WFD UNIBAIL-RODAMCO N.V.

ANNUAL REPORT 2018

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1.

MANAGEMENT BOARD REPORT

The Management Board of WFD Unibail-Rodamco N.V. hereby presents its management report and the consolidated and company only financial statements of WFD UR NV for the period ending December 31, 2018.

1.1 GENERAL INFORMATION

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

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

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

1.2 BUSINESS REVIEW 2018 RESULTS

1.2.1 ACCOUNTING PRINCIPLES

The Group's consolidated financial statements as at December 31, 2018 were prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable in the European Union as at such date.

1.2.2 SCOPE OF CONSOLIDATION

The principal changes in the scope of consolidation since June 30, 2018 are related to the restructuring of group activities related to the airport activities and Property Management ("PM") business.

1.2.3 OPERATIONAL REPORTING

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

1.2.4 BUSINESS REVIEW

This section provides an overview of the most significant business events for WFD UR NV in 2018. While the financial statements reflect results for the period from February 14, 2018 (establishment), until December 31, 2018. However, the below mentioned references to tenant sales, rents and leases signed for the US assets owned by Westfield Corporation till June 7, 2018, and by WFD UR NV afterwards, relate to the entire 12-month period ended December 31, 2018, and comparisons relate to the same period in 2017, and are in USD, unless otherwise indicated.

1.2.5 ECONOMIC ENVIRONMENT

US macro-economic indicators continued to be robust. The estimated full year 2018 US GDP growth[1] is +3.1% (+2.2%). The inflation rate[2] (CPI) was +2.2% (1.8%). The unemployment rate[2] at the end of December 2018 was 3.9%. University of Michigan Consumer Sentiment Index averaged 98.4 in 2018, the best year since 2000, although in December, for the first time in two years, respondents reported more negative than positive news about job prospects. GDP growth for 2019 is expected to be +2.2%[3]. The principal uncertainties for the economic outlook relate to the ongoing trade disputes, the effect of the US government shutdown, the diminishing impact of the Tax Cuts and Jobs Act of 2017 and political uncertainties.

Retail sales growth, including e-commerce[4], was strong at +4.6% through November 2018, compared to the same period in 2017.

1.2.6. TENANT SALES

Total tenant sales increased by +7.0% through November, 2018, outperforming the Census Bureau index for the same period by +240 bps.

Total tenant sales in 2018 increased by +5.7%, of which +9.3% for the Flagships and -1.6% for the Regionals. Specialty tenant sales increased by +9.9% and, on a per square foot (psf) basis, by +10.9% to $748 psf. Flagships increased by +12.0% to $926 psf, and Regionals by +4.4% to $486 psf. Luxury sales were strong, up by +15.2% psf.

[1] Source: Congressional Budget Office
[2] Source: US Bureau of Labor Statistics
[3] Source: Conference Board Economic Forecast for the US economy. January 9, 2019.
[4] Source: US Census Bureau, excluding gasoline.

US Top 10 Tenants as a percentage of total retail rents

% of total rent	14.8%
Largest tenants	2.1%
1. Victoria's Secret	
2. H&M	
3. AMC	
4. Zara	
5. Express	
6. Macy's	
7. Forever 21	
8. Sephora	
9. Apple	
10. American Eagle Outfitters	

1.2.7 LEASING

1,004 leases were signed in 2018 on standing assets, representing 3.2 million sq. ft and $159.9Mn of MGR. This represented an increase of +2% in deal volume and +13% in square footage.

The average rental spreads[5] were +7.5%, of which +11.5% for Flagships and -1.6% for Regionals. In addition, the Group continued to diversify the tenant mix, with 72% of the new deals in non-fashion categories.

The Group signed high profile retailers, including many firsts to the US market and/or firsts to WFD UR NV's portfolio, including:

- Hotel Chocolat's first store in the US (Westfield Garden State Plaza);
- Warby Parker's first store in a shopping centre in the New York metropolitan area (Westfield Garden State Plaza);
- Innisfree, #1 Korean cosmetics brand (Westfield World Trade Centre and Westfield Garden State Plaza);
- Riley Rose (Westfield Culver City, Westfield Garden State Plaza, Westfield Southcentre, and Westfield Topanga);
- Rituals (Westfield Garden State Plaza, Westfield San Francisco Centre, Westfield Valley Fair and Westfield UTC);
- Del Frisco Double Eagle Restaurants (Westfield Century City and Westfield Valley Fair);
- Tesla (Westfield Roseville and Westfield Fashion Square);
- Gloveworx's (a boxing studio) first New York City location (Westfield World Trade Centre);
- Dreamscape's first store (Westfield Century City);
- Honey Birdette, an Australian lingerie retailer, first store in the US (Westfield Century City);
- Volcom (Westfield Century City);
- Hermès (Westfield UTC).

The signings with Rituals are the first results of the cross-fertilization of European and US retailers by the Group's International Leasing team.

The Group signed a new two-level flagship Apple store in Westfield Valley Fair. The indoor/outdoor location will feature a spectacular facade facing the new outdoor dining precinct.

The Group has already opened 58 stores for 22 Digitally Native Vertical Brands (DNVBs) in the US, with a further 7 stores opening soon. These stores include Amazon kiosks and Amazon Books (10 locations), NYX (8), Peloton (6), UNTUCKit (4), Bonobos (3) and Warby Parker (3). In 2018, DVNBs signed 25 leases with WFD UR NV.

As online players explore new growth opportunities, going offline is the logical path to follow. Not only does it enable such companies to better display and demonstrate their products, it also grows brand awareness and offers a way to engage more effectively with a massive crowd of prospects and actual customers. As they do online, DNVBs are seeking high footfall locations that help them increase their brand awareness while generating a significant level of sales and, more importantly, help them operate in a physical environment.

Pursuant to WFD UR NV's focus on innovation, Westfield Valley Fair, located in the heart of the world's innovation and tech hub, will offer an "Emerging DNVBs" precinct. The Group will provide white-boxed and ready to operate units with a list of "à la carte" services ranging from utilities to POS systems and staff, enabling those up and coming offline brands to focus on what matters most to them. In addition, the Group's shopping centre management teams will be supporting them from start to finish by providing insights on the trade area and customer base, advice on store operations and marketing packages to get off with a great start.

Commercial Partnerships

Brand ventures, media and specialty leasing revenues amounted to $83.0 Mn, +16.6%. This was primarily driven by increased media income following the launch of a digital media screen network in 2017 throughout the Flagship Centres. Significant events included:

- Louis Vuitton showcasing rare and celebrated objects from the Louis Vuitton archive at Westfield Century City. The installation was a testimony to the ways in which the iconic brand has anticipated changing needs and desires for the past 160 years;
- Pop-up retail at Westfield Century City continued to gain momentum in 2018 with marquee brands including the first global physical retail Monrow, Maison Margiela Fragrance and Kim Kardashian West's first-ever KKW Beauty pop-up shop selling cosmetics, beauty and skincare products. Kylie Jenner took her Kylie Cosmetics brand offline and opened her first-ever pop-up shop at Westfield Topanga.

[5] For the US portfolio, the rental spread reflects the average increase in total rents, including base rents and common area maintenance charges.

1.2.8 MARKETING AND DIGITAL

Key highlights of the US marketing and digital programmes include:

- The 2018 holiday marketing campaign positioned Westfield shopping centres as unique retail destinations for gifting, and celebrations such as private Cocoa with Santa, tree lighting, and Nutcracker performances. At Westfield World Trade Centre, the popular Holiday Market at the Oculus returned, bringing together over 20 curated retail kiosks, a programmed stage with music, kids entertainment and engaging photo moments.
- Amazon kicked-off the holiday shopping season at Westfield Century City with a 5-day 8,000 square foot program in The Atrium aimed at educating consumers about their Fire TV products. Over 26,000 shoppers went through the experience which featured multiple interactive consumer activities, including a backyard cinema club, influencer workshops, product demos, a gift wrap shop, outdoor games and photo opportunities. The Amazon store beat their plan, selling out and restocking products several times.
- Nicki Minaj performed a special exclusive show at Westfield World Trade Centre in August before 2,000 super fans as part of the 2018 MTV Video Music Awards – where Minaj took home the Best Hip Hop Video Award.
- On the Digital front, the audience on WFD UR NV's US channels increased significantly with higher visitation and engagement, resulting in:
    - 18.2 million web sessions (16.2 million) for 10.4 million users (+11%);
    - 660,000 app sessions (268,000) by 75,000 users (+146%);
    - 170,000 new email subscribers since July 2018;
    - 44 million pageviews (+9%) with an average time per user session increasing by +12%.

1.2.9 EXTENSIONS AND RENOVATIONS

Westfield Century City: the centre performed strongly, with annual foot traffic of 17.7 million in 2018. Key food destinations, Eataly and Javier's, did exceptionally well with Eataly opening their rooftop terrace late in March 2018. Other key openings in 2018 included Din Tai Fung (a 10,800 sq. ft restaurant) in March, St. Marc (an 8,000 sq. ft restaurant) in April, Adidas (8,690 sq. ft) in August, Anthropologie (20,000 sq. ft) in October and Dreamscape (7,820 sq. ft) in December. Del Frisco's Double Eagle Steakhouse opened in February 2019.

Westfield UTC: the extension opened in November 2017 and generated strong sales in 2018: total centre sales increased by +31%. Further key food operators opened in "The Pointe", the restaurant precinct, including the 9,900 sq. ft Din Tai Fung and the 8,900 sq. ft Javier's.

Palisade at Westfield UTC: construction works of the Group's first US residential development of 300 apartments continued to progress toward the planned completion in Q3-2019. The structure topping out was completed in October 2018. Marketing to lease the residential units will begin in Q1-2019.

Westfield Valley Fair: construction continued to progress well on the extension. The renovation of the existing centre was completed in October 2018 and the ShowPlace ICON Theatre opened on January 18, 2019. Apple will open a new store which will anchor the extension. The new flagship will be located just a few miles from Apple's headquarters. Despite being under construction, the centre continues to perform well with strong sales growth in 2018 (+4.0%).

Westfield World Trade Centre: important site-wide improvements (e.g., the delivery of the 1 Subway line station in September 2018) are continuing. The Performing Arts Centre has plans to commence construction in 2019 for an opening by 2022. Overall, Westfield Word Trade Centre saw tenant sales growth of +16.0%. Rebag, a luxury handbag retailer and consignment store, opened its first location in a shopping centre in the US.

Westfield Garden State Plaza: the renovation of the centre, which included the addition of new digital media screens, was completed in September 2018. Specialty sales at Westfield Garden State Plaza were up by +7.9% in 2018. Works to transform the almost 17,000 sqm JC Penney unit purchased in 2017 into a number of specialty retailers and mini-majors are expected to start in H1-2019.

Westfield Valencia: renovation of the common areas was launched in Q4-2018, with an expected completion in Q4-2019.

1.2.10 NET OPERATING INCOME

Net Operating Income (NOI[6]) increased by +3.1% to $581.7 Mn, primarily due to the deliveries of the Westfield Century City and Westfield UTC extensions and renovations, which collectively account for 12% of the NOI. Comparable NOI, excluding termination income and exceptional items, declined by -1.6%, of which -0.3% in the Flagships, compared to -3.0% and -2.6%, respectively, for the period to June 30, 2018. Westfield Century City, Westfield UTC and Westfield Valley Fair are excluded from the comparable NOI.

Occupancy[7] of the US portfolio ended the year at 95.6%, stable compared to the prior year, but 130 bps above the occupancy as at June 30, 2018. As at December 31, 2018, occupancy of the Flagship and Regional portfolios was 96.2% and 94.8%, respectively, compared to 95.5% and 92.7% as at June 30, 2018, an increase of +70 bps and +210 bps, respectively.

The Occupancy Cost Ratio[8] for specialty stores was down by -100 bps to 13.4%, of which 13.4% for the Flagships and 13.5% for the Regionals.

1.2.11 AVERAGE RENT PSF

Average specialty store[9] rent was $86.66 psf as at December 31, 2018, an increase of +$3.27 (+3.9%) over the prior year. The increase in the Flagship portfolio was +$4.50 (+4.4%) to $106.63 psf, while the Regional portfolio saw a decrease of -$0.62 (-1.1%) to $54.97 psf, driven by lower rents on renewals, particularly on short-term renewals.

[6] NOI: Net Operating Income before management fees, termination / settlement income and straight-line adjustments, and excluding one offs.
[7] Vacancy based on unleased space on a square foot basis, excluding development space, and including temporary leasing
[8] Calculated for tenants with <20K sq. ft of space. Occupancy cost is based on total rent, including common area maintenance charges
[9] Stores with <10K sq. ft (ca. 929 sqm)

1.3 FINANCIAL REVIEW 2018 RESULTS

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

(€Mn)		2018*		
		Recurring activities	Non-recurring activities**	Result
United States	Gross rental income	267.1	-	267.1
	Operating expenses & net service charges	(123.7)	-	(123.7)
	Net rental income	**143.4**	**-**	**143.4**
	Contribution of companies accounted for using the equity method	136.4	(15.8)	120.6
	Gains/losses on disposal of shares	-	37.4	37.4
	Valuation movements on assets	-	(128.7)	(128.7)
	Result Shopping Centres United States	**279.8**	**(107.1)**	**172.7**
Other	Gross rental income	1,2	-	1,2
	Operating expenses & net service charges	(0,4)	-	(0,4)
	Net rental income	**0,8**	**-**	**0,8**
	Gains/losses on sales of properties	-	(0,4)	(0,4)
	Valuation movements	-	(1,1)	(1,1)
	Result Shopping Centres Other	**0,8**	**(1,5)**	**(0.7)**
TOTAL RESULT SHOPPING CENTRES		**280.6**	**(108.6)**	**172.0**
United States	Gross rental income	6,2	-	6,2
	Operating expenses & net service charges	(1,5)	-	(1,5)
	Net rental income	**4.7**	**-**	**4.7**
	Valuation movements	-	3.0	3.0
	Result Offices United States	**4.7**	**3.0**	**7.7**
TOTAL RESULT OFFICES		**4.7**	**3.0**	**7.7**
Project management income		4.4	-	4.4
Other property services net income		8.1	(5.8)	2.3
Administrative expenses		(38.4)	-	(38.4)
Acquisition and related costs		-	(48.3)	(48.3)
NET OPERATING RESULT		**259.4**	**(159.7)**	**99.7**
Financing result		(162.7)	228.9	66.2
RESULT BEFORE TAX		**96.7**	**69.2**	**165.9**
Income tax expense		**(0.4)**	**22.4**	**22.0**
NET RESULT FOR THE PERIOD		**96.3**	**91.6**	**187.9**
External non-controlling interests		(15.3)	9.5	(5.8)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF WFD UR N.V. SHARES		81.0	101.1	182.1

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

The Group reported net operating result of €99.7 Mn for the period ended December 31, 2018. The amount included in this net operating result for gains/losses on disposals, valuation movements, acquisition and related costs and other non-recurring activities was -€159.7 Mn, leading to a recurring net operating result of €259.4 Mn. This net operating result include income from US activities as per June 1, 2018 (7 months). The net result reported was €187.9 Mn of which €182.1 Mn attributable to the shareholders of WFD UR NV with a net result per share (owners of WFD UR NV shares) for the period of €1.20.

The contribution of companies accounted for using the equity method amounted to €120.6 Mn and relates to WAT which operates a significant number of assets through joint ventures. The contribution of these joint-ventures is for the period from June 1 until December 31, 2018 and does include valuation results.

Acquisition and related costs amounted to -€48.3 Mn, of which the majority is incurred by WAT (redundancy and other employee related costs as well as the costs associated with the accelerated vesting of the Westfield America Inc. ("WEA") employee share plan).

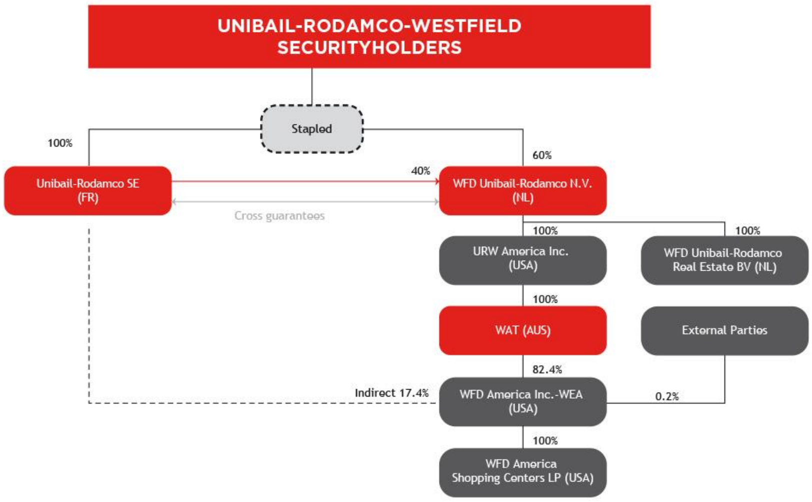
1.3.1 INVESTMENT AND DIVESTMENT

Acquisitions

On June 1, 2018, WFD Unibail-Rodamco Real Estate B.V., a 100% subsidiary of the Company, acquired various Dutch real estate assets from (indirectly) UR SE.

On June 7, 2018, the Company acquired all shares in URW America Inc. which acquired all shares in Westfield America Trust ("WAT"). WAT holds 82.4% in Westfield America Inc. ("WEA"), the US activities of Westfield. The total cash consideration for the acquisition of WAT is €4,392.0 Mn. The preliminary goodwill amounts to €64.8Mn.

The organisation structure of WFD UR NV as at December 31, 2018 is as follows:



Integration of Westfield into WFD UR NV

To manage the integration process, the Group has set up an Integration Management Office (IMO), led by the Group Chief Resources Officer and the Group Chief Financial Officer with the support of McKinsey & Company. The integration is managed through dedicated workstreams, involving representatives from both organizations.

Before the completion of the Westfield Transaction, the IMO focused on two main objectives: (i) defining the fundamentals of the future organization of the Group, including governance principles and key decision-making processes, and (ii) ensuring business continuity upon completion of the Transaction. Following the completion of the Transaction, the IMO deployed dedicated efforts to lead the integration of the US businesses, aiming at defining a new operating model based on the strengths of both UR SE and Westfield, and enabling the synergies and expected benefits of the Transaction.

Since June 7, 2018, the integration process has made significant progress. Beyond the new governance and new management structure in place, the Group has focused on the following priorities:

1. Delivering on synergies

2. Optimizing organization and processes
   The Operating Management function was put in place in the US to design a 'value creation' approach across all the assets;
   - An initial 5-year business plan (BP) exercise was performed in H2-2018 in the US, which will lead to close monitoring of asset level performance and an asset by asset strategy with short and medium term action plans. In 2019, the Group's Marketing and Leasing Action Plans and the ERV exercise, critical to the 5-year BP process, will be performed for every asset for the first time;
   - Finance convergence projects on performance and asset management tools, as well as consolidation and treasury capabilities, are underway and will be a high priority in the 2019 IT roadmap;
   - Development projects are now reviewed through common KPIs and processes, to share best practices and ensure organizational convergence;
   - Operational efficiency and process improvement reviews are on-going.

3. Achieve cultural integration
   A cultural survey was performed, which showed a large number of shared values across the organizations and an 'Organizational Health Index' in the top quartile of industry standards;
   The first talent review session was performed at a global level, and new corporate values will be introduced in early 2019.

4. Capital
   An in-depth portfolio review was conducted and identified core and non-core assets and the highest return development opportunities. For example, the Group decided that certain residential opportunities will be done only in partnership with institutional investors. This review will continue in 2019.

5. Corporate Structure
   Following the Westfield Transaction in 2018, the URW Group has started optimizing the corporate structure, including the closing of the former head-office of Westfield in Australia and the internal restructuring of the holding structure of operations in the US underneath UR SE and WFD UR NV. Additional steps to further improve the efficiency of its US operations are expected to be decided on soon. None of these are expected to have a material adverse impact on WFD UR NV.

Disposals

On August 23, 2018 Horton Plaza in San Diego, held by WEA, was disposed and generated a NDP[10] of €81.0 Mn. The net disposal price is in line with the valuation on June 30, 2018.

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

1.3.2 DEVELOPMENT PROJECTS

As at December 31, 2018, the WFD UR NV Expected Cost[11] of its development project pipeline amounted to €1,410 Mn, with a total of 258 thousand sqm of Gross Lettable Area (GLA[12]) to be re-developed or added to the Group's standing assets.

The Group completed the renovation of Westfield Garden State Plaza in September 2018.

In addition, the Group successfully completed an important phase of the Committed projects. The renovation of the Westfield Valley Fair Shopping Centre, one of three phases of the current development project, was completed in October (a second phase has been delivered in January 2019 with the ICON Cinema opening);

As part of the annual portfolio review, the Group has made the strategic decision to significantly increase the densification efforts on its retail portfolio by adding office, residential, hotel and other "mixed-use" elements to its major Flagships locations, where relevant. The Group believes it has numerous opportunities to add significant value while at the same time increasing the footfall to its destination Shopping Centres. The Group will provide more details on this strategy during its Investor Days in June 2019.

The "Committed" development pipeline now includes the following projects in the US:

- The 47,402 sqm GLA extension of Westfield Valley Fair;
- The Westfield World Trade Centre Tower 3 and North Temporary Access (NTA) with an additional 7,180 sqm GLA;
- Residential units at Westfield UTC, with 26,845 sqm GLA (300 apartments);
- The Westfield Topanga Renovation where construction works started in August 2018.

4 projects are to be delivered in 2019:

- the Westfield Topanga and Westfield Valencia renovations, and Westfield Valley Fair projects;
- One brownfield residential project: Westfield UTC Residential.

DEVELOPMENT PROJECTS AS AT DECEMBER 31, 2018

Development Projects[13]	Business	Country	City	Type	WFD UR NV Ownership	100% GLA (sqm)	100% Expected Cost (€Mn)	Opening Date[14]	Project Valuation
Westfield Topanga Renovation	Shopping Centre	US	Los Angeles Region	Extension / Renovation	55%	-	50	H2 2019	Fair Value
Westfield UTC Residential	Office & Others	US	San Diego	Greenfield / Brownfield	50%	26,845	140	H2 2019	Fair Value
Westfield Valley Fair	Shopping Centre	US	San Jose	Extension / Renovation	50%	47,402	990	H2 2019	Fair Value
Westfield WTC Phase 2[15]	Shopping Centre	US	New York	Extension / Renovation	100%	7,180	110	H2 2020	Fair Value
Total Committed Projects						**81,427**			

[10] Net Disposal Price (NDP): Total Acquisition Cost (TAC) incurred by the acquirer minus all transfer taxes and transaction costs.
[11] The Group Expected Cost equals 100% Expected Cost multiplied by the Group percentage of ownership of the project, plus specific own costs, if any. 100% Expected Cost is expressed in value at completion. It equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. It excludes: (i) capitalized financial interests; (ii) overheads costs; (iii) early or lost Net Rental Income; and (iv) IFRS adjustments.
[12] GLA equals Gross Lettable Area of projects at 100%.
[13] Figures subject to change according to the maturity of projects.
[14] In the case of staged phases in a project, the opening date corresponds to the opening of the last phase.
[15] Including Tower 3 and NTA and excluding Tower 2 which has not started yet.

Development Projects[16]	Business	Country	City	Type	WFD UR NV Ownership	100% GLA (sqm)	100% Expected Cost (€Mn)	Opening Date[17]	Project Valuation
Westfield Oakridge Restructuring*	Shopping Centre	US	San Jose	Extension / Renovation	55%	15,230	50	H1 2020	At Cost
Total Controlled Projects						**15,230**			
Westfield Garden State Plaza Restructuring*	Shopping Centre	US	New York Region	Extension / Renovation	50%	11,111	110	H2 2020	Fair Value
Westfield Mission Valley*	Shopping Centre	US	San Diego	Extension / Renovation	42%	29,723	120	H1 2021	At Cost
Westfield Montgomery Restructuring Phase 1*	Shopping Centre	US	Washington Region	Extension / Renovation	50%	35,024	250	H2 2012	Fair Value
Westfield Topanga Restructuring*	Shopping Centre	US	Los Angeles Region	Extension / Renovation	55%	14,911	230	H2 2012	Fair Value
Westfield Valencia Restructuring*	Shopping Centre	US	Valencia	Extension / Renovation	50%	23,110	80	H1 2022	At Cost
Westfield UTC Phase 3	Shopping Centre	US	San Diego	Extension / Renovation	50%	11,893	160	H1 2022	At Cost
Westfield Montgomery Restructuring Phase 2*	Shopping Centre	US	Washington Region	Extension / Renovation	50%	12,235	140	Post 2023	Fair Value
Total Secured Exclusivity Projects						**138,007**			

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

Property Portfolio and net asset value as at December 31, 2018

Unless otherwise indicated, the data presented in the property portfolio are on a proportionate[18] basis and as at December 31, 2018, and comparisons are with values as at December 31, 2017.

United States (US)

Investment volumes in US retail saw a year-on-year decline, with total sales reported by Real Capital Analytics of $58.8 Bn (excluding the impact of the GGP transaction and the Westfield Transaction). This represents a -8.5% year-on-year decrease. For shopping centres, the decrease in deal volume was -10.5%.

2018 was characterized by large real estate M&A transactions, including the acquisition of Westfield by UR SE and the take private of GGP by Brookfield Properties, both A-class US shopping centre REITs. Several landmark asset transactions occurred in H2-2018, at valuation levels in-line with historic levels and at stable cap rates of circa 4.0% for super prime properties. Among others, the acquisitions, part-acquisitions and refinancing of Ala Moana, Broadway Plaza, Christiana Mall, The Mall in Columbia, Baybrook Mall and The Shops at la Cantera testify to the sustained attractiveness of the best assets.

Beyond these examples, prime and super prime quality malls transactions were limited, which is likely a function of owners holding on to these assets for the long term, as they are best equipped to thrive in the changing retail environment.

The outlook for these assets remains stable. Vacancies from former department stores are seen as an opportunity for “A” grade malls, allowing landlords to replace struggling anchors with better income streams from large-format retailers, attractive leisure concepts or in-line tenants.

Nevertheless, the bifurcation of the retail real estate market continues, with limited transactions in the “B” mall space, and “C” grade shopping centres transacting at cap rates of 10-15%. Transaction volume remained low due to very limited availability of financing for lower quality malls and concerns about interest rates increases. Despite an uptick in market sentiment, investors are concerned by the challenges facing the weakest shopping centres. Success in these assets requires intensive management and creative repurposing of space. Several department stores and retailers continue to battle to attract sufficient footfall and sales as a result of changing consumer preferences and growth of online retail. The situation has led to an increased number of bankruptcies, including that of Sears. Some retailers have been shrinking their footprint to focus on a limited number of high quality retail destinations. In the near term, mall investors are expected to closely track the impact of risks of anchor performance and interest rates on regional mall pricing.

[16] Figures subject to change according to the maturity of projects.
[17] In the case of staged phases in a project, the opening date corresponds to the opening of the last phase.
[18] The sum of the GMV for the assets fully consolidated, the ownership at share of the GMV of assets accounted for using the equity method and the equity values for assets not controlled (Blum/Centennial and Starwood Ventures entities).

Appraisers

The Group has allocated properties across independent appraisers by region for comparison and benchmarking purposes. The valuation process has a centralized approach, intended to ensure that, on the Group's portfolio, capital market views are taken into account. Assets are appraised twice a year (in June and December), except service companies, which are appraised once a year.

The Group's US portfolio has been valued by Cushman & Wakefield, Duff & Phelps and Altus.

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 WFD UR NV 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 (Royal Institution of Chartered Surveyors), 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 cashflows and exit capitalization rates (ECR), the NIY may be lower than the ECR for a number of reasons. The main reasons are: the vacancy as at the valuation date which the appraisers assume will be rented and the reversion which will be captured in the cashflows. The NIY is an output rather than an input.

Valuation scope

The majority of the Group'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. The Group uses generic 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[19]) as deemed appropriate by the independent appraisers. In some cases, both methods were combined

The main projects in the US were carried at fair value as at December 31, 2018.

Refer to the table in the section "Development Projects as at December 31, 2018" for the valuation method used for each development project in the Group's pipeline.

The remaining assets of the portfolio were valued as follows:

- At cost for IPUC for which a reliable value could not yet be established. These include assets under development: the majority of development projects included in the "Controlled" and "Secured exclusivity" categories (see section "Development Projects" for more details);
- At acquisition price for assets acquired in 2018 that were not appraised.

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

[19] RICS: Royal Institution of Chartered Surveyors; IVSC: International Valuation Standards Council.

Shopping Centre portfolio

The value of the Group'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. This approach does not include the "portfolio value", which reflects the additional value of having a large group of unique assets in a single portfolio although it is certainly part of the appeal to the Group's shareholders.

US Shopping Center portfolio by category – December 31, 2018	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn	Net Initial Yield [20] December 31, 2018
US Flagships[21]	12,587	12,471	4.2%
US Regionals	2,346	2,341	6.1%
	14,933	**14,812**	**4.2%**

Additional Valuation parameters - IFRS 13

WFD UR NV complies with the IFRS 13 fair value measurement and the position paper[22] 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, WFD UR NV believes it is appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumptions on growth rates and exit yields, are used by appraisers to determine the fair value of the Group'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.

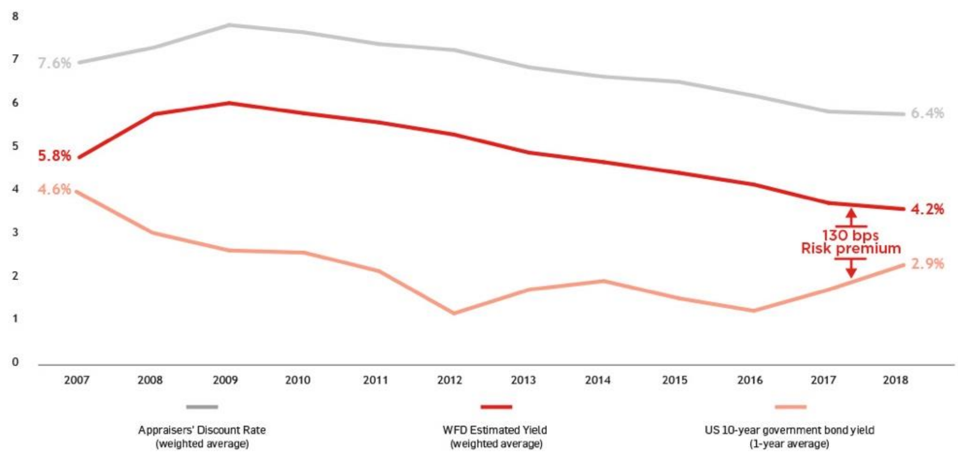
Shopping Centres

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

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

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

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled, 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 m².
(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).



[20] 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, the trademark and the airport activities are not included in the calculation of NIY.
[21] The airport activities and the trademark are included in the valuation of US Flagships. The airport business is not part of the WFD UR NV activities and will be excluded in the WFD UR NV financial statements.
[22] EPRA Position Paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.

Offices

Offices - December 31, 2018		Net Initial Yied	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	GAGR of NRI (d)
US	Max	8.8%	485	9.3%	8.5%	6.1%
	Min	4.5%	249	6.9%	5.8%	3.6%
	Weighted average	5.8%	382	7.2%	6.6%	5.4%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development are not included in this table.
(a) Average annual rent (Minimum Guaranteed Rent) per asset per m². 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).

