

Report of the Chairman of the Supervisory Board

on the arrangements for planning and organising the work of the Group's Supervisory Board and on the Group's internal control procedures for the financial year ending December 31, 2008 (section L. 225-68 of the French Commercial Code).

This report was prepared in close cooperation with Unibail-Rodamco's Management Board, the Group's Director of Internal Audit and the Group's General Counsel. In addition, it was discussed with the Group's Statutory Auditors. On February 5, 2009 the Supervisory Board approved this report pursuant to section L. 225-68 of the French Commercial Code.

I. SUPERVISORY BOARD

1. Functioning of the Supervisory Board

1.1. Purpose and powers

The Supervisory Board exerts permanent oversight and control over the Management Board and the general affairs of the Company. To that end, the Supervisory Board conducts appropriate inspections and reviews and may obtain copies of all documents to fulfill its duties. The Supervisory Board functions under the Company's Articles of Association and a specific Charter¹.

Moreover, it makes suggestions and formulates recommendations to the Management Board on the following:

- company strategy and financial performance;
- business risks;
- structure and administration of internal risk management and control systems;
- financial reporting procedures and compliance with relevant laws and regulations.

In addition, the Supervisory Board makes decisions concerning the Company's corporate governance and its actual implementation. It assesses the functioning of the Management Board, the Supervisory Board (including the Supervisory Board committees) and their individual members. It handles and settles conflicts of interests and any discrepancies as to the functioning of the Management Board (if any).

1.2. Limitation on the powers of the Management Board by the Supervisory Board

Pursuant to section 11.5 of the Company's Articles of Association authorising the Supervisory Board to restrict the powers of the Management Board, the Supervisory Board's prior approval must be obtained for certain Management Board decisions and operations:

- acquisitions, investments (including capital expenditures for internal development), interest acquisitions and off-balance sheet commitments exceeding €25 Mn (consolidated figure) concerning assets or activities located outside European Union Member States or outside the scope of the approved Group strategy. The threshold is raised to €300 Mn² (consolidated figure) for assets or activities located within European Union Member States and within the scope of the Group's strategy;
- asset disposals (including transfers of real property or interest) exceeding €300 Mn² (consolidated figure);
- indebtedness or security interests in excess of €300 Mn (consolidated figure), threshold raised to €1 Bn for corporate debt refinancing purposes;
- transfers of all or part of the Company's business to third parties in excess of €500 Mn (consolidated figure);
- any significant changes in the Group's governance and/or organisation, allocation of responsibilities within the Management Board and any action affecting the Company's entitlement to tax regime applicable to Listed Property Investment Company (SIIIC) tax treatment or any other real estate tax-exempt status in a foreign country;
- any alterations of the Company's dividend policy and of proposals by the Management Board in the distribution of interim or full dividends.

The Supervisory Board is informed of pending operations in excess of €100 Mn but below €300 Mn.

⁽¹⁾ Both available on the Company's website and at the Company's registered office.

⁽²⁾ This threshold is raised to €500 Mn (consolidated figure) for urgent operations and decisions; subject to prior dialogue between the CEO, the Chairman and the Vice-Chairman of the Supervisory Board.

1.3. Composition

The Supervisory Board can consist of 8 (minimum) to 14 (maximum) members, who are appointed by the Company's shareholders. Supervisory Board members are normally appointed for a three-year term and may be re-elected. Under the Supervisory Board's resignation and rotation rules, the resignation and reappointment of members is staggered to prevent, to the greatest extent possible, reappointments occurring simultaneously.

Since the appointment of two new members of the Supervisory Board, Mrs. Mary Harris and Mr. Alec Pelmore on April 29, 2008, the Supervisory Board consists of twelve members. All are considered to be independent members³ except for Mr. J. Dermege since his tenure as a member of the Boards of Unibail S.A. and of UnibailRedondo S.A. combined exceeds twelve years⁴.

