | - | - | - | 22.4 |
| Financial liabilities at amortised cost | -250.6 | - | - | - | - | -250.6 |
| | -191.0 | -6.6 | 0.2 | - | - | -197.4 |
| Capitalised expenses | - | - | - | - | - | 12.2 |
| Other | - | - | - | - | - | 2.4 |
| Net financial expenses | - | - | - | - | - | -182.8 |

| 2009 (in € Mn) | From interest | From trading | From subsequent measurement | | | Net gain/loss |
|---|------------------|-----------------|-----------------------------|-------------------------|--|---------------|
| | | | at fair value | Currency translation | impairment/ reversal of impairment | |
| Loans & receivables | 24.6 | - | - | - | - | 24.6 |
| Financial instruments held for trading | - | 2.5 | - | - | - | 2.5 |
| Financial liabilities at amortised cost | -160.5 | - | - | - | - | -160.5 |
| | -135.9 | 2.5 | - | - | - | -133.4 |
| Capitalised expenses | - | - | - | - | - | 18.2 |
| Other | - | - | - | - | - | -0.1 |
| Net financial expenses | - | - | - | - | - | -115.3 |

The Group closely monitors its financial risk linked to its activity and the financial instruments it uses. The Group identifies and evaluates regularly its different risk exposures (liquidity, interest rates, currency exchange rates) in order to implement the adapted strategy when necessary.

Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a Group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to, at least, an annual and, often, more frequent review. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit history.

The risk of insolvency is spread widely across a large number of tenants.

When tenants sign their leasing agreements, they are required to provide financial guarantees, such as a deposit, first-demand guarantee or surety bond amounting to between three and six months' rent.

Late payment reminders are automatically issued in respect of late payments and penalties are applied. Such late payments are monitored by a special "default" committee in each business division which decides on the pre-litigious or litigious action to be taken.

The Group applies the following rules to calculate the provision for doubtful accounts:

- 50 % of receivables due for more than 3 months (calculation after preliminary deduction of possible deposits and bank guarantee)
- 100% of receivables due for more than 6 months.

Market risk

a/ Liquidity risk

The following table shows the Group's contractually agreed interest payments and repayments of the non derivative financial liabilities and the derivatives with positive and negative fair values. Amounts in foreign currency were translated at the closing rate at the reporting date. The payments of the floating-rate interests have been calculated on the basis of the last interests rates published on December, 31 2010. Lines drawn as at December 31, 2010, are considered as drawn until maturity.

Commercial papers have been allocated at the earliest period of redemption even if they are rolled over. All other borrowings have been allocated by date of maturity.

| (in € Mn) | Carrying amount ⁽¹⁾ | Less than 1 Year | | 1 year to 5 years | | More than 5 years | |
|---|--------------------------------|------------------|------------|-------------------|------------|-------------------|------------|
| | Dec 31, 2010 | Interest | Redemption | Interest | Redemption | Interest | Redemption |
| Bonds, borrowings and amounts due to credit institutions: | | | | | | | |
| Bonds and EMTN's | -1,500.0 | -61.4 | -500.0 | -84.3 | -1,000.0 | - | - |
| Bank borrowings and other financial liabilities | -4,946.4 | -216.1 | -417.0 | -536.9 | -3,551.3 | -106.8 | -978.1 |
| Financial derivatives: | | | | | | | |
| <i>Derivative financial liabilities:</i> | | | | | | | |
| Currency and interest rate derivatives in connection with net investment hedges | -72.7 | -0.2 | -73.7 | - | - | - | - |
| Currency and interest rate derivatives without a hedging relationship | -21.1 | -19.1 | - | -44.1 | -1.3 | -49.7 | - |
| Currency and interest rate derivatives in connection with fair value and cash flow hedges | -3.6 | 11.4 | -6.5 | - | - | - | - |
| <i>Derivative financial assets:</i> | | | | | | | |
| Currency and interest rate derivatives in connection with cash flow hedges | 16.4 | -0.3 | - | -0.2 | 17.5 | - | - |
| Currency and interest rate derivatives without a hedging relationship | 34.8 | 9.3 | 25.9 | 12.0 | - | - | - |

⁽¹⁾ Corresponds to the amount of principal debt (see note 10 "Current and non current financial liabilities").

At December 31, 2010, bonds & EMTN issues represent 20% of financial nominal debt, and external bank loans, overdrafts and short term instruments 24%. In addition to this, a significant part of the financing is provided by the Unibail-Rodamco Group.

The commercial paper programmes are backed by confirmed credit lines. These credit lines protect the Group against the risk of a temporary or more sustained absence of lenders in the short or medium term debt markets and were provided by leading international banks.

As at December 31, 2010 the total amount of undrawn credit lines came to €100 Mn.

b/ Counterparty risk

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

c/ Interest rate risk management

Rodamco Europe is exposed to interest rate fluctuations on its variable rate loans, which fund its investment policy and secure the cash position required. Group's strategy regarding interest rate risk is to minimise the impact that changes in rates could have on earnings and cash flow and minimise the overall cost of financing. In order to implement this strategy, Rodamco Europe borrows at variable rates and uses derivatives (mainly caps and swaps) to hedge its interest rate exposure. The Group's market transactions are confined exclusively to those interest hedging activities.

