



UNIBAIL-RODAMCO-WESTFIELD

FINANCIAL REPORT – FIRST HALF 2020

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¹ The Management Discussion & Analysis (MD&A) is based on the Financial statements prepared on a proportionate basis.

1. BUSINESS REVIEW AND 2020 HALF-YEAR RESULTS

I. ACCOUNTING PRINCIPLES AND SCOPE OF CONSOLIDATION

Accounting principles

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

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

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

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

Where applicable, the performance indicators are compliant with the Best Practices Recommendations published by the European Public Real Estate Association ("EPRA")². These are reported in a separate chapter at the end of this section.

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

Due to inherent uncertainties associated with estimates, the group reviews those estimates based on regularly updated information. Actual results might eventually differ from estimates made at the date of the preparation of the condensed financial statements.

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

² EPRA Best Practices Recommendations are available on the EPRA website: www.epra.com.

Scope of consolidation

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

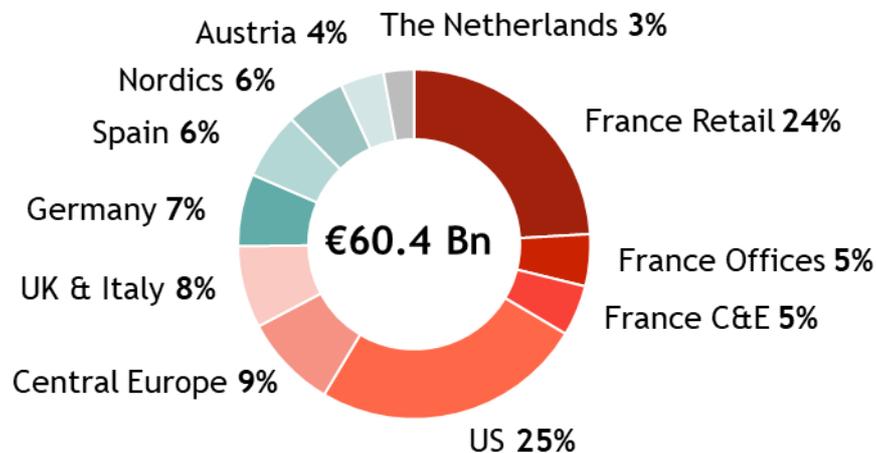
- On May 29, the disposal of five retail assets in France (Aéroville, So Ouest, Confluence, Toison d'Or and Rennes Alma) and one hotel (Novotel Lyon Confluence) to a joint venture formed by Crédit Agricole Assurances and La Française, collectively with a 54.2% stake, and URW which holds 45.8% (the "Entity").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

Operational reporting

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

As France has substantial activities in all three business lines of the Group, this region is itself divided in three segments: Shopping Centres, Offices & Others and Convention & Exhibition ("C&E")³. The other regions operate almost exclusively in the Shopping Centres segment. In the US, the Group also operates an airport terminal commercial management business.

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



Figures may not add up due to rounding.

³ C&E includes the Les Boutiques du Palais retail asset.

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

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

Closing and reopening of the Group's shopping centres

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

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

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

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

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

These include:

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

⁴ Although restrictions were lifted, not all retailers actually reopened on such dates.

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

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

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

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

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

Footfall⁵

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

Following reopening, the trend has been encouraging and generally better than expected: footfall has increased regularly week after week⁶, resulting in June footfall for centres open throughout the month at 73.8% of June 2019.

Footfall trends post reopening

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

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

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

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

⁵ Footfall data does not include Zlote Tarasy as it is not managed by URW. Footfall in URW’s shopping centres in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the period through June 30, 2020, shopping centres excluded due to delivery or ongoing works were Les Ateliers Gâté, La Part-Dieu, CH Ursynow, Westfield Mall of the Netherlands, Garbera and Gropius Passagen.

⁶ Data from the respective reopening dates through the week ending July 26, 2020.

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

Tenant sales⁷

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

Region	PRE-LOCKDOWN	POST-LOCKDOWN	YTD JUNE 2020
	Tenant Sales Growth (%) (YTD - February 2020)	Tenant Sales Growth (%) (June 2020) ⁸	Tenant Sales Growth (%) (YTD - June 2020)
France	+ 1.0%	-19.1%	-40.0%
Spain	+ 2.6%	-18.7%	-47.0%
Central Europe	+ 5.3%	-24.6%	-35.5%
Austria	+ 0.4%	-13.8%	-31.4%
Nordics	+ 3.5%	-20.2%	-26.3%
The Netherlands	NA	NA	NA
Germany	+ 6.6%	-18.4%	-30.5%
Total Continental Europe	+ 2.7%	-19.7%	-36.6%
UK	+ 1.3%	NA	-53.6%
Total Europe	+ 2.5%	NA	-39.4%

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

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

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

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

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

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

Rent collection and deferred rent

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

⁷ European tenant sales data does not include Zlote Tarasy as it is not managed by URW. Tenant sales performance in URW's shopping centres (except The Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the period through June 30, 2020, shopping centres excluded due to delivery or ongoing works were Les Ateliers Gaîté, La Part-Dieu, CH Ursynow, Garbera, and Gropius Passagen. Primark sales are based on estimates. Excluding Tesla.

⁸ For shopping centres opened for the full month.

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

Upon the reopening of its shopping centres, the Group engaged tenants in discussions about collecting rent and service charges as well as the terms of any support by URW. As such, in Europe⁹:

- 69% of H1-2020 rent and service charges have been collected (96% for Q1-2020 and 41% for Q2-2020). Of the Q2-2020 rent, 34% was deferred or discounted¹⁰, and 25% is overdue and to be recovered;
- 64% of amounts due but not yet paid are covered by cash deposits, or bank or corporate guarantees.

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

The collection rate of July 2020 rents in Europe stood at 47% as at July 24.

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

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

Under IFRS 16, the Group as at June 30, was generally not permitted to provision or write off deferred rent or rent relief qualifying as a lease modification. Consequently, the total accounts receivable¹¹ from the Group's tenants increased by +€493 Mn. Deferred rents are expected to be recovered in H2-2020, although it is possible not all of these will be recovered.

Bankruptcies

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

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

Tenant negotiations

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

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

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

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

⁹ As at July 24, 2020.

¹⁰ Including deferment or cancellation of rents authorized by governmental decisions.

¹¹ On a proportionate basis.

IFRS 16 and the accounting for rent discounts

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

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

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

Impact on H1-2020 earnings

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

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

Cost reduction and capital expenditure deferrals

The Group has taken steps to reduce operating expenses charged to tenants (€34.6 Mn in Europe, representing 10.6% of the amount budgeted for 2020) as well as deferring non-essential capital expenditures (€500 Mn).

These measures are not expected to impact the high level of quality and services tenants and customers expect from URW's shopping centres.

The Group launched a number of initiatives to generate both short and long-term savings. The US and UK activities were restructured to ensure optimization of their processes and tools while simplifying the organisation, leading to substantial and sustainable savings. The development pipeline was also revised, leading to an adjustment of the corresponding staff. In addition, furlough plans and "partial activity" schemes were activated. Lastly, non-staff costs have been cut.

Collectively, these steps are expected to generate gross administrative expense savings of approximately €40 Mn in 2020 and €60 Mn on an annualised basis.

Preservation of strong liquidity position

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

III. BUSINESS REVIEW BY SEGMENT

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

1. Europe – Shopping Centres

1.1 Activity

Leasing activity

Because of the COVID-19 pandemic, leasing activity was significantly impacted in Q2, in both the number of leases signed and MGR uplift. In H1-2020, URW signed 347¹² leases (757¹³) on standing assets for €53.1 Mn of MGR. The MGR uplift on renewals and relettings was +5.5% (+12.2%) in Continental Europe and +3.5% in Europe. This uplift was primarily due to a strong double digit reversion in Spain, France and Central Europe, partially offset by a decrease in The Netherlands and the UK. The MGR uplift in Flagships in Continental Europe was +9.2% (+13.8%) and +6.2% in Europe.

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

MGR: Minimum Guaranteed Rent.

Figures may not add up due to rounding.

The main deals signed during H1-2020 were:

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

In addition, URW opened new stores, including several "Influencer Brands":

- Samsonite in Täby Centrum (on January 31);

¹² Including 12 deals for the five French assets of the Entity until May 29.

¹³ 700 leases for Continental Europe and 57 for the UK in H1-2019.

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

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

The Group also continued to introduce new innovative and leisure concepts:

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

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

Commercial Partnerships

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

The Commercial Partnerships activity is gradually recovering following the reopening of the centres. Significant deals in H1-2020 include:

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

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

Marketing & Communication

The Group successfully launched a reopening marketing campaign in two phases:

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

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

Innovation

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

In addition, URW accelerated key partnerships to maximize retailers sales generated by omnichannel activities:

- Reinforced partnerships with food delivery platforms such as Deliveroo, Uber Eats, Wolt, etc.;
- The Zalando partnership in Germany, Sweden, Poland and Spain, to benefit from Zalando's 30 million yearly online active users to help facilitate online retail sales in the Group's shopping centres.

1.2. Net Rental Income

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

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

Figures may not add up due to rounding.

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

- +€1.9 Mn from the acquisition of units or shares mainly in Germany (shares in CentrO) and Spain (in Parquesur and La Vaguada);
- -€0.3 Mn due to exceptional and other items;
- -€1.4 Mn due to negative currency effects (GBP and SEK);
- -€8.0 Mn due to assets moved to the pipeline, primarily in France (mainly in Westfield Les 4 Temps, Ulis 2 and Westfield Forum des Halles), Spain and Austria;
- -€12.3 Mn due to disposals of assets, mainly in France (five shopping centres to the Entity and Bobigny 2) and the Nordics (Jumbo in February 2019);
- -€41.6 Mn of like-for-like NRI growth¹⁴ in Continental Europe (-6.7%) and -€67.0 Mn for the entire European portfolio (-9.6%).

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

Figures may not add up due to rounding.

¹⁴ Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to square metres and currency exchange rate differences in the periods analysed.

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

Figures may not add up due to rounding.

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

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

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

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

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

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

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

1.3. Vacancy and Occupancy Cost Ratio (“OCR”)

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

COVID-19 had a significant effect and caused a material increase in bankruptcies and delays in lettings during H1-2020. The EPRA vacancy rate¹⁵ was 3.9% as at June 30, 2020 (2.5% as at December 31, 2019) in Continental Europe, 8.6% in the UK, and 4.7% for Europe overall. This increase is due to Spain, the Nordics (mainly in Täby Centrum) and Central Europe. Vacancy was stable in The Netherlands.

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

Excluding pipeline.

Figures may not add up due to rounding.

The OCR¹⁶ was not computed for the period as it is not meaningful due to the impact of COVID-19 on tenant sales.

¹⁵ EPRA vacancy rate: ERV of vacant spaces divided by ERV of total surfaces.

¹⁶ Occupancy Cost Ratio (“OCR”): (rental charges + service charges including marketing costs for tenants, all including VAT) / (tenant sales, including VAT). As tenant turnover is not known for all tenants for The Netherlands, no reliable OCR can be calculated for this country. Primark sales are estimates.

2. Continental Europe - Offices & Others

2.1. Property market

Take-up

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

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

Available area

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

Rental values

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

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

Investment market

The total volume of transactions in the Paris region amounted to €6.3 Bn¹⁷ in H1-2020, -29% vs. H1-2019 (€8.8 Bn), but in line with the 5-year average.

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

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

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

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

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

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

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

¹⁷ Source: Cushman & Wakefield, JLL, BNP Paribas Real Estate.

2.2. Activity

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

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

Figures may not add up due to rounding.

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

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

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

Figures may not add up due to rounding.

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

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

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

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

3. Convention & Exhibition

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

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

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

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

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

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

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

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

4. US Business Review

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

Tenant Sales¹⁸

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

Specialty tenant sales¹⁹ per square foot (“psf”) through February 29, 2020, increased by +5.9% to \$728 psf, with Flagships up by +5.3%, to \$856 psf, and Regionals by +5.0%, to \$521 psf.

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

Leasing

In H1-2020, 329 leases²⁰ were signed on standing assets (487), representing 781,000 sq. ft. (1,441,000 sq. ft.) and \$45.0 Mn of MGR (\$72.8 Mn). In addition, 21 leases were signed on 154,000 sq. ft. of pipeline project space, mainly at Westfield Valley Fair. Prior to the start of the COVID-19 pandemic, leasing activity through February had been slightly ahead of 2019 in terms of sq. ft. leased.

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

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

¹⁸ Tenant sales excluding Auto sales category.

¹⁹ Specialty tenant sales <10K sq. ft. (ca. 929 sqm) on a trailing 12-month basis (excluding auto category).

²⁰ Including 15 short term lease renewals of <24 month leases.

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

Average rental spreads²¹ in H1-2020 were -1.2%, of which +2.6% in Flagships and -12.2% in Regionals. Average rental spreads for relettings were +0.6%, of which +6.7% in Flagships and -18.9% in Regionals. The average MGR uplift was -8.1%.

Commercial Partnerships

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

Extensions and renovations

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

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

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

Airports

Global passenger traffic was down²² by -56%, -94% and -93% in March, April and May, respectively.

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

Net Operating Income

Comparable Net Operating Income ("Comp NOI"²³) decreased by -\$39.2 Mn (-14.9%), of which -\$31.1 Mn (-15.2%) in Flagships and -\$8.1 Mn (-13.6%) in Regionals, vs. H1-2019. The higher decrease in Flagships was generated by provisions for doubtful debtors, and the reduction in Commercial Partnerships income.

Like-for-like NRI²⁴ decreased by -15.3% vs. H1-2019, primarily due to additional provisions for doubtful debtors. The decrease was -17.5% in Flagships and -10.0% in Regionals.

Occupancy²⁵ was 91.8%, down by -300 bps from December 31, 2019, and by -160 bps from June 30, 2019, of which 92.7% (-350 and -190 bps, respectively) in Flagships and 90.4% (-250 and -120 bps, respectively) in Regionals.

²¹ For the US portfolio, the rental spreads reflect the trailing 12-months average increase in total rent, including common area maintenance charges, for specialty stores (excluding lease extensions, deals with zero prior rent and deals for less than 12 months).

²² According to Airports Council International (ACI) World data.

²³ Comp NOI: Net Operating Income before management fees, termination/settlement income and straight-line rent adjustments for comparable shopping centres. Comp NOI is a metric commonly used in the US Market to evaluate income-generating real estate properties.

²⁴ Like-for-Like NRI: Net Rental Income for spaces which have been consistently and fully in operation during two full comparison periods. In general, Net Rental Income excludes depreciation and amortization expense, ground lease expense, and operating tenant buyout expense, as opposed to Net Operating Income, which includes these expense categories.

²⁵ Occupancy based on a square foot basis, excluding development space, and including executed and temporary leases.

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

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

Financial vacancy²⁶ was 10.1% (vs. 11.2% as at June 30, 2019), of which 9.3% in Flagships and 12.3% in Regionals.

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

Average Leasing Revenue psf

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

Marketing and digital

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

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

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

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

Innovation

URW's innovation efforts have been focused on food ordering and delivery during H1. Partnerships with dining delivery partners such as Uber Eats and Doordash have been strengthened with a strong focus on enhancing the Group's operational protocols (signage, parking) and information to riders to ensure a smooth pickup process and fast delivery to customers. Restaurants such as Din Tai Fung at Westfield Century City have seen a massive uptick in their volumes with up to 700 orders daily.

The Airports division has achieved a major breakthrough in low-touch commerce at LAX and Chicago O'Hare. In partnership with Grab, the omnichannel food platform, URW has obtained authorization and launched an online ordering and no-touch pickup service at all LAX terminals and Chicago T5 to support food tenants in a limited-traffic context. Service is expected to go live in August with 90% of LAX food tenants already on board.

²⁶ Financial vacancy in accordance with the EPRA methodology.

IV. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

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

- **Better Spaces:** environmental performance remains at the heart of URW’s operations and development projects.
 - Better Places 2030 is moving forward in the US:
 - Palisade at Westfield UTC received a LEED Gold certification in April;
 - URW was listed on the US Environmental Protection Agency (EPA) National Top 100 List of the largest green power users from the Green Power Partnership (GPP), and Top 30 List for companies generating and consuming green power on-site.
- **Better Communities:**
 - A number of projects and actions dedicated to communities, such as URW for Jobs and URW Community Days were paused over the period due to strict social distancing rules.
 - The Group engaged in over 100 solidarity initiatives to support local communities, by:
 - Preventing and fighting the spread of COVID-19, notably by making available its locations to health and military authorities (seven blood donation areas and nine testing sites) and enhancing the health system response capacity;
 - Protecting and aiding the most vulnerable, supporting a variety of NGOs (financial support, food, medical supplies and toiletries, computers, art supplies) or providing spaces, such as in six French shopping centres to NGOs fighting domestic abuses and violence against women, and in the US by making parking lot areas available to host community-led drive-in movie events, drive-by school graduation ceremonies, as well as face mask and food distribution to at-risk community members.
- **Better Together:**
 - The Group’s employee well-being framework focusing on healthy minds, bodies and culture was reinforced during the pandemic with a number of measures to connect and engage with teams working remotely. URW will continue to implement the well-being framework in 100% of its countries this year.
 - URW is fully committed to promoting an inclusive and diverse workplace for all. In 2020, the new diversity framework “Be You” at URW will be rolled out Group-wide with an increased focus on all forms of diversity and measures to promote inclusiveness and equality.

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

- **Indices:**
 - Euronext Vigeo indices: World 120, Eurozone 120, Europe 120 and France 20;
 - Ethibel Sustainability Index (ESI) Excellence Europe and Excellence Global.
- **Ratings:**
 - ISS ESG Corporate rating: The Group for the first time achieved a B rating (from C+ in 2019) and was confirmed in its Prime status. URW is part of the 1st Decile Rank in the Real Estate industry group.

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

V. H1-2020 RESULTS

The results of the Group presented below are based on the Consolidated income statement in a proportionate format, in which the joint-controlled entities are accounted for on a proportionate basis instead of being accounted for using the equity method under IFRS. URW believes the financial statements on a proportionate basis give stakeholders a better understanding of the underlying operations of URW and the joint-controlled entities, as they represent a significant part of the Group's operations in the US and the UK. The Group has structured its internal operational and financial reporting according to this proportionate format.

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

Gross Rental Income

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

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

Figures may not add up due to rounding.

Net Rental Income

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

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

Figures may not add up due to rounding.

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

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

Contribution of companies accounted for using the equity method

The Contribution of companies accounted for using the equity method²⁷ amounted to -€92.5 Mn (-€1.4 Mn), a decrease of -€91.0 Mn, mainly due to higher negative valuation movements in the US, Central Europe and France.

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

Figures may not add up due to rounding.

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

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

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

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

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

²⁷ Contribution of companies accounted for using the equity method represents URW’s share of the Net recurring result for the period of entities accounted for using the equity method which are not joint-controlled (and therefore not retreated on a proportionate basis) and interest received on loans granted to these entities. This corresponds to five shopping centres and a hotel in France (as of May 30, 2020), Zlote Tarasy, Ring-Center (disposed of on December 30, 2019) and Gropius Passagen in Europe and to the Blum/Centennial and Starwood Ventures entities in the US.

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

Figures may not add up due to rounding.

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

The valuation movements on services break down as follows:

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

Figures may not add up due to rounding.

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

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

Financing result

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

URW’s average cost of debt²⁸ for the period was 1.7% (1.6% in 2019). URW’s financing policy is described in the section “*Financial resources*”.

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

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

Income tax expenses are due to the Group’s activities in countries where specific tax regimes for property companies²⁹ do not exist or are not used by the Group.

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

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

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

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

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

- €667.5 Mn of recurring net result (-27.2% vs. H1-2019, as a result of COVID-19 crisis, disposals in 2019 and H1-2020 and the increase of net financing costs);
- -€4,193.4 Mn of non-recurring net result³⁰ (€258.2 Mn in H1-2019) mainly because of negative valuation movements and the impairment of goodwill (H1-2019 was positively impacted by the reversal of deferred tax liabilities in the US).

The Adjusted Recurring Earnings³¹ reflect a profit of €643.4 Mn.

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

²⁸ Average cost of debt = Recurring financial expenses (excluding those on financial leases and related to partners’ current accounts) + capitalized financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact) / average net debt over the period.

²⁹ For example, in France: SIIC (Société d’Investissements Immobiliers Cotée); and in the US: REITs.

³⁰ Include valuation movements, disposals, mark-to-market and termination costs of financial instruments, including bond tender premiums, impairment of goodwill or reversal of negative goodwill and other non-recurring items.

³¹ Under IFRS, the Hybrid Securities are accounted for as shareholders’ equity. The Adjusted Recurring Earnings are calculated based on the Recurring net result for the period attributable to the holders of the Stapled Shares minus the coupon on the Hybrid Securities (from June 1, 2018).

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

Adjusted Recurring Earnings per Share (AREPS)³¹ for H1-2020 came to €4.65 compared to €6.45 for H1-2019, a decrease of -28.0% due mainly to the impact of the COVID-19 crisis and the €2.8 Bn of disposals made in 2019 and H1-2020 and the expensing of letting fees (-3.4%).

VI. GOODWILL³²

Impairment tests-method

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

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

- Three different scenarios for the 5-year period 2020-2024. These scenarios were based on the 5-year Business Plan 2020-2024 per geographical segment prepared in Q4-2019 (including detailed profit & loss statements, proposed capital expenditure and disposals) with a review per geographical segment of the potential impact of the crisis;
- The discount rates before tax per geographical segment based on a calculation of the WACC per region which reflect the current market assessment of the interest rates and the specific risks associated with each geographical segment as at June 30, 2020. These discount rates were also compared with the discount rates used by appraisers for the valuation of Investment Properties as at June 30, 2020, and the consistency between those was ensured;
- An allocation of the Group's corporate administrative expenses to the geographical segments, as a percentage of their respective NRI;
- A discounted cash-flow calculation for each geographical segment on a 10-year basis, consistent with the method applied by the Group's appraisers, and a discounted terminal value, to which a long-term growth rate estimated as at June 30, 2020, is applied. Two of the scenarios used reflected a decrease in the estimated long-term growth rates in the Group's regions.
- A probability of occurrence of each scenario in each region, based on the estimated medium-term impact of COVID-19 per region. A weighted average Enterprise Value (EV) was calculated for each region.

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

Impairment tests-results per region

US

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

UK

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

France Retail

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

Central Europe

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

³² This section refers to the IFRS Consolidated financial statements.

Spain

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

Nordics

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

Germany

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

Convention & Exhibition

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

Austria and Other

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

Breakdown of the goodwill

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

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

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

Figures may not add up due to rounding.

