WFD UNIBAIL-RODAMCO

WFD UNIBAIL-RODAMCO N.V.

2019 ANNUAL REPORT

TABLE OF CONTENTS

1.

MANAGEMENT BOARD REPORT

The Management Board of WFD Unibail-Rodamco N.V. ("WFD UR NV" or "the Company") hereby presents its management report and the consolidated and company only financial statements of WFD UR NV for the period ending December 31, 2019.

1.1 GENERAL INFORMATION

WFD UR NV is a public limited liability company under the laws of The Netherlands. The Company was incorporated as Unibail-Rodamco B.V., a private company with limited liability on February 14, 2018 and converted its legal form to a public limited liability company on March 22, 2018. On the same date, the Company changed its name to WFD Unibail-Rodamco N.V.

On June 7, 2018, Unibail-Rodamco SE (now known as Unibail-Rodamco-Westfield SE, or "URW SE") announced it had completed the acquisition of Westfield Corporation ("Westfield"), to create Unibail-Rodamco-Westfield ("URW Group"), the stapled group which, collectively, consists of URW SE, WFD UR NV and their respective controlled undertakings whose financial information is included in their respective consolidated financial reporting, the premier global developer and operator of flagship destinations (such transaction to be referred to as the "Westfield Transaction"). URW Group combines two of the strongest and most respected names in the real estate industry to build on their legacies. The acquisition of Westfield is a natural extension of URW SE's strategy of concentration, differentiation and innovation. Upon completion of the Westfield Transaction, URW SE and Westfield securityholders hold stapled shares, each comprising one ordinary share in the capital of URW SE and one class A share in the capital of WFD UR NV ("Stapled Shares" - see 5.2.1 "authorised share capital – form of shares"). The Stapled Shares are listed on Euronext Amsterdam and Euronext Paris. URW Group has also established a secondary listing on the Australian Securities Exchange to allow former Westfield securityholders to trade Stapled Shares locally in the form of CHESS Depositary Interests ("CDIs").

The main business objectives of the Company and its subsidiaries (together referred to as "the Group") are to invest in assets, primarily through the direct or indirect acquisition of real estate and to enter into cash pooling arrangements with, to provide financing to, and to furnish guarantees for the benefit of the URW Group and other affiliated bodies of the Company.

1.2 BUSINESS REVIEW 2019 RESULTS

1.2.1 ACCOUNTING PRINCIPLES

The Group's consolidated financial statements as at December 31, 2019, were prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable in the European Union as at such date.

1.2.2 SCOPE OF CONSOLIDATION

In April 2019, the Group executed changes in the structure of its US operations (the 2019 Restructurings). The 2019 Restructurings allowed the Group to apply a material step-up of the tax base of the US real estate. As a consequence of the 2019 Restructurings, the Company's interest in the United States real estate portfolio increased from 82.6% to 92.4% (this includes the 0.2% of external partners). The additional interest was purchased from URW SE, a related party. The redeemable convertible preference shares and options that were on issue prior to the 2019 Restructurings were effectively cancelled. For more details see note 2.1 of the consolidated financial statements. After the 2019 Restructurings, the US assets are held by URW WEA LLC ("WEA").

1.2.3 OPERATIONAL REPORTING

WFD UR NV operates in 2 regions, the US and The Netherlands and in 2 segments, retail and offices. Since activities in The Netherlands are minor compared to the US, they will be reported under "other region".

1.2.4 BUSINESS REVIEW

This section provides an overview of the most significant business events for WFD UR NV in 2019. The Company's accounts reflect the financial results for the period from January 1, 2019, until December 31, 2019. All references to operational results, such as tenant sales, rents and leases signed, relate to the 12-month period ended December 31, 2019. Although the US assets were acquired on June 7, 2018, for ease of understanding, comparisons relate to the same period in 2018, unless otherwise indicated.

1.2.5 TENANT SALES

Total tenant sales[1] were up by +1.7% through November 30, 2019. Growth was boosted by strong performance in the Flagships, up by +3.3%, compared to the national sales index of +3.7%[2], which includes e-commerce sales.

Sales growth at the category level was led by luxury (+8.4%), food & beverage (+4.5%) and culture, media, & technology (+4.1%), but was partially offset by weakness in the fashion apparel category (-3.8%). While fashion sales in aggregate remained under pressure, retailers with a clear brand proposition were able to drive growth (e.g., Aritzia, COS, Indochino, Suitsupply, UNTUCKit and Zara).

Total tenant sales were up by +1.6% through December 31, 2019, and +3.2% for the Flagships. Following their successful redevelopment, Westfield Century City and Westfield UTC continued to perform strongly with sales up by +10.6% and +12.6% respectively.

Specialty tenant sales[3] per square foot ("psf") through December 31, 2019, increased by +5.1% to $715 psf, with Flagships up by +4.3% psf and Regionals by +4.3%, to $507 psf.

[1] *Tenant sales excluding Tesla and department stores.*
[2] *US Census Bureau November 2019 Advance Monthly Retail Sales, excluding gas.*
[3] *Specialty tenant sales <10K sq. ft. (ca. 929 sqm) on a trailing 12-month basis, excluding Tesla.*

1.2.6 LEASING

1,029 leases were signed on standing assets (1,004), representing 3.4 million (3.2 million) sq. ft. and $161.3 Mn of MGR ($159.9 Mn). In addition, 103 leases were signed on 370,000 sq. ft. of pipeline project space, mainly at Westfield Valley Fair.

Strong leasing continued at Westfield Century City and Westfield UTC with 43,000 and 63,000 sq. ft. signed, respectively. Both centres were over 95% leased[4] as at December 31, 2019.

The lease expiry profile in 2019 was high. Consequently, 66% of the leases signed were renewals, demonstrating positive tenant retention across both the Flagship and Regional portfolios.

Average rental spreads[5] were +1.6%, of which +4.7% in Flagships and -8.5% in Regionals. Average rental spreads for relettings were +5.3%, of which +10.2% in Flagships and -12.7% in Regionals.

Entertainment, food & beverage, health & wellness and luxury comprised 50% of the lettings[6], while fashion retailers comprised only 25%.

The Group signed with many high-profile retailers in 2019 in the following key categories: (* First signings in the US, ** First time signings for WFD UR NV's portfolio)).

- **Entertainment** (18 leases, 122,000 sq. ft.) concepts taking large footprints: Toys "R" Us (one of only two stores to open in the US as the brand emerged from bankruptcy) and Hasbro* (Westfield Garden State Plaza), Kidz Resort** (Westfield Annapolis), Playlive Nation (Westfield Brandon and Westfield Valley Fair), Gameworks** (Westfield Oakridge) and The Void (eight leases signed);

- **Food & Beverage** (130 leases, 233,000 sq. ft.) continued to diversify the Group's tenant mix with both popular and innovative concepts: Eataly (Westfield Valley Fair), Ramen Nagi (Westfield Century City and Westfield Santa Anita), Shake Shack (Westfield San Francisco Centre and Westfield Galleria at Roseville), Eddie V's** (Westfield Garden State Plaza) and Mendocino Farms Sandwich Market** (Westfield Mission Valley);

- **Health & Wellness** (51 leases, 110,000 sq. ft.) continued to expand: Retro Fitness** (Westfield Annapolis), UFC Gym** (Westfield Oakridge), Kindbody (Westfield Century City), and Orange Theory Fitness and Forward Health (Westfield Valley Fair);

- **Luxury** (11 leases, 25,000 sq. ft.): Versace (Westfield Topanga and Westfield Valley Fair), Gucci, Tiffany & Co., Gentle Monster**, Breitling, Montblanc, Chanel Beauté, and Bulgari** (Westfield Valley Fair), Messika** (Westfield Century City) and Tourneau (Westfield San Francisco Centre);

- **DNVBs** (28 leases, 49,000 sq. ft.): Fashion Nova (Westfield Topanga), Casper and Peloton (Westfield UTC), Bonobos (Westfield Garden State Plaza), Happy Socks, Tonal**, Mirror** and Calmist** (Westfield Century City) and Stance (Westfield San Francisco Centre and Westfield Topanga).

WFD UR NV continues to help online players explore growth opportunities and capitalize on the "Halo Effect" of brick and mortar locations. A recent study by the International Council of Shopping Centers found that online traffic increased an average of 37% after the opening of a physical store in a trade area, with emerging retailers up an average of 45%. As at December 31, 2019, URW had 78 stores trading across 29 DNVBs, of which 21 (Bonobos, Candid, Casper, Fashion Nova, Happy Socks, Honey Birdette, Indochino, Morphe Cosmetics, Peloton, Quay, Razer, Rebag and Stance) opened in 2019. Current DNVBs with multiple locations include: Amazon (six), Bonobos (four), Casper (four), Morphe Cosmetics (four), Peloton (eight), Stance (four) and UNTUCKit (five). WFD UR NV is also creating a DNVB precinct dedicated to such retailers in its Westfield Valley Fair project.

1.2.7 COMMERCIAL PARTNERSHIPS

Commercial Partnerships revenue for the year amounted to $80.9 Mn. Excluding a one-time termination fee in 2018, underlying revenues grew by +5.1%. Key highlights included:

Specialty Leasing: +11% driven by pop-up stores and kiosks in the fashion, food and other consumer goods segments;

Events: +23% driven by Westfield Century City's 2nd full year of events, with significant growth coming from the entertainment industry (Starz, Fox, ABC and Disney);

Media: stable excluding the one-time termination fee of $3.8 Mn in 2018. The electronics (Samsung, Microsoft), healthcare (UCLA, Valley Health), entertainment (Amazon, Netflix and NBC Universal) and beverage/spirits (Johnny Walker and McCallan) industries were key customers.

1.2.8 MARKETING AND DIGITAL

The Group launched four seasonal holiday markets ("The Markets") across Westfield Century City, Westfield World Trade Center, Westfield Topanga and Westfield Garden State Plaza. In addition to a selection of curated DNVB kiosks and food operators, The Markets featured a series of décor and scenic elements mimicking a winter village, including attractions such as a life-size Westfield train, an ice skating rink and snow falling on the hour at Westfield Century City, Instagram-able moments including an oversized chrome snowman and winter lights garden at Westfield World Trade Center and live performances by carolers in all properties. The Markets generated more than two million customer visits to the events spaces and close to 900,000 visits to the pop-up merchants. Press coverage reached 78 million impressions confirming the uniqueness and buzz of these one-of-a-kind experiences.

The Brand Pop-Up at Westfield Century City closed its second complete year with a successful line-up, including first-to-market brands or concepts such as Sergio Rossi, United Nude, The Last Line, Farm Rio, Ghost Democracy and Nickelodeon which opened a successful Holiday gifts shop to close the year. A similar concept will open at Westfield World Trade Center in Q3-2020.

---

[4] Occupancy based on a square foot basis, including development space and including executed permanent and temporary leases.
[5] For the US portfolio, the rental spreads reflect the trailing 12-months average increase in total rent, including common area maintenance charges, for specialty stores (excluding lease extensions, deals with zero prior rent and deals for less than 12 months).
[6] Excludes renewals and extensions.

The Group continued to make significant progress with its Customer Acquisition & Engagement strategy, with 700,000 customers acquired in 2019, an increase of +53%, to reach a total of over two million. Westfield Rewards, the Groups loyalty program, successfully launched at a fifth centre in September (Westfield Galleria at Roseville) after successfully launching at four centres in April with an objective to increase malls and stores visitation as well as average spend.

Digital Partnerships accelerated in H2-2019. Active discussions focused on food delivery with key players such as Uber Eats, Doordash, Grubhub and Postmates. The partnerships were phased and included both operational initiatives to enhance the drivers' ability to pick up food more quickly at the Group's locations as well as strategic initiatives to beta test new features on the partners' app.

Marketing budgets were strategically shifted to shopping centres in order to increase each centre's ability to deliver local events and activations tailored to their trade area and customer base, with centre budgets increased by +66%. As a result, centre teams executed a total of 460 events across the portfolio. Although most events were free to the public, income reached $4.0 Mn.

1.2.9 EXTENSIONS AND RENOVATIONS

WFD UR NV completed the following projects:

- **Westfield Topanga** (interior unification and upgrade renovation): delivered in September;
- **Westfield Oakridge** (Sears box repurposing): delivered in November with the opening of the Living Spaces furniture store. As at December 31, 2019, the project was 99% leased;
- **Westfield Valencia Town Center (interior upgrade renovation): delivered in November.**

WFD UR NV also achieved important milestones on other projects:

- **Palisade at Westfield UTC** (residential tower): leasing launched in late April. The building welcomed its first tenants in July; 143 units had been leased (48%) of which 115 occupied as at December 31, 2019. The phased leasing program is on track;
- **Westfield Valley Fair** extension: the extension area was 80% pre-let, with the first tenants scheduled to open in March 2020. 88 leases representing 252,000 sq. ft. were signed in 2019 with tenants including Gucci, Versace, Bulgari, Tiffany and Eataly.

Pre-letting continues on the redevelopment of former department stores at Westfield Annapolis, Westfield Garden State Plaza and Westfield Topanga.

1.2.10 NET OPERATING INCOME US

Comparable Net Operating Income ("Comp NOI" [7]) increased by +2.4% (-1.6%), of which +5.4% (-0.3%) in Flagships and -6.8% (-4.7%) in Regionals. These results were positively impacted by Westfield Century City and Westfield UTC, which benefited from stabilization following their opening in late 2017.

Occupancy[8] was 94.8%, -80 bps below December 31, 2018, but +140 bps above June 30, 2019. Occupancy was 96.2% (96.2%) for the Flagships, up by +160 bps vs. June 30, 2019, and 92.9% (94.8%) for the Regionals, up by +130 bps vs. June 30, 2019. Occupancy was impacted by bankruptcies (-130 bps) and other store closures, including certain big-boxes. Many current vacancies have new lease commitments pending, representing 140 bps of potential occupancy.

Tenant bankruptcies in 2019 affected 195 units (1.2 million sq. ft.), with Forever 21 alone accounting for 711,000 sq. ft. and 26 of their 31 locations still trading. At Westfield World Trade Center, the XXI Forever unit has been partially relet to The Void (57% of the affected GLA).

The OCR[9] for specialty stores was down by -70 bps vs. December 31, 2018, to 12.6% (12.3% for the Flagships and 13.4% for the Regionals).

1.2.11 AVERAGE LEASING REVENUE PSF

Average leasing revenue for specialty stores was $91.93 psf, an increase of +3.8%. The increase in Flagships was +3.7% to $112.68 psf, and in Regionals +1.3% to $58.30 psf.

1.2.12 COST AND SYNERGIES CAPTURED

By December 31, 2019, the URW Group had captured €99.0 Mn of its target of €100 Mn of run-rate synergies, including €87.9 Mn of cost synergies, as well as the first €11.1 Mn of revenue synergies (target of €40 Mn by 2023), through its Commercial Partnerships and International Leasing operations.

[7] Comp NOI: Net Operating Income before management fees, termination/settlement income and straight-line adjustments.
[8] Occupancy based on a square foot basis, excluding development space, and including executed and temporary leases.
[9] Calculated for specialty stores. Occupancy cost is based on total rent, including common area maintenance charges.

1.3 FINANCIAL REVIEW 2019 RESULTS

The Group's consolidated financial statements reflect the activities of URW America Inc, URW WEA LCC ("WEA") and WFD Unibail-Rodamco Real Estate B.V. from the date of acquisition and date of incorporation, respectively. The table below shows the result of the Group in recurring and non-recurring activities:

		2019			2018*		
(€Mn)		Recurring activities	Non-recurring activities**	Result	Recurring activities	Non-recurring activities**	Result
US	Gross rental income	383.5	-	383.5	267.1	-	267.1
	Operating expenses & net service charges	(146.7)	-	(146.7)	(123.7)	-	(123.7)
	Net rental income	**236.8**	**-**	**236.8**	**143.4**	**-**	**143.4**
	Contribution of companies accounted for using the equity method	334.9	(289.4)	45.5	136.4	(15.8)	120.6
	Gains/losses on disposal of shares	-	-	-	-	37.4	37.4
	Valuation movements on assets	-	(95.5)	(95.5)	-	(128.7)	(128.7)
	Result Shopping Centres United States	**571.7**	**(384.9)**	**186.8**	**279.8**	**(107.1)**	**172.7**
Other	Gross rental income	2.2	-	2.2	1.2	-	1.2
	Operating expenses & net service charges	(0.5)	-	(0.5)	(0.4)	-	(0.4)
	Net rental income	**1.7**	**-**	**1.7**	**0.8**	**-**	**0.8**
	Gains/losses on sales of properties	-	(0.0)	(0.0)	-	(0.4)	(0.4)
	Valuation movements	-	(8.4)	(8.4)	-	(1.1)	(1.1)
	Result Shopping Centres Other	**1.7**	**(8.4)**	**(6.7)**	**0.8**	**(1.5)**	**(0.7)**
TOTAL RESULT SHOPPING CENTRES		**573.4**	**(393.3)**	**180.1**	**280.6**	**(108.6)**	**172.0**
US	Gross rental income	7.3	-	7.3	6.2	-	6.2
	Operating expenses & net service charges	(2.8)	-	(2.8)	(1.5)	-	(1.5)
	Net rental income	**4.5**	**-**	**4.5**	**4.7**	**-**	**4.7**
	Valuation movements	-	3.5	3.5	-	3.0	3.0
	Result Offices United States	**4.5**	**3.5**	**8.0**	**4.7**	**3.0**	**7.7**
TOTAL RESULT OFFICES		**4.5**	**3.5**	**8.0**	**4.7**	**3.0**	**7.7**
Project management income		1.8	-	1.8	4.4	-	4.4
Property services and other activities revenue		-	-	-	8.1	(5.8)	2.3
Administrative expenses		(54.7)	-	(54.7)	(38.4)	-	(38.4)
Acquisition and related costs		-	(16.7)	(16.7)	-	(48.3)	(48.3)
NET OPERATING RESULT		**525.0**	**(406.5)**	**118.5**	**259.4**	**(159.7)**	**99.7**
Financing result		(320.9)	(310.9)	(631.8)	(162.7)	228.9	66.2
RESULT BEFORE TAX		**204.1**	**(717.4)**	**(513.3)**	**96.7**	**69.2**	**165.9**
Tax income (expense)		**1.9**	**599.2**	**601.1**	**(0.4)**	**22.4**	**22.0**
NET RESULT FOR THE PERIOD		**206.0**	**(118.2)**	**87.8**	**96.3**	**91.6**	**187.9**
External non-controlling interests		11.1	(8.0)	3.1	(15.3)	9.5	(5.8)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF WFD UR N.V. SHARES		194.9	(110.2)	84.7	81.0	101.1	182.1

** For the period from February 14, 2018 to December 31, 2018.*
*** Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill as well as costs directly incurred during a business combination and other non-recurring items.*

The Group reported net operating result of €118.5 Mn (€99.7 Mn) for the period ended December 31, 2019. The recurring net operating result increased to €525.0 Mn (€259.4 Mn). The non-recurring activities negative result increased to -€406.5 Mn (€-159.7 Mn).

The net result reported was €87.8 Mn (€187.9 Mn) of which €84.7 Mn (€182.1 Mn) attributable to the shareholders of WFD UR NV with a net result per share (owners of WFD UR NV shares) for the period of €0.37 (€1.20). The decrease of the 2019 net result compared to the financial year 2018 is mainly caused by the 2019 Restructurings including tax gain and the negative fair value of the interest rate derivatives.

In April 2019, the Group executed changes in the structure of its US operations. As a consequence of the 2019 Restructurings, the Company's interest in the United States real estate portfolio increased from 82.6% to 92.4% (this includes the 0.2% of external partners). The 2019 Restructuring impacted the net result with €57.2 Mn included in the fair value adjustments of derivatives, debts and currency effect. Furthermore the investments in WCL and WDI preferred shares recorded under financial assets were disposed to the related party URW SE at fair value and the impact is a loss of €28.6 Mn (impairment before sale). The 2019 Restructurings have been disclosed in note "2.1 Significant events of 2019".

The negative fair value adjustments of the interest rate derivatives increased to €225.5 Mn (€53.3 Mn). The fair value of this financial instrument (assets: fixed-to-floating IRS) increased in value due to a lower swap rate curve. For the same reason the floating-to-fixed IRS (liabilities) became more negative.

The contribution of companies accounted for using the equity method amounted to €45.5 Mn (€120.6 Mn) and relates to WEA which operates a significant number of assets through joint ventures.

Acquisition and related costs amounted to €16.7 Mn (€48.3 Mn) and relates to the integration of Westfield.

The liquidity ratio as at December 31, 2019 is 0.30 (0.09) and is improved compared to 2018. The solvability ratio decreased from 21.1% to 19.5%. The decrease is due to the restructurings performed in the US. WFD UR NV has Cross guarantees with URW SE and the liquidity needs are covered by the available undrawn credit lines at URW Group level.

1.3.1 INVESTMENT AND DIVESTMENT

Investments

In 2019, WFD UR NV invested €271.7 Mn[10] in capital expenditures in assets and on construction, extension and refurbishment projects, compared to €187.5 Mn in 2018, which included only seven months of capex for the US portfolio.

1. Total capital expenditure

The total investments break down as follows:

(€Mn)	2019	2018
Shopping Centres	243.9	163.5
Offices	27.8	24.2
TOTAL CAPITAL EXPENDITURE	**271.7**	**187.5**

2. Shopping Centres

WFD UR NV invested €243.9 Mn[11] in its Shopping Centre portfolio in 2019:

- €92.0 Mn were invested in Valley Fair and €23.4 Mn in Topanga.
- Financial interest, eviction and other costs were capitalized for €20.6 Mn.

3. Offices

WFD UR NV invested €27.8 Mn in its Offices portfolio in 2019:

- €25.3 Mn were invested in UTC.
- Financial interest and other costs capitalized amounted to €1.4 Mn.

Disposals

There are no disposals in 2019.

1.3.2 PROJECTS

As at December 31, 2019, WFD UR NV's share of the Total Investment Cost ("TIC" [12]) of its project pipeline amounted to €1,020 Mn for the US, with a total of 197,140 sqm of Gross Lettable Area ("GLA") to be re-developed or added to the Group's standing assets.

The Group's pipeline decrease in TIC results from:

- The revision of the Westfield Montgomery projects as well as other program changes;
- The removal of certain projects following an in-depth review of the pipeline;

Since December 2018, the Group delivered:

- In August: Palisade at Westfield UTC, with 300 residential units, including a rooftop "sky lounge" and a state-of-the art fitness center and wellness facilities;
- In September: the renovation of Westfield Topanga;
- In November: the renovation of Westfield Valencia Town Center, including improvement of family amenities and the food court; and the Westfield Oakridge Large Box transformation with the opening of the Living Spaces furniture store;

In parallel with the in-depth pipeline review, the Group has also refined the pipeline groupings. The Group's pipeline now consists of two distinct groupings:

1. Committed: projects for which WFD UR NV owns the land or building rights and has obtained:
   - all necessary administrative authorizations and permits;
   - approvals of JV partners (if applicable);
   - approvals of WFD UR NV's internal governing bodies to start superstructure construction works; and
   - on which such works have started.

2. Controlled: projects in an advanced stage of studies, for which WFD UR NV controls the land or building rights, and all required administrative authorizations have been filed or are expected to be filed shortly. There can be no assurance these will become "Committed" projects, as this will be subject to having obtained all required administrative approvals, as well as those of JV partners (if applicable), and of WFD UR NV's internal governing bodies to start superstructure works.

PROJECTS AS AT DECEMBER 31, 2019

[10] Total capitalized amount in asset value in consolidated entities and equity accounted investments.
[11] Total capitalized amount in asset value, Group share.
[12] 100% TIC is expressed in value at completion. It equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. It excludes: (i) capitalized financial interest; (ii) overhead costs; (iii) early or lost Net Rental Income; and (iv) IFRS adjustments.

Projects[1]	Business	Country	City	Type	WFD UR NV Ownership	100% GLA (sqm)	100% Expected Cost (€Mn)	Opening Date[2]	Project Valuation
Westfield Valley Fair	Shopping Centre	US	San Jose	Extension / Renovation	50%	46,673	1,050	H1 2020	Fair Value
Total Committed Projects						**46,673**			
Westfield Garden State Plaza Restructuring*	Shopping Centre	US	New York Region	Extension / Renovation	50%	12,368	110	H1 2021	Fair Value
Westfield Topanga Restructuring*	Shopping Centre	US	Los Angeles Region	Extension / Renovation	55%	15,881	240	H2 2021	Fair Value
Westfield Valencia Restructuring*	Shopping Centre	US	Los Angeles Region	Extension / Renovation	55%	20,718	100	H1 2022	At cost
Westfield Montgomery Mixed use Retail*	Shopping Centre	US	Washington Region	Extension / Renovation	50%	26,736	170	H2 2023	Fair Value
Westfield Montgomery Mixed use Residential*	Offices	US	Washington Region	Extension / Renovation	50%	45,902	160	H2 2023	Fair Value
Other						28,862			
Controlled Projects						**150,467**			
Total Pipeline						**197,140**			

(1) Figures subject to change according to the maturity of projects.
(2) In the case of staged phases in a project, the date corresponds to the earliest possible opening date of the last phase.
** Units acquired for the project are included in the TIC at their acquisition cost.*

Property Portfolio and net asset value as at December 31, 2019

Unless otherwise indicated, the data presented in the property portfolio are on a proportionate basis and as at December 31, 2019, and comparisons are with values as at December 31, 2018.

United States (US)

US retail investment volumes in 2019 saw a -3.5% year-on-year decline, with total sales reported by Real Capital Analytics of $52.3 Bn. For shopping centres, the decrease in deal volume was -6.5% (excluding the impact of the Westfield and Brookfield transactions which took place in 2018).

Regional mall transaction activity remained subdued at $2.4 Bn. Notable transactions included the acquisition of a 48.5% interest in the Gardens Mall, Palm Beach by Taubman, in an off-market process, and the acquisition by Brookfield of outstanding interests in four joint-venture assets (Perimeter Mall, Atlanta; Shops at Merrick Park, Miami; Towson Town Center, Baltimore; and Park Meadows, Denver), and the divestment of a partial interest by Brookfield of Bridgewater Commons, New Jersey, and The SoNo Collection, Connecticut.

According to appraisers, valuation parameters and the outlook for super-regional malls remained mostly stable. The bifurcation of the retail real estate market continued, with perceived strong demand for prime assets, but limited demand for “B” and “C” grade shopping centres, which are priced based on their short-term cash flows and redevelopment potential.

The Gross Market Value (GMV) of WFD UR NV’s assets as at December 31, 2019, amounted to €15.2 Bn on a proportionate basis (€14.9 Bn as at December 31, 2018). The Shopping Centre GMV was €14.8 Bn, down by -€0.2 Bn (-1.6%) on a like-for-like basis. This decrease was the result of a yield impact of -3.7%, partly offset by a positive rent impact of +2.1%. The average Net Initial Yield (“NIY”) of the Shopping Centre portfolio as at December 31, 2019, was 4.1%.

Shopping Centre portfolio

The value of WFD UR NV’s US Shopping Centre portfolio is the addition of the value of each individual asset as determined by the Group’s appraisers, except as noted above. This approach does not include the “portfolio value”, which reflects the additional value of having a large group of unique assets in a single portfolio.

Proportionate

US Shopping Centre portfolio by category- December 31, 2019	Valuation incl. transfer taxes in € Mn 2019	Net Initial Yield[(1)] December 31, 2019	Valuation incl. transfer taxes in € Mn 2018	Net Initial Yield[(1)] December 31, 2018
US Flagships	12,711	3.8%	12,239	3.9%
US Regionals	2,103	6.0%	2,347	6.1%
US SC TOTAL	**14,814**	**4.1%**	**14,586**	**4.2%**

(1) Annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs.

Like-for-like analysis

On a like-for-like basis, the value of WFD UR NV's US Shopping Centre portfolio, after accounting for works, capitalized financial and leasing expenses and eviction costs, decreased by -€0.2 Bn (-1.6%). This decrease was the result of a yield impact of -3.7%, partly offset by a positive rent impact of +2.1%.

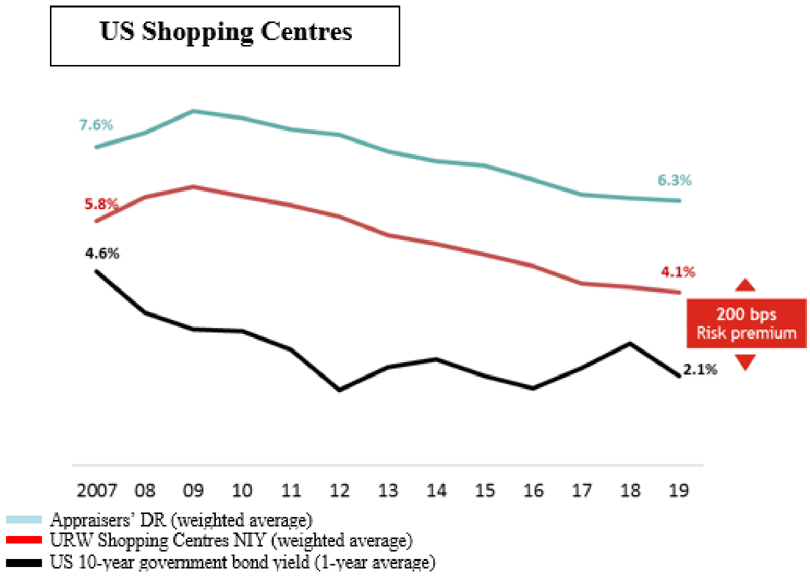
All shopping centres are valued using the discounted cash flow and / or yield methodologies.

For the US, the split between Flagships and Regionals is as follows:

Shopping Centres - December 31, 2019		Net initial yield	Rent in € per sqm[(1)]	Discount Rate[(2)]	Exit yield[(3)]	CAGR of NRI[(4)]
US Flagships	Max	5.1%	2,380	7.0%	6.0%	5.5%
	Min	3.1%	415	5.5%	4.3%	2.8%
	Weighted average	3.8%	808	6.0%	4.8%	4.2%
US Regionals	Max	11.0%	494	12.0%	10.5%	16.0%
	Min	4.1%	107	6.5%	5.8%	0.5%
	Weighted average	6.0%	305	8.1%	6.9%	3.6%

Net initial yield, discount rate and exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in this table. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled and the trademark are not included in this table. Assets fully consolidated and in joint-control are included.

(1) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per sqm.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalise the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of NRI determined by the appraiser (10 years)



Offices portfolio & Others

Offices & Others portfolio includes the offices, the hotels and the residential building Palisade at Westfield UTC and the residential projects. The value for the total US Office & Others portfolio increased by €54 Mn to €356 Mn (€302 Mn).

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Offices & Others division's NIY increased by -70 bps to 6.5%.

US Offices - December 31, 2019	Valuation incl. transfer taxes in € Mn 2019	Valuation excl. estimated transfer taxes in € Mn 2019	Net Initial Yield (1) December 31, 2019	Net Initial Yield (1) December 31, 2018
Offices	228	221	6.5%	6.1%

(1) Annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs.

Offices & Others are valued using the discounted cash flow and yield methodologies.

Offices & others US – December 31, 2019		Net initial yield	Rent in € per sqm(1)	Discount Rate(2)	Exit yield(3)	CAGR of NRI(4)
US	Max	8.9%	689	9.3%	8.5%	6.4%
	Min	4.5%	280	6.9%	5.9%	2.9%
	Weighted average	6.5%	446	7.5%	6.3%	5.2%

NIY, DR and ECR weighted by GMV. Vacant assets and assets under restructuring are not included in Min and Max calculation. Assets under development are not included in this table.

(1) Average annual rent (MGR) per asset per sqm. The computation takes into account the areas allocated to company restaurants.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalize the exit rent to determine the exit value of an asset.
(4) CAGR of NRI determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used)

Like-for-like analysis

The value of WFD UR NV's Offices & Others portfolio, after accounting for the impact of works and capitalized financial and leasing expenses, increased by +€18 Mn (+8.1%) on a like-for-like basis, due to a yield impact of +3.7% and a rent impact of +4.4%.

EPRA Vacancy rate

The vacancy in the US is calculated as the ERV of vacant units over the sum of existing MGR + ERV of vacant units. The US vacancy rate stands at 9.1% at December 31, 2019 (8.3%).

1.3.3 FINANCIAL RESOURCES

In 2019, markets were impacted by rising geopolitical concerns, including the trade-war tensions between the US and China and Brexit uncertainties, leading to increased volatility.

Nevertheless, a more accommodative monetary policy by the European Central Bank ("ECB") and the US Federal Reserve (Fed) supported markets. The ECB cut its deposit rate in September and resumed its asset purchase programme (Quantitative Easing) in November. The Fed cut its Fed Funds rate three times in 2019, on the back of increased macroeconomic risks.

In this context, WFD UR NV issued Rule 144A USD bonds for $750 Mn with a 3.50% coupon and a 10-year maturity and $750 Mn with a 2.875% coupon and a 7-year maturity, respectively.

Debt Structure as at December 31, 2019

WFD UR NV's IFRS financial debt as at December 31, 2019, amounted to €9,557.1 Mn (€8,962.0 Mn). The total IFRS cash on-hand of the Group came to €56.8 Mn (€53.3 Mn) as at December 31, 2019.

Financial debt breakdown and outstanding duration to maturity as at December 31, 2019

	Current	Non-current			
Outstanding duration to maturity *(€Mn)*	Less than 1 year	1 year to 5 years	More than 5 years	Total December 31, 2019	**Total December 31, 2018**
Bonds and notes	279.2	1,327.7	2,674.7	4,281.6	3,991.8
Bank borrowings	(4.3)	241.7	106.3	343.7	911.4
Other financial liabilities	28.6	2,090.3	2,748.4	4,867.3	4,025.2
Lease liabilities	3.3	16.3	44.9	64.5	33.6
TOTAL	306.8	3,676.0	5,574.3	9,557.1	**8,962.0**

1.4 DIVIDEND

On February 12, 2020, the URW Group announced its 2019 results and proposed a dividend of €10.80 per stapled share. There were only a limited number of COVID-19 cases outside China at that time. Since then, the COVID-19 pandemic has evolved significantly and at a very rapid pace.

Governments and business have employed stringent measures to slow the spread of the COVID-19 virus, as described in the press releases issued by the Group on March 16 and 19. There is currently a lack of clarity about whether further measures will be deployed and significant uncertainty about the duration and impact of the COVID-19 pandemic on the operations of the URW Group.

Consequently, on March 23, 2020, the URW Group announced that:

(i) It withdrew its previous guidance and that it expects to provide an update of its guidance when it can reliably estimate the duration, severity, and consequences of the current situation;

(ii) It would pay an interim cash dividend of €5.40 per share, as planned, on March 26, 2020, and that, such payment would cover the URW Group's distribution obligations for 2019,

(iii) Taking a prudent view of the uncertainties about the duration and impact of the crisis, and in order to further augment the URW Group's strong liquidity position, it decided to cancel the payment of the final URW Group dividend of €5.40 per share.

As already announced in the press release of URW dated March 12, 2020, the interim cash dividend of €5.40 per share will be paid by URW SE.

The URW Group said it would continue to focus on the strength of its asset portfolio, its capital allocation priorities and the preservation of its strong liquidity position, in addition to the health and safety of its employees and communities.

NOTICE: THE SECTIONS 1.4 DIVIDEND AND 1.8 OUTLOOK AND THE SECTION "RISK FACTORS" HAVE SPECIFIC REFERENCES TO COVID-19 IMPACT AND SHOULD BE READ IN CONJUNCTION WITH THE DISCLOSURES UNDER ADDITIONAL INFORMATION IN 1.7 POST CLOSING EVENTS.

1.5 NON-FINANCIAL INFORMATION

1.5.1 BUSINESS MODEL

WFD UR NV is part of the URW Group, the world's premier developer and operator of Flagship destinations. WFD UR NV owns a portfolio of prime commercial properties, located in the largest and most prosperous cities across the United States.

WFD UR NV's operations are focused on Flagship Shopping Centres ("Flagships") in the wealthiest and most attractive catchment areas in the United States.

WFD UR NV's strategy is to vertically integrate the entire chain of value creation in real estate. The combination of its three activities of refurbishment and renovation, investment and management, provides WFD UR NV with unique market knowledge and expertise. This knowledge and expertise assists WFD UR NV in dealing with markets that are cyclical in nature and its strategy is designed to allow the Group to continue its investment programs even during economic downturns.

Thanks to this portfolio of high quality assets and talents including experts in the business of investment, refurbishment , leasing, management and divestment, WFD UR NV has been able to generate strong growth.

Finally, WFD UR NV is, by nature, a long term player committed to sustainable refurbishment and social responsibility across all of its activities. Whether it be architecture, city planning, design, energy efficiency, social responsibility, the URW Group is recognized as a leader in the industry.

1.5.2 CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is at the very heart of the URW Group's strategy, as an accelerator of progress and innovation. The URW Group's CSR strategy, which was fully extended to the US operations in 2019, has embraced the United Nations Sustainable Development Goals, particularly SDG 11: "Sustainable Cities and Communities". This strategy confirms the Company's ambitious CSR objectives, and provides the roadmap to achieving them. The teams' daily engagement and ownership of environmental and social challenges now plays a more prominent role. For the first time, important topics such as sustainable consumption have been included in the global ambitions, in response to the constantly-changing expectations and needs expressed by the stakeholders of the Group's assets.

The outlines of this strategy can be found on the WFD UR NV website (http://www.wfd-unibail-rodamco-nv.com) in the URW Group CSR document.

1.5.3 RISK MANAGEMENT AND CONTROL SYSTEM

WFD UR NV conducts its business in 2 countries and drives its real-estate activity with a wide variety of actors and business partners. Due to business activities and relationship with business partners, WFD UR NV faces risks of failure in compliance with international and national anti-bribery, corruption, money laundering & fraud law. The Group is also listed in various market and must meet several requirements. For more information regarding the various compliance policies the implemented processes, the outcome of those policies and the principal risks related to the policies and how these are managed, reference is made to chapter 4.2.2.6 category # 6: legal and regulatory risks.

In light of its values, mission and strategy, WFD UR NV acknowledges the importance of good governance as an important basis for sound operational management and meeting its corporate objectives, whilst ensuring an adequate system of governance to protect all interests of its management, staff, shareholders and other relevant stakeholders.

In this respect, WFD UR NV considers that good governance starts with good behaviour and attitude at the top and establishing awareness and compliance regarding sound operations and ethical behaviour in WFD UR NV's business culture. To achieve this, WFD UR NV has established its AO/IC based on the following objectives:

- to provide insight in the organizational set-up in a clear and unequivocal manner, including duties, obligations and division of roles and responsibilities;
- to ensure ethical and sound management over the policies, control processes and operating risks of the organization;
- to facilitate proper guidance on the organization and its governance, policy house and processes to the staff of WFD UR NV, its shareholders or other external parties; and
- to comply with applicable statutory and regulatory obligations.

The main features of the risk management and control system of the Company, can be found in chapter 4 "Risk Management and Internal Control" of this Annual Report.

1.5.4 PERSONNEL-RELATED INFORMATION

18 months after the closing of the acquisition of Westfield Corporation, the organization is now fully in place, operating as one Group with a clear focus on execution of the value creation strategy: significant achievements in International Leasing with multi-country deployments of destinations brands (e.g., The Void) were accomplished, and a number of international Commercial Partnership deals were concluded.

WFD UR NV's recruitment and career development policies are designed to attract and retain the best talent on the market. The Group is committed to offering employees a working environment that fosters diversity and equal opportunities to enable each individual to acquire the experience needed to build an exciting career that creates value for the Company.

Employees receive regular support and advice on career development. They meet with their managers once a year for year-end appraisals, have the opportunity to provide and receive ongoing feedback through a specific process put in place, which gives them the opportunity to discuss their performance, objectives, career advancement and training needs.

As a result of the Westfield Transaction, employees have new and challenging career opportunities within the URW Group, both in the US as in Continental Europe. WFD UR NV expects its work force to evolve organically in 2020.

1.6 RELATED PARTY TRANSACTIONS

All transactions between the company and legal or natural persons who hold at least ten percent of the shares in the company, have been disclosed in note "7.4. Transactions with related parties" of the Financial Statements and are in compliance with best practice provision 2.7.5. of the Dutch Corporate Governance Code.

1.7 POST-CLOSING EVENTS

There are no post-closing events other than the Covid-19 impact as described here below.

ADDITIONAL INFORMATION:

NOTICE: The sections 1.4 Dividend and 1.8 Outlook and the section "Risk factors" have specific references to Covid-19 impact and have to be read in conjunction with the disclosures directly below.

Covid-19 outbreak

Due to local government mandates and actions taken by businesses, as of March 19, 2020, most shopping centres in countries where the Group operates have been either closed or substantially closed (supermarkets, food stores and pharmacies are typically allowed to open, but access to URW's shopping centers for the general public is generally prohibited).

The COVID-19 crisis continues to evolve rapidly and in recent days governments in the markets in which the Group operates have taken additional measures to contain the spread of the virus. These measures will impact the Group's operations.

The Group's primary focus is now on protecting the health and safety of its employees, tenants, and visitors, and WFD UR NV is carefully monitoring the latest health guidelines issued by the World Health Organization, national, regional, and local governments and adapting its operations accordingly.

At this stage, it is too early to determine the situation's impact on the contractual obligations of the Group's retailers and other partners or to estimate the effect of any case-by-case support measures the Group may decide on. The Group has started an active dialogue with its tenants on how to address these unprecedented challenges and has already granted additional delays for paying their rents. In addition, WFD UR NV is actively reducing administrative expenses, deferring non-essential capital expenditure and will make use of any relevant facilities or arrangements provided by the national authorities to assist companies through the crisis.

Liquidity

In light of this evolving situation, the URW Group has taken all precautionary measures needed to ensure its access to liquidity. The URW Group now has €10.2 Bn in cash on hand and undrawn credit lines, which provides it with the liquidity needed to cover all expected funding needs even under an extreme "stress test" scenario, including assumptions about potential loss of rental income and service charge collection in 2020, as well as delays in or cancellation of disposals.

Rating agencies

The URW Group's rating is under review by S&P and Moody's in the context of their annual review and of the Coronavirus outbreak.

1.8 OUTLOOK

The macroeconomic environment was moderately positive in 2019, as concerns about global trade were partially offset by further easing by the US Federal Reserve and the European Central Bank. Consumer confidence generally remained positive, although on-line is taking an increasing share of retail spend.

Looking ahead, the coronavirus, the Presidential elections in the US, its trade policies, further responses thereto from its trading partners and adverse geopolitical events, could affect economic growth. Furthermore, the retail environment is undergoing rapid change and many retailers are adapting their business models to manage this new reality by rightsizing their store portfolios and expanding only selectively, with more risk sharing for landlords. The Group's high-quality portfolio of shopping destinations in the wealthiest catchment areas is best positioned to face such challenges.

The Group's current business plan does not assume any acquisitions. The Group has identified US assets to be disposed of over the next few years. The expected disposal will further increase the average portfolio quality and reduce leverage.

For the year ended December 31, 2019, the Group had a net current asset deficit of €473.0 Mn. The Group's liquidity needs for the next 12 months are covered by the available undrawn credit lines and cash on-hand as well as by the cross-guarantees granted within the URW Group. Based on that the Company believes that it will be able to meet its commitments as and when they fall due, therefore it is appropriate to prepare the financial statements on a going concern basis.

NOTICE: The sections 1.4 Dividend and 1.8 Outlook and the section "Risk factors" have specific references to Covid-19 impact and should be read in conjunction with the disclosures under additional information in 1.7 Post Closing Events.

2.

CORPORATE GOVERNANCE AND REMUNERATION

2.1 CORPORATE GOVERNANCE

WFD Unibail-Rodamco N.V. (hereafter “WFD UR NV” or the “Company”) was incorporated as Unibail-Rodamco B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on February 14, 2018. On March 22, 2018, Unibail-Rodamco B.V. changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company (*naamloze vennootschap*) pursuant to a notarial deed of amendment and conversion in accordance with a resolution of its general meeting (the “General Meeting”) adopted on March 15, 2018.

2.1.1 THE MANAGEMENT BOARD

The Company adopted a dual management structure: a Management Board (“MB”) and a Supervisory Board (“SB”). Such governance structure meets the highest standards of corporate governance ensuring an efficient balance between management and supervision allowing a responsive and reactive MB in the performance of its executive duties, in accordance with the non-executive prerogatives of the SB, whose balanced and diverse composition guarantees independent oversight.

The MB is entitled to represent WFD UR NV. The power to represent WFD UR NV also vests in the President US and any other MB Member acting jointly.

2.1.1.1 COMPOSITION OF THE MANAGEMENT BOARD

As at December 31, 2019 the MB consisted of two members.

MB Members	Nationality	Age	Main function	First appointment to the MB	Date of expiry of term of office
Mr Jean-Marie Tritant	French	52	President US - MB Member	June 7, 2018	June 7, 2022
Mr Gerard Sieben	Dutch	49	Chief Financial Officer - MB Member	March 8, 2018	June 7, 2022

- **Management Board Member information and mandates held as at December 31, 2019**

MR JEAN-MARIE TRITANT

MB Member President US

- Graduate of ESC Dijon – Business School.
- Master’s Degree in commercial real estate from Paris I-Sorbonne University (a qualification recognized by the Royal Institution of Chartered Surveyors).
- Started his career at Arthur Andersen Paris.
- Joined Unibail in 1997. Appointed Managing Director of the Office Division in 2002 and Managing Director Retail France in 2007.
- Appointed to the MB of Unibail-Rodamco SE, Chief Operating Officer effective April 25, 2013, ended in June 7, 2018.
- Appointed to the MB of WFD UR NV, President US effective June 7, 2018, following the Westfield Transaction.