Vacancy rate

The vacancy in the US is calculated as the ERV of vacant units over the sum of existing MGR + ERV of vacant units. The US vacancy rate stands at 8.3% at December 31, 2018.

1.3.3 FINANCIAL RESOURCES

In 2018, markets remained focused on the monetary policy of the European Central Bank (ECB) and the US Federal Reserve (Fed). Monetary policy became less accommodative with the ECB deciding to end its bond purchase programme by December 2018 and the Fed deciding to increase its Fed Funds rate at the end of each quarter.

Markets were also impacted by rising geopolitical concerns, including US trade tariffs with China, uncertainty around Brexit and the political situation in Europe (Italy), leading to increased volatility and a significant debt and equity market deterioration in H2-2018.

Main financing transactions in 2018

In June, 2018, the Group received loans of €2,035.8 Mn from UR SE to finance the acquisition of URW America Inc. and the Dutch real estate assets from (indirectly) UR SE.

In addition, the Group issued a €2.0 Mn deeply subordinated perpetual instrument.

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

Debt Structure as at December 31, 2018

WFD UR NV's IFRS financial debt as at December 31, 2018, amounted to €8,962.0 Mn. The total IFRS cash on-hand of the Group came to €53.3 Mn as at December 31, 2018.

Financial debt breakdown and outstanding duration to maturity as at December 31, 2018

	Current	Non-current		Total
Outstanding duration to maturity *(€Mn)*	Less than 1 year	1 year to 5 years	More than 5 years	December 31, 2018
Bonds and notes	1,116.3	688.9	2,186.6	3,991.8
Bank borrowings	416.3	391.6	103.5	911.4
Other financial liabilities	22.3	945.4	3,057.5	4,025.2
Financial leases	0.6	2.7	30.3	33.6
TOTAL	**1,555.5**	**2,028.6**	**5,377.9**	**8,962.0**

1.4 DIVIDEND

For the financial year 2018, the URW Group will propose a cash dividend of €10.80 per stapled share to be paid by UR SE subject to approval by the Annual General Meeting (AGM) of UR SE to be held on May 17, 2019.

The dividend payment schedule is expected to be as follows:

- An interim dividend of €5.40 per stapled share on March 29, 2019 (ex-dividend date March 27, 2019); and
- A final dividend of €5.40 per stapled share, subject to approval of the AGMs, on July 5, 2019 (ex-dividend date July 3, 2019).

The full dividend for 2018 of €10.80 per stapled share will be paid by UR SE. WFD UR NV will propose to its General Meeting to add the 2018 results to its reserves.

1.5 OUTLOOK

The macroeconomic environment was strong in the first half of 2018 but saw growth weakening towards the end of the year on the back of concerns about global trade as well as tapering by the US Federal Reserve and the European Central Bank. Consumer confidence generally remained positive, although on-line is taking an increasing share of retail spend. Looking ahead, Brexit and the response by the 27 other EU Member States, political uncertainty in the US, its trade policies, further responses thereto from its trading partners or adverse geopolitical events could affect economic growth. Furthermore, the retail environment is undergoing rapid change and many retailers are adapting their business models to manage this new reality by rightsizing their store portfolios and expanding only selectively, with more risk sharing for landlords. WFD UR NV's high quality portfolio of shopping destinations in the wealthiest catchment areas is best positioned to face such challenges.

Consequently, the Group's most important strategic objectives over the next two years will be to:

- Reduce leverage;
- Review several development projects to optimize capital and returns;
- Join with strategic capital partners on select development projects;
- Continue the critically important work of integrating the US; and
- Improve its cost base further and realize revenue synergies.

This means that the Group's 5-year business plan has two distinct periods:

1. A capital consolidation phase with continued solid underlying growth, during which most of the disposals are expected to be made.
2. In the period following the disposals, a renewed Recurring Earnings growth phase.

For the year ended December 31, 2018, the Company had a net current asset deficit of 1,688.1 Mn mainly due to the maturing of the notes payable of €1,091.7 Mn on September 17, 2019. The Company's liquidity needs for the for the next 12 months are covered by the available undrawn credit lines and cash on-hand as well as by the cross-guarantees granted within the URW Group. Based on that the Company believes that it will be able to meet its commitments as and when they fall due, therefore it is appropriate to prepare the financial statements on a going concern basis.

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

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

As a result of the Westfield Transaction, employees have new and challenging career opportunities within the URW Group, both in the US as in Continental Europe. WFD UR NV expects its work force to evolve organically in 2019.

1.6 NON-FINANCIAL INFORMATION

1.6.1 BUSINESS MODEL

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

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

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

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

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

1.6.2 CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is at the very heart of the URW Group's strategy, as an accelerator of progress and innovation. The URW Group's CSR strategy, which was updated in 2018 following the acquisition of Westfield, has embraced the United Nations Sustainable Development Goals, particularly SDG 11: "Sustainable Cities and Communities". This new strategy confirms the Company's ambitious CSR objectives, and provides the roadmap to achieving them. The teams' daily engagement and ownership of environmental and social challenges now plays a more prominent role. For the first time, important topics such as sustainable consumption have been included in the global ambitions, in response to the constantly-changing expectations and needs expressed by the stakeholders of the Group's assets.

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

1.6.3 RISK MANAGEMENT AND CONTROL SYSTEM

WFD UR NV conducts its business in 2 countries and drives its real-estate activity with a wide variety of actors and business partners. Due to business activities and relationship with business partners, WFD UR NV faces to failure in compliance with international and national anti-bribery, corruption, money laundering & fraud law. The Group is also listed in various market and must meet several requirements. For more information regarding the various compliance policies the implemented processes, the outcome of those policies and the principal risks related to the policies and how these are managed, reference is made to chapter 4.2.2.9. Compliance risks: Corruption, Money Laundering & Fraud.

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

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

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

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

1.7 RELATED PARTY TRANSACTIONS

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

1.8 POST-CLOSING EVENTS

None.

2.

CORPORATE GOVERNANCE AND REMUNERATION

2.1 COPORATE GOVERNANCE

WFD Unibail-Rodamco N.V. (hereafter “WFD UR NV” or the “Company”) was incorporated as Unibail-Rodamco B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on February 14, 2018. WFD UR NV was incorporated to facilitate the acquisition by Unibail-Rodamco SE (“UR SE”) of Westfield Corporation (the ”Westfield Transaction”). On March 22, 2018, Unibail-Rodamco B.V. changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company (*naamloze vennootschap*) pursuant to a notarial deed of amendment and conversion in accordance with a resolution of its general meeting (the “General Meeting”) adopted on March 15, 2018. The Westfield Transaction was completed on June 7, 2018 (the “Implementation Date”) and Stapled Shares were issued (“Stapled Shares” - see 5.2.1).

2.1.1 THE MANAGEMENT BOARD

At the incorporation date of WFD UR NV until June 7, 2018 the Company had a sole statutory director. On the Implementation Date of the Westfield Transaction, WFD UR NV adopted a dual management structure: a public limited company with a Management Board (“MB”) and a Supervisory Board (“SB”). Such governance structure meets the highest standards of corporate governance ensuring an efficient balance between management and supervision allowing a responsive and reactive MB in the performance of its executive duties, in accordance with the non-executive prerogatives of the SB, whose balanced and diverse composition guarantees independent oversight.

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

2.1.1.1 Composition of the Management Board

The General Meeting of WFD UR NV appointed Mr Jean-Marie Tritant and Mr Gerard Sieben as members of the MB, effective June 7, 2018, for a period of four years as of the completion of the Westfield Transaction.

As at December 31, 2018 the MB consisted of two members.

MB Members	Nationality	Age	Main function	First appointment to the MB	Date of expiry of term of office
Mr Jean-Marie Tritant	French	51	President US – MB Member	June 7, 2018	June 7, 2022
Mr Gerard Sieben	Dutch	48	Chief Financial Officer – MB Member	March 8, 2018	June 7, 2022

- **Management Board Member information and mandates held as at December 31, 2018**

MR JEAN-MARIE TRITANT

MB MEMBER

PRESIDENT US

BORN ON November 10, 1967

French national

NUMBER OF STAPLED SHARES HELD: 169

201[23]

Graduate of ESC Dijon – Business School.

Master’s Degree in commercial real estate from Paris I-Sorbonne University (a qualification recognized by the Royal Institution of Chartered Surveyors).

Started his career at Arthur Andersen Paris.

Joined Unibail in 1997.

Appointed Managing Director of the Office Division in 2002 and Managing Director Retail France in 2007 in Unibail-Rodamco SE.

Appointed to the MB of Unibail-Rodamco SE Chief Operating Officer effective April 25, 2013, ended in June 7, 2018.

Appointed to the MB of WFD UR NV, President US effective June 7, 2018, following the Westfield Transaction.

Other current functions and mandates outside of the Group

NA

Other current intra-group functions and mandates

Group Companies

- Director, Chairman and President of URW America Inc.
- Director and President of Annapolis TRS Inc., Fashion Square Service TRS, Inc., GSP Service TRS, Inc., Montgomery Service, Inc., VF/UTC Service, Inc., WALP Service, Inc., WCL Holdings, Inc., Westfield America, Inc., Westfield America

Previous mandates during the last five years

- MB Member of UR SE.
- Management Committee Member of Aquarissimo SAS, Chesnay Pierre 2 SCI, Saint Jean SNC, Saint Jean II SNC, Juin Saint Hubert SNC, Juin Saint Hubert II SNC, and Les Terrasses Saint Jean SNC.
- Director of U&R Management BV.
- Director and Secretary of Unibail-Rodamco Spain SLU (formerly Unibail-Rodamco Inversiones, SLU), Unibail-Rodamco Ocio SLU, Unibail-Rodamco Palma, SLU, Unibail-Rodamco Real Estate, SL and Unibail-Rodamco Retail Spain, SL.

[23] Including Stapled Shares equivalent to the number of units held in the UR SE company saving plan as at December 31, 2018

G.P., Inc., Westfield Beneficiary 1, Inc., Westfield Beneficiary 2, Inc., Westfield DDC Inc., Westfield Development Inc., Westfield Eco Inc., Westfield Paramus 1, Inc., Westfield Subsidiary REIT 1, Inc., Westfield Subsidiary REIT 2, Inc., Westfield USA Centres, Inc., Westland Properties, Inc., Westland Realty Beneficiary, Inc., WHL (USA), Inc., and WHL USA Acquisitions Inc.

- Director of Broward Mall LLC, Roseville Shoppingtown LLC, Santa Anita Borrower LLC, Santa Anita GP LLC, Valencia Town Center Venture GP, LLC,
- Manager and President of West-OC 2 REIT 1, LLC, West-OC 2 REIT 2, LLC, West-OC 2 REIT 3, LLC, URW Airports, LLC, Westfield, LLC, Westfield Concession Management II LLC, Westfield Gift Card Management, LLC, Westfield Property Management LLC, Westfield U.S. Holdings, LLC, and WestNant Investment LLC.
- Manager of Annapolis REIT 1 LLC, Annapolis REIT 2 LLC, Annapolis REIT 3 LLC, Broward Mall LLC, Culver City REIT 1 LLC, Culver City REIT 2 LLC, Culver City REIT 3 LLC, Horton Plaza REIT 1 LLC, Horton Plaza REIT 2 LLC, Horton Plaza REIT 3 LLC, Mission Valley REIT 1 LLC, Mission Valley REIT 2 LLC, Mission Valley REIT 3 LLC, North County REIT 1 LLC, North County REIT 2 LLC, North County REIT 3 LLC, Oakridge REIT 1 LLC, Oakridge REIT 2 LLC, Oakridge REIT 3 LLC, Plaza Bonita REIT 1 LLC, Plaza Bonita REIT 2 LLC, Plaza Bonita REIT 3 LLC, Promenade REIT 1 LLC, Promenade REIT 2 LLC, Promenade REIT 3 LLC, Santa Anita REIT 1 LLC, Santa Anita REIT 2 LLC, Santa Anita REIT 3 LLC, Southcenter REIT 1 LLC, Southcenter REIT 2 LLC, Southcenter REIT 3 LLC, Stratford City Offices (No.1) LLC, Stratford City Offices (No.2) LLC, Stratford City Shopping Centre (No.1) LLC, Stratford City Shopping Centre (No.3) LLC, Topanga REIT 1 LLC, Topanga REIT 2 LLC, Topanga REIT 3 LLC, West Valley REIT 1 LLC, West Valley REIT 2 LLC, West Valley REIT 3 LLC, White City Investments (No. 1) LLC, and White City Investments (No. 2) LLC.
- Director of Descon Invest PTY Limited, Fidele PTY Limited, Nauthiz PTY LTD, Westfield America Management Limited, Westfield American Investments PTY Limited, Westfield Capital Corporation Finance Pty LTD, Westfield Capital Corporation Finance PTY LTD, Westfield Queensland PTY LTD, WFA Finance (Aust) PTY Limited and WFD Finance PTY Limited.
- Director of WFD Unibail-Rodamco Real Estate B.V.

- Director and Chairman of Proyectos Inmobiliaros New Visions, SLU, Essential Whites, SLU, Unibail-Rodamco Steam, SLU and Proyectos Inmobiliarios Time Blue, SLU.
- SB Member of Unibail-Rodamco-Westfield Germany GmbH (formerly: mfi AG).
- Provisional CEO of Unibail-Rodamco Germany GmbH (not formally appointed and not registered).
- Director and Chairman of Rodamco Sverige AB.
- Director and representative of Unibail-Rodamco Nederland Winkels BV.
- Director and Chairman of Promociones Inmobiliarias Gardiner, SLU.

MR GERARD SIEBEN

Bachelor in economics of the HEAO. Mr. Sieben has held various interim positions within the Unibail-Rodamco Group since 2008, including Head of Accounting Rodamco Europe N.V., Head of Accounting Region Netherlands and Finance Director Benelux. He started his financial career in 1999 as a financial controller and held several finance positions in different companies including controller at Procter & Gamble Professional Care NL for 4 years.

Appointed to the MB of WFD UR NV effective March 8, 2018.

MB MEMBER
CHIEF FINANCIAL OFFICER
BORN ON May 5, 1970
Dutch national

NUMBER OF STAPLED SHARES HELD: 5

Other current functions and mandates outside of the Group

- Owner Sieben Consultancy

Other current intra-group functions and mandates

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

Previous mandates during the last five years

- NA

Stapled Shares held by the members of the Management Board as at December 31, 2018

As at December 31, 2018, the members of the MB held the following number of Stapled Shares:

Name	Total numbers of Stapled Shares held*
Mr Jean- Marie Tritant	169 201
President US	
Mr Gerard Sieben	5
Chief Financial Officer	

** Including shares equivalent to the number of units held in the UR SE company savings plan as at December 31, 2018.*

2.1.1.2 Management Board Functioning

- ## Role of the Management Board

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

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

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

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

- ## MB activities in 2018

Since June 7, 2018, the MB met four times during the financial year ending December 31, 2018. Overall attendance by the MB members was 100%. The following key topics were addressed, managed and/or implemented in 2018:

Principal responsibilities of the MB	Key areas addressed, managed and/or implemented in 2018
Group Strategy	• Integration of the Westfield US companies; • Development projects, investment, divestment and operations in 2018; • Monitoring of the disposals and synergies plan (cost and revenue); • Main strategic opportunities; • CSR Strategy – “Better Places 2030”.
Financial Policy and Financial Performance and Reporting	• Review and closing of the 2018 consolidated half-year accounts; • Financial resources, balance sheet management and borrowing requirements; • Closing of the forecast management documents and preparation of the quarterly activity reports for the SB.
Internal risk management and control systems	• Post-Westfield Transaction review and restructuring of risk management, internal audit, compliance and insurance programmes; • 2018 internal audit plan; • Internal audits, internal control system and compliance matters; • Risk management and risk mapping.
Governance and compliance with relevant laws and regulations	• Updates to the compliance programme, including Anti-Corruption Programme, Insider Trading Rules, Code of Ethics and Whistleblowing Policy; • Annual evaluation of the functioning and efficiency of the MB (self-assessment process). • Compliance with regulatory/legal requirements and changes.
Human Resources	• Review of GDPR compliance, where relevant; • Implementation of new Company organization; • Talent development and management; • Recruitment of key positions.
Shareholder Outreach and Engagement	• Shareholder engagement policy; • Group financial communication; • Half-year financial statements.

2.1.2 THE SUPERVISORY BOARD

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

2.1.3 ADHERENCE TO THE DUTCH CORPORATE GOVERNANCE CODE

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

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

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

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

- *Best Practice Provision 3.1.2*: WFD UR NV supports the principle that the remuneration policy should focus on long-term value creation for WFD UR NV and its business. Rather than limiting the shareholding requirement of MB Members to five years, the terms and conditions of the long term incentive plans in WFD UR NV awarded to MB Members include a shareholding requirement for the duration of the MB Member’s mandate.

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

2.1.3.1 Code of Ethics and other corporate governance practices

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

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

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

We believe that our Code of Ethics is effective. We have no reason to believe that our Code of Ethics was not complied with during the financial year to which this report pertains.

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

2.2 REPORT OF THE SUPERVISORY BOARD

The SB is pleased to submit to the shareholders WFD UR NV's first Annual Report, including the financial statements and Management Board report. The Annual Report is prepared by the MB and was approved by the SB. Ernst and Young Accountants LLP (The Netherlands) audited the financial statements 2018. During the year under review the SB supervised and advised the MB on an ongoing basis and carried its duties in accordance with the applicable law and regulations and the Articles. In performing of its duties, the SB is guided by the interests of WFD UR NV and of the business connected with it.

2.2.1 SUPERVISORY BOARD COMPOSITION, INDEPENDENCE AND DIVERSITY

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

- **Supervisory Board Members as at December 31, 2018**

Name	Role	Age	Gender	Nationality	Independence	First appointed	Term expires at AGM
Mr Christophe Cuvillier	Chairman	56	M	French	Independent	2018	2022
Mr Jaap Tonckens	Vice-Chairman	56	M	Dutch	Independent	2018	2022
Mr Jean-Louis Laurens	Senior Independent Director	64	M	French	Independent	2018	2022
Mr Alec Pelmore	Member	65	M	British	Independent	2018	2022
Ms Aline Taireh	Member	43	F	American	Independent	2018	2022

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

- **Supervisory Board Member information and mandates held as at December 31, 2018**

MR CHRISTOPHE CUVILLIER

SB CHAIRMAN

INDEPENDENT

BORN ON December 5, 1962

French national

NUMBER OF STAPLED SHARES HELD: 105,637[24]

Graduate of HEC Business School.

Prior to joining Unibail-Rodamco, Mr Cuvillier held various positions within Kering Group from 2000, notably, CEO of FNAC from 2008 to 2010 and CEO of Conforama from 2005 to 2008.

Prior to Kering, he spent 14 years with the Luxury Products Division of the L'Oreal Group, both in France and abroad.

Appointed to the Unibail-Rodamco SE MB as COO in April 2011 (effective June 1, 2011). Appointed MB Chairman and CEO effective April 25, 2013.

Appointed as MB Chairman and Group CEO of UR SE, and as SB Chairman of WFD UR NV effective June 7, 2018, following the Westfield Transaction.

Other current functions and mandates outside of the Group

- Representative of Unibail-Rodamco as Member of the French Fédération des Sociétés Immobilières et Foncières (FSIF).
- Non-executive Director of Pavillon de l'Arsenal.
- Representative of Unibail-Rodamco on the Board of Directors of Société Paris-Île-de-France Capitale Économique.
- Non-executive Director of Raisesherpas (Endowment Fund).
- Chairman of the Board of Directors (until September 2018) and Director (since September 2018) of the European Public Real Estate Association (EPRA).
- Director of Viparis Holding SA.
- Director and Chairman of the Board of Directors of U&R Management B.V.

Previous mandates during the last five years

- Director of Comexposium Holding SA.
- SB Chairman of Rodamco Europe B.V.

Attendance:

[24] Including stapled shares equivalent to the number of units held in the UR SE company saving plan as at December 31, 2018.

- SB 100%;
- AC 100%

Mandate:

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

MR JAAP TONCKENS

SB VICE-CHAIRMAN

INDEPENDENT

BORN ON July 16, 1962

American and Dutch national

NUMBER OF STAPLED SHARES HELD:

13,415[25]

Law Degree from Leiden University, The Netherlands.

Master's Degree in law from Emory University, Atlanta, GA, USA.

Associate with Shearman & Sterling LLP. in New York and Paris.

Associate, Vice-President and Executive Director at Morgan Stanley in London.

Managing Director at Morgan Stanley, Leverage & Acquisition Finance, New York, NY, USA.

Managing Director at Endurance Capital, New York, NY, USA.

Appointed to the Unibail-Rodamco MB as General Counsel in September 2009 and was appointed Chief Investment Officer in October 2010 and CFO effective July 2012.

Appointed as Group CFO of UR SE and SB member of WFD UR NV effective June 7, 2018, following the Westfield Transaction.

Other current functions and mandates

- Director of OneMarket Holdings, Inc;
- Member of the Global Governing Trustees of Urban Land Institute;
- Member of the Board of Trustees of International Council of Shopping Centers.
- Various mandates within the URW Group

Previous mandates during the last five years

- Various mandates within the URW Group

Attendance:

- SB 100%;
- AC 100%

Mandate:

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

MR JEAN-LOUIS LAURENS

SENIOR INDEPENDENT DIRECTOR & AC CHAIRMAN

INDEPENDENT

BORN ON

August 31, 1954

French national

NUMBER OF STAPLED SHARES HELD: 363

Graduate of HEC Business School.

Doctorate in Economics and a Master's in law.

Former Executive Director of Morgan Stanley International.

Former CEO of AXA Investment Managers France.

Former CEO of Robeco France and former Global Head of Mainstream Investment of Robeco Group (until 2009).

Other current functions and mandates

Listed Company

None

Other Company

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

Previous mandates during the last five years

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

[25] Including stapled shares equivalent to the number of units held in the UR SE company saving plan as at December 31, 2018

Attendance:

- SB 100%;
- AC 100%

Mandate:

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

MR ALEC PELMORE

SB MEMBER, AC MEMBER & GN&RC CHAIRMAN

INDEPENDENT

BORN ON

October 14, 1953

British national

NUMBER OF STAPLED SHARES HELD: 650 (as at January 2019)

Degree in Mathematics from Cambridge University.

Former Senior Independent Director and AC Chairman of Metric Property Investments PLC (UK) (listed).

He held various positions as an equity investment analyst specialising in real estate companies mainly at Dresdner Kleinwort Benson and Merrill Lynch. With his partner Robert Fowlds, his team was voted no. 1 for real estate in Europe for 12 out of 13 years from 1995 to 2007.

Other current functions and mandates

Listed Company

- Non-Executive Director of London Metric Property PLC (UK)

Other Company

- NA

Previous mandates during the last five years

- Former SB Member of UR SE (listed)(France)(until 2018).

Attendance:

- SB 100%;
- AC 100%

Mandate:

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

MS ALINE TAIREH

Bachelor of Arts in Criminology and Psychology from University of California Irvine

Juris Doctorate Degree from Brooklyn Law School, New York

Associate with O'Melveny & Myers LLP, Los Angeles, CA

Joined Westfield as Senior Corporate Counsel in January 2007 and was appointed Associate General Counsel in January 2008.

Appointed Senior Vice President and Deputy General Counsel of Westfield effective June 2012.

General Counsel US of the URW Group since June 7, 2018.

SB MEMBER

INDEPENDENT

BORN ON January 15, 1975

American national

NUMBER OF STAPLED SHARES HELD: 305[26]

Other current functions and mandates	Previous mandates during the last five years
• NA	• NA

Attendance:

- SB 100%;

Mandate:

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

Independence

All of our SB members are considered independent within the meaning of principle 2.1.8 of the DCGC.

Diversity

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

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

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

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

2.2.2 SUPERVISORY BOARD MEETINGS AND ACTIVITIES

In 2018, since its formation June 7, 2018, the SB convened for two regular meetings. Overall average member attendance at its meetings was 100%. In addition to the matters within its statutory scope, the SB discussed all major actions carried out in 2018, both internally (*e.g.* organizational matters, risk management framework and organization, compliance and anti-corruption policy, 2018 half year results, internal audits, etc.) and externally (Group strategy, development projects, operations, financial position, Dutch Corporate Governance Code requirements). The Statutory Auditor attended both meetings.

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

Moreover, the SB held its annual Strategy Retreat in New York, US, and visited the prominent shopping centres in New York.

[26] Through CHESS Depository Interests (CDIs).

Principal responsibilities of the SB	Key areas discussed, reviewed and/or approved in 2018
Group Strategy	• Extensive review and discussion of the Westfield Transaction and integration; • Development projects, investment, divestment and operations in 2018; • Regular updates: on share price and business activities (operations, finance, human resources, legal, sustainability, development, etc.); • CSR Strategy – "Better Places 2030".
Group Financial Policy and Financial Performance and Reporting	• Post-Westfield Transaction review and discussion of progress on disposal programme and transaction synergies (cost and revenue); • Approval of half year financial statements; • Relationship with the Statutory Auditors including auditor's reporting for the coming year; • Review of non-audit services provided by the Statutory Auditors; • Regular tax updates.
Internal Audit, Risk Management and Control Systems	• Post-Westfield Transaction review and restructuring of risk management, internal audit, compliance, and insurance programmes; • 2018 internal audit plan; • Internal audits, internal control system and compliance matters; • In-depth review of the Group's risk management and risk mapping.
Governance and Compliance with Relevant Laws and Regulations	• Updates to the Group's Compliance programme (including the Group Anti-corruption Programme, Insider Trading Rules, Code of Ethics and Whistleblowing Policy); • Conformity with Dutch Corporate Governance Code; • Annual review of the independence of SB Members; • Regular updates on regulatory/legal changes; • Review of GDPR compliance, where relevant.
Succession Planning	• Annual review of the SB and committee profile and composition and interaction with MB; • Succession planning of the SB and MB;
Group Remuneration Policy and Performance Assessments	• Annual evaluation of the functioning and efficiency of the MB; • Annual evaluation of the functioning and efficiency of the SB (self-assessment process).
Human Resources	• Implementation of new Company organization; • Talent development and management; • Recruitment of key positions.
Shareholder Outreach and Engagement	• Shareholder engagement policy; • Updates on shareholder composition.

2.2.3 SPECIALISED SUPERVISORY BOARD COMMITTEES

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

2.2.3.1 Audit Committee (AC)

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

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

- ***Audit Committee composition***

The AC consists of three members:

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

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

- ***Audit Committee meetings and activities***

The AC shall meet at least quarterly and otherwise as often as any of the SB Members deems necessary or appropriate. At least once a year, the AC meets with the Company's statutory auditor without any of the MB Members being present. Since its formation of June 7, 2018, the AC met two times in 2018 in order to carry out its responsibilities.

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

Principal responsibilities of the AC	Key areas discussed, reviewed and/or recommended for approval to the SB in 2018
Group Strategy	• Extensive review and discussion of the Westfield Transaction and integration; • Digital and IT strategy, tools and projects;
Financial Performance and Reporting	• Post-Westfield Transaction review and discussion of progress on disposal programme and transaction synergies (cost and revenue); • Half year financial statements; • Net asset value, corporate risks and off-balance sheet commitments; • Regular tax updates; • Regular updates on regulatory/legal changes including legal audit reform.
Internal Audit, Risk Management and Control Systems	• Post-Westfield Transaction review and restructuring of risk management, internal audit, compliance, and insurance programmes; • 2018 internal audit plan; • Internal audits, internal control system and compliance matters; • In-depth review of risk management and risk mapping.
AC Governance	• Annual evaluation of the functioning and efficiency of the AC (self-assessment process).

2.2.3.2 The Governance, Nominations and Remuneration Committee (GNRC)

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

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

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

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

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

The GNRC consists of three members:

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

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

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

In 2018, since its formation June 7, 2018, no GNRC meeting was held. Following the recent existence of WFD UR NV, the implementation of the remuneration policy and new stock options and performance share plans are expected to be finalized in the first half year of 2019.

2.2.3.3 Investment Committee (IC)

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

- ***Investment Committee composition***

The IC consists of three members:

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

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

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

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

2.2.4 Evaluation of the Supervisory Board

- **Supervisory Board evaluation process**

An assessment of the SB is carried out annually. In 2018, the SB conducted an annual assessment of the performance and overall functioning of the SB, its committees and its members (including of the Chair of the SB and its committees) and of the overall functioning of the SB and interaction with the MB. In addition, the AC and MB carried out a similar evaluation of its composition and functioning.

The assessment was summarised and discussed during an SB meeting as well as an AC meeting, in the presence of all of its members but in the absence of the MB. The SB and AC concluded that it is functioning well since its formation June 7, 2018.

2.2.5 Conflicts of interest

- ***No close family relationships***

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

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

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

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

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

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

- ***No convictions or offences***

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

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

2.2.6 The Senior Management Team

Implemented following the Westfield Transaction on June 7, 2018, the Senior Management Team is the coordinating body for UR SE and WFD UR NV, responsible for the definition of their shared strategy and their business policy and for providing advice on key business decisions.

- **Composition of the Senior Management Team**

As at December 31, 2018, the Senior Management Team is chaired by Christophe Cuvillier, Group CEO of UR SE and is composed of nine members:

Members of the Senior Management Team	Main function (URW Group)
Mr Christophe Cuvillier	URW Group Chief Executive Officer
Mr Olivier Bossard	URW Group Chief Development Officer
Mr Michel Dessolain	Chief Operating Officer Europe
Mr Peter Huddle*	Chief Operating Officer US
Mr Fabrice Mouchel	Chief Financial Officer Europe

Ms Astrid Panosyan	URW Group Chief Resources Officer
Mr Gerard Sieben	Chief Financial Officer of WFD UR NV
Mr Jaap Tonckens	URW Group Chief Financial Officer
Mr Jean-Marie Tritant	President US

* Leaves the Group March 31, 2019.

Roles of the Senior Management Team

The Senior Management Team has the following roles:

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

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

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

Finally, with the creation of the Group, 2018 has been a transformative year and the SB would like to thank the MB and all employees for their commitment and dedication in 2018.

Supervisory Board

Schiphol, Netherlands

2.3 REPORT ON THE REMUNERATION POLICY

2.3.1 REMUNERATION POLICY OF THE MANAGEMENT BOARD MEMBERS

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

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

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

We believe that this approach and philosophy benefits the realisation of WFD UR NV's long-term objectives while keeping with WFD UR NV's risk profile.

See the two following sections for an overview of the implementation of our remuneration policy and for an overview of remuneration granted to our SB Members in the financial year to which this report relates. Please note that relevant scenario analysis has been considered in advance in determining the level and structure of the remuneration of the MB Members in the financial year to which this report relates.

Pay ratio

The DCGC recommends that WFD UR NV provide a ratio comparing the remuneration of our MB Members and that of a "representative reference group" determined by WFD UR NV. We have chosen to compare as per December 31, 2018, the full year average cash remuneration of our MB Members (i.e., excluding the value of equity incentive awards and other non-cash remuneration components) to an equivalent of an average full-time employee[27] of WFD UR NV (including its subsidiaries). We have used the aggregate cash remuneration[28] from June 7, 2018[29] to December 31, 2018 as a reference amount[30].

Based on this methodology, the ratio between the average cash remuneration of our MB Members and an average full-time employee of WFD UR NV (including its subsidiaries) for the period between June 7, 2018 to December 31, 2018 to which this report relates is 8 (rounded to the nearest integer).

Remuneration Report of the MB Members for 2018 Financial Year

2018 is a transition year comprised of two distinct sequences:

- a pre-Transaction period from February 14, 2018 to June 6, 2018, during which no compensation has been paid to MB Members of WFD UR NV.
- a post-Transaction period from June 7, 2018 to December 31, 2018, during which compensation has been paid to the two MB Members of WFD UR NV.