Members of the Supervisory Board of UnibailRedondo S.A.⁵

Name	Age	Main positions other than Supervisory Board membership of UnibailRedondo S.A.	Year first appointed	ACM SB term expires ⁶
Robert F. W. van Oordt Chairman Independent member	73	Member Board of Directors of Schering-Plough Corporation (USA) Member Board of Directors Fortis Bank S.A. / N.V. (Be) Member Supervisory Board Dyalia Holding N.V. (NL)	2007	2009
François Jodet Vice-Chairman Independent member	59	Director and CEO of Adlux and Oryx Group	2007	2010
Franz J.C.M. Cremers Independent member	57	Member Supervisory Boards of N.S. N.V., Royal Vopak N.V., Fagor N.V. (Vice-Chairman), Luchthaven Schiphol N.V. and Parcom Capital B.V.	2007	2010
Jacques Dermege	71	Chairman of the French Economic, Social and Environmental Council and Honorary Chairman of the Worldwide Organisation of the Economic Councils	2007	2010
Robert ter Haar Independent member	59	Chairman of the Board member of Royal FrieslandCampina N.V., Marelis B.V. and Parcom Capital B.V. (Chairman)	2007	2011
Mary Harris Independent member	42	Member Supervisory Board and Audit Committee of TNT N.V., Non Executive Director of Santhony's plc	2008	2009
Alec Pelmore Independent member	55	Currently advises a number of UK companies on strategic and property issues	2008	2009
Jean-Louis Laurens Independent member	54	Executive Board Member of Robeco Group, Robeco Direct NL and Robeco Investment Management US	2007	2009
Yves Lyon-Caen Independent member	58	Chairman of the Supervisory Board of Bénéteau S.A. and of Stueres & Dantès	2007	2011
Henri Meunier Independent member	70	Non voting member and Chairman of the Audit Committee of Crédit Agricole S.A.	2007	2011
Bart R. Ockens Independent member	67	Member Supervisory Boards of Stichting de Nationale Sporttoeschaar and Hutman Special Lifting Equipment Holding B.V.	2007	2011
Jos W.B. Westerhuis Independent member	66	Member Supervisory Board of ASML Holding N.V. Vice Chairman of the Board of the Association AIECON	2007	2010

⁽³⁾Based on AkzoNobel's corporate governance code (December 2008) criteria and the Company's criteria under the Supervisory Board Charter. The Governance, Nomination and Remuneration Committee carries out an annual review of each Supervisory Board member's profile against the independence criteria set out in the Charter and the Code.
⁽⁴⁾This is the sole criterion of the Code with which Mr. Dermege does not comply.
⁽⁵⁾For full information please consult the report information action.

⁽⁶⁾For full information please consult the report information action. The Company's shareholders approve the transformation of the Company from a société anonyme to a société européenne at the 2009 Annual General Meeting; all the Supervisory Board members will be proposed for nomination as Supervisory Board members of the Company's successor European for the remainder of their current terms.

At the Company's 2008 Annual General Meeting, in accordance with the Company's rotation rules, four members of the Supervisory Board were re-appointed. In keeping with the Company's policy of staggering the (re-)election of Supervisory Board members, Mrs. Harris and Mr. Pelmore were appointed for one year. They will be proposed for reelection for a three-year term at the Company's 2009 Annual General Meeting. Messrs van Oordt and Laurens will be proposed for reelection for another three-year term at that meeting also.

The age limit for the Company's Supervisory Board members is 75, while at least two-thirds of its members must be 70 or younger.

1.4. Meetings, attendance and information

According to its Charter, the Supervisory Board meets at least five times a year according to a pre-set schedule. Extraordinary meetings may be held for specific reasons at the written request of the Supervisory Board's Chairman, or of at least one-third of the members of the Supervisory Board or of any of the Management Board members.

To encourage effective attendance at Supervisory Board meetings, attendance of its members is taken into consideration for the payment of the variable portion of the Supervisory Board fee. The Statutory Auditors attend the yearly and half-year meetings of the Supervisory Board where the financial statements for those periods are reviewed.

Notices are sent at least three days before Board meetings (except in unusual circumstances). Notices include a detailed agenda and comprehensive papers which enable to prepare the Board members to discuss or, if necessary, approve the issues at hand.

Whenever necessary, Supervisory Board members are sent letters of advice and opinions issued by the Company's tax, legal, accounting or risk managers. To ensure that Supervisory Board members are fully informed on developments in the respective industry segments and of events taking place within the Group, they regularly discuss these matters during their meetings and receive press reviews and financial reports on UnibailRedondo, its competitors and on industry matters. In addition, the Supervisory Board and Management Board have the opportunity to discuss strategic matters independently and to be informed of developments in the market during a three-day annual retreat.

1.5. Summary of Supervisory Board activities

The Supervisory Board of UnibailRedondo S.A. held eight meetings in 2008 (six ordinary meetings and two extraordinary meetings). Overall attendance at these meetings was 96%.

In addition to items and decisions within its statutory scope, the Supervisory Board discussed all major actions taken in 2008, both internally-related (organisation and key appointments within the Group, internal audit etc.) and externally-related (e.g. acquisitions, disposals, the Group's strategy, development projects, financial policy, etc.).

