Paris, Amsterdam, July 29, 2020

**Press release**

**UNIBAIL-RODAMCO-WESTFIELD, THE PREMIER GLOBAL DEVELOPER AND OPERATOR OF FLAGSHIP DESTINATIONS, REPORTS H1-2020 EARNINGS**

***Adjusted Recurring Earnings per Stapled Share ("AREPS") of €4.65***

- **Encouraging footfall recovery**; regions open 11 to 12 weeks generally at 80 – 90% of LY
- Tenant sales: **impacted less** than footfall in June, thanks to higher conversion and average baskets
- Tenant negotiations: approximately **a quarter of the way through** the process
- Collection rates: **94% in Q1; 67% for H1-2020** overall
- Liquidity: **€12.7 Bn** of cash and undrawn lines
- Disposals: **completed €2.0 Bn (at 100%) transaction** for five French retail assets
- Average cost of debt: **1.7%**; average debt maturity extended to a **record 8.5 years**
- Like-for-like portfolio revaluation: **-5.1%**
- EPRA Net Reinstatement Value ("EPRA NRV"): **€197.00**/stapled share
- Development pipeline scaled back to **€6.2 Bn** (**-€2.1 Bn** vs. Dec. 31, 2019)
- LTV: **41.5%**, leaving ample headroom to covenants

*"The first half of 2020 marked an unprecedented time that has impacted URW, as it has everyone. URW was forced to substantially close most of its shopping centres starting in March for, on average, 67 days. During this period, the Group took steps to support the communities in which it operates and prepare for a safe reopening in line with the best health and safety guidelines. After the reopening, the footfall and sales have been recovering better than anticipated. This shows our centres continue to be attractive destinations for people to visit and will see further increases in activity as life returns to normal. During the crisis, URW successfully focused on preserving liquidity, by raising funds on the debt markets, deferring non-essential CAPEX, reducing the pipeline, cancelling the final dividend and implementing cost savings. The Group now has a record €12.7 Bn of cash and undrawn credit facilities available. Despite the adverse conditions, the Group successfully closed the disposal of a 54.2% stake in a portfolio of five French centres. URW is committed to de-leveraging, and reiterates its plans to dispose the remaining €4 Bn of its asset disposal programme over the next couple of years. These accomplishments during such a difficult period prove the resilience of URW and the extraordinary work of our teams, to which I extend my admiration and gratitude."*
**Christophe Cuvillier, Group Chief Executive Officer**

| | H1-2020 | H1-2019 | Growth | Like-for-like growth[1] |
|---|---|---|---|---|
| **Net Rental Income (in € Mn)** | **1,065** | **1,254** | -15.1% | **-14.2%** |
| Shopping Centres | **1,008** | **1,137** | -11.4% | **-11.3%** |
| *France* | *310* | *330* | *-6.0%* | *-2.7%* |
| *Central Europe* | *111* | *113* | *-1.7%* | *-1.7%* |
| *Spain* | *73* | *77* | *-4.3%* | *-2.1%* |
| *Nordics* | *55* | *66* | *-16.6%* | *-13.0%* |
| *Austria* | *39* | *56* | *-29.5%* | *-27.5%* |
| *Germany* | *65* | *70* | *-7.1%* | *-9.4%* |
| *The Netherlands* | *26* | *28* | *-5.8%* | *-9.7%* |
| *United States* | *277* | *319* | *-13.2%* | *-15.3%* |
| *United Kingdom* | *50* | *78* | *-35.9%* | *-34.1%* |
| Offices & Others | **42** | **62** | -32.1% | **+0.4%** |
| Convention & Exhibition | **15** | **56** | -73.2% | **-73.2%** |
| | | | | |
| **Recurring net result (in € Mn)** | **667** | **916** | -27.2% | |
| Recurring EPS (in €) | 4.82 | 6.63 | -27.2% | |
| ***Adjusted Recurring EPS (in €)*** | ***4.65*** | ***6.45*** | *-28.0%* | |
| | | | | |
| | **June 30, 2020** | **Dec. 31, 2019** | **Growth** | **Like-for-like growth** |
| **Proportionate portfolio valuation (in € Mn)** | **60,350** | **65,341** | -7.6% | -5.1% |
| **EPRA Net Reinstatement Value (in € per stapled share)** | **197.00** | **228.80** | -13.9% | |
| **EPRA Net Tangible Assets (in € per stapled share)** | **153.90** | **177.60** | -13.3% | |
| **EPRA Net Disposal Value (in € per stapled share)** | **145.50** | **159.50** | -8.8% | |

*Figures may not add up due to rounding*

## H1-2020 AREPS OF €4.65

Reported AREPS amounted to €4.65, down -28.0% from H1-2019, a decrease of -€1.80, split as follows:

- -€0.16 due to disposals made in 2019 and 2020;
- -€0.22 as a result of ending the capitalisation of letting fees;
- -€1.45 due to the impact of COVID-19 on operations and financing, of which:
  - -€0.11 due to rent relief;
  - -€0.57 due to increased doubtful debtors;
  - -€0.25 due to lower variable revenue streams (e.g. Sales Based Rent (“SBR”), parking, and Commercial Partnerships);
  - -€0.21 due to lower net services income;
  - -€0.24 reduction in net income from the Convention & Exhibition business; and
  - -€0.07 increase in financial expenses due to liquidity measures taken in response to the crisis.
- +€0.03 of all other items.

## OPERATING PERFORMANCE

**Shopping Centres**

In mid-March, almost all URW centres were forced to close (excluding select essential retailers, and The Netherlands and Sweden, where more limited restrictions applied). On average, the centres were closed for 67 days[2]. Centres in Germany were the first ones to be allowed to reopen, followed by Austria and Poland. Centres in France resumed operations from May 11, except for a prolonged ban on centres over 40,000 sqm in the Paris region and in Lyon, which affected URW more than any other landlord given the Group's concentration on Flagship assets in these regions. In the US, centres gradually reopened from May 15 in Florida. Stores in enclosed parts of centres in California were ordered to close again from July 13, with curbside pick-up permitted, while Westfield World Trade Center still hasn't been allowed to reopen. These developments show that the risk of the pandemic has not fully subsided.

As at June 30, 2020, 97% of the stores within URW's European centres were open, 1% were still restricted from trading, while the remainder mainly relates to delayed reopening of tenants in the UK. In the US, 77% of stores and 86% of GLA had reopened as at June 30.

Footfall in the European centres has shown an encouraging recovery so far. In regions that reopened 11 to 12 weeks ago, footfall is generally trending at 80 – 90% of the same period in 2019. In France and Spain, where most of the Group's shopping centres reopened later, the Group sees a similar pattern. In the UK, the lockdown only ended on June 15. With restrictions still in place for leisure operators, and people strongly encouraged not to return to offices or take public transport until at least late July, footfall is now approaching 50% of 2019.

Tenant sales(3) through February 2020 had performed well and were up by +2.2% for the Group(4). In centres in Continental Europe that were open the entire month of June(5), tenant sales for the month recovered to more than 80% of the same period in 2019. Excluding F&B and entertainment, as well as fashion categories(6), which are impacted particularly in France due to the postponement of summer sales from June 24 to July 15, tenant sales came to almost 92% of June last year. Sales are less impacted than footfall due to higher conversion rates and average baskets. Best performing categories were home (+5.6%), culture/media and technology (+1.7%), food stores (-0.1%), jewellery (-7.7%) and gifts (-8.3%). Considering the centre closures, the sales data from March to May, and hence for H1-2020 overall, is not meaningful.

The rent collection for the shopping centre division in H1 came to 67% (94% for Q1, 38% for Q2). 3% of the Q2 rents have been forgiven through rent relief, 20% has been deferred, either by agreement or by application of law, and 39% is overdue and to be recovered. As at July 24, collection for July stood at 50%. The Group expects an improvement following completion of ongoing tenant negotiations regarding COVID-19 assistance.

Such negotiations are conducted on a case by case basis on the principle of a fair sharing of the burden, and include a request for concessions from tenants (i.e., extension of the firm period of the lease, increase of the SBR percentage, waiver of co-tenancy provisions in the US, new landlord break-options or signature of leases for new stores). The Group estimates it is approximately a quarter of the way through this process, which only started at the end of the lockdown in the applicable regions.

Lfl shopping centre NRI was down -11.3% for the Group, and -6.7% in Continental Europe, mainly driven by the impact of COVID-19. This impact included higher doubtful debtors, lower parking revenue, SBR and Commercial Partnerships income, and, to a lesser extent, rent relief provided to tenants. Rent relief amounted to €32.6 Mn in Europe, which had an accounting impact of only €15.6 Mn in H1-2020 due to the application of IFRS 16, which usually requires rent relief to be recognised on a straight-line basis over the remaining fixed term of the lease.

Leasing activity was affected by the COVID-19 pandemic, with 661 leases signed Group-wide, down -44% compared to H1-2019. Despite this, Spain (+29.0%), France (+15.4%) and Central Europe (+14.1%) showed a strong MGR uplift, with +5.5% overall in Continental Europe.

Despite an elevated level of tenant bankruptcies, vacancy increased by only +140 bps for the Group to 6.8%. In Continental Europe, vacancy came to 3.9% (2.5% as at December 31, 2019).

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**Offices & Others**

The impact of the disposal of Majunga and the Lyon Confluence hotel, as well as the transfer of Michelet-Galilée, Village 5 and the San Francisco Centre offices to the pipeline, was only partly offset by the delivery of Shift, Versailles Chantiers and Palisade at Westfield UTC. Lfl NRI was up +0.4%, while total NRI was down by -32.1%.

**Convention & Exhibition**

Recurring NOI was down -71.0% compared to 2018 (restated for the triennial INTERMAT show). 125 events had been held prior to activities being ordered to stop on March 9. As at July 29, 191 events scheduled to take place in 2020 have been cancelled and 95 postponed, of which 26 to 2021. Activities will resume on September 1.

## FUTURE OF RETAIL AND URW'S CSR STRATEGY

Although it is naturally much too early to draw definitive conclusions, there was a significant uptick in e-commerce penetration during the lockdown, as well as in local shopping. Nevertheless, in many markets, brick & mortar sales are now returning to more normal levels, although with some differences between categories. As online only brands still struggle with profitability despite the increase in turnover during COVID-19, omni-channel retailers remain eager to reopen stores and open new ones, albeit on a selective basis, as these are essential to their strategy. URW is fully embracing the retail digitalisation and has rolled-out a number of initiatives, like smart parking, Line Pass, curbside pick-up, food delivery and a partnership with Zalando, to enhance customers' digital experience and enrich its tenants omni-channel capabilities.

The current crisis has also accelerated changes in consumer behavior like more local and carbon conscious shopping, for which URW has been preparing through its ambitious Better Places 2030 CSR strategy. URW's leadership is widely recognized, illustrated by the prime "B" ISS ESG rating received in the period.

## DEVELOPMENT PIPELINE FURTHER REDUCED

In response to the COVID-19 crisis, URW deferred from 2020 €500 Mn of development and operating CAPEX. URW also removed an additional €1.6 Bn of projects from the pipeline in H1-2020, displaying the flexibility of its pipeline to respond to changing conditions. The Total Investment Cost (TIC)[7] of URW's development pipeline now stands at €6.2 Bn, down from €8.3 Bn as at December 31, 2019 and from €10.3 Bn as at June 30, 2019.

The Group retains significant flexibility, with committed projects of only €3.6 Bn, of which €2.0 Bn has already been invested. The Group plans to deliver in H2-2020 five projects, with a TIC of approximately €830 Mn, including the La Part-Dieu extension and the Trinity office building. The opening of Westfield Mall of the Netherlands was postponed to early 2021. The Group delivered the €0.5 Bn (Group share) expansion of Westfield Valley Fair.

## CLEAR FOCUS ON COSTS

URW reduced general expenses through partial employment and furlough schemes. As the development pipeline was scaled back, an adjustment of the corresponding staff was made. In a very difficult business environment, the Group also further reduced headcount through its "Agility programme" in the US and the UK. Non-staff costs were cut as well. Collectively, these steps are expected to save about €40 Mn in gross admin expenses in 2020, and €60 Mn on an annualised basis.

## VALUATION

The Gross Market Value (GMV) of the Group's assets as at June 30, 2020, decreased by -7.6% to €60.4 Bn on a proportionate basis, including a like-for-like portfolio revaluation of -€2,768 Mn (-5.1%), a non-LFL revaluation of -€658 Mn, and the impact of disposals. The Shopping Centre GMV was €51.8 Bn, down -5.2% on a like-for-like basis. The average Net Initial Yield ("NIY") of the retail portfolio widened by 8bps to 4.4%. On a like-for-like basis, the GMV of the Convention & Exhibition and services business, both significantly impacted by COVID-19, were down by -4.8% and -9.0%, respectively. The valuation of Offices & Others was broadly stable on a like-for-like basis (+0.2%).

The EPRA NRV per stapled share came to €197.00 as at June 30, 2020. Adjusted for the impact of the -€0.53 mark-to-market of financial assets and the -€5.40 dividend paid in 2020, the EPRA NRV was down by -€25.87 (-11.6%) compared to December 31, 2019.

## DISPOSALS

On May 29, 2020, the Group successfully closed, as scheduled, the disposal of a portfolio of five French shopping centres, with a price at 100% of €2.0 Bn and Net Disposal Proceeds for URW of €1.5 Bn, to the entity formed by Crédit Agricole Assurances and La Française (54.2%), and URW (45.8%).

The Group remains committed to reduce leverage, and aims to dispose the remaining €4 Bn of its asset disposal programme over the next couple of years, of which about 50% will be retail.

## STRONG LIQUIDITY POSITION WITH RECORD DEBT MATURITY

Following the Group's prudent capital management, cash and undrawn available credit lines amounted to a record €12.7 Bn as at June 30, 2020. URW accessed the debt markets in April and June, issuing a total of €2.2 Bn of Euro senior bonds with an average coupon of 2.27% and an average maturity of 9.3 years. This extended the Group's average debt maturity to a record 8.5 years.

The average cost of debt for the Group increased slightly to 1.7%, representing a blended 1.1% for EUR[8] debt and 3.6% for USD and GBP debt. The Loan-to-Value (LTV) ratio stood at 41.5%, with the interest coverage ratio ("ICR") at 4.2x. The LTV and ICR levels show ample headroom compared to the covenants of the European corporate credit facilities, which are the strictest corporate debt covenants of the Group, with a maximum LTV of 60% and minimum ICR of 2x.

## 2020 OUTLOOK

URW believes the uncertainty regarding the duration and impact of the COVID-19 pandemic on its operations and financial results remains material and that it is too early to provide new guidance on the outlook for 2020. The Group reiterates its intention to provide an update of its guidance when it can reliably estimate the duration, severity and consequences of the current situation.

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**FINANCIAL SCHEDULE**

The next financial events on the Group's calendar will be:
**October 28, 2020:** 2020 Q3 results (after market close)

**February 10, 2021:** 2020 Full-Year results

**May 12, 2021:** AGM Unibail-Rodamco-Westfield SE

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(1) 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 square metres and currency exchange rate differences in the periods analysed.
(2) Weighted average based on FY-2019 NRI.
(3) Tenant sales performance in URW's shopping centres (except The Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the H1-2020 reporting period, shopping centres excluded due to delivery or ongoing works were Les Ateliers Gaité, La Part-Dieu, CH Ursynow, Garbera, Westfield Valley Fair and Gropius Passagen. Primark sales are based on estimates. Tenant sales data include shopping centres accounted for using the equity method, but not Zlote Tarasy as it is not managed by URW.
(4) Total tenant sales excluding Tesla.
(5) Excludes Westfield Forum des Halles, Carrousel du Louvre and Westfield Les 4 Temps in France; Parquesur, La Vaguada, La Maquinista, Glòries, Splau and Equinoccio in Spain.
(6) Including fashion, bags & footwear & accessories, and department stores.
(7) URW Total Investment Cost (TIC) equals 100% TIC multiplied by URW percentage of ownership of the project, plus specific own costs, if any. 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 interests; (ii) overheads costs; (iii) early or lost Net Rental Income; and (iv) IFRS adjustments.
(8) Including SEK.

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## About Unibail-Rodamco-Westfield

Unibail-Rodamco-Westfield is the premier global developer and operator of Flagship destinations, with a portfolio valued at €60.4 Bn as at June 30, 2020, of which 86% in retail, 7% in offices, 5% in convention & exhibition venues and 2% in services. Currently, the Group owns and operates 89 shopping centres, including 55 Flagships in the most dynamic cities in Europe and the United States. Its centres welcome 1.2 billion visits per year. Present on two continents and in 12 countries, Unibail-Rodamco-Westfield provides a unique platform for retailers and brand events and offers an exceptional and constantly renewed experience for customers.

With the support of its 3,400 professionals and an unparalleled track-record and know-how, Unibail-Rodamco-Westfield is ideally positioned to generate superior value and develop world-class projects. As at June 30, 2020, the Group had a development pipeline of €6.2 Bn.

Unibail-Rodamco-Westfield distinguishes itself by its Better Places 2030 agenda, that sets its ambition to create better places that respect the highest environmental standards and contribute to better cities.

Unibail-Rodamco-Westfield stapled shares are listed on Euronext Amsterdam and Euronext Paris (Euronext ticker: URW), with a secondary listing in Australia through Chess Depositary Interests. The Group benefits from an A- rating from Standard & Poor's and from an A3 rating from Moody's.

For more information, please visit [www.urw.com](www.urw.com)
Visit our Media Library at [https://mediacentre.urw.com](https://mediacentre.urw.com)
Follow the Group updates on Twitter @urw_group, Linkedin @Unibail-Rodamco-Westfield and Instagram @urw_group

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**APPENDIX TO THE PRESS RELEASE**
**July 29, 2020**

## CONSOLIDATED FINANCIAL STATEMENTS (IFRS):



## FINANCIAL STATEMENTS ON A PROPORTIONATE BASIS:



## MANAGEMENT DISCUSSION & ANALYSIS:



Review procedures completed. Statutory auditors' report issued today.
The press release and its appendix as well as the results presentation slide show can be found on Unibail-Rodamco-Westfield's website www.urw.com

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**CONSOLIDATED FINANCIAL STATEMENTS (IFRS):**

| Consolidated statement of comprehensive income (€Mn) | H1-2020 | H1-2019 | 2019 |
|---|---|---|---|
| Gross rental income | 1,075.2 | 1,214.2 | 2,417.6 |
| *Ground rents paid* | *(7.6)* | *(6.8)* | *(14.5)* |
| *Service charge income* | *207.2* | *220.0* | *376.6* |
| *Service charge expenses* | *(229.1)* | *(236.5)* | *(413.5)* |
| *Property operating expenses* | *(193.9)* | *(183.3)* | *(380.9)* |
| Operating expenses and net service charges | (223.4) | (206.6) | (432.3) |
| **Net rental income** | **851.8** | **1,007.6** | **1,985.2** |
| Property development and project management revenue | 178.2 | 288.2 | 276.6 |
| Property development and project management costs | (156.4) | (252.9) | (235.2) |
| **Net property development and project management income** | **21.8** | **35.3** | **41.3** |
| Property services and other activities revenues | 97.8 | 160.9 | 310.1 |
| Property services and other activities expenses | (94.6) | (113.0) | (211.4) |
| **Net property services and other activities income** | **3.3** | **47.9** | **98.7** |
| Share of the result of companies accounted for using the equity method | (730.5) | (133.7) | (77.9) |
| Income on financial assets | 12.8 | 17.3 | 32.2 |
| **Contribution of companies accounted for using the equity method** | **(717.7)** | **(116.4)** | **(45.7)** |
| Corporate expenses | (107.3) | (83.8) | (191.5) |
| Development expenses | (0.7) | (0.9) | (17.4) |
| Depreciation of other tangible assets | (1.0) | (1.0) | (2.0) |
| **Administrative expenses** | **(109.0)** | **(85.6)** | **(210.9)** |
| **Acquisition and related costs** | **(21.5)** | **(15.5)** | **(45.8)** |
| Proceeds from disposal of investment properties | 632.8 | 253.6 | 1,180.2 |
| Carrying value of investment properties sold | (679.3) | (232.7) | (1,111.7) |
| **Result on disposal of investment properties** (1) | **(46.4)** | **20.9** | **68.5** |
| Valuation gains on assets | 63.9 | 552.6 | 924.0 |
| Valuation losses on assets | (2,271.4) | (919.8) | (2,026.4) |
| **Valuation movements on assets** | **(2,207.5)** | **(367.2)** | **(1,102.4)** |
| **Impairment of goodwill** | **(736.4)** | **(3.5)** | **(7.1)** |
| **NET OPERATING RESULT** | **(2,961.6)** | **523.4** | **781.8** |
| Result from non-consolidated companies | 1.0 | 0.2 | 1.7 |
| *Financial income* | *117.1* | *131.9* | *278.3* |
| *Financial expenses* | *(336.9)* | *(329.8)* | *(670.0)* |
| Net financing costs | (219.8) | (197.9) | (391.7) |
| Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) | 13.1 | (5.9) | (7.6) |
| Fair value adjustments of derivatives, debt and currency effect | (693.3) | (208.6) | (343.5) |
| Debt discounting | - | (0.3) | (0.7) |
| **RESULT BEFORE TAX** | **(3,860.7)** | **110.8** | **40.1** |
| Income tax expenses | 151.1 | 1,067.1 | 1,065.4 |
| **NET RESULT FOR THE PERIOD** | **(3,709.6)** | **1,177.9** | **1,105.5** |
| **Net result for the period attributable to:** | | | |
| - The holders of the Stapled Shares | (3,525.9) | 1,174.7 | 1,103.3 |
| - External non-controlling interests | (183.8) | 3.2 | 2.2 |
| **NET RESULT FOR THE PERIOD** | **(3,709.6)** | **1,177.9** | **1,105.5** |
| **Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:** | | | |
| - Unibail-Rodamco-Westfield SE members | (2,773.5) | 1,090.9 | 1,052.1 |
| - Unibail-Rodamco-Westfield N.V. members | (752.4) | 83.8 | 51.2 |
| **NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES** | **(3,525.9)** | **1,174.7** | **1,103.3** |
| Average number of shares (undiluted) | 138,401,778 | 138,322,555 | 138,350,731 |
| Net result for the period (Holders of the Stapled Shares) | (3,525.9) | 1,174.7 | 1,103.3 |
| **Net result for the period per share (Holders of the Stapled Shares) (€)** | **(25.48)** | **8.49** | **7.97** |
| Net result for the period restated (Holders of the Stapled Shares) (2) | (3,538.9) | 1,180.6 | 1,110.9 |
| Average number of shares (diluted) | 140,664,131 | 142,055,438 | 140,466,405 |
| **Diluted net result per share (Holders of the Stapled Shares) (€)** | **(25.16)** | **8.31** | **7.91** |

| **NET COMPREHENSIVE INCOME** (€Mn) | H1-2020 | H1-2019 | 2019 |
|---|---|---|---|
| **NET RESULT FOR THE PERIOD** | **(3,709.6)** | **1,177.9** | **1,105.5** |
| Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries | (113.5) | (83.6) | 198.5 |
| **Other comprehensive income that may be subsequently recycled to profit or loss** | **(113.5)** | **(83.6)** | **198.5** |
| Employee benefits | - | - | (0.9) |
| Fair Value of Financial assets | (15.6) | 1.1 | 3.4 |
| **Other comprehensive income not subsequently recyclable to profit or loss** | **(15.6)** | **1.1** | **2.5** |
| **OTHER COMPREHENSIVE INCOME** | **(129.1)** | **(82.4)** | **200.9** |
| **NET COMPREHENSIVE INCOME** | **(3,838.8)** | **1,095.5** | **1,306.4** |
| - External non-controlling interests | (183.8) | 3.2 | 2.0 |
| **NET COMPREHENSIVE INCOME (HOLDERS OF THE STAPLED SHARES)** | **(3,655.0)** | **1,092.2** | **1,304.4** |

(1) The result on disposal of investment properties includes both the result on disposal of assets and the result on disposal of shares.
(2) The impact of the fair value of the ORNANE and the related financial expenses are restated from the net result of the period if it has a dilutive impact.

| Recurring Earnings per share | H1-2020 | H1-2019 | 2019 |
|---|---|---|---|
| **Net Result of the period attributable to the holders of the Stapled Shares (€Mn)** | **(3,525.9)** | **1,174.7** | **1,103.3** |
| ***Adjustments to calculate EPRA Recurring Earnings, exclude:*** | | | |
| (i) Changes in value of investment properties, development properties held for investment and other interests | (2,207.5) | (367.2) | (1,102.4) |
| (ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests | (46.4) | 20.9 | 68.6 |
| (iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties | | | |
| (iv) Tax on profits or losses on disposals | 0.0 | (210.1) | (210.1) |
| (v) Goodwill impairment | (736.4) | (3.5) | (7.1) |
| (vi) Changes in fair value of financial instruments and associated close-out costs | (680.3) | (214.8) | (351.8) |
| (vii) Acquisition costs on share deals and non-controlling joint venture interests | (21.5) | (15.5) | (45.8) |
| (viii) Deferred tax in respect of EPRA adjustments | 167.5 | 1,297.0 | 1,324.9 |
| (ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation) | (922.4) | (349.4) | (533.4) |
| (x) External non-controlling interests in respect of the above | 253.6 | 101.0 | 200.7 |
| **EPRA Recurring Earnings** | **667.5** | **916.5** | **1,759.7** |
| | | | |
| Coupon on the Hybrid Securities | (24.1) | (23.9) | (48.1) |
| | | | |
| **Adjusted Recurring Earnings** | **643.4** | **892.6** | **1,711.6** |
| | | | |
| Average number of shares and ORA | 138,401,778 | 138,329,747 | 138,354,383 |
| **EPRA Recurring Earnings per Share (REPS)** | **4.82 €** | **6.63 €** | **12.72 €** |
| **EPRA Recurring Earnings per Share growth** | **-27.2%** | **0.2%** | **-3.3%** |

| | | | |
|---|---|---|---|
| **Adjusted Recurring Earnings per Share (AREPS)** | **4.65 €** | **6.45 €** | **12.37 €** |
| **Adjusted Recurring Earnings per Share growth** | **-28.0%** | **-1.9%** | **-4.3%** |

| Consolidated Statement of financial position<br>(€Mn) | June 30, 2020 | Dec. 31, 2019 |
|---|---|---|
| **NON CURRENT ASSETS** | **58,389.6** | **61,106.6** |
| **Investment properties** | **43,828.6** | **45,733.2** |
| *Investment properties at fair value* | *42,591.0* | *44,589.9* |
| *Investment properties at cost* | *1,237.6* | *1,143.3* |
| Shares and investments in companies accounted for using the equity method | 9,907.4 | 10,194.6 |
| Other tangible assets | 330.5 | 344.5 |
| Goodwill | 2,119.4 | 2,878.4 |
| Intangible assets | 922.8 | 984.4 |
| Investments in financial assets | 331.3 | 343.5 |
| Deferred tax assets | 36.6 | 28.4 |
| Derivatives at fair value | 913.0 | 599.6 |
| **CURRENT ASSETS** | **4,972.1** | **3,896.5** |
| Properties or shares held for sale | 64.6 | 2,147.6 |
| Derivatives at fair value | 14.2 | - |
| Inventories | 58.7 | 91.2 |
| Trade receivables from activity | 907.1 | 513.0 |
| Tax receivables | 193.5 | 303.6 |
| Other receivables | 328.3 | 352.4 |
| Cash and cash equivalents | 3,405.7 | 488.8 |
| **TOTAL ASSETS** | **63,361.7** | **65,003.2** |
| **Equity attributable to the holders of the Stapled Shares** | **21,538.9** | **25,950.8** |
| Share capital | 692.4 | 691.9 |
| Additional paid-in capital | 13,480.7 | 13,478.2 |
| Consolidated reserves | 10,999.2 | 10,671.4 |
| Hedging and foreign currency translation reserves | (107.5) | 6.1 |
| Consolidated result | (3,525.9) | 1,103.3 |
| ***- Equity attributable to Unibail-Rodamco-Westfield S.E. members*** | ***20,666.2*** | ***24,334.4*** |
| ***- Equity attributable to Unibail-Rodamco-Westfield N.V. members*** | ***872.7*** | ***1,616.4*** |
| Hybrid securities | 1,988.5 | 1,988.8 |
| External non-controlling interests | 3,658.2 | 3,912.9 |
| **TOTAL SHAREHOLDERS' EQUITY** | **27,185.6** | **31,852.5** |
| **NON CURRENT LIABILITIES** | **29,242.1** | **28,291.0** |
| Non current commitment to external non-controlling interests | 141.7 | 172.2 |
| Net share settled bonds convertible into new and/or existing shares (ORNANE) | 488.1 | 602.1 |
| Non current bonds and borrowings | 23,354.4 | 22,931.6 |
| Non current lease liabilities | 805.6 | 806.7 |
| Derivatives at fair value | 1,802.4 | 1,025.0 |
| Deferred tax liabilities | 2,148.1 | 2,276.0 |
| Non current provisions | 110.4 | 110.3 |
| Guarantee deposits | 215.9 | 218.0 |
| Amounts due on investments | 146.4 | 149.1 |
| Other non current liabilities | 29.1 | - |
| **CURRENT LIABILITIES** | **6,934.0** | **4,859.7** |
| Liabilities directly associated with properties or shares classified as held for sale | - | 110.7 |
| Current commitment to external non-controlling interests | 0.6 | 1.0 |
| Amounts owed to shareholders | 0.6 | - |
| **Amounts due to suppliers and other creditors** | **1,245.5** | **1,349.4** |
| *Amounts due to suppliers* | *232.7* | *230.5* |
| *Amounts due on investments* | *476.5* | *633.5* |
| *Sundry creditors* | *536.3* | *485.3* |
| Other current liabilities | 655.3 | 729.8 |
| Current borrowings and amounts due to credit institutions | 4,956.5 | 2,557.4 |
| Current lease liabilities | 42.8 | 41.4 |
| Derivatives at fair value | - | 30.1 |
| Current provisions | 32.7 | 39.9 |
| **TOTAL LIABILITIES AND EQUITY** | **63,361.7** | **65,003.2** |

| Consolidated statement of cash flows (€Mn) | H1-2020 | H1-2019 | 2019 |
|---|---|---|---|
| **Operating activities** | | | |
| **Net result** | **(3,709.6)** | **1,177.9** | **1,105.5** |
| Depreciation & provisions (1) | 46.5 | 9.6 | 28.1 |
| Impairment of goodwill | 736.4 | 3.5 | 7.1 |
| Changes in value of property assets | 2,207.5 | 367.2 | 1,102.4 |
| Changes in value of financial instruments | 680.3 | 214.8 | 351.8 |
| Charges and income relating to stock options and similar items | 9.0 | 7.6 | 13.8 |
| Net capital gains/losses on disposal of investment properties (2) | 46.4 | (20.9) | (68.6) |
| Share of the result of companies accounted for using the equity method | 730.5 | 133.7 | 77.9 |
| Income on financial assets | (12.8) | (17.3) | (32.2) |
| Dividend income from non-consolidated companies | (1.0) | (0.1) | (1.7) |
| Net financing costs | 219.8 | 197.9 | 391.7 |
| Income tax charge (income) | (151.1) | (1,067.1) | (1,065.4) |
| **Cash flow before net financing costs and tax** | **801.9** | **1,006.8** | **1,910.4** |
| Income on financial assets | 12.8 | 17.3 | 32.2 |
| Dividend income and result from companies accounted for using the equity method or non consolidated | 57.3 | 148.5 | 274.2 |
| Income tax paid | (14.8) | (210.4) | (211.7) |
| Change in working capital requirement | (228.2) | (79.7) | (118.0) |
| **Total cash flow from operating activities** | **629.0** | **882.5** | **1,887.1** |
| **Investment activities** | | | |
| **Property activities** | **697.8** | **(462.3)** | **(398.2)** |
| Acquisition of businesses, net of cash acquired | (38.6) | - | (35.5) |
| Amounts paid for works and acquisition of property assets | (607.5) | (738.2) | (1,525.4) |
| Repayment of property financing | 18.4 | 68.3 | 80.7 |
| Increase of property financing | (170.3) | (114.1) | (166.4) |
| Disposal of shares | 1,036.8 | 233.3 | 291.2 |
| Disposal of investment properties | 459.0 | 88.4 | 957.2 |
| **Financial activities** | **1.8** | **(4.3)** | **(18.5)** |
| Acquisition of financial assets | (6.3) | (11.4) | (33.1) |
| Disposal of financial assets | 0.6 | 2.8 | 4.0 |
| Change in financial assets | 7.5 | 4.3 | 10.6 |
| **Total cash flow from investment activities** | **699.6** | **(466.6)** | **(416.7)** |
| **Financing activities** | | | |
| Capital increase of parent company | 2.8 | 6.4 | 7.5 |
| Change in capital from companies with non-controlling shareholders | 3.2 | 7.1 | 10.1 |
| Hybrid securities | (0.3) | - | - |
| Distribution paid to parent company shareholders | (747.4) | (746.9) | (1,493.9) |
| Dividends paid to non-controlling shareholders of consolidated companies | (73.9) | (58.6) | (84.1) |
| Coupon on the Hybrid Securities | (21.6) | (21.6) | (48.1) |
| New borrowings and financial liabilities | 3,490.9 | 3,029.8 | 4,707.8 |
| Repayment of borrowings and financial liabilities | (697.5) | (1,398.9) | (3,826.2) |
| Financial income | 140.7 | 135.1 | 257.4 |
| Financial expenses | (382.4) | (404.2) | (665.8) |
| Other financing activities | (113.4) | (76.2) | (210.6) |
| **Total cash flow from financing activities** | **1,601.1** | **472.0** | **(1,345.9)** |
| **Change in cash and cash equivalents during the period** | **2,929.7** | **887.9** | **124.5** |
| **Net cash and cash equivalents at the beginning of the year** | **486.0** | **368.7** | **368.7** |
| **Effect of exchange rate fluctuations on cash held** | **(13.7)** | **40.5** | **(7.2)** |
| **Net cash and cash equivalents at period-end** | **3,402.0** | **1,297.1** | **486.0** |

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

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

## FINANCIAL STATEMENTS ON A PROPORTIONATE BASIS[1]:



[1] The financial statements include on a proportionate basis the financial statements of the joint-controlled entities, which are accounted for using the equity method under IFRS. Unibail-Rodamco-Westfield ("URW" or "the Group") believes that these financial statements on a proportionate basis give to stakeholders a better understanding of its underlying operations and the joint-controlled entities, as they represent a significant part of the Group's operations in the US and the UK. The Group has structured its internal operational and financial reporting according to this proportionate format.

