

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Unibail-Rodamco SE

For the year ended December 31, 2017

Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of Unibail-Rodamco SE,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Unibail-Rodamco SE for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the audit committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of the investment property portfolio, including investment properties under construction (IPUC)

Key Audit Matter	Our response
The investment properties amount to €38,524 Mn at December 31, 2017. They are measured at fair value except for some Investment Properties Under Construction (IPUC) carried at cost amounting to €1,343 Mn. The valuation movement recorded in the net result of the year in respect of investment properties is €1,364 Mn.	We assessed management's controls over the process implemented to determine the valuation of investment properties. We assessed the competence and independence of the external appraisers. We also evaluated the suitability of their valuation scope and methodology for the financial report.
The group's investment property portfolio is split between shopping centres (€32,272 Mn) across eleven countries in continental Europe, offices (€3,535 Mn) and Convention & Exhibition Centers (€2,717 Mn) mainly in the Paris area.	The audit team, including our real estate valuation experts, attended meetings with each of the appraisers at which the valuations and the key assumptions therein were discussed and challenged.

The valuation of investment properties is highly dependent on estimates and assumptions and requires significant judgment by management and the external appraisers. The valuations take into account the property-specific information (including the current tenancy agreements and rental income, condition and location of the property, future rental prospects), as well as prevailing market yields and market transactions. For IPUC, other factors such as projected costs to complete for developments, ability to let, timing of practical completion and reliability of fair value have also been considered.

Accordingly, the valuation of investment properties and impairment test of IPUC accounted for at cost are considered as key audit matters due to significance of their balance to the financial statements as a whole, combined with the level of judgment associated with determining their fair value or the impairment provision.

Please refer to note 5.1 to the consolidated financial statement.

We conducted analytical procedures by comparing assumptions and the value of each property in the portfolio on a year-on-year basis, by reference to our understanding of their local market, external market data, published benchmarks and asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group. We investigated further the valuations of some properties, and where appropriate, obtaining evidence to support the gross market value movement and involving our experts. Our work focused on the largest properties in the portfolio and those where the assumptions used and/or year-on-year movement in values suggested a possible outlier versus market data for the relevant sector.

For IPUC carried at cost, we met with development directors and project managers to assess the reasonableness of data and assumptions used by the company to carry out its impairment tests, in particular incurred project costs, progress of development, forecast costs to complete as well as identified contingencies, exposures and remaining risks.

These procedures were performed either by the central teams or by the component auditors based on our audit instructions.

Additionally, we considered the appropriateness of the disclosures in the consolidated financial statements in respect of investment properties.

■ Accounting for financial debt and related derivatives

Key Audit Matter	Our response
As at December 31, 2017, Unibail-Rodamco has total financial debt of €16,567 Mn. The debt includes net share settled bonds convertible into new and/or exchangeable for existing shares (ORNANEs) accounted for at fair value through profit and loss for a total amount of €1,020 Mn.	We obtained and analyzed loan contracts on a sample basis to understand the terms and conditions and verified that those characteristics were correctly reflected in the financial statements in according with accounting options retained by the group. We also performed analytical procedures on the financial expenses.
The group used derivatives, mainly interest rate swaps and caps and cross-currency swaps, to hedge its exposure to movements in interest and currency exchange rates related to its financial indebtedness. These derivatives for which no hedge accounting has been applied are carried at fair value through profit and loss, for amounts on the balance sheet of €231 Mn (asset) and €316 Mn (liability).	The amount of the principal debt was agreed to third party confirmations on a sample basis. The carrying value of ORNANEs was reconciled to market price. We assessed the maturity profile of the group's financial debt to check that loans maturing within the next twelve months were classified in current liabilities.
During the year, the group incurred €228 Mn in net financial expenses and a net negative fair value adjustment of €0.2 Mn related to ORNANEs and derivatives (excluding accrued interest).	Where debt covenants were identified, we checked management's calculations to verify compliance with the contracts.

The group's gearing, liquidity, covenant obligations and financing cost profile result from this portfolio of financial debt and derivatives.

Financial debt and derivatives are considered as key audit matters due to significance of the balances to the financial statements as a whole and due to the impact of the valuation movements of ORNANEs and derivatives on the consolidated statement of comprehensive income.

Please refer to note 7 to the consolidated financial statements.

We confirmed a selection of derivatives directly with counterparties and performed procedures to ensure completeness of them.

We assessed management's controls over the valuation of derivatives. For a sample of financial instruments, we reviewed the valuation of derivatives and we involved our internal specialists who performed independent valuations.

We reviewed that the financial costs were appropriately allocated between recurring and non-recurring results in the consolidated income statement by segment.

Additionally, we considered the appropriateness of the disclosures in the financial statements in respect of financial debt and derivatives.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the management board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

■ Appointment of the Statutory Auditors

We were appointed as statutory auditors of Unibail-Rodamco SE by the annual general meeting held on April 27, 2011 for DELOITTE & ASSOCIES and on May 13, 1975 for ERNST & YOUNG Audit.

As at December 31, 2017, DELOITTE & ASSOCIES was in its 13th consecutive year of mandate given the acquisitions or mergers with firms that have previously taken place, and ERNST & YOUNG Audit in its 43rd consecutive year of mandate.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the management board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

■ Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- ▶ Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtains an understanding of internal control relevant to the audit 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 internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- ▶ Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- ▶ Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

■ Report to the audit committee

We submit a report to the audit committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the audit committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 27, 2018

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Pascal Colin

Jean-Yves Jégourel