BORN ON:

November 10, 1967

NATIONALITY:

French

NUMBER OF STAPLED SHARES HELD:

168 872[13]

OTHER CURRENT FUNCTIONS AND MANDATES OUTSIDE OF THE GROUP

N/A

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES

Group Companies

- Director, Chairman and President of URW America Inc.
- Director and President of Annapolis TRS Inc., Fashion Square Service TRS, Inc., GSP Service TRS, Inc., Montgomery Service, Inc., VF/UTC Service, Inc., WCL Holdings, Inc., Westfield Beneficiary 1, Inc., Westfield Beneficiary 2, Inc., Westfield Subsidiary REIT 1, Inc., Westfield Subsidiary REIT 2, Inc., Westland Properties, Inc., Westland Realty Beneficiary, Inc.
- Director of Broward Mall LLC, Roseville Shoppingtown LLC, Santa Anita Borrower LLC, Santa Anita GP LLC, Valencia Town Center Venture GP, LLC, Westfield Paramus 1 Inc.
- Manager and President of URW WEA LLC, West-OC 2 REIT 1, LLC, West-OC 2 REIT 2, LLC, West-OC 2 REIT 3, LLC, URW Airports, LLC, Westfield, LLC, Westfield Concession Management II LLC, Westfield

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- MB Member of Unibail-Rodamco SE.
- Management Committee Member of Aquarissimo SAS, Chesnay Pierre 2 SCI, Saint Jean SNC, Saint Jean II SNC, Juin Saint Hubert SNC, Juin Saint Hubert II SNC, and Les Terrasses Saint Jean SNC.
- Director of U&R Management BV.
- Director and Secretary of Unibail-Rodamco Spain SLU (formerly Unibail-Rodamco Inversiones, SLU), Unibail-Rodamco Ocio SLU, Unibail-Rodamco Palma, SLU, Unibail-Rodamco Real Estate, SL and Unibail-Rodamco Retail Spain, SL.
- Director and Chairman of Proyectos Inmobiliaros New Visions, SLU, Essential Whites, SLU, Unibail-Rodamco Steam, SLU and Proyectos Inmobiliarios Time Blue, SLU.
- SB Member of Unibail-Rodamco-Westfield Germany GmbH (formerly: mfi AG).
- Provisional CEO of Unibail-Rodamco Germany GmbH (not formally appointed and not registered).
- Director and Chairman of Rodamco Sverige AB.
- Director and representative of Unibail-Rodamco Nederland Winkels B.V.

[13] *Including Stapled Shares equivalent to the number of units held in the URW SE company saving plan as at December 31, 2019*

	Gift Card Management, LLC, Westfield Property Management LLC, Westfield U.S. Holdings, LLC, and WestNant Investment LLC. • Manager of Annapolis REIT 1 LLC, Annapolis REIT 2 LLC, Annapolis REIT 3 LLC, Broward Mall LLC, Culver City REIT 1 LLC, Culver City REIT 2 LLC, Culver City REIT 3 LLC, Horton Plaza REIT 1 LLC, Horton Plaza REIT 2 LLC, Horton Plaza REIT 3 LLC, Mission Valley REIT 1 LLC, Mission Valley REIT 2 LLC, Mission Valley REIT 3 LLC, North County REIT 1 LLC, North County REIT 2 LLC, North County REIT 3 LLC, Oakridge REIT 1 LLC, Oakridge REIT 2 LLC, Oakridge REIT 3 LLC, Plaza Bonita REIT 1 LLC, Plaza Bonita REIT 2 LLC, Plaza Bonita REIT 3 LLC, Promenade REIT 1 LLC, Promenade REIT 2 LLC, Promenade REIT 3 LLC, Santa Anita REIT 1 LLC, Santa Anita REIT 2 LLC, Santa Anita REIT 3 LLC, Southcenter REIT 1 LLC, Southcenter REIT 2 LLC, Southcenter REIT 3 LLC, Stratford City Offices (No.1) LLC, Stratford City Offices (No.2) LLC, Stratford City Shopping Centre (No.1) LLC, Stratford City Shopping Centre (No.3) LLC, Topanga REIT 1 LLC, Topanga REIT 2 LLC, Topanga REIT 3 LLC, West Valley REIT 1 LLC, West Valley REIT 2 LLC, West Valley REIT 3 LLC, White City Investments (No. 1) LLC, and White City Investments (No. 2) LLC. • Director of Descon Invest PTY Limited, Fidele PTY Limited, Nauthiz PTY LTD, Westfield America Management Limited, Westfield American Investments PTY Limited, Westfield Capital Corporation Finance Pty LTD, Westfield Capital Corporation Finance PTY LTD, Westfield Queensland PTY LTD, WFA Finance (Aust) PTY Limited and WFD Finance PTY Limited. • Director of WFD Unibail-Rodamco Real Estate B.V.	• Director and Chairman of Promociones Inmobiliarias Gardiner, SLU. • Director and President of WALP Service, Inc, Westfield America, Inc., Westfield DDC Inc., Westfield Development Inc., Westfield Eco Inc., Westfield USA Centres, Inc., WHL (USA), Inc. and WHL USA Acquisitions Inc. • Manager and President of URW Airports, LLC, Westfield Concession Management II LLC, Westfield Gift Card Management, LLC, Westfield Property Management LLC and WestNant Investment LLC.

MR GERARD SIEBEN

MB Member Chief Financial Officer

- Bachelor in economics of the HEAO. Mr. Sieben has held various interim positions within the Unibail-Rodamco Group since 2008, lastly as Finance Director Benelux.
- He started his financial career in 1999 as a financial controller and held several finance positions in different companies including at Procter & Gamble Professional Care NL for 4 years.
- Appointed to the MB of WFD UR NV effective March 8, 2018, Chief Financial Officer effective June 7, 2018 following the Westfield Transaction.

BORN ON:
May 5, 1970

NATIONALITY:
Dutch

NUMBER OF STAPLED SHARES HELD:
5

OTHER CURRENT FUNCTIONS AND MANDATES OUTSIDE OF THE GROUP

- Owner Sieben Consultancy

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES

- Director of WFD Unibail-Rodamco Real Estate B.V.

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- N/A

Stapled Shares held by the members of the Management Board as at December 31, 2019

As at December 31, 2019, the members of the MB held the following number of Stapled Shares:

Name	Total numbers of Stapled Shares held*
Mr Jean- Marie Tritant President US	168 872
Mr Gerard Sieben Chief Financial Officer	5

** Including shares equivalent to the number of units held in the URW SE company savings plan as at December 31, 2019.*

2.1.1.2 MANAGEMENT BOARD FUNCTIONING

• Role of the Management Board

The MB is responsible for the day-to-day management of the Company which includes, among other things, formulating strategies and policies, and setting and achieving the Company's objectives. The SB supervises and advises the MB. Each member of the MB and SB must act in the corporate interest of the Company and of the business with it and consider with due care the interest of all stakeholders including the Company's shareholders, creditors, employees and customers.

The MB defends the interests of the Company and its subsidiaries (together referred to as "the Group") and takes into account the relevant interests of all of the Company's stakeholders. It is held to account for the manner in which it carries out its duties. It must act with independence, loyalty and professionalism. As provided for by the Dutch Corporate Governance Code, the SB assesses the functioning of the MB on an annual basis.

The President US has overall competence except for those duties expressly assigned to the Chief Financial Officer.

The Chief Financial Officer is responsible for generating profits via the optimisation of the cost of capital. He is also responsible for tax matters. As such, the Chief Financial Officer will have primary responsibility for the overall finance functions of the Company (financial control, consolidation, (re)financing, tax, the Company's consolidated annual budget and 5-year business plan, and coordination of Company asset valuations).

The main statutory provisions of the Company's Articles of Association (the "Articles") and the MB Charter governing the composition, role, duties and functioning of the MB are provided in section 5.5.3 of this Annual Report.

• MB activities in 2019

During the financial year ending December 31, 2019 the MB met 11 times. Overall attendance by the MB members was 100%.
The following key topics were addressed, managed and/or implemented in 2019:

Principal responsibilities of the MB	Key areas addressed, managed and/or implemented in 2019
Group Strategy	• refurbishment, investment, divestment and operations in 2019; • monitoring of the disposals and synergies plan (cost and revenue); • main strategic opportunities; • digital and IT strategy, tools and projects; • CSR Strategy - "Better Places 2030".
Financial Policy and Financial Performance and Reporting	• Review and closing of the 2018 consolidated full-year results and statutory financial statements and reporting on the half-year accounts for the 2019 financial year; • Group 5-year business plan and budget; • financial resources, balance sheet management and borrowing requirements (144A, liquidity agreements); • the Group's dividend distribution payment policy of the URW Group and annual allocation and distribution of profits; • closing of the forecast management documents and preparation of the quarterly activity reports for the SB.
Internal risk management and control systems	• internal audits, internal control system and compliance matters; • risk management and risk mapping; • updates of the Compliance Book.
Governance and compliance with relevant laws and regulations	• monitoring and promoting if the Group's Anti-Corruption Programme and the Group Compliance program; • analysis of the impact of new regulations (Shareholder Rights Directive); • annual evaluation of the functioning and efficiency of the MB (self-assessment process). • compliance with regulatory/legal requirements and changes, including related party transactions.
Human Resources	• the Group's new values; • talent development and management; • diversity and inclusion; • recruitment of key positions.
Shareholder Outreach and Engagement	• investor dialogue and notice of meeting for the Annual General Meeting and related documentation (agenda, resolutions, etc.) • Group communication; • annual report 2018 and half-year 2019 financial statements.

- ### Management Board evaluation process

An assessment of the MB is carried out annually. In 2019, the MB conducted an annual assessment of the performance and overall functioning of the MB. The MB concluded that during the financial year 2019 it is functioning well.

2.1.2 THE SUPERVISORY BOARD

The SB is in charge of the supervision of the policy of the MB and the general course of affairs of WFD UR NV and of the business connected with it. The SB shall provide the MB with advice. In performing their duties, SB Members shall be guided by the interests of WFD UR NV and of the business connected with it.

2.1.3 ADHERENCE TO THE DUTCH CORPORATE GOVERNANCE CODE

The Dutch Corporate Governance Code (hereafter the "DCGC") contains principles and best practice provisions that regulate relations between the MB, SB and the (general meeting of) shareholders. As of the listing of the Stapled Shares on Euronext Amsterdam and Euronext Paris, the DCGC became applicable to WFD UR NV. The text of the DCGC can be accessed at http://www.mccg.nl. The DCGC is based on a 'comply-or-explain' principle.

WFD UR NV acknowledges the importance of good corporate governance and agrees with the general approach and with the provisions of the DCGC. Considering inter alia the Stapled Share structure, current practices at URW SE, WFD UR NV being a member of the URW Group headed by URW SE and the interests of the URW Group and its stakeholders, WFD UR NV deviates from the following best practice provisions of the DCGC:

- *Best Practice Provision 2.1.7*: WFD UR NV does not comply with best practice provision 2.1.7 (iii), which provides that for each shareholder holding more than 10% of the shares in WFD UR NV, there is at most one SB Member who can be considered to be affiliated with such shareholder. URW SE holds more than 10% of the shares in WFD UR NV. As a URW Group company, and in direct relation with the Stapled Share structure and ensure consistency between the two companies, two SB Members are also members of the MB of URW SE and are as such affiliated with URW SE.

- *Best Practice Provision 2.3.2*: Given the interrelatedness of nomination, assessment of MB performance and remuneration, WFD UR NV has a (combined) governance, nomination and remuneration committee rather than a separate remuneration committee and selection and appointment committee as recommended in best practice provision 2.3.2.

- *Best Practice Provision 3.1.2*: WFD UR NV supports the principle that the remuneration policy should focus on long-term value creation for WFD UR NV and its business. Rather than setting the shareholding requirement of MB Members to five years, the terms and conditions of the long term incentive plans in WFD UR NV awarded to MB Members include a shareholding requirement for the duration of the MB Member's mandate because we believe this better ensures continued alignment of interests throughout the mandate.

- *Best Practice Provision 4.3.3:* The Company's management directors and supervisory directors are appointed by the General Meeting upon a binding nomination prepared in accordance with the Articles. The General Meeting may only overrule the binding nomination with a qualified majority that is higher than what is recommended in this best practice provision. Consistent with the governance practice at many other listed Dutch companies and because we believe that a decision to overrule a nomination - also in light of WFD UR NV being a member of the URW Group headed by URW SE- must be widely supported by our shareholders, the Articles do not provide for a lower voting standard to overrule such nomination than the voting standard provided for in section 2:133(2) Dutch Civil Code.

2.1.4 CODE OF ETHICS AND OTHER CORPORATE GOVERNANCE PRACTICES

WFD UR NV has adopted a Code of Ethics, which applies to the URW Group and which includes the values and principles that each employee, manager and director of the URW Group must respect and comply with, by virtue of their office, at all times and in all circumstances when acting within, or in the name of, the URW Group or any third party. These principles include: respect for human dignity and for employees' work, respect for the URW Group, respect for law and regulations, loyalty, integrity and avoiding conflicts of interests, and ethics in doing business (including Code of Conduct conforming with French Sapin-II law). It is the responsibility of each employee, manager and director of the URW Group to regularly review and refresh their knowledge and understanding of the Code of Ethics of the URW Group, in addition to the required annual e-learning training for all employees.

The text of this Code of Ethics can be accessed here:

http://www.wfd-unibail-rodamco-nv.com/-
/media/Corporate~o~Sites/Westfield/Files/Corporate~o~governance/related~o~documents/Code_of_ethics_june_2018.ashx

We actively promote and we have reasonable assurance that our Code of Ethics is effective within the Company. We have, to the best of our knowledge, no reason to believe that our Code of Ethics was not complied with during the financial year to which this report pertains, noting that anyone can declare any (potential) breach through our URW Integrity line (https://urw.integrityline.org/) at any time.

WFD UR NV does not voluntarily apply other formal codes of conduct or corporate governance practices.

2.2 REPORT OF THE SUPERVISORY BOARD

The SB is pleased to submit to the shareholders WFD UR NV's Annual Report, including the financial statements and Management Board report. The Annual Report is prepared by the MB and was approved by the SB. Ernst and Young Accountants LLP (The Netherlands) audited the financial statements 2019. During the year under review the SB supervised and advised the MB on an ongoing basis and carried its duties in accordance with the applicable law and regulations and the Articles. In performing of its duties, the SB is guided by the interests of WFD UR NV and of the business connected with it.

2.2.1 SUPERVISORY BOARD COMPOSITION, INDEPENDENCE AND DIVERSITY

The SB of WFD UR NV consists of 5 members. The current member composition reinforces the Group's strategy through their expertise in real estate/asset management, retail, finance, legal and among other areas. The range of skills and expertise is summarised in the biographies below.

• Supervisory Board Members as at December 31, 2019

Name	Role	Age	Gender	Nationality	Independence	First appointed	Term expires at AGM
Mr Christophe Cuvillier	Chairman	57	M	French	Independent	2018	2022
Mr Jaap Tonckens	Vice-Chairman	57	M	Dutch	Independent	2018	2022
Mr Jean-Louis Laurens	Senior Independent Director	65	M	French	Independent	2018	2022
Mr Alec Pelmore	Member	66	M	British	Independent	2018	2022
Ms Aline Taireh	Member	44	F	American	Independent	2018	2022

In the written resolutions of the shareholder of WFD UR NV of June 1, 2018, the General Meeting appointed the 5 SB members with a term of office expiring at the end of the AGM to be held in 2022. Mr Christophe Cuvillier was appointed as SB Chairman, Mr Jaap Tonckens as SB Vice-Chairman, and Mr Jean-Louis Laurens as Senior Independent Director.

• Supervisory Board Member information and mandates held as at December 31, 2019

BORN ON:
December 5, 1962

NATIONALITY:
French

NUMBER OF STAPLED SHARES HELD:
107,686

MR CHRISTOPHE CUVILLIER
SB CHAIRMAN
Independent

- Graduate of HEC Business School.
- Prior to joining Unibail-Rodamco-Westfield, Mr Cuvillier held various positions within Kering Group from 2000, notably, CEO of FNAC from 2008 to 2010 and CEO of Conforama from 2005 to 2008.
- Prior to Kering, he spent 14 years with the Luxury Products Division of the L'Oréal Group, both in France and abroad.
- Appointed to the Unibail-Rodamco SE MB as Chief Operating Officer in April 2011 (effective June 1, 2011).
- Appointed MB Chairman and Chief Executive Officer effective April 25, 2013.
- Appointed as MB Chairman and Group Chief Executive Officer effective June 7, 2018, following the Westfield Transaction.
- Is a member of the International Advisory Board of HEC Paris, since March 2019.

Other current functions and mandates outside of the Unibail-Rodamco-Westfield Group

- Representative of Unibail-Rodamco-Westfield SE as Member of the French Fédération des Sociétés Immobilières et Foncières (FSIF).
- Non-Executive Director of Pavillon de l'Arsenal.
- Representative of Unibail-Rodamco-Westfield SE on the Board of Directors of Société Paris-Île-de-France Capitale Économique.
- Director of Raisesherpas (Endowment Fund).
- Director of the European Public Real Estate Association (EPRA).

Other current intra-group functions and mandates

- Director of Viparis Holding SA.
- Director and Chairman of the Board of Directors of U&R Management B.V.

Previous mandates during the last five years

- Director of Comexposium Holding SA.
- SB Chairman of Rodamco Europe B.V.
- Chairman of the Board of Directors of the European Public Real Estate Association (EPRA).

Attendance:

- SB 100%;
- GNRC 100%

Mandate:

- First Mandate: June 7, 2018;
- SB term expires: AGM 2022

Further experience:

- Relevant active executive and senior leadership experience

  Strong leadership and management skills, having served as COO of FNAC, Chairman and CEO of Conforama and then Chairman and CEO of FNAC.
- International experience and regional market exposure

  He spent 14 years with the L'Oréal Group holding various positions in Italy, the UK and Australia.
- Retail and consumer products experience

  Accomplished executive with over 20 years' experience building brands in the luxury and retail industry.
- Real estate and real estate asset management experience

  He joined Unibail-Rodamco (URW since 2018) as COO and member of the MB. He was appointed CEO and Chairman of the MB in April 2013. He led the acquisition of Westfield by Unibail-Rodamco and was appointed Group CEO in 2018.
- Risk oversight and corporate governance experience

  Extensive expertise through various senior roles in the retail and luxury industry, including CEO of FNAC and UR SE.

BORN ON :
July 16, 1962

NATIONALITY
American and Dutch

NUMBER OF STAPLED SHARES HELD:
13,943

MR JAAP TONCKENS
SB VICE CHAIRMAN
Independent

- Law Degree from Leiden University, The Netherlands.
- Master's Degree in law from Emory University, Atlanta, GA, USA.
- Associate with Shearman & Sterling LLP. in New York and Paris.
- Associate, Vice-President and Executive Director at Morgan Stanley in London.
- Managing Director at Morgan Stanley, Leverage & Acquisition Finance, New York, NY, USA.
- Managing Director at Endurance Capital, New York, NY, USA.
- Appointed to the Unibail-Rodamco MB as General Counsel in September 2009 and was appointed Chief Investment Officer in October 2010 and Chief Financial Officer effective July 2012.
- Appointed as Group Chief Financial Officer effective June 7, 2018, following the Westfield Transaction.

Other current functions and mandates outside of the Unibail-Rodamco-Westfield Group

- Member of the Global Governing Trustees of Urban Land Institute;
- Member of the Board of Trustees of International Council of Shopping Centers;
- Various other current mandates within URW Group

Previous mandates during the last five years

- Member of the Board of Unibail-Rodamco SI BV
- Chairman of Rodamco Holding AB, Rodamco Tumlaren AB, Rodamco Nova Lund 2 AB, Rodamco Nova Lund 3 AB, Fastighetsbolaget Anlos 1 AB, Fastighetsbolaget Anlos 2 AB, Fastighetsbolaget Anlos 3 AB, Rodamco Management AB, Rodamco Väsby Centrum AB and Rodareal OY.
- Director of Rodamco Pankrác, as., Garáže Hráského sro. and P6AUP sro.
- Director of Euro-Mall Ingatlanbefektetési Kft.
- Member of the Board of Gdansk Station Shopping Mall Sp. zoo., Wilenska Station Shopping Mall Sp. zoo, Arkadia Centrum Handlowe Sp. zoo, Wilenska Centrum Handlowe Sp. zoo and Rodamco CH 1 sp. zoo.
- Member of the Board of Unibail-Rodamco Liegenschaftserwerbs GmbH and Unibail-Rodamco Austria Management GmbH.
- Member of the Board of Directors and Secretary of Promociones Inmobiliarias Gardiner SLU.
- Director of Rodamco Europe BV.
- Director of CentrO Asset Management Limited, CentrO Europe (no. 2) Limited, CentrO Europe Limited, CentrO Holdings (UK) Limited, CentrO. ManagementGmbH,CentrO Grundstücksentwicklungs GmbH, Neue Mitte Oberhausen Projektentwicklung Ltd. & Co. KG, Neue Mitte Oberhausen Projektentwicklung Beteiligungs GmbH, Neue Mitte Oberhausen Projektentwicklung Verwaltungs Ltd. & Co. KG, CentrO Oberhausen GmbH, CentrO Projektentwicklungs GmbH and SL Oberhausen Beteiligungs GmbH.
- Director of Uniborc SA.
- Director of Eroica B.V., Rodamco Hungary B.V., Unibail-Rodamco Poland I B.V., Rodamco Europe Finance II B.V., Unibail-Rodamco Investments 3 B.V., Unibail-Rodamco Project B.V.

Non-Executive Director of OneMarket Holdings, Inc.

Attendance:

- SB 75%;
- AC 83%;

Mandate:

- First Mandate: June 7, 2018;
- SB term expires: AGM 2022

Further experience:

- Relevant active executive and senior leadership experience

  He has served the finance sector since 1988 in a number of countries and roles as executive director including Managing Director at Morgan Stanley, Leverage & Acquisition Finance, New York, NY, USA, and Managing Director at Endurance Capital, New York, NY, USA.
- International experience and regional market exposure

  Extensive experience on international operations as well as local market exposure, which are increasingly important given our portfolio of flagship destinations throughout the US. He held various positions in London and then in New York, where he was a managing director in the Leverage & Acquisition Finance department at Morgan Stanley & Co.
- Real estate and real estate asset management experience

  Appointed to the Unibail-Rodamco MB as General Counsel in September 2009 and was appointed Chief Investment Officer in October 2010 and CFO effective July 2012, where he retains the supervision of the Group's investments in his current position.
- Financial expertise

  In-depth knowledge of operations that are international and complex, with financing transactions, group debt and refinancing in different countries and currencies.
- Regional market exposure and expertise

  Significant experience through former roles as associate and managing director at Associate with Shearman & Sterling LLP. in New York and Paris, Associate, Vice-President and Executive Director at Morgan Stanley in London, Managing Director at Morgan Stanley, Leverage & Acquisition Finance, New York, NY, USA and Managing Director at Endurance Capital, New York, NY, USA.

BORN ON: August 31, 1954

NATIONALITY:
French national

NUMBER OF STAPLED SHARES HELD:
363

MR JEAN-LOUIS LAURENS

SENIOR INDEPENDENT DIRECTOR & AC CHAIRMAN

Independent

- Graduate of HEC Business School.
- Doctorate in Economics and a Master's in law.
- Former Executive Director of Morgan Stanley International.
- Former CEO of AXA Investment Managers France.
- Former CEO of Robeco France and former Global Head of Mainstream Investment of Robeco Group (until 2009).

Other current functions and mandates

Listed Company

None

Other Company

- Non-executive Chairman of the Board of Directors of Unigestion Asset Management (France).
- Chairman of Blulog, Sp. Z.,(Poland)
- Chairman of A4P Technologies SA (Luxembourg)

Previous mandates during the last five years

- Former SB Vice-Chairman and AC Chairman of Unibail-Rodamco SE (listed) (France) (until 2018).
- General Partner of Rothschild & Cie Gestion Paris (France) (until 2016).
- Chairman of the Board of Directors of Rothschild Asset Management Inc. New York (USA) and of the Board of Directors of Risk Based Investment Solutions Ltd, London (UK) (Rothschild Group) (until 2016).

Attendance:

- SB 100%;
- AC 100%

Mandate:

- First Mandate: June 7, 2018;
- SB term expires: AGM 2022

Further experience:

- Active executive and senior leadership experience

  Extensive senior leadership experience as general partner and global head of asset management of Rothschild and Co Group, global Head of mainstream investments at Robeco Group and CEO of AXA Investment Managers.
- Financial expertise

  Extensive financial and capital markets expertise as a former chief executive of major asset management companies and numerous senior positions in investment banks such as HSBC and Morgan Stanley.
- Risk oversight/ compliance expertise

  Extensive expertise through various senior roles in asset management and investment banking, including CEO of Banque Internationale de Placement and CEO of Banque Robeco.
- International Experience

  Extensive international experience through various Global Head roles and work experience in Germany, The Netherlands and the US.

- Corporate Governance Experience

  Former member of the Ethics and Governance Committee of MEDEF, the French employers association (10 year tenure). Co-author of the AFEP- MEDEF code of governance.

BORN ON:
October 14, 1953

NATIONALITY:
British

NUMBER OF STAPLED SHARES HELD:
1,150 (as of March 2020)

MR ALEC PELMORE
SB MEMBER, AC MEMBER & GN&RC CHAIRMAN
Independent

- Degree in Mathematics from Cambridge University.
- Former Senior Independent Director and AC Chairman of Metric Property Investments PLC (UK) (listed).
- He held various positions as an equity investment analyst specialising in real estate companies mainly at Dresdner Kleinwort Benson and Merrill Lynch. With his partner Robert Fowlds, his team was voted no. 1 for real estate in Europe for 12 out of 13 years from 1995 to 2007.

Other current functions and mandates

Listed Company
- N/A

Other Company
- N/A

Previous mandates during the last five years

- Former SB Member of Unibail-Rodamco SE (listed)(France)(until 2018).
- Non-Executive Director of London Metric Property PLC (UK)

Attendance:
- SB 100%;
- AC 100%;
- GNRC 100%

Mandate:
- First Mandate: June 7, 2018;
- SB term expires: AGM 2022

Further experience:

- Real Estate

  27 years' experience in real estate investment markets has brought a deep understanding of the dynamics of real estate leasing and investment markets and extensive relationships in the market. For 13 years, Alec led the team that was ranked No 1 in the market.
- Equity Investor relationships and understanding

  Being leader of this top rated team has also brought in-depth knowledge of the dynamics of equity markets and good relationships with the key equity holders of the company.
- Finance

  He started his career in 1975 training as an actuary which underpins a sound understanding of all aspects of finance and accounting; in depth knowledge of the dynamics of equity markets and good relationships with the key equity holders of the company.
- UK market experience

  Non-executive director of London Metric PLC, which has undertaken investment and development across a range of property sub-sectors.
- International market experience and risk oversight

  Extensive experience on international operations through various senior roles in the real estate investment markets.

BORN ON:
January 15, 1975

NATIONALITY:
American

NUMBER OF STAPLED SHARES HELD:
305 (through CDI's[14])

MS ALINE TAIREH
SB MEMBER
Independent

- Bachelor of Arts in Criminology and Psychology from University of California Irvine
- Juris Doctorate Degree from Brooklyn Law School, New York
- Associate with O'Melveny & Myers LLP, Los Angeles, CA
- Joined Westfield as Senior Corporate Counsel in January 2007 and was appointed Associate and General Counsel in January 2008.
- Appointed Senior Vice President and Deputy General Counsel of Westfield effective June 2012
- Appointed General Counsel US of the URW Group since June, 7, 2018.

Other current intra-group functions and mandates

- Various other current mandates within the Group.

Previous mandates during the last five years

- N/A

Attendance:
- SB 100%

---

[14] *CHESS Depositary Interests*

Mandate:

- First Mandate: June 7, 2018;
- SB term expires: AGM 2022

Further experience:

- Relevant active executive and senior leadership experience

  Extensive operational and leadership experience as General Counsel Westfield and various executive and director positions with all aspects of the US business including shopping center operations.
- International experience and regional market exposure

  Significant experience in international operations as well as local market exposure in the US since joining Westfield in 2007 with in-depth knowledge in the US real estate and retail market, which are increasingly important given the US portfolio of flagship destinations.
- Real estate and real estate asset management experience

  Extensive strategy expertise in real estate development, investment, leasing, management and divestment through her role as Senior Corporate Counsel and General Counsel Westfield.
- Legal and Financial expertise

  In-depth knowledge of operations that are international and complex, with financing transactions, group debt and refinancing in different countries and currencies.
- Risk oversight and compliance

  19 years' experience in the US real estate and retail market has brought deep knowledge of the US market, including real property acquisitions, secured and unsecured financing transactions, joint ventures, litigation and all other legal and process matters.

• Independence

Even though the composition of the SB partly relates to the fact that URW SE and WFD UR NV together form the URW Group, after careful review it can be confirmed that all SB members can be considered independent within the meaning of principle 2.1.8 of the DCGC.

• Diversity

WFD UR NV has diversity policies with respect to the composition of the MB and the SB. WFD UR NV is committed to supporting, valuing and leveraging the value of diversity, but also believes that there is a fine line between diversity and unintentional discrimination. For that reason, the importance of diversity, in and of itself, should not set aside the overriding principle that someone should be recommended, nominated and appointed for being "the right person for the job". Although WFD UR NV has not set specific targets with respect to particular elements of diversity, WFD UR NV believes that it is important for the MB and the SB to represent a diverse mix of backgrounds, experiences, qualifications, knowledge, abilities and viewpoints.

WFD UR NV seeks to combine the skills and experience of long-standing members of the MB and/or the SB with the fresh perspectives, insights, skills and experiences of new members. WFD UR NV strives for gender diversity and a mix of ages in the composition of those bodies, but also does not set a specific target in this respect. In addition to age and gender, the Company recognizes and welcomes the value of diversity with respect to race, ethnicity, nationality, sexual orientation and other important cultural differences. WFD UR NV is committed to seeking broad diversity in the composition of the MB and the SB and will consider these attributes when evaluating new candidates in the best interests of the Company and its stakeholders. In terms of experience and expertise, WFD UR NV intends for the MB and the SB to be composed of individuals who are knowledgeable in one or more specific areas of strategic importance to the Company.

Consistent with WFD UR NV's diversity policies, to the extent possible and practicable, the aim is to achieve to have at least 30% of the MB Members and SB Members are men and at least 30% of them are women for the composition of the MB and the SB. In view of the limited size of the MB, with two members, the composition of the MB currently diverges from the gender target. It is believed that due to the current size and scale this is justified as it is ensured the best candidates were nominated for the roles.

The composition of the SB is such, that WFD UR NV's diversity objectives have been achieved, except for WFD UR NV's diversity targets in terms of gender. This is primarily due to the selection of the current members of its SB based on the required profile and their backgrounds, experiences, qualifications, knowledge, abilities and viewpoints without positive or negative bias on gender. In the future, this will continue to be a basis for selection of new SB Members.

2.2.2 SUPERVISORY BOARD MEETINGS AND ACTIVITIES

In 2019, the SB convened for four regular meetings. Overall average member attendance at its meetings was 95%. In addition to the matters within its statutory scope, the SB discussed all major actions carried out in 2019, both internally (*e.g.* organizational matters, risk management framework and organization, compliance and anti-corruption policy, 2019 half year results, internal audits, etc.) and externally (Group strategy, development projects, operations, financial position, Dutch Corporate Governance Code requirements). The Statutory Auditor attended two meetings.

SB Members were also informed of the work and recommendations of its specialized committees and that of the Statutory Auditors. The minutes and documents of all the meetings of the Audit Committee ("AC") and the Governance, Nomination and Remuneration Committee ("GNRC") are systematically made available to all SB Members through a secure electronic platform.

Moreover, the SB held its annual Strategy Retreat in London, UK, and visited Westfield shopping centers.

Principal responsibilities of the SB	Key areas discussed, reviewed and/or approved in 2019
Group Strategy	• refurbishment, investment, divestment and operations in 2019; • regular updates: on share price evolution and business activities (operations, finance, human resources, legal, CSR, development, IT, compliance/risk management, etc.); • digital and data strategy; • regular updates: on share price and business activities (operations, finance, human resources, legal, sustainability, development, etc.); • CSR Strategy – "Better Places 2030"; • the future of retail, including innovation, evolution and understanding the end customer;
Group Financial Policy and Financial Performance and Reporting	• review and discussion of the disposal programme;

	• 2019 Group Budget; • follow-up on NAV and EPRA performance measures; • financial commitments and guarantees; • provisions for risk and litigation; • the Group's 5-year Business Plan, financial resources and borrowing requirements; • the Group's dividend distribution payment policy and annual allocation/distribution of profits • approval of half year financial statements; • relationship with the Statutory Auditors including auditor's reporting for the coming year; • non-audit services provided by the Statutory Auditors; • development pipeline in the context of overall balance sheet planning and rating agencies; • liquidity forecasts and Loan-to-Value (LTV) ratio; • regular tax updates.
Internal Audit, Risk Management and Control Systems	• monitoring the restructuring of Group risk management, internal audit, compliance, and insurance programmes; • 2019 internal audit plan; • internal audits, internal control system and compliance matters; • in-depth review of the Group's risk management and risk mapping; • focused review of selected risk management topics (2019 focus includes: retail market evolution; change management/integration; climate change and social risks; system and data; access to capital and development and construction).
Governance and Compliance with Relevant Laws and Regulations	• updates to the Group's compliance programme (including the Group Anti-corruption Programme, Anti-Money Laundering Policy) and completing Anti-Corruption Programme training; • the Group's compliance with the Dutch Corporate Governance Code; • annual review of the independence of SB Members; • regular updates on regulatory/legal changes, including implementation of the Shareholder Rights Directive; • formalizing the Related Party Agreements Procedure and confirming absence of (material) related party agreements.
Succession Planning	• annual review of the SB and committee profile and composition and rotation; • succession planning of the SB and MB;
Group Remuneration Policy and Performance Assessments	• annual evaluation of the functioning and efficiency of the MB; • annual evaluation of the functioning and efficiency of the SB (self-assessment process).
Human Resources	• talent management; • diversity and inclusion; • new Group corporate values.
Shareholder Outreach and Engagement	• shareholder engagement, including participation in Investor Days in June 2019 and corporate governance roadshow and communications; • updates on shareholder composition; • AGM materials (agenda, resolutions, etc.); • 2018 Annual Report.

2.2.3 SPECIALISED SUPERVISORY BOARD COMMITTEES

The SB has established three committees: the AC, the GNRC and the Investment Committee ("IC").

2.2.3.1 AUDIT COMMITTEE (AC)

The AC assists and advises the SB on its audit duties and prepares its decisions in this regard. The duties of the AC include reviewing and discussing the effectiveness of internal risk management and control systems and the financial information to be disclosed by WFD UR NV. The AC also monitors the MB with regard to WFD UR NV's compliance program with recommendations and observations of internal and external auditors, WFD UR NV's compliance with applicable laws and regulations, the functioning of the internal audit department (if applicable), WFD UR NV's tax policy, WFD UR NV's application of information and communication technology and WFD UR NV's financing. In addition, it maintains regular contact with and supervises WFD UR NV's Statutory Auditor, including her independence, and it advises the SB regarding the external auditor's nomination for (re)appointment by the General Meeting.

The roles and responsibilities of the AC as well as the composition and the manner in which it discharges its duties are set out in a committee charter (each committee "Charter") and, in part, in the SB rules. Pursuant to a resolution to that effect, the SB may, with the approval of the UR Supervisory Directors (as defined in the SB Charter), amend or supplement the charter and allow temporary deviations. All of the AC Members are financial experts.

- ***Audit Committee composition***

The AC consists of three members:

- Mr Jean-Louis Laurens (Chairman);
- Mr Alec Pelmore; and
- Mr Jaap Tonckens.

The members of the AC are appointed and dismissed by the SB on the basis of a binding recommendation by the GNRC. At least one member of the AC must have competence in accounting and/or auditing. More than half of all the members of the AC, including the chairman of the AC, must be independent from WFD UR NV (including within the meaning of the Dutch Corporate Governance Code). The chairman of the AC shall not be the chairman of the SB or a former MB Member.

- ### *Audit Committee meetings and activities*

The AC shall meet at least quarterly and otherwise as often as any of the SB Members deems necessary or appropriate. At least once a year, the AC meets with the Company's statutory auditor without any of the MB Members being present. During the financial year 2019, the AC met six times in 2019 in order to carry out its responsibilities.

AC Members receive the meeting documents which include a detailed agenda and comprehensive papers timely before each meeting. To allow for optimal preparation for the review of the accounts, the AC meets prior to the SB Meeting at which the full-year and half-year financial statements are reviewed. The SB is informed of the proceedings and recommendations of the AC at its meeting directly following that of the AC.

Principal responsibilities of the AC	Key areas discussed, reviewed and/or recommended for approval to the SB in 2019
Group Financial Policy	• extensive review and follow-up of financial, borrowing, accounting and tax aspects; • 2019 Group Budget; • follow-up on NAV and EPRA performance measures; • the Group's dividend distribution payment policy and annual allocation and distribution of profits; • non-audit services provided by the Statutory Auditors (including the amount of fees related thereto).
Financial Performance and Reporting	• review and discussion of the disposal programme; • 2019 half year financial statements; • net asset value, corporate risks and off-balance sheet commitments; • financial commitments and guarantees; • provisions for risk and litigation; • regular tax updates; • regular updates on regulatory/legal changes including legal audit reform; • refurbishment pipeline in the context of overall balance sheet planning and rating agencies; • liquidity forecasts and Loan-to-Value (LTV) ratio.
Internal Audit, Risk Management and Control Systems	• monitoring post-Westfield Transaction restructuring of risk management, internal audit, compliance, and insurance programmes; • updates on digital and IT strategy, tools and projects; • 2019 internal audit plan; • internal audits, internal control system and compliance matters; • in-depth review of risk management and risk mapping.
AC Governance	• annual evaluation of the functioning and efficiency of the AC (self-assessment process).

2.2.3.2 THE GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE (GNRC)

The GNRC assists and advises the SB on its duties regarding the nomination of MB Members and SB Members. It is charged with drawing up selection criteria and appointment procedures for the MB Members and SB Members. Furthermore, it periodically assesses the size and composition of the MB and the SB, and make proposals for the composition profile of the SB. In addition, the GNRC will periodically assesses the functioning of individual MB Members and SB Members, and reports on such review to the SB. It is also charged with making proposals for (re)appointment or dismissal of MB Members and SB Members as well as for the election or dismissal of the Chairman and Vice-Chairman.

The GNRC supervises the policy of the MB regarding the selection criteria and appointment procedures for WFD UR NV's senior management. The GNRC assists and advises the SB on its duties regarding the remuneration of the MB Members and the SB Members. The duties of the GNRC include preparing proposals for the SB concerning the remuneration policy for the MB Members, the remuneration of the individual MB Members within the framework of the remuneration policy as adopted by the General Meeting, and the remuneration of individual SB Members subject to approval by the General Meeting.

In addition, the GNRC periodically reviews and assesses the adequacy of the corporate governance practices, policies and rules of WFD UR NV and its subsidiaries and makes recommendations to the SB on all matters of corporate governance (including on any remedial actions to be taken).

The composition, functioning and responsibilities of the GNRC are governed by the GNRC Charter, established by the SB which is available on the Company's website.

- ***Governance, Nominations and Remuneration Committee composition***

The GNRC consists of three members:

- Mr Alec Pelmore (Chairman);
- Mr Christophe Cuvillier; and
- Mr Jaap Tonckens.

The members of the GNRC are appointed and dismissed by the SB on the basis of a binding recommendation by the GNRC .

- ***Governance, Nominations and Remuneration Committee meetings and activities***

In 2019, one GNRC meeting was held. The implementation of the remuneration policy and new stock options and performance share plans were finalized in the first half year of 2019.

Principal responsibilities of the GNRC	Key areas discussed, reviewed and/or recommended for approval to the SB in 2019
Company Remuneration Policy and performance assessments	• 2019 MB Member remuneration (including FI, level of attainment of annual STI and LTI targets); • 2019 LTI envelope; • evaluation of the functioning and efficiency of the MB.
Shareholder outreach and engagement	• shareholder engagement and feedback (including as relates to governance and remuneration and corporate governance roadshow and communication);
GNRC Governance	• monitoring post-Westfield Transaction restructuring of risk management, internal audit, compliance, and insurance programmes;
Governance and compliance with relevant laws and regulations	• regular updates on regulatory/legal changes, including implementation of the Shareholder Rights Directive.

2.2.3.3 INVESTMENT COMMITTEE (IC)

The SB Members who are members of the IC are authorized to pass resolutions on behalf of the SB to approve resolutions of the MB concerning certain transactions and actions by WFD UR NV or its subsidiaries up to certain amounts, as listed in more detail in the SB rules.

- ***Investment Committee composition***

The IC consists of three members:

- Mr Christophe Cuvillier (Chairman);
- Mr Jaap Tonckens; and
- Ms Aline Taireh.

The members of the IC are appointed and dismissed by the SB, upon the binding recommendation of the GNRC.

- ***Investment Committee meetings and activities***

The IC meets as often as any of its members deems necessary or appropriate.

2.2.4 EVALUATION OF THE SUPERVISORY BOARD

Supervisory Board evaluation process

An assessment of the SB is carried out annually. In 2019, the SB conducted an annual assessment of the performance and overall functioning of the SB, its committees and its members (including of the Chair of the SB and its committees) and of the overall functioning of the SB and interaction with the MB. In addition, the AC and MB carried out a similar evaluation of its composition and functioning.

The assessment was summarized and discussed during an SB meeting as well as an AC meeting, in the presence of all of its members but in the absence of the MB. The SB and AC concluded that during the financial year 2019 it is functioning well.

2.2.5 CONFLICTS OF INTEREST

- ***No close family relationships***

To the knowledge of the Company, there are no family ties between the SB or MB members of the Company.

- ***Management of conflicts of interest***

To the knowledge of the Company, there are no conflicts of interest or potential conflicts of interest between the Company and the SB and/or MB Members with respect to their personal interests or their other obligations. During the financial year to which this report pertains, there were no transactions in respect of which there was a conflict of interests with any MB Member or SB Member that is of material significance to WFD UR NV and/or to such MB Member or SB Member. Where applicable, best practice provision 2.7.5 of the DCGC concerning related party transactions with significant shareholders has been observed.

In order to ensure that each SB and MB Member acts with loyalty, independence and professionalism, each SB Member and MB Member must immediately report any potential conflicts of interest with the Company to the SB Chairman and to the other SB and MB Members, respectively, providing all information relevant to the conflict of interest. Such conflicted member must abstain from discussions and the decision-taking process on the subject or transaction to which he/she has a conflict of interest.

Additionally, the SB and MB Members must seek prior SB approval before accepting any new mandates of any type, even in another company, for the SB to conduct, among other things, a conflict of interest and independence analysis.

The SB and the MB are also subject to the rules established in the Group's Code of Ethics and Anti-Corruption Programme applicable to all Group employees.

- ***Related party transactions***

Pursuant to the Directive (EU) 2017/828 of the European Parliament and of the Council dated 17 May 2017 to promote the long-term involvement of shareholders and transposed in Dutch law by Act of 6 November 2019 amending Book 2 of the Dutch Civil Code, the Law on financial supervision and the Giro Act securities transactions, WFD UR NV has adopted a related party transactions policy outlining the procedures to identify, monitor, approve and disclose material transactions with related parties. The WFD UR NV related party transactions policy applies from 1 January 2020.

- ***No convictions or offences***

To the best of the Company's knowledge and based on their individual declaration, none of the SB or MB Members has, over the past five years:

- been convicted of fraud;
- been associated as an executive with a bankruptcy, receivership or liquidation;
- been found guilty of an offence and/or publicly and officially sanctioned by a statutory or regulatory authority.

2.2.6 THE SENIOR MANAGEMENT TEAM

The Senior Management Team is the coordinating body for URW SE and WFD UR NV, responsible for the definition of their shared strategy and their business policy and for providing advice on key business decisions.

Composition of the senior management team

As at December 31, 2019, the Senior Management Team is chaired by Christophe Cuvillier, Group CEO of URW SE and is composed of eight members:

Members of the Senior Management Team	Main function (URW Group)
Mr Christophe Cuvillier	URW Group Chief Executive Officer
Mr Olivier Bossard	URW Group Chief Development Officer
Mr Michel Dessolain	Chief Operating Officer Europe
Mr Fabrice Mouchel	Chief Financial Officer Europe
Ms Astrid Panosyan	URW Group Chief Resources Officer
Mr Gerard Sieben	Chief Financial Officer of WFD UR NV
Mr Jaap Tonckens	URW Group Chief Financial Officer
Mr Jean-Marie Tritant	President US

Roles of the Senior Management team

The Senior Management Team has the following roles:

- an advisory role for the Management Boards of URW SE and WFD UR NV for the strategic management of the Group, maximizing of economies of scale and of convergence to reinforce the global processes, the coordination of the joint activities at the Group level, advice on the main strategic business decisions, participation in the elaboration of continental policies, facilitation of the sharing of best practices across the Group;

- co-decision-making powers together with the Management Boards of URW SE and WFD UR NV notably for the Group's 5-year business plans, human resources policies and the definition and harmonization of Group corporate policies;

- to make proposals/take the initiative for significant changes for the Group, any investment, divestment, expense, commitment, financing, guarantee or similar legal act, for an amount exceeding €300 Mn, any decision in respect of amending or terminating the Stapled Share principle as well as any decision related to financing, credit ratings and risk management policies.

Conclusion

The SB is of the opinion that during the year 2019, its composition and mix and depth of expertise, working processes and level of engagement across all prominent Company activities, access to information and the MB and staff were satisfactory and enabled the SB to carry out its duties. Finally, the SB would also like to thank the MB and all employees for their commitment and dedication in 2019.

Supervisory Board

Schiphol, Netherlands

2.3 REMUNERATION REPORT

2.3.1 INTRODUCTION

As determined in the Articles and in accordance with Dutch law, the general meeting of shareholders (General Meeting) has determined WFD UR NV's current policy concerning the remuneration of the MB with due observance of the relevant statutory requirements. The General Meeting can only pass a resolution to determine or amend such remuneration policy at the proposal of the SB pursuant to and in accordance with a recommendation from the GNRC. The compensation of MB Members shall be determined by the SB with due observance of the remuneration policy determined by the General Meeting, pursuant to and in accordance with a recommendation from the GNRC. The SB shall submit proposals concerning compensation arrangements for the MB in the form of shares in WFD UR NV (stapled with URW SE shares) or rights to subscribe for such stapled shares to the General Meeting for approval. This proposal must at least include the number of shares or rights to subscribe for shares that may be awarded to the MB and which criteria apply for such awards or changes thereto. The absence of the approval of the General Meeting shall not affect powers of representation.

The current remuneration policy has been approved by the General Meeting on June 1, 2018 with effect from the Implementation Date and is designed to:

- attract, retain and motivate MB Members with the leadership qualities, skills and experience needed to support and promote the growth and sustainable success of WFD UR NV and its business as well as the URW Group as a whole,
- drive strong business performance, promote accountability and incentivise MB Members to achieve short and long-term performance targets with the objective of increasing WFD UR NV's equity value and contributing to WFD UR NV's strategy for long-term value creation,
- assure that the interests of the MB Members are closely aligned to those of WFD UR NV's and the URW Group as a whole, and their respective businesses and stakeholders, and
- ensure the overall market competitiveness of the remuneration packages which may be granted to the MB Members, while providing the SB sufficient flexibility to tailor WFD UR NV's remuneration practices on a case-by-case basis, depending on the market conditions.