| Consolidated income statement (€Mn) | H1-2020 IFRS | Proportionate | Total H1-2020 Proportionate | H1-2019 IFRS | Proportionate | Total H1-2019 Proportionate | 2019 IFRS | Proportionate | Total 2019 Proportionate |
|---|---|---|---|---|---|---|---|---|---|
| Gross rental income | 1,075.2 | 320.7 | 1,395.9 | 1,214.2 | 324.9 | 1,539.1 | 2,417.6 | 665.8 | 3,083.4 |
| *Ground rents paid* | *(7.6)* | (0.2) | *(7.7)* | *(6.8)* | (0.3) | *(7.2)* | *(14.5)* | (0.3) | *(14.9)* |
| *Service charge income* | *207.2* | 36.3 | *243.5* | *220.0* | 37.5 | *257.5* | *376.6* | 73.9 | *450.5* |
| *Service charge expenses* | *(229.1)* | (44.2) | *(273.3)* | *(236.5)* | (43.5) | *(280.0)* | *(413.5)* | (86.2) | *(499.7)* |
| *Property operating expenses* | *(193.9)* | (99.8) | *(293.7)* | *(183.3)* | (71.8) | *(255.1)* | *(380.9)* | (147.2) | *(528.1)* |
| Operating expenses and net service charges | (223.4) | (107.9) | (331.3) | (206.6) | (78.2) | (284.8) | (432.3) | (159.8) | (592.1) |
| **Net rental income** | **851.8** | **212.8** | **1,064.6** | **1,007.6** | **246.7** | **1,254.3** | **1,985.2** | **506.0** | **2,491.2** |
| | | | | | | | | | |
| Property development and project management revenue | 178.2 | - | 178.2 | 288.2 | 0.0 | 288.2 | 276.6 | - | 276.6 |
| Property development and project management costs | (156.4) | - | (156.4) | (252.9) | (0.0) | (252.9) | (235.2) | - | (235.2) |
| **Net property development and project management income** | **21.8** | **-** | **21.8** | **35.3** | **0.0** | **35.3** | **41.3** | **-** | **41.3** |
| | | | | | | | | | |
| Property services and other activities revenues | 97.8 | (0.1) | 97.7 | 160.9 | 0.0 | 160.9 | 310.1 | (0.3) | 309.8 |
| Property services and other activities expenses | (94.6) | 0.0 | (94.6) | (113.0) | (2.2) | (115.2) | (211.4) | (0.0) | (211.5) |
| **Net property services and other activities income** | **3.3** | **(0.1)** | **3.2** | **47.9** | **(2.2)** | **45.7** | **98.7** | **(0.3)** | **98.4** |
| | | | | | | | | | |
| Share of the result of companies accounted for using the equity method | (730.5) | 629.6 | (100.9) | (133.7) | 117.7 | (16.1) | (77.9) | 85.5 | 7.6 |
| Income on financial assets | 12.8 | (4.4) | 8.4 | 17.3 | (2.7) | 14.7 | 32.2 | (9.2) | 23.0 |
| **Contribution of companies accounted for using the equity method** | **(717.7)** | **625.2** | **(92.5)** | **(116.4)** | **115.0** | **(1.4)** | **(45.7)** | **76.3** | **30.5** |
| | | | | | | | | | |
| Corporate expenses | (107.3) | (3.8) | (111.2) | (83.8) | (1.6) | (85.4) | (191.5) | (8.9) | (200.3) |
| Development expenses | (0.7) | - | (0.7) | (0.9) | - | (0.9) | (17.4) | - | (17.4) |
| Depreciation of other tangible assets | (1.0) | - | (1.0) | (1.0) | - | (1.0) | (2.0) | 0.0 | (2.0) |
| **Administrative expenses** | **(109.0)** | **(3.8)** | **(112.9)** | **(85.6)** | **(1.6)** | **(87.2)** | **(210.9)** | **(8.9)** | **(219.8)** |
| | | | | | | | | | |
| **Acquisition and related costs** | **(21.5)** | **-** | **(21.5)** | **(15.5)** | **-** | **(15.5)** | **(45.8)** | **(5.7)** | **(51.5)** |
| | | | | | | | | | |
| Proceeds from disposal of investment properties | 632.8 | - | 632.8 | 253.6 | 1.9 | 255.5 | 1,180.2 | 1.8 | 1,182.1 |
| Carrying value of investment properties sold | (679.3) | (0.1) | (679.4) | (232.7) | (1.1) | (233.8) | (1,111.7) | (1.0) | (1,112.7) |
| **Result on disposal of investment properties** (1) | **(46.4)** | **(0.1)** | **(46.6)** | **20.9** | **0.8** | **21.7** | **68.5** | **0.8** | **69.4** |
| | | | | | | | | | |
| Valuation gains on assets | 63.9 | 9.3 | 73.3 | 552.6 | 47.5 | 600.1 | 924.0 | 90.3 | 1,014.3 |
| Valuation losses on assets | (2,271.4) | (817.3) | (3,088.7) | (919.8) | (373.2) | (1,293.0) | (2,026.4) | (603.5) | (2,629.9) |
| **Valuation movements on assets** | **(2,207.5)** | **(808.0)** | **(3,015.5)** | **(367.2)** | **(325.7)** | **(692.9)** | **(1,102.4)** | **(513.1)** | **(1,615.6)** |
| | | | | | | | | | |
| **Impairment of goodwill** | **(736.4)** | **-** | **(736.4)** | **(3.5)** | **-** | **(3.5)** | **(7.1)** | **-** | **(7.1)** |
| | | | | | | | | | |
| **NET OPERATING RESULT** | **(2,961.6)** | **26.0** | **(2,935.6)** | **523.4** | **33.1** | **556.4** | **781.8** | **55.1** | **836.9** |
| Result from non-consolidated companies | 1.0 | (0.0) | 1.0 | 0.2 | (0.0) | 0.2 | 1.7 | 0.1 | 1.8 |
| *Financial income* | *117.1* | 0.4 | *117.5* | *131.9* | (2.0) | *129.9* | *278.3* | 1.2 | *279.5* |
| *Financial expenses* | *(336.9)* | (27.6) | *(364.5)* | *(329.8)* | (33.3) | *(363.2)* | *(670.0)* | (59.8) | *(729.8)* |
| Net financing costs | (219.8) | (27.2) | (247.0) | (197.9) | (35.4) | (233.3) | (391.7) | (58.7) | (450.4) |
| Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE) | 13.1 | - | 13.1 | (5.9) | - | (5.9) | (7.6) | - | (7.6) |
| Fair value adjustments of derivatives, debt and currency effect | (693.3) | (2.3) | (695.6) | (208.6) | 1.8 | (206.7) | (343.5) | 3.1 | (340.3) |
| Debt discounting | - | - | - | (0.3) | - | (0.3) | (0.7) | - | (0.7) |
| **RESULT BEFORE TAX** | **(3,860.7)** | **(3.5)** | **(3,864.2)** | **110.8** | **(0.5)** | **110.3** | **40.1** | **(0.3)** | **39.8** |
| | | | | | | | | | |
| Income tax expenses | 151.1 | 3.4 | 154.5 | 1,067.1 | 0.5 | 1,067.6 | 1,065.4 | 0.4 | 1,065.7 |
| | | | | | | | | | |
| **NET RESULT FOR THE PERIOD** | **(3,709.6)** | **(0.0)** | **(3,709.6)** | **1,177.9** | **0.0** | **1,177.9** | **1,105.5** | **0.0** | **1,105.5** |
| | | | | | | | | | |
| **Net result for the period attributable to:** | | | | | | | | | |
| - The holders of the Stapled Shares | (3,525.9) | (0.0) | (3,525.9) | 1,174.7 | 0.0 | 1,174.7 | 1,103.3 | 0.0 | 1,103.3 |
| - External non-controlling interests | (183.8) | 0.0 | (183.8) | 3.2 | 0.0 | 3.2 | 2.2 | - | 2.2 |
| **NET RESULT FOR THE PERIOD** | **(3,709.6)** | **(0.0)** | **(3,709.6)** | **1,177.9** | **0.0** | **1,177.9** | **1,105.5** | **0.0** | **1,105.5** |

(1) The result on disposal of investment properties includes both the result on disposal of assets and the result on disposal of shares

Note: The columns "Proportionate" reflect the impact of proportional consolidation instead of the equity method required by IFRS 11 of the URW jointly controlled assets.

| Net result by segment on a proportionate basis (€Mn) | | | H1-2020 | | | H1-2019 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Recurring activities | Non-recurring activities (1) | Result | Recurring activities | Non-recurring activities (1) | Result | Recurring activities | Non-recurring activities (1) | Result |
| SHOPPING CENTRES | FRANCE | Gross rental income | 340.2 | - | 340.2 | 354.7 | - | 354.7 | 714.3 | - | 714.3 |
| | | Operating expenses and net service charges | (29.9) | - | (29.9) | (24.5) | - | (24.5) | (50.9) | - | (50.9) |
| | | **Net rental income** | **310.3** | **-** | **310.3** | **330.2** | **-** | **330.2** | **663.4** | **-** | **663.4** |
| | | Contribution of companies accounted for using the equity method | 3.2 | (30.1) | (26.9) | - | - | - | - | - | - |
| | | Gains/losses on sales of properties | - | (33.3) | (33.3) | - | 0.5 | 0.5 | - | 1.8 | 1.8 |
| | | Valuation movements on assets | - | (640.4) | (640.4) | - | 35.4 | 35.4 | - | (277.0) | (277.0) |
| | | **Result from operations Shopping Centres France** | **313.5** | **(703.8)** | **(390.3)** | **330.2** | **35.8** | **366.0** | **663.4** | **(275.2)** | **388.2** |
| | UNITED STATES | Gross rental income | 449.1 | - | 449.1 | 466.0 | - | 466.0 | 957.7 | - | 957.7 |
| | | Operating expenses and net service charges | (172.0) | - | (172.0) | (146.9) | - | (146.9) | (304.9) | - | (304.9) |
| | | **Net rental income** | **277.1** | **-** | **277.1** | **319.2** | **-** | **319.2** | **652.8** | **-** | **652.8** |
| | | Contribution of companies accounted for using the equity method | 2.2 | (47.7) | (45.4) | 4.4 | (25.3) | (20.9) | 9.0 | (36.5) | (27.5) |
| | | Gains/losses on sales of properties | - | (12.9) | (12.9) | - | 0.5 | 0.5 | - | 0.8 | 0.8 |
| | | Valuation movements on assets | - | (770.9) | (770.9) | - | (312.0) | (312.0) | - | (417.4) | (417.4) |
| | | Impairment of goodwill | - | (381.4) | (381.4) | - | - | - | - | - | - |
| | | **Result from operations Shopping Centres United States** | **279.4** | **(1,212.9)** | **(933.5)** | **323.6** | **(336.8)** | **(13.3)** | **661.8** | **(453.1)** | **208.7** |
| | CENTRAL EUROPE | Gross rental income | 112.3 | - | 112.3 | 112.6 | - | 112.6 | 224.5 | - | 224.5 |
| | | Operating expenses and net service charges | (1.0) | - | (1.0) | 0.6 | - | 0.6 | (1.5) | - | (1.5) |
| | | **Net rental income** | **111.3** | **-** | **111.3** | **113.2** | **-** | **113.2** | **223.0** | **-** | **223.0** |
| | | Contribution of companies accounted for using the equity method | 16.8 | (34.3) | (17.5) | 20.7 | 0.1 | 20.8 | 39.1 | 23.2 | 62.3 |
| | | Gains/losses on sales of properties | - | 0.4 | 0.4 | - | (0.0) | (0.0) | - | (1.2) | (1.2) |
| | | Valuation movements on assets | - | (185.0) | (185.0) | - | 47.8 | 47.8 | - | 111.6 | 111.6 |
| | | **Result from operations Shopping Centres Central Europe** | **128.1** | **(219.0)** | **(90.9)** | **133.9** | **47.8** | **181.7** | **262.2** | **133.6** | **395.7** |
| | SPAIN | Gross rental income | 81.4 | - | 81.4 | 83.9 | - | 83.9 | 169.5 | - | 169.5 |
| | | Operating expenses and net service charges | (8.0) | - | (8.0) | (7.2) | - | (7.2) | (12.7) | - | (12.7) |
| | | **Net rental income** | **73.4** | **-** | **73.4** | **76.7** | **-** | **76.7** | **156.8** | **-** | **156.8** |
| | | Contribution of companies accounted for using the equity method | - | - | - | - | - | - | - | - | - |
| | | Gains/losses on sales of properties | - | 0.1 | 0.1 | - | (0.1) | (0.1) | - | (0.2) | (0.2) |
| | | Valuation movements on assets | - | (152.9) | (152.9) | - | 29.7 | 29.7 | - | 46.1 | 46.1 |
| | | Impairment of goodwill | - | (103.8) | (103.8) | - | - | - | - | - | - |
| | | **Result from operations Shopping Centres Spain** | **73.4** | **(256.6)** | **(183.2)** | **76.7** | **29.7** | **106.4** | **156.8** | **45.9** | **202.7** |
| | UNITED KINGDOM | Gross rental income | 86.9 | - | 86.9 | 104.4 | - | 104.4 | 211.4 | - | 211.4 |
| | | Operating expenses and net service charges | (36.8) | - | (36.8) | (26.3) | - | (26.3) | (54.1) | - | (54.1) |
| | | **Net rental income** | **50.0** | **-** | **50.0** | **78.0** | **-** | **78.0** | **157.3** | **-** | **157.3** |
| | | Contribution of companies accounted for using the equity method | - | - | - | - | - | - | - | - | - |
| | | Gains/losses on sales of properties | - | - | - | - | - | - | - | - | - |
| | | Valuation movements on assets | - | (640.3) | (640.3) | - | (378.5) | (378.5) | - | (611.7) | (611.7) |
| | | **Result from operations Shopping Centres United Kingdom** | **50.0** | **(640.3)** | **(590.3)** | **78.0** | **(378.5)** | **(300.4)** | **157.3** | **(611.7)** | **(454.4)** |
| | NORDICS | Gross rental income | 63.9 | - | 63.9 | 70.1 | - | 70.1 | 136.3 | - | 136.3 |
| | | Operating expenses and net service charges | (9.1) | - | (9.1) | (4.3) | - | (4.3) | (13.6) | - | (13.6) |
| | | **Net rental income** | **54.8** | **-** | **54.8** | **65.8** | **-** | **65.8** | **122.7** | **-** | **122.7** |
| | | Contribution of companies accounted for using the equity method | - | - | - | - | - | - | - | - | - |
| | | Gains/losses on sales of properties | - | (0.0) | (0.0) | - | 19.8 | 19.8 | - | 19.5 | 19.5 |
| | | Valuation movements on assets | - | (118.9) | (118.9) | - | 0.6 | 0.6 | - | 24.7 | 24.7 |
| | | Impairment of goodwill | - | (130.2) | (130.2) | - | - | - | - | - | - |
| | | **Result from operations Shopping Centres Nordics** | **54.8** | **(249.1)** | **(194.3)** | **65.8** | **20.3** | **86.1** | **122.7** | **44.2** | **166.9** |
| | AUSTRIA | Gross rental income | 41.6 | - | 41.6 | 57.8 | - | 57.8 | 116.7 | - | 116.7 |
| | | Operating expenses and net service charges | (2.2) | - | (2.2) | (2.0) | - | (2.0) | (5.3) | - | (5.3) |
| | | **Net rental income** | **39.4** | **-** | **39.4** | **55.8** | **-** | **55.8** | **111.4** | **-** | **111.4** |
| | | Contribution of companies accounted for using the equity method | - | - | - | - | - | - | - | - | - |
| | | Gains/losses on sales of properties | - | - | - | - | 0.1 | 0.1 | - | 0.1 | 0.1 |
| | | Valuation movements on assets | - | (119.2) | (119.2) | - | (35.9) | (35.9) | - | (116.5) | (116.5) |
| | | **Result from operations Shopping Centres Austria** | **39.4** | **(119.2)** | **(79.8)** | **55.8** | **(35.9)** | **20.0** | **111.4** | **(116.5)** | **(5.1)** |
| | GERMANY | Gross rental income | 75.0 | - | 75.0 | 74.7 | - | 74.7 | 154.6 | - | 154.6 |
| | | Operating expenses and net service charges | (9.9) | - | (9.9) | (4.7) | - | (4.7) | (11.1) | - | (11.1) |
| | | **Net rental income** | **65.1** | **-** | **65.1** | **70.0** | **-** | **70.0** | **143.5** | **-** | **143.5** |
| | | Contribution of companies accounted for using the equity method | 1.4 | (4.0) | (2.6) | 1.0 | (2.2) | (1.3) | 2.7 | (7.0) | (4.2) |
| | | Gains/losses on sales of properties | - | (0.1) | (0.1) | - | (0.1) | (0.1) | - | (0.2) | (0.2) |
| | | Valuation movements on assets | - | (109.1) | (109.1) | - | (84.4) | (84.4) | - | (179.0) | (179.0) |
| | | Impairment of goodwill | - | (51.0) | (51.0) | - | - | - | - | - | - |
| | | **Result from operations Shopping Centres Germany** | **66.4** | **(164.2)** | **(97.7)** | **71.0** | **(86.8)** | **(15.8)** | **146.2** | **(186.1)** | **(40.0)** |
| | THE NETHERLANDS | Gross rental income | 33.8 | - | 33.8 | 35.0 | - | 35.0 | 71.0 | - | 71.0 |
| | | Operating expenses and net service charges | (7.4) | - | (7.4) | (6.9) | - | (6.9) | (8.6) | - | (8.6) |
| | | **Net rental income** | **26.4** | **-** | **26.4** | **28.0** | **-** | **28.0** | **62.4** | **-** | **62.4** |
| | | Contribution of companies accounted for using the equity method | - | - | - | - | - | - | - | - | - |
| | | Gains/losses on sales of properties | - | (0.1) | (0.1) | - | 0.5 | 0.5 | - | 1.4 | 1.4 |
| | | Valuation movements on assets | - | (107.9) | (107.9) | - | (11.7) | (11.7) | - | (89.6) | (89.6) |
| | | **Result from operations Shopping Centres The Netherlands** | **26.4** | **(108.0)** | **(81.6)** | **28.0** | **(11.3)** | **16.8** | **62.4** | **(88.2)** | **(25.8)** |
| | | **TOTAL RESULT FROM OPERATIONS SHOPPING CENTRES** | **1,031.4** | **(3,673.1)** | **(2,641.6)** | **1,163.1** | **(715.6)** | **447.5** | **2,344.0** | **(1,507.1)** | **837.0** |

(1) 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, amortization of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.

| Net result by segment on a proportionate basis (€ Mn) | | | H1-2020 | | | H1-2019 | | | 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Recurring activities | Non-recurring activities (1) | Result | Recurring activities | Non-recurring activities (1) | Result | Recurring activities | Non-recurring activities (1) | Result |
| OFFICES & OTHERS | FRANCE | Gross rental income | 31.9 | - | 31.9 | 49.2 | - | 49.2 | 78.1 | - | 78.1 |
| | | Operating expenses and net service charges | (5.4) | - | (5.4) | (2.3) | - | (2.3) | (6.0) | - | (6.0) |
| | | **Net rental income** | **26.5** | - | **26.5** | **46.9** | - | **46.9** | **72.0** | - | **72.0** |
| | | Contribution of companies accounted for using the equity method | - | - | - | - | - | - | - | - | - |
| | | Gains/losses on sales of properties | - | (0.6) | (0.6) | - | (0.5) | (0.5) | - | 46.5 | 46.5 |
| | | Valuation movements on assets | - | 5.7 | 5.7 | - | 207.8 | 207.8 | - | 184.2 | 184.2 |
| | | **Result from operations Offices France** | **26.5** | **5.1** | **31.6** | **46.9** | **207.3** | **254.2** | **72.0** | **230.7** | **302.8** |
| | OTHER COUNTRIES | Gross rental income | 20.7 | - | 20.7 | 19.8 | - | 19.8 | 40.8 | - | 40.8 |
| | | Operating expenses and net service charges | (5.3) | - | (5.3) | (5.0) | - | (5.0) | (10.0) | - | (10.0) |
| | | **Net rental income** | **15.4** | - | **15.4** | **14.8** | - | **14.8** | **30.8** | - | **30.8** |
| | | Contribution of companies accounted for using the equity method | 0.0 | - | 0.0 | - | - | - | 0.0 | - | 0.0 |
| | | Gains/losses on sales of properties | - | - | - | - | 1.2 | 1.2 | - | 0.9 | 0.9 |
| | | Valuation movements on assets | - | (11.8) | (11.8) | - | 11.6 | 11.6 | - | 39.0 | 39.0 |
| | | **Result from operations Offices other countries** | **15.4** | **(11.8)** | **3.5** | **14.8** | **12.8** | **27.6** | **30.8** | **39.8** | **70.7** |
| | | **TOTAL RESULT FROM OPERATIONS OFFICES** | **41.9** | **(6.7)** | **35.1** | **61.7** | **220.1** | **281.7** | **102.9** | **270.6** | **373.4** |
| CONVENTION & EXHIBITION | FRANCE | Gross rental income | 59.0 | - | 59.0 | 111.0 | - | 111.0 | 208.5 | - | 208.5 |
| | | Operating expenses and net service charges | (44.2) | - | (44.2) | (55.4) | - | (55.4) | (113.4) | - | (113.4) |
| | | **Net rental income** | **14.9** | - | **14.9** | **55.7** | - | **55.7** | **95.1** | - | **95.1** |
| | | **On site property services net income** | **6.2** | - | **6.2** | **32.0** | - | **32.0** | **61.7** | - | **61.7** |
| | | Contribution of companies accounted for using the equity method | - | - | - | - | - | - | - | - | - |
| | | Valuation movements, depreciation, capital gains | (8.6) | (126.9) | (135.5) | (7.2) | (148.4) | (155.7) | (15.4) | (180.6) | (196.0) |
| | | Impairment of goodwill | - | (3.6) | (3.6) | - | (3.5) | (3.5) | - | (7.1) | (7.1) |
| | | **TOTAL RESULT FROM OPERATIONS C & E** | **12.5** | **(130.5)** | **(118.0)** | **80.4** | **(152.0)** | **(71.6)** | **141.5** | **(187.7)** | **(46.2)** |
| | | Net property development and project management income | 21.8 | (7.0) | 14.8 | 35.3 | (50.8) | (15.5) | 41.3 | (141.4) | (100.1) |
| | | Other property services net income | 5.5 | (30.7) | (25.2) | 21.0 | (4.0) | 17.0 | 52.0 | (7.9) | 44.1 |
| | | Impairment of Goodwill related to the property services | - | (66.4) | (66.4) | - | - | - | - | - | - |
| | | Administrative expenses | (112.2) | - | (112.2) | (86.3) | - | (86.3) | (202.3) | - | (202.3) |
| | | Development expenses | (0.7) | - | (0.7) | (0.9) | - | (0.9) | (17.4) | - | (17.4) |
| | | Acquisition and related costs | - | (21.5) | (21.5) | - | (15.5) | (15.5) | - | (51.5) | (51.5) |
| **NET OPERATING RESULT** | | | **1,000.3** | **(3,935.9)** | **(2,935.6)** | **1,274.2** | **(717.7)** | **556.4** | **2,461.9** | **(1,625.0)** | **836.9** |
| | | Result from non consolidated companies | 1.0 | - | 1.0 | 0.2 | - | 0.2 | 1.8 | - | 1.8 |
| | | Financing result | (247.0) | (682.6) | (929.6) | (233.3) | (213.0) | (446.3) | (450.4) | (348.6) | (799.0) |
| | | | | | | - | - | | | | |
| **RESULT BEFORE TAX** | | | **754.3** | **(4,618.5)** | **(3,864.2)** | **1,041.1** | **(930.7)** | **110.3** | **2,013.4** | **(1,973.6)** | **39.8** |
| | | Income tax expenses | (17.0) | 171.5 | 154.5 | (20.3) | 1,088.0 | 1,067.6 | (50.8) | 1,116.5 | 1,065.7 |
| **NET RESULT FOR THE PERIOD** | | | **737.3** | **(4,447.0)** | **(3,709.6)** | **1,020.7** | **157.2** | **1,177.9** | **1,962.6** | **(857.1)** | **1,105.5** |
| | | External non-controlling interests | (69.8) | 253.6 | 183.8 | (104.2) | 101.0 | (3.2) | (202.9) | 200.7 | (2.2) |
| **NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES** | | | **667.5** | **(4,193.4)** | **(3,525.9)** | **916.5** | **258.2** | **1,174.7** | **1,759.7** | **(656.4)** | **1,103.3** |

(1) 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, amortization of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.

| Consolidated statement of financial position (€Mn) | June 30, 2020 IFRS | Proportionate | June 30, 2020 Proportionate | Dec. 31, 2019 IFRS | Proportionate | Dec. 31, 2019 Proportionate |
|---|---|---|---|---|---|---|
| **NON CURRENT ASSETS** | **58,389.6** | **2,235.5** | **60,625.1** | **61,106.6** | **2,344.8** | **63,451.4** |
| **Investment properties** | **43,828.6** | **10,735.2** | **54,563.8** | **45,733.2** | **11,491.5** | **57,224.7** |
| *Investment properties at fair value* | *42,591.0* | *10,658.1* | *53,249.1* | *44,589.9* | *11,412.5* | *56,002.4* |
| *Investment properties at cost* | *1,237.6* | *77.1* | *1,314.7* | *1,143.3* | *79.0* | *1,222.3* |
| Shares and investments in companies accounted for using the equity method | 9,907.4 | (8,598.9) | 1,308.5 | 10,194.6 | (9,246.6) | 948.0 |
| Other tangible assets | 330.5 | 0.9 | 331.4 | 344.5 | 1.0 | 345.5 |
| Goodwill | 2,119.4 | 90.5 | 2,209.9 | 2,878.4 | 90.5 | 2,968.9 |
| Intangible assets | 922.8 | - | 922.8 | 984.4 | - | 984.4 |
| Investments in financial assets | 331.3 | 7.8 | 339.1 | 343.5 | 8.4 | 351.9 |
| Deferred tax assets | 36.6 | - | 36.6 | 28.4 | - | 28.4 |
| Derivatives at fair value | 913.0 | - | 913.0 | 599.6 | - | 599.6 |
| **CURRENT ASSETS** | **4,972.1** | **354.1** | **5,326.2** | **3,896.5** | **270.6** | **4,167.1** |
| Properties or shares held for sale | 64.6 | - | 64.6 | 2,147.6 | - | 2,147.6 |
| Derivatives at fair value | 14.2 | - | 14.2 | - | - | - |
| Inventories | 58.7 | 17.7 | 76.4 | 91.2 | 11.9 | 103.1 |
| Trade receivables from activity | 907.1 | 195.9 | 1,103.0 | 513.0 | 96.7 | 609.7 |
| Tax receivables | 193.5 | 2.0 | 195.5 | 303.6 | 2.7 | 306.3 |
| Other receivables | 328.3 | 53.0 | 381.3 | 352.4 | 53.8 | 406.2 |
| Cash and cash equivalents | 3,405.7 | 85.5 | 3,491.2 | 488.8 | 105.5 | 594.3 |
| **TOTAL ASSETS** | **63,361.7** | **2,589.6** | **65,951.3** | **65,003.2** | **2,615.4** | **67,618.6** |
| **Equity attributable to the holders of the Stapled Shares** | **21,538.9** | - | **21,538.9** | **25,950.8** | - | **25,950.8** |
| Share capital | 692.4 | - | 692.4 | 691.9 | - | 691.9 |
| Additional paid-in capital | 13,480.7 | - | 13,480.7 | 13,478.2 | - | 13,478.2 |
| Consolidated reserves | 10,999.2 | - | 10,999.2 | 10,671.4 | - | 10,671.4 |
| Hedging and foreign currency translation reserves | (107.5) | - | (107.5) | 6.1 | - | 6.1 |
| Consolidated result | (3,525.9) | - | (3,525.9) | 1,103.3 | - | 1,103.3 |
| ***- Equity attributable to Unibail-Rodamco-Westfield S.E. members*** | ***20,666.2*** | - | ***20,666.2*** | ***24,334.4*** | - | ***24,334.4*** |
| ***- Equity attributable to Unibail-Rodamco-Westfield N.V. members*** | ***872.7*** | - | ***872.7*** | ***1,616.4*** | - | ***1,616.4*** |
| Hybrid securities | 1,988.5 | - | 1,988.5 | 1,988.8 | - | 1,988.8 |
| External non-controlling interests | 3,658.2 | - | 3,658.2 | 3,912.9 | - | 3,912.9 |
| **TOTAL SHAREHOLDERS' EQUITY** | **27,185.6** | - | **27,185.6** | **31,852.5** | - | **31,852.5** |
| **NON CURRENT LIABILITIES** | **29,242.1** | **2,126.1** | **31,368.2** | **28,291.0** | **2,375.6** | **30,666.6** |
| Non current commitment to external non-controlling interests | 141.7 | 3.3 | 145.0 | 172.2 | 3.3 | 175.5 |
| Net share settled bonds convertible into new and/or existing shares (ORNANE) | 488.1 | - | 488.1 | 602.1 | - | 602.1 |
| Non current bonds and borrowings | 23,354.4 | 1,983.3 | 25,337.7 | 22,931.6 | 2,227.9 | 25,159.5 |
| Non current lease liabilities | 805.6 | 9.3 | 814.9 | 806.7 | 9.3 | 816.0 |
| Derivatives at fair value | 1,802.4 | - | 1,802.4 | 1,025.0 | - | 1,025.0 |
| Deferred tax liabilities | 2,148.1 | 111.1 | 2,259.2 | 2,276.0 | 116.6 | 2,392.6 |
| Non current provisions | 110.4 | 0.3 | 110.7 | 110.3 | 0.3 | 110.6 |
| Guarantee deposits | 215.9 | 18.6 | 234.5 | 218.0 | 18.0 | 236.0 |
| Amounts due on investments | 146.4 | 0.2 | 146.6 | 149.1 | 0.2 | 149.3 |
| Other non current liabilities | 29.1 | - | 29.1 | - | - | - |
| **CURRENT LIABILITIES** | **6,934.0** | **463.5** | **7,397.5** | **4,859.7** | **239.8** | **5,099.5** |
| Liabilities directly associated with properties or shares classified as held for sale | - | - | - | 110.7 | - | 110.7 |
| Current commitment to external non-controlling interests | 0.6 | - | 0.6 | 1.0 | - | 1.0 |
| Amounts owed to shareholders | 0.6 | 0.1 | 0.7 | - | - | - |
| **Amounts due to suppliers and other creditors** | **1,245.5** | **161.3** | **1,406.8** | **1,349.4** | **151.7** | **1,501.1** |
| *Amounts due to suppliers* | *232.7* | *40.9* | *273.6* | *230.5* | *43.1* | *273.6* |
| *Amounts due on investments* | *476.5* | *45.8* | *522.3* | *633.5* | *34.4* | *667.9* |
| *Sundry creditors* | *536.3* | *74.6* | *610.9* | *485.3* | *74.2* | *559.5* |
| Other current liabilities | 655.3 | 15.5 | 670.8 | 729.8 | 23.8 | 753.6 |
| Current borrowings and amounts due to credit institutions | 4,956.5 | 284.9 | 5,241.4 | 2,557.4 | 62.6 | 2,620.0 |
| Current lease liabilities | 42.8 | - | 42.8 | 41.4 | - | 41.4 |
| Derivatives at fair value | - | - | - | 30.1 | - | 30.1 |
| Current provisions | 32.7 | 1.7 | 34.4 | 39.9 | 1.7 | 41.6 |
| **TOTAL LIABILITIES AND EQUITY** | **63,361.7** | **2,589.6** | **65,951.3** | **65,003.2** | **2,615.4** | **67,618.6** |

Note: The columns “Proportionate” reflect the impact of proportional consolidation instead of the equity method required by IFRS 11 of the URW jointly controlled assets.

## MANAGEMENT DISCUSSION & ANALYSIS[2]:



[2] The Management Discussion & Analysis (MD&A) is based on the Financial statements prepared on a proportionate basis.

## 1. BUSINESS REVIEW AND 2020 HALF-YEAR RESULTS

### I. ACCOUNTING PRINCIPLES AND SCOPE OF CONSOLIDATION

**Accounting principles**

Unibail-Rodamco-Westfield's ("URW" or "the Group") consolidated financial statements as at June 30, 2020, were prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable in the European Union as at that date.

Since 2018, the Group also prepares financial statements in a proportionate format, in which the joint-controlled entities are accounted for on a proportionate basis, instead of being accounted for using the equity method under IFRS. URW believes that these financial statements in a proportionate format give stakeholders a better understanding of its underlying operations and the joint-controlled entities, as they represent a significant part of the Group's operations in the US and the UK. The Group has structured its internal operational and financial reporting according to this proportionate format. Therefore, the business review and results are presented based on the financial statements on a proportionate basis, with no impact on the net results.

For rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g., in the case of URW, extension of a lease term, higher Sales Based Rent ("SBR") or opening of new stores), IFRS 16 applies. Under IFRS 16, the relief is treated as a lease incentive which is straight-lined over the expected term of the lease as a reduction of the Net Rental Income ("NRI").

Rent relief without changes to the lease contract, imposed by laws in force before an event giving rise to the relief, such as in Austria, or pursuant to a provision in the existing lease contract allowing for rent modification, is directly charged to the income statement as a reduction of the NRI.

Where applicable, the performance indicators are compliant with the Best Practices Recommendations published by the European Public Real Estate Association ("EPRA")[3]. These are reported in a separate chapter at the end of this section.

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by the management in the evolving context of the COVID-19 pandemic and of difficulties in assessing its impact and future prospects. In this context, Management has taken into account these uncertainties on the basis of reliable information available at the date of the preparation of the condensed consolidated financial statements, particularly with regards to the fair value of investment properties and financial instruments as well as the testing of goodwill and intangible assets.
Due to inherent uncertainties associated with estimates, the group reviews those estimates based on regularly updated information. Actual results might eventually differ from estimates made at the date of the preparation of the condensed financial statements.

The most significant estimates are set out in the notes to the consolidated financial statements as at December 31, 2019, included in the URW's 2019 Universal Registration Document: for the valuation of investment properties in § 5.1 "Investment properties", for the goodwill and intangible assets, respectively in § 5.4 "Goodwill" and § 5.3 "Intangible assets" and for fair value of financial instruments in § 7.4 "Hedging instruments". Actual future results or outcomes may differ from these estimates. 95% of URW's property portfolio and intangible assets related to the Shopping Centres, Offices & Others and Convention & Exhibition segments were valued by independent appraisers as at June 30, 2020.

[3] EPRA Best Practices Recommendations are available on the EPRA website: www.epra.com.

**Scope of consolidation**

The principal changes in the scope of consolidation since December 31, 2019, are:

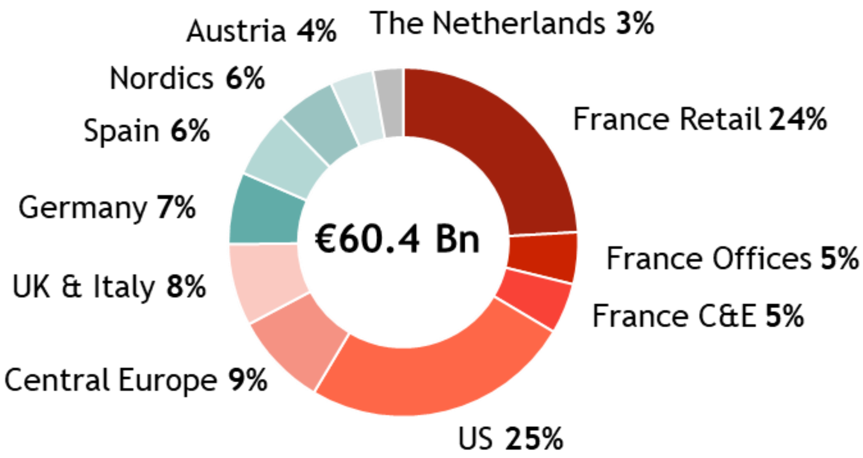
- On May 29, the disposal of five retail assets in France (Aéroville, So Ouest, Confluence, Toison d'Or and Rennes Alma) and one hotel (Novotel Lyon Confluence) to a joint venture formed by Crédit Agricole Assurances and La Française, collectively with a 54.2% stake, and URW which holds 45.8% (the "Entity"). The Entity has been accounted for using the equity method from May 30, 2020;
- The disposal of Westfield Meriden, a non-core shopping centre in the US on June 5;
- The disposal of units owned in Bobigny 2 in France on June 23.

**Operational reporting**

URW operates in nine regions: France, the United States of America ("US"), Central Europe, Spain, the United Kingdom ("UK"), the Nordics, Austria, Germany and The Netherlands.

As France has substantial activities in all three business lines of the Group, this region is itself divided in three segments: Shopping Centres, Offices & Others and Convention & Exhibition ("C&E")[4]. The other regions operate almost exclusively in the Shopping Centres segment. In the US, the Group also operates an airport terminal commercial management business.

The chart below shows the split of proportionate Gross Market Values ("GMV") per region as at June 30, 2020:




Figures may not add up due to rounding.

[4] C&E includes the Les Boutiques du Palais retail asset.

## II. COVID-19 AND THE IMPACT ON URW'S BUSINESS

The COVID-19 pandemic has significantly impacted URW's business. Consequently, many of the standard performance indicators are not meaningful. As a result, the Group is providing investors with as clear a view of conditions during the period as possible.

**Closing and reopening of the Group's shopping centres**

Following the outbreak of the COVID-19 pandemic, the authorities in many of the markets the Group operates in imposed restrictions on the opening of its shopping centres. Except for select "essential" retailers, or those able to offer curbside pick-up or fulfil delivery orders from the store, the tenants in the Group's centres were unable to trade for the period in the table below. In addition, even in those regions in which there were no mandatory shutdowns, or when shopping centres were allowed to reopen, not all retailers continued or restarted operations.

| Country | Restrictions started | Restrictions lifted[5] |
|---|---|---|
| Austria | March 16 | May 2 for non-essential stores, May 15 for Food & Beverage ("F&B"). May 29 for cinemas. |
| Czech Republic | March 15 | May 11 for non-essential stores and cinemas (with capacity restraint at 100) and May 15 for F&B. |
| Denmark | March 18 | May 11 including F&B. May 22 for cinemas. |
| France | March 17 | May 11 for non-essential stores, excluding URW's large Parisian centres and La Part-Dieu in Lyon. May 30 for remaining centres except Westfield Les 4 Temps (June 4) and Westfield Forum des Halles (June 15).<br>F&B from June 2 depending on the region, and cinemas from June 22. |
| Germany | March 16 | Varied by centre/state between April 20 and May 4, with F&B open from May 11. |
| The Netherlands | N/A | No enforced closures, although some trading restrictions applied (e.g. cinemas and F&B closed). F&B reopened from June 1. |
| Poland | March 14 | May 4 for non-essential stores, May 18 for F&B. |
| Sweden | N/A | No enforced closures, although some trading restrictions applied (e.g. cinemas closed). |
| Slovakia | March 16 | May 20 for non-essential stores and F&B. |
| Spain | March 15 | Phased reopening, with Glòries (partially) on May 20, Garbera on May 25 and Bonaire on June 1. Others from June 8 (including F&B). Cinemas in Bonaire from June 8, Splau from June 22, La Maquinista from July 6, Parquesur and Equinoccio from July 13. |
| UK | March 23 | Non-essential stores open from June 15, F&B from July 4. Some restrictions (e.g. leisure) remain into July. |
| US | March 18 | Progressive reopening based on local official orders.<br>Florida centres reopened between May 15 and 22, including F&B with dine-in capacity restrictions. Connecticut and Sacramento centres opened on May 20 and May 22, respectively, followed by San Diego / Palm Desert on May 29, and Westfield Century City on May 30. Remaining Los Angeles centres as well as Chicago opened from June 3 (subject to impact of social unrest). The Maryland centres opened in mid-June, Westfield Garden State Plaza in New Jersey on June 29 and the New York centres, except Westfield WTC, in July. F&B restrictions vary by county/state. |

During the mandatory shutdown of most of the Group's shopping centres, the priority was to ensure the security and safety in the assets and prepare for the eventual reopenings. As at June 15, all of the Group's European centres and 95% of all of the Group's centres in Europe and the US by value had reopened, with only New York State delaying the reopening of centres until July. On average (weighted by NRI), the Group's shopping centres were closed for 67 days.