❖ *Average cost of debt*

Rodamco Europe's average cost of debt came to 4.1% over 2010 (3.8% over 2009). This average cost of debt results from the level of margins on existing borrowings, the low interest rate environment in 2010, the cost of the Group's hedging instruments and the cost of carry of the undrawn credit lines.

Interest rate hedging transactions

The structure of debt is as follows: after taking into account interest rate swaps and cross currency swaps, the debt at fixed rate represents 61% of total gross debt. Furthermore, at the end of December 2010, the debt at variable rate is entirely covered by cash available.

The Group's interest policy is covered by a macro hedging policy at the level of the main shareholder, Unibail-Rodamco SE.

Measuring interest rate risk

| (in € Mn) | Outstanding total at Dec 31, 2010 | |
|---|-----------------------------------|------------------------------|
| | Fixed rate | Variable rate ⁽¹⁾ |
| Financial liabilities | -4,459.6 | -2,818.7 |
| Financial assets | 44.3 | 4,043.8 |
| Net financial liabilities before hedging programme | -4,415.3 | 1,225.0 |
| Hedging | 286.0 | -292.3 |
| Net financial liabilities after micro-hedging ⁽²⁾ | -4,129.3 | 932.7 |
| Swap rate hedging ⁽³⁾ | - | 269.7 |
| Net debt not covered by swaps | - | 1,202.4 |
| Cap and floor hedging | - | - |
| Hedging balance | - | 1,202.4 |

⁽¹⁾ Including index-linked debt.

⁽²⁾ Partners' current accounts are not included in variable-rate debt.

⁽³⁾ Forward hedging instruments are not accounted for in this table.

d/ Currency exchange rate risk management

Regarding exchange rate risk, the Group aims to limit its net exposure to an acceptable level by taking up debt in the same currency, by using derivatives and by buying or selling foreign currencies at spot or forward rates.

Measuring currency exchange rate exposure

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

The Group's currency risk exposure is covered at the level of the main shareholder Unibail-Rodamco SE.

Main foreign currency positions at December 31, 2010 (in € Mn)

| Currency | Assets | Liabilities | Net Exposure | Hedging instruments | Exposure net of hedges |
|--------------|----------------|----------------|---------------|---------------------|------------------------|
| SEK | 1,712.6 | 1,069.0 | 643.6 | 292.3 | 351.3 |
| DKK | 310.2 | 62.1 | 248.1 | 127.2 | 121.0 |
| HUF | 0.4 | 34.1 | -33.8 | - | -33.8 |
| CZK | 0.0 | 288.3 | -288.3 | - | -288.3 |
| PLN | 20.3 | 2.8 | 17.5 | - | 17.5 |
| Total | 2,043.5 | 1,456.4 | 587.1 | 419.5 | 167.6 |

The main exposure kept is in Swedish Krona (SEK). A decrease of 10% in the SEK/EUR exchange rate would have a €31.9 Mn negative impact on shareholders' equity. The sensitivity of the 2011 direct result⁹ to a 10% depreciation in the SEK/EUR exchange rate is limited to €3.0 Mn.

⁹ 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 9.1283.

VIII CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new debt or buy back existing outstanding debt, return capital to shareholders, issue new shares or buy back outstanding shares or sell assets to reduce debt.

The Group has disclosed the debt ratio "Loan-to-value" (LTV) , calculated as the net financial nominal debt expressed as a percentage of the portfolio valuation (including transfer taxes). As at December 31, 2010, net financial debt stood at €3,190.3 Mn excluding partners' current accounts and after taking into account cash surpluses (€4,088 Mn). The portfolio valuation (including transfer taxes) of the Group at the same date amounted to €10,943 Mn. As at December 31, 2010, the calculated ratio stood at 29.1% (31% at December 31, 2009).

IX FINANCIAL COMMITMENTS AND GUARANTEES

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

Commitments given

| Commitments given (in € Mn) | Description | Maturities | Dec. 31, 2010 | Dec. 31, 2009 |
|--|--|---------------|----------------|----------------|
| 1) Commitments related to the scope of the consolidated Group | | | 85.9 | 103.5 |
| Commitments for acquisitions | - purchase undertakings and earn-out ⁽¹⁾ | 2011+ | 85.9 | 101.5 |
| Commitments given as part of specific operations | - liability warranties | | - | 2.0 |
| 2) Commitments related to Group financing | | | 969.2 | 879.1 |
| Financial guarantees given | - mortgages and first lien lenders ⁽²⁾ | 2011 to 2023 | 969.2 | 879.1 |
| 3) Commitments related to Group operational activities | | | 352.6 | 243.2 |
| Commitments related to development activities | - properties under construction: residual commitments for works contracts and forward purchase agreements ⁽³⁾ | 2011 to 2015 | 293.1 | 217.3 |
| | - residual commitments for other works contracts | 2011 and 2012 | 1.1 | 1.4 |
| | - commitments with suspensive conditions ⁽⁴⁾ | 2011 | 34.0 | - |
| Commitments related to operating contracts | - rental of premises and equipment | 2011 to 2048 | 13.4 | 14.8 |
| | - other | | 11.0 | 9.7 |
| Total commitments given | | | 1,407.7 | 1,225.8 |

⁽¹⁾ €82.8 Mn concern the Aupark shopping and entertainment centre in Bratislava, Slovakia. Further to the Group's acquisition in 2006 of a 50% stake in this centre, the vendor has options to sell an additional 40% plus 10% to the Group. The same vendor also has an option to sell to the Group land for development at Aupark Bratislava, estimated at €3.1 Mn.