The Company believes that this approach and philosophy benefits the realisation of WFD UR NV's long-term objectives while managing WFD UR NV's risk profile.

In order to set the remuneration at the right level, the SB and the GNRC seek guidance from an external independent advisor to benchmark market practices and apply the best governance standards.

Pursuant to the implementation into Dutch law of the European Shareholder's Rights Directive II, the remuneration policy will be submitted to the approval of the General Meeting at least once every four years, starting at the AGM in 2020.

See the two following sections for an overview of the implementation of our current remuneration policy for the MB and for an overview of remuneration granted to our SB Members in the financial year to which this report relates. The remuneration paid to our MB Members in the financial year to which this report relates is consistent with our current remuneration policy. Therefore, the remuneration paid to our MB Members in the 2019 financial year is consistent with the intentions and design of our remuneration policy and thus contributes to the long-term success performance of WFD UR NV and the URW Group of which it forms part. Please note that relevant scenario analyses has been considered in advance in determining the level and structure of the remuneration of the MB Members in the financial year to which this report relates.

Because there has not been a previous advisory vote concerning our remuneration report over any previous year, we cannot indicate in this remuneration report how such advisory votes have been taken into account, but we will be able to indicate this (and will do so) in the remuneration report over the financial year 2020. The current remuneration policy is available on the Company's website https://wfd-unibail-rodamco-nv.com/en/corporate-governance/related-documents

2.3.2 REMUNERATION RATIO, REMUNERATION EVOLUTION AND PERFORMANCE EVOLUTION

The DCGC recommends the provision of a ratio comparing the remuneration of our MB Members and that of a "representative reference group" determined by WFD UR NV. We have chosen to compare as at December 31, 2019, the full year average cash remuneration of our MB Members (i.e., excluding the value of equity incentive awards and other non-cash remuneration components) to an equivalent of an average full-time employee[15] of WFD UR NV (including its subsidiaries). We have used the aggregate cash remuneration[16] from January 1, 2019 to December 31, 2019 as a reference amount[17].

Based on this methodology, the ratio between the average cash remuneration of our MB Members and an average full-time employee of WFD UR NV (including its subsidiaries) for the period to which this report relates is 6.9 (rounded to one decimal). For the financial year 2018, the ratio was 8.0 (rounded to one decimal).

The table below sets out the history of these remunerations and performance indicators since the financial year 2018, when WFD UR NV was incorporated:

		2019	2018[18]
President US remuneration		€2,474,952	€622,440
CFO remuneration		€220,374	€108,952
Company Average Remuneration		€138,441	€75,516
WFD UR NV performance indicator	Net Operating Result (recurring) in Mn€	€525.0	€259.4

[15] *Average full-time employee includes full-time employees and full-time equivalent of part-time employees. Both fixed term and permanent employees are included. It however excludes MB Members and interns.*
[16] *The cash remuneration includes Company Average Remuneration base salary and annual bonus.*
[17] *The remuneration of employees who had worked with us for less than a year as of December 31, 2019 is annualized. The exchange rate used for compensation paid in USD is the average over the period as published by the European Central Bank.*
[18] *The amounts for 2018 are prorated from June 7, 2018, to December 31, 2018 to be consistent with the nomination of Mr Jean-Marie Tritant as US President and of Gerard Sieben as CFO.*

REMUNERATION REPORT OF THE MB MEMBERS FOR 2019 FINANCIAL YEAR

The remuneration report of the MB for the 2019 financial year covers the period from January 1, 2019 up to and including December 31, 2019. These remuneration elements include those paid by or charged to WFD UR NV and all consolidated affiliates for the US President and the CFO.

The remuneration policy that has been approved by the Annual General Meeting on June 1, 2018 and has been implemented in 2019 with no deviation.

The remuneration of each MB Member as described in this section includes any such MB Member's remuneration that was charged to any subsidiary of the Company and/or to any other company whose financial information is consolidated by the Company.

ELEMENTS OF REMUNERATION DUE OR GRANTED FOR THE 2019 FINANCIAL YEAR TO MR JEAN-MARIE TRITANT, PRESIDENT US.

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
Annual Fixed Income - FI *(Paid in respect of the 2019 financial year)*	€800,000	The 2020 FI amounts to $976,000 (i.e. €800,000). It has remained unchanged in 2019. For reference, the full post-closing 2018 FI amounts to $976,000 (i.e. €800,000). and was determined by the SB on June 7, 2018, upon the recommendation of the GNRC. The pro-rata temporis 2018 FI remuneration (paid from June 7, 2018 to December 31, 2018) was €453,968.
Short-Term Incentive - STI *(Paid in respect of the 2019 financial year)*	€910,948	

STI maximum potential award		150% of FI					€1,200,000
		Weight	**Stretch target** (for 100% achievement)	**Achieved 2019**	**Achieved (%)**	**Payout (%)**	**2019 Payout (€)**
Quant-itative	AREPS	21%	€12.00	€12.03	100.25%	100.25%	€252,630
	Adj Net Op. Result USA	35%	€564.2 Mn	€546.5 Mn	96.86%	68.63%	€288,238
	Synergies	7%	€17.1 Mn	€11.1 Mn	64.91%	0.00% [1]	€0
	Disposals	7%	See assessment details below			75.00% [2]	€63,000
	Total quantitative	70%				71.89%	€603,868
	Total (capped at 100%)	**70%**				**71.89%**	**€603,868**
Qualitative		**30%**			85.30%	**85.30%** [3]	**€307,080**
TOTAL STI		**100%**				**75.91%**	**€910,948**

[1] Every euro above target counts double, with achievement capped at 140%. No Payout below 80% achievement.
[2] Overall assessment by the GNRC and the SB
[3] As assessed by the GNRC and the SB

The gross STI was determined by the SB on March 9, 2020, upon the recommendation of the GNRC, and is before income tax and social security charges.

The quantitative component (70% of total STI) takes into account three factors:

- **AREPS:** reported result was €12.37. The GNRC, adjusted it for the impact of foreign exchange, IFRS16 and delays in planned disposals. After adjustment, AREPS was €12.03 vs. the stretch target of €12.0 (top of guidance given to shareholders in February 2019), a 100.25% achievement;
- **Adjusted Net Operating Result USA:** payment proportional to the Adjusted Net Operating Result of the USA Region against the 2020 budget;
- **Synergies:** after due consideration, and despite significant synergies delivered since the Westfield Transaction (€99 Mn combined Cost + Revenue synergies vs. an initial run-rate target of €100 Mn), the GNRC considered that (i) cost synergies delivered were largely achieved in 2018 and therefore should not be taken into account into for the assessment of the 2019 STI and (ii) revenue synergies delivered were below the required 80% threshold in 2019 (€11.1 Mn vs €17.1 Mn phased-in target, an achievement of 64.9%), and therefore no annual bonus on this KPI should be payable. The SB endorsed this recommendation;
- **Disposals:** in 2019, a total of €2.76 Bn of Net Disposal Proceeds were achieved, when including the sale to a JV of a 54.2% interest in a €2.0 Bn portfolio of five French assets, subject to closing in Q2 2020. Disposals made were at a premium to book value. The GNRC assessed the Disposals performance and recommended a payout of 75% of maximum, which the SB endorsed.

The qualitative component (30% of the maximum STI) is determined according to the achievement of several individual objectives, pre-defined by the SB upon the recommendation of the GNRC.

Among significant individual objectives achieved by the President US in 2019:

- **Leasing :** leasing organisation and resources adapted to increase efficiently and achieve strong results in 2019;

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
		• **People :** strong focus on talent management for key senior executive and recruitment of new experienced talents; timely and frequent communication and meetings with all US employees. • **Digital :** Improved CRM database and fostered partnerships with key technologies available on the market; The total STI paid in 2019, in respect of 2018, was €643,160 (94.4% of maximum STI - prorated from June 7, 2018 to December 31, 2018).
Long-Term Incentive - LTI Performance Shares (PS) and Performance Stock Options (SO) granted during the 2019 financial year (Economic value at the grant date according to IFRS 2 requirements, based on the evaluation conducted by Willis Towers Watson)	€559,971	On March 19, 2019, the SB, upon the recommendation of the GNRC, granted a combination of PS and SO to Mr Tritant, with the following characteristics:

	Presence condition	Performance period	Performance condition	Strike price	Number of units	Economic value (IFRS)
PS	2 years of continuous presence before the date of vesting or exercise	3 years	**50% external** (45% TSR, 5% CSR) **50% Internal** (45% AREPS, 5% CSR)	n/a	6,255	€467,239
SO		3 years(1)		€144,55 (no discount)	27,200	€92,732
TOTAL						€559,971 (70% of FI)

The maximum LTI grant is 180 % of FI.

The grant of SO and PS made to Mr Tritant on March 19, 2019 was the first received as President US. As such, no rights are vested nor exercisable yet[19]. The SO and PS granted to Mr Tritant on March 19, 2019 will vest on March 19, 2022.

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
Supplementary Contribution Scheme - SCS	€213,929	Mr Jean-Marie Tritant does not benefit from any additional defined benefits pension scheme (“*retraite chapeau*”). He benefits from the SCS which consists of an annual net contribution paid into a blocked savings account (available only after the end of his last mandate as MB Member) equivalent to: • a fixed amount of €45,000; and • a variable amount of 10% of the total cash remuneration earned each year (i.e. FI for year N plus STI for year N-1).
Group life and health insurance	€7,776	Mr Jean-Marie Tritant benefits from the International Company’s life and health insurance under the same terms as those applied to the employees on international assignment. He is affiliated to social security on a mandatory basis in the US. He is also affiliated to social security on a voluntary basis in France.
Special allowances (Paid in respect of the 2019 financial year)	€250,116	With regards to his move from France to the US, Mr Jean-Marie Tritant is entitled to special allowances such as: • a cost of living allowance of $100,479 equivalent to €82,360; • a car allowance of $15,362 equivalent to €12,592; • a home leave allowance of $32,039 equivalent to €26,261; • a tax equalization allowance of : $157,262 equivalent to €128,903.
Service agreement	yes	The service agreement between WFD UR NV and Mr Jean-Marie Tritant is in force since June 7, 2018.

In addition to the above, Mr Jean-Marie Tritant benefits from special expatriation benefits in kind such as housing, schooling and voluntary French social security contributions.

As a result to the above-mentioned figures, the fixed and variable remuneration components weigh 46,4% and 53.6% of total remuneration, respectively.

19 Excluding Stock Options and Performance Shares grants received before the start of the MB Member mandate and granted by Unibail-Rodamco-Westfield SE.

ELEMENTS OF REMUNERATION DUE OR GRANTED FOR THE 2019 FINANCIAL YEAR TO MR GERARD SIEBEN, CHIEF FINANCIAL OFFICER (CFO).

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
Annual Fixed Income - FI (Paid in respect of the 2019 financial year)	€170,000	The 2020 FI amounts to €170,000, as determined by the SB on June 7, 2018, upon the recommendation of the GNRC has remained unchanged in 2019. For reference, the full post-closing 2018 FI amounts to € 170,000 and was determined by the SB on June 7, 2018, upon the recommendation of the GNRC. The pro-rata temporis 2018 FI remuneration (paid from June 7, 2018 to December 31, 2018) was € 96,468.
Short-Term Incentive - STI (Paid in respect of the 2019 financial year)	€28,579	See below

STI maximum potential award	20% of FI	€34,000

		Weight	Stretch target (for 100% achievement)	Achieved 2019	Achieved (%)	Payout (%)	2019 Payout (€)
Quant-itative	AREPS	56%	€12.00	€12.03	100.25%	100.25%	€19,088
	Synergies	7%	€17.1 Mn	€11.1 Mn	64.91%	0.00% [1]	€0
	Disposals	7%	See assessment details below			75.00% [2]	€1,785
	Total quantitative	70%				87.70%	€20,873
	Total (capped at 100%)	**70%**				**87.70%**	**€20,873**
Qualitative		**30%**			75.56%	**75.56%** [3]	**€7,707**
TOTAL STI		**100%**				**84.06%**	**€28,579**

[1] Every euro above target counts double, with achievement capped at 140%. No Payout below 80% achievement.
[2] Overall assessment by the GNRC and the SB
[3] As assessed by the GNRC and the SB

The gross STI was determined by the SB on March 9, 2020, upon the recommendation of the GNRC, and is before income tax and social security charges.

The quantitative component (70% of total STI) takes into account three factors:

- **AREPS:** reported result was €12.37. The GNRC adjusted it for the impact of foreign exchange, IFRS16 and delays in planned disposals. After adjustment, AREPS was €12.03 vs. the stretch target of €12.0 (top of guidance given to shareholders in February 2019), a 100.25% achievement;
- **Synergies:** after due consideration, and despite significant synergies delivered since the Westfield Transaction (€99 Mn combined Cost + Revenue synergies vs. an initial run-rate target of €100 Mn), the GNRC considered that (i) cost synergies delivered were largely achieved in 2018 and therefore should not be taken into account into for the assessment of the 2019 STI and (ii) revenue synergies delivered were below the required 80% threshold in 2019 (€11.1 Mn vs €17.1 Mn phased-in target, an achievement of 64.9%), and therefore no annual bonus on this KPI should be payable. The SB endorsed this recommendation;
- **Disposals:** in 2019, a total of €2.76 Bn of Net Disposal Proceeds were achieved, when including the sale to a JV of a 54.2% interest in a €2.0 Bn portfolio of five French assets, subject to closing in Q2 2020. Disposals made were at a premium to book value. The GNRC assessed the Disposals performance and recommended a payout of 75% of maximum, which the SB endorsed.

The qualitative component (30% of the maximum STI) is determined according to the achievement of several individual objectives, pre-defined by the SB upon the recommendation of the GNRC.

Among significant individual objectives achieved by the CFO in 2019:

- **Compliance :** ongoing compliance with Stapled Share structure requirements;
- **Cooperation :** established framework and planning for effective collaboration with URW SE teams; Improved communication and working relation with the US located teams;
- **Integration :** facilitated the full integration of WFD UR NV staff within the URW organisation; successfully supported the implementation of URW financial information system and process.

The total STI paid in 2019, in respect of 2018, was €18,715 (97.0% of maximum STI - prorated from June 7, 2018 to December 31, 2018).

<table>
<tr><th>Elements of Remuneration</th><th>Amounts or countable valuations submitted to shareholders</th><th>Comments</th></tr>
<tr><td>Long-Term Incentive - LTI

Performance Shares (PS) and Performance Stock Options (SO) granted during the 2019 financial year

(Economic value at the grant date according to IFRS 2 requirements, based on the evaluation conducted by Willis Towers Watson)</td><td>€61,845</td><td>On March 19, 2019, the SB, upon the recommendation of the GNRC, granted a combination of PS and SO to Mr Sieben, with the following characteristics:

<table>
<tr><th></th><th>Presence condition</th><th>Performance period</th><th>Performance condition</th><th>Strike price</th><th>Number of units</th><th>Economic value (IFRS)</th></tr>
<tr><td>PS</td><td rowspan="2">2 years of continuous presence before the date of vesting or exercise</td><td>3 years</td><td rowspan="2">50% external (45% TSR, 5% CSR) 50% Internal (45% AREPS, 5% CSR)</td><td>n/a</td><td>691</td><td>€51,617</td></tr>
<tr><td>SO</td><td>3 years[1]</td><td>€144,55 (no discount)</td><td>3,000</td><td>€10,228</td></tr>
<tr><td>TOTAL</td><td></td><td></td><td></td><td></td><td></td><td>€61,845 (36% of FI)</td></tr>
</table>

The maximum LTI grant is 180 % of FI.

The grant of SO and PS made to Mr Sieben on March 19, 2019 was the first received as CFO. As such, no rights are vested nor exercisable yet. The SO and PS granted to Mr Sieben on March 19, 2019 will vest on March 19, 2022.</td></tr>
<tr><td>Pension</td><td>€12,248</td><td>Mr Sieben benefits from a defined contribution pension plan.</td></tr>
<tr><td>Group life and health insurance</td><td>yes</td><td>Mr Sieben benefits from the Company's life and health insurance under the same terms as those applied to the category of employees he is affiliated with, with respect to social security benefits and other items of his remuneration.</td></tr>
<tr><td>Benefits in Kind</td><td>€19,411</td><td>Mr Sieben benefits from a company car.</td></tr>
<tr><td>Service agreement</td><td>yes</td><td>The service agreement between WFD UR NV and Mr Gerard Sieben is in force since June 7, 2018.</td></tr>
</table>

As a result to the above-mentioned figures, the fixed and variable remuneration components weigh 69.0% and 31.0% of total remuneration, respectively.

2.3.3 REMUNERATION PAID TO THE SB MEMBERS FOR 2019 FINANCIAL YEAR

The annual fee of the SB Members is intended to attract and retain high caliber individuals with an appropriate degree of expertise and experience, which contributes to the long-term success performance of the Company and the URW Group of which it forms part.

The annual fee received by the SB Members is determined by the General Meeting, at the proposal of the SB, upon the recommendation of the GNRC.

In an increasingly competitive international environment, all SB Members also receive an out of country indemnity for time spent on their duties as SB Members outside their country of residence.

While attendance of SB and relevant committee meetings is of course expected from all SB Members, we also award attendance fees as outlined below to compensate the SB Members adequately and proportionately for their efforts.

In order to ensure a high standard of supervision and monitoring of the Company strategy as well as to avoid any potential conflict of interest, the SB Members do not receive any remuneration related to Company performance.

The current SB remuneration was approved by the General Meeting on June 1, 2018 and has remained unchanged in 2019.

In 2019 remuneration of the SB members amounted to €255,000. Mr Christophe Cuvillier, Mr Jaap Tonckens and Ms Aline Taireh did not receive any remuneration for their SB membership. The Company has not awarded any options or shares to members of the SB as remuneration for their services as SB members. No loans or guarantees were granted to members of the SB.

REMUNERATION PAID TO THE SUPERVISORY BOARD MEMBERS

In 2019 remuneration of the SB members amounted to €255,000. Mr Christophe Cuvillier, Mr Jaap Tonckens and Ms Aline Taireh did not receive any remuneration for their SB membership. WFD UR NV has not awarded any options or shares to members of the SB as remuneration for their services as SB members. No loans or guarantees were granted to members of the SB.

EVOLUTION OF REMUNERATION OF THE SB MEMBERS

SB Members	2019	2018[1]
Mr Christophe Cuvillier	€0	€0
Mr Jaap Tonckens	€0	€0
Mr Jean-Louis Laurens	€135,000	€70,500
Mr Alec Pelmore	€120,000	€60,000
Ms Aline Taireh[2]	€0	€0
TOTAL	**€255,000**	**€130,500**

(1) The 2018 remuneration was applied pro rata temporis

(2) Ms Aline Taireh did not received any compensation for her SB membership. Employee remuneration charged to a subsidiary of the company is disclosed in footnote 12.3 of the consolidated financial statements.

3.

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

On March 25, 2020, the Supervisory Board approved the consolidated financial statements of WFD Unibail-Rodamco N.V. for the year ended December 31, 2019 and authorised their publication. These consolidated financial statements will be submitted to the approval of the Annual General Meeting expected to be held on June 9, 2020.

3.1 CONSOLIDATED FINANCIAL STATEMENTS

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

In the comparative figures, WAT was consolidated from June 1, 2018. Thus, 2018 figures include seven months of WAT operations.

3.1.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€Mn)	Notes	2019	2018*
Gross rental income	5.3	393.0	274.5
Service charge income		*51.3*	*31.3*
Service charge expenses		*(62.1)*	*(36.6)*
Property operating expenses		*(139.2)*	*(120.3)*
Operating expenses and net service charges		(150.0)	(125.6)
Net rental income		**243.0**	**148.9**
Project management revenue		1.8	13.8
Project management costs		-	(9.4)
Net project management income	**5.3**	**1.8**	**4.4**
Property services and other activities revenue		-	19.0
Property services and other activities expenses		-	(10.9)
Net property services and other activities income	**5.3**	**-**	**8.1**
Share of result of companies accounted for using the equity method	**7.2**	**45.5**	**120.6**
Corporate expenses		(37.1)	(32.3)
Depreciation of tangible assets		(17.6)	(11.9)
Administrative expenses		**(54.7)**	**(44.2)**
Acquisition and related costs	**5.2.4**	**(16.7)**	**(48.3)**
Proceeds from disposal of investment properties		-	1.4
Carrying value of investment properties sold		-	(1.8)
Result on disposal of investment properties		**-**	**(0.4)**
Proceeds from disposal of shares		-	353.2
Carrying value of disposed shares		-	(315.8)
Result on disposal of shares		**-**	**37.4**
Valuation gains on assets		194.1	14.1
Valuation losses on assets		(294.5)	(140.9)
Valuation movements on assets	**6.1**	**(100.4)**	**(126.8)**
NET OPERATING RESULT		**118.5**	**99.7**
Financial income		*62.2*	*21.9*
Financial expenses		*(383.1)*	*(184.6)*
Net financing costs	8.2.1	(320.9)	(162.7)
Fair value adjustments of derivatives, debt and currency effect	8.2.2	(310.9)	228.9
RESULT BEFORE TAX		**(513.3)**	**165.9**
Income tax expenses	9.2	601.1	22.0
NET RESULT FOR THE PERIOD		**87.8**	**187.9**
Net result for the period attributable to:			
Owners of WFD Unibail-Rodamco N.V. shares		84.7	182.1
External non-controlling interests		3.1	5.8
NET RESULT FOR THE PERIOD		**87.8**	**187.9**

Average numbers of shares (undiluted)	14.2	231,598,799	152,223,412
Net result of the period (Owners of WFD Unibail-Rodamco N.V.)		84.7	182.1
Net result for the period per share (Owners of WFD Unibail-Rodamco N.V.) (€)		**0.37**	**1.20**
Average numbers of shares (diluted)	14.2	233,714,473	155,849,683
Net result of the period (Owners of WFD Unibail-Rodamco N.V.)		84.7	182.1
Diluted net result per share (Owners of WFD Unibail-Rodamco N.V.) (€)		**0.36**	**1.17**

Net comprehensive income *(€Mn)*	**2019**	**2018***
NET RESULT FOR THE PERIOD	**87.8**	**187.9**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries	94.4	118.5
Other comprehensive income that may be subsequently recycled to profit and loss	**94.4**	**118.5**
Other comprehensive income not subsequently recycled to profit and loss	**-**	**-**
OTHER COMPREHENSIVE INCOME	**94.4**	**118.5**
NET COMPREHENSIVE INCOME	**182.2**	**306.4**
Net Comprehensive Income for the period attributable to:		
Owners of WFD Unibail-Rodamco N.V. shares	178.8	293.8
External non-controlling interests	3.4	12.6
NET COMPREHENSIVE INCOME	**182.2**	**306.4**

For the period from February 14, 2018 to December 31, 2018. The consolidated financial statement of comprehensive income include WAT results as of June 1, 2018.

3.1.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€Mn)	Notes	December 31, 2019	December 31, 2018[(1)]
Non current assets		13,764.7	13,974.5
Investment properties	6.1	**6,059.1**	**5,976.6**
Investment properties at fair value		*6,037.5*	*5,957.2*
Investment properties at cost		*21.6*	*19.4*
Shares and investments in companies accounted for using the equity method	7.2	7,029.7	6,920.7
Tangible assets	6.2	53.7	37.5
Goodwill	6.4	19.8	19.8
Intangible assets	6.3	320.0	314.0
Financial assets	8.3.1	197.4	676.5
Deferred tax assets	9.3	-	0.6
Derivatives at fair value	8.4	85.0	28.8
Current assets		204.4	159.0
Inventories		17.5	15.4
Trade receivables from activity		70.5	73.1
Tax receivables		0.2	0.1
Other receivables		59.4	17.1
Cash and cash equivalents	8.3.7	56.8	53.3
TOTAL ASSETS		**13,969.1**	**14,133.5**
Shareholders' equity (Owners of WFD Unibail-Rodamco N.V. shares)		**2,707.5**	**2,654.3**
Share capital	14.2	115.8	115.8
Additional paid-in capital	14.3	2,243.1	2,242.7
Consolidated reserves		55.1	-
Foreign currency translation reserves		205.8	111.7
Consolidated result		84.7	182.1
Hybrid securities		2.0	2.0
Equity attributable to the owners of WFD Unibail-Rodamco N.V.		***2,706.5***	***2,654.3***
External non-controlling interests	15.4	**84.3**	**322.7**
TOTAL SHAREHOLDERS' EQUITY		**2,790.8**	**2,977.0**
Non current liabilities		10,500.9	9,286.5
Long-term commitment to non-controlling interests	8.3.8	565.2	806.3
Long-term bonds and borrowings	8.3.3	9,189.1	7,373.5
Long-term lease liabilities	8.3.3	61.2	33.0
Derivatives at fair value	8.4	348.7	70.2
Deferred tax liabilities	9.3	199.4	853.0
Non current provisions	10	75.4	84.4
Guarantee deposits		11.0	10.9
Amounts due on investments	12	50.9	55.2
Current liabilities		677.4	1,870.0
Current commitment to non-controlling interests	8.3.8	1.0	1.5
Amounts due to suppliers and other creditors		165.1	205.1
Amounts due to suppliers		*61.7*	*31.0*
Amounts due on investments	*12*	*62.7*	*54.2*
Sundry creditors		*40.7*	*119.9*
Other liabilities	11	198.3	107.3
Current borrowings and amounts due to credit institutions	8.3.3	303.5	1,554.9
Current lease liabilities	8.3.3	3.3	0.6
Current provisions	10	6.2	0.6
TOTAL LIABILITIES AND EQUITY		**13,969.1**	**14,133.5**

(1) December 31, 2018 has been restated as follows:
- reclassification from Deferred tax liabilities to Non-current provision and Other current liabilities, mainly as a consequence of the application of IFRIC 23.

3.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS

(€Mn)	Notes	2019	2018*
OPERATING ACTIVITIES			
Net result		**87.8**	**187.9**
Depreciation & provisions(1)		10.2	0.5
Changes in value of property assets		100.4	126.8
Changes in fair value of derivatives, debt and currency effect	8.2.2	310.9	(228.9)
Net capital gains/losses on disposal of shares		-	(37.4)
Net capital gains/losses on sales of properties(2)		-	0.4
Share of the result of companies accounted for using the equity method		(45.5)	(120.6)
Net financing costs	8.2.1	320.9	162.7
Income tax expenses	9.2	(601.1)	(22.0)
WAT's transaction and other related costs		-	38.3
Cash flow before net financing costs and tax		**183.6**	**107.7**
Dividend received from companies accounted for using the equity method or non consolidated		222.4	228.0
Income tax received		4.1	11.7
Change in working capital requirement		(7.0)	(80.2)
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**403.1**	**267.2**
INVESTMENT ACTIVITIES			
Property activities		**(239.0)**	**(4,570,2)**
Acquisition of businesses		-	(4,342.0)
Amounts paid for works and acquisition of property assets	6.5	(83.5)	(67.6)
Repayment of property financing		-	0.6
Increase of property financing	7.2	(155.5)	(162.6)
Disposal of investment properties		-	1.4
Financial activities		**(15.9)**	**0.1**
Acquisition of financial assets		(15.9)	
Disposal of financial assets		-	0.1
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		**(254.9)**	**(4,570.1)**
FINANCING ACTIVITIES			
Capital increase of parent company		0.4	2,358.5
Hybrid securities		-	2.0
New borrowings and financial liabilities	8.3.3	1,957.5	3,106.1
Repayment of borrowings and financial liabilities	8.3.3	(1,729.9)	(1,000.2)
Interest received		51.0	11.0
Interest paid		(419.8)	(109.2)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**(140.8)**	**4,368.2**
Change in cash and cash equivalents during the period		**7.4**	**65.3**
Net cash and cash equivalents at the beginning of the year		**53.3**	**-**
Effect of exchange rate fluctuations on cash held		**(3.9)**	**(12.0)**
NET CASH AND CASH EQUIVALENTS AT PERIOD-END	**8.3.7**	**56.8**	**53.3**

(1) Includes straight lining of key money and lease incentives.

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

** For the period from February 14, 2018 to December 31, 2018.*

3.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€Mn)	Share capital	Additional paid-in capital	Consolidated reserves	Consolidated result	Foreign currency translation reserve[1]	Hybrid securities	Equity attributable to the owners of WFD UR NV shares	Non-controlling interests	Total Shareholders' equity
EQUITY AS AT FEBRUARY 14, 2018	-	-	-	-	-	-	-	-	-
Net result for the period	-	-	-	182.1	-	-	182.1	5.8	187.9
Other comprehensive income	-	-	-	-	111.7	-	111.7	6.8	118.5
Net comprehensive income	**-**	**-**	**-**	**182.1**	**111.7**	-	**293.8**	**12.6**	**306.4**
Increase in capital	115.8	2,242.7	-	-	-	-	2,358.5	-	2,358.5
Increase of hybrid securities	-	-	-	-	-	2.0	2.0	-	2.0
Changes in scope of consolidation and other movements[2]	-	-	-	-	-	-	-	310.1	310.1
EQUITY AS AT DECEMBER 31, 2018	115.8	2,242.7	-	182.1	111.7	2.0	2,654.3	322.7	2,977.0
Net result for the period	-	-	-	84.7	-	-	84.7	3.1	87.8
Other comprehensive income	-	-	-	-	94.1	-	94.1	0.3	94.4
Net comprehensive income	**-**	**-**	**-**	**84.7**	**94.1**	**-**	**178.8**	**3.4**	**182.2**
Earnings appropriation	-	-	182.1	(182.1)	-	-	-	-	-
Increase in capital	-	0.4	-	-	-	-	0.4	-	0.4
Transactions with non-controlling interests[3]	-	-	(127.0)	-	-	-	(127.0)	(241.8)	(368.8)
EQUITY AS AT DECEMBER 31, 2019	115.8	2,243.1	55.1	84.7	205.8	2.0	2,706.5	84.3	2,790.8

(1) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(2) Acquisition of WAT on June 7, 2018 (see note 4.2 "Acquisition of WAT").

(3) Refer to note 2.1 for the net equity impact.

3.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ● CORPORATE INFORMATION

WFD Unibail-Rodamco N.V. ("WFD UR NV" or "the Company") is a public limited liability company under the laws in The Netherlands, whose class A shares are publicly traded as Stapled Shares on the Amsterdam Stock Exchange and the Paris Stock Exchange, as well as in the form of CHESS Depositary interests (CDIs) on the Australian Securities Exchange. The Company was incorporated as Unibail-Rodamco B.V., a private company with limited liability under the laws of The Netherlands on February 14, 2018. On March 22, 2018, the Company changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the General Meeting adopted on March 15, 2018. The Company has its corporate seat in Amsterdam and its registered office is located at Schiphol Boulevard 315, Schiphol in The Netherlands. The Chamber of Commerce number is 70898618.
These consolidated financial statements as at December 31, 2019 comprise the Company and its subsidiaries (together referred to as "the Group").

The Group's objects are:

- to invest in assets, primarily through the direct or indirect acquisition of real estate, in such a manner that the ensuing risks are spread in order to allow shareholders to share in the proceeds;
- to enter into cash pooling arrangements with, to provide financing to and to furnish guarantees for the benefit of Unibail-Rodamco-Westfield (the "URW Group") and other affiliated bodies of the Company whose assets, on a consolidated basis, nearly exclusively consist of real estate and/or associated rights;
- to incorporate, to participate in, to hold any other interest in and to conduct the management or supervision of bodies whose objects and actual activities are to invest in assets;
- to invest in the improvement or expansion of real estate;
- to acquire, to manage, to invest, to exploit, to encumber and to dispose of other assets and liabilities and to provide any other act or service; and
- to do anything which, in the widest sense, is connected with or may be conducive to the objects described above,

in each case taking into account the restrictions applicable to the Group under the fiscal investment institution regime as laid down in section 28 of the Corporate Income Tax Act ("CITA"), or such statutory provision which replaces section 28 CITA.

As from June 7, 2018 after the completion of the Westfield acquisition by Unibail-Rodamco-Westfield SE ("URW SE", formerly Unibail-Rodamco SE), WFD UR NV is held for 60% directly by Unibail-Rodamco-Westfield shareholders (Stapled Share principle) and 40% directly by URW SE. Westfield comprised of Westfield Corporation Ltd ("WCL"), WFD Trust ("WFDT") and Westfield America Trust ("WAT"). WAT was indirectly 100% held by WFD UR NV and WCL and WFDT are held by URW SE.

In April 2019, the Group changed its operations structure in the US. Reference is made to note 2.1.

NOTE 2 ● SIGNIFICANT EVENTS OF THE YEAR

The activity of the Group is not significantly affected by seasonality.

2.1 SIGNIFICANT EVENTS OF 2019

2.1.1 CHANGES IN THE STRUCTURE OF US OPERATIONS

In April 2019, the Group executed changes in the structure of its US operations (the 2019 Restructurings). The 2019 Restructurings allowed the Group to apply a material step-up of the tax base of the US real estate resulting in a +€577.9 Mn reversal of the deferred tax liability related to the US portfolio.

As of the date of acquisition of the US portfolio, the rules and critical regulations related to the US Tax Cuts and Jobs Act adopted in December 2017 that were conditional for the 2019 Restructurings had not yet been released, whereas the feasibility of the restructuring depended on future developments related to FIRPTA (Foreign Investment in Real Property Tax Act). Based on those points, the Group accounted for the €577.9 Mn reversal of the deferred tax liability related to the US portfolio as a credit to the income tax of 2019 together with the costs incurred for the implementation of the 2019 Restructurings.

2.1.2 IMPACT OF THE 2019 RESTRUCTURINGS

As a consequence of the 2019 Restructurings, the Company's interest in the United States real estate portfolio increased from 82.6% to 92.4% (this includes the 0.2% of external partners). The additional interest was purchased from Unibail-Rodamco-Westfield SE, a related party, with the issuance of a purchase money notes in the amount of €691.0 Mn (see note 7.4). The redeemable convertible preference shares and options that were on issue prior to the Restructurings were effectively cancelled. These shares were held by WCL related entities and presented under the commitment to non-controlling interests in the statement of financial position as at December 31, 2018 (see note 8.3.8).

The 2019 Restructuring impacted the Groups financial statements in the equity attributable to the owners, equity attributable to external non controlling interests, and the fair value adjustments of derivatives, debts and currency effect.
Because of the purchase of the 9.8% share from the non-controlling interest owner (URW SE), the non-controlling interests in equity decreased by €241.8 Mn, which includes the revision of the common shares that the non-controlling interest holder holds. As the transaction price (which was based on the acquisition/merger values) exceeded the book value of the acquired 9.8% share, a transaction loss was recorded of €127.0 Mn. The transaction loss of €127.0 Mn is directly charged to equity attributable to the owners of the WFD UR NV shares.

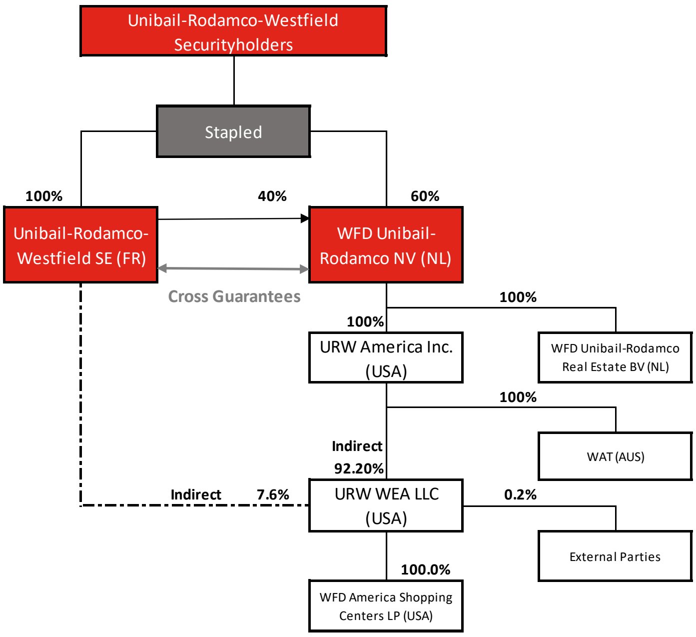
The (only) impact in the consolidated statement of comprehensive income is related to the revision of the preference shares that URW SE holds in relation to its remaining 7.6% indirect share in URW WEA LLC (€57.2 Mn – included in the fair value adjustments of derivatives, debts and currency effect). These preference shares qualify as financial liability as commitment to non-controlling interests held by URW SE in note 8.3.8.

The above impact is primarily caused by the difference between the historical book value of the common and preferred shares compared to the fair value of the new preference and common shares issued as part of the restructuring program.

Furthermore the investments in WCL and WDI preferred shares recorded under financial assets were disposed to the related party at fair value and the impact is a loss of €28.6 Mn (impairment before sale). Reference is made to note 8.3.1. and 8.6.1.

Organisation structure after US restructuring

The organisation structure as at December 31, 2019 after the 2019 Restructurings is as follows:



The US assets are now held by URW WEA LLC and Unibail-Rodamco-Westfield SE has an indirect participation of 7.6% (December 31, 2018: 17.4%) via URW WEA LLC after the 2019 Restructurings. WFD UR NV's participation in the US activities is increased from 82.4% to 92.2%.

2.1.3 WAT PURCHASE PRICE ALLOCATION

During 2019, there was no change in the purchase price allocation.

2.2 SIGNIFICANT EVENTS OF 2018

2.2.1 ACQUISITION OF WAT

On June 7, 2018, URW America Inc., a 100% subsidiary of the Company acquired all shares in WAT, in turn holding 82.39% of Westfield America Inc. (WEA). The total cash consideration is €4,392.0 Mn for the acquisition of WAT. The preliminary purchase price allocation of the WAT acquisition is presented below:

Purchase price allocation (€Mn)	WAT at acquisition date
TOTAL CONSIDERATION	4,392.0
Identifiable net asset at fair value (1)	
Investment properties	5,961.9
Intangible assets	583.0
Shares and investments in companies accounted for using the equity method	6,723.3
Other tangible assets	49.7
Loans and receivables	177.5
Financial assets	137.1
Deferred tax assets	4.2
Derivatives at fair value	7.3
Other current assets	101.8
Cash and cash equivalents	50.0
	13,795.8

External non-controlling interests	310.1
Long-term commitment to non-controlling interests	1,071.2
Long-term bonds and borrowings	5,666.4
Deferred tax liabilities	1,022.0
Other non current liabilities	98.6
Other current liabilities	1,300.3
	9,468.6
TOTAL IDENTIFIABLE NET ASSET AT FAIR VALUE	**4,327.2**
GOODWILL ARISING ON ACQUISITION	**64.8**

(1) The Group has recorded at fair value the standing assets, the projects included in the pipeline, the intangible assets, the financial liabilities and the associated deferred taxes.

The total cash consideration (via cash assignments of URW SE) is €4,392.0 Mn for the acquisition of WAT in the US. The total identifiable net assets at fair value acquired amounted to €4,327.2 Mn as at June 7, 2018. These values were based on the accounting principles and methods defined in IFRS 3R applied by the Group requiring that the assets and liabilities are valued at their market value on the acquisition date.

The investment properties and investment properties under construction were appraised at fair market value by external appraisers in the US for opening balance sheet purposes.

The fair value of other current assets (mainly trade receivables) is €101.8 Mn which is equal to the carrying value. A provision for bad debt of €12 Mn is included in the amount.

The €177.5 Mn loans and receivables correspond to Rouse and Starwood preferred units. They were valued at fair value in the opening balance sheet and the fair value was equal to the carrying value. No impairment is booked. The gross amount is equal to the carrying value.

The Westfield trademark for Flagships in the US and the following contracts with third parties have been valued and recorded as intangible assets:

- The Property Management ("PM") business in the US
- The Airport activities in the US

External appraisers valued these activities and the trademark at €628.8 Mn for opening balance sheet purposes of which:

- €583.0 Mn for the PM and Airport contracts with third parties and the trademark. This amount was allocated to the intangible assets in the Consolidated statement of financial position;
- The difference of €45.8 Mn relates to future PM business which have not been recognised as intangible assets.

The deferred tax liabilities ("DTL") related to the intangible assets in the US amount to €151.6 Mn, which were booked in the non-current DTL of the Consolidated statement of financial position at opening balance sheet.

The long-term bonds and borrowings are also valued at fair value for the amount of €5,666.4 Mn.

Consequently, the goodwill related to the WAT acquisition (WAT Goodwill) resulting from the preliminary purchase price accounting amounted to €64.8 Mn, of which €45.8 Mn relates to the value of internal contracts with entities which are fully consolidated and future PM and the remaining part relates to the expected costs synergies in the US.

The intangible assets and goodwill were converted from USD to Euros, with the exchange rates at acquisition date, and were converted into Euros with the closing rates as at December 31, 2018 in the 2018 Consolidated statement of financial position.

As the impact was not deemed significant, WAT is consolidated from June 1, 2018 rather than from June 7, 2018. If the combination had taken place on January 1st, 2018, the gross rental income and the net result of the combined entities in 2018 would have been:

- Gross rental income: +€456.9 Mn;
- Net result of the Group: +€302.5 Mn.

The contribution of WAT as from June 1, 2018 in the 2018 Consolidated statement of comprehensive income would have been:

- Gross rental income: +€273.3 Mn;
- Net result: +€266.0 Mn.

2.2.2 DISPOSAL 2018

In December 2018, the ownership of Westfield Development Inc., WALP Service Inc. and Westfield Risk LLC, was transferred from Westfield LLC ("WLLC"), which were all subsidiaries of WAT, to a newly formed company URW US Services Inc. ("URW US Services") outside the Group in exchange for non-voting preferred shares in URW US Services. As a result of the transfer the intangibles assets related to the airport activities and Property Management business (€273.6 Mn) and the goodwill (€46.4 Mn) are disposed.

NOTE 3 ● ACCOUNTING POLICIES

In accordance with the regulation of the European Community (EC) no. 1606/2002 of July 19, 2002, on the application of international accounting standards, WFD UR NV has prepared its consolidated financial statements for the financial year ending December 31, 2019 under International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable at this date and with Section 2:362(9) of the Dutch Civil Code.

The IFRS standards can be consulted on the website:

http://ec.europa.eu/finance/company-reporting/ifrs-financial statements/index_en.htm.

The Group's financial statements have been prepared on a historical cost basis, except for investment properties, financial assets, derivative financial instruments, commitment to non-controlling interests and contingent consideration assumed in a business combination which have been measured at fair value.

The company was incorporated on February 14, 2018 and therefore the comparatives figures are from the period February 14, 2018 to December 31, 2018. WAT is consolidated from June 1, 2018 in the comparatives figures of these consolidated financial statements. WFD UR RE BV is consolidated as per April 30, 2018, the date of incorporation.

The service charge income and expense are presented gross instead of net in the consolidated statement of comprehensive income, following IFRS 15. The comparative figures have been adjusted, without impacting the total net rental income.

When reference is made to 2018 it refers to the period from February 14, 2018 to December 31, 2018.

3.1 IFRS BASIS ADOPTED

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2019, except for the application of the new obligatory standards and interpretations described below.

Standards, amendments and interpretations mandatorily applicable as of January 1, 2019

- IFRS 16: Leases;
- IAS 19 A: Plan Amendment, Curtailment or Settlement;
- IAS 28 A: Long-term Interests in Associates and Joint Ventures;
- IFRIC 23: Uncertainty over Income Tax Treatments;
- IFRS 9 A: Prepayment Features with Negative Compensation;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on December 12, 2017).

These standards, amendments and interpretations do not have a significant impact on the Group's accounts as at December 31, 2019.

Application of IFRIC 23 as of January 1, 2019

IFRIC Interpretation 23, Uncertainty over Income Tax Treatments, (IFRIC 23) addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rate;
- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments.

The first time application of IFRIC 23 has led to a limited reclassification of some liabilities related to (deferred) tax payments, leading to a decrease of the Deferred Tax Liabilities of €105.0 Mn as included on the balance sheet, at the same time increasing by an equal amount the "Non-current provisions" of €82.1 Mn and "Other current liabilities" of €22.9 Mn. The figures in the balance sheet as at December 31, 2018 were restated accordingly. Except as set forth above, the introduction of IFRIC 23 had no further impact on WFD UR NV's consolidated statement of financial position and/or consolidated statement of comprehensive income.

Application of IFRS 16 as of January 1, 2019

WFD UR NV has adopted the new IFRS 16 effective January 1, 2019. WFD UR NV has applied IFRS 16 using the modified retrospective approach, thus comparative information has not been restated. WFD UR NV elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. WFD UR NV also elected to use the recognition exemptions for lease contracts that lease contracts for which the underlying asset is of low value (low-value assets). WFD UR NV has leases of certain office equipment (i.e., personal computers and photocopying machines) that are considered of low.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These right-of-use assets are depreciated over the contract period or over the useful lifetime, whichever is shorter. The interest expenses of leases are presented in the Net financing result. There are optional exemptions for short-term leases which WFD UR NV has selected to utilize. The lease expense is recognized on a straight-line basis as permitted by IFRS 16. Prior to the application of IFRS 16, the company had already capitalized lease obligations (in current and non-current liabilities), pursuant to IAS 17.

At initial application of IFRS 16, WFD UR NV has recognized new right-of-use assets and respective lease liabilities for €32.9 Mn for the office lease of LA Headquarters. WFD UR NV has measured a right-of-use asset at the date of initial application for leases previously recorded as an operating lease at an amount equal to the lease liabilities.

Under IFRS 16, payments of lease liabilities are presented in financing activities and related interest expense as interest paid, while previously the full amount of lease payments, with respect to operating leases, were included in the cash flow from operations before financing items and taxes.

IFRS 16 impact in 2019

Consolidated statement of financial position (impact as at January 1, 2019)

- +€32.9 Mn increase in Tangible assets;
- +€32.9 Mn increase in the Long-term lease liabilities (€29.5 Mn) and Current lease liabilities (€3.4 Mn).

Consolidated Income statement

- +€0 Mn positive impact on 2019 Net Rental Income ("NRI");
- -€1.2 Mn increase in Financial expenses;
- +€0.2 Mn in Administrative expenses;
- -€1.0 Mn negative impact on the Net recurring result for the period.

Consolidated statement of cash flows

- +€3.8 Mn positive impact on Total cash flow from operating activities;
- -€3.8 Mn negative impact on Total cash flow from financing activities.

