



# UNIBAIL-RODAMCO-WESTFIELD

Paris, Amsterdam, December 2019

## UNIBAIL-RODAMCO-WESTFIELD'S APPROACH TO TAX

This statement has been prepared to assist stakeholders understand Unibail-Rodamco-Westfield's ("URW") overall approach to tax risk in its global business<sup>1</sup>. It intends to update this statement each year.

### 1. The activities

URW is the world's premier developer and operator of flagship shopping destinations<sup>2</sup>. The Group owns a portfolio of prime commercial properties with a proportionate value of €65.2 billion as at December 31, 2018 (€65.0 billion as at June 30, 2019), located in the largest and most prosperous cities across Europe and the United States.

URW's operations are focused on flagship shopping centres in the wealthiest and most attractive catchment areas in Europe and the United States, large office buildings in Paris and major convention and exhibition venues in and around Paris.

URW provides a unique platform for retailers and brand events, and offers an exceptional and constantly renewed experience for customers.

### 2. The tax structure

The tax position of URW reflects the geographical location of its real estate portfolio and is consistent with the normal course of its business operations and strategy. The Group does not use investment routes through non-cooperative<sup>3</sup> countries or territories or artificial structures to locate income in low tax jurisdictions.

Many countries have adopted laws on local tax transparency to encourage long-term investment in real estate. Based on applicable local legislation, income earned from certain real estate related activities is not subject to ordinary corporate income tax in the hands of the entity that owns the real estate and earns the income, but instead those entities are obliged to distribute the income to the owners of that entity for inclusion in the taxable income of these owners.

URW is structured to achieve this tax treatment in varying degrees in different countries. Based on these tax transparency regimes, income earned from real estate is ultimately taxed at the shareholder level directly, instead of at the level of the Group. URW believes that the tax transparency regimes for real estate contribute to a responsible and sustainable approach to taxation by creating conditions for long-term investment and win-win partnerships between local communities and the real estate industry.

---

<sup>1</sup> This statement seeks to comply with the UK disclosure requirement under Schedule 19 of the UK 2016 Finance Act for the financial year ending December 31, 2019.

<sup>2</sup> 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.

<sup>3</sup> Non-cooperative countries or territories are usually defined as countries or territories refusing to adhere to international tax good governance standards.



## UNIBAIL-RODAMCO-WESTFIELD

In France, The Netherlands, Spain, the UK and the US, (parts of) the real estate portfolio of URW is held in structures that comply with local real estate investment trust ('REIT') regimes, namely the French SIIC regime (*Sociétés d'Investissements Immobiliers Cotées*), the Dutch FBI/FII regime (*Fiscale BeleggingsInstelling/ Fiscal Investment Institution*), the Spanish SOCIMI regime (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*), the UK REIT regime and the US REIT regime. As far as assets in the countries above are not held in REIT structures, they are held in structures that are taxable in accordance with the regular local laws.

Likewise, in the other European countries the Group operates in, its investment portfolio is held in structures that pay ordinary income tax in accordance with local laws.

The various URW REIT entities that are not subject to standard income tax are typical real estate investment vehicles commonly used in the relevant jurisdictions that are well known to, and accepted by, the relevant tax authorities. There are limitations on the types of income that can be earned in REITs. The business activities of the Group that are not eligible to be carried out in those vehicles are instead conducted by companies that are subject to ordinary corporate income tax.

The combination of the various REIT regimes together with standard income tax regimes results in a low effective tax rate for the Group under IFRS rules. However, the countries where the real estate is located receive a significant amount of tax triggered by the holding of real estate properties and the required distribution of income.

### **3. How URW manages tax risk<sup>4</sup>**

The tax function within URW is organized to ensure compliance with the tax laws and regulations.

Firstly, tax risks are followed and monitored by a team of internal and external tax experts and discussed with an internal committee whose members include the Group Chief Executive Officer and the Group Chief Financial Officer, the Group's auditors, the Group's Audit Committees and Supervisory Boards. The level of risk is well understood by the senior management of the Group and other staff responsible for managing the Group's tax affairs. Material changes in the Group's risk profile are discussed within the internal committee.