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

VII. POST-CLOSING EVENTS

None.

VIII. OUTLOOK

In March, the Group withdrew its 2020 AREPS guidance due to the lack of visibility about the duration and impact of the COVID-19 pandemic on its operations. The Group expressed its intention to provide an update on its guidance when it could reliably estimate the duration, severity, and consequences of the situation.

While 95% of the Group's centres by value in Europe and the US had reopened as of June 15, several of the Group's centres have had to close again, following an order by the State of California reinstating restrictions. Moreover, negotiations with tenants about the recovery of rents for the second quarter are still ongoing and the number and timing of any more tenant bankruptcies is uncertain.

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

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

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

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

IX. CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

Cash flow from operating activities

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

Cash flow from investment activities

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

Cash flow from financing activities

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

2. INVESTMENTS AND DIVESTMENTS

In H1-2020, URW invested €528.3 Mn³³, Group share, in capital expenditures in assets and on construction, extension and refurbishment projects, compared to €737.5 Mn in H1-2019, a decrease mainly due to the measures taken to reduce capital expenditures in the context of COVID-19.

1. Total capital expenditures

The total investments break down as follows:

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

Figures may not add up due to rounding.

2. Shopping Centres

URW invested €403.1 Mn³⁴ in its Shopping Centre portfolio in H1-2020:

- New acquisitions amounted to €12.7 Mn, mainly in France (Rennes Alma);
- €259.5 Mn were invested in construction, extension and refurbishment projects, including mainly: the Westfield Mall of the Netherlands, La Part-Dieu and Les Ateliers Gaîté redevelopments and extensions and Westfield Hamburg (see also section “*Development projects*”);
- €56.7 Mn were invested in enhancement and improvement projects on standing assets, including mainly Westfield Les 4 Temps, Westfield London and Shopping City Süd;
- Replacement Capex³⁵ amounted to €33.7 Mn;
- Financial interest, eviction costs, external letting fees (internal letting fees are now included in Administrative expenses) and other costs were capitalized for €22.1 Mn, €5.2 Mn, €6.3 Mn and €6.9 Mn, respectively.

3. Offices & Others

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

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

³³ On a proportionate basis, Group share.

³⁴ Amount capitalized in asset value.

³⁵ Replacement Capex relates to works either on equipment or the structure of a standing asset. The primary purpose of Replacement Capex is to ensure that the asset is in good working order and / or to make minor improvements. These investments can be triggered by obsolescence, maintaining technical performance at market levels or compliance with regulatory requirements. These amounts do not include Replacement Capex spent as part of the TIC of extension and / or renovation projects on which the Group’s standard Return On Investment (ROI) is expected.

4. Convention & Exhibition

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

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

5. Disposals

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

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

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

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

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

3. DEVELOPMENT PROJECTS AS AT JUNE 30, 2020

As at June 30, 2020, URW's share of the Total Investment Cost ("TIC"³⁶ and "URW TIC"³⁷) of its development project pipeline amounted to €6.2 Bn³⁸, with a total of 1.0 million sqm of Gross Lettable Area ("GLA"³⁹) to be re-developed or added to the Group's standing assets.

1. Development project portfolio overview

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

- The completion and delivery of the Westfield Valley Fair retail extension (-€0.5 Bn);
- The removal of a number of controlled projects (-€1.6 Bn⁴⁰).

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

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

(1) % ownership after exercise of option rights.

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

³⁶ 100% TIC is expressed in value at completion. It equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. It excludes: (i) capitalized financial interest; (ii) overhead costs; (iii) early or lost Net Rental Income; and (iv) IFRS adjustments.

³⁷ URW TIC: 100% TIC multiplied by URW's percentage stake in the project, plus specific own costs, if any.

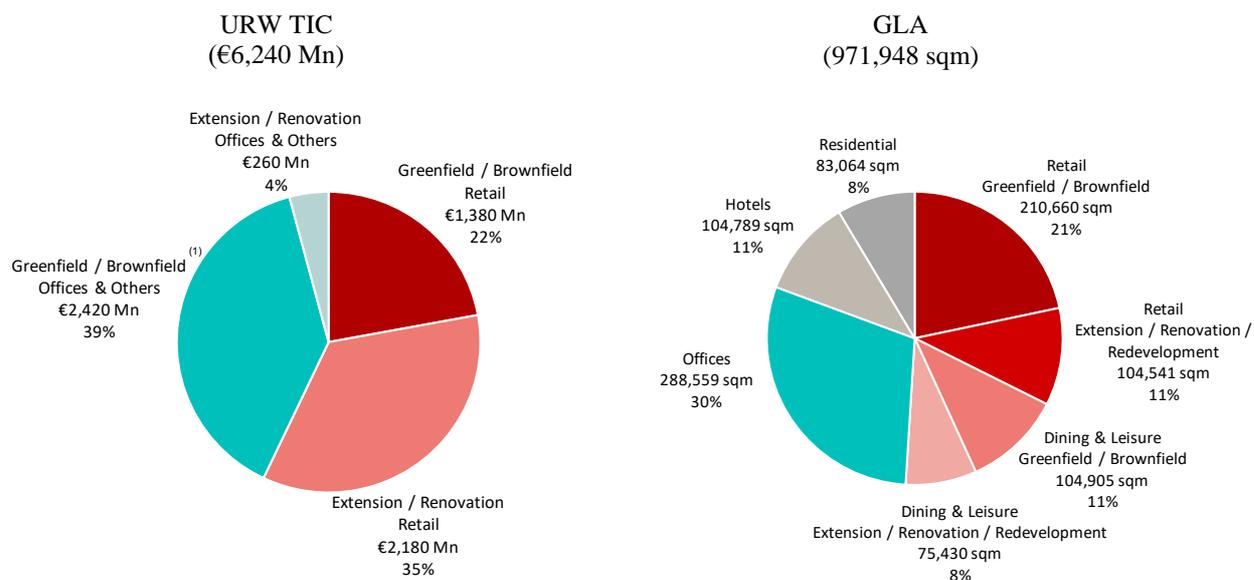
³⁸ This includes the Group's share of projects fully consolidated and projects accounted for using the equity method, excluding Viparis projects and commitments on the roads for the Westfield Milano project.

³⁹ GLA equals Gross Lettable Area of projects at 100%.

⁴⁰ As already announced in the Q1 2020 Press release.

The pipeline categories are as follows:

URW Development pipeline by category⁴¹



⁽¹⁾ Including Residential and Hotel units

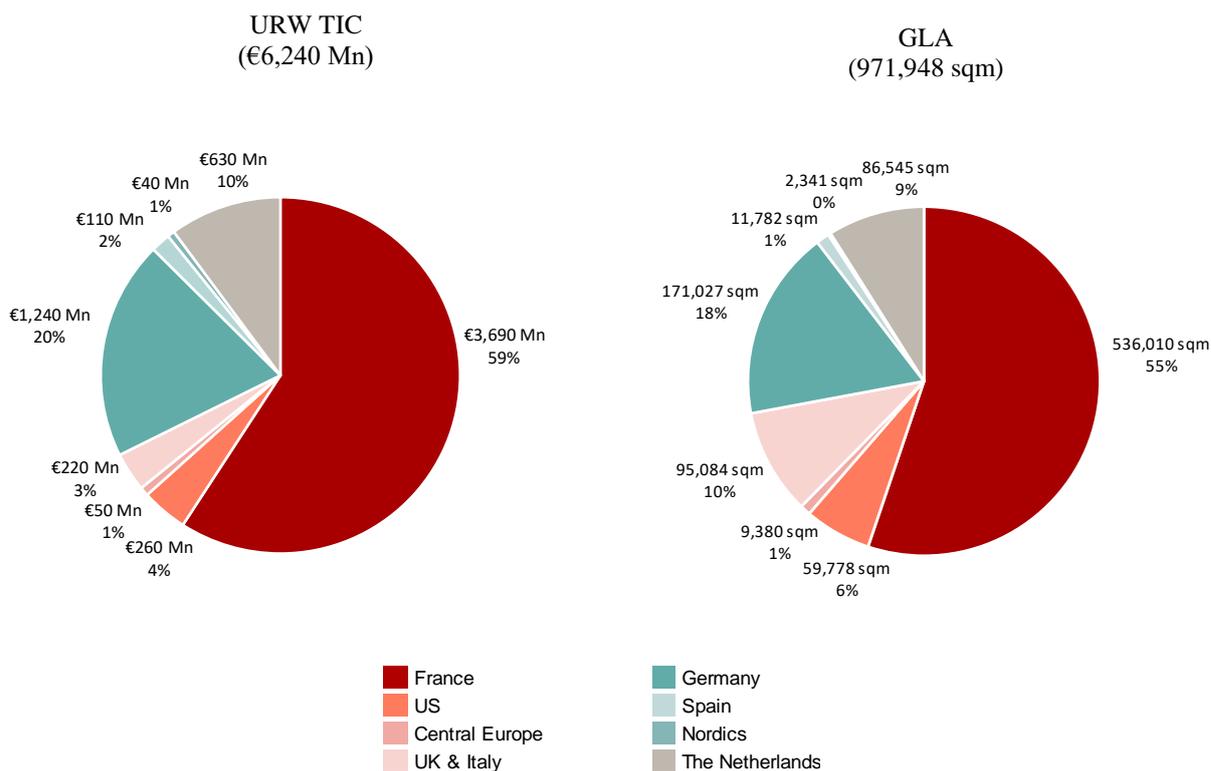
The Group's priority remains extensions and restructuring and refurbishment works on select standing assets. 61% of the €3.6 Bn retail pipeline consists of extension and renovation projects. 36% of the approximately 496,000 sqm retail pipeline consists of Dining and Leisure areas. €2.3 Bn (65%) of the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

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

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

⁴¹ Figures may not add up due to rounding.

URW Development pipeline by region⁴²



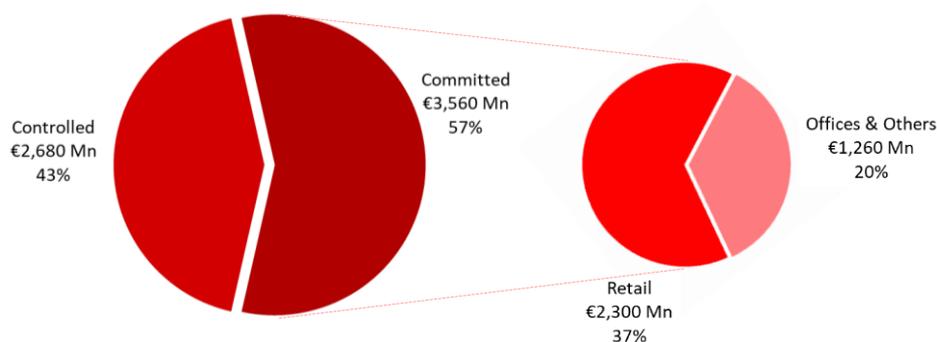
2. A secured and flexible development pipeline

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

- Committed:** projects for which URW owns the land or building rights and has obtained:
 - All necessary administrative authorizations and permits;
 - Approvals of joint venture partner (if applicable);
 - Approvals of URW's internal governing bodies to start superstructure construction works; and
 - On which such works have started.
- Controlled:** projects in an advanced stage of studies, for which URW controls the land or building rights, and all required administrative authorizations have been filed or are expected to be filed shortly. There can be no assurance these will become "Committed" projects, as this will be subject to having obtained all required administrative approvals, as well as those of joint venture partner (if applicable) and of URW's internal governing bodies to start superstructure works.

⁴² Figures may not add up due to rounding.

URW Development pipeline by grouping



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

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

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

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

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

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

4. Investments in H1-2020

See section “*Investments and divestments*”.

5. Deliveries expected in the next six months

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

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

The average pre-letting⁴³ of the retail deliveries stands at 83%⁴⁴. The pre-letting of Trinity is ongoing. URW plans to move its headquarters to the building in the summer of 2021, and will account for approximately 20% of the total GLA. The Group plans to refurbish and then let its current headquarters.

⁴³ GLA signed, all agreed to be signed and financials agreed.

⁴⁴ Excluding renovation projects.

6. Projects overview

DEVELOPMENT PROJECTS – June 30, 2020

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

(1) Figures subject to change according to the maturity of projects.

(2) Stabilized expected net rental income divided by the URW TIC.

(3) In the case of staged phases in a project, the date corresponds to the opening date of the main phase.

(4) Phased opening in 2023.

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

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

In October 2019, EPRA introduced new asset value metrics⁴⁵ noting that while Net Asset Value (NAV) is a key performance measure used in the real estate industry, NAV reported in the financial statements under IFRS may not provide stakeholders with the most relevant information on the fair value of the assets and liabilities. As property companies have evolved into actively managed entities, including non-property operating activities, this has resulted in more active ownership, higher asset turnover, and balance sheet financing has shifted from traditional bank lending to capital markets.

The new guidelines are meant to reflect this nature of property companies. Hence, EPRA NAV and EPRA NNAV are replaced by three new Net Asset Valuation metrics: EPRA Net Reinstatement Value, EPRA Net Tangible Assets and EPRA Net Disposal Value.

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

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

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

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

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

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

Material Valuation Uncertainty due to COVID-19

For the valuation as at June 30, 2020, the appraisers in Europe and in the US have included a material valuation uncertainty statement in the appraisal reports. This statement is used to be clear and transparent with all parties, and following guidance from the Royal Institution of Chartered Surveyors (“RICS”), that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

However, according to the appraisers, the inclusion of the material valuation uncertainty does not mean their valuation cannot be relied upon.

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

Cushman & Wakefield – Europe

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

⁴⁵ For further information on this change, please refer to the EPRA website:
https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf.

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

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

JLL – Europe

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

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

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

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

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

United States

The commercial property market in the US was driven by investor demand and had strong liquidity until the global outbreak of the COVID-19 pandemic, although the retail real estate sector had already been suffering from a lack of demand. In March 2020, the commercial property sector entered an unprecedented period of uncertainty and suspension which was mirrored in the assumptions made by appraisers, mainly in the initial years of the discounted cash-flows, but also in the yield profile.

Social distancing rules and reduced visitor traffic post-reopening are likely to create pressure on retailers in shopping centres leading to rent relief expectations. In anticipation of these events, appraisers modeled in rental discounts and percentage rent-based leases based on individual shopping centre performance and retailer health. These abatements are meant to be the form of financial assistance mainly for tenants who will be exposed most to the challenging business environment as a result of the pandemic.

The few months of shut-down in H1-2020 and the period of lower sales thereafter are expected to result on increased number of store closures and bankruptcies. These were reflected by appraisers according to analysis of existing tenant situations and announced or expected bankruptcies of retailers operating in the shopping centres. In addition, they assume struggling tenants will be in arrears more often and for higher amounts than in prior years. Also, reduced percentage rent income is anticipated. Thus, appraisers made allowances in the cash-flows to reflect all these factors.

Furthermore, uncertainty about the outlook is assumed to lead to longer marketing periods for vacant space, which in appraisers’ assumptions varies by space location, type, and size.

Moreover, in the mid-term the economic recovery may take a few years, therefore market rent growth was moderated or kept flat, with gradual return to usual rates in the further years only. Appraisers expect that the economic downturn will result in lower demand for brand events, digital and static media space, and other Commercial Partnerships incomes. In addition, parking income was reduced due to expected reduced numbers of visitors in H2-2020, and assumed lower rates.

Finally, in shopping centres where the anchor situation or overall centre performance warranted an expansion of ECR and/or DR, appraisers made upward adjustments.

1. PROPERTY PORTFOLIO

Unless otherwise indicated, the data presented in the property portfolio are on a proportionate⁴⁶ basis and as at June 30, 2020, and comparisons are with values as at December 31, 2019.

The total GMV of the URW asset portfolio⁴⁷ amounted to €60.4 Bn (€65.3 Bn), a decrease of -7.6%.

Continental Europe – Shopping Centres

Demand for commercial real estate across Continental Europe⁴⁸ remained robust. €120.2 Bn of commercial real estate were traded in H1-2020, down -12% from H1-2019.

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

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

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

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

United Kingdom

Investment volumes in UK real estate⁴⁹ amounted to €23 Bn in H1-2020, a decrease of -26% vs. H1-2019. Retail saw a -40% fall to €2.1 Bn, with shopping centres (-89% to €80 Mn), with just four transactions recorded in H1-2020.

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

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

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

⁴⁶ The sum of the GMV for the assets fully consolidated, the ownership at share of the GMV of assets jointly controlled accounted for using the equity method and the equity values for assets not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity, and the Blum/Centennial and Starwood Ventures entities).

⁴⁷ Including the Group's services business, the airport activities, the trademark, transfer taxes and transaction costs. Does not include the goodwill not justified by the fee business nor the impact of the application of IFRS 16.

⁴⁸ Source: Cushman & Wakefield, estimates.

⁴⁹ Source: Cushman & Wakefield, estimates.

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

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

United States

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

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

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

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

Offices & Others

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

Convention & Exhibition

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

1.1. URW's portfolio

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

Figures may not add up due to rounding.

(a) On a proportionate basis, including transfer taxes and transaction costs (see §1.6 for IFRS and Group share figures).

The portfolio valuation includes:

- The appraised or at cost value of the entire property portfolio, whether fully consolidated or under joint operation;
- The value of the trademark;
- The equity value of URW's investments in assets not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity, and the Blum/Centennial and Starwood Ventures entities). The equity value of URW's share investments in assets not controlled by URW amounted to €1,308 Mn (€948 Mn). The valuations consider the negative cash-flows related to rents paid on concessions or leaseholds, which are accounted for as financial debt on the consolidated statement of financial position.

The portfolio does not include €1.5 Bn of goodwill not justified by the fee business, nor financial assets such as the €3,491 Mn of cash and cash equivalents on the Group's consolidated statement of financial position as at June 30, 2020.

(b) Excluding the currency effect, investment properties under construction, assets not controlled by URW and changes in the scope (including acquisitions, disposals and deliveries of new projects) during H1-2020. Changes in scope consist mainly of the:

- Acquisition of retail units in La Part-Dieu and Westfield Mall of the Netherlands;
- Acquisition of office units in Tour Rosny;
- Disposal of five French assets to the Entity;
- Disposal of two retail assets: Bobigny 2 in France and Westfield Meriden in the US;
- Disposal of retail units in Westfield Parly 2 and La Part-Dieu; and
- Delivery of the extension of Westfield Valley Fair.

The like-for-like change in the portfolio valuation is calculated excluding the changes described above.

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

Figures may not add up due to rounding.

(a) Non like-for-like assets include IPUC valued at cost or at fair value, (e.g. projects such as the Gaîté and Trinity offices, the hotel project at Gaîté Montparnasse, the La Part-Dieu extension, Les Ateliers Gaîté, Westfield Milano and Westfield Mall of the Netherlands) and assets delivered in H1-2020 such as the extension of Westfield Valley Fair.

(b) Revaluation of the shares in companies holding the assets not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity, and the Blum/Centennial and Starwood Ventures entities).

(c) Includes URW's investments in the Entity.

(d) Value of assets disposed of, including those sold to the Entity, as at December 31, 2019.

(e) Currency impact of -€285 Mn, including -€335 Mn in the UK and -€14 Mn in the Nordics, partly offset by the US (+€65 Mn), before offsets from foreign currency loans and hedging programs.

Appraisers

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

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

Figures may not add up due to rounding.

(a) The Group's UK portfolio was valued by Cushman & Wakefield and Avison Young.

(b) PwC assesses Convention & Exhibition venues as well as the trademark and the airport operating leases.

(c) The Group's services activities and the airport business have been valued internally by URW as at June 30, 2020.

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

Valuation methodology

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

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

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

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

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

Valuation scope

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

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

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

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

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

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

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

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

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

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

1.2. Shopping Centre portfolio

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

Evolution of URW's Shopping Centre portfolio valuation

The value of URW's Shopping Centre portfolio⁵⁰ amounted to €51,775 Mn (€56,495 Mn).

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

Figures may not add up due to rounding.

(a) Non like-for-like assets include IPUC valued at cost or at fair value, (e.g. projects such as the La Part-Dieu extension, Les Ateliers Gaîté, Westfield Milano and Westfield Mall of the Netherlands) and assets delivered in H1-2020 such as the extension of Westfield Valley Fair.

(b) Revaluation of the shares in companies holding the assets not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity and the Blum/Centennial and Starwood Ventures entities).

(c) Includes URW's investments in the Entity.

(d) Value of assets disposed of, including those sold to the Entity, as at December 31, 2019.

(e) Currency impact of -€211 Mn, including the UK (-€258 Mn) and the Nordics (-€13 Mn), partly offset by the US (+€61 Mn), before offsets from foreign currency loans and hedging programs.

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

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

Figures may not add up due to rounding.

(a) Annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development or not controlled by URW, the trademark and the airport activities are not included in this calculation.

(b) The effect of including key money in the French region's NRI would have no impact on the NIY of French shopping centres.

⁵⁰ Including airport activities and the Westfield trademark.

The following table shows the further breakdown for the US:

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

Figures may not add up due to rounding.

(a) Annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development or not controlled by URW, the trademark and the airport activities are not included in the calculation of NIY. As the value of the assets is based on cash-flows and ECR, the NIY may be lower than the ECR for several reasons, including the vacancy as at the valuation date, which the appraisers assume will be rented, and the reversion which will be captured in the cash-flows. The NIY is an output rather than an input.

(b) The airport activities and the trademark are included in the valuation of the US Flagships.

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

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

Figures may not add up due to rounding.

Sensitivity

A change of +25 bps in NIY, the main output of the appraisal models, would result in a downward adjustment of -€2,627 Mn (or -5.4%) on URW's Shopping Centre portfolio value (excluding assets under development, the trademark and the airport activities).

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

Like-for-like analysis

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

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

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from December 31, 2019, to June 30, 2020, excluding assets not controlled by URW.

(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates) and taking into account key money.

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

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

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from December 31, 2019, to June 30, 2020, excluding assets not controlled by URW.

(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates) and taking into account key money.

1.3. Offices & Others portfolio

Evolution of URW's Offices & Others portfolio valuation

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

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

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

Figures may not add up due to rounding.

(a) Non like-for-like assets include IPUC valued at cost or at fair value, projects such as the Gaîté and Trinity offices, the hotel project at Gaîté Montparnasse.

(b) Value as at December 31, 2019.

(c) Currency impact of -€28 Mn in total, including the UK (-€29 Mn) and the Nordics (-€1 Mn), partly offset by the US (+€1 Mn), before offsets from foreign currency loans and hedging programs.

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

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

Figures may not add up due to rounding.

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

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

Figures may not add up due to rounding.