The Supervisory Board was in particular informed of, examined or approved the following matters:

- the appointment of a new Management Board member, Mr. B. Julien-Lafont, including his remuneration;
- the appointment of two new Supervisory Board members and the reappointment of four Supervisory Board members;
- the remuneration of the Management Board members;
- the 2008 stock option plan and the total allocation of stock option grants for 2008;
- the adoption of AkzoNobel's code of corporate governance as the frame of reference for the Company and the Company's compliance with the code;

- the proposal to change the Company's legal form from a public limited-liability company (société anonyme) to a European company (société européenne);
- the Group's Compliance Program, including a Code of Ethics;
- the amendment of the Management Board Charter;
- the assessment of the Supervisory Board's performance;
- growth and divestment projects and operations, including the acquisition of La Miquinista and Habeneus shopping centres in Spain and the conclusion of a partnership with GIC, to whom UnibailRedondo respectively 49% and 47% of these shopping centres, Shopping City Süd in Austria, the development of the Mall of Scandinavia and the divestment of a significant part of the Dutch portfolio;
- the quarterly Management Board reports for 2008;
- the five-year Group business plan, financial resources (including the new EMTN programme) and borrowing requirements;
- Dutch FBI tax status requirements;
- the Company distribution payment policy and interim dividend payment decisions;
- the Company's 2008 share buy-back programme.

Supervisory Board members were informed of the work and recommendations of its specialised committees and those of the Statutory Auditors. The minutes of all the meetings of the Audit Committee and the Governance, Nomination & Remuneration Committee were regularly appended to those of the Board.

The conclusion of the annual self-assessment of the Supervisory Board was that the Supervisory Board's functioning is satisfactory and that "fine-tuning" post-meeting has been completed rapidly. Following the previous assessment some measures were implemented:

- The Supervisory Board is regularly sent press reviews and financial reports on UK, its competitors and on industry matters. Moreover, before each Supervisory Board meeting members receive a "Business update" consisting of a report on the key areas of the Group's operations.
- The Company hired a Supervisory Board Secretary in 2008 part of whose duties is to improve the functioning of the Supervisory Board and its committees.
- The Company appointed two additional Supervisory Board members to the Audit Committee and the Governance, Nomination & Remuneration Committee, to ensure that all Supervisory Board members can contribute to the extent that they wish and in recognition of the valuable contribution that each of the members could make to those committees.

1.6. Remuneration

The yearly Supervisory Board attendance fee remained at €52,000 per member (fixed portion of 75% and variable portion of 25%, allocated according to the role of attendance or meetings). The fixed portion was paid quarterly and the variable portion at year-end. The Chairman and Vice-Chairman of the Supervisory Board were paid a supplementary fee of €45,000 and €15,000 respectively. An additional fee of €1,350 was paid to Supervisory Board members attending a meeting for several related meetings of the Supervisory Board and/or Supervisory Board committees held outside the members' country of residence.

2. Functioning of the specialised committees set up by the Supervisory Board

Two specialised committees assist the Supervisory Board: the Audit Committee and the Governance, Nomination and Remuneration Committee. These committees function under separate Charters.¹⁷

2.1. Audit Committee

Tasks

Its main role is to provide oversight over financial matters, internal control and risk management.

- In this context and in accordance with its Charter, the Committee examines the following areas before issuing an opinion to the Supervisory Board:
- quarterly review of the financial statements and consolidated accounts, business information, asset valuation, off-balance sheet commitments and cash position;
 - internal management controls, risk control and implementation of Company-relevant financial legislation;
 - the Company's financial policy (accounting methods, impact of new legislation, etc.), finance and tax planning;
 - evaluation and/or adoption of the Statutory Auditors' recommendations;
 - the relationship between the Company and its Statutory Auditors.

Composition

The Audit Committee consists of four independent members¹⁸, including at least one that has expertise in financial administration and accounting for listed companies or other large companies exposed to IFRS accounting methods.

Normally, the Chairman of the Management Board (CEO), the Group's Chief Financial Officer (CFO) and the Chief Resources Officer attend the Audit Committee meetings. Other Management Board members may also attend the meetings unless decided otherwise by the Committee. The Audit Committee may decide to meet without the Management Board members, presence or to meet only with the CEO, the CFO or the Statutory Auditors. The Group's Director of Consolidation and Accounting, the Group's Controller and the Group's Director of Internal Audit & Risk Management attend the meeting at the request of the Audit Committee.

Meetings and information

The Audit Committee meets at least on a quarterly basis, or whenever one or more Supervisory Board or Management Board members request a meeting. It meets at least once a year with the Statutory Auditors without the members of the Management Board being present. The Audit Committee may solicit the advice of external advisers if it deems necessary. Members receive notices convening the meetings with an agenda and the meetings' documents three days before each meeting. To allow for adequate preparation and consideration of the half-year and full-year accounts, the Audit Committee meets at least 48 hours prior to the Supervisory Board meetings at which those accounts will be reviewed.