On July 13, California ordered a roll back of reopening as COVID-19 cases surged. Eight of the Group's centres have had to close again (stores with exterior entrances are allowed to remain open and Curbside pickup is permitted), and four had to close indoor operations.

Implementation of enhanced health and safety measures in all centres has been a key element in safely restarting the business and reassuring customers and employees.

These include:

- Additional cleaning, including deep cleaning of all public space, toilets in particular;
- Installing hand sanitisers throughout the centres;
- Providing masks to shopping centre employees and suppliers;

[5] Although restrictions were lifted, not all retailers actually reopened on such dates.

- Implementing social distancing requirements (e.g., floor stickers to mark social distancing spaces, seating areas closed and one-way foot traffic);
- Training Security and Guest Services teams to manage queuing systems and potential gatherings;
- Providing guidance to tenants through digital tools and direct communication with every single retailer to collaboratively manage visitor flows and numbers;
- Use of indoor and outdoor screens to display key messages.

Protecting the health of the Group's teams, tenants, visitors and partners is URW's utmost priority. URW fully updated the Group's guide to Hygiene, Safety and Environment ("HSE") practices used in its European centres, based on the latest recommendations of health authorities. For the first time in the Group's existence, this has been done with the assistance of epidemiologists. URW has created a "Safe & Healthy Places" label to attest to the excellence of its HSE practices and to ensure compliance with the latest recommendations of local health authorities. Bureau Veritas, as a trusted third party, has been selected to audit the Group's compliance with these practices. Going beyond the current framework of the COVID-19 pandemic, this initiative is part of a long-term plan to ensure that the Group remains at the forefront of HSE practices. As at June 30, 100% of Westfield branded European centres have already been labelled following an audit by Bureau Veritas.

In the Group's US centres, new technologies were utilized to promote touchless services, virtual queuing and service booking (over 5,000 users of Line Pass application registered so far). Employees and vendors are equipped with recommended personal protection gear. Online and on-site communication was produced to promote safe behavior. Bureau Veritas completed a satisfactory audit of the Group's policies and procedures in this area, and physical audits of the Group's practices at centres are expected to be completed by July 31.

As at June 30, 97% of the stores within URW's European centres were open, while 1% were still restricted from trading. As at July 24, 98% were open while the remaining 2% mainly comprise cinemas, kiosks and restaurants as well as the John Lewis department store in Westfield London (expected to open on July 30).

The US generally reopened later than in Europe. As at June 30, 77% of stores and 86% of GLA had reopened (prior to the rollback of restrictions in California).

**Footfall**[6]

Through February, footfall in the Group's European shopping centres was strong compared to the same period in 2019 with growth of +2.0%. The comparison of the full six-month to the period ending June 30, 2019, is not meaningful because of the trading restrictions described above and government policies encouraging remote working and recommending people avoid using public transport (footfall down by -39.7% during H1-2020 compared to the same period last year).

Following reopening, the trend has been encouraging and generally better than expected: footfall has increased regularly week after week[7], resulting in June footfall for centres open throughout the month at 73.8% of June 2019.

*Footfall trends post reopening*
Most regions reported footfall at 70 – 85% of 2019 levels three to four weeks after reopening. Of the markets which reopened by early May, Austria is at roughly 90%, Germany and the Czech Republic at roughly 80%, while Poland has improved from slightly weaker early trading to be back to approximately 70%.

In France, the centres reopened in phases. The eight centres that reopened on May 11 have reached 80 - 90% of the prior year levels, with the start of the French summer sales driving the week ending July 19 to within 3% of the comparable week last year.

The Group's Paris centres, which generally opened later (with Westfield Forum des Halles not open until June 15) saw a slower evolution, largely driven by their reliance on public transport and the fact several key centres lie in the Paris Central Business District ("CBD") or La Défense. Nevertheless, these centres have in aggregate also recovered to 70 - 80% of prior levels in recent weeks, with Westfield Parly 2 and Westfield Rosny 2 even exceeding the prior year in the week ending July 19.

In Spain, where most centres were not open until June 8, there was an immediate recovery to 70% of 2019. The recent growth of COVID-19 infections and new health and safety measures announced in Catalonia are likely to have impacted footfall. In

[6] Footfall data does not include Zlote Tarasy as it is not managed by URW. Footfall in URW's shopping centres in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the period through June 30, 2020, shopping centres excluded due to delivery or ongoing works were Les Ateliers Gaîté, La Part-Dieu, CH Ursynow, Westfield Mall of the Netherlands, Garbera and Gropius Passagen.
[7] Data from the respective reopening dates through the week ending July 26, 2020.

the UK, the lockdown only ended on June 15. With restrictions still in place for leisure operators, and people strongly encouraged not to return to offices or take public transport until at least late July, footfall is now approaching 50% of 2019.

**Tenant sales**[8]

European tenant sales through February had performed well at +2.5%. Tenant sales for H1-2020 were down -39.4% compared to H1-2019. However, the comparison to the full six-month period ending June 30, 2019, is not meaningful because of the trading restrictions described above. Tenant sales data for June is shown below.

| | **PRE-LOCKDOWN** | **POST-LOCKDOWN** | **YTD JUNE 2020** |
|---|---|---|---|
| **Region** | **Tenant Sales Growth (%) (YTD - February 2020)** | **Tenant Sales Growth (%) (June 2020)**[9] | **Tenant Sales Growth (%) (YTD - June 2020)** |
| France | + 1.0% | -19.1% | -40.0% |
| Spain | + 2.6% | -18.7% | -47.0% |
| Central Europe | + 5.3% | -24.6% | -35.5% |
| Austria | + 0.4% | -13.8% | -31.4% |
| Nordics | + 3.5% | -20.2% | -26.3% |
| The Netherlands | NA | NA | NA |
| Germany | + 6.6% | -18.4% | -30.5% |
| **Total Continental Europe** | **+ 2.7%** | **-19.7%** | **-36.6%** |
| UK | + 1.3% | NA | -53.6% |
| **Total Europe** | **+ 2.5%** | **NA** | **-39.4%** |

Tenant sales in centres opened throughout the whole month of June in Continental Europe showed a decrease of -19.7% vs. June 2019, with a lower performance of fashion categories (fashion, bags/footwear/accessories and department stores) at -27.0%, particularly in France due to the postponement of summer sales from June 24 to July 15.

Excluding such categories, F&B and entertainment, sales show a decrease of only -7.6%, significantly better than anticipated, as a result of higher transformation rates and average baskets, with France (-3.6%), Austria (-4.5%), Czech Republic (-6.8%), Germany (-7.3%) and the Nordics (-9.2%) showing particularly encouraging results.

Best performing categories were home (+5.6%), culture/media and technology (+1.7%), food stores (-0.1%), jewellery (-7.7%) and gifts (-8.3%).

Shopping centres in business districts and/or city centres, mostly served by public transport (Westfield Les 4 Temps, Westfield Forum des Halles, Carrousel du Louvre, Westfield London, Westfield Stratford City) and generally reopened later than out-of-town centres, show slower recovery due to recommendations by governments or businesses to continue to work from home, with restaurants and cinemas well represented in such centres, remaining shut or operating under severe restrictions.

The Group has confidence though that the exceptional location and attractiveness of such centres will help footfall and sales gradually return to pre-COVID-19 levels once restrictions are lifted, as they did after previous crises such as the terrorist attacks in Paris in 2015 and 2016.

In the US, the June sales data does not provide a meaningful comparison as many of URW's key centres were open only for part of the month or, in the case of New York, remained closed throughout.

**Rent collection and deferred rent**

At the onset of the COVID-19 pandemic and in order to attenuate the strain on their liquidity, the Group adopted a general policy to allow affected tenants to switch to monthly payments during the crisis. As a general policy but with local exceptions the Group has deferred a significant part of its April and May rent. In addition, URW provided tenants flexibility on opening hours without applying contractual penalties.

[8] European tenant sales data does not include Zlote Tarasy as it is not managed by URW. Tenant sales performance in URW's shopping centres (except The Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the period through June 30, 2020, shopping centres excluded due to delivery or ongoing works were Les Ateliers Gaîté, La Part-Dieu, CH Ursynow, Garbera, and Gropius Passagen. Primark sales are based on estimates. Excluding Tesla.
[9] For shopping centres opened for the full month.

In several European countries, governments also adopted tenant support packages, such as a business rates holiday in the UK for 2020 or rent support through subsidizing part of any rental discounts in Sweden, the Czech Republic and Slovakia.

Upon the reopening of its shopping centres, the Group engaged tenants in discussions about collecting rent and service charges as well as the terms of any support by URW. As such, in Europe[10]:

- 69% of H1-2020 rent and service charges have been collected (96% for Q1-2020 and 41% for Q2-2020). Of the Q2-2020 rent, 34% was deferred or discounted[11], and 25% is overdue and to be recovered;
- 64% of amounts due but not yet paid are covered by cash deposits, or bank or corporate guarantees.

The collection rate of June 2020 rents due in Europe stood at 40% as at June 30 and at 43% as at July 24 and further collection is underway. Considering that many tenant negotiations are ongoing, this is likely to have affected collection rates. The Group expects an improvement following completion of those negotiations. Other factors include the fact that in several regions April rents were deferred until July and several governments have limited the action landlords could take to recover rent during the crisis period.
The collection rate of July 2020 rents in Europe stood at 47% as at July 24.

For the US, the collection rate of June 2020 rents due stood at 34% as at July 24. The collection rate of July 2020 rents stood at 56% as at July 24.

For the Group, the rent collection for the shopping centre division in H1 came to 67% (94% for Q1, 38% for Q2). 3% of the Q2 rents have been forgiven through rent relief, 20% deferred, either by agreement or by application of law, and 39% is overdue and to be recovered. As at July 24, collection for July stood at 50%.

Under IFRS 16, the Group as at June 30, was generally not permitted to provision or write off deferred rent or rent relief qualifying as a lease modification. Consequently, the total accounts receivable[12] from the Group's tenants increased by +€493 Mn. Deferred rents are expected to be recovered in H2-2020, although it is possible not all of these will be recovered.

**Bankruptcies**

H1-2020 was marked by tenants seeking protection from creditors through bankruptcy, judicial restructuring or, in the UK, Company Voluntary Arrangements ("CVAs"), affecting 256 stores in Europe, especially during Q2-2020 (179). The most affected regions were France (Celio, Camaïeu, Groupe André and Naf Naf), Germany (Karstadt and Galeria Kaufhof, Sinn Leffers and Esprit) and the Nordics (MQ and Holland & Barrett). In the UK, 21 stores were affected in H1-2020 (including Victoria's Secret, Debenhams, Monsoon Accessorize and All Saints). The Group currently expects many of these tenants will stay in place.

In the US, 135 stores were affected in H1-2020 (including JC Penney, All Saints, J. Crew Group, Inc., 24 Hour Fitness and Cinemex), as more tenants filed for bankruptcy during Q2-2020 (118).

**Tenant negotiations**

From the start of the COVID-19 crisis, the Group has supported tenants through the specific measures described above as well as taking steps to minimise expenses re-charged to tenants. The Group has also received a significant number of requests from tenants for additional relief.

Since reopening, negotiations with retailers regarding COVID-19 assistance have started on a case by case basis and are ongoing in all countries. The Group estimates that it is approximately a quarter of the way through this process as at July 24.

Negotiations recognise the issues the Group's tenants faced due to administrative closures or trading restrictions and aim to include a fair balance. In addition, any rent abatement or deferral agreed systematically includes concessions from tenants, for example:

- Extension of the firm period of the lease by up to one to three years;
- Increase of SBR percentage;
- Waiving of co-tenancy provisions (US);
- New landlord break-options; or
- Signature of leases for new stores.

[10] As at July 24, 2020.
[11] Including deferment or cancellation of rents authorized by governmental decisions.
[12] On a proportionate basis.

**IFRS 16 and the accounting for rent discounts**

For rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g., in the case of URW, extension of a lease term, higher SBR or opening of new stores), IFRS 16 applies. Under IFRS 16, the relief is treated as a lease incentive which is straight-lined over the expected term of the lease as a reduction of the NRI.

Rent relief without changes to the lease contract, imposed by laws in force before an event giving rise to the relief, such as in Austria, or pursuant to a provision in the existing lease contract allowing for rent modification, is directly charged to the income statement as a reduction of the NRI.

In H1-2020, rent concessions amounted to a cash impact of €32.6 Mn in Europe, €15.6 Mn of which have been expensed during this period. The difference will be straight-lined in future periods.

**Impact on H1-2020 earnings**

While it is difficult to precisely calculate the impact of COVID-19 due to the inter-related nature of factors affecting operating performance, the Group has identified the following elements totaling -€201.1 Mn in H1, with an impact of -€1.45 on the Adjusted Recurring Earnings per Share:

- -€0.11 due to rent relief;
- -€0.57 due to increase in doubtful debtors;
- -€0.25 due to lower variable revenue streams (e.g., SBR, parking, and Commercial Partnerships);
- -€0.21 due to lower net services income;
- -€0.24 due to the reduction in net income from the Convention & Exhibition business; and
- -€0.07 due to the increase in financial expenses due to liquidity measures taken in response to the crisis.

**Cost reduction and capital expenditure deferrals**

The Group has taken steps to reduce operating expenses charged to tenants (€34.6 Mn in Europe, representing 10.6% of the amount budgeted for 2020) as well as deferring non-essential capital expenditures (€500 Mn).
These measures are not expected to impact the high level of quality and services tenants and customers expect from URW's shopping centres.

The Group launched a number of initiatives to generate both short and long-term savings. The US and UK activities were restructured to ensure optimization of their processes and tools while simplifying the organisation, leading to substantial and sustainable savings. The development pipeline was also revised, leading to an adjustment of the corresponding staff. In addition, furlough plans and "partial activity" schemes were activated. Lastly, non-staff costs have been cut.
Collectively, these steps are expected to generate gross administrative expense savings of approximately €40 Mn in 2020 and €60 Mn on an annualised basis.

**Preservation of strong liquidity position**

During the crisis, the Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. These steps included the cost and capex measures described above, as well as the decision to cancel the final dividend to have been paid in July. The Group also drew down on €3.2 Bn of its credit lines, these drawdowns were repaid and such credit lines were available in full at the end of June 2020, issued short-term paper, and also accessed the bond market for €2.15 Bn in new long-term debt. As at June 30, 2020, the Group had cash on-hand and available facilities for a total of €12.7 Bn. Please refer to the "*Financial resources*" section for more detail.

## III. Business review by segment

**The Business review by segment presented below has been prepared based on the Group's European perimeter. Section 4 contains the US Business Review. Unless otherwise indicated, all references in Sections 1 to 3 are to URW's European operations and relate to the period ended June 30, 2020. As described above, all the Group's operations were significantly affected by the outbreak of COVID-19 pandemic. Consequently, comparisons to the same period in 2019 have limited practical relevance.**

## 1. Europe – Shopping Centres

### 1.1 Activity

**Leasing activity**

Because of the COVID-19 pandemic, leasing activity was significantly impacted in Q2, in both the number of leases signed and MGR uplift. In H1-2020, URW signed 347[13] leases (757[14]) on standing assets for €53.1 Mn of MGR. The MGR uplift on renewals and relettings was +5.5% (+12.2%) in Continental Europe and +3.5% in Europe. This uplift was primarily due to a strong double digit reversion in Spain, France and Central Europe, partially offset by a decrease in The Netherlands and the UK. The MGR uplift in Flagships in Continental Europe was +9.2% (+13.8%) and +6.2% in Europe.

| Region | Lettings / re-lettings / renewals excluding Pipeline | | | | |
|---|---|---|---|---|---|
| | nb of leases signed | sqm | MGR (€ Mn) | MGR uplift | |
| | | | | € Mn | % |
| France | 55 | 10,451 | 7.5 | 0.8 | 15.4% |
| Central Europe | 64 | 12,227 | 7.5 | 0.9 | 14.1% |
| Spain | 34 | 6,703 | 4.7 | 1.0 | 29.0% |
| Nordics | 73 | 33,075 | 13.2 | 0.3 | 2.9% |
| Austria | 39 | 6,971 | 4.9 | 0.2 | 6.5% |
| Germany | 41 | 13,286 | 7.0 | - | -0.7% |
| The Netherlands | 22 | 17,162 | 2.8 | - 1.0 | -30.8% |
| **TOTAL Continental Europe** | **328** | **99,877** | **47.5** | **2.1** | **5.5%** |
| UK and Italy | 19 | 7,092 | 5.6 | - 0.6 | -13.7% |
| **TOTAL Europe** | **347** | **106,968** | **53.1** | **1.5** | **3.5%** |

MGR: Minimum Guaranteed Rent.
Figures may not add up due to rounding.

The main deals signed during H1-2020 were:
- Austria: JD Sports in Shopping City Süd, Levi's and The Body Shop in Donau Zentrum;
- Czech Republic: Marks & Spencer in Metropole Zlicin (1,279 sqm), Pandora in Aupark and the transfer of New Yorker in Westfield Chodov;
- Denmark: CinemaxX renewal in Fisketorvet (10,098 sqm);
- France: Dyson (its second store in a shopping centre in France) in La Part-Dieu, Mauboussin in Westfield Rosny 2 and Westfield Carré Sénart, and four renewals of Swarovski;
- Germany: renewals of Michael Kors and Deichmann and a new Swarovski store in CentrO;
- Spain: the renewal and upsizing of Hollister and renewal of Apple in La Maquinista;
- Sweden: Rituals, SATS (fitness operator) extension and renewal (2,403 sqm), first letting to SATS Padel in Westfield Mall of Scandinavia (1,383 sqm), first letting of Chanel cosmetics in Täby Centrum;
- UK: Club Monaco (its first store in a shopping centre in the UK) and renewals of Zara Home and Massimo Dutti in Westfield London.

In addition, URW opened new stores, including several "Influencer Brands":
- Samsonite in Täby Centrum (on January 31);

[13] Including 12 deals for the five French assets of the Entity until May 29.
[14] 700 leases for Continental Europe and 57 for the UK in H1-2019.

- Rituals in Villeneuve 2 (on February 19) and in Stadshart Zoetermeer (April 9);
- Tezenis in Donau Zentrum (on February 19);
- Decathlon in Westfield Mall of Scandinavia (on February 21);
- Victoria's Secret in Westfield Mall of Scandinavia (on February 28);
- Asics in Westfield Parly 2 (on March 5);
- Primark in Gropius Passagen (on May 29);
- Gant in Westfield Vélizy 2 (on May 29);
- Pull & Bear in Westfield Les 4 Temps (on June 12);
- Hollister in Westfield Les 4 Temps (on June 29).

The Group accelerated the repositioning of select key vacant spaces, with for instance the first ever Harrods Outlet store (7,400 sqm) which opened on July 3 on a short-term lease to replace Debenhams in Westfield London.

The Group also continued to introduce new innovative and leisure concepts:
- Openings:
  - E-Obuwie (Polish online footwear retailer), in Westfield Arkadia (741 sqm) in February and in Galeria Mokotow (591 sqm) in June;
  - Inferno Online e-gaming concept in Täby Centrum in January (290 sqm);
  - AWC Smurfs 18-month exhibition in CentrO in early July.
- Signings:
  - Rolling Cat, billiards concept in Donau Zentrum;
  - Lego Discovery Centre in Westfield Hamburg;
  - Huawei (233 sqm) in Westfield Stratford City;
  - TiDo, virtual reality concept, in Täby Centrum (535 sqm).

In addition, the Group is currently in advanced negotiations with many leading international retailers across strategic sectors, such as sports (around 20 deals), fashion (around 25 deals), automotive and electronics.

**Commercial Partnerships**

Commercial Partnerships performed well through Q1 (+12.4% vs. Q1-2019). However, the COVID-19 pandemic had a significant impact in H1-2020 (-20.5% year-on-year), mainly driven by very limited activity in media and brand experience as well as concessions to media partners and kiosk operators.

The Commercial Partnerships activity is gradually recovering following the reopening of the centres. Significant deals in H1-2020 include:
- A partnership with Nespresso covering an experiential area, temporary kiosk, digital and non-digital media (in the Czech Republic);
- An exclusive deal with Microsoft Teams for the Westfield Les 4 Temps outdoor screen;
- Five brand experience activations for electric and hybrid cars in French and UK assets, such as Peugeot, Fiat, Lexus or Renault;
- Several deals with activations in H2-2020 such as a roadshow with Orange over five assets in France, L'Oréal in the UK or Polestar in The Netherlands.

Lastly, there is strong interest from additional leading brands for Q4-2020.

**Marketing & Communication**

The Group successfully launched a reopening marketing campaign in two phases:
- #WorkingTogether (in May-June 2020) to inform consumers of the gradual reopening of the Group's shopping centres, and communicate health and safety as well as operational messages;
- #BackTogether (in July-August 2020) to bring Westfield communities 'Back Together' when centres were fully reopened.

As at June 30, the Group's CRM database had 10.2 million members (+0.5 million).

**Innovation**

To support retailers and facilitate a "touch less" shopping experience for customers, URW accelerated development of different digital services such as a centralised home delivery service, especially with the start-up Stuart.

In addition, URW accelerated key partnerships to maximize retailers sales generated by omnichannel activities:
- Reinforced partnerships with food delivery platforms such as Deliveroo, Uber Eats, Wolt, etc.;
- The Zalando partnership in Germany, Sweden, Poland and Spain, to benefit from Zalando's 30 million yearly online active users to help facilitate online retail sales in the Group's shopping centres.

### 1.2. Net Rental Income

Total consolidated Net Rental Income ("NRI") of the Shopping Centre portfolio in Continental Europe was €680.7 Mn (-8.0%) and €730.7 Mn for Europe (-10.6%), as a result of negative like-for-like growth, mainly due to the impact of the COVID-19 outbreak, and the disposal of five shopping centres in France in May 2020.

| Region | Net Rental Income (€Mn) | | |
|---|---|---|---|
| | H1-2020 | H1-2019 | % |
| France | 310.3 | 330.2 | -6.0% |
| Central Europe | 111.3 | 113.2 | -1.7% |
| Spain | 73.4 | 76.7 | -4.3% |
| Nordics | 54.8 | 65.8 | -16.6% |
| Austria | 39.4 | 55.8 | -29.5% |
| Germany | 65.1 | 70.0 | -7.1% |
| The Netherlands | 26.4 | 28.0 | -5.8% |
| **TOTAL NRI - Continental Europe** | **680.7** | **739.8** | **-8.0%** |
| UK and Italy | 50.0 | 78.0 | -35.9% |
| **TOTAL NRI - Europe** | **730.7** | **817.8** | **-10.6%** |

Figures may not add up due to rounding.

The total net change in NRI amounted to -€87.1 Mn and breaks down as follows:

- +€1.9 Mn from the acquisition of units or shares mainly in Germany (shares in CentrO) and Spain (in Parquesur and La Vaguada);
- -€0.3 Mn due to exceptional and other items;
- -€1.4 Mn due to negative currency effects (GBP and SEK);
- -€8.0 Mn due to assets moved to the pipeline, primarily in France (mainly in Westfield Les 4 Temps, Ulis 2 and Westfield Forum des Halles), Spain and Austria;
- -€12.3 Mn due to disposals of assets, mainly in France (five shopping centres to the Entity and Bobigny 2) and the Nordics (Jumbo in February 2019);
- -€41.6 Mn of like-for-like NRI growth[15] in Continental Europe (-6.7%) and -€67.0 Mn for the entire European portfolio (-9.6%).

| Region | Net Rental Income (€Mn) Like-for-like | | |
|---|---|---|---|
| | H1-2020 | H1-2019 | % |
| France | 223.6 | 229.9 | -2.7% |
| Central Europe | 111.3 | 113.2 | -1.7% |
| Spain | 68.2 | 69.6 | -2.1% |
| Nordics | 54.8 | 63.0 | -13.0% |
| Austria | 38.3 | 52.8 | -27.5% |
| Germany | 65.1 | 71.9 | -9.4% |
| The Netherlands | 22.7 | 25.1 | -9.7% |
| **TOTAL NRI Lfl - Continental Europe** | **584.0** | **625.6** | **-6.7%** |
| UK and Italy | 48.9 | 74.3 | -34.1% |
| **TOTAL NRI Lfl - Europe** | **632.9** | **699.9** | **-9.6%** |

Figures may not add up due to rounding.

[15] 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 square metres and currency exchange rate differences in the periods analysed.

| Region | Net Rental Income Like-for-like evolution (%) | | | | | |
|---|---|---|---|---|---|---|
| | Indexation | Renewals, relettings net of departures | COVID-19 rent discounts | Doubtful debtors | Other | **Total** |
| France | 1.7% | 1.7% | | -2.2% | -3.9% | -2.7% |
| Central Europe | 1.5% | 0.3% | -1.3% | -0.5% | -1.8% | -1.7% |
| Spain | 0.3% | 2.3% | | -0.2% | -4.4% | -2.1% |
| Nordics | 1.2% | -2.8% | 0.0% | -4.7% | -6.7% | -13.0% |
| Austria | 1.5% | 1.6% | -26.8% | -1.3% | -2.5% | -27.5% |
| Germany | 1.1% | -1.8% | | -3.1% | -5.6% | -9.4% |
| The Netherlands | 2.1% | -6.9% | | 0.6% | -5.4% | -9.7% |
| **TOTAL NRI Lfl - Cont. Europe** | **1.4%** | **0.3%** | **-2.5%** | **-1.8%** | **-4.0%** | **-6.7%** |
| UK and Italy | 0.0% | -6.0% | | -18.7% | -9.4% | -34.1% |
| **TOTAL NRI Lfl - Europe** | **1.2%** | **-0.4%** | **-2.2%** | **-3.6%** | **-4.6%** | **-9.6%** |

Figures may not add up due to rounding.

Like-for-like NRI decreased by -6.7% (vs. +2.1% in H1-2019) in Continental Europe (of which -6.3% for Flagships), and includes:

- +1.4% (+1.6%) of indexation in Continental Europe;
- +0.3% (+0.2%) of "Renewals and relettings net of departures", negatively impacted by The Netherlands, the Nordics and Germany. Renewals and relettings net of departures remained positive in Spain, France and Austria;
- -2.5% due to rent discounts granted before the end of June to tenants, taking into account of straightlining for Central Europe and the Nordics, and in Austria, where as a result of existing legislation, the impact of rent discounts were recognized in full during the period;
- -1.8% due to the increase of the provisions for doubtful debtors (vs. a net impact of circa -0.2% on the like-for-like NRI growth in 2019), mainly due to the impact of COVID-19 with several bankruptcies in some regions and the Group's views on increased customer risks;
- -4.0% in "Other", mainly due to lower parking revenues, SBR, Commercial Partnerships and higher net service charges during the period as a direct impact of COVID-19.

In the UK, like-for-like NRI decreased by -34.1%, mainly driven by doubtful debtors and lower SBR, Commercial Partnerships and parking income in "Other".

Collectively, European like-for-like NRI fell by -9.6% vs. 2019.

Across the European portfolio, SBR represented 2.1% (€15.2 Mn) of NRI (2.9% and €23.4 Mn), resulting mainly from a decrease in France and the UK.

**URW's top ten tenants as a percentage of total MGR Contracted (for the entire Group) listed in alphabetical order:**

| **% of total MGR Contracted** | **10.7%** |
|---|---|
| Largest tenant | 2.4% |
| APPLE | |
| FNAC | |
| FOOT LOCKER | |
| H&M | |
| HOLLISTER | |
| MANGO | |
| PRINTEMPS | |
| SEPHORA | |
| VICTORIA'S SECRET | |
| ZARA | |

### 1.3. Vacancy and Occupancy Cost Ratio ("OCR")

The Estimated Rental Value ("ERV") of vacant space in operation in the portfolio was €62.5 Mn in Continental Europe (€43.2 Mn as at December 31, 2019) and €90.5 Mn in Europe.

COVID-19 had a significant effect and caused a material increase in bankruptcies and delays in lettings during H1-2020. The EPRA vacancy rate[16] was 3.9% as at June 30, 2020 (2.5% as at December 31, 2019) in Continental Europe, 8.6% in the UK, and 4.7% for Europe overall. This increase is due to Spain, the Nordics (mainly in Täby Centrum) and Central Europe. Vacancy was stable in The Netherlands.

| **Region** | **Vacancy** | | |
|---|---|---|---|
| | **June 30, 2020** | | **% Dec. 31, 2019** |
| | **€Mn** | **%** | |
| France | 20.3 | 3.2% | 2.6% |
| Central Europe | 7.7 | 3.1% | 1.3% |
| Spain | 7.8 | 4.1% | 0.7% |
| Nordics | 9.4 | 6.9% | 3.3% |
| Austria | 2.3 | 2.0% | 1.1% |
| Germany | 10.1 | 4.6% | 3.4% |
| The Netherlands | 4.9 | 8.1% | 8.2% |
| **TOTAL - Continental Europe** | **62.5** | **3.9%** | **2.5%** |
| UK and Italy | 28.0 | 8.6% | 7.7% |
| **TOTAL - Europe** | **90.5** | **4.7%** | **3.4%** |

Excluding pipeline.
Figures may not add up due to rounding.

The OCR[17] was not computed for the period as it is not meaningful due to the impact of COVID-19 on tenant sales.

[16] EPRA vacancy rate: ERV of vacant spaces divided by ERV of total surfaces.
[17] Occupancy Cost Ratio ("OCR"): (rental charges + service charges including marketing costs for tenants, all including VAT) / (tenant sales, including VAT). As tenant turnover is not known for all tenants for The Netherlands, no reliable OCR can be calculated for this country. Primark sales are estimates.

## 2. Continental Europe - Offices & Others

### 2.1. Property market

**Take-up**

During H1-2020, the Paris market saw 667,000 sqm of take-up, compared to 1.1 million sqm in the same period last year (-40%).

Q2 accounted for 197,500 sqm (vs. 560,000 sqm in Q2-2019) and was particularly impacted by the COVID-19 confinement orders imposed by the French government and the postponement of a large amount of transactional activity.

**Available area**

The immediate supply in the Paris Region was stable year-on-year at almost 3 million sqm, of which 19% new or refurbished as new. The market vacancy rate increased from 5.0% at the end of 2019 to 5.5% at the end of June 2020, with significant discrepancies among areas (e.g., 2.1% in Paris CBD, 5.7% in La Défense (4.4% as at December 31, 2019) and 10.7% in the Western Crescent).

**Rental values**

Paris CBD achieved historically high rents, illustrated by the Goldman Sachs transaction in 83, avenue Marceau Paris 8$^{th}$ at more than €900 per sqm (signed in March 2020) and Square Point in 16, avenue Matignon Paris 8$^{th}$ at €860 per sqm.

In La Défense, the expected deliveries of a number of new buildings in H2-2020 is putting pressure on rental values for second hand and refurbished buildings. However prime rents remained stable as at the end of June, at €540 per sqm.

**Investment market**

The total volume of transactions in the Paris region amounted to €6.3 Bn[18] in H1-2020, -29% vs. H1-2019 (€8.8 Bn), but in line with the 5-year average.

Volumes in H1-2020 were driven by an exceptional performance in Q1-2020 (€4.5 Bn, almost twice the volume of Q1-2019), more than offset by the impact in Q2-2020 of the COVID-19 outbreak (€1.8 Bn, half of the 5-year average).

The level of transactions at the end of the year is currently expected to be between €14 Bn and €16 Bn, one third less than in 2019 (a record high volume of €21.7 Bn) but in line with the 10-year average.

Investments in H1-2020 were driven by large transactions, with deals above €100 Mn accounting for 68% of total investments (in line with the 5-year average and 8 percentage points higher than the 10-year average).

The demand was largely fueled by domestic players (67% of total investments), with European players accounting for more than 75% of total investments.

Investment funds drove around 42% of the market (stable compared to the last two years), while insurance companies were particularly active with 34% of total investment volumes (27% in 2019). Volumes invested by SCPIs/OPCIs stood at around 19%.

Paris remained the main target of investors and represented around 47% of the transactions (slightly above the 10-year average of 41%).

Despite the confinement, the investment market remained active during Q2-2020. Core assets in the most resilient and deepest markets (Paris CBD, La Défense and the Western Crescent) are expected to have experienced limited pricing pressure. Prime yields were considered stable at around 2.80% in Paris CBD and 4.00% in La Défense.

[18] Source: Cushman & Wakefield, JLL, BNP Paribas Real Estate.

## 2.2. Activity

Consolidated NRI amounted to €35.4 Mn, a -36.1% decrease due primarily to the transfer of Michelet-Galilée in the pipeline and the impact of the disposal of Tour Majunga in France in 2019.

| Region | Net Rental Income (€Mn) | | |
|---|---|---|---|
| | **H1-2020** | **H1-2019** | **%** |
| France | 26.5 | 46.9 | -43.4% |
| Nordics | 4.9 | 4.9 | 1.6% |
| Other countries | 3.9 | 3.6 | 9.6% |
| **TOTAL NRI** | **35.4** | **55.3** | **-36.1%** |

Figures may not add up due to rounding.

The decrease of -€19.9 Mn breaks down as follows:

- +€8.9 Mn resulting from the deliveries of Shift and Versailles Chantiers in France;
- -€15.7 Mn resulting from transfer of assets in pipeline (mainly Michelet-Galilée);
- -€13.0 Mn due to the impact of the disposal of Tour Majunga in July 2019 and the Novotel Lyon Confluence in May 2020;
- -€0.1 Mn due to a negative currency effect (SEK);
- +€0.2 Mn due to 390 sqm office premises (in CNIT Offices) transferred from C&E to the Offices & Others division;
- The like-for-like NRI growth was -€0.2 Mn (-1.0%) mainly due to France (-€0.6 Mn), driven by a one-off provision, partly offset by Other countries (+€0.2 Mn) driven by Central Europe.

| Region | Net Rental Income (€Mn) Like-for-like | | |
|---|---|---|---|
| | **H1-2020** | **H1-2019** | **%** |
| France | 15.7 | 16.3 | -3.8% |
| Nordics | 5.0 | 4.9 | 2.9% |
| Other countries | 3.9 | 3.6 | 6.4% |
| **TOTAL NRI Lfl** | **24.6** | **24.8** | **-1.0%** |

Figures may not add up due to rounding.

The NRI from hotels (Novotel Lyon Confluence, Pullman Montparnasse and CNIT Hilton) decreased to €1.6 Mn (€2.6 Mn), mainly due to the impact of COVID-19 and the disposal of Novotel Lyon Confluence in May 2020.

93.6% of rents owed were collected as at June 30 (96.4% net of rents deferred) compared to 99.3% as at June 30, 2019.

4,219 weighted square meters (wsqm) were leased in standing assets, including 2,517 wsqm in the Nordics.

The ERV of vacant office space in operation amounted to €8.9 Mn, representing an EPRA vacancy rate of 8.7% (stable vs. December 31, 2019), of which €6.5 Mn or 8.2% (8.5%) in France.

## 3. Convention & Exhibition

This activity is exclusively located in France and consists of a real estate venues and services company (Viparis). Viparis is owned jointly with the Chamber of Commerce and Industry of Paris Île-de-France ("CCIR") and is fully consolidated by URW.

The Convention & Exhibition business has a seasonal results pattern, with annual, biennial and triennial shows, and an uneven distribution of shows during the year.

