CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

On October 30, 2020, the Management Board approved the condensed consolidated interim financial statements of Unibail-Rodamco-Westfield SE for the nine month period ended September 30, 2020, and authorised their publication.

These condensed consolidated interim financial statements for the 9 month period ended September 30, 2020 have been established for the needs for the capital raise, part of the RESET plan, described in Note 1.3.

URW has not prepared comparative data for the nine months ended September 30, 2019 for the Consolidated interim statement of comprehensive income and the Consolidated interim statement of cash flows. As a consequence, the information presented as comparative data for the Consolidated interim statement of comprehensive income and the Consolidated interim statement of cash flows are not compliant with IAS 34.

The comparative Consolidated interim statement of comprehensive income and the Consolidated interim statement of cash flows, and the related notes, are related to the 12 month period ended December 31, 2019.

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

Consolidated interim statement of comprehensive income

Consolidated statement of comprehensive income (YTD in €Mn)	**Notes**	**Jan. - Sept. 2020**	**2019**
Gross rental income	4.1	1,558.0	2,417.6
Ground rents paid		*(16.2)*	*(14.5)*
Service charge income		*279.8*	*376.6*
Service charge expenses		*(310.4)*	*(413.5)*
Property operating expenses		*(284.0)*	*(380.9)*
Operating expenses and net service charges		(330.8)	(432.3)
Net rental income		**1,227.1**	**1,985.2**
Property development and project management revenue		212.8	276.6
Property development and project management costs		(187.8)	(235.2)
Net property development and project management income	**4.1**	**25.0**	**41.3**
Property services and other activities revenues		137.2	310.1
Property services and other activities expenses		(137.3)	(211.4)
Net property services and other activities income		**(0.1)**	**98.7**
Share of the result of companies accounted for using the equity method	6.2	(963.4)	(77.9)
Income on financial assets	6.2	18.9	32.2
Contribution of companies accounted for using the equity method		**(944.5)**	**(45.7)**
Corporate expenses		(143.4)	(191.5)
Development expenses		(1.0)	(17.4)
Depreciation of other tangible assets		(1.6)	(2.0)
Administrative expenses		**(146.0)**	**(210.9)**
Acquisition and related costs	**4.3.3**	**(22.4)**	**(45.8)**
Proceeds from disposal of investment properties		651.4	1,180.2
Carrying value of investment properties sold		(705.1)	(1,111.7)
Result on disposal of investment properties (1)	**3.1**	**(53.7)**	**68.5**
Valuation gains on assets		45.6	924.0
Valuation losses on assets		(3,356.2)	(2,026.4)
Valuation movements on assets	**5.4**	**(3,310.6)**	**(1,102.4)**
Impairment of goodwill	**5.3**	**(1,456.1)**	**(7.1)**
NET OPERATING RESULT		**(4,681.3)**	**781.8**
Result from non-consolidated companies		1.1	1.7
Financial income		*186.1*	*278.3*
Financial expenses		*(514.6)*	*(670.0)*
Net financing costs	7.1.1	(328.5)	(391.7)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	7.1.2	6.0	(7.6)
Fair value adjustments of derivatives, debt and currency effect	7.1.2	(646.2)	(343.5)
Debt discounting		-	(0.7)
RESULT BEFORE TAX		**(5,648.9)**	**40.1**
Income tax expenses	8	194.5	1,065.4
NET RESULT FOR THE PERIOD		**(5,454.3)**	**1,105.5**
Net result for the period attributable to:			
- The holders of the Stapled Shares		(5,156.9)	1,103.3
- External non-controlling interests	3.2	(297.4)	2.2
NET RESULT FOR THE PERIOD		**(5,454.3)**	**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		(4,233.5)	1,052.1
- Unibail-Rodamco-Westfield N.V. members		(923.4)	51.2
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES		**(5,156.9)**	**1,103.3**

Average number of shares (undiluted)	11.1	138,425,485	138,350,731
Net result for the period (Holders of the Stapled Shares)		(5,156.9)	1,103.3
Net result for the period per share (Holders of the Stapled Shares) (€)		**(37.25)**	**7.97**

Net result for the period restated (Holders of the Stapled Shares) (2)		(5,162.9)	1,110.9
Average number of shares (diluted)	11.1	140,664,650	140,466,405
Diluted net result per share (Holders of the Stapled Shares) (€)		**(36.70)**	**7.91**

NET COMPREHENSIVE INCOME (€Mn)	**Notes**	**Jan. - Sept. 2020**	**2019**
NET RESULT FOR THE PERIOD		**(5,454.3)**	**1,105.5**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries		(457.3)	198.5
Other comprehensive income that may be subsequently recycled to profit or loss		**(457.3)**	**198.5**
Employee benefits		-	(0.9)
Fair Value of Financial assets		(15.1)	3.4
Other comprehensive income not subsequently recyclable to profit or loss		**(15.1)**	**2.5**
OTHER COMPREHENSIVE INCOME		**(472.4)**	**200.9**
NET COMPREHENSIVE INCOME		**(5,926.7)**	**1,306.4**
- External non-controlling interests		(297.4)	2.0
NET COMPREHENSIVE INCOME (HOLDERS OF THE STAPLED SHARES)		**(5,629.3)**	**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.

Consolidated interim statement of financial position

Consolidated Statement of financial position (€Mn)	Notes	Sept. 30, 2020	Dec. 31, 2019
NON CURRENT ASSETS		**55,496.1**	**61,106.6**
Investment properties	**5.1**	**42,173.8**	**45,733.2**
Investment properties at fair value		*40,901.5*	*44,589.9*
Investment properties at cost		*1,272.3*	*1,143.3*
Shares and investments in companies accounted for using the equity method	6.1	9,459.7	10,194.6
Other tangible assets		294.2	344.5
Goodwill	5.3	1,398.4	2,878.4
Intangible assets	5.2	912.3	984.4
Investments in financial assets	7.2.1	320.1	343.5
Deferred tax assets		34.1	28.4
Derivatives at fair value	7.3	903.5	599.6
CURRENT ASSETS		**5,059.3**	**3,896.5**
Properties or shares held for sale	5.1	631.1	2,147.6
Derivatives at fair value		-	-
Inventories		34.5	91.2
Trade receivables from activity	7.5.4	762.7	513.0
Tax receivables		216.7	303.6
Other receivables		367.2	352.4
Cash and cash equivalents	7.2.6	3,047.1	488.8
TOTAL ASSETS		**60,555.4**	**65,003.2**
Equity attributable to the holders of the Stapled Shares		**19,566.0**	**25,950.8**
Share capital		692.4	691.9
Additional paid-in capital		13,480.7	13,478.2
Consolidated reserves		11,001.0	10,671.4
Hedging and foreign currency translation reserves		(451.2)	6.1
Consolidated result		(5,156.9)	1,103.3
- Equity attributable to Unibail-Rodamco-Westfield S.E. members		***18,979.2***	***24,334.4***
- Equity attributable to Unibail-Rodamco-Westfield N.V. members		***586.8***	***1,616.4***
Hybrid securities		1,988.5	1,988.8
External non-controlling interests		3,545.6	3,912.9
TOTAL SHAREHOLDERS' EQUITY		**25,100.1**	**31,852.5**
NON CURRENT LIABILITIES		**28,702.2**	**28,291.0**
Non current commitment to external non-controlling interests		113.9	172.2
Net share settled bonds convertible into new and/or existing shares (ORNANE)	7.2	493.5	602.1
Non current bonds and borrowings	7.2.3	23,128.8	22,931.6
Non current lease liabilities	7.2.3	777.0	806.7
Derivatives at fair value	7.3	1,676.8	1,025.0
Deferred tax liabilities		2,075.1	2,276.0
Non current provisions		108.4	110.3
Guarantee deposits		204.7	218.0
Amounts due on investments		104.1	149.1
Other non current liabilities		19.9	-
CURRENT LIABILITIES		**6,753.1**	**4,859.7**
Liabilities directly associated with properties or shares classified as held for sale		-	110.7
Current commitment to external non-controlling interests		1.0	1.0
Amounts owed to shareholders		0.9	-
Amounts due to suppliers and other creditors		**1,229.0**	**1,349.4**
Amounts due to suppliers		*191.3*	*230.5*
Amounts due on investments		*462.9*	*633.5*
Sundry creditors		*574.8*	*485.3*
Other current liabilities	9	794.2	729.8
Current borrowings and amounts due to credit institutions	7.2.3	4,639.4	2,557.4
Current lease liabilities	7.2.3	42.5	41.4
Derivatives at fair value		13.0	30.1
Current provisions		33.1	39.9
TOTAL LIABILITIES AND EQUITY		**60,555.4**	**65,003.2**

Consolidated interim statement of cash flows

Consolidated statement of cash flows (€Mn)	Notes	Jan. - Sept. 2020	2019
Operating activities			
Net result		**(5,454.3)**	**1,105.5**
Depreciation & provisions (1)		97.4	28.1
Impairment of goodwill		1,456.1	7.1
Changes in value of property assets		3,310.6	1,102.4
Changes in value of financial instruments		640.2	351.8
Charges and income relating to stock options and similar items		9.2	13.8
Net capital gains/losses on disposal of investment properties (2)		53.7	(68.6)
Share of the result of companies accounted for using the equity method		963.4	77.9
Income on financial assets		(18.9)	(32.2)
Dividend income from non-consolidated companies		(1.0)	(1.7)
Net financing costs	7.1.1	328.5	391.7
Income tax charge (income)		(194.5)	(1,065.4)
Cash flow before net financing costs and tax		**1,190.4**	**1,910.4**
Income on financial assets		18.9	32.2
Dividend income and result from companies accounted for using the equity method or non consolidated		65.4	274.2
Income tax paid		(22.9)	(211.7)
Change in working capital requirement		(125.7)	(118.0)
Total cash flow from operating activities		**1,126.1**	**1,887.1**
Investment activities			
Property activities		**391.7**	**(398.2)**
Acquisition of businesses, net of cash acquired		(37.2)	(35.5)
Amounts paid for works and acquisition of property assets	5.5	(886.7)	(1,525.4)
Repayment of property financing		18.5	80.7
Increase of property financing		(207.9)	(166.4)
Disposal of shares		1,036.5	291.2
Disposal of investment properties		468.5	957.2
Financial activities		**16.9**	**(18.5)**
Acquisition of financial assets		(6.8)	(33.1)
Repayment of financial assets		16.0	4.0
Change in financial assets		7.7	10.6
Total cash flow from investment activities		**408.6**	**(416.7)**
Financing activities			
Capital increase of parent company		2.8	7.5
Purchase of own shares		(0.5)	-
Change in capital from companies with non-controlling shareholders		4.4	10.1
Hybrid securities		(0.3)	-
Distribution paid to parent company shareholders	11.2	(747.4)	(1,493.9)
Dividends paid to non-controlling shareholders of consolidated companies		(73.9)	(84.1)
Coupon on the Hybrid Securities		(21.6)	(48.1)
New borrowings and financial liabilities		3,415.9	4,707.8
Repayment of borrowings and financial liabilities		(1,016.5)	(3,826.2)
Financial income	7.1.1	171.8	257.4
Financial expenses	7.1.1	(521.1)	(665.8)
Other financing activities		(198.3)	(210.6)
Total cash flow from financing activities		**1,015.3**	**(1,345.9)**
Change in cash and cash equivalents during the period		**2,550.0**	**124.5**
Net cash and cash equivalents at the beginning of the year		**486.0**	**368.7**
Effect of exchange rate fluctuations on cash held		**0.8**	**(7.2)**
Net cash and cash equivalents at period-end	7.2.6	**3,036.8**	**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.