⁽²⁾ Discloses the outstanding balances at the reporting date of the debts and credit lines which are guaranteed by mortgages. The gross amount of mortgages contracted, before taking into account subsequent debt reimbursement and unused credit lines, was €1,336.6 Mn at December 31, 2010 (€1,250.1 Mn at December 31, 2009).

⁽³⁾ Concerns commitments linked to the building of new or extension of existing shopping centres and offices, particularly Mall of Scandinavia in Stockholm (negotiation ongoing for the renewal of the previous commitment) and Täby Centrum in Täby, Sweden.

The increase in the commitments on projects under construction results from the increase of the Täby Centrum project, partially compensated by the completion in 2010 of the Cours and Tour Oxygène projects in Lyon, France and by the disposal of the projects for Buitenmere at Almere and for Markthal at Rotterdam in The Netherlands.

⁽⁴⁾ Commitment for the land purchase for the Fuente de San Luis project at Valence in Spain.

Other unquantifiable commitments given related to the scope of the consolidated Group

For a number of recent acquisitions of properties in France, Rodamco Europe has committed to the French tax authorities to retain these interests during at least five years, in accordance with the SIIC tax regime.

Commitments received

| Commitments received (in € Mn) | Description | Maturities | Dec. 31, 2010 | Dec. 31, 2009 |
|---|--|---------------------|---------------|----------------|
| 1) Commitments related to the scope of the consolidated Group | | | 69.4 | 80.6 |
| Commitments for acquisitions | - sales undertakings ⁽¹⁾ | 2013+ | 69.4 | 80.6 |
| 2) Commitments related to Group financing | | | 687.0 | 960.0 |
| Financial guarantees received | - refinancing agreements obtained but not used ⁽²⁾ | 2012 | 100.0 | 660.0 |
| | - bank loans guaranteed by Rodamco Europe NV's main shareholder, Unibail-Rodamco SE ⁽³⁾ | 2012, 2013 and 2023 | 587.0 | 300.0 |
| 3) Commitments related to Group operational activities | | | 108.4 | 127.8 |
| Other contractual commitments received related to operations | - bank guarantees on works and others | 2013 | 8.6 | 27.2 |
| | - others | 2016 | 1.3 | - |
| Assets received as security, mortgage or pledge, as well as guarantees received | - guarantees received relating to Hoguet regulation | 2010 | 18.0 | 18.0 |
| | - guarantees received from tenants | 2010 to 2022 | 80.5 | 82.6 |
| Total commitments received | | | 864.7 | 1,168.4 |

⁽¹⁾ Further to the vendor's options to sell a further 40% plus 10% in the Aupark shopping and entertainment centre in Bratislava, Slovakia, as described above in the "Commitments given related to the scope of the consolidated Group", the Group has an option to buy an additional 40% from 2013 onwards, thereby extending its stake to 90%. This commitment received amounts to €66.3 Mn. The Group also has an option to purchase from the same vendor land for development at Aupark Bratislava, estimated at €3.1 Mn.

⁽²⁾ These agreements are concluded in coordination with Rodamco Europe NV's main shareholder, Unibail-Rodamco SE. They are usually accompanied by a requirement for Unibail-Rodamco SE to meet specific target ratios based on revalued shareholders' equity, Group portfolio valuation and debt. Certain credit lines are also subject to an early prepayment clause (in full or in part) in the event of a change in ownership or a series of disposals reducing portfolio assets below a given threshold. Based on current forecasts, excluding exceptional circumstances, these thresholds on target ratios are not expected to be attained during the current year.

⁽³⁾ 2009 has been restated.

Commitments relating to operating leases

General overview of the main provisions of lease agreements

The period of commercial lease agreements varies greatly by region, most often varying from 3 to 10 years. Rents are in general annually indexed with inflation during the lease agreement. Rents may be stepped or constant and can include rent-free periods or step rents. The level of rent is determined at the time the lease agreement is signed and remains in force for the term of the lease. In most regions the charges, including land duties and office tax, are usually paid by the tenant, unless stated otherwise in the lease agreement. In the case of shopping centres, rent is based on a minimum guaranteed rent, indexed and established so that the variable turnover based part of rents represents a small part of total rents. In 2010, variable rents accounted for just 2.0% of total rents.