H1-2020 was significantly impacted by COVID-19. All events of more than 1,000 persons in Paris were banned from March 9, quickly followed by the ban on all events from March 13 to July 10. 141 events were cancelled (of which 42 exhibitions, 19 congresses, 72 corporate events and 8 live shows) and 67 events had been postponed to H2-2020 or to 2021 (of which 23 exhibitions, 14 congresses, 26 corporate events and 4 live shows) as at June 30. In response, Viparis implemented cost savings, including instituting part-time activity for more than 320 employees, reducing operating and administrative costs, renegotiating ground rents with its landlords and reducing or delaying non-essential capital expenditures.

The major events held in 2020 before COVID-19 were:

- The 56th edition of the International Agriculture show ("SIA") which attracted 482,221 visitors (-24% vs. 2019) with the show closing one day before the scheduled ending due to COVID-19;
- Maison & Objet took place in January at Paris Nord Villepinte and welcomed more exhibitors (2,736) than in 2019;
- Paris Expo Porte de Versailles in mid-February welcomed Vinexpo (transferred from Bordeaux) and Wine Paris, to become a major event in the wine and spirit sector.

In total, 125 events were held in Viparis venues during H1-2020, of which 49 exhibitions, 17 congresses and 59 corporate events compared to the 405 and 407 events held in 2019 and 2018, respectively.

Viparis' EBITDA amounted to €21.1 Mn compared to €80.6 Mn in H1-2018, which included the tri-annual INTERMAT show. Excluding INTERMAT, this decrease is entirely attributable to the impact of COVID-19.

This impact will continue in H2-2020 with the major events not permitted to take place before September 1, 2020.

## 4. US Business Review

As described above, all of the Group's operations were significantly affected by the outbreak of the COVID-19 pandemic. Consequently, comparisons to the same period in 2019 have limited practical relevance.

**Tenant Sales[19]**

Total tenant sales were up by +1.6% through February 29, 2020, prior to the impact of COVID-19. Growth was boosted by Flagships, up by +2.5%, while Regionals reported a -0.3% sales decline.

Specialty tenant sales[20] per square foot ("psf") through February 29, 2020, increased by +5.9% to $728 psf, with Flagships up by +5.3%, to $856 psf, and Regionals by +5.0%, to $521 psf.

Sales data for March through June is not considered meaningful given the COVID-19 related restrictions, described in Section II above.

**Leasing**

In H1-2020, 329 leases[21] were signed on standing assets (487), representing 781,000 sq. ft. (1,441,000 sq. ft.) and $45.0 Mn of MGR ($72.8 Mn). In addition, 21 leases were signed on 154,000 sq. ft. of pipeline project space, mainly at Westfield Valley Fair. Prior to the start of the COVID-19 pandemic, leasing activity through February had been slightly ahead of 2019 in terms of sq. ft. leased.

Despite the challenging conditions, the Group still signed a number of significant deals in H1-2020:

- ABC Cooking Studio (experiential concept from Asia) at Westfield Century City;
- Allbirds (a DNVB shoe concept) at Westfield UTC;
- Anthropologie at Westfield Valencia;

[19] Tenant sales excluding Auto sales category.
[20] Specialty tenant sales <10K sq. ft. (ca. 929 sqm) on a trailing 12-month basis (excluding auto category).
[21] Including 15 short term lease renewals of <24 month leases.

- Aritzia at Westfield Valley Fair;
- Dyson at Westfield Valley Fair;
- Forme Life (a health and wellness start-up) package deal (11 leases);
- IWC, Panerai and Jaeger-LeCoultre at Westfield Valley Fair;
- Lucid Motors (electric vehicle manufacturer) at Westfield Valley Fair and Westfield Century City;
- Peloton at Westfield Valley Fair;
- Warby Parker at Westfield Old Orchard.

Average rental spreads[22] in H1-2020 were -1.2%, of which +2.6% in Flagships and -12.2% in Regionals. Average rental spreads for relettings were +0.6%, of which +6.7% in Flagships and -18.9% in Regionals. The average MGR uplift was -8.1%.

**Commercial Partnerships**

Commercial Partnerships revenue for H1-2020 amounted to $24.9 Mn, down -$8.9 Mn (-26.3%) vs. H1-2019. COVID-19 impacted all categories, with Media declining by -$4.8 Mn (-30.3%) and Brand Partnerships by -$1.1 Mn (-48.5%).

**Extensions and renovations**

The Group achieved important milestones on development projects in H1-2020 in the US:

- Westfield Valley Fair opened the first stage of its extension on March 5, anchored by a new Bloomingdale's. The project is now 82% pre-let based on GLA;
- Entitlements were approved for the former Sears location at Westfield Valencia;
- Construction works are in progress at the former JC Penney box at Westfield Garden State Plaza and the former Lord & Taylor box at Westfield Annapolis;
- At Westfield Topanga the demolition of the former Sears box was completed. Construction is temporarily on hold while the Group assesses the right tenant mix and demand levels after the COVID-19 crisis;
- Pre-letting continues on the redevelopment of former department stores at Westfield Annapolis (22% pre-let), Westfield Garden State Plaza (24% pre-let), and Westfield Topanga (51% pre-let).

COVID-19 had limited impact on the Group's construction sites in the US, which generally were able to remain active during this period.

**Airports**

Global passenger traffic was down[23] by -56%, -94% and -93% in March, April and May, respectively.

Net income for the airport segment decreased -48.0% vs. the same period last year, due to decreased sales and tenant rent relief, partially offset by abatements granted by the airport authorities.

**Net Operating Income**

Comparable Net Operating Income ("Comp NOI"[24]) decreased by -$39.2 Mn (-14.9%), of which -$31.1 Mn (-15.2%) in Flagships and -$8.1 Mn (-13.6%) in Regionals, vs. H1-2019. The higher decrease in Flagships was generated by provisions for doubtful debtors, and the reduction in Commercial Partnerships income.

Like-for-like NRI[25] decreased by -15.3% vs. H1-2019, primarily due to additional provisions for doubtful debtors. The decrease was -17.5% in Flagships and -10.0% in Regionals.

Occupancy[26] was 91.8%, down by -300 bps from December 31, 2019, and by -160 bps from June 30, 2019, of which 92.7% (-350 and -190 bps, respectively) in Flagships and 90.4% (-250 and -120 bps, respectively) in Regionals.

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[22] 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).
[23] According to Airports Council International (ACI) World data.
[24] Comp NOI: Net Operating Income before management fees, termination/settlement income and straight-line rent adjustments for comparable shopping centres. Comp NOI is a metric commonly used in the US Market to evaluate income-generating real estate properties.
[25] Like-for-Like NRI: Net Rental Income for spaces which have been consistently and fully in operation during two full comparison periods. In general, Net Rental Income excludes depreciation and amortization expense, ground lease expense, and operating tenant buyout expense, as opposed to Net Operating Income, which includes these expense categories.
[26] Occupancy based on a square foot basis, excluding development space, and including executed and temporary leases.

The reduction in occupancy is due to bankruptcies, additional store closures, and slower lease up, all of which were significantly exacerbated by the COVID-19 pandemic.

Occupancy including pending lease commitments is 94.1%, of which 95.0% in Flagships and 92.8% in Regionals.

Financial vacancy[27] was 10.1% (vs. 11.2% as at June 30, 2019), of which 9.3% in Flagships and 12.3% in Regionals.

Tenant bankruptcies in H1-2020 affected 135 units (3.4 million sq. ft.), with J.C. Penney accounting for 18 units (2.7 million sq. ft.). The Group's immediate financial exposure to J.C. Penney is limited by the fact that URW only owns land and improvements for one unit, although potential closure of stores may cause a follow-on impact on revenue as a result of co-tenancy clauses common in US leases.

**Average Leasing Revenue psf**

Average leasing revenue for specialty stores was $92.84 psf, an increase of +1.9%, of which +2.4% in Flagships (to $113.04 psf), and -0.9% in Regionals (to $59.35 psf).

**Marketing and digital**

The COVID-19 response campaigns #WestfieldCares and Welcome Back campaigns have been the key focus since March, with efforts concentrated on orderly centre closings, supporting URW's communities, essential retailers and workers during the closure, and planning for the safe reopening of the centres.

#WestfieldCares launched in March 2020 to help some of the most vulnerable groups impacted by the COVID-19 crisis, including the homeless, economically disadvantaged families, senior citizens, and children, along with activities thanking local first responders and medical professionals. Since its inception, the program has delivered over 40 thank you initiatives to first responders, conducted over 85 charitable activities, and hosted more than 15 COVID-19 testing centres, blood drives, food donation and pickup locations.

Heading up to the reopening of centres, the focus shifted to support tactics to aid customers and retailers with a smooth transition to a safe reopening. Services available include: Curbside Delivery, Line Pass (virtual queuing), Center Capacity Monitoring, Mask & No Touch Key sales and Concierge on the Go. Curbside Delivery is currently live at 90% of the Group's centres and helped many retailers reopen their stores faster as staff were already on property managing in-store inventory. Line Pass, the Group's appointment booking and virtual queuing service, launched in June and is currently live at 13 centres, with the further roll-outs planned. Mask & No Touch Key sales are taking place at all open centres with proceeds donated to the Group's national partner, No Kid Hungry. Concierge on the Go, an adaptation of current services to include concierge-operated Curbside pickup, returns and food delivery, is also being tested at select centres with further roll-outs planned later in 2020.

Finally, marketing funds have been reallocated from corporate to the centres in order to allow them to support local initiatives and tenants.

**Innovation**

URW's innovation efforts have been focused on food ordering and delivery during H1. Partnerships with dining delivery partners such as Uber Eats and Doordash have been strengthened with a strong focus on enhancing the Group's operational protocols (signage, parking) and information to riders to ensure a smooth pickup process and fast delivery to customers. Restaurants such as Din Tai Fung at Westfield Century City have seen a massive uptick in their volumes with up to 700 orders daily.
The Airports division has achieved a major breakthrough in low-touch commerce at LAX and Chicago O'Hare. In partnership with Grab, the omnichannel food platform, URW has obtained authorization and launched an online ordering and no-touch pickup service at all LAX terminals and Chicago T5 to support food tenants in a limited-traffic context. Service is expected to go live in August with 90% of LAX food tenants already on board.

[27] Financial vacancy in accordance with the EPRA methodology.

## IV. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The *Better Places 2030* CSR strategy has been reaffirmed in the context of the global crisis:

- **Better Spaces:** environmental performance remains at the heart of URW's operations and development projects.
  - Better Places 2030 is moving forward in the US:
    - Palisade at Westfield UTC received a LEED Gold certification in April;
    - URW was listed on the US Environmental Protection Agency (EPA) National Top 100 List of the largest green power users from the Green Power Partnership (GPP), and Top 30 List for companies generating and consuming green power on-site.

- **Better Communities:**
  - A number of projects and actions dedicated to communities, such as URW for Jobs and URW Community Days were paused over the period due to strict social distancing rules.
  - The Group engaged in over 100 solidarity initiatives to support local communities, by:
    - Preventing and fighting the spread of COVID-19, notably by making available its locations to health and military authorities (seven blood donation areas and nine testing sites) and enhancing the health system response capacity;
    - Protecting and aiding the most vulnerable, supporting a variety of NGOs (financial support, food, medical supplies and toiletries, computers, art supplies) or providing spaces, such as in six French shopping centres to NGOs fighting domestic abuses and violence against women, and in the US by making parking lot areas available to host community-led drive-in movie events, drive-by school graduation ceremonies, as well as face mask and food distribution to at-risk community members.

- **Better Together:**
  - The Group's employee well-being framework focusing on healthy minds, bodies and culture was reinforced during the pandemic with a number of measures to connect and engage with teams working remotely. URW will continue to implement the well-being framework in 100% of its countries this year.
  - URW is fully committed to promoting an inclusive and diverse workplace for all. In 2020, the new diversity framework "Be You" at URW will be rolled out Group-wide with an increased focus on all forms of diversity and measures to promote inclusiveness and equality.

The Group's ambitious CSR agenda was again recognized as a value creation driver for its stakeholders. In H1-2020, URW membership in the main ESG indices was confirmed, and the Group's CSR achievements were reflected in ratings:

- **Indices:**
  - Euronext Vigeo indices: World 120, Eurozone 120, Europe 120 and France 20;
  - Ethibel Sustainability Index (ESI) Excellence Europe and Excellence Global.

- **Ratings:**
  - ISS ESG Corporate rating: The Group for the first time achieved a B rating (from C+ in 2019) and was confirmed in its Prime status. URW is part of the 1st Decile Rank in the Real Estate industry group.

For more information on Better Places 2030, please refer to URW's 2019 Universal Registration Document.

## V. H1-2020 RESULTS

The results of the Group presented below are based on the Consolidated income statement in a proportionate format, in which the joint-controlled entities are accounted for on a proportionate basis instead of being accounted for using the equity method under IFRS. URW believes the financial statements on a proportionate basis give 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 and the UK. The Group has structured its internal operational and financial reporting according to this proportionate format.

Unless otherwise indicated, all references below relate to the period ended June 30, 2020, and comparisons relate to the same period in 2019.

**Gross Rental Income**

The Gross Rental Income ("GRI") amounted to €1,395.9 Mn (€1,539.1 Mn), a decrease of -9.3%. This decrease resulted mainly from the negative impact of COVID-19 (rent discounts and bankruptcies) and the impact of disposals in France in 2019 and H1-2020.

| Region | Gross Rental Income (€Mn) | | |
|---|---|---|---|
| | **H1-2020** | **H1-2019** | **%** |
| France | 340.2 | 354.7 | -4.1% |
| Central Europe | 112.3 | 112.6 | -0.3% |
| Spain | 81.4 | 83.9 | -3.0% |
| Nordics | 63.9 | 70.1 | -8.7% |
| Austria | 41.6 | 57.8 | -28.0% |
| Germany | 75.0 | 74.7 | 0.4% |
| The Netherlands | 33.8 | 35.0 | -3.2% |
| **Subtotal Continental Europe-Retail** | **748.3** | **788.8** | **-5.1%** |
| United Kingdom | 86.9 | 104.4 | -16.8% |
| **Subtotal Europe-Retail** | **835.2** | **893.1** | **-6.5%** |
| Offices & Others | 42.6 | 59.6 | -28.6% |
| C&E | 59.0 | 111.0 | -46.8% |
| **Subtotal Europe** | **936.8** | **1,063.7** | **-11.9%** |
| United States - Shopping Centres | 449.1 | 466.0 | -3.6% |
| United States - Offices & Others | 10.1 | 9.4 | 7.0% |
| **Subtotal US** | **459.1** | **475.4** | **-3.4%** |
| **TOTAL URW** | **1,395.9** | **1,539.1** | **-9.3%** |

Figures may not add up due to rounding.

**Net Rental Income**

NRI in Continental Europe amounted to €680.7 Mn, a decrease of -8.0% vs. H1-2019, and €730.7 Mn in Europe (-10.6%). Total NRI amounted to €1,064.6 Mn (€1,254.3 Mn), a decrease of -15.1%. This decrease resulted mainly from the negative impact of COVID-19 (rent discounts, doubtful debtors, decrease in SBR and Commercial Partnerships) and disposals in France.

| Region | Net Rental Income (€Mn) | | |
|---|---|---|---|
| | H1-2020 | H1-2019 | % |
| France | 310.3 | 330.2 | -6.0% |
| Central Europe | 111.3 | 113.2 | -1.7% |
| Spain | 73.4 | 76.7 | -4.3% |
| Nordics | 54.8 | 65.8 | -16.6% |
| Austria | 39.4 | 55.8 | -29.5% |
| Germany | 65.1 | 70.0 | -7.1% |
| The Netherlands | 26.4 | 28.0 | -5.8% |
| **Subtotal Continental Europe-Retail** | **680.7** | **739.8** | **-8.0%** |
| United Kingdom | 50.0 | 78.0 | -35.9% |
| **Subtotal Europe-Retail** | **730.7** | **817.8** | **-10.6%** |
| Offices & Others | 35.4 | 55.3 | -36.1% |
| C&E | 14.9 | 55.7 | -73.2% |
| **Subtotal Europe** | **781.0** | **928.8** | **-15.9%** |
| United States - Shopping Centres | 277.1 | 319.2 | -13.2% |
| United States - Offices & Others | 6.5 | 6.4 | 2.7% |
| **Subtotal US** | **283.6** | **325.5** | **-12.9%** |
| **TOTAL URW** | **1,064.6** | **1,254.3** | **-15.1%** |

Figures may not add up due to rounding.

**Net property development and project management income** was +€21.8 Mn (+€35.3 Mn), as a result of URW's Design, Development & Construction (DD&C) activity in the US and the UK. The decrease in H1-2020 is due to construction overruns or the delayed start of some projects.

**Net property services and other activities income** from Property Management services in France, the US, the UK, Spain and Germany was +€3.2 Mn (+€45.7 Mn), a decrease of -€42.5 Mn resulting mainly from Viparis (-€25.8 Mn net of cost savings) due to the ban on all events of more than 1,000 persons from March 9 and on all events from March 13 until July 10. The Property Management services related to shopping centres were also significantly impacted by the decrease of leasing fees and property management fees due to the COVID-19 crisis.

## Contribution of companies accounted for using the equity method

The Contribution of companies accounted for using the equity method[28] amounted to -€92.5 Mn (-€1.4 Mn), a decrease of -€91.0 Mn, mainly due to higher negative valuation movements in the US, Central Europe and France.

| Region | Contribution of companies accounted for using the equity method (€Mn) | | | | | | |
|---|---|---|---|---|---|---|---|
| | H1-2020 | | | H1-2019 | | | 2020/2019 |
| | Recurring activities | Non-recurring activities | Total | Recurring activities | Non-recurring activities | Total | Change |
| France | 3.2 | -30.1 | -26.9 | - | - | - | -26.9 |
| Central Europe | 16.8 | -34.3 | -17.5 | 20.7 | 0.1 | 20.8 | -38.3 |
| Spain | - | - | - | - | - | - | - |
| Germany | 1.4 | -4.0 | -2.6 | 1.0 | -2.2 | -1.3 | -1.3 |
| **Subtotal Continental Europe-Retail** | **21.4** | **-68.4** | **-47.0** | **21.7** | **-2.2** | **19.5** | **-66.5** |
| United Kingdom | - | - | - | - | - | - | - |
| **Subtotal Europe-Retail** | **21.4** | **-68.4** | **-47.0** | **21.7** | **-2.2** | **19.5** | **-66.5** |
| Offices & Others | - | - | - | - | - | - | - |
| C&E | - | - | - | - | - | - | - |
| **Subtotal Europe** | **21.4** | **-68.4** | **-47.0** | **21.7** | **-2.2** | **19.5** | **-66.5** |
| United States | 2.2 | -47.7 | -45.4 | 4.4 | -25.3 | -20.9 | -24.5 |
| **Subtotal US** | **2.2** | **-47.7** | **-45.4** | **4.4** | **-25.3** | **-20.9** | **-24.5** |
| **TOTAL URW** | **23.6** | **-116.1** | **-92.5** | **26.1** | **-27.5** | **-1.4** | **-91.0** |

Figures may not add up due to rounding.

**Administrative expenses** (including Development expenses) amounted to -€112.9 Mn and include -€30.4 Mn of leasing costs. Administrative expenses in H1-2019 including leasing costs were -€116.6 Mn. As a percentage of NRI from shopping centres and offices, administrative expenses were 10.8% (9.7%), as a result of the decrease of NRI.

The Group launched a number of cost savings initiatives to generate both short and long-term savings. The US and UK activities were restructured to ensure optimization of their processes and tools while simplifying the organization, leading to substantial and sustainable savings. The development pipeline was also revised, leading to an adjustment of the corresponding staff. In addition, furlough plans and "partial activity" schemes were activated. Lastly, non-staff costs have been cut. Collectively, these steps are expected to generate gross administrative expense savings of approximately €40 Mn in 2020 and €60 Mn on an annualised basis.

**Acquisition and related costs** amounted to -€21.5 Mn (-€15.5 Mn) mainly due to the integration costs of Westfield, including severance costs in the US and the UK, the re-branding of ten shopping centres in Continental Europe, consulting, IT system integration and the shutdown of the Sydney office.

**Results on disposal of investment properties** were -€46.6 Mn (+€21.7 Mn), reflecting the impact of the disposal to the Entity of five shopping centres and a hotel in France (net impact of -€36.5 Mn, including the fair market value of the rental guarantee and the transaction costs) and the disposal of Westfield Meriden in the US.

**Valuation movements on assets** amounted to -€3,015.5 Mn (-€692.9 Mn), of which -€2,977.7 Mn (-€638.2 Mn) for investment properties and -€37.8 Mn (-€54.7 Mn) for services.

[28] Contribution of companies accounted for using the equity method represents URW's share of the Net recurring result for the period of entities accounted for using the equity method which are not joint-controlled (and therefore not retreated on a proportionate basis) and interest received on loans granted to these entities. This corresponds to five shopping centres and a hotel in France (as of May 30, 2020), Zlote Tarasy, Ring-Center (disposed of on December 30, 2019) and Gropius Passagen in Europe and to the Blum/Centennial and Starwood Ventures entities in the US.

| Region | Valuation movements on Investment Properties (€Mn) | | |
|---|---|---|---|
| | H1-2020 | H1-2019 | Change |
| France | - 640.4 | 35.4 | - 675.7 |
| Central Europe | - 185.0 | 47.8 | - 232.8 |
| Spain | - 152.9 | 29.7 | - 182.6 |
| Nordics | - 118.9 | 0.6 | - 119.5 |
| Austria | - 119.2 | - 35.9 | - 83.2 |
| Germany | - 109.1 | - 84.4 | - 24.7 |
| The Netherlands | - 107.9 | - 11.7 | - 96.2 |
| **Subtotal Continental Europe-Retail** | **- 1,433.4** | **- 18.6** | **- 1,414.7** |
| United Kingdom - Shopping Centres | - 640.3 | - 378.5 | - 261.9 |
| **Subtotal Europe-Retail** | **- 2,073.7** | **- 397.1** | **- 1,676.6** |
| Offices & Others - Continental Europe | 4.8 | 224.7 | - 219.9 |
| Offices & Others - United Kingdom | 10.8 | - 19.0 | 29.9 |
| C&E | - 126.9 | - 148.4 | 21.5 |
| **Subtotal Europe** | **- 2,185.0** | **- 339.9** | **- 1,845.1** |
| United States - Shopping Centres | - 770.9 | - 312.0 | - 458.9 |
| United States - Offices & Others | - 21.7 | 13.7 | - 35.5 |
| **Subtotal US** | **- 792.6** | **- 298.3** | **- 494.4** |
| **TOTAL URW** | **- 2,977.7** | **- 638.2** | **- 2,339.5** |

Figures may not add up due to rounding.

The negative valuation movements on investment properties resulted mainly from an increase of discount rates and exit capitalization rates used by appraisers and from the estimated impact on the future cash-flows of COVID-19. Please refer to the section "*Property portfolio and Net Asset Value*" for further detail.

The valuation movements on services break down as follows:

| Region | Valuation movements on services (€Mn) | | |
|---|---|---|---|
| | H1-2020 | H1-2019 | Change |
| Services Continental Europe | - 1.2 | - 1.2 | - |
| **Subtotal Continental Europe** | **- 1.2** | **- 1.2** | **-** |
| Property development - Amortization | - 7.0 | - 50.8 | 43.7 |
| Other property services - Amortization | - 29.5 | - 2.8 | - 26.8 |
| **Subtotal US and UK** | **- 36.6** | **- 53.5** | **17.0** |
| **TOTAL URW** | **- 37.8** | **- 54.7** | **17.0** |

Figures may not add up due to rounding.

The amortization of -€36.6 Mn for the US and UK relates to those DD&C and airport contracts recognized as intangible assets in the Consolidated statement of financial position which are amortized over the duration of these contracts.

**Impairment of the goodwill** in H1-2020 amounted to -€736.4 Mn, including -€68.4 Mn related to the goodwill justified by fee businesses, -€35.8 Mn related to the goodwill justified by tax optimizations and -€632.2 Mn related to Other goodwill. Please refer to the section "*Goodwill*" for further detail.

**Financing result**

*Net financing costs (recurring)* totalled -€247.0 Mn (after deduction of capitalized financial expenses of €32.7 Mn allocated to projects under construction) (-€233.3 Mn). This increase of -€13.7 Mn includes the impact of measures taken during H1-2020 to preserve liquidity during COVID-19 crisis.

URW's average cost of debt[29] for the period was 1.7% (1.6% in 2019). URW's financing policy is described in the section *"Financial resources"*.

*Non-recurring financial result* amounted to -€682.6 Mn (-€213.0 Mn):

- +€13.1 Mn mark-to-market of the ORNANEs issued in 2014 and 2015;
- -€695.6 Mn mainly due to the mark-to-market of derivatives and exchange rate losses resulting from the revaluation of bank accounts and revaluation of debt issued in foreign currencies, partially offset by revaluation of preference shares. URW recognises the change in value of its derivatives directly in the income statement.

**Income tax expenses** are due to the Group's activities in countries where specific tax regimes for property companies[30] do not exist or are not used by the Group.

In April 2019, the Group executed changes in the structure of its US operations ("the 2019 Restructurings") to exit the US portfolio from the legacy Australian platform. The 2019 Restructurings also allowed the Group to apply a material step-up of the tax base of the US real estate resulting in a material decrease of the deferred tax liabilities related to the US portfolio.

In H1-2020, the income tax amounted to a credit of +€154.5 Mn (vs. a credit of +€1.1 Bn in H1-2019 primarily due to the impact of the 2019 Restructurings).

Income tax allocated to the recurring net result amounted to -€17.0 Mn (-€20.3 Mn), a decrease compared to H1-2019, mainly due to the decrease of the taxable income of Viparis and service companies. Non-recurring income tax amounted to a credit of +€171.5 Mn mainly due to the reversal of deferred tax liabilities as a consequence of the negative valuation movements (+€1.1 Bn in H1-2019).

**External non-controlling interests** amounted to +€183.8 Mn (-€3.2 Mn) comprising recurring and non-recurring external non-controlling interests. The recurring external non-controlling interests amounted to -€69.8 Mn (-€104.2 Mn) and mainly relate to French shopping centres (-€54.1 Mn, mainly Westfield Les 4 Temps, Westfield Parly 2 and Westfield Forum des Halles), to the stake of the CCIR in Viparis (+€5.0 Mn) and to URW Germany and Ruhr Park (-€14.6 Mn). The non-recurring non-controlling interests amounted to +€253.6 Mn (+€101.0 Mn), due primarily to the impact of negative valuation movements.

**Net result for the period attributable to the holders of the Stapled Shares** was a loss of -€3,525.9 Mn. This figure breaks down as follows:

- €667.5 Mn of recurring net result (-27.2% vs. H1-2019, as a result of COVID-19 crisis, disposals in 2019 and H1-2020 and the increase of net financing costs);
- -€4,193.4 Mn of non-recurring net result[31] (€258.2 Mn in H1-2019) mainly because of negative valuation movements and the impairment of goodwill (H1-2019 was positively impacted by the reversal of deferred tax liabilities in the US).

The Adjusted Recurring Earnings[32] reflect a profit of €643.4 Mn.

The average number of shares outstanding during H1-2020 was 138,401,778 (138,329,747). The increase is due to the issuance of performance shares in 2019 and H1-2020. The number of shares outstanding as at June 30, 2020, was 138,472,385.

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[29] Average cost of debt = Recurring financial expenses (excluding those on financial leases and 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.

[30] For example, in France: SIIC (Société d'Investissements Immobiliers Cotée); and in the US: REITs.

[31] Include valuation movements, disposals, mark-to-market and termination costs of financial instruments, including bond tender premiums, impairment of goodwill or reversal of negative goodwill and other non-recurring items.

[32] Under IFRS, the Hybrid Securities are accounted for as shareholders' equity. The Adjusted Recurring Earnings are calculated based on the Recurring net result for the period attributable to the holders of the Stapled Shares minus the coupon on the Hybrid Securities (from June 1, 2018).

**EPRA Recurring Earnings per Share (REPS) for H1-2020 came to €4.82 compared to €6.63 for H1-2019, a decrease of -27.2%.**

**Adjusted Recurring Earnings per Share (AREPS)[32] for H1-2020 came to €4.65 compared to €6.45 for H1-2019, a decrease of -28.0% due mainly to the impact of the COVID-19 crisis and the €2.8 Bn of disposals made in 2019 and H1-2020 and the expensing of letting fees (-3.4%).**

## VI. GOODWILL[33]

**Impairment tests-method**

According to IFRS, the recoverable value of goodwill is tested annually or whenever there is an indication that an asset may be impaired at each reporting date. Due to COVID-19 and the shutdown of most of the Group's shopping centres during several months in H1-2020, the Group completed a full testing of its goodwill for the closing of accounts as at June 30, 2020. Although using the same method and impairment test model as the ones used by the Group in 2018 and 2019, some adjustments were made in order to reflect current uncertainties about the impact of COVID-19 on the broader economy, the shape of the economic recovery and the impact on the business of the Group.

The impairment tests of the goodwill allocated to each geographical segment as per June 30, 2020 were based on:

- Three different scenarios for the 5-year period 2020-2024. These scenarios were based on the 5-year Business Plan 2020-2024 per geographical segment prepared in Q4-2019 (including detailed profit & loss statements, proposed capital expenditure and disposals) with a review per geographical segment of the potential impact of the crisis;
- The discount rates before tax per geographical segment based on a calculation of the WACC per region which reflect the current market assessment of the interest rates and the specific risks associated with each geographical segment as at June 30, 2020. These discount rates were also compared with the discount rates used by appraisers for the valuation of Investment Properties as at June 30, 2020, and the consistency between those was ensured;
- An allocation of the Group's corporate administrative expenses to the geographical segments, as a percentage of their respective NRI;
- A discounted cash-flow calculation for each geographical segment 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 estimated as at June 30, 2020, is applied. Two of the scenarios used reflected a decrease in the estimated long-term growth rates in the Group's regions.
- A probability of occurrence of each scenario in each region, based on the estimated medium-term impact of COVID-19 per region. A weighted average Enterprise Value (EV) was calculated for each region.

The EV calculated for each geographical segment was then compared to the net asset value of each geographical segment, including the intangible assets and goodwill allocated, as disclosed in the notes to the Consolidated Financial Statements as at June 30, 2020.

**Impairment tests-results per region**

US
Following these tests, an impairment of -€419.8 Mn was booked and the remaining value of the goodwill allocated to the US was €442.4 Mn as at June 30, 2020.

UK
Following these tests, an impairment of -€28.0 Mn was booked and the remaining value of the goodwill allocated to the UK was €396.0 Mn as at June 30, 2020.

France Retail
Following these tests, the value of the goodwill allocated to France Retail (€731.7 Mn) was found justified as at June 30, 2020.

Central Europe
Following these tests, the value of the goodwill allocated to Central Europe (€255.7 Mn) was found justified as at June 30, 2020.

[33] This section refers to the IFRS Consolidated financial statements.

Spain
Following these tests, an impairment of -€103.8 Mn was booked and the value of the goodwill allocated to Spain was fully impaired as at June 30, 2020.

Nordics
Following these tests, an impairment of -€130.2 Mn was booked and the value of the goodwill allocated to the Nordics was fully impaired as at June 30, 2020.

Germany
Following these tests, an impairment of -€51.0 Mn was booked and the remaining value of the goodwill allocated to Germany was €205.7 Mn as at June 30, 2020.

Convention & Exhibition
Following these tests, an impairment of -€3.6 Mn was booked and the remaining value of the goodwill allocated to Convention & Exhibition was €4.7 Mn as at June 30, 2020.

**Austria and Other**
The goodwill allocated to Austria and Other remained stable as at June 30, 2020, at €72.9 Mn and €10.3 Mn, respectively.

**Breakdown of the goodwill**

The total impairment of the goodwill in H1-2020 amounted to -€736.4 Mn, including -€68.4 Mn related to the goodwill justified by fee businesses, -€35.8 Mn related to the goodwill justified by tax optimizations and -€632.2 Mn related to Other goodwill.

Following this impairment, the goodwill in the Consolidated Statement of Financial Position (IFRS) as at June 30, 2020 amounts to €2,119.4 Mn and breaks down as follows:

| In €Mn | Dec. 31, 2019 | Impairment | Currency impact | June 30, 2020 |
|---|---|---|---|---|
| Goodwill justified by fee business | 839.1 | - 68.4 | - 16.1 | 754.6 |
| Goodwill justified by tax optimizations | 241.0 | - 35.8 | - | 205.2 |
| Other goodwill | 1,798.3 | - 632.2 | - 6.5 | 1,159.6 |
| **Total Goodwill** | **2,878.4** | **- 736.4** | **- 22.6** | **2,119.4** |

Figures may not add up due to rounding.

The difference of -€22.6 Mn reported in the table above is due to the impacts of exchange rate differences for the part of the goodwill booked in USD, GBP or SEK and corresponds to the difference between the goodwill impairment of -€736.4 Mn in the Consolidated statement of comprehensive income and the change of -€759.0 Mn of the goodwill in the Consolidated statement of financial position.

## VII. POST-CLOSING EVENTS

None.

## VIII. OUTLOOK

In March, the Group withdrew its 2020 AREPS guidance due to the lack of visibility about the duration and impact of the COVID-19 pandemic on its operations. The Group expressed its intention to provide an update on its guidance when it could reliably estimate the duration, severity, and consequences of the situation.
While 95% of the Group's centres by value in Europe and the US had reopened as of June 15, several of the Group's centres have had to close again, following an order by the State of California reinstituting restrictions. Moreover, negotiations with tenants about the recovery of rents for the second quarter are still ongoing and the number and timing of any more tenant bankruptcies is uncertain.

Lastly, the Group's variable revenues, such as SBR, Commercial Partnerships and parking income, as well as airport income, will depend on the evolution of footfall and enplanements, respectively.

Consequently, the Group believes the uncertainty regarding the duration and impact of the COVID-19 pandemic on its operations and financial results remains material.

The Group reiterates its intention to provide an update on its guidance when it can reliably estimate the duration, severity, and consequences of the current situation.

These are unprecedented times and URW is taking all necessary measures to address these challenges in the best possible manner and prepare for the future. URW continues to have a high degree of confidence in the quality of its assets and the enduring strength of its business and teams.

## IX. CONSOLIDATED STATEMENT OF CASH FLOWS

**The consolidated statement of cash flows was prepared only in IFRS, not on a proportionate basis.**

Unless otherwise indicated, all references below relate to the period ended June 30, 2020, and comparisons relate to the same period in 2019.

**Cash flow from operating activities**
The total cash flow from operating activities was +€629.0 Mn (+€882.5 Mn), a decrease of -€253.5 Mn mainly due to the increase of the change in working capital requirement (-€148.5 Mn), to the decrease of NRI and the increase of Net financing costs. The change in working capital of -€228.2 Mn in H1-2020 was due primarily to the increase in accounts receivable as a result of the COVID-19 crisis. Deferred rents are expected to be recovered in H2-2020, although it is possible not all of these will be. Under IFRS 16, the Group as of June 30, was not permitted to write off any of such receivables. The "Trade receivables from activity" from the Group's tenants increased by +€394.1 Mn as at June 30, 2020, compared to December 31, 2019 (in the Consolidated statement of financial position under IFRS).

**Cash flow from investment activities**
The cash flow from investment activities was +€699.6 Mn (-€466.6 Mn). H1-2020 was positively impacted by the disposal of five shopping centres in France and a decrease of capital expenditures to -€607.5 Mn from -€738.2 Mn in H1-2019.

**Cash flow from financing activities**
The total cash flow from financing activities amounted to +€1,601.1 Mn (+€472.0 Mn) due to measures taken during H1-2020 to preserve liquidity during COVID-19 crisis.

## 2. INVESTMENTS AND DIVESTMENTS

**In H1-2020, URW invested €528.3 Mn[34], Group share, in capital expenditures in assets and on construction, extension and refurbishment projects, compared to €737.5 Mn in H1-2019, a decrease mainly due to the measures taken to reduce capital expenditures in the context of COVID-19.**

### 1. Total capital expenditures

The total investments break down as follows:

| in € Mn | Proportionate | | | | | |
|---|---|---|---|---|---|---|
| | **H1-2020** | | **H1-2019** | | **2019** | |
| | 100% | Group share | 100% | Group share | 100% | Group share |
| Shopping Centres | 430.4 | 403.1 | 533.9 | 505.6 | 1,184.3 | 1,125.1 |
| Offices & Others | 119.7 | 119.7 | 193.2 | 191.4 | 364.8 | 364.6 |
| Convention & Exhibition | 10.6 | 5.5 | 80.8 | 40.6 | 161.6 | 81.2 |
| **Total Capital Expenditures** | **560.8** | **528.3** | **807.9** | **737.5** | **1,710.8** | **1,570.9** |

Figures may not add up due to rounding.