Consolidated interim statement of changes in equity

Consolidated statement of changes in equity (€Mn)	**Share capital**	**Additional paid-in capital**	**Bonds Redeemable for Shares**	**Consolidated reserves**	**Consolidated net result**	**Hedging & foreign currency translation reserves (1)**	**Equity attributable to the holders of the Stapled Shares**	**Hybrid Securities**	**External non-controlling interests**	**Total Shareholders' equity**
Equity as at Dec. 31, 2018	**691.4**	**13,471.0**	**1.0**	**11,174.0**	**1,031.1**	**(192.4)**	**26,176.1**	**1,989.0**	**3,976.4**	**32,141.5**
Profit or loss of the period	-	-	-	-	1,174.7	-	**1,174.7**	-	3.2	**1,177.9**
Other comprehensive income	-	-	-	1.1	-	(83.6)	**(82.4)**	-	-	**(82.4)**
Net comprehensive income	**-**	**-**	**-**	**1.1**	**1,174.7**	**(83.6)**	**1,092.2**	**-**	**3.2**	**1,095.5**
Earnings appropriation	-	-	-	1,031.1	(1,031.1)	-	**-**	-		**-**
Dividends related to 2018	-	-	-	(1,493.9)	-	-	**(1,493.9)**	-	(58.6)	**(1,552.5)**
Stock options and Company Savings Plan	0.5	6.2	-	(0.1)	-	-	**6.6**	-	-	**6.6**
Share based payment	-	-	-	8.4	-	-	**8.4**	-	-	**8.4**
Purchase of treasury shares	-	-	-	(0.7)	-	-	**(0.7)**	-	-	**(0.7)**
Coupon on the Hybrid Securities	-	-	-	(21.6)	-	-	**(21.6)**	-	-	**(21.6)**
Transactions with non-controlling interests	-	-	-	-	-	-	**-**	-	7.1	**7.1**
Changes in scope of consolidation and other movements	-	-	-	0.1	-	-	**0.1**	-	0.2	**0.3**
Equity as at June 30, 2019	**691.9**	**13,477.2**	**1.0**	**10,698.4**	**1,174.7**	**(276.0)**	**25,767.2**	**1,989.0**	**3,928.3**	**31,684.5**
Profit or loss of the period	-	-	-	-	(71.4)	-	**(71.4)**	-	(1.0)	**(72.4)**
Other comprehensive income	-	-	-	1.6	-	282.0	**283.6**	-	(0.2)	**283.4**
Net comprehensive income	**-**	**-**	**-**	**1.6**	**(71.4)**	**282.0**	**212.2**	**-**	**(1.2)**	**211.0**
Dividends related to 2018	-	-	-	-	-	-	**-**	-	(25.5)	**(25.5)**
Stock options and Company Savings Plan	-	1.0	-	0.6	-	-	**1.6**	-	-	**1.6**
Conversion of Bonds Redeemable for Shares	-	-	(1.0)	-	-	-	**(1.0)**	-	-	**(1.0)**
Share based payment	-	-	-	6.9	-	-	**6.9**	-	-	**6.9**
Purchase of treasury shares	-	-	-	0.7	-	-	**0.7**	-	-	**0.7**
Hybrid Securities	-	-	-	-	-	-	**-**	(0.2)	-	**(0.2)**
Coupon on the Hybrid Securities	-	-	-	(26.5)	-	-	**(26.5)**	-	-	**(26.5)**
Transactions with non-controlling interests	-	-	-	(9.8)	-	-	**(9.8)**	-	11.3	**1.5**
Changes in scope of consolidation and other movements	-	-	-	(0.5)	-	-	**(0.5)**	-	-	**(0.5)**
Equity as at Dec. 31, 2019	**691.9**	**13,478.2**	**-**	**10,671.4**	**1,103.3**	**6.1**	**25,950.8**	**1,988.8**	**3,912.9**	**31,852.5**
Profit or loss of the period	-	-	-	-	(5,156.9)	-	**(5,156.9)**	-	(297.4)	**(5,454.3)**
Other comprehensive income	-	-	-	(15.1)	-	(457.3)	**(472.4)**	-	-	**(472.4)**
Net comprehensive income	**-**	**-**	**-**	**(15.1)**	**(5,156.9)**	**(457.3)**	**(5,629.3)**	**-**	**(297.4)**	**(5,926.7)**
Earnings appropriation	-	-	-	1,103.3	(1,103.3)	-	**-**	-		**-**
Dividends related to 2019	-	-	-	(747.4)	-	-	**(747.4)**	-	(73.9)	**(821.3)**
Stock options and Company Savings Plan	0.5	2.5	-	(0.1)	-	-	**2.9**	-	-	**2.9**
Share based payment	-	-	-	10.3	-	-	**10.3**	-	-	**10.3**
Purchase of treasury shares	-	-	-	(0.5)	-	-	**(0.5)**	-	-	**(0.5)**
Hybrid Securities	-	-	-	-	-	-	**-**	(0.3)	-	**(0.3)**
Coupon on the Hybrid Securities	-	-	-	(21.6)	-	-	**(21.6)**	-	-	**(21.6)**
Transactions with non-controlling interests	-	-	-	1.3	-	-	**1.3**	-	4.0	**5.3**
Changes in scope of consolidation and other movements	-	-	-	(0.6)	-	-	**(0.6)**	-		**(0.6)**
Equity as at Sept. 30, 2020	**692.4**	**13,480.7**	**-**	**11,001.0**	**(5,156.9)**	**(451.2)**	**19,566.0**	**1,988.5**	**3,545.6**	**25,100.1**

(1) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The hedging reserve is used to record the effect of hedging net investments in foreign operations.

II. NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT EVENTS OF THE FIRST NINE MONTHS OF 2020

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

1.1. COVID-19 pandemic

Closing and reopening of the Group's shopping centres

The COVID-19 pandemic has significantly impacted URW's business.
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 pickup or fulfil delivery orders from the store, the tenants in the Group's centres were unable to trade for a period beginning mid-March and ending between mid-May and mid-June depending on the country. 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.

All centres in Europe reopened by June 15, although restrictions, primarily on restaurants, cinemas, gyms and other leisure activities, have remained in some regions.

In the US, all of the Group's centres, except Westfield World Trade Center, had reopened by July. However, on July 13, as COVID-19 cases in the state surged, California ordered all indoor operations of shopping centres to close again. This order was lifted on September 2, but five of the Group's centres in Los Angeles county were required to keep indoor operations closed until October 7. Westfield World Trade Center reopened on September 9. Depending on the state, centres currently operate at a maximum capacity of either 25% or 50%.

Rent collection and deferred rent

At the onset of the COVID-19 pandemic and in order to attenuate the strain on its 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 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.

Since the reopening of its shopping centres, the Group has been engaged in discussions with tenants about collecting rent and service charges as well as the terms of any support by URW.

In Europe, Q2 and Q3-2020 were marked by several tenants seeking protection from creditors through bankruptcy, judicial restructuring or, in the UK, Company Voluntary Arrangements ("CVAs").

In the US, bankruptcies in the period ended September 2020 affected 242 units (2.9 million sq. ft).

The total accounts receivable[1] from the Group's tenants increased by +€348 Mn vs. December 2019. Deferred rents are expected to be recovered by December 31, 2020, although it is possible that not all of these will be recovered or that some will be deferred beyond the end of the year.

The Group carried out a detailed review of all the tenants receivables as at September 30, 2020 and the provision for doubtful debtors was estimated according to IFRS 9 (cf. § 7.5.4. "Credit risk").
As at September 30, 2020, the provision for doubtful debtors amounted to €208.1 Mn (€290.9 Mn under proportionate) compared to €88.2 Mn (€107.3 Mn under proportionate) at the end of December 31, 2019.

[1] On a proportionate basis.

Rent discounts

Since the reopening of its shopping centres, the Group has been engaged in discussions with tenants about collecting rent and service charges as well as the terms of any support by URW.

The tenant negotiations, which started after the reopening of centres, are making solid progress. These negotiations are conducted on a case-by-case basis. They recognize the issues the Group's tenants faced due to administrative closures or trading restrictions and the need to provide relief, are generally limited to the period of closure and based on the principle of a fair sharing of the burden, and entail concessions by tenants in exchange for such relief. They are not about permanently changing lease structures or changing the basis for rent calculations (e.g., replacing Minimum Guaranteed Rent (MGR) with Sales Based Rent (SBR) only leases).

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 or higher Sales Based Rent), IFRS 16 applies, under which, the relief is treated as a lease incentive straight-lined over the expected term of the lease as a reduction of the Net Rental Income.

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 Net Rental Income.

Rent relief signed as at September 30 amounted to a cash impact of €54.1 Mn, €32.0 Mn of which have been charged to the income statement during this period. The difference will be straight-lined in future periods.

Valuation of investment properties

As for each closing, investment properties have been valued by external independent appraisers as described in the Note 5.1 Investment properties. Those appraisals have been performed in a context of uncertainties associated with the current COVID-19 pandemic characterised by a lack of transactions since the outbreak of the pandemic and difficulties to estimate future market prospects. As a result, assumptions taken by external appraisers as at September 30, 2020 might differ significantly for year-end 2020.

For the valuation as at June 30, 2020, the appraisers in Europe and in the US included a material valuation uncertainty statement in the appraisal reports. For the valuation as at September 30, 2020, this statement was withdrawn from the appraisal reports, except for the hotels which represent €0.5 Bn of the Group's GMV. However, according to the appraisers, this material valuation uncertainty does not mean their hotel valuations cannot be relied upon.

Over the nine months of 2020, valuation of investment properties decreased by -€3,232.0 Mn.

Recoverable value of goodwill

The Group also performed a full impairment test of goodwill as at September 30, 2020, based on assumptions described in the Note 5.4 Goodwill and recognised an impairment of -€1,456.1 Mn.

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 cost and capex measures, as well as the decision to cancel the final dividend due 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 September 2020. The Group issued short-term paper, and also accessed the bond market for €2.15 Bn in new long-term debt during the period.

1.2. Disposal of five French shopping centres

On May 29, 2020, URW completed the disposal of a portfolio of five shopping centres in France to an entity ("the Entity") formed by Crédit Agricole Assurances, La Française and URW. 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 an underwritten €1.0 Bn secured financing for the new 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 net proceeds amounted to €1.5 Bn and the net disposal result -€44.9 Mn, including the fair market value of the rental guarantee and the transaction costs.

According to the governance of the Entity, the Group has a significant influence on it and as a result the Entity has been accounted for using the equity method from May 30, 2020.

1.3. RESET plan

On September 16, 2020, URW announced its €9.0+ Bn "RESET" plan.

As part of this plan, the Supervisory Boards of URW authorized the principle of a €3.5 Bn capital raise, which, in conjunction with the other strategic initiatives, is designed to bolster the financial profile of the Group and best position URW to execute on its long-term strategy, while:

- Strengthening its balance sheet;
- Maintaining a strong investment grade credit rating; and
- Securing uninterrupted access to debt markets.

URW has entered into a standby underwriting commitment with six banks, pursuant to which they have undertaken to fully underwrite the €3.5 Bn capital raise, subject to the satisfaction of customary conditions precedent.
The proceeds of the capital raise would be used to immediately reduce leverage.

The capital raise is subject to approval by URW's shareholders at the EGM to be held on November 10, 2020.

The convening notice, including the Chairman's letter, resolutions and voting instructions, are available on URW's website. Upon approval of the capital raise by the EGM, and subject to market conditions and necessary regulatory approvals being received, final terms and conditions, including the subscription price, will be determined and announced in the week following the EGM, and the transaction is expected to close by year-end. The prospectus to be issued by URW in connection with the capital raise will be subject to the visa of the French Autorité des Marchés Financiers (the "AMF") and the approval of the Dutch Autoriteit Financiële Markten (the "AFM").

NOTE 2. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". As these are consolidated interim financial statements, they do not include all of the information required by IFRS and must be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2019.

The accounting principles applied for the preparation of these first nine months consolidated financial statements are in accordance with IFRS and interpretations as adopted by the European Union as at September 30, 2020. These can be consulted on the website http://ec.europa.eu/finance/company-reporting/ifrs-financialstatements/index_en.htm.

2.1. IFRS basis adopted

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

Standards, amendments and interpretations effective as of January 1, 2020

- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards.

These standards, amendments and interpretations do not have a significant impact on the Group's accounts as at September 30, 2020.

The Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions adopted on October 9, 2020 is effective from June 1, 2020.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2020

There are no standards that have been adopted by the European Union as at September 30, 2020, but not applied in advance by the Group.
The following texts were published by the IASB but have not yet been adopted by the European Union:

- IFRS 17: Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current;
- Amendments to:
  - IFRS 3 Business Combinations;
  - IAS 16 Property, Plant and Equipment;
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
  - Annual Improvements 2018-2020;
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2.

The measurement of the potential impacts of these texts on the consolidated accounts of URW is ongoing.

2.2. Estimates and assumptions

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 (presented in §1.1) 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: 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. The property portfolio and intangible assets related to the Shopping Centres, Offices & Others and Convention & Exhibition segments are valued by independent appraisers.

NOTE 3. SCOPE OF CONSOLIDATION

3.1. Result on disposal of investment properties

The result on disposal of investment properties includes both the result on disposal of assets and the result on disposal of shares.

(YTD in €Mn)	**Jan. - Sept. 2020**	**2019**
Net capital gains/losses on disposal of assets	**(30.2)**	**48.9**
Proceeds from disposal of assets	*476.9*	*957.2*
Carrying values of disposed assets	*(507.1)*	*(908.3)*
Net capital gains/losses on disposal of shares	**(23.5)**	**19.7**
Proceeds from disposal of shares	*174.5*	*223.0*
Carrying values of disposed shares	*(198.0)*	*(203.4)*
Net capital gains/losses on disposal of investment properties	**(53.7)**	**68.5**

Disposal of shares/consolidated subsidiaries (consolidated statement of cash flows)

(YTD in €Mn)	**Jan. - Sept. 2020[1]**	**2019**
Net price of shares sold	194.4	223.0
Cash and current accounts	842.1	68.2
Disposal of shares/consolidated subsidiaries	**1,036.5**	**291.2**

[1] In 2020, refers mainly to the disposal of five French shopping centres described in Note 1.2. The net price of shares sold excludes the value of the rental guarantee.

3.2. External non-controlling interests

For 2020, this item comprised mainly non-controlling interests in the following entities:

- Convention & Exhibition entities (-€112.2 Mn);
- Several shopping centres in France (-€105.5 Mn, mainly Westfield Les 4 Temps, Westfield Parly 2 and Westfield Forum des Halles);
- Several shopping centres in Germany and Spain (-€64.0 Mn).