Minimum guaranteed rents under leases

As at December 31, 2010, minimum future rents due under leases until the next possible termination date break down as follows:

| Minimum future rents per year (in € Mn) | | | |
|---|----------------|--------------|----------------|
| Year | Retail | Offices | Total |
| 2011 | 554.4 | 41.0 | 595.4 |
| 2012 | 463.7 | 34.4 | 498.1 |
| 2013 | 377.8 | 28.3 | 406.2 |
| 2014 | 287.3 | 21.0 | 308.2 |
| 2015 | 219.0 | 17.0 | 236.1 |
| 2016 | 146.7 | 15.7 | 162.3 |
| 2017 | 107.1 | 15.5 | 122.6 |
| 2018 | 83.5 | 15.5 | 99.0 |
| 2019 | 60.6 | 10.3 | 70.9 |
| 2020 | 49.2 | 5.9 | 55.0 |
| 2021 | 35.4 | 4.9 | 40.2 |
| Beyond | 172.1 | 26.5 | 198.5 |
| Total | 2,556.7 | 235.9 | 2,792.6 |

X EMPLOYEE REMUNERATION AND BENEFITS

10.1. Personnel costs

| Personnel costs (in € Mn) | 2010 | 2009 |
|----------------------------------|-------------|-------------|
| Personnel costs | 54.3 | 58.5 |
| Employee benefits ⁽¹⁾ | 1.3 | 2.1 |
| Total | 55.6 | 60.6 |

⁽¹⁾ Expenses relating to the stock-options.

10.2. Number of employees

The average number of employees of the Group's companies breaks down as follows:

| Regions | 2010 | 2009 |
|-----------------|------------|------------|
| France | 46 | 54 |
| The Netherlands | 84 | 109 |
| Nordic | 134 | 172 |
| Spain | 148 | 135 |
| Central Europe | 73 | 107 |
| Austria | 91 | 105 |
| Total | 576 | 682 |

10.3. Employee benefits

Pension Plan

The majority of the Group's pension schemes are defined contribution plans. The Dutch group companies have pension plans with both defined benefit as well as defined contribution components.

| (in € Mn) | Dec 31, 2010 | Dec 31, 2009 |
|-----------------------------------|--------------|--------------|
| Benefit obligations | 40.5 | 36.5 |
| Fair value of plan assets | -30.1 | -29.1 |
| Funded status of the plans | 10.4 | 7.4 |

| (in € Mn) | 2010 | 2009 |
|--|-------------|------------|
| Net liabilities at the beginning of the year | 7.4 | 6.5 |
| Employer contributions | -0.8 | 0.9 |
| Expenses recognised in result of the period | 3.8 | - |
| <i>Actuarial gains / losses</i> | 3.1 | -1.3 |
| <i>Current service costs</i> | 0.7 | 1.0 |
| <i>Interest costs</i> | 1.8 | 1.6 |
| <i>Expected return on plan assets</i> | -1.3 | -1.2 |
| <i>Settlement</i> | -0.5 | - |
| Net liabilities at year-end | 10.4 | 7.4 |

Principal actuarial assumptions used:

| | Dec 31, 2010 | Dec 31, 2009 |
|--------------------------------|---------------|---------------|
| Discount rate | 4.60% | 5.00% |
| Expected return on plan assets | 4.25% | 4.30% |
| Future salary increase | 3.25% | 3.25% |
| Future inflation | 2.25% | 2.25% |
| Future pension increase | 2.25% / 3.25% | 2.25% / 3.25% |

Stock-option plans

In 2006, the Group introduced a Long Term Incentive Plan for the Management Board and other senior staff and conditionally granted shares to the Management Board and other senior staff. As this plan was cancelled by the end of 2007, no fair value expenses have been recognized in 2008. This Performance Share Plan has been replaced by the Unibail-Rodamco Stock-option Plan. Stock options were granted in 2007, 2008, 2009 and 2010. The total expense recognized in the profit & loss account for share based payments in 2010 amounts to €1.3 Mn (€1.1 Mn in 2009).

All stock-options granted are subject to this performance condition: the right to exercise stock-options is subject to Unibail-Rodamco stock performance being higher in percentage terms than that of the EPRA benchmark index over the reference period (i.e. the period commencing on the allocation date of the options and expiring on the last trading day before the recipient exercises the option). Options can be exercised on the expiry of the 4th anniversary of the allocation date (at the earliest) and on the expiry of the 7th anniversary of the allocation date (at the latest).

The main other characteristics of the stock-option plans granted to the Management Board and other senior staff are as follows:

- Plan authorised in 2007, relating to options allocated in 2007, 2008 and 2009. These stock-options have a duration of 7 years and may be exercised at any time, in one or more instalments, as from the 4th anniversary of the date of their allocation. The exercise period are: for options allocated in 2007, from October 11, 2011 to October 11, 2014; for options allocated in 2008, from October 23, 2012 to October 23, 2015; and for options allocated in 2009, from March 13, 2013 to March 12, 2016. The adjusted¹⁰ subscription price of the options allocated in 2007, 2008 and 2009 are respectively: €146.32, €105.69 and €80.66.
- Plan authorised in 2010: relating to options allocated on March 10, 2010. These stock-options have a duration of 7 years and may be exercised at any time, in one or more instalments, as from the 4th anniversary of the date of their allocation. The exercise period goes from March 10, 2014 to March 9, 2017. The adjusted¹ subscription price is €122.74.

¹⁰ Adjustments reflect distribution paid from retained earnings.

XI RELATED PARTY DISCLOSURES

The consolidated financial statements include all of the companies in the Group's scope of consolidation (see section 4 "Scope of consolidation").