### 2. Shopping Centres

URW invested €403.1 Mn[35] in its Shopping Centre portfolio in H1-2020:

- New acquisitions amounted to €12.7 Mn, mainly in France (Rennes Alma);
- €259.5 Mn were invested in construction, extension and refurbishment projects, including mainly: the Westfield Mall of the Netherlands, La Part-Dieu and Les Ateliers Gaîté redevelopments and extensions and Westfield Hamburg (see also section *"Development projects"*);
- €56.7 Mn were invested in enhancement and improvement projects on standing assets, including mainly Westfield Les 4 Temps, Westfield London and Shopping City Süd;
- Replacement Capex[36] amounted to €33.7 Mn;
- Financial interest, eviction costs, external letting fees (internal letting fees are now included in Administrative expenses) and other costs were capitalized for €22.1 Mn, €5.2 Mn, €6.3 Mn and €6.9 Mn, respectively.

### 3. Offices & Others

URW invested €119.7 Mn in its Offices & Others portfolio in H1-2020:

- New acquisitions amounted to €1.3 Mn in France;
- €69.9 Mn were invested in construction and refurbishment projects, mainly in France (the Trinity office building, Gaîté office and Pullman Montparnasse hotel), the UK (Westfield Stratford City and Westfield London) and Germany (Westfield Hamburg offices, residential and hotels) (see also section *"Development projects"*);
- €34.0 Mn were invested in enhancement and improvement projects on standing assets, mainly in the US and France;
- Replacement Capex amounted to €1.5 Mn;
- Financial interest and other costs capitalized amounted to €13.0 Mn.

[34] On a proportionate basis, Group share.
[35] Amount capitalized in asset value.
[36] 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. These amounts do not include Replacement Capex spent as part of the TIC of extension and / or renovation projects on which the Group's standard Return On Investment (ROI) is expected.

## 4. Convention & Exhibition

URW invested €5.5 Mn in its Convention & Exhibition portfolio in H1-2020:

- €0.3 Mn were invested for construction works at Porte de Versailles;
- €2.5 Mn were invested in enhancement and improvement projects on standing assets, mainly in Porte de Versailles;
- Replacement Capex amounted to €2.2 Mn;
- Financial interest and other costs capitalized amounted to €0.5 Mn.

## 5. Disposals

On May 29, 2020, URW completed the disposal of a portfolio of five shopping centres in France to the Entity formed by Crédit Agricole Assurances, La Française and URW announced on February 12, 2020. The consortium of investors comprised of Crédit Agricole Assurances and La Française holds 54.2% of the Entity and URW 45.8%. The Entity owns the following assets: Aéroville and So Ouest in the Paris region, Rennes Alma in Rennes, Toison d'Or in Dijon and Confluence in Lyon.

The implied offer price for the assets at 100% was €2,032 Mn. A syndicate of banks funded the underwritten €1.0 Bn secured financing for the Entity, with a 7-year maturity.

In light of the COVID-19 crisis and reflecting URW's confidence in the strength of these assets, the Group made some adjustments to provide comfort to the co-investors.

The Group also completed the disposal of several non-core assets in Europe and the US in H1-2020 for a total of €26 Mn.

**As at June 30, 2020, the Group had completed €4.8 Bn (80%) of its previous €6.0 Bn disposal programme and has renewed its commitment to disposals with a target of €4.0 Bn over the next couple of years, of which circa 50% will be retail. URW is in discussions on the disposal of a number of assets.**

## 3. DEVELOPMENT PROJECTS AS AT JUNE 30, 2020

**As at June 30, 2020, URW's share of the Total Investment Cost ("TIC" [37] and "URW TIC"[38]) of its development project pipeline amounted to €6.2 Bn[39], with a total of 1.0 million sqm of Gross Lettable Area ("GLA"[40]) to be re-developed or added to the Group's standing assets.**

### 1. Development project portfolio overview

The -€2.1 Bn decrease in the URW TIC from €8.3 Bn as at December 31, 2019, mainly results from:

- The completion and delivery of the Westfield Valley Fair retail extension (-€0.5 Bn);
- The removal of a number of controlled projects (-€1.6 Bn[41]).

The Group further reviewed its capital allocation priorities in response to the COVID-19 crisis. Consequently, URW removed the controlled projects listed below. These projects have been significantly postponed as the result of the change in market conditions caused by the pandemic. In addition, the Group will join with strategic capital partners on select development projects.

| Removed Development Projects | Business | Country | City | Type | URW Ownership | 100% GLA (sqm) | 100% Total Investment Cost (€Mn) | URW Total Investment Cost (€Mn) |
|---|---|---|---|---|---|---|---|---|
| ALTAMAR | Shopping Centres | Spain | Benidorm | Greenfield / Brownfield | 100%(1) | 58,551 sqm | 220 | |
| WESTFIELD MILANO | Shopping Centres | Italy | Milan | Greenfield / Brownfield | 75% | 154,572 sqm | 1,300 | |
| WESTFIELD MONTGOMERY MIXED USE RETAIL | Shopping Centres | US | Washington Region | Extension / Renovation | 50% | 26,736 sqm | 170 | |
| WESTFIELD MONTGOMERY MIXED USE RESI | Offices & Others | US | Washington Region | Extension / Renovation | 50% | 45,902 sqm | 160 | |
| METROPOLE ZLICIN EXTENSION | Shopping Centres | Czech Rep. | Prague | Extension / Renovation | 50% | 25,640 sqm | 160 | |
| OTHER | | | | | | 20,246 sqm | 150 | |
| URW TOTAL PIPELINE | | | | | | 331,647 sqm | | 1,570 |

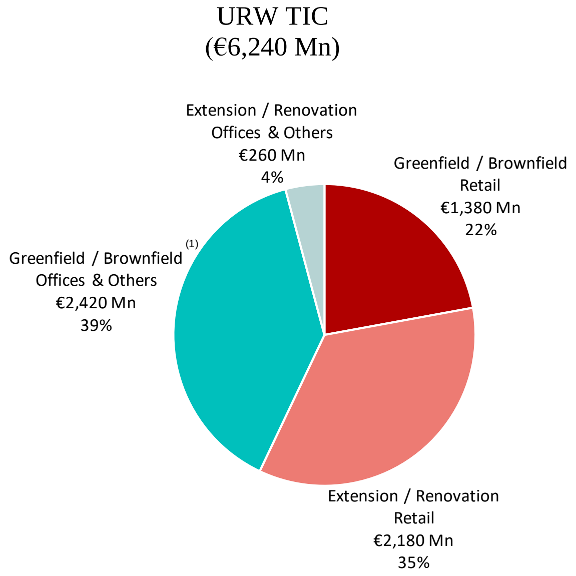
(1) % ownership after exercise of option rights.

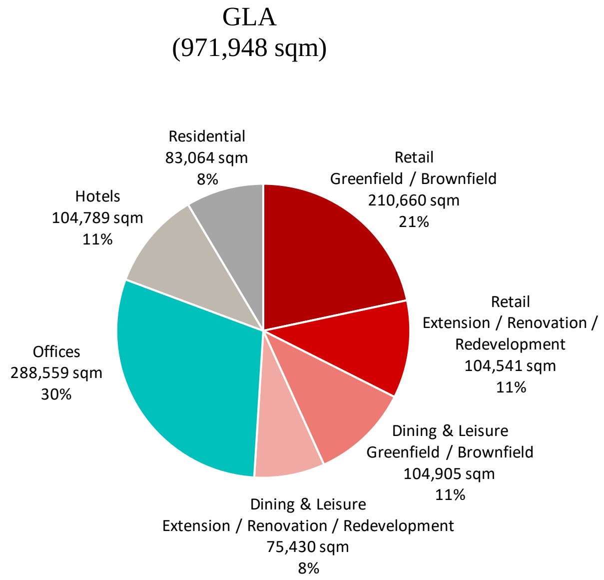
On March 5, 2020, the Group delivered the 46,673 sqm Westfield Valley Fair retail extension which includes a new flagship store for Apple, a three-level Bloomingdale's and a first-to-market Eataly (opening scheduled for 2021). It also includes a one-of-a-kind ShowPlace ICON cinema, an all-new dining district, an expanded luxury court and a unique DNVB district.

[37] 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.
[38] URW TIC: 100% TIC multiplied by URW's percentage stake in the project, plus specific own costs, if any.
[39] This includes the Group's share of projects fully consolidated and projects accounted for using the equity method, excluding Viparis projects and commitments on the roads for the Westfield Milano project.
[40] GLA equals Gross Lettable Area of projects at 100%.
[41] As already announced in the Q1 2020 Press release.

The pipeline categories are as follows:

**URW Development pipeline by category**[42]




(1) Including Residential and Hotel units

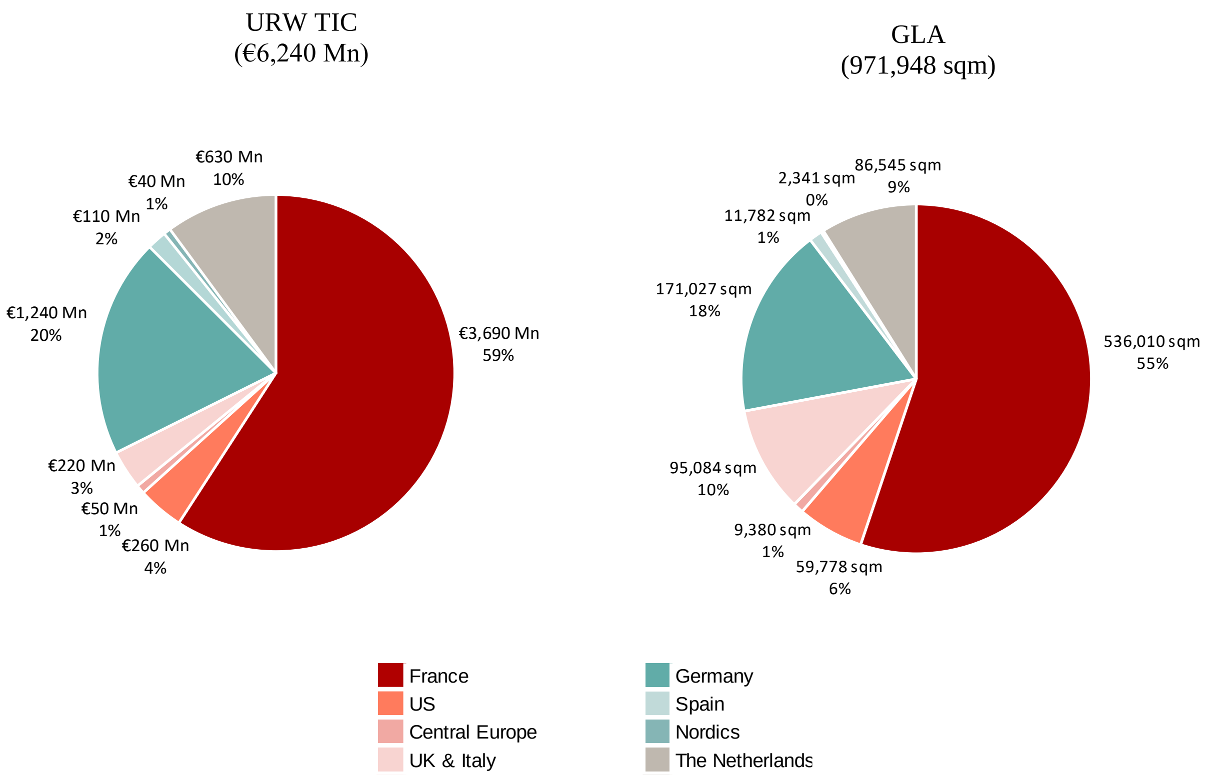
The Group's priority remains extensions and restructuring and refurbishment works on select standing assets. 61% of the €3.6 Bn retail pipeline consists of extension and renovation projects. 36% of the approximately 496,000 sqm retail pipeline consists of Dining and Leisure areas. €2.3 Bn (65%) of the Retail pipeline is committed, of which €1.3 Bn has already been spent. In addition, third party urban regeneration developments are ongoing around a number of the Group's assets and are expected to reinforce the respective catchment areas and the position of URW's destinations.

Development projects in the Offices & Others sector amount to €2.7 Bn. Greenfield and brownfield projects represent 90% and correspond to approximately 393,000 sqm of new GLA, of which 14% are hotels and 21% are residential projects. 68% are expected to be completed in 2024 or later. The remainder will be invested in the redevelopment or refurbishment of 64,000 sqm GLA of existing assets. €1.3 Bn (47%) of the Offices & Others pipeline is committed, of which €0.4 Bn for Trinity tower due to be delivered in H2-2020.

Approximately €2.4 Bn of the Group's controlled development pipeline is scheduled to be delivered from 2024 onwards. If all conditions are met, and the Group were to decide to move these projects to the Committed category, no more than €0.4 Bn is expected to be spent on these through H2-2022. As at June 30, 2020, required administrative approvals and, where applicable, joint venture partner and URW's internal governing bodies approvals to start superstructure works have not been obtained.

[42] Figures may not add up due to rounding.

**URW Development pipeline by region[43]**




## 2. A secured and flexible development pipeline

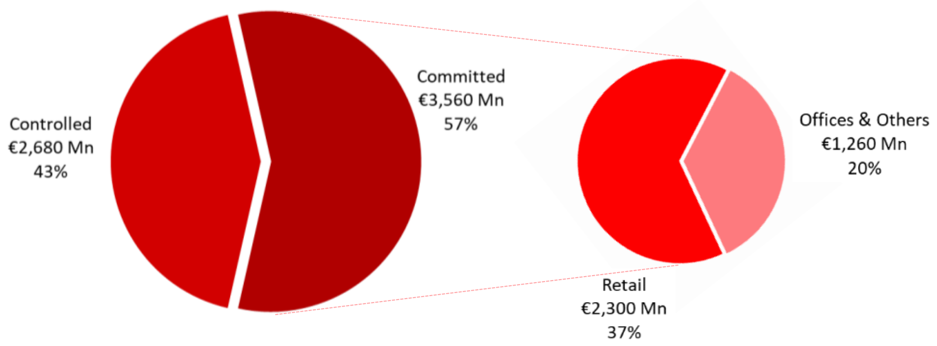
Since December 31, 2019, the Group's pipeline consists of two distinct groupings:

1. **Committed**: projects for which URW owns the land or building rights and has obtained:
   - All necessary administrative authorizations and permits;
   - Approvals of joint venture partner (if applicable);
   - Approvals of URW'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 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 joint venture partner (if applicable) and of URW's internal governing bodies to start superstructure works.

[43] Figures may not add up due to rounding.

**URW Development pipeline by grouping**




The €3.6 Bn "Committed" development pipeline (URW TIC) now includes, following the start of construction or renovation works:

- Westfield Les 4 Temps Dôme;
- Westfield Les 4 Temps Porte de Paris;
- Westfield Annapolis Lord & Taylor restructuring;
- Westfield Garden State Plaza restructuring;
- Westfield Hamburg-Überseequartier.

€2.0 Bn has already been spent on Committed projects and €0.2 Bn on Controlled projects. For Committed projects, €1.6 Bn is still to be invested, of which €0.6 Bn has been contracted.

### 3. Variances in URW development pipeline projects in H1-2020

Following the onset of the COVID-19 pandemic, almost all construction works were either halted for some time or slowed down, as were the pre-letting activities, causing the Group to delay the opening dates which resulted in some project costs increases. These include:

- The Westfield Rosny 2 leisure extension and the Westfield Vélizy 2 retail extension were postponed;
- The Triangle project was postponed and the URW TIC increased;
- The Garbera extension project was postponed;
- The Gaîté Montparnasse projects were postponed and the URW TIC increased;
- The Westfield Mall of the Netherlands project was postponed and the URW TIC increased.

### 4. Investments in H1-2020

See section *"Investments and divestments"*.

### 5. Deliveries expected in the next six months

Five projects representing a URW TIC of ca. €830 Mn are scheduled to be delivered in H2-2020:

- The La Part-Dieu retail extension;
- Three retail restructuring projects: the La Maquinista Fashion Pavilion and the Westfield Les 4 Temps Clairière and Dôme;
- The Trinity greenfield office project in La Défense.

The average pre-letting[44] of the retail deliveries stands at 83%[45]. The pre-letting of Trinity is ongoing. URW plans to move its headquarters to the building in the summer of 2021, and will account for approximately 20% of the total GLA. The Group plans to refurbish and then let its current headquarters.

[44] GLA signed, all agreed to be signed and financials agreed.
[45] Excluding renovation projects.

## 6. Projects overview

## DEVELOPMENT PROJECTS – June 30, 2020

| Development Projects [1] | Business | Country | City | Type | URW Ownership | 100% GLA (sqm) | 100% Total Investment Cost (€Mn) | URW Total Investment Cost (€Mn) | Yield on cost [2] | Opening date [3] | Project Valuation |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TRINITY** | Offices & Others | France | Paris | Greenfield / Brownfield | 100% | 49,479 sqm | 350 | | | H2 2020 | Fair Value |
| **LA PART- DIEU EXTENSION** | Shopping Centres | France | Lyon | Extension / Renovation | 100% | 32,848 sqm | 440 | | | H2 2020 | Fair Value |
| **WESTFIELD MALL OF THE NETHERLANDS*** | Shopping Centres | The Netherlands | Leidschendam | Extension / Renovation | 100% | 86,545 sqm | 630 | | | H1 2021 | Fair Value |
| **GAITE MONTPARNASSE RETAIL*** | Shopping Centres | France | Paris | Redevelopment / Extension | 100% | 29,390 sqm | 190 | | | H2 2021 | Fair Value |
| **GAITE MONTPARNASSE OTHERS*** | Offices & Others | France | Paris | Redevelopment / Extension | 100% | 64,422 sqm | 260 | | | H2 2021 | Fair Value |
| **WESTFIELD GARDEN STATE PLAZA RESTRUCTURING*** | Shopping Centres | US | New York Region | Extension / Renovation | 50% | 13,487 sqm | 110 | | | H1 2022 | Fair Value |
| **GARBERA EXTENSION** | Shopping Centres | Spain | San Sebastián | Extension / Renovation | 100% | 10,483 sqm | 90 | | | H1 2022 | At Cost |
| **WESTFIELD HAMBURG - ÜBERSEEQUARTIER RETAIL** | Shopping Centres | Germany | Hamburg | Greenfield / Brownfield | 100% | 95,187 sqm | 770 | | | 2023 [4] | At Cost |
| **WESTFIELD HAMBURG - ÜBERSEEQUARTIER OTHERS** | Offices & Others | Germany | Hamburg | Greenfield / Brownfield | 100% | 75,840 sqm | 470 | | | 2023 [4] | At Cost |
| **CHERRY PARK RESIDENTIAL** | Offices & Others | UK | London | Greenfield / Brownfield | 25% | 87,085 sqm | 740 | | | H2 2024 | Fair Value |
| **OTHER** | | | | | | 15,782 sqm | 200 | | | | |
| **Total Committed** | | | | | | | | **3,560** | **5.9%** | | |
| **WESTFIELD TOPANGA RESTRUCTURING*** | Shopping Centres | US | Los Angeles Region | Extension / Renovation | 55% | 15,972 sqm | 240 | | | H1 2022 | Fair Value |
| **WESTFIELD VALENCIA RESTRUCTURING*** | Shopping Centres | US | Valencia | Extension / Renovation | 50% | 21,704 sqm | 100 | | | H1 2024 | At Cost |
| **WESTFIELD VELIZY 2 RETAIL EXTENSION** | Shopping Centres | France | Paris region | Extension / Renovation | 100% | 20,484 sqm | 210 | | | H1 2024 | At Cost |
| **WESTFIELD ROSNY 2 LEISURE EXTENSION** | Shopping Centres | France | Paris region | Extension / Renovation | 100% | 9,324 sqm | 80 | | | H2 2024 | At Cost |
| **TRIANGLE** | Offices & Others | France | Paris | Greenfield / Brownfield | 100% | 89,883 sqm | 670 | | | Post 2024 | At Cost |
| **SISTERS** | Offices & Others | France | Paris | Greenfield / Brownfield | 100% | 90,434 sqm | 750 | | | Post 2024 | At Cost |
| **NEO** | Shopping Centres | Belgium | Brussels | Greenfield / Brownfield | 86% | 123,204 sqm | 700 | | | Post 2024 | At Cost |
| **OTHER** | | | | | | 40,393 sqm | 190 | | | | |
| **Total Controlled** | | | | | | | | **2,680** | **7-8% target** | | |
| **URW TOTAL PIPELINE** | | | | | | | | **6,240** | **7-8% target** | | |

(1) Figures subject to change according to the maturity of projects.
(2) Stabilized expected net rental income divided by the URW TIC.
(3) In the case of staged phases in a project, the date corresponds to the opening date of the main phase.
(4) Phased opening in 2023.

*Units acquired for the project are included in the TIC at their acquisition cost.

## 4. PROPERTY PORTFOLIO AND NET ASSET VALUE AS AT JUNE 30, 2020

In October 2019, EPRA introduced new asset value metrics[46] noting that while Net Asset Value (NAV) is a key performance measure used in the real estate industry, NAV reported in the financial statements under IFRS may not provide stakeholders with the most relevant information on the fair value of the assets and liabilities. As property companies have evolved into actively managed entities, including non-property operating activities, this has resulted in more active ownership, higher asset turnover, and balance sheet financing has shifted from traditional bank lending to capital markets.
The new guidelines are meant to reflect this nature of property companies. Hence, EPRA NAV and EPRA NNNAV are replaced by three new Net Asset Valuation metrics: EPRA Net Reinstatement Value, EPRA Net Tangible Assets and EPRA Net Disposal Value.

**EPRA Net Reinstatement Value ("NRV")**: The objective of the EPRA Net Reinstatement Value measures is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallize in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

**EPRA Net Tangible Assets ("NTA")**: The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability. This metrics does not include the valuation of non-property operating activities such as property management, asset management and development or the value of intangibles.

**EPRA Net Disposal Value ("NDV")**: Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation NAV" because, in many cases, fair values do not represent liquidation values.

The Group considers that the NTA does not reflect the total value of its business as it ignores the value of intangible assets and the fee businesses (€1,480 Mn as at June 30, 2020, for the fee businesses) which are an integral part of its business model and hence is not a meaningful KPI for URW. The Group intends to focus on two main metrics: the NRV and the NDV, and notes that, in accordance with IFRS, all its tax liabilities are reflected in the Group's balance sheet.

**URW's NRV amounted to €197.00 per share as at June 30, 2020, a decrease of -€31.80 per share (-13.9%) compared to the NRV as at December 31, 2019 (€228.80 per share). This decrease is the result of: (i) -€25.87 per share representing the sum of: (a) -€26.26 per share representing the revaluation of investment properties, the impairment of goodwill and intangible assets and the capital gains on disposals, (b) the Recurring Earnings Per Share of +€4.82, (c) other effects of -€4.43 per share; (ii) the impact of the payment of the dividend for 2019 of -€5.40 per share; and (iii) the negative impact of the mark-to-market of financial assets of -€0.53 per share.**

**The NRV does not include the Group's Hybrid Securities, which are not part of the Equity attributable to the holders of the Stapled Shares, but include €8.35 per share of goodwill not justified by the fee business or tax optimizations and which is mainly related to Westfield. Net of this goodwill, the NRV per share would be €188.65 per share.**

**<u>Material Valuation Uncertainty due to COVID-19</u>**

For the valuation as at June 30, 2020, the appraisers in Europe and in the US have included a material valuation uncertainty statement in the appraisal reports. This statement is used to be clear and transparent with all parties, and following guidance from the Royal Institution of Chartered Surveyors ("RICS"), that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.
However, according to the appraisers, the inclusion of the material valuation uncertainty does not mean their valuation cannot be relied upon.

To reflect the impact of COVID-19 on the valuations, the appraisers took into account the assumptions described below.

<u>Cushman & Wakefield – Europe</u>

> "The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on March 11, 2020, has impacted global financial markets.

[46] For further information on this change, please refer to the EPRA website: https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf.

The COVID-19 impact has been reflected on the valuations of the European portfolio with adjustments of the following parameters :

- Indexation assumptions based on Oxford Economics forecasts;
- Market growth assumptions;
- Increase of the void periods for the units that will be relet in the following months;
- Decrease of SBR in the first year;
- Increase of the Discount Rate (“DR”) due to rental risk and increase of the cost of funding;
- Increase of the Exit Capitalization Rate (“ECR”) on a case by case basis;
- Reduction of Commercial Partnerships and Pay Parking Income in the first year;
- Adjustment of the structural vacancy for some properties;
- Doubtful debtors slightly increased for some properties.”

JLL – Europe

“In light of the COVID-19 pandemic and the decision made by most governments to enforce a period of lockdown that led to the closure of shopping centres for all but essential retailers during Q2-2020, we have made specific adjustments to our cash-flows and valuation assumptions. These adjustments and assumptions are under constant review as we see restrictions lifted but social distancing remaining as a key measure and therefore having an impact on the speed of recovery in footfall and sales to pre-COVID-19 levels. The economic consequences of the pandemic are not yet realized or known and the impact that this will have on consumer confidence and consumption. As Government support for businesses is reduced or removed this also remains an unknown factor in the ongoing recovery for shopping mall owners, occupiers and customers.

We have made an allowance in our cash-flow for a deduction of typically between 1 and 3 months of contractual income in Year 1 excluding essential retail that remained open. In some markets this has been further limited to leisure and food & beverage sectors depending on Government support schemes in place. We have made an allowance in our cash-flows for non-contractual income such as SBR, Pay Parking and Commercial Partnerships income by deducting typically between 3 and 6 months of income in Year 1.

To reflect the increased risk in the cash-flows around the uncertainty of how long a full recovery would take, the economic consequences of the pandemic on occupiers and customers and the more expensive and more limited availability of debt, we have increased the DR on all assets.

ECR were moved outwards in markets where sentiment indicates a further reduction in investor appetite as a consequence of the pandemic. However, in most markets, yields were decompressing pre-COVID-19 due to other structural issues and challenges in the retail sector.

Assumptions around indexation have also been reduced and rental values remain under close scrutiny whilst landlord and occupier rent negotiations become confirmed.”

United States

The commercial property market in the US was driven by investor demand and had strong liquidity until the global outbreak of the COVID-19 pandemic, although the retail real estate sector had already been suffering from a lack of demand. In March 2020, the commercial property sector entered an unprecedented period of uncertainty and suspension which was mirrored in the assumptions made by appraisers, mainly in the initial years of the discounted cash-flows, but also in the yield profile.
Social distancing rules and reduced visitor traffic post-reopening are likely to create pressure on retailers in shopping centres leading to rent relief expectations. In anticipation of these events, appraisers modeled in rental discounts and percentage rent-based leases based on individual shopping centre performance and retailer health. These abatements are meant to be the form of financial assistance mainly for tenants who will be exposed most to the challenging business environment as a result of the pandemic.
The few months of shut-down in H1-2020 and the period of lower sales thereafter are expected to result on increased number of store closures and bankruptcies. These were reflected by appraisers according to analysis of existing tenant situations and announced or expected bankruptcies of retailers operating in the shopping centres. In addition, they assume struggling tenants will be in arrears more often and for higher amounts than in prior years. Also, reduced percentage rent income is anticipated. Thus, appraisers made allowances in the cash-flows to reflect all these factors.
Furthermore, uncertainty about the outlook is assumed to lead to longer marketing periods for vacant space, which in appraisers’ assumptions varies by space location, type, and size.
Moreover, in the mid-term the economic recovery may take a few years, therefore market rent growth was moderated or kept flat, with gradual return to usual rates in the further years only. Appraisers expect that the economic downturn will result in lower demand for brand events, digital and static media space, and other Commercial Partnerships incomes. In addition, parking income was reduced due to expected reduced numbers of visitors in H2-2020, and assumed lower rates.
Finally, in shopping centres where the anchor situation or overall centre performance warranted an expansion of ECR and/or DR, appraisers made upward adjustments.

## 1. PROPERTY PORTFOLIO

**Unless otherwise indicated, the data presented in the property portfolio are on a proportionate[47] basis and as at June 30, 2020, and comparisons are with values as at December 31, 2019.**

**The total GMV of the URW asset portfolio[48] amounted to €60.4 Bn (€65.3 Bn), a decrease of -7.6%.**

### Continental Europe – Shopping Centres

Demand for commercial real estate across Continental Europe[49] remained robust. €120.2 Bn of commercial real estate were traded in H1-2020, down -12% from H1-2019.

However, investor demand for commercial real estate showed a clear differentiation among classes. Alternative investments, notably residential, remained strong with €32 Bn traded in H1-2020, a +9% increase on the same period last year. Although weaker, investment into industrial and logistics assets remained robust and was just 4% lower in H1-2020 (at €13.6 Bn) compared to H1-2019. Offices suffered more with €44 Bn of investment in H1-2020, -17% compared to H1-2019.

Retail investment remained subdued with €14 Bn of assets traded in H1-2020. On an annualized basis, retail now accounts for less than 15% of total investment versus 25% back in 2015. Retail suffered from weaker demand as investors took a more cautious attitude toward the sector, on the back of increased online sales and concerns about the impact of COVID-19 on retailers' financial stability. Hight street shops suffered the most with sales down a third in H1-2020. In contrast, shopping centres saw volumes rise +20% to €5.1 Bn in H1-2020, compared to H1-2019. Retail parks saw flat activity at €2.6 Bn. Sales of supermarkets were also lower, though this is likely to be lack of stock as investors seek to retain supermarkets given income and resilience, especially in the current environment.

Funds were the main buyers investing €5 Bn in H1-2020, albeit -22% down on the same period last year. Institutions invested over €3 Bn in H1-2020 more than doubling the €1.4 Bn invested in H1-2019.

URW's Shopping Centre portfolio's GMV decreased by -4.2% on a like-for-like basis. This decrease was driven by the yield impact (-4.8%) as appraisers increased ECR and DR for a number of assets in the portfolio due to the COVID-19 crisis. This was partly offset by a positive rent impact (+0.6%). The like-for-like GMV decrease of the Group's Austrian, French, Spanish, Nordics, Central European and German shopping centres was -4.9%, -4.3%, -4.1%, -3.8%, -3.7% and -3.5%, respectively. The value of the Group's Dutch portfolio decreased by -7.0% on a like-for-like basis, of which -4.1% driven by yield impact and -2.9% by rent impact.

### United Kingdom

Investment volumes in UK real estate[50] amounted to €23 Bn in H1-2020, a decrease of -26% vs. H1-2019. Retail saw a -40% fall to €2.1 Bn, with shopping centres (-89% to €80 Mn), with just four transactions recorded in H1-2020.

The retail and hospitality sectors have been the worst hit by government-enforced store closures across the UK, and for much of Q2 this stopped most retail trading. There has been a range of responses from landlords and occupiers. Many of the REITs and larger landlords have taken a pragmatic approach, with tiered analysis, offering relief to those who need it, and less (or none) for those retailers who are either big enough to weather the storm, or were already beyond saving. Some well capitalized tenants have of course also called for support and, in some instances, unilaterally withheld rent payments despite the fact these retailers were permitted to continue to trade.

On the premise that the COVID-19 pandemic has a short-term impact on the economy and retail, the long-term outlook is that there is likely to be significantly less retail space going forward, but that which remains will need to have a clear purpose. Moreover, it is key to note that around 80% of all retail sales still occur in physical stores. Success in the future will therefore be based on a balanced approach to physical footprint, digital alignment and supply chain execution.

Some long-awaited confidence had begun to return to the retail capital markets at the beginning of the year with many transactions going under offer and a number exchanging after the prolonged slowdown in H2-2019 caused by Brexit uncertainty and the run up to the General Election. The majority of this activity had been in out of town retail parks, the

[47] The sum of the GMV for the assets fully consolidated, the ownership at share of the GMV of assets jointly controlled accounted for using the equity method and the equity values for assets not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity, and the Blum/Centennial and Starwood Ventures entities).

[48] Including the Group's services business, the airport activities, the trademark, transfer taxes and transaction costs. Does not include the goodwill not justified by the fee business nor the impact of the application of IFRS 16.

[49] Source: Cushman & Wakefield, estimates.

[50] Source: Cushman & Wakefield, estimates.

segment of the market that was perceived as being oversold and one of the more resilient to the rapidly changing retail environment.

Although there was little transactional evidence, appraisers reduced the like-for-like GMV of the Group's UK shopping centres by -13.9%, of which -12.5% driven by the yield impact and -1.4% driven by the rent impact. This decrease was mainly due to the appraisers' concerns about the COVID-19 crisis and the retail market more broadly in the UK.

**United States**

US retail investment volumes in H1-2020 saw a -34.4% year-on-year decline, with total sales reported by Real Capital Analytics of $15.7 Bn. For shopping centres, the decrease in deal volume was -27.4%.

Regional mall transaction activity was very low at $850 Mn, with almost no assets changing hands following the onset of the COVID-19 pandemic in March. With the exception of trading in some distressed assets, the market has all but frozen as there is limited visibility or consensus on the outlook for retailers and the consequences for occupancy and rents.

With an absence of transactional data and uncertainty about the trajectory of the pandemic, appraisers have focused on the impact of short to medium-term cash-flow effects of mall closures and tenant requests for rent relief, while holding valuation parameters mostly stable. The bifurcation of the retail real estate market has likely been exacerbated by the crisis, with prime assets perceived to be in a position to better weather the storm than lower grade centres that were already struggling to maintain occupancy.

The value of the Group's US shopping centres decreased by -5.0% on a like-for-like basis, driven by negative rent impact (-5.0%). The decrease is mainly due to the Group's US Regional shopping centres (-10.2%), while the Group's US Flagship shopping centres decreased by -4.0%.

**Offices & Others**

The value of URW's Offices & Others portfolio increased by +0.2% on a like-for-like basis, because of a positive rent impact (+1.6%), partly offset by a negative yield impact (-1.4%).

**Convention & Exhibition**

The Convention & Exhibition portfolio value decreased by -4.8% on a like-for-like basis. This decrease is driven by the review of the business plan to take into account the impact of COVID-19.

## 1.1. URW's portfolio

| Asset portfolio valuation (including transfer taxes) (a) | Proportionate | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2020 | | Like-for-like change net of investment - H1-2020 (b) | | Dec. 31, 2019 | |
| | € Mn | % | € Mn | % | € Mn | % |
| Shopping Centres | 51,775 | 86% | - 2,483 | -5.2% | 56,495 | 86% |
| Offices & Others | 4,247 | 7% | 5 | 0.2% | 4,186 | 6% |
| Convention & Exhibition | 2,849 | 5% | - 140 | -4.8% | 2,984 | 5% |
| Services | 1,480 | 2% | - 150 | -9.0% | 1,676 | 3% |
| **Total URW** | **60,350** | **100%** | **- 2,768** | **-5.1%** | **65,341** | **100%** |

Figures may not add up due to rounding.

(a) On a proportionate basis, including transfer taxes and transaction costs (see §1.6 for IFRS and Group share figures).
The portfolio valuation includes:
- The appraised or at cost value of the entire property portfolio, whether fully consolidated or under joint operation;
- The value of the trademark;
- The equity value of URW's investments in assets not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity, and the Blum/Centennial and Starwood Ventures entities). The equity value of URW's share investments in assets not controlled by URW amounted to €1,308 Mn (€948 Mn).
The valuations consider the negative cash-flows related to rents paid on concessions or leaseholds, which are accounted for as financial debt on the consolidated statement of financial position.
The portfolio does not include €1.5 Bn of goodwill not justified by the fee business, nor financial assets such as the €3,491 Mn of cash and cash equivalents on the Group's consolidated statement of financial position as at June 30, 2020.

(b) Excluding the currency effect, investment properties under construction, assets not controlled by URW and changes in the scope (including acquisitions, disposals and deliveries of new projects) during H1-2020. Changes in scope consist mainly of the:
- Acquisition of retail units in La Part-Dieu and Westfield Mall of the Netherlands;
- Acquisition of office units in Tour Rosny;
- Disposal of five French assets to the Entity;
- Disposal of two retail assets: Bobigny 2 in France and Westfield Meriden in the US;
- Disposal of retail units in Westfield Parly 2 and La Part-Dieu; and
- Delivery of the extension of Westfield Valley Fair.
The like-for-like change in the portfolio valuation is calculated excluding the changes described above.

| | Proportionate | |
|---|---|---|
| **URW Valuation as at Dec. 31, 2019 (€ Mn)** | **65,341** | |
| Like-for-like revaluation | - 2,768 | |
| Revaluation of non like-for-like assets | - 658 | (a) |
| Revaluation of shares | - 123 | (b) |
| Capex/ Acquisitions / Transfers | 1,029 | (c) |
| Disposals | - 2,187 | (d) |
| Constant Currency Effect | - 285 | (e) |
| **URW Valuation as at June 30, 2020 (€ Mn)** | **60,350** | |

Figures may not add up due to rounding.