NOTE 4. NET RECURRING RESULT AND SEGMENT REPORTING

4.1. Consolidated interim statement of comprehensive income on a proportionate basis

Consolidated income statement (YTD in €Mn)	**Jan. - Sept. 2020 IFRS**	**Proportionate**	**Total Jan. - Sept. 2020 Proportionate**	**2019 IFRS**	**Proportionate**	**Total 2019 Proportionate**
Gross rental income	1,558.0	463.9	2,021.8	2,417.6	665.8	3,083.4
Ground rents paid	*(16.2)*	(0.7)	*(16.9)*	*(14.5)*	(0.3)	*(14.9)*
Service charge income	*279.8*	54.0	*333.8*	*376.6*	73.9	*450.5*
Service charge expenses	*(310.4)*	(66.6)	*(377.0)*	*(413.5)*	(86.2)	*(499.7)*
Property operating expenses	*(284.0)*	(147.1)	*(431.1)*	*(380.9)*	(147.2)	*(528.1)*
Operating expenses and net service charges	(330.8)	(160.4)	(491.2)	(432.3)	(159.8)	(592.1)
Net rental income	**1,227.1**	**303.5**	**1,530.7**	**1,985.2**	**506.0**	**2,491.2**
Property development and project management revenue	212.8	-	212.8	276.6	-	276.6
Property development and project management costs	(187.8)	-	(187.8)	(235.2)	-	(235.2)
Net property development and project management income	**25.0**	**-**	**25.0**	**41.3**	-	**41.3**
Property services and other activities revenues	137.2	(0.0)	137.2	310.1	(0.3)	309.8
Property services and other activities expenses	(137.3)	0.0	(137.3)	(211.4)	(0.0)	(211.5)
Net property services and other activities income	**(0.1)**	**0.0**	**(0.1)**	**98.7**	**(0.3)**	**98.4**
Share of the result of companies accounted for using the equity method	(963.4)	844.3	(119.1)	(77.9)	85.5	7.6
Income on financial assets	18.9	(6.3)	12.6	32.2	(9.2)	23.0
Contribution of companies accounted for using the equity method	**(944.5)**	**838.0**	**(106.6)**	**(45.7)**	**76.3**	**30.5**
Corporate expenses	(143.4)	(5.3)	(148.7)	(191.5)	(8.9)	(200.3)
Development expenses	(1.0)	(0.0)	(1.0)	(17.4)	-	(17.4)
Depreciation of other tangible assets	(1.6)	-	(1.6)	(2.0)	0.0	(2.0)
Administrative expenses	**(146.0)**	**(5.3)**	**(151.3)**	**(210.9)**	**(8.9)**	**(219.8)**
Acquisition and related costs	**(22.4)**	**-**	**(22.4)**	**(45.8)**	**(5.7)**	**(51.5)**
Proceeds from disposal of investment properties	651.4	1.1	652.4	1,180.2	1.8	1,182.1
Carrying value of investment properties sold	(705.1)	(0.4)	(705.5)	(1,111.7)	(1.0)	(1,112.7)
Result on disposal of investment properties (1)	**(53.7)**	**0.7**	**(53.0)**	**68.5**	**0.8**	**69.4**
Valuation gains on assets	45.6	3.7	49.3	924.0	90.3	1,014.3
Valuation losses on assets	(3,356.2)	(1,101.3)	(4,457.5)	(2,026.4)	(603.5)	(2,629.9)
Valuation movements on assets	**(3,310.6)**	**(1,097.7)**	**(4,408.2)**	**(1,102.4)**	**(513.1)**	**(1,615.6)**
Impairment of goodwill	**(1,456.1)**	-	**(1,456.1)**	**(7.1)**	-	**(7.1)**
NET OPERATING RESULT	**(4,681.3)**	**39.3**	**(4,642.1)**	**781.8**	**55.1**	**836.9**
Result from non-consolidated companies	1.1	(0.0)	1.0	1.7	0.1	1.8
Financial income	*186.1*	0.8	*186.9*	*278.3*	1.2	*279.5*
Financial expenses	*(514.6)*	(42.9)	*(557.5)*	*(670.0)*	(59.8)	*(729.8)*
Net financing costs	(328.5)	(42.1)	(370.6)	(391.7)	(58.7)	(450.4)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	6.0	-	6.0	(7.6)	-	(7.6)
Fair value adjustments of derivatives, debt and currency effect	(646.2)	(2.8)	(649.0)	(343.5)	3.1	(340.3)
Debt discounting	-	-	-	(0.7)	-	(0.7)
RESULT BEFORE TAX	**(5,648.9)**	**(5.7)**	**(5,654.6)**	**40.1**	**(0.3)**	**39.8**
Income tax expenses	194.5	5.7	200.2	1,065.4	0.4	1,065.7
NET RESULT FOR THE PERIOD	**(5,454.3)**	**(0.0)**	**(5,454.3)**	**1,105.5**	**0.0**	**1,105.5**
Net result for the period attributable to:						
- The holders of the Stapled Shares	(5,156.9)	0.0	(5,156.9)	1,103.3	0.0	1,103.3
- External non-controlling interests	(297.4)	(0.0)	(297.4)	2.2	-	2.2
NET RESULT FOR THE PERIOD	**(5,454.3)**	**(0.0)**	**(5,454.3)**	**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.

4.2. Consolidated interim statement of financial position on a proportionate basis

Consolidated statement of financial position (€Mn)	Sept. 30, 2020 IFRS	Proportionate	Sept. 30, 2020 Proportionate	Dec. 31, 2019 IFRS	Proportionate	Dec. 31, 2019 Proportionate
NON CURRENT ASSETS	**55,496.1**	**2,031.6**	**57,527.7**	**61,106.6**	**2,344.8**	**63,451.4**
Investment properties	**42,173.8**	**10,134.7**	**52,308.5**	**45,733.2**	**11,491.5**	**57,224.7**
Investment properties at fair value	*40,901.5*	*10,059.1*	*50,960.6*	*44,589.9*	*11,412.5*	*56,002.4*
Investment properties at cost	*1,272.3*	*75.6*	*1,347.9*	*1,143.3*	*79.0*	*1,222.3*
Shares and investments in companies accounted for using the equity method	9,459.7	(8,194.8)	1,264.9	10,194.6	(9,246.6)	948.0
Other tangible assets	294.2	0.9	295.1	344.5	1.0	345.5
Goodwill	1,398.4	90.5	1,488.9	2,878.4	90.5	2,968.9
Intangible assets	912.3	-	912.3	984.4	-	984.4
Investments in financial assets	320.1	0.3	320.4	343.5	8.4	351.9
Deferred tax assets	34.1	-	34.1	28.4	-	28.4
Derivatives at fair value	903.5	-	903.5	599.6	-	599.6
CURRENT ASSETS	**5,059.3**	**390.1**	**5,449.4**	**3,896.5**	**270.6**	**4,167.1**
Properties or shares held for sale	631.1	(0.0)	631.1	2,147.6	-	2,147.6
Derivatives at fair value	-	-	-	-	-	-
Inventories	34.5	23.1	57.6	91.2	11.9	103.1
Trade receivables from activity	762.7	194.9	957.6	513.0	96.7	609.7
Tax receivables	216.7	10.0	226.7	303.6	2.7	306.3
Other receivables	367.2	41.6	408.8	352.4	53.8	406.2
Cash and cash equivalents	3,047.1	120.5	3,167.6	488.8	105.5	594.3
TOTAL ASSETS	**60,555.4**	**2,421.7**	**62,977.1**	**65,003.2**	**2,615.4**	**67,618.6**
Equity attributable to the holders of the Stapled Shares	**19,566.0**	-	**19,566.0**	**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	11,001.0	-	11,001.0	10,671.4	-	10,671.4
Hedging and foreign currency translation reserves	(451.2)	-	(451.2)	6.1	-	6.1
Consolidated result	(5,156.9)	-	(5,156.9)	1,103.3	-	1,103.3
- Equity attributable to Unibail-Rodamco-Westfield S.E. members	***18,979.2***	-	***18,979.2***	***24,334.4***	-	***24,334.4***
- Equity attributable to Unibail-Rodamco-Westfield N.V. members	***586.8***	-	***586.8***	***1,616.4***	-	***1,616.4***
Hybrid securities	1,988.5	-	1,988.5	1,988.8	-	1,988.8
External non-controlling interests	3,545.6	-	3,545.6	3,912.9	-	3,912.9
TOTAL SHAREHOLDERS' EQUITY	**25,100.1**	-	**25,100.1**	**31,852.5**	-	**31,852.5**
NON CURRENT LIABILITIES	**28,702.2**	**2,086.8**	**30,789.0**	**28,291.0**	**2,375.6**	**30,666.6**
Non current commitment to external non-controlling interests	113.9	2.1	116.0	172.2	3.3	175.5
Net share settled bonds convertible into new and/or existing shares (ORNANE)	493.5	-	493.5	602.1	-	602.1
Non current bonds and borrowings	23,128.8	1,955.7	25,084.5	22,931.6	2,227.9	25,159.5
Non current lease liabilities	777.0	9.0	786.0	806.7	9.3	816.0
Derivatives at fair value	1,676.8	-	1,676.8	1,025.0	-	1,025.0
Deferred tax liabilities	2,075.1	108.1	2,183.2	2,276.0	116.6	2,392.6
Non current provisions	108.4	0.3	108.7	110.3	0.3	110.6
Guarantee deposits	204.7	11.4	216.1	218.0	18.0	236.0
Amounts due on investments	104.1	0.2	104.3	149.1	0.2	149.3
Other non current liabilities	19.9	-	19.9	-	-	-
CURRENT LIABILITIES	**6,753.1**	**334.9**	**7,088.0**	**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	1.0	-	1.0	1.0	-	1.0
Amounts owed to shareholders	0.9	0.1	1.0	-	-	-
Amounts due to suppliers and other creditors	**1,229.0**	**136.2**	**1,365.2**	**1,349.4**	**151.7**	**1,501.1**
Amounts due to suppliers	*191.3*	*28.1*	*219.4*	*230.5*	*43.1*	*273.6*
Amounts due on investments	*462.9*	*42.4*	*505.3*	*633.5*	*34.4*	*667.9*
Sundry creditors	*574.8*	*65.7*	*640.5*	*485.3*	*74.2*	*559.5*
Other current liabilities	794.2	(46.3)	747.9	729.8	23.8	753.6
Current borrowings and amounts due to credit institutions	4,639.4	243.2	4,882.6	2,557.4	62.6	2,620.0
Current lease liabilities	42.5	0.1	42.6	41.4	-	41.4
Derivatives at fair value	13.0	-	13.0	30.1	-	30.1
Current provisions	33.1	1.6	34.7	39.9	1.7	41.6
TOTAL LIABILITIES AND EQUITY	**60,555.4**	**2,421.7**	**62,977.1**	**65,003.2**	**2,615.4**	**67,618.6**