The parent company is Rodamco Europe NV.

Rodamco Europe NV has a related party relationship with its major shareholder Unibail-Rodamco SE and some of its subsidiaries and with its key management personnel. Key management personnel comprises both members of the Management Board and senior management. There were no related party relationships with close members of the family of members of the Supervisory Board and the Management Board.

Transactions with the major shareholder Unibail-Rodamco SE and its subsidiaries

The relation between Rodamco Europe NV and its major shareholder Unibail-Rodamco SE involves transactions including cost charges that are common practice and at arm's length. These cost charges include cost charges for management and stock option schemes among other cost charges.

The main related party transactions with Unibail-Rodamco SE and its subsidiaries are detailed below:

| (€ Mn) | Dec 31, 2010 | Dec 31, 2009 |
|---|----------------------|----------------------|
| Parent company borrowings | 2,968.8 | 442.7 |
| Charges and premiums on issues of parent company borrowings | -0.5 | - |
| Accrued interests on parent company borrowings | 13.5 | 1.4 |
| Amounts due to suppliers and other current debt | 4.1 | 14.9 |
| Current accounts to balance out cash flows | 1,098.1 | 309.2 |
| Total liabilities | 4,084.0 | 768.2 |
| Loans | 743.4 ⁽²⁾ | 243.9 ⁽¹⁾ |
| Trade receivables and other receivables | 5.0 | 3.1 |
| Current accounts receivables (cash-pooling) | 3,935.2 | 674.3 |
| Total assets | 4,683.6 | 921.3 |
| Costs charges reinvoiced | -29.1 | -22.6 |
| Stock-option cost charges | -1.3 | -1.1 |
| Financial expenses | -145.0 | -19.8 |
| Financial income | 50.5 | 10.1 |
| Net result | -124.8 | -33.4 |

⁽¹⁾ An amount of €243.9 Mn has been reclassified from "receivables on sale of properties" to "loans and receivables".

⁽²⁾ Of which €500.0 Mn with Unibail-Rodamco SE. The maturity of this loan is October, 12 2011 and the rate applied is Euribor 1 month + 0.55% (base: exact / 360).

The relation between Rodamco Europe NV and U&R Management BV, a subsidiary of Unibail-Rodamco SE, involves the administration of joint staff activities.

All transactions between the Group and its related parties are done on an arm's length basis.

Transactions with other related parties

- Remuneration of Management Board:

| <i>(in €)</i> Paid in: | 2010 | 2009 |
|-------------------------------|------------------|------------------|
| Fixed income | 880,000 | 800,000 |
| Short term incentive | 366,242 | 380,000 |
| Other benefits ⁽¹⁾ | 152,691 | 143,014 |
| Total | 1,398,933 | 1,323,014 |

⁽¹⁾ Mainly pension and company car.

In 2010, members of the Management Board were allocated a total of 50,000 stock options, all of which are subject to performance criteria.

Regarding the 2010 results, the management board members will receive in 2011 a total variable remuneration of €634,282.

- Remuneration of the Supervisory Board: €98,000.

Loans or guarantees granted to directors: None.

Transactions involving directors: None.

XII RELATIONSHIP WITH STATUTORY AUDITORS

In 2010 and 2009, the parent company and fully-consolidated subsidiaries of the Rodamco Europe Group have accounted for the following fees from the Group auditors:

| (in €Mn) | Ernst & Young | | | | Deloitte | | | | Others | | | |
|--|---------------|------------|-------------|-------------|------------|------------|-------------|-------------|----------|----------|----------|-------------|
| | amount | | % | | amount | | % | | amount | | % | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Audit | | | | | | | | | | | | |
| <i>Statutory audit, certification, review of company and consolidated financial statements</i> | | | | | | | | | | | | |
| Issuer ⁽¹⁾ | 0.1 | 0.1 | 12% | 11% | - | - | - | - | - | - | - | - |
| Fully consolidated subsidiaries | 0.9 | 0.9 | 88% | 79% | 0.4 | 0.5 | 100% | 83% | - | - | - | 100% |
| <i>Other assignments and services directly related to the statutory audit assignment</i> | | | | | | | | | | | | |
| Issuer ⁽¹⁾ | - | - | 0% | 0% | - | - | - | - | - | - | - | - |
| Fully consolidated subsidiaries | - | 0.1 | 0% | 9% | - | 0.1 | - | 17% | - | - | - | - |
| Total | 1.0 | 1.1 | 100% | 100% | 0.4 | 0.6 | 100% | 100% | - | - | - | 100% |

Concerning the subsidiaries consolidated by the proportional or equity methods, the fees of statutory auditors and other professionals in their networks for the 2010 fiscal year for the statutory audit, certification and review of company financial statements amount to €0.3 Mn, of which €0.1 Mn for Ernst & Young and €0.2 Mn for Deloitte.

XIII POST CLOSING EVENTS

Disposals

The Solna Hotel in Sweden was sold on January 28, 2011 for €22.5 Mn.

The Group's 33% share in the Arkad shopping centre in Budapest, Hungary, was sold on February 9, 2011 for €56.8 Mn.

The building Tyresö Centre in Sweden was sold by parts on the 11th and 18th of February 2011 for a net disposal price of €94.5 Mn.