The lease commitments presented in off balance sheet in accordance with IAS 17 as at December 31, 2018, was €51.2 Mn and €49.2 Mn relates to the office lease of LA Headquarters. The difference with the lease liability on 1 January 2019 is primarily due to discounting and low value contracts (office lease contracts of other offices) which are not material for the Group. These lease payables amounted €2.9 Mn and are presented under note 15.1 Commitments given as at December 31, 2019.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2019

The following standards have been adopted by the European Union as at December 31, 2019, but not applied in advance by the Group:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective date January 1, 2020).
- Amendments to IAS 1 and IAS 8: Definition of material (effective date January 1, 2020)
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (effective January 1, 2020)

The following standards, interpretations and amendments were published by the IASB but have not yet been adopted by the European Union:

- IFRS 17: Insurance Contracts (effective date January 1, 2021);
- Amendments IFRS 3: Business Combinations (effective date January 1, 2020);
- Amendments to IAS 1: Presentation of Financial statements: Classifications of liabilities as current or non-current (effective date January 1, 2020);

The measurement of the potential impacts of these texts on the consolidated accounts of WFD UR NV is on-going, no significant impact is expected.

3.2 ESTIMATES 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, financial assets, derivative financial instruments, the valuation of goodwill and intangible assets commitment to non-controlling interests and contingent consideration assumed in a business combination.

The actual amounts may differ from the estimates as the business environment may develop differently than assumed. In this case, the assumptions and, where necessary, the carrying amounts of the assets or liabilities affected are prospectively adjusted accordingly.
Assumptions and estimates are reviewed on an ongoing basis and are based on experience and other factors, including expectations regarding future events that appear reasonable under the given circumstances.

The most significant estimates are set out in the following sections: for the valuation of investment properties in note 6.1 "Investment properties", for the financial assets in note 8.3.1, for the goodwill and intangible assets in respectively note 6.4 and 6.3, for fair value of financial instruments in note 8.6 "Fair value of financial instruments per category" and for fair value of investment properties held through equity accounted investments in note 7.2. Actual future results or outcomes may differ from these estimates. The property portfolio used by the Shopping Centres and Offices segments and intangible assets are valued by independent appraisers.

4.1 Accounting principles

4.1.1 Scope and methods of consolidation

The scope of consolidation includes all companies controlled by WFD UR NV and all companies in which the Group exercises joint control or significant influence.

According to IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group considers all facts and circumstances when assessing whether it controls an investee. The control over an investee is reassessed if facts and circumstances indicate that there are changes to one or more of the elements above mentioned.

The method of consolidation is determined by the type of control exercised:

- control: the companies are fully consolidated;
- joint control: it is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement:
  - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party shall account for the assets which it has rights to, liabilities which it has obligations for, revenues and expenses relating to its interests in a joint operation,
  - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method;

    Following WAT's acquisition, the Group has significant co-ownership interest in a number of properties, mainly in the US through property partnerships or trusts. These joint ventures are accounted for using the equity method. The Group and its joint ventures use consistent accounting policies.
- significant influence: accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control of those policies. It is presumed where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, unless it can be clearly demonstrated that this is not the case.

Non-controlling interests are initially measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

4.1.2 Foreign currency translation

• *Group companies with a functional currency different from the presentation currency*

The Group's consolidated financial statements are presented in euros. The financial statements of each consolidated Group company are prepared in its functional currency. The functional currency is the currency of the principal economic environment in which it operates. The results and financial position of all the Group entities that have a functional currency different from the presentation currency, the euro, 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 the foreign exchange rates at the reporting date;
- income and expenses are translated into euros at rates approximating the foreign exchange rates at the dates of the transactions;
- all resulting exchange rate differences are recognised as a separate component of equity (foreign 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.

• *Foreign currency transactions*

The Group's entities can realise operations in a foreign currency which is not their own functional currency. WEA and WAT functional currency is in USD. The transactions in foreign currencies are translated into euro at the spot exchange rate on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currency are translated into functional currency at the exchange rate on that date. Foreign exchange differences arising on translation or on settlement of these transactions are recognised in the income statement account, 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 income statement account. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate on the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at exchange rates on the dates the fair value was determined and are reported as part of the fair value gain or loss.

4.1.3 Business combinations

To identify whether a transaction is a business combination the Group notably considers whether an integrated set of activities is acquired besides the investment property. The criteria applied may include the number of property assets held by the target company and extent of the acquired processes. If the acquired assets are not a business, the transaction is recorded as an asset acquisition.

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. Acquisition costs incurred are booked as expenses. For the companies accounted for using the equity method, acquisition costs are capitalised in the value of the shares.

At the date of acquisition and in accordance with IFRS 3, identifiable assets, liabilities and contingent liabilities of the acquired company are valued individually at their fair value regardless of their purpose based upon current best estimates at such date. It is possible that further adjustments to initial evaluation may be recognised within twelve months of the acquisition in accordance with IFRS rules.
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 re-measured to fair value at the acquisition date through the income statement.

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 income statement.

Under IFRS 10, the acquisition of additional shares from non-controlling shareholders is regarded as an equity transaction and therefore no additional goodwill is recognised.

4.1.4 Cashflow statement

The Group uses the indirect method to prepare the consolidated statement of cash flows. Interest received and interest paid is presented within financing cash flows. Acquisitions or divestments of subsidiaries are disclosed as cash flows from investment activities and presented net of cash and cash equivalents acquired or disposed of, respectively.

4.1.5 Going concern

For the year ended December 31, 2019 the Company had a net current asset deficit of €473.0 Mn (December 31, 2018: €1,688.1) mainly due to the maturing of the notes payable of €267.0 Mn (December 31, 2018: €1,091.7 Mn). The Company's liquidity needs for the for the next 12 months are covered by the available undrawn credit lines and cash on-hand as well as by the cross-guarantees granted within the URW Group. Based on that the Company believes that it will be able to meet its commitments as and when they fall due, therefore it is appropriate to prepare the financial statements on a going concern basis.

5.1 Accounting principles

5.1.1 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 and in accordance with IFRS 8.

Contributions of affiliates are also presented according to the Group's divisions and geographical segments.

Business segments

The Group operates in two segments: Shopping Centres 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 Bn in property investment, a local organisation dedicated to all three business lines: the "owner function" (asset selection and management including pipeline), Shopping Centres management, the finance function and a regional consolidated reporting.

The Group operates in The Netherlands and the United States. Based on specific operational and strategic factors, only the region United States is considered a home region.

5.1.2 Net recurring result definition

The income statement by segment is split between recurring and non-recurring activities. The non-recurring result before tax consists of the valuation movements on investment properties, fair value adjustments on derivatives and debts, termination costs of financial instruments on the full cancelled commitment period when the maturity of the financial instrument is beyond the current reporting period, bond tender premiums, currency gains/losses on revaluation of balance sheet items, the net result on disposals, impairment of goodwill or recognition of negative goodwill, as well as costs directly related to a business combination and other non-recurring items.

The income tax is split between recurring taxes and non-recurring taxes.

Recurring tax is the outcome of:

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

5.2 Gross rental income

Revenue from Contracts with Customers

ACCOUNTING TREATMENT OF INVESTMENT PROPERTY LEASES

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

In case of an Investment Property Under Construction (IPUC), revenues are recognised once spaces are delivered to tenants.

RENTS AND KEY MONEY

Gross rental income consists of rents and similar income (e.g. occupancy compensation, key money, parking revenues) invoiced for Shopping Centres and Offices properties over the period.

Under IFRS 16, the effects of rent-free periods, step rents, other rents incentives and key monies are spread over the fixed term of the lease.

5.2.1 Operating expenses and net service charges

The operating and net service charges are composed of ground rents paid, net service charge expenses and property operating expenses.

• *Ground rents paid*

GROUND LEASEHOLDS

Ground leasholds are accounted for in accordance with IFRS 16 as described in note 6.1.1. Investment properties – Accounting principles.

Buildings constructed on land under a lease agreement are recognised in accordance with the accounting principles described in note 6.1.1. Investment properties – Accounting principles. At this moment ground rents are not material for the Group.

• *Service charge income and service charge expenses*

According to IFRS 15, the Group presented separately the service charge income and the service charge expenses. Comparative figures have been restated accordingly.
These expenses are net of charges re-invoiced to tenants and relate mainly to vacant premises.

• *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.

5.2.2 Net property services and other activities income

The net property services and other activities income consist of on-site property services and other property services income.
Based on the analysis of existing contracts, the current recognition of revenues complies with IFRS 15.
Other property services net income is recognized when the services are provided.

Revenues from other activities mainly cover:

- fees invoiced for leasing activity. These fees are capitalised by the Group, owning the asset after elimination of the internal margins generated.
- fees for property management and maintenance services provided to Offices and Shopping Centres. These fees are invoiced by property service companies for their property management activities on behalf of owners outside the Group;

Other expenses comprise charges relating to property services and general costs.

5.2.3 Administrative expenses

This item comprises of personnel costs, head office and Group administrative expenses, expenses relating to development projects and not capitalised and depreciation charges.

5.2.4 Acquisition and related costs

In 2019, acquisition and related costs amounted to €16.7 Mn (€48.3 Mn in 2018) mainly due to the integration costs of WAT. In 2018, this item comprises mainly of the acquisition costs related to the WAT acquisition.

5.3 Consolidated statement of comprehensive income by segment

		2019			2018*		
(€Mn)		Recurring activities	Non-recurring activities**	Result	Recurring activities	Non-recurring activities**	Result
United States	Gross rental income	383.5	-	383.5	267.1	-	267.1
	Operating expenses & net service charges	(146.7)	-	(146.7)	(123.7)	-	(123.7)
	Net rental income	**236.8**	**-**	**236.8**	**143.4**	**-**	**143.4**
	Contribution of companies accounted for using the equity method	334.9	(289.4)	45.5	136.4	(15.8)	120.6
	Gains/losses on disposal of shares	-	-	-	-	37.4	37.4
	Valuation movements on assets	-	(95.5)	(95.5)	-	(128.7)	(128.7)
	Result Shopping Centres United States	**571.7**	**(384.9)**	**186.8**	**279.8**	**(107.1)**	**172.7**
Other	Gross rental income	2.2	-	2.2	1.2	-	1.2
	Operating expenses & net service charges	(0.5)	-	(0.5)	(0.4)	-	(0.4)
	Net rental income	**1.7**	**-**	**1.7**	**0.8**	**-**	**0.8**
	Gains/losses on sales of properties	-	(0.0)	(0.0)	-	(0.4)	(0.4)
	Valuation movements	-	(8.4)	(8.4)	-	(1.1)	(1.1)
	Result Shopping Centres Other	**1.7**	**(8.4)**	**(6.7)**	**0.8**	**(1.5)**	**(0.7)**
TOTAL RESULT SHOPPING CENTRES		**573.4**	**(393.3)**	**180.1**	**280.6**	**(108.6)**	**172.0**
United States	Gross rental income	7.3	-	7.3	6.2	-	6.2
	Operating expenses & net service charges	(2.8)	-	(2.8)	(1.5)	-	(1.5)
	Net rental income	**4.5**	**-**	**4.5**	**4.7**	**-**	**4.7**
	Valuation movements	-	3.5	3.5	-	3.0	3.0
	Result Offices United States	**4.5**	**3.5**	**8.0**	**4.7**	**3.0**	**7.7**
TOTAL RESULT OFFICES		**4.5**	**3.5**	**8.0**	**4.7**	**3.0**	**7.7**
Project management income		1.8	-	1.8	4.4	-	4.4
Property services and other activities revenue		-	-	-	8.1	(5.8)	2.3
Administrative expenses		(54.7)	-	(54.7)	(38.4)	-	(38.4)
Acquisition and related costs		-	(16.7)	(16.7)	-	(48.3)	(48.3)
NET OPERATING RESULT		**525.0**	**(406.5)**	**118.5**	**259.4**	**(159.7)**	**99.7**
Financing result		(320.9)	(310.9)	(631.8)	(162.7)	228.9	66.2
RESULT BEFORE TAX		**204.1**	**(717.4)**	**(513.3)**	**96.7**	**69.2**	**165.9**
Tax income (expense)		**1.9**	**599.2**	**601.1**	**(0.4)**	**22.4**	**22.0**
NET RESULT FOR THE PERIOD		**206.0**	**(118.2)**	**87.8**	**96.3**	**91.6**	**187.9**
External non-controlling interests		11.1	(8.0)	3.1	15.3	(9.5)	5.8
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF WFD UR N.V. SHARES		194.9	(110.2)	84.7	81.0	101.1	182.1

** For the period from February 14, 2018 to December 31, 2018*
*** Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill as well as costs directly incurred during a business combination and other non-recurring items.*

These segmentations are also applied in note 6.1.2 investment properties at fair value.

6.1 Investment properties (IAS 40 & IFRS 13)

6.1.1 Accounting principles

Under the accounting treatment by IAS 40, investment properties are shown at their fair value. According to IFRS 13, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (*i.e.* an exit price). Expectations about future improvements or modifications to be made to the property interest to reflect its highest and best use have to be considered in the appraisal, such as the renovation of or an extension to the property interest.

The Group complies with the IFRS 13 fair value measurement rule and the position paper[20] on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

Transaction costs incurred for an asset deal are capitalised in the value of the investment property. Capitalised expenses include capital expenditures, evictions costs, capitalised financial interests, letting fees and other internal costs related to development projects.

In accordance with IFRS 16 and IAS 40, the right-of-use assets arising from leased property which meet the definition of an investment property are measured at fair value. At the moment this is not material for the Group.

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 measured at fair value by an external appraiser twice a year. Projects for which the fair value is not reliably determinable are measured at cost until such time that a fair value measurement becomes reliable, or until one year before the construction completion.

According to the Group, a development project fair value measurement will be able to be determined once the following criteria has been fulfilled:

- all administrative authorisations needed to complete the project are obtained;
- the construction has started and costs are committed toward the contractor; and
- substantial uncertainty in future rental income has been eliminated.

If the time to delivery is less than one year, the project is accounted for at fair value.

For properties measured at fair value, the fair 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. The gross value is reduced by disposal costs and transfer taxes[21], depending on the country and on the tax situation of the property, in order to arrive at a net fair value.

For the Shopping Centres portfolios, the independent appraisers determine the fair value based on the results of two methods: the discounted cash flow methodology as well as the yield methodology. Furthermore, the resulting valuations are cross-checked against the initial yield, value per m^2 and the fair values established through actual market transactions.

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

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

fair value Y – [fair value Y-1 + amount of works and other costs capitalised in year Y].

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

Properties under construction carried at cost 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 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.

Properties held for sale are identified separately in the statement of financial position and are valued at fair value. Properties held for sale are identified separately when the asset is available for immediate sale, the sale is completed within one year from the date of classification, the sale must be highly probable and management is committed to a plan to sell the asset.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

6.1.2 Investment properties at fair value

(€Mn)	December 31, 2019	December 31, 2018
Shopping Centres	**5,960.1**	**5,886.6**
United States	5,930.4	5,854.7
The Netherlands	29.7	31.9
Offices	**77.4**	**70.6**
United States	77.4	70.6
TOTAL	**6,037.5**	**5,957.2**

(20) EPRA position paper on IFRS 13 – Fair value measurement and illustrative disclosures, February 2013.

(21) 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.

(€Mn)	Shopping Centres	Offices	Total investment properties
February 14, 2018	-	-	-
Acquisitions	33.6	-	**33.6**
Entry into scope of consolidation[1]	5,844.1	102.7	**5,946.8**
Disposals/exits from the scope of consolidation	(8.6)	(38.6)	**(47.2)**
Capitalised expenses	23.3	2.0	**25.3**
Valuation movements	(130.6)	3.0	**(127.6)**
Currency translation	124.8	1.5	**126.3**
December 31, 2018	5,886.6	70.6	5,957.2
Acquisitions	63.2	2.0	**65.2**
Capitalised expenses	1.0	-	**1.0**
Other movements	0.6	-	**0.6**
Valuation movements	(103.9)	3.5	**(100.4)**
Currency translation	112.6	1.3	**113.9**
December 31, 2019	5.960.1	77.4	6,037.5

(1) Acquisition of WAT on June 7, 2018 (see note 4.2 "Acquisition of WAT")

•*Valuation assumptions and sensitivity*

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group's assets, the Group believes it appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumption on growth rates and exit yields, are used by appraisers to determine the fair value of the Group's assets.

As at December 31, 2019, 99% of WFD UR NV's portfolio was appraised by independent appraisers. The fair value of the properties in the United states are based on the valuations performed by Cushman & Wakefield, Duff & Phelps and Altus and in The Netherlands by Cushman & Wakefield.

The following tables provide a number of quantitative elements used by the appraisers to assess the fair valuation of the Group's assets.

SHOPPING CENTRES

All Shopping Centres are valued using the discounted cash flow and/or yield methodologies.

Shopping Centres - December 31, 2019		Net initial yield	Rent in € per sqm[1]	Discount Rate[2]	Exit yield[3]	CAGR of NRI[4]
	Max	11.0%	2,380	12.0%	10.5%	16.0%
US	Min	3.1%	107	5.5%	4.3%	0.5%
	Weighted average	4.1%	584	6.3%	5.1%	4.1%

Net initial yield, discount rate and exit yield weighted by Gross Market Value (GMV). Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled and the trademark are not included in this table. Assets fully consolidated and in joint-control are included.

(1) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per sqm.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalise the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

Shopping Centres - December 31, 2018		Net initial yield	Rent in € per sqm[1]	Discount Rate[2]	Exit yield[3]	CAGR of NRI[4]
	Max	20.4%	2,493	12.0%	10.5%	11.7%
US	Min	3.2%	82	5.8%	4.3%	1.8%
	Weighted average	4.2%	419	6.4%	5.1%	4.6%

Net initial yield, discount rate and exit yield weighted by Gross Market Value (GMV). Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled, the trademark and the airport activities are not included in this table. Assets fully consolidated and in joint-control are included.

(1) Average annual rent (minimum guaranteed rent + sales based rent) per asset per m^2.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalize the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

For the US, the split between Flagship and Regional Shopping Centres is as follows:

Shopping Centres - December 31, 2019		Net initial yield	Rent in € per sqm[1]	Discount Rate[2]	Exit yield[3]	CAGR of NRI[4]
	Max	5.1%	2,380	7.0%	6.0%	5.5%
US Flagships	Min	3.1%	415	5.5%	4.3%	2.8%
	Weighted average	3.8%	808	6.0%	4.8%	4.2%
	Max	11.0%	494	12.0%	10.5%	16.0%
US Regionals	Min	4.1%	107	6.5%	5.8%	0.5%
	Weighted average	6.0%	305	8.1%	6.9%	3.6%

Net initial yield, discount rate and exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in this table. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled and the trademark are not included in this table. Assets fully consolidated and in joint-control are included.

(1) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per sqm.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalise the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of NRI determined by the appraiser (10 years)

Shopping Centres - December 31, 2018		Net initial yield	Rent in € per sqm(1)	Discount Rate(2)	Exit yield(3)	CAGR of NRI(4)
US Flagships	Max	5.0%	2,493	6.8%	5.8%	6.0%
	Min	3.2%	313	5.8%	4.3%	3.0%
	Weighted average	3.9%	602	6.1%	4.8%	4.8%
US Regionals	Max	20.4%	361	12.0%	10.5%	11.7%
	Min	4.6%	82	6.8%	5.8%	1.8%
	Weighted average	6.1%	205	7.9%	6.7%	3.9%

Net initial yield, discount rate and exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in this table. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled, the trademark and the airport activities are not included in this table. Assets fully consolidated and in joint-control are included.

(1) Average annual rent (minimum guaranteed rent) per asset per m². The computation takes into account the areas allocated to company restaurants.
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalize the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of NRI determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used).

Based on an asset value excluding estimated transfer taxes and transaction costs, the Shopping Centre division's net initial yield is 4.1% as at December 31, 2019 (December 31, 2018: 4.2%).

A change of +25 basis points in net initial yield, the main output of the appraisal models, would result in a downward adjustment of -€771 Mn (or -5.7%) (December 31, 2018: -€743 Mn (or -5.6%)) of the Shopping Centre portfolio value (excluding assets under development and the trademark), including transfer taxes and transaction costs.

6.1.3 Investment properties at cost

(€Mn)	Gross value	Impairment	Total investment properties at cost
February 14, 2018	-	-	-
Entry into scope of consolidation(1)	15.0	-	15.0
Capitalized expenses	2.3	-	2.3
Currency translation	2.1	-	2.1
December 31, 2018	**19.4**	**-**	**19.4**
Acquisitions	2.8	-	2.8
Disposals/exits from the scope of consolidation	(1.3)	-	(1.3)
Capitalised expenses	0.2	-	0.2
Currency translation	0.4	-	0.4
December 31, 2019	**21.6**	**-**	**21.6**

6.2 Tangible assets

6.2.1. Accounting principles

Under the 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.

6.2.2 Changes in tangible assets

(€Mn)	Furniture and equipment	Right of use	Total tangible assets
February 14, 2018	-	-	-
Acquisitions and capitalised expenses	0.1	-	0.1
Entry into scope of consolidation(1)	49.7	-	49.7
Disposals/exits from the scope of consolidation	(7.1)	-	(7.1)
Depreciation	(6.1)	-	(6.1)
Currency translation	0.9	-	0.9
December 31, 2018	**37.5**	**-**	**37.5**
IFRS 16 impact(2)	-	32.9	32.9
Acquisitions and capitalised expenses	15.0	-	15.0
Disposals/Exit from the scope of consolidation	-	-	-
Depreciation	(14.1)	(3.5)	-17.6
Currency translation	0.7	(0.1)	0.6
Other movements	(14.7)	-	-14.7
December 31, 2019	**24.4**	**29.3**	**53.7**

(1) Acquisition of WAT on June 7, 2018 (see note 2.2.1 "Acquisition of WAT")

(2) See note 3.1 IFRS basis adopted.

6.3 Intangible assets

6.3.1. Accounting principles

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.

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.

Intangible assets with an indefinite useful life are not amortised but their life span is reviewed each year. These assets are subject to impairment tests annually or whenever there is an indication of impairment, which consists of comparing the book value with the recoverable amount of the intangible assets. The recoverable amount of an asset or a cash-generating unit is the maximum between its fair value less disposal costs and its value in use. It is assessed on the basis of the present value of expected future cash flows from the continued use of the asset and its terminal value. Impairment tests are carried out by grouping assets together into cash-generating units. In the case of reduction in value, a corresponding impairment charge is recognised in the income statement.

The intangible assets arise from:

- The Property Management (PM) business in the US (disposed in 2018);
- The Airport activities in the US (disposed in 2018);
- The WFD trademark for Flagships in the US.

Intangible assets for PM relate to the value of the customer contracts identified for these activities at the date of acquisition of WAT. They correspond to contracts with Shopping Centres held through joint-ventures in accordance with IAS 28 and to contracts with local authorities. Customer contracts have been separately analysed for Flagship and Regional Centres as they present different features.

The incremental value of the WFD trademark corresponds to the portion of the trademark value that is not captured in the Shopping Centre values.

Intangible assets are valued by independent external appraisers using the Discounted Cash Flow methodology and the Royalty Relief. The Relief from Royalty method estimates the value of the asset as the present value of future royalty payments over the life of the asset that are saved (not paid) by virtue of owning the asset.

The useful life of the PM contracts with Flagship Centres are considered indefinite since the PM contracts have no termination date and the Group shall remain the sole property manager as long as it is the co-owner of the Shopping Centres. The useful life of the WFD trademark is also considered indefinite but tested for impairment. As a consequence, these assets are not amortised but tested for impairment.

6.3.2 Changes in intangible assets

(€Mn)	PM/Airport	Trademark	Total intangible assets
14 February, 2018	-	-	-
Entry into scope of consolidation[(1)]	275.7	307.3	583.0
Amortisation[(2)]	(5.8)	-	(5.8)
Disposal	(273.6)	-	(273.6)
Currency translation	3.7	6.7	10.4
December 31, 2018	-	314.0	314.0
Currency translation	-	6.0	6.0
December 31, 2019	-	320.0	320.0

(1) Acquisition of WAT on June 7, 2018 (see note 2.2.1 "Acquisition of WAT")
(2) Amortisation of intangible assets and depreciation of tangible assets amounted (2018: €11.9 Mn) and are presented in line item "depreciation of tangible fixed assets" in the consolidated statement of comprehensive income

Intangible assets as at December 31, 2019 relates to the trademark of WAT acquired as at June 7, 2018. In December 2018, the PM and Airport activities have been transferred outside the Group. The related intangible assets and goodwill acquired as at June 7, 2018 are disposed in 2018.

One of the main assumptions used to test the Trademark for impairment is the discount rate which is 7.5% (2018:8%) based on US parameters.

A change of +25 basis points on the discount rate of the Trademark as determined at December 31, 2019 would not lead to any impairment of the intangible assets.

A change of -10 basis points in the long term growth rate of the Trademark as determined at December 31, 2019, would not lead to any impairment of the intangible assets.

6.4 Goodwill

6.4.1 Accounting principles

The accounting rules for business combinations comply with IFRS 3 (revised).

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

IFRS 3 (revised) stipulates a maximum period of twelve months from the acquisition date for the accounting of the acquisition to be finalized: adjustments to values applied must be related to facts and circumstances existing at the acquisition date. Therefore, beyond this 12-month period, any earn-out adjustment must be recognized in income for the fiscal year unless the additional consideration is an equity instrument.

Where a business is acquired in stages, the previous investment is remeasured at fair value at the date if and when the control is transferred. Any difference between fair value and net book value of this investment is recognized in income.

Any change in the Group's interest in an entity that results in a loss of control is recognized as a gain/loss on disposal and the remaining interest is remeasured at fair value with the change being recognized in income.

A transaction that does not affect control (additional acquisition or disposal) is accounted for as an equity transaction between the Group share and the non-controlling interest share without an impact on profit or loss and/or a goodwill adjustment.

Goodwill subsequent measurement and impairment

Goodwill is carried at cost less any accumulated impairment losses. In compliance with IAS 36, the Group performs impairment testing to determine if there is any indication of impairment, at least once a year. For the purposes of this test, assets are grouped into Cash Generating Units (CGUs).

CGUs are standardized groups of assets whose continued use generates cash inflows that are largely separate from those generated by other asset groups.

An impairment loss must be recognized wherever the recoverable value of the goodwill is less than its carrying amount. Impairment losses relating to the value of goodwill cannot be reversed.

Goodwill relating to costs synergies

Goodwill relating to the WAT acquisition has been allocated at the lowest level within the Group at which goodwill is monitored.

The allocation was performed based on the cost and revenue synergies expected to be generated as a result of the business combination.

6.4.2 Goodwill

(€Mn)	Gross value	Impairment	Total goodwill
February 14, 2018	-	-	-
Entry into scope of consolidation[1]	64.8	-	64.8
Exit from the scope of consolidation	(46.4)	-	(46.4)
Currency translation	1.4	-	1.4
December 31, 2018	19.8	-	19.8
Currency translation	0.0	-	-
December 31, 2019	19.8	-	19.8

(1) Acquisition of WAT on June 7, 2018 (see note 2.2.1 "Acquisition of WAT")

Goodwill related to cost synergies recognized from the WAT acquisition in 2018 amounts to €19.8 Mn as at December 31, 2019. In 2018, the PM business and Airport activities were transferred outside the Group.

According to IFRS, recoverable value of goodwill is tested annually or whenever there is an indication that an asset may be impaired at each reporting date. The Group performed impairment tests of the goodwill as per December 31, 2019, based on:

- The detailed 5-year Business Plan 2019-2023, including detailed profit & loss statements, proposed capital expenditure and disposals, as prepared at the end of 2018. As at December 31, 2019, the business plan is updated in accordance with the Group's standard budgeting and planning processes;
- The discount rates before tax based on a calculation of the WACC in the US region which reflects the current market assessment of the interest rate effect and the specific risk associated as at December 31, 2019;
- An allocation of the Group's corporate administrative expenses, as a percentage of their respective Net Rental Income;
- A discounted cash-flow calculation for on a 10-year basis, consistent with the method applied by the Group's appraisers, and a discounted terminal value, to which a Long-Term Growth Rate (LTGR), estimated as at December 31, 2019, is applied.

The main assumptions for calculating the enterprise value are the weighted average costs of capital (WACC) and long-term growth rates (LTGR) displayed in the table below.

December 31, 2018	
WACC before tax	6.10%
Long Term Growth Rate	2.20%
December 31, 2019	
WACC before tax	6.20%
Long Term Growth Rate	2.20%

The enterprise value calculated for was then compared to the net asset value of the goodwill allocated. Following these tests, the value of the goodwill reported as at December 31, 2019 was found to be justified.

A change of -10 basis points in the LTGR as determined at December 31, 2019, without any change in the WACC and in the CAGR would not lead to any impairment of goodwill.

A change of -50 basis points in the CAGR of Net Rental Income as determined at December 31, 2019, without any change in the WACC and in the LTGR would not lead to any impairment of goodwill.

6.5 Amounts paid for works and acquisition/disposal of property assets (Consolidated statement of cash flows)

In 2019, amounts paid for works and acquisition of property assets amount to €83.5 Mn (December 31, 2018: €67.6 Mn). They comprise acquisitions, transaction capitalised costs, works and capitalised expenses and are adjusted for the changes on amounts due on investments of the period.

NOTE 7 ● SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

7.1 Accounting principles

The accounting principles are detailed in note 4.1.1 “Scope and methods of consolidation”. According to IFRS 11, joint ventures are those entities in which the Group has joint control established by contractual agreement and rights to the net assets of the arrangement.

7.2 Shares and investments in companies accounted for using the equity method

The Group has several and only jointly controlled entities in the United States, acquired from WAT as at June 7, 2018. These shares and investments are accounted for using the equity method. The details of the Group’s aggregated share of equity accounted entities’ assets and liabilities are set out below:

(€Mn)	December 31, 2019	December 31, 2018
Investment properties	8,774.9	8,736.6
Other non-current assets	8.2	7.7
Current assets	114.1	86.5
Total assets	**8,897.2**	**8,830.8**
External borrowings	1,623.4	(1,712.1)
Other non-current liabilities	21.6	(20.6)
Current liabilities	222.5	(177.4)
Total liabilities	**1,867,5**	**(1,910.1)**
NET ASSETS	**7,029.7**	**6,920.7**

(€Mn)	2019	2018
Net rental income	388.9	211.4
Change in fair value of investment properties	(252.7)	(62.0)
Net result	45.5	120.6

Commitments and contingent liabilities in respect of associates and joint ventures

The Group’s share in the capital commitments of the joint ventures themselves is set out in note 15. Profits can be distributed without significant restrictions other than regular consent of joint venture partners.

7.3 Equity accounted entities’ economic interest

Set out below are the joint ventures of the Group as at December 31, 2019. All joint venture are incorporated in the United states. None of these are individually material for the Group. There are no changes in the economic interest compared to December 31, 2018.

Name of the investments(1)	Type of equity	Economic interest December 31, 2019
Annapolis (2)	Partnership units	55.0%
Brandon	Membership units	50.0%
Broward	Membership units	50.0%
Citrus park	Membership units	50.0%
Countryside	Membership units	50.0%
Connecticut House	Partnership units	52.6%
Culver City (2)	Partnership units	55.0%
Fashion Square	Partnership units	50.0%
Garden State Plaza	Partnership units	50.0%
Mission Valley	Partnership units	41.7%
Montgomery	Partnership units	50.0%
MV Macy’s Box/Parcel	Partnership units	41.7%
North County (2)	Partnership units	55.0%
Oakridge (2)	Partnership units	55.0%
Owensmouth	Partnership units	55.0%
Palm Desert (2)	Partnership units	52.6%
Plaza Bonita (2)	Partnership units	55.0%
Promenade	Partnership units	55.0%
San Francisco Emporium	Partnership units	50.0%
Santa Anita	Partnership units	49.3%
Sarasota	Membership units	50.0%
Southcenter (2)	Partnership units	55.0%
Southgate	Membership units	50.0%
Topanga (2)	Partnership units	55.0%
Trumbull (2)	Partnership units	52.6%
UTC	Partnership units	50.0%
Valencia Town Center	Partnership units	50.0%

Name of the investments	Type of equity	Economic interest December 31, 2019
Valley Fair	Partnership units	50.0%
Wheaton [2]	Partnership units	52.6%
West Valley	Partnership units	55.0%
UTC/VF Services	Membership units	50.0%
UTC Resi	Partnership units	50.0%
CT Houses	Partnership units	52.6%
Emporium Offices	Partnership units	50.0%
Wheaton North Office	Partnership units	52.6%
Wheaton South Office	Partnership units	52.6%
Montgomery Condo	Partnership units	50.0%

[1] All equity accounted property partnerships operate solely as retail property investors in the United States.
[2] Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has more than 50% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

7.4 Transactions with related-parties (associates and joint ventures)

The consolidated financial statements include all companies in the Group's scope of consolidation (see note 16 "List of consolidated companies"). The Group's joint ventures are listed in note 7.3.

Together with Unibail-Rodamco-Westfield SE ("URW SE"), the Group forms Unibail-Rodamco-Westfield ("URW Group").

The main related party transactions refer to transactions with companies accounted for using the equity method, loans and foreign currency contracts with URW SE and convertible redeemable preference shares/units held by URW SE.

Transactions with companies accounted for using the equity method

(€Mn)	December 31, 2019	December 31, 2018
Inventories	2.9	2.1
Current account in debit	14.9	-
Current account in credit	-	(3.7)

(€Mn)	2019	2018
Project management fees invoices	1.8	13.8
Asset management fees invoiced and other fees	-	26.0

Transactions with Unibail-Rodamco-Westfield SE

After the 2019 Restructurings, all related party loans of the Group are from URW SE. The USD interest bearing loan of WAT from URW SE is transferred to Westfield America Limited Partnership (hereafter WALP), a 100 % subsidiary of URW WEA LLC. The AUD interest bearing loan of WAT from URW SE is transferred to URW America Inc. For the interest amounts with URW SE refer to note 8.3.3.

Loans with WFD UR NV

During the period, WFD UR NV had interest bearing loans from URW SE. The principal amount of the loans remains €1,260.6 Mn and €750.0 Mn respectively as at December 31, 2019. The interest rate is based on a fixed rate from and including the issue date to, but excluding, October 25, 2023 and April 25, 2026 respectively. After each 5 years the interest rate is reset at 5YR Mid-swaps plus relevant margin. The maturity date of both loans is perpetual. Charges and premiums on issues of borrowings with URW SE amounts to €11.5 Mn as at December 31, 2019 (December 31, 2018: €14.0 Mn).

During the period, WFD UR NV had an interest bearing loan from URW SE. The principal amount of the loan is €35.8 Mn as at December 31, 2019 (December 31, 2018: €35.8 Mn). The interest rate is based on a fixed rate and the maturity date is May 31, 2023.

During the period, WFD UR NV has a EUR and USD current account facility with URW SE for €100.0 Mn and $20.0 Mn (€17.8). As at December 31, 2019, the drawn down amount is €67.2 Mn and $9.7 Mn ((€8.6 Mn). The interest rate is EURIBOR + 0.85% for the EUR facility and LIBOR + 1.4% for the USD facility. The maturity date for both contracts is April 1, 2024.

WFD UR NV had interest rate swaps and caps contracts with URW SE in 2019. The interest rate swaps contracts maturity date is in 2028 and 2048. The maturity date of the caps is 2020. The non-current derivative assets and non-current derivatives liabilities related to the swaps and caps are €83.4 Mn (December 31, 2018: €24.3 Mn) and €348.7 Mn (December 31, 2018: €70.2 Mn) respectively as at December 31, 2019. Reference is made to note 8.4.

Loans with URW America Inc.

During the period, URW America Inc. had a USD interest bearing loan from URW SE. The balance of the loan as at December 31, 2019 is €46.6 Mn (December 31, 2018: €45.7 Mn). The interest rate is LIBOR + 0.600% margin. The maturity date of the loan is June 7, 2025.

After the 2019 Restructurings URW America Inc. (assumed from WAT) had a AUD interest bearing loan from URW SE. The balance of the loan as at December 31, 2019 is €1,015.3 Mn (December 31, 2018: €1,001.2 Mn). The interest rate is BBSY + 0.875% margin. The maturity date of the loan is June 7, 2024.

URW America Inc. has new USD interest bearing loans from URW SE. The balance of the loan as at December 31, 2019 is €691.0 Mn. The interest rate is LIBOR + 1.120% margin. The maturity date of the loan is April 16, 2026.

Loans with WALP

During the period, WALP (assumed from WAT) had a USD interest bearing loan from URW SE. The balance of the loan as at December 31, 2019 is €540.8 Mn (December 31, 2018: €909.6 Mn). The interest rate is LIBOR + 0.900% margin and is reset quarterly. The maturity date of the loan is December 15, 2021.

WALP has a new USD interest bearing loan from URW SE. The balance of the loan as at December 31, 2019 is €422.8 Mn. The interest rate is LIBOR + 0.775% margin. The maturity date of the loan is June 27, 2022.

Redeemable preference shares held by URW SE

After the 2019 Restructurings, URW SE holds redeemable preference shares in WHL USA Acquisitions, Inc. with a stated redemption value of €393.1 Mn (December 31, 2018: €627.9 Mn) which are presented under the consolidated statement of the financial position under commitment to non-controlling interests. URW SE has the right to redeem the shares for cash after April 3, 2029 and is entitled to annual dividends equal to 5.9% of the stated redemption value. Any unpaid distributions on the shares are cumulative and must be paid prior to WHL USA Acquisitions, Inc. paying a common distribution.

All related party transactions are based on at arm’s length prices.

Transactions with key management personnel

Remuneration of key management personnel is disclosed in note 13.4.2.

NOTE 8 ● FINANCING AND FINANCIAL INSTRUMENTS

8.1 Accounting principles

8.1.1 Financial instruments (IAS 32/IFRS 7/IFRS 9/IFRS 13)

• *Classification and measurement of non-derivative financial assets and liabilities*

Financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt instruments; FVOCI – equity instruments; or Fair Value Through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets and preferred shares.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets for the Group:

FINANCIAL ASSETS AT AMORTISED COST

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

FINANCIAL ASSETS AT FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

EQUITY INSTRUMENTS AT FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

Amounts to suppliers and interest bearing financial liabilities are initially measured at fair value less transaction costs directly attributable to the issue and after initial booking at amortised cost using the effective interest rate. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Other non-derivatives financial liabilities are recognised at fair value through profit or loss.

• *Classification and measurement of financial derivatives*

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 are recognised in the income statement for the period.

The Group has a macro-hedging strategy for its debt. Except for some currency derivatives, it has chosen not to use the hedge accounting proposed by IFRS 9. All such derivatives are therefore measured at their fair value and any fair value variations are recorded in the income statement.

Regarding the currency derivatives which are not applicable at this moment, they aim at hedging the investments made in countries outside the euro-zone. The majority of currency swaps and forward contracts are therefore 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 income statement, as fair value adjustments of derivative and debt.

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 income statement.

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 the “financing result” as these instruments are designated as hedging instruments.

• *Hedging instruments*

The Group, which holds a group of financial assets or financial liabilities, is exposed to market risks and credit risks of every single counterparty as defined in IFRS 7. The Group applies the exception provided by IFRS 13 (§ 48) which permits to measure the fair value of a group of financial assets or a group of financial liabilities on the basis of the price that would be received to sell or transfer a net position towards a particular risk in an orderly transaction between market participants at the measurement date under current market conditions.

To determine the net position, the Group takes into account existing arrangements to mitigate the credit risk exposure in the event of default (e.g. a master netting agreement with the counterparty). The fair value measurement takes into consideration the likelihood that such an arrangement would be legally enforceable in the event of default.

Valuation of derivatives has to take into account the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA, calculated for a given counterparty, is the product of:

- the total mark-to-market the Group has with this counterparty, in case it is positive;
- the probability of default of this counterparty over the average maturity, weighted by the nominal of the derivatives booked with them. This probability of default is taken from the Bloomberg model, based on market data and derived from the Credit Default Swaps of the banks;
- and the loss given default following market standard.

DVA based on WFD UR NV’s credit risk corresponds to the loss that the Group’s counterparties may face in case of the Group’s default. It is the product of:

- the total mark-to-market the Group has with a counterparty, in case it is negative;
- the probability of default of the Group over the average maturity, weighted by the nominal of the total portfolio of derivatives. The Group’s probability of default is derived from the Credit Default Swaps of WFD UR NV and taken from the Bloomberg model;
- and the loss given default following market standard.

8.1.2 Discounting of deferred payments

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

- deferred payments on assets deals, share deals and acquisitions of lands have been discounted up to the payment date;
- provisions for material liabilities taken under IAS 37 are discounted over the estimated duration of the disputes they cover;
- guarantee deposits received from tenants have not been discounted given the negligible impact of discounting.

8.1.3 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 interest costs 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 of the project are capitalised.

Capitalisation of borrowing costs starts when the asset is qualified as an Investment Property Under Construction and/or as inventory and ends when the project is transferred to standing investment property at the delivery date to the tenant earlier when the project is technically completed or when an asset is available for sale.

8.2 Financing result

8.2.1 Net financing costs

(€Mn)	2019	2018
Other financial interest	24.9[1]	11.8[1]
Interest income on derivatives	37.3	10.1
Subtotal financial income	62.2	21.9
Interest on bonds and EMTNs	(155.9)	(71.9)
Interest and expenses on borrowings	(161.0)	(96.7)
Interest expense on lease liabilities	(3.6)	(1.3)
Interest on preference shares	(34.6)	(13.8)
Other financial interest	(3.3)	(1.5)
Interest expenses on derivatives	(25.9)	(5.1)
Financial expenses before capitalisation of financial expenses	**(384.3)**	**(190.3)**
Capitalised financial expenses	1.2	5.7
Subtotal net financial expenses	(383.1)	(184.6)
TOTAL NET FINANCIAL COSTS	**(320.9)**	**(162.7)**

[1] *The other financial interest of €24.9 Mn (2018: €11.8 Mn) is calculated using the effective interest method.*

Interest paid and received from the consolidated statement of cash flows correspond to cash amounts of financial interest paid and received during the period. They do not include any non-cash items such as accrued interest and amortisation of issuance costs.

8.2.2 Fair value adjustments of derivatives, debt and currency effect

(€Mn)	2019	2018
Amortisation of debt	(1.7)	(1.5)
Currency result	(3.3)	(0.9)
Fair value of derivatives	(222.5)	(53.3)
Fair value preference shares	(83.4)	284.5
TOTAL FINANCIAL RESULT	**(310.9)**	**228.8**

Last year positive fair value movement of the preference shares were related to WEA preference shares. These redeemable convertible preference shares and options that were on issue by WEA in 2018 and held by URW SE prior to the 2019 Restructurings were effectively cancelled and replaced by new common and preference shares. Due to the higher fair value of the preference shares a loss of €57.2 Mn was recognized in 2019 and recorded in the fair value of preference shares. For the fair value of derivatives, reference is made to note 8.4. The fair value loss on derivatives is mainly caused by lower interest swap curves

8.3 Financial assets and liabilities

8.3.1 Financial assets

(€Mn)	December 31, 2019	December 31, 2018
Financial assets at fair value through OCI	15.6	0.4
Non-listed equity investment	15.6	0.4
Financial assets at fair value through profit and loss	-	495.6
WCL Holdings preferred shares	-	139.6
WDI preferred shares	-	356.0
Debt instruments at amortised cost	252.3	253.6
Preferred interest Starwood and Rouse	181.8	180.5
Trade receivables from activity	70.5	73.1
TOTAL FINANCIAL ASSETS	**267.9**	**749.6**
Total current	**70.5**	**73.1**
Total non-current	**197.4**	**676.5**

The WCL Holdings and WDI preferred shares were disposed as part of the 2019 Restructurings in partial satisfaction of an URW SE liability (non-cash).

8.3.2 Main financing transactions

2019

In June 2019 and October 2019 two Rule 144A USD bonds were issued for $750 Mn with a 3.50% coupon and a 10-year maturity and $750 Mn with a 2.875% coupon and a 7-year maturity, respectively.

Although, the group objectives mention cash pool activities, those were not applicable for 2019.

2018

As at June 4, 2018, the Group received loans of €2,035.8 Mn from UR SE to finance the acquisition of URW America Inc. and the Dutch real estate assets from (indirectly) UR SE.
In addition, the Group issued a €2.0 Mn deeply subordinated perpetual instrument.

On September 13, 2018 WEA Finance LLC, held by WEA, issued two guaranteed senior notes (the "144A Notes") for an amount of $500 Mn with a fixed coupon rate of 4.125% and $500 Mn with a fixed coupon rate of 4.625%. The maturity date is 2028 and 2048, respectively.

Although, the group objectives mention cash pool activities, those were not applicable for 2018.

8.3.3 Financial debt breakdown and outstanding duration to maturity

	Current	Non-current			
Outstanding duration to maturity *(€Mn)*	Less than 1 year	1 year to 5 years	More than 5 years	Total December 31, 2019	Total December 31, 2018
Bonds and notes	**279.2**	**1,327.7**	**2,674.7**	**4,281.6**	**3,991.8**
Principal debt[1]	267.0	1,335.2	2,670.5	4,272.7	3,973.8
Accrued interest	37.5	-	-	37.5	40.6
Issuance costs	(21.9)	-	-	(21.9)	(10.5)
Amortisation of debt	(3.4)	(7.5)	4.2	(6.7)	(12.1)
Bank borrowings	**(4.3)**	**241.7**	**106.3**	**343.7**	**911.4**
Principal debt[1]	0.1	244.9	107.7	352.7	892.5
Accrued interest	2.5	-	-	2.5	29.2
Borrowings issue fees	(7.0)	-	-	(7.0)	(9.7)
Amortisation of debt	0.1	(3.2)	(1.4)	(4.5)	(0.6)
Other financial liabilities	**28.6**	**2,090.3**	**2,748.4**	**4,867.3**	**4,025.2**
Borrowing with URW SE[2]	-	2,090.3	2,748.4	4,838.7	3,093.3
Accrued interests on borrowings with URW SE[2]	40.1	-	-	40.1	36.3
Charges and premiums on issues of borrowings with URW SE[2]	(11.5)	-	-	(11.5)	(14.0)
Borrowing with WFDT[2]	-	-	-	-	909.6
Lease liabilities	**3.3**	**16.3**	**44.9**	**64.5**	**33.6**
TOTAL	**306.8**	**3,676.0**	**5,574.3**	**9,557.1**	**8,962.0**

(1) *These notes or instruments are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.*
(2) *Further information relating to loans with related parties is set out in note 7.4*

The amortisation of debt refers to the fair value of the WEA debt at acquisition date.