4.3. Net result by segment on a proportionate basis

Net result by segment on a proportionate basis (YTD in €Mn)			Jan. - Sept. 2020			2019		
			Recurring activities	Non-recurring activities (1)	Result	Recurring activities	Non-recurring activities (1)	Result
SHOPPING CENTRES	FRANCE	Gross rental income	484.9	-	484.9	714.3	-	714.3
		Operating expenses and net service charges	(49.0)	-	(49.0)	(50.9)	-	(50.9)
		Net rental income	**436.0**	-	**436.0**	**663.4**	-	**663.4**
		Contribution of companies accounted for using the equity method	10.3	(46.1)	(35.8)	-	-	-
		Gains/losses on sales of properties	-	(41.9)	(41.9)	-	1.8	1.8
		Valuation movements on assets	-	(983.8)	(983.8)	-	(277.0)	(277.0)
		Impairment of goodwill	-	(0.2)	(0.2)	-	-	-
		Result from operations Shopping Centres France	**446.2**	**(1,072.0)**	**(625.7)**	**663.4**	**(275.2)**	**388.2**
	UNITED STATES	Gross rental income	649.6	-	649.6	957.7	-	957.7
		Operating expenses and net service charges	(250.0)	-	(250.0)	(304.9)	-	(304.9)
		Net rental income	**399.7**	-	**399.7**	**652.8**	-	**652.8**
		Contribution of companies accounted for using the equity method	(2.2)	(44.3)	(46.5)	9.0	(36.5)	(27.5)
		Gains/losses on sales of properties	-	(11.4)	(11.4)	-	0.8	0.8
		Valuation movements on assets	-	(1,231.5)	(1,231.5)	-	(417.4)	(417.4)
		Impairment of goodwill	-	(721.3)	(721.3)	-	-	-
		Result from operations Shopping Centres United States	**397.4**	**(2,008.4)**	**(1,611.0)**	**661.8**	**(453.1)**	**208.7**
	CENTRAL EUROPE	Gross rental income	159.3	-	159.3	224.5	-	224.5
		Operating expenses and net service charges	(6.4)	-	(6.4)	(1.5)	-	(1.5)
		Net rental income	**152.9**	-	**152.9**	**223.0**	-	**223.0**
		Contribution of companies accounted for using the equity method	24.7	(44.4)	(19.7)	39.1	23.2	62.3
		Gains/losses on sales of properties	-	0.3	0.3	-	(1.2)	(1.2)
		Valuation movements on assets	-	(177.9)	(177.9)	-	111.6	111.6
		Impairment of goodwill	-	(0.3)	(0.3)	-	-	-
		Result from operations Shopping Centres Central Europe	**177.5**	**(222.4)**	**(44.8)**	**262.2**	**133.6**	**395.7**
	SPAIN	Gross rental income	122.5	-	122.5	169.5	-	169.5
		Operating expenses and net service charges	(17.8)	-	(17.8)	(12.7)	-	(12.7)
		Net rental income	**104.7**	-	**104.7**	**156.8**	-	**156.8**
		Contribution of companies accounted for using the equity method	-	-	-	-	-	-
		Gains/losses on sales of properties	-	0.1	0.1	-	(0.2)	(0.2)
		Valuation movements on assets	-	(230.6)	(230.6)	-	46.1	46.1
		Impairment of goodwill	-	(103.8)	(103.8)	-	-	-
		Result from operations Shopping Centres Spain	**104.7**	**(334.3)**	**(229.6)**	**156.8**	**45.9**	**202.7**
	UNITED KINGDOM	Gross rental income	130.4	-	130.4	211.4	-	211.4
		Operating expenses and net service charges	(52.2)	-	(52.2)	(54.1)	-	(54.1)
		Net rental income	**78.2**	-	**78.2**	**157.3**	-	**157.3**
		Contribution of companies accounted for using the equity method	-	-	-	-	-	-
		Gains/losses on sales of properties	-	-	-	-	-	-
		Valuation movements on assets	-	(841.9)	(841.9)	-	(611.7)	(611.7)
		Impairment of goodwill	-	(186.0)	(186.0)	-	-	-
		Result from operations Shopping Centres United Kingdom	**78.2**	**(1,027.9)**	**(949.7)**	**157.3**	**(611.7)**	**(454.4)**
	NORDICS	Gross rental income	95.5	-	95.5	136.3	-	136.3
		Operating expenses and net service charges	(9.2)	-	(9.2)	(13.6)	-	(13.6)
		Net rental income	**86.3**	**-**	**86.3**	**122.7**	**-**	**122.7**
		Contribution of companies accounted for using the equity method	-	-	-	-	-	-
		Gains/losses on sales of properties	-	(0.0)	(0.0)	-	19.5	19.5
		Valuation movements on assets	-	(168.7)	(168.7)	-	24.7	24.7
		Impairment of goodwill	-	(131.5)	(131.5)	-	-	-
		Result from operations Shopping Centres Nordics	**86.3**	**(300.3)**	**(214.0)**	**122.7**	**44.2**	**166.9**
	AUSTRIA	Gross rental income	68.7	-	68.7	116.7	-	116.7
		Operating expenses and net service charges	(3.9)	-	(3.9)	(5.3)	-	(5.3)
		Net rental income	**64.8**	-	**64.8**	**111.4**	-	**111.4**
		Contribution of companies accounted for using the equity method	-	-	-	-	-	-
		Gains/losses on sales of properties	-	-	-	-	0.1	0.1
		Valuation movements on assets	-	(176.1)	(176.1)	-	(116.5)	(116.5)
		Result from operations Shopping Centres Austria	**64.8**	**(176.1)**	**(111.3)**	**111.4**	**(116.5)**	**(5.1)**
	GERMANY	Gross rental income	111.3	-	111.3	154.6	-	154.6
		Operating expenses and net service charges	(15.0)	-	(15.0)	(11.1)	-	(11.1)
		Net rental income	**96.3**	-	**96.3**	**143.5**	-	**143.5**
		Contribution of companies accounted for using the equity method	1.9	(6.4)	(4.5)	2.7	(7.0)	(4.2)
		Gains/losses on sales of properties	-	(0.2)	(0.2)	-	(0.2)	(0.2)
		Valuation movements on assets	-	(160.1)	(160.1)	-	(179.0)	(179.0)
		Impairment of goodwill	-	(60.4)	(60.4)	-	-	-
		Result from operations Shopping Centres Germany	**98.2**	**(227.1)**	**(128.9)**	**146.2**	**(186.1)**	**(40.0)**
	THE NETHERLANDS	Gross rental income	51.7	-	51.7	71.0	-	71.0
		Operating expenses and net service charges	(10.3)	-	(10.3)	(8.6)	-	(8.6)
		Net rental income	**41.4**	-	**41.4**	**62.4**	-	**62.4**
		Contribution of companies accounted for using the equity method	-	-	-	-	-	-
		Gains/losses on sales of properties	-	(0.1)	(0.1)	-	1.4	1.4
		Valuation movements on assets	-	(143.8)	(143.8)	-	(89.6)	(89.6)
		Result from operations Shopping Centres The Netherlands	**41.4**	**(143.9)**	**(102.5)**	**62.4**	**(88.2)**	**(25.8)**
		TOTAL RESULT FROM OPERATIONS SHOPPING CENTRES	**1,494.8**	**(5,512.3)**	**(4,017.5)**	**2,344.0**	**(1,507.1)**	**837.0**

Net result by segment on a proportionate basis (YTD in €Mn)			Jan. - Sept. 2020			2019		
			Recurring activities	Non-recurring activities (1)	Result	Recurring activities	Non-recurring activities (1)	Result
OFFICES & OTHERS	FRANCE	Gross rental income	47.0	-	47.0	78.1	-	78.1
		Operating expenses and net service charges	(6.6)	-	(6.6)	(6.0)	-	(6.0)
		Net rental income	**40.4**	-	**40.4**	**72.0**	-	**72.0**
		Contribution of companies accounted for using the equity method	-	-	-	-	-	-
		Gains/losses on sales of properties	-	0.3	0.3	-	46.5	46.5
		Valuation movements on assets	-	(1.7)	(1.7)	-	184.2	184.2
		Result from operations Offices France	**40.4**	**(1.3)**	**39.1**	**72.0**	**230.7**	**302.8**
	OTHER COUNTRIES	Gross rental income	30.8	-	30.8	40.8	-	40.8
		Operating expenses and net service charges	(8.7)	-	(8.7)	(10.0)	-	(10.0)
		Net rental income	**22.1**	-	**22.1**	**30.8**	-	**30.8**
		Contribution of companies accounted for using the equity method	-	-	-	0.0	-	0.0
		Gains/losses on sales of properties	-	(0.1)	(0.1)	-	0.9	0.9
		Valuation movements on assets	-	(47.5)	(47.5)	-	39.0	39.0
		Result from operations Offices other countries	**22.1**	**(47.6)**	**(25.5)**	**30.8**	**39.8**	**70.7**
		TOTAL RESULT FROM OPERATIONS OFFICES	**62.6**	**(49.0)**	**13.6**	**102.9**	**270.6**	**373.4**
CONVENTION & EXHIBITION	FRANCE	Gross rental income	70.0	-	70.0	208.5	-	208.5
		Operating expenses and net service charges	(62.2)	-	(62.2)	(113.4)	-	(113.4)
		Net rental income	**7.8**	-	**7.8**	**95.1**	**-**	**95.1**
		On site property services net income	**6.1**	**-**	**6.1**	**61.7**	**-**	**61.7**
		Contribution of companies accounted for using the equity method	-	-	-	-	-	-
		Valuation movements, depreciation, capital gains	(13.3)	(216.5)	(229.7)	(15.4)	(180.6)	(196.0)
		Impairment of goodwill	-	(8.2)	(8.2)	-	(7.1)	(7.1)
		TOTAL RESULT FROM OPERATIONS C & E	**0.7**	**(224.7)**	**(224.0)**	**141.5**	**(187.7)**	**(46.2)**
		Net property development and project management income	25.0	(9.5)	15.5	41.3	(141.4)	(100.1)
		Other property services net income	7.0	(18.7)	(11.7)	52.0	(7.9)	44.1
		Impairment of Goodwill related to the property services	-	(244.3)	(244.3)	-	-	-
		Administrative expenses	(150.2)	-	(150.2)	(202.3)	-	(202.3)
		Development expenses	(1.0)	-	(1.0)	(17.4)	-	(17.4)
		Acquisition and related costs	-	(22.4)	(22.4)	-	(51.5)	(51.5)
NET OPERATING RESULT			**1,438.9**	**(6,081.0)**	**(4,642.1)**	**2,461.9**	**(1,625.0)**	**836.9**
		Result from non consolidated companies	1.0	-	1.0	1.8	-	1.8
		Financing result	(370.6)	(643.0)	(1,013.5)	(450.4)	(348.6)	(799.0)
RESULT BEFORE TAX			**1,069.3**	**(6,723.9)**	**(5,654.6)**	**2,013.4**	**(1,973.6)**	**39.8**
		Income tax expenses	(29.1)	229.4	200.2	(50.8)	1,116.5	1,065.7
NET RESULT FOR THE PERIOD			**1,040.2**	**(6,494.6)**	**(5,454.3)**	**1,962.6**	**(857.1)**	**1,105.5**
		External non-controlling interests	(94.8)	392.3	297.4	(202.9)	200.7	(2.2)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES			**945.4**	**(6,102.3)**	**(5,156.9)**	**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.

4.3.1. Gross rental income

Gross rental income by segments on a proportionate basis

€Mn excluding taxes	Jan. - Sept. 2020	2019
Shopping Centres	**1,874.0**	**2,755.9**
France	484.9	714.3
United States	649.6	957.7
Central Europe	159.3	224.5
Spain	122.5	169.5
United Kingdom	130.4	211.4
Nordics	95.5	136.3
Austria	68.7	116.7
Germany	111.3	154.6
The Netherlands	51.7	71.0
Offices & Others	**77.8**	**118.9**
France	47.0	78.1
Other countries	30.8	40.8
Convention & Exhibition	**70.0**	**208.5**
Total	**2,021.8**	**3,083.4**

4.3.2. Net property services and other activities income

The net property services and other activities income consists of on-site property service and other property services net operating result.

(YTD in €Mn)	Jan. - Sept. 2020	2019
Net other income	**(0.1)**	**98.4**
Convention & Exhibition	(7.1)	46.3
Other property services	7.0	52.0

4.3.3. Acquisition and related costs

In 2020, acquisition and related costs amounted to -€22.4 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.

4.4. Other information by segment

Reconciliation between the Results by segment and the income statement of the period on a proportionate basis

For Jan. - Sept. 2020

(YTD in €Mn)		Net rental income	Net property development and project management income, net property services and other activities income	Contribution of companies accounted for using the equity method	Administrative expenses	Result on disposal of investment properties	Valuation movements on assets	Acquisition and related costs	Impairment of goodwill	Total net operating result Jan. - Sept. 2020
Shopping Centres	France	436.0	-	(35.8)	-	(41.9)	(983.8)	-	(0.2)	**(625.7)**
	United States	399.7	-	(46.5)	-	(11.4)	(1,231.5)	-	(721.3)	**(1,611.0)**
	Central Europe	152.9	-	(19.7)	-	0.3	(177.9)	-	(0.3)	**(44.8)**
	Spain	104.7	-	-	-	0.1	(230.6)	-	(103.8)	**(229.6)**
	United Kingdom	78.2	-	-	-	-	(841.9)	-	(186.0)	**(949.7)**
	Nordics	86.3	-	-	-	(0.0)	(168.7)	-	(131.5)	**(214.0)**
	Austria	64.8	-	-	-	-	(176.1)	-	-	**(111.3)**
	Germany	96.3	-	(4.5)	-	(0.2)	(160.1)	-	(60.4)	**(128.9)**
	The Netherlands	41.4	-	-	-	(0.1)	(143.8)	-	-	**(102.5)**
	Total Shopping Centres	**1,460.3**	**-**	**(106.6)**	**-**	**(53.2)**	**(4,114.4)**	**-**	**(1,203.6)**	**(4,017.5)**
Offices & Others	France	40.4	-	-	-	0.3	(1.7)	-	**-**	**39.1**
	Others	22.1	-	-	-	(0.1)	(47.5)	-	**-**	**(25.5)**
	Total Offices & Others	**62.6**	**-**	**-**	**-**	**0.2**	**(49.2)**	**-**	**-**	**13.6**
C. & E. [1]	**France**	**7.8**	**(7.1)**	**-**	**-**	**-**	**(216.5)**	**-**	**(8.2)**	**(224.0)**
Not allocated		-	32.0	-	(151.3)	-	(28.2)	(22.4)	**(244.3)**	**(414.2)**
Total		**1,530.7**	**24.9**	**(106.6)**	**(151.3)**	**(53.0)**	**(4,408.2)**	**(22.4)**	**(1,456.1)**	**(4,642.1)**

(1) *Convention & Exhibition segment.*

For 2019

(€Mn)		Net rental income	Net property development and project management income, net property services and other activities income	Contribution of companies accounted for using the equity method	Administrative expenses	Result on disposal of investment properties and shares	Valuation movements on assets	Acquisition and related costs	Impairment of goodwill	Total
Shopping Centres	France	663.4	-	-	-	1.8	(277.0)	-	-	**388.2**
	United States	652.8	-	(27.5)	-	0.8	(417.4)	-	-	**208.7**
	Central Europe	223.0	-	62.3	-	(1.2)	111.6	-	-	**395.7**
	Spain	156.8	-	-	-	(0.2)	46.1	-	-	**202.7**
	United Kingdom	157.3	-	-	-	-	(611.7)	-	-	**(454.4)**
	Nordics	122.7	-	-	-	19.5	24.7	-	-	**166.9**
	Austria	111.4	-	-	-	0.1	(116.5)	-	-	**(5.1)**
	Germany	143.5	-	(4.2)	-	(0.2)	(179.0)	-	-	**(40.0)**
	The Netherlands	62.4	-	-	-	1.4	(89.6)	-	-	**(25.8)**
	Total Shopping Centres	**2,293.2**	**-**	**30.5**	**-**	**22.0**	**(1,508.8)**	**-**	**-**	**837.0**
Offices & Others	France	72.0	-	-	-	46.5	184.2	-	**-**	**302.8**
	Others	30.8	-	0.0	-	0.9	39.0	-	**-**	**70.7**
	Total Offices & Others	**102.9**	**-**	**0.0**	**-**	**47.4**	**223.2**	**-**	**-**	**373.4**
C. & E. [1]	France	**95.1**	**46.3**	**-**	**-**	**-**	**(180.6)**	**-**	**(7.1)**	**(46.2)**
Not allocated		-	93.4	-	(219.8)	-	(149.4)	(51.5)	**-**	**(327.3)**
Total 2019		**2,491.2**	**139.7**	**30.5**	**(219.8)**	**69.4**	**(1,615.6)**	**(51.5)**	**(7.1)**	**836.9**

(1) *Convention & Exhibition segment.*

The information by segment relating to the investment properties is presented in Note 5.1.