The building Walburg in The Netherlands was sold on March 2nd for a net disposal price of €37.8 Mn

Acquisitions

On March 10th, the Group acquired two companies, owners of two shopping centres in Poland, Arkadia and Wilenska. The acquisition price of these shares amount to €360 Mn.

Rodamco Europe squeeze out proceedings

On February 1, 2011 the Enterprise Chamber of the Amsterdam Court of Appeal decided to request a panel of experts to update their July 2010 report on the value of the Rodamco Europe shares, in view of the increases in the Net Asset Value per share over 2010. A final decision is now expected in the second quarter of 2011.

**RODAMCO EUROPE N.V.
2010 FINANCIAL STATEMENTS**

COMPANY INCOME STATEMENT
Rodamco Europe N.V.
As at December 31, 2010

| <i>(in € millions)</i> | <i>Note</i> | 2010 | 2009 |
|------------------------------------|-------------|-----------------------|-----------------------|
| Corporate profit after tax | | 38.9 | - 9.8 |
| Result of subsidiaries after tax | 3 | 1,057.3 | - 465.2 |
| Net profit/(loss) after tax | | <u>1,096.2</u> | <u>- 475.0</u> |

COMPANY STATEMENT OF FINANCIAL POSITION
Rodamco Europe N.V.
As at December 31, 2010

(Before profit appropriation)
(in € millions)

| | <i>Note</i> | 2010 | 2009 |
|---|-------------|-----------------------|-----------------------|
| Investments in Group companies | 3 | 4,275.2 | 7,599.6 |
| Investments | | <u>4,275.2</u> | <u>7,599.6</u> |
| Total non-current assets | | 4,275.2 | 7,599.6 |
| Trade and other receivables | | 8.1 | 23.7 |
| Receivables | | <u>8.1</u> | <u>23.7</u> |
| Cash at banks | | 0.0 | 1.4 |
| Intercompany deposits | | 3,553.3 | - |
| Other assets | | <u>3,553.3</u> | <u>1.4</u> |
| Total current assets | 4 | 3,561.4 | 25.1 |
| Total assets | | <u>7,836.6</u> | <u>7,624.8</u> |
| Share capital | | 717.1 | 717.1 |
| Share premium | | 2,956.0 | 2,956.0 |
| Revaluation reserve (*) | | 2,005.2 | 1,421.5 |
| Hedging reserve | | - 1.1 | - 5.0 |
| Foreign currency translation reserve | | - 59.3 | - 63.3 |
| Retained earnings (*) | | 470.2 | 1,888.0 |
| Profit/(loss) for the year | | 1,096.2 | - 475.0 |
| Shareholders' equity | 6 | <u>7,184.3</u> | <u>6,439.3</u> |
| Interest-bearing loans and borrowings | | 0.0 | 0.0 |
| Long-term liabilities | | <u>0.0</u> | <u>0.0</u> |
| Bank overdrafts | | 0.0 | 0.0 |
| Interest-bearing loans and borrowings | | 0.0 | 0.0 |
| Intercompany loans | | 652.2 | 1,184.9 |
| Trade and other payables | | 0.1 | 0.6 |
| Short-term liabilities | 5 | <u>652.3</u> | <u>1,185.5</u> |
| Total shareholders' equity and liabilities | | <u>7,836.6</u> | <u>7,624.8</u> |

(*) 2009 revaluation reserve has been restated with Eur 274.1 million, as a result of a reclassification between revaluation reserve and retained earnings due to realisation of reserves in NL, with no impact on total equity.

COMPANY STATEMENT OF CHANGES IN EQUITY
Rodamco Europe N.V.
As at December 31, 2010

| <i>(in € millions)</i> | Issued and paid in capital | Additional paid-in capital | Other reserves | | | Retained earnings (*) | Unappropriated net result for the year | Total |
|---|----------------------------|----------------------------|-------------------------|-----------------|------------------------------|-----------------------|--|----------------|
| | | | Revaluation reserve (*) | Hedging reserve | Currency translation reserve | | | |
| Opening balance at January 1, 2009 | 717.1 | 2,956.0 | 2,627.0 | - 4.0 | - 41.0 | 1,192.0 | - 192.6 | 7,254.5 |
| Final dividend 2008 | - | - | - | - | - | - 313.7 | - | - 313.7 |
| Appropriation of net result 2008 | - | - | - | - | - | - 192.6 | 192.6 | 0.0 |
| Net result 2009 | - | - | - | - | - | - | - 475.0 | - 475.0 |
| Currency translation result | - | - | - | - | - 23.0 | - | - | - 23.0 |
| Movement revaluation reserve (*) | - | - | - 1,205.5 | - | - | 1,205.5 | - | 0.0 |
| Other movements | - | - | - | - 1.0 | 0.7 | - 3.2 | - | - 3.5 |
| Balance at December 31, 2009 | 717.1 | 2,956.0 | 1,421.5 | - 5.0 | - 63.3 | 1,888.0 | - 475.0 | 6,439.3 |

(*) 2009 revaluation reserve has been restated with Eur 274.1 million, as a result of a reclassification between revaluation reserve and retained earnings due to realisation of reserves in NL, with no impact on total equity.