The Supervisory Board is informed of the proceedings and recommendations of the Audit Committee during its meeting following that of the Audit Committee.

Summary of Audit Committee activity

The Audit Committee met five times in 2008. The member attendance rate was 95%.

- During 2008, the Audit Committee considered and/or issued opinions on:
- the revaluation of net assets, the Company's financial statements and consolidated accounts for the 2007 full year accounts and the 2008 half-year accounts;
 - the quarterly Management Board reports for 2008;
 - the Company dividend payment policy and the proposal to the AGM regarding the allocation and distribution of profits;
 - the funding of the Group's five-year business plan, financial resources, borrowing requirements (including the creation of a new EMTN programme and the updating of inter-company credit lines);
 - the internal audit charter, the audit plan for 2008 and the internal audit reports for the first and second six-month periods of 2008;
 - the working terms and conditions of the Statutory Auditors for the closing of the 2008 annual accounts;
 - Dutch FBI tax status requirements;
 - examination of the Company's exposure to and management of risks.

In the second half of 2008 the Audit Committee analysed in depth the Company's strategy to face the deepening economic crisis, paying particular attention to the management of the Company's financial position and its mitigation of risks. The conclusion of the annual self-assessment of the Audit Committee was that the Committee's functioning is satisfactory.

Remuneration

Yearly attendance fees for the Committee in 2008 remained at €20,000 for the Chairman and €10,000 for the other members. An additional fee of €1,350 was paid to members attending a meeting for several related meetings of the Supervisory Board and/or Supervisory Board committees held outside the members' country of residence.

2.2. Governance, Nomination And Remuneration Committee - GN&RC

Tasks

The GN&RC's main role is to examine all issues falling within its scope of action under the GN&RC Charter and to advise the Supervisory Board on such matters. Its tasks specifically include, as regards remuneration matters, the formulation of the Group's remuneration policy and related remuneration arrangements (fixed income, short-term incentive, long term incentive and pensions) for Management Board members and the attendance fee policy for Supervisory Board members. In relation to nomination matters, it develops profiles and screening criteria for Supervisory Board members and initiates proposals for the renewal and appointment of Supervisory Board and Management Board members. It assesses the performance of Supervisory Board and Management Board members on a regular basis. Each year it assesses the independence of the Supervisory Board members against the criteria set out in the Supervisory Board Charter. In relation to governance matters, the GN&RC assesses the adequacy of the Company's corporate governance practices and rules concerning the Company as a whole and the Management Board, Supervisory Board and its committees in particular. It continuously evaluates the Company's compliance with these rules.

Composition

The GN&RC consists of four members¹⁹, three of which are considered to be independent.

In addition to its members, the CEO and the Chief Resources Officer attend the GN&RC's meetings, except for matters that relate to them. Other persons may be invited by the Committee's Chairman.

Meetings and information

The Committee meets at least three times a year and whenever one or more Supervisory Board or Management Board members request a meeting. Members receive the notices convening the meetings with an agenda and the meetings' documents three days before each meeting. The Supervisory Board is informed of the GN&RC's proceedings and recommendations at the meeting following that of the Committee.

Summary of GN&RC activity

The Committee met four times during 2008. The member attendance rate was 100%.

- In 2008, the GN&RC considered and/or issued opinions on:
- the appointment of a new Management Board member, including its remuneration;
 - the re-appointment of four Supervisory Board members and the appointment of two new members;
 - the appointment of a Group Compliance Officer;
 - the annual review of the Supervisory Board's profile;
 - long term incentive arrangements, including the 2008 allocation of stock-options to MB members;
 - the short-term incentive scheme for Management Board members regarding their performance in 2007;
 - the Group's memorial Mobility Program;
 - the implementation of the Group Company Savings Plan for 2008;
 - the delegation of powers and responsibilities from the CEO to each Management Board member, with authority to sub-delegate;
 - UK's governance practices compared to Asep-Mendel's recommendations on executive officers' remuneration²⁰;
 - the adoption of Asep-Mendel's code of corporate governance as the frame of reference for the Company;
 - the Group's Compliance Program, including the Group's Code of Ethics and Insider Trading Rules;
 - the amendment of the GN&RC Charter and the Management Board Charter.

The conclusion of the annual self-assessment of the GN&RC was that the Committee's functioning is satisfactory.

Remuneration

Yearly attendance fees for the Committee in 2008 remained at €20,000 for the Chairman and €10,000 for the other members. An additional fee of €1,350 was paid to members attending a meeting for several related meetings of the Supervisory Board and/or Supervisory Board committees held outside the members' country of residence.