NOTE 5. INVESTMENT PROPERTIES, INTANGIBLE ASSETS, GOODWILL

5.1. Investment properties

5.1.1. Investment properties at fair value

(€Mn)	Sept. 30, 2020	Dec. 31, 2019
Shopping Centres	**35,972.0**	**38,971.4**
France	12,239.8	12,991.9
United States	5,629.1	6,437.1
Central Europe	4,245.7	4,413.5
Spain	3,363.9	3,562.4
United Kingdom & Italy	1,800.3	2,407.8
Nordics	2,927.1	3,114.6
Austria	2,276.3	2,433.9
Germany	1,940.1	2,021.0
The Netherlands	1,549.7	1,589.3
Offices & Others	**2,428.5**	**2,977.3**
France	1,784.6	2,255.3
Other countries	643.9	722.1
Convention & Exhibition	**2,501.0**	**2,641.2**
Total	**40,901.5**	**44,589.9**

(€Mn)	Shopping Centres	Offices & Others	Convention & Exhibition	**Total investment properties**	Properties held for sale	**Total**
Dec. 31, 2019	**38,971.4**	**2,977.3**	**2,641.2**	**44,589.9**	**2,066.6**	**46,656.5**
Acquisitions	15.1	1.3	-	**16.4**	-	**16.4**
Capitalised expenses [1]	418.4	83.1	20.6	**522.1**	-	**522.1**
Disposals/exits from the scope of consolidation	(43.9)	(37.5)	-	**(81.5)**	(2,066.6)	**(2,148.1)**
Reclassification and transfer of category	10.1	(551.0)	5.1	**(535.8)**	548.3	**12.5**
Discounting impact	-	-	-	-	-	-
Valuation movements	(3,003.7)	(21.3)	(165.9)	**(3,190.9)**	**-**	**(3,190.9)**
Currency translation	(395.1)	(23.4)	-	**(418.6)**	**-**	**(418.6)**
Sept. 30, 2020	**35,972.0**	**2,428.5**	**2,501.0**	**40,901.5**	**548.3**	**41,449.8**

(1) *Capitalised expenses mainly relate to:*
- Shopping centres in France and in The Netherlands;
- Offices in France;
- Convention & Exhibition sites such as the Parc des Expositions in Porte de Versailles.

Valuation assumptions and sensitivity

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group's assets, URW believes it is appropriate to classify its assets under Level 3 as per IFRS 13. In addition, unobservable inputs, including appraisers' assumptions on growth rates and Exit Cap Rate (ECR), are used by appraisers to determine the fair value of URW's assets.

As at September 30, 93% of URW's portfolio was appraised by independent appraisers.

The outstanding balances of deferred lease incentives and key monies amortised over the enforceable duration of the lease, which corrected the appraisal value, represented -€93.9 Mn.

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.

Shopping Centres - Sept. 30, 2020		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
France	Max	7.0%	839	9.1%	7.6%	11.7%
	Min	1.9%	145	5.6%	3.7%	1.9%
	Weighted average	4.3%	562	5.9%	4.2%	3.6%
Central Europe	Max	7.2%	607	8.8%	8.1%	2.8%
	Min	4.6%	219	6.6%	4.9%	2.0%
	Weighted average	5.1%	396	7.1%	5.1%	2.4%
Spain	Max	7.9%	562	9.8%	7.5%	4.9%
	Min	4.2%	127	6.9%	4.5%	3.4%
	Weighted average	4.6%	346	7.2%	4.7%	4.3%
Nordics	Max	5.4%	422	8.5%	5.3%	5.4%
	Min	3.7%	175	6.4%	4.0%	3.8%
	Weighted average	4.1%	344	6.8%	4.3%	4.5%
Germany	Max	8.0%	478	8.4%	7.1%	5.4%
	Min	4.2%	229	6.1%	4.1%	3.0%
	Weighted average	4.9%	307	6.6%	4.8%	3.9%
Austria	Max	4.6%	401	6.3%	4.3%	3.2%
	Min	4.5%	333	6.3%	4.3%	2.5%
	Weighted average	4.5%	366	6.3%	4.3%	2.8%
The Netherlands	Max	7.2%	356	8.0%	7.1%	3.1%
	Min	4.4%	139	6.1%	4.4%	2.0%
	Weighted average	5.2%	238	6.8%	5.3%	2.6%
US	Max	17.5%	1,832	10.5%	9.5%	11.2%
	Min	3.1%	164	5.8%	4.3%	-10.8%
	Weighted average	3.7%	641	6.2%	4.8%	5.3%

Net Initial Yield (NIY), Discount Rate (DR) and ECR weighted by Gross Market Value (GMV). Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled by URW, the trademark and the airport activities are not included in this table as well as the UK asset.
(a) Average annual rent (Minimum Guaranteed Rent (MGR) + Sales Based Rent (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) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

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

Shopping Centres - Sept. 30, 2020		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
US Flagships	Max	4.7%	1,832	6.8%	5.8%	11.2%
	Min	3.1%	373	5.8%	4.3%	3.3%
	Weighted average	3.6%	842	6.1%	4.7%	5.8%
US Regionals	Max	17.5%	218	10.5%	9.5%	2.6%
	Min	6.4%	164	10.0%	7.8%	-10.8%
	Weighted average	8.1%	193	10.1%	8.0%	-1.9%

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 (Minimum Guaranteed Rent + Sales Based Rent) 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) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (10 years).

A change of +25 basis points in NIY, the main output of the appraisal models, would result in a downward adjustment of -€1,913 Mn (or -5.4%) to 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 -€8,117 Mn (or -22.8%) on URW's Shopping Centre portfolio value (excluding assets under development, the trademark and the airport activities).

A change of +25 bps in DR would have a negative impact of -€595 Mn (or -1.7%) on URW's Shopping Centre portfolio value (excluding assets under development, the trademark and the airport activities).

A change of +10 bps in ECR would have a negative impact of -€544 Mn (or -1.5%) on URW's Shopping Centre portfolio value (excluding assets under development, the trademark and the airport activities).

A decrease of -5% in appraisers' Estimated Rental Value (ERV) assumptions for the leases to be signed during the model period would have a negative impact of -€1,288 Mn (or -3.6%) on URW's Shopping Centre portfolio value (excluding assets under development, the trademark and the airport activities).

Offices & Others

Appraisers value the Group's Offices & Others using the discounted cash flow and yield methodologies.

Offices & Others - Sept. 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%	505	8.5%	8.0%	19.5%
	Min	4.1%	106	4.5%	3.8%	-0.5%
	Weighted average	4.9%	406	5.5%	4.4%	2.8%
Nordics	Max	10.7%	221	9.4%	7.8%	3.0%
	Min	6.2%	175	7.0%	5.2%	1.9%
	Weighted average	7.8%	192	8.0%	6.4%	2.7%
US	Max	8.8%	610	9.3%	8.5%	23.3%
	Min	3.8%	233	7.1%	5.9%	3.8%
	Weighted average	4.9%	333	7.4%	6.0%	12.3%
Other countries	Max	10.5%	182	8.8%	8.9%	23.4%
	Min	4.6%	40	4.0%	3.1%	-0.7%
	Weighted average	6.5%	128	7.4%	5.9%	2.0%

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 (Minimum Guaranteed Rent) 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) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used).

A change of +25 basis points in NIY, the main output of the appraisal models, would result in a downward adjustment of -€120 Mn (-5.0%) of URW's Offices & Others portfolio value (occupied and vacant spaces, excluding assets under development).

Convention & Exhibition

A change of +25 basis points of the WACC as determined at September 30, 2020, would result in a downward adjustment of -€104.3 Mn (or -4.7%) of the Convention & Exhibition portfolio value.

5.1.2. Investment properties under construction at cost

(€Mn)	Sept. 30, 2020	Dec. 31, 2019
Shopping Centres	**847.2**	**755.6**
France	241.8	262.8
United States	34.8	18.7
Central Europe	36.0	39.9
Spain	198.7	179.7
United Kingdom & Italy	24.7	21.7
Nordics	11.8	10.2
Austria	-	-
Germany	299.5	222.7
The Netherlands	-	-
Offices & Others	**425.1**	**387.8**
France	127.1	122.7
Other countries	298.0	265.1
Convention & Exhibition	**-**	**-**
Total	**1,272.3**	**1,143.3**

As at September 30, 2020, assets under construction valued at cost are notably:

- shopping centres extension and renovation projects such as Garbera extension;
- office developments such as Sisters in La Défense;
- mixed-used projects such as Westfield Hamburg.

Assets still carried at cost were subject to impairment tests as at September 30, 2020. Impairments were booked for a total amount of -€41.1 Mn.

(€Mn)	Gross value	Impairment	Total investment properties at cost	Properties held for sale	Total
Dec. 31, 2019	**1,322.1**	**(178.7)**	**1,143.3**	**61.5**	**1,204.8**
Acquisitions	-	-	**-**	-	**-**
Capitalised expenses (1)	183.3	-	**183.3**	-	**183.3**
Disposals/exits from the scope of consolidation	(2.8)	-	**(2.8)**	(0.7)	**(3.5)**
Reclassification and transfer of category	(2.7)	-	**(2.7)**	5.5	**2.8**
Impairment / reversal	-	(41.1)	**(41.1)**	-	**(41.1)**
Currency translation	(8.9)	1.0	**(7.9)**	-	**(7.9)**
Sept. 30, 2020	**1,491.0**	**(218.7)**	**1,272.3**	**66.2**	**1,338.5**

(1) *Capitalised expenses mainly refer to investments in the Westfield Hamburg development project as well as the Garbera extension project.*

5.2. Intangible assets

Net value (€Mn)	PM/DD&C/ Airport	Trademark	Rights and exhibitions	Other intangible assets	Total
Dec. 31, 2019	**377.3**	**425.8**	**165.3**	**16.0**	**984.4**
Acquisitions	-	-	-	4.5	**4.5**
Amortisation	(55.0)	-	(1.5)	(12.0)	**(68.4)**
Impairment / reversal (1)	26.8	-	(44.6)	-	**(17.8)**
Currency translation	(19.9)	-	-	(0.8)	**(20.8)**
Reclassification	1.6	-	-	28.9	**30.4**
Sept. 30, 2020	**330.7**	**425.8**	**119.2**	**36.6**	**912.3**

(1) *The amount of impairment relates mainly to the Convention & Exhibition's intangible assets and the Property Management business in the UK, partly offset by the reversal of impairment on the Development, Design & Construction in the US.*

The intangible assets arise from:

- The Property Management (PM) business in the US and the UK;
- The Development, Design & Construction (DD&C) business in the US and the UK;
- The Airport activities in the US;
- The Westfield trademark;
- Rights and exhibitions: mainly Viparis entities;
- Other intangible assets.

Intangible assets for PM, DD&C and Airports relate to the value of the customer contracts identified for these activities at the date of acquisition of Westfield Corporation (WFD). They correspond to contracts with shopping centres held through joint-ventures in accordance with IAS 28 and to contracts with airport operators and/or local authorities. Customer contracts have been separately analysed for Flagship and Regional centres as they present different features.
The incremental value of the WFD trademark corresponds to the portion of the trademark value that is not captured in the shopping centre values.
These assets are valued by independent external appraisers using the Discounted Cash Flow methodology, annually or whenever there is an indication of impairment.

As at September 30, 2020, impairment tests have been performed internally by updating the valuations of independent external appraisers for PM, DD&C and Airport activities, leading to an impairment of -€12.8 Mn for the PM in the UK and a reversal of €39.5 Mn for the DD&C in the US.

One of the main assumptions used to value these assets is the discount rate which stands between 7.0% to 11.0%.

A change of +25 basis points on the discount rate of PM, DD&C, Airport activities' intangible assets as determined at September 30, 2020, would result in an additional impairment of -€7.1 Mn.

A change of -10 basis points on the long-term growth rate of PM, DD&C, Airport activities' intangible assets as determined at September 30, 2020, would result in an additional impairment of -€2.1 Mn.

For the Trademark, impairment tests have been performed internally by updating the valuations of independent external appraisers and no impairment was required.

As at September 30, 2020, impairment tests were performed on the intangible assets relating to Viparis entities based on the valuations of independent external appraisers and an impairment of -€44.6 Mn was recognised.

A change of +25 basis points on the WACC of Viparis intangible assets as determined at September 30, 2020, would result in a negative adjustment of -€29.1 Mn (-7.0%) on the appraisal value of the intangible assets and would not lead to any additional impairment.

5.3. Goodwill

Goodwill is carried at cost less any accumulated impairment losses. In compliance with IAS 36, the Group performs impairment testing, at least once a year 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 2020, the Group completed a full testing of its goodwill for the closing of accounts as at June 30, and as at September 30, 2020. Although using the same method and impairment test model as 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.