(a) Valuation of occupied office space as at June 30, 2020, based on the appraiser's allocation of value between occupied and vacant spaces.

(b) Annualized contracted rent (including latest indexation) and other incomes for the next 12 months, net of operating expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs. Assets under development are not included in this calculation.

Sensitivity

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

Like-for-like analysis

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

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

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from December 31, 2019, to June 30, 2020.

(b) Yield impact calculated using the change in potential yields (to neutralize changes in vacancy rates).

1.4. Convention & Exhibition portfolio

Valuation methodology

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

Evolution of the Convention & Exhibition valuation

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

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

Figures may not add up due to rounding.

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

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

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

1.5. Services

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

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

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

Figures may not add up due to rounding.

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

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

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

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

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

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

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

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

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

Figures may not add up due to rounding.

(a) Annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development and shopping centres not controlled by URW (Zlote Tarasy, Gropius Passagen, the Entity, and the Blum/Centennial and Starwood Ventures entities) are not included in the calculation. Shopping centres held by companies accounted for using the equity method are not included in the calculation of IFRS and Group share but are included in the proportionate.

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

1.7. Additional Valuation parameters - IFRS 13

URW complies with the IFRS 13 fair value measurement and the position paper⁵¹ on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

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

In addition to the disclosures provided above, the following tables provide a number of quantitative data in order to assess the fair valuation of the Group's assets.

Shopping Centres

All shopping centres are valued using the discounted cash-flow and / or yield methodologies using compound annual growth rates as determined by the appraisers.

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

NIY, DR and ECR weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled by URW, the trademark and the airport activities are not included in this table.

(a) Average annual rent (MGR + SBR) per asset per sqm.

(b) Rate used to calculate the net present value of future cash-flows.

(c) Rate used to capitalize the exit rent to determine the exit value of an asset.

(d) CAGR of NRI determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

⁵¹ EPRA Position Paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.

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

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

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

NIY, DR and ECR weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled by URW, the trademark and the airport activities are not included in this table.

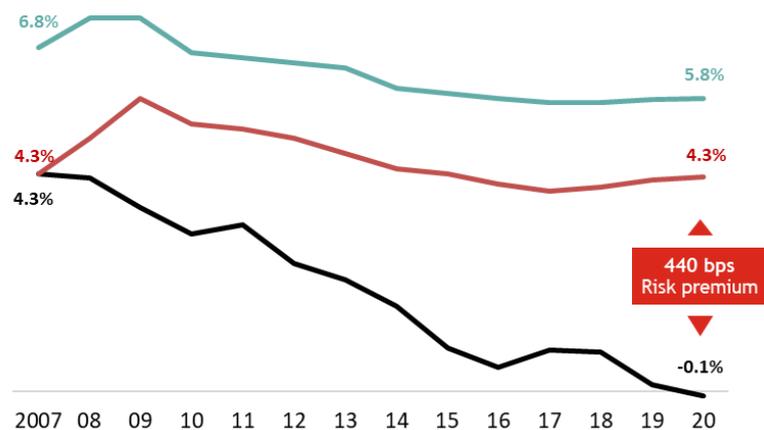
(a) Average annual rent (MGR + SBR) per asset per sqm.

(b) Rate used to calculate the net present value of future cash-flows.

(c) Rate used to capitalize the exit rent to determine the exit value of an asset.

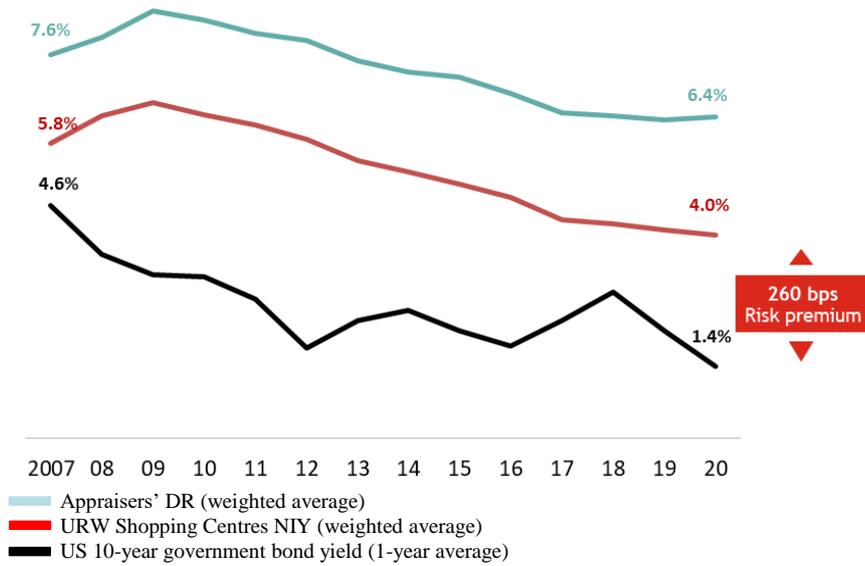
(d) CAGR of NRI determined by the appraiser (10 years).

France Shopping Centres

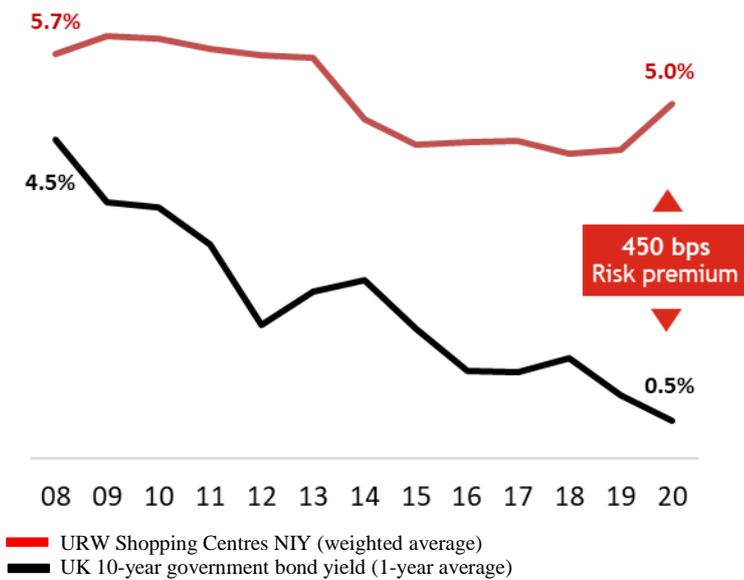


- Appraisers' DR (weighted average)
- URW Shopping Centres NIY (weighted average)
- French 10-year government bond yield (1-year average)

US Shopping Centres



UK Shopping Centres



Offices & Others

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

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

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

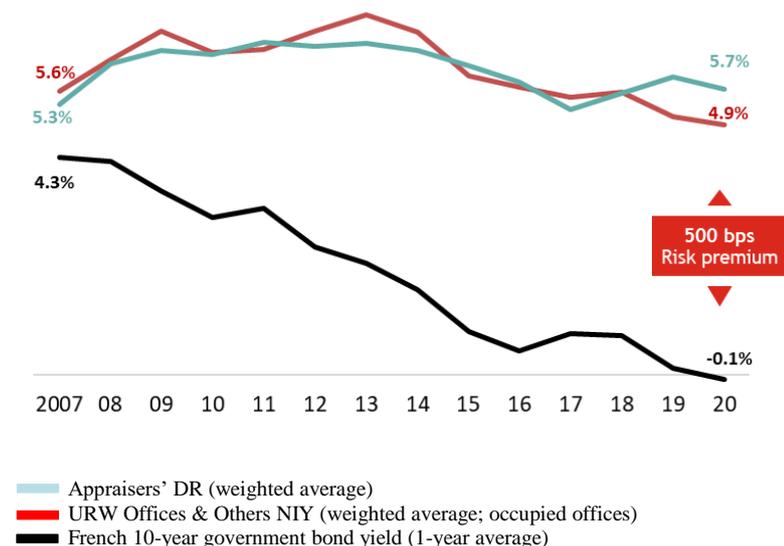
(a) Average annual rent (MGR) per asset per sqm. The computation takes into account the areas allocated to company restaurants.

(b) Rate used to calculate the net present value of future cash-flows.

(c) Rate used to capitalize the exit rent to determine the exit value of an asset.

(d) CAGR of NRI determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used).

France Offices & Others



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

2. EPRA NET ASSET VALUE METRICS CALCULATION

In October 2019, EPRA released its revised Best Practices Recommendations for the calculation of NAV. As discussed above, EPRA NAV and EPRA NNNAV are replaced by three new metrics: EPRA NRV, EPRA NTA and EPRA NDV⁵².

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

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

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

2.1. Equity attributable to the holders of the Stapled Shares

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

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

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

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

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

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

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

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

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

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

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

⁵² For further information on this change, please refer to the EPRA website:
https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf.

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

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

URW has adopted the third option.

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

In the Group's IFRS consolidated accounts, deferred tax on property assets was calculated in accordance with accounting standards as at June 30, 2020.

As a result, and consistent with the methodology described above, for the purpose of the EPRA NRV calculation, deferred taxes (€2,156 Mn) were added back for the calculation of EPRA NRV, and for the calculation of the EPRA NTA. For the EPRA NTA calculation, -€1,078 Mn of effective deferred taxes were then deducted. The EPRA NDV was not adjusted.

2.4. Fair value of financial instruments

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

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

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

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

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

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

2.5. Goodwill as a result of deferred taxes

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

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

2.6. Other Goodwill as per the IFRS Balance Sheet

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

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

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

2.7. Intangibles as per the IFRS Balance Sheet

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

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

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

2.8. Fair value of fixed interest rate debt

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

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

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

2.9. Revaluation of intangibles to fair value

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

EPRA NTA and EPRA NDV: No adjustment is made.

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

2.10. Real estate transfer tax

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

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

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

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

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

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

2.11. URW's EPRA NRV

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

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

2.12. URW's EPRA NTA

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

2.13. URW's EPRA NDV

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

3. EPRA NET ASSET VALUE METRICS TABLES

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

Figures may not add up due to rounding.

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

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

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

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

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

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

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

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

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

Figures may not add up due to rounding.

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

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

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

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

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

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

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

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

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

Figures may not add up due to rounding.

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

5. FINANCIAL RESOURCES

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

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

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

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

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

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

As at June 30, 2020:⁵³

- The Interest Coverage Ratio⁵⁴ ("ICR") was 4.2x⁵⁵ (5.7x⁵⁶);
- The Loan-to-Value ("LTV") ratio⁵⁷ was 41.5%⁵⁸ (38.6%).

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

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

1. Debt structure as at June 30, 2020

URW's gross financial debt⁵⁹ was €27,445 Mn (€24,728 Mn).

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

Net financial debt was €24,039 Mn (€24,239 Mn), excluding partners' current accounts and taking into account cash on-hand of €3,406 Mn⁶⁰ (€489 Mn) following the additional funds raised.

⁵³ Hybrid securities are accounted for as equity. The hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option and are required to be classified as equity under IFRS. Details on the hybrid securities are available at: https://images-urw.azureedge.net/-/media/Corporate~o~Sites/Unibail-Rodamco-Corporate/Files/Homepage/INVESTORS/Financing-Activity/Bond-Issues/Prospectuses-Hybrid/20180423-2018-Prospectus-Hybrid_onlyEN.ashx?revision=035329ae-9e2d-4980-a5c7-97b97e3f2fd1

⁵⁴ Recurring EBITDA / Recurring Net Financial Expenses (including capitalized interest); Recurring EBITDA is calculated as total recurring operating result and other income minus general expenses, excluding depreciation and amortization.

⁵⁵ 3.7x on a proportionate basis.

⁵⁶ 4.9x on a proportionate basis.

⁵⁷ Net financial debt as shown on the Group's balance sheet, after the impact of derivative instruments on debt raised in foreign currencies / total assets, including transfer taxes (43.0% excluding transfer taxes). Proportionate LTV ratio as at June 30, 2020, was 43.5% (45.1% excluding transfer taxes).

⁵⁸ Excluding €1,365 Mn of goodwill not justified by fee business as per the Group's European leverage covenants.

⁵⁹ After impact of derivative instruments on debt raised in foreign currencies. Excluding financial leases accounted as debt under IFRS 16.

⁶⁰ €3,491 Mn on a proportionate basis.

1.1. Debt breakdown

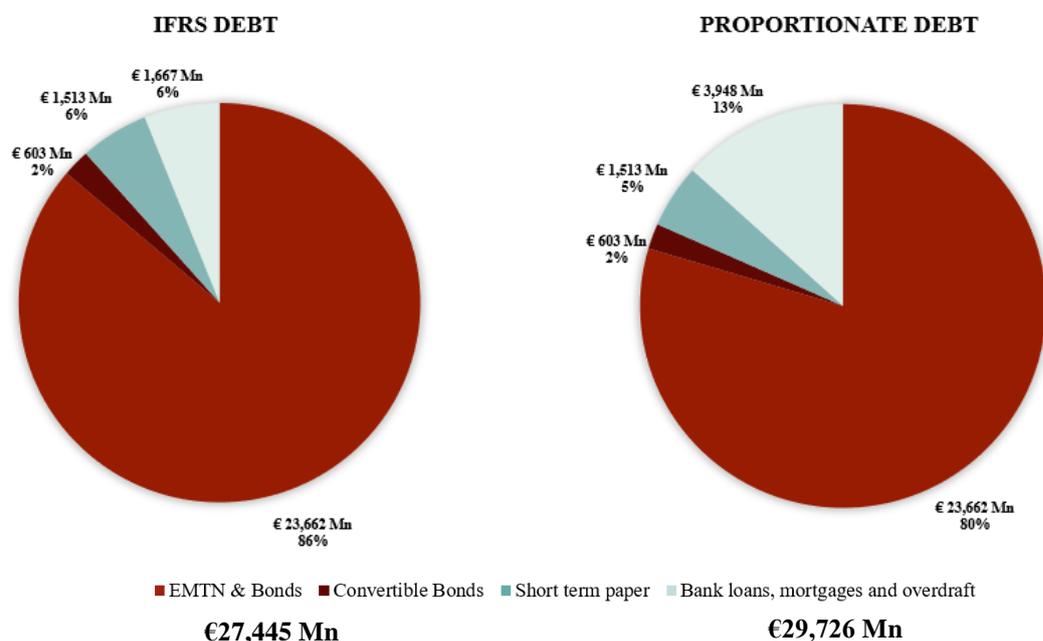
URW's gross financial debt as at June 30, 2020:⁶¹

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

The medium to long-term corporate debt issued by the various URW entities is cross guaranteed. No loans are subject to prepayment clauses linked to the Group's ratings⁶².

On a proportionate basis, the Group's gross financial debt stood at €29,726 Mn⁶³ and the net financial debt at €26,235 Mn, after taking into account the cash on-hand.

The Group's financing sources are as follows:

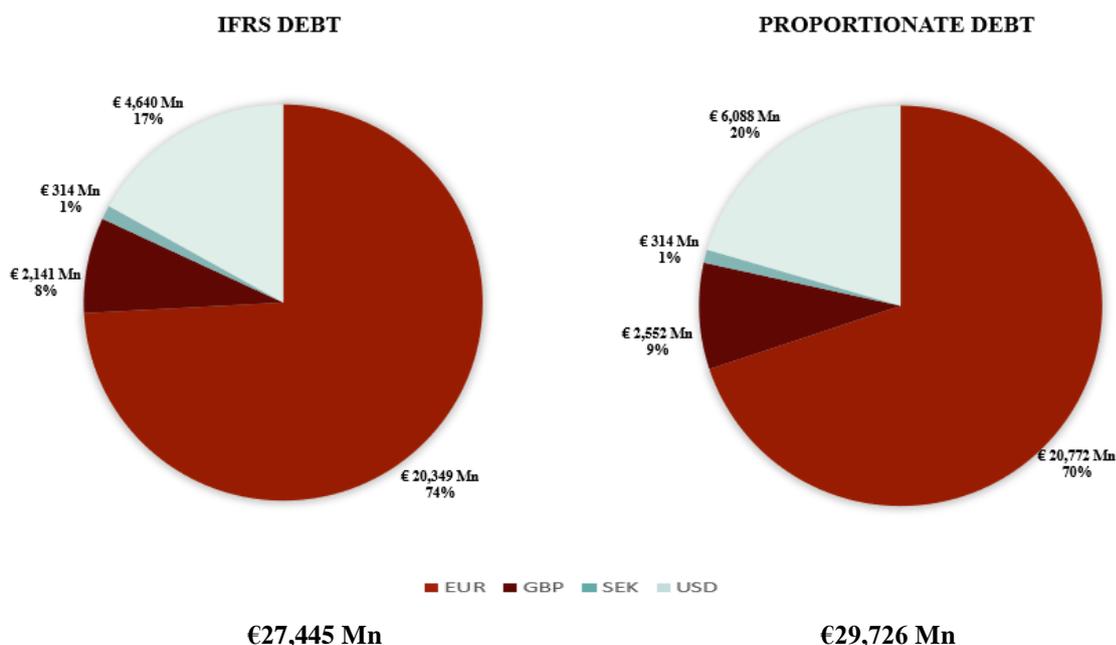


⁶¹ Figures may not add up due to rounding.

⁶² Barring exceptional circumstances (change in control).

⁶³ The sum of: (i) IFRS debt, and (ii) the Group's share of debt at joint-ventures accounted for using the equity method under IFRS, most of which is secured by assets held in joint-ventures (mainly in the US and the UK).

The split of the gross financial debt by currency is as follows:⁶⁴



1.2. Funds Raised

In H1-2020, despite the challenging market conditions, the Group secured additional liquidity and extended⁶⁵ its debt maturity, though at a higher cost, through the following public EMTN Bonds:

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

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

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

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

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

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

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

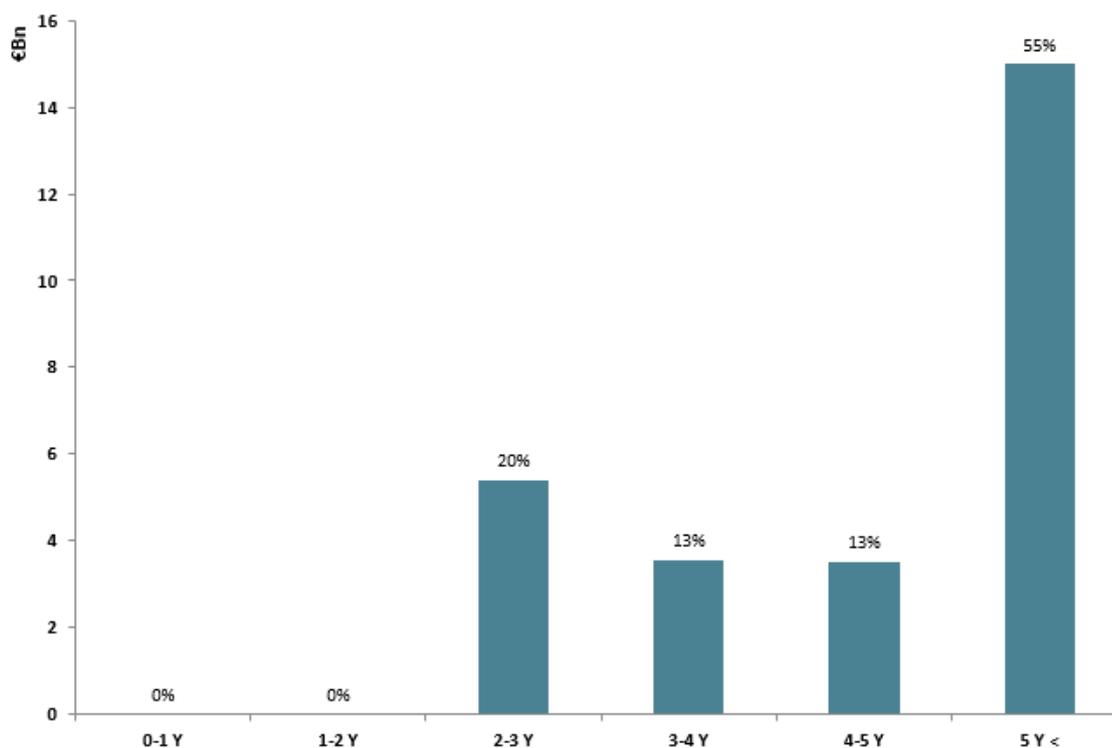
In addition, the Entity which acquired the five French assets raised a non-recourse mortgage loan of €1,010 Mn with a maturity of 7 years at a yield of 1.69%.

⁶⁴ Figures may not add up due to rounding.

⁶⁵ Taking into account the undrawn credit lines and cash on-hand.

1.3. Debt maturity

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



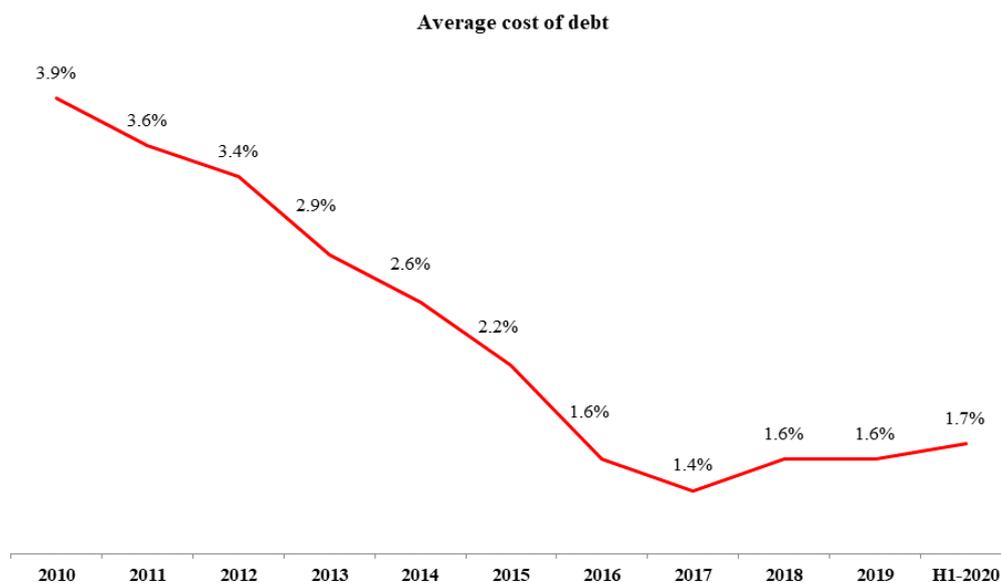
The average maturity of the Group's debt as at June 30, taking into account the undrawn credit lines and cash on-hand, stood at 8.5 years.