[17] Available on the Company's website and at its registered office
[18] Two additional Supervisory Board members were appointed to the Audit Committee in March 2009

[19] Two additional Supervisory Board members were appointed to the GN&RC in March 2009
[20] released in October 2008

II. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS¹¹

Unibail Rodamco complies with all Atep-Medef's recommendations on executive officers' remuneration published on October 6, 2008. The Management Board remuneration policy was developed by the Governance Nomination & Remuneration Committee and approved by the Supervisory Board in 2007. The remuneration as from September 1, 2008 of the newly-appointed Management Board member in 2008, M. Julien Lelièvre, was approved by the Supervisory Board on July 23, 2008 upon recommendation of the GN&RC.

The remuneration of all the Management Board members consists of 4 components: (i) Fixed income (FI), (ii) Short term incentive (STI), (iii) Long term incentive (LTI) comprised of stock options subject to performance conditions, and (iv) other benefits (company pension plan, company car, insurance, etc.).

The remuneration policy for Management Board members does not include any contractual severance package.

III. CORPORATE GOVERNANCE

In accordance with article L. 225-58 of the French Commercial Code, UnibailRodamco hereby states that it adheres to and enforces the French AtepMedef corporate governance code, as published in consolidated form by AtepMedef in December 2008 ("Code")¹² and adopts this as its reference for corporate governance matters.

UnibailRodamco has analysed its practices and procedures against the Code. The Group complies with all the Code's principles.

In line with the Group's commitment to the highest standards of corporate governance and its continuing activities in the Netherlands, the Group is compliant with the vast majority of the Dutch Corporate Governance Code¹³, even though the Company is not legally required to comply with this Code.

All the shareholders have the right to attend shareholders' meetings. The terms and conditions are defined in article 18 of the Articles of Association¹⁴.

All the information provided under article L. 225-100 of the French commercial code and which is likely to have an effect in the case of a takeover, such as specified in article L. 225-100-3, is included in the annual report made available for shareholders.

IV. INTERNAL CONTROL SYSTEM

The UnibailRodamco Group is present in the commercial property sector, more specifically in the development, management and regular refurbishment of shopping centres and offices, and the management and organisation of convention and exhibition venues and associated services. Apart from general risk factors, the Group's business is subject to common exposure and systemic risks including, in particular, the cyclical nature of the property sector. The Group's strategy and policies aim to limit the negative effects of these risks. However, sudden changes in the geopolitical, political, social, economic, financial, monetary, regulatory, health and ecological environments could have a negative impact on the Group, resulting in a decrease in asset values, an increase in certain costs, or to investment / divestment operations being delayed or even abandoned.

"Controllable" risks are identified within a risk mapping which focuses on key risks and assesses them on the basis of probability and magnitude. This risk mapping was updated twice in 2008 and was approved by the Management Board on both occasions. In addition, it was discussed by the Group Audit Committee in February and October 2008.

These "controllable" risks are managed through the Group's internal control system. This system covers all activities of the Group in all regions, except those where UnibailRodamco is not directly involved in the management, notably Comaparcim. This system is based on a set of principles that aim to provide reasonable assurance that the following internal control objectives are met:

- transactions are executed effectively and optimised,
 - financial information is reliable,
 - all operations comply with prevailing legislation, regulations and in-house rules.
- The Group's internal control system is in line with the general principles of the Internal Control System reference framework dictated by the AAF working group and is based on:
- standardised procedures,
 - the accountability of managers in charge of the business, finance and control,
 - a committee-based decision-making process for acquisitions, disposals and refurbishment/construction projects,
 - a segregation of duties between the executive and control functions.

UnibailRodamco is run by a Management Board, composed of 6 members, which manages all of the Group's activities. The Management Board holds regular fortnightly meetings as well as ad hoc meetings whenever required. It acts as the decision-making body for any issues that, due to their financial significance or strategic and/or cross-functional nature, require the involvement of the Group's senior management. Its main focus areas are set out in the Management Board Charter, which is available on the Group's web site.

The Group's control environment comprises:

- a Code of Ethics that forms part of the Group Compliance Programme. The Code of Ethics covers the Group's core values and rules of conduct, with particular emphasis on ethical behaviour, conflicts of interests, confidentiality of information, and transactions involving the Group's shares,
- an organisation manual that describes the Group's organisational structure, roles and responsibilities at both corporate and regional levels,
- job descriptions and an appraisal system based on performance targets that cover the entire Group,
- a set of delegation of authority and responsibility rules and limits that span all of the Group's activities,
- procedures of a general and specific nature that are applicable either at corporate level or in the different regions where the Group is present,
- has formal instructions and recommendations that nevertheless form an integral part of the internal control system.

A description of the main risks monitored by this internal control system follows.