As at September 30, 2020, the goodwill breaks down as follows:

Net Value (€Mn)	**Dec. 31, 2019**	**Change in scope**	**Impairment**	**Currency translation**	**Sept. 30, 2020**
Optimized value of deferred taxes	**241.0**	-	(40.9)	-	**200.0**
Fee business	**839.1**	-	(572.2)	(15.6)	**251.3**
Synergies, workforce and others	**1,798.3**	-	(842.9)	(8.3)	**947.1**
Total URW	**2,878.4**	**-**	**(1,456.1)**	**(23.9)**	**1,398.4**

The allocation of the goodwill per geographical segment breaks down as follows:

(€Mn)	**France Retail**	**Central Europe**	**Spain**	**Nordics**	**Austria**	**Germany**	**The Netherlands**	**United States**	**United Kingdom**	**C&E**	**Other**	**Total**
Goodwill Dec. 31, 2019	**731.7**	**255.8**	**103.8**	**132.5**	**72.9**	**256.7**	-	**852.6**	**454.0**	**8.2**	**10.3**	**2,878.4**
Impairment	(0.2)	(0.3)	(103.8)	(131.5)	-	(60.4)	-	(851.4)	(300.3)	(8.2)	-	(1,456.1)
Currency translation	-	-	-	(1.0)	-	**-**	-	(1.2)	(21.7)	-	-	(23.9)
Goodwill Sept. 30, 2020	**731.5**	**255.5**	**-**	**-**	**72.9**	**196.3**	**-**	**-**	**132.0**	**-**	**10.3**	**1,398.4**

The Group performs an impairment test for each category of goodwill.

Goodwill relating to optimized value of deferred taxes

Goodwill may arise on acquiring a business with an asset, where the Group inherits the fiscal basis of the asset. It is measured by the difference between the deferred taxes accounted for in the balance sheet according to IAS 12, and the effective taxes to be paid in case of a share deal. Therefore, the impairment test consists in a comparison between the accounting value of the goodwill and the potential tax optimisation existing at the date of reporting.

As at September 30, 2020, an impairment of -€40.9 Mn was recognised.

Goodwill relating to fee business

This goodwill relates to the following activities: Property Management, Airport and Development, Design and Construction.

The values attributable to the PM business are allocated to the United States (US), the United Kingdom (UK) and Germany, the values attributable to the DD&C business are allocated to the United States (US) and the United Kingdom (UK) and the value of the Airport activities was allocated to the US.
As at September 30, 2020, impairment tests were performed through an update by URW teams of the valuations of independent external appraisers performed in December 31, 2019.

As at September 30, 2020, an additional impairment of -€572.2 Mn was recognised leading to the full impairment of the goodwill relating to the fee business in the US and to the one relating to Property Management in the UK.

Goodwill relating to synergies, workforce and others

Part of this goodwill is related to the acquisition of URW Germany business in 2012.
An impairment test was performed on this goodwill, based on an independent external appraisal, using the Discounted Cash Flow (DCF) method. As at September 30, 2020, an impairment of -€60.4 Mn was recognised.

Goodwill relating to the Westfield Corporation acquisition has been allocated per geographical segment as it is the lowest level within the Group at which goodwill is monitored.
The allocation per geographical segment was performed based on the cost and revenue synergies expected to be generated as a result of the business combination.

The expected cost and revenue synergies were allocated to the US, the UK, France Retail, Spain, Central Europe and the Nordics.

The amount related to the value of the workforce acquired was allocated to the US and the UK.

Since the geographical segments are the lowest level within the URW company at which goodwill is monitored, for internal management purposes, the impairment test is performed at geographical segment level and, as a result, in accordance with IAS 36 for a group of CGUs.

The geographical segments to which goodwill has been allocated are tested for impairment by comparing the net asset value of the geographical segment with the recoverable value which is determined as the higher of the fair value less cost of disposal and its value in use.

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

- An estimate of the results of the 5-year Business Plan ("5YBP") exercise for 2021-2025 per geographical segment currently underway (including detailed profit & loss statements, proposed capital expenditures and disposals) with a review per asset and geographical segment of the estimated impact of the COVID-19 crisis; the model used to test goodwill does not include the impact of the €4.0 Bn disposal plan (considering that this assumption has no material impact on the impairment tests);
- 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 September 30, 2020. These discount rates were also compared with the discount rates used by appraisers for the valuation of Investment Properties as at September 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 September 30, 2020, is applied.

The value in use 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 at September 30, 2020, a total impairment of -€782.6 Mn was recognised relating to the US, the UK, Spain and the Nordics geographical segments.

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

	France Retail	Central Europe	Spain	Nordics	United States	United Kingdom
Dec. 31, 2019						
WACC before tax in %	*5.70%*	*6.50%*	*6.60%*	*6.20%*	*6.20%*	*5.75%*
Long Term Growth Rate in %	*1.50%*	*2.40%*	*2.30%*	*2.10%*	*2.20%*	*1.90%*
Sept. 30, 2020						
WACC before tax in %	*6.00%*	*6.75%*	*6.90%*	*6.60%*	*6.45%*	*6.70%*
Long Term Growth Rate in %	*1.40%*	*2.30%*	*2.23%*	*2.04%*	*2.20%*	*1.80%*

An increase in the WACC, a decrease in the LTGR or a decrease in the compound annual growth rate (CAGR) of Net Rental Income as determined at September 30, 2020, would not necessarily result in a value in use lower than the net asset value as the net asset value includes investment properties which are carried at fair value. These changes would reduce the fair value of those properties and ultimately the net asset value.

Therefore, the impact of such changes should be viewed on a combined basis of the value in use and the net asset value to appreciate the net effect on the financial statements. A change of +25 basis points in the WACC as determined at September 30, 2020, without any change in the LTGR or the CAGR would lead to an additional impairment of goodwill of -€45.8 Mn in the UK.

A change of -10 basis points in the LTGR as determined at September 30, 2020, without any change in the WACC or the CAGR would lead to an additional impairment of the goodwill of -€13.5 Mn in the UK.

A change of -50 basis points in the CAGR of Net Rental Income as determined at September 30, 2020, without any change in the WACC or the LTGR would lead to an additional impairment of goodwill of -€14.3 Mn in the UK.

5.4. Valuation movements on assets

This item reflects changes in market valuation of investment properties, impairment and reversal on tangible and intangible assets and amortization of fair value of assets recorded for the purpose of purchase price allocation.

(€Mn)	Jan. - Sept. 2020	2019
Investment properties at fair value	**(3,190.9)**	**(862.1)**
Shopping Centres	*(3,003.7)*	(870.7)
Offices & Others	*(21.3)*	170.9
Convention & Exhibition	*(165.9)*	(162.3)
Investment properties at cost	**(41.1)**	**(72.8)**
Tangible and intangible assets	**(78.6)**	**(167.5)**
Total	**(3,310.6)**	**(1,102.4)**

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

In the first nine months of 2020, the amount paid for works and acquisition of property assets was €886.7 Mn. This comprises acquisitions, transaction capitalised costs, works and capitalised expenses and is adjusted for the variations on amounts due on investments in the period.

The result on disposal of investment properties, which stands at -€53.7 Mn, mainly includes the result on the sale of a portfolio of five shopping centres in France (see §1.2 Disposal of five shopping centres).

NOTE 6. SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

6.1. Changes in shares and investments in companies accounted for using the equity method

(€Mn)	Sept. 30, 2020	Dec. 31, 2019
Shares in Shopping Centres and Convention & Exhibition companies	8,720.9	9,462.7
Loans granted to Shopping Centres and Convention & Exhibition companies	738.8	731.9
Total shares and investments in companies accounted for using the equity method	**9,459.7**	**10,194.6**

Main changes relate to the negative valuation movements on the assets partially offset by the entry of the Entity owning the five French shopping centres (see §1.2 "Disposal of five French shopping centres").

The companies accounted for using the equity method are mainly joint ventures.

The main items of the statements of financial position of joint ventures are presented in aggregate in the tables below. These items are stated in Group share including restatements for consolidation purposes.

(€Mn)	Sept. 30, 2020	Dec. 31, 2019
Investment properties	10,134.7	11,491.5
Other non-current assets	1.2	9.4
Current assets	390.1	270.6
Total assets	**10,526.0**	**11,771.5**
Restated shareholders' equity	7,788.7	8,845.6
Deferred tax liabilities	108.1	116.6
Internal borrowings	315.6	310.5
External borrowings [1]	2,210.0	2,303.1
Other non-current liabilities	11.9	18.5
Current liabilities	91.7	177.2
Total liabilities and equity	**10,526.0**	**11,771.5**

(1) *Includes current and non-current borrowings.*

Valuation assumptions and sensitivity

The following tables provide a number of quantitative data in order to assess the fair valuation of the Group's assets accounted for using the equity method.

Shopping centres

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

Shopping Centres - Sept. 30, 2020		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
Europe	Max	6.4%	914	8.2%	6.7%	5.1%
	Min	4.3%	133	5.9%	4.0%	2.4%
	Weighted average	5.0%	396	6.5%	5.0%	3.5%
US	Max	11.6%	962	10.0%	8.5%	10.5%
	Min	3.0%	251	6.0%	4.3%	1.5%
	Weighted average	4.1%	511	6.8%	5.2%	4.7%

Net Initial Yield (NYI), Discount Rate (DR) and ECR weighted by Gross Market Value (GMV). Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled by URW 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) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

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

Shopping Centres - Sept. 30, 2020		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
US Flagships	Max	5.5%	962	7.8%	6.3%	8.2%
	Min	3.0%	450	6.0%	4.3%	1.5%
	Weighted average	3.7%	660	6.5%	4.9%	4.7%
US Regionals	Max	11.6%	438	10.0%	8.5%	10.5%
	Min	3.8%	251	6.8%	5.8%	1.9%
	Weighted average	5.6%	330	8.2%	6.8%	4.9%

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 are not included in this table.
(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) 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) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (10 years).

A change of +25 basis points in NIY, the main output of the appraisal models, would result in a downward adjustment of -€623 Mn (or -5.3%) to URW's Shopping Centre portfolio value (excluding assets under development).

A change of +130 bps in NIY (total NIY widening between 2007 and 2009 was +130 bps), would have a negative impact of -€2,647 Mn (or -22.7%) on URW's Shopping Centre portfolio value (excluding assets under development).

A change of +25 bps in DR would have a negative impact of -€187 Mn (or -1.9%) on URW's standing Shopping Centre portfolio value (excluding assets under development and the assets not controlled by URW).

A change of +10 bps in ECR would have a negative impact of -€133 Mn (or -1.4%) on URW's standing Shopping Centre portfolio value (excluding assets under development and the assets not controlled by URW).

A decrease of -5% in appraisers' ERV assumptions for the leases to be signed during the model period would have a negative impact of -€288 Mn (or -3.0%) on URW's standing Shopping Centre portfolio value (excluding assets under development and the assets not controlled by URW).

6.2. Share of the result of companies accounted for using the equity method and income on financial assets

The contribution of affiliates breaks down as follows:

(YTD in €Mn)	Jan. - Sept. 2020			2019		
	Recurring activities	Non-recurring activities [1]	**Result**	Recurring activities	Non-recurring activities [1]	**Result**
Income from stake in Shopping Centres and Convention & Exhibition companies	271.5	(1,234.9)	**(963.4)**	455.6	(533.6)	**(77.9)**
Total share of income from companies accounted for using the equity method	**271.5**	**(1,234.9)**	**(963.4)**	**455.6**	**(533.6)**	**(77.9)**
Interests on the loans granted to Shopping Centres companies	18.9	-	**18.9**	32.2	-	**32.2**
Total interests on loans granted to companies accounted for using the equity method	**18.9**	**-**	**18.9**	**32.2**	**-**	**32.2**

(1) *Corresponds mainly to the fair value adjustment on the underlying investment properties.*

6.3. Transactions with related-parties (joint-ventures and associates)

To the Group's knowledge, there are neither shareholders' pacts nor persons or groups of persons exercising or who could exercise control over the Group.

The main related party transactions refer to transactions with companies accounted for using the equity method.

(€Mn)	Sept. 30, 2020	Dec. 31, 2019
Shopping Centres and Convention & Exhibition companies		
Loans [1]	739.2	733.0
Recognised interest	18.9	32.2
Current account in debit	6.8	5.5
Current account in credit	(28.9)	(22.3)
Asset management fees invoiced and other fees	121.2	303.5

(1) *Corresponds to 100% of the financing in the shopping centres investment.*

All of these transactions are based on market prices.

NOTE 7. FINANCING AND FINANCIAL INSTRUMENTS

7.1. Financing result

7.1.1. Net financing costs

(YTD in €Mn)	Jan. - Sept. 2020	2019
Security transactions	0.0	3.6
Other financial interest	8.2	16.5
Interest income on derivatives	177.9	258.2
Subtotal financial income	**186.1**	**278.3**
Security transactions	(0.1)	(0.1)
Interest on bonds and EMTNs	(384.9)	(478.7)
Interest and expenses on borrowings	(38.7)	(55.1)
Interest on lease liability	(35.1)	(46.2)
Interest on preferred shares	(10.9)	(14.5)
Interest on partners' advances	(15.7)	(24.2)
Other financial interest	(3.3)	(3.9)
Interest expenses on derivatives	(59.8)	(85.1)
Financial expenses before capitalization of financial expenses	**(548.5)**	**(707.8)**
Capitalised financial expenses	33.9	37.8
Subtotal net financial expenses	**(514.6)**	**(670.0)**
Total net financial costs	**(328.5)**	**(391.7)**

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

7.1.2. Fair value adjustment of debts and derivatives

(YTD in €Mn)	Jan. - Sept. 2020	2019
Mark-to-market of the ORNANEs	6.0	(7.6)
Currency impact	(36.3)	81.8
Restructuring of hedges and mark-to-market of derivatives	(530.6)	(396.2)
Debt discounting and other items	(79.3)	(29.8)
Total non-recurring financial result	**(640.2)**	**(351.8)**

7.2. Financial assets and liabilities

7.2.1. Investments in financial assets

Change in Investments in financial assets is mainly due to equity interests in unlisted investments in the US.