Liquidity needs

URW's debt repayment needs⁶⁶ for the next twelve months are covered by the available undrawn credit lines (€9,332 Mn) and cash on-hand (€3,406 Mn). The amount of bonds and bank loans outstanding as at June 30 and maturing or amortizing within one year is €3,344 Mn (including €3,209 Mn of bonds).

⁶⁶ Excluding Neu CP, Neu MTN and ECP maturing in 2020 (€1,513 Mn) and overdrafts (€3.7 Mn).

1.4. Average cost of Debt



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

This average cost of debt results from:

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

2. Ratings

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

Due to the expected impact of COVID-19 crisis on the Group, on March 27, 2020:

- Standard & Poor's downgraded URW's long-term rating from "A" to "A-" and short-term rating from "A-1" to "A-2", with a negative outlook.
- Moody's downgraded URW's long-term rating from "A2" to "A3", with a negative outlook.

On June 2, 2020, S&P published a bulletin on URW, without any rating action.

On June 15, 2020, Moody's announced the completion of their periodic review, without any rating action.

3. Market risk management

Market risks can generate losses resulting from fluctuations in interest rates, exchange rates, raw material prices and share prices. URW's risk mainly relates to interest rate fluctuations on the debt it has taken out to finance its investments and maintain the cash position it requires and exchange rate fluctuations due to the Group's activities in countries outside the Eurozone, in particular in the US and the UK. The Group, through its activities, may be exposed to market risks which can generate losses as a result of fluctuations in stock markets. The Group is either: (i) directly exposed to fluctuations in stock prices due to the ownership of shares or financial instruments, or, (ii) indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share based derivatives which are directly correlated with the price of the asset underlying such derivatives.

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

URW's exchange rate policy objective is to have an LTV ratio that is broadly consistent⁶⁷ currency by currency. Thus, the Group raises debt in local currency, uses derivatives and buys or sells foreign currencies at spot or forward rates. Due to its use of derivatives, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. The Group implemented IFRS 13 for the mark-to-market calculations of its derivative transactions.

<i>In millions*</i>	Euros⁶⁸	USD	GBP	Total eq. EUR
Assets⁶⁹	40,468	15,273	3,465	57,905
Net Financial Debt	18,002	5,159	1,305	24,039
LTV⁷⁰	44.5%	33.8%	37.7%	41.5%

*In local currencies

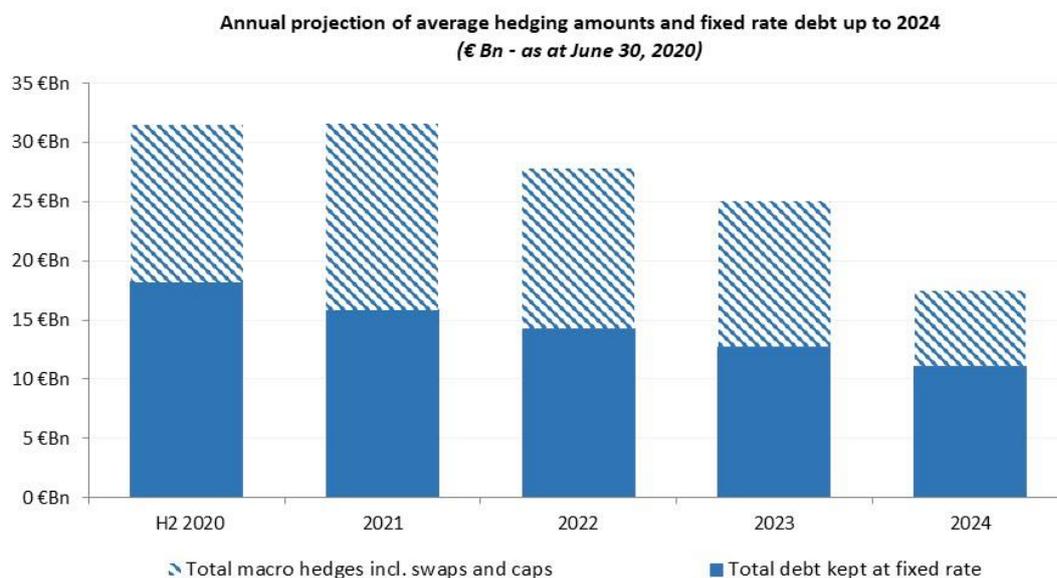
On a proportionate basis, the Group's LTV was 43.5%.

3.1. Interest rate risk management

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

In total, the debt the Group expects to raise:

- Through 2021 is fully hedged; and
- In 2022, 2023 and 2024 is hedged at ca. 96%, 88% and 64%, respectively.



The graph above shows:

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

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

⁶⁷ On a proportionate basis.

⁶⁸ Including SEK.

⁶⁹ Including transfer taxes and excluding €1,365 Mn of goodwill not justified by fee business.

⁷⁰ The LTV per currency, on a proportionate basis, is 44.9%, 39.8%, 42.7% in EUR, USD and GBP, respectively.

Measuring interest rate exposure

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

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

Based on the estimated average proportionate debt position of URW in H2-2020, if interest rates (Euribor, Libor, Stibor or Pribor) were to rise by an average of +50 bps⁷¹ during the half, the estimated positive impact on financial expenses would be +€2.9 Mn, increasing the 2020 recurring net result by a broadly similar amount:

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

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

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

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

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

3.2. Foreign exchange risk management

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

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

Measure of exposure to foreign exchange risks (€ Mn)⁷²

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

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

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

⁷¹ The impact on exchange rates due to this theoretical increase of +50 bps in interest rates is not taken into account.

The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at June 30, 2020: 3m Euribor (-0.422%), 3m USD Libor (0.3020%) and 3m GBP Libor (0.1409%).

⁷² Liabilities include, but are not limited to, the debt raised in the given currencies and deferred tax liabilities.

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

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

4. Financial structure

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

Debt ratio

The LTV ratio was 41.5%⁷³ (38.6%).

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

Interest coverage ratio

The ICR for the period stood at 4.2x⁷⁴ (5.7x).

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

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

- In Europe:
 - a maximum LTV of 60%;
 - a minimum ICR of 2x.
- In the US:
 - a maximum LTV of 65%;
 - a minimum ICR of 1.5x;
 - a maximum of 50% for the Secured debt ratio;⁷⁵
 - a minimum of 1.5x for the Unencumbered leveraged ratio.⁷⁶

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

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

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

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

⁷³ Excluding €1,365 Mn of goodwill not justified by fee business as per the Group's European leverage covenants. The proportionate LTV ratio was 43.5%.

⁷⁴ Proportionate ICR: 3.7x.

⁷⁵ The secured debt ratio (Secured debt/Total assets) was 2.0% as at June 30, 2020.

⁷⁶ The unencumbered leverage ratio (unencumbered assets/unsecured debt) was 1.9x as at June 30, 2020.

Portfolio⁽¹⁾ valuation evolution and headroom under European credit facility covenants

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

GMV change (in %) ⁽¹⁾						
		-5%	-10%	-15%	-20%	-25%
GMV impact	€0 Bn	-€3 Bn	-€5 Bn	-€8 Bn	-€11 Bn	-€13 Bn
LTV	41.5%	43.5%	45.8%	48.2%	51.0%	54.1%
Implied Δ NIY⁽²⁾	0 bps	+26 bps	+54 bps	+87 bps	+124 bps	+167 bps
Remaining headroom⁽³⁾	€18 Bn	€15 Bn	€12 Bn	€10 Bn	€7 Bn	€4 Bn

(1) Applied to Shopping Centres, Convention & Exhibition and Services.

(2) Shopping centres only.

(3) Remaining headroom before reaching an IFRS LTV of 60% (typical covenant level).

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

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

a) Under IFRS:

€ Mn	June 30, 2020 IFRS	Dec. 31, 2019 IFRS	June 30, 2019 IFRS
Amounts accounted for in B/S	57,173.3	62,282.7	62,454.8
Investment properties at fair value	42,591.0	44,589.9	46,116.0
Investment properties at cost	1,237.6	1,143.3	1,182.6
Shares and investments in companies accounted for using the equity method	9,907.4	10,194.6	10,058.3
Other tangible assets	330.5	344.5	352.9
Goodwill	2,119.4	2,878.4	2,846.1
Intangible assets	922.8	984.4	1,071.4
Properties or shares held for sale	64.6	2,147.6	827.5
Adjustments	731.5	479.7	64.3
Transfer taxes	1,956.5	2,189.9	2,206.6
Goodwill not justified by fee business ⁽¹⁾	-1,364.8	-2,039.3	-2,023.4
Revaluation intangible and operating assets	946.5	1,234.0	718.7
IFRS adjustments, including	-806.7	-905.0	-837.6
<i>Financial leases</i>	<i>-848.4</i>	<i>-848.1</i>	<i>-845.5</i>
<i>Other</i>	<i>41.7</i>	<i>-56.9</i>	<i>7.9</i>
Total assets, including Transfer Taxes (=A)	57,904.8	62,762.4	62,519.1
Total assets, excluding Transfer Taxes (=B)	55,948.3	60,572.4	60,312.5
Amounts accounted for in B/S			
Net share settled bonds convertible into new and/or existing shares (ORNANE)	488.1	602.1	600.9
Non current bonds and borrowings	23,354.4	22,931.6	22,446.6
Current borrowings and amounts due to credit institutions	4,956.5	2,557.4	3,547.5
Total financial liabilities	28,799.0	26,091.0	26,595.0
Adjustments			
Mark-to-market of debt	28.4	18.1	20.1
Current accounts with non-controlling interests	-1,342.1	-1,307.9	-1,319.5
Impact of derivative instruments on debt raised in foreign currency	-59.8	-8.4	-26.0
Accrued interest / issue fees	19.6	-65.1	-5.2
Total financial liabilities (nominal value)	27,445.1	24,727.8	25,264.5
Cash & cash equivalents	-3,405.7	-488.8	-1,303.9
Net financial debt (=C)	24,039.4	24,239.0	23,960.6
LTV ratio including Transfer Taxes (=C/A)	41.5%	38.6%	38.3%
LTV ratio excluding Transfer Taxes (=C/B)	43.0%	40.0%	39.7%

⁽¹⁾ Adjustment of goodwill according to bank covenants.

Figures may not add up due to rounding.

b) On a proportionate basis:

€ Mn	June 30, 2020 Proportionate	Dec. 31, 2019 Proportionate	June 30, 2019 Proportionate
Amounts accounted for in B/S	59,401.0	64,619.1	64,715.6
Investment properties at fair value	53,249.1	56,002.4	57,274.6
Investment properties at cost	1,314.7	1,222.3	1,268.0
Shares and investments in companies accounted for using the equity method	1,308.5	948.0	983.8
Other tangible assets	331.4	345.5	353.8
Goodwill	2,209.9	2,968.9	2,936.5
Intangible assets	922.8	984.4	1,071.4
Properties or shares held for sale	64.6	2,147.6	827.5
Adjustments	949.3	722.3	251.4
Transfer taxes	2,214.2	2,472.8	2,478.2
Goodwill not justified by fee business ⁽¹⁾	-1,455.3	-2,129.8	-2,113.9
Revaluation intangible and operating assets	945.6	1,233.0	717.8
IFRS adjustments, including	-755.2	-853.7	-830.7
<i>Financial leases</i>	-857.7	-857.4	-854.7
<i>Other</i>	102.5	3.7	24.0
Total assets, including Transfer Taxes (=A)	60,350.3	65,341.4	64,967.0
Total assets, excluding Transfer Taxes (=B)	58,136.1	62,868.6	62,488.8
Amounts accounted for in B/S			
Net share settled bonds convertible into new and/or existing shares (ORNANE)	488.1	602.1	600.9
Non current bonds and borrowings	25,337.7	25,159.5	24,078.6
Current borrowings and amounts due to credit institutions	5,241.4	2,620.0	4,140.3
Total financial liabilities	31,067.2	28,381.7	28,819.9
Adjustments			
Mark-to-market of debt	45.5	36.4	38.2
Current accounts with non-controlling interests	-1,342.1	-1,307.9	-1,319.4
Impact of derivative instruments on debt raised in foreign currency	-59.8	-8.4	-26.0
Accrued interest / issue fees	15.1	-67.5	-13.3
Total financial liabilities (nominal value)	29,725.9	27,034.3	27,499.4
Cash & cash equivalents	-3,491.2	-594.3	-1,395.9
Net financial debt (=C)	26,234.7	26,440.0	26,103.5
LTV ratio including Transfer Taxes (=C/A)	43.5%	40.5%	40.2%
LTV ratio excluding Transfer Taxes (=C/B)	45.1%	42.1%	41.8%

⁽¹⁾ Adjustment of goodwill according to bank covenants.

Figures may not add up due to rounding.

6. EPRA PERFORMANCE MEASURES

In compliance with the EPRA⁷⁷ Best Practices Recommendations⁷⁸, URW summarises the Key Performance measures of H1-2020, H1-2019 and 2019 below.

1. EPRA earnings

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

a) Synthesis

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

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

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

Figures may not add up due to rounding.

⁷⁷ EPRA: European Public Real estate Association.

⁷⁸ Best Practices Recommendations. See www.epra.com

2. EPRA NRV, NTA and NDV:

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

a) Synthesis

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

b) Detailed calculations as at December 31, 2019

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

Figures may not add up due to rounding.

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

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

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

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

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

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

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

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

c) Detailed calculations as at June 30, 2020

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

Figures may not add up due to rounding.

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

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

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

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

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

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

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

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

3. EPRA Net Initial Yields

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

a) Synthesis

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

Figures may not add up due to rounding.

Notes:

- 1) EPRA topped-up yield: EPRA Net Initial Yield adjusted in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
- 2) EPRA Net Initial Yield: annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the Gross Market Value of the portfolio.
- 3) Assets under development or not controlled by URW, the trademark and the airport activities are not included in the calculation.

b) Detailed calculation

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

Note:

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

4. EPRA Vacancy rate

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

a) Synthesis

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

b) Detail per region

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

5. EPRA Cost ratios

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

Figures may not add up due to rounding.

Notes:

- 1) The calculation is based on the EPRA recommendations and is applied on Shopping Centres and Offices & Others sectors.
- 2) Including letting fees in H1-2019 and 2019, the EPRA Cost ratio (including direct vacancy costs) would be 16.3% and 18.7%, respectively, and the EPRA Cost ratio (excluding direct vacancy costs) would be 14.6% and 16.8%, respectively.

6. Capital Expenditure

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

Figures may not add up due to rounding.

Notes:

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

7. EPRA AND ADJUSTED RECURRING EARNINGS PER SHARE

Recurring Earnings per share	H1-2020	H1-2019	2019
Net Result of the period attributable to the holders of the Stapled Shares (€Mn)	(3,525.9)	1,174.7	1,103.3
<i>Adjustments to calculate EPRA Recurring Earnings, exclude:</i>			
(i) Changes in value of investment properties, development properties held for investment and other interests	(2,207.5)	(367.2)	(1,102.4)
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	(46.4)	20.9	68.6
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties			
(iv) Tax on profits or losses on disposals	0.0	(210.1)	(210.1)
(v) Goodwill impairment	(736.4)	(3.5)	(7.1)
(vi) Changes in fair value of financial instruments and associated close-out costs	(680.3)	(214.8)	(351.8)
(vii) Acquisition costs on share deals and non-controlling joint venture interests	(21.5)	(15.5)	(45.8)
(viii) Deferred tax in respect of EPRA adjustments	167.5	1,297.0	1,324.9
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(922.4)	(349.4)	(533.4)
(x) External non-controlling interests in respect of the above	253.6	101.0	200.7
EPRA Recurring Earnings	667.5	916.5	1,759.7
Coupon on the Hybrid Securities	(24.1)	(23.9)	(48.1)
Adjusted Recurring Earnings	643.4	892.6	1,711.6
Average number of shares and ORA	138,401,778	138,329,747	138,354,383
EPRA Recurring Earnings per Share (REPS)	4.82 €	6.63 €	12.72 €
EPRA Recurring Earnings per Share growth	-27.2%	0.2%	-3.3%
Adjusted Recurring Earnings per Share (AREPS)	4.65 €	6.45 €	12.37 €
Adjusted Recurring Earnings per Share growth	-28.0%	-1.9%	-4.3%

8. GLOSSARY

Average cost of debt: recurring financial expenses (excluding the ones on financial leases and the ones related to partners' current accounts) + capitalized financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact) / average net debt over the period.

Average rental spread: for the US portfolio, the rental spread reflects the trailing 12-months average increase in total rents, including common area maintenance charges, for specialty stores (excluding lease extensions, deals with zero prior rent and deals for less than 12 months).

Buyer's Net Initial Yield: annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the TAC.

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

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

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

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

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

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

EPRA NIY: annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the Gross Market Value of the portfolio. For a reconciliation of URW's NIY with the EPRA Net Initial Yield definitions, refer to the EPRA Performance Measures.

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

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

Flagships: assets of a certain size and / or with footfall in excess of 10 million per year, substantial growth potential for the Group based on their appeal to both retailers and visitors, iconic architecture or design and a strong footprint in their area.

Financial statements under IFRS: the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union as at closing date.

Financial statements on a proportionate basis: they are prepared based on the financial statements under IFRS, except for the joint-controlled entities, which are consolidated on a proportionate basis, instead of being accounted for using the equity method (as applicable under IFRS). Unibail-Rodamco-Westfield believes that these financial statements on a proportionate basis give to stakeholders a better understanding of the underlying operations of URW and the joint-controlled entities, as they represent a significant part of the Group's operations in the US and the UK.

Interest Cover Ratio (ICR): Recurring EBITDA / Recurring Net Financial Expenses (including capitalized interest); Recurring EBITDA is calculated as total recurring operating results and other income less general expenses, excluding depreciation and amortization.

Influencer Brand: unique retailer that create differentiation and experience in URW's shopping centres due to strong brand recognition and a differentiated product approach.

Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to the square meters and currency exchange rate differences in the periods analysed.

Loan-to-Value (LTV): net financial debt, excluding current accounts with non-controlling interests / total assets (whether under IFRS or on a proportionate basis), including or excluding transfer taxes and excluding goodwill not justified by fee business.

Minimum Guaranteed Rent uplift: difference between new MGR and indexed old MGR. Indicator calculated on renewals and relettings only.

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

Net Disposal Price (NDP): Total Acquisition Cost incurred by the acquirer minus all transfer taxes and transaction costs.

Net Initial Yield (NIY): annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs.

Net Operating Income (NOI): Net Operating Income before management fees, termination/settlement income and straight-line adjustments.

Non-recurring activities: non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortization of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.

Occupancy Cost Ratio (OCR): (rental charges + service charges including marketing costs for tenants, all including VAT) / (tenants' sales, including VAT). As tenant turnover is not known for all tenants for The Netherlands, no reliable OCR can be calculated for this country. Primark sales are estimates.

ORNANE (Obligations Convertibles ou Échangeables en Actions Nouvelles ou Existantes): net share settled bonds convertible into new and/or existing shares.

Replacement capital expenditure (Replacement Capex): replacement Capex relates to works either on equipment or the structure of a standing asset. The primary purpose of Replacement Capex is to ensure that the asset is in good working order and / or to make minor improvements. These investments can be triggered by obsolescence, maintaining technical performance at market levels or compliance with regulatory requirements.

Rotation rate: (number of re-lettings and number of assignments and renewals with new concepts) / number of stores. Short term leases are excluded.

SBR: Sales Based Rent.

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

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

Tenant sales: performance in URW's shopping centres (excluding The Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, acquisition of new assets and assets under heavy refurbishment.

Total Acquisition Cost (TAC): the total amount a buyer shall pay to acquire an asset or a company. TAC equals the price agreed between the seller and the buyer plus all transfer taxes and transaction costs.

TIC: Total Investment Cost equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. Does not include capitalized financial interests, overheads costs, early or lost NRI and IFRS adjustments.

Yield on cost: stabilized expected Net Rental Income divided by the URW Total Investment Cost.

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I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

On July 27, 2020, the Management Board approved the condensed consolidated interim financial statements of Unibail-Rodamco-Westfield SE for the half-year ended June 30, 2020, and authorised their publication.

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 (€Mn)	Notes	H1-2020	H1-2019	2019
Gross rental income	4.1	1,075.2	1,214.2	2,417.6
<i>Ground rents paid</i>		(7.6)	(6.8)	(14.5)
<i>Service charge income</i>		207.2	220.0	376.6
<i>Service charge expenses</i>		(229.1)	(236.5)	(413.5)
<i>Property operating expenses</i>		(193.9)	(183.3)	(380.9)
Operating expenses and net service charges		(223.4)	(206.6)	(432.3)
Net rental income		851.8	1,007.6	1,985.2
Property development and project management revenue		178.2	288.2	276.6
Property development and project management costs		(156.4)	(252.9)	(235.2)
Net property development and project management income	4.1	21.8	35.3	41.3
Property services and other activities revenues		97.8	160.9	310.1
Property services and other activities expenses		(94.6)	(113.0)	(211.4)
Net property services and other activities income		3.3	47.9	98.7
Share of the result of companies accounted for using the equity method	6.2	(730.5)	(133.7)	(77.9)
Income on financial assets	6.2	12.8	17.3	32.2
Contribution of companies accounted for using the equity method		(717.7)	(116.4)	(45.7)
Corporate expenses		(107.3)	(83.8)	(191.5)
Development expenses		(0.7)	(0.9)	(17.4)
Depreciation of other tangible assets		(1.0)	(1.0)	(2.0)
Administrative expenses		(109.0)	(85.6)	(210.9)
Acquisition and related costs	4.3.3	(21.5)	(15.5)	(45.8)
Proceeds from disposal of investment properties		632.8	253.6	1,180.2
Carrying value of investment properties sold		(679.3)	(232.7)	(1,111.7)
Result on disposal of investment properties ⁽¹⁾	3.2	(46.4)	20.9	68.5
Valuation gains on assets		63.9	552.6	924.0
Valuation losses on assets		(2,271.4)	(919.8)	(2,026.4)
Valuation movements on assets	5.5	(2,207.5)	(367.2)	(1,102.4)
Impairment of goodwill	5.4	(736.4)	(3.5)	(7.1)
NET OPERATING RESULT		(2,961.6)	523.4	781.8
Result from non-consolidated companies		1.0	0.2	1.7
<i>Financial income</i>		117.1	131.9	278.3
<i>Financial expenses</i>		(336.9)	(329.8)	(670.0)
Net financing costs	7.1.1	(219.8)	(197.9)	(391.7)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	7.1.2	13.1	(5.9)	(7.6)
Fair value adjustments of derivatives, debt and currency effect	7.1.2	(693.3)	(208.6)	(343.5)
Debt discounting		-	(0.3)	(0.7)
RESULT BEFORE TAX		(3,860.7)	110.8	40.1
Income tax expenses	8.1	151.1	1,067.1	1,065.4
NET RESULT FOR THE PERIOD		(3,709.6)	1,177.9	1,105.5
Net result for the period attributable to:				
- The holders of the Stapled Shares		(3,525.9)	1,174.7	1,103.3
- External non-controlling interests	3.3	(183.8)	3.2	2.2
NET RESULT FOR THE PERIOD		(3,709.6)	1,177.9	1,105.5
Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:				
- Unibail-Rodamco-Westfield SE members		(2,773.5)	1,090.9	1,052.1
- Unibail-Rodamco-Westfield N.V. members		(752.4)	83.8	51.2
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES		(3,525.9)	1,174.7	1,103.3

Average number of shares (undiluted)	12.1	138,401,778	138,322,555	138,350,731
Net result for the period (Holders of the Stapled Shares)		(3,525.9)	1,174.7	1,103.3
Net result for the period per share (Holders of the Stapled Shares) (€)		(25.48)	8.49	7.97

Net result for the period restated (Holders of the Stapled Shares) ⁽²⁾		(3,538.9)	1,180.6	1,110.9
Average number of shares (diluted)	12.1	140,664,131	142,055,438	140,466,405
Diluted net result per share (Holders of the Stapled Shares) (€)		(25.16)	8.31	7.91

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

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

(2) The impact of the fair value of the ORNANE and the related financial expenses are restated from the net result of the period if it has a dilutive impact.