1. Investment and Divestment Authorisation

Corporate business development or property acquisition projects are always discussed by the relevant management team. Any deal opportunity is presented to the Chief Executive Officer and the Chief Investment Officer in order to determine whether the transaction is worth pursuing and investigating. If it is, a project manager is appointed.

A legal, financial, technical and commercial review of these transactions is subsequently presented to an ad hoc committee comprising the Chief Executive Officer, the Chief Investment Officer, the Chief Financial Officer, the Chief Development Officer (for property development and re-development), the Chief Operating Officer (for retail operations) and the relevant Regional Managing Director and regional investment teams. This committee approves the value creation strategy, the assumptions made and the offer price, subject to a more in-depth audit (data room) and to final approval in compliance with the Group's authorisation rules. Various financial models (e.g. discounted cash flows, peer comparisons) have been developed and provide the basis for this committee's assessment.

During the annual budget review with each region, a disposal schedule is drawn up for mature properties. These transactions are then prepared and analysed by the committee referred to above, which verifies the assumptions on which the disposal conditions are based.

The UnibailRodamco Group has centralised the documentation and management of legal matters relating to all of its property assets in France. This centralised organisation makes it easier to prepare data rooms when properties are being sold and helps improve the liquidity of these assets. As announced in 2007, this system's implementation for organising legal documentation was launched in major regions during 2008.

UnibailRodamco's property assets are valued twice a year by external experts. This enables the Group to assess their market value and verify and validate the internal assumptions that are used to determine the selling price or rental value of its different properties.

Most of the teams involved in reviewing and managing these transactions have experience in mergers and acquisitions that was acquired at investment banks, law firms or other institutions specialising in such areas of functional expertise. The Group calls upon external experts, such as lawyers, tax specialists, auditors and consultants, whenever necessary.

In accordance with the Group's authorisation rules, any transaction exceeding €100 million is subject to final approval from the Management Board, as is any transaction below €25 million that falls outside the Group's existing strategy and/or one in countries outside the European Union member states. Acquisitions, disposals or investments exceeding €300 million, and transactions exceeding €25 million that fall outside the Group's existing strategy and/or are in countries outside the European Union member states, must also obtain prior approval from the Supervisory Board.

2. Risks Associated with the Management of Construction and Refurbishment Projects

UnibailRodamco, except in exceptional cases, selects large, reputable contractors to work on its construction and refurbishment projects by issuing invitations to tender based on a set of clear specifications. The final choice of contractors is made once a comparative analysis of the written offers has been carried out. Any discrepancies in relation to the original budget must be explained and justified.

In addition, UnibailRodamco employs construction experts within its own organisation. They act as project managers and are responsible for ensuring that:

- the properties built by the Group's contractors comply with the design specifications,
- construction and renovation costs are kept under control and remain in line with initial budgets,
- buildings comply with the Group's Environmental Quality Charter and any regulations applicable to owners.

The progress of the works, the budget and internal rate of return of each project is reviewed on a quarterly basis at Group level by the Control Department and by the Management Board.

To manage environmental risks, the Group has created an International Environmental Performance Committee and Regional Environmental Performance Committees, which work to shape a common environmental performance policy and monitor the way it is embedded in operating practices. The Group entered into the Dow Jones Sustainability Index in 2008.

(11) For full details, please consult the Legal Information section (12) Available on the AODF website: www.aodf.nl (13) As published by the First Committee in December 2008 (14) Available on the Company's website and at its registered office.

Asset protection risks

UnibailRodamco is covered by a Group insurance program that is underwritten by reputable leading insurance companies. This program is monitored by the Group Insurance Department in liaison with local teams and insurance brokers.

Under this program, the Group's property assets are insured for their full reconstruction value, which is regularly assessed by external property insurance valuers. Only the convention-exhibition venues of Villepinle and Le Bourget are covered with a limit of indemnity. All property assets are insured for business interruptions and loss of rents, and the Group has also taken out general liability insurance that covers financial damages incurred by third parties. With regard to terrorism, UnibailRodamco's assets remain fully covered up to their insured amounts or within limits of indemnity.

Construction projects and renovation works on properties are covered by Contractor's All Risks policies. Defects affecting the works are covered by Decennial insurance or by Contractor's liabilities policies for works out of France.

To complement this insurance coverage, UnibailRodamco regularly arranges inspections of technical facilities that could have an impact on the environment and/or personal safety, such as fire-fighting equipment, ventilation and air conditioning systems, electric installations and elevators.

To mitigate health and safety risks, the Group has issued a health and safety manual which is used for all of the properties that are managed by the Group in France. This manual was extended to ex-Rodamco assets in France during 2008. The manual provides a single and comprehensive source of information on the management of sanitary/environmental risks such as water, air, lead, asbestos and legionnaire's disease.