7.2.2. Main financing transactions in the first nine months of 2020

Despite the challenging market conditions, the Group secured additional liquidity and maintained[1] 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 a 12-year maturity.

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

On September 4, the Group partly prepaid a 144A USD bond for an amount of $300 Mn, financed with its available cash.

URW also accessed the money markets by issuing short-term paper (Neu CP and Neu MTN and ECP). The average amount of short-term paper outstanding year-to-date as at September 30 was €1,309 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%.

The Group took the following actions to ensure it had ample liquidity:

- ➢ In March, URW 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 September 2020.
- ➢ In April, a €100 Mn 1-year term loan was put in place with a yield of 0.49%.
- ➢ In September, URW signed two credit lines for a total amount of €300 Mn and with a 5-year maturity.

As at September 30, 2020, the total amount of undrawn credit lines came to €9,456 Mn (€9,195 Mn) and the cash on hand came to €3,047 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. €2,733 Mn) multi-currency revolving credit facility.

[1] Taking into account the undrawn credit lines and cash on hand.

7.2.3. Financial debt breakdown and outstanding duration to maturity

Outstanding duration to maturity (€Mn)	Current	Non current		Total	Total
	Less than 1 year	1 year to 5 years	More than 5 years	Sept. 30, 2020	Dec. 31, 2019
Net share settled bonds convertible into new and/or existing shares (ORNANE)	**102.6**	**493.5**	**-**	**596.1**	**602.1**
Principal debt	102.9	500.0	-	602.9	602.9
Mark-to-market of debt	(0.3)	(6.5)	-	(6.8)	(0.8)
Accrued interest	-	-	-	-	-
Bonds and EMTNs	**2,963.3**	**6,548.1**	**13,747.7**	**23,259.1**	**22,276.1**
Principal debt	2,933.0	6,555.4	13,745.2	23,233.6 (1)	22,215.8 (1)
Accrued interest	200.9	-	-	200.9	220.8
Issuance costs	(74.9)	-	-	(74.9)	(59.7)
Bond redemption premium	(91.8)	-	-	(91.8)	(88.0)
Mark-to-market of debt	(3.9)	(7.3)	2.5	(8.7)	(12.7)
Bank borrowings	**145.9**	**1,186.8**	**312.6**	**1,645.3**	**1,553.3**
Principal debt	135.1	1,190.0	313.3	1,638.4	1,562.6
Accrued interest	12.3	-	-	12.3	9.4
Borrowings issue fees	(11.3)	-	-	(11.3)	(17.0)
Bank overdrafts & current accounts to balance out cash flow	10.3	-	-	10.3	2.8
Mark-to-market of debt	(0.5)	(3.2)	(0.7)	(4.4)	(4.5)
Other financial liabilities	**1,427.6**	**115.9**	**1,217.9**	**2,761.4**	**1,659.5**
Interbank market instruments and negotiable instruments	1,427.6	-	-	1,427.6	352.0
Accrued interest on interbank market instruments and negotiable instruments	-	-	-	-	(0.4)
Current accounts with non-controlling interests (2)	-	115.9	1,217.9	1,333.7	1,307.9
Lease liabilities	**42.5**	**10.3**	**766.7**	**819.5**	**848.1**
Total	**4,681.9**	**8,354.5**	**16,044.9**	**29,081.3**	**26,939.2**

(1) *Includes currency impacts on debt raised in foreign currency for an amount of +€16.6 Mn as at September 30, 2020 (+€8.5 Mn as at Dec. 31, 2019). The amount shown in the Financial Resources note (€23,217 Mn) corresponds mainly to the amount of bonds after impact of derivatives instruments on debt raised in foreign currencies.*

(2) *They are considered as non-current as they are financing the related assets, which are also classified as non-current assets.*

Maturity of current and non-current principal debt

(€Mn)	Current	Non current					Total
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Sep. 30, 2020
Net share settled bonds convertible into new and/or existing shares (ORNANE)	102.9	500.0	-	-	-	-	**602.9**
Bonds and EMTNs	2,933.0	1,088.5	1,729.1	817.3	2,920.5	13,745.1	**23,233.6**
Bank borrowings	135.1	469.9	320.0	400.0	-	313.4	**1,638.4**
Interbank market instruments and negotiable instruments	1,427.6	-	-	-	-	-	**1,427.6**
Total	**4,598.7**	**2,058.4**	**2,049.1**	**1,217.3**	**2,920.5**	**14,058.5**	**26,902.5**

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

	Dec. 31, 2019	Cash flows (1)		Variation of accrued interests (3)	Non-cash flows				Sept. 30, 2020
		Increase (2)	Decrease		Scope movements	Currency translation	Fair value impact	Others	
Net share settled bonds convertible into new and/or existing shares (ORNANE)	**602.1**	-	-	-	-	-	(6.0)	-	**596.1**
Bonds and EMTNs	**22,276.1**	2,114.9	(866.7)	(17.4)	-	(266.7)	3.4	15.4	**23,259.1**
Bank borrowings	**1,553.3**	98.3	(10.4)	4.7	-	5.7	(0.1)	(6.3)	**1,645.3**
Other financial liabilities	**1,659.5**	1,182.9	(61.1)	0.4	-	(20.3)	-	-	**2,761.4**
Lease liabilities	**848.1**	0.1	(30.7)	-	-	(17.8)	-	19.8	**819.5**
Total	**26,939.2**	**3,396.2**	**(968.9)**	**(12.3)**	**-**	**(299.1)**	**(2.7)**	**28.9**	**29,081.3**

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

7.2.4. Covenants

As at September 30, 2020, the LTV ratio amounted to 42.5%[1] (38.6% as at December 31, 2019).

The ICR[2] for the period stood at 4.0x[3] (vs. 5.7x as at December 31, 2019).

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

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[4];
  - ✓ a minimum of 1.5x for the Unencumbered leveraged ratio[5].

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

As at September 30, 2020, 95% of the Group's credit facilities allowed a 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 ICR) 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.

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[1] Loan-to-Value (LTV): Net financial debt / Total assets, including transfer taxes. Excluding €1,147 Mn of goodwill, not justified by fee business as per the Group's European leverage covenants. The proportionate LTV ratio was 44.5%.
[2] Interest Cover Ratio (ICR) = Recurring EBITDA / Recurring Net Financial Expenses (including capitalised interest); Recurring EBITDA is calculated as total recurring operating results and other income less general expenses, excluding depreciation and amortisation.
[3] Proportionate ICR: 3.5x.
[4] The secured debt ratio (Secured debt/Total assets) was 2.1% as at September 30, 2020.
[5] The unencumbered leverage ratio (unencumbered assets/unsecured debt) was 1.8x as at September 30, 2020.

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. Defaults under these loans are not expected to have a material adverse effect on the Group's finances.

7.2.5. Market value of the debt

The market value of URW's fixed-rate and index-linked debt is presented in the table below.

	Sept. 30, 2020		Dec. 31, 2019	
(€Mn)	**Carrying value**	**Market value**	**Carrying value**	**Market value**
Fixed-rate and index-linked debt				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	26,247.5 [1]	26,786.8	23,855.7 [1]	24,811.1

(1) *ORNANE included, at market value.*

Financial debt is valued at market value based on market rates and on spread issuers at each closing date.

7.2.6. Net financial debt

Net financial debt is determined as below:

Net financial debt

(€Mn)	**Sept. 30, 2020**	**Dec. 31, 2019**
Amounts accounted for in B/S		
Net share settled bonds convertible into new and/or existing shares (ORNANE)	493.5	602.1
Non current bonds and borrowings	23,128.8	22,931.6
Current borrowings and amounts due to credit institutions	4,639.4	2,557.4
Total financial liabilities	**28,261,7**	**26,091.0**
Adjustments		
Mark-to-market of debt	19.9	18.1
Current accounts with non-controlling interests	(1,333.7)	(1,307.9)
Impact of derivative instruments on debt raised in foreign currency	(16.6)	(8.4)
Accrued interest / issuance fees	(35.2)	(65.1)
Total financial liabilities (nominal value)	**26,896.2**[1]	**24,727.8**[1]
Cash & cash equivalents	**(3,047.1)**[1]	**(488.8)**[1]
Net financial debt	**23,849.1**	**24,239.0**

(1) *Bank overdrafts & current accounts to balance out cash flow are included in the total financial liabilities, for €10.3 Mn as at September 30, 2020 and for €2.8 Mn as at December 31, 2019.*

Net cash at period-end

(€Mn)	Sept. 30, 2020	Dec. 31, 2019
Marketable Securities [1]	10.2	9.3
Short-term deposit	1,275.0	-
Cash	1,761.8	479.5
Total Asset	**3,047.1**	**488.8**
Bank overdrafts and current accounts to balance out cash flow	(10.3)	(2.8)
Total Liabilities	**(10.3)**	**(2.8)**
Net cash at period-end	**3,036.8** [2]	**486.0**

(1) *This item includes investments in money-market SICAV (marketable securities) at fair value through Profit and Loss.*

(2) *The high level of cash as at September 30, 2020 aims to cover URW's debt repayment needs corresponding to the bonds and bank loans outstanding as at September 30, 2020 and maturing within one year of €3,178 Mn (including €3,043 Mn of bonds).*

7.3. Fair value hierarchy of financial assets and liabilities

The table below presents the fair value breakdown among the three hierarchical levels defined by IFRS 13.

(€Mn)	Fair value measurement at Sept. 30, 2020			
	Total	Level 1	Level 2	Level 3
Assets				
Fair value through profit or loss				
Investments in financial assets	70.1	-	-	70.1
Derivatives	903.5	-	903.5	-
Marketable Securities	10.2	10.2	-	-
Fair value through equity				
Investments in financial assets	21.8	-	-	21.8
Derivatives	-	-	-	-
Total	**1,005.6**	**10.2**	**903.5**	**91.9**
Liabilities				
Fair value through profit or loss				
Commitment to non-controlling interest	114.9	-	-	114.9
ORNANE	596.1	596.1	-	-
Derivatives	1,689.8	-	1,689.8	-
Total	**2,400.8**	**596.1**	**1,689.8**	**114.9**
(€Mn)				

7.4. Management of exchange risks

7.4.1. Measure of exposure to foreign exchange risks as at September 30, 2020

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)

Currency	Assets	Liabilities [(1)]	Net Exposure	Hedging instruments	Exposure net of hedges
USD	12,641.0	(5,352.9)	**7,288.1**	597.9	**7,886.0**
GBP	3,385.4	(1,513.7)	**1,871.7**	(606.8)	**1,264.9**
SEK	2,737.6	(566.9)	**2,170.7**	(77.5)	**2,093.3**
Others	709.2	(696.6)	**12.6**	448.4	**461.0**
Total	**19,473.3**	**(8,130.1)**	**11,343.1**	**362.0**	**11,705.1**

(1) Liabilities include, but are not limited to, the debt raised in the given currencies, and include deferred tax liabilities.

7.4.2. Exposure sensitivity to currency exchange rate

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 Q4-2020) would have an impact on shareholders' equity as follows:

(€Mn)	Sept. 30, 2020
	Equity Gain/(Loss)
Impact of an increase of +10% in the EUR/USD exchange	(716.9)
Impact of an increase of +10% in the EUR/GBP exchange	(115.0)
Impact of an increase of +10% in the EUR/SEK exchange	(190.3)

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.

7.5. Risk management policy

7.5.1. Market risk

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.

Liquidity risk

The average maturity of the Group's debt as at September 30, 2020, taking into account the undrawn credit lines and cash on-hand, stood at 8.2 years.
The average maturity of the Group's debt as at September 30, 2020, without taking into account the undrawn credit lines and cash on-hand, stood at 7.0 years.

URW's debt repayment needs for the next twelve months (€4,616 Mn)[1] are covered by the available undrawn credit lines (€9,456 Mn) and cash on-hand (€3,047 Mn). The amount of bonds and bank loans outstanding as at September 30, 2020, and maturing or amortizing within one year is €3,178 Mn (including €3,043 Mn of bonds and ORNANE).

URW's long-term refinancing policy consists of diversifying the Group's expiry schedules and financial resources. Accordingly, bonds & EMTN issues represented 86% of financial nominal debt at September 30, 2020; bank loans, mortgages and overdrafts 6%; convertible bonds 2%; and short term paper 5%.

The commercial paper programs are backed by confirmed credit lines. These credit lines protect URW against the risk of a temporary or more sustained absence of lenders in the short or medium-term debt markets and were provided by leading international banks.

7.5.2. Counterparty risk

Due to its use of derivatives to minimise its interest and exchange rate risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. To limit counterparty risk, URW relies solely on major international banks for its hedging operations.
In case of derivative termination, netting can apply as a result of existing agreements between the Group and the banks. The related amounts of derivative instruments, including accrued interests, would be €55.2 Mn for assets and €954.9 Mn for liabilities.