Consolidated interim statement of financial position

Consolidated Statement of financial position (€Mn)	Notes	June 30, 2020	Dec. 31, 2019
NON CURRENT ASSETS		58,389.6	61,106.6
Investment properties	5.1	43,828.6	45,733.2
<i>Investment properties at fair value</i>		<i>42,591.0</i>	<i>44,589.9</i>
<i>Investment properties at cost</i>		<i>1,237.6</i>	<i>1,143.3</i>
Shares and investments in companies accounted for using the equity method	6.1	9,907.4	10,194.6
Other tangible assets	5.2	330.5	344.5
Goodwill	5.4	2,119.4	2,878.4
Intangible assets	5.3	922.8	984.4
Investments in financial assets	7.2.1	331.3	343.5
Deferred tax assets	8.2	36.6	28.4
Derivatives at fair value	7.3	913.0	599.6
CURRENT ASSETS		4,972.1	3,896.5
Properties or shares held for sale	5.1	64.6	2,147.6
Derivatives at fair value	7.3	14.2	-
Inventories		58.7	91.2
Trade receivables from activity	7.5.4	907.1	513.0
Tax receivables		193.5	303.6
Other receivables		328.3	352.4
Cash and cash equivalents	7.2.8	3,405.7	488.8
TOTAL ASSETS		63,361.7	65,003.2
Equity attributable to the holders of the Stapled Shares		21,538.9	25,950.8
Share capital		692.4	691.9
Additional paid-in capital		13,480.7	13,478.2
Consolidated reserves		10,999.2	10,671.4
Hedging and foreign currency translation reserves		(107.5)	6.1
Consolidated result		(3,525.9)	1,103.3
- <i>Equity attributable to Unibail-Rodamco-Westfield S.E. members</i>		<i>20,666.2</i>	<i>24,334.4</i>
- <i>Equity attributable to Unibail-Rodamco-Westfield N.V. members</i>		<i>872.7</i>	<i>1,616.4</i>
Hybrid securities		1,988.5	1,988.8
External non-controlling interests		3,658.2	3,912.9
TOTAL SHAREHOLDERS' EQUITY		27,185.6	31,852.5
NON CURRENT LIABILITIES		29,242.1	28,291.0
Non current commitment to external non-controlling interests		141.7	172.2
Net share settled bonds convertible into new and/or existing shares (ORNANE)	7.2	488.1	602.1
Non current bonds and borrowings	7.2.3	23,354.4	22,931.6
Non current lease liabilities	7.2.3	805.6	806.7
Derivatives at fair value	7.3	1,802.4	1,025.0
Deferred tax liabilities	8.2	2,148.1	2,276.0
Non current provisions	9	110.4	110.3
Guarantee deposits		215.9	218.0
Amounts due on investments		146.4	149.1
Other non current liabilities		29.1	-
CURRENT LIABILITIES		6,934.0	4,859.7
Liabilities directly associated with properties or shares classified as held for sale		-	110.7
Current commitment to external non-controlling interests		0.6	1.0
Amounts owed to shareholders		0.6	-
Amounts due to suppliers and other creditors		1,245.5	1,349.4
<i>Amounts due to suppliers</i>		<i>232.7</i>	<i>230.5</i>
<i>Amounts due on investments</i>		<i>476.5</i>	<i>633.5</i>
<i>Sundry creditors</i>		<i>536.3</i>	<i>485.3</i>
Other current liabilities	10	655.3	729.8
Current borrowings and amounts due to credit institutions	7.2.3	4,956.5	2,557.4
Current lease liabilities	7.2.3	42.8	41.4
Derivatives at fair value		-	30.1
Current provisions	9	32.7	39.9
TOTAL LIABILITIES AND EQUITY		63,361.7	65,003.2

Consolidated interim statement of cash flows

Consolidated statement of cash flows (€Mn)	Notes	HI-2020	HI-2019	2019
Operating activities				
Net result		(3,709.6)	1,177.9	1,105.5
Depreciation & provisions ⁽¹⁾		46.5	9.6	28.1
Impairment of goodwill		736.4	3.5	7.1
Changes in value of property assets		2,207.5	367.2	1,102.4
Changes in value of financial instruments		680.3	214.8	351.8
Charges and income relating to stock options and similar items		9.0	7.6	13.8
Net capital gains/losses on disposal of investment properties ⁽²⁾		46.4	(20.9)	(68.6)
Share of the result of companies accounted for using the equity method		730.5	133.7	77.9
Income on financial assets		(12.8)	(17.3)	(32.2)
Dividend income from non-consolidated companies		(1.0)	(0.1)	(1.7)
Net financing costs	7.1.1	219.8	197.9	391.7
Income tax charge (income)		(151.1)	(1,067.1)	(1,065.4)
Cash flow before net financing costs and tax		801.9	1,006.8	1,910.4
Income on financial assets		12.8	17.3	32.2
Dividend income and result from companies accounted for using the equity method or non consolidated		57.3	148.5	274.2
Income tax paid		(14.8)	(210.4)	(211.7)
Change in working capital requirement		(228.2)	(79.7)	(118.0)
Total cash flow from operating activities		629.0	882.5	1,887.1
Investment activities				
Property activities		697.8	(462.3)	(398.2)
Acquisition of businesses, net of cash acquired	3.1	(38.6)	-	(35.5)
Amounts paid for works and acquisition of property assets	5.6	(607.5)	(738.2)	(1,525.4)
Repayment of property financing		18.4	68.3	80.7
Increase of property financing		(170.3)	(114.1)	(166.4)
Disposal of shares		1,036.8	233.3	291.2
Disposal of investment properties		459.0	88.4	957.2
Financial activities		1.8	(4.3)	(18.5)
Acquisition of financial assets		(6.3)	(11.4)	(33.1)
Disposal of financial assets		0.6	2.8	4.0
Change in financial assets		7.5	4.3	10.6
Total cash flow from investment activities		699.6	(466.6)	(416.7)
Financing activities				
Capital increase of parent company		2.8	6.4	7.5
Change in capital from companies with non-controlling shareholders		3.2	7.1	10.1
Hybrid securities		(0.3)	-	-
Distribution paid to parent company shareholders	12.2	(747.4)	(746.9)	(1,493.9)
Dividends paid to non-controlling shareholders of consolidated companies		(73.9)	(58.6)	(84.1)
Coupon on the Hybrid Securities		(21.6)	(21.6)	(48.1)
New borrowings and financial liabilities		3,490.9	3,029.8	4,707.8
Repayment of borrowings and financial liabilities		(697.5)	(1,398.9)	(3,826.2)
Financial income	7.1.1	140.7	135.1	257.4
Financial expenses	7.1.1	(382.4)	(404.2)	(665.8)
Other financing activities		(113.4)	(76.2)	(210.6)
Total cash flow from financing activities		1,601.1	472.0	(1,345.9)
Change in cash and cash equivalents during the period		2,929.7	887.9	124.5
Net cash and cash equivalents at the beginning of the year		486.0	368.7	368.7
Effect of exchange rate fluctuations on cash held		(13.7)	40.5	(7.2)
Net cash and cash equivalents at period-end	7.2.8	3,402.0	1,297.1	486.0

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

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

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	-	-	-	-	(3,525.9)	-	(3,525.9)	-	(183.8)	(3,709.6)
Other comprehensive income	-	-	-	(15.6)	-	(113.5)	(129.1)	-	-	(129.1)
Net comprehensive income	-	-	-	(15.6)	(3,525.9)	(113.5)	(3,655.0)	-	(183.8)	(3,838.8)
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	-	-	-	9.8	-	-	9.8	-	-	9.8
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	-	-	-	-	-	-	-	-	3.0	3.0
Changes in scope of consolidation and other movements	-	-	-	(0.1)	-	-	(0.1)	-	-	(0.1)
Equity as at June 30, 2020	692.4	13,480.7	-	10,999.2	(3,525.9)	(107.5)	21,538.9	1,988.5	3,658.2	27,185.6

(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 HALF 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.

As at June 15, all of the Group's European centres and 95% of all of the Group's centres in Europe and the US by value had reopened, with only New York State delaying the reopening of centres until July. On average (weighted by NRI), the Group's shopping centres were closed for 67 days.

As at June 30, 2020, 97% of the stores within URW's European centres were open, while 1% were still restricted from trading.

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

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.

Upon the re-opening of its shopping centres, the Group engaged tenants in discussions about collecting rent and service charges as well as the terms of any support by URW.

H1-2020 was marked by tenants seeking protection from creditors through bankruptcy, judicial restructuring or, in the UK, Company Voluntary Arrangements ("CVAs"), (affecting 256 stores in Europe and 135 stores in the US), especially during Q2-2020.

The Group carried out a detailed review of all the tenants receivables as at June 30, 2020 and the provision for doubtful debtors was estimated according to IFRS 9 (cf. § 7.5.4. "Credit risk").

As of June 30, 2020, the provision for doubtful debtors amounted to €159.2 Mn (€218.3 Mn under proportionate) compared to €91.7 Mn (€107.3Mn under proportionate) at the end of December 31, 2019.

Rent discounts

Since reopening, discussions with retailers regarding COVID-19 assistance have started on a case by case basis and are ongoing in all countries.

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

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

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

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.

A large part of the negotiations with tenants were not finalised as at June 30, 2020.

In H1-2020, rent concessions amounted to a cash impact of €32.6 Mn which had an expensed impact of €15.6 Mn as at June 30. 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, 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 June 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 have included a material valuation uncertainty statement in the appraisal reports. This statement is used to be clear and transparent with all parties, and following guidance from RICS, that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

The appraisers confirmed that the inclusion of the material valuation uncertainty declaration does not mean that their valuation cannot be relied upon.

Over the first semester 2020, valuation of the investment properties decreased by -€2,160.5 Mn.

Recoverable value of goodwill

The Group also performed a full impairment test of goodwill as at June 30, 2020 based on assumptions described in the Note 5.4 Goodwill and recognised an impairment of -€736.4 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 to have been paid in July. The Group also drew down on €3.2 Bn of its credit lines, these drawdowns were repaid and such credit lines were available in full at the end of June 2020, issued short-term paper, and also accessed the bond market for €2.15 Bn in new long-term debt 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 shopping centre and hotel 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 -€36.5 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.

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 half-yearly consolidated financial statements are in accordance with IFRS and interpretations as adopted by the European Union as at June 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 June 30, 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 June 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;
- Amendment to IFRS 16.

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. Share deals: acquisitions of the first half of 2020

Acquisition of businesses, net of cash acquired (Consolidated statement of cash flows)

(€Mn)	H1-2020	H1-2019	2019
Acquisition price of shares	(38.6)	-	(35.5)
Cash and current accounts	-	-	-
Acquisition of consolidated shares	(38.6)⁽²⁾	-	(35.5)⁽¹⁾

⁽¹⁾ Refers mainly to a payment relating to the acquisition of an additional stake in CentrO.

⁽²⁾ Refers mainly to a deferred payment relating to the acquisition of the stake in CentrO, acquired in 2014.

3.2. 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.

(€Mn)	H1-2020	H1-2019	2019
Net capital gains/losses on disposal of assets	(13.8)	1.4	48.9
<i>Proceeds from disposal of assets</i>	<i>467.4</i>	<i>88.4</i>	<i>957.2</i>
<i>Carrying values of disposed assets</i>	<i>(481.2)</i>	<i>(87.0)</i>	<i>(908.3)</i>
Net capital gains/losses on disposal of shares	(32.6)	19.5	19.7
<i>Proceeds from disposal of shares</i>	<i>165.4</i>	<i>165.2</i>	<i>223.0</i>
<i>Carrying values of disposed shares</i>	<i>(198.0)</i>	<i>(145.7)</i>	<i>(203.4)</i>
Net capital gains/losses on disposal of investment properties	(46.4)	20.9	68.5

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

(€Mn)	H1-2020 ⁽¹⁾	H1-2019	2019
Net price of shares sold	194.7	165.2	223.0
Cash and current accounts	842.1	68.2	68.2
Disposal of shares/consolidated subsidiaries	1,036.8	233.3	291.2

⁽¹⁾ In H1-2020, 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.

3.3. External non-controlling interests

For H1-2020, this item comprised mainly non-controlling interests in the following entities:

- Convention & Exhibition entities (-€69.6 Mn);
- Several shopping centres in France (-€55.8 Mn, mainly Westfield Les 4 Temps, Westfield Parly 2 and Westfield Forum des Halles);
- Several shopping centres in Germany and Spain (-€50.6 Mn).

NOTE 4. NET RECURRING RESULT AND SEGMENT REPORTING

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

Consolidated income statement (€Mn)	HI-2020 IFRS	Proportionate	Total HI-2020 Proportionate	HI-2019 IFRS	Proportionate	Total HI-2019 Proportionate	2019 IFRS	Proportionate	Total 2019 Proportionate
Gross rental income	1,075.2	320.7	1,395.9	1,214.2	324.9	1,539.1	2,417.6	665.8	3,083.4
Ground rents paid	(7.6)	(0.2)	(7.7)	(6.8)	(0.3)	(7.2)	(14.5)	(0.3)	(14.9)
Service charge income	207.2	36.3	243.5	220.0	37.5	257.5	376.6	73.9	450.5
Service charge expenses	(229.1)	(44.2)	(273.3)	(236.5)	(43.5)	(280.0)	(413.5)	(86.2)	(499.7)
Property operating expenses	(193.9)	(99.8)	(293.7)	(183.3)	(71.8)	(255.1)	(380.9)	(147.2)	(528.1)
Operating expenses and net service charges	(223.4)	(107.9)	(331.3)	(206.6)	(78.2)	(284.8)	(432.3)	(159.8)	(592.1)
Net rental income	851.8	212.8	1,064.6	1,007.6	246.7	1,254.3	1,985.2	506.0	2,491.2
Property development and project management revenue	178.2	-	178.2	288.2	0.0	288.2	276.6	-	276.6
Property development and project management costs	(156.4)	-	(156.4)	(252.9)	(0.0)	(252.9)	(235.2)	-	(235.2)
Net property development and project management income	21.8	-	21.8	35.3	0.0	35.3	41.3	-	41.3
Property services and other activities revenues	97.8	(0.1)	97.7	160.9	0.0	160.9	310.1	(0.3)	309.8
Property services and other activities expenses	(94.6)	0.0	(94.6)	(113.0)	(2.2)	(115.2)	(211.4)	(0.0)	(211.5)
Net property services and other activities income	3.3	(0.1)	3.2	47.9	(2.2)	45.7	98.7	(0.3)	98.4
Share of the result of companies accounted for using the equity method	(730.5)	629.6	(100.9)	(133.7)	117.7	(16.1)	(77.9)	85.5	7.6
Income on financial assets	12.8	(4.4)	8.4	17.3	(2.7)	14.7	32.2	(9.2)	23.0
Contribution of companies accounted for using the equity method	(717.7)	625.2	(92.5)	(116.4)	115.0	(1.4)	(45.7)	76.3	30.5
Corporate expenses	(107.3)	(3.8)	(111.2)	(83.8)	(1.6)	(85.4)	(191.5)	(8.9)	(200.3)
Development expenses	(0.7)	-	(0.7)	(0.9)	-	(0.9)	(17.4)	-	(17.4)
Depreciation of other tangible assets	(1.0)	-	(1.0)	(1.0)	-	(1.0)	(2.0)	0.0	(2.0)
Administrative expenses	(109.0)	(3.8)	(112.9)	(85.6)	(1.6)	(87.2)	(210.9)	(8.9)	(219.8)
Acquisition and related costs	(21.5)	-	(21.5)	(15.5)	-	(15.5)	(45.8)	(5.7)	(51.5)
Proceeds from disposal of investment properties	632.8	-	632.8	253.6	1.9	255.5	1,180.2	1.8	1,182.1
Carrying value of investment properties sold	(679.3)	(0.1)	(679.4)	(252.7)	(1.1)	(253.8)	(1,111.7)	(1.0)	(1,112.7)
Result on disposal of investment properties ⁽¹⁾	(46.4)	(0.1)	(46.6)	20.9	0.8	21.7	68.5	0.8	69.4
Valuation gains on assets	63.9	9.3	73.3	552.6	47.5	600.1	924.0	90.3	1,014.3
Valuation losses on assets	(2,271.4)	(817.3)	(3,088.7)	(919.8)	(373.2)	(1,293.0)	(2,026.4)	(603.5)	(2,629.9)
Valuation movements on assets	(2,207.5)	(808.0)	(3,015.5)	(367.2)	(325.7)	(692.9)	(1,102.4)	(513.1)	(1,615.6)
Impairment of goodwill	(736.4)	-	(736.4)	(3.5)	-	(3.5)	(7.1)	-	(7.1)
NET OPERATING RESULT	(2,961.6)	26.0	(2,935.6)	523.4	33.1	556.4	781.8	55.1	836.9
Result from non-consolidated companies	1.0	(0.0)	1.0	0.2	(0.0)	0.2	1.7	0.1	1.8
Financial income	117.1	0.4	117.5	131.9	(2.0)	129.9	278.3	1.2	279.5
Financial expenses	(336.9)	(27.6)	(364.5)	(329.8)	(33.3)	(363.2)	(670.0)	(59.8)	(729.8)
Net financing costs	(219.8)	(27.2)	(247.0)	(197.9)	(35.4)	(233.3)	(391.7)	(58.7)	(450.4)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	13.1	-	13.1	(5.9)	-	(5.9)	(7.6)	-	(7.6)
Fair value adjustments of derivatives, debt and currency effect	(693.3)	(2.3)	(695.6)	(208.6)	1.8	(206.7)	(343.5)	3.1	(340.3)
Debt discounting	-	-	-	(0.3)	-	(0.3)	(0.7)	-	(0.7)
RESULT BEFORE TAX	(3,860.7)	(3.5)	(3,864.2)	110.8	(0.5)	110.3	40.1	(0.3)	39.8
Income tax expenses	151.1	3.4	154.5	1,067.1	0.5	1,067.6	1,065.4	0.4	1,065.7
NET RESULT FOR THE PERIOD	(3,709.6)	(0.0)	(3,709.6)	1,177.9	0.0	1,177.9	1,105.5	0.0	1,105.5
Net result for the period attributable to:									
- The holders of the Stapled Shares	(3,525.9)	(0.0)	(3,525.9)	1,174.7	0.0	1,174.7	1,103.3	0.0	1,103.3
- External non-controlling interests	(183.8)	0.0	(183.8)	3.2	0.0	3.2	2.2	-	2.2
NET RESULT FOR THE PERIOD	(3,709.6)	(0.0)	(3,709.6)	1,177.9	0.0	1,177.9	1,105.5	0.0	1,105.5