(a) Non like-for-like assets include IPUC valued at cost or at fair value, (e.g. projects such as the Gaîté and Trinity offices, the hotel project at Gaîté Montparnasse, the La Part-Dieu extension, Les Ateliers Gaîté, Westfield Milano and Westfield Mall of the Netherlands) and assets delivered in H1-2020 such as the extension of Westfield Valley Fair.
(b) Revaluation of the shares in companies holding the assets not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity, and the Blum/Centennial and Starwood Ventures entities).
(c) Includes URW's investments in the Entity.
(d) Value of assets disposed of, including those sold to the Entity, as at December 31, 2019.
(e) Currency impact of -€285 Mn, including -€335 Mn in the UK and -€14 Mn in the Nordics, partly offset by the US (+€65 Mn), before offsets from foreign currency loans and hedging programs.

## Appraisers

URW has allocated properties across independent appraisers by region for comparison and benchmarking purposes. The valuation process has a centralized approach, intended to ensure that capital market views on the Group's portfolio are taken into account. Assets are appraised twice a year (in June and December), except services companies, which are externally appraised once a year. However, this year URW has done an interim internal appraisal of the services business to reflect the expected impact of the pandemic, and consequently reduced the value of the services business by -9% on a like-for-like basis.

| Proportionate | | |
|---|---|---|
| **Appraiser** | **Property location** | **% of total portfolio** |
| Cushman & Wakefield | France / The Netherlands / Central Europe / UK[a] / US | 51% |
| JLL | France / Germany / Nordics / Spain / Austria / Italy | 28% |
| Duff & Phelps | US | 9% |
| PwC[b] | France / Germany / UK / US | 6% |
| Other appraisers | Central Europe / US | 1% |
| At cost, under sale agreement or internal[c]. | | 5% |
| | | **100%** |

Figures may not add up due to rounding.
(a) The Group's UK portfolio was valued by Cushman & Wakefield and Avison Young.
(b) PwC assesses Convention & Exhibition venues as well as the trademark and the airport operating leases.
(c) The Group's services activities and the airport business have been valued internally by URW as at June 30, 2020.

Fees paid to appraisers are determined prior to the valuation campaign and are independent from the value of properties appraised. A detailed report, dated and signed, is produced for each appraised property. None of the appraisers have received fees from URW representing more than 10% of their turnover.

## Valuation methodology

Appraisal methods used by appraisers are compliant with international standards and guidelines as defined by RICS, IVSC ("International Valuation Standards Council") and FSIF ("Fédération des Sociétés Immobilières et Foncières").

Independent appraisers determine the fair market value based on the results of two methods: the discounted cash-flow ("DCF") methodology and/or the yield methodology. Furthermore, the resulting valuations are cross-checked against the initial yield, value per square meter and the fair market 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 capitalize the exit rent to determine an exit value.

The yield and rent impacts are used to explain and split the revaluation into two parts. The yield impact indicator is very sensitive to any change in the assumptions made for the asset which complicates its interpretation. It is calculated as the change in potential yield, excluding capex, to eliminate the impact of vacancy. Therefore, if the NRI is projected to grow faster than the value of the asset net of capex, there will be a negative yield impact. In addition, the potential yield expands and therefore generates a negative yield impact in case of defensive capex or eviction costs or an increase in the ERV of vacant units. The rent impact is mechanically obtained by deducting the yield impact from the like-for-like revaluation.

As the value of the assets is based on cash-flows and ECR, the Net Initial Yield ("NIY") may be lower than the ECR for several reasons, including the vacancy as at the valuation date, which the appraisers assume will be rented, and the reversion which will be captured in the cash-flows. The NIY is an output rather than an input.

## Valuation scope

**95% of URW's portfolio was appraised by independent appraisers.**

Investment Properties Under Construction ("IPUC") for which a value could be reliably determined are required to be accounted for at fair value and were assessed by external appraisers.

IPUC are taken at fair value once management considers that a substantial part of the project's uncertainty has been eliminated, such that a reliable fair value can be established. URW uses its long-standing guidelines to establish the residual level of risk, focusing notably on uncertainty remaining in construction and leasing.

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

The La Part-Dieu extension, Westfield Mall of the Netherlands and the Gaîté offices have been carried at fair value since June 30, 2019. Les Ateliers Gaîté and the La Maquinista Fashion Pavilion project have been carried at fair value since December 31, 2019.

As a result of the acquisition accounting for the Westfield transaction, the main projects in the US, the UK and Italy were carried at fair value as at June 30, 2020.

Refer to the table in the Section *"Development projects as at June 30, 2020"* for the valuation method used for each development project in the Group's pipeline.

The remaining assets of the portfolio (5%) were valued as follows:

- At cost for IPUC for which a reliable value could not yet be established. These include assets under development: Garbera extension, as well as most development projects included in the "Controlled" category (see section *"Development projects"* for more details);
- Internal valuations have been performed by URW as at June 30, 2020, for the services activities and the airport business to reflect the impact of COVID-19 on these activities.

Unless otherwise indicated, valuation changes and references to asset values include transfer taxes and transaction costs.

### 1.2. Shopping Centre portfolio

The value of URW's Shopping Centre portfolio is the addition of the value of each individual asset as determined by the Group's appraisers, except as noted above.

**Evolution of URW's Shopping Centre portfolio valuation**

The value of URW's Shopping Centre portfolio[51] amounted to €51,775 Mn (€56,495 Mn).

| | Proportionate | |
|---|---|---|
| **URW Valuation as at Dec. 31, 2019 (€ Mn)** | **56,495** | |
| Like-for-like revaluation | - 2,483 | |
| Revaluation of non like-for-like assets | - 643 | (a) |
| Revaluation of shares | - 123 | (b) |
| Capex / Acquisitions / Transfers | 893 | (c) |
| Disposals | - 2,154 | (d) |
| Constant Currency Effect | - 211 | (e) |
| **URW Valuation as at June 30, 2020 (€ Mn)** | **51,775** | |

Figures may not add up due to rounding.

(a) Non like-for-like assets include IPUC valued at cost or at fair value, (e.g. projects such as the La Part-Dieu extension, Les Ateliers Gaîté, Westfield Milano and Westfield Mall of the Netherlands) and assets delivered in H1-2020 such as the extension of Westfield Valley Fair.
(b) Revaluation of the shares in companies holding the assets not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity and the Blum/Centennial and Starwood Ventures entities).
(c) Includes URW's investments in the Entity.
(d) Value of assets disposed of, including those sold to the Entity, as at December 31, 2019.
(e) Currency impact of -€211 Mn, including the UK (-€258 Mn) and the Nordics (-€13 Mn), partly offset by the US (+€61 Mn), before offsets from foreign currency loans and hedging programs.

Based on an asset value excluding estimated transfer taxes and transaction costs, the Shopping Centre division's NIY increased by +8 basis points ("bps") to 4.4%.

| | Proportionate | | | |
|---|---|---|---|---|
| **Shopping Centres portfolio by region - June 30, 2020** | **Valuation including transfer taxes in € Mn** | **Valuation excluding estimated transfer taxes in € Mn** | **Net Inital Yield (a) June 30, 2020** | **Net Inital Yield (a) Dec. 31, 2019** |
| France (b) | 14,229 | 13,714 | 4.3% | 4.2% |
| Central Europe | 5,201 | 5,155 | 5.1% | 4.9% |
| Spain | 3,711 | 3,627 | 4.5% | 4.4% |
| Nordics | 3,149 | 3,086 | 4.0% | 4.1% |
| Germany | 3,527 | 3,340 | 4.8% | 4.6% |
| Austria | 2,401 | 2,389 | 4.4% | 4.4% |
| The Netherlands | 1,657 | 1,560 | 5.2% | 4.9% |
| **Subtotal Continental Europe** | **33,876** | **32,872** | **4.5%** | **4.4%** |
| UK & Italy | 3,517 | 3,346 | 5.0% | 4.3% |
| **Subtotal Europe** | **37,393** | **36,217** | **4.5%** | **4.4%** |
| US | 14,381 | 14,265 | 4.0% | 4.1% |
| **Total URW** | **51,775** | **50,483** | **4.4%** | **4.3%** |

Figures may not add up due to rounding.

(a) 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. Shopping centres under development or not controlled by URW, the trademark and the airport activities are not included in this calculation.
(b) The effect of including key money in the French region's NRI would have no impact on the NIY of French shopping centres.

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[51] Including airport activities and the Westfield trademark.

The following table shows the further breakdown for the US:

| | Proportionate | | | |
|---|---|---|---|---|
| **US Shopping Centres portfolio by category - June 30, 2020** | **Valuation including transfer taxes in € Mn** | **Valuation excluding estimated transfer taxes in € Mn** | **Net Initial Yield (a) June 30, 2020** | **Net Initial Yield (a) Dec. 31, 2019** |
| US Flagships (b) | 12,547 | 12,435 | 3.7% | 3.8% |
| US Regionals | 1,834 | 1,830 | 6.2% | 6.0% |
| **Total US** | **14,381** | **14,265** | **4.0%** | **4.1%** |

Figures may not add up due to rounding.

(a) 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. Shopping centres under development or not controlled by URW, the trademark and the airport activities are not included in the calculation of NIY. As the value of the assets is based on cash-flows and ECR, the NIY may be lower than the ECR for several reasons, including the vacancy as at the valuation date, which the appraisers assume will be rented, and the reversion which will be captured in the cash-flows. The NIY is an output rather than an input.
(b) The airport activities and the trademark are included in the valuation of the US Flagships.

The following table shows the geographic split of the Group's retail assets:

| | Proportionate | | | |
|---|---|---|---|---|
| **Valuation of Shopping Centres portfolio (including transfer taxes)** | **June 30, 2020** | | **Dec. 31, 2019** | |
| | **€ Mn** | **%** | **€ Mn** | **%** |
| France | 14,229 | 27% | 16,517 | 29% |
| Central Europe | 5,201 | 10% | 5,408 | 10% |
| Spain | 3,711 | 7% | 3,827 | 7% |
| Nordics | 3,149 | 6% | 3,282 | 6% |
| Germany | 3,527 | 7% | 3,591 | 6% |
| Austria | 2,401 | 5% | 2,510 | 4% |
| The Netherlands | 1,657 | 3% | 1,703 | 3% |
| **Subtotal Continental Europe** | **33,876** | **65%** | **36,837** | **65%** |
| UK & Italy | 3,517 | 7% | 4,454 | 8% |
| **Subtotal Europe** | **37,393** | **72%** | **41,291** | **73%** |
| US | 14,381 | 28% | 15,204 | 27% |
| **Total URW** | **51,775** | **100%** | **56,495** | **100%** |

Figures may not add up due to rounding.

## Sensitivity

A change of +25 bps in NIY, the main output of the appraisal models, would result in a downward adjustment of -€2,627 Mn (or -5.4%) on URW's Shopping Centre portfolio value (excluding assets under development, the trademark and the airport activities).
A change of +130 bps in NIY (total NIY widening between 2007 and 2009 was +130 bps), would have a negative impact of -€11,155 Mn (or -22.7%) on URW's Shopping Centre portfolio value (excluding assets under development, the trademark and the airport activities).

## Like-for-like analysis

On a like-for-like basis, the value of URW's Shopping Centre portfolio, after accounting for works, capitalized financial expenses and eviction costs, decreased by -€2,483 Mn (-5.2%). This decrease was the result of a yield impact of -4.2% and a rent impact of -1.0%.

| Proportionate | | | | |
|---|---|---|---|---|
| **Shopping Centres - Like-for-like (LfL) change (a)** | | | | |
| **H1-2020** | **LfL change in € Mn** | **LfL change in %** | **LfL change - Rent impact** | **LfL change - Yield impact (b)** |
| France | - 581 | -4.3% | 0.7% | -5.1% |
| Central Europe | - 173 | -3.7% | 1.3% | -5.0% |
| Spain | - 145 | -4.1% | 1.1% | -5.2% |
| Nordics | - 124 | -3.8% | -0.9% | -2.9% |
| Germany | - 116 | -3.5% | 2.1% | -5.6% |
| Austria | - 123 | -4.9% | 0.0% | -4.9% |
| The Netherlands | - 74 | -7.0% | -2.9% | -4.1% |
| **Subtotal Continental Europe** | **- 1,335** | **-4.2%** | **0.6%** | **-4.8%** |
| UK & Italy | - 535 | -13.9% | -1.4% | -12.5% |
| **Subtotal Europe** | **- 1,869** | **-5.3%** | **0.4%** | **-5.7%** |
| US | - 613 | -5.0% | -5.0% | 0.0% |
| **Total URW** | **- 2,483** | **-5.2%** | **-1.0%** | **-4.2%** |

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from December 31, 2019, to June 30, 2020, excluding assets not controlled by URW.
(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates) and taking into account key money.

Like-for-like revaluations illustrated the resilience of the 55 Flagship shopping centres which represent 91% of URW's retail exposure (excluding assets under development, the airport activities and the trademark).

| Proportionate | | | | |
|---|---|---|---|---|
| **Shopping Centres - Like- for-like (LfL) change by category (a)** | | | | |
| **H1-2020** | **LfL change in € Mn** | **LfL change in %** | **LfL change - Rent impact** | **LfL change - Yield impact (b)** |
| Flagships Continental Europe | - 1,204 | -4.2% | 0.7% | -4.8% |
| Flagships UK | - 513 | -13.5% | -0.7% | -12.9% |
| **Subtotal Flagships Europe** | **- 1,717** | **-5.2%** | **0.5%** | **-5.7%** |
| Flagships US | - 424 | -4.0% | -4.8% | 0.8% |
| **Subtotal Flagships** | **- 2,141** | **-4.9%** | **-0.7%** | **-4.2%** |
| Regionals | - 342 | -7.4% | -2.5% | -4.9% |
| **Total URW** | **- 2,483** | **-5.2%** | **-1.0%** | **-4.2%** |

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from December 31, 2019, to June 30, 2020, excluding assets not controlled by URW.
(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates) and taking into account key money.

### 1.3. Offices & Others portfolio

**<u>Evolution of URW's Offices & Others portfolio valuation</u>**

Offices & Others portfolio includes the offices, the hotels (except the hotels at Porte de Versailles), the residential building Palisade at Westfield UTC and the residential projects.

The total value of URW's Offices & Others portfolio amounted to €4,247 Mn (€4,186 Mn).

| | Proportionate | |
|---|---|---|
| **URW Valuation as at Dec. 31, 2019 (€ Mn)** | **4,186** | |
| Like-for-like revaluation | 5 | |
| Revaluation of non like-for-like assets | - 4 | (a) |
| Capex/ Acquisitions / Transfers | 123 | |
| Disposals | - 34 | (b) |
| Constant Currency Effect | - 28 | (c) |
| **URW Valuation as at June 30, 2020 (€ Mn)** | **4,247** | |

Figures may not add up due to rounding.
(a) Non like-for-like assets include IPUC valued at cost or at fair value, projects such as the Gaîté and Trinity offices, the hotel project at Gaîté Montparnasse.
(b) Value as at December 31, 2019.
(c) Currency impact of -€28 Mn in total, including the UK (-€29 Mn) and the Nordics (-€1 Mn), partly offset by the US (+€1 Mn), before offsets from foreign currency loans and hedging programs.

The split by region of the total Offices & Others portfolio is the following:

| | Proportionate | | | |
|---|---|---|---|---|
| **Valuation of Offices & Others portfolio (including transfer taxes)** | **June 30, 2020** | | **Dec. 31, 2019** | |
| | **€ Mn** | **%** | **€ Mn** | **%** |
| France | 2,875 | 68% | 2,830 | 68% |
| Nordics | 174 | 4% | 171 | 4% |
| Other countries | 437 | 10% | 411 | 10% |
| **Subtotal Continental Europe** | **3,486** | **82%** | **3,412** | **82%** |
| UK & Italy | 421 | 10% | 419 | 10% |
| **Subtotal Europe** | **3,907** | **92%** | **3,830** | **92%** |
| US | 339 | 8% | 356 | 8% |
| **Total URW** | **4,247** | **100%** | **4,186** | **100%** |

Figures may not add up due to rounding.

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Offices & Others division's NIY decreased by -26 bps to 5.2%.

| | Proportionate | | | |
|---|---|---|---|---|
| **Valuation of occupied office space - June 30, 2020** | **Valuation including transfer taxes in € Mn (a)** | **Valuation excluding estimated transfer taxes in € Mn (a)** | **Net Inital Yield (b) June 30, 2020** | **Net Inital Yield (b) Dec. 31, 2019** |
| France | 1,634 | 1,576 | 4.9% | 5.1% |
| Nordics | 139 | 136 | 7.9% | 7.6% |
| Other countries | 133 | 131 | 6.4% | 6.5% |
| **Subtotal Continental Europe** | **1,907** | **1,842** | **5.3%** | **5.4%** |
| UK & Italy | 74 | 70 | n.m. | n.m. |
| **Subtotal Europe** | **1,981** | **1,912** | **5.2%** | **5.3%** |
| US | 216 | 215 | 4.9% | 6.5% |
| **Total URW** | **2,197** | **2,127** | **5.2%** | **5.5%** |

Figures may not add up due to rounding.

(a) Valuation of occupied office space as at June 30, 2020, based on the appraiser's allocation of value between occupied and vacant spaces.
(b) Annualized contracted rent (including latest indexation) and other incomes for the next 12 months, net of operating expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs. Assets under development are not included in this calculation.

## Sensitivity

A change of +25 bps in NIY, the main output of the appraisal models, would result in a downward adjustment of -€123 Mn (-5.1%) to URW's Offices & Others portfolio value (occupied and vacant spaces, excluding assets under development).

## Like-for-like analysis

The value of URW's Offices & Others portfolio, after accounting for the impact of works and capitalized financial expenses, increased by +€5 Mn (+0.2%) on a like-for-like basis, due to a yield impact of -1.4%, partly offset by a positive rent impact of +1.6%.

| Proportionate | | | | |
|---|---|---|---|---|
| **Offices & Others - Like-for-like (LfL) change (a)** | | | | |
| **H1-2020** | **LfL change in € Mn** | **LfL change in %** | **LfL change - Rent impact** | **LfL change - Yield impact (b)** |
| France | 17 | 1.0% | 0.7% | 0.3% |
| Nordics | 1 | 0.5% | 1.6% | -1.1% |
| Other countries | 2 | -1.4% | 0.8% | -2.2% |
| **Subtotal Continental Europe** | **19** | **1.0%** | **0.8%** | **0.2%** |
| UK & Italy | -1 | -1.8% | 13.2% | -15.0% |
| **Subtotal Europe** | **18** | **0.9%** | **1.2%** | **-0.3%** |
| US | -13 | -5.6% | 4.6% | -10.3% |
| **Total URW** | **5** | **0.2%** | **1.6%** | **-1.4%** |

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from December 31, 2019, to June 30, 2020.
(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates).

### 1.4. Convention & Exhibition portfolio

**Valuation methodology**

The valuation methodology adopted by PwC for the venues is mainly based on a discounted cash-flow model applied to the total net income projected over the life of the concession or leasehold (net of the amounts paid for the concession or leasehold) if it exists, or otherwise over a 10-year period, with an estimate of the asset value at the end of the given time period, based either on the residual contractual value for concessions or on capitalized cash-flows over the last year, including the remaining capital expenditures to be spent on Porte de Versailles (€213 Mn).

**Evolution of the Convention & Exhibition valuation**

The value of URW's Convention & Exhibition venues, including transfer taxes and transaction costs, amounted to €2,849 Mn (€2,984 Mn).

| | Proportionate | |
|---|---|---|
| **URW Valuation as at Dec. 31, 2019 (€ Mn)** | **2,984** | (a) |
| Like-for-like revaluation | - 140 | |
| Revaluation of non like-for-like assets | - 10 | |
| Capex / Acquisitions / Transfers | 14 | |
| **URW Valuation as at June 30, 2020 (€ Mn)** | **2,849** | (b) |

Figures may not add up due to rounding.

(a) Excluding the Convention & Exhibition space in Carrousel du Louvre and CNIT, 100%-owned by URW, the valuation for Viparis (including Palais des Sports, Les Boutiques du Palais and the hotels at Porte de Versailles) was €2,850 Mn.
(b) Excluding the Convention & Exhibition space in Carrousel du Louvre and CNIT, 100%-owned by URW, the valuation for Viparis (including Palais des Sports, Les Boutiques du Palais and the hotels at Porte de Versailles) was €2,714 Mn.

On a like-for-like basis, net of investments, the value of Convention & Exhibition venues decreased by -€140 Mn (-4.8%). This decrease is driven by the review of the Business Plan to take into account the impact of COVID-19 on this activity.

### 1.5. Services

The Services portfolio is composed of URW's French, German, UK and US property services companies.

URW's Services portfolio is appraised annually by PwC as at each year-end to include all significant fee business activities in the portfolio at their market value for the calculation of URW's NAV. In URW's Consolidated statement of financial position, intangible assets are not revalued but recognized at cost less amortization charges and/or impairment losses booked. As at June 30, 2020, URW's services portfolio was appraised internally by URW to take into account the impact of the COVID-19 crisis on these activities.

| | Proportionate | |
|---|---|---|
| **URW Valuation as at Dec. 31, 2019 (€ Mn)** | **1,676** | |
| Like-for-like revaluation | - 150 | |
| Constant Currency Effect | - 46 | (a) |
| **URW Valuation as at June 30, 2020 (€ Mn)** | **1,480** | |

Figures may not add up due to rounding.

(a) Currency impact of -€46 Mn in total, including the UK (-€48 Mn), partly offset by the US (+€2 Mn), before offsets from foreign currency loans and hedging programs.

## 1.6. Proportionate, IFRS and Group share figures for the property portfolio

The figures presented previously in the chapter are on a proportionate basis.

The following tables also provide the IFRS GMV and the Group share level (in GMV) for URW's assets:

| | Proportionate | | IFRS | | Group share | |
|---|---|---|---|---|---|---|
| **URW Asset portfolio valuation - June 30, 2020** | € Mn | % | € Mn | % | € Mn | % |
| Shopping Centres | 51,775 | 86% | 49,461 | 85% | 45,106 | 87% |
| Offices & Others | 4,247 | 7% | 4,113 | 7% | 4,095 | 8% |
| Convention & Exhibition | 2,849 | 5% | 2,850 | 5% | 1,492 | 3% |
| Services | 1,480 | 2% | 1,480 | 3% | 1,395 | 3% |
| **Total URW** | **60,350** | **100%** | **57,905** | **100%** | **52,089** | **100%** |

| | Proportionate | | IFRS | | Group share | |
|---|---|---|---|---|---|---|
| **URW Asset portfolio valuation - Dec. 31, 2019** | € Mn | % | € Mn | % | € Mn | % |
| Shopping Centres | 56,495 | 86% | 53,995 | 86% | 49,474 | 87% |
| Offices & Others | 4,186 | 6% | 4,106 | 7% | 4,088 | 7% |
| Convention & Exhibition | 2,984 | 5% | 2,985 | 5% | 1,560 | 3% |
| Services | 1,676 | 3% | 1,676 | 3% | 1,587 | 3% |
| **Total URW** | **65,341** | **100%** | **62,762** | **100%** | **56,708** | **100%** |

| | Proportionate | | IFRS | | Group share | |
|---|---|---|---|---|---|---|
| **URW Like-for-like change - net of Investments - H1-2020** | € Mn | % | € Mn | % | € Mn | % |
| Shopping Centres | - 2,483 | -5.2% | - 1,773 | -4.6% | - 1,616 | -4.8% |
| Offices & Others | 5 | 0.2% | 14 | 0.7% | 14 | 0.7% |
| Convention & Exhibition | - 140 | -4.8% | - 140 | -4.8% | - 69 | -4.5% |
| Services | - 150 | -9.0% | - 150 | -9.0% | - 147 | -9.3% |
| **Total URW** | **- 2,768** | **-5.1%** | **- 2,049** | **-4.6%** | **- 1,818** | **-4.6%** |

| | Proportionate | | IFRS | | Group share | |
|---|---|---|---|---|---|---|
| **URW Like-for-like change - net of Investments - H1-2020 - Split rent/yield impact** | Rent impact % | Yield impact % | Rent impact % | Yield impact % | Rent impact % | Yield impact % |
| Shopping Centres | -1.0% | -4.2% | -0.2% | -4.5% | -0.4% | -4.3% |
| Offices & Others | 1.6% | -1.4% | 1.2% | -0.6% | 1.2% | -0.6% |

| | Proportionate | | IFRS | | Group share | |
|---|---|---|---|---|---|---|
| **URW Net Initial Yield** | June 30, 2020 | Dec. 31, 2019 | June 30, 2020 | Dec. 31, 2019 | June 30, 2020 | Dec. 31, 2019 |
| Shopping Centres (a) | 4.4% | 4.3% | 4.4% | 4.3% | 4.4% | 4.3% |
| Offices & Others - occupied space (b) | 5.2% | 5.5% | 5.3% | 5.4% | 5.3% | 5.4% |

Figures may not add up due to rounding.

(a) 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. Shopping centres under development and shopping centres not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity, and the Blum/Centennial and Starwood Ventures entities) are not included in the calculation. Shopping centres held by companies accounted for using the equity method are not included in the calculation of IFRS and Group share but are included in the proportionate.

(b) Annualized contracted rent (including latest indexation) and other incomes, net of operating expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs. Offices under development are not included in the calculation. Offices held by companies accounted for using the equity method are not included in the calculation of IFRS and Group share but are included in the proportionate.

### 1.7. Additional Valuation parameters - IFRS 13

URW complies with the IFRS 13 fair value measurement and the position paper[52] on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

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, URW believes it is appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumptions on growth rates and ECR, are used by appraisers to determine the fair value of URW's assets.

In addition to the disclosures provided above, the following tables provide a number of quantitative data in order 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 using compound annual growth rates as determined by the appraisers.

| **Shopping Centres - June 30, 2020** | | Net Initial Yield | Rent in € per sqm (a) | Discount Rate (b) | Exit Capitalization Rate (c) | CAGR of NRI (d) |
|---|---|---|---|---|---|---|
| France | Max | 6.9% | 863 | 8.9% | 7.6% | 11.6% |
| | Min | 1.9% | 151 | 5.5% | 3.6% | 2.0% |
| | Weighted average | 4.3% | 576 | 5.8% | 4.1% | 4.1% |
| Central Europe | Max | 7.3% | 618 | 8.7% | 8.1% | 2.6% |
| | Min | 4.7% | 133 | 6.5% | 4.8% | 1.9% |
| | Weighted average | 5.1% | 395 | 6.9% | 5.1% | 2.1% |
| Spain | Max | 7.8% | 562 | 9.7% | 7.0% | 5.5% |
| | Min | 4.1% | 132 | 6.9% | 4.4% | 4.0% |
| | Weighted average | 4.5% | 347 | 7.1% | 4.6% | 4.8% |
| Nordics | Max | 5.5% | 437 | 8.4% | 5.2% | 5.4% |
| | Min | 3.7% | 180 | 6.3% | 4.0% | 4.7% |
| | Weighted average | 4.0% | 355 | 6.7% | 4.2% | 5.2% |
| Germany | Max | 8.0% | 484 | 8.3% | 7.0% | 6.4% |
| | Min | 4.2% | 161 | 6.0% | 4.0% | 3.4% |
| | Weighted average | 4.8% | 303 | 6.4% | 4.6% | 4.2% |
| Austria | Max | 4.4% | 394 | 6.3% | 4.3% | 4.2% |
| | Min | 4.4% | 335 | 6.2% | 4.2% | 3.6% |
| | Weighted average | 4.4% | 363 | 6.3% | 4.2% | 3.9% |
| The Netherlands | Max | 7.6% | 357 | 8.0% | 7.1% | 3.1% |
| | Min | 4.3% | 146 | 6.0% | 4.4% | 1.3% |
| | Weighted average | 5.2% | 242 | 6.7% | 5.3% | 2.4% |
| US | Max | 11.3% | 1,604 | 10.5% | 9.5% | 8.7% |
| | Min | 2.9% | 178 | 5.5% | 4.3% | 1.9% |
| | Weighted average | 4.0% | 595 | 6.4% | 5.0% | 4.8% |
| UK & Italy | Max | 5.3% | 647 | 7.0% | 5.6% | 5.1% |
| | Min | 4.7% | 607 | 6.7% | 5.4% | 5.0% |
| | Weighted average | 5.0% | 624 | 6.8% | 5.5% | 5.0% |

NIY, DR and ECR weighted by 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 by URW, the trademark and the airport activities are not included in this table.
(a) Average annual rent (MGR + SBR) per asset per sqm.
(b) Rate used to calculate the net present value of future cash-flows.
(c) Rate used to capitalize the exit rent to determine the exit value of an asset.
(d) CAGR of NRI determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

[52] EPRA Position Paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.

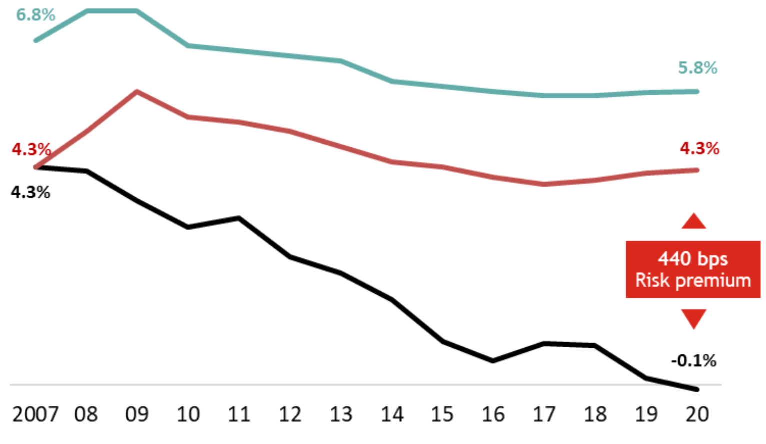
The CAGR of NRI increased compared to December 31, 2019, due to the fact the NRI in Year 1 in the appraiser's DCF is impacted by the COVID-19.

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

| **Shopping Centres - June 30, 2020** | | Net Initial Yield | Rent in € per sqm (a) | Discount Rate (b) | Exit Capitalization Rate (c) | CAGR of NRI (d) |
|---|---|---|---|---|---|---|
| US Flagships | Max | 5.6% | 1,604 | 7.5% | 6.3% | 8.1% |
| | Min | 2.9% | 403 | 5.5% | 4.3% | 1.9% |
| | Weighted average | 3.7% | 776 | 6.1% | 4.8% | 4.9% |
| US Regionals | Max | 11.3% | 488 | 10.5% | 9.5% | 8.7% |
| | Min | 4.2% | 178 | 6.5% | 5.8% | 2.0% |
| | Weighted average | 6.2% | 326 | 8.3% | 6.9% | 4.4% |

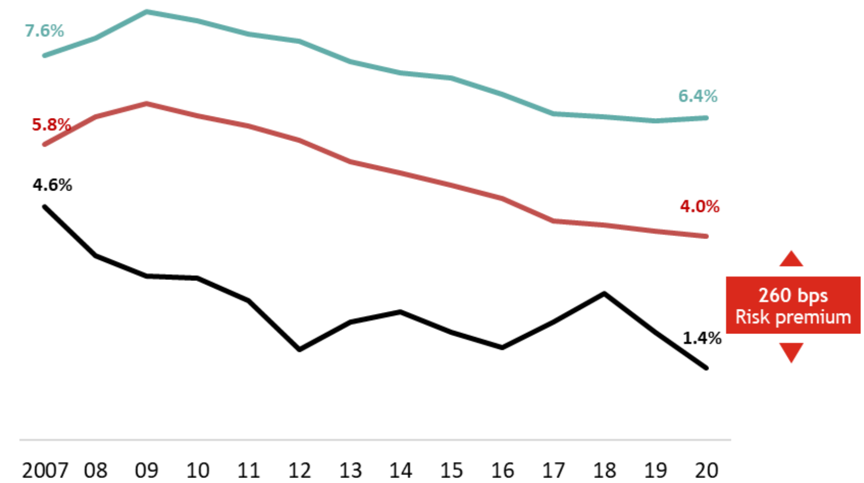
NIY, DR and ECR weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled by URW, the trademark and the airport activities are not included in this table.
(a) Average annual rent (MGR + SBR) per asset per sqm.
(b) Rate used to calculate the net present value of future cash-flows.
(c) Rate used to capitalize the exit rent to determine the exit value of an asset.
(d) CAGR of NRI determined by the appraiser (10 years).

## France Shopping Centres



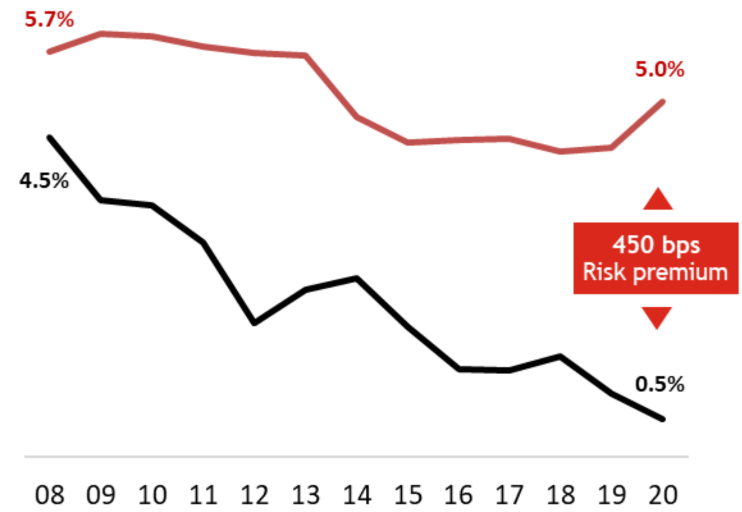

Appraisers' DR (weighted average)
URW Shopping Centres NIY (weighted average)
French 10-year government bond yield (1-year average)

## US Shopping Centres




Appraisers' DR (weighted average)
URW Shopping Centres NIY (weighted average)
US 10-year government bond yield (1-year average)

## UK Shopping Centres




URW Shopping Centres NIY (weighted average)
UK 10-year government bond yield (1-year average)

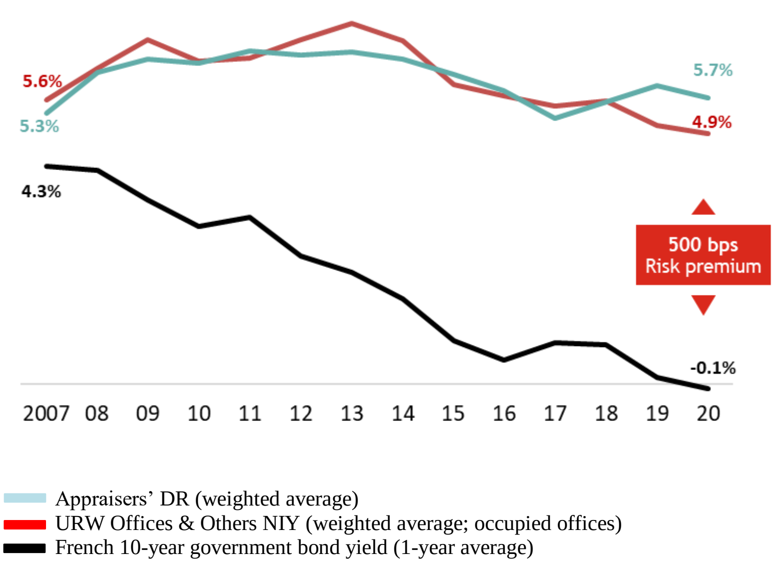
## Offices & Others

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

| **Offices & Others - June 30, 2020** | | Net Initial Yield on occupied space | Rent in € per sqm (a) | Discount Rate (b) | Exit Capitalization Rate (c) | CAGR of NRI (d) |
|---|---|---|---|---|---|---|
| France | Max | 9.6% | 511 | 8.5% | 8.0% | 21.5% |
| | Min | 4.2% | 106 | 5.0% | 3.8% | -0.5% |
| | Weighted average | 4.9% | 403 | 5.7% | 4.5% | 3.0% |
| Nordics | Max | 10.7% | 222 | 9.4% | 7.8% | 3.1% |
| | Min | 6.4% | 175 | 7.0% | 5.2% | 2.3% |
| | Weighted average | 7.9% | 194 | 8.0% | 6.4% | 2.9% |
| Other countries | Max | 10.5% | 182 | 8.8% | 8.9% | 23.4% |
| | Min | 4.7% | 40 | 4.0% | 3.1% | 0.4% |
| | Weighted average | 6.4% | 128 | 7.4% | 5.9% | 2.2% |
| US | Max | 8.8% | 723 | 9.3% | 8.5% | 9.4% |
| | Min | 3.7% | 230 | 6.9% | 5.9% | 3.2% |
| | Weighted average | 4.9% | 351 | 7.3% | 6.0% | 6.3% |

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

**France Offices & Others**




To value the Group's assets, appraisers use DR they consider investors will require to generate target returns. For example, since 2007, the gap between DR used by appraisers for the Group's shopping centre and office assets in France and the French government bond yields has widened materially. This, and their judgment on appropriate ECR, have led to wide yield differentials between the Group's French shopping centre and office assets relative to French government bond yields.