7.5.3. Interest rate risk management

Average cost of debt

The average cost of debt corresponds to the ratio between "recurring financial expenses (excluding the ones on financial leases and 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)" and "average net debt over the period".

The average cost of debt for the period was 1.8% (1.6%), representing the blended average cost of debt, of which an average of 1.2% for Euro and SEK denominated debt and an average of 3.7% 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.

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

As at September 30, 2020, IFRS net financial debt stood at €23,849 Mn (€24,239 Mn as at December 31, 2019), excluding partners' current accounts and taking into account cash on-hand of €3,047 Mn (€489 Mn) following the additional funds raised.

[1] Including Neu CP and Neu MTN and ECP maturing in 2020 and 2021 (€1,428 Mn) and overdrafts (€10 Mn).

7.5.4. Credit risk

Credit risk arises from cash and equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to at least an annual review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit story.
The main tenants of URW's Office properties in France are blue-chip companies. The tenant profile minimizes insolvency risks.
In the Shopping Centres segment, the risk of insolvency is spread widely across a large number of tenants.
When tenants sign their lease agreements, they are typically required to provide financial guarantees, such as a deposit, first-demand guarantee or a surety bond amounting to between three and six months' rent.
Payments for ancillary services provided by the Convention & Exhibition segment are generally received in advance, thereby reducing the risk of unpaid debt.
Late payment reminders are automatically issued in respect of late payments and penalties are applied. Such late payments are monitored by a special "default" Committee in each business segment which decides on the pre-litigation or litigation action to be taken.
According to IFRS 9, the estimated provision corresponds to the amount which the company does not expect to recover. Though, when collecting a tenant deposit or obtaining a bank guarantee, URW covers the possible future losses.

URW's provision policy meets the simplified model of IFRS 9:

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

The Group applies the following rules to calculate the provision for doubtful accounts as at September 30, 2020:
- receivables from tenants under bankruptcies proceedings were fully depreciated;
- doubtful debt provisions are defined on the basis of an estimated default rate based on a forward looking approach. This percentage of default may be refined by the tenant segment and position of the Shopping Centre in its catchment area. Ultimately, this default is rationalized based on recent events like tenants bankruptcies in 2020 and also the evolution of shop closures in the past quarters.
- this percentage was applied on the amount of receivables from which security deposit and deferred amounts not yet due as well as an estimated amount of rent reliefs forecasted to be agreed, were deducted.

The amounts of tenants receivables and the related provisions for doubtful debtors increased significantly during the period due to the COVID-19 pandemic (see § 1.1 COVID-19 pandemic).

The Group has provisioned €171.9 Mn of receivables which have been charged to the income statement.

As at September 30, 2020, the gross amount of receivables amounted to €970.8 Mn and the provision for doubtful debtors to -€208.1 Mn compared to €601.2 Mn and -€88.2 Mn, respectively, at the end of December 2019.

NOTE 8. TAXES

Income tax expenses

(YTD in €Mn)	Jan. - Sept. 2020	2019
Recurring deferred and current tax on:		
- Allocation / reversal of provision concerning tax issues	0.2	(8.3)
- Other recurring results	(29.0)	(41.1)
Total recurring tax	**(28.8)**	**(49.4)**
Non-recurring deferred and current tax on:		
- Change in fair value of investment properties and impairment of intangible assets [(1)]	182.7	1,393.0
- Other non-recurring results [(1)]	40.6	(278.2)
- Impairment of goodwill justified by taxes	-	-
Total non-recurring tax	**223.3**	**1,114.8**
Total tax	**194.5**	**1,065.4**
Total tax paid [(1)]	(22.9)	(211.7)

(€Mn)	Jan. - Sept. 2020	2019
Current tax	2.5	(322.5)
Deferred tax	192.0	1.387,9
Total tax	**194.5**	**1,065.4**

(1) *In 2019, mainly related to the impact of the changes in the structure of United States operations.*

NOTE 9. OTHER CURRENT LIABILITIES

Other current liabilities breakdown as follows:

(€Mn)	Sept. 30, 2020	Dec. 31, 2019
Tax and social liabilities	530.7	523.0
Other liabilities	263.5	206.8
Total other current liabilities	**794.2**	**729.8**

NOTE 10. EMPLOYEE BENEFITS

Company Savings Plan

Subscription to the Company Savings Plan is offered to employees in France who have been with the Group for more than three months. The subscription period is opened once per year, after the share capital increase reserved to employees has been authorized by the Management Board, which also sets the subscription price. The subscription price is equal to the average of the opening share prices on the Eurolist of Euronext Paris over the 20 trading days preceding the decision of the Management Board, less a 20% discount. The Group also makes a top-up contribution applied exclusively to voluntary contributions (including profit-sharing), made by employees to the Group URW Fund (fund fully vested in stapled shares as from June 2018). These voluntary contributions are limited to a maximum of one quarter of the annual salary with a cap of €25,000 (for shares acquired at the discount).

The total cost of subscriptions to the Company Savings Plan (employer contribution and difference between the subscription price and the share price on the date of the capital increase) amounted to €2.0 Mn in the first nine months of 2020 compared to €2.7 Mn in 2019.

Stock option plans

There are currently five plans for stock options granted to Directors and employees of the Group. The plans have a duration of eight years[1] and may be exercised at any time, in one or more installments, as from the third anniversary of the date of their allocation[2].

All plans are subject to both internal and external performance conditions.
The external performance is assessed on the basis of the Total Shareholders Return (TSR) of URW's shares (with dividends reinvested) against a Reference Index[3] and a Corporate Social Responsibility (CSR) external rating. These KPIs weight 45% and 5% of the total performance achievement respectively.
The internal performance is assessed on the basis of the attainment of URW's Adjusted Recurring Earnings per Share (AREPS) guidance communicated to investors[4], and on the level of achievement of the CSR agenda Better Places 2030, Group-wide[5]. These KPIs weight 45% and 5% of the total performance achievement respectively.

The stock-options allocated in March 2020 were valued at €0.03 for those with a TSR condition and at €0.04 for those with non-market performance conditions (i.e. AREPS and internal/external CSR), using a Monte Carlo model. This valuation is based on an initial exercise price of €92.03, the share price at the date of allocation of €67.24, a vesting period of three years, an estimated duration of 3.7 years, a market volatility of 17.56%, a dividend representing 16.06% of the share value, a risk-free interest rate of -0.334% and a volatility of the reference composite index of 12.7% with a correlation reference composite index/URW of 66.94%.

Stock options are accounted for in accordance with IFRS 2. The expense recorded on the income statement in relation to stock options came to €1.7 Mn in the first nine months of 2020 and €4.2 Mn in 2019.

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[1] The duration was seven years for the plans granted before 2019.
[2] The exercise was possible only as from the 4th anniversary of the grant date for the plans granted before 2019.
[3] For the 2018 performance, the TSR taken into account is the one of Unibail-Rodamco before the Westfield Acquisition against index EPRA Eurozone "retail and office".
[4] For the 2018 performance, the performance is assessed on the attainment of the Recurring Earning Per Share (REPS) guidance on the scope of Unibail-Rodamco standalone.
[5] For the 2018 performance, the assessment is based on the scope Unibail-Rodamco standalone and on the integration of the US, the UK and Italy into URW's CSR agenda.

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

Plan		Exercise period (1)	Adjusted subscription price (€) (2)	Number of options granted	Adjustments in number of options (2)	Number of options cancelled	Number of options exercised	Potential additional number of shares (3)
2011 plan (n° 7)	2013	from 05/03/2017 to 04/03/2020	173.16	617,066	-	261,729	355,337	-
	2014	from 04/03/2018 to 03/03/2021	186.10	606,087	-	216,558	23,466	366,063
2015 plan (n°8)	2015	from 04/03/2019 to 03/03/2022	256.81	615,860	-	205,928	-	409,932
	2015	from 05/09/2019 to 04/09/2022	238.33	7,225	-	7,225	-	-
	2016	from 09/03/2020 to 08/03/2023	227.24	611,608	-	158,107	1,913	451,588
	2017	from 08/03/2021 to 07/03/2024	218.47	611,611	-	115,396	-	496,215
2018 plan (n°9)	2018	from 06/03/2022 to 05/03/2025	190.09	630,135	-	81,400	-	548,735
2019 plan (n°10)	2019	from 20/03/2022 to 19/03/2027	144.55	748,372	-	82,786	-	665,586
2020 plan (n°11)	2020	from 22/03/2023 to 21/03/2028	92.03	885,291	-	28,379	-	856,912
Total				**5,333,255**	**-**	**1,157,508**	**380,716**	**3,795,031**

(1) *Under assumption that the performance and presence conditions are satisfied. If the first day of the exercise period is a non-business day, the retained date will be the next business day. If the end of the exercise period is a non-business day, the retained date will be the first preceding business day.*

(2) *Adjustments reflect distribution paid from retained earnings.*

(3) *All the options are subject to presence and performance conditions.*

Performance share plan

All the shares are subject to both external and internal performance conditions, except those allocated in May 2018 which are only subject to internal performance conditions. The performance conditions are the same as for the Stock-Options described above.

The awards allocated in March 2020 were valued at €21.53 for those with a TSR condition and at €41.53 for those with non-market conditions (i.e. AREPS and internal/external CSR), using a Monte Carlo model.

This valuation is based on the share price at the date of allocation of €67.24, a vesting period of three years, a market volatility of 17.9%, a volatility of the reference composite index of 12.92% with a correlation reference composite index/URW of 64.19%, a dividend representing 16.06% of the share value and a risk-free interest rate of -0.396%.

Performance shares are accounted for in accordance with IFRS 2. The expense recorded on the income statement in relation to performance shares came to €7.2 Mn in the first nine months of 2020 and €9.4 Mn in 2019.

The table below shows allocated performance shares not yet delivered at the period-end:

Starting date of the vesting period [(1)]	Number of performance shares allocated	Number of performance shares cancelled	Number of performance shares acquired	Potential additional number of shares [(2)]
2016	36,745	7,918	28,827	-
2017	39,770	12,531	14,235	13,004
March 2018	82,539	10,646	-	71,893
May 2018	38,130	1,252	-	36,878
March 2019	172,174	19,016	-	153,158
March 2020	489,440	15,690	-	473,750
Total	**858,798**	**67,053**	**43,062**	**748,683**

(1) *For French tax residents: a minimum vesting period of three years, and a minimum holding period of two years once vested.*
For non-French tax residents: a minimum vesting period of four years without any requirement to hold the shares.
Plans granted in March 2020 and March 2019: a minimum vesting period of three years for the French and non-French tax residents without any requirement to hold the shares.

(2) *The acquisition of the shares is subject to presence and performance conditions.*

NOTE 11. SHARE CAPITAL AND DIVIDENDS

11.1. Number of shares

Change in share capital

	Total number of shares
As at Dec. 31, 2019	**138,378,605**
Capital increase reserved for employees under Company Savings Plan	69,150
Shares granted	24,630
As at Sept. 30, 2020	**138,472,385**

Average number of shares diluted and undiluted

	Jan. - Sept. 2020	2019
Average number of shares (undiluted)	**138,425,485**	**138,350,731**
Dilutive impact		
Potential shares via stock options [(1)]	-	-
Attributed performance shares (unvested) [(1)]	387,359	198,736
Potential shares via ORNANE	1,851,806	1,913,286
Potential shares via ORA	-	3,652
Average number of shares (diluted)	**140,664,650**	**140,466,405**

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

11.2. Dividends

On May 15, 2020, Unibail-Rodamco-Westfield SE's combined General Meeting of shareholders resolved to distribute a dividend of €5.40 per stapled share.

The cash dividend amounted to €747.4 Mn. An interim dividend of €747.4 Mn was paid on March 26, 2020. Taking a prudent view of the uncertainties about the duration and the impact of the COVID-19 pandemic, the Group decided not to propose to the combined General Meeting the planned final dividend of €5.40 per stapled share, in order to further increase the Group's strong liquidity.

NOTE 12. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

All the significant commitments and contingent liabilities are disclosed in the note 12 of the consolidated financial statements as at December 31, 2019.

There was no significant change in the commitments given, received and in the contingent liabilities during the period.

NOTE 13. SUBSEQUENT EVENTS

On October 12, URW entered into an agreement with a consortium of French institutional investors (Primonial REIM, La Française and EDF Invest) for the sale of the SHiFT office building. The Disposal Price[1] of €620 Mn represents a premium to the June 30, 2020, book value.

This transaction is subject to standard conditions precedent and is expected to close in January 2021.

SHiFT is located in the business district of Issy-les-Moulineaux (Paris region) with a GLA of 47,200 sqm. The property is fully let to Nestlé for its new French headquarters on a 12-year lease.

Following the increase in COVID-19 cases since September 2020 in a number of the Group's regions, health and safety measures such as mandatory wearing of masks, social distancing measures, earlier closing of restaurants and bars and curfews have been introduced and/or reinforced. These are impacting businesses in URW's shopping centres. Should COVID-19 cases continue to rise, governments may impose further restrictions to protect public health.
On October 28, the government in France announced non-essential shops, restaurants and bars would be required to close again across the whole country and a lockdown has been put in place until December 1.

[1] Total Acquisition Cost reduced by the transaction taxes and expenses incurred by the buyer. As per standard market practice, the remaining lease incentives will be paid by the vendor.