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

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

Consolidated statement of financial position (€Mn)	June 30, 2020 IFRS	Proportionate	June 30, 2020 Proportionate	Dec. 31, 2019 IFRS	Proportionate	Dec. 31, 2019 Proportionate
NON CURRENT ASSETS	58,389.6	2,235.5	60,625.1	61,106.6	2,344.8	63,451.4
Investment properties	43,828.6	10,735.2	54,563.8	45,733.2	11,491.5	57,224.7
<i>Investment properties at fair value</i>	<i>42,391.0</i>	<i>10,658.1</i>	<i>53,249.1</i>	<i>44,589.9</i>	<i>11,412.5</i>	<i>56,002.4</i>
<i>Investment properties at cost</i>	<i>1,237.6</i>	<i>77.1</i>	<i>1,314.7</i>	<i>1,143.3</i>	<i>79.0</i>	<i>1,222.3</i>
Shares and investments in companies accounted for using the equity method	9,907.4	(8,598.9)	1,308.5	10,194.6	(9,246.6)	948.0
Other tangible assets	330.5	0.9	331.4	344.5	1.0	345.5
Goodwill	2,119.4	90.5	2,209.9	2,878.4	90.5	2,968.9
Intangible assets	922.8	-	922.8	984.4	-	984.4
Investments in financial assets	331.3	7.8	339.1	343.5	8.4	351.9
Deferred tax assets	36.6	-	36.6	28.4	-	28.4
Derivatives at fair value	913.0	-	913.0	599.6	-	599.6
CURRENT ASSETS	4,972.1	354.1	5,326.2	3,896.5	270.6	4,167.1
Properties or shares held for sale	64.6	-	64.6	2,147.6	-	2,147.6
Derivatives at fair value	14.2	-	14.2	-	-	-
Inventories	58.7	17.7	76.4	91.2	11.9	103.1
Trade receivables from activity	907.1	195.9	1,103.0	513.0	96.7	609.7
Tax receivables	193.5	2.0	195.5	303.6	2.7	306.3
Other receivables	328.3	53.0	381.3	352.4	53.8	406.2
Cash and cash equivalents	3,405.7	85.5	3,491.2	488.8	105.5	594.3
TOTAL ASSETS	63,361.7	2,589.6	65,951.3	65,003.2	2,615.4	67,618.6
Equity attributable to the holders of the Stapled Shares	21,538.9	-	21,538.9	25,950.8	-	25,950.8
Share capital	692.4	-	692.4	691.9	-	691.9
Additional paid-in capital	13,480.7	-	13,480.7	13,478.2	-	13,478.2
Consolidated reserves	10,999.2	-	10,999.2	10,671.4	-	10,671.4
Hedging and foreign currency translation reserves	(107.5)	-	(107.5)	6.1	-	6.1
Consolidated result	(3,525.9)	-	(3,525.9)	1,103.3	-	1,103.3
- <i>Equity attributable to Unibail-Rodamco-Westfield S.E. members</i>	<i>20,666.2</i>	<i>-</i>	<i>20,666.2</i>	<i>24,334.4</i>	<i>-</i>	<i>24,334.4</i>
- <i>Equity attributable to Unibail-Rodamco-Westfield N.V. members</i>	<i>872.7</i>	<i>-</i>	<i>872.7</i>	<i>1,616.4</i>	<i>-</i>	<i>1,616.4</i>
Hybrid securities	1,988.5	-	1,988.5	1,988.8	-	1,988.8
External non-controlling interests	3,658.2	-	3,658.2	3,912.9	-	3,912.9
TOTAL SHAREHOLDERS' EQUITY	27,185.6	-	27,185.6	31,852.5	-	31,852.5
NON CURRENT LIABILITIES	29,242.1	2,126.1	31,368.2	28,291.0	2,375.6	30,666.6
Non current commitment to external non-controlling interests	141.7	3.3	145.0	172.2	3.3	175.5
Net share settled bonds convertible into new and/or existing shares (ORNANE)	488.1	-	488.1	602.1	-	602.1
Non current bonds and borrowings	23,354.4	1,983.3	25,337.7	22,931.6	2,227.9	25,159.5
Non current lease liabilities	805.6	9.3	814.9	806.7	9.3	816.0
Derivatives at fair value	1,802.4	-	1,802.4	1,025.0	-	1,025.0
Deferred tax liabilities	2,148.1	111.1	2,259.2	2,276.0	116.6	2,392.6
Non current provisions	110.4	0.3	110.7	110.3	0.3	110.6
Guarantee deposits	215.9	18.6	234.5	218.0	18.0	236.0
Amounts due on investments	146.4	0.2	146.6	149.1	0.2	149.3
Other non current liabilities	29.1	-	29.1	-	-	-
CURRENT LIABILITIES	6,934.0	463.5	7,397.5	4,859.7	239.8	5,099.5
Liabilities directly associated with properties or shares classified as held for sale	-	-	-	110.7	-	110.7
Current commitment to external non-controlling interests	0.6	-	0.6	1.0	-	1.0
Amounts owed to shareholders	0.6	0.1	0.7	-	-	-
Amounts due to suppliers and other creditors	1,245.5	161.3	1,406.8	1,349.4	151.7	1,501.1
<i>Amounts due to suppliers</i>	<i>232.7</i>	<i>40.9</i>	<i>273.6</i>	<i>230.5</i>	<i>43.1</i>	<i>273.6</i>
<i>Amounts due on investments</i>	<i>476.5</i>	<i>45.8</i>	<i>522.3</i>	<i>633.5</i>	<i>34.4</i>	<i>667.9</i>
<i>Sundry creditors</i>	<i>536.3</i>	<i>74.6</i>	<i>610.9</i>	<i>485.3</i>	<i>74.2</i>	<i>559.5</i>
Other current liabilities	655.3	15.5	670.8	729.8	23.8	753.6
Current borrowings and amounts due to credit institutions	4,956.5	284.9	5,241.4	2,557.4	62.6	2,620.0
Current lease liabilities	42.8	-	42.8	41.4	-	41.4
Derivatives at fair value	-	-	-	30.1	-	30.1
Current provisions	32.7	1.7	34.4	39.9	1.7	41.6
TOTAL LIABILITIES AND EQUITY	63,361.7	2,589.6	65,951.3	65,003.2	2,615.4	67,618.6

4.3. Net result by segment on a proportionate basis

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

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

(1) Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortization of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.

4.3.1. Gross rental income

Gross rental income by segments on a proportionate basis

€Mn excluding taxes	H1-2020	H1-2019	2019
Shopping Centres	1,284.3	1,359.1	2,755.9
France	340.2	354.7	714.3
United States	449.1	466.0	957.7
Central Europe	112.3	112.6	224.5
Spain	81.4	83.9	169.5
United Kingdom	86.9	104.4	211.4
Nordics	63.9	70.1	136.3
Austria	41.6	57.8	116.7
Germany	75.0	74.7	154.6
The Netherlands	33.8	35.0	71.0
Offices & Others	52.6	69.0	118.9
France	31.9	49.2	78.1
Other countries	20.7	19.8	40.8
Convention & Exhibition	59.0	111.0	208.5
Total	1,395.9	1,539.1	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.

(€Mn)	H1-2020	H1-2019	2019
Net other income	3.2	45.7	98.4
Convention & Exhibition	(2.4)	24.7	46.3
Other property services	5.5	21.0	52.0

4.3.3. Acquisition and related costs

In H1-2020, acquisition and related costs amounted to -€21.5 Mn mainly due to the integration costs of Westfield, including severance costs in the US and the UK, the re-branding of ten shopping centres in Continental Europe, consulting, IT system integration and the shutdown of the Sydney office.

4.4. Other information by segment

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

For H1-2020

(€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 H1-2020
Shopping Centres	France	310.3	-	(26.9)	-	(33.3)	(640.4)	-	(390.3)
	United States	277.1	-	(45.4)	-	(12.9)	(770.9)	(381.4)	(933.5)
	Central Europe	111.3	-	(17.5)	-	0.4	(185.0)	-	(90.9)
	Spain	73.4	-	-	-	0.1	(152.9)	(103.8)	(183.2)
	United Kingdom	50.0	-	-	-	-	(640.3)	-	(590.3)
	Nordics	54.8	-	-	-	(0.0)	(118.9)	(130.2)	(194.3)
	Austria	39.4	-	-	-	-	(119.2)	-	(79.8)
	Germany	65.1	-	(2.6)	-	(0.1)	(109.1)	(51.0)	(97.7)
	The Netherlands	26.4	-	-	-	(0.1)	(107.9)	-	(81.6)
	Total Shopping Centres	1,007.8	-	(92.5)	-	(45.9)	(2,844.6)	-	(666.5)
Offices & Others	France	26.5	-	-	-	(0.6)	5.7	-	31.6
	Others	15.4	-	0.0	-	-	(11.8)	-	3.5
	Total Offices & Others	41.9	-	0.0	-	(0.6)	(6.1)	-	35.1
C. & E. ⁽¹⁾	France	14.9	(2.4)	-	-	-	(126.9)	(3.6)	(118.0)
Not allocated	-	27.3	-	(112.9)	-	(37.8)	(21.5)	(66.4)	(211.2)
Total	1,064.6	25.0	(92.5)	(112.9)	(46.6)	(3,015.5)	(21.5)	(736.4)	(2,935.6)

⁽¹⁾ Convention & Exhibition segment.

For H1-2019

(€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 net operating result H1-2019
Shopping Centres	France	330.2	-	-	-	0.5	35.4	-	-	366.0
	United States	319.2	-	(20.9)	-	0.5	(312.0)	-	-	(13.3)
	Central Europe	113.2	-	20.8	-	(0.0)	47.8	-	-	181.7
	Spain	76.7	-	-	-	(0.1)	29.7	-	-	106.4
	United Kingdom	78.0	-	-	-	-	(378.5)	-	-	(300.4)
	Nordics	65.8	-	-	-	19.8	0.6	-	-	86.1
	Austria	55.8	-	-	-	0.1	(35.9)	-	-	20.0
	Germany	70.0	-	(1.3)	-	(0.1)	(84.4)	-	-	(15.8)
	The Netherlands	28.0	-	-	-	0.5	(11.7)	-	-	16.8
	Total Shopping Centres	1,137.0	-	(1.4)	-	21.0	(709.1)	-	-	447.5
Offices & Others	France	46.9	-	-	-	(0.5)	207.8	-	-	254.2
	Others	14.8	-	-	-	1.2	11.6	-	-	27.6
	Total Offices & Others	61.7	-	-	-	0.7	219.4	-	-	281.7
C. & E. ⁽¹⁾	France	55.7	24.7	-	-	-	(148.4)	-	(3.5)	(71.6)
Not allocated		(0.0)	56.3	-	(87.2)	-	(54.7)	(15.5)	-	(101.2)
Total		1,254.3	81.0	(1.4)	(87.2)	21.7	(692.9)	(15.5)	(3.5)	556.4

⁽¹⁾ Convention & Exhibition segment.

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

NOTE 5. INVESTMENT PROPERTIES, TANGIBLE AND INTANGIBLE ASSETS, GOODWILL

5.1. Investment properties

5.1.1. Investment properties at fair value

(€Mn)	June 30, 2020	Dec. 31, 2019
Shopping Centres	37,064.6	38,971.4
France	12,471.1	12,991.9
United States	6,166.8	6,437.1
Central Europe	4,242.4	4,413.5
Spain	3,431.3	3,562.4
United Kingdom & Italy	1,921.4	2,407.8
Nordics	2,993.3	3,114.6
Austria	2,328.6	2,433.9
Germany	1,959.9	2,021.0
The Netherlands	1,549.9	1,589.3
Offices & Others	2,987.2	2,977.3
France	2,318.7	2,255.3
Other countries	668.5	722.1
Convention & Exhibition	2,539.2	2,641.2
Total	42,591.0	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	14.4	1.3	-	15.7	-	15.7
Capitalised expenses ⁽¹⁾	249.9	71.2	10.6	331.8	-	331.8
Disposals/exits from the scope of consolidation	(39.4)	(37.5)	-	(76.9)	(2,066.6)	(2,143.5)
Reclassification and transfer of category	9.8	(9.3)	5.1	5.6	-	5.6
Discounting impact	-	-	-	-	-	-
Valuation movements	(2,023.4)	2.2	(117.7)	(2,138.9)	-	(2,138.9)
Currency translation	(118.1)	(18.1)	-	(136.1)	-	(136.1)
June 30, 2020	37,064.6	2,987.2	2,539.2	42,591.0	-	42,591.0

⁽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.

In H1-2020, 95% 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 -€115.1 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 - June 30, 2020		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
France	Max	6.9%	863	8.9%	7.6%	11.6%
	Min	1.9%	151	5.5%	3.6%	2.0%
	Weighted average	4.3%	576	5.8%	4.1%	4.1%
Central Europe	Max	7.3%	618	8.7%	8.1%	2.6%
	Min	4.7%	133	6.5%	4.8%	1.9%
	Weighted average	5.1%	395	6.9%	5.1%	2.1%
Spain	Max	7.8%	562	9.7%	7.0%	5.5%
	Min	4.1%	132	6.9%	4.4%	4.0%
	Weighted average	4.5%	347	7.1%	4.6%	4.8%
Nordics	Max	5.5%	437	8.4%	5.2%	5.4%
	Min	3.7%	180	6.3%	4.0%	4.7%
	Weighted average	4.0%	355	6.7%	4.2%	5.2%
Germany	Max	8.0%	484	8.3%	7.0%	6.4%
	Min	4.2%	161	6.0%	4.0%	3.4%
	Weighted average	4.8%	303	6.4%	4.6%	4.2%
Austria	Max	4.4%	394	6.3%	4.3%	4.2%
	Min	4.4%	335	6.2%	4.2%	3.6%
	Weighted average	4.4%	363	6.3%	4.2%	3.9%
The Netherlands	Max	7.6%	357	8.0%	7.1%	3.1%
	Min	4.3%	146	6.0%	4.4%	1.3%
	Weighted average	5.2%	242	6.7%	5.3%	2.4%
US	Max	11.3%	1,604	10.5%	9.5%	8.7%
	Min	2.9%	178	5.5%	4.3%	1.9%
	Weighted average	4.0%	595	6.4%	5.0%	4.8%
UK & Italy	Max	5.3%	647	7.0%	5.6%	5.1%
	Min	4.7%	607	6.7%	5.4%	5.0%
	Weighted average	5.0%	624	6.8%	5.5%	5.0%

Net Initial Yield (NYI), Discount Rate 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.

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

Net Initial Yield, Discount Rate 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).

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

A change of +25 basis points in Net Initial Yield, the main output of the appraisal models, would result in a downward adjustment of -€2,627 Mn (or -5.4%) to 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 - June 30, 2020		Net Initial Yield on occupied space	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
France	Max	9.6%	511	8.5%	8.0%	21.5%
	Min	4.2%	106	5.0%	3.8%	-0.5%
	Weighted average	4.9%	403	5.7%	4.5%	3.0%
Nordics	Max	10.7%	222	9.4%	7.8%	3.1%
	Min	6.4%	175	7.0%	5.2%	2.3%
	Weighted average	7.9%	194	8.0%	6.4%	2.9%
Other countries	Max	10.5%	182	8.8%	8.9%	23.4%
	Min	4.7%	40	4.0%	3.1%	0.4%
	Weighted average	6.4%	128	7.4%	5.9%	2.2%
US	Max	8.8%	723	9.3%	8.5%	9.4%
	Min	3.7%	230	6.9%	5.9%	3.2%
	Weighted average	4.9%	351	7.3%	6.0%	6.3%

Net Initial Yield, Discount Rate 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).

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Offices & Others division's NIY decreased by -26 basis points to 5.2% as at June 30, 2020.

A change of +25 basis points in Net Initial Yield, the main output of the appraisal models, would result in a downward adjustment of -€123 Mn (-5.1%) 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 June 30, 2020, would result in a downward adjustment of -€107.3 Mn (-4.7%) of the Convention & Exhibition portfolio value.

5.1.2. Investment properties under construction at cost

(€Mn)	June 30, 2020	Dec. 31, 2019
Shopping Centres	822.7	755.6
France	256.1	262.8
United States	29.8	18.7
Central Europe	35.6	39.9
Spain	198.5	179.7
United Kingdom & Italy	22.3	21.7
Nordics	11.4	10.2
Austria	-	-
Germany	269.1	222.7
The Netherlands	-	-
Offices & Others	414.9	387.8
France	127.6	122.7
Other countries	287.3	265.1
Convention & Exhibition	-	-
Total	1,237.6	1,143.3

As at June 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 June 30, 2020. Impairments were booked for a total amount of -€21.6 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⁾	119.3	-	119.3	-	119.3
Disposals/exits from the scope of consolidation	-	-	-	(0.7)	(0.7)
Reclassification and transfer of category	2.9	-	2.9	3.9	6.8
Impairment / reversal	-	(21.6)	(21.6)	-	(21.6)
Currency translation	(7.2)	0.8	(6.3)	-	(6.3)
June 30, 2020	1,437.1	(199.5)	1,237.6	64.6	1,302.2

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

5.2. Tangible assets

Net value (€Mn)	Operating assets ⁽¹⁾	Furniture and equipment	Right-of-use assets	Total
Dec. 31, 2019	144.7	125.8	74.1	344.5
Acquisitions and capitalised expenses	-	11.5	-	11.5
Disposals/exits from the scope of consolidation	-	(0.3)	-	(0.3)
Depreciation	(1.0)	(16.5)	(6.0)	(23.5)
Impairment / reversal ⁽²⁾	-	1.0	-	1.0
Reclassification	-	9.7	(11.7)	(2.0)
Currency translation	-	(0.9)	0.1	(0.8)
June 30, 2020	143.7	130.4	56.4	330.5

⁽¹⁾ Related to the headquarters of the Group located at 7 Place Adenauer (Paris).

⁽²⁾ Impairment/reversal on Viparis assets according to the external appraisals.

5.3. 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	-	-	-	0.2	0.2
Amortisation	(37.3)	-	(1.0)	(1.7)	(40.0)
Impairment / reversal ⁽¹⁾	(0.5)	-	(10.2)	-	(10.7)
Currency translation	(13.0)	-	-	(0.0)	(13.1)
Reclassification	-	-	-	2.0	2.0
June 30, 2020	326.4	425.8	154.1	16.5	922.8

⁽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 annually by independent external appraisers using the Discounted Cash Flow methodology annually or whenever there is an indication of impairment.

As at June 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 -€26.7 Mn for the PM in the UK and a reversal of €26.2 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 June 30, 2020, would result in an additional impairment of -€0.2 Mn.

A change of -10 basis points on the long-term growth rate of PM, DD&C, Airport activities' intangible assets as determined at June 30, 2020, would not lead to any additional impairment of the intangible assets.

For the Trademark, the impairment test performed was based on an independent external appraisal and no impairment was required.

As at June 30, impairment tests were performed on the intangible assets relating to the Viparis entities based on the valuations of independent external appraisers.

As at June 30, an impairment of -€10.2 Mn was recognised.

A change of +25 basis points on the WACC of Viparis intangible assets as determined at June 30, 2020, would result in a negative adjustment of -€29.5 Mn (-6.3%) on the appraisal value of the intangible assets. It would lead to an impairment of intangible assets for an amount of -€9.8 Mn.

5.4. 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 H1-2020, the Group completed a full testing of its goodwill for the closing of accounts as at June 30, 2020. Although using the same method and impairment test model as 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 June 30, 2020, the goodwill breaks down as follows:

Net Value (€Mn)	Dec. 31, 2019	Change in scope	Impairment	Currency translation	June 30, 2020
Optimized value of deferred taxes	241.0	-	(35.8)	-	205.2
Fee business	839.1	-	(68.4)	(16.1)	754.6
Synergies, workforce and others	1,798.3	-	(632.2)	(6.5)	1,159.6
Total URW	2,878.4	-	(736.4)	(22.6)	2,119.4

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	-	-	(103.8)	(130.2)	-	(51.0)	-	(419.8)	(28.0)	(3.6)	-	(736.4)
Currency translation	-	(0.0)	-	(2.4)	-	-	-	9.6	(29.9)	-	-	(22.6)
Goodwill June 30, 2020	731.7	255.7	-	-	72.9	205.7	-	442.5	396.0	4.7	10.3	2,119.4

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 June 30, 2020, an impairment of -€35.8 Mn was recognised.

Goodwill relating to fee business

This goodwill relates to the following activities: Property Management, Airport and Development, Design and Construction (DD&C).

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.

Impairment tests are performed annually and are based on valuations performed by independent external appraisers. As at June 30, 2020, impairment tests were performed through an update by URW teams of the valuations of independent external appraisers.

As at June 30, 2020, an impairment of -€68.4 Mn was recognised for the fee business in the US and the UK.

A change of +25 basis points on the discount rate of PM, DD&C, Airport activities as determined at June 30, 2020, would result in an additional impairment of -€32.2 Mn.

A change of -10 basis points on the long-term growth rate of PM, DD&C, Airport activities as determined at June 30, 2020, would result in an additional impairment of -€25.7 Mn.

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 June 30, 2020, an impairment of -€51 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 June 30, 2020, were based on:

- Three different scenarios for the 5-year period 2020-2024. These scenarios were based on the 5-year Business Plan 2020-2024 per geographical segment prepared in Q4-2019 (including detailed profit & loss statements, proposed capital expenditures and disposals) with a review per geographical segment of the potential impact of the crisis;
- The discount rates before tax per geographical segment based on a calculation of the weighted average cost of capital (WACC) per region which reflect the current market assessment of the interest rates and the specific risks associated with each geographical segment as at June 30, 2020. These discount rates were also compared with the discount rates used by appraisers for the valuation of Investment Properties as at June 30, 2020, and the consistency between those was ensured;
- An allocation of the Group's corporate administrative expenses to the geographical segments, as a percentage of their respective NRI;
- A discounted cash-flow calculation for each geographical segment on a 10-year basis, consistent with the method applied by the Group's appraisers, and a discounted terminal value, to which a long-term growth rate estimated as at June 30, 2020, is applied. Two of the scenarios used reflected a decrease in the estimated long-term growth rates in the Group's regions;
- A probability of occurrence of each scenario in each region, based on the estimated medium-term impact of COVID-19 per region. A weighted average Enterprise Value (EV) was calculated for each region.

The EV calculated for each geographical segment was then compared to the net asset value of each geographical segment, including the intangible assets and goodwill allocated.

As at June 30, 2020, a total impairment of -€581.2 Mn was recognised relating to the US, Spain and 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%
June 30, 2020						
WACC before tax in %	5.80%	6.65%	6.75%	6.40%	6.25%	6.40%
Long Term Growth Rate in %	1.43%	2.32%	2.23%	2.04%	2.11%	1.81%

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 June 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 June 30, 2020, without any change in the LTGR or the CAGR would lead to an additional impairment of goodwill of -€457.8 Mn (-€410.1 Mn in the US and -€47.7 Mn in the UK).

A change of -10 basis points in the LTGR as determined at June 30, 2020, without any change in the WACC or the CAGR would lead to an additional impairment of the goodwill allocated to the US of -€130.8 Mn.

A change of -50 basis points in the CAGR of Net Rental Income as determined at June 30, 2020, without any change in the WACC or the LTGR would lead to an additional impairment of goodwill of -€175.9 Mn (-€164.1 Mn in the US and -€11.8 Mn in the UK).

5.5. 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)	H1-2020	H1-2019	2019
Investment properties at fair value	(2,138.9)	(295.4)	(862.1)
<i>Shopping Centres</i>	(2,023.4)	(357.3)	(870.7)
<i>Offices & Others</i>	2.2	205.6	170.9
<i>Convention & Exhibition</i>	(117.7)	(143.7)	(162.3)
Investment properties at cost	(21.6)	(12.4)	(72.8)
Tangible and intangible assets	(46.9)	(59.4)	(167.5)
Total	(2,207.5)	(367.2)	(1,102.4)

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

In the first half of 2020, the amount paid for works and acquisition of property assets was €607.5 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 -€46.4 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)	June 30, 2020	Dec. 31, 2019
Shares in Shopping Centres and Convention & Exhibition companies	9,157.1	9,462.7
Loans granted to Shopping Centres and Convention & Exhibition companies	750.3	731.9
Total shares and investments in companies accounted for using the equity method	9,907.4	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)	June 30, 2020	Dec. 31, 2019
Investment properties	10,735.2	11,491.5
Other non-current assets	8.7	9.4
Current assets	354.1	270.6
Total assets	11,098.0	11,771.5
Restated shareholders' equity	8,180.8	8,845.6
Deferred tax liabilities	111.1	116.6
Internal borrowings	327.7	310.5
External borrowings ⁽¹⁾	2,280.8	2,303.1
Other non-current liabilities	19.1	18.5
Current liabilities	178.5	177.2
Total liabilities and equity	11,098.0	11,771.5

⁽¹⁾ Includes current and non-current borrowings.