An amount of €352.7 Mn of bank borrowings is secured. Secured liabilities are borrowings secured by mortgages over properties. These properties are as follows: Westfield Galleria at Roseville, Westfield Old Orchard and Westfield San Francisco Centre. The terms of the debt facilities preclude the properties from being used as security for other debt. The debt facilities also require the properties to be insured.

The 2019 variation of financial debt by flows breaks down as follows:

	December 31, 2018	Cash flows[1] Increase[2]	Cash flows[1] Decrease	Variation of accrued interests[3]	Non-cash flows Scope movements	Non-cash flows Currency translation	Non-cash flows Amortisation impact	Non-cash flows Others	December 31, 2019
Bonds and notes	3,991.8	1,327.7	(1,116.6)	(3.8)	-	76.0	5.6	0.9	4,281.6
Bank borrowings	911.4	35.7	(594.7)	(27.4)	-	18.3	(3.9)	4.3	343.7
Other financial liabilities	4,025.2	593.5	(15.2)	4.7	-	28.9	-	230.2[4]	4,867.3
Lease liabilities	33.6	-	(2.6)	-	-	0.6	-	32.9[5]	64.5
TOTAL	**8,962.0**	**1,956.9**	**(1,729.1)**	**(26.5)**	**-**	**123.8**	**1.7**	**268.3**	**9,557.1**

(1) The cash flows differ from those in the Consolidated statement of cash flows mainly due to the variation of guarantee deposits received.
(2) Net of issuance costs and issue fees.
(3) The variation of accrued interest is included in lines Financial income/Financial expenses of the Consolidated statement of cash flows.
(4) Due to the 2019 restructurings, reference is made to note 2.1.
(5) Due to the application of IFRS 16 leases, reference is made to note 3.1

The 2018 variation of financial debt by flows breaks down as follows:

	February 14, 2018	Cash flows[1] Increase[2]	Cash flows[1] Decrease	Variation of accrued interests[3]	Non-cash flows Scope movements	Non-cash flows Currency translation	Non-cash flows Amortisation impact	Non-cash flows Others	December 31, 2018
Bonds and notes	-	866.2	-	40.2	3,002.6	81.3	3.7	(2.2)	3,991.8
Bank borrowings	-	(27.0)	(999,9)	(18.0)	1,920.2	(11.1)	(2.2)	49.4	911.4
Other financial liabilities	-	2,269.3	-	36.3	1,780.7	(61.1)	-	-	4,025.2
Financial leases	-	-	(0.3)	-	33.2	0.7	-	-	33.6
TOTAL	**-**	**3,108.5**	**(1,000.2)**	**58.5**	**6,736.7**	**9.8**	**1.5**	**47.2**	**8,962.0**

(1) The cash flows differ from those in the Consolidated statement of cash flows mainly due to the variation of guarantee deposits received.
(2) Net of issuance costs and issue fees.
(3) The variation of accrued interest is included in lines Financial income/Financial expenses of the Consolidated statement of cash flows.

Maturity of current principal debt

(€Mn)	Current Less than 1 month	Current 1 month to 3 months	Current More than 3 months	Total December 31, 2019
Bonds and notes	-	-	267.0	267.0
Bank borrowings	-	0.1	-	0.1
Financial leases	0.3	0.5	2.5	3.3
TOTAL	**0.3**	**0.6**	**269.5**	**270.4**

8.3.4 Characteristics of bonds and notes

The bonds and notes are related to WEA and have the following characteristics:

Issue date	Rate	Currency	Amount as at December 31, 2019 (€Mn)	Amount as at December 31, 2018 (€M	Maturity
September 2014	Fixed rate 2.7%	USD	-	1,091.7	September 2019
September 2014	Fixed rate 3.75%	USD	890.1	873.3	September 2024
September 2014	Fixed rate 4.75%	USD	445.1	436.7	September 2044
October 2015	Fixed rate 3.25%	USD	267.0	262.0	October 2020
April 2017	Fixed rate 3.15%	USD	445.1	436.7	April 2022
September 2018	Fixed rate 4.125%	USD	445.1	436.7	September 2028
September 2018	Fixed rate 4.625%	USD	445.1	436.7	September 2048
June 2019	Fixed rate 3.50%	USD	667.6	-	June 2029
October 2019	Fixed rate 2.88%	USD	667.6	-	October 2027
TOTAL			4,272.7	3,973.8	

8.3.5 Covenants

There are no financial covenants (such as loan to value or ICR) with regard to the loans with URW SE.

The bond indentures (144A and Regulation S bonds) in the US contain financial covenants based on URW Group's financial statements. As at December 31, 2019 the URW Group's ratios show ample headroom vis-à -vis the following covenants:

- a maximum loan to value of 65%;
- a minimum ICR of 1.5x;
- a maximum of 50% for the Secured debt ratio;
- a minimum of 1.25x for the Unencumbered leveraged ratio.

These covenants are tested twice a year based on the URW Group's IFRS financial statements.

8.3.6 Fair value of debt

	December 31, 2019		December 31, 2018	
(€Mn)	Carrying value	Fair value	Carrying value	Fair value
Fixed-rate and index-linked debt				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	6,620.0	6,846.5	6,473.0	6,301.5

8.3.7 Net financial debt

Net financial debt is determined as below:

Net financial debt

(€Mn)	December 31, 2019	December 31, 2018
Amounts accounted for in B/S		
Long-term bonds and borrowings	9,189.1	7,373.5
Current borrowings and amounts due to credit institutions	303.5	1,554.9
Total financial liabilities	9,492.6	8,928.4
Adjustments		
Amortisation of debt	11.2	12.7
Accrued interests/issuance fees	(39.7)	(71.9)
Total financial liabilities (nominal value)	9,464.1	8,869.2
Cash & cash equivalents	**(56.8)**	**(53.3)**
NET FINANCIAL DEBT	**9,407.3**	**8,815.9**

Net cash at period-end

(€Mn)	December 31, 2019	December 31, 2018
Cash	**56.8**	**53.3**
Total asset	56.8	53.3
Bank overdrafts & current accounts to balance out cash flow	-	-
Total liabilities	-	-
NET CASH AT PERIOD-END	**56.8**	**53.3**

8.3.8 Commitment to non-controlling interests

(€Mn)	Note	December 31, 2019	December 31, 2018
Financial liabilities at amortized cost		393.1	-
Commitment to non-controlling interests held by URW SE	a	393.1	-
Financial liabilities at fair value		173.1	807.8
Commitment to non-controlling interests held by WCL related entities		-	627.9
Commitment to non-controlling interests	b	47.7	54.4
Other commitment to non-controlling interests	c	125.4	125.5
TOTAL COMMITMENT TO NON-CONTROLLING INTERESTS		**566.2**	**807.8**
Total current		**1.0**	**1.0**
Total non-current		**565.2**	**806.3**

The commitment to non-controlling interests held by WCL related entities arising from the WAT acquisition last year were cancelled under the 2019 Restructurings. After the 2019 restructurings, URW SE holds redeemable preference shares/units in WHL USA Acquisitions, Inc. of an amount of €393.1 Mn. The holders has the right to redemption in cash after April 3, 2029. These redeemable preference shares are measures at amortised cost using the effective interest method. The remaining part relates to external parties (note b and c) and are measured at fair value level 3.

a) Interests held by URW SE

i) The holders of Series A preferred shares are entitled to receive an annual dividend equal to 5.9% of the liquidation value of the preference shares.

b) Interests held by external parties

i) As at December 31, 2019, the Jacobs Group holds 1,265,431 (December 31, 2018:1,374,461) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

ii) As at December 31, 2019, the previous owners of the Sunrise Mall hold 1,401,426 (December 31, 2018: 1,401,426) Series I units. At any time after the earlier of (i) July 21, 2005; (ii) dissolution of the operating partnership; or (iii) the death of the holder, such holder (or the holder's Estate) has the right to require the operating partnership to redeem its Series I units, at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for URW stapled securities); or (iii) a combination of both.

iii) As at December 31, 2019, 1,538,481 (December 31, 2018: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for URW stapled securities); or (iii) a combination of both

iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash, (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion.

v) As at December 31, 2019, 739,565 (December 31, 2018: 739,565) WEA common shares are held by certain third party investors. At any time after May 19, 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for: (i) cash; (ii) URW stapled securities, or (iii) a combination of both.

c) Other commitment to non-controlling interests

The other redeemable preference shares/units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units); and (ii) Series A Partnership Preferred Units (Series A units).

i) The former partners in the San Francisco Centre hold 360,000 (December 31, 2018: 360,000)(Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to $0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, $0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the operating partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

ii) In connection with the completion of the San Francisco Emporium development, 1,000 (December 31, 2018: 1,000) Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these units by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these units is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

8.4 Derivative instruments

Change in derivatives 2019

(€Mn)	December 31, 2018	Amounts recognised in the Statement of Comprehensive Income: Fair value adjustments of derivatives	Currency translation	December 31, 2019
Assets				
Derivatives at fair value Non-Current	**28.8**	**56.0**	**0.2**	**85.0**
• *Fair value*	28.8	56.0	0.2	85.0
Liabilities				
Derivatives at fair value	**(70.2)**	**(278.5)**		**(348.7)**
• *Fair value*	(70.2)	(278.5)		(348.7)
NET	**(41.4)**	**(222.5)**	**0.2**	**(263.7)**

The fair value of interest rate derivatives (assets: fixed-to-floating IRS) increased in value due to a lower swap rate curve. For the same reason the floating-to-fixed IRS (liabilities) became more negative.

Change in derivatives 2018

(€Mn)	February 14, 2018	Amounts recognised in the Statement of Comprehensive Income: Fair value adjustments of derivatives	Amounts recognised in the Statement of Comprehensive Income: Other comprehensive income	Changes in scope of consolidation	Acquisitions/ Disposals	December 31, 2018
Assets						
Derivatives at fair value Non-Current	**-**	**16.9**	**0.2**	**7.3**	**4.4**	**28.8**
• *Fair value*	-	16.9	0.2	7.3	4.4	28.8
Liabilities						
Derivatives at fair value	**-**	**(70.2)**	**-**	**-**	**-**	**(70.2)**
• *Fair value*	-	(70.2)	-	-	-	(70.2)
NET	**-**	**(53.3)**	**0.2**	**7.3**	**4.4**	**(41.4)**

8.5 Risk management policy

The Group's principal financial instruments comprise cash, receivables, payable, interest bearing liabilities, other financial liabilities, other investments and derivative financial instruments. The Group manages its exposure to key financial risks in accordance with the Group treasury risk management policies.

The Group utilises derivative financial instruments, including forward exchange contracts, currency and interest rate options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks.
Derivative instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy and hedging program.
Derivative instruments are not transacted for speculative purposes. Accounting standards however require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments, other than cross currency swaps that hedge net investments in foreign operations, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

The fair value of derivatives has been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves, foreign exchange spot and forward rates, option volatilities and the credit quality of all counterparties.

8.5.1 Market risk

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.

In case of derivative termination, netting can apply as a result of existing agreements between mainly the Group and the banks. The related amounts of derivative instruments, including accrued interests, would be €85.0 Mn (December 31, 2018: €28.8 Mn) for assets and €348.7 Mn (December 31, 2018: €84.5 Mn) for liabilities.

Interest rate risk

The Group is exposed to interest rate fluctuations on its existing or future variable rate borrowings. 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 optimise the overall cost of financing in the medium-term. In order to implement this strategy, The Group uses notably derivatives (mainly caps and swaps) to hedge its interest rate exposure. The Group's market transactions are confined exclusively to those interest hedging activities. All transactions are managed centrally and independently by the Group.

Interest rate hedging transactions

The Group pursued its cautious hedging policy, putting in place caps and swaps to limit its interest rate exposure.
This includes the following macro hedges: USD caps and swaps for a nominal amount of USD 5.5 Bn as December 31, 2019 (December 31, 2018: USD 5.5 Bn). The cap is a type of interest rate derivative in which the Group receives payments at the end of each period in which the interest rate exceeds the agreed strike price.

MEASURING INTEREST RATE RISK

As at December 31, 2019, the measuring interest risk is as follows:

	Financial assets		Financial liabilities		Net exposure before hedging	
(€Mn)	Fixed rate	Variable rate	Fixed rate	Variable rate*	Fixed rate	Variable rate
Less than 1 year	56.8	-	267.1	-	210.3	-
1 year to 2 years	-	-	-	540.7	-	540.7
2 years to 3 years	-	-	689.9	422.8	689.9	422.8
3 years to 4 years	-	-	35.8	-	35.8	-
4 years to 5 years	-	-	890.2	1,091.1	890.2	1,091.1
More than 5 years	-	-	4,788.7	737.8	4,788.7	737.8
Total	**56.8**	**-**	**6,671.7**	**2,792.4**	**6,614.9**	**2,792.2**

** Including index-linked debt.*

As at December 31, 2018, the measuring interest risk is as follows:

	Financial assets		Financial liabilities		Net exposure before hedging	
(€Mn)	Fixed rate	Variable rate	Fixed rate	Variable rate*	Fixed rate	Variable rate
Less than 1 year	53.3	-	1,091.7	393.0	1,038.4	393.0
1 year to 2 years	-	-	415.6	-	415.6	-
2 years to 3 years	-	-	-	909.6	-	909.6
3 years to 4 years	-	-	676.9	-	676.9	-
4 years to 5 years	-	-	35.8	-	35.8	-
More than 5 years	-	-	4,299.6	1,046.9	4,299.6	1,046.9
Total	53.3	-	6,519.6	2,349.5	6,466.3	2,349.5

** Including index-linked debt.*

The Group does not have a micro-hedging strategy, except when both currency exchange risk and interest rate risk are hedged, which enables it not to correlate its liquidity risk and interest rate risk management. Consequently, the maturities of the debts and hedging instruments can be dissociated and the outstanding derivatives instruments can hedge a part of the fixed rate debt maturing in the following years.

The outstanding debt was hedged at 75% as at December 31, 2019 (December 31, 2018: 78%) through both:

- Debt kept at fixed rate,
- Hedging in place as part of WFD UR NV's macro hedging policy.

The hedging balance as at December 31, 2019 breaks down as follows:

	Outstanding total as at December 31, 2019		Outstanding total as at December 31, 2018	
(€Mn)	Fixed rate	Variable rate(1)	Fixed rate	Variable rate(1)
Financial liabilities	(6,671.7)	(2,792.4)	(6,519.6)	(2,349.6)
Financial assets	56.8	-	53.3	-
Net financial liabilities before hedging program	**(6,614.9)**	**(2,792.4)**	**(6,466.3)**	**(2,349.6)**
Micro-hedging	1,335.2	(1,335.2)	1,310.0	(1,310.0)
Net financial liabilities after micro-hedging(2)	**(5,279.7)**	**(4,127.6)**	**(5,156.3)**	**(3,659.6)**
Net debt not covered by swaps		**(4,127.6)**		(3,659.6)
Cap and floor hedging	-	**1,780.3**		1,746.7
HEDGING BALANCE	**-**	**(2,347.3)**		**(1,912.9)**

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

Based on the estimated average debt position of WFD UR NV in 2020, if interest rates (Libor, BBSY) were to rise by an average of +50 bps[22] during 2019, the estimated impact on financial expenses would be -€9.9 Mn:

- Dollar financial expenses would increase by -$4.9 Mn (€4.4 Mn);
- Australian dollar financial expenses would increase by -$A8.2 Mn (€4.9 Mn)
- Euro financial expenses would increase by -€0.6 Mn

In total, a +100 bps increase in interest rates during 2019 would have a net positive impact on financial expenses of -€19.8 Mn:

- Dollar financial expenses would increase by -$9.8 Mn (€8.8Mn);
- Australian dollar financial expenses would increase by -$A16.4 Mn (€9.9 Mn)
- Euro financial expenses would increase by -€1.2 Mn

A -50 bps drop in interest rates would reduce the financial expenses by +€9.9 Mn:

- Dollar financial expenses would decrease by +$4.9 Mn (€4.4 Mn);
- Australian dollar financial expenses would decrease by +$A 8.2 Mn (€4.9 Mn)
- Euro financial expenses would decrease by +€0.6 Mn

Foreign exchange rate risk

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 euro zone following the WAT acquisition. When converted into euros, the income and value of the Group's net investment may be influenced by fluctuations in exchange rates against the euro. The Group's policy objective is to apply a broadly consistent LTV by currency allowing it to match part of the foreign currency asset value and income with debt and financial expenses in the same currency, thus reducing the exchange rate effects on net asset value and earnings. Foreign exchange risk can be hedged by either matching investments in a specific currency with debt in the same currency or using derivatives to achieve the same risk management goal.

Currency risk during the building period of pipeline investments is covered as early as possible after signing of the actual building contract.

Other monetary assets and liabilities held in currencies other than the euro are managed by ensuring that net exposure is kept to an acceptable level by buying or selling foreign currencies at spot or forward rates where necessary to address short term balances.

MEASURE OF THE EXPOSURE TO OTHER RISKS AS AT DECEMBER 31, 2019 *(€MN)*

Currency	Assets	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges
USD	13,117	(7,088)	(6,029)	-	(6,029)
A$	-	(1,015)	(1,015)	-	(1,015)
TOTAL	**13,117**	**(8,103)**	**5,014**	**-**	**5,014**

[22] The impact on exchange rates due to this theoretical increase of +50 bps in interest rates is not taken into account.
The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at December 31, 2019: 3m Euribor (-0.35%), 3m USD Libor (1.7%) and 3m AUD Libor (0.85%).

MEASURE OF THE EXPOSURE TO OTHER RISKS AS AT DECEMBER 31, 2018 *(€MN)*

Currency	Assets	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges
USD	13,357.2	(7,649.8)	5.707,4	-	5.707,4
A$	-	(1,001.2)	(1,001.2)	-	(1,001.2)
TOTAL	**13,357.2**	**(8,651.0)**	**4,706.2**	**-**	**4,706.2**

EXPOSURE SENSITIVITY TO CURRENCY EXCHANGE RATE

The main exposure kept is in USD and AUD (i.e. a 10% increase of EUR against the USD and AUD) would have an impact on shareholders' equity and the recurring result as follows:

	December 31, 2019		December 31, 2018	
(€Mn)	Recurring result Gain/(Loss)	Equity Gain/(Loss)	Recurring result Gain/(Loss)	Equity Gain/(Loss)
Impact of an increase of +10% in the EUR/USD exchange	(32.7)	(548.1)	(23.2)	(518.9)
Impact of an increase of +10% in the EUR/AUD exchange	-	92.3	-	91.0

Management of other risks

The Group, through its activities, may be exposed to market risks which can generate losses as a result of fluctuations in stock markets. The Group is either (i) directly exposed to fluctuations in stock prices due to the ownership of participations or financial instruments, or, (ii) indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share based derivatives which are directly correlated with the price of the asset underlying such derivatives.

8.5.2 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 review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit story.

In the Shopping Centres segment, the risk of insolvency is spread widely across a large number of tenants.

When tenants sign their lease agreements, they are required to provide financial guarantees, such as a deposit, first-demand guarantee or a 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 segment which decides on the pre-litigation or litigation action to be taken.

According to IFRS 9, the estimated depreciation corresponds to the amount which the company does not expect to recover. Though, when collecting a tenant deposit or obtaining a bank guarantee, WFD UR NV covers the possible future losses.

WFD UR NV depreciation policy meets the simplified model of IFRS 9:

- The estimated losses are calculated on a homogenous segment of receivables;
- The rate of estimated loss reflects the best estimation of the expected future losses, on the considered client segment: WFD UR NV respects the notion of back testing (comparison is performed with historical rates of losses) and if needed, the rates are adjusted to take into account any new trigger event;
- Historical data are reviewed to reflect better the actual situation and integrate the best estimates for the near future.

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

- 50% for receivables due for more than three months (calculation after preliminary deduction of deposits and bank guarantee);
- 100% for receivables due for more than six months.

8.5.3 Liquidity risk

The Group undertakes active liquidity and funding risk management to enable it to have sufficient funds available to meet its financial obligations as and when they fall due, working capital and expected committed capital expenditure requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in note 8.3.3.

The following table shows the Group's contractually agreed interest payments and repayments of the non-derivative financial liabilities, commitment to non-controlling interests held by URW SE and the derivatives with positive and negative fair values (excluding lease liabilities and certain current financial liabilities like trade creditors). The commitment to non-controlling interests at fair value of €173.1 Mn is not included in the below table as the holder has the right to exchange into cash and/or URW stapled shares at any time (see note 8.3.8). 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 interest rates published on December 31, 2019. Credit lines drawn as at December 31, 2019 are considered as drawn until maturity.

(€Mn)	Carrying amount[1] December 31, 2019	Less than 1 year Interest	Less than 1 year Redemption	1 year to 5 years Interest	1 year to 5 years Redemption	More than 5 years Interest	More than 5 years Redemption
BONDS, BORROWINGS AND AMOUNTS DUE TO CREDIT INSTITUTIONS							
Bonds and EMTNs	(4,272.7)	(153.9)	(267.0)	(565.2)	(1,335.2)	(1,143.6)	(2,670.5)
Bank borrowings and other financial liabilities[2]	(5,191.4)	(133.9)	(0.1)	(416.9)	(2,335.1)	(4,056.1)	(2,855.9)
FINANCIAL DERIVATIVES							
Derivative financial liabilities							
Derivatives without a hedging relationship	(348.7)	(1.7)	-	(82.5)	-	(502.8)	-
Derivative financial assets							
Derivatives without a hedging relationship	(86.0)	(11.1)	-	38.8	-	46.1	-
COMMITMENT TO NON-CONTROLLING INTEREST							
Commitment to non-controlling interest held by URW SE	393.1	(40.5)	-	(92.8)	-	(104.4)	(393.1)

(1) Corresponds to the amount of principal debt (see note 8.3.3 "Financial debt breakdown and outstanding duration to maturity").
(2) Excludes current accounts with non-controlling interests.

8.6 Fair value of financial instruments per category

FAAC: Financial Asset at Amortised Cost

FAFVOCI: Financial Asset at Fair Value through Other Income

FAFVTPL: Financial Asset at Fair Value Through Profit or Loss

FLAC: Financial Liabilities at Amortised Cost

FLFVTPL: Financial Liabilities at Fair Value Through Profit or Loss

		Amounts recognised in statement of financial position according to IFRS 9				
December 31, 2019 *(€Mn)*	Categories in accordance with IFRS 9	Carrying Amount December 31, 2019	Amortised Cost	Fair value recognised in OCI	Fair value recognised in profit or loss	Fair value
ASSETS						
Financial assets	FAAC/FAFVOCI	197.4	181.8	15.6	-	197.4
Derivatives at fair value	FAFVTPL	85.0			85.0	85.0
Trade receivables from activity[1]	FAAC	36.3	36.3			36.1
Other receivables[2]	FAAC	37.1	37.1			37.1
Cash and cash equivalents	FAAC	56.8	56.8			56.8
		412.6	**311.3**	**16.3**	**86.0**	**412.6**
LIABILITIES						
Commitment to non-controlling interests	FLFVPL	566.2	393.1	-	173.1	566.2
Financial debts	FLAC	9,492.5	9,492.5	-	-	9,719.0
Derivatives at fair value	FLFVPL	348.7		-	348.7	348.7
Non-current amounts due on investments	FLAC	50.9	50.9	-	-	50.9
Amounts due to suppliers and other current debt[3]	FLAC	166.0	166.0	-	-	166.0
		10,624.3	**10,102.5**	**-**	**521.8**	**10,850.8**

December 31, 2018 *(€Mn)*	Categories in accordance with IFRS 9	Amounts recognised in statement of financial position according to IFRS 9	Fair value

		Carrying Amount December 31, 2018	Amortised Cost	Fair value recognised in OCI	Fair value recognised in profit or loss	
ASSETS						
Financial assets	FAAC/FAFVOCI/FAFVTPL	676.5	180.5	0.4	495.6	676.5
Derivatives at fair value	FAFVTPL	28.8	-	-	28.8	28.8
Trade receivables from activity(1)	FAAC	59.4	59.4	-	-	59.4
Other receivables(2)	FAAC	13.2	13.2	-	-	13.2
Cash and cash equivalents	FAAC	53.3	53.3	-	-	53.3
		831.2	**306.4**	**0.4**	**524.4**	**831.2**
LIABILITIES						
Commitment to non-controlling interests	FLFVPL	807.8	-	-	807.8	807.8
Financial debts	FLAC	8,928.4	8,928.4	-	-	8,756.8
Derivatives at fair value	FLFVPL	70.2	-	-	70.2	70.2
Non-current amounts due on investments	FLAC	55.2	55.2	-	-	55.2
Amounts due to suppliers and other current debt(3)	FLAC	219.4	219.4	-	-	219.4
		10,081.0	**9,203.0**	**-**	**878.0**	**9,909.4**

(1) Excluding rent-free periods and step rents.
(2) Excluding prepaid expenses, service charges due and tax receivables.
(3) Excluding deferred income, service charges billed and tax liabilities.

"Trade receivables from activity", "Other receivables", "Cash and cash equivalents" and "Amounts due to suppliers and other current debt" mainly have short-term maturity. Consequently, their carrying amounts at the reporting date approximate the fair value.

The fair value of the commitment to non-controlling interest fair value level 2 is based on URW share price of reporting date as at December 31, 2018. Due to the 2019 Restructurings these shares were effectively cancelled. The commitment to non-controlling interests as at December 31, 2019 relate to the preference shares in USA acquisitions Inc. which is valued at amortised cost.

8.6.1 Fair value hierarchy of financial assets and liabilities

IFRS 13 establishes a hierarchy of valuation techniques for financial instruments. The following categories are identified:

- 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. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- 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.

	Fair value measurement as at December 31, 2019			
(€Mn)	Total	Level 1	Level 2	Level 3
ASSETS				
Fair value through profit or loss				
Derivatives	85.0	-	85.0	-
Fair value through OCI				
Financial assets	15.6	-	-	15.6
TOTAL	**100.6**	**-**	**85.0**	**15.6**
LIABILITIES				
Fair value through profit or loss				
Commitment to non-controlling interests	173.1	-	-	173.1
Derivatives	348.7	-	348.7	-
TOTAL	**521.8**	**-**	**348.7**	**173.1**

(€Mn)	Fair value measurement as at December 31, 2018 Total	Level 1	Level 2	Level 3
ASSETS				
Fair value through profit or loss				
Financial assets	495.6	-	-	495.6
Derivatives	28.8	-	28.8	-
Fair value through OCI				
Financial assets	0.4	-	-	0.4
TOTAL	**524.8**	**-**	**28.8**	**496.0**
LIABILITIES				
Fair value through profit or loss				
Commitment to non-controlling interests	807.8	-	608.0	199.8
Derivatives	70.2	-	70.2	-
TOTAL	**878.0**	**-**	**678.2**	**199.8**

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at December 31, 2019, the marked-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

Reconciliation of fair value measurement of financial assets and commitment to non-controlling interests

(€Mn)	Financial assets	Commitment to non-controlling interest
February 14, 2018	-	-
Entry in scope of consolidation	137.1	203.0
Fair value movements in P&L	-	(7.6)
Additions	353.2	-
Disposal	(0.1)	-
Currency translation	5.7	4.4
December 31, 2018	496.0	199.8
Fair value movements in P&L	(28.6)	(6.1)
Additions	15.2	0.1
Disposal	(478.3)	(22.3)
Currency translation	11.3	1.6
December 31, 2019	15.6	173.1

The fair value of the commitment to non-controlling interest fair value level 3 has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. As at December 31, 2019, an increment of 1% to the earnings yield would result in a decrease in fair value or additional gain by €26.7 Mn (December 31, 2018: €29.5 Mn). Similarly, a decrement of 1% to the yield would result in an increase in fair value or additional loss by €37.4 Mn (December 31, 2018: €41.6 Mn). The higher the earning yield, the lower the fair value.

8.6.2 Net gain/loss by category

WFD UR NV 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, and currency exchange rates) in order to implement the adopted strategy.

2019 *(€Mn)*	From interest	Net gain/(loss)
Financial assets	24.9	24.9
Derivatives at fair value through profit and loss	11.4	11.3
Financial liabilities at amortised cost	(358.4)	(358.4)
	(322.1)	(322.2)
Capitalised expenses		1.2
NET FINANCIAL COSTS		**(320.9)**

2018 *(€Mn)*	From interest	Net gain/(loss)
Financial assets	11.8	11.8
Derivatives at fair value through profit and loss	5.0	5.0
Financial liabilities at amortised cost	(185.2)	(185.2)
	(168.4)	(168.4)
Capitalised expenses		5.7
NET FINANCIAL COSTS		**(162.7)**

NOTE 9 ● TAXES

9.1 Accounting principles

9.1.1. Income tax expenses

The Group companies are taxable according to the tax rules of their country. In both countries in which the group operates, special tax regimes for (public) real estate companies exist. For many companies of the Group, eligible for such regimes, it has been opted for to use those specific regimes.

Calculation of income tax expenses is based on local rules and rates.

9.1.2. 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 used.

Deferred tax liabilities on properties refer to:

- for companies not using special tax regimes for real estate companies: all temporary differences between the carrying amount and tax base of assets and liabilities at each financial year-end.
- for companies using special tax regimes for real estate companies: tax amounts to be paid in case of capital gains on property sales, based on the structure of WFD UR NV in its current form and under current legislation.

9.1.3. Tax regime US - US REIT

The Group has elected to apply the REIT regime for the main part of its US portfolio. Like in other REIT regimes, there's an asset test (75%) along with various securities ownership limits, and in addition there is a combined income test: at least 75% of the gross income must be derived from real estate property rental or from interest on mortgages on real estate property, whereas at least 95% of the gross income must come from a combination of real estate related sources and passive sources, such as dividends and interest. US law requires the REIT to annually distribute at least 90% of its ordinary taxable income.

9.2 Income tax expenses

(€Mn)	2019	2018
Recurring deferred and current tax on:		
• Other recurring results	1.9	(0.4)
Total recurring tax	1.9	(0.4)
Non-recurring deferred and current tax on:		
• Change in fair value of investment properties and impairment of intangible assets	564.4	13.9
• Other non-recurring results	34.8	8.5
Total non-recurring tax	599.2	22.4
TOTAL TAX	**601.1**	**22.0**

(€Mn)	2019	2018
Current tax	(70.4)	7.1
Deferred tax	671.5	14.9
TOTAL TAX	**601.1**	**22.0**

The change in fair value of investment properties is mainly related to the impact of the changes in the structure of US operations described in note 2.1.

(€Mn)	%	2019	%	2018
Reconciliation of effective tax rate				
Result before tax		(513.3)		165.9
Income tax using the average tax rate	22.3%	114.4	-27.8%	(46.1)
Tax exempt profits (REIT- regimes)	(16.0%)	(82.0)	1.81%	3.0
Non deductible costs	(2.9%)	(14.8)	4.28%	7.1
Effect of tax provisions	(1.2%)	(6.0)	-2.59%	(4.3)
Share of result of companies accounted for using the equity method	(2.3%)	11.8	20.19%	33.5
Effect of currency translation in tax	(0.0%)	(0.2)	12.66%	21.0
Effect of changes in structure of US operations (1)	112.6%	577.9		-
Other		-	4.7%	7.8
	117.1%	**601.1**	**13.3%**	**22.0**

(1) Mainly related to the impact of the changes in the structure of US operations described in note 1.1.1. "Changes in the structure of US operations".

The current income tax expense relates mainly to the result of WAT. The Company qualifies as a FII (Fiscal Investment Institution <*in Dutch: Fiscale Beleggings Instelling*>) for the corporate income tax in The Netherlands in accordance with section 28 of the Dutch 'Wet op de vennootschapsbelasting 1969'. The corporate tax rate of a FII is 0% in The Netherlands.

9.3 Deferred taxes

2019 change

(€Mn)	December 31, 2018[2]	Decrease	Reclassification	Currency translation	December 31, 2019
Deferred tax on investment properties[1]	(771.4)	672.2	(0.1)	(16.9)	(116.2)
Deferred tax on intangible assets	(81.6)	-	-	(1.6)	(83.2)
TOTAL DEFERRED TAX LIABILITIES	**(853.0)**	**672.2**	**(0.1)**	**(18.5)**	**(199.4)**
Other deferred tax assets	0.6	(0.6)	-	-	0.0
TOTAL DEFERRED TAX ASSETS	**0.6**	**(0.6)**	**-**	**--**	**0.0**

(1) Mainly related to the impact of the changes in the structure of US operations described in note 2.1.

(2) Restated mainly due to the application of IFRIC 23.

2018 change

(€Mn)	February 14, 2018	Change in scope of consolidation	Decrease/exit from scope of consolidation	Currency translation	December 31, 2018	Restated December 31,2018
Deferred tax on investment properties	-	(941.5)	83.4	(18.3)	(876.4)	(771.4)
Deferred tax on intangible assets	-	(80.5)	1.6	(2.7)	(81.6)	(81.6)
TOTAL DEFERRED TAX LIABILITIES	**-**	**(1,022.0)**	**85.0**	**(21.0)**	**(958.0)**	**(853.0)**
Other deferred tax assets	-	4.2	(3.6)	0.1	0.6	0.6
TOTAL DEFERRED TAX ASSETS		**4.2**	**(3.6)**	**0.1**	**0.6**	**0.6**

Unrecognized deferred tax assets

The table below presents the tax basis on which no deferred tax assets were recognized:

(€Mn)	December 31, 2019	December 31, 2018
Tax loss carry-forwards not recognized	39.8	14.4
TOTAL UNRECOGNIZED TAX- BASIS	**39.8**	**14.4**

Detail of unrecognized tax losses at the end of 2019 into final year of use

(€Mn)	**December 31, 2019**	**December 31, 2018**
2020	-	14.4
2021	-	-
2022	-	-
2023	-	-
2024	7.6	-
Unlimited	32.2	-
TOTAL	**39.8**	**14.4**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available to be offset against these assets.

NOTE 10 ● PROVISIONS

The determination of the amount of provisions for liabilities and charges requires the use of estimates, assumptions and judgment of the management based on information available or situations prevalent at the date of preparation of the accounts, information and situation which may vary from subsequent actual events.

(€Mn)	December 31, 2018[1]	Allocations	Reversals used	Reversals not used	Currency translation	**December 31, 2019**
Non-current provisions	84.4	-	(2.4)	(8.3)	1.7	**75.4**
Current provisions	0.6	5.6	-	-	-	**6.2**

(1) December 31, 2018 has been restated as follows:
- reclassification from Deferred tax liabilities (€105.0 Mn) to Non-current provision (€82.1 Mn) and Other current liabilities (€22.9 Mn), mainly as a consequence of the application of IFRIC 23.

As at December 31, 2019, the non-current provisions amounted €75.4 Mn and mainly relate to an estimate for potential payments due to third parties in case of a future sale of investment properties.

NOTE 11 ● OTHER CURRENT LIABILITIES

Other current liabilities breakdown as follows:

(€Mn)	**December 31, 2019**	**December 31, 2018[1]**
Tax and social liabilities[2]	**173.7**	70.9
Other liabilities	24.6	36.4
TOTAL OTHER CURRENT LIABILITIES	**198.3**	**107.3**

(1) December 31, 2018 has been restated as follows:
- reclassification from Deferred tax liabilities (€105.0 Mn) to Non-current provision (€82.1 Mn) and Other current liabilities (€22.9 Mn), mainly as a consequence of the application of IFRIC 23.

(2) Within the tax and social liabilities, an amount of €133.3 Mn (December 31, 2018: 38.6 Mn) relates to the current tax liability.

As at December 31, 2019, the Tax and social liabilities mainly relate to the expected value of several additional payments still to be done in relation to past activities.

NOTE 12 ● AMOUNTS DUE ON INVESTMENTS

As at December 31, 2019 the non-current amounts due on investments €50.9 Mn (December 31, 2018: €55.2 Mn) and current amounts due on investments is €62.7 Mn (December 31, 2018: €54.2 Mn). €43.3 Mn (December 31, 2018: €46.4 Mn) of the non- current amounts due on investments relates mainly to the former Urban Shopping Centre portfolio. The current amounts due on investments relates to payables on projects of Westfield Topanga €2.7 Mn (December 31, 2018: €19.1 Mn), Westfield World Trade Centre €40.3 Mn (December 31, 2018: €13.2 Mn) and Westfield Century City €9.2 (December 31, 2018: €1.4 Mn). Remaining amounts relate to several projects.

NOTE 13 ● EMPLOYEE REMUNERATION AND BENEFITS

13.1 Accounting principles

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. The Group has only a defined contribution plan.

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.

• Share based payments

Under IFRS 2, all transactions relating to share-based payments must be recognized in the income statement. This is the case for the Group Stock Option Plan and Performance Shares Plan.

Stock options granted to employees are stated at their fair value on the date of allocation. As the transactions are equity-settled share-based payments, this value remains unchanged, even if the options are never exercised. The value applied to the number of options finally exercised at the end of the vesting period (estimation of the turnover) is booked as an expense, with a corresponding increase in equity which is spread over the vesting period (i.e. the period during which employees must work for the Company before they can exercise the options granted to them).

The stock options and performance shares, all subject to performance condition, have been valued using a Monte Carlo model.

The additional expenses incurred by the Stock Option Plans and Performance Shares Plans are classified under personnel expenses.

13.2 Headcount

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

Regions	2019	2018
United States	878	1,084
The Netherlands	5	5
TOTAL	**883**	**1,089**

13.3 Personnel costs

(€Mn)	2019	2018
Head and regional office personnel costs	229.0	125.6
Post employment benefits	0.0	0.1
TOTAL	**229.0**	**125.7**

13.4 Employee benefits

13.4.1 Share-based payments

● *Stock option plans*

There are currently one plan for stock options granted to Directors and employees of the Group. Stock-options may be exercised at any time, in one or more instalments, as from the 3rd anniversary of the date of their allocation.

The stock option plan has an external performance condition (TSR) based on the Group's share price performance, a Corporate Social Responsibility (CSR) condition (external and internal) and an Adjusted Recurring Earnings per Share (AREPS).

The weight of the performance conditions for the SO plan granted in March 2019 is 45% for TSR, 45% for AREPS, 5% for external CSR and 5% for internal CSR.

Stock options are accounted for in accordance with IFRS 2. The performance-related stock-options allocated in March 2019 were valued at €3.87 (excl. turnover) for those with a TSR condition and at €4.60 (excl. turnover) for those with AREPS and CSR conditions, using a Monte Carlo model. This valuation is based on an initial exercise price of €144.55, a share price at the date of allocation of €149.52, a vesting period of three years, an estimated duration of 3.7 years, a market volatility of 14.6%, a dividend representing 6.5% of the share value, a risk-free interest rate of -0.30% and a volatility of TSR Performance Benchmark Index (63% Eurozone Retail, 7% France Offices, 8% UK Retail, 22% US Retail) of 10.5% with a correlation TSR Performance Benchmark Index / URW of 78.3%.

145,338 SO have been allocated to employees and corporate officers of WFD UR NV in March 2019. The expense recorded in the consolidated statement of comprehensive income (corporate expenses) in relation to stock options is €0.5 Mn.

In 2018 no plans stock options were granted to the Management Board and employees of the Group.

The table below shows WFD UR NV allocated stock options not exercised at the period-end:

Plan		Exercise period[(1)]	Adjusted subscription price (€)[(2)]	Number of options granted	Adjustments in number of options[(2)]	Number of options cancelled	Number of options exercised	Potential additional number of shares[(3)]
2019 plan	2019	From 20/03/2022 to 19/03/2027	144.55	145,338	-	6,713	-	138,625

(1) Under assumption that the performance and presence conditions are satisfied. If the first day of the exercise period is a non-business day, the retained date will be the next business day. If the end of the exercise period is a non-business day, the retained date will be the first preceding business day.
(2) Adjustments reflect distribution paid from retained earnings.
(3) All the options are subject to performance condition.

The table below shows the number and weighted average exercise prices of stock options:

	2019	
	Number	**Weighted average price (€)**
Outstanding at the beginning of the period	0	144.55
Allocated over the period	145,338	144.55
Cancelled over the period	6,713	144.55
Exercised over the period	0	144.55
Average share price on date of exercise	n/a	144.55
Outstanding at the end of the period	138,625	144.55
Of which exercisable at the end of the period [(1)]	0	144.55

(1) The right to exercise is subject to meeting the following performance condition: the overall market performance of WFD UR NV must be higher in percentage terms than the performance of the EPRA reference index over the reference period.

Performance share plan

In March 2019 performance shares are granted to Directors and employees of the Group.

Performance shares are vesting on the 3rd anniversary of the grant and are subject to external and internal performance conditions. The weight of the performance conditions for the PS plan granted in March 2019 is also 45% for TSR, 45% for AREPS, 5% for external CSR and 5% for internal CSR.

Performance shares are accounted for in accordance with IFRS 2. The awards allocated in March 2019 were valued at €58.61 (excl. turnover) for those with a TSR condition and at €122.21 (excl. turnover) for those with non-market condition (AREPS and CSR), using a Monte Carlo model. This valuation is based on a share price at the date of allocation of €149.52, a vesting period of three years, a market volatility of 14.6%, a volatility of TSR Performance Benchmark Index of 10.5% with a correlation TSR Performance Benchmark Index/URW of 78.3%, a dividend representing 6.5% of the share value and risk-free interest rates of -0.37%.

33,422 PS have been allocated to employees of WFD UR NV in March 2019. The expense recorded in the consolidated statement of comprehensive income (corporate expenses) in relation to performance shares is €2.5 Mn.

In 2018 no plans stock options were granted and performance share plan were awarded to the Management Board and employees of the Group.

Starting date of the vesting period[(1)]	Number of performance shares allocated	Number of performance shares cancelled	Number of performance shares acquired	Potential additional number of shares[(2)]
March 2019	33,422	1,544	0	31,878
TOTAL	**33,422**	**1,544**	**0**	**31,878**

(1) For French tax residents: a minimum vesting period of three years, and a minimum holding period of two years once vested; For non-French tax residents: a minimum vesting period of four years without any requirement to hold the shares.
(2) The acquisition of the shares is subject to performance condition.

13.4.2 Remuneration of the Senior Management Team and the Supervisory Board

Remuneration of the Senior Management Team

(K€) Paid in:	2019	2018
Fixed Income	5,270	3,631
Short-Term Incentive	6,207	0
Pension[(1)]	1,499	659
Other benefits[(2)]	372	52
TOTAL	**13,348**	**4,342**

(1) include Supplementary Contribution Scheme

(2) relate to Group life and health insurance, cost of living and car allowances

For the remuneration of the individual members of the Management Board see section 2.3.2 of the Annual Report.

In 2018, the total amount relates to the total remuneration of the Senior Management Team for the period from June 7 till December 31 and includes the members of the Management Board.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board amounts to €255,000 (2018: €130,500) for the 2019 financial year. For the remuneration of the individual members of the Supervisory Board see section 2.3.3 of the Annual Report.

Loans or guarantees granted to directors

None.

Transactions involving directors

None.

NOTE 14 SHARE CAPITAL AND DIVIDENDS

14.1 Capital 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.

Under the supervision of the CFO, the capital management goals are managed in line with the URW Group perspective.

In order to maintain or adjust the capital structure, the Group may issue new debt or buy back existing outstanding debt, comply with capital requirements of relevant regulatory authorities, adjust the amount of dividends paid to shareholders (subject to FBI requirements in The Netherlands), return capital to shareholders or sell assets to reduce debt.

14.2 Number of shares

Accounting principles

The Class A shares of WFD UR NV are stapled with the shares in URW SE (Stapled shares). As a consequence of the Stapled structure the exercise of the convertible bonds (ORNANE and ORA) and stock options plans, performance shares of URW SE, will also have a dilutive impact on the shares of WFD UR NV (with a share issuance at that time).

The Earnings Per Share indicator is calculated by dividing net result for the period attributable to the shareholders of WFD UR NV by the weighted average number of ordinary shares in circulation over the period.

To calculate diluted Earnings Per Share, the average number of shares in circulation is adjusted to take into account the conversion of all potentially dilutive ordinary shares, in particular stock options and performance shares during the vesting period, as well as the bonds redeemable for shares (*ORA*) and the net share settled bonds convertible into new and/or existing shares (*ORNANE*) initially issued by URW SE.

The dilutive impact is determined using the treasury stock method, which assumes that proceeds from the exercise of options are used to repurchase Company shares at their market value. The market value corresponds to the average monthly share price weighted by trading volumes. The theoretical number of shares that may be purchased at the market value is deducted from the total number of shares resulting from the exercise of rights. This number is then added to the average number of shares in circulation and hence constitutes the denominator.

Change in share capital

	Total number of issued and paid shares
As at December 31, 2018	**231,536,916**
Capital increase Class A shares	84,247
Conversion of ORA to Class A shares	5,757
As at December 31, 2019	**231,626,920**

The authorised share capital as at December 31, 2019 amounts to €550 Mn divided over 660 million ordinary class A shares and 440 million class B shares of €0.50 per share.

The issued and paid up share capital amounts to €115.8 Mn, formed by 138,378,605 ordinary A shares and 93,248,315 ordinary B shares as at December 31, 2019. All class B shares are held by URW SE. Class A and B shares are shares carrying one vote per share and ordinary dividend rights.

The Class A shares are stapled with the shares in URW SE (Stapled shares). As a consequence of the Stapled structure the exercise of the convertible bonds (ORNANE and ORA- financial instruments issued by URW SE) and stock options plans, performance shares of URW SE will also have a dilutive impact on the shares of WFD UR NV (with a share issuance at that time).