In other regions, such risks are managed in compliance with local legal regulations under the responsibility of each Regional Managing Director. In 2008, a risk mapping of health and safety obligations (asbestos, legionnaire's disease, regulatory technical control tests, etc.) was launched in the main European countries where the Group is present (Spain, Sweden, the Netherlands and Austria). This risk mapping was designed to lay the groundwork for a common policy on health and safety risk management which will be implemented for all of the Group's main assets in 2009.

3. Risks Associated with Property Leasing and Ancillary Services

The marketing of assets is handled by dedicated teams with, in the case of the Office Division, additional support from leading external brokers. Targets (e.g. prices, deadlines and prospective tenants) are defined within each region in collaboration with a team of Group level and are presented to the Management Board for approval. Leases that are particularly important in terms of value or special terms and conditions (e.g. price, term, security) must be approved in advance at Management Board level by the Chief Operating Officer (for shopping centres) or by the Chief Executive Officer (for offices).

The large number of tenants in the Group's shopping centre portfolio spreads, and thus minimises, the insolvency risk.

The Group's main tenants in its office portfolio are blue-chip companies.

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 two and six months' rent, except in a few cases as a result of post negotiations.

The amounts due under the leasing agreements are invoiced by the Group's property management companies. A centralised procedures manual describes how invoicing and the recovery of rents and service charges are organised and monitored.

Payments for ancillary services provided by the Convention-Exhibition division are generally received in advance, thereby reducing the risk of unpaid debts.

Late payment reminders are systematically issued in respect of late payments and are monitored by local teams in each region. These teams decide on the pre-litigation or actual litigation action to be taken.

3.1. Financial risks

Sensitivity to interest rates, currency movements, liquidity and counterparty risks is monitored by the Group Treasury Department in line with the policy defined by the Group Asset & Liability Management Committee (ALMC). This committee has 6 members, including 3 members of the Management Board (the Chief Executive Officer, the Chief Financial Officer and the Chief Resources Officer).

The groundwork for this committee is prepared by the Group Treasury Department, which regularly provides each member with a comprehensive report on the Group's interest rate position, liquidity projections, bank covenants position, outstanding confirmed credit lines, proposed (refinancing or hedging operations (if applicable), the details of any (refinancing operations or transactions (hedging operations, share buybacks, etc.) completed since the last ALMC Committee meeting, and a report on counterparty risks. Currency exposure is also reviewed on an ad hoc basis.

The ALMC Committee met 5 times in 2008. Throughout the year, the members of this committee receive regular updates on significant changes in the financial environment, especially changes in interest rates, financing conditions, share prices or trade operations.

The Group's market trading guidelines for hedging operations and transactions involving UnibailRodamco shares and its transaction control guidelines are formally set out in two procedures. This ensures the segregation of duties between execution and control functions.

To reduce the risk of fraud and embezzlement, the Group has implemented a secure payments procedure and has formalised the rules for opening, changing and closing bank accounts.

UnibailRodamco must comply with fiscal obligations resulting from the various REIT regimes it qualifies for. These requirements are followed on a quarterly basis by dedicated specialists within the Finance Department.

3.2. Legal risks

Legal risks are monitored by the Group legal Department, which ensures that UnibailRodamco complies with the regulations that govern its operations. This department also protects the Group's legal interests in contractual agreements. As well as drawing up standard contracts, it employs lawyers who are specialists in local legal regulations and, whenever necessary, enlists the support of external lawyers and experts. The Group legal Department reports to the Chief Resources Officer.

In all regions, the Group legal Department has implemented systematic information procedures to ensure senior management of Group and regional levels is informed immediately of any new risks or of any events likely to alter the assessment of an existing risk.

In addition, every quarter, all local legal departments provide the Group General Counsel with formal progress reports on the Group's main outstanding disputes.

It should further be noted that there is a centralised procedure for registered mail that is received at the Group's French registered office. Every day, a copy of the first page of these letters is automatically sent to the Chief Executive Officer, the Chief Resources Officer, the General Counsel and the Group Director of Internal Audit. An equivalent procedure was implemented in all of the regions in 2008.

3.3. Information technology risks

A temporary breakdown of UnibailRodamco's information systems is, although potentially troublesome, not considered as a highly critical risk for the Group's business operations.

UnibailRodamco's IT risk management approach is based mainly on the regular and formalised backup of data and on their storage off-site. Both UnibailRodamco and Rodamco Europe have signed computer services contracts which aim to ensure that critical operations can be resumed within a reasonable time frame in the event of a major incident.

The Group has outsourced its SAP applications platform to a specialised company under a contract which includes an incident recovery plan. SAP is used in Spain, the Netherlands and Northern Europe. Due to organisational changes, some procedures are due to be updated in 2009.