| <i>(in € millions)</i> | Issued and paid in capital | Additional paid-in capital | Other reserves | | | Retained earnings | Unappropriated net result for the year | Total |
|---|----------------------------|----------------------------|---------------------|-----------------|------------------------------|-------------------|--|----------------|
| | | | Revaluation reserve | Hedging reserve | Currency translation reserve | | | |
| Opening balance at January 1, 2010 | 717.1 | 2,956.0 | 1,421.5 | - 5.0 | - 63.3 | 1,888.0 | - 475.0 | 6,439.3 |
| Final dividend 2009 | - | - | - | - | - | - 358.6 | - | - 358.6 |
| Appropriation of net result 2009 | - | - | - | - | - | - 475.0 | 475.0 | 0.0 |
| Net result 2010 | - | - | - | - | - | - | 1,096.2 | 1,096.2 |
| Currency translation result | - | - | - | 3.9 | 4.0 | - | - | 7.9 |
| Movement revaluation reserve | - | - | 583.8 | - | - | - 583.8 | - | 0.0 |
| Other movements | - | - | - | - | - | - 0.5 | - | - 0.5 |
| Balance at December 31, 2010 | 717.1 | 2,956.0 | 2,005.2 | - 1.1 | - 59.3 | 470.2 | 1,096.2 | 7,184.3 |

Notes to the company financial statements

1 General information

The description of Rodamco Europe N.V.'s activities and structure, as included in the notes to the consolidated financial statements, also apply to the Company financial statements.

The corporate accounts have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Dutch Civil Code. In accordance with article 402 Book 2 of the Dutch Civil Code, the Company's income statement only shows the result of subsidiaries after tax as separate item.

In order to harmonise the accounting principles of the Company accounts with the consolidated accounts, the Management Board decided, from January 1, 2005 onwards, to adopt the provisions of article 362, paragraph 8, Book 2 of the Dutch Civil Code, whereby the accounting principles applied in the consolidated accounts also apply to the Company financial statements of Rodamco Europe N.V. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued and interpreted by the International Accounting Standards Board (IASB) and as adopted by the European Commission per December 31, 2010.

2 Accounting principles

The accounting principles as described in the notes to the consolidated financial statements also apply to the Company financial statements unless indicated otherwise.

Investments in Group companies

In accordance with section 2:362 subsection 8 of the Dutch Civil Code, all subsidiaries are valued at equity value. For determining the equity value all assets, liabilities and profits and losses are subject to the accounting principles as applied to the consolidated financial statements.

3 Investments in Group companies

Investments in Group companies include subsidiaries of Rodamco Europe N.V.

The movement in investments in Group companies is as follows:

| <i>(in € millions)</i> | 2010 | 2009 |
|-------------------------------------|----------------|----------------|
| Balance at January 1 | 7,599.6 | 8,093.6 |
| Dividend payments from subsidiaries | - 4,389.2 | 0.0 |
| Result of subsidiaries | 1,057.3 | - 465.2 |
| Other | 7.5 | - 28.8 |
| Balance at December 31 | 4,275.2 | 7,599.6 |

Subsidiaries (directly held by Rodamco Europe N.V.)

| | |
|--------------------------------|---------|
| Rodamco Europe Properties B.V. | 100.00% |
| Rodamco France SA | 100.00% |
| Rodamco Russia B.V. | 100.00% |
| SAS Frankvink Investissement | 100.00% |
| SAS RE France Financing | 100.00% |
| SAS Hoche Poincaré | 99.99% |

Only Rodamco Russia BV has a negative equity value at December 31, 2010

4 Current assets

These represent amounts receivable from Group companies and cash at banks.

5 Short-term liabilities

These represent bank overdrafts and intercompany loans.

6 Shareholders' equity

Share capital and share premium

The share capital consists of 204,524,430 authorised shares of which 89,639,292 shares are issued and outstanding at December 31, 2010, similar to December 31, 2009. The shares have a par value of € 8 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The share premium is exempted from tax to the amount of € 1,963 million (2009: € 1,963 million).

Other reserves

Other reserves in the company balance sheet are reserves to be maintained under local legislation and comprise revaluation reserve, hedging reserve and currency translation reserve. The amounts recognised by these reserves, totalling € 1,945 million (2009: € 1,353 million) are not freely distributable. As they are restricted reserves under Dutch Civil Code. A brief description of the major reserves is as follows:

Revaluation reserve

The revaluation reserve relates to investment property and comprises the cumulative increase in the fair value of the property, net of deferred tax. This is a legal requirement following Article 390, Book 2 of the Dutch Civil Code.

Currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than the Company's functional currency, as well as from the translation of liabilities (including quasi-equity loans) that hedge the Company's net investment in a foreign subsidiary.

7 Long-term incentive – Stock option plan

Please refer to note 10.3 of the consolidated accounts for details.

8 Employees

During 2010 the legal entity did not have other employees than the Supervisory Board members.

9 Remuneration members of the Management Board and Supervisory Board

Please refer to note 11 of the consolidated accounts for details.

10 Joint and several liability

For most of the Dutch Group companies Rodamco Europe has assumed joint and several liability, in accordance with article 403 Book 2 of the Dutch Civil Code.