Average number of shares diluted and undiluted

	2019	2018
Average number of shares (undiluted)	231,598,799	152,223,412
Dilutive impact		
Potential shares *via* stock options[(1)]	-	-
Attributed performance shares (unvested) [(1)]	198,736	149,298
Potential shares *via* ORNANE	1,913,286	3,469,345
Potential shares *via* ORA	3,652	7,628
AVERAGE NUMBER OF SHARES (DILUTED)	**233,714,473**	**155,849,683**

[(1)] *Correspond only to shares or stock options and attributed performance shares which are in the money and for which the performance conditions are fulfilled.*

Unibail-Rodamco-Westfield SE stock options and performance not exercised at the period-end

The URW SE stock options and performance shares not exercised at the period-end have a dilutive impact on the Class A shares due to the stapling of the shares of URW SE and WFD UR NV. The table below shows the URW SE allocated stock options and performance shares not exercised at the period-end:

The table below shows URW SE allocated stock options not exercised at the period-end:

Plan		Exercise period[(1)]	Adjusted subscription price (€)[(2)]	Number of options granted	Adjustments in number of options[(2)]	Number of options cancelled	Number of options exercised	Potential additional number of shares[(3)]
2011 plan (n° 7)	2012	from 15/03/2016 to 14/03/2019	146.11	672,202	-	174,514	497,688	-
	2013	from 05/03/2017 to 04/03/2020	173.16	617,066	-	153,313	355,337	108,416
	2014	from 04/03/2018 to 03/03/2021	186.10	606,087	-	208,907	23,466	373,714
2015 plan (n°8)	2015	From 04/03/2019 to 03/03/2022	256.81	615,860	-	193,603	-	422,257
	2015	from 05/09/2019 to 04/09/2022	238.33	7,225	-	7,225	-	-
	2016	from 09/03/2020 to 08/03/2023	227.24	611,608	-	141,743	1,913	467,952
	2017	from 08/03/2021 to 07/03/2024	218.47	611,611	-	94,569	-	517,042
2018 plan (n°9)	2018	From 06/03/2022 to 05/03/2025	190.09	630,135	-	53,465	-	576,670
2019 plan (n°10)	2019	From 20/03/2022 to 19/03/2026	144.55	748,372	-	28,239	-	720,133
TOTAL				**5,120,166**	**-**	**1,055,578**	**878,404**	**3,186,184**

(1) Under assumption that the performance and presence conditions are satisfied. If the first day of the exercise period is a non-business day, the retained date will be the next business day. If the end of the exercise period is a non-business day, the retained date will be the first preceding business day.
(2) Adjustments reflect distribution paid from retained earnings.
(3) All the options are subject to performance condition.

The table below shows URW SE allocated performance shares not exercised at the period-end:

Starting date of the vesting period[(1)]	Number of performance shares allocated	Number of performance shares cancelled	Number of performance shares acquired	Potential additional number of shares[(2)]
2015	37,554	10,515	27,039	-
2016	36,745	7,688	18,432	10,625
2017	39,770	6,154	-	33,616
March 2018	82,539	6,992	-	75,547
May 2018	38,130	463	-	37,667
March 2019	172,174	6,474	-	165,700
TOTAL	**406,912**	**38,286**	**45,471**	**323,155**

(1) For French tax residents: a minimum vesting period of three years, and a minimum holding period of two years once vested ; For non-French tax residents: a minimum vesting period of four years without any requirement to hold the shares.
(2) The acquisition of the shares is subject to performance condition.

14.3 Additional paid-in capital

Additional paid-in capital is paid up share capital in excess of nominal value. The amount of share premium is €2,243.1 Mn as at December 31, 2019 (December 31, 2018: €2,242.7 Mn).

14.4 Dividends

No dividends were declared or paid during the reporting period.

NOTE 15 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

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

15.1 Commitments given

Commitments given *(€Mn)*	Description	Maturities	December 31, 2019	December 31, 2018
1a) Commitments related to Group financing - Fully consolidated			**761.2**	**899.8**
Financial guarantees given	• Mortgages and first lien lenders	2020 to 2026	352.6	498.9
Financial guarantees given	• Guarantees relating to entities under equity method	2020 to 2022	408.6	400.9
1b) Commitments related to Group financing - Entity under equity method			**1,795.4**	**1,765.6**
Financial guarantees given	• Loan guarantees	2020 to 2025	354.5	347.8
Financial guarantees given	• Mortgages and first lien lenders	2020 to 2026	1,440.9	1,417.8
2a) Commitments related to Group operational activities - Fully consolidated			**42.5**	**114.7**
	• Residual commitments for works contracts and forward purchase agreements	2020+	39.6	63.5
	• Rental of premises and equipment (lease payable)(1)	2020+	2.9	51.2
2b) Commitments related to Group operational activities - Entity under equity method			**214.5**	**214.1**
	• Residual commitments for works contracts and forward purchase agreements	2020+	209.8	209.9
	• Rental of premises and equipment (lease payable)	2020+	4.7	4.2
TOTAL COMMITMENTS GIVEN			**2,813.6**	**2,994.2**

(1) The decrease relates mainly to the application of IFRS 16 leases.

15.2 Commitments received

Commitments received *(€Mn)*	Description	Maturities	December 31, 2019	December 31, 2018
1) Commitments related to Group financing				
Financial guarantees received	• Refinancing agreements obtained but not used	2022	2,658.7	2,061.9
2a) Commitments related to Group operational activities - Fully consolidated				
Other contractual commitments received related to operations	• Future minimal rents	2020+	1,589.3	1,836.9
2a) Commitments related to Group operational activities - Entity under equity method				
Other contractual commitments received related to operations	• Future minimal rents	2020+	1,624.8	1,652.2
TOTAL COMMITMENTS RECEIVED			**5,872.8**	**5,551.0**

The expected credit loss on the financial guarantees are insignificant.

15.3 Contingent liabilities

The Groups obligation with respect to performance guarantees amounted €12.1 Mn (December 31, 2018: €23.1 Mn) which includes both consolidated and equity accounted contingent and may be called on at any time dependent upon the performance or non-performance of certain parties.

On June 28, 2018, URW SE and WFD UR NV implemented cross guarantees. The Company as part of the "Unibail-Rodamco-Westfield Guarantors" has jointly and severally agreed to guarantee the payment of all sums payable from time to time under the outstanding guaranteed senior notes issued by certain subsidiaries of the former Westfield Corporation (WEA Finance LLC, Westfield UK & Europe Finance PLC and WFD Trust).

The expected credit loss on the financial guarantees are insignificant.

15.4 Non-controlling interests

The net result for the period attributable to external non-controlling interests is €3.1 Mn (December 31, 2018: €5.8 Mn). The non-controlling interests amounted to €84.3 Mn as per December 31, 2019 (December 31, 2018: €322.7 Mn) of which 7.6% is indirect held by the related party entity URW SE and 0.2% by third parties. The 7.6% is split between common shares of 1.958% and redeemable preference shares/units disclosed in note 7.4.

NOTE 16 ● LIST OF THE MAIN CONSOLIDATED COMPANIES

List of the main consolidated companies	Country	Method[1]	% interest December 31, 2019	% control December 31, 2019	% interest December 31, 2018
WFD Unibail-Rodamco N.V.	The Netherlands	FC	100.00	100.00	100.00
WFD Unibail-Rodamco Real Estate B.V.	The Netherlands	FC	100.00	100.00	100.00
Westfield America Trust	Australia	FC	100.00	100.00	100.00
WFA Finance (Aust) Pty Limited	Australia	FC	-	-	100.00
URW America Inc.	United States	FC	100.0	100.00	100.00
URW WEA LLC (formerly WFD America Inc.)	United States	FC	92.20	92.20	82.39

(1) FC: full consolidation method

NOTE 17 ● SUBSEQUENT EVENTS

There are no subsequent events, except the developments surrounding the Corona (Covid-19) virus which is disclosed in chapter 1 of the management board report and chapter 4 of the risk management of this Annual report.

3.3 COMPANY ONLY FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

3.3.1. COMPANY BALANCE SHEET AS AT DECEMBER 31, 2019

(before profit appropriation)

(€ thousands)	Notes	December 31, 2019	December 31, 2018
ASSETS			
Property, plant and equipment		72	83
Investments in subsidiaries	4	5,086,004	4,767,749
Derivatives	9	83,432	24,330
Total non-current assets		5,169,507	4,792,162
Receivables	5	14,956	10,967
Cash and cash equivalents	6	3,426	2,348
Total current assets		18,382	13,315
TOTAL ASSETS		**5,187,889**	**4,805,477**

LIABILITIES AND EQUITY

Shareholders' equity	**7**		
Share capital		115,813	115,768
Additional paid-in capital		2,243,145	2,242,696
Foreign currency translation reserve		205,841	111,731
Revaluation reserve		464,797	162,713
Retained earnings		(409,756)	(162,713)
Hybrid securities		2,000	2,000
Result for the period		84,711	182,055
Total equity		2,706,551	2,654,250
Borrowings and financial liabilities	8	2,110,636	2,032,316
Derivatives	9	348,691	70,171
Total non-current liabilities		2,459,327	2,102,487
Amounts due to suppliers		-	2
Other liabilities	10	22,011	48,738
Total current liabilities		22,011	48,740
Total liabilities		2,481,338	2,151,227
TOTAL EQUITY AND LIABILITIES		**5,187,889**	**4,805,477**

3.3.2. COMPANY INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

(€ thousands)	Notes	2019	2018*
Other income		3,642	1,292
1 - TOTAL OPERATING INCOME		**3,642**	**1,292**
Administrative expenses	11	(2,663)	(1,748)
2 - TOTAL OPERATING EXPENSES		**(2,663)**	**(1,748)**
Financial income		5,288	1,339
Financial expenses		(272,503)	(80,743)
3 - FINANCIAL RESULT	**12**	**(267,215)**	**(79,404)**
4 -RESULT BEFORE TAX		**(266,236)**	**(79.860)**
Income tax	13	-	-
Result from subsidiaries	14	350,947	261,915
5 - NET RESULT AFTER TAX		**84,711**	**182,055**

** For the period from February 14, 2018 to December 31, 2018.*

3.4 NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

NOTE 1 ● GENERAL

WFD Unibail-Rodamco N.V. (“WFD UR NV” or the “Company”) is a public limited liability company and domiciled in The Netherlands. Its shares are publicly traded on the Amsterdam Stock Exchange and the Paris Stock Exchange, as well as in the form of CDIs on the Australian Securities Exchange. The Company was incorporated as Unibail-Rodamco B.V., a private company with limited liability under the laws of The Netherlands on February 14, 2018. On March 22, 2018, the Company changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the General Meeting adopted on March 15, 2018. The Company has its corporate seat in Amsterdam and its registered office is located at Schiphol Boulevard 315 Schiphol in The Netherlands. The chamber of commerce number is 70898618.

NOTE 2 ● ACCOUNTING POLICIES

Basis of preparation

The Company only financial statements are part of the 2019 consolidated financial statements of WFD UR NV.

The Company only financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company only financial statements are the same as those applied for the consolidated EU-IFRS financial statements. Reference is made to the notes to the consolidated financial statements.

The comparatives figures are from the period February 14, 2018 to December 31, 2018.

Investments in subsidiaries

Investments in subsidiaries and other entities in the Company financial statements are accounted for using the equity method. Goodwill paid upon acquisition of investments in group companies or associates is included in the net equity value of the investments and is not shown separately on the face of the balance sheet.

Amounts due from group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate. The company recognise a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the coming twelve months or — after a significant decrease in credit quality or when the simplified model can be used — based on the entire remaining loan term. For intercompany receivables the ECL would be applicable as well, however this could cause differences between equity in the consolidated and separate financial statements. For this reason, the company elected to eliminate these differences through the respective receivable account in the separate financial statements.

Results from subsidiaries

The result of subsidiaries consists of the share of the Company in the result of these subsidiaries. Results on transactions involving the transfer of assets and liabilities between the Company and its subsidiaries and mutually between subsidiaries themselves, are eliminated to the extent that they can be considered as not realised.

NOTE 3 ● SIGNIFICANT EVENTS OF THE YEAR

The Company’s interest in the United States real estate portfolio increased from 82.4% to 92.2% as a consequence of the 2019 Restructurings in the United States. The additional interest was purchased from the related party Unibail-Rodamco-Westfield with the issuance of a purchase money note. As a result of the transaction a loss of €127.0 Mn is directly charged to shareholder’s equity. Refer to note 2.1 of the consolidated financial statements.

NOTE 4 ● INVESTMENTS IN SUBSIDIARIES

2019 change

(€ thousands)	December 31, 2018	Acquisitions or capital increases	Exchange difference	Dividends	Investments and loans provided	Result from subsidiaries after tax	December 31, 2019
Group subsidiary investments	4,767,749	(126,802)	94,110	-	-	350,947	5,086,004
TOTAL	**4,767,749**	**(126,802)**	**94,110**	-	**-**	**350,947**	**5,086,004**

Investments in subsidiaries and other entities in which the Company either exercises voting control or effective management responsibility are valued at equity method. The 2019 Restructurings changed the organization structure of the Company in the United States. Refer to note 2.1.2 of the consolidated financial statements for the new structure of the Company.

As at December 31, 2019 (December 31, 2018: 0) there are no loans provided to group companies.

2018 change

(€ thousands)	February 14, 2018	Acquisitions or capital increases	Exchange difference	Dividends	Investments and loans provided	Result from subsidiaries after tax	December 31, 2018
Group subsidiary investments	-	4,394,103	111,731	-	-	261,915	4,767,749
TOTAL	**-**	**4,394,103**	**111,731**	**-**	**-**	**261,915**	**4,767,749**

Subsidiaries and investments

The Company is the holding company and has the following direct and indirect significant financial interests:

Company	Country	Capital held % December 31, 2019	Capital held % December 31, 2018
WFD Unibail-Rodamco Real Estate B.V.	The Netherlands	100.00	100.00
URW America Inc.	United States	100.00	100.00
URW WEA LLC (formerly WFD America Inc.)	United States	92.20	82.39
Westfield America Trust	Australia	100.00	100.00

NOTE 5 ● RECEIVABLES

(€ thousands)	December 31, 2019	December 31, 2018
Receivable from URW SE	11,016	10,895
Receivable from group companies	3,861	-
VAT receivables	60	38
Other receivables	19	34
TOTAL	**14,956**	**10,967**

The receivable from URW SE relates to the interest receivable on the swaps and there is no significant ECL allowance as at December 31, 2019 (December 31, 2018: 0).

NOTE 6 ● CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at hand and are held with banks. Cash and cash equivalents are freely available. The Company considers that its cash and cash equivalents have a low credit risk based on the external credit ratings of the banks.

NOTE 7 ● SHAREHOLDERS' EQUITY

(€ thousands)	Share capital	Additional paid-in capital	Foreign currency translation reserves	Revaluation reserve	Retained earnings	Result for the period	Hybrid securities	Total Shareholders' equity
Equity as at February 14, 2018	-	-	-	-	-	-	-	-
Net result	-	-	-	-	-	182,055	-	**182,055**
Other comprehensive income	-	-	111,731	-	-	-	-	**111,731**
Increase in capital	115,765	2,242,648	-	-	-	-	-	**2,358,413**
Increase of hybrid securities	-	-	-	-	-	-	2,000	**2,000**
Conversion of ORA and ORNANE	3	48	-	-	-	-	-	**51**
Other	-	-	-	162,713	(162,713)	-	-	**0**
Equity as at December 31, 2018	**115,768**	**2,242,696**	**111,731**	**162,713**	**(162,713)**	**182,055**	**2,000**	**2,654,250**
Net result	-	-	-	-	-	84,711	-	**84,711**
Other comprehensive income	-	-	94,110	-	-	-	-	**94,110**
Increase in capital	42	406	-	-	-	-	-	**448**
Conversion of ORA and ORNANE	3	43	-	-	-	-	-	**46**
Appropriation of result	-		-	-	182,055	(182,055)	-	**-**
Transaction with NCI holders	-	-	-	-	(127,014)	-	-	**(127,014)**
Other	-	-	-	302,084	(302,084)	-	-	**-**
EQUITY AS AT DECEMBER 31, 2019	**115,813**	**2,243,145**	**205,841**	**464,797**	**(409,756)**	**84,711**	**2,000**	**2,706,551**

Changes in the number of shares comprising the share capital

	Number of shares
As at December 31, 2018	231,536,916
Issue of shares Class A	84,247
Conversion of ORA into Class A shares	5,757
AS AT DECEMBER 31, 2019	**231,626,920**

The authorised share capital of the Company as at December 31, 2019 amounts to €550 Mn divided over 660 million ordinary class A shares and 440 million class B shares of €0.50 per share.

The issued and paid up share capital amounts to €115.8 Mn, formed by 138,378,605 ordinary A shares and 93,248,315 ordinary B shares as at December 31, 2018. Class B shares are shares carrying one vote per share and ordinary dividend rights. All class B shares are held by URW SE.

The Class A shares of the Company are stapled with the shares in URW SE (Stapled shares). As a consequence of the Stapled structure the exercise of the convertible bonds (ORNANE and ORA – financial instruments issued by URW SE) and stock options plans, performance shares of URW SE will have also a dilutive impact on the shares of the Company (with a share issuance at that time).

Share premium

Share premium is paid up share capital in excess of nominal value. The amount of share premium is €2,243.1 Mn as at December 31, 2019 (December 31, 2018: €2,242.7 Mn).

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hybrid securities

The hybrid security is a perpetual, deeply subordinated instrument without voting rights. The capital instrument is issued for €2.0 Mn cash in 2018 and is accounted for in equity, mainly because the company has the discretion not to pay interest or the principal. The amount remains unchanged in 2019.

Dividends

No dividends were declared or paid by the Company during the period of this financial year.

Revaluation reserve

The revaluation reserve comprises of the reserve for the fair value gain on investment properties and derivatives. The addition to the revaluation reserve is €302.1 Mn (December 31, 2018: €162.7 Mn).

Unappropriated result

The Board of Management proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the profit after tax for 2019 as follows: to add the remaining amount of €84.7 Mn (December 2018: €182,1 Mn) to the retained earnings.

Other

In 2019, the Company executed changes in the structure of its US operations. The Company's interest in the United States real estate portfolio increased from 82.4% to 92.2%. The impact on the transaction is a loss of €127.0 Mn in the Shareholder's equity.

NOTE 8 ● BORROWINGS AND FINANCIAL LIABILITIES

(€ thousands)	December 31, 2018	Additional loans	Amortisation	December 31, 2019
Debt to URW SE	2,046,351	75,818	-	2,122,169
Charges and premiums on issues of borrowing with URW SE	(14,035)	-	2,502	(11,533)
TOTAL	2,032,316	**75,818**	**2,502**	**2,110,636**

During the period, the Company had interest bearing loans from URW SE. The principal amount of the loans are €1,260.6 Mn and €750 Mn respectively. The interest rate is based on a fixed rate from and including the Issue Date to, but excluding, 25 October 2023 and 25 April 2026 respectively. After each 5 years the interest rate to be reset at 5YR Mid-swaps plus relevant margin. The maturity date of both loans is perpetual.

During the period, the Company had an interest bearing loan from URW SE. The principal amount is €35.8 Mn. The interest rate is based on a fixed rate and the maturity date is May 31, 2023.

The total accrued interest as at December 31, 2019 is €20.1 Mn (December 31, 2018: 17.7 Mn) for the loans and is presented under other liabilities.

Total charges and premiums on issues of borrowings with URW SE amounts €11.5 Mn as at December 31, 2019 (December 31, 2018: €14.0 Mn) During the period, WFD UR NV has a EUR and USD current account facility with URW SE for €100.0 Mn and $20.0 Mn (€17.8). As at December 31, 2019, the drawn down amount is €67.2 Mn and $9.7 Mn (€8.6 Mn). The interest rate is EURIBOR + 0.85% for the EUR facility and LIBOR + 1.4% for the USD facility. The maturity date for both contracts is April 1, 2024.

Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

In the notes 8.5 and 14.1 of the consolidated financial statements, information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company only financial statements of WFD UR NV. Further quantitative disclosures are included below:

Fair value

The fair values of most of the financial instruments recognised on the statement of financial position, including cash at bank and in hand and current liabilities, is approximately equal to their carrying amounts.

The carrying amount and fair value of fixed interest rate borrowings and financial liabilities are as follows:

	December 31, 2019		December 31, 2018	
(€ thousands)	Carrying value	Fair value	Carrying value	Fair value
1,260.6 Mn debt to URW SE	1,260,551	1,251,713	1,260,551	1,049,657
750 Mn debt to URW SE	750,000	763,605	750,000	817,072
35.8 Mn debt to URW SE	35,800	32,801	35,800	31,604
TOTAL	**2,046,351**	**2,048,119**	**2,046,351**	**1,898,333**

The fair value of the Company's interest bearings loans is estimated by discounting future cash flows using rates that approximate the Company's borrowing rate at the balance sheet date, for debt with similar maturity, credit risk and terms.

NOTE 9 ● DERIVATIVES

(€ thousands)	December 31, 2018	Fair value adjustments of derivatives	December 31, 2019
Assets			
Derivatives at fair value Non-Current	**24,330**	**59,102**	**83,432**
• *Fair value hedge*	24,330	59,102	83,432
Liabilities			
Derivatives at fair value	**(70,171)**	**(278,520)**	**(348,691)**
• *Fair value hedge*	(70,171)	(278,520)	(348,691)
NET	**(45,841)**	**(219,418)**	**(265,259)**

In 2019 WFD UR NV has interest rate swaps and caps contracts with URW SE to minimize the interest risk on the Group debt. URW SE has these contracts with third parties and these contracts are mirrored to WFD UR NV with the same nominal amount, interest rate and duration. The maturity date of the swaps is September, 2028 and July, 2048 and the maturity date of the caps is January, 2020.

NOTE 10 ● OTHER LIABILITIES

(€ thousands)	December 31, 2019	December 31, 2018
Upfront fees	-	15,600
Payable due to URW SE	21,110	32,512
Tax and social security liabilities	154	100
Accruals	747	426
TOTAL	**22,011**	**48,638**

NOTE 11 ● ADMINISTRATIVE EXPENSES

(€ thousands)	2019	2018
Wages and salaries	490	655
Social security charges	103	112
Pension charges	31	114
Audit and advisory fees	810	568
Office costs	118	58
Other general costs	1,089	236
Depreciation charge	22	5
TOTAL	**2,663**	**1,748**

During the 2019 financial year, the average number of staff employed by the Company amounted to 5 (2018: 5). None were employed outside The Netherlands.

NOTE 12 ● FINANCIAL RESULT

FINANCIAL INCOME

(€ thousands)	2019	2018
Interest income on caps and swaps	5,288	1,339
TOTAL	**5,288**	**1,339**

FINANCIAL EXPENSES

(€ thousands)	2019	2018
Interest on borrowings	(50,139)	(28,557)
Expenses on borrowings	(2,737)	(1,565)
USD foreign exchange loss	(154)	(253)
Fair value of derivatives	(219,473)	(50,368)
TOTAL	**(272,503)**	**(80,743)**

NOTE 13 ● INCOME TAX

The Company qualifies as a FII (Fiscal Investment Institution <in Dutch: Fiscale Beleggings Instelling>) for the corporate income tax in The Netherlands in accordance with section 28 of the Dutch "Wet op de vennootschapsbelasting 1969". The corporate tax rate of an FII is 0% in the Netherlands, presuming all relevant conditions are met. Based on the FII regime, the Company is obliged to distribute dividends to its shareholders, which dividends are, broadly said, based on its Dutch fiscal income.

NOTE 14 ● RESULT FROM SUBSIDIARIES

The result from subsidiaries after tax is €350.9 Mn (December 31, 2018: €249.7 Mn) which relates mainly to the result of the subsidiary URW WEA LLC (formerly WFD America Inc.)

NOTE 15 ● AUDIT FEES

Fees charged by Ernst and Young Accountants LLP (Netherlands) and its member firms to the Company, its subsidiaries and other consolidated companies for the 2019 services are specified as follows:

(€ thousands)	Ernst & Young accountants LLP (Netherlands)	Other EY network	2019
Audit or limited review of the consolidated financial statements[1]	586	2,483	3,069
Non- audit services[2]	128	501	630
TOTAL	**714**	**2,984**	**3,698**

(€ thousands)	Ernst & Young accountants LLP (Netherlands)	Other EY network	2018
Audit or limited review of the consolidated financial statements[1]	411	1,620	2,031
Non- audit services[2]	75	589	664
TOTAL	**486**	**2,209**	**2,695**

(1) *The controlled companies correspond to the fully consolidated companies as well as the jointly controlled companies.*
(2) *Relate to the non-audit services in accordance with legal and regulatory requirements and to the non-audit services provided at the request of the company. The amounts correspond to (1) the fees related to the acquisition of Westfield (2018) and (2) comfort letters issued in connection with bond issuances of the Group and (3) tax related procedures in the US.*

In the table for the Audit and limited review of the consolidated financial statements, the amount of €586,000 relate to the total fees for the audit of the consolidated financial statements 2019 charged by Ernst and Young Accountants LLP (Netherlands), irrespective of whether the activities have been performed during the financial year 2019.

NOTE 16 ● REMUNERATION OF THE MANGEMENT BOARD AND THE SUPERVISORY BOARD

For the remuneration of the members of the Board of Management and Supervisory Board reference is made to note 13.4.2 in the consolidated financial statements.

NOTE 17 ● RELATED PARTIES

The Company is affiliated to URW SE, together they form URW. All Group entities are treated as related parties. Reference is made to note 7.4 in the consolidated financial statements.

NOTE 18 ● OFF BALANCE SHEET COMMITMENTS

General guarantees as defined in Art. 403, Book 2 of the Dutch civil code have been given by the Company to the subsidiary WFD UR RE BV. For intercompany financial guarantees issued by the Company, there is no expected default and therefore the financial guarantees are not recognised.

Together with the Dutch subsidiary WFD UR RE BV, the Company forms a fiscal unity for the value-added tax.

As from June 28, 2018, URW SE and the Company have implemented cross guarantees. The Company as part of the "Unibail-Rodamco Guarantors" has jointly and severally agreed to guarantee the payment of all sums payable from time to time under the outstanding guaranteed senior notes issued by certain subsidiaries of the former Westfield Corporation (WEA Finance LLC, Westfield UK & Europe Finance PLC and WFD Trust).

The Company has no significant off balance sheet commitments as at December 31, 2019.

NOTE 19 ● PROPOSED PROFIT APPROPRIATION

Under article 38.1 of the Company's Articles of Association, the Management Board, with the approval of the Supervisory Board, shall determine which part of the profit shall be added to the Company's reserves, taking into account the fiscal rules and regulations applicable to the Company from time to time. The remaining profits shall be at the disposal of the General Meeting.

NOTE 20 ● SUBSEQUENT EVENTS

There are no events after the balance sheet date, except the developments surrounding the Corona (Covid-19) virus which is disclosed in chapter 1 of the management board report and chapter 4 of the risk management of this Annual Report.

Schiphol, March 25, 2020

Board of Management	Supervisory Board
J.M. Tritant	C. Cuvillier
G. Sieben	J. Tonckens
	JL. Laurens
	A. Pelmore
	A. Taireh

3.5 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

WFD Unibail-Rodamco N.V.

For the year ended December 31, 2019

Independent auditor's report

To: the shareholders and supervisory board of WFD Unibail-Rodamco N.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of WFD Unibail-Rodamco N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the Company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of WFD Unibail-Rodamco N.V. as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Company financial statements give a true and fair view of the financial position of WFD Unibail-Rodamco N.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2019;
- The following statements for 2019: the consolidated statements of comprehensive income, cash flows and changes in equity;
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

- The Company balance sheet as at 31 December 2019;
- The Company income statement for 2019;
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of WFD Unibail-Rodamco N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Our audit approach

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.

Materiality

Materiality	€ 70 million (2018: € 71 million)
Benchmark applied	0.5 % of total assets
Explanation	Given the nature and the activities of the entity, we believe that total assets is the most appropriate benchmark for the materiality

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 3.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to risks of fraud and noncompliance with laws and regulations
In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance with laws and regulations throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern
In order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting, we consider 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Scope of the group audit
WFD Unibail-Rodamco N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of WFD Unibail-Rodamco N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

For WFD Unibail-Rodamco N.V. we considered URW America Inc. and its subsidiaries to be a significant entity, resulting in an almost 100% 'full scope' coverage. In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our instructions. This includes the procedures performed by Ernst & Young France for Unibail-Rodamco-Westfield SE purposes. The group consolidation, financial statements and disclosures are audited directly by the group engagement team in addition to the other procedures the group team is responsible for. The group engagement team visited the local management and the auditors of the components in the US and the auditors of Unibail-Rodamco-Westfield SE. We reviewed the audit files of the component auditors and determined the sufficiency and appropriateness of the work performed.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists
We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the real estate industry. We included specialists in the areas of income tax and have made use of our own experts in the areas of valuations of real estate, derivatives and intangible assets.

General audit procedures
Our audit further included among others:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ¤Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed. As the company in 2019 executed changes in the structure of its US operations which had a significant impact on the financial statements 2019, we considered the group restructuring a key audit matter for the audit 2019.

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

Valuation (including impairment testing) of acquired intangible assets and goodwill	
Risk	In 2019 WFD Unibail-Rodamco N.V. finalized the purchase price allocation for the Westfield acquisition on 7 June 2018, with no changes to the provisional amounts previously recognized in the 2018 financial statements. As at 31 December 2019, the total amount of goodwill is € 19.8 million. The acquired intangible assets with an indefinite useful life amount to € 320 million and relate to the Westfield trademark for flagship centers. The subsequent measurement of acquired intangible assets with an indefinite useful life and goodwill requires annual impairment testing, or earlier when impairment triggers exist, which is complex and subject to estimation uncertainty. Therefore, combined with the significance of the balances to the financial statements as a whole, this is an important area of emphasis in our audit.

Valuation (including impairment testing) of acquired intangible assets and goodwill	
	Please refer to note 2.2.1, 6.3 and 6.4 of the consolidated financial statements.
Our audit approach	• We obtained an understanding and evaluated the design of controls over the Company's goodwill and other intangible assets with indefinite useful lives impairment assessment process, including controls over management's review of the significant assumptions described above. • We inspected the documentation regarding the impairment analysis that the Company prepared. • With the assistance of our valuation specialists, we assessed the valuation of the intangible assets including goodwill. We reviewed management's key assumptions used in the valuation such as long-term growth rates, discount rates, royalty rates as well as the sensitivity analysis resulting from variations of these assumptions. • We assessed the consistency of the business plan with historical data. • Additionally, we considered the appropriateness of the disclosures in the consolidated financial statements in respect of the valuation of the intangible assets including goodwill.
Key observations	We concur with the valuation of the acquired intangible assets including goodwill and the related disclosures in the financial statements.

Valuation of investment property portfolio, including investment properties under construction	
Risk	The investment properties amount to € 6,059 million as at 31 December 2019. These are measured at fair value except for some investment properties under construction (IPUC) carried at cost amounting to € 22 million, for which the fair value is not reliably measurable. The change in the fair value of investment properties recognized in the consolidated statement of comprehensive income for the period is € 100 million negative. 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 the development, ability to let, timing of practical completion and reliability of fair value measurement have also been considered. Accordingly, the valuation of investment properties is considered as a key audit matter due to the significance of their balance to the financial statements as a whole, combined with the level of judgment associated with determining their fair value or, if at cost, any impairment provision. Please refer to note 6.1 of the consolidated financial statements.
Our audit approach	• We conducted analytical procedures by benchmarking the assumptions used and the value of properties in the portfolio, based on our understanding of their local market, external market data, published benchmarks and asset-specific considerations, in order to evaluate the appropriateness of the valuations adopted by the Company. • We assessed the consistency of the underlying lease data and capital expenditures used by the external appraisers in their valuation of the investment properties, by reconciling these with lease agreements and asset budgets established by management on a sample basis. • We have employed our real estate valuation specialists in the review and testing of models, parameters, assumptions and estimates as used in the valuation. • Our work focused on the largest properties in the portfolio and those where the assumptions used and/or movement in values suggested a possible outlier versus market data for the relevant sector. • Additionally, we considered the appropriateness of the disclosures in the consolidated financial statements in respect of investment properties.
Key observations	We concur with the valuation of investment properties (under construction) and the related disclosures in the financial statements.

Accounting for financial liabilities including derivatives	
Risk	As at 31 December 2019, WFD Unibail-Rodamco N.V. has total liabilities of € 11,198 million, including bonds, notes, bank borrowings, other financial liabilities and financial leases (€ 9,557 million) and commitments to non-controlling interests for a total amount of € 566 million. The preference shares held by URW SE amount to € 393 million and are valued at amortized costs. Other commitments to non-controlling interests are valued at fair value. Financial covenants are applicable to issued bonds (€ 4,282 million). The Company uses interest rate swaps and caps to hedge its exposure to interest rate risk. These derivatives, for which no hedge accounting is applied, are carried at fair value through profit or loss and have a carrying amount at the balance sheet of respectively € 85 million (asset) and € 349 million (liability).

Accounting for financial liabilities including derivatives	
	The fair value adjustments of derivatives and financial liabilities carried at fair value through profit or loss plus currency effect amount to €311 million negative (2018: € 229 million positive), of which € 223 million relates to derivatives and € 83 million to preference shares. The valuation of these financial instruments is dependent on estimates and assumptions and requires judgment by management. Considering the estimation uncertainty regarding the valuation of financial instruments at fair value, the importance and relative size of external financing, compliance with covenants, and the related disclosures in the financial statements, the accounting for financial liabilities including derivatives is an important area of emphasis in our audit. Please refer to note 8 of the consolidated financial statements.
Our audit approach	• We assessed management's controls over the accounting for financial liabilities including derivatives. • 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 accordance with the accounting policies applied by the Company. • We performed analytical procedures on the financial expenses. • The amount of the principal debt was confirmed with third parties on a sample basis. • We confirmed a selection of derivatives directly with counterparties and performed procedures to ensure completeness of them. • For a sample of financial instruments, we reviewed the valuation of derivatives (including the DVA/CVA calculation) and we involved our internal specialists who performed independent valuations. • Where debt covenants were identified, we assessed management's calculations to verify compliance with these covenants. • Additionally, we considered the appropriateness of the IFRS 7 disclosures in the financial statements in respect of financial liabilities including derivatives.
Key observations	We concur with the accounting for financial liabilities including derivatives and assessed that, as at 31 December 2019, the Company was in compliance with its debt covenants. We also concur with the related disclosures in the financial statements.

Group restructuring	
Risk	In April 2019, the Company, as part of the URW Group, executed changes in the structure of its US operations. The restructuring enabled the Company to apply a material step-up of the tax base of the US real estate, which triggered a current withholding tax liability at related companies outside the Company's consolidation scope. The step-up resulted in a € 578 million reversal of the Company's deferred tax liability related to the US portfolio, which is accounted for as a credit to the income tax line in the consolidated statement of comprehensive income. After this transaction, the 82.6% stake in the US portfolio previously held by the Australian WAT is now directly held by URW America Inc (US entity – subsidiary of WFD Unibail-Rodamco N.V.). The Company's indirect share in the US portfolio (via USA Acquisitions) increased to 92.4%, for which WFD UR NV paid $776 million. Also, related intercompany balances between URW SE and the Company were settled. The impact of this equity transaction on total equity is €369 million negative, of which €127 million is attributable to the owners of the Company and €242 million reflects the change in the proportion held by non-controlling interests. Due to the complexity of the group restructuring and the significance of its impact on the financial statements as a whole, the accounting and disclosures of the restructuring are an important area of emphasis in our audit. Please refer to note 2.1.1 and 2.2.2 of the consolidated financial statements.
Our audit approach	• We obtained the transaction documents and tax calculations and reconciled these to the journal entries related to the restructuring. • We involved our tax experts and validated the compliance to relevant tax standards and regulations in the various jurisdictions. We also assessed the compliance of the stringent conditions regarding the fiscal investment institution. • We assessed the correct accounting and validated the appropriateness of the disclosures of the group restructuring in the financial statements.
Key observations	We agree with the accounting and disclosures of the group restructuring in the financial statements.

Emphasis of matter relating to uncertainty about Corona

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a Going Concern. The financial statements and our auditor's report thereon are snapshots. The situation changes on a daily basis giving rise to inherent uncertainty. WFD Unibail-Rodamco N.V. is confronted with this uncertainty as well, that is disclosed in the Management report (chapter 1.8 'outlook', chapter 4.2.2.1 'detailed main risk factors'), and the disclosure about events after the reporting period in note 17 of the consolidated financial statements. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board report;
- Corporate governance and remuneration report;
- Risk factors;
- Information on the Company and shareholding;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 and Section 2:135b of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Section 2:135b of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of WFD Unibail-Rodamco N.V. on 7 July 2018, as of the audit for the year 2018 and have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In addition to the statutory audit of the financial statements we provided the following services:

- Tax assistance services performed in the US by EY US.
- Issuance of comfort – and/or consent letters in connection with the (supplement to the) base prospectus.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 25 March 2020

Ernst & Young Accountants LLP

Signed by W.H. Kerst

4.

RISK FACTORS AND INTERNAL CONTROL

4.1 RISK MANAGEMENT FRAMEWORK

4.1.1 RISK MANAGEMENT POLICY & ORGANISATION

WFD Unibail-Rodamco N.V. (“WFD UR NV” or “the Company”) and its controlled subsidiaries (“the Group”) are affiliated to Unibail-Rodamco-Westfield SE (“UR SE”), together they form Unibail-Rodamco-Westfield (“URW” or “the URW Group”) and the risk management is -except when not applicable or not in line with its specificities- aligned on the URW Group risk management frameworks.

The Risk Management Policy at WFD UR NV is designed to:
- identify and analyse the main potential threats in order to anticipate risks proactively;
- secure decision-making and Group’s processes to achieve its business objectives;
- create and preserve the Group’s value, assets, brand and reputation;
- ensure consistency of decisions with the Group’s values and strategy;
- bring the Group’s staff together behind a shared vision of risk management.

When relevant (mainly due to the level of materiality for the entire URW Group), the Group’s internal committees and/or corporate bodies may be associated or participate to the risk assessment and/or the decision to be taken.

The organisation of WFD UR NV can be defined as a matrix organisation within Europe and the United States and a Corporate Centre organised around four main functions i.e. Owner, Operator, Resourcer, and Financer. The decision-making process is accomplished through committees and collegial decision-making. The segregation of duties within WFD UR NV is based on the separation between execution and control. WFD UR NV does not outsource core activities, except for some parts of its IT system and facility management. The Group’s main activities are Investment and divestment, Asset management, Operating management (including leasing and property management) and Refurbishments, which are briefly described below. The organisational structure is also based on a set of delegations that define the roles and responsibilities of managers. Moreover, WFD UR NV utilize internal committees, where decisions are based on a risk analysis approach.

INVESTMENT

Investment is one of the major processes at WFD UR NV, as it is one of the first steps in the value creation process. It starts with deal sourcing (the search for market opportunities), which is based on brokers, off-market relationships, and connections with local communities. Once an investment opportunity is identified it undergoes a strict review and approval procedure with multiple steps before approval in compliance with demanding internal decision-making processes and in alignment with WFD UR NV’s investment strategy.

ASSET MANAGEMENT

Under the responsibility of the US Chief Operating Officer, this activity focuses on value creation in WFD UR NV's asset portfolio and consists of defining the strategy for each asset (5-year plan). In line with the contract terms and conditions, the accounting department invoices and collects the rents and pays expenses related to the management of the building.

OPERATING MANAGEMENT

Operating Management is organized and managed by the Chief Operating Officer US for US assets and the CFO for the Dutch assets and mainly focuses on property leasing, implementation/monitoring of the 5-year business plan and property management including security and technical maintenance (facility management). The facility management is mainly carried out by reputable specialized third parties with a designated team on each site and is monitored by the Facility Management Team in the US (for US assets).

REFURBISHMENT

Refurbishment consist of the following activities:
- control of construction costs and management of construction contracts;
- definition of the Group CSR development policy;
- selection and monitoring redevelopment and refurbishment companies;
- supervision of redevelopment until grand opening.

DIVESTMENT

Under the supervision of the President US, the Investment Department is responsible for the value creation process and is in charge of evaluating and advising periodically on the basis of the aforementioned information whether the property needs to be disposed of or not.

4.1.2 GROUP ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

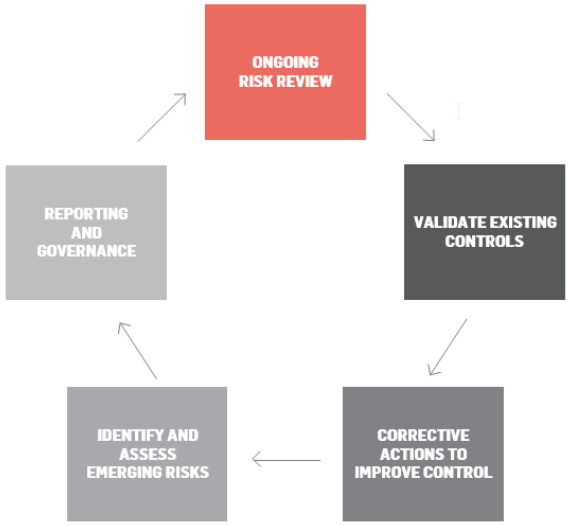
Since the completion of the Westfield transaction in June 2018, the Risk Management framework has continued to evolve. All key risks have been reviewed and assessed internally, and action plans for improvement have been established. Half of the identified key risks were reviewed by the Audit Committee and Supervisory Board (external review) in 2019, with the remaining half scheduled for review in 2020.

The components of our ERM framework focuses on:

- Risks Inventory;
- Risk Control Methodology;
- Risk Mapping.
- Governance;
- Functional Organization.

As depicted below, WFD UR NV now has a group-wide robust risk management program providing reasonable assurance on the level of control and that remains oriented towards ongoing and continuous risk assessment and improvement in controls.

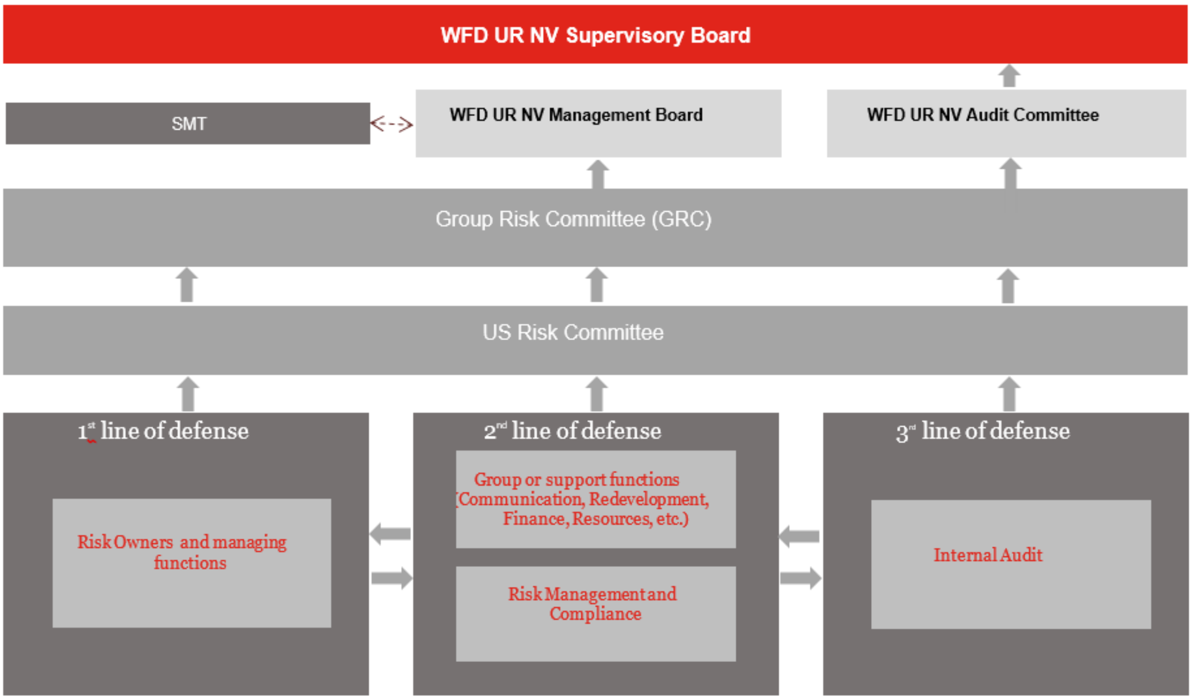
OVERVIEW OF ERM KEY RESPONSIBILITIES



Governance continues to enhance and support the importance of ERM by establishing oversight responsibilities. WFD UR NV has worked on the alignment and coherence of the Risk Management governance bodies, considering market best practices, regional and sector benchmarks and market investors' expectations.

On December 6, 2018, upon the recommendation of the Audit Committee (AC), the Supervisory Board (SB) approved the Risk Management framework. In 2019, four AC and SB meetings related to risk management took place. To prepare these meetings, preparatory calls were organised with the AC Chairman and risk owners.

The WFD UR NV ERM framework and three lines of defence are organised as follows:



Overview of the 3 lines of defence is in line with COSO ERM standards.

To detect main specific Group risks and design appropriate risk management measures in relation with any unique local consideration, the Group's ERM framework includes a US Risk Management Committee.

The responsibilities of this local committee include:

- support the development of a risk culture within the Platforms, promote open discussion regarding risk and integrate Risk Management into the organization;
- provide input to management regarding the WFD UR NV Platforms' risk appetite and tolerance;
- embed ERM in all activities within the business;
- discuss the identification and evaluation of risks with local risk owners;
- support improvement in risk control, mitigation measures and monitor action plans;
- review risk initiatives against the Compliance Book to align assessment and establish training priorities;
- remain aware of any material evolution of an existing risk or any new or emerging risk;
- provide validation in preparation for review by the Group Risk Committee.

The URW Group Risk Committee (GRC) handles risk monitoring at URW Group level. It is composed of the following senior executives

URW Group CRO (Chairman)	President URW US
URW Group CFO	CFO WFD UR NV
URW Group General Counsel	URW Group Director of Internal Audit and Group Compliance Officer
COO US	Head of Risk Management Europe
COO Europe	URW Group Europe, US and Risk Owners as required
URW Group Director of Risk Management	

The primary responsibility of the GRC with respect to WFD UR NV is to oversee and approve its risk mapping and key mitigating measures and to assist the Management Board (MB) in:

- confirming that all executive teams have identified and assessed the risks that the Group faces in the regions where it operates and has established a risk management system of addressing those risks;
- validating the level of control over a given risk and in conjunction with the MB and/or other internal committees, validate that such risks are in line with the Group's Risk strategy;
- ensuring that the division of risk-related responsibilities for each risk owner is clearly defined, and that risk owners are routinely performing risk assessments and gap analysis to maintain awareness of all risks;
- elevating to the MB and SB any emerging and developing risks.

To fulfil its responsibilities and duties, the GRC:

- supports the development of a risk culture within the Group, promotes open discussion regarding key risks, integrates Risk Management into the organization's objectives and compensation structure, and creates a corporate culture such that people at all levels manage risks rather than ignoring them or take them without a proper risk analysis;
- provides input to management regarding the Group risk appetite and tolerance;
- monitors the organization's risk profile (risk mapping);
- approves the Risk Management policy and plan, which include:
    - WFD UR NV's Risk Management structure,

- standards and methodology applied to assess risks,
- Risk Management measures (Risk Management guidelines),
- training and awareness programs or information.

The GRC duties and action plan are presented at least on a yearly basis to the MB, AC and SB. The GRC meets at least every 2 months, or more frequently if needed.