3.4. Risks associated with the production of financial and accounting data

Accounting systems can be a source of financial risks, particularly in the context of end-of-period accounting, consolidation of accounts, and accounting for off-balance sheet obligations.

Accounting processes are handled by local and corporate teams using multiple information systems. Both UnibailRodamco and Rodamco Europe use manuals of accounting procedures and instructions that describe the segregation of duties between the accounting execution and the control.

UnibailRodamco maintains an analytical accounting system for each property, event and exhibition which enables it to monitor the realisation of its budgets closely.

A common process and reporting template, the Quarterly Flash Report, was implemented early in 2008. This report consists of a set of quarterly (or half-yearly) data concerning valuations, pipeline projects and operational Key Performance Indicators (KPIs), as well as financial data such as comparisons between actuals and budget, actuals year on year, and full year forecasts (GRI, NRI, administrative expenses, etc.). Reports are checked at regional level before being submitted to the Group Control and Consolidation departments.

Regional quarterly reports are double-checked and challenged by the Group Control Department, which analyses the KPIs as well as any discrepancies between the budget and end-of-period actuals or forecasts. Group Control establishes a Group Quarterly Flash Report which consolidates all Group RPIs.

The GFR are presented to the Management Board by the country management teams of each region.

Consolidation on the scope of the Group is centralised and carried out by a dedicated team in the Group Consolidation Department. Consolidated financial statements are produced on the full scope of the Group as well as for Rodamco Europe subgroup. When consolidating the accounts, the following main checks are carried out:

- variations in controlling shares of subsidiaries and investments are tracked to ensure appropriate treatment at the cut-off date;
- accounting labels for each individual company are reconciled with the labels calculated by the consolidation system;
- adjustments to consolidated figures are analysed and explained in a report;
- valuation analyses related to budgets and forecasts are checked and reconciled with Quarterly Flash Reports.

The rules for off-balance sheet commitments have been laid down in specific procedures in order to ensure that each commitment is centrally logged by the legal Department. They are then recorded by the Accounting Department before being brought to the attention of the Management Board and the Supervisory Board.

The Group's financial and accounting information is verified by the Statutory Auditors before being presented and explained to the Management Board, Group Audit Committee and, ultimately, to the Supervisory Board.

The appraisal of the internal control system is carried out by the Group Internal Audit Department composed of 3 persons, which conducts regular assignments on all of the Group's business units in line with the annual audit plan approved by the Management Board and the Group Audit Committee.

Occasionally, the Chief Executive Officer or the Chairman of the Audit Committee may ask the Group Internal Audit Department to carry out either "flash" assignments to provide a rapid response to urgent issues and/or the treatment of new risks or problems. Final audit reports are addressed to the Management Board and to each department which has been involved in the audit. A summary of audit assignments is sent to the Group Audit Committee on a quarterly basis.

Unipol Rodamco's Internal Audit Charter sets out the different missions of the audit function. To ensure it remains genuinely independent, the department reports directly to the Chief Executive Officer and to the Chairman of the Audit Committee.

Statutory Auditors' Report

Statutory Auditors' Report, prepared in accordance with article L. 225-235 of the French commercial code (Code de commerce), on the report prepared by the chairman of the supervisory board of Unipol-Rodamco

This is a free translation into English of a report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in confirmation with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders

In our capacity as statutory auditors of Unipol-Rodamco and in accordance with article L. 225-235 of the French commercial code (Code de commerce), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-68 of the French commercial code (Code de commerce) for the year ended December 31, 2009.

It is the chairman's responsibility to prepare and submit for the supervisory board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-68 of the French commercial code (Code de commerce) relating to matters such as corporate governance.

- Our role is to:
- report on the information contained in the chairman's report in respect of the internal control procedures relating to the preparation and processing of accounting and financial information
 - confirm that the report also includes the other information required by article L. 225-68 of the French commercial code (Code de commerce); it should be noted that our role is not to verify the fairness of the other information

We conducted our work in accordance with professional standards applicable in France.

Information on internal control procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control procedures relating to the preparation and processing of accounting and financial information.

- These procedures consist mainly in:
- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and the existing documentation;
 - obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
 - determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the supervisory board in accordance with article L. 225-68 of the French commercial code (Code de commerce).

Other information

We confirm that the report prepared by the chairman of the supervisory board also contains the other information required by article L. 225-68 of the French commercial code (Code de commerce).

Neuilly-sur-Seine and Paris-La Defense, March 15, 2009
The Statutory Auditors French Original signed by

DELOITTE AMARQUE & GENDROT
represented by Joël Assayon

ERNST & YOUNG AUDIT
represented by Bernard Heller