These Dutch Group companies are:

| Name company | Legal seat |
|--|------------------------|
| - Rodamco Europe Properties B.V. | Rotterdam, Netherlands |
| - Rodamco Nederland Winkels B.V. | Amsterdam, Netherlands |
| - Rodamco Nederland B.V. | Amsterdam, Netherlands |
| - Unibail Rodamco Nederland Winkels B.V. | Rotterdam, Netherlands |
| - Rodamco Europe Finance B.V. | Rotterdam, Netherlands |
| - Feldkrichen B.V. | Rotterdam, Netherlands |
| - Belindam B.V. | Rotterdam, Netherlands |
| - Unibail-Rodamco Poland 1 B.V. | Rotterdam, Netherlands |
| - Unibail-Rodamco Poland 2 B.V. | Rotterdam, Netherlands |
| - Rodamco Retail Deutschland B.V. | Rotterdam, Netherlands |
| - Deenvink B.V. | Rotterdam, Netherlands |
| - Rodamco Espana B.V. | Rotterdam, Netherlands |
| - Vuurvink B.V. | Rotterdam, Netherlands |
| - Rodamco Central Europe B.V. | Rotterdam, Netherlands |
| - Rodamco Deutschland B.V. | Rotterdam, Netherlands |
| - Cijferzwaan B.V. | Rotterdam, Netherlands |
| - Dotterzwaan B.V. | Rotterdam, Netherlands |
| - Rodamco Austria B.V. | Rotterdam, Netherlands |
| - Rodamco Hungary B.V. | Rotterdam, Netherlands |
| - Rodamco Project I B.V. | Rotterdam, Netherlands |
| - Rodamco Czech B.V. | Rotterdam, Netherlands |
| - Rodamco Europe Beheer B.V. | Rotterdam, Netherlands |
| - Rodamco Europe Finance II B.V. | Rotterdam, Netherlands |
| - Rodamco Russia B.V. | Rotterdam, Netherlands |

11 Dutch Decree on the Supervision of Collective Investment Schemes: disclosures

Related-party transactions

The members of the Supervisory Board and the Management Board of Rodamco Europe had no personal interests in any of Rodamco Europe's investments during the 2010 financial year. To our knowledge, no property or other transactions took place in the year under review with persons or institutions which can be considered to be directly related to the Group.

Also refer to note 11 of the consolidated financial statements.

Managing directors' interests

Statement pursuant to Article 122, paragraph 2, of the Dutch Decree on Supervision of Market Conduct of Financial Firms (Besluit Gedragstoezicht financiële ondernemingen Wft). As at December 31, 2010, the members of the Management Board together held nil Rodamco Europe shares.

12 Post balance sheet events and additional information

Post closing events

See note 13 of the consolidated accounts.

The net asset value per share is as follows:

| | 2010 | 2009 | 2008 |
|-------------------------------|-------------|-------------|-------------|
| Net asset value (in € mln) | 7,184.3 | 6,439.3 | 7,254.0 |
| Shares outstanding | 89,639,292 | 89,639,292 | 89,639,292 |
| Net asset value per share (€) | 80.15 | 71.83 | 80.92 |

OTHER INFORMATION

Rodamco Europe N.V. is a public limited liability company in the form of an investment company with variable capital. Rodamco Europe N.V has a license under the Dutch Act on the Supervision of Collective Investment Schemes. This licence was renewed on July 19, 2006 based on the revised Act. The prospectus of the company is available at the Group's offices.

Articles of association rules with respect to profit appropriation

In accordance with Article 37 – 38 of the Articles of Association, profits will be distributed as follows:

- part of the profit will be used to form or to supplement reserves, if and insofar as the Management Board, in agreement with the Supervisory Board, will deem this desirable.
- the balance of the profit then remaining will be at free disposal of the Annual General Meeting of Shareholders.
- among the shareholders in proportion to their nominal holdings of shares.

Proposed appropriation of net profit

According to Rodamco Europe's Articles of Association, the appropriation of the net result for the year is decided upon at the Annual General Meeting of Shareholders. For the financial year 2010, the Management Board, in agreement with the Supervisory Board, proposes the payment of a final cash dividend of € 4.00 per share. As no interim dividend was paid in 2010, total cash dividend for 2010 is € 4.00 per share. The total amount of the dividend, based on the outstanding number of shares (89,639,292) will be € 358,6 million.

Should this proposal be accepted, the final dividend will be payable from June 30 2011. Awaiting the decision by the shareholders, the net profit for the year is separately recorded in the shareholders' equity as unappropriated net profit.

24 March 2011

Supervisory Board:

Guillaume L.J. Poitrinal, Chairman

Clarence Steininger

Anton van Rossum

Management Board:

Catherine C. Pourre

Peter M. van Rossum

Independent auditor's report

To: the Annual General Meeting of Shareholders of Rodamco Europe N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Rodamco Europe N.V., Rotterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2010, the company income statement and the company statement of changes in equity for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code . Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Rodamco Europe N.V. as at December 31, 2010, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Rodamco Europe N.V. as at December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Utrecht, March 24, 2011

Ernst & Young Accountants LLP

Signed by W.H. Kerst