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:

(€Mn)	H1-2020			H1-2019		
	Recurring activities	Non-recurring activities ⁽¹⁾	Result	Recurring activities	Non-recurring activities ⁽¹⁾	Result
Income from stake in Shopping Centres and Convention & Exhibition companies	191.9	(922.4)	(730.5)	47.2	(180.9)	(133.7)
Total share of income from companies accounted for using the equity method	191.9	(922.4)	(730.5)	47.2	(180.9)	(133.7)
Interests on the loans granted to Shopping Centres companies	12.8	-	12.8	17.3	-	17.3
Total interests on loans granted to companies accounted for using the equity method	12.8	-	12.8	17.3	-	17.3

⁽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)	June 30, 2020	Dec. 31, 2019
Shopping Centres and Convention & Exhibition companies		
Loans ⁽¹⁾	750.9	733.0
Recognised interest	12.8	32.2
Current account in debit	6.4	5.5
Current account in credit	(22.2)	(22.3)
Asset management fees invoiced and other fees	91.1	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

(€Mn)	H1-2020	H1-2019	2019
Security transactions	0.4	1.7	3.6
Other financial interest	6.0	10.5	16.5
Interest income on derivatives	110.7	119.7	258.2
Subtotal financial income	117.1	131.9	278.3
Security transactions	(0.2)	-	(0.1)
Interest on bonds and EMTNs	(251.9)	(233.7)	(478.7)
Interest and expenses on borrowings	(27.8)	(24.2)	(55.1)
Interest on lease liability	(23.8)	(24.4)	(46.2)
Interest on preferred shares	(8.4)	(6.8)	(14.5)
Interest on partners' advances	(10.6)	(13.1)	(24.2)
Other financial interest	(1.9)	(6.8)	(3.9)
Interest expenses on derivatives	(32.8)	(39.4)	(85.1)
Financial expenses before capitalisation of financial expenses	(357.5)	(348.4)	(707.8)
Capitalised financial expenses	20.6	18.6	37.8
Subtotal net financial expenses	(336.9)	(329.8)	(670.0)
Total net financial costs	(219.8)	(197.9)	(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

(€Mn)	H1-2020	H1-2019	2019
Mark-to-market of the ORNANES	13.1	(5.9)	(7.6)
Currency impact	(83.3)	68.7	81.8
Restructuring of hedges and mark-to-market of derivatives	(534.0)	(266.2)	(396.2)
Debt discounting and other items	(76.1)	(11.4)	(29.8)
Total non-recurring financial result	(680.3)	(214.8)	(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 half of 2020

In H1-2020, despite the challenging market conditions, the Group secured additional liquidity and extended 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%.

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

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

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

As at June 30, 2020, the total amount of undrawn credit lines came to €9,332 Mn (€9,195 Mn) and the cash on-hand came to €3,406 Mn (€489 Mn) which will be used to repay debt maturities coming due in the next 12 months. The undrawn credit lines include a \$3,200 Mn (ca. €2,858 Mn) multi-currency revolving credit facility.

7.2.3. Financial debt breakdown and outstanding duration to maturity

Outstanding duration to maturity (€Mn)	Current			Non-current		Total June 30, 2020	Total Dec. 31, 2019
	Less than 1 year	1 year to 5 years	More than 5 years				
Net share settled bonds convertible into new and/or existing shares (ORNANE)	101.0	488.1	-	589.1	602.1		
Principal debt	102.9	500.0	-	602.9	602.9		
Mark-to-market of debt	(1.9)	(11.9)	-	(13.8)	(0.8)		
Accrued interest	-	-	-	-	-		
Bonds and EMTNs	3,203.9	5,815.2	14,672.8	23,691.9	22,276.1		
Principal debt	3,228.1	5,823.6	14,670.2	23,721.9 ⁽¹⁾	22,215.8 ⁽¹⁾		
Accrued interest	152.5	-	-	152.5	220.8		
Issuance costs	(77.4)	-	-	(77.4)	(59.7)		
Bond redemption premium	(95.0)	-	-	(95.0)	(88.0)		
Mark-to-market of debt	(4.3)	(8.4)	2.6	(10.1)	(12.7)		
Bank borrowings	139.0	1,207.2	317.1	1,663.3	1,553.3		
Principal debt	135.2	1,210.5	318.1	1,663.8	1,562.6		
Accrued interest	15.1	-	-	15.1	9.4		
Borrowings issue fees	(14.8)	-	-	(14.8)	(17.0)		
Bank overdrafts & current accounts to balance out cash flow	3.7	-	-	3.7	2.8		
Mark-to-market of debt	(0.3)	(3.3)	(1.0)	(4.6)	(4.5)		
Other financial liabilities	1,512.6	116.9	1,225.2	2,854.7	1,659.5		
Interbank market instruments and negotiable instruments	1,512.6	-	-	1,512.6	352.0		
Accrued interest on interbank market instruments and negotiable instruments	-	-	-	-	(0.4)		
Current accounts with non-controlling interests ⁽²⁾	-	116.9	1,225.2	1,342.1	1,307.9		
Lease liabilities	42.8	10.3	795.3	848.3	848.1		
Total	4,999.2	7,637.7	17,010.4	29,647.3	26,939.2		

⁽¹⁾ Includes currency impacts on debt raised in foreign currency for an amount of -€59.8 Mn as at June 30, 2020 (+€8.5 Mn as at Dec. 31, 2019). The amount shown in the Financial Resources note (€23,662 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.

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				June 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	-	-	-	-	-	(13.1)	-	589.1
Bonds and EMTNs	22,276.1	2,115.8	(600.0)	(67.2)	-	(44.7)	2.3	9.5	23,691.9
Bank borrowings	1,553.3	97.6	-	5.9	-	0.9	-	5.5	1,663.3
Other financial liabilities	1,659.5	1,264.2	(50.8)	0.4	-	(18.5)	-	-	2,854.7
Lease liabilities	848.1	3.5	(24.0)	-	-	0.6	-	20.1	848.3
Total	26,939.2	3,481.1	(674.8)	(60.9)	-	(61.7)	(10.8)	35.1	29,647.3

⁽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. Net share settled bonds convertible into new and/or existing shares (ORNANE)

As at June 30, 2020, the ORNANE are presented in the table below.

(€Mn)	Debt at fair value	Total fair value recognised in the profit and loss
ORNANE issued in 2014	101.0	1.9
ORNANE issued in 2015	488.1	11.1
Total	589.1	13.1

7.2.5. Characteristics of bonds and EMTNs (excluding ORNANE) issued on the first half of 2020

The new bonds and EMTNs issued in H1-2020 have the following characteristics:

Issue date	Rate	Currency	Amount at June 30, 2020 (€Mn)	Maturity
April 2020	Fixed rate 2.125%	EUR	600.0	April 2025
April 2020	Fixed rate 2.625%	EUR	800.0	April 2030
June 2020	Fixed rate 2.0%	EUR	750.0	June 2032
Total			2,150.0	

7.2.6. Covenants

As at June 30, 2020, the LTV ratio amounted to 41.5%¹ (38.6% as at December 31, 2019).

The ICR² for the period stood at 4.2x³ (vs. 5.7x as at December 31, 2019).

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 ratio⁴;
 - ✓ a minimum of 1.5x for the Unencumbered leveraged ratio⁵.

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

As at June 30, 2020, 94% of the Group's credit facilities allowed 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.

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

7.2.7. Market value of the debt

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

(€Mn)	June 30, 2020		Dec. 31, 2019	
	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	26,813.2 ⁽¹⁾	26,312.2	23,855.7 ⁽¹⁾	24,811.1

⁽¹⁾ ORNANE included, at market value (see § 7.2.4 "ORNANE").

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

¹ Loan-to-Value (LTV): Net financial debt / Total assets, including transfer taxes. Excluding €1,365 Mn of goodwill, not justified by fee business as per the Group's European leverage covenants. The proportionate LTV ratio was 43.5%.

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: 3.7x.

⁴ The secured debt ratio (Secured debt/Total assets) was 2.0% as at June 30, 2020.

⁵ The unencumbered leverage ratio (unencumbered assets/unsecured debt) was 1.9x as at June 30, 2020.

7.2.8. Net financial debt

Net financial debt is determined as below:

Net financial debt

(€Mn)	June 30, 2020	Dec. 31, 2019
Amounts accounted for in B/S		
Net share settled bonds convertible into new and/or existing shares (ORNANE)	488.1	602.1
Non current bonds and borrowings	23,354.4	22,931.6
Current borrowings and amounts due to credit institutions	4,956.5	2,557.4
Total financial liabilities	28,799.0	26,091.0
Adjustments		
Mark-to-market of debt	28.4	18.1
Current accounts with non-controlling interests	(1,342.1)	(1,307.9)
Impact of derivative instruments on debt raised in foreign currency	(59.8)	(8.4)
Accrued interest / issuance fees	19.6	(65.1)
Total financial liabilities (nominal value)	27,445.1⁽¹⁾	24,727.8⁽¹⁾
Cash & cash equivalents	(3,405.7)⁽¹⁾	(488.8)⁽¹⁾
Net financial debt	24,039.4	24,239.0

⁽¹⁾ Bank overdrafts & current accounts to balance out cash flow are included in the total financial liabilities, for €3.7 Mn as at June 30, 2020 and for €2.8 Mn as at December 31, 2019.

Net cash at period-end

(€Mn)	June 30, 2020	Dec. 31, 2019
Marketable Securities ⁽¹⁾	10.2	9.3
Short-term deposit	2 513.4	-
Cash	882.1	479.5
Total Asset	3,405.7	488.8
Bank overdrafts and current accounts to balance out cash flow	(3.7)	(2.8)
Total Liabilities	(3.7)	(2.8)
Net cash at period-end	3,402.0 ⁽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 June 30, 2020 aims to cover URW's debt repayment needs corresponding to the bonds and bank loans outstanding as at June 30, 2020 and maturing within one year of €3,344 Mn (including €3,209 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 June 30, 2020			
	Total	Level 1	Level 2	Level 3
Assets				
<i>Fair value through profit or loss</i>				
Investment in financial assets	67.4	-	-	67.4
Derivatives	927.3	-	927.3	-
Marketable Securities	10.2	10.2	-	-
<i>Fair value through equity</i>				
Investment in financial assets	31.4	-	-	31.4
Derivatives	-	-	-	-
Total	1,036.3	10.2	927.3	98.8
Liabilities				
<i>Fair value through profit or loss</i>				
Commitment to non-controlling interest	142.3	-	-	142.3
ORNANE	589.1	589.1	-	-
Derivatives	1,802.4	-	1,802.4	-
Total	2,533.8	589.1	1,802.4	142.3

7.4. Management of exchange risks

7.4.1. Measure of exposure to foreign exchange risks as at June 30, 2020 (€Mn)

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)¹

Currency	Assets	Liabilities ⁽¹⁾	Net Exposure	Hedging instruments	Exposure net of hedges
USD	13,436.6	(5,908.4)	7,528.2	625.1	8,153.3
GBP	3,331.0	(1,266.9)	2,064.1	(606.8)	1,457.3
SEK	2,675.3	(576.0)	2,099.3	(77.5)	2,021.8
Others	694.9	(753.0)	(58.2)	464.9	406.8
Total	20,137.8	(8,504.4)	11,633.4	405.8	12,039.2

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

¹ Liabilities include, but are not limited to, the debt raised in the given currencies and 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 H2-2020) would have an impact on shareholders' equity and on the recurring result as follows:

(€Mn)	June 30, 2020	
	Equity Gain/(Loss)	Recurring result Gain/(Loss)
Impact of an increase of +10% in the EUR/USD exchange	(741.2)	(4.8)
Impact of an increase of +10% in the EUR/GBP exchange	(132.5)	(4.3)
Impact of an increase of +10% in the EUR/SEK exchange	(183.8)	(3.8)

However, such impact on the recurring result (or conversely a positive impact in case of a decrease of EUR vs. these currencies) would partly be neutralized by 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 following the Westfield acquisition.

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 June 30, 2020, taking into account the undrawn credit lines and cash on-hand, stood at 8.5 years.

URW's debt repayment needs¹ for the next twelve months are covered by the available undrawn credit lines (€9,332 Mn) and cash on-hand (€3,406 Mn). The amount of bonds and bank loans outstanding as at June 30, 2020, and maturing or amortizing within one year is €3,344 Mn (including €3,209 Mn of bonds).

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 June 30, 2020; bank loans, mortgages and overdrafts 6%; convertible bonds 2%; and short term paper 6%.

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

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

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 €69.8 Mn for assets and €1,020.3 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) + capitalised 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 H1-2020 was 1.7% (1.6%), representing the blended average cost of debt, of which an average of 1.1% for Euro and SEK denominated debt and an average of 3.6% for USD and GBP denominated debt.

This average cost of debt results from:

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

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 June 30, 2020, IFRS net financial debt stood at €24,039.4 Mn (€24,239 Mn as at December 31, 2019), excluding partners’ current accounts and taking into account cash on-hand of €3,406 Mn (€489 Mn) following the additional funds raised.

Measuring interest rate exposure

The interest cost of outstanding debt was fully hedged as at June 30, 2020, through both:

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

Based on the estimated average proportionate debt position of URW in H2-2020, if interest rates (Euribor, Libor, Stibor or Pribor) were to rise by an average of +50 bps¹ during H2-2020, the estimated positive impact on financial expenses would be +€2.9 Mn, increasing the 2020 recurring net result by a broadly similar amount:

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

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

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

¹ The impact on exchange rates due to this theoretical increase of +50 bps in interest rates is not taken into account. The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at June 30, 2020: 3m Euribor (-0.422%), 3m USD Libor (0.3020%) and 3m GBP Libor (0.1409%).

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

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

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 backtesting (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:

- 50% for receivables due for more than three months (calculation after preliminary deduction of deposits and bank guarantee);
- 100% for receivables due for more than six months;
- receivables from tenants under bankruptcies proceedings were fully depreciated;
- an analysis of the risk recoverability of the most significant receivables was carried out at regional level and a credit risk was applied by tenant or segment of tenants if necessary.

NOTE 8. TAXES

8.1. Income tax expenses

(€Mn)	H1-2020	H1-2019	2019
Recurring deferred and current tax on:			
- Allocation / reversal of provision concerning tax issues	(0.2)	(0.2)	(8.3)
- Other recurring results	(16.2)	(19.5)	(41.1)
Total recurring tax	(16.4)	(19.7)	(49.4)
Non-recurring deferred and current tax on:			
- Change in fair value of investment properties and impairment of intangible assets ⁽¹⁾	120.0	1,376.4	1,393.0
- Other non-recurring results ⁽¹⁾	47.5	(289.6)	(278.2)
- Impairment of goodwill justified by taxes	-	-	-
Total non-recurring tax	167.5	1,086.8	1,114.8
Total tax	151.1	1,067.1	1,065.4
Total tax paid ⁽¹⁾	(14.8)	(210.4)	(211.7)

(€Mn)	H1-2020	H1-2019	2019
Current tax	19.3	(307.2)	(322.5)
Deferred tax	131.8	1,374.3	1,387.9
Total tax	151.1	1,067.1	1,065.4

⁽¹⁾ In H1-2019 and 2019, mainly related to the impact of the changes in the structure of United States operations.

8.2. Deferred taxes

H1-2020 change

(€Mn)	Dec. 31, 2019	Variation	Reclassifi- cations	Scope impacts	Currency translation	June 30, 2020
Deferred tax liabilities	(2,303.6)	120.3	-	-	0.5	(2,182.7)
Deferred tax on investment properties	(2,084.4)	110,0	-	-	0.8	(1,973.6)
Deferred tax on intangible assets	(219.1)	10.3	-	-	(0.3)	(209.1)
Other deferred tax	27.6	17.9	(14.6)	-	3.7	34.6
Tax loss carry-forward ⁽¹⁾	53.8	15.0	(15.2)	-	-	53.6
Other ⁽¹⁾	(26.2)	2.9	0.6	-	3.7	(19.0)
Total deferred tax liabilities	(2,276.0)	138.2	(14.6)	-	4.2	(2,148.1)
Deferred tax assets						
Tax loss carry-forward	35.0	(13.1)	15.1	-	0.0	37.0
Other deferred tax assets	8.6	6.7	(0.6)	-	0.1	14.8
Provision on tax loss carry-forward	(15.2)	-	-	-	-	(15.2)
Total deferred tax assets	28.4	(6.4)	14.5	-	0.1	36.6

⁽¹⁾ Deferred tax assets and liabilities within a same tax group are offset.

Deferred tax liabilities on properties refer to:

- 1) those countries where there is no REIT regime (like the SIIC-regime in France), providing a tax exemption on recurring income and capital gains on property sales with an obligation to distribute part of their net result, or
- 2) countries where such tax efficient status does exist, but where the structure of URW in its current form and under current legislation would lead to tax amounts to be paid in case of capital gains on property sales.

NOTE 9. PROVISIONS

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

H1-2020 change

(€Mn)	Dec. 31, 2019	Alloca- tions	Rever- sals used	Rever- sals not used	Changes in scope of consoliati on	Foreign currency translatio n impact	Other move- ments	June 30, 2020
Non-current provisions	110.3	3.0	(0.7)	(2.2)	(0.2)	0.3	-	110.4
Non-current provisions excluding employee benefits	95.4	3.0	(0.6)	(2.2)	(0.2)	0.3	-	95.6
Employee benefits	14.9	-	(0.1)	-	-	-	-	14.8
Current provisions	39.9	1.3	(3.2)	-	-	(0.3)	(5.1)	32.7
Total	150.2	4.3	(3.9)	(2.2)	(0.2)	0.0	(5.1)	143.1

NOTE 10. OTHER CURRENT LIABILITIES

Other current liabilities breakdown as follows:

(€Mn)	June 30, 2020	Dec. 31, 2019
Tax and social liabilities	473.3	523.0
Other liabilities	182.0	206.8
Total other current liabilities	655.3	729.8

NOTE 11. 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 half 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 granted as from 2019 have a duration of eight years¹ and may be exercised at any time, in one or more installments, as from the third anniversary of the date of their allocation².

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 Index³ and a Corporate Social Responsibility (CSR) external rating. These KPIs weight 45% and 5% of the 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 investors⁴, and on the level of achievement of the CSR agenda Better Places 2030, Group-wide⁵. These KPIs weight 45% and 5% of the performance achievement respectively.

The performance-related 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 half of 2020 and €2.2 Mn in the first half of 2019.

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	-	215,495	23,466	367,126
2015 plan (n°8)	2015	from 04/03/2019 to 03/03/2022	256.81	615,860	-	203,803	-	412,057
	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	-	154,282	1,913	455,413
	2017	from 08/03/2021 to 07/03/2024	218.47	611,611	-	111,358	-	500,253
2018 plan (n°9)	2018	from 06/03/2022 to 05/03/2025	190.09	630,135	-	75,665	-	554,470
2019 plan (n°10)	2019	from 20/03/2022 to 19/03/2026	144.55	748,372	-	65,426	-	682,946
2020 plan (n°11)	2020	from 22/03/2023 to 21/03/2027	92.03	885,291	-	-	-	885,291
Total				5,333,255	-	1,094,983	380,716	3,857,556

⁽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 €6.7 Mn in the first half of 2020 and €4.5 Mn in the first half of 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⁾
2015	37,554	10,515	27,039	-
2016	36,745	7,918	28,827	-
2017	39,770	12,324	14,235	13,211
March 2018	82,539	9,896	-	72,643
May 2018	38,130	1,252	-	36,878
March 2019	172,174	15,025	-	157,149
March 2020	489,440	-	-	489,440
Total	896,352	56,930	70,101	769,321

⁽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 12. SHARE CAPITAL AND DIVIDENDS

12.1. 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 June 30, 2020	138,472,385

Average number of shares diluted and undiluted

	H1-2020	H1-2019	2019
Average number of shares (undiluted)	138,401,778	138,322,555	138,350,731
Dilutive impact			
Potential shares via stock options ⁽¹⁾	-	-	-
Attributed performance shares (unvested) ⁽¹⁾	410,547	204,273	198,736
Potential shares via ORNANE	1,851,806	3,521,418	1,913,286
Potential shares via ORA	-	7,192	3,652
Average number of shares (diluted)	140,664,131	142,055,438	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.

12.2. 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 13. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

All significant commitments are shown below. The Group does not have any complex commitments. The amounts are disclosed under IFRS.

13.1. Commitments given

Commitments given (€Mn)	Description	Maturities	June 30, 2020	Dec. 31, 2019
1) Commitments related to the scope of the consolidated Group			23.7	26.6
Commitments for acquisitions	- Purchase undertakings and earn-out	-	-	2.2
Commitments given as part of specific transactions	- Warranties and bank letters of credit given in the course of the ordinary business	2020+	23.7	24.4
2) Commitments related to Group financing			1,684.5	1,671.2
Financial guarantees given	- Mortgages and first lien lenders ⁽¹⁾	2020 to 2027	1,263.7	1,262.6
	- Guarantees relating to entities under the equity method	2020 to 2022	420.7	408.6
3) Commitments related to Group operational activities			1,447.1	1,501.5
Commitments related to development activities	- Properties under construction: residual commitments for works contracts and forward purchase agreements	2020+	838.8	865.2
	- Residual commitments for other works contracts	2020+	0.9	12.4
	- Commitments subject to conditions precedent	2020 to 2025	250.6	250.8
Commitments related to operating contracts	- Commitments for construction works ⁽²⁾	2020 to 2064	227.8	233.2
	- Rental of premises and equipment	2020+	11.8	11.6
	- Other	2020+	117.2	128.2
Total commitments given			3,155.3	3,199.3

⁽¹⁾ The outstanding balances at the reporting date of the debts and drawn credit lines which are secured by mortgages. The gross amount of mortgages was €1,263.7 Mn as at June 30, 2020 (€1,262.6 Mn as at December 31, 2019).

⁽²⁾ Under the 50-year lease contract to operate Porte de Versailles (Paris), an amount of €497.0 Mn for renovation works and €227.2 Mn for maintenance works (i.e., €724.2 Mn, of which €511.0 Mn have already been invested) have to be spent, representing an initial commitment of €362.1 Mn (Group share).

Commitments relating to Group financing

The €2,000 Mn hybrid securities issued on April 16, 2018, are deeply subordinated perpetual instruments with a coupon deferral option. The coupon is to be paid when a mandatory payment event occurs, such as the approval of a dividend payment, though the Group can suspend payments while making the minimum required REIT distributions.

Westfield America Limited Partnership, Urban Shopping Centers and Westfield Growth have guaranteed loans entered into by joint-ventures for a portion of the principal amount of the loans greater than their stake in the joint-ventures.

Other unquantifiable commitments given related to the scope of the consolidated Group

- For a number of recent acquisitions of properties in France, Unibail-Rodamco-Westfield SE has committed to the French tax authorities to retain these interests for at least five years, in accordance with the SIIC tax regime.
- For a number of disposals, the Group granted usual representations and warranties to the purchasers.