During the period between incorporation of the Company until March 8, 2018, the sole statutory director of the Company was Mr Ruud Vogelaar who did not receive any remuneration for his function for the mentioned period. Mr Gerard Sieben also did not receive any remuneration for his position as statutory director of the Company during the period from March 8, 2018 until June 7, 2018.
The remuneration report of the MB for the 2018 financial year will therefore cover the prorated remuneration for Mr Jean-Marie Tritant and Gerard Sieben, corresponding respectively to their tenure as President US and CFO from June 7, 2018 up to and including December 31, 2018.

[27] Average full-time employee includes full-time employees and full-time equivalent of part-time employees. Both fixed term and permanent employees are included. It however excludes MB Members and interns.
[28] The cash remuneration includes base salary and annual bonus.
[29] The MB Members of WFD UR NV have not received any compensation from WFD UR NV or its subsidiaries before June 7, 2018.
[30] The remuneration of employees who had worked with us for less than a year as of December 31, 2018 are annualized before to be prorated over the period from June 7, 2018 to December 31, 2018. The exchange rate used for compensation paid in USD is the average over the period as published by the European Central Bank.

The 2018 Short-Term incentive ("STI") is to be measured against the objectives described below:

(On a 100% basis)	**Maintain business momentum on Unibail-Rodamco's current scope - 50%**	**Successful drive the integration of Westfield - 50%**
Quantitative	Pro-forma Unibail-Rodamco REPS[31] on a standalone basis, based on the guidance communicated to investors in January 2018	• Completion of the Transaction • Capture of cost synergies as announced to the market (on a "phased-in basis")[32]
Qualitative	Individual objectives around three themes: • People Developer and Engagement • Value Creator • Business Operator Including at least three components related to the Group's CSR ambition.	Collective MB objectives: • Implement the 5-year business plan process on the ex-Westfield scope • Retain key managers • Implement the new Group organization Individual objectives such as: • Define the new corporate identity and plan roll out of the Westfield brand on key Assets in continental Europe. • Deliver the opening balance sheet of Westfield and the closing balance sheet of the New Group • Define the new leadership model and organize the first joint talent review.

2018 Qualitative Achievements

Mr Jean-Marie Tritant	Among significant targets achieved: As President US since June 7, 2018: • Set up the new governance structure and on-boarded the US leadership team • Set up the new Operating Management Function, the new global platforms for Digital Marketing and International Leasing, and launched the reorganization of the Leasing function • Delivered the first 5-year Business Plan exercise in the US for all US standing assets and development projects.
Mr Gerard Sieben	Among significant targets achieved: As CFO of WFD UR NV since June 7, 2018: • Ongoing compliance with Stapled Share structure requirements; • First financial communication of WFD UR NV filed on time and of good quality; • New WFD UR NV office opened and all positions filled with relevant administrative aspects in place, all IT systems set-up and running; • Good working relationship with Group corporate level in place.

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

[31] *REPS: Recurring Earnings Per Share.*
[32] *Calculation confirmed by the AC Chairman*

Elements of Remuneration due or granted for the 2018 financial year to Mr Jean-Marie Tritant, President US, as from June 7, 2018.

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
Annual Fixed Income – FI (Paid in respect of the 2018 financial year – June 7 to December 31, 2018)	€453,968	The full post-closing 2018 FI amounts to $976,000 (i.e. €800,000) and was determined by the SB on June 7, 2018, upon the recommendation of the GNRC. The gross amount of €453,968 represents the pro-rata temporis 2018 FI remuneration (June 7, 2018 to December 31, 2018), as from the nomination of Mr Jean-Marie Tritant as President US and as a Member of the newly created Senior Management Team.
Short-Term Incentive – STI (Paid in respect of the 2018 financial year - June 7 to December 31, 2018)	€643,160	The gross STI was determined by the SB on March 19, 2019, upon the recommendation of the GNRC, and is before income tax and social security charges. The STI amount of €643,160 is also pro-rated similar to FI. The STI integrates quantitative and qualitative components to ensure a comprehensive incentive structure aligned with the best market practices. **The quantitative component** is capped at **105**% of the pro-rata FI for the post-closing period. It takes into account the UR standalone *Proforma* performance, the successful completion of the Westfield Transaction and the realization of the first announced cost synergies: • Pro-forma Unibail-Rodamco REPS (Recurring Earnings per Share) on a standalone basis, based on the guidance communicated to investors in January 2018. A 100% achievement (stretch target) is met when this component reaches the annual guidance communicated to investors **(**Weight: 50% of the quantitative STI); • Deal Completion (Weight: 25% of the quantitative STI); • The attainment of cost synergies related to the acquisition of Westfield as disclosed to the market. These will be assessed on "phased-in" basis by the AC. A 100% achievement (stretch target) is reached when 100% of the phased-in cost synergies announced to the market are captured - calculation confirmed by the AC Chairman (Weight: 25% of the quantitative).

2018 STI Quantitative component

Components	Targets for 100% achievement	Achievement 2018	% Achievement	% Weighting	% STI
REPS	€12.90	€12.91	100.1%	50%	50.05%
Deal completion	Yes	Completed	100.0%	25%	25.00%
Phased-in Cost Synergies	€35.2M	€48.9M	177.88%(1) Capped at 140%(1)	25%	35.00%
Total STI quantitative achievement					
• Before global cap application					110.05%
• After global cap application					100.00%
Total STI amount					€476,667

(1) *Every euro above targets counts double*

The REPS for UR SE on a standalone basis is €12.91 exceeding the top bracket of the guidance (€12.90).

The acquisition of Westfield was successfully closed on June 7, 2018.

Since the acquisition, €48.9Mn of phased-in synergies had been achieved as at December 31, 2018, versus €35.2Mn planned, thanks to gains on OneMarket significantly above expectations, and other synergies captured ahead of target: excluding OneMarket, Phased-in Cost synergies would have been €29.4Mn in 2018 vs. €28.8Mn targeted for 100% achievement

The qualitative component is capped at 45% of the pro-rata FI for the post-closing period. It is determined according to the achievement of several individual objectives, pre-defined by the SB upon the recommendation of the GNRC.

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
		Following an assessment by the SB, the level of achievement of the 2018 qualitative objectives is 81,5% i.e. qualitative component of €166,493. The total 2018 STI is €643,160, i.e. 141.6% of FI
Supplementary Contribution Scheme – SCS (Paid in respect of the 2018 financial year - June 7 to December 31, 2018)	€100,012	Mr Jean-Marie Tritant does not benefit from any additional defined benefits pension scheme ("retraite chapeau"). He benefits from the SCS which consists of an annual contribution paid into a blocked savings account (available only after the end of his last mandate as MB Member) equivalent to: • a fixed amount of €45,000; and • a variable amount of 10% of the total cash remuneration earned each year (i.e. FI for year N prorate temporis plus STI for year N-1).
Group life and health insurance	€5,929	Mr Jean-Marie Tritant benefits from the International Company's life and health insurance under the same terms as those applied to the employees on international assignment. He is affiliated to social security on a mandatory basis in the US. He is also affiliated to social security on a voluntary basis in France.
Special allowances (Paid in respect of the 2018 financial year - June 7 to December 31, 2018)	€62,531	With regards to his move from France to the US, Mr Jean-Marie Tritant is entitled to special allowances such as: • a cost of living allowance of $47,516 so €41,638 . • a car allowance of $4,400 so €3,856. • a settling in allowance of $19,442 so €17,037.
Service agreement	yes	Service agreement between WFD UR NV and Mr Jean-Marie Tritant is in force since June7, 2018**.**

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

Elements of Remuneration due or granted for the 2018 financial year to Mr Gerard Sieben, Chief Financial Officer (CFO) as from June 7, 2018.

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
Annual Fixed Income – FI (Paid in respect of the 2018 financial year – June 7 to December 31, 2018)	€96,468	The full post-closing 2018 FI amounts to €170,000 and was determined by the SB on June 7, 2018, upon the recommendation of the GNRC. The gross amount of **€96,468** represents the pro-rata temporis 2018 FI remuneration (June 7, 2018 to December 31, 2018), as from the nomination of Mr Gerard Sieben as CFO and as a Member of the newly created Senior Management Team.
Short-Term Incentive – STI (Paid in respect of the 2018 financial year - June 7 to December 31, 2018)	€18,715	The gross STI was determined by the SB on March 19, 2019, upon the recommendation of the GNRC, and is before income tax and social security charges. The STI amount of **€18,715** is also pro-rated similar to FI. The STI integrates quantitative and qualitative components to ensure a comprehensive incentive structure aligned with the best market practices. **The quantitative component** is capped at **14**% of the pro-rata FI for the post-closing period. It takes into account the successful completion of the Westfield Transaction and the realization of the first announced cost synergies: • Pro-forma Unibail-Rodamco REPS (Recurring Earnings per Share) on a standalone basis, based on the guidance communicated to investors in January 2018. A 100% achievement (stretch target) is met when this component reaches the annual guidance communicated to investors (Weight: 50% of the quantitative STI); • Deal Completion (Weight: 25% of the quantitative STI); • The attainment of cost synergies related to the acquisition of Westfield as disclosed to the market. These will be assessed on "phased-in" basis by the AC. A 100% achievement (stretch target) is reached when 100% of the phased-in cost synergies

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
		announced to the market are captured - calculation confirmed by the AC Chairman (Weight: 25% of the quantitative).

2018 STI Quantitative component

Components	Targets for 100% achievement	Achievement 2018	% Achievement	% Weighting	% STI
REPS	€12.90	€12.91	100.1%	50%	50.05%
Deal completion	Yes	Completed	100.0%	25%	25.00%
Phased-in Cost Synergies	€35.2Mn	€48.9Mn	177.88%(1) Capped at 140%(1)	25%	35.00%
Total STI quantitative achievement					
• Before global cap application					110.05%
• After global cap application					100.00%
Total STI amount					**€13,506**

(1) Every euro above targets counts double

The REPS for UR on a standalone basis is €12.91 exceeding the top bracket of the guidance (€12.90).

The acquisition of Westfield was successfully closed on June 7, 2018.

Since the acquisition, €48.9Mn of phased-in synergies had been achieved as at December 31, 2018, versus €35.2Mn planned, thanks to gains on OneMarket significantly above expectations, and other synergies captured ahead of target: excluding OneMarket, Phased-in Cost synergies would have been €29.4Mn in 2018 vs. €28.8Mn targeted for 100% achievement.

The qualitative component is capped at **6%** of the pro-rata FI for the post-closing period. It is determined according to the achievement of several individual objectives, pre-defined by the SB upon the recommendation of the RC.

Following an assessment by the SB, the level of achievement of the 2018 qualitative objectives is **90**% i.e. a qualitative component of €5,209.

The total 2018 STI is €18,715, i.e. 19% of FI.

Elements of Remuneration	Amounts or countable valuations submitted to shareholders	Comments
Pension	**€**6,818	Mr Sieben benefits from a defined contribution pension plan.
Group life and health insurance	yes	Mr Sieben benefits from the Company’s life and health insurance under the same terms as those applied to the category of employees he is affiliated with, with respect to social security benefits and other items of his remuneration.
Benefits in Kind (Paid in respect of the 2018 financial year - June 7 to December 31, 2018)	€5,666	Mr Sieben benefits from a company car.
Service agreement	yes	Service agreement between WFD UR NV and Mr Gerard Sieben is in force since June 7, 2018.

NA means “not applicable”.

2.3.2 REMUNERATION FOR THE SB MEMBERS

The annual fee of the SB Members is intended to attract and retain high caliber individuals with an appropriate degree of expertise and experience.

The annual fee received by the SB Members is determined by the General Meeting, at the proposal of the SB, upon the recommendation of the GNRC. In order to ensure a reasonable remuneration while attracting and maintaining diverse and international members, an analysis is conducted by an external independent advisor. This analysis compares the fees of independent directors and chairman in the home country of the SB Members as well as in countries where they have extensive experience (France, the Netherlands, Germany, the USA and the UK).

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

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

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

The current SB remuneration was approved by the General Meeting on June 1, 2018.

	SB Member remuneration[1]	
	2018	
	Fixed	Variable *according to attendance*
SB Member Basic Annual Fee[2]	€25,000	€50,000
AC Chairman Fee[2]	€18,000	
GNRC Committee Chairman Fee	€9,000	
SB member acting as Senior Independent Director	€18,000	
	Fixed	Variable *according to attendance*
AC Member Fee[2]	€6,000	€12,000
GNRC Committee Chairman Fee[2]	€3,000	€6,000
Ad hoc Meeting envelope	€30,000	
Per meeting amount per call	€1,000	
Per meeting amount physical meeting	€1,500	
Out of Country Indemnity (European travel)	€1,500 per event	
Out of Country Indemnity (US East Coast)	€3,000 per event	
Out of Country Indemnity (other locations)	€5,000 per event	
Variable Short-Term Incentive	None	
Long-Term Incentive or any remuneration related to Company performance	None	
Exceptional remuneration	None	
Welcome Bonus	None	
Contractual Severance Package	None	
Contractual Non-Compete Indemnity	None	
Pension	None	
Other benefits	None	

(1) Before income tax and social security charges.
(2) Amounts will not be awarded if the SB Member is also a managing or executive director, supervisory or non-executive director or employee of UR SE or of a controlled undertaking whose financial information is included in the consolidated financial reporting of UR SE and/or WFD UR NV.

Remuneration paid to the Supervisory Board Members

In 2018 remuneration of the SB members amounted to €130,500. Mr Christophe Cuvillier, Mr Jaap Tonckens and Ms Aline Taireh did not receive any remuneration for their SB membership. The Company has not awarded any options or shares to members of the SB as remuneration for their services as SB members. No loans or guarantees were granted to members of the SB.

Remuneration of the SB Members for 2018

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

(1) The 2018 remuneration was applied pro rata temporis
(2) Ms Aline Taireh did not received any compensation for her SB membership. Employee remuneration charged to a subsidiary of the company is disclosed in footnote 12.3 of the consolidated financial statements.

3.

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

On March 27, 2019, the Supervisory Board approved the consolidated financial statements of WFD Unibail-Rodamco N.V. for the year ended December 31, 2018 and authorised their publication. These consolidated financial statements will be submitted to the approval of the Annual General Meeting expected to be held on June 11, 2019.

3.1 CONSOLIDATED FINANCIAL STATEMENTS

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

3.1.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€Mn)	Notes	2018*
Gross rental income	5.3	274.5
Net service charge expenses		*(5.3)*
Property operating expenses		*(120.3)*
Operating expenses and net service charges		(125.6)
Net rental income		**148.9**
Project management revenue		13.8
Project management costs		(9.4)
Net project management income	**5.3**	**4.4**
Property services and other activities revenue		19.0
Property services and other activities expenses		(10.9)
Net property services and other activities income	**5.3**	**8.1**
Share of result of companies accounted for using the equity method	**7.2**	**120.6**
Corporate expenses		(32.3)
Depreciation of tangible assets		(11.9)
Administrative expenses		**(44.2)**
Acquisition and related costs	**4.2.1**	**(48.3)**
Proceeds from disposal of investment properties		1.4
Carrying value of investment properties sold		(1.8)
Result on disposal of investment properties	**6.5**	**(0.4)**
Proceeds from disposal of shares		353.2
Carrying value of disposed shares		(315.8)
Result on disposal of shares		**37.4**
Valuation gains on assets		14.1
Valuation losses on assets		(140.9)
Valuation movements on assets	**6.1**	**(126.8)**
NET OPERATING RESULT		**99.7**
Financial income		*21.9*
Financial expenses		*(184.6)*
Net financing costs	8.2.1	(162.7)
Fair value adjustments of derivatives, debt and currency effect	8.2.2/8.4.2	228.9
RESULT BEFORE TAX		**165.9**
Income tax expenses	9.2	22.0
NET RESULT FOR THE PERIOD		**187.9**
Net result for the period attributable to:		
Owners of WFD Unibail-Rodamco N.V. shares		182.1
External non-controlling interests		5.8
NET RESULT FOR THE PERIOD		**187.9**

Average numbers of shares (undiluted)	13.2	152,223,412
Net result of the period (Owners of WFD Unibail-Rodamco N.V.)		182.1
Net result for the period per share (Owners of WFD Unibail-Rodamco N.V.) (€)		**1.20**
Average numbers of shares (diluted)	13.2	155,849,683
Net result of the period (Owners of WFD Unibail-Rodamco N.V.)		182.1
Diluted net result per share (Owners of WFD Unibail-Rodamco N.V.) (€)		**1.17**

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

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

3.1.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€Mn)	**Notes**	**December 31, 2018**
Non current assets		**13,974.5**
Investment properties	6.1	**5,976.6**
Investment properties at fair value		*5,957.2*
Investment properties at cost		*19.4*
Shares and investments in companies accounted for using the equity method	7.2	6,920.7
Tangible assets	6.2	37.5
Goodwill	6.4	19.8
Intangible assets	6.3	314.0
Financial assets	8.3.1	676.5
Deferred tax assets	9.3	0.6
Derivatives at fair value	8.4	28.8
Current assets		**159.0**
Inventories		15.4
Trade receivables from activity		73.1
Tax receivables		0.1
Other receivables		17.1
Cash and cash equivalents	8.3.6	53.3
TOTAL ASSETS		**14,133.5**
Shareholders' equity (Owners of WFD Unibail-Rodamco N.V. shares)		**2,654.3**
Share capital	13.2	115.8
Additional paid-in capital	13.3	2,242.7
Foreign currency translation reserves		111.7
Consolidated result		182.1
Hybrid securities		2.0
Equity attributable to the owners of WFD Unibail-Rodamco N.V.		***2,654.3***
External non-controlling interests	14.4	**322.7**
TOTAL SHAREHOLDERS' EQUITY		**2,977.0**
Non current liabilities		**9,309.4**
Long-term commitment to non-controlling interests	8.3.7	806.3
Long-term bonds and borrowings	8.3.3	7,373.5
Long-term financial leases	8.3.3	33.0
Derivatives at fair value	8.4	70.2
Deferred tax liabilities	9.3	958.0
Long term provisions	10	2.3
Guarantee deposits		10.9
Amounts due on investments	11	55.2
Current liabilities		**1,847.1**
Current commitment to non-controlling interests	8.3.7	1.5
Amounts due to suppliers and other creditors		205.1
Amounts due to suppliers		*31.0*
Amounts due on investments	*11*	*54.2*
Sundry creditors		*119.9*
Other liabilities		36.4
Current borrowings and amounts due to credit institutions	8.3.3	1,554.9
Current financial leases	8.3.3	0.6
Tax and social liabilities		48.0
Short-term provisions	10	0.6
TOTAL LIABILITIES AND EQUITY		**14,133.5**

3.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS

(€Mn)	Notes	2018*
OPERATING ACTIVITIES		
Net result		**187.9**
Depreciation & provisions(1)		0.5
Changes in value of property assets		126.8
Changes in fair value of derivatives, debt and currency effect		(228.9)
Net capital gains/losses on disposal of shares		(37.4)
Net capital gains/losses on sales of properties(2)		0.4
Share of the result of companies accounted for using the equity method		(120.6)
Net financing costs	8.2.1	162.7
Income tax expenses	9.2	(22.0)
WAT's transaction and other related costs	4.2.1	38.3
Cash flow before net financing costs and tax		**107.7**
Dividend received and result from companies accounted for using the equity method or non consolidated		228.0
Income tax received		11.7
Change in working capital requirement		(80.2)
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**267,2**
INVESTMENT ACTIVITIES		
Property activities		**(4,570,2)**
Acquisition of businesses	4.2	(4,342.0)
Amounts paid for works and acquisition of property assets	6.5	(67.6)
Repayment of property financing		0.6
Increase of property financing		(162.6)
Disposal of investment properties		1.4
Financial activities		**0.1**
Disposal of financial assets		0.1
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		**(4,570.1)**
FINANCING ACTIVITIES		
Capital increase of parent company		2,358.5
Hybrid securities		2.0
New borrowings and financial liabilities	8.3.3	3,106.1
Repayment of borrowings and financial liabilities	8.3.3	(1,000.2)
Interest received		11.0
Interest paid		(109.2)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**4,368.2**
Change in cash and cash equivalents during the period		**65.3**
Cash at the beginning at the incorporation		**-**
Effect of exchange rate fluctuations on cash held		**(12.0)**
NET CASH AND CASH EQUIVALENTS AT PERIOD-END	**8.3.6**	**53.3**

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

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

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

3.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€Mn)	Share capital	Additional paid-in capital	Consolidated result	Foreign currency translation reserve[1]	Hybrid securities	Equity attributable to the owners of WFD UR NV shares	Non-controlling interests	Total Shareholders' equity
Equity as at February 14, 2018	-	-	-	-	-	-	-	-
Net result for the period	-	-	182.1	-	-	182.1	5.8	187.9
Other comprehensive income	-	-	-	111.7	-	111.7	6.8	118.5
Net comprehensive income	**-**	**-**	**182.1**	**111.7**	-	**293.8**	**12.6**	**306.4**
Increase in capital	115.8	2,242.7	-	-	-	2,358.5	-	2,358.5
Increase of hybrid securities	-	-	-	-	2.0	2.0	-	2.0
Changes in scope of consolidation and other movements[2]	-	-	-	-	-	-	310.1	310.1
EQUITY AS AT DECEMBER 31, 2018	**115.8**	**2,242.7**	**182.1**	**111.7**	**2.0**	**2,654,3**	**322.7**	**2,977.0**

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

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

3.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ● CORPORATE INFORMATION

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

The Group's objects are:

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

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

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

NOTE 2 ● SIGNIFICANT EVENTS OF THE YEAR

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

Acquisitions

On April 30, 2018, the Company set up a new entity, WFD Unibail-Rodamco Real Estate B.V. ("WFD UR RE BV"). In June, 2018, the Company increased the capital of WFD UR BV with €35.6 Mn and WFD UR RE BV purchased various Dutch real estate assets from (indirectly) UR SE.

On June 7, 2018, URW America Inc., a 100% subsidiary of the Company acquired all shares in WAT, in turn holding 82.39% of Westfield America Inc. (WEA). For the acquisition of WAT reference is made to note 4.2.

Disposals

On August 23, 2018 Horton Plaza in San Diego, held by WEA, was disposed and generated a NDP[1] of €81.0 Mn. The net disposal price is in line with the valuation on June 30, 2018.

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

NOTE 3 ● ACCOUNTING POLICIES

In accordance with the regulation of the European Community (EC) no. 1606/2002 of July 19, 2002, on the application of international accounting standards, WFD UR NV has prepared its consolidated financial statements for the financial year ending December 31, 2018 under International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable at this date and with Section 2:362(9) of the Dutch Civil Code.

The IFRS standards can be consulted on the website:

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

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

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

There are no comparative figures of the year 2017 as 2018 is the Group's first year of existence. The company was incorporated on February 14, 2018. WAT is consolidated from June 1, 2018 in these consolidated financial statements. WFD UR RE BV is consolidated as per April 30, 2018, the date of incorporation.

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

3.1 IFRS basis adopted

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards, amendments and interpretations mandatorily applicable as of January 1, 2018

The Group applies from the date of incorporation IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

IFRS15

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has undertaken an analysis to scope out its revenue streams to identify specific impacts of the IFRS 15. IFRS 15 have no material impact on the majority of the Group's revenue streams which is rental income. The Group has assessed that there will be no change to the recognition or measurement of other revenue. Revenue from third parties are recognized as goods are sold (recognized at a point in time) or as services are provided (recognized over time).

From the Group's assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing the previous accounting policies to those now under IFRS 15.

IFRS 9

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting

The Group's management assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate IFRS 9 categories.

Financial assets	IFRS 9
Trade receivables from activity	Financial assets at amortised cost
Non current financial assets	Financial assets at fair valued through profit or loss or fair value through OCI
Loans and receivables	Financial assets at amortised cost
Derivative assets	Financial assets at fair value through profit or loss

Trade receivables from activity and other receivables are held to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest. The simplified approach has been applied to record lifetime expected credit losses on trade and other receivables.

Non current financial assets comprise of unlisted investments and preference shares in investments. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in other comprehensive income. The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgmental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

Financial liabilities	IFRS 9
Amounts due to suppliers and other creditors	Financial liabilities at amortised cost
Interest bearing liabilities	Financial liabilities at amortised cost
Commitment to non-controlling interests	Financial liabilities at fair value through profit or loss
Derivative liabilities	Financial liabilities at fair value through profit or loss

Amounts due to suppliers and other creditors are carried at amortised cost and due to their short - term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non-current. Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks, finance leases and other non-current financial liabilities is estimated by discounting future cash flows using rates that approximate the Group's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms. Financing costs for interest bearing liabilities are recognised as an expense on an accruals basis.

Commitment to non-controlling interests include convertible notes, preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated at fair value through the income statement. The fair value of convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

Under IFRS 9, the Group's accounting for impairment losses for financial assets has been replaced with an incurred loss with a forward - looking expected credit loss (ECL) approach. The Group has applied the simplified approach and recorded lifetime expected losses on Trade receivables from activities.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2018 and effective as of January 1, 2019

The following standards have been adopted by the European Union as at December 31, 2018, but not applied in advance by the Group:

- IFRS 9 A: Prepayment Features with Negative Compensation;
- IFRS 16: Leases;
- IFRIC 23: Uncertainty over Income Tax Treatments.
- IAS 19 A: Plan Amendment, Curtailment or Settlement;
- IAS 28 A: Long-term Interests in Associates and Joint Ventures;

IFRS16

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of- use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of- use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

An assessment has been performed based on each operating lease arrangement that exists in the current reporting period (see note 14.1. for the operating lease commitments for which a right on use assets will be recognised in 2019). The initial analysis confirmed that the new standard will not have a material impact on the Group. The disclosure requirements under IFRS 16 will result in more disclosures next year.

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

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

- IFRS 17: Insurance Contracts (effective date January 1, 2021);
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective date January 1, 2019);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective date January 1, 2020);
- Amendment to IFRS 3 Business Combinations (effective date January 1, 2020);
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date January 1, 2020).

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

3.2 Estimates and assumptions

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by management, particularly with regards to the fair value of investment properties, financial assets, financial instruments and the valuation of goodwill and intangible assets.

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

The most significant estimates are set out in the following sections: for the valuation of investment properties in note 6.1 "Investment properties", for the financial assets in note 8.3.1, for the goodwill in note 6.4, for fair value of financial instruments in note 8.6 "Fair value of financial instruments per category" and the purchase price allocation in note 4.2. Actual future results or outcomes may differ from these estimates. The property portfolio used by the Shopping Centres and Offices segments and intangible assets are valued by independent appraisers.

NOTE 4 ● SCOPE OF CONSOLIDATION

4.1. Accounting principles

4.1.1 Scope and methods of consolidation

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

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

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

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

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

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

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

4.1.2 Foreign currency translation

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

The Group's consolidated financial statements are presented in euros. The financial statements of each consolidated Group company are prepared in its functional currency. The functional currency is the currency of the principal economic environment in which it operates.
The results and financial position of all the Group entities that have a functional currency different from the presentation currency, the euro, are translated into the presentation currency as follows:

- the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the foreign exchange rates at the accounting date;
- income and expenses are translated into euros at rates approximating the foreign exchange rates at the dates of the transactions;
- all resulting exchange rate differences are recognised as a separate component of equity (foreign currency translation reserve);
- when a Group company is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

● *Foreign currency transactions*

The Group's entities can realise operations in a foreign currency which is not their own functional currency. WAT functional currency is in USD. The transactions in foreign currencies are translated into euro at the spot exchange rate on the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currency are translated into functional currency at the exchange rate on that date. Foreign exchange differences arising on translation or on settlement of these transactions are recognised in the income statement account, with the exception of:

- unrealised translation results on net investments;
- unrealised translation results on intercompany loans that, in substance, form part of the net investment.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised directly in equity, whereas those relating to the ineffective portion are recognised in the income statement account.
Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate on the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at exchange rates on the dates the fair value was determined and are reported as part of the fair value gain or loss.

4.1.3 Business combinations

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

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are booked as expenses. For the companies accounted for using the equity method, acquisition costs are capitalised in the value of the shares.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as liability will be recognised in income statement.

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

4.1.4 Cashflow statement

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

4.1.5 Going concern

For the year ended 31 December 2018 the Company had a net current asset deficit of 1,688.1 Mn mainly due to the maturing of the notes payable of €1,091.70 Mn on September 17, 2019. The Company's liquidity needs for the for the next 12 months are covered by the available undrawn credit lines and cash on-hand as well as by the cross-guarantees granted within the URW Group. Based on that the Company believes that it will be able to meet its commitments as and when they fall due, therefore it is appropriate to prepare the financial statements on a going concern basis.

4.2 Acquisition of WAT

The total cash consideration is €4,392.0 Mn for the acquisition of WAT. The preliminary purchase price allocation of the WAT acquisition is presented below:

Purchase price allocation (€Mn)	**WAT at acquisition date**
TOTAL CONSIDERATION	**4,392.0**
Identifiable net asset at fair value (1)	
Investment properties	5,961.9
Intangible assets	583.0
Shares and investments in companies accounted for using the equity method	6,723.3
Other tangible assets	49.7
Loans and receivables	177.5
Financial assets	137.1
Deferred tax assets	4.2
Derivatives at fair value	7.3
Other current assets	101.8
Cash and cash equivalents	50.0
	13,795.8
External non-controlling interests	310.1
Long-term commitment to non-controlling interests	1,071.2
Long-term bonds and borrowings	5,666.4
Deferred tax liabilities	1,022.0
Other non current liabilities	98.6
Other current liabilities	1,300.3
	9,468.6
TOTAL IDENTIFIABLE NET ASSET AT FAIR VALUE	**4,327.2**
GOODWILL ARISING ON ACQUISITION	**64.8**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The contribution of WAT as per 1 June in the consolidated statement of comprehensive income for the reporting period is:

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

The preliminary purchase price accounting will be finalized in 2019. However, bearing unforeseen events, the Group does not expect any material change.

4.2.1 Acquisition and related costs

Acquisition costs which were incurred directly by WFD UR NV 's subsidiaries amounted €38.5 Mn and relate to redundancy and other employee related costs as well as the costs associated with the accelerated vesting of the WEA employee share plan. The integration costs incurred by WFD UR NV 's subsidiaries are €9.8 Mn in 2018.

4.2.2 Financing of the transaction

To finance the WAT acquisition, WFD UR NV has issued class A and class B shares in exchange for cash contributions. Class B shares have the same nominal value and the same share premium as the class A shares. WFD UR NV is also financed by €2.0 Bn out of a loan granted by UR SE.

The capital injection in WFD UR RE BV of €35.6 Mn is funded through a loan from UR SE.

In addition, WFD UR NV issued €2.0 Mn of hybrid security on June 7, 2018. This hybrid security is a deeply subordinated perpetual instrument without voting rights and is accounted for as an equity instrument under IAS 32, mainly because the Company has the discretion not to pay interest or the principal.

4.2.3 Commitment to non-controlling interests

The convertible redeemable preference shares arising from the WAT acquisition are included in the captions "Long-term commitment to non-controlling interests" and "Current commitment to non-controlling interests". Reference is made to note 8.3.7.

5.1. Accounting principles

5.1.1 Segment reporting

Segment information is presented in respect of the Group's divisions and geographical segments, based on the Group's management and internal reporting structure and in accordance with IFRS 8.