## 2. EPRA NET ASSET VALUE METRICS CALCULATION

In October 2019, EPRA released its revised Best Practices Recommendations for the calculation of NAV. As discussed above, EPRA NAV and EPRA NNNAV are replaced by three new metrics: EPRA NRV, EPRA NTA and EPRA NDV[53].

URW does not believe the EPRA NTA reflects the total value of its business as it ignores the value of intangible assets and the fee businesses which are integral parts of its business model.

The Group calculated the new metrics as at December 31, 2019, and as at June 30, 2020. The EPRA NAV and EPRA NNNAV as at December 31, 2019, were added to the table for comparison purposes.

The EPRA measures are calculated by adjusting the equity attributable to the holders of the Stapled Shares, as shown in the Consolidated statement of financial position (under IFRS), for the items as described below. These apply differently to each metric as noted.

### 2.1. Equity attributable to the holders of the Stapled Shares

As at June 30, 2020, the Equity attributable to the holders of the Stapled Shares (which excludes both the Hybrid securities and the External non-controlling interests) came to €21,539 Mn.

The Equity attributable to the holders of the Stapled Shares incorporated the net recurring profit in the period of €667.5 Mn and the net negative impact in the period of -€4,193.4 Mn as a result of negative valuation movements, goodwill impairment and the negative mark-to-market of financial instruments.

### 2.2. Revaluation to fair value of investment properties, development properties held for investment and other non-current investments

Three adjustments are made relative to the IFRS accounts for all EPRA metrics:

a. Where URW has accounted for investment properties at cost under the option in IAS 40, the revaluation of such assets to fair value, as measured in accordance with IAS 40, is adjusted;
b. Where URW holds properties at cost under IAS 16, any valuation increase/decrease to fair value at the reporting date is adjusted;
c. Any other non-current assets with a reliably determined fair value which is not included in the equity under IFRS is also adjusted. If applicable, the basis of valuation, and, in particular, whether or not a third-party appraiser was involved, is disclosed.

The appraisal of the operating asset of URW (7 Adenauer, Paris 16$^{th}$), held at cost under IAS 16, gave rise to an unrealized capital gain of +€54 Mn, which was thus added back for the purpose of the EPRA NRV, EPRA NTA and EPRA NDV calculation.

### 2.3. Deferred tax in relation to fair value movements in investment property

EPRA NRV: Excludes the deferred tax as per the IFRS balance sheet in respect of the difference between the fair value and the tax book value of investment property, development property held for investment, intangible assets, or other non-current investments as this would only become payable if the assets were sold.

The deferred tax relating to the financial instruments, which would not crystallize until or unless the financial instrument is sold, is also excluded. The same treatment is adopted for any deferred tax relating to property depreciation allowances (in the UK capital allowances) that could reverse on disposal of the property.

EPRA NTA: Under the revised EPRA methodology, three options are available:

a. When a company has clearly and specifically identified in its reporting part of its portfolio that it intends to hold and does not intend in the long run to sell, exclude such deferred taxes which are attributable to such part of the portfolio.
b. A company may specifically identify, based on its track record and/or tax structuring, that deferred tax which will only partially crystallize for part of its portfolio. In this case, the deferred tax can be reduced by a specific percentage for such part of the portfolio. For the avoidance of doubt, deferred taxes are supposed to have crystallized whether

[53] For further information on this change, please refer to the EPRA website: https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf.

it is payed as an actual tax, or as part of a purchase price reduction, or in any other shape or form (whether cash or not). In such case, the company must disclose the basis and methodology for such treatment in the EPRA NTA calculation. This must include the disclosure of the way the percentage of saving has been calculated, as well as the disclosure of the most recent percentage of saving achieved in similar transaction.

c. In any other cases, exclude 50% of the deferred taxes.

URW has adopted the third option.

EPRA NDV: The deferred tax as per the IFRS balance sheet is assumed under this method to hypothetically crystallize, therefore, no adjustment is made. This is on the basis of a hypothetical sale of all of the assets and settlement of all of the liabilities of the Group.

In the Group's IFRS consolidated accounts, deferred tax on property assets was calculated in accordance with accounting standards as at June 30, 2020.
As a result, and consistent with the methodology described above, for the purpose of the EPRA NRV calculation, deferred taxes (€2,156 Mn) were added back for the calculation of EPRA NRV, and for the calculation of the EPRA NTA. For the EPRA NTA calculation, -€1,078 Mn of effective deferred taxes were then deducted. The EPRA NDV was not adjusted.

**2.4. Fair value of financial instruments**

EPRA NRV and EPRA NTA: Excludes the fair value of financial instruments that are used for hedging purposes where the company has the intention of keeping the hedge position until the end of the contractual duration. Whether the URW has chosen to/is able to apply hedge accounting under IFRS is irrelevant. The mark-to-market value of any convertible debt or other financial instrument is excluded from net assets.

The logic for this adjustment is that, under normal circumstances, the financial derivatives that companies use to provide an economic hedge are held until maturity and so any fair value movements will not ultimately crystallize.

Likewise, the fair value of any foreign currency hedging instrument (where the hedge instrument is intended to be held to maturity) associated with changes in interest rates is excluded from the EPRA NRV and EPRA NTA measures.

EPRA NDV: Includes the full fair value of financial instruments, including the fair value of any loans and borrowings held at amortized cost under IFRS. The logic is that, under conditions of immediate disposal, a company may lack financial flexibility and may not be in a position to allow debt and associated derivatives run to expiry, as assumed in the EPRA NRV and EPRA NTA. EPRA NDV therefore requires the inclusion of the full fair value of financial debt and financial instruments, net of the associated deferred tax effect.

Therefore, the fair value adjustment of financial instruments recorded in the IFRS consolidated statement of financial position was added back by URW for the EPRA NRV and EPRA NTA calculation for a total amount of €1,154 Mn (excluding exchange rate hedging), and remained at the IFRS value for the EPRA NDV.

Fair value movements of foreign currency hedging instruments (fair value hedges or net investment hedges) recorded in the balance sheet and associated with foreign exchange retranslation remains in all three NAV metrics (NRV, NTA, and NDV) to offset the movement in the underlying investment being hedged.

**2.5. Goodwill as a result of deferred taxes**

All metrics exclude goodwill arising as a direct result of accounting for deferred tax in an acquisition.

Goodwill booked on the balance sheet as a result of deferred taxes of -€205 Mn as at June 30, 2020, was accordingly excluded from the EPRA NRV, EPRA NTA and EPRA NDV.

**2.6. Other Goodwill as per the IFRS Balance Sheet**

EPRA NRV: Goodwill as per the IFRS balance sheet is not adjusted, except where it relates to deferred taxes as noted above.

EPRA NTA and EPRA NDV: All Goodwill as per the balance sheet is excluded.

Goodwill booked on the balance sheet (which is mainly related to the Westfield acquisition) of -€1,914 Mn was thus deducted from the EPRA NTA and EPRA NDV (net of the goodwill resulting from deferred taxes already deducted).

**2.7. Intangibles as per the IFRS Balance Sheet**

EPRA NRV and EPRA NDV: Intangibles as per the IFRS balance are not adjusted for EPRA NRV and EPRA NDV calculation.

EPRA NTA: Intangibles as per the balance sheet are excluded from EPRA NTA.

Intangible assets of -€923 Mn have thus been deducted from the EPRA NTA.

**2.8. Fair value of fixed interest rate debt**

EPRA NRV and EPRA NTA: No adjustment to be made.

EPRA NDV: Any financial liability and asset on the balance sheet of the company is accounted for at fair value, net of any related deferred tax.

The value of the fixed rate debt on the balance sheet of the Group is equal to the nominal value of the UR debt and the fair value of the Westfield debt at the accounting combination date (May 31, 2018). Taking fixed rate debt at its fair value would have a positive impact of +€730 Mn as at June 30, 2020. This impact was taken into account in the EPRA NDV calculation.

**2.9. Revaluation of intangibles to fair value**

EPRA NRV: When the fair value of an intangible asset can reliably be determined and is not already included within goodwill or otherwise recorded on the balance sheet, it is added to the EPRA NRV. The basis of valuation is disclosed. URW uses an external valuer at least annually to determine the valuation of such intangible assets and discloses the name of the firms undertaking the valuations. Care is taken that no double counting takes place with the Goodwill on the balance sheet.

EPRA NTA and EPRA NDV: No adjustment is made.

The appraisal of property services companies in France, the US, the UK and Germany, the airport activities (excluding LAX and Chicago) and of the operations ("fonds de commerce") of Viparis Porte de Versailles, Paris Nord Villepinte, Palais des Congrès de Paris and Palais des Congrès d'Issy-les-Moulineaux, meet the criteria of this adjustment and have been so valued. This gave rise to an unrealized capital gain of +€703 Mn, which was added for the purpose of the EPRA NRV calculation.

**2.10. Real estate transfer tax**

EPRA NRV: Includes transfer taxes, by using the gross value of assets as provided in the Valuation Certificate (i.e. the value prior to any deduction of purchasers' costs).

EPRA NTA: Uses the IFRS values (usually the Net Value in the Valuation Certificate, i.e. the property value net of any purchasers' costs). However, URW has utilized the allowed option to use the optimized net property value as it can reasonably demonstrate that it can actually achieve this optimization on a consistent basis. The average transfer tax achieved is thus used.

EPRA NDV: No adjustment is made to the IFRS value.

As at June 30, 2020, the transfer taxes and costs deducted from asset values in the statement of financial position (in accordance with IFRS) amounted to €1,962 Mn. For the purpose of the EPRA NRV calculation, this amount was added back.

For the purpose of the EPRA NTA calculation, the Group used the optimized net property value as noted. Transfer taxes and transaction costs are estimated after taking into account the likely disposal scenario: sale of the asset or of the company that owns it.

As at June 30, 2020, these estimated transfer taxes and other transaction costs compared to transfer taxes and costs already deducted from asset values on the statement of financial position (in accordance with IFRS) came to a positive net adjustment of +€597 Mn.

### 2.11. URW's EPRA NRV

URW's EPRA NRV stood at €27,362 Mn or €197.00 per share (fully-diluted) as at June 30, 2020. The EPRA NRV per share decreased by -€31.80 (or -13.9%) compared to December 31, 2019.

The decrease of -€31.80 compared to December 31, 2019, was the sum of: (i) -€25.87 per share representing the sum of: (a) -€26.26 per share representing the revaluation of investment properties, the impairment of goodwill and intangible assets and the capital gains on disposals, (b) the Recurring Earnings Per Share of +€4.82, (c) other effects of -€4.43 per share; (ii) the impact of the payment of the dividend for 2019 of -€5.40 per share; and (iii) the negative impact of the mark-to-market of financial assets of -€0.53 per share.

### 2.12. URW's EPRA NTA

URW's EPRA NTA stood at €21,379 Mn or €153.90 per share (fully-diluted) as at June 30, 2020. The EPRA NTA per share decreased by -€23.70 (or -13.3%) compared to December 31, 2019.

### 2.13. URW's EPRA NDV

UWR's EPRA NDV stood at €20,203 Mn or €145.50 per share (fully-diluted) as at June 30, 2020. The EPRA NDV per share decreased by -€14.00 (or -8.8%) compared to December 31, 2019.

## 3. EPRA NET ASSET VALUE METRICS TABLES

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Current measures | | | Previously reported measures | |
| | EPRA NRV | EPRA NTA | EPRA NDV | EPRA NAV | EPRA NNNAV |
| **Equity attributable to the holders of the Stapled Shares (IFRS)** | **25,951** | **25,951** | **25,951** | **25,951** | **25,951** |
| *Include / Exclude*:* | | | | | |
| i) Hybrid instruments | - | - | - | - | - |
| **Diluted NAV** | **25,951** | **25,951** | **25,951** | **25,951** | **25,951** |
| *Include*:* | | | | | |
| ii.a) Revaluation of IP (if IAS 40 cost option is used) | 53 | 53 | 53 | 53 | 53 |
| ii.b) Revaluation of IPUC[1] (if IAS 40 cost option is used) | 0 | 0 | 0 | 0 | 0 |
| ii.c) Revaluation of other non-current investments [2] | 0 | 0 | 0 | 0 | 0 |
| iii) Revaluation of tenant leases held as finance leases [3] | 0 | 0 | 0 | 0 | 0 |
| iv) Revaluation of trading properties [4] | 0 | 0 | 0 | 0 | 0 |
| **Diluted NAV at Fair Value** | **26,004** | **26,004** | **26,004** | **26,004** | **26,004** |
| *Exclude*:* | | | | | |
| v) Deferred tax in relation to fair value gains of IP[5] detailled below: | | | | | |
| v.a) Reversal of deferred taxes on Balance sheet | 2,295 | 2,295 | - | 2,295 | 2,295 |
| v.b) Effective deferred taxes on capital gains | - | - 1,004 | - | - | - 1,004 |
| vi) Fair value of financial instruments | 547 | 547 | - | 547 | - |
| vii) Goodwill as a result of deferred tax | - 241 | - 241 | - 241 | - 241 | - 241 |
| viii.a) Goodwill as per the IFRS balance sheet (net of vii)) | - | - 2,637 | - 2,637 | - | - |
| viii.b) Intangibles as per the IFRS balance sheet | - | - 984 | - | - | - |
| *Include*:* | | | | | |
| ix) Fair value of fixed interest rate debt | - | - | - 1,022 | - | - 1,022 |
| x) Revaluation of intangibles to fair value | 952 | - | - | 952 | 952 |
| xi) Real estate transfer tax[6] | 2,156 | 627 | - | - | 627 |
| **NAV** | **31,712** | **24,606** | **22,103** | **29,556** | **27,611** |
| Fully diluted number of shares | 138,577,341 | 138,577,341 | 138,577,341 | 138,577,341 | 138,577,341 |
| **NAV per share** | **€228.80** | **€177.60** | **€159.50** | **€213.30** | **€199.20** |

Figures may not add up due to rounding.

1 Difference between development property held on the balance sheet at cost and fair value of that development property.

2 Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.

3 Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.

4 Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.

5 Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.

6 Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted.

* "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

| | June 30, 2020 | | |
|---|---|---|---|
| | **EPRA NRV** | **EPRA NTA** | **EPRA NDV** |
| | | | |
| **Equity attributable to the holders of the Stapled Shares (IFRS)** | **21,539** | **21,539** | **21,539** |
| *Include / Exclude*:* | | | |
| i) Hybrid instruments | - | - | - |
| **Diluted NAV** | **21,539** | **21,539** | **21,539** |
| *Include*:* | | | |
| ii.a) Revaluation of IP (if IAS 40 cost option is used) | 54 | 54 | 54 |
| ii.b) Revaluation of IPUC(1) (if IAS 40 cost option is used) | 0 | 0 | 0 |
| ii.c) Revaluation of other non-current investments(2) | 0 | 0 | 0 |
| iii) Revaluation of tenant leases held as finance leases(3) | 0 | 0 | 0 |
| iv) Revaluation of trading properties(4) | 0 | 0 | 0 |
| **Diluted NAV at Fair Value** | **21,593** | **21,593** | **21,593** |
| *Exclude*:* | | | |
| v) Deferred tax in relation to fair value gains of IP(5) detailled below: | | | |
| v.a) Reversal of deferred taxes on Balance sheet | 2,156 | 2,156 | - |
| v.b) Effective deferred taxes on capital gains | - | -1,078 | - |
| vi) Fair value of financial instruments | 1,154 | 1,154 | - |
| vii) Goodwill as a result of deferred tax | -205 | -205 | -205 |
| viii.a) Goodwill as per the IFRS balance sheet (net of vii)) | - | -1,914 | -1,914 |
| viii.b) Intangibles as per the IFRS balance sheet | - | -923 | - |
| *Include*:* | | | |
| ix) Fair value of fixed interest rate debt | - | - | 730 |
| x) Revaluation of intangibles to fair value | 703 | - | - |
| xi) Real estate transfer tax(6) | 1,962 | 597 | - |
| **NAV** | **27,362** | **21,379** | **20,203** |
| Fully diluted number of shares | 138,882,932 | 138,882,932 | 138,882,932 |
| **NAV per share** | **€197.00** | **€153.90** | **€145.50** |

Figures may not add up due to rounding.

1 Difference between development property held on the balance sheet at cost and fair value of that development property.

2 Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.

3 Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.

4 Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.

5 Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.

6 Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted.

* "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

| Evolution of EPRA NRV, EPRA NTA and EPRA NDV - per share (fully diluted) | EPRA NRV | EPRA NTA | EPRA NDV |
|---|---|---|---|
| **As at December 31, 2019, per share** | **€228.80** | **€177.60** | **€159.50** |
| **Recurring Net Result** | **4.82** | **4.82** | **4.82** |
| Revaluation of Investment Properties * | -20.55 | -20.55 | -20.55 |
| Shopping Centres -20.18 | | | |
| Offices & Others 0.08 | | | |
| Convention & Exhibition -0.45 | | | |
| Depreciation or impairment of intangibles | -0.27 | -0.27 | -0.27 |
| Impairment of goodwill | -5.11 | -5.11 | -5.11 |
| Capital gain on disposals | -0.34 | -0.34 | -0.34 |
| **Subtotal revaluations, impairments and capital gain on disposals** | **-26.26** | **-26.26** | **-26.26** |
| Mark-to-market of debt and financial instruments | -4.90 | -4.90 | -4.90 |
| Taxes on non-recurring result | 1.12 | 1.12 | 1.12 |
| Other non-recurring result | -0.15 | -0.15 | -0.15 |
| **Subtotal non-recurring financial expenses, taxes and other** | **-3.93** | **-3.93** | **-3.93** |
| **Distribution** | **-5.40** | **-5.40** | **-5.40** |
| **Other changes in Equity attributable to the holders of the Stapled Shares** | **-1.41** | **-1.41** | **-1.41** |
| **Total changes in Equity attributable to the holders of the Stapled Shares** | **-32.18** | **-32.18** | **-32.18** |
| Revaluation of Investment Properties (operating assets) | 0.01 | 0.01 | 0.01 |
| Impact of deferred taxes on Balance sheet and effective deferred taxes | -1.00 | -1.54 | - |
| Impact of fair value of financial instruments adjustment | 4.37 | 4.37 | - |
| Impact of impairment or changes in goodwill as per the IFRS balance sheet | 0.26 | 5.46 | 5.46 |
| Impact of real estate transfer tax | -1.40 | -0.21 | - |
| Impact from intangibles assets | -1.82 | 0.41 | - |
| Impact of fair value adjustment of fixed interest rate debt | - | - | 12.66 |
| **Total changes due to NAV adjustments** | **0.42** | **8.50** | **18.13** |
| **As at June 30, 2020, per share (fully diluted)** | **€197.00** | **€153.90** | **€145.50** |

Figures may not add up due to rounding.

(*) Revaluation of property assets is -€15.70 per share on a like-for-like basis, of which -€3.60 due to the rental effect and -€12.10 due to the yield effect, as appraisers have increased ECR and DR for a number of assets in the Shopping Centre portfolio due to the COVID-19 pandemic.

## 5. FINANCIAL RESOURCES

In 2020, all financial markets were affected by the COVID-19 pandemic. The credit markets were severely hit with a significant increase in credit spreads and a few periods in which markets were effectively closed.

However, the extraordinary scale of the intervention by Central Banks supported the credit markets and ensured access to liquidity for issuers:

- The European Central Bank on March 18 launched the Pandemic Emergency Purchase Programme (PEPP) of €750 Bn, which was increased to €1,350 Bn on June 4.
- The US Federal Reserve launched several programmes, including the Commercial Paper Funding Facility (CPFF) and the Money Market Mutual Fund Liquidity Facility (MMLF).
- The Bank of England on March 23 launched the Covid Corporate Financing Facility (CCFF).

Against this backdrop, URW raised €2,250 Mn of medium to long-term funds in the bond and bank markets.

As the Group's financial covenants are calculated in accordance with IFRS, unless otherwise indicated, the financial information in this section is presented in accordance with IFRS. The Group also provides such information on a proportionate basis.

Unless otherwise indicated, comparisons to ratios, debt outstanding, average cost of debt, the amount of undrawn credit lines and cash on-hand relate to December 31, 2019.

As at June 30, 2020:[54]

- The Interest Coverage Ratio[55] ("ICR") was 4.2x[56] (5.7x[57]);
- The Loan-to-Value ("LTV") ratio[58] was 41.5%[59] (38.6%).

The increase in LTV is due to lower valuations, partly offset by the impact of the disposal of the five French assets.

The average cost of debt for H1-2020 was 1.7% (1.6%), representing the blended average cost of debt, of which an average of 1.1% for Euro and SEK denominated debt and an average of 3.6% for USD and GBP denominated debt.

### 1. Debt structure as at June 30, 2020

URW's gross financial debt[60] was €27,445 Mn (€24,728 Mn).

The gross financial debt includes €603 Mn of net share settled bonds convertible into new and/or existing URW stapled shares (ORNANE) issued in June 2014 and in April 2015. The increase in gross debt is a result of the Group's decision to raise ample liquidity in light of COVID-19.

Net financial debt was €24,039 Mn (€24,239 Mn), excluding partners' current accounts and taking into account cash on-hand of €3,406 Mn[61] (€489 Mn) following the additional funds raised.

[54] Hybrid securities are accounted for as equity. The hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option and are required to be classified as equity under IFRS. Details on the hybrid securities are available at:
https://images-urw.azureedge.net/-/media/Corporate~o~Sites/Unibail-Rodamco-Corporate/Files/Homepage/INVESTORS/Financing-Activity/Bond-Issues/Prospectuses-Hybrid/20180423-2018-Prospectus-Hybrid_onlyEN.ashx?revision=035329ae-9e2d-4980-a5c7-97b97e3f2fd1

[55] Recurring EBITDA / Recurring Net Financial Expenses (including capitalized interest); Recurring EBITDA is calculated as total recurring operating result and other income minus general expenses, excluding depreciation and amortization.

[56] 3.7x on a proportionate basis.

[57] 4.9x on a proportionate basis.

[58] Net financial debt as shown on the Group's balance sheet, after the impact of derivative instruments on debt raised in foreign currencies / total assets, including transfer taxes (43.0% excluding transfer taxes). Proportionate LTV ratio as at June 30, 2020, was 43.5% (45.1% excluding transfer taxes).

[59] Excluding €1,365 Mn of goodwill not justified by fee business as per the Group's European leverage covenants.

[60] After impact of derivative instruments on debt raised in foreign currencies. Excluding financial leases accounted as debt under IFRS 16.

[61] €3,491 Mn on a proportionate basis.

### 1.1. Debt breakdown

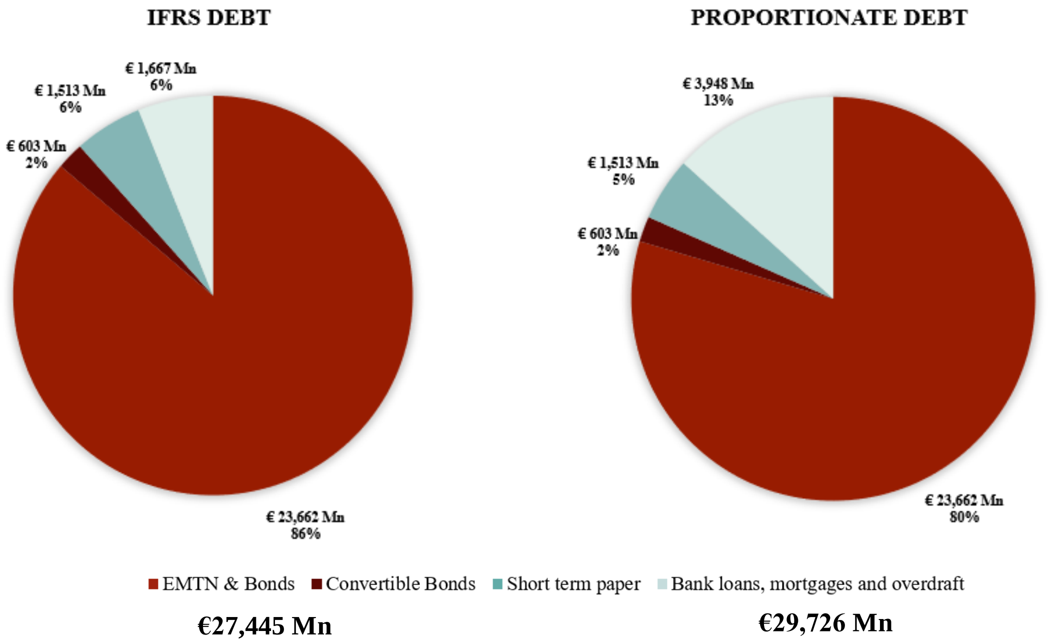
URW's gross financial debt as at June 30, 2020:[62]

| | Total URW (€ Mn) |
|---|---|
| EMTN | 17,892 |
| Rule 144A and other Regulation S bonds | 5,770 |
| ORNANE | 603 |
| Short term paper | 1,513 |
| Bank loans, overdrafts | 404 |
| Mortgage loans | 1,264 |
| **Total** | **27,445** |

The medium to long-term corporate debt issued by the various URW entities is cross guaranteed.
No loans are subject to prepayment clauses linked to the Group's ratings[63].

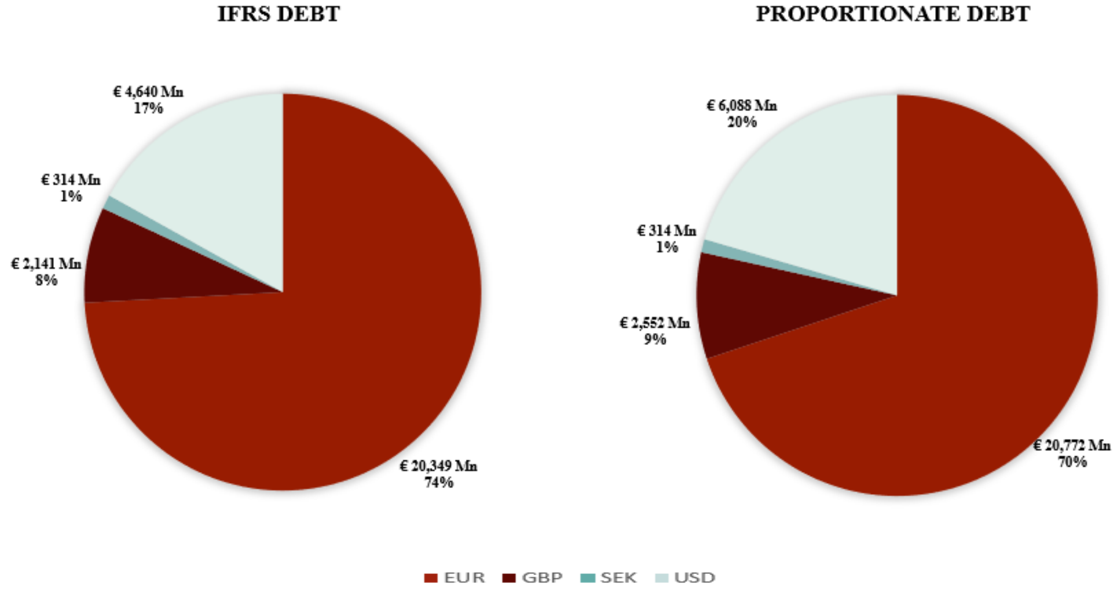
On a proportionate basis, the Group's gross financial debt stood at €29,726 Mn[64] and the net financial debt at €26,235 Mn, after taking into account the cash on-hand.

The Group's financing sources are as follows:




[62] Figures may not add up due to rounding.
[63] Barring exceptional circumstances (change in control).
[64] The sum of: (i) IFRS debt, and (ii) the Group's share of debt at joint-ventures accounted for using the equity method under IFRS, most of which is secured by assets held in joint-ventures (mainly in the US and the UK).

The split of the gross financial debt by currency is as follows:[65]




**€27,445 Mn** **€29,726 Mn**

**1.2. Funds Raised**

In H1-2020, despite the challenging market conditions, the Group secured additional liquidity and extended[66] its debt maturity, though at a higher cost, through the following public EMTN Bonds:

- On April 2, 2020:
  - ✓ €600 Mn with a 2.125% coupon and 5-year maturity;
  - ✓ €800 Mn with a 2.625% coupon and 10-year maturity;
- On June 22, 2020:
  - ✓ €750 Mn with a 2.0% coupon and 12-year maturity.

In total, €2,150 Mn of bonds were issued with a weighted average maturity of 9.3 years and a weighted average coupon of 2.27%.

In addition, a €100 Mn 1-year term loan was put in place with a yield of 0.49%.

URW also accessed the money markets by issuing short-term paper (Neu CP, Neu MTN and ECP). The average amount of short-term paper outstanding in H1-2020 was €1,142 Mn (€1,061 Mn on average in 2019).

In April 2020, the Group raised £600 Mn in European Commercial Paper (ECP) from the Bank of England as part of its CCFF programme with a maturity of 10 months and an average yield of 0.49%.

As at June 30, the total amount of undrawn credit lines came to €9,332 Mn (€9,195 Mn) and the cash on-hand came to €3,406 Mn (€489 Mn), which will be used to repay debt maturities coming due in the next 12 months. The undrawn credit lines include a $3,200 Mn (ca. €2,858 Mn) multi-currency revolving credit facility.

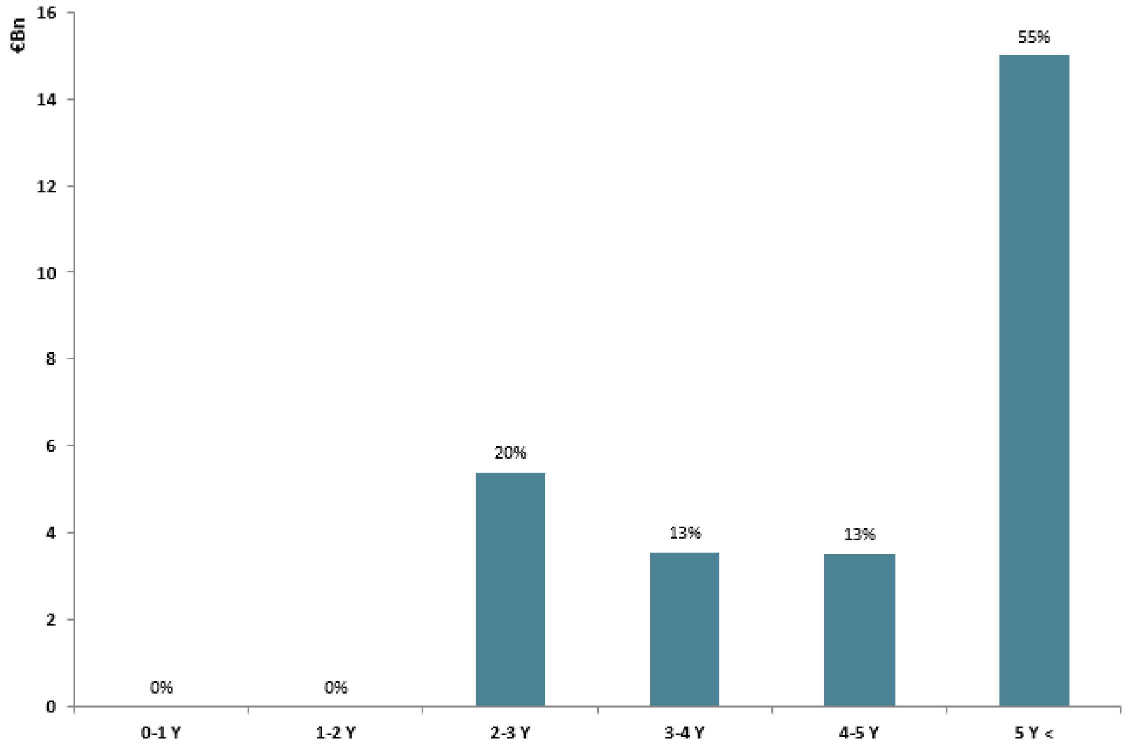
In order to ensure the Group had ample liquidity, URW in March drew down part of its credit lines for a total amount of €3.2 Bn. These drawdowns were repaid and these credit lines are available in full at the end of June 2020.

In addition, the Entity which acquired the five French assets raised a non-recourse mortgage loan of €1,010 Mn with a maturity of 7 years at a yield of 1.69%.

[65] Figures may not add up due to rounding.
[66] Taking into account the undrawn credit lines and cash on-hand.

### 1.3. Debt maturity

The following chart illustrates URW's gross financial debt as at June 30, after the allocation of the committed credit lines (including the undrawn part of the revolving loans), by maturity date and based on the residual life of its facilities.
100% of the debt had a maturity of more than two years as at June 30 (after taking into account undrawn credit lines).



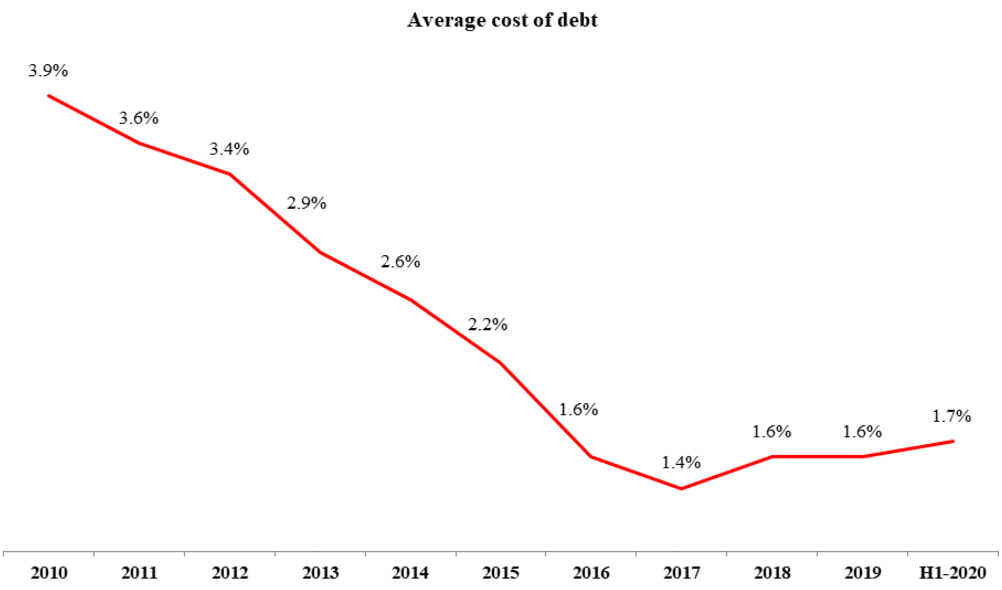

The average maturity of the Group's debt as at June 30, taking into account the undrawn credit lines and cash on-hand, stood at 8.5 years.

**<u>Liquidity needs</u>**

URW's debt repayment needs[67] for the next twelve months are covered by the available undrawn credit lines (€9,332 Mn) and cash on-hand (€3,406 Mn). The amount of bonds and bank loans outstanding as at June 30 and maturing or amortizing within one year is €3,344 Mn (including €3,209 Mn of bonds).

[67] Excluding Neu CP, Neu MTN and ECP maturing in 2020 (€1,513 Mn) and overdrafts (€3.7 Mn).

### 1.4. Average cost of Debt




The average cost of debt in H1-2020 was 1.7% (1.6%), representing the blended average cost of debt, of which an average of 1.1% for Euro and SEK denominated debt and an average of 3.6% for USD and GBP denominated debt.

This average cost of debt results from:

- The low coupon levels the Group achieved during the last years on its fixed rate debt;
- The level of margins on existing borrowings;
- The hedging instruments in place;
- The cost of carry of the undrawn credit lines;
- The cost of debt to finance the Westfield acquisition;
- Higher base rates in the US and the UK and debt issued by Westfield prior to completion of the acquisition.

## 2. Ratings

URW has solicited a rating from both Standard & Poor's (S&P) and Moody's.

Due to the expected impact of COVID-19 crisis on the Group, on March 27, 2020:
- Standard & Poor's downgraded URW's long-term rating from "A" to "A-"and short-term rating from "A-1" to "A-2", with a negative outlook.
- Moody's downgraded URW's long-term rating from "A2" to "A3", with a negative outlook.

On June 2, 2020, S&P published a bulletin on URW, without any rating action.
On June 15, 2020, Moody's announced the completion of their periodic review, without any rating action.

## 3. Market risk management

Market risks can generate losses resulting from fluctuations in interest rates, exchange rates, raw material prices and share prices. URW's risk mainly relates to interest rate fluctuations on the debt it has taken out to finance its investments and maintain the cash position it requires and exchange rate fluctuations due to the Group's activities in countries outside the Eurozone, in particular in the US and the UK. 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 shares 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.