- The agreements in connection with joint investments with partners may include usual clauses like (i) a lock-up period during which the shareholders have to retain their interest in shared subsidiaries or (ii) arrangements pursuant to which the parties can organise the exit of the shareholders (for example: right of first offer, tag-along right in case the partner sells its shares to a third party).

Other commitments given related to Group operational activities

- The Group's 50% subsidiary SCI Propexpo has committed that the Espace Champerret venue in Paris, France, will continue to be used as an exhibition hall until 2066.
- In a number of countries in which the Group operates, specific tax regimes for real estate companies exist. For many companies of the Group, eligible for such regimes, the Group has opted to use such regimes. Although the details of those regimes are not exactly the same for all countries, one of the standard elements is a requirement to distribute all/nearly all of the recurring income, a large part of the capital gains and all dividends received from other companies that have opted for the application of such specific regime.
- In 2014, the City of Brussels selected Unibail-Rodamco-Westfield as the co-developer, with its partners BESIX and CFE, of the NEO project. BESIX has the possibility to increase its interest in the Mall of Europe from 12.5% to 20%.
CFE has an option to sell its shares in the Mall of Europe to Unibail-Rodamco-Westfield from December 31 following the opening of the shopping centre and during a period of one year. If the put is not exercised, the Group has an option to buy CFE's shares in the Mall of Europe.
BESIX has an option to sell its shares in the Mall of Europe to Unibail-Rodamco-Westfield from the end of the second full year after the opening of the shopping centre and lasting 38 months from such date.
Unibail-Rodamco-Westfield SE together with the parent companies of BESIX and CFE provided guarantees to the City of Brussels with respect of all payment obligations of the joint ventures which will develop the project. Several counter guarantees were provided between Unibail-Rodamco-Westfield SE, BESIX and CFE, to ensure that each joint venture shall not bear any financial consequence beyond its program and that the ultimate shareholder shall not bear more than its share in each joint venture.

13.2. Commitments received

Commitments received (€Mn)	Description	Maturities	June 30, 2020	Dec. 31, 2019
1) Commitments related to the scope of the consolidated Group			-	0.8
Commitments for acquisitions	- Sales undertakings	-	-	0.8
2) Commitments related to Group financing			9,331.9	9,195.5
Financial guarantees received	- Undrawn credit lines ⁽¹⁾	2020 to 2024	9,331.9	9,195.5
3) Commitments related to Group operational activities			691.0	703.1
Other contractual commitments received related to operations	- Bank guarantees on works and others	2020+	16.3	13.5
	- Other	2020+	228.6	228.9
Assets received as security, mortgage or pledge, as well as guarantees received	- Guarantees received relating to Hoguet regulation (France)	2020	124.5	124.5
	- Guarantees received from tenants	2020+	239.1	251.8
	- Guarantees received from contractors on works	2020 to 2024	82.5	84.4
Total commitments received			10,022.9	9,899.5

⁽¹⁾ These agreements contain financial covenants based on the Group's financial statements. Certain credit lines are also subject to an early prepayment clause (in full or in part) in the event of a change in ownership or a series of disposals reducing portfolio assets below a given threshold. Based on current forecasts, excluding exceptional circumstances, these covenant limits are not expected to be breached during the current year. A total amount of €417 Mn is secured by mortgages as at June 30, 2020.

Commitments relating to entities' interests in joint ventures and associates

Following the acquisition of a stake in the German shopping centre CentrO in May 2014, the vendor has provided an unlimited tax guarantee in proportion to the stake acquired for any tax claim related to previous years that may arise after the acquisition date. The vendor has also guaranteed a certain amount of tax losses carried forward available at the date of acquisition.

13.3. Contingent liabilities

The Group is involved in an arbitration procedure with PEAB involving claims regarding the development of Mall of Scandinavia. The process involves claims by both sides and is expected to take time to resolve. Based on the risk analysis as of June 30, 2020, no provision was recorded in the consolidated accounts.

NOTE 14. SUBSEQUENT EVENTS

None.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2020 HALF-YEARLY FINANCIAL INFORMATION

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Unibail-Rodamco-Westfield SE, for the period from January 1 to June 30, 2020;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Management Board on July 27, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review prepared on July 27, 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 29, 2020

The Statutory Auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Emmanuel Gadret

Emmanuel Proudhon

Jean-Yves Jégourel

RISK FACTORS – UPDATE AS AT JUNE 30, 2020

MAIN RISK FACTORS

The main risk factors to which the Group may be exposed are described in Chapter 6.2 of the 2019 Universal Registration Document.

The COVID-19 pandemic is an aggravating factor likely to increase the impact and/or likelihood of several identified risks. The Group may be exposed to a heightened risk due to COVID-19 for at least the next six months and is likely to have a material adverse effect on URW, its operations, financial position and/or results, and share price.

As the effects of this pandemic are still evolving, URW is not in a position currently to provide an absolute assessment of the overall impact to the Group. However, to increase shareholder information and in compliance with applicable regulations, this section presents a preliminary assessment of the impact of the COVID-19 pandemic on the risk factors of URW as of the issuance date of the 2020 mid-year financial report.

These specific risks, presented below, are not exhaustive and cannot be exclusive of other risks, either unidentified potential risks or emerging / identified evolving risks, and/or risks not specific to the Group and/or the occurrence of which was not foreseen as at the date of this financial report.

The consequences of the COVID-19 outbreak remain difficult to determine as to their magnitude considering the different variables in each of the countries in which the Group operates. Considering the wide geographical scope of URW activities, the likelihood and potential impacts from these risks may differ from one country to another. Factors potentially impacting our financial results include: temporary or total closure of assets, the potential unilateral decision by tenants/clients to reduce or cease their operations, and ongoing local or national government operational restrictions (such as customer/users capacity restrictions, ongoing closure of venues, offices, movie theaters, indoor dining, etc.) on a local level, and other measures aimed at containing and reducing the impact of the virus.

At this stage, it is too early to determine the situation's impact on the contractual obligations of the Group's clients and other partners or to estimate the effect of any case-by-case support measures the Group may decide on. The Group continues in active dialogue with its clients on how to address these unprecedented challenges.

CATEGORY # 1: BUSINESS SECTOR AND OPERATIONAL RISKS (refer to Section 6.2.2.1)

A. RETAIL MARKET EVOLUTION/DISRUPTION

Prior to COVID-19, the retail market was already in a state of evolution. The current pandemic has created heightened risk concerns in the retail sector. These include: (i) increase reliance on online shopping as people continue to stay at home and limit their exposure to COVID-19 – particularly in those locations where COVID-19 cases continues to increase; (ii) reduced shopper footfall as URW's shopping centres reopen in limited various stages according to local health and safety mandates, such as keeping shopper capacity at less than 100% capacity or are required to close in response to government mandates to limit the recurrence of COVID-19; and, (iii) ongoing retailers closing and/or bankruptcies negatively impact rental income for URW.

At the consumer level, the retail market will have to continue to address the increase of purchases online, increased penetration of online towards new consumers, as well as a risk of polarization of consumption in two directions: convenience and value/luxury. While URW believes most of its assets are well positioned, as these trends play-out the URW business model may be impacted with higher average spending baskets but with potentially lower frequency of visits to our assets.

At a macro-economic/government level, the potential for unprecedented recession could further negatively impact URW's business. Society and consumption are also evolving very significantly (people will live, work and buy differently post-confinement, and be more mindful on their choices, etc.). A new "low touch" economy is developing due to the rising fear of personal contact and concerns over the safety and hygiene of goods and people may lead to decreased footfall in malls and venues, new role of home as prime place to live, to work, to buy, and to socialize until an effective vaccine is available. Increased use of digital devices and digital services could also continue to negatively affect the Retail Market. It is difficult to predict the extent to which these trends will continue even after the COVID-19 pandemic is neutralized.

URW continues to work with retailers in adjusting its operations to accommodate the realities of COVID-19 to ensure a quick recovery and progressing towards the resumption of normal operations.

B. DEVELOPMENT, DESIGN AND CONSTRUCTION MANAGEMENT

Depending on the jurisdiction, the emergency health and safety regulations instituted by local governments to minimize the spread of the COVID-19 pandemic has resulted in the suspension or slowing down of some construction and development projects in some areas.

Additionally, the potential negative economic effect of the COVID-19 crisis on contractors and suppliers may significantly impact the Group's development/extension/renovation pipeline. Delays in delivery of construction materials could result in delays in completing the overall project and could also potentially increase project costs. This could also result in the cancellation or postponement of some projects and which could lead to subsequent loss of rental income. In addition, the potential disruptions in the retail and leasing market may also result in delays to some project's time schedules and/or result in reconsidering the scope or relevance of projects. On mid- to long-term basis, subject to the pandemic risk remains recurring, the higher exposure of large malls with public transportation connections to access, with restriction and sanitary measures may imply reshaping of the global development design approach and acceleration of mix-use strategy.

An additional priority is to ensure the safety of our construction work sites and enforce the local health and safety mandates specific to preventing the spread of COVID-19. URW has worked closely with all of its teams and third-party contractors in ensuring all required health and safety protocols are being enforced at all job sites.

C. MERGERS & ACQUISITIONS, INVESTMENT AND DIVESTMENT

The COVID-19 crisis may affect the attractiveness of URW assets that have been identified for divestment and may suffer a negative impact as investors may reassess their overall strategy and risk appetite. A slowdown of the investment market or degraded market conditions could negatively impact the availability of capital and may further challenge URW's ability to implement its disposal program and/or to develop JV partnerships.

D. INFORMATION TECHNOLOGY AND DATA

The COVID-19 pandemic has had limited impact on risks associated with our IT systems. The Group had maintained all of its cybersecurity measures and IT key processes, which allowed the Group to have a similar level of protection of our Information System in a full remote configuration compared to a nominal mode. In that regard, the Group has not faced any major cyber security incident during the pandemic.

In addition, based on our business continuity plans that existed prior to the pandemic, IT resources and collaboration tools have been scaled up to be able to allow all users to work in a remote configuration in response to local authorities instructions, and enabling all employees to remain productive during the pandemic.

In response to the pandemic situation, the Group has reprioritized its IT projects in order to be able to provide the appropriate Digital solutions to support the Business operations.

E. BRAND AND REPUTATION

The brand and reputational risk of the Group may be increased in the context of the COVID-19 pandemic. Consumer loyalty could be impacted if there are perceptions, despite its health and safety measures, that URW shopping centres are not safe and clean or should they not remain in compliance with health and safety mandates. The brand could be further impacted negatively if large retailers with multiple staff have an outbreak within our centres, and the public could perceive URW as being responsible. Retailer/client relations may impact group reputation should it be inconsistent in dealing with requests for lease negotiations. Lastly, URW's corporate citizenship image could be impacted should the Group fail to demonstrate support for local government initiatives or other non-government organizations that focus on community support during the pandemic.

As also noted in the section on Health and Safety, throughout all of URW assets the Group is working to comply with all local health and safety mandates related to hygiene and cleaning protocols as well as enforcing

requirements such as social distancing and the wearing of masks. Additionally, through signage, web site communications, and other digital media an extensive COVID-19 compliance awareness and “rules” messaging campaign has been developed. URW teams have also worked closely with retailers in ensuring their re-opening protocols are similarly in compliance with health and safety mandates as well as and working with each retailer in assessing their need for any assistance and/or other help in re-opening their operations.

Such risks may be increased by the Group attempting to comply with public information that insufficient, inaccurate, or inconsistent, and in turn result in ineffective communications with other URW stakeholders (staff, customers, shareholders, suppliers, retailers, ...) that could negatively impact the Group’s image and reputation.

F. LEASING AND COMMERCIAL PARTNERSHIPS

The opening restrictions, temporary closure of shopping centres and venues in addition to health and safety measures imposed in the countries where the Group operates have negatively impacted the retailers’ sales and creating a risk of a potential increase in retailer insolvencies and bankruptcies. While recovery level after re-opening differs from one country to another one and depending on the retail segment, the Group has started an active dialogue with its tenants to address these unprecedented challenges and share part of the financial impact of the crisis (primarily small and medium size retailers) through a combination of rent relief and rent deferral. In addition, the Group is in compliance with the protective measures implemented in certain countries regarding the payment of rent and tenancy charges owed by the tenants and other protective measures that may override the lease terms.

The COVID-19 outbreak could result in accelerating the consolidation of fragmented retail segments, an increase of the proportional share of digital sales for traditional retailers, and requests from retailers for more business flexibility on pass-through operating costs especially rents and salaries and need for optimized logistics. Such trends may affect the attractiveness of the Group assets as well as the vacancy rate of the portfolio.

The outbreak-related health and safety measures to be implemented are likely to have direct consequences on letting and rent and/or service charges collection by the Group, which may have potential significant effect on its financial results depending on the number and size of the assets concerned, the scope and the evolution of the situation.

Commercial partnership business may also be affected by reduced demand for marketing programmes as companies look for additional potential savings.

CATEGORY # 2: FINANCIAL AND TAX RISKS (refer to Section 6.2.2.2)

A. ACCESS TO CAPITAL AND FINANCIAL MARKET DISRUPTION

Uncertainties around the Covid-19 impacted the global economic growth, the capital markets liquidity, and consumer behavior.

In addition, the temporary lockdown measures in most countries where URW operates have further impacted the retail sector in these countries and by extension the Group’s rental income, disposals plans, and assets valuation.

This context may also negatively affect the Group’s ability to raise required funding, and/or may also result in an increase in the cost of such funding. This could also lead to an increase in the Group’s financial expenses as well as a deterioration of its credit profile - which could further limit the Group’s access to capital, reduce liquidity, and impact its debt covenants both at corporate or asset backed financing level.

As at June 30, 2020, URW has taken all precautionary measures needed to strengthen its liquidity position to prevent a potential drop in market liquidity:

- As at June 30, 2020, The Group has €12.7 Bn in cash on hand and undrawn credit lines, which provides it with the liquidity needed to cover all expected funding needs even under an extreme “stress test” scenario.
- The Group has implemented a programme to actively reduce non-staff expenses, defer non-essential capital expenditure and make use of any relevant facilities or arrangements provided by the various national authorities to assist companies through the crisis.
- The Group also decided to cancel the payment of the final dividend of €5.40 per share.

B. REIT STATUS AND TAX COMPLIANCE

The Group may face to potential heightened tax risks related to COVID-19. In some jurisdictions there might be renewed political pressure that challenges the ongoing viability of REIT structures in the belief that the tax obligation should rest with the real estate corporation holding the assets. Although REIT opponents are of the belief that this would increase tax revenues, URW's view is that it might well lead to lower tax revenues as it would shift a certain current tax on obligatory dividends to a less certain tax revenue at corporation level. The risk described is assessed as more prominent in some EU countries, whereas REIT structures are viewed more favorably in the US where the focus is on proper income classification.

More generally, the high levels of debt that governments have incurred as a result of various public subsidy programs in dealing with the COVID-19 crisis has resulted in significant budgetary deficits. As governments look to recover from these fiscal challenges there is a risk of an increase in taxes generally.

C. MATERIAL FINANCIAL MISSTATEMENT

From a forecasting and budget process, the impact of COVID-19 on the accuracy of financial forecasts risk adds new level of difficulties. Many retailers suspended during the pandemic and in turn have suspended or delayed remitting lease payments to the Group. Additionally, at the height of the pandemic almost all URW assets were either substantially or completely shut down due to health agency directives with "stay at home" mandates in place.

Due to the uncertainty of the impact of COVID-19 on the Group's financial results, previously released earnings guidance has been rescinded and any further earnings guidance is suspended. It is not currently anticipated that COVID-19 will have any significant impact on the accuracy or timeliness of the financial consolidation and reporting process.

CATEGORY #3: ENVIRONMENTAL AND SOCIAL RESPONSIBILITY RISKS (refer to section 6.2.2.3.)

A. CLIMATE CHANGE AND SOCIAL RESPONSIBILITY RISKS

COVID-19 has not led to a significant change in most risks identified in this category (refer to section 2.1.2.2 of the 2019 Universal Registration Document), excepted Health & Safety risks mentioned in Category #4.

The Group's *Better Places 2030* CSR strategy has been reaffirmed in the context of the global pandemic crisis.

In the context of *Better Spaces*, maintaining proper health and safety for our employees, retailers, contractors, vendors, and the shopping public remains of paramount importance as we continue to deal with COVID-19. In all jurisdictions the Group remains compliant with health and safety mandates and protocols.

The Group continues to support *Better Communities* during this pandemic. While a number of projects and actions dedicated to communities were paused over the period due to strict social distancing rules, the Group has engaged in over 100 solidarity initiatives to support local communities including making many of our locations available for blood donation areas as well as COVID-19 testing sites; providing food, clothing, and monetary support for vulnerable members of society such as homeless persons and senior citizens; and finally providing support to a variety of NGOs and healthcare workers (financial support, food, medical supplies and toiletries, computers, art supplies, face mask distribution, etc.).

Lastly, our *Better Together* strategy has been invaluable in focusing on healthy minds, bodies and culture being reinforced during the pandemic with a number of measures to connect and engage with teams working remotely. Lastly, URW is fully committed to promoting an inclusive and diverse workplace for all. In 2020, the new diversity framework "Be You" at URW will be rolled out group-wide with an increased focus on all forms of diversity and measures to promote inclusiveness and equality.

B. HUMAN RESOURCES

As the pandemic continues to unfold, new or amended restrictions, laws, and regulations aimed at supporting workers (such as modified sick leave, worksite modifications, travel restrictions, COVID-19 testing and contract tracing, etc.) have been enacted. URW has developed specific policies and procedures aimed at remaining in compliance with all rules and regulations.

As our centres and offices reopen, the Group has implemented all appropriate policies and procedures to remain in compliance with regulatory health agency mandates as a result of the COVID-19 pandemic in order to ensure the wellbeing of URW's staff.

CATEGORY # 4: SECURITY, HEALTH AND SAFETY RISKS

A. TERRORISM AND SECURITY

The COVID-19 pandemic has had minimal impact on our terrorism and security risk and exposures. At all times during the pandemic, and even during the periods of mandatory asset closure, appropriate levels of security were maintained.

B. HEALTH AND SAFETY (H&S) (INCLUDING PANDEMIC AND NATURAL DISASTERS)

As at June 30, 2020, all centres in Europe have reopened. In the United States a second wave of COVID-19 in California has resulted in the closure of our interior shopping centres. In these centres limited indoor operations continue for essential services stores, outdoor dining and curbside delivery, and retailers with outside entrances. Our outdoor shopping centres (four in Southern California) remain fully open. Except for World Trade Center in New York City (health and safety restrictions continue to apply) all other US centres outside of California have fully reopened. Further clusters and/or second wave of COVID-19 in one or several countries where the Group operates cannot be excluded and would potentially lead to new local administrative decisions and/or operational restrictions, including temporary partial or total closure of sites and the inability of tenants to maintain all or part of their operations and pay rent.

The reopening of the shopping centres has been made in compliance with all applicable health and safety regulations (for example, limiting visitor numbers, waiting lines, social distancing communication, hand sanitizer stations, regular in-depth cleaning, wearing masks mandatory for all staff and the use of fresh air instead of air recycling). These site-specific measures have been reviewed by the public authorities in most countries before authorizing the reopening of the shopping centres.

URW is also working with Bureau Veritas (third-party vendor) and the assistance of epidemiologists on the reinforcement of its Hygiene, Safety and Environment (HSE) practices used in its European centres, based on the latest recommendations of health authorities. Prior to COVID-19, Bureau Veritas conducted annual health and safety audits of all URW's European shopping centres. Thus, we asked to Bureau Veritas to conduct a review specific to COVID-19. In Europe, all Westfield-branded shopping centres have been audited. Each of these centres have received the "Safe and Healthy Places"» certification from Bureau Veritas which reflects compliance with health and safety mandates. The remaining European shopping centres are currently being reviewed by Bureau Veritas and "Safe and Healthy Places" certifications on these centres will be completed before the end of the year. As each center receives its certification, this information is shared with the public on the shopping center's web site as well as signage located within the shopping center itself. Going forward, each European shopping center will have ongoing weekly bailiff checks to reconfirm the property health and safety sanitary measures remain in place.

In addition, for the US portfolio, Bureau Veritas was engaged to conduct a similar assessment dedicated to reviewing the measures taken for safely re-opening assets and attesting to the implementation of appropriate measures that are in compliance with health and safety mandates.

The Group's Convention & Exhibition division remained strongly impacted as the measures imposed by the French government prohibiting or restricting gatherings, meetings or activity in places open to the public are still in force as of this date. Lifting of such restrictions has been announced and is in progress but there is a lack of clarity about whether further administrative measures will be deployed depending on the evolution of the COVID-19 pandemic.

The Group's offices division is not directly affected at this point, but new home working trend and potential drop of economic activities may have negative impact on mid-term.

CATEGORY # 6: LEGAL AND REGULATORY RISKS

A. CORRUPTION, MONEY LAUNDERING AND FRAUD RISKS

The potential increase in risk exists mainly from an IT perspective due to increased fraudulent email exchanges while working employees continue to work from home. While Group has seen an increase in these phishing attempts, none have been successful in defrauding the company of any monies, data, or any personally identifiable information. In the face of this increased threat, the intensity of URW cyber security protocols and systems, the strength of firewalls, anti-phishing and spam email blockers, and malware and intrusion prevention systems have been increased. More generally, by nature, crisis period is an aggravating factor of fraud (attempt) risk.

B. LEGAL AND REGULATORY

The countries where the Group operates implement a series of exceptional measures to deal with the COVID-19 pandemic in a wide variety of areas affecting (among others) businesses' activities, employment, real estate or health and safety matters. As such, the Group has to comply with a new and evolving set of laws and regulations increasing the risk of breach, which may result in regulatory investigation, negative reputational impact or could result in fines, penalties and/or any potential legal action.

If, the COVID-19 crisis management and the measures implemented by the Group were deemed to not have been appropriate this may give grounds for claims by stakeholders, particularly in highly litigious countries where the Group is potentially exposed to the risk of major litigation, including class actions.

Statement of the person responsible for the condensed consolidated interim financial statements and the half-year financial report as at June 30, 2020, filed with the French Financial Authorities (Autorité des Marchés Financiers “AMF”)

I confirm, to the best of my knowledge, that the condensed consolidated interim financial statements have been prepared in accordance with the applicable accounting and financial reporting standards and give an accurate and fair view of the financial situation of the Company and of the entities taken as a whole included in the scope of consolidation.

The interim management report presents a fair view of the development and performance of the business and the impact on the results and on the financial situation of the Company for the first semester 2020, including the principal transactions between related parties as well as a description of the main risks and the principal uncertainties to which it is exposed for the next six months.

Paris, July 29, 2020

Jaap Tonckens
Management Board member – Group Chief Financial Officer