Secondly, robust internal arrangements are in place following which the tax issues in relation to transactions and process changes are discussed amongst tax, legal, finance and business unit executives before they are implemented. External advice is obtained in respect of material arrangements and if there is significant doubt about the tax outcome, if appropriate, a ruling or other guidance from the relevant tax authority will be sought for.

Thirdly, sound financial reporting systems and processes are in place which allow accurate and timely tax returns to be prepared. Those tax returns are prepared and reviewed internally and reviewed by external advisors before they are filed.

Finally, the Group strives to have an open and constructive relationship with the tax authorities in the places the Group operates. In addition, strong affiliations with various industry bodies and external advisors exist to ensure that the Group is kept informed on potential changes relevant to its business.

---

<sup>4</sup> Per the UK requirements set out in s17(1)(a) Finance Act 2016



## UNIBAIL-RODAMCO-WESTFIELD

### **4. Acceptable tax risks<sup>5</sup>**

Ensuring sensible tax outcomes in the business and paying the correct amount of tax when due (together: the tax risk of the Group) is one of the many risks that the Board Members and senior management focus on in running the business of the Group.

The aim of the Group is to operate the business with low levels of tax risk. This is being done by ensuring that the tax consequences of arrangements entered into are being understood, including the way those arrangements will likely be viewed by relevant tax authorities. Internal tax teams have the skills and resources to manage the tax risks and external advice in relation to all significant tax matters is obtained.

Only arrangements that are considered as acceptable to the relevant tax authorities are entered into (which excludes arrangements that could be viewed as tax evasion or aggressive tax planning). In many cases, before a significant arrangement is entered into, the issues are discussed with the relevant tax authorities.

As mentioned above, much of the income of the Group is rent, or income of a similar kind, that is not subject to tax at entity level before it is distributed to the security holders for inclusion in their income. This outcome is of importance to the security holders and the risks and opportunities in relation to being able to maintain and optimize that outcome are carefully managed.

### **5. URW's attitude to tax planning<sup>6</sup>**

Tax planning is considered to be appropriate, if and to the extent that it is intended to result in the Group having a tax expense that is within the law and optimizes the ability to reinvest in its business and make distributions to its security holders. Relevant factors in that are what is permitted by the tax rules in the countries in which the operations take place, the level of risk accepted (as discussed above) and the desire to achieve outcomes that are not contrived and are relatively certain and straight forward to administer.

### **6. The relationship with tax authorities<sup>7</sup>**

The Group strives for an open and transparent relationship with all tax authorities in the countries in which it operates. If uncertainty exists on the tax consequences of a proposed significant arrangement and there is a facility to do so, rulings or other guidance from the tax authorities will be sought.

Meetings take place with those tax authorities that encourage regular dialogue with tax payers in their jurisdiction. In countries that provide formal tax risk assessments, the Group is comfortable with its current rating, as the ratings indicate that the tax authorities have no material concerns with the way the Group operates.

If the Group were to be assessed a tax in an amount considered to be incorrect, the Group would seek to work with the relevant tax authorities in an open and transparent way to achieve an appropriate outcome. If parties would be unable to settle the matter and the amounts at issue were substantial, or the principles involved were material, the Group would be prepared to litigate the matter.

---

<sup>5</sup> Per the UK requirements set out in s17(1)(c) Finance Act 2016

<sup>6</sup> Per the UK requirements set out in s17(1)(b) Finance Act 2016

<sup>7</sup> Per the UK requirements set out in s17(1)(d) Finance Act 2016



## UNIBAIL-RODAMCO-WESTFIELD

### 7. Further information

Further information about tax matters can be found in the most recent annual report (<https://www.urw.com/registrationdocument>) and the tax section of the corporate website (<https://www.urw.com/en/investors/taxation-information>).