Following the Westfield transaction, the new Risk Management Organization reviewed WFD UR NV's key risks and associated action plans in collaboration with risk owners. Review and challenge of key risks by the AC and SB continues into 2020.

- a description of the key risks monitored by this internal control system is outlined below. The GRC met six times in 2019. Its main achievements are:
- the review of the group risk mapping;
- the review of 13 risk sheets where sub-risks are identified and assessed;
- the review of action plans;
- the approval of a new group approach in term of business continuity.

4.1.3 WFD UR NV RISK APPETITE

WFD UR NV's risk appetite is embedded within its overall strategy and within its risk management framework. In general, WFD UR NV has a conservative approach to managing risk and always seeks to implement mitigations and controls that aim to minimize any potential negative impact from an identified risk. Also implicit within our risk management framework is the identification of new or emerging risks, or risks that are evolving – and in turn identifying and implementing additional measures to control the risk.

For each risk category identified, a set of controls exists that aim to mitigate the risk of loss from each identified exposure. We monitor and assess the adequacy of existing controls and similarly implement corrective actions or improvements.

BUSINESS STRATEGIC AND OPERATIONAL RISKS

WFD UR NV has a clear strategic vision to own and operate premier, flagship properties that are the highest performing in the most desired strategic locations.

The ongoing retail market evolution is a significant challenge to the Company . However, WFD UR NV has a clear strategy that partners with the world's best retailers to create a shopping experience that contains the most sought-after brands. It's operating and leasing activities are aligned with this strategy and it accepts the significant risks associated with being the industry leader in disrupting the traditional shopping mall business in order to succeed in its overall strategy.

Part of the overall strategy also includes divestment of underperforming or no longer strategic assets. The company endeavors to approach this process in a disciplined manner in order to maximize the value of the transaction to WFD UR NV.

Also critical to the success of our strategy is our data analytics and information technology through customer loyalty programs and other digital services. In this regard WFD UR NV has a very conservative approach to ensure our IT systems have the appropriate protections and limit the threat of data breaches and other cyber-related incidents.

FINANCIAL AND TAX RISKS

WFD UR NV is governed by rather prescriptive and challenging tax rules related to real estate investment trusts (REIT). As such, the Company has a very conservative approach to financial and tax risks and implements measures to maximize compliance and minimize risk of adverse financial and tax results. Given that our business is capital intensive, maintaining a good financial credit rating is critical to supporting the continued availability of funds at competitive interest rates. WFD UR NV implements conservative accounting and tax policies to preserve its overall financial stability. The Company has adequate fiscal policies in place and it strives to minimize the potential negative impact of any financial or tax risk.

ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

WFD UR NV has a very proactive and focused strategy related to CSR that is a critical component to its overall success. The Company's Better Places 2030 initiative is at the core of its operating principals. Risk management practices are embedded within its CSR framework to maintain a comprehensive inventory of both the risks as well as the opportunities its CSR strategy entails. All of the Company's operations strive to comply with all government environmental regulations.

SECURITY AND HEALTH & SAFETY

With over 500 million customers visiting the Company's centers annually the Company is keenly aware of the importance in providing a safe and healthy shopping environment. The Company is also keenly aware of the threat of terrorist events. WFD UR NV dedicates significant resources to both health & safety and security. However, even with the most strenuous loss prevention program and the Company's goal to minimize this risk, the risk of loss from these exposures will always be present. To protect the Company from the potential negative financial impact associated with a significant terrorism or life safety event a public liability insurance program has been taken out in amounts sufficient to cover its exposure to this risk.

LEGAL AND REGULATORY

The Company has a "zero tolerance" policy towards any bribery or corruption, and it devotes significant efforts to developing policies and procedures, coupled with ongoing training, aimed at minimizing any risk associated with this exposure. Similarly, the Company has developed training and compliance programs in each of the operating areas of the Company to ensure compliance with applicable regulations and laws.

4.1.4 INTERNAL CONTROL SYSTEM

The Group's internal control system covers all of the Group's activities across its regions. It 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;
- property assets are protected;
- financial information is reliable; and
- all the foregoing, and all operations, comply with prevailing legislation, external regulations and WFD UR NV's internal rules.

The Group's internal control system is in line with the general principles of the Dutch Financial Supervision Act (WFT) and that of the Internal Control System reference framework drafted in July 2010 by the AMF (French Financial Market Authority), which today can still be seen as reference for URW Group and therefore also for the Company, working group and is based on:

- standardised procedures;
- accountability of managers in charge of the business, finance and control;
- a committee-based decision-making process for acquisitions, disposals and refurbishment/construction projects; and
- segregation of duties between the execution and control.

The Group's control environment was updated in line with the Compliance Book for Governance, Organisation & Corporate Rules (Compliance Book). The Compliance Book details:

- the Group organisation structure: a matrix organisation with a double reporting line at corporate and regional levels, including the US platform;
- the governance organisation for WFD UR NV and its subsidiaries;
- a framework of core processes and internal rules covering investment & divestment, redevelopment, leasing activities and support functions, notably treasury and human resources;
- a Code of Ethics covering the Group's core values and rules of conduct, with particular emphasis on ethical behavior, conflicts of interests, confidentiality of information, and transactions involving the stapled shares; and
- an Anti-Corruption Program which included the due diligence process before entering into business relationship with third parties.

In addition to the Compliance Book, the Group's control environment comprises:

- job descriptions and an appraisal system based on performance targets which has been aligned in 2019 for the entire Group;
- set of delegation of authority and responsibility rules and limits that span all the Group's activities and which should also be implemented in the US in 2020;
- specific procedures applicable at the corporate level and in the different regions where the Group is present; and
- fewer formal instructions and recommendations that nevertheless form an integral part of the internal control system.

The internal control system assessment is carried out by the URW Group Internal Audit Department (composed of 9 FTE located in France and in the United States), which conducts regular assignments looking at all of the Group's business units in line with the annual audit plan approved by the MB and the SB.

The URW Group CEO or (the Chairperson of) the AC can also ask the URW Group Internal Audit Department to carry out "flash" assignments in order to provide a rapid response to urgent issues and/or the treatment of new risks or problems. Final audit reports are addressed to the MB and to each department that has been involved in the audit. A summary of audit findings is provided to the AC on a quarterly basis.

The Group's Internal Audit Charter sets out the different missions of the audit function. To ensure it remains genuinely independent, the URW Internal Audit Department reports to the URW Group CEO and to the Chairman of the AC.

A description of the main risks monitored by this internal control system are set out below.

4.2 MAIN RISK FACTORS & MITIGATING MEASURES

In accordance with Shareholder Rights Directive (EU) 2017/828 dated on May 17, 2017, the risks factors presented herein are limited to those risks specific to the Group and risk ratings noted are after the application of the various risk management and risk mitigation measures.

Nevertheless, investors' 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 potential unidentified or emerging /developing identified risks, or not specific enough to the Group and/or of which the occurrence is not considered likely to have a material adverse effect on the Group, its operations, financial position and/or results, share price or guidance/outlook as at the date of filing of the Annual Report. In addition, given the geographical scope of the Group's activities, the potential impact of a same type of risk may differ from a country to another one.

The Group Risk Mapping is reviewed and updated if any on a recurring basis under the supervision of the URW Group Risk Committee. The Group risk mapping is also reviewed and discussed by the AC and the SB.

4.2.1 RANKING OF THE MAIN SPECIFIC RISK FACTORS

The Group risk inventory, used for the Group Risk Mapping, is composed of 16 Group specific risks organized in six categories. The risks presented below are ranked on a descending order impacting the Group (first ones being the most impacting).

This ranking is established on:
(i) the potential net impact corresponding to the potential (financial/legal/reputational) impact after risk management measures effects (net impact), and
(ii) the potential net likelihood of the risk event, after risk management measures effects (net likelihood).

This ranking, and specifically the likelihood, is the result of the group management assessment performed through the ERM Framework described on part 4.1.2 "Group Enterprise Risk Management Framework".

Legend used below:
Rating

Net impact	*** High net impact	** Medium net impact	* Low net impact
Net likelihood	@@@ Likely	@@ Possible	@ Unlikely

Risk Factors categories	Risk Factors	Rating after risk management measures		Section
		Net impact	Net Likelihood	
Category #1: Business Sector and Operational risks	Retail Market Evolution/Disruption	***	@@	4.2.2.1.A
	Refurbishment	***	@@	4.2.2.1.B
	M&A, In/Divestment	***	@@	4.2.2.1.C
	IT System & Data: Continuity and integrity	**	@@	4.2.2.1.D
	Brand & Reputation	**	@@	4.2.2.1.E
	Leasing & Commercial Partnerships	**	@@	4.2.2.1.F
Category #2: Financial and Tax risks	Access to Capital & Financial Market disruption	***	@	4.2.2.2.A

	REIT Status & Regime (Tax)	***	@	4.2.2.2.B
Category #3: Environmental and Social Responsibility risks	Climate change and Societal risks Recruitment, Retention and Succession	** *	@@	4.2.2.3.A 4.2.2.3.B
Category #4: Security, Health and Safety risks	Terrorism & Major Security Health and Safety (including natural disasters and global pandemic)	*** ** (*** for natural disaster and global pandemic only)[23]	@@ @@	4.2.2.4.A 4.2.2.4.B
Category #5: Westfield Transaction related risks	Material Misstatement & Unreliable forecast Change Management & Integration	** **	@ @	4.2.2.5.A 4.2.2.5.B
Category #6: Legal, Regulatory risks	Corruption, Money Laundering & Fraud Legal and regulatory	* *	@ @	4.2.2.6.A 4.2.2.6.B

4.2.2 DETAILED MAIN RISK FACTORS

4.2.2.1 CATEGORY # 1: BUSINESS SECTOR AND OPERATIONAL RISKS

A. RETAIL MARKET EVOLUTION/DISRUPTION

As global developer and operator of commercial assets, any mid- to long-term deterioration in economic conditions with implications for the leasing market and/or investments may have a significant impact on the level of the Group's activities, the value of its assets, its results and its investment and development strategy. Considering its real estate profile and exposure, the Group's results of operations and/or its core business strategy could be adversely affected by its inability to continue to lease space in its assets on economically favorable terms, by tenant default, adapt its offer with new and evolving customer experience trends and expectations, or to develop and implement new business models.

The value of the Group's real estate assets (calculated using the fair value method) is sensitive to variations in the appraisers' principal assumptions (yield, rental value, occupancy rates) and is, therefore, subject to material variations that may impact the Group. The rental income of some Group assets may depend on flagship stores/department stores and could suffer a material adverse impact if one or more of these tenants were to terminate their leases, fall in bankruptcy or equivalent scheme triggering financial impacts or to fail to renew their leases, and/or their location were considered to lack attractiveness, and/or in the event of consolidation among these retail sector companies.

Risk factors	Risk management measures
Continued changes in the retail sector due to competition from online retail as well as demographic and cultural changes. Anchor department stores and many fashion retailers may change their brick and mortar strategies including store closures. Inability to adapt to quickly changing shopper and retailer preferences and office patterns and preferences, could negatively impact achieving leasing and revenue targets which could have an adverse impact on overall Group financial results. The Group's current strategy may fail to meet changing retail and real estate market conditions. Competition with other participants in the real estate industry could have an adverse impact on Group's income and its ability to acquire properties, develop land and secure tenants effectively.	The Group has put in place numerous measures to adapt to new consumer trends and attract them: • Annual research performed in each geography to understand and anticipate shifts in retail, demographic and cultural changes; • Merchandising and Positioning assessments for each flagship asset to future-proof the strategy of the asset and adapt retail mix to new needs; • Close collaboration with retailers to understand their strategy; • Expansion of leasing into new types of tenants, including more Food & Beverage, Entertainment, Health & Wellness, Luxury as well as Digital native vertical brands (DNVB); • Dedicated redevelopment plans for shopping centres including development of event spaces, digital infrastructure, and modular tenant spaces (white boxing for pop-ups); • Continued development of shopper services to adapt to new customers' expectations and shopper preferences; • Loyalty programmes and events in malls to enhance the customers' shopping experience, secure the Group's share of wallet and improve the customer profiles and journey in the mall knowledge; • Disposition of non-core or non-competitive assets according to the divestment program[24].

B. REFURBISHMENT

As premier global owner and operator of shopping center and other real estate assets, with a focus on our continued differentiation and innovation strategy, URW maintains expansion, improvement and refurbishment pipelines in the office, shopping centre, hotel and residential property segments. In line with that, the Group focuses on a mixed-use refurbishment and densification of standing assets strategy. This ambitious strategy involves significant investment of financial capital, human resources and senior leadership time and attention. Simultaneously, the Group is careful to continue to comply with legal and structural requirements inside of REIT tax laws and regulations.

*23 Natural disasters *** due to significant exposure to natural disasters in some geographies of operation combined with level of uninsured risks in some of those countries (impacts of local limitations/exclusions/caps in insurance coverage) refer to Section 4.2.2.4.B*

24 Refer to 4.2.2.1.C - M&A In/Divestment Risks.

Risk factors	Risk management measures
• Ineffective refurbishment strategy, investment decision and approval process; • Failure to obtain required external authorizations; • Not reaching post-development leasing and revenue targets; • Impact of failures to comply with the construction quality, costs and delivery date; • Inability to secure adequate funding for a project (through JV Partner or other).	• Group's decision making process for any investment decision for a refurbishment project; • The status of the project, its budget and returns are reviewed on regular basis (quarterly by the Controlling Department / pipeline reviews and 5 year business plans by the Senior Management Team); • Third-party specialist advisors and consultants are employed throughout the various phases to assist in identifying potential hurdles with external stakeholder and developing action plans to successfully navigate the issue; • Strong third parties claim management process. In addition, insurances policies cover the Group responsibilities; • For refurbishments performed through a Joint-Venture Partner, design and construction plans, pro-forma leasing estimates and returns, and construction time schedules are developed and shared with JV partners to increase the quality of the relationships, mitigate misalignment with JV partners and ensure a successful funding of the project.

C. MERGERS & ACQUISITIONS: INVESTMENT AND DIVESTMENT

In the context of the Westfield group post-acquisition and the public announcement of business targets/ assets disposal plan, the Group may face several risks in connection with this disposal. Additionally, part of the Group's core business model is value creation because of the investment and divestment of assets. The profitability of these transactions depends on the accuracy of initial financial assumptions, market conditions (including available funding and investors' appetite), tax environment, quality and attractiveness of assets, and legal & regulatory considerations.

Risk factors	Risk management measures
• Misalignment with Group Strategy and Incorrect underwriting (asset valuation and forecast); • Information leakage and market rumors; • Failure to execute the Group's announced disposal plan.	• Group decision making process involved closely MB and SB for major projects based on internal rules and corporate charters; • Project teams closely involved in the transactions in order to determine whether the transaction is worth investigating and pursuing. Legal, financial, technical and commercial reviews of these transactions are always presented to an Investment Committee for approval before any binding commitment; • Due diligence carried out with the assistance of external advisors; • Recurring strategic review between MB and SB to ensure full alignment on Group strategy.

D. INFORMATION TECHNOLOGY SYSTEM & DATA: CONTINUITY AND INTEGRITY

The digital strategy of the Group requires increasingly sophisticated and efficient Information Technology (IT) support and IT Security Systems in order to provide the required support for core business processes and day-to-day operations. The Group is integrating different IT systems, tools and processes related to its core businesses. In such context, numerous usual IT risks are increased due to the in-progress integration of Unibail-Rodamco and Westfield IT systems legacy.

All business units depend on IT Systems' ability to provide support continuously, to respond swiftly and effectively to any disruption, and contribute to the accuracy of the data.

Therefore, the IT Systems must be reliable in various aspects notably Data Confidentiality (protection of sensitive data), Continuity of critical IT activities (availability of the systems and data needed by the businesses to carry out their operations) and Data Integrity (comprehensive and accurate data).

Risk factors	Risk management measures
• Inadequacy between IT & Cyberthreats; • Data Leakage through IT systems; • Unavailability of critical IT systems; • Incapacity to guarantee the integrity of data and reports generated by IT systems; • Inadequacy between IT and business needs/operations; •	The Group's IT risk management approach is largely based on: • Information Systems Security strategy and technology designed and implemented to prevent cyber-risks, detect security incidents, and provide the appropriate tools to react quickly to stop and remediate a cyber security incident; • Contractual commitments requiring the vendor partners and contractors to implement the necessary technical and organizational security measures, as well as notifying the Group of any cyber security event that could have an impact on the Group; • IT Security Incident & Crisis Management process is in place, with specific response procedures in case of a major IT security event/crisis; • IT Disaster Recovery Plan implemented, and a strong backup policy is in place on workstations and servers. The IT Disaster Recovery Plan is tested on a yearly basis; • Existence of committees/meetings to review IT activities and investments and an IT security committee; • Security review of IT projects to identify main risks and associated action plan to mitigate them. The Security Incident & Crisis Management process is linked to the GDPR Data Breach Notification process when a security

	incident involves personal data[25]; ● Full integration of former Westfield IT systems into a group-wide, consistent IT platform plan to enable operational migration of IT Systems; Harmonization of IT Governance and IT Security at Group level (decision making process, project process, purchasing process).

E. BRAND & REPUTATION

The Westfield brand and the Group's reputation are valuable assets which provide competitive advantages with respect to consumers, retailers, investors, and prospective employees among others. Due to the new URW Group marketing strategy which includes the implementation of a global "Westfield" brand for the URW Group's flagship and other eligible assets, we have heightened awareness with respect to any risk that potentially creates a negative or damages our reputation could negate these competitive advantages. Incidents such as terrorism & major security incidents, corrupt or illegal behavior, breaches of trust or integrity, involvement in a controversial project, or a social media crisis are examples.

Risk factors	Risk management measures
● Inability in developing and maintaining the Westfield brand success story in support of the global flagship strategy; ● Failure to implement a clear, legal and responsible consumer data policy; ● Failure to properly respond and manage crisis event on media, social network, etc.	● Globalization of the Marketing Strategy with the Westfield brand leverage and marketing management at Shopping Centre level to facilitate the adaptation; ● Data privacy GDPR and CCPA regulation covered by specific frameworks in place (cf 4.2.2.6.B Legal & Regulatory risks); ● Social media monitoring; ● Corporate Communications team to manage communications with media and/or social media by the support of the Crisis Management Team and a formal framework, policies and procedures; ● Incident response plans coupled with ongoing crisis management training exercises.

F. LEASING & COMMERCIAL PARTNERSHIPS

As a real estate company holding with one of the largest asset portfolios in the world, letting and rent collection is the core business for the Group. The Group's ability to achieve leasing targets at the expected level of rent, and then collect rents depends on the solvency of its tenants (retailers). In more difficult economic environment.

Risk factors	Risk management measures
● Proper management of rent relief, store closings, and tenant allowances; ● Tenant financial insolvency/default and store closings; ● Failure to achieve the Group's synergies in terms of Leasing & Commercial Partnerships target.	● Leasing targets (e.g. prices, deadlines and prospective tenants) are defined within each region of the Group in collaboration with a Group level team and approved by the SMT. Major leases in terms of value and/or special terms and conditions must be internally approved in advance by Leasing executives as well as through an additional executive committee review process. ● Regular governance meeting with leasing team and finance team members to review deal to ensure accuracy with Group Strategy and strong internal control processes to approve allowances for tenants as well as level of rents; ● Local frameworks to monitor solvency of new tenant and regular checks of tenant solvency; ● Most tenants provide financial guarantees (deposit, first-demand guarantee or surety bond equal to a multiple of the monthly rent). ● Robust debt collection process and strong monitoring of the tenants' financial health; ● Constant review of the tenancy report (vacancies, tenants in distress, new deals, and lease expiration schedule over next three years) redevelopment, construction, leasing, and tenant coordination; ● Monthly meetings with to monitor the progress of project completion and to adjust tenant space delivery schedules accordingly; ● Implementation of a global International Leasing platform to develop the transcontinental sourcing/ roadmap for cross fertilization between Europe & US platforms.

25 Refer to 4.2.2.6.B - Legal & Regulatory Risks

4.2.2.2 CATEGORY # 2: FINANCIAL AND TAX RISKS

A. ACCESS TO CAPITAL & FINANCIAL MARKET DISRUPTION

Beyond our business model as a REIT and given its current level of financial indebtedness in relation to the 2018 Westfield Transaction, recurring needs for (re)financing for its corporate purpose including funding for refurbishment activities, large-scale capital improvement and maintenance projects for standing assets, and other operational potential financing needs. As such, the Group is exposed to risks related to the availability of funds due to volatility in credit markets, exposure to fluctuations, interest rates and foreign exchange (FX), and exposure to counterparty risk that could limit access to necessary funding, and which could negatively impact operations and the Group's financial results.

Risk factors	Risk management measures
• **Rising cost of access to funds due to dramatic increase in interest rates adverse currency exchange rate movements, or disruption and volatility of capital markets.** Notably, the Group is exposed to: • **Interest-rate risks** • May have a significant impact on the financial expenses. • Although the Group's exposure to variable rates is hedged through derivatives, these hedges could be insufficient or affect the valuation of derivative instruments. • **The foreign exchange rate between the Euro, US Dollar and other currencies impact:** • the value of operational and financial expenses, and thus overall asset value, when translated into euros; • the results and/or the statement of financial position of the Group. To hedge part of this risk, the Group uses derivatives and debt in foreign currency. Such instruments may not hedge the underlying assets or activities perfectly, and as a result changes in the currency exchange and/or interest rates may have an impact on the cash flows, the results and/or the statement of financial position. • **Market risks**, which can generate losses as a result of fluctuations in stock markets. The Group is either: • directly exposed to fluctuations in stock prices due to the ownership of shares or financial instruments, or • indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share-based derivatives that are directly correlated with the price of the asset underlying such derivatives. • The use of financing instruments on international markets exposes the Group to extraterritorial regulations may have a significant adverse effect on the Group's overall financial results.	• The URW Group Asset & Liability Management Committee (ALM Committee) meets on a quarterly and ad hoc basis. It receives regular information on the significant change in the financial environment. • The ALM Committee defined the Group Treasury Policy implemented by the Group Treasury Department, which managed and monitored interest rate risk and foreign exchange risk; The URW Group Treasury Department regularly provides a comprehensive report on: • the Group's interest rate position; exposure to foreign currency; liquidity projections, compliance with bank loan covenant, availability under the Group's committed lines of credit with proposed (re)financing or hedging operations (if applicable), and details of any (re)financing operations or transactions (hedging operations, share buybacks, etc.); • Internal policies and procedures maintain a conservative approach to investments and risk mitigation is not allowing for speculative positions to be put in place; • The Group exposure to FX rates fluctuation is partly hedged by either matching investments in a specific currency with debt in the same currency or using derivatives to achieve the same risk management goal; • Robust internal procedure ensuring the segregation of duties between execution of market trading and control functions of such transactions.
• **Limited access to funds, in case of unfavorable capital market or the Group's credit deterioration** The Group's strategy depends on its ability to raise financial resources, either in the form of debt (mainly bank loans, bonds, credit lines and commercial paper) or equity capital, so that it can finance its general operating requirements and its investments. Certain events such as disruption in the debt or equity capital markets; a reduction in the lending capacities of banks; changes affecting the real estate property market or investor appetite for property companies; a downgrade in the Group's credit rating; deterioration of the Group's financial result; or, a change in the Group's ownership structure could affect limit the ability of the Group to raise required funding, or increase the cost of such funding and lead to an increase in the Group's financial expenses. In addition, some financing contracts are subject to financial covenants which may be affected by the occurrence of the Group's performance deterioration, adverse market movements, or other material adverse changes.	• Sensitivity to liquidity risk is monitored in line with the Group Treasury policy defined by the ALM Committee; • The URW Group Treasury Department regularly provides a comprehensive report on the Group's liquidity projections, Key financial indicators and availability under the Group's committed lines of credit; • Undrawn back-up facilities; • Regular dialogue with rating agencies with a proactive monitoring of credit metrics; • Diversification of sources / counterparties.

Risk factors	Risk management measures
• **Reliability of counterparties or failure to monitor and manage counterparty risk** Many major international financial institutions are counterparties to the interest rate and/or foreign exchange rate and deposits contracted by the Group. In case of the default by a counterparty, the Group could: • lose all or part of its deposits; • lose the benefit from hedges signed with such counterparties. This could then: • result in an increase in interest rate and/or currency exposures; • have a significant adverse effect on the Group, its results and its financial position.	• Credit monitoring of counterparty and minimum financial ratings thresholds as condition of continued transactions.
• **Risks related to liquidity crisis, Euro break-up, country default, or political instability** Considering its level of debt and of need for (re)financing, the following risks and their potential impacts could be detrimental to the Group and could negatively affect the markets and businesses in which the Group operates: • credit liquidity crisis; • a Sovereign debt crisis; Those risks could also negatively affect: • the Group's operations and profitability; • the solvency of the Group and of its counterparties; • the value and liquidity of the securities issued by the Group; • the Group's ability to meet its commitments in respect of those securities and, more generally, its commitments with respect to its debt.	• Regular market monitoring and sensitivity analysis to assess liquidity, rates and FX risks; • Undrawn back-up facilities; • Diversification of sources of funding / counterparties.

B. REIT STATUS & REGIME (TAX)

As an international Group, WFD UR NV is subject to various taxes in the countries in which it operates. The Group approach is to be in full compliance with all tax obligations world-wide in respect of all processes and transactions it undertakes. Considering its core business and activities, as a real estate company, the Group has the benefit of a special "real estate investment trust" (REIT regime) for real estate investors in the countries in which it operates. While a REIT regime leads to a lower tax burden at Group level, at the same time a REIT is obliged to distribute most of its income, which is subsequently taxable at the level of the shareholders. To the extent that the Group opts to make use of such regimes, it is/will be obliged to meet the respective local requirements, which differ per country. Moreover, further to the Westfield group Transaction, the tax structuring complexity combined with the stapling principle in place between URW SE and WFD UR NV raise potential risk of failure to comply with tax requirements and/or to face to challenge from / litigation with one or several local tax authorities.

Any failure to comply with the material tax requirements imposed by the local REIT regimes or any material change or loss of a local REIT regime could have a significant adverse effect on the Group, its results or financial position.

Risk factors	Risk management measures
• The loss of the possibility to use a local REIT regime and/or any major changes in the various local REIT regulatory regimes; • Disagreements with or challenge from the local tax authorities related to tax law interpretation could result in fine and penalties, or litigation; • Failure to properly classify income derived from non-rental income sources, above prescribed REIT income thresholds, which potentially jeopardizes the Group's REIT status in a given jurisdiction or Incorrect tax reporting or remittance, could have an adverse financial impact or negatively impact the Group's reputation.	• Tax employees are credentialed and are in a process of continuous training and education in order to increase awareness of potential errors; • Risk assessment of the potential loss caused by changes in tax regulation; • URW is member of industry groups - which promote modern and predicable REIT regimes; • Pro-active legal approach (both internally and through external counsel) to monitor and anticipate potential changes in REIT-regimes and/or regulations as well as any changes to tax laws generally; • Review of tax calculation accuracy through consistency tests, reviewed internally at Group level and through external advisory firms; • Statutory auditors review and challenge tax calculations/positions during their regular audit work; • Tax employees are in continuous dialogue with and provide training to local colleagues to monitor and review the characteristics of ongoing operations and transactions to ensure that the REIT income thresholds are adhered to.

4.2.2.3 CATEGORY # 3: ENVIRONMENTAL AND SOCIAL RESPONSIBILITY RISKS

A. CLIMATE CHANGE & SOCIETAL RISKS

Considering the size of its tangible assets portfolio, the Group places Climate Change and Societal Risks at the heart of its strategy with an integrated commitment to reduce its Group carbon footprint. The Group has developed a global Corporate Social Responsibility (CSR) strategy based on environmental best practices, social fairness, and transparent governance. The Group's program "Better Places 2030" aims to address the main challenges faced by the Group with its operational activities in all geographies.

As operator of retail assets, the Group is potentially impacted by climate change and societal risk. Each of the Group's real estate assets is potentially exposed to damages caused by any potential impact of climate change including natural disasters as well as by any global local acceptability-related concerns for standing assets or development projects. For more details on natural disaster, please refer to 4.2.2.4.B-Health and Safety Risks and to 4.3 "Transferring risk to the insurance market". Additional information on URW Group's CSR strategy, to which WFD UR NV fully adheres, can be found at:

https://www.urw.com/en/csr

Risk factors	Risk Management measures
The Group may face new risks related to climate change and its corporate social responsibility (CSR) in the several areas: • non-resilience of assets facing to climate change; • limited availability and increase in price of fossil fuels; • increased coercive regulation on building energy efficiency; • not identifying/controlling pollution/hazardous materials in redevelopment and construction project; • loss of access to green financing instruments and low ESG rating; • contracting with services providers, suppliers or subcontractors not complying with regulations and standard of their profession. • Link to controversial activities of one or several tenants negatively affecting the Group's brand and reputation; • Slowing local economic development and destroying local job (local acceptability); • Lack of budget for managing CSR risks or lack of steering/poor organization for managing CSR topics;	• In 2019, the Group performed a global assessment of the assets in the group portfolio (standing assets and development projects) exposed to natural disasters. Action and crisis management plans are in place to enable rapid response in the event of an incident. Moreover, in continental Europe, an annual review is done on Health & Safety risks and environmental issues. (cf. Section 4.2.2.4-B H&S Risks); • Extensive public consultations held for all refurbishment projects, building long-term partnerships with the territory's stakeholders (local residents, public authorities, and associations), frequent measurement of the social-economic impact of the Group assets (direct and direct employment) and "URW involved" program; • Part of that process involves an assessment of the economic impact of the project and then a local acceptability assessment; • Environmental management system in place to improve environmental performance of assets, invests in energy efficient equipment when replacing existing facilities. The Group redacts energy performance contracts with suppliers and ensures engagement of tenants in energy/carbon reduction actions; • Promotion of recycling and programs aimed at reducing waste; • Compliance with local hazardous waste disposal regulations; • Very ambitious CSR Strategy recognized as "best in class" by investors and industry groups and supported by CSR metrics and indices.

B. RECRUITMENT, RETENTION & SUCCESSION

Considering the very competitive talents market (including the very low unemployment rates in some booming local markets) as well as the need to retain talents and knowledges required for a successful integration, the Group may face to important risks related to recruitment, retention and succession. In addition, to successfully implement its challenging strategy and achieve its previously announced targets, the Group relies on its people. Insufficient and inadequate human resources or inability to attract or retain talented people could prevent the Group from reaching its objectives.

Risk factors	Risk management measures
• Failure to recruit appropriate talent to maintain strategic capabilities; • Failure to retain key employees; • Failure to set up and update a formal succession plan;	The Group Human Resources Department maintains its strategy to focus recruitment efforts on highly talented people with the development and support of: • Development and support the Group's "employer brand" in particular with an increased presence on social media; • A highly successful graduate program • Monitoring continued attractiveness of compensation and benefits packages; • Partnering with the best head-hunting firms to regularly map best external talent; • Developing a strong cooptation program (Coopt@URW); • Rolling out regular engagement surveys to design and implement relevant action plans to make the Group a best place to work at; • Designing and implementing ambitious people-oriented policies on Work life balance, Wellbeing, Diversity & Inclusion, Sustainable work environment ("Work Greener!") • Providing permanent learning and development opportunities (e.g. international mobility, cross-functional mobility, rolling out of the URW Academy in the US); • New global Talent Review in place, including systematic 360° feedbacks for all employees, using the same framework and same tool for the Group. • New extensive Global Succession Planning process rolled out, to identify potential successors for all positions reporting to a Senior Management Team members , all head of key functions, and other selected key positions.

4.2.2.4 CATEGORY # 4: SECURITY, HEALTH AND SAFETY RISKS

A. TERRORISM & MAJOR SECURITY INCIDENT

The core business of the Group is based on assets open to the public with a significant footfall (over 1.2 billion visitors per year). As such, it is important that we maintain an appropriate safety and security program to welcome customers in full security and safety and having to remain attractive. Additionally, the "Westfield" brand has been rolled out in Europe, which heightens our awareness of remaining vigilant in monitoring and mitigating as best as possible security and safety concerns on a global basis. The global brand and the iconic status of some assets increase the level of threats on the Group assets.

Should a serious security, safety, or terrorism event occur that results in casualties or even property damage, the Group could experience a negative impact on its operations, its financial results, and its brand and reputation.

By their nature, and despite the measures put in place by the Group independently, and in close cooperation with law enforcement in the countries in which the company operates, the Group property assets are potentially exposed to acts of terrorism and potential active shooter, which may have serious consequences. The activity and the footfall to an asset subject of an act of terrorism or some assets located in the country concerned would suffer variable consequences depending on the gravity of the event and the period of time and could have a significant adverse effect on the Group.

While the threats of a terrorist attack are highest in Continental Europe, the risk of an active shooter is most likely in the US.

Risk factors	Risk management measures
• Failure to develop and implement a security program that remains aware of terrorist threats or other major security concerns - including active shooter; • Failure to develop a security program that mitigates the impact of a major security incident including terrorist attack/ active shooter event; • Failure to develop and implement an effective corporate crisis response program;	• Dedicated Group organization for security and crisis management (Group Security & Crisis management Committee); • Global security governance and guidelines (including redevelopment project), security policies and procedures implemented at all locations with appropriate physical security measures and access control; • Local Security referents network to manage and standardize the Group's practices in line with local regulations; • Routine interaction with counter-terrorism, national intelligence services, and local law enforcement to remain aware of emerging terrorist threats or other security concerns; • Centers conduct terrorist attack/active shooter crisis response exercises in collaboration with law enforcement; • Incident notification/escalation process and global alignment of crisis response plans; • Crisis Management Handbook and Emergency Response Plans in place and shopping center management and security teams trained in crisis response; • Implementation of guidelines and security policies that allows the Group to be as responsive as possible with knowledgeable professionals.

B. HEALTH AND SAFETY (H&S) INCLUDING NATURAL DISASTERS

As real estate owners, we have responsibility towards ensuring the safety and wellbeing of shoppers, retailers, vendors, and employees alike. The Group has a significant footfall (over 1.2 billion visitors per year) This also includes maintaining proper building and equipment maintenance protocols to also minimize the risk of injury or illness, protect the environment, and mitigate the impact of unexpected events on the building and on business continuity.

The countries in which the Group operates have a specific set of Health, Safety, and Environmental (HSE) laws and regulations. Developing and implementing an effective compliance framework, monitoring and complying with new or evolving HSE laws and regulations, and ensure a compliance with Group HSE policies is of critical importance in managing this risk.

In the countries in which the Group operates there is significant exposure to natural catastrophes – e.g. earthquake in California, hurricane in Florida, and flooding in the Netherlands. For assets potentially exposed to natural disasters, emergency response plans are defined by the asset technical manager or risk manager with support by regional and corporate teams[26].

As the assets owned and managed by URW are places open to the public in significant numbers, in the event of a pandemic, they are significantly exposed to significant risks.

The emergence of a pandemic risk, particularly if prolonged, would expose the Group to a greater degree of risk to public perception, generating potentially significant reductions in attendance, administrative decisions, and / or operational restrictions, including temporary closure of sites and the inability of tenants to maintain their operations and pay rent.

In this context, the Group has business continuity plans managed by a dedicated team in order to anticipate, and if necessary, lead the Group's response in terms of human resources management, operational management, business continuity, compliance and communication. Precautionary measures are taken based on government recommendations, to which specific measures may be added, including prioritizing the protection of customers, tenants, providers and employees of the Group. Communication on the measures adopted is provided to customers, tenants, service providers, Group employees and other relevant stakeholders, as necessary.

Due to governmental and local authority emergency health measures, as of March 18, 2020 all shopping centers in all countries where URW operates have been either closed or substantially closed (supermarkets, food stores and pharmacies are typically allowed to open, but access to our shopping centers for the general public is prohibited).

The consequences of the Covid-19 pandemic remain difficult to determine as to their magnitude, taking into account the different variables in each of the countries in which the Group operates. However, these consequences may have significant potential effects on the Group's financial results considering the number and size of the assets concerned, the scope of the measures taken directly impacting the Group's assets (such as opening restrictions, temporary total or substantial closure of shopping centers and rents and service charge collection, as is the case in most countries where the Group operates, in effect at the date of filing of this Universal Reference Document and potential further measures), unilateral decisions by tenants to reduce or cease their operations, local or national containment measures and duration of such measures and the cumulative effect of the impact of these measures on the operation of its assets, the number of visitors and the collection of rents and services charges by the Group.

*26 Natural disasters *** due to significant exposure to natural disasters in some geographies of operation combined with level of uninsured risks in some of those countries (impacts of local limitations/exclusions/caps in insurance coverage) refer to Section 4.3*

Risk factors	Risk management measures
- Failure to implement effective strategies that seek to minimize, prevent, and mitigate life safety incidents; - Failure to implement processes that may mitigate and manage the impact of any natural disaster (earthquake, flooding and uninsured risk); - Injury or loss of life due to failure to comply with health and safety regulations;	- Annual audits are conducted on assets to verify regulatory compliance with health and safety laws and regulations; - Qualified external advisors/contractors with proper knowledge of the assets & local regulation validate compliance with regulations. - Verification that contractor's health and safety procedures are appropriate and that their staff have the proper licenses, equipment & training; - Center management conducts routine property tours and identifies hazardous conditions and implements corrective actions; - Maintenance and inspection conducted by third-party contractors of all relevant equipment subject to regulation; - Fire safety systems are routinely inspected as required by local fire regulations; Corporate and Construction Health and Safety policies incorporate regulations and are based on industry-accepted best practices in the absence of a specific governing regulation. Natural Disaster: - Periodic validation of response plans for assets most exposed to natural disasters (flooding, storm and earthquake); - Insurance brokers routinely conduct a "catastrophe loss expectancy analysis" for the catastrophic perils of flood, hurricane, and earthquake that provides guidance as to the potential cost associated with damages from any one event, and which is used in the selection of limits of insurance purchased; - Assets in Continental Europe are covered with a limit of €200 Mn per country and in the aggregate annually for natural disasters; specific sublimit of € 25 Mn for flood damages in the Netherlands - due to insurance market limitation; US assets are covered for hurricane with a limit of $1,9 Bn in the annual aggregate, for flood with a limit of $500 Mn in the aggregate fully insured for flood and hurricane; for earthquake in the limit of $500 Mn in the annual aggregate, sub-limited to $400 Mn for California and $250 Mn for Pacific Northwest, $400M aggregate coverage due to insurance market limitations; - Periodic review prevention/protection plans and risk mitigations for the most exposed assets; - Each center in a natural catastrophe zone conducts emergency preparedness drills each year.

4.2.2.5 CATEGORY # 5: POST-WESTFIELD TRANSACTION RELATED RISKS

A. MATERIAL MISSTATEMENT & UNRELIABLE FORECAST

Further to the Westfield Transaction, at the time of the transaction the Group on the one hand and its affiliates held by URW SE on the other hand utilized different accounting and financial reporting consolidation systems. As such, this creates the potential for errors in financial consolidation due to different accounting systems and norms. A project to harmonize IT, accounting, and financial reporting systems across the entire URW Group is underway and will be completed mid-2020. Once the combined single system is implemented this risk effectively no longer exists. However, until then this risk remains a key risk for at least the near future. Unreliable forecast and/or accounting mistakes might have a material impact on financial accounts, which may lead to material misstatement, financial miscommunication or to profit warnings. Such errors might affect shareholders' confidence and market trust and result in material financial Impacts, brand damage and loss of reputation.

Risk factors	Risk management measures
- Material errors in budget/forecast process; - Material errors in the financial consolidation and reporting process; - Failure to identify and prevent Financial Statement Fraud;	- Global IT tool in place across the Group with US GAAP and IFRS capabilities; - Standardization of KPI definitions for items such as net/gross rental income, net service charges etc.; - Group Glossary developed to provide common definitions; - Quarterly Flash Report (QFR) and 5 Years Business Plans (5YBP) are reviewed by the Group Controlling Department; - Forecasts are systematically compared to the budget and reviewed with Operating Managers and Shopping Centers Managers. Regulars and harmonized reporting systems are documented to ensure the detection of deviations - Dedicated Finance teams systematically review forecast vs. budget - External third-party auditors review of the financial results for compliance with IFRS and US GAAP accounting standards - Successful transfer of consolidation previously completed in Australia to either Europe and US consolidation team - Segregation of duties in place to ensure primary controls against rigging accounting - Global Group IT forecasting and accounting system and standardized KPI's and definitions

B. CHANGE MANAGEMENT & INTEGRATION

Integration of the former Westfield and former Unibail-Rodamco has essentially been completed in terms of organizational structure and processes. However, integration from a business cultural perspective between the two former companies continues among geographic differences. As such and despite the tremendous progress the Group has made in completing the integration thus far, Change Management & Integration risk will likely remain a key risk for at least the balance of 2020. The potential failure to integrate the two former companies may challenge overall operational efficiencies and financial performance.

Risk factors	Risk Management measures
• Failure to create a common culture and common ways of working leading to lower commitment and high turnover of talent;. • Failure to create and Ineffective organization structure and lack of clear and efficient processes; • Failure to capture expected synergies;	• Roll out of new corporate values; • Retain key leaders by specific actions including retention scheme for identified managers; establishment of Succession plan process for top managers; Appointment process of best qualified people (from ex Unibail-Rodamco and ex Westfield) to top managers positions; • Publication of a clear organization manual and regular updates on the Compliance Book; • Integration and adoption of best practices between the two former legacy companies and design and implementation of global platforms (Digital, International Leasing, Commercial Partnerships) to capture future revenue synergies; • In-person internal cultural awareness training provided to Top Managers.

4.2.2.6 CATEGORY # 6: LEGAL AND REGULATORY RISKS

A. CORRUPTION, MONEY LAUNDERING & FRAUD RISKS

The Group conducts its core business in 2 continents and drives its real-estate activity with a wide variety of stakeholders, business partners, and other intermediaries and government authorities. Due to the nature of the Group's business activities and relationship with business partners, as well as its wide geographical scope of operations, faces numerous stringent international and national anti-bribery, corruption, money laundering & fraud laws and regulations.

Risk factors	Risk management measures
Non-compliance with international/national anti-corruption and no influence peddling regulations: • As a global company, WFD UR NV must comply with the highest standards in this particular field and also with anti-corruption regulations such as the French Sapin II law, the Foreign Corrupt Practices Act "FCPA" (US). Failure to comply with anti-corruption regulations and lack of transparency can lead to material reputational damages; financial, administrative or disciplinary sanctions; and may have a negative impact on investors' trust; • Non-compliance with international/national anti-money laundering laws; Failure to prevent and detect fraud against the Group: • The Group could be exposed to attempted fraud (identity theft for example); or embezzlement in the course of its business.	• A rigorous and "zero tolerance" principle based on an effective Anti-Corruption Programme (ACP) applicable in all entities controlled by the Group designed based on the 8 pillars of the French Sapin II law. In addition, the ACP incorporates provisions of international conventions and national laws and regulations applicable to the Group's business activities; • An alert system (whistleblowing procedure) supported by an external hotline is in place within the Group ; • Interactions with Public Officials and Business Partners are monitored by a "Know Your Partner" procedure to ensure compliance of third parties with the Group's ACP; • Local Compliance Correspondents support the coordination of the ACP and manage processes and procedures in each region; • Dedicated classroom training for most exposed departments and an e-learning module available to all Group staff describing the general principles related to the prevention of corruption, bribery and influence peddling • Dedicated ACP training module required to be completed by all Group staff; • The Group has implemented a secure payments procedure and has formalized the rules for opening, changing and closing bank accounts; • Awareness of fraud scenarios is raised in departments throughout the year and illustrated by real cases; • In the case of attempted fraud, the Group Compliance Officer systematically shares the information via email with all regions, including a reminder of preventive procedures.

B. LEGAL & REGULATORY

The Group operates in 2 highly regulated Continents. Moreover, our operations also require us to comply with a myriad of laws and regulations related to our activities in areas such as leasing, asset and property management, various licensing and permits, construction and maintenance, health & safety, personal data privacy, financials and securities markets, and anti-trust regulations to name a few, as well as with some extraterritorial regulations. As such, the risk of failing to comply with applicable laws and regulation may result in regulatory investigation, negative reputational impact or could result in fines and penalties, damages, the loss of license, and/or any potential legal action. The Group also operates in highly litigious countries, where we are potentially exposed to the risk of major litigations, including class actions. Finally, the Group may face to regulatory investigations.

Risk factors	Risk management measures
• Non-compliance with laws and regulations at governmental, federal, state, province, local country or sector level.	• Deployment of the Group's legal policy, a set of internal procedures and standard forms to secure contractual frame, reduce litigation exposure to protect Group interests and ensure compliance with applicable regulations; • Legal Department organization around (i) two geographical platforms (Continental Europe, US), and (ii) a Group Legal Support (Corporate & Security Law, Data & Brand Protection); • Comprehensive legal training on complex or new regulations to raise awareness and develop learning curve from pending litigation; • External advisors and law firms provide constant update on both emerging legislation and recent case law on specific matters; • Group in-house lawyers are specialists in jurisdictions in which the Group operates and set the network of external counsel and experts as required; • Through its action within the various national professional organizations, the Group endeavors to anticipate any legislative initiatives likely to have an impact on its business;
• As a publicly traded global company URW is required to comply with various stock market/exchange regulations and requirements with respect to full and proper disclosure and transparency to provide clear, real and objective information.	• The Market Abuse Regulation (MAR) related to insider trading is detailed in the Insider Trading Rules procedure, setting out common principles applying to the qualification of Inside Information, the disclosure of such information, trading bans during pre-defined periods of time and disclosure requirements for designated persons. A Group Disclosure Committee (GDC) is responsible for qualifying Inside Information if any;
• In the course of its activities, the Group collects and processes diverse personal data from customers, employees, business partners and service providers. Failure to protect this personal data could result in fines and penalties as well as negatively impacting the Group's reputation	• The Group has developed and updated a robust and effective Data Privacy Protection program to comply with GDPR (EU) and the California Consumer Protection Act (CCPA) (US); • Appointment of one Head of Group Data & Brand Protection, Data Protection Officers and Local Data Protection Correspondents network set up; • Organizational & technical processes: retention period policy, data breach notification process, update of the employee privacy policy. IT Security department included in the framework; • Group wide e-learning training on GDPR and CCPA for each employee and specific trainings for business population (marketing, IT, HR); • Signature of data processing agreement with major IT contracts service provided; • Processes and registers were implemented;
• Failure to prevent or mitigate material negative impact of any regulatory investigations and/or litigation: In the normal course of the Group's business activities, the Group could be subject to legal, administrative, arbitral, and/or regulatory proceedings	• Set out of an escalation process; • Internal alert process to inform the Group General Counsel, recurring reporting on (potential) material litigations and escalation process for litigation strategy • Claim management process for development projects; • Set of preventive internal programs to comply with the main applicable regulations and effectiveness review on a recurring basis; • "Dawn raid" policy for any unexpected on-site investigation.