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

Business segments

The Group operates in two segments: Shopping Centres and Offices.

Geographical segments

Geographical segments are determined on the basis of the Group's definition of a home region. A home region is defined as a region with more than €1 Bn in property investment, a local organisation dedicated to all three business lines: the "owner function" (asset selection and management including pipeline), Shopping Centres management, the finance function and a regional consolidated reporting.

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

5.1.2 Net recurring result definition

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

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

Recurring tax is the outcome of:

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

5.2 Gross rental income

Revenue from Contracts with Customers

ACCOUNTING TREATMENT OF INVESTMENT PROPERTY LEASES

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

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

RENTS AND KEY MONEY

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

Under IAS 17 and SIC 15, the effects of rent-free periods, step rents, other rents incentives and key monies are spread over the fixed term of the lease.
Charges invoiced to tenants are not included in rental income but deducted from net service charge expenses except for in the US.

5.2.1 Property operating expenses and net service charges

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

●*Ground rents paid*

GROUND LEASEHOLDS

Based on the analysis of existing contracts, IAS 17 and IAS 40, a leasehold may be classified as either an operating lease or a financial lease. The classification is made on a contract-by-contract basis and depends on the risks and rewards transferred to the Group.
For the leaseholds recognised as operating leases, rental payments are recognised as expenses in the income statement. Rental payments made at the beginning of the contract are classified as prepaid expenses and expensed over the life of the contract.
For the leaseholds recognised as financial leases, future cash flows are discounted. An asset and a financial liability are recognised for the same amount.

●*Net service charge expenses*

These expenses are net of charges re-invoiced to tenants and relate mainly to vacant premises.

●*Property operating expenses*

These expenses comprise service charges borne by the owner, works-related expenses, litigation expenses, charges relating to doubtful accounts and expenses relating to property management.

5.2.2 Net property services and other activities income

The net property services and other activities income consist of on-site property services and other property services income.
Based on the analysis of existing contracts, the current recognition of revenues complies with IFRS 15.
Other property services net income is recognized when the services are provided.
Revenues from other activities mainly cover fees invoiced for leasing activity. These fees are capitalised by the Group, owning the asset after elimination of the internal margins generated.
Other expenses comprise charges relating to property services, general costs and depreciation charges for related fixed assets.

5.2.3 Administrative expenses

This item comprises of personnel costs, head office and Group administrative expenses, expenses relating to development projects and not capitalised and depreciation charges and rents relating mainly to WFD UR NV's headquarter in Schiphol and the office in the United States.

5.2.4 Acquisition and related costs

In 2018, this item comprises mainly of the acquisition costs related to the WAT acquisition. See note 4.2.1 "Acquisition and related costs".

5.3. Consolidated income statement by segment

		2018*		
(€Mn)		Recurring activities	Non-recurring activities**	Result
United States	Gross rental income	267.1	-	267.1
	Operating expenses & net service charges	(123.7)	-	(123.7)
	Net rental income	**143.4**	**-**	**143.4**
	Contribution of companies accounted for using the equity method	136.4	(15.8)	120.6
	Gains/losses on disposal of shares	-	37.4	37.4
	Valuation movements on assets	-	(128.7)	(128.7)
	Result Shopping Centres United States	**279.8**	**(107.1)**	**172.7**
Other	Gross rental income	1.2	-	1.2
	Operating expenses & net service charges	(0.4)	-	(0.4)
	Net rental income	**0.8**	**-**	**0.8**
	Gains/losses on sales of properties	-	(0.4)	(0.4)
	Valuation movements	-	(1.1)	(1.1)
	Result Shopping Centres Other	**0.8**	**(1.5)**	**(0.7)**
TOTAL RESULT SHOPPING CENTRES		**280.6**	**(108.6)**	**172.0**
United States	Gross rental income	6.2	-	6.2
	Operating expenses & net service charges	(1.5)	-	(1.5)
	Net rental income	**4.7**	**-**	**4.7**
	Valuation movements	-	3.0	3.0
	Result Offices United States	**4.7**	**3.0**	**7.7**
TOTAL RESULT OFFICES		**4.7**	**3.0**	**7.7**
Project management income		4.4	-	4.4
Other property services net income		8.1	(5.8)	2.3
Administrative expenses		(38.4)	-	(38.4)
Acquisition and related costs		-	(48.3)	(48.3)
NET OPERATING RESULT		**259.4**	**(159.7)**	**99.7**
Financing result		(162.7)	228.9	66.2
RESULT BEFORE TAX		**96.7**	**69.2**	**165.9**
Income tax expense		**(0.4)**	**22.4**	**22.0**
NET RESULT FOR THE PERIOD		**96.3**	**91.6**	**187.9**
External non-controlling interests		(15.3)	9.5	(5.8)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF WFD UR N.V. SHARES		81.0	101.1	182.1

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

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

NOTE 6 ● INVESTMENT PROPERTIES, TANGIBLE ASSETS AND GOODWILL

6.1 Investment properties (IAS 40 & IFRS 13)

6.1.1 Accounting principles

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

The Group complies with the IFRS 13 fair value measurement rule and the position paper(33) on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

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

Investment Properties Under Construction (IPUC) are covered by IAS 40 and are eligible to be measured at fair value. In accordance with the Group's investment properties valuation method, they are measured at fair value by an external appraiser twice a year. Projects for which the fair value is not reliably determinable are measured at cost until such time that a fair value measurement becomes reliable, or until one year before the construction completion.

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

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

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

For properties measured at fair value, the market value adopted by the Group is determined on the basis of appraisals by independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. The gross value is reduced by disposal costs and transfer taxes(34), depending on the country and on the tax situation of the property, in order to arrive at a net market value.

For the Shopping Centres portfolios, the independent appraisers determine the fair market value based on the results of two methods: the discounted cash flow methodology as well as the yield methodology. Furthermore, the resulting valuations are cross-checked against the initial yield, value per m^2 and the fair 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 income statement for a given year (Y) records the change in value for each property, which is determined as follows:

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

Capital gains on disposals of investment properties are calculated by comparison with their latest market value recorded in the closing statement of financial position for the previous financial year. Properties under construction carried at cost are subject to impairment tests, determined on the basis of the estimated fair value of the project. The fair value of a project is assessed by the Development & Investment teams through a market exit capitalisation rate and the targeted net rents at completion. When the fair value is lower than net book value, an impairment provision is booked.

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

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

6.1.2 Investment properties at fair value

(€Mn)	December 31, 2018
Shopping Centres	**5,886.6**
United States	5,854.7
The Netherlands	31.9
Offices	**70.6**
United States	70.6
TOTAL	**5,957.2**

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

(34) *Transfer taxes are valued on the assumption that the property is sold directly, even though the cost of these taxes can, in certain cases, be reduced by selling the property's holding company.*

(€Mn)	Shopping Centres	Offices	Total investment properties
February 14, 2018	-	-	-
Acquisitions	33.6	-	**33.6**
Entry into scope of consolidation(1)	5,844.1	102.7	**5,946.8**
Disposals/exits from the scope of consolidation	(8.6)	(38.6)	**(47.2)**
Capitalised expenses	23.3	2,0	**25.3**
Valuation movements	(130.6)	3	**(127.6)**
Currency translation	124.8	1.5	**126.3**
December 31, 2018	**5,886.6**	**70.6**	**5,957.2**

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

●Valuation assumptions and sensitivity

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

As at December 31, 2018, 98% of WFD UR NV's portfolio was appraised by independent appraisers. The fair value of the properties in the United states are based on the valuations performed by Cushman & Wakefield, Duff & Phelps and Altus and in The Netherlands by Cushman & Wakefield.

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

SHOPPING CENTRES

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

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

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

(1) Average annual rent (minimum guaranteed rent + sales based rent) per asset per m².
(2) Rate used to calculate the net present value of future cash flows.
(3) Rate used to capitalize the exit rent to determine the exit value of an asset.
(4) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

For the US, the split between Flagship and Regional shopping centres is as follows:

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

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

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

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

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

6.1.3 Investment properties at cost

(€Mn)	Gross value	Impairment	**Total**
February 14, 2018	**-**	**-**	**-**
Entry into scope of consolidation(1)	15.0	-	**15.0**
Capitalised expenses	2.3	-	**2.3**
Currency translation	2.1	-	**2.1**
December 31, 2018	**19,4**	**-**	**19,4**

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

6.2 Tangible assets

6.2.1. Accounting principles

Under the method proposed by IAS 16, operating assets are valued at their historic cost, less cumulative depreciation and any decrease in value. Depreciation is calculated using the "component accounting" method, where each asset is broken down into major components based on their useful life.

6.2.2 Changes in tangible assets

(€Mn)	Furniture and equipment	Total
14 February, 2018	**-**	**-**
Acquisitions and capitalised expenses	0.1	0.1
Entry into scope of consolidation(1)	49.7	49.7
Disposals/exits from the scope of consolidation	(7.1)	(7.1)
Depreciation	(6.1)	(6.1)
Currency translation	0.9	0.9
December 31, 2018	**37.5**	**37.5**

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

6.3 Intangible assets

6.3.1. Accounting principles

An intangible asset is recognised when it is identifiable and separable and can be sold, transferred, licensed, rented, or exchanged, either individually or as part of a contract with an attached asset or a liability, or which arises from contractual or other legal rights regardless of whether those rights are transferable or separable. After initial recognition, intangible assets are recognised at cost less any amortisation charges and impairment losses.

Intangible assets with a finite life are amortised on a linear basis over the life of the asset. The useful life of an asset is reviewed each year and an impairment test is carried out whenever there is an indication of impairment.

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

The intangible assets arise from:

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

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

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

Intangible assets are valued by independent external appraisers using the Discounted Cash Flow methodology. If the appraisal value of an intangible asset is lower than net book value, an impairment is booked.

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

Other assets are amortized over their remaining useful life:

- PM contracts with regionals: 3 years;
- Airport activities: between 11 to 25 years.

6.3.2 Changes in intangible assets

(€Mn)	PM/Airport	Trademark	Total
14 February, 2018	**-**	**-**	**-**
Entry into scope of consolidation[1]	275.7	307.3	583.0
Amortisation[2]	(5.8)	-	(5.8)
Disposal	(273.6)	-	(273.6)
Currency translation	3.7	6.7	10.4
December 31, 2018	**0**	**314**	**314.0**

(1) Acquisition of WAT on June 7, 2018 (see note 4.2 "Acquisition of WAT")
(2) Amortisation of intangible assets and depreciation of tangible assets amounted (€11.9 Mn) and are presented in line item "depreciation of tangible fixed assets" in the consolidated statement of comprehensive income

In December 2018, the PM and Airport activities have been transferred outside the Group. The related intangible assets and goodwill acquired as at June 7, 2018 are disposed at the end of the year.

6.4 Goodwill

6.4.1 Accounting principles

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

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

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

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

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

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

Goodwill subsequent measurement and impairment

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

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

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

Goodwill relating to fee business

This goodwill relates to Property Management (PM).

Impairment tests are performed annually or when an impairment indicator is identified and are based on valuations performed by independent external appraisers, using the Discounted Cash Flow (DCF) method.

Goodwill relating to costs synergies

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

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

6.4.2 Goodwill

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

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

Goodwill amounts to €19.8 Mn as at December 31, 2018. The goodwill recognised on the WAT acquisition (see Note 4.2 "Acquisition of WAT") was €64.8 Mn. The related goodwill of €46.4 Mn is disposed because of the transfer of the PM business and Airport activities outside the Group.

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

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

In 2018, asset disposals amounted to €1.4 Mn (total net disposal price) which relate to a Shopping Centre in The Netherlands.

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

7.1 Accounting principles

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

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

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

(€Mn)	**December 31, 2018**
Investment properties	8,736.6
Other non-current assets	7.7
Current assets	86.5
Total assets	**8,830.8**
External borrowings	(1,712.1)
Other non-current liabilities	(20.6)
Current liabilities	(177.4)
Total liabilities	**(1,910.1)**
NET ASSETS	**6,920.7**

(€Mn)	**2018**
Net rental income	211.4
Change in fair value of investment properties	(62.0)
Net result	120.6

Commitments and contingent liabilities in respect of associates and joint ventures

The Group’s share in the capital commitments of the joint ventures themselves is set out in note 14.

7.3 Equity accounted entities’ economic interest

Set out below are the joint ventures partners of the Group as at December 31, 2018. All joint venture partners are incorporated in the United states. None of these are individually material for the Group.

Name of the investments	Type of equity	Economic interest
Annapolis [(2)]	Partnership units	55.0%
Brandon	Membership units	50.0%
Broward	Membership units	50.0%
Citrus park	Membership units	50.0%
Countryside	Membership units	50.0%
Culver City [(2)]	Partnership units	55.0%
Fashion Square	Partnership units	50.0%
Garden State Plaza	Partnership units	50.0%
Mission Valley	Partnership units	41.7%
Montgomery	Partnership units	50.0%
North County [(2)]	Partnership units	55.0%
Oakridge [(2)]	Partnership units	55.0%
Palm Desert [(2)]	Partnership units	52.6%
Plaza Bonita [(2)]	Partnership units	55.0%
San Francisco Emporium	Partnership units	50.0%
Santa Anita	Partnership units	49.3%
Sarasota	Membership units	50.0%
Southcenter [(2)]	Partnership units	55.0%
Southgate	Membership units	50.0%
Topanga [(2)]	Partnership units	55.0%
Trumbull [(2)]	Partnership units	52.6%
UTC	Partnership units	50.0%
Valencia Town Center	Partnership units	50.0%
Valley Fair	Partnership units	50.0%
Wheaton [(2)]	Partnership units	52.6%

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

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

The consolidated financial statements include all companies in the Group's scope of consolidation (see note 15 "List of consolidated companies"). The Group's joint ventures are listed in note 7.3.

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

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

Transactions with companies accounted for using the equity method

(€Mn)	December 31, 2018
Inventories	2.1
Current account in credit	(3.7)

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

Related party investments

In December 2018 the ownership of Westfield Development, Inc., WALP Service, Inc. and Westfield Risk, LLC, was transferred from Westfield LLC "WLLC") to a newly formed related company URW US Services, Inc. ("URW US Services") in exchange for non-voting preferred Series A (€281.8 Mn) and non-voting preferred Series B shares (€74.2 Mn) in URW US Services. The Series A Preferred Stock and Series B Preferred Stock have no fixed maturity, are non-redeemable with a 6.5% fixed coupon and are classified as non-current financial assets. As a result of this transaction a gain on sale for book accounting purposes was recognised of €37.4 Mn, whereas the transaction was a non-recognition transaction for US tax purposes.

Transactions with WFDT and WCL

During the period, WAT has a US$ interest bearing loan from WFDT. The balance of the loan as at December 31, 2018 is €909.6 Mn. The interest rate is LIBOR +100 bps and is reset quarterly. The maturity date of the loan is December 15, 2021.

WAT and WFDT entered into a foreign currency contract in 2018. WAT paid A$27.1 Mn (€16.7 Mn) to WFDT in exchange for WFDT paying $20.0 Mn (€17.5 Mn) to WAT. The foreign currency contract matured during the year and the loss from the contract was $0.1 Mn (€0.09 Mn).

WAT and WCL entered into foreign currency contracts in 2018. WAT paid A$14.9 Mn (€9.2 Mn) to WCL in exchange for WCL paying $11.0 Mn (€9.6 Mn) to WAT. The foreign currency contracts matured during the year and the loss from the contracts was $0.1 Mn (€0.09 Mn).

Transactions with Unibail-Rodamco SE

During the period, WFD UR NV has interest bearing loans from UR SE to finance the acquisition of URW America Inc. The principal amount of the loans is €1,250 Mn and €750 Mn respectively. The interest rate is based on a fixed rate from and including the issue date to, but excluding, October 25, 2023 and April, 25 2026 respectively. After each 5 years the interest rate to be reset is at 5YR Mid-swaps plus relevant margin. The maturity date of both loans is perpetual. Charges and premiums on issues of borrowings with UR SE amounts €14.0 Mn as at December 31, 2018. As per October 25, 2018 the interest expense of €10.5 Mn related to the €1,250 Mn loan is capitalized.

During the period, the Group has an interest bearing loan from UR SE to finance the Dutch assets. The principal amount of the loan is €35.8 Mn as at December 31, 2018. The interest rate is based on a fixed rate and the maturity date is 5 years.
WFD UR NV has entered interest rate swaps and caps contracts with UR SE in 2018. UR SE charged a premium of $5.6 Mn (€4.9 Mn) to WFD UR NV. The interest rate swaps contracts maturity date is in 2028 and caps are in 2020 and 2048. The non-current derivative assets and non-current derivatives liabilities related to the swaps and caps is €24.3 Mn and €70.2 Mn respectively as at December 31, 2018.

During the period, WAT has an A$ interest bearing loan from UR SE (assigned in 2018). The balance of the loan as at December 31, 2018 is €1,001.2 Mn. The interest rate is BBSY plus 87.5 bps. The maturity date is June 2024.

During the period, URW America Inc. has an $ interest bearing loan from UR SE (assigned in 2018). The balance of the loan as is €45.7 Mn at December 31, 2018. The interest rate is Libor plus 70 bps. The maturity date is July 2025.

Convertible redeemable preference shares held by WCL related entities

WCL related entities holds redeemable preference shares/units in WAT of an amount of €627.9 which is presented under consolidated statement of the financial position under commitment to non-controlling interests. Reference is made to note 8.3.7.

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

Transactions with key management personnel

Remuneration of key management personnel is disclosed in note 12.4.2.

8.1 Accounting principles

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

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

Financial assets

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

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

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

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

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

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

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

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

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

FINANCIAL ASSETS AT AMORTISED COST

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

FINANCIAL ASSETS AT FVTPL

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

EQUITY INSTRUMENTS AT FVOCI

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

Financial liabilities

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

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

● *Classification and measurement of financial derivatives*

The Group uses derivative financial instruments to hedge its exposure to movements in interest and currency exchange rates.

All financial derivatives are recorded as financial assets or liabilities at fair value on the statement of financial position. Fair value variations of financial derivatives are recognised in the income statement for the period.

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

Regarding the currency derivatives, they aim at hedging the investments made in countries outside the euro-zone. The majority of currency swaps and forward contracts are therefore designated as a net investment hedge. The portion of the gain or loss on these instruments that is determined to be an effective hedge is recognised directly in equity (currency translation reserve). The ineffective portion is recognised directly in the income statement, as fair value adjustments of derivative and debt.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement.

Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of the "financing result" as these instruments are designated as hedging instruments.

●*Hedging instruments*

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

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

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

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

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

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

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

8.1.2 Discounting of deferred payments

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

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

8.1.3. Borrowing costs generated by construction projects (IAS 23)

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest costs capitalised are calculated using the Group's weighted average costs of borrowing applied to the average value of the work completed during each quarter, unless specific financing exists for the project. In this case, the specific interest costs of the project are capitalised.

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

8.2 Financing result

8.2.1 Net financing costs

(€Mn)	2018
Other financial interest	11.8[1]
Interest income on derivatives	10.1
Subtotal financial income	**21.9**
Interest on bonds and EMTNs	(71.9)
Interest and expenses on borrowings	(98.0)
Interest on preference shares	(13.8)
Other financial interest	(1.5)
Interest expenses on derivatives	(5.1)
Financial expenses before capitalisation of financial expenses	**(190.3)**
Capitalised financial expenses	5.7
Subtotal net financial expenses	**(184.6)**
TOTAL NET FINANCIAL COSTS	**(162.7)**

[1] *The other financial interest of €11.8 Mn is calculated using the effective interest method.*

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

8.2.2 Fair value adjustments of derivatives, debt and currency effect

(€Mn)	2018
Amortization of debt	(1.5)
Currency result	(0.9)
Fair value of derivatives	(53.3)
Fair value preference shares	284.5
TOTAL FINANCIAL RESULT	**228.8**

8.3 Financial assets and liabilities

8.3.1 Financial assets

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

The WDI preferred shares are non-voting preferred shares in URW US Services, see note 7.4.

8.3.2 Main financing transactions in 2018

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

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

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

8.3.3 Financial debt breakdown and outstanding duration to maturity

Outstanding duration to maturity *(€Mn)*	Current	Non-current		Total
	Less than 1 year	1 year to 5 years	More than 5 years	December 31, 2018
Bonds and notes	**1,116.3**	**688.9**	**2,186.6**	**3,991.8**
Principal debt[1]	1,091.7	698.7	2,183.4	3,973.8
Accrued interest	40.6	-	-	40.6
Issuance costs	(10.5)	-	-	(10.5)
Amortisation of debt	(5.5)	(9.8)	3.2	(12.1)
Bank borrowings	**416.3**	**391.6**	**103.5**	**911.4**
Principal debt[1]	393.0	393.8	105.7	892.5
Accrued interest	29.2	-	-	29.2
Borrowings issue fees	(9.7)	-	-	(9.7)
Amortisation of debt	3.8	(2.2)	(2.2)	(0.6)
Other financial liabilities	**22.3**	**945.4**	**3,057.5**	**4,025.2**
Borrowing with UR SE[2]	-	35.8	3,057.5	3,093.3
Accrued interests on borrowings with UR SE[2]	36.3	-	-	36.3
Charges and premiums on issues of borrowings with UR SE[2]	(14.0)	-	-	(14.0)
Borrowing with WFDT[2]	-	909.6	-	909.6
Financial leases	**0.6**	**2.7**	**30.3**	**33.6**
TOTAL	**1,555.5**	**2,028.6**	**5,377.9**	**8,962.0**

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

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

An amount of €499.5 Mn of bank borrowings is secured. Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects). These properties and development projects are as follows: Galleria at Roseville, Old Orchard and San Francisco Centre. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

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

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

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

- ### *Maturity of current principal debt*

(€Mn)	Current			Total December 31, 2018
	Less than 1 month	1 month to 3 months	More than 3 months	
Bonds and notes	-	-	1,091.7	1,091.7
Bank borrowings	-	-	393.0	393.0
Financial leases	-	-	0.6	0.6
TOTAL	**-**	**-**	**1,485.3**	**1,485.3**

8.3.4 Characteristics of bonds and notes

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

Issue date	Rate	Currency	Amount at December 31, 2018 *(€Mn)*	Maturity
September 2014	Fixed rate 2.7%	USD	**1,091.7**	September 2019
September 2014	Fixed rate 3.75%	USD	**873.3**	September 2024
September 2014	Fixed rate 4.75%	USD	**436.7**	September 2044
October 2015	Fixed rate 3.25%	USD	**262.0**	October 2020
April 2017	Fixed rate 3.15%	USD	**436.7**	April 2022
September 2018	Fixed rate 4.125%	USD	**436.7**	September 2028
September 2018	Fixed rate 4.625%	USD	**436.7**	September 2048
TOTAL			**3,973.8**	

8.3.5 Covenants

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

The bond indentures (144A and Regulation S bonds) in WEA contain financial covenants based on URW Group's financial statements. As at December 31, 2018 the URW Group's ratios show ample headroom vis-à -vis the following covenants:

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

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

8.3.6 Net financial debt

Net financial debt is determined as below:

- ***Net financial debt***

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

8.3.7 Commitment to non-controlling interests

(€Mn)	**Note**	**December 31, 2018**
Current		**1.5**
Commitment to non-controlling interests	b	1.5
Non Current		**806.3**
Commitment to non-controlling interests held by WCL related entities	a	627.9
Commitment to non-controlling interests	b	52.9
Other commitment to non-controlling interests	c	125.5
TOTAL COMMITMENT TO NON-CONTROLLING INTERESTS		**807.8**

The commitment to non-controlling interests relates to convertible redeemable preference shares arising from the WAT acquisition. WCL related entities holds an amount of €627.9 Mn. The remaining part relates to external parties. The holders are entitled to redeem the shares in cash or in WAT shares.

a) Interests held by WCL related entities

i) The holders of Series D CPS are entitled to receive an annual dividend equal to the greater of: (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; or (ii) the US$ equivalent of the distribution on the number of URW stapled securities into which the preference shares are then exchangeable.

ii) The Series F preferred shares are able to be redeemed at the Group’s discretion in cash at any time after June 20, 2020 and are able to be converted into URW stapled securities.

iii) The foreign currency denominated common shares are able to be converted into URW stapled securities.

b) Interests held by external parties

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

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

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

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

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

c) Other commitment to non-controlling interests

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

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

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

8.4 Hedging instruments

Change in derivatives

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

8.5 Risk management policy

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

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

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

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

8.5.1 Market risk

- ***Counterparty risk***

Due to its use of derivatives to minimise its interest and exchange rate risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. To limit counterparty risk, the Group relies solely on major international banks for its hedging operations.

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

- ***Interest rate risk***

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

Interest rate hedging transactions

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

MEASURING INTEREST RATE RISK

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

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

** Including index-linked debt.*

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

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

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

The hedging balance as at December 31, 2018 breaks down as follows:

	Outstanding total as at December 31, 2018	
(€Mn)	Fixed rate	Variable rate[(1)]
Financial liabilities	(6,519.6)	(2,349.6)
Financial assets	53.3	-
Net financial liabilities before hedging program	**(6,466.3)**	**(2,349.6)**
Micro-hedging	1,310.0	(1,310.0)
Net financial liabilities after micro-hedging[(2)]	**(5,156.3)**	**(3,659.6)**
Net debt not covered by swaps		**(3,659.6)**
Cap hedging		1,746.7
HEDGING BALANCE		**(1,912.9)**

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

Based on the estimated average debt position of WFD UR NV in 2019, if interest rates (Libor, BBSY) were to rise by an average of +50 bps[35] during 2019, the estimated impact on financial expenses would be €11.9 Mn:

- Dollar financial expenses would increase by $14 Mn (€11.9 Mn);

In total, a +100 bps increase in interest rates during 2019 would have a net positive impact on financial expenses of €23.9 Mn:

- Dollar financial expenses would increase by $27.9 Mn (€23.9 Mn);

A -50 bps drop in interest rates would reduce the financial expenses by €18.6 Mn:

- Dollar financial expenses would decrease by $21.8 Mn (€18.6 Mn);

● *Foreign exchange rate risk*

Regarding exchange rate risk, the Group aims to limit its net exposure to an acceptable level by taking up debt in the same currency, by using derivatives and by buying or selling foreign currencies at spot or forward rates.

Measuring currency exchange rate exposure

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

35 The impact on exchange rates due to this theoretical increase of +50 bps in interest rates is not taken into account.
The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at December 31, 2018: 3m Euribor (-0.31%), 3m USD Libor (2.81%) and 3m GBP Libor (0.91%).

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

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

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

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

EXPOSURE SENSITIVITY TO CURRENCY EXCHANGE RATE

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

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

● *Management of other risks*

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

8.5.2 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to at least an annual review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit story.

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

When tenants sign their lease agreements, they are required to provide financial guarantees, such as a deposit, first-demand guarantee or a surety bond amounting to between three and six months' rent.

Late payment reminders are automatically issued in respect of late payments and penalties are applied. Such late payments are monitored by a special "default" Committee in each business segment which decides on the pre-litigation or litigation action to be taken.

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

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

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

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

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

8.5.3 Liquidity risk

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

The following table shows the Group's contractually agreed interest payments and repayments of the non-derivative financial liabilities (excluding financial leases) and the derivatives with positive and negative fair values. Amounts in foreign currency were translated at the closing rate at the reporting date. The payments of the floating-rate interests have been calculated on the basis of the last interest rates published on December 31, 2018. Credit lines drawn as at December 31, 2018 are considered as drawn until maturity.

(€Mn)	Carrying amount[1] December 31, 2018	Less than 1 year		1 year to 5 years		More than 5 years	
		Interest	Redemption	Interest	Redemption	Interest	Redemption
BONDS, BORROWINGS AND AMOUNTS DUE TO CREDIT INSTITUTIONS	**8,868.2**	**(299.2)**	**(1,484.7)**	**(834.4)**	**(2,037.8)**	**(5,132.3)**	**(5,346.6)**
Bonds and EMTNs	(3,973.8)	(143.5)	(1,091.7)	(410.2)	(698.7)	(1,063.5)	(2,183.4)
Bank borrowings and other financial liabilities[2]	(4,895.4)	(155.7)	(393.0)	(424.2)	(1,339.2)	(4,068.8)	(3,163.2)
FINANCIAL DERIVATIVES	**(41.4)**	**7.8**	**-**	**(10.4)**	**-**	**(99.6)**	**-**
Derivative financial liabilities							
Derivatives without a hedging relationship	(70.2)	-	-	(17.2)	-	(107.4)	-
Derivative financial assets							
Derivatives without a hedging relationship	28.8	7.8	-	6.8	-	7.8	-

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

8.6 Fair value of financial instruments per category

FAAC: Financial Asset at Amortised Cost

FAFVOCI: Financial Asset at Fair Value through Other Income

FAFVTPL: Financial Asset at Fair Value Through Profit or Loss

FLAC: Financial Liabilities at Amortised Cost

FLFVTPL: Financial Liabilities at Fair Value Through Profit or Loss

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

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

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

The fair value of the commitment to non-controlling interest fair value level 2 is based on URW share price of reporting date.

8.6.1 Fair value hierarchy of financial assets and liabilities

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

- level 1: financial instruments quoted in an active market;
- level 2: financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument (*i.e.* without modification or repackaging) and not based on available observable market data.

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

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 December 2018, the marked-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

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

(€Mn)	**Financial assets**	**Commitment to non-controlling interest**
February 14, 2018	**-**	**-**
Entry in scope of consolidation	137.1	(1,072.8)
Fair value movements in P&L	-	(284.5)
Additions	353.2	-
Disposal	(0.1)	7.5
Currency translation	5.7	19.5
December 31, 2018	**496.0**	**807.8**

The fair value of the financial assets has been determined by reference to the fixed yield on the investment per contractual terms ranging from an annual rate of 5.5% to 6.5%. An increase of 1% in the earnings yield would result in a decrease in fair value by €68.1 Mn. A decrease of 1% in the earnings yield would result in an increase in fair value by €94 Mn.

The commitment to non-controlling interest relates to several instruments and contracts. The fair value of the commitment to non-controlling interest fair value level 2 is based on URW share price of reporting date.

The fair value of the commitment to non-controlling interest fair value level 3 has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. The earnings yield ranges from 4.7% to 7.6%. At 31 December 2018, an increment of 1% to the earnings yield would result in a decrease in fair value or additional gain by €29.5 Mn. Similarly, a decrement of 1% to the yield would result in an increase in fair value or additional loss by €41.6 Mn. The higher the earning yield, the lower the fair value.

8.6.2 Net gain/loss by category

WFD UR NV closely monitors its financial risk linked to its activity and the financial instruments it uses. The Group identifies and evaluates regularly its different risk exposures (liquidity, interest rates, and currency exchange rates) in order to implement the adopted strategy.

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

NOTE 9 ● TAXES

9.1. Accounting principles

9.1.1. Income tax expenses

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

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

9.1.2. Deferred tax

Deferred taxes are recognised in respect of all temporary differences between the carrying amount and tax base of assets and liabilities at each financial year-end.

Deferred tax assets or liabilities are calculated based on total temporary differences and on tax losses carried forward, using the local tax rate that will apply on the expected reversal date of the concerned differences, if this rate has been set. Otherwise, they are calculated using the applicable tax rate in effect at the financial year-end date. Within a given fiscal entity or group and for a given tax rate, debit balances are booked to assets for the amount expected to be recoverable over a foreseeable period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used.