URW's interest risk management policy aims to limit the impact of interest rate fluctuations on results, while minimizing the overall cost of debt. To achieve these objectives, the Group uses derivatives, mainly caps and swaps, to hedge its interest rate exposure through a macro hedging policy.

URW's exchange rate policy objective is to have an LTV ratio that is broadly consistent[68] currency by currency. Thus, the Group raises debt in local currency, uses derivatives and buys or sells foreign currencies at spot or forward rates.
Due to its use of derivatives, 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. The Group implemented IFRS 13 for the mark-to-market calculations of its derivative transactions.

| *In millions** | **Euros[69]** | **USD** | **GBP** | **Total eq. EUR** |
|---|---|---|---|---|
| **Assets[70]** | **40,468** | **15,273** | **3,465** | **57,905** |
| **Net Financial Debt** | **18,002** | **5,159** | **1,305** | **24,039** |
| **LTV [71]** | **44.5%** | **33.8%** | **37.7%** | **41.5%** |

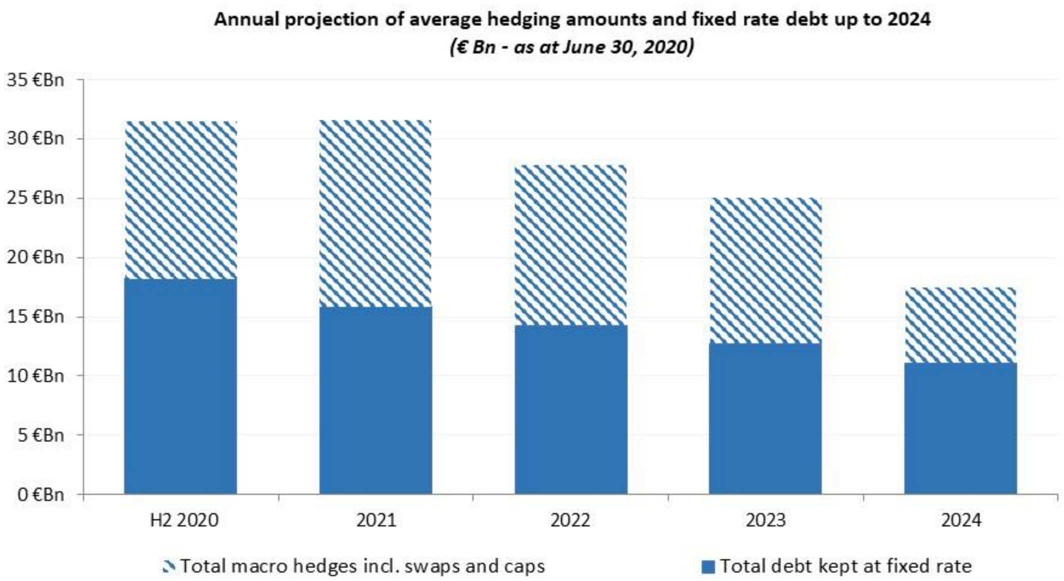
**In local currencies*

On a proportionate basis, the Group's LTV was 43.5%.

**3.1. Interest rate risk management**

The bonds issued in H1-2020 were kept at a fixed rate.

In total, the debt the Group expects to raise:
- Through 2021 is fully hedged; and
- In 2022, 2023 and 2024 is hedged at ca. 96%, 88% and 64%, respectively.




The graph above shows:
- The part of the debt kept at a fixed rate;
- The hedging instruments used to hedge the variable rate loans and fixed rate debt immediately converted into variable rate debt through the Group's macro hedging policy.

URW in general does not classify its financial hedging instruments as cash flow hedges. As a result, any fair value changes in these instruments are recognized in the Group's income statement.

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[68] On a proportionate basis.
[69] Including SEK.
[70] Including transfer taxes and excluding €1,365 Mn of goodwill not justified by fee business.
[71] The LTV per currency, on a proportionate basis, is 44.9%, 39.8%, 42.7% in EUR, USD and GBP, respectively.

**Measuring interest rate exposure**

The interest cost of outstanding debt was fully hedged as at June 30, through both:

- Debt kept at a fixed rate; and
- Hedging in place as part of URW's macro hedging policy.

Based on the estimated average proportionate debt position of URW in H2-2020, if interest rates (Euribor, Libor, Stibor or Pribor) were to rise by an average of +50 bps[72] during the half, the estimated positive impact on financial expenses would be +€2.9 Mn, increasing the 2020 recurring net result by a broadly similar amount:

- Euro financial expenses would decrease by +€6.6 Mn;
- Dollar financial expenses would increase by -$2.9 Mn (-€2.6 Mn);
- Sterling financial expenses would increase by -£0.9 Mn (-€1.1 Mn).

An additional +50 bps would decrease financial expenses by a further +€5.4 Mn.

In total, a +100 bps increase in interest rates during H2-2020 would have a net positive impact on financial expenses of +€8.3Mn.

A -50 bps drop in interest rates would have a positive impact on the financial expenses of +€24.7 Mn, increasing the recurring net profit in H2-2020 by a broadly equivalent amount:

- Euro financial expenses would decrease by +€21.1 Mn;
- Dollar financial expenses would decrease by +$2.9 Mn (+€2.6 Mn);
- Sterling financial expenses would decrease by +£0.9 Mn (+€1.1 Mn).

**3.2. Foreign exchange risk management**

The Group is active in countries outside the Eurozone. When converted into euros, the income and value of the Group's investments 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 the Group's balance sheet 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 the actual building contract.

*Measure of exposure to foreign exchange risks (€ Mn)*[73]

| Currency | Assets | Liabilities | Net exposure | Hedging Instruments | Exposure net of hedges |
|---|---|---|---|---|---|
| **USD** | 13,437 | -5,908 | 7,528 | 625 | 8,153 |
| **GBP** | 3,331 | -1,267 | 2,064 | -607 | 1,457 |
| **SEK** | 2,675 | -576 | 2,099 | -77 | 2,022 |
| **Others** | 695 | -753 | -58 | 465 | 407 |
| **Total** | **20,138** | **-8,504** | **11,633** | **406** | **12,039** |

The main exposures kept are in USD, GBP and SEK. A change of 10% of EUR/USD, EUR/GBP or EUR/SEK (i.e. a +10% increase of EUR against the USD, GBP or SEK in H2-2020) would have an impact on shareholders' equity and on the recurring net result as follows:

| € Mn | Impact on | |
|---|---|---|
| | **Shareholder's Equity** | **Recurring Result** |
| +10% in EUR/USD | -741.2 | -4.8 |
| +10% in EUR/GBP | -132.5 | -4.3 |
| +10% in EUR/SEK | -183.8 | -3.8 |

[72] 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 June 30, 2020: 3m Euribor (-0.422%), 3m USD Libor (0.3020%) and 3m GBP Libor (0.1409%).
[73] Liabilities include, but are not limited to, the debt raised in the given currencies and deferred tax liabilities.

However, the impact on the recurring result (or conversely a positive impact in case of a decrease of EUR vs. these currencies) would be fully offset by the FX hedging that the Group has put in place against EUR/USD, EUR/GBP, EUR/SEK fluctuations.

As at June 30, 2020, the SEK1,750 Mn credit line signed in December 2017 and the $3,200 Mn revolving credit facility signed in June 2018 are undrawn.

## 4. Financial structure

As at June 30, 2020, the Gross Market Value of the Group's assets was €57,905 Mn (€60,350 Mn on a proportionate basis).

**Debt ratio**

The LTV ratio was 41.5%[74] (38.6%).

Out of the total Group's €6.0 Bn disposal plan announced in February 2019, €4.8 Bn or 80% has been completed.

**Interest coverage ratio**

The ICR for the period stood at 4.2x[75] (5.7x).

| Financial ratios | June 30, 2020 | December 31, 2019 |
|---|---|---|
| **LTV** | **41.5%** | **38.6%** |
| **ICR** | **4.2x** | **5.7x** |

These ratios show ample headroom vis-à-vis the unsecured credit facility covenants usually set at:

- In Europe:
  - a maximum LTV of 60%;
  - a minimum ICR of 2x.
- In the US:
  - a maximum LTV of 65%;
  - a minimum ICR of 1.5x;
  - a maximum of 50% for the Secured debt ratio;[76]
  - a minimum of 1.5x for the Unencumbered leveraged ratio.[77]

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

As at June 30, 2020, 94% of the Group's credit facilities allowed an LTV of up to 60% for the Group or the borrowing entity, as the case may be. There are no financial covenants (such as loan-to-value or interest coverage ratios) in the Neu MTN, the Neu CP, the ECP and the USCP programs of URW.

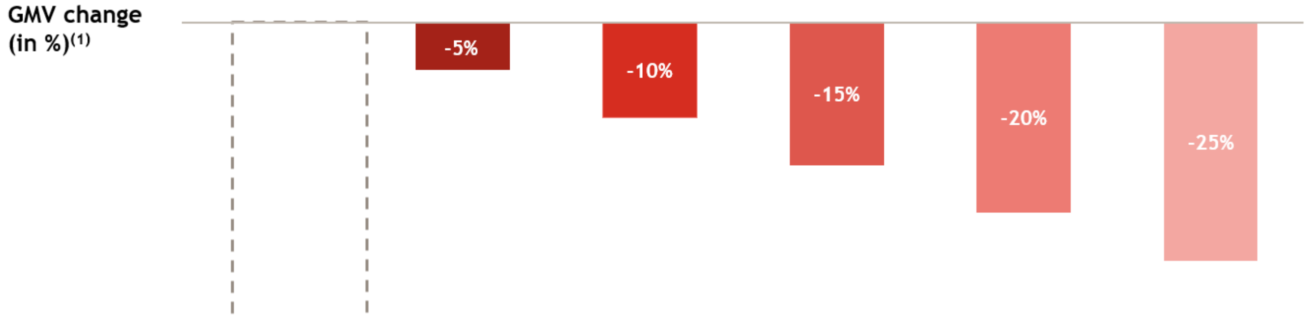
The US dollar bond indentures (Rule 144A and Reg S bonds) contain financial covenants based on the Group's financial statements:

- a maximum LTV of 65%;
- a minimum ICR of 1.5x;
- a maximum of 45% for the Secured debt ratio;
- a minimum of 1.25x for the Unencumbered leveraged ratio.

[74] Excluding €1,365 Mn of goodwill not justified by fee business as per the Group's European leverage covenants. The proportionate LTV ratio was 43.5%.
[75] Proportionate ICR: 3.7x.
[76] The secured debt ratio (Secured debt/Total assets) was 2.0% as at June 30, 2020.
[77] The unencumbered leverage ratio (unencumbered assets/unsecured debt) was 1.9x as at June 30, 2020.

## Portfolio[1] valuation evolution and headroom under European credit facility covenants

The table below demonstrates the headroom of the Group under its strictest debt covenants. Should, from June 30, 2020, the values of the Group's Retail and Convention & Exhibition assets decline by the illustrative percentages shown below, URW retains ample headroom under its LTV covenant.




| | | | | | | |
|---|---|---|---|---|---|---|
| GMV impact | €0 Bn | -€3 Bn | -€5 Bn | -€8 Bn | -€11 Bn | -€13 Bn |
| LTV | 41.5% | 43.5% | 45.8% | 48.2% | 51.0% | 54.1% |
| Implied Δ NIY[2] | 0 bps | +26 bps | +54 bps | +87 bps | +124 bps | +167 bps |
| Remaining headroom[3] | €18 Bn | €15 Bn | €12 Bn | €10 Bn | €7 Bn | €4 Bn |

(1) Applied to Shopping Centres, Convention & Exhibition and Services.
(2) Shopping centres only.
(3) Remaining headroom before reaching an IFRS LTV of 60% (typical covenant level).

As a result of the COVID-19 pandemic, debt service payments on certain mortgage loans ($271 Mn on a proportionate basis) on some regional US assets have not been made. The Group is in discussions with the servicers of these loans. These are not expected to have a material adverse effect on the Group's finances.

## 5. LTV reconciliation with the Balance Sheet (B/S)

### a) Under IFRS:

| € Mn | June 30, 2020 IFRS | Dec. 31, 2019 IFRS | June 30, 2019 IFRS |
|---|---|---|---|
| **Amounts accounted for in B/S** | **57,173.3** | **62,282.7** | **62,454.8** |
| Investment properties at fair value | 42,591.0 | 44,589.9 | 46,116.0 |
| Investment properties at cost | 1,237.6 | 1,143.3 | 1,182.6 |
| Shares and investments in companies accounted for using the equity method | 9,907.4 | 10,194.6 | 10,058.3 |
| Other tangible assets | 330.5 | 344.5 | 352.9 |
| Goodwill | 2,119.4 | 2,878.4 | 2,846.1 |
| Intangible assets | 922.8 | 984.4 | 1,071.4 |
| Properties or shares held for sale | 64.6 | 2,147.6 | 827.5 |
| **Adjustments** | **731.5** | **479.7** | **64.3** |
| Transfer taxes | 1,956.5 | 2,189.9 | 2,206.6 |
| Goodwill not justified by fee business (1) | -1,364.8 | -2,039.3 | -2,023.4 |
| Revaluation intangible and operating assets | 946.5 | 1,234.0 | 718.7 |
| IFRS adjustments, including | -806.7 | -905.0 | -837.6 |
| *Financial leases* | *-848.4* | *-848.1* | *-845.5* |
| *Other* | *41.7* | *-56.9* | *7.9* |
| **Total assets, including Transfer Taxes (=A)** | **57,904.8** | **62,762.4** | **62,519.1** |
| **Total assets, excluding Transfer Taxes (=B)** | **55,948.3** | **60,572.4** | **60,312.5** |
| **Amounts accounted for in B/S** | | | |
| Net share settled bonds convertible into new and/or existing shares (ORNANE) | 488.1 | 602.1 | 600.9 |
| Non current bonds and borrowings | 23,354.4 | 22,931.6 | 22,446.6 |
| Current borrowings and amounts due to credit institutions | 4,956.5 | 2,557.4 | 3,547.5 |
| **Total financial liabilities** | **28,799.0** | **26,091.0** | **26,595.0** |
| **Adjustments** | | | |
| Mark-to-market of debt | 28.4 | 18.1 | 20.1 |
| Current accounts with non-controlling interests | -1,342.1 | -1,307.9 | -1,319.5 |
| Impact of derivative instruments on debt raised in foreign currency | -59.8 | -8.4 | -26.0 |
| Accrued interest / issue fees | 19.6 | -65.1 | -5.2 |
| **Total financial liabilities (nominal value)** | **27,445.1** | **24,727.8** | **25,264.5** |
| Cash & cash equivalents | -3,405.7 | -488.8 | -1,303.9 |
| **Net financial debt (=C)** | **24,039.4** | **24,239.0** | **23,960.6** |

| | | | |
|---|---|---|---|
| **LTV ratio including Transfer Taxes (=C/A)** | **41.5%** | **38.6%** | **38.3%** |
| **LTV ratio excluding Transfer Taxes (=C/B)** | **43.0%** | **40.0%** | **39.7%** |

(1) Adjustment of goodwill according to bank covenants.

Figures may not add up due to rounding.

### b) On a proportionate basis:

| € Mn | June 30, 2020 Proportionate | Dec. 31, 2019 Proportionate | June 30, 2019 Proportionate |
|---|---|---|---|
| **Amounts accounted for in B/S** | **59,401.0** | **64,619.1** | **64,715.6** |
| Investment properties at fair value | 53,249.1 | 56,002.4 | 57,274.6 |
| Investment properties at cost | 1,314.7 | 1,222.3 | 1,268.0 |
| Shares and investments in companies accounted for using the equity method | 1,308.5 | 948.0 | 983.8 |
| Other tangible assets | 331.4 | 345.5 | 353.8 |
| Goodwill | 2,209.9 | 2,968.9 | 2,936.5 |
| Intangible assets | 922.8 | 984.4 | 1,071.4 |
| Properties or shares held for sale | 64.6 | 2,147.6 | 827.5 |
| **Adjustments** | **949.3** | **722.3** | **251.4** |
| Transfer taxes | 2,214.2 | 2,472.8 | 2,478.2 |
| Goodwill not justified by fee business (1) | -1,455.3 | -2,129.8 | -2,113.9 |
| Revaluation intangible and operating assets | 945.6 | 1,233.0 | 717.8 |
| IFRS adjustments, including | -755.2 | -853.7 | -830.7 |
| *Financial leases* | *-857.7* | *-857.4* | *-854.7* |
| *Other* | *102.5* | *3.7* | *24.0* |
| **Total assets, including Transfer Taxes (=A)** | **60,350.3** | **65,341.4** | **64,967.0** |
| **Total assets, excluding Transfer Taxes (=B)** | **58,136.1** | **62,868.6** | **62,488.8** |
| **Amounts accounted for in B/S** | | | |
| Net share settled bonds convertible into new and/or existing shares (ORNANE) | 488.1 | 602.1 | 600.9 |
| Non current bonds and borrowings | 25,337.7 | 25,159.5 | 24,078.6 |
| Current borrowings and amounts due to credit institutions | 5,241.4 | 2,620.0 | 4,140.3 |
| **Total financial liabilities** | **31,067.2** | **28,381.7** | **28,819.9** |
| **Adjustments** | | | |
| Mark-to-market of debt | 45.5 | 36.4 | 38.2 |
| Current accounts with non-controlling interests | -1,342.1 | -1,307.9 | -1,319.4 |
| Impact of derivative instruments on debt raised in foreign currency | -59.8 | -8.4 | -26.0 |
| Accrued interest / issue fees | 15.1 | -67.5 | -13.3 |
| **Total financial liabilities (nominal value)** | **29,725.9** | **27,034.3** | **27,499.4** |
| Cash & cash equivalents | -3,491.2 | -594.3 | -1,395.9 |
| **Net financial debt (=C)** | **26,234.7** | **26,440.0** | **26,103.5** |

| | | | |
|---|---|---|---|
| **LTV ratio including Transfer Taxes (=C/A)** | **43.5%** | **40.5%** | **40.2%** |
| **LTV ratio excluding Transfer Taxes (=C/B)** | **45.1%** | **42.1%** | **41.8%** |

(1) Adjustment of goodwill according to bank covenants.

Figures may not add up due to rounding.

## 6. EPRA PERFORMANCE MEASURES

In compliance with the EPRA[78] Best Practices Recommendations[79], URW summarises the Key Performance measures of H1-2020, H1-2019 and 2019 below.

### 1. EPRA earnings

EPRA earnings are defined as “recurring earnings from core operational activities” and are equal to the Group’s definition of recurring earnings.

#### a) Synthesis

| | | H1-2020 | H1-2019 | 2019 |
|---|---|---|---|---|
| EPRA Earnings | € Mn | 667.5 | 916.5 | 1,759.7 |
| EPRA Earnings / share | € / share | 4.82 | 6.63 | 12.72 |
| Growth EPRA Earnings / share | % | -27.2% | 0.2% | -3.3% |

#### b) Bridge between Earnings per IFRS Statement of income and EPRA Recurring Earnings

| Recurring Earnings per share | H1-2020 IFRS | H1-2019 IFRS | 2019 IFRS |
|---|---|---|---|
| **Net Result of the period attributable to the holders of the Stapled Shares (€ Mn)** | **-3,525.9** | **1,174.7** | **1,103.3** |
| ***Adjustments to calculate EPRA Recurring Earnings, exclude:*** | | | |
| (i) Changes in value of investment properties, development properties held for investment and other interests | (2,207.5) | (367.2) | (1,102.4) |
| (ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests | (46.4) | 20.9 | 68.6 |
| (iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties | | | |
| (iv) Tax on profits or losses on disposals | 0.0 | (210.1) | (210.1) |
| (v) Negative goodwill / goodwill impairment | (736.4) | (3.5) | (7.1) |
| (vi) Changes in fair value of financial instruments and associated close-out costs | (680.3) | (214.8) | (351.8) |
| (vii) Acquisition costs on share deals and non-controlling joint venture interests | (21.5) | (15.5) | (45.8) |
| (viii) Deferred tax in respect of EPRA adjustments | 167.5 | 1,297.0 | 1,324.9 |
| (ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation) | (922.4) | (349.4) | (533.4) |
| (x) Non-controlling interests in respect of the above | 253.6 | 101.0 | 200.7 |
| **EPRA Recurring Earnings** | **667.5** | **916.5** | **1,759.7** |
| | | | |
| Average number of shares and ORA | 138,401,778 | 138,329,747 | 138,354,383 |
| **EPRA Recurring Earnings per Share (REPS)** | **4.82 €** | **6.63 €** | **12.72 €** |
| **EPRA Recurring Earnings per Share growth** | **-27.2%** | **0.2%** | **-3.3%** |

Figures may not add up due to rounding.

[78] EPRA: European Public Real estate Association.
[79] Best Practices Recommendations. See www.epra.com

## 2. EPRA NRV, NTA and NDV:

For a more detailed description of the EPRA NRV, NTA and NDV new metrics, please see the "*Property portfolio and Net Asset Value*" section, included in this report.

### a) Synthesis

| EPRA BPR - October 2019 | | June 30, 2020 | Dec. 31, 2019 | Change |
|---|---|---|---|---|
| EPRA NRV | € / share | 197.00 | 228.80 | -13.9% |
| EPRA NTA | € / share | 153.90 | 177.60 | -13.3% |
| EPRA NDV | € / share | 145.50 | 159.50 | -8.8% |

### b) Detailed calculations as at December 31, 2019

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Current measures | | | Previously reported measures | |
| | EPRA NRV | EPRA NTA | EPRA NDV | EPRA NAV | EPRA NNNAV |
| **Equity attributable to the holders of the Stapled Shares (IFRS)** | **25,951** | **25,951** | **25,951** | **25,951** | **25,951** |
| *Include / Exclude*:* | | | | | |
| i) Hybrid instruments | - | - | - | - | - |
| **Diluted NAV** | **25,951** | **25,951** | **25,951** | **25,951** | **25,951** |
| *Include*:* | | | | | |
| ii.a) Revaluation of IP (if IAS 40 cost option is used) | 53 | 53 | 53 | 53 | 53 |
| ii.b) Revaluation of IPUC[1] (if IAS 40 cost option is used) | 0 | 0 | 0 | 0 | 0 |
| ii.c) Revaluation of other non-current investments [2] | 0 | 0 | 0 | 0 | 0 |
| iii) Revaluation of tenant leases held as finance leases [3] | 0 | 0 | 0 | 0 | 0 |
| iv) Revaluation of trading properties [4] | 0 | 0 | 0 | 0 | 0 |
| **Diluted NAV at Fair Value** | **26,004** | **26,004** | **26,004** | **26,004** | **26,004** |
| *Exclude*:* | | | | | |
| v) Deferred tax in relation to fair value gains of IP[5] detailled below: | | | | | |
| v.a) Reversal of deferred taxes on Balance sheet | 2,295 | 2,295 | - | 2,295 | 2,295 |
| v.b) Effective deferred taxes on capital gains | - | -1,004 | - | - | -1,004 |
| vi) Fair value of financial instruments | 547 | 547 | - | 547 | - |
| vii) Goodwill as a result of deferred tax | -241 | -241 | -241 | -241 | -241 |
| viii.a) Goodwill as per the IFRS balance sheet (net of vii)) | - | -2,637 | -2,637 | - | - |
| viii.b) Intangibles as per the IFRS balance sheet | - | -984 | - | - | - |
| *Include*:* | | | | | |
| ix) Fair value of fixed interest rate debt | - | - | -1,022 | - | -1,022 |
| x) Revaluation of intangibles to fair value | 952 | - | - | 952 | 952 |
| xi) Real estate transfer tax[6] | 2,156 | 627 | - | - | 627 |
| **NAV** | **31,712** | **24,606** | **22,103** | **29,556** | **27,611** |
| Fully diluted number of shares | 138,577,341 | 138,577,341 | 138,577,341 | 138,577,341 | 138,577,341 |
| **NAV per share** | **€228.80** | **€177.60** | **€159.50** | **€213.30** | **€199.20** |

Figures may not add up due to rounding.

1 Difference between development property held on the balance sheet at cost and fair value of that development property.

2 Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.

3 Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.

4 Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.

5 Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.

6 Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted.

* "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

### c) Detailed calculations as at June 30, 2020

| | June 30, 2020 | | |
|---|---|---|---|
| | **EPRA NRV** | **EPRA NTA** | **EPRA NDV** |
| **Equity attributable to the holders of the Stapled Shares (IFRS)** | **21,539** | **21,539** | **21,539** |
| *Include / Exclude*:* | | | |
| i) Hybrid instruments | - | - | - |
| **Diluted NAV** | **21,539** | **21,539** | **21,539** |
| *Include*:* | | | |
| ii.a) Revaluation of IP (if IAS 40 cost option is used) | 54 | 54 | 54 |
| ii.b) Revaluation of IPUC(1) (if IAS 40 cost option is used) | 0 | 0 | 0 |
| ii.c) Revaluation of other non-current investments (2) | 0 | 0 | 0 |
| iii) Revaluation of tenant leases held as finance leases (3) | 0 | 0 | 0 |
| iv) Revaluation of trading properties (4) | 0 | 0 | 0 |
| **Diluted NAV at Fair Value** | **21,593** | **21,593** | **21,593** |
| *Exclude*:* | | | |
| v) Deferred tax in relation to fair value gains of IP(5) detailled below: | | | |
| v.a) Reversal of deferred taxes on Balance sheet | 2,156 | 2,156 | - |
| v.b) Effective deferred taxes on capital gains | - | - 1,078 | - |
| vi) Fair value of financial instruments | 1,154 | 1,154 | - |
| vii) Goodwill as a result of deferred tax | - 205 | - 205 | - 205 |
| viii.a) Goodwill as per the IFRS balance sheet (net of vii)) | - | - 1,914 | - 1,914 |
| viii.b) Intangibles as per the IFRS balance sheet | - | - 923 | - |
| *Include*:* | | | |
| ix) Fair value of fixed interest rate debt | - | - | 730 |
| x) Revaluation of intangibles to fair value | 703 | - | - |
| xi) Real estate transfer tax(6) | 1,962 | 597 | - |
| **NAV** | **27,362** | **21,379** | **20,203** |
| Fully diluted number of shares | 138,882,932 | 138,882,932 | 138,882,932 |
| **NAV per share** | **€197.00** | **€153.90** | **€145.50** |

Figures may not add up due to rounding.

1 Difference between development property held on the balance sheet at cost and fair value of that development property.

2 Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.

3 Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.

4 Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.

5 Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.

6 Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted.

* "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

### 3. EPRA Net Initial Yields

The following table provides the Group yields according to the EPRA Net Initial Yield definitions per segment for URW's Net Initial Yields:

#### a) Synthesis

| | June 30, 2020 | | Dec. 31, 2019 | |
|---|---|---|---|---|
| | Retail [(3)] | Offices & Others [(3)] | Retail [(3)] | Offices & Others [(3)] |
| **Unibail-Rodamco-Westfield yields** | **4.4%** | **5.2%** | **4.3%** | **5.5%** |
| Effect of vacant units | | -0.5% | | -0.6% |
| Effect of EPRA adjustments on NRI | 0.1% | 0.0% | 0.1% | 0.0% |
| Effect of estimated transfer taxes and transaction costs | -0.1% | -0.2% | -0.1% | -0.2% |
| **EPRA topped-up yields [(1)]** | **4.4%** | **4.6%** | **4.3%** | **4.8%** |
| Effect of lease incentives | -0.2% | -1.1% | -0.1% | -1.2% |
| **EPRA Net Initial Yields [(2)]** | **4.2%** | **3.5%** | **4.2%** | **3.6%** |

Figures may not add up due to rounding.

**Notes:**
1) EPRA topped-up yield: EPRA Net Initial Yield adjusted in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
2) EPRA Net Initial Yield: 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.
3) Assets under development or not controlled by URW, the trademark and the airport activities are not included in the calculation.

#### b) Detailed calculation

| | | June 30, 2020 | | Dec. 31, 2019 | |
|---|---|---|---|---|---|
| | | Shopping Centres [(1)] | Offices & Others [(1)] | Shopping Centres [(1)] | Offices & Others [(1)] |
| EPRA topped-up NRI (A) | € Mn | 2,072 | 110 | 2,214 | 115 |
| Valuation including transfer taxes (B) | € Mn | 47,224 | 2,414 | 51,578 | 2,420 |
| **EPRA topped-up yields (A/B)** | **%** | **4.4%** | **4.6%** | **4.3%** | **4.8%** |
| EPRA NRI (C) | € Mn | 1,968 | 84 | 2,161 | 86 |
| Valuation including transfer taxes (B) | € Mn | 47,224 | 2,414 | 51,578 | 2,420 |
| **EPRA Net Initial Yields (C/B)** | **%** | **4.2%** | **3.5%** | **4.2%** | **3.6%** |

**Note:**
1) Assets under development or not controlled by URW, the trademark and the airport activities are not included in the calculation.

### 4. EPRA Vacancy rate

The EPRA vacancy rate is defined as the ERV of vacant spaces divided by the ERV of total space (let plus vacant).

**a) Synthesis**

| EPRA Vacancy Rate - total URW | June 30, 2020 | Dec. 31, 2019 | June 30, 2019 |
|---|---|---|---|
| Estimated Rental Value of vacant space (A) | 234.7 | 185.7 | 245.4 |
| Estimated Rental Value of the whole portfolio (B) | 3,312.0 | 3,357.4 | 3,540.6 |
| **EPRA Vacancy rate (A/B)** | **7.1%** | **5.5%** | **6.9%** |

**b) Detail per region**

| EPRA Vacancy Rate - per region | June 30, 2020 | Dec. 31, 2019 | June 30, 2019 |
|---|---|---|---|
| **Shopping Centres - Continental Europe** | | | |
| France | 3.2% | 2.6% | 3.0% |
| Central Europe | 3.1% | 1.3% | 1.3% |
| Spain | 4.1% | 0.7% | 1.1% |
| Nordics | 6.9% | 3.3% | 4.5% |
| Austria | 2.0% | 1.1% | 2.0% |
| Germany | 4.6% | 3.4% | 3.8% |
| The Netherlands | 8.1% | 8.2% | 6.3% |
| **Total Shopping Centres - Continental Europe** | **3.9%** | **2.5%** | **2.8%** |
| United Kingdom | 8.6% | 7.7% | 8.7% |
| **Total Shopping Centres - Europe** | **4.7%** | **3.4%** | **3.8%** |
| **Offices & Others** | | | |
| France | 8.2% | 8.5% | 17.2% |
| **Total Offices & Others - Continental Europe** | **8.7%** | **8.7%** | **15.6%** |
| United States - Shopping Centres | 10.1% | 9.1% | 11.2% |
| US Flagships | 9.3% | 7.7% | 10.2% |
| US Regionals | 12.3% | 12.7% | 13.7% |

## 5. EPRA Cost ratios

| EPRA references | | Proportionate | | |
|---|---|---|---|---|
| | | H1-2020 | H1-2019 | 2019 |
| | **Include:** | | | |
| (i-1) | General expenses | -112.2 | -86.3 | -202.3 |
| (i-2) | Development expenses | -0.7 | -0.9 | -17.4 |
| (i-3) | Operating expenses | -254.3 | -205.1 | -425.2 |
| (ii) | Net service charge costs/fees | -29.8 | -22.5 | -49.1 |
| (iii) | Management fees less actual/estimated profit element | 0.0 | 0.0 | 0.0 |
| (iv) | Other operating income/recharges intended to cover overhead expenses | 0.0 | 0.0 | 0.0 |
| (v) | Share of Joint Ventures expenses | -8.1 | -4.9 | -11.6 |
| | **Exclude (if part of the above):** | | | |
| (vi) | Investment Property Depreciation | 0.0 | 0.0 | 0.0 |
| (vii) | Ground rents costs | 0.0 | 0.0 | 0.0 |
| (viii) | Service charge costs recovered through rents but not separately invoiced | 127.8 | 131.4 | 271.6 |
| | **EPRA Costs (including direct vacancy costs) (A)** | **-277.3** | **-188.3** | **-434.1** |
| (ix) | Direct vacancy costs | -29.8 | -22.5 | -49.1 |
| | **EPRA Costs (excluding direct vacancy costs) (B)** | **-247.5** | **-165.8** | **-385.0** |
| | | | | |
| (x) | Gross Rental Income (GRI) less ground rents | 1,334.5 | 1,426.3 | 2,871.7 |
| (xi) | Less: service fee and service charge costs component of GRI (if relevant) | -127.8 | -131.4 | -271.6 |
| (xii) | Add Share of Joint Ventures (Gross Rental Income less ground rents) | 41.2 | 40.4 | 82.5 |
| | **Gross Rental Income (C)** | **1,247.9** | **1,335.2** | **2,682.6** |
| | | | | |
| | **EPRA Cost Ratio (including direct vacancy costs) (A/C)** | **22.2%** | **14.1%** | **16.2%** |
| | **EPRA Cost Ratio (excluding direct vacancy costs) (B/C)** | **19.8%** | **12.4%** | **14.4%** |

Figures may not add up due to rounding.

**Notes:**

1) The calculation is based on the EPRA recommendations and is applied on Shopping Centres and Offices & Others sectors.

2) Including letting fees in H1-2019 and 2019, the EPRA Cost ratio (including direct vacancy costs) would be 16.3% and 18.7%, respectively, and the EPRA Cost ratio (excluding direct vacancy costs) would be 14.6% and 16.8%, respectively.

## 6. Capital Expenditure

| in € Mn | Proportionate | | | | | |
|---|---|---|---|---|---|---|
| | H1-2020 | | H1-2019 | | 2019 | |
| | 100% | Group share | 100% | Group share | 100% | Group share |
| Acquisitions (1) | 14.0 | 14.0 | 15.2 | 16.0 | -4.5 | 3.7 |
| Development (2) | 340.4 | 329.7 | 464.8 | 444.6 | 863.1 | 826.3 |
| Like-for-like portfolio (3) | 148.2 | 130.6 | 221.8 | 182.2 | 633.3 | 542.2 |
| Other (4) | 58.1 | 54.0 | 106.1 | 94.7 | 218.8 | 198.6 |
| **Total Capital Expenditures** | **560.8** | **528.3** | **807.9** | **737.5** | **1,710.8** | **1,570.9** |
| Conversion from accruals to cash basis | 116.7 | 100.0 | -0.6 | -0.7 | -7.1 | -39.0 |
| **Total Capital Expenditures on cash basis** | **677.5** | **628.4** | **807.3** | **736.8** | **1,703.7** | **1,531.9** |

Figures may not add up due to rounding.

**Notes:**

1) In H1-2020, includes mainly the acquisitions in France (Rennes Alma and units in Tour Rosny).
2) In H1-2020, includes mainly the capital expenditures related to investments in the La Part-Dieu, Westfield Mall of the Netherlands and Les Ateliers Gaîté extension projects and to the Westfield Hamburg and Trinity new development projects.
3) In H1-2020, includes mainly the capital expenditures related to Westfield Les 4 Temps, Westfield London and Shopping City Süd. Capital expenditure on the like-for-like portfolio includes capital expenditure spent on extension and works on standing assets. In H1-2020, URW spent €37.4 Mn on replacement capex, Group share. The fitting out contributions paid to tenants amounted to €22.6 Mn in H1-2020.
4) Includes eviction costs and tenant incentives, external letting fees (internal letting fees are now included in Administrative expenses), capitalized interest relating to projects referenced above and other capitalized expenses of €5.5 Mn, €6.4 Mn, €31.4 Mn and €10.7 Mn in 2019, respectively (amounts in Group share).

## 7. GLOSSARY

**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 12-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.

**EBITDA-Viparis**: "Net rental income" and "On site property services operating result" + "Recurring contribution of affiliates" of Viparis venues.

**EPRA Net Reinstatement Value ("NRV")**: assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

**EPRA Net Tangible Assets ("NTA")**: assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax.

**EPRA Net Disposal Value ("NDV")**: represents the shareholder's value under a disposal scenario, where deferred tax, financial instruments and other certain adjustments are calculated to the full extent of their liability, net of any resulting tax.

**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.

**EPRA topped-up yield**: EPRA Net Initial Yield adjusted in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

**EPRA vacancy rate**: Estimated Rental Value (ERV) of vacant spaces divided by ERV of total surfaces.

**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 and the UK.

**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.

**NNNAV (triple net asset value)**: corresponds to the former EPRA NNNAV.

**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 straight-line adjustments.

**Non-recurring activities**: 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, amortization of fair value of assets and liabilities recorded for the purpose of purchase price allocation, 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. Primark sales are estimates.

**ORNANE (Obligations Convertibles ou Échangeables en Actions Nouvelles ou Existantes)**: net share settled bonds convertible into 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.

**SIIC**: Société d'Investissement Immobilier Cotée (in France).

**Specialty tenant**: specialty stores <10k sq. ft. (ca. 929 sqm).

**Tenant sales**: performance in URW's shopping centres (excluding The Netherlands) in operation, including extensions of existing assets, but 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.