4.3 TRANSFERRING RISK TO THE INSURANCE MARKET

The Group operates a loss prevention policy, developing measures to reduce the probability and impact of claims notably with respect to fire protection and health and safety. This policy improves the Group's position when negotiating cover and premiums with its insurers.

The Group is covered by insurance programmes, which are underwritten by leading insurance companies located in various markets (including Europe and the US).

These programmes are actively monitored by the Group Insurance Department in liaison with local teams and insurance brokers in continental Europe and in the United States.

Under the property damage and terrorism programmes, all Group's property assets are insured for their reconstruction value, as well as for business interruptions and loss of rent subject to limitations of coverage with respect to natural catastrophe risks due to limited insurance market capacities (for more details, refer to the table below). All assets are regularly assessed by internal or external property insurance valuers.

In accordance with insurance market practices, property damage insurance program requires physical damages to trigger a coverage of financial loss or business interruption. For pandemic, in the current legal and contractual, such cover would not be granted.

Assets are insured against terrorism under a dedicated programme that includes a limit per claim based on the asset that has the highest insured value with respect to rebuilding cost and loss of rent.

The Group has also taken out general liability insurance policies that cover financial damages resulting from third-party claims.

Type of insurance	*Coverage and main limits*
Property damage and loss of rent/business interruption	Coverage: “all risks” basis (subject to named exclusions) and terrorism. Basis of compensation: • reconstruction costs for building, replacement cost for equipment; • loss of rent or business interruption with a compensation period of between 12 and 60 months depending on the asset. • Limits of compensation: • The Netherlands: limit of €1 Bn per occurrence covering all property damages and loss of rent/business interruption. The programme includes sub-limits notably: • earthquake: limit of €200 Mn in the annual aggregate, • flood: limit of €25Mn in the annual aggregate (dike failure is excluded which is market practice), • Terrorism: limit of €900 Mn per occurrence covering damages and loss of rent/business interruption following a terrorist attack; • The US: limit of $1,5 Bn per occurrence covering all damages and loss of rent/business interruption including terrorism events. The programme includes sub-limits notably for natural catastrophe risks. The Group insurance brokers complete a detailed loss estimate analysis on natural catastrophe exposures. This information is used in determining the amount of insurance purchased for the perils of earthquake and windstorm/hurricane. • earthquake: the overall program sublimit for earthquakes is $500m per occurrence and annual aggregate subject to additional inner sub-limits of: • sub-limit of $400 Mn for California earthquakes: this limit applies to all locations in California. A retention per location of 5% of total insured values would be applicable, • sub-limit of $250 Mn for Pacific Northwest earthquakes: this limit applies to SouthCenter in Tukwila, WA. A retention per location of 3% of total insured values would be applicable; • windstorm/hurricane: limit of $1,5 Bn in the annual aggregate. A deductible of $50,000 per location would be applicable, except for assets located in Florida where a retention per location of 5% of the total insured values would be applicable; • flood: sub-limit of $500 Mn in the aggregate with $500,000 deductible per location for properties in designated flood zones. In the US and in The Netherlands, the combination of the concentration of a large number of assets in the same area with a high exposure to natural catastrophe risks and the limited capacity available from insurers to cover these risks exposes WFD UR NV and its controlled subsidiaries to retain a significant share of these risks as uninsured.
General civil liability	Coverage: “all risks” basis (subject to named exclusions) for damage caused to third parties up to: • limit of €500 Mn per claim in The Netherlands; • limit of $500 Mn per claim in the US. The programmes include sub-limits, for example to cover liability claims following a terrorist attack.
General environmental liability	Coverage for damage caused to third parties up to: • The Netherlands: • for accidental pollution: limit of €30 Mn per claim and annual aggregate, • for gradual pollution: limit of €3 Mn per claim and an annual aggregate; • The US: • limit of $5 Mn per claim and in the annual aggregate limit.
Cyber risks	Limit of €35 Mn per claim and in the annual aggregate limit.

Main construction projects and renovation works on properties are covered by contractors’ All Risks policies for their total construction cost. Defects affecting the works are covered by contractors’ warranties.

The 2019 premium for WFD UR NV amounted to $21 Mn[27]. Most of these premiums were invoiced to third parties (*e.g.* co-owners, tenants…).

WFD UR NV did not incur any major uninsured losses in 2019.

At the end of 2019, the Group’s insurance programme was successfully renegotiated and globalised covering the Group portfolio with placement both in the European and US insurance markets with effect from January 1, 2020.

27 Only for Insurances directly managed by WFD UR NV or by the Group, excluding premiums reinvoiced from third parties.

5.

INFORMATION ON THE COMPANY, SHAREHOLDING AND THE SHARE CAPITAL

5.1 INFORMATION ON THE COMPANY

5.1.1 GENERAL INFORMATION

WFD Unibail-Rodamco N.V. ("WFD UR NV" or the "Company") has its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Schiphol Boulevard 315, World Trade Center Schiphol - Tower F, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands. WFD UR NV is registered with the Commercial Register of the Dutch Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 70898618.

Its financial year runs from January 1 to December 31.

Information about the Company is available on its website: www.wfd-unibail-rodamco-nv.com.

5.1.2 LEGAL FORM AND APPLICABLE LAW

On February 14, 2018 WFD UR NV was incorporated as Unibail-Rodamco B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands. On March 22, 2018, Unibail-Rodamco B.V. changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company (*naamloze vennootschap*) pursuant to a notarial deed of amendment and conversion in accordance with a resolution of its general meeting adopted on March 15, 2018. The current laws and regulations of The Netherlands are applicable to the Company.

5.2 SHARE CAPITAL AND OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

5.3.1 AUTHORISATION TO BUY BACK SHARES

Pursuant to the shareholders meeting dated June 11, 2019 (the "General Meeting"), the Management Board ("MB") has been authorized (for 18 months following the General Meeting) to acquire for the Company, with the approval of the Supervisory Board ("SB"), up to 10% of the class A shares in the Company's capital (separate or as part of Stapled Shares) and up to 100% of the class B shares in the Company's capital in issue from time to time.

The MB is authorized, to i) acquire one or more class A shares in the Company's capital (separate or as part of Stapled Shares) from URW SE, ii) acquire one or more class A shares in the Company's capital from anyone other than URW SE (including by means of a share buy-back programme), provided that such acquisition is made (x) pursuant to and in accordance with a joint share buy-back programme approved by or on behalf of (the relevant corporate bodies of) the Company and URW SE or (y) jointly and in connection with (but not necessarily concurrently with) an acquisition or ordinary shares in the capital of URW SE by URW SE; and/or iii) acquire one or more class B shares in the Company's capital from URW SE, in each case (x) subject to the MB being authorised by the Company's General Meeting to acquire such shares in the capital of the Company and (y) with due observance of Dutch law, the Company's Articles of Association (the "Articles") and the relevant limitations set out in the shareholders' authorisation as applicable from time to time.

5.2.1 AUTHORISED SHARE CAPITAL – FORM OF SHARES

As at December 31, 2019, WFD UR NV's issued share capital amounted to €115,813,460 and was divided into 138,378,605 class A shares and 93,248,315 class B shares at a nominal value of €0.50, representing 59.74% and 40.26%, respectively, of the Company's issued share capital.

In June 2018, the class A shares of the Company were individually stapled with the shares of Unibail-Rodamco-Westfield SE (formerly Unibail-Rodamco SE, hereinafter: "URW SE") (hereinafter together, the "Stapled Shares"), a public limited liability company under the laws of France, with its registered office located in Paris and Companies Register under number 682 024 096.

The "URW Group" is composed of the Company, URW SE and all of the controlled entities whose financial information is included in the consolidated accounts of the Company and/or of URW SE.

The Stapled Shares are admitted to trading on Euronext Amsterdam and Euronext Paris, under ISIN code FR0013326246 and trading symbols AMS: URW (Euronext Amsterdam) and EPA: URW (Euronext Paris). Any shareholder of Stapled Shares will have all the rights and be under all the obligations of both a shareholder of URW SE (with respect to the URW SE shares that are part of his Stapled Shares) and a shareholder of WFD UR NV (with respect to the class A shares that are part of his Stapled Shares).

5.2.2 SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

Securities granting access to the capital of WFD UR NV are described below.

5.2.2.1 CDIs (CHESS DEPOSITARY INTERESTS)

The term "CDI" designates Australian CHESS (*clearing house electronic subregister system*) depositary interests that represent beneficial ownership in Stapled Shares registered in the name of or on behalf of CDN (CHESS Depositary Nominees Pty Limited, a subsidiary of the Australian Securities Exchange (ASX)). CDIs are admitted for trading on the Australian regulated market (ASX).

Twenty CDIs collectively represent a beneficial interest in one Stapled Share. CDN enables holders of CDIs to exercise[28] the voting rights attached to the Stapled Shares. The CDIs can be converted into Stapled Shares at any time and inversely.

5.2.2.2 PERFORMANCE SHARES AND PERFORMANCE STOCK OPTIONS

(28) Holders of CDIs can either (i) ask CDN to vote in a given way, or (ii) request that CDN grant the holder with the power to vote at the General Meeting.

The long term remuneration plan of the Group combines two remuneration elements in Stapled Shares: the majority are granted as Performance Shares (PS), while a small portion are Performance Stock Options (SO). This is intended to strengthen the engagement of beneficiaries in their contribution to the Group's performance.

As at December 31, 2019, the number of potential Stapled Shares to be theoretically issued after taking into account cancellation (assuming the required performance and presence conditions are attained and excluding any cancellations that may occur during the course of the plan) represents 0.23% of the fully-diluted capital with regard to the PS and 2.25 % of the fully-diluted capital with regard to the SO of URW SE.

The long term remuneration plan was approved by the SB, upon binding recommendation of the GNRC, on March 19, 2019 and is implemented as per December 31, 2019.

5.2.2.3 ORA (BONDS REDEEMABLE IN SHARES)

Pursuant to the Public Exchange Offer initiated in April 2007 by Unibail Holding (currently Unibail-Rodamco-Westfield SE, hereinafter "URW SE") for Rodamco Europe B.V. (the company ceased to exist), 9,363,708 ORA were issued in part consideration for the shares contributed by Rodamco Europe N.V. shareholders to the Public Exchange Offer.

By decision of the URW SE's Management Board of May 17, 2019, URW SE exercised its call option in accordance with paragraph 5.9.2 "Unibail Call Option" of the *Note d'opération* and redeemed the outstanding ORA (5,757) in Stapled Shares, on July 5, 2019. As at December 31, 2019, there are no outstanding ORA.

For full details on the ORA, please refer to the "*Note d'opération*" approved French financial markets authority under visa no. 07-152 dated May 18, 2007.

5.2.2.4 ORNANE (BONDS REDEEMABLE IN CASH AND/OR IN NEW AND/OR EXISTING SHARES)

Since the General Meeting of ORNANE holders on April 20, 2018, the redemption of ORNANE is carried out in new and/or existing Stapled Shares.

- **2014 ORNANE ISSUANCE OF JUNE 25, 2014**

On June 25, 2014, URW SE issued 1,735,749 2014 ORNANE at a nominal value per unit of €288.06, representing a nominal amount of €500 million, maturing on July 1, 2021.

The 2014 ORNANE are convertible since January 1, 2018, but market conditions have not, to date, allowed the 2014 ORNANE holders to exercise their share rights. The conversion rate to Stapled Shares is 1.24 as at December 31, 2019.

The 2014 ORNANE holders, in accordance with section 4, paragraph 4.9.5, "*Information sur les valeurs mobilières devant être offertes et admises aux négociations sur le marché réglementé d'Euronext à Paris*" of the *Note d'opération* relating to the 2014 ORNANE, were able to request, at their discretion, the early redemption in cash on July 1, 2019, of the 2014 ORNANE they held.

As at December 31, 2019, 1,378,495 2014 ORNANE were redeemed in cash. The number of outstanding 2014 ORNANE is 357,254, as at December 31, 2019.

For more details on the 2014 ORNANE, please refer to the "*Note d'opération*" approved by the French financial markets authority under visa no. 14-296 dated June 17, 2014.

- **2015 ORNANE ISSUANCE OF APRIL 15, 2015**

On April 15, 2015, the URW SE issued 1,441,462 2015 ORNANE at a nominal value per unit of €346.87, representing a nominal amount of €500 million, maturing on January 1, 2022.

The 2015 ORNANE are convertible since January 1, 2018, but market conditions have not, to date, allowed the 2015 ORNANE holders to exercise their share rights. The conversion rate to Stapled Shares is 1.02 as at December 31, 2019. As at December 31, 2019, no 2015 ORNANE have been converted.

For more details on the 2015 ORNANE, please refer to the "*Note d'opération*" approved by the French financial markets authority under visa no. 15-144 dated April 8, 2015.

5.2.3 PLEDGED COMPANY SHARES

As at December 31, 2019, 469,400 Stapled Shares were pledged in a registered custodian account. No standard registered shares were pledged.

5.2.4 OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

None.

5.3 SHARE BUY-BACK PROGRAMME AND SHARE ISSUANCES

5.3.2 REVIEW OF THE USE OF THE AUTHORISATION TO REDEEM SHARES AND INFORMATION ON THE TRANSACTIONS CARRIED OUT DURING THE FINANCIAL YEAR ENDING DECEMBER 31, 2019

During the 2019 financial year, the Company did not proceed with the acquisition of any shares under the share buy-back programme.

The Company has not used any derivative products as part of its share buy-back programme and has currently not entered into any market-making and/or liquidity agreement.

5.3.3 AUTHORISATION TO ISSUE SHARES

With effect from the closing date of the Westfield Transaction (and for a period of 5 years from such date), the MB has been authorized, subject to the approval of the SB and the Stapled Share principle, (i) to resolve to issue shares in the capital of the Company and to grant rights to subscribe for such shares up to the maximum authorized share capital as this may be included in the Articles from time to time and (ii) to resolve to limit or exclude pre-emption rights in relation thereto.

5.4 INFORMATION ON THE SHAREHOLDING

5.4.1 OWNERSHIP OF CAPITAL AND VOTING RIGHTS

The Company's share capital as at December 31, 2019 comprises 138,378,605 class A shares and 93,248,315 class B shares at a nominal value of €0.50 and is fully paid-up. The class A shares form part of Stapled Shares together with ordinary URW SE shares. All class B shares are owned by URW SE.

One single voting right is attached to each share in accordance with the "one share, one vote" principle.

59.67% of the share capital is free floating.

The Company's shareholding structure is as follows at year end 2019:

	Year-end 2018					Year-end 2019				
Shareholder	Number of A shares	Number of B shares	Total Number of shares	% of share capital	% of voting rights	Number of A shares	Number of B shares	Total Number of shares	% of share capital	% of voting rights
Free float (class A)	138,119,395		138,119,395	59.65	59.65	138,209,728		138,209,728	59.67	59.67
URW SE (class B)		93,248,315	93,248,315	40.27	40.27		93,248,315	93,248,315	40.26	40.26
Treasury shares (1)	-	-	-	-	-	-	-	-	-	-
Executive officers (2)	169,206	-	169,206	0.07	0.07	168,877	-	168,877	0.07	0.07
TOTAL	**138,288,601**	**93,248,315**	**231,536,916**			**138,378,605**	**93,248,315**	**231,626,920**		

Figures may not add up due to rounding.

(1) Treasury shares held under share buyback programmes and/or the liquidity contract. Shares held by Unibail-Rodamco-Westfield SE are stripped of voting rights.
(2) Executive officers endorse the members of the Management Board. As of June 7, 2018, the Management Board consists of two members. The amount does not take into account the units in the Company Savings Plan held by the executive officers.

There has not been any significant variation of the share capital since December 31, 2019.

5.4.2 INFORMATION REGARDING OWNERSHIP THRESHOLD DISCLOSURES SINCE JANUARY 1, 2019

Legal threshold disclosures notified prior to January 1, 2019 can be viewed on the Dutch Authority Financial Markets ("AFM") website and threshold disclosures notified to the Company are available at the registered office of the Company.

To the best of the Company's knowledge and based on the legal and statutory threshold crossings disclosed to the Company and/or the AFM by the shareholders, the latest positions notified are identified hereafter for the financial year ended December 31, 2019:

Shareholder	Number of shares	% of share capital(1)	Number of voting rights	% of voting rights
BlackRock Inc. (disclosed on 09/23/2019 - decrease)	10,659,623	4.60	10,659,623	4.60
APG Asset Management N.V. (disclosed on 09/06/2019 - increase)	6,926,550	2.99	6,926,550	2.99
State Street Corporation (disclosed on 09/26/2019 - decrease)	6,832,372	2.95	6,832,372	2.95
Norges Bank Investment Management (disclosed on 12/09/2019 - increase)	5,538,357	2.39	5,538,357	2.39

(1) Calculated on the date the threshold crossing was reported.

5.4.3 SHAREHOLDERS' AGREEMENT

To the best of the Company's knowledge, there is no shareholder's agreement.

5.5 ARTICLES OF ASSOCIATION OF THE COMPANY AND CHARTERS OF THE CORPORATE BODIES

The main statutory provisions are given hereafter. Furthermore, the Management Board (the “MB”), Supervisory Board (the “SB”), Audit Committee (the “AC”), the Investment Committee (the “IC”) and the Governance and Nomination and Remuneration Committee (the “GNRC”) each have their own internal charters. The Articles of Association (the “Articles”) and internal charters of these committees are available on the Company’s website or at its registered office.

The Articles were last updated on June 7, 2018.

5.5.1 CORPORATE PURPOSE

(ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)

The corporate purpose of the Company is in The Netherlands and abroad:

- to invest in assets, primarily through the direct or indirect acquisition of real estate, in such a manner that the ensuing risks are spread in order to allow shareholders to share in the proceeds;
- to enter into cash pooling arrangements with, to provide financing to and to furnish guarantees for the benefit of Unibail-Rodamco-Westfield (“URW”) and other affiliated bodies of the Company whose assets, on a consolidated basis, generally at least nearly exclusively consist of real estate and/or associated rights;
- to incorporate, to participate in, to hold any other interest in and to conduct the management or supervision of bodies whose objects and actual activities are to invest in assets;
- to invest in the improvement or expansion of real estate;
- to acquire, to manage, to invest, to exploit, to encumber and to dispose of other assets and liabilities and to provide any other act or service; and
- to do anything which, in the widest sense, is connected with or may be conducive to the objects described above,

in each case taking into account the restrictions applicable to the Group under the fiscal investment institution regime as laid down in section 28 of the Corporate Income Tax Act (CITA), or such statutory provision which replaces section 28 CITA.

5.5.2 STAPLED SHARE PRINCIPLE

(ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

The shares in WFD UR NV are in registered form. The shares have been, or will be, created under Dutch law and must be paid up in full upon issuance (without prejudice to section 2:80(2) Dutch Civil Code (the “DCC”)). However, it may be stipulated that up to 75% of the nominal value of a class B share need not be paid up until WFD UR NV has called for payment.

The class A shares may be included in a giro deposit (*girodepot*) or a collective deposit (*verzameldepot*) in accordance with the provisions of the Dutch Giro Securities Act or any other collection of securities which are transferable by means of book-entry, in each case with due observance of the Stapled Share principle set out in the Articles.

Each class B share can be converted into one class A share. By means of a written request addressed to the MB, the holder of one or more class B shares may request the conversion of all or part of his class B shares into an equal number of class A shares. Such request must indicate the number of class B shares to be converted. Upon receipt of such request, the MB, with the approval of the SB, shall resolve to convert the number of class B shares specified in the request into an equal number of class A shares. Neither the MB nor WFD UR NV are required to effect a conversion of class B shares if the request does not include the number of class B shares to be converted or if the MB reasonably believes that the information included in such request is untrue or incorrect or that the holder concerned is not a party meeting the quality requirement described below.

Under the Articles, in order to achieve a situation where holders of class A shares, other than any entity of the URW Group, hold an interest in both WFD UR NV and URW SE, as if they held an interest in a single (combined) company:

- no class A share can be (i) issued to, or subscribed for by, others than any entity of the URW Group, (ii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the URW Group, or (iii) released from any encumbrance by others than any entity of the URW Group, in each case except together with a UR Share in the form of a Stapled Share;
- no right to subscribe for one or more class A shares can be (i) granted to or exercised by others than any entity of the URW Group, (ii) terminated by others than any entity of the URW Group, (iii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the URW Group, or (iv) released from any encumbrance by others than any entity of the URW Group, in each case except together with a corresponding right to subscribe for an equal number of URW SE Shares in the form of an equal number of Stapled Shares;
- all shareholders, other than any entity of the Stapled Group, must refrain from (i) acquiring any class A share, (ii) acquiring, exercising or terminating any right to subscribe for one or more class A shares, or (iii) creating or acquiring a usufruct, pledge or other encumbrance over any class A share or any right to subscribe for one or more class A shares, in each case except (if it concerns a class A share) together with a URW SE share in the form of a Stapled Share or (if it concerns a right to subscribe for one or more class A shares) together with a corresponding right to subscribe for an equal number of URW SE shares in the form of an equal number of Stapled Shares; and
- subject to applicable law, the MB and the SB shall take all necessary actions to ensure that, at all times, the number of class A shares issued and held by others than any entity of the URW Group is equal to the number of URW SE shares issued and held by others than any entity of the URW Group.

The Stapled Share principle can only be terminated by virtue of a resolution passed by the General Meeting to amend the Articles. A resolution by the General Meeting to effect such an amendment shall only become effective after the MB, with the approval of the SB, has confirmed that the General Meeting or shareholders or URW SE has passed a resolution to terminate the Stapled Share principle as included in the Articles of URW SE.

In addition, under the Articles, class B shares can only be held by any entity of the URW Group or any other party, with the prior approval of the MB and the SB. If one or more class B shares are not, or no longer, held by a party which meets the quality requirements described in the previous sentence:

- the holder of such class B shares must immediately notify the MB thereof, consistent with the arrangements described in the Articles;
- such Shareholder's voting rights, meeting rights and rights to receive distributions attached to its class B shares shall be suspended; and
- such Shareholder must immediately offer and transfer its class B shares to WFD UR NV (or to a party designated in writing by WFD UR NV) in accordance with the provisions in the Articles.
- the MB, with the approval of the SB, may grant dispensation from the quality requirement described above.

Except as set forth above or as described elsewhere in this report, as at December 31, 2019, WFD UR NV imposed no limitation, under its Articles or by contract, on the transfer of shares (or depository receipts for shares issued with WFD UR NV's cooperation), the exercise of voting rights on shares, periods for exercising such voting rights or the issuance of depository receipts for Shares with WFD UR NV's cooperation.

The URW Group also established a secondary listing on the ASX to allow securityholders to trade the Stapled Shares locally in the form of Chess Depository Interests ("CDI's") under the ASX ticker of URW. CDIs are Australian law instruments through which Stapled Shares can be traded on ASX. 20 CDIs represent a beneficial interest in one Stapled Share, conferring rights that are economically equivalent to the rights attaching to one Stapled Share. Stapled Shares represented by CDIs will be held by an ASX subsidiary through Euroclear France. CDN will enable holders of CDIs to exercise, directly or indirectly, the voting rights attached to the Stapled Shares. CDIs can - but only in multiples of 20 - be converted into Stapled Shares. Conversely, Stapled Shares can be converted into CDIs at a ratio of 20 CDIs per Stapled Share.

All shareholders of the Company must comply with the Stapled Share principle described above. If a shareholder, other than any entity of the URW Group, would hold one or more "Unstapled Shares" (i.e., class A shares held by a shareholder, other than any entity of the URW Group, if such shareholder does not also hold the corresponding ordinary shares in UR in the form of Stapled Shares) for whatever reason:

- such shareholder must immediately notify the MB of such breach, consistent with the arrangements described in the Articles;
- such shareholder must immediately offer and transfer its Unstapled Shares to URW SE (or any other entity of the URW Group designated in writing by URW SE); if such shareholder has not, within a reasonable period of no more than fourteen (14) days after having become obliged to offer and transfer its Unstapled Shares, complied with such obligation, WFD UR NV shall be irrevocably authorised to offer and transfer the Unstapled Shares concerned to URW SE (or any other entity of the URW Group designated in writing by URW SE) on behalf of such shareholder; and
- such shareholder's voting rights, meeting rights and rights to receive distributions attached to its Unstapled Shares shall be suspended for as long as such shareholder (or WFD UR NV on such shareholder's behalf) has not complied with the obligation of such Shareholder to offer and transfer such Unstapled Shares as described above.

If the holder of a Stapled Share must notify URW SE in respect of its shares in the capital of URW SE pursuant to the articles of association of URW SE and/or applicable French law, such shareholder must also immediately notify URW SE in accordance with the arrangements described in the Articles. If the MB becomes aware that a shareholder has failed to comply with that obligation, the MB, with the approval of the SB, may demand that such shareholder comply with such obligation within a reasonable period of no more than 14 days, as stipulated in such notice. For as long as the shareholder concerned has not complied with such obligation after the expiration of the period stipulated in said notice, such Shareholder's voting rights, meeting rights and rights to receive distributions attached to its class A shares shall be suspended.

Furthermore, under Dutch law, various protective measures are possible and permissible within the boundaries set by Dutch law, including Dutch case law. In this respect, certain provisions of the Articles may make it more difficult for a third party to acquire control of the Company or effect a change in the MB and/or SB. These include:

- the Stapled Share principle described in paragraph 5.5.2;
- a provision that the General Meeting can only appoint MB Members and SB Members on the basis of a nomination by (i) the SB pursuant to and in accordance with a binding recommendation by the GNRC, (ii) the Chairman, (iii) a Controlling Shareholder or (iv) the Class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto; and
- a requirement that certain matters, including an amendment of the Articles, may only be brought to the General Meeting for a vote upon a proposal by the MB, with the approval of the SB.

5.5.3 CORPORATE GOVERNANCE STRUCTURE

(ARTICLES 16 TO 26 OF THE ARTICLES OF ASSOCIATION)

The Company is managed by a MB and a SB. Details of the composition and the functioning of the MB and the SB are set out in Section 2.1 of this Annual Report.

5.5.3.1 THE MANAGEMENT BOARD

(ARTICLES 16 TO 21 OF THE ARTICLES OF ASSOCIATION AND MANAGEMENT BOARD RULES)

The MB is the collegial decision-making body of WFD UR NV. Pursuant to the Articles, the MB shall be composed of individuals or entities and the SB shall determine the number of MB Members. The SB Chairman shall, with due observance of the MB Rules, designate one MB Member as President US, and may revoke such designation from time to time. The MB consisted of two members as at December 31, 2019.

The MB is charged with management of the Company, subject to the restrictions contained in the Articles. The MB is required to provide the SB with the information necessary for the performance of its tasks in a timely fashion. At least once a year, the MB shall inform the SB in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of WFD UR NV. The MB's mission consists in developing and executing the Company's strategy, effectively structuring and staffing the Company to ensure its efficient functioning, achieving the projected financial results and communicating these results in the best manner. In performing their duties, MB members shall be guided by interests of the Company and of the business connected with it.

The MB is responsible for the day-to-day management of WFD UR NV which includes, among other things, formulating strategies and policies, and setting and achieving WFD UR NV's objectives. The SB supervises and advises the MB. In performing their duties, MB and SB members shall be guided by the interests of WFD UR NV and of the business connected with it.

The General Meeting shall appoint the MB Members and can only appoint a MB Member upon a nomination by (i) the SB pursuant to and in accordance with a binding recommendation by the GNRC, (ii) the Chairman, (iii) a Controlling Shareholder or (iv) the class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto. A MB Member is appointed or reappointed for a term which shall expire immediately following the end of the annual General Meeting held in any of the first four years following his appointment or reappointment (as relevant).

The General Meeting may at any time suspend or dismiss any MB Member. In addition, the SB may at any time suspend a MB Member. The SB shall not make any proposal, or approve any proposal made by the MB, for the suspension or dismissal of a MB Member and shall not resolve upon the suspension of a MB Member, other than pursuant to and in accordance with a binding recommendation either by the SB Chairman or by the GNRC. A suspension by the SB can at any time be lifted by the General Meeting. If a MB Member is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

5.5.3.2 THE SUPERVISORY BOARD

(ARTICLES 22 TO 26 OF THE ARTICLES OF ASSOCIATION AND THE SUPERVISORY BOARD RULES)

The SB exercises permanent oversight and control over the MB and the general affairs of the Company as provided by law, the Articles and its SB Rules. The SB has 5 members appointed for a term of four years. The SB must comprise of two URW SE Supervisory Directors (formerly UR SE Supervisory Directors). “URW SE Supervisory Directors” refers to an SB member who is also a member of the management board, a member of the supervisory board or an employee of (x) URW SE (or any of the legal successors) or (y) any controlled undertaking whose financial information us included in the consolidated financial reporting of URW SE (excluding the Company and its subsidiaries within the meaning of section 2:24a of the Dutch Civil Code).

The SB is charged with the supervision of the policy of the MB and the general course of affairs of WFD UR NV and of the business connected with it. The SB shall provide the MB with advice. In performing their duties, SB Members shall be guided by the interests of WFD UR NV and of the business connected with it.

The SB consists of at least two, but no more than seven, SB Members. The SB shall be composed of individuals. The SB shall determine the number of SB Members. The SB must comprise such number of URW SE Supervisory Directors as equals the highest integer that is less than 50% of all SB Members in office. This requirement can be set aside by the General Meeting with a majority of at least two-thirds (2/3) of the votes cast representing more than half of WFD UR NV's issued share capital.

The SB shall elect an URW SE Supervisory Director to be the Chairman and another URW SE Supervisory Director to be the vice-Chairman, in each case pursuant to and in accordance with a recommendation by the GNRC. The SB may dismiss the SB Chairman or the vice-Chairman pursuant to and in accordance with a recommendation by the GNRC, provided that the URW SE Supervisory Director so dismissed shall subsequently continue his term of office as a URW SE Supervisory Director without having the title of Chairman or vice-Chairman, as the case may be.

The General Meeting can only appoint a SB Member upon a nomination by (i) the SB pursuant to and in accordance with a binding recommendation by the GNRC, (ii) the Chairman, (iii) a Controlling Shareholder or (iv) the class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto and taking into account the requirement with respect to the requisite number of URW SE Supervisory Directors. A SB Member may be appointed or reappointed for a term which shall expire immediately following the end of the annual General Meeting held in any of the first four years following his appointment or reappointment (as relevant).

The General Meeting may at any time suspend or dismiss any SB Member. The SB shall not make any proposal, or approve any proposal made by the MB, for the suspension or dismissal of a SB Member, other than pursuant to and in accordance with a binding recommendation either by the SB Chairman or by the GNRC. If a SB Member is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

The SB has three committees; the AC, the GNRC and IC.

5.5.3.2.1 THE SPECIALISED COMMITTEES OF THE SUPERVISORY BOARD

Three specialised committees are responsible for assisting the Board to carry out its duties: the Audit Committee, the Governance, Nomination and Remuneration Committee and Investment Committee. All SB Members participate in one of these committees. The committees function under separate internal charters.

Details of the composition, missions and diligences of the committees are set out in Section 2.2.3 of this Annual Report.

5.5.4 GENERAL MEETINGS

(ARTICLES 28 TO 32 OF THE ARTICLES OF ASSOCIATION)

General meetings must be held in Amsterdam, The Hague, Rotterdam or Schiphol (Haarlemmermeer). Certain resolutions can only be passed by the General Meeting at the proposal of the MB, with the approval of the SB.

5.5.4.1 FUNCTIONING OF THE GENERAL MEETING

General meetings must be held in Amsterdam, The Hague, Rotterdam or Schiphol (Haarlemmermeer). The annual General Meeting must be held at least once a year, no later than in June. Within three months after the MB has considered it to be likely that WFD UR NV's equity has decreased to an amount equal to or lower than half of its paid up and called up capital, a General Meeting will be held in order to discuss the measures to be taken if so required. Extraordinary General Meetings shall further be held whenever the MB, the SB or the Chairman so decides, provided in each case that any item proposed by the Chairman for discussion or voting at any General Meeting shall be included as such on the agenda for such General Meeting.

In addition, one or more Shareholders and other Persons with Meeting Rights, who solely or jointly represent at least ten percent (10%) of WFD UR NV's issued capital, may request the MB and the SB that a General Meeting be convened. The request must set out in detail the matters to be discussed. If neither the MB nor the SB has taken the steps necessary to hold a General Meeting within 8 weeks after such request, the requesting person(s) may be authorized by the court in preliminary relief proceedings to convene a General Meeting. If the requesting person(s) include(s) at least one holder of one or more class B shares, he/they may convene a General Meeting after such 8 weeks period without such prior authorization by the court.

Notice of a General Meeting must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. The convocation of the General Meeting must be published through an announcement by electronic means. The notice must include the items for discussion and voting, the time and place of the meeting, the record date, the manner in which Persons with Meeting Rights may register and exercise their rights, the cut-off time for registration for the meeting, and such other matters as required by applicable law (also depending on the nature of the agenda items for the meeting concerned). In addition, Shareholders may be convened for the General Meeting by means of letters sent to their addresses as set out in WFD UR NV's shareholders register (if and to the extent they are registered directly in such register).

The convening notice shall also include such items as one or more Shareholders and other Persons with Meeting Rights, representing - individually or collectively - at least such part of WFD UR NV's issued share capital as prescribed by Dutch law (currently 3%), have requested WFD UR NV by a motivated request (or, if it concerns a matter which falls within the powers of the General Meeting, a proposal for a resolution) to include in the agenda, at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda.

The General Meeting shall be chaired by one of the following individuals, taking into account the following order of priority (i) by the Chairman, if there is a Chairman and he is present at the General Meeting, (ii) by another SB Member who is chosen by the SB Members present at the General Meeting from their midst, (iii) by an MB Member who is chosen by the MB Members present at the General Meeting from their midst, or (iv) by another person appointed by the General Meeting. The person who should chair the General Meeting set out in the preceding sentence may appoint another person to chair the General Meeting.

Each Shareholder and other Person with Meeting Rights may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his shareholding, either in person or by proxy, provided that his meeting, and - if relevant - voting, rights have not been suspended. Shareholders and other Person with Meeting Rights may exercise these rights, if they are the holder of such right on the record date as required by Dutch law, which is currently the 28th day prior to the day of the General Meeting, and they or their proxy have notified WFD UR NV of their identity and their intention to attend the General Meeting in writing at the address and by the seventh day prior to the General Meeting or such other date specified in the notice of the General Meeting.

MB Members and SB Members may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his discretion to admit other persons to the General Meeting.

5.5.4.2 POWERS OF THE GENERAL MEETING

All powers that do not vest in the MB or the SB pursuant to applicable law, the Articles or otherwise, vest in the General Meeting. The main powers of the General Meeting include, subject in each case to the applicable provisions in the Articles:

- the appointment, suspension and dismissal of Managing Directors and Supervisory Directors;
- the approval of certain resolutions of the MB concerning a material change to the identity or the character of WFD UR NV or its business;
- the reduction of WFD UR NV's issued share capital through a decrease of the nominal value, or cancellation, of shares;
- the adoption of WFD UR NV's statutory annual accounts;
- the appointment of the Dutch independent auditor to examine WFD UR NV's statutory annual accounts;
- amendments to the Articles;
- approving a merger or demerger by WFD UR NV, without prejudice to the authority of the MB to resolve on certain types of mergers and demergers if certain requirements are met; and
- the dissolution of WFD UR NV.

In addition, the General Meeting has the right, and the MB and the SB must provide, any information reasonably requested by the General Meeting, unless this would be contrary to an overriding interest of WFD UR NV.

5.5.4.3 SHAREHOLDER RIGHTS

Each share confers the right to cast one vote in the General Meeting. Pursuant to Dutch law, no votes may be cast at a General Meeting, inter alia, in respect of shares that are held by WFD UR NV or a subsidiary of WFD UR NV.

Resolutions of the General Meeting are passed by simple majority of the votes cast, except where Dutch law or the Articles provide for a larger majority. Resolutions of the General Meeting can only be adopted if at least 20% of WFD UR NV's issued share capital is represented at the General Meeting, except where Dutch law provides for a higher quorum. A second meeting as referred to in section 2:120(3) DCC cannot be convened.

Shareholders, irrespective of whether or not they have voting rights, have meeting rights under Dutch law (including the right to attend and address the General Meeting, subject to the concept of a record date and the requirement to register for General Meeting s as described in chapter 3.4.1).

Furthermore, each share carries an entitlement to dividends and other distributions as set forth in the Articles. Pursuant to the Articles, any such dividend or other distribution shall be payable on such date and, if it concerns a distribution in cash, such currency or currencies as determined by the MB with the approval of the SB. Any dividends that are paid to Shareholders through Euroclear France will be automatically credited to the relevant Shareholders' accounts without the need for such Shareholders to present documentation proving their ownership of the shares. Payment of dividends on the shares in registered form (not held through Euroclear France, but directly) will be made directly to the relevant Shareholder using the information contained in WFD UR NV's Shareholders' register and records. At the proposal of the MB with the approval of the SB, the General Meeting may resolve that a distribution, instead of being made in cash, shall be made in the form of Shares or in the form of WFD UR NV's assets.

5.5.4.4 CLASS MEETINGS

A Class Meeting shall be held whenever a resolution of that Class Meeting is required by Dutch law or under the Articles and otherwise whenever the MB, the SB or the Chairman so decides. With respect to Class A Meetings, the above descriptions in respect of convening of, drawing up of the agenda for, holding of and decision-making by the General Meeting apply equally

5.5.5 REQUIREMENTS PERTAINING TO THE DISTRIBUTION OF PROFITS

(ARTICLE 38 OF THE ARTICLES OF ASSOCIATION)

Pursuant to the Articles, the profits shown in WFD UR NV's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

- the MB, with the approval of the SB, shall determine which part of the profits shall be added to WFD UR NV's reserves, taking into account the fiscal rules and regulations applicable to WFD UR NV from time to time; and
- the remaining profits shall be at the disposal of the General Meeting.

A distribution of profits shall be made by WFD UR NV after the adoption of the annual accounts that show that such distribution is allowed.

The MB, with the approval of the SB, may resolve to make interim distributions, provided and to the extent that it appears from interim accounts to be prepared in accordance with section 2:105(4) DCC that WFD UR NV's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.

At the proposal of the MB, with the approval of the SB, the General Meeting is authorized to resolve to make a distribution from WFD UR NV's reserves.

5.5.6 SHARES CARRYING LIMITED ECONOMIC ENTITLEMENT

(ARTICLE 36 OF THE ARTICLES OF ASSOCIATION)

Under the Articles, distributions shall be made in proportion to the aggregate number of shares held. There are no shares which, pursuant to the Articles, carry a limited entitlement to the profits or reserves in WFD UR NV.

5.5.7 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the proposal of the MB with the approval of the SB, the General Meeting may resolve to amend the Articles. A proposal to amend the Articles must be included in the agenda of the General Meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, must be deposited with WFD UR NV for the inspection (free of charge) by any shareholder from the date on which notice of the meeting is given until the end of the General Meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other Persons with Meeting Rights from the day it was deposited until the day of the meeting.

A resolution of the General Meeting to amend the Articles requires a majority of at least two-thirds (2/3rd) of the votes cast (subject to the 20% quorum requirement described in section 5.5.4.3). In addition, amendments to provisions in the Articles referencing the Stapled Share principle, require the prior approval of the class meeting formed by holders, and others with meeting rights with respect to, class B shares. A resolution to amend the Articles to effect the termination of such Stapled Share principle shall only become effective after the MB, with the approval of the SB, has confirmed that the General Meeting of shareholders of URW SE has passed a resolution to terminate such Stapled Share principle as included in the articles of association of URW SE.

5.6 BRANCHES

WFD UR NV has no branch offices.

5.7 INVESTMENT BY THE COMPANY OUTSIDE THE GROUP

The Company has not made any significant investment outside the Group during the financial year ending December 31, 2019.

6. ADDITIONAL INFORMATION

6.1 STATEMENT BY THE MANAGEMENT BOARD

In accordance with Article 5.25c(2)(c) of the Dutch financial markets supervision act (*Wet op het Financieel Toezicht*) and the Dutch Corporate Governance Code section 1.4.3 the members of the Management Board of WFD UR NV confirm that to the best their knowledge:

- The 2019 financial statements included in this Annual report are prepared in accordance with IFRS as adopted for use in the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries taken as a whole;
- The management report included in this Annual Report gives a fair view of the development and performance of the business, the results and of the financial situation of the Company and its consolidated subsidiaries taken as a whole and describes the main risks and uncertainties to which they are exposed;
- This report provides sufficient insight into any failings in the effectiveness of the risk management and control systems;
- The management and control systems provide reasonable assurance that the financial reporting does not contain material inaccuracies;
- Based on current state of affairs as at the date of this report, it is justified that the financial reporting is prepared on a going concern basis;
- This report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for a period of twelve months after the date of this report.

Schiphol, March 25, 2020

On behalf of the Management Board

Jean-Marie Tritant
President US

Gerard Sieben
Chief Financial Officer

6.2 AUDITORS

The Statutory Auditor of the Company is:

Ernst & Young Accountants LLP (Netherlands)

Euclideslaan 1

3584 BL Utrecht, Netherlands

Mr Wim Kerst

Commencement date of the first term: Shareholder's resolution, June 1, 2018.

Commencement date of the second term: Shareholders' resolution, June 11, 2019.

6.3 DOCUMENTS AVAILABLE TO THE PUBLIC

This Annual Report is available on WFD UR NV's website at: www.wfd-unibail-rodamco-nv.com

6.4 GLOSSARY

Articles: refer to the Articles of Association of WFD UR NV.

Average cost of debt: recurring financial expenses (excluding the ones on financial leases and the ones related to partners' current accounts) + capitalized financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact) / average net debt over the period.

Average rental spread: for the US portfolio, the rental spread reflects the trailing 1URW 2-months average increase in total rents, including common area maintenance charges, for specialty stores (excluding lease extensions, deals with zero prior rent and deals for less than 12 months).

Buyer's Net Initial Yield: annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the TAC.

Committed projects: projects for which URW owns the land or building rights and has obtained all necessary administrative authorizations and permits, approvals of JV partners (if applicable), approvals of URW's internal governing bodies to start superstructure construction works and on which such works have started.

Controlled projects: projects in an advanced stage of studies, for which URW controls the land or building rights, and all required administrative authorizations have been filed or are expected to be filed shortly. There can be no assurance these will become "Committed" projects, as this will be subject to having obtained all required administrative approvals, as well as those of JV partners (if applicable), and of URW's internal governing bodies to start superstructure works.

EPRA NIY: annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the Gross Market Value of the portfolio. For a reconciliation of URW's NIY with the EPRA Net Initial Yield definitions, refer to the EPRA Performance Measures.

Flagships: assets of a certain size and / or with footfall in excess of 10 million per year, substantial growth potential for the Group based on their appeal to both retailers and visitors, iconic architecture or design and a strong footprint in their area.

Financial statements under IFRS: the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union as at closing date.

Financial statements on a proportionate basis: they are prepared based on the financial statements under IFRS, except for the joint-controlled entities, which are consolidated on a proportionate basis, instead of being accounted for using the equity method (as applicable under IFRS). Unibail-Rodamco-Westfield believes that these financial statements on a proportionate basis give to stakeholders a better understanding of the underlying operations of URW and the joint-controlled entities, as they represent a significant part of the Group's operations in the US.

Going Concern Net Asset Value (NAV): the amount of equity needed to replicate the Group's portfolio with its current financial structure.

Interest Cover Ratio (ICR): Recurring EBITDA / Recurring Net Financial Expenses (including capitalized interest); Recurring EBITDA is calculated as total recurring operating results and other income less general expenses, excluding depreciation and amortization.

Influencer Brand: unique retailer that create differentiation and experience in URW's shopping centres due to strong brand recognition and a differentiated product approach.

Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to the square meters and currency exchange rate differences in the periods analysed.

Loan-to-Value (LTV): net financial debt, excluding current accounts with non-controlling interests / total assets (whether under IFRS or on a proportionate basis), including or excluding transfer taxes and excluding goodwill not justified by fee business.

Minimum Guaranteed Rent uplift: difference between new MGR and indexed old MGR. Indicator calculated on renewals and relettings only.

Net Disposal Price (NDP): Total Acquisition Cost incurred by the acquirer minus all transfer taxes and transaction costs.

Net Initial Yield (NIY): annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs.

Net Operating Income (NOI): Net Operating Income before management fees, termination/settlement income and straightline adjustments.

Non-recurring activities: include valuation movements, disposals, mark-to-market and termination costs of financial instruments, including bond tender premiums, impairment of goodwill or recognition of negative goodwill as well as costs directly incurred during a business combination and other non-recurring items.

Occupancy Cost Ratio (OCR): (rental charges + service charges including marketing costs for tenants, all including VAT)/(tenants' sales, including VAT). As tenant turnover is not known for all tenants for The Netherlands, no reliable OCR can be calculated for this country.

ORA (Obligations Remboursables en Actions): bonds redeemable for shares.

ORNANE: bonds redeemable in cash and/or in new and/or existing shares.

Replacement capital expenditure (Replacement CAPEX): replacement Capex relates to works either on equipment or the structure of a standing asset. The primary purpose of Replacement Capex is to ensure that the asset is in good working order and/or to make minor improvements. These investments can be triggered by obsolescence, maintaining technical performance at market levels or compliance with regulatory requirements.

Rotation rate: (number of re-lettings and number of assignments and renewals with new concepts) / number of stores. Short term leases are excluded.

SBR: Sales Based Rent.

Secured exclusivity projects: projects for which the Group has the exclusivity but where negotiations for building rights or project definition are still underway.

Specialty tenant: specialty stores <10k sq. ft. (ca. 929 sqm).

Tenant sales: performance in the Group's shopping centres (excluding The Netherlands) in portfolio of shopping centres in operation, including extensions of existing assets, and excluding deliveries of new brownfield projects, acquisition of new assets and assets under heavy refurbishment.

Total Acquisition Cost (TAC): the total amount a buyer shall pay to acquire an asset or a company. TAC equals the price agreed between the seller and the buyer plus all transfer taxes and transaction costs.

TIC: Total Investment Cost equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. Does not include capitalized financial interests, overheads costs, early or lost NRI and IFRS adjustments.

Yield on cost: stabilized expected Net Rental Income divided by the URW Total Investment Cost.