Deferred tax liabilities on properties refer to:

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

9.1.3. Tax regime US - US REIT

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

9.2 Income tax expenses

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

(€Mn)	2018
Current tax	7.1
Deferred tax	14.9
TOTAL TAX	**22.0**

(€Mn)	%	2018
Reconciliation of effective tax rate		
Result before tax		**165.9**
Income tax using the average tax rate	-27.8%	(46.1)
Tax exempt profits (REIT- regimes)	1.81%	3.0
Non deductible costs	4.28%	7.1
Effect of tax provisions	-2.59%	(4.3)
Share of result of companies accounted for using the equity method	20.19%	33.5
Effect of currency translation in tax	12.66%	21.0
Other	4.7%	7.8
	13.3%	**22.0**

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

9.3 Deferred taxes

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

The fair value movements of the assets are included in the column "decrease/exit from scope of consolidation". The deferred tax liabilities include potential liabilities for payments to third parties in case of future disposals.

Unrecognized deferred tax assets

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

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

● ***Detail of unrecognized tax losses at the end of 2018 into final year of use***

(€Mn)	December 31, 2018
2019	-
2020	14.4
TOTAL	**14.4**

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

NOTE 10 ● PROVISIONS

The determination of the amount of provisions for liabilities and charges requires the use of estimates, assumptions and judgment of the management based on information available or situations prevalent at the date of preparation of the accounts, information and situation which may vary from subsequent actual events. The long term provision is €2.3 Mn and short term provision is €0.6 Mn as at December 31, 2018.

NOTE 11 ● AMOUNTS DUE ON INVESTMENTS

As at December 31, 2018 the non-current amounts due on investments €55.2 Mn and current amounts due on investments is €54.2 Mn. €46.4 Mn of the non- current amounts due on investments relates mainly to the provision of the Urban Shopping Centre. The current amounts due on investments relates to payables on projects of the Shopping Centre Topanga (€19.1 Mn) and World Trade Centre (€13.2 Mn). Remaining amounts relate to several projects.

NOTE 12 ● EMPLOYEE REMUNERATION AND BENEFITS

12.1 Accounting principles

Under IAS 19, a company must recognise all commitments made to its employees (*i.e.* current or future, formal or informal, cash payments or payments in kind). The cost of employee benefits must be recorded during the vesting period.

- ***Post-employment benefits***

Pension schemes may be defined contribution or defined benefit schemes. The Group has only a defined contribution plan.

Under defined contribution schemes, the employer only pays a contribution, with no commitment from the Group regarding the level of benefits to be provided. The contributions paid are booked as expenses for the year.

12.2 Headcount

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

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

12.3 Personnel costs

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

12.4 Employee benefits

12.4.1 Share-based payments

- ***Performance share and stock option plan***

In 2018 no plans stock options were granted and performance share plan were awarded to the Management Board and employees of the Group. At the moment the Group is assessing new stock options and performance share plans to be granted respectively awarded to the Management Board and employees of the Group. One Management Board member of the Group holds stock options of UR SE which was granted before June 7, 2018 by UR SE.

All stock options and performance share plan of WEA have been settled before the acquisition date.

12.4.2 Remuneration of the Senior Management Team and the Supervisory Board

- ***Remuneration of the Senior Management Team***

(K€) Paid in:	**2018**
Fixed Income	3,631
Short-Term Incentive	0
Pension(1)	659
Other benefits(2)	52
TOTAL	**4,342**

(1) include Supplementary Contribution Scheme
(2) relate to Group life and health insurance, cost of living and car allowances

For the remuneration of the individual members of the Management Board see section 2.3.1 of the Annual Report.

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

Regarding the 2018 results, the Senior Management Team members will receive in 2019 a total variable remuneration of €4,404 K.

- ***Remuneration of the Supervisory Board***

The remuneration of the Supervisory Board amounts to €130,500 for the 2018 financial year. For the remuneration of the individual members of the Supervisory Board see section 2.3.2 of the Annual Report.

- ***Loans or guarantees granted to directors***

None.

- ***Transactions involving directors***

None.

NOTE 13 ● SHARE CAPITAL AND DIVIDENDS

13.1 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

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

13.2 Number of shares

Accounting principles

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

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

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

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

Change in share capital

	Total number of issued and paid shares
As at February 14, 2018	**-**
Capital increase Class A shares	138,282,967
Capital increase Class B shares	93,248,315
Conversion of ORNANE to Class A shares	5,544
Conversion of ORA to Class A shares	90
As at December 31, 2018	**231,536,916**

The authorised share capital as at December 31, 2018 amounts to €550 Mn divided over 660 Mn ordinary class A shares and 440 Mn class B shares of €0.50 per share.

The issued and paid up share capital amounts to €115.8 Mn, formed by 138,288,601 ordinary A shares and 93,248,315 ordinary B shares as at December 31, 2018. All class B shares are held by UR SE. Class A and B shares are shares carrying one vote per share and ordinary dividend rights.

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

Average number of shares diluted and undiluted

	2018
Average number of shares (undiluted)	**152,223,412**
Dilutive impact	
Potential shares *via* stock options[1]	-
Attributed performance shares (unvested) [1]	149,298
Potential shares *via* ORNANE	3,469,345
Potential shares *via* ORA	7,628
AVERAGE NUMBER OF SHARES (DILUTED)	**155,849,683**

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

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

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

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

Plan		Exercise period[1]	Adjusted subscription price (€)[2]	Number of options granted	Adjustments in number of options[2]	Number of options cancelled	Number of options exercised	Potential additional number of shares[3]
								-
2010 plan (n° 6)	2011	from 03/11/2015 to 03/10/2018	141.54	753,950	15,059	182,626	586,383	-
	2011	from 06/10/2015 to 09/06/2018	152.03	26,000	-	-	26,000	-
	2012	from 15/03/2016 to 14/03/2019	146.11	672,202	-	156,067	488,975	27,160
2011 plan (n° 7)	2013	from 05/03/2017 to 04/03/2020	173.16	617,066	-	151,211	355,337	110,518
	2014	from 04/03/2018 to 03/03/2021	186.10	606,087	-	193,606	23,466	389,015
2015 plan (n°8)	2015	From 04/03/2019 to 03/03/2022	256.81	615,860	-	175,963	-	439,897
	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	-	119,216	1,913	490,479
2017 plan (n°9)	2017	from 08/03/2021 to 07/03/2024	218.47	611,611	-	69,492	-	542,119
	2018	From 06/03/2022 to 05/03/2025	190.09	630,135	-	18,685	-	611,450
TOTAL				**5,151,744**	**15,059**	**1,074,091**	**1,482,074**	**2,610,638**

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

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

Starting date of the vesting period(1)	Number of performance shares allocated	Number of performance shares cancelled	Number of performance shares acquired	Potential additional number of shares(2)
2012	44,975	10,479	34,496	-
2013	36,056	7,632	28,424	-
2014	36,516	9,579	26,937	-
2015	37,554	10,413	18,699	8,442
2016	36,745	7,060	-	29,685
2017	39,770	4,522	-	35,248
March 2018	82,539	2,444	-	80,095
May 2018	38,130	122	-	38,008
TOTAL	**352,285**	**52,251**	**108,556**	**191,478**

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

13.3 Additional paid-in capital

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

13.4 Dividends

No dividends were declared or paid during the reporting period.

NOTE 14 ● OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

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

14.1 Commitments given

Commitments given *(€Mn)*	Description	Maturities	December 31, 2018
1a) Commitments related to Group financing – Fully consolidated			
Financial guarantees given	• Mortgages and first lien lenders[1]	2020 to 2026	498.9
Financial guarantees given	• Guarantees relating to entities under equity method	2020 to 2022	400.9
1b) Commitments related to Group financing – Entity under equity method			
Financial guarantees given	• Loan guarantees	2020 to 2025	347.8
Financial guarantees given	• Mortgages and first lien lenders[1]	2020 to 2026	1,417.8
2a) Commitments related to Group operational activities – Fully consolidated			
	• Residual commitments for works contracts and forward purchase agreements	2019+	63.5
	• Rental of premises and equipment (lease payable)	2019+	51.2
2b) Commitments related to Group operational activities – Entity under equity method			
	• Residual commitments for works contracts and forward purchase agreements	2019+	209.9
	• Rental of premises and equipment (lease payable)	2019+	4.2
TOTAL COMMITMENTS GIVEN			**2,994.2**

An amount of €5.8 Mn of the operating lease payables are due within one year, €21.1 Mn are due between one and five years and €28.7 Mn are due after five years. The expected credit loss on the financial guarantees are insignificant.

14.2 Commitments received

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

14.3 Contingent liabilities

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

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

The expected credit loss on the financial guarantees are insignificant.

14.4 Non-controlling interests

The non- controlling interest amounted €322.7 Mn as per December 31, 2018 and is 17.4% held by the related party entity WCL and 0.2% by third parties.

NOTE 15 ● LIST OF THE MAIN CONSOLIDATED COMPANIES

The table below shows only the list of the significant consolidated companies:

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

[1] FC: full consolidation method

NOTE 16 ● SUBSEQUENT EVENTS

There are no subsequent events.

3.3 COMPANY ONLY FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

3.3.1. COMPANY BALANCE SHEET AS AT DECEMBER 31, 2018

(before profit appropriation)

(€ thousands)	Notes	December 31, 2018
ASSETS		
Property, plant and equipment		83
Investments in subsidiaries	**4**	4,767,749
Derivatives	**9**	24,330
Total non-current assets		**4,792,162**
Receivables	5	10,967
Cash and cash equivalents	6	2,348
Total current assets		**13,315**
TOTAL ASSETS		**4,805,477**

LIABILITIES AND EQUITY

Shareholders' equity	**7**	
Share capital		115,768
Additional paid-in capital		2,242,696
Foreign currency translation reserve		111,731
Revaluation reserve		162,713
Retained earnings		(162,713)
Hybrid securities		2,000
Result for the period		182,055
Total equity		**2,654,250**
Borrowings and financial liabilities	8	2,032,316
Derivatives	9	70,171
Total non-current liabilities		**2,102,487**
Amounts due to suppliers		2
Tax and social security liabilities		100
Other liabilities	10	48,638
Total current liabilities		**48,740**
Total liabilities		**2,151.227**
TOTAL EQUITY AND LIABILITIES		**4,805,477**

3.3.2. COMPANY INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(€ thousands)	Notes	**2018***
Other income		1,292
Administrative expenses	11	(1,748)
1 – OPERATING RESULT		**(456)**
Financial income		1,339
Financial expenses		(80,743)
2 – FINANCIAL RESULT	**12**	**(79,404)**
3 –RESULT BEFORE TAX		**(79.860)**
Income tax	13	-
Result from subsidiaries	14	261,915
4 – NET RESULT AFTER TAX		**182,055**

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

3.4. NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

NOTE 1 ● GENERAL

WFD Unibail-Rodamco N.V. (“WFD UR NV” or the “Company”) is a public limited liability company and domiciled in The Netherlands. Its shares are publicly traded on the Amsterdam Stock Exchange and the Paris Stock Exchange, as well as in the form of CDIs on the Australian Securities Exchange. The Company was incorporated as Unibail-Rodamco B.V., a private company with limited liability under the laws of The Netherlands on February 14, 2018. On March 22, 2018, the Company changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the General Meeting adopted on March 15, 2018. The Company has its corporate seat in Amsterdam and its registered office is located at Schiphol Boulevard 315 Schiphol in The Netherlands. The chamber of commerce number is 70898618.

NOTE 2 ● ACCOUNTING POLICIES

Basis of preparation

The Company only financial statements are part of the 2018 consolidated financial statements of WFD UR NV.

The Company only financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company only financial statements are the same as those applied for the consolidated EU-IFRS financial statements. Reference is made to the notes to the consolidated financial statements.

Investments in subsidiaries

Investments in subsidiaries and other entities in the Company financial statements are accounted for using the equity method. Goodwill paid upon acquisition of investments in group companies or associates is included in the net equity value of the investments and is not shown separately on the face of the balance sheet.

Amounts due from group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate. The company recognise a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the coming twelve months or — after a significant decrease in credit quality or when the simplified model can be used — based on the entire remaining loan term. For intercompany receivables the ECL would be applicable as well, however this could cause differences between equity in the consolidated and separate financial statements. For this reason, the company elected to eliminate these differences through the respective receivable account in the separate financial statements.

Results from subsidiaries

The result of subsidiaries consists of the share of the Company in the result of these subsidiaries. Results on transactions involving the transfer of assets and liabilities between the Company and its subsidiaries and mutually between subsidiaries themselves, are eliminated to the extent that they can be considered as not realised.

NOTE 3 ● SIGNIFICANT EVENTS OF THE YEAR

- On June 7, 2018, URW America Inc, a 100% subsidiary of the Company, acquired all shares in Westfield America Trust (“WAT”), in turn holding 82.39% of Westfield America Inc. (“WEA”).
- On April 30, 2018, the Company set up a new entity, WFD Unibail-Rodamco Real Estate B.V. (“WFD UR RE BV”). In June, 2018, the Company increased the capital of WFD UR BV with €35.6 Mn and WFD UR RE BV purchased various Dutch real estate assets from (indirectly) UR SE.

NOTE 4 ● INVESTMENTS IN SUBSIDIARIES

(€ thousands)	February 14, 2018	Acquisitions or capital increases	Exchange difference	Dividends	Investments and loans provided	Result from subsidiaries after tax	December 31, 2018
Group subsidiary investments	-	4,394,103	111,731	-	-	261,915	4,767,649
TOTAL	**-**	**4,394,103**	**111,731**	-	**-**	**261,915**	**4,767,649**

Investments in subsidiaries and other entities in which the Company either exercises voting control or effective management responsibility are valued at equity method. The line “acquisitions or capital increases” relates to the acquisition of URW America Inc., which holds 100% of WAT, owning 82.39% of WFD America Inc., owning assets in the United States. In addition, the Company increased the capital of the subsidiary WFD UR RE BV, which acquired Dutch real estate assets from (indirectly) UR SE.

As at December 31, 2018 there are no loans provided to group companies.

Subsidiaries and investments

As at December 31, 2018 the Company is the holding company and has the following direct and indirect significant financial interests:

Company	Country	Capital held %
Westfield America Trust	Australia	100
WFD Unibail-Rodamco Real Estate B.V.	The Netherlands	100
URW America Inc.	United States	100
WFD America Inc.	United States	82.39

NOTE 5 ● RECEIVABLES

(€ thousands)	**December 31, 2018**
Receivable from UR SE	10,895
Other receivables	72
TOTAL	**10,967**

The receivable from UR SE relates to the interest receivable on the swaps.

NOTE 6 ● CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at hand and are held with banks. Cash and cash equivalents are freely available. The Company considers that its cash and cash equivalents have a low credit risk based on the external credit ratings of the banks.

NOTE 7 ● SHAREHOLDERS' EQUITY

(€Mn)	Share capital	Additional paid-in capital	Foreign currency translation reserves	Revaluation reserve	Retained earnings	Result for the period	Hybrid securities	Total Shareholders' equity
Equity as at February 14, 2018	-	-	-	-	-	-	-	-
Net result	-	-	-	-	-	182,055	-	**182,055**
Other comprehensive income	-	-	111,731	-	-	-	-	**111,731**
Increase in capital	115,765	2,242,648	-	-	-	-	-	**2,358,413**
Increase of hybrid securities	-	-	-	-	-	-	2,000	**2,000**
Conversion of ORA and ORNANE	3	48	-	-	-	-	-	**51**
Other	-	-	-	162,713	(162,713)	-	-	**0**
EQUITY AS AT DECEMBER 31, 2018	**115,768**	**2,242,696**	**111,630**	**162,713**	**(162,713)**	**182,055**	**2,000**	**2,654,250**

Changes in the number of shares comprising the share capital

	Number of shares
As at February 14, 2018	-
Issue of shares Class A	138,282,967
Issue of shares Class B	93,248,315
Conversion of ORNANE into Class A shares	5,544
Conversion of ORA into Class A shares	90
AS AT DECEMBER 31, 2018	**231,536,916**

The authorised share capital of the Company as at December 31, 2018 amounts to €550 Mn divided over 660 Mn ordinary class A shares and 440 Mn class B shares of €0.50 per share.

The issued and paid up share capital amounts to €115.8 Mn, formed by 138,288,601 ordinary A shares and 93,248,315 ordinary B shares as at December 31, 2018. Class B shares are shares carrying one vote per share and ordinary dividend rights. All class B shares are held by UR SE.

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

Share premium

Share premium is paid up share capital in excess of nominal value. The amount of share premium is €2,242.7 Mn as at December 31, 2018.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hybrid securities

The hybrid security is a perpetual, deeply subordinated instrument without voting rights. The capital instrument is issued for €2 Mn cash and is accounted for in equity, mainly because the company has the discretion not to pay interest or the principal.

Dividends

No dividends were declared or paid by the Company during the period of this financial information.

Revaluation reserve

The revaluation reserve comprises of the reserve for the fair value gain on investment properties and derivatives. The addition to the revaluation serve is €162.7 Mn.

Unappropriated result

The Board of Management proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the profit after tax for 2018 as follows: to add the remaining amount of €182,055 Mn to the retained earnings.

NOTE 8 ● BORROWINGS AND FINANCIAL LIABILITIES

(€ thousands)	February 14, 2018	Increases	Decreases	**December 31, 2018**
Debt to UR SE	-	2,046,351	-	2,046,351
Charges and premiums on issues of borrowing with UR SE	-	(15,600)	1,565	(14,035)
TOTAL	**-**	**2,030,751**	**1,565**	**2,032,316**

During the period, the Company has interest bearing loans from UR SE to finance the acquisition of URW America Inc. The principal amount of the loans are €1,250 Mn and €750 Mn respectively. As per October 25, 2018 the interest expense of €10.6 Mn of the €1,250 Mn loan is capitalized.

The interest rate is based on a fixed rate from and including the Issue Date to, but excluding, 25 October 2023 and 25 April 2026 respectively. After each 5 years the interest rate to be reset is at 5YR Mid-swaps plus relevant margin. The maturity date of both loans is perpetual.

In addition, the Company has an interest bearing loan from UR SE to finance the Dutch assets which were acquired by WFD UR RE BV. The principal amount is €35.8 Mn. The interest rate is based on a fixed rate and the maturity date is 5 years.

The total accrued interest as at December 31, 2018 is €17.7 Mn for the loans and is included under other liabilities.

Total charges and premiums on issues of borrowings with UR SE amounts €14.0 Mn as at December 31, 2018.

Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company only financial statements of WFD UR NV. Further quantitative disclosures are included below:

Fair value

The fair values of most of the financial instruments recognised on the statement of financial position, including cash at bank and in hand and current liabilities, is approximately equal to their carrying amounts.

The carrying amount and fair value of borrowings and financial liabilities are as follows:

	December 31, 2018	
(€ thousands)	Carrying value	Fair value
1,260.6 Mn debt to UR SE	1,260,551	1,049,657
750 Mn debt to UR SE	750,000	817,072
35.8 Mn debt to UR SE	35,800	31,604
TOTAL	**2,046,351**	**1,898,333**

The fair value of the Company's interest bearings loans is estimated by discounting future cash flows using rates that approximate the Company's borrowing rate at the balance sheet date, for debt with similar maturity, credit risk and terms.

NOTE 9 ● DERIVATIVES

(€ thousands)	December 31, 2018
NON CURRENT ASSETS	
Derivatives assets	24,330
NON CURRENT LIABILITIES	
Derivatives liabilities	70,171

On July 27, 2018 WFD UR NV has entered interest rate swaps and caps contracts with UR SE to minimize the interest risk on the Group debt. UR SE has these contracts with third parties and these contracts are mirrored to WFD UR NV with the same nominal amount, interest rate and duration. UR SE charged a premium of $5.6 € Mn (€4.9 Mn) to WFD UR NV in 2018.

NOTE 10 ● OTHER LIABILITIES

(€ thousands)	December 31, 2018
Upfront fees	15,600
Payable due to UR SE	32,612
Accruals	426
TOTAL	**48,638**

NOTE 11 ● ADMINISTRATIVE EXPENSES

(€ thousands)	2018
Wages and salaries	655
Social security charges	112
Pension charges	114
Audit and advisory fees	568
Office costs	58
Other general costs	236
Depreciation charge	5
TOTAL	**1,748**

During the 2018 financial year, the average number of staff employed by the Company amounted to 5 people. None were employed outside The Netherlands.

NOTE 12 ● FINANCIAL RESULT

FINANCIAL INCOME

(€ thousands)	2018
Interest income on caps and swaps	1,339
TOTAL	**1,339**

FINANCIAL EXPENSES

(€ thousands)	2018
Interest on borrowings	(28,557)
Expenses on borrowings	(1,565)
USD foreign exchange loss	(253)
Fair value of derivatives	(50,368)
TOTAL	**(80,743)**

NOTE 13 ● INCOME TAX

The Company qualifies as a FII (Fiscal Investment Institution <in Dutch: Fiscale Beleggings Instelling>) for the corporate income tax in The Netherlands in accordance with section 28 of the Dutch “Wet op de vennootschapsbelasting 1969”. The corporate tax rate of an FII is 0% in the Netherlands, presuming all relevant conditions are met. Based on the FII regime, the Company is obliged to distribute dividends to its shareholders, which dividends are, broadly said, based on its Dutch fiscal income.

NOTE 14 ● RESULT FROM SUBSIDIARIES

The result from subsidiaries after tax is €249.7 Mn which relates mainly to the result of WAT.

NOTE 15 ● AUDIT FEES

Fees charged by Ernst and Young Accountants LLP (Netherlands) and its member firms to the Company, its subsidiaries and other consolidated companies for the 2018 services are specified as follows:

(€ thousands)	Ernst & Young accountants LLP (Netherlands)	Other EY network	2018
Audit of limited review the consolidated financial statements[(1)]	411	1,620	2,031
Non- audit services[(2)]	75	589	664
TOTAL	**486**	**2,209**	**2,695**

(1) *The controlled companies correspond to the fully consolidated companies as well as the jointly controlled companies.*
(2) *Relate to the non-audit services in accordance with legal and regulatory requirements and to the non-audit services provided at the request of the company. The amounts correspond to (1) the fees related to the acquisition of Westfield and (2) comfort letters issued in connection with bond issuances of the Group.*

In the table for the Audit and limited review of the consolidated financial statements, an amount of €410,616 relate to the total fees for the audit of the consolidated financial statements 2018 charged by Ernst and Young Accountants LLP (Netherlands).

NOTE 16 ● REMUNERATION OF THE MANGEMENT BOARD AND THE SUPERVISORY BOARD

For the remuneration of the members of the Board of Management and Supervisory Board reference is made to note 12.4.2 in the consolidated financial statements.

NOTE 17 ● RELATED PARTIES

The Company is affiliated to UR SE, together they form URW. All Group entities are treated as related parties. Reference is made to note 7.4 in the consolidated financial statements.

NOTE 18 ● OFF BALANCE SHEET COMMITMENTS

General guarantees as defined in Art. 403, Book 2 of the Dutch civil code have been given by the Company to the subsidiary WFD UR RE BV. For intercompany financial guarantees issued by the Company, there is no expected default and therefore the financial guarantees are not recognised.

Together with the Dutch subsidiary WFD UR RE BV, the Company forms a fiscal unity for the value-added tax.

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

The Company has no significant off balance sheet commitments as at December 31, 2018.

NOTE 19 ● PROPOSED PROFIT APPROPRIATION

Under article 38.1 of the Company's Articles of Association, the Management Board, with the approval of the Supervisory Board, shall determine which part of the profit shall be added to the Company's reserves, taking into account the fiscal rules and regulations applicable to the Company from time to time. The remaining profits shall be at the disposal of the General Meeting.

NOTE 20 ● SUBSEQUENT EVENTS

There are no events after the balance sheet date.

Schiphol, March 27, 2019

Board of Management	Supervisory Board
J.M. Tritant	C. Cuvillier
G. Sieben	J. Tonckens
	JL. Laurens
	A. Pelmore
	A. Taireh

3.5. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

WFD Unibail-Rodamco N.V.

For the year ended December 31, 2018

Independent auditor's report

To: the shareholders and supervisory board of WFD Unibail-Rodamco N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion
We have audited the financial statements 2018 of WFD Unibail-Rodamco N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the Company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of WFD Unibail-Rodamco N.V. as at 31 December 2018, and of its result and its cash flows for the period 14 February 2018 to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Company financial statements give a true and fair view of the financial position of WFD Unibail-Rodamco N.V. as at 31 December 2018, and of its result for the period 14 February 2018 to 31 December 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2018
- The following statements for the period 14 February 2018 to 31 December 2018: the consolidated statements of comprehensive income, cash flows and changes in equity.
- The notes comprising a summary of the significant accounting policies and other explanatory information

The Company financial statements comprise:

- The Company balance sheet as at 31 December 2018
- The Company profit and loss account for the period 14 February 2018 to 31 December 2018
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of WFD Unibail-Rodamco N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 71 million
Benchmark applied	0,5 % of total assets
Explanation	Given the nature and the activities of the entity, we believe that total assets are the most appropriate benchmark for the materiality

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 3.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit
WFD Unibail-Rodamco N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of WFD Unibail-Rodamco N.V.

Our group audit mainly focused on significant group entities. For WFD Unibail-Rodamco N.V. we considered these to be URW America Inc and its subsidiaries, resulting in an almost 100% 'full scope' coverage. In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our instructions. This includes the procedures performed by Ernst & Young France for Unibail-Rodamco SE purposes. The group consolidation, financial statements and disclosures are audited directly by the group engagement team in addition to the other procedures the group team is responsible for. The group engagement team visited the local management and the auditors of the components in the US and the auditors of Unibail-Rodamco SE. For these locations we reviewed the audit files of the component auditor and determined the sufficiency and appropriateness of the work performed.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Valuation of goodwill related to the WAT acquisition, including the recognition and valuation of acquired identifiable assets and liabilities</th></tr>
<tr><td>Risk</td><td>On 7 June 2018, the Company acquired all shares in Westfield America Trust (WAT), in turn holding approximately 83% of Westfield America Inc. (WEA). The Company holds the shares in WAT through URW America Inc. URW closed the acquisition on 7 June 2018 and has consolidated WEA from that date, which is the date of the issuance of the stapled shares.

The total cash consideration is € 4,392 million for the acquisition of WAT. The preliminary fair value of net assets acquired is € 4,327 million. The preliminary goodwill amounts to € 64,8 million of which € 46.4 million was allocated to entities that were transferred at year end to a related party, resulting in a goodwill balance per 31 December 2018 of € 19.8 million.

With respect to the identification and valuation of assets and liabilities, the Company assessed at the acquisition date, with the assistance of independent external experts, the fair value of identifiable assets acquired.

The Westfield trademark for flagships, contracts with third parties related to the property management business and the airport activities in the US have been valued by management with the assistance of external appraisers and recorded as intangible assets for an amount of € 583 million.

The main accounting considerations of the acquisition are related to the identification and valuation of assets and liabilities, the allocation of goodwill by geographical segments and the methodology for impairment testing.

The finalization of the purchase price allocation(PPA), for which the Company has a 1-year window, will be in 2019. The identification, initial and subsequent measurement of the acquired (intangible) assets and liabilities is complex and subject to estimation uncertainty. Therefore this is an area of emphasis in our audit.

Please refer to note 4.2and 6.4 to the consolidated financial statements.</td></tr>
<tr><td>Our audit approach</td><td>• We reviewed management documentation and agreements related to the WAT acquisition supporting the accounting of the business combination.
• We considered the initial purchase price allocation prepared by management with the assistance of external appraisers.
• With respect to WAT's investment property portfolio, we performed procedures similar to those described in the key audit matter "Valuation of the investment property portfolio, including investment properties under construction".
• With respect to identifiable intangible assets, we assessed with the assistance of our valuation specialists the appropriateness of the methods used by management to determine the fair value of the identifiable assets, including the Westfield trademark, property management contracts and airport activities.
• We considered the methodology applied by the Company to allocate the goodwill to geographical segments and we assessed whether the level at which the Company has allocated the goodwill is compliant with applicable accounting standards.
• We considered management's impairment methodology and evaluated the Company's controls over the process implemented to determine the value in use. We reviewed management's key assumptions used for cash flow projections. With the assistance of our valuation specialists, we</td></tr>
</table>

Valuation of goodwill related to the WAT acquisition, including the recognition and valuation of acquired identifiable assets and liabilities	
	assessed the assumptions used such as net rental income projections and discount rate, as well as the sensitivity analysis resulting from a variation of these assumptions. • We also evaluated the appropriateness of the disclosures provided by the Company in the notes to the consolidated financial statements.
Key observations	We agree with the recognition and valuation of the acquired identifiable assets and liabilities, including the valuation of the goodwill related to the WAT acquisition. We agree with the disclosures made with regard to business combinations in the financial statements.
Valuation of the investment property portfolio, including investment properties under construction	
Risk	The investment properties amount to € 5,977 million at 31 December 2018. They are measured at fair value except for some Investment Properties Under Construction (IPUC) carried at cost amounting to € 19 million, for which a fair value cannot be assessed reliably. The valuation movement recorded in the net result for the period in respect of investment properties is € 128 million negative. The valuation of investment properties is highly dependent on estimates and assumptions and requires significant judgment by management and the external appraisers. The valuations take into account the property-specific information (including the current tenancy agreements and rental income, condition and location of the property, future rental prospects), as well as prevailing market yields and market transactions. For IPUC, other factors such as projected costs to complete for developments, ability to let, timing of practical completion and reliability of fair value have also been considered. Accordingly, the valuation of investment properties is considered as a key audit matter due to significance of their balance to the financial statements as a whole, combined with the level of judgment associated with determining their fair value or the impairment provision. Please refer to note 6.1 to the consolidated financial statements.
Our audit approach	• We conducted analytical procedures by comparing assumptions and the value of properties in the portfolio by reference to our understanding of their local market, external market data, published benchmarks and asset specific considerations to evaluate the appropriateness of the valuations adopted by the Company. We investigated further the valuations of some properties, and where appropriate, obtaining evidence to support the gross market value movement. • We have employed our real estate valuation specialists in the review and testing of models, parameters, assumptions and estimates as used in the valuation. • Our work focused on the largest properties in the portfolio and those where the assumptions used and/or movement in values suggested a possible outlier versus market data for the relevant sector. • Additionally, we considered the appropriateness of the disclosures in the consolidated financial statements in respect of investment properties.
Key observations	We agree with the valuation of the investment properties (under construction) and the disclosure in the financial statements.
Accounting for financial debt and related derivatives	
Risk	As at 31 December 2018, WFD Unibail-Rodamco NV has total financial debt of € 8,962 million. The debt includes commitments to non-controlling interests accounted for at fair value through profit and loss for a total amount of € 808 million. The Company uses derivatives, mainly interest rate swaps and caps, to hedge its exposure to interest rates fluctuations. These derivatives for which no hedge accounting has been applied are carried at fair value through profit and loss, and have a fair value at the balance sheet of € 29 million (asset) and € 70 million (liability). During the year, the Company incurred a net positive fair value adjustment of € 285 million and a net negative fair value adjustment of € 53 million related to commitments to non-controlling interests and derivatives (excluding accrued interest). The valuation of these financial instruments is dependent on estimates and assumptions and requires judgment by management and the external appraisers. Considering the estimation uncertainty regarding the valuation of the financial instruments at fair value, the importance and relative size of external financing, compliance with covenants and the related

Valuation of goodwill related to the WAT acquisition, including the recognition and valuation of acquired identifiable assets and liabilities	
	disclosures in the financial statements, the accounting for financial debt and related derivatives are an important area of emphasis in our audit. Please refer to note 8.3 and 8.4 to the consolidated financial statements.
Our audit approach	• We assessed management's controls over the valuation of derivatives. • We obtained and analyzed loan contracts on a sample basis to understand the terms and conditions and verified that those characteristics were correctly reflected in the financial statements in accordance with the accounting policies applied by the Company. • We performed analytical procedures on the financial expenses. • The amount of the principal debt was confirmed with third parties on a sample basis. • We confirmed a selection of derivatives directly with counterparties and performed procedures to ensure completeness of them. • For a sample of financial instruments, we reviewed the valuation of derivatives and we involved our internal specialists who performed independent valuations. • Where debt covenants were identified, we checked management's calculations to verify compliance with the contracts. • Additionally, we considered the appropriateness of the IFRS 7 disclosures in the financial statements in respect of financial debt and derivatives.
Key observations	We agree with the valuation of the financial debts and the related derivatives. We assessed that at 31 December 2018 the Company was in compliance with the covenants.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board report
- Corporate Governance and Remuneration
- Risk factors
- Information on the Company and shareholding
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of WFD Unibail-Rodamco N.V. on 7 July 2018, as of the audit for the year 2018 and have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In addition to the statutory audit of the financial statements we provided the following services:

- Tax assistance services performed in the US by our US team.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, March 27, 2019

Ernst & Young Accountants LLP

M. Hagers

4.

RISK FACTORS AND INTERNAL CONTROL

4.1 RISK MANAGEMENT FRAMEWORK

4.1.1 RISK MANAGEMENT POLICY & ORGANIZATION

WFD UR NV and its controlled subsidiaries are affiliated to Unibail-Rodamco S.E. (UR SE), together they form Unibail-Rodamco-Westfield ("URW" or "the URW Group") and the risk management is -except when not applicable or not In line with Its specificities- aligned on the URW Group risk management frameworks.

The Risk Management Policy at WFD Unibail-Rodamco N.V. ("WFD UR NV" or "the Group" or "the Company") is designed to:

- secure decision-making and Group's processes;
- create and preserve the Group's value, assets, brand and reputation;
- identify and analyse the main potential threats in order to anticipate risks proactively;
- ensure consistency of decisions with the Group's values and strategy;
- bring the Group's staff together behind a shared vision of Risk Management.

When relevant (mainly due to the level of materiality for the entire URW Group), the Group's internal committees and/or corporate bodies may be associated or participate to the risk assessment and/or the decision to be taken.

The organisation of WFD UR NV and its subsidiaries can be defined as an organisation with properties residing in the United States and in the Netherlands, and a corporate centre. The Group is organised around four main functions i.e. Owner, Operator, Resourcer, and Financer. The decision-making process is mostly through committees and collegial decision-making. The segregation of duties within the Group is based on the separation between execution and control. The Group does not outsource core activities, except for some parts of its IT system.

The Group's main activities are investment and divestment, asset management, operating management (including leasing and property management) and redevelopment and renovation construction, which are briefly described below. The organisational structure is also based on a set of delegations that define the roles and responsibilities of managers. Moreover, WFD UR NV is completed by internal committees, where decisions are based on a risk analysis approach.

Investment

Investment is one of the major processes at WFD UR NV, as it is one of the first steps in the value creation process. It starts with deal sourcing (the search for market opportunities), which is based on brokers, off-market relationships, and connections with local communities. Once an investment is identified by Group or local development departments, it has to undergo a strict procedure with different steps before approval in compliance with demanding internal decision making processes and in alignment with WFD UR NV's investment strategy. The Investment department is responsible for the value creation process and is in charge of evaluating and advising periodically on the basis of the aforementioned information whether the property may be disposed of or not.

Asset Management

Under the responsibility of the US Chief Operating Officer, this activity focuses on value creation in WFD UR NV's asset portfolio and consists of defining the strategy for each asset (5-year plan). In line with the contract terms and conditions, the accounting department invoices and collects the rents and pays expenses related to the management of the building.

Operating Management

Operating Management for the US assets is organized and managed by the President US and the Chief Operating Officer US and the CFO for the assets in The Netherlands and mainly focuses on property leasing, implementation/monitoring of the 5-year plan and property management including security and technical maintenance (facility management). Facility management is managed internally by qualified employees and supplemented where required with reputable specialised third parties with a designated team at each property. There is also an overarching Facility Management senior management structure in place at the US corporate offices.

Redevelopment and Renovation Construction

In the US, for large-scale expansions, redevelopment, and renovations the company generally acts as the general contractor (the Company Is fully licensed as such) on the project. However, when acting as general contractor, the Company provides only project management and oversight, but sub-contract out all other construction trades and activities for the project. For smaller projects the Company hires third-party contractors to complete the work.

Redevelopment and renovation construction consists of the following activities:

- Oversight of the design and development and project management of new refurbishment expansions or remodelling and renovation of existing operating assets. All structural and infrastructure design and architecture plans are developed by appropriately licensed engineering professionals.
- Control of construction costs and management of construction contracts;
- Definition of the URW Group CSR development policy in terms of selection of energy efficient building mechanical, electrical, and other service equipment, and use of environmentally friendly building materials;
- Selection and monitoring redevelopment and renovation construction general contractors, subcontractors, and service providers;
- Oversight and project management of redevelopment and renovation construction until grand opening.

Divestment

In case of a divestment, a highly structured process is in place to provide the most complete and accurate information (data room) to maximise the selling price and minimise the guarantees and representations.

4.1.2 GROUP ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

Since the Westfield Transaction completion in June 2018, the Risk Management framework was rebuilt to take into account the specificities of the US & European platforms.

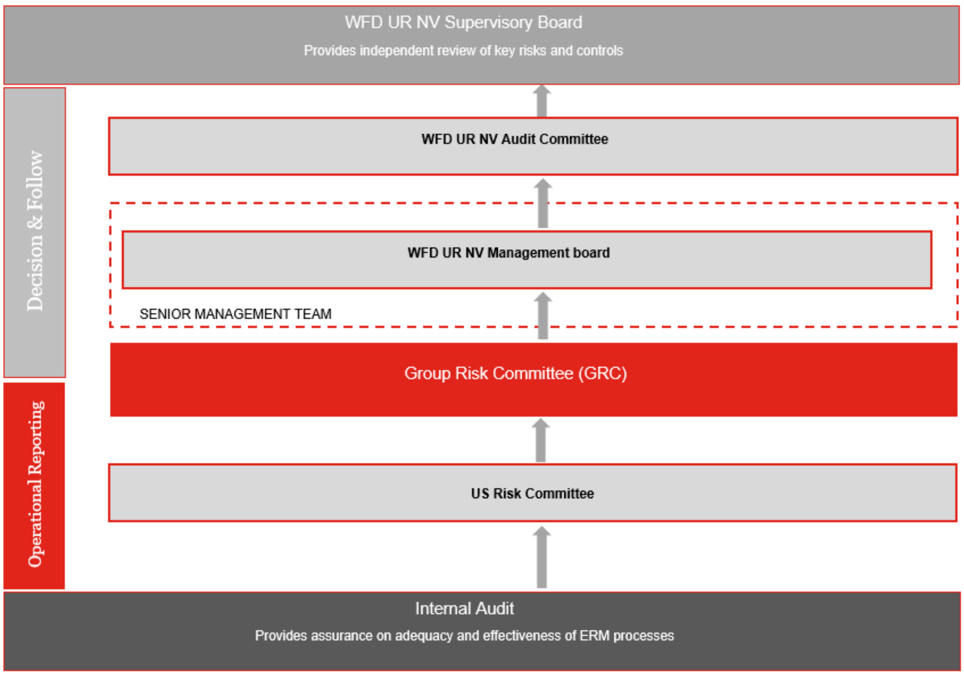
Governance enhances the importance of ERM by establishing oversight responsibilities in this regard. Through the analysis of the two structures Unibail-Rodamco and Westfield legacies, the URW Group has worked on the alignment and coherence of the Risk Management governance bodies, taking into account market best practices. The Group contributed to several workshops on key topics (governance, methodology, continuance improvement and organization) composed of mixed teams from formerly Unibail-Rodamco and Westfield. The Group benefited from the assistance of PwC as external consultant to provide international, regional and sector benchmarks and recommendations in line with best practices and market investors' expectations.

On December 6, 2018 upon the recommendation of the WFD UR NV Audit Committee (AC), the WFD UR NV Supervisory Board (SB) approved the new Risk Management framework applicable to the Group as autonomous legal entities as well as part of the URW Group.

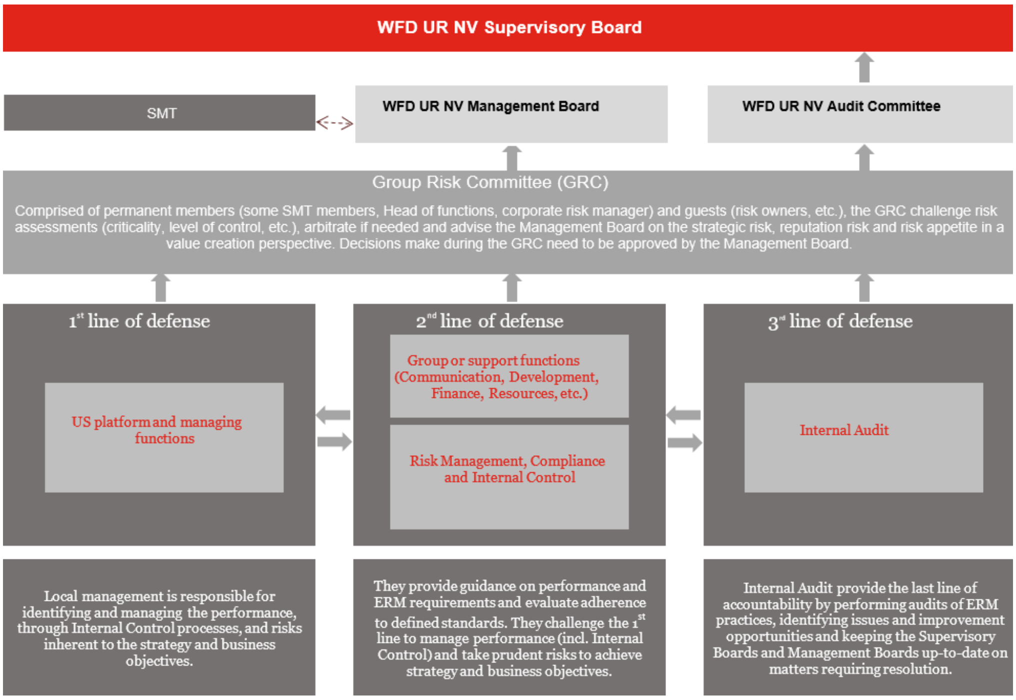
The new ERM framework is as articulated around:

- ERM Governance,
- ERM Functional Organization,
- Risks Inventory,
- Risk Methodology,
- Risk Mapping.

The ERM governance of the Group is structured as follow :



The WFD UR NV 3 lines of defence is organised as follow:



Overview of the 3 lines of defence is in line with COSO ERM standards.

To detect and design appropriate mitigating measures in relation with any local specificities at continental level, the Group's ERM scheme includes a specific local risk committee focused on WFD UR NV risks: **the US Risk Management Committee.**

The responsibility of the US Risk Management Committee is:

- Support the development of a risk culture within the Netherlands and the US, promote open discussion regarding risk and integrate Risk Management into the organization,
- Provide input to management regarding the WFD UR NV platform risk appetite and tolerance;
- Embed ERM in all activities of the business;
- Discuss the identification and evaluation of risks, within their area, with local risk owners;
- Assist in the design and implementation of risk mitigation measures in collaboration with risk owners;
- Monitor the action plans to improve controls;
- Review risk initiatives against the URW Group Compliance Book to align assessment and establish training priorities;
- Remain aware of strategic and operational business initiatives and activities and work to identify new, emerging, or evolving risks;
- Prepare report for the Risk Coordination Committee and the Group Risk Committee to include WFD UR NV's risk assessment.

The Risk Coordination Committee helps to coordinate activities and ensure common language, framework, methodologies and tools. As consequence of the stapling principle (See section 5.5.2. Stapled Share principle) this Committee consolidates UR SE and WFD UR NV Enterprise risk mappings to establish the URW Group risk mapping proposal including inventory risk and mitigating measures taking into account the materiality of each risk.

The Group Risk Committee (GRC) handles risks monitoring at URW Group level.
This committee aims to align the way Risk Management is embedded in all operations throughout the URW Group. The primary responsibility of the GRC is to oversee and approve the group-wide risk mapping and key mitigating measures to assist the URW Group management in:

- overseeing that all executive teams have identified and assessed the risks that the URW Group faces in all regions where it operates and has established a Risk Management system addressing those risks;
- overseeing, in conjunction with the management and/or other internal committees, if applicable, that such risks are under control and in line with URW Group risk appetite;
- overseeing the division of risk-related responsibilities to each risk owner as clearly as possible and performing a gap analysis and regular reviews to determine that the oversight of any risks is not missed;
- alerting the management on emerging or developing risks.

To fulfil its responsibilities and duties, the GRC:

- supports the development of a risk culture within the URW Group, promotes open discussion regarding key risks, integrates Risk Management into the organisation's objectives and compensation structure, and creates a corporate culture such that people at all levels manage risks rather than ignoring them or taking them without a proper risk analysis;
- provides input to the Senior Management Team regarding the URW Group risk appetite and tolerance;
- monitors the organisation's risk profile (risk mapping);
- approves the Risk Management policy and plan, which include:

- the Group's Risk Management structure;
- standards and methodology applied to assess risks;
- risk mitigating measures (Risk Management guidelines);
- training and awareness programs or information.

The GRC duties and action plan are presented at least on a yearly basis to the Management Board ("MB") and Supervisory Board ("SB").

The new risk inventory was determined by confronting the two former risk inventory of Unibail-Rodamco and Westfield legacies and by identifying, if any, the new potential risks following the acquisition of Westfield.

In 2019, for the first time following the Westfield Transaction, the new Risk Management Organization will review the main risk sheets and associated action plans in collaboration with risk owners. Part of the risk sheets will be then discussed and challenged by the AC and SB in the presence of the risk owners. A description of the main risks monitored by this internal control system follows year-end 2019, all the risk sheets will have been stabilized in compliance with the Group ERM Framework.

4.1.3 INTERNAL CONTROL SYSTEM

The Group's internal control system covers all of the Group's activities across all regions. It is based on a set of principles that aim to provide reasonable assurance that the following internal control objectives are met:

- transactions are executed effectively and optimised;
- property assets are protected;
- financial information is reliable; and
- all of the foregoing, and all operations, comply with prevailing legislation, external regulations and the Group's internal rules.

The Group's internal control system is based on:

- standardised procedures;
- accountability of managers in charge of the business, finance and control;
- a committee-based decision-making process for acquisitions, disposals and redevelopment and renovation construction projects; and
- segregation of duties between the executive and control functions.

Note that in consequence of the Westfield transaction, the internal control system from legacy Westfield may differ from the one in place at legacy Unibail-Rodamco. Consequently, it is currently under review to assess its robustness. Due to the complexity of the deal and the diversity of the business activities, the completion of the effective roll out of the group core internal control processes is planned in 2019.

The Group's control environment was updated following the Westfield Transaction and includes the Compliance Book for Governance, Organisation & Corporate Rules (Compliance Book). The Compliance Book details:

- the Group organisation structure: a matrix organisation with a double reporting line at corporate and regional levels;
- the governance organisation for UR SE and its subsidiaries as well as for WFD UR NV and its subsidiaries;
- a framework of core processes and internal rules covering investment & divestment, development, leasing activities and support functions, notably Finance and Human Resources;
- a Code of Ethics covering the Group's core values and rules of conduct, with particular emphasis on ethical behaviour, conflicts of interests, confidentiality of information, and transactions involving the stapled shares; and
- an Anti-corruption program.

In addition to the Compliance Book, the Group's control environment comprises:

- job descriptions and an appraisal system based on performance targets which will be aligned in 2019 for the entire URW Group;
- a set of delegation of authority and responsibility rules and limits that span all the Group's activities and which should be implemented in the US with appropriate local adjustments;
- specific procedures applicable at the corporate level and in the different regions where the Group is present; and
- less formal instructions and recommendations that nevertheless form an integral part of the internal control system.

The internal control system assessment is carried out by the URW Group Internal Audit Department (composed of 7 FTE located in France and in the United States), which conducts regular assignments looking at all of the Group's business units in line with the annual audit plan approved by the MB and the SB. To face the new challenges further to the Westfield transaction, the internal audit organisation has been reviewed and the size of the team will be increased to 9 FTE in 2019.

The Group CEO or (the Chairman of) the AC can also ask the Group Internal Audit Department to carry out "flash" assignments in order to provide a rapid response to urgent issues and/or the treatment of new risks or problems. Final audit reports are addressed to the MB and to each department that has been involved in the audit. A summary of audit findings is provided to the AC on a quarterly basis.

URW Group's Internal Audit Charter sets out the different missions of the audit function. To ensure it remains genuinely independent, the Internal Audit Department reports to the Group CEO and to the Chairman of the AC.

A description of the main risks monitored by this internal control system is set out below.

4.2 MAIN RISK FACTORS & MITIGATING MEASURES

Investors' attention is drawn to the fact that the risk factors discussed in this section are not exhaustive and that there may be other risks, either wholly or partly unknown, or not properly assessed, in particular as consequence of the Westfield transaction occurred in June 2018, and/or of which the occurrence is not considered likely to have a material adverse effect on WFD UR NV, its operations, financial position and/or results, share price or guidance/outlook as at the date of filing of this Annual Report. By nature, that section does take into account neither potential unidentified or emerging risk at the date of filing of this Annual Report nor any developing identified risk.

In addition, given the geographical scope of the Group's activities, the potential impact of a same type of risk may differ from a country to another one. Moreover, WFD UR NV being part of the URW Group, some functions are managed/shared at URW Group level and consequently some risks must be assessed in that perspective.

Note: due to Westfield Transaction, the Group risk mapping is still under review. It may still have some adjustments to be done in (i) the list of key risks, or (ii) level of control of such risks, or (iii) in the mitigating measures and/or action plan in progress to be implemented. The full assessment of the Group risk mapping is planned to be finalised by mid-2020.

The Group Risk Inventory is organized in two categories :

- external environment risks (4 key risks)
- business activities risks (12 key risks)

These risks are developed below with the associated risk mitigating measures.

CATEGORY #1 RISKS INHERENT TO EXTERNAL ENVIRONMENT

Risk Factors	Risk details	Mitigating measures	Additional information
Retail Market Evolution/Disruption	• Evolution of the consumer trend/preference • Failure to: • (i) predict and prepare for the impact of change, • (ii) develop and implement effective strategy to meet changing market conditions, • (iii) compete effectively against direct competitor or new project/offer.	• Regular conduct of social and satisfaction surveys to anticipate changes in social behaviour and customer demand • Continued development of online and other digital shopper services to adapt to new trends • In the US, implementation of the "flagship" strategy which focuses on centres providing higher level of services and increased amenities and more diversified retailer offerings • Global Leasing initiative to bring a wider variety of goods and services to our shopping centres • Development of residential and other mixed-use projects to support and densify the shopping centre	More details paragraph 4.2.1.1
Access to capital & Financial Market disruption	• Failure to: • (i) anticipate liquidity forecast (financing & refinancing), • (ii) prevent or impacting material interest rate impact rate valuation or "credit crunch" impact, • (iii) predict and mitigate impacting credit rating change or • (iv) efficiently monitor material financing covenants (event of default, cross default) • Failure to prevent/predict or mitigate counterparty risk	• Financing strategy forecasted for 5 years to ensure sufficient funding and to provide buffer against fluctuations in long-term forecast and external markets • Strong relationship with financial partners • Treasury Policy defined by the URW Group Asset & Liability Management Committee (ALM Committee) • All counterparty limits and counterparty credit ratings monitored regularly.	More details paragraph 4.2.1.2
Climate Change and Social Risks	• Failure: • (i) to promote local acceptance, • (ii) to prevent and monitor environmental pollutions • (iii) to develop green and sustainable value of assets-responsibility in supply chain • (iv) reduce energy consumption and greenhouse gases footprint, and to responsibly conduct waste and water management.	• Annual assessment of US's assets most exposed to natural disasters • Extensive public consultations held for all redevelopment and renovation construction projects • Inspection and continuous improvement of existing buildings and technical equipment liable to have an impact on the environment or on personal safety and environmental risks monitored • Environmental management systems to improve environmental performance of assets • Very ambitious CSR strategy recognized as best in class by investors and indices	More details paragraph 4.2.1.3
Geopolitical & Sovereign risk	• Failure to predict • (i) political instability (economic, demographic, political, environmental factors), • (ii) global or continental/regional recession or turmoil	• Participation in various retail and real estate industry associations including International Council of Shopping Centres (ICSC) and Real Estate Roundtable (an industry association of real estate leaders in the US) • External legal and tax advisors provide periodic updates on emerging legal and political issues • Monitoring of countries on the "prohibited business" list as promulgated by the US Federal Office of Foreign Assets Control (OFAC)	More details paragraph 4.2.1.4

CATEGORY #2: OPERATIONAL RISKS INHERENT TO THE BUSINESS ACTIVITIES

Risk	Sub-Risks	Mitigating measures	Additional information
Terrorism & Major security Incident	• Failure to comply with authority request/demand • Failure to prevent terrorism and active shooter (security prevention, threats alert, training, preparation and resources to manage appropriate response) • Failure to mitigate impact on terrorist attack/active shooter event (Incident response effectiveness and crisis communication strategy and plan)	• Implementation of policy and guidelines • Implementation of technical solutions for security • Implementation of a URW Group Security Committee to follow local requirements and trends • Information and training for retailer staff • Crisis management handbook in place and emergency response plans and staff trained • Close collaboration with law enforcement agencies to remain aware of emerging threats	More details paragraph 4.2.2.1
M&A In/Divestment	• Misalignment with Group Strategy • Failure in acquisition/sale process	• Standardised risk analysis & in-depth due diligence. • Decision-making process is collegial and includes SMT, MB & SB Members. • Centralised regulatory & legal documentation of assets for data room purposes.	More details paragraph 4.2.2.2
Change management & Integration	• Failure to create a single URW Group with shared culture • Failure to manage organizational challenge • Failure to capture public announced synergies	• Identification of key personnel and focused efforts to retain these employees through focused career path management and financial retention incentive program. • Group-wide cultural Integration awareness training • Implementation of a dedicated integration office and governance in Paris and Los Angeles to take into consideration local specificities • Early sharing best practices between the two former legacy business functions	More details paragraph 4.2.2.3
Brand & Reputation	• Failure in protecting intellectual property, to implement re-branding strategy, and to coordinate brand across all markets where WFD UR NV operates • Failure to develop and maintain a challenging Brand Story • Failure in group communication and crisis management	• Corporate Marketing function exists to support brand marketing • Corporate Public Affairs team who strategically works with local government agencies, non-government and Not-for-Profit organizations on a wide range of community socio-economic issues • In the US, dedicated Privacy Counsel on staff • Mature Crisis Management Team (CMT) supported by a formal framework, policies and procedures	More details paragraph 4.2.2.4
Material Misstatement & Unreliable forecast	• Failure to design and maintain effective internal control processes to prevent material budget errors or material financial statement errors (consolidation process) or material public misstatement and/or guidance's and/or forecasts	• Closing account check list and internal control processes with use of manuals for accounting procedures • Budget and forecast assumptions and results are systematically reviewed	More details paragraph 4.2.2.5
IT System & Data: Continuity and Integrity	• Inadequacy between IT & Cyber threats • Data leakage through IT Systems • Unavailability of critical IT Systems • Incapacity to guarantee the integrity (exhaustiveness and accuracy) of data and reports generated by IT systems • Inadequacy between IT and business needs/operations	• Annual test of the IT recovery plan • Existence of a two-year full integration plan to enable operational migration of Information Systems • Complete software suite of intrusion protection including firewall software, antivirus, and anti-malware • All employees receive mandatory cybersecurity e-learning annually • Third-party data and network intrusion monitoring in the US, two data centres that provide 24/7 data redundancy and system availability • Robust Identity and Access Management (IAM) protocols, including multi-factor identification • IT systems penetration and vulnerability testing conducted routinely • Cybersecurity Incident Response Plan developed and exercised annually	More details paragraph 4.2.2.6

Risk	Sub-Risks	Mitigating measures	Additional information
		• An insurance policy covers cyber-risks	
Leasing & Commercial Partnership	• Failure to lease each shopping centre at profitable revenue levels • Failure to properly manage rent relief , store closings, and tenant allowances • Failure to comply with on-time store opening date • Failure to monitor tenant financial solvency/default	• Credit analysis for new tenants • Close follow-up of debtors • Constant review and tracking of the tenancy report – which tracks vacancies, tenants in distress, new deals, and lease expiration schedule over next three years • Leasing plan aligned with 5-year business plan process at the asset level • WFD UR NV monitors financial strength, tenants' credit strength and trends of national retailers • Proactive approach to assist tenants in the store fit-out and move-in process to ensure on-time store openings	More details paragraph 4.2.2.7
REIT Status & Regime (Tax)	• Loss of any Tax REIT Status or tax changes with material negative impact • Major tax litigation • Failure to manage and maintain very complex taxation structuring	• Tax regimes closely followed up by the Group Tax department • Tax requirements monitored on a regular basis.	More details paragraph 4.2.2.8
Corruption, Money Laundering & Fraud	• Failure to comply with International/national anti-bribery and corruption law • Failure to comply with International/national anti-money laundering law • Failure to prevent fraud or misappropriation and their negative Impacts	• The URW Group Code of ethics focus on corruption & bribery applied at the Group • WFD UR NV Compliance Officer with Local Compliance Correspondent in the US to ensure compliance • Enlargement of a URW global Anti-Corruption Programme to the US • Global assessment within the Group on local practices and close monitoring with local compliance referent • Whistle-blower program in place • All employees conduct anti-bribery and anti-corruption training annually	More details paragraph 4.2.2.9
Health and Safety (including natural disasters)	• Failure to comply with regulation (effective policies and procedures, enforce global monitoring, insufficient/unexperienced resources). • Failure to adequately identify potential hazards and/or structural failure, to have a crisis communication strategy and plan and to mitigate and manage impact of any natural disasters risk	• Regular inspections of technical facilities that could have an impact on personal safety, property and/or the environment • Regulatory watch organized for each country to keep local and regional teams aware of new regulations • Routine safety inspections and corrective actions at all construction sites as well as operational aspects of assets • All employees receive basic health and safety training, and all construction employees are trained as required by the US Occupational Safety & Health Administration (OSHA) • Third-party licensed vendors complete required regulatory inspections • All assets are fully protected by a fire alarm and fire sprinkler systems tested as required by regulations • All US assets have American with Disabilities Act (ADA) review with corrective actions completed • Annual "catastrophe loss expectancy" modelling conducted to confirm adequacy of insurance limits for the risk of earthquake, flood, and hurricane in the US • Crisis Management Team (CMT) supported by a formal framework and policies and procedures	More details paragraph 4.2.2.10
Legal & Regulatory	• Failure to comply with laws and regulations (government, federal, state, province, local country, sector)	• Risks monitored by the US General Counsel and WFD NV Corporate Secretary with effective support of the Group's teams	More details paragraph 4.2.2.11

Risk	Sub-Risks	Mitigating measures	Additional information
	• Failure to prevent and mitigate material negative impact of any investigations and/or litigation • Failure to predict legal changes and adapt the Group Organization in properly way	• External advisors and counsel provide constant updates on both emerging and changing legislation and laws • • Dedicated Privacy Counsel (Legal Department) on staff • • Outside legal counsel consulted and engaged on all litigated cases •	
Recruitment, Retention & Succession	• Failure to recruit appropriate profiles to maintain strategic capabilities • Failure to retain key people • Failure to meet people comfort / well-being standards • Failure to set up and update a formal succession plan	• Permanent market watch for key external talent • A yearly 360° review of each employee • Implementation of a meaningful and attractive Group Compensation & Benefits • Existence of an effective succession plan for relevant levels • HR regularly conducts market surveys to ensure compensation and benefits programs remain competitive. • UR Academy Common Leadership program and Talent Review to identify key talent in the US and provide those associates a clear career development path.	More details paragraph 4.2.2.12

4.2.1 RISKS INHERENT TO THE EXTERNAL ENVIRONMENT

WFD UR NV is present in the commercial property sector, specifically in the redevelopment, management and renovation construction of shopping centres. Moreover, the Group operates in the US and In the Netherlands and may face some specific local risks.

In addition to risk factors specific to each category of assets/business sectors, the Group's activities are exposed to factors beyond its control and to specific systemic risks, such as the cyclical nature of the sectors in which it operates. WFD UR NV's strategy and policies aim to hedge and curb the significant adverse effect of these risks. However, sudden changes in the economic (including domestic consumption), financial, currency, regulatory, geopolitical, political, social (including e-commerce), health and/or ecological environment or increasing or emerging risks may have an adverse effect on WFD UR NV including but not limited to the sales in shopping centres, the value of its assets, its turnover or results, share price and forecasts/guidance, its distribution policy, its development plans, and/or its investment/divestment activities.

4.2.1.1 Retail Market Evolution/Disruption

A long-term deterioration in economic conditions with implications for the rental market and/or investments may have a significant impact on the level of the Group's activities, the value of its assets, its results and its investment and development strategy. The Group's results of operations could be adversely affected by its inability to continue to lease space in its assets on economically favourable terms, or by tenant default, or to adapt its offer and customer experience with new trends and expectations, develop and implement new business models.

The value of the Group's assets (calculated using the fair value method) is sensitive to variations in the appraisers' principal assumptions (yield, rental value, occupancy rates) and is, therefore, subject to material variations that may impact the Group. The rental income of some Group assets may depend on flagship stores/department stores and could suffer a material adverse impact if one or more of these tenants were to terminate their leases or to fail to renew their leases, and/or their location were considered to lack attractiveness, and/or in the event of consolidation among these retail sector companies.

RISK OWNERS: PRESIDENT US, COO US

Risk factors	Mitigating measures
• Risk of changes in the retail sector due to competition from online retail as well as demographic and cultural changes. Anchor department stores and many fashion retailers may to change their brick and mortar strategies including store closures. • Risk of changes in user shopping, office and convention exhibition patterns and preferences, including as a result of the growth of mobility, may lead to a decline in asset's square meters rented and could have an adverse impact on Group results. • WFD UR NV may faces failure to develop and implement effective strategy to meet changing market conditions • Competition with other participants in the real estate industry could have an adverse impact on Group's income and its ability to acquire properties, develop land and secure tenants effectively.	The Group has put in place numerous measures to adapt to new consumer trends and attract them: • Annual research performed to understand and anticipate shifts in retail, demographic and cultural changes • Mix Merchandising and Positioning assessments for each flagship asset to future-proof the strategy of the asset and adapt retail mix to new needs • Expansion of leasing into new types of tenants, including more F&B, Entertainment, Health & Wellness, Luxury as well as Digital brands • Dedicated plan of physical upgrade of centres including development of event spaces, digital infrastructure, and modular tenant spaces (white boxing for pop-ups) • Continued development of shopper services to adapt to new trends – such as automated parking, wayfinding in centres, Click-and-Collect and Concierge services (valet parking, ticket sales for local attractions, etc.) Measurement of " the halo" effect to demonstrate the retail power of our physical assets on online spend Loyalty programmes and events in malls to enhance the customers' shopping experience and secure WFD UR NV's share of walle. • Disposition of non-core or non-competitive assets according to the divestment program[36]

4.2.1.2 Risks associated with access to capital and financial market disruption

The Group, through its activities, is exposed to liquidity, market, credit and counterparty risks that can generate losses as a result of fluctuations in interest rates and/or currency exchange rates.

RISK OWNERS: CHIEF FINANCIAL OFFICER, US CHIEF FINANCIAL OFFICER

Risk factors	Mitigating measures

(1) Rising cost of access to fund, in particular in case of dramatic interest rates increase, adverse currency movements, debt or equity capital market disruption and/or URW credit rating downgrade
WFD UR NV, through its activities, is exposed to market, credit, interest rates and foreign exchange (FX) risks. These risks can generate losses (e.g. as a result of fluctuations in interest rates and/or FX rates) and affect the access to funding (to repay debt, finance its dividend or its development projects)
Notably, the Group is exposed to:
• Interest-rate risks on the debt it has taken out to finance its investments. An increase or decrease in interest rates could:
  • have a significant impact on the financial expenses and adverse effect on the Group's results. Although the Group's exposure to variable rates is hedged through derivatives, these hedges could be insufficient to cover these risks;
  • affect the valuation of derivatives contracts.
• Foreign exchange risks outside the euro zone, including US. Fluctuations in FX rates may affect:
  • the value of assets, rents and revenues received in these countries;
  • the value of operational and financial expenses, when translated into euros;
  • the results and/or the statement of financial position of the Group.
• To hedge part of this risk, the Group uses derivatives and debt in foreign currency. Such instruments may not hedge the underlying assets or
	• Interest rate risk and foreign exchange risk are managed and monitored at the corporate level by the Treasury Department, in line with the Group Treasury Policy defined by the Group Asset & Liability Management Committee (ALM Committee).
	• The Group exposure to FX rates fluctuation is partly hedged by either matching investments in a specific currency with debt in the same currency or using derivatives to achieve the same risk management goal. The Group aims for a LTV ratio that is broadly consistent currency by currency.
	• The ALM Committee has ten members, including two members of the Management Board (the President US and the Chief Financial Officer).
	• The ALM Committee meet on a quarterly and ad hoc basis. Throughout the year, the members of this committee received regular information and update on the significant change in the financial environment.
	• The Treasury Department regularly provides each member a comprehensive report on the Group's interest rate position and currency exposure, Group's liquidity projections, bank covenant, covenant availability under the Group's committed lines of credit, proposed (re)financing or hedging operations (if applicable), the details of any (re)financing operations or transactions (hedging operations, share buybacks, etc.).
	• Procedures do not allow for speculative positions to be put in place.
	• The Group's market trading guidelines for hedging operations and transactions involving WFD UR NV shares and its transaction control guidelines are formally set out, ensuring the segregation of duties between execution and control functions.

[36] Refer to 4.2.2.11 M&A In/Divestment Risks

Risk factors	Mitigating measures
• activities perfectly, and as a result changes in the currency exchange and/or interest rates may have an impact on the cash flows, the results and/or the statement of financial position. • Market risks, which can generate losses as a result of fluctuations in stock markets. The Group is either: • directly exposed to fluctuations in stock prices due to the ownership of shares or financial instruments; or • indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share-based derivatives that are directly correlated with the price of the asset underlying such derivatives. • The use of financing instruments on international markets exposes the Group to extraterritorial regulations due to the use of financing instruments on international markets that may have a significant adverse effect on the Group, its results and its financial position.	
(2) Limited access to funds, in particular in case of unfavourable funding market or WFD UR NV credit deterioration The Group's strategy depends on its ability to raise financial resources, either in the form of debt (mainly bank loans, bonds, credit lines and commercial paper) or equity capital, so that it can finance its general operating requirements and its investments. Some events such as: • disruption in the debt or equity capital markets; • a reduction in the lending capacities of banks; • changes affecting the property market or investor appetite for property companies; • a downgrade in WFD UR NV's credit rating; • a change in business activities, financial position or WFD UR NV's ownership structure; could affect: • the ability of the Group to raise funds and, as a result, it may lack the access to liquidity that it needs; • the cost of its financing and lead to an increase in the Group's financial expenses. Some financing contracts are subject to financial covenants which may be affected by the occurrence of URW Group performance deterioration, adverse market movements or material adverse changes.	• Sensitivity to liquidity risk is monitored by the Treasury Department in line with the Group Treasury policy defined by the ALM Committee. • The Treasury Department regularly provides each member with a comprehensive report on the Group's liquidity projections, Key financial indicators and availability under the Group's committed lines of credit. • The URW Group has put in place undrawn back-up facilities (€8.4Bn as at December 2018). • The Treasury Department ensures a regular dialogue with rating agencies with a proactive monitoring of credit metrics. • As part of the Group's funding policy, the Treasury Department works on the diversification of its sources of funding and the diversification of its counterparties.
(3) Reliability of counterparties or failure to monitor and mitigate counterparty risk A large number of major international financial institutions are counterparties to the interest rate and/or foreign exchange rate and deposits contracted by the Group. In case of the default by a counterparty, the Group could: • lose all or part of its deposits; • lose the benefit from hedges signed with such counterparties. This could then: • result in an increase in interest rate and/or currency exposures; • have a significant adverse effect on the Group, its results and its financial position. Due to its use of derivatives, the Group is exposed to potential counterparty defaults.	• Counterparty risk is monitored by the Treasury Department in line with the URW Group Treasury Policy defined by the Group Asset & Liability Management Committee (ALM Committee). • The Group Treasury Department regularly provides each member with a report on counterparty risks. Any change in the policy is approved by the ALM Committee.
(4) Risks related to credit crunch, Euro break-up, country default, or political instability The following risks and their potential impacts could be detrimental to the Group and could negatively affect the markets and businesses in which the	• Regular market monitoring and sensitivity analysis, by the Treasury department, to assess liquidity, rates and FX risks. • The URW Group has put in place undrawn back-up facilities (€8.4Bn as at December 2018). • Diversification of sources of funding and counterparties.

Risk factors	Mitigating measures
Group operates: • a credit crunch; • a sovereign debt crisis; • the exit of the Eurozone or the EU by a country where the Group operates. (e.g. Brexit) • This environment could also negatively affect: • the Group's operations and profitability; • the solvency of the Group and of its counterparties; • the value and liquidity of the securities issued by WFD UR NV; • the Group's ability to meet its commitments in respect of those securities and, more generally, its commitments with respect to its debt.	• These risks are identified and closely followed-up by the Management Board, notably by studying strategic decisions like diversifying the geographical activities and financial lenders.
(5) Insolvency of certain US joint venture partners, coupled with a decrease in asset value, could trigger a contingent loan obligation on certain mortgage loans.	• Initial screening of all JV partners to confirm appropriate financial position (note: per John Fleming, we do not routinely monitor JV financial strength after we initially enter into an agreement) • Bi-annual assessment of the asset values of given assets in relation to the guarantees granted to JV partner agreements • Ongoing assessment of possibilities to change clauses in JV partner agreements. • Regular discussions with JV partners regarding funding of financial obligations

4.2.1.3 Risks associated with climate change and social risks

WFD UR NV places climate change and social risks at the heart of Its strategy with an Integrated commitment to reduce its Group carbon footprint. The Group is developing a global Corporate Social Responsibility (CSR) strategy based on environmental best practices, social fairness and transparent governance. "Better Places 2030" aims to address the main challenges facing Group activities.

Each of WFD UR NVS's real estate assets is potentially exposed to damages caused by any potential impact of climate change including natural disasters, that may have a significant adverse effect on the properties concerned and similarly on the Group, its results and its financial position. For more details on natural disaster, please refer to "4.2.2.10. Health and Safety" and to 4.3 "Transferring risk to the insurance market". For the Global Corporate Social Responsibility policy, please refer to section 1.6.2.

RISK OWNERS: GROUP CHIEF RESOURCES OFFICER, GROUP DIRECTOR OF CORPORATE SOCIAL RESPONSIBILITY

Risk factors	Mitigating measures
WFD UR NV may face new risks related to its corporate social responsibility (CSR) in the several areas : • Local acceptability, • Environmental pollutions linked to the development and/or operation of assets, • Responsibility in Supply Chain linked with the activity of one or several tenants affecting the Group image, • Energy and greenhouse gas with limited availability and increase in prices of fossil fuels or excessive energy consumption (lighting, heating/cooling), • "Green" / sustainable value of assets and of the company, • Waste and water management.	• Annually US assets are assessed for exposure to the natural disasters of earthquake, flood, and hurricane, and modelled against "maximum foreseeable loss" estimates which guide the amount of property insurance purchased. Additionally, all US shopping centres are in full compliance with applicable building codes for these risks. Emergency response crisis management plans are in place to enable rapid response in the event of an incident. Properties in the Netherlands similarly undergo a periodic risk and exposure analysis from the threat of natural disasters. • Extensive public consultations held for all development and extension projects, building long-term partnerships with the territory's stakeholders (local residents, public authorities, and associations) and a frequent measurement of the social-economic impact of the Group assets (direct and direct employment). • In the US, a permitting and plan approval process for every municipality is part of any development project. Part of that process involves an assessment of the economic impact of the project and then a local acceptability assessment. • Inspection and continuous improvement of existing buildings and technical equipment liable to have an impact on the environment or on personal safety and Environmental risks are monitored through a specific Group committee reviewing specific actions and results. • The Group put in place an environmental management systems to improve environmental performance of assets, invests in energy efficient equipment when replacing existing facilities. WFD UR NV redacts energy performance contracts with suppliers and ensures of engagement of tenants in energy/carbon reduction actions. • The Group set up engagement to diversify the retailer mix, commitment to promote smaller national and local retailers, supporting entrepreneurship and local concepts, signing voluntary and contractual agreements on sustainability issues with tenants and organizing sustainability meetings with tenants. • The Group is working with retailers to promote recycling and programs aimed at reducing waste. • Very ambitious CSR Strategy recognized as best in class by investors and indices.

4.2.1.4 Risks related to Geopolitical instability and Sovereignty

As any international group, WFD UR NV may suffer from any instability, volatility, or sudden/unanticipated change in international geopolitical environment. This environment could also negatively affect the Group's operations and profitability, its solvency and of its counterparties, the value and liquidity of the WFD UR NV securities, its ability to meet its commitments in respect of those securities and, more generally, its commitments with respect to its debt.

RISK OWNERS: MANGEMENT BOARD

Risk factors	Mitigating measures
Geopolitical risks remain a material market factor especially in an environment of international slowing growth and elevated uncertainty about economic outlook. Those risk are mainly related to Europe fragmentations, US-China relations, global trade tension and sovereign debt crisis.	• Theses identified risks are closely followed-up by the Senior Management Team, notably by studying strategic decisions and surveys, diversifying the geographical activities or funding sources, implementing appropriate measures when possible in line with market practices or anticipations, and interactions with relevant governmental bodies. • Markets and geopolitical watch in place. • Participation in various retail and real estate industry associations including International Council of Shopping Centres (ICSC) and Real Estate Roundtable (an industry association of real estate leaders in the US) • Utilization of lobbyists representing the Group on a myriad of legislative and political issues • External legal and tax advisors provide periodic updates on emerging legal and political issues

4.2.2 OPERATIONAL RISKS INHERENT TO THE BUSINESS ACTIVITIES

4.2.2.1 Terrorism & Major Security Incident

By their nature, and despite the measures put in place by the Group independently, and in close cooperation with public authorities in all countries, the property assets of the Group are potentially exposed to acts of terrorism and potential active shooter, which may have serious consequences on persons and property. The activity and the footfall of an asset subject of an act of terrorism or some assets located in the country concerned would suffer variable consequences depending on the gravity of the event and the period of time and could have a significant adverse effect on the Group, its results, its financial position, its assets value and its brand and reputation.

While the threats of a terrorist attack is highest in Europe, the risk of an active shooter is most likely in the US.

The global new branding in progress and the iconic status of some assets increase the level of threats on the Group assets.

RISK OWNERS: CHAIRMAN OF THE GROUP SECIRITY COMMITTEE

Risk factors	Mitigating measures

• The risk of failure of security measures to:
  • be compliant with authority request/demand;
  • prevent/ mitigate the impact of a major security incident affecting the capability of WFD UR NV to assure persons security, property integrity and to maintain the brand reputation;
  • enable teams to react properly during a major security incident including terrorist attack or active shooter affecting the capability of WFD UR NV to assure persons security and property integrity
• The risk of failure of crisis management measures (at the headquarter level and asset level) to mitigate the impact of a major incident.
	• Measures were taken in 2018 to strengthen existing procedures and processes applied by local teams and reinforce the security of customers, employees, suppliers' employees and tenants' employees by:
	• Knowing and strictly applying the legal obligations in terms of security;
	  • Developing security policies and procedures implemented at all locations with physical security measures and access control appropriate location per location.
	  • Implementing a global security governance and guidelines;
	  • Participating in the US on security campaign as developed by the US Department of Homeland Security;
	  • Implementing at Group Level a local Security referents committee to manage and standardize the Group's practices in line with local regulations;
	  • Reinforcing strong relationship with regular meetings with intelligence agencies and polices authorities;
	  • Providing training to shopping centres management teams to identify and manage situations linked to terrorism and active shooters;
	  • Giving security guidelines for Development Project and working with Development team.
	• Crisis management handbook in place and recurring exercises on sites are conducted.
	• Emergency response plans and all mall management staff trained.
	• Dedicated US Head of Security (former FBI) and maintains access to counterterrorism intelligence
	• All shopping centres staffed with security guards 24/7
	• Significant partnership with national and local law enforcement
	• In the US, the Group participates in the “See Something – Say Something” security campaign as developed by the US Department of Homeland Security
	• Physical security features at all centres including CCTV cameras, bollards to prevent vehicle intrusion, and access controls to the
	• Mature Crisis Management Program in place which include policies and procedures on incident response and communication

4.2.2.2 Mergers & Acquisitions: Investment and Divestment

WFD UR NV may face a number of risks in connection with any acquisitions of property assets and related redevelopment projects that the Group may undertake. The value creation process is based on investment and divestment of assets. The profitability of these operations depends on undertaken and initial assumptions, market conditions, tax, quality of assets, legal & regulatory documentation of assets.

RISK OWNERS: GROUP CHIEF FINANCIAL OFFICER

Risk factors	Mitigating measures
The Group faces several risks: • The risk of misalignment of the investment and disinvestment targets with the Group strategy. • The risk of unsuccessful acquisition or sale due incorrect underwriting assumptions	• Management Board and project team closely involved in the transactions in order to determine whether the transaction is worth investigating and pursuing. A legal, financial, technical and commercial review of these transactions is always presented to an Investment Committee • All projects are approved internally by a strong review process. • Major projects above 25€Mn and outside the group strategy are reviewed and approved by the Management Board and the Supervisory Board • Due diligence carried out with the assistance of external advisors. • Assumptions are reviewed by the Investment committee and by external advisors. • Financial performance metrics reviewed to support overall asset value • Marketing surveys and economic demographic analyses conducted to validate financial divestment parameters within pro formas • Tax Department consulted to review any tax implications and compliance with any tax disclosure laws and regulations • Estoppel certificates are secured from existing tenants prior to close of transaction • Properties are sold “as is” in order to mitigate any risk of post-transaction claims associated with representations and warranties • Pre-qualification of a buyer's financial ability to close on the purchase of the asset with full financial credit check completed on the buyer.

4.2.2.3 Change Management & Integration

While the integration process is underway and on target, Change Management & Integration risk will likely remain a key risk for at least the near future. The potential failure to operationally and culturally integrate Unibail-Rodamco and Westfield legacy organizations may impact overall operational and financial performances of the Group.

RISK OWNERS: EVP- HEAD OF HUMAN RESOURCES

Risk factors	Mitigating measures

• Failure to create a single URW Group relating to the inability to manage the organizational and cultural integration challenges leading to the loss of the synergy and adversely impacting overall operational and financial performance results and/or the implementation of the Group strategy.
• The potential failure to create a common culture and common ways of working leading to lower engagement and high turnover of talent
• Failure to create and effective organization structure supported by clear processes
• Failure to capture public announced synergies
	• Prevent key leaders from leaving the company by specific actions :
	  ◦ Appointment process of best qualified people (from ex Unibail-Rodamco and ex Westfield) to top managers positions.
	  ◦ Retention scheme for identified managers.
	  ◦ Establishment of Succession plan process for top managers
	  ◦ Identification of key personnel and focused efforts to retain these employees through focused career path management and financial retention incentive program.
	• Leading of a groupwide cultural Integration project :
	  ◦ Launch of a cultural survey within the new group with high response rate
	  ◦ Workshops performed to build a common Group culture during the management convention with 400 top managers of the new group
	  ◦ Intercultural trainings for employees to better understand cultural differences
	  ◦ Project to define new corporate values
	• Implementation of a dedicated integration office and governance in Paris and Los Angeles to take into consideration local specificities.
	• Publication of a clear organization manual and regular updates on the Compliance Book.
	• Full time support by the Organization team with regular update to management committees (SMT, SB) and specific support of external consultants.
	• Early sharing best practices between the two former legacy business functions, design of global platforms (Digital, International Leasing, Commercial Partnerships) to capture future revenue synergies.
	• Financial Synergies (cost and revenue) are tracked by the Finance team. Top management benefit from incentive program to capturing announced synergies.

4.2.2.4 Brand & Reputation

The Westfield brand and the Group's reputation are valuable assets giving rise to competitive advantages with consumers, retailers, investors, prospective employees among others. Damage to the brand or the Group's reputation could impair or negate those competitive advantages or cause competitive disadvantages. Such damages can arise as consequence of other event risks such as among others terrorism & major security incident, corrupt or illegal behaviour, breaches of trust or integrity. The prevention of such events is focused in the Group Risk Management framework.

RISK OWNERS: DIRECTOR OF MARKETING US, URW GROUP DIRECTOR OF BRAND AND STRATEGIC MARKETING

Risk factors	Mitigating measures

• The possibility of the failure of the re-branding and marketing strategy affecting the expected results and/ or leading to a decrease of the brand value. Transcontinental activities could affect the monitoring of the brand due to exposure in two continentals and many countries.
• The risk of confused external communication affecting the confidence of the shareholders and financial markets.
• The possibility of improper communication response plan to a media and social media or an event risk impacting the brand reputation.
• The risk of a contamination of a reputational damage of centre (Brand licensee for Australia and New Zealand) affecting the confidence of the Groups consumers, investors and stakeholders.
	• The Group put in place a global Marketing Strategy with local marketing manager at centre level. A Group Brand Director manages the Westfield Brand Story.
	• The Group monitors social media for positive and negative publicity.
	• Corporate Public Affairs team who strategically works with local government agencies, non-government and Not-for-Profit organizations on a wide range of community socio-economic issues
	• In the US, dedicated Privacy Counsel on staff
	• Despite WFD UR NV's efforts, likelihood of event with potentially negative consequences may occur and the Group is prepared for such events in order to manage and mitigate the risk:
	  ◦ Incidence response plans and crisis management playbook are in place;
	  ◦ Crisis Management Team (CMT) supported by a formal framework, policies and procedures;
	  ◦ Organization of regular crisis management exercises;
	  ◦ Monitoring of the social medial and 24 hours news cycle, which can increase the impact of an adverse event.
	• WFD UR NV signed a contract with Centres, which guarantees the application of principles that prevent tarnishing the image of Westfield brand.

4.2.2.5 Material Misstatement & Unreliable forecast

Unreliable forecast and/or accounting mistakes might have a material impact on financial accounts, which may lead to material misstatement, financial miscommunication or to profit warnings. Such errors might affect shareholders' confidence and market trust and result in material financial Impacts, brand damage and loss of reputation.

RISK OWNERS: CHIEF FINANCIAL OFFICER AND CHIEF FINANCIAL OFFICER US

Risk factors	Mitigating measures
• The risk of failure to ensure accuracy of the budget or forecast, including in a post-transaction period, affecting the capability of WFD UR NV to produce reliable financial statements and market communication. • Risk of an error of appreciation or a technical error in consolidation including in a post-transaction period, affecting the capability of WFD UR NV to assure reliable financial statements and market communication. • Risk of financial misstatement, leading to profit warnings.	• Closing accounts check list and internal control processes • Use of manuals for accounting procedures and instructions that describe the segregation of duties between the accounting execution and control. • Analytical accounting reporting on each property and event to monitor budget execution. • A dedicated training team has been sent in the US as well as an operating manager in order to train the US Finance team on Budget Plans; two expats set to the US Finance team • Harmonization of the consolidation process between the US and the Netherlands: • Implementation of common processes and Quarterly Flash Report (QFR) templates. This report consists of a set of quarterly (or half-yearly) data valuations, pipeline projects and operational Key Performance Indicators (KPIs), as well as financial data such as comparisons between actuals and budget, actuals year by year, and full-year forecasts (Gross Rental Income, Net Rental Income, administrative expenses, etc.). Reports are prepared and checked at regional level • Regional quarterly reports are verified and reviewed by the Group Control Department, which analyses the KPIs as well as any discrepancies between the budget and end-of-period actuals or forecasts. Group Control establishes a Group QFR, which consolidates all Group KPIs, valuations and pipeline projects. The QFRs are presented to the MB by the country management team and the consolidated QFR is provided to the AC and the SB • The consolidation process is centralised and carried out by a dedicated team in the Group Consolidation Department • Multiple checks are carried out: verification of consolidation methods and resulting adjustments, reports of statutory auditors analysed, changes in budget and forecast cross-checked with the controlling department and Group financial statements are reviewed by the statutory auditors before being presented and explained to the MB and the AC and ultimately to the SB.

4.2.2.6 Information Technology System & Data: Continuity and Integrity

Information Technology (IT) Systems are core resources for the Group as they support business processes in their day-to-day operations. Indeed, all business units depend on Information Technology Systems ability to provide support continuously and to respond swiftly and effectively to any disruption.

Therefore, the Information Technology Systems must be reliable in various aspects notably Data Confidentiality (protection of sensitive data, Continuity of critical IT activities (availability of the systems and data needed by the businesses to carry out their operation) and Data Integrity (comprehensive and accurate data).

RISK OWNER: SVP- HEAD OF IT US

Risk factors	Mitigating measures
• The risk of failure of IT security measures to prevent a cyber-attack affecting the capability of WFD UR NV to ensure data confidentiality and/or integrity and/or affect IT continuity. • Personal data and/or confidential data are leaked through IT systems[37]. • WFD UR NV could not be able to carry out its main activities as critical IT systems are not available. • Due to technical or organizational vulnerabilities, WFD UR NV is not able to ensure the integrity of data produced by the IT systems. • The risk of failure to deliver IT services to support business and operations needs which will lead to a misalignment between IT investments and business strategies, and a poor IT service quality.	• WFD UR NV's IT Risk Management approach is largely based on : • An Information Systems Security strategy rolled out in order to prevent cyber-risks, detect security incident and react to remediate security incidents. This includes maintenance of IT infrastructures up-to-date in terms of security patches and anti-malware protection, several IT security audits • Contractual commitments requiring the partner to implement the necessary technical and organizational security measures, as well as notifying WFD UR NV for any security event that could have an impact on WFD UR NV (including patches, passwords etc.) • An IT Security Incident & Crisis Management process is in place, with specific procedures in case of a major security event/crisis. • Existence of committees/meetings to review IT activities and investments and one IT security committee. • Security review of IT projects to identify main risks and associated action plan to mitigate them. The Security Incident & Crisis Management process is linked to the GDPR Data Breach Notification process when a security incident involves personal data[38]. • An IT Disaster Recovery Plan implemented and a strong backup policy is in place on workstations and servers. The IT Disaster Recovery Plan is tested on a yearly basis • Complete software suite of intrusion protection including firewall software, antivirus, and anti-malware • All employees receive mandatory cybersecurity e-learning annually • Third-party data and network intrusion monitoring in the US, two state-of-the-art data centres (Las Vegas, NV and Ashburn, VA) that provide 24/7 data redundancy and system availability • Robust Identity and Access Management (IAM) protocols, including multi-factor identification • IT systems penetration and vulnerability testing conducted routinely • An insurance policy covers cyber-risks • Existence of a two-year full integration plan to enable operational migration of Information Systems

[37] Refer to risks related to Personal Data Protection in 4.2.2.10. Legal & Regulatory
[38] Refer to 4.2.2.10. Legal & Regulatory

4.2.2.7 Leasing & Commercial partnership

Group's ability to collect rents depends on the solvency of its tenants. Tenant creditworthiness is taken into consideration by WFD UR NV before it enters into a specific lease. Nevertheless, it is possible tenants may not pay rent on time or may default on payments, especially in more difficult economic environment. In addition, a bad marketing mix due to the rebranding of assets in Europe and a lack of alignment on payments of the group's strategy could appear.

This could materially affect the Group's operating performance and/or its results.

RISK OWNER: EVP, DIRECTOR OF LEASING US

Risk factors	Mitigating measures
• Retailers are selective in deciding which shopping centres to place their stores. Part of a retailer's decision revolves around consideration given to the level of deferred rent, rent-free space, and tenant fit-out allowances that the shopping centre landlord provides as part of the deal. Managing the level of these accommodations to retailers is important to WFD UR NV in maintaining overall profitable levels of lease income. WFD UR NV could also lease assets and particularly shopping centre not at the appropriate profitable revenue levels. • The risk of retailer bankruptcies and store closing are occurring more frequently. Anchor department store closing also impact a given WFD UR NV shopping centre or assets. With this growing trend monitoring the financial health of tenants and having appropriate response strategies on place is ever more important. • Failure to manage deferred rent/free period or amount of tenant allowances. • Retailers are selective in deciding which shopping centres to place their stores. Part of a retailer's decision revolves around consideration given to the level of deferred rent, rent-free space, and tenant fit-out allowances that the shopping centre landlord provides as part of the deal. Managing the level of these accommodations to retailers is important to WFD UR NV in maintaining overall profitable levels of lease income. • The risk of the inability to turnover tenant space on time could be increase by the unrealistic rental starting date, the inability to deliver project on time and on budget or the lack of coordination between Leasing, Tenant Coordination, Development and/or Shopping Centre Management. • The potential failure of the development of commercial partnership as well as speciality leasing and brand events across the Group could affect the reputation and the brand of WFD UR NV. Expected identified synergies to develop this business activity cannot appear due to misunderstanding of customers, retailers and market's needs.	• Targets (e.g. prices, deadlines and prospective tenants) are defined within each region in collaboration with a Group level team. Major leases in terms of value and/or special terms and conditions must be internally approved in advance. • Regular governance meeting with leasing team and finance team members to review deal to ensure accuracy with Group Strategy • The leasing of assets is handled by dedicated teams with, for Office Division, support from leading external brokers. • The large number of tenants in the Group's shopping centre portfolio minimises the associated risks in the event of the insolvency of any retailer. • Most tenants are required to provide financial guarantees, such as a deposit, first-demand guarantee or surety bond equal to a multiple of the monthly rent. • Late payment reminders are systematically issued in respect of late payments and are monitored by local teams in each region in the frame of a robust debt collection process. • Payments for ancillary services provided by the Convention and Exhibition division generally received in advance, thereby reducing the risk of unpaid debts. • Constant review and tracking of the tenancy report – which tracks vacancies, tenants in distress, new deals, and lease expiration schedule over next three years. • Strong internal control processes to approve allowances for tenants as well as level of rents. • Monthly meetings with Development, Construction, Leasing, and Tenant Coordination to monitor the progress of project completion and to adjust tenant space delivery schedules accordingly. • Implementation of a global International Leasing platform to develop the transcontinental sourcing. • Dedicated roadmap in place to develop cross fertilization between the two platforms, to develop retailer's relationship. Strong experienced team in the US to coordinate the development. • Proactive negotiations with in-line tenants to remain in the lease if certain anchor department stores close (i.e.: Sears, JC Penny, etc.) • Monthly meetings on development projects (PCG's) between with Development, Construction, Mall Management, Leasing, and Tenant Coordination to monitor the progress of project completion and to adjust tenant space delivery schedules accordingly

4.2.2.8 REIT Status & Regime (Tax)

WFD UR NV is subject to tax in the countries in which it operates and aims to comply with its world-wide tax obligations in respect of all processes and transactions it undertakes. In both countries in which the Group operates, a special tax regime for real estate investors exists (hereafter in general: REIT regime, and the entities using such regime: REITs). Whereas a REIT regime leads to a lower tax burden at Group level, at the same time one of the basic principles is that a REITs is obliged to distribute most of its income, which is subsequently taxable at the level of the shareholders. If and to the extent that WFD UR NV opts to make use of such regimes, it will be obliged to meet the respective local requirements, which differ per country. Any failure to comply with the material tax requirements imposed by the local REIT regimes or any material change or loss of a local REIT regime could have a significant adverse effect on the Group, its results or financial position.

In the US, being classified as a REIT is a strategic business decision, and therefore protecting this classification is a priority for URW. Losing this classification would have significant negative financial implications which would lead to loss of investor confidence in URW. This risk also broadly includes any non-compliance with tax laws generally.
URW does not anticipate any major change to the federal tax laws that would have a significant adverse impact on URW.

Monitoring any (potential) state tax laws change remains crucial given the potential impact on the Group activities and results.

RISK OWNER: SVP -DIRECTOR OF TAX US, URW GROUP DIRECTOR OF TAX

Risk factors	Mitigating measures
• WFD UR NV is exposed to changes in the tax rules that are currently in force in the countries in which it operates. • The loss of the possibility to use a local REIT regime and/or any major changes in the various local REIT regimes could have a significant adverse effect on the Group. • Continuous attention is needed to be able to comply with tax obligations, against the background of an ongoing increase of the complexity of the tax regulations and interpretations thereof. And to maintain or manage very complex taxation structuring. • Disagreements with the local tax authorities could face the Group to tax litigation with public authorities. Incorrect tax payment could affect WFD UR NV reputation with a financial impact.	• The Group is a member of various national and international bodies involved in potential changes in the tax rules, thus keeping a constant eye on the most recent developments as well as being able to advise thereon when requested; • A continuous monitoring process is in place to ensure that the Group is in line with the requirements as prescribed by the various REIT regimes; • An experienced Group Tax department is in place. In addition, tax issues, including potential tax litigations, are closely followed by an internal Tax Committee and the Audit Committee. The Group Tax department follows developments with external expert lawyers in each country where the Group operates. • In collaboration with the Legal Department, the Tax Department reviews all significant contracts prior to execution to ensure proper income classification • Tax Department actively trains all income generating departments to educate them on qualifying versus non-qualifying income issues in contracts • In partnership with the Finance and Accounting departments, Tax Department monitors income classification • Taxable REIT Subsidiaries (TRS) are created to segregate non-qualified income outside of the REIT • Tax Department actively engages with the US Internal Revenue Service (IRS) to pre-test the application of REIT tax laws against a given project or deal prior to execution to ensure compliance and proper accounting treatment

4.2.2.9 Compliance risks: Corruption, Money Laundering & Fraud

WFD UR NV conducts its business in 2 countries and drives its real-estate activity with a wide variety of actors and business partners. Due to business activities and relationship with business partners, WFD UR NV faces to failure in compliance with international and national anti-bribery, corruption, money laundering & fraud law. The Group is also listed in various market and must requires several requirements.

RISK OWNERS: WFD UR NV COMPLIANCE OFFICER, US GENERAL COUNSEL SVP- RISK MANAGEMENT AND US DEPUTY DIRECTOR OF INTERNAL AUDIT

Risks related to Corruption

Risk factors	Mitigating measures
As a global company, WFD UR NV complies with the highest standards in this particular field and with anti-corruption regulations such as the French Sapin II law, the Foreign Corrupt Practices Act "FCPA" (US). Failure to comply with anti-corruption regulations and lack of transparency can lead to: • material reputational damages, • financial, administrative or disciplinary sanctions and • may have a negative impact on investors' trust.	• A rigorous Anti-Corruption Programme (ACP) applicable in every entity controlled by the Group. This Programme is based on a "zero tolerance" principle against any form of corruption. • The ACP incorporates all provisions of international conventions and national laws and regulations that may be applicable to the Group's business activities. More specifically, the ACP encourages ethical conduct and commitment to prevent, detect and deter any form of corrupt practices, and the taking of prompt and appropriate action to deal with such prohibited behaviours. • Interactions with Public Officials and Business Partners are monitored by a "Know Your Partner" procedure to ensure compliance of third parties with the Group's ACP. Prior to appointing a business partner or renewing the term of a related appointment, appropriate due diligence is conducted, in accordance with the third party risk profile. Further to the acquisition of Westfield, the "Know Your Partner" procedure is being rolled-out in the US. • A policy regarding gifts, invitations, sponsoring and charitable contributions is implemented to prevent any behaviour from being perceived as corrupt and to prevent assets from being diverted for personal use or benefit to public officials or private companies. • During the 2018 financial year, no incident of corruption was reported. • Following the acquisition of Westfield, the ACP was updated to reflect the new group organization. The new Group ACP was provided to all WFD UR NV staff upon completion of the acquisition. Local Compliance Correspondents were appointed in the US and The Netherlands to support local coordination of the ACP. An Anti-Corruption project was launched to roll out the Group ACP in these regions. The main objective is to introduce and raise the awareness of former Westfield employees to the principles set forth in the ACP and to roll out the "Know Your Partner" procedure. • In 2019, the Group ACP will be strengthened by a dedicated training module available to all WFD UR NV staff and describing the general principles related to the prevention of corruption. • In the US, compliance with the US Treasury Department's Office of Foreign Assets Control (OFAC) list of prohibited countries with whom it is unlawful to conduct business • E-learning on bribery and corruption completed by all employees annually • Separation of authorities and duties within the accounts payable system • Transfers of bank funds requires multiple levels of approval

Risks related to Lobbying Activities

Risk factors	Mitigating measures
While conducting real-estate activities, WFD UR NV is in contact with public officials. These interactions may be: • subject to a lack of disclosure, or even • considered as corrupt practices, and • may result in a loss of trust of the public, investors and stakeholders.	• Contacts and expenses related to lobbying activities are set out in a table • Appropriate training has been provided to the staff members targeted by this legal requirement.

Risks related to Ethics and Integrity

Risk factors	Mitigating measures
As a global company listed on the Paris and Amsterdam Stock Exchanges, WFD UR NV is committed to performing its activities in a transparent, ethical and upstanding way. According to its reputation as the premier global developer and operator of flagship shopping destinations, failure to comply with ethical and compliance standards may: • result in substantial financial, administrative or disciplinary sanctions, negatively impact the trust that stakeholders placed in the Group and, • result in substantial reputational damages.	• WFD UR NV has implemented a Compliance Programme applying to all company staff and directors in all regions where it operates. It aims at fostering compliance with the highest standards of governance. This programme is monitored by the Group Compliance Officer and is founded on 3 pillars - prevention, detection and correction. • Following the acquisition of Westfield, the URW Code of Ethics was updated to reflect the new group organization. This Code was provided to all company staff (in NL and US). • The URW Code of Ethics sets out the fundamental values and principles, based on a "zero tolerance" principle, governing the Group's operations and providing guidelines on how management and staff must behave in their professional environment. The URW Code of Ethics has been translated into the various working languages of the Group and is published on the corporation internet and intranet sites. • The URW Code of Ethics is supplemented by : • an annual e-learning module to all companies' staff and designed to raise their awareness on ethics. This year, employees from former Westfield also attended the e-learning module; • a Group reporting system encouraging company staff to report any violation or breach to the Group Compliance Officer. • Contracts signed with Group's suppliers include a clause on ethical business behaviour as well as explaining that suppliers are expected to uphold the standards described in the URW Code of Ethics, the clause describes the required steps to report potential or proven breaches. • Any material breach is reported to the Dutch financial market authority, which would then make this information public via its website. In 2018, the WFD UR NV did not report any material breaches. • Whistle-blower program is in place

Risks related to Stock Market Regulation

Risk factors	Mitigating measures
WFD UR NV is a global company listed on various stock markets such as Paris and Amsterdam. The Group is also a member of: • the CAC 40, • Euronext, • AEX, • EURO STOXX 50 indexes, • the ASPI Eurozone Index, • Global Real Estate Sustainability Benchmark (GRESB), • STOXX Global ESG Leaders Index, • Ethibel Excellence Investment Register, and • FTSE4Good sustainable investment indexes. Within this framework, WFD UR NV is required to comply with various regulations and requirements aiming at fostering market transparency in order to provide clear, real and objective information about the company. Failure to comply with these requirements can lead to: • financial, administrative or disciplinary sanctions, and • may have a negative impact on investors' trust.	• The Market Abuse Regulation (MAR) related to insider trading is detailed in the Insider Trading Rules procedure, setting out common principles applying to the qualification of Inside Information, the disclosure of such information, trading bans during pre-defined periods of time and disclosure requirements for designated persons. A Group Disclosure Committee (GDC) is responsible of qualifying Inside Information if any. To reflect the new Group organization, the Insider Trading Rules were updated further to the completion of the acquisition. • According to the provisions set forth by MAR, the Westfield transaction was qualified as Inside Information by the GDC, insiders were duly notified by the Group Compliance Officer and the transaction was publicly disclosed on December 12, 2017.

Risks related to fraud

Risk factors	Mitigating measures
The Group could be exposed to: • attempted fraud (identity theft for example), or • embezzlement in the course of its business. This could have a major impact on its financial position and reputation.	• The Group has implemented a secure payments procedure and has formalised the rules for opening, changing and closing bank accounts. • Awareness of fraud scenarios is raised in departments throughout the year and illustrated by real cases. In the case of attempted fraud, the Group Compliance Officer systematically shares the information via email with all regions, including a reminder of preventive procedures. • Fraud assessment was performed in the US in Q1-2019

4.2.2.10 Health and Safety including natural disasters

As a property owner or manager, WFD UR NV has to comply with local environmental and health and safety regulations in each country where it is active. A potential failure to comply with these regulations, or the need to comply with significant new regulations that may be introduced could lead to fines, penalties, prosecution, closures, delays-on development of the Group's activities. This could potentially affect WFD UR NV's results and its financial position as well as its general liability, brand and reputation.

The Health & Safety Risks during operations include all unwanted events with a possible negative impact:

- on people: employees, visitors, tenants, suppliers, contractors and local communities,
- on the environment,
- on the building,
- on the business continuity.

The risk of injuries, fatalities or property damage at a WFD UR NV property are ever-present. Significant measures are employed to prevent the most serious foreseeable types of health and safety events.

RISK OWNERS: EVP NATIONAL OPERATIONS, SVP-RISK MANAGEMENT US

Risk factors	Mitigating measures
• The possibility and impact of non-compliance with law, regulations and Group Policies & Regional related to HSE, leading to prosecutions and financial sanctions. • The possibility of failure to adequately identify potential hazards and/or structural failure. The Group is potentially exposed to damages causes by an accidental event leading to ill health, injuries or death with the associated impact on brand, reputation, business disruption and legal intervention, prosecutions and sanctions. Moreover, a non-adapted response to an accidental event could lead to financial losses and impact on the image of the Group. The risk of natural disasters affecting assets resulting in financial impact, in a significant business disruption or in people injurie, or deaths. The management of this risk differs according to the region. In the US, assets are much more exposed (climate change, health or ecological crises, etc…).	• The Group regularly arranges inspections of technical facilities that could have an impact on personal safety, property and/or the environment. Every asset completes mandatory regulatory inspections and completes corrective actions as required. • Regulatory watch is organized for each country to keep local and regional teams aware of new regulations, which enable them to setup corresponding action plans. • All assets have fire alarm and fire sprinkler systems tested as required by regulations and utilization of safety and building maintenance software to ensure scheduled inspections and corresponding corrective actions are completed. • Training sessions are organized with a minimum frequency of one per year by Synergies & Expertise team for PMPS newcomers, presenting the group HSE Risk Management policies at Continental Europe level. • Routine Health and Safety risk assessments are conducted annually for all managed assets in the US mitigate health and safety risks such as water, air, lead, asbestos and Legionnaires' disease, and to identify and correct generally hazardous conditions that represent the potential to cause personal injury. • Crisis Management Team (CMT) supported by a formal framework, policies and procedures, and teams in charge of H&S regularly trained. Action and crisis management plans are in place to enable rapid response in the event of an incident.

Risk factors	Mitigating risks
	• An assessment of Dutch assets most exposed to natural disasters (flooding, storm and earthquake) exists and is regularly updated. For assets potentially exposed to natural disasters, emergency response • plans are defined. The insurance coverage for all assets regarding natural disasters is managed by corporate insurance team. • In US, insurance broker conducts a “catastrophe loss expectancy analysis” for the catastrophic perils of flood, hurricane, and earthquake in conjunction with the annual insurance renewal that provides guidance as to the potential cost associated with damages from any one event, and which is used in the selection of limits of insurance purchased. • Routine safety inspections and corrective actions at all construction sites as well as operational aspects of assets • All employees receive basic health and safety training, and all construction employees are trained as required by the US Occupational Safety & Health Administration (OSHA) • All assets are fully protected by a fire alarm and fire sprinkler systems tested as required by regulations • All US assets have American with Disabilities Act (ADA) review with corrective actions completed

4.2.2.11 Legal & Regulatory

WFD UR NV must comply with a wide variety of laws and regulations in all countries in which it operates as well as with some extraterritorial regulations, and, in particular, with European and American regulations. The risk of failing to comply with applicable laws and regulation may result in a major violation causing either a negative reputational impact of result in fines or the loss of required license for doing business and/or any other legal action.

RISK OWNER: WFD UR NV CORPORATE SECRETARY, US GENERAL COUNSEL AND SVP OF RISK MANAGEMENT

Risk factors	Mitigating measures

• Failure to comply with law and regulations at governmental, federal, state, province, local country or sector level on, among others
    • Financial rules,
    • Securities law and regulations,
    • general competition regulations,
    • urban planning regulations,
    • construction and operating permits and licences,
    • health and safety regulations (including for assets that are open to the public),
    • environmental regulations,
    • lease laws,
    • labour regulations,
    • personal data protection,
    • corporate and tax laws.
• Failure to prevent or mitigate material negative impact of any investigations and/or litigation.
• Failure to predict unexpected changes in regulatory framework and/or the loss of benefits associated with a status or an authorization could require WFD UR NV to : (i) adapt and/or reduce its business activities, its assets or its strategy (including geographical presence), and/or (ii) face additional constraints and/or costs. All this can lead to a significant adverse effect on the value of its property portfolio and/or its results, and/or an increase in its expenses, a slowing or e
	• Legal risks are monitored by the US General Counsel, who oversees the deployment of the Group’s legal philosophy, policies and procedures to protect the Group’s interests and ensure that WFD UR NV Group complies with the regulations that govern its operations.
	• The legal department is managed by the US General Counsel, and supported by URW group legal teams (Group Corporate & Security Law and Data & Brand Protection). They are charged with protecting the Group’s interests in contractual matters, drawing up standard contracts and supervising litigation.
	• On recurring basis, the US General Counsel Is provided with formal progress reports on the Group’s main outstanding disputes and major legal topics.
	• There is an internal alert process to inform the US General Counsel of any (potential) major litigation, despite or legal topic.
	• Comprehensive legal training on complex or new regulations are performed to raise awareness.
	• The Group in-house lawyers are specialists in jurisdictions in which the Group operates and set the network of external counsel and experts as required.
	• External advisors and law firms provide constant update on both emerging legislation and recent case law on specific matters. Through its action within the various national professional organisations bringing together the main operators in the commercial real estate and office sectors, the Group endeavours to anticipate any legislative initiatives likely to have an impact on its business.
	• External advisors and counsel provide constant updates on both emerging and changing legislation and laws

Risk factors	Mitigating risks
• halting of the development of certain investment or leasing activities. In the normal course of its business activities, the Group : • Could be involved in legal and/or administrative, and/or arbitral, and/or regulatory proceedings (for instance, regarding contractual responsibility, employers' liabilities, penal issues), • Is subject to tax and administrative audits. Furthermore, in addition to financial risks, risks potentially associated with the foregoing include: risk of loss of the right to conduct business, maintain a geographical market presence and reputational damage associated with the Company's image, ethics and way of doing business.	• Outside legal counsel consulted and engaged on all litigated cases

Risks related to Personal Data Protection

Risk factors	Mitigating measures
In the course of its activities, WFD UR NV collects and processes diverse personal data from customers, employees, business partners and service providers. On May 25, 2018 European regulation on personal data enters into force, embodying a new era for companies processing personal data : (i) financial risk increases up to €20 Mn or 4% of the worldwide turnover (higher of), (ii) companies' accountability replaces previous notification and authorization rules (more inspection from data protection authority, more emphasis on rights of data subjects), (iii) material reputational risk.	A URW Group action plan has been launched and monitored by the legal team. The deadlines has been met thank to the implementation on the Netherlands perimeter (former UR Group), of several outcomes on: • Marketing: a new consent and customer privacy policy as well as customer claim management process • Organizational & technical processes: retention period policy, data breach notification process, update of the employee privacy policy, IT security. • Signature of data processing agreement with major IT contracts service provided. So as to align the level of compliance after the Westfield acquisition within the Group, a new governance and specific actions have been set out : • Appointment of one Head of Group Data & Brand Protection, Data Protection Officers and Local Data Protection Correspondents network set up. • harmonization of practices and policies. • In the US, Privacy Counsel (Legal Department) on staff to remain aware of data privacy laws and to provide guidance and implement policies and training for compliance • Working group in the US established to address emerging California Consumer Data Privacy Act (CCDP) privacy laws set to take effect January 1, 2020 to understand requirements and design roadmap for implementation • Outside legal counsel and privacy consultants identified to provide guidance if required for compliance with state-specific privacy breach notification laws

4.2.2.12 Recruitment, Retention & Succession

To successfully implement its challenging strategy and achieve its targets, the Group rely on its people. Insufficient and inadequate human resources or inability to attract or retain talented people could prevent the Group from reaching its objectives.

RISK OWNER: GROUP CHIEF RESOURCES OFFICER &GROUP DIRECTOR OF HUMAN RESOURCES AND ORGANISATION

Risk factors	Mitigating measures

• Failure to recruit appropriate profiles to maintain strategic capabilities
 	
• Failure to retain key people : Low employee engagement could result in high turnover, team instability and loss of knowledge, which would jeopardize the performance of the Group. WFD UR NV may have difficulty attracting, motivating and retaining executives and other key employees due to uncertainty associated with the Westfield Transaction.
 	
• Failure to meet people comfort and well-being standards
 	
• Failure to set up and update a formal succession plan in case of the departure of (i)a top management team member, or (ii)a key person. It could have a material adverse impact upon the business, financial position and/or results of the Group.
	• The Human Resources Department works with operational teams to define business needs and team sizing, and organizes permanent market watch for key external talent.
	
	• Recruitment is organized along the following key features
	  – The development of a new employer brand, supported by a strong campus relations practice including regular on-campus presence, and the organization of key events such as a Business Game, and a Hackathon event.
	  – A very successful Graduate Program to attract and recruit the best graduates from top business and engineering schools, enlarged in 2019 to the US
	  – The development of a cooptation program (Coopt@URW) geared toward more senior talents.
	  – A strong internal Talent Acquisition practice.
	  – The selective use of talent external head-hunters.
	
	• A yearly 360° review of each employee with identification of key employees, key managers and future talent will be performed in next year to provide consistent career development.
	
	• Implementation of a meaningful and attractive Group Compensation & Benefits policy within the Group as well as the development of internal mobility and career paths
	
	• Development of the URW Group Academy and focus on soft skills for all employees
	
	• Existence of an effective succession plan for relevant levels (Supervisory Board, Management Board, Senior Management Team and key managers).
	
	• An ongoing program of talent identification and education to enhance the prospects of internal candidates being ready to assume senior roles.

4.3 TRANSFERRING RISK TO THE INSURANCE MARKET

The Group operates a loss prevention policy, developing measures to reduce the probability and impact of claims notably with respect to fire protection and health and safety. This policy improves the Group's position when negotiating cover and premiums with its insurers.

The Group and its controlled subsidiaries are covered by insurance programmes, which are underwritten by leading insurance companies located in various markets (the United States, the UK, France or Australia).

These programmes are actively monitored by the Group Insurance Department in liaison with local teams and insurance brokers in Europe and in the United States.

Under the property damage and terrorism programmes, all Group's property assets are insured, for the most part, for their reconstruction value (regularly assessed by internal or external property insurance valuers), as well as for business interruptions and loss of rent (for more details, refer to the table below).

Under the property damage and terrorism programmes, all of WFD UR NV's property assets in the US and the Netherlands are insured for their reconstruction value (regularly assessed either by our internal construction team or through external property appraisers), as well as for business interruption and loss of rent (for more details, refer to the table below).

WFD UR NV and its controlled subsidiaries have also taken out general liability insurance policies that cover financial damages resulting from third party claims.

Type of insurance	Coverage and main limits (Based on 2018 group insurance programmes)

Property damage and loss of rent/business interruption & terrorism	Coverage: "all risks" basis (subject to named exclusions) and terrorism
	Basis of compensation:
	• reconstruction costs for building, replacement cost for equipment,
	• loss of rent or business interruption with a compensation period of between 12 and 60 months depending on the asset.
	Limits of compensation:
	The Netherlands:
	• All risks: limit of €880 Mn per occurrence covering all property damages and loss of rent/business interruption. The programme includes sub-limits notably:
	    • Earthquake: limit of €100 Mn in the annual aggregate.
	    • Flood: limit of €100 Mn in the annual aggregate sub-limited to €25 million in the annual aggregate for the Netherlands (Dyke failure is excluded which is market practice).
	• Terrorism: limit of €900 Mn in the aggregate covering damages and loss of rent/business interruption following a terrorist attack.
	US:
	• The US: limit of $1,9 Bn per occurrence covering all damages and loss of rent/business interruption including terrorism events. The programme includes sub-limits notably for natural catastrophe risks. The Group insurance brokers complete annually a detailed loss estimate analysis on natural catastrophe exposures. This information is used in determining the amount of insurance purchased for the perils of earthquake and windstorm/ hurricane.
	    • Earthquake:
	    The overall program sublimit for Earthquake is $500 million per occurrence and annual aggregate subject to additional inner sub-limits of:
	        • Sub-limit of $400 Mn for California Earthquake: this limit applies to all locations in California. A retention per location of 5% of total insured values would be applicable.
	        • Sub-limit of $250 Mn for Pacific Northwest Earthquake: this limit applies to South Centre in Tukwila, WA. A retention per location of 3% of total insured values would be applicable.
	    • Windstorm/ hurricane
	        • Limit of $1,9 Bn in the annual aggregate. A deductible of $50,000 per location would be applicable, except for assets located in Florida where a retention per location of 5% of the total Insured values would be applicable.
	    • Flood
	        • Sub-limit of $500 Mn in the aggregate with $500,000 deductible per location for properties in designated flood zones.
	In the US in particular, the combination of the concentration of a large number of assets in the same area with a high exposure to natural catastrophe risks and the limited capacity available from insurers to cover these risks exposes Unibail-Rodamco SE and its controlled subsidiaries to retain a significant share of these risks as uninsured.

General civil liability	Coverage: "all risks" basis (subject to named exclusions) for damage caused to third parties up to: • Limit of €200 Mn per claim in the Netherlands, • Limit of $500 Mn per claim in the United States The programmes include sub-limits, for example to cover liability claims following a terrorist attack.
General environmental liability	Coverage for damage caused to third parties up to: The Netherlands: • For accidental pollution: limit of €30 Mn per claim and annual aggregate, • For gradual pollution: limit of €3 Mn per claim within an annual aggregate. US: • Limit of $5 Mn per claim and in the annual aggregate limit.

Type of insurance	Coverage and main limits (Based on 2018 group insurance programmes)
Cyber risks	Annual aggregate coverage up to: • Limit of €15 Mn for the Netherlands • Limit of $25 Mn for the US

Main construction projects and renovation works on properties are covered by contractors' All Risks policies for their total construction cost. Defects affecting the works are covered by decennial insurance in France, Inherent Defect Insurance for large construction or extension projects in the Netherlands or by contractors' warranties in the US.

The Group did not incur any major uninsured losses in 2018.

At the end of 2018, the Group's insurance policies were successfully renegotiated with coverage improvements notably for Corporate insurance policies (Professional Indemnity, Cyber, Crime and Employers Practice Liability) and insurances for the Dutch assets which is effective of January 1, 2019.

5.

INFORMATION ON THE COMPANY, SHAREHOLDING AND THE SHARE CAPITAL

5.1 INFORMATION ON THE COMPANY

5.1.1 GENERAL INFORMATION

WFD Unibail-Rodamco N.V. ("WFD UR NV" or the "Company") has its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Schiphol Boulevard 315, World Trade Center Schiphol - Tower F, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands. WFD UR NV is registered with the Commercial Register of the Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 70898618.

Its financial year runs from January 1 to December 31. Exceptionally, the first reporting period was from February 14 to December 31, 2018.

Information about the Company is available on its website: **www.wfd-unibail-rodamco-nv.com**.

5.1.2 LEGAL FORM AND APPLICABLE LAW

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

5.2 SHARE CAPITAL AND OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

5.2.1 AUTHORISED SHARE CAPITAL – FORM OF SHARES

As at December 31, 2018, WFD UR NV's issued share capital amounted to €115,768,458 and was divided into 138,288,601 Class A shares and 93,248,315 Class B shares at a nominal value of €0.50, representing 59.73% and 40.27%, respectively, of the Company's issued share capital.

In June 2018, the Class A shares of the Company were individually stapled with the shares of Unibail-Rodamco SE (hereinafter: "UR SE") (hereinafter together, the "Stapled Shares"), a public limited liability company under the laws of France, with its registered office located in Paris and Companies Register under number 682 024 096.

The Company, UR SE and all of the controlled entities whose financial information is included in the consolidated accounts of the Company and/or of UR SE, constitute the "URW Group" or the "Stapled Group".

In accordance with the Company's articles of associations (hereinafter: "the Articles"), each Stapled Share is composed of one UR SE Share stapled together with one Class A Share in WFD UR NV and will be denominated in Euro. The Stapled Shares are admitted to trading on Euronext Amsterdam and Euronext Paris, under ISIN code FR0013326246 and trading symbols AMS: URW (Euronext Amsterdam) and EPA: URW (Euronext Paris). Any shareholder of Stapled Shares will have all the rights and be under all the obligations of both a shareholder of UR SE (with respect to the UR SE shares that are part of his Stapled Shares) and a shareholder of WFD UR NV (with respect to the Class A shares that are part of his Stapled Shares).

5.2.2 SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

As a result of the Staples Shares structure the exercise of CDIs and the performance stock options, performance shares, ORA and ORNANE Shares issued by UR SE will have impact on the share capital of WFD UR NV. The details of securities granting access to the capital of WFD UR NV are described below.

5.2.2.1 CDIs (CHESS Depositary Interests)

The term "CDI" designates Australian CHESS (clearing house electronic sub register SYSTEM) depositary interests that represent beneficial ownership in Stapled Shares registered in the name of or on behalf of CDN (CHESS Depositary Nominees Pty Limited, a subsidiary of the Australian Securities Exchange (ASX)). CDIs are admitted for trading on the ASX.

20 CDIs collectively represent a beneficial interest in 1 Stapled Share. CDN enables holders of CDIs to exercise[39] the voting rights attached to the Stapled Shares. The CDIs can be converted into Stapled Shares at any time and inversely.

5.2.2.2 Performance Stock Options and Performance Shares

The Company's Long-Term Incentive (LTI) programme is not yet implemented as per December 31, 2018.

The Long-Term Incentive (LTI) programme of the UR SE combines two equity remuneration instruments: Performance Stock Options (SO) and Performance Shares (PS). As of December 31, 2018, the number of potential shares to be theoretically issued after taking into account cancellation (assuming the required performance and presence conditions are attained and excluding any cancellations that may occur during the course of the plan) represents 0.10% of the fully-diluted capital with regard to the PS and 2.13% of the fully-diluted capital with regard to the SO of UR SE.

(39) Holders of CDIs can (i) either ask CDN to vote in a given way, (ii) or request that CDN grant it with the power to vote at the General Meeting.

5.2.2.3 ORA (bonds redeemable in shares)

Pursuant to the Public Exchange Offer initiated in April 2007 by UR SE for Rodamco Europe N.V., 9,363,708 ORA were issued in part consideration for the shares contributed by Rodamco Europe N.V. shareholders to the Public Exchange Offer. As at December 31, 2018, 9,357,951 ORA have been redeemed for shares.

The number of outstanding ORA at this date is 5,757, which will be converted into Stapled Shares. The number of potential new shares to be issued out of the exercise of the remaining ORA is 7,196[40] based on the redemption ratio of 1.25 following the exceptional distribution of May 10, 2011.

For full details on the ORA, please refer to the "*Note d'opération*" approved French financial markets authority under visa no. 07-152 dated 18 May 2007.

5.2.2.4 ORNANE (bonds redeemable in cash and/or in new and/or existing shares)

On April 20, 2018, the General Meeting of the holders of 2014 and 2015 ORNANE approved all of the resolutions submitted to them with respect to the Westfield transaction and, notably, the redemption of ORNANE in new and/or existing Stapled Shares.

- 2014 ORNANE issuance of June 25, 2014

On June 25, 2014, UR SE issued 1,735,749 2014 ORNANE at a nominal value per unit of €288.06, representing a nominal amount of €500 Mn, maturing on July 1, 2021. As at December 31, 2018, no 2014 ORNANE have been converted.

The 2014 ORNANE have been convertible since January 1, 2018. The conversion rate to Stapled Shares is 1.16 as at December 31, 2018.

For full details on the 2014 ORNANE, please refer to the "Note d'opération" approved by the French financial markets authority under visa no. 14-296 dated June 17, 2014.

- 2015 ORNANE issuance of April 15, 2015

On April 15, 2015, the UR SE issued 1,441,462 2015 ORNANE at a nominal value per unit of €346.87, representing a nominal amount of €500 Mn, maturing on January 1, 2022. As at December 31, 2018, no 2015 ORNANE have been converted.

The 2015 ORNANEs have been convertible since January 1, 2018. The conversion rate to Stapled Shares is 1.01 as at December 31, 2018.

For more details on the 2015 ORNANE, please refer to the "Note d'opération" approved by the French financial markets authority under visa no. 15-144 dated April 8, 2015.

5.2.3 PLEDGED COMPANY SHARES

As at December 31, 2018, 523,540 Stapled Shares were pledged in a registered custodian account. No standard registered shares were pledged.

5.2.4 OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

None.

5.3 SHARE BUY-BACK PROGRAMME AND SHARE ISSUANCES

5.3.1 AUTHORISATION TO BUY BACK SHARES

Pursuant to shareholders resolution dated 1 June 2018, the Management Board ("MB") has been authorized (for 18 months after the closing date of the Westfield acquisition) to resolve for the Company to acquire, with the approval of the Supervisory Board ("SB"), up to 10% of the class A shares in the Company's capital (separate or as part of Stapled Shares) and up to 100% of the class B shares in the Company's capital in issue from time to time. It is envisaged that the MB shall seek renewal of such authorization annually at the Company's annual general meeting of shareholders.

The MB is authorized, to i) acquire one or more class A shares in the Company's capital (separate or as part of Stapled Shares) from UR SE, ii) acquire one or more class A shares in the Company's capital from anyone other than UR SE (including by means of a share buy-back programme), provided that such acquisition is made (x) pursuant to and in accordance with a joint share buy-back programme approved by or on behalf of (the relevant corporate bodies of) the Company and UR SE or (y) jointly and in connection with (but not necessarily concurrently with) an acquisition or ordinary shares in the capital of UR SE by UR SE; and/or iii) acquire one or more class B shares in the Company's capital from UR SE, in each case (x) subject to the MB being authorised by the Company's General Meeting to acquire such shares in the capital of the Company and (y) with due observance of Dutch law, the Company's Articles of Association (the "Articles") and the relevant limitations set out in the shareholders' authorisation as applicable from time to time.

5.3.2 REVIEW OF THE USE OF THE AUTHORISATION TO REDEEM SHARES AND INFORMATION ON THE TRANSACTIONS CARRIED OUT DURING THE FINANCIAL YEAR ENDING DECEMBER 31, 2018.

During the financial year ended on December 31, 2018, the Company did not proceed with the acquisition of any shares under the share buy-back programme.

The Company has not used any derivative products as part of its share buy-back programme and has currently not entered into any market-making and/or liquidity agreement.

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(40) Subject to ORA holder entitlement to round up to fractional shareholding.

5.3.3 AUTHORISATION TO ISSUE SHARES

With effect from the closing date of the Westfield Transaction (and for a period of 5 years from such date), the MB has been authorized, subject to the approval of the SB and the Stapled Share principle, (i) to resolve to issue shares in the capital of the Company and to grant rights to subscribe for such shares up to the maximum authorized share capital as this may be included in the Articles from time to time and (ii) to resolve to limit or exclude pre-emption rights in relation thereto.

5.4 INFORMATION ON THE SHAREHOLDING

5.4.1 OWNERSHIP OF CAPITAL AND VOTING RIGHTS

The Company's share capital as at December 31, 2018 comprises 138,288,601 Class A Shares and 93,248,315 Class B Shares at a nominal value of €0.50 and is fully paid-up. The Class A shares form part of Stapled shares together with ordinary UR SE. All Class B shares are owned by UR SE.

One single voting right is attached to each share in accordance with the "one share, one vote" principle.

59.56% of the share capital is free floating.

The Company's shareholding structure is as follows at year end 2018:

		Year-end-2018				
Shareholder		Number of A shares	Number of B shares	Total Number of shares	% of share capital	% of voting rights
Free float		137,894,274		137,894,274	59.56	59.56
Included	Blackrock Investment Mgt	6,840,786		6,840,786	2.95	2.95
The following	APG Asset Mgt	6,593,704		6,593,704	2.85	2.85
Major shareholders:	Vanguard Group	4,542,787		4,542,787	1.96	1.96
	Blackrock Investment Mgt	4,208,044		4,208,044	1.82	1.82
	LFG America and Lowy Foundation[41]	3,643,513		3,643,513	1.57	1.57
	UR SE		93,248,315	93,248,315	40.27	40.27
Treasury shares		-	-	-	-	-
Company directors[42]		119,052	-	119,052	0.05	0.05
Company Savings Plan[43]		275,275	-	275,275	0.12	0.12
TOTAL		**138,288,601**	**93,248,315**	**231.536.916**		

Figures may not add up due to rounding.

There has not been any significant variation of the share capital since December 31, 2018.

5.4.2 SHAREHOLDERS' AGREEMENT

To the best of the Company's knowledge, there is no shareholder's agreement.

5.5 ARTICLES OF ASSOCIATION OF THE COMPANY AND RULES OF THE CORPORATE BODIES

The main statutory provisions are given hereafter. Furthermore, the Management Board (the "MB"), Supervisory Board (the "SB"), Audit Committee (the "AC"), the Investment Committee (the "IC") and the Governance and Nomination and Remuneration Committee (the "GNRC") each have their own internal charters (Rules). The Articles of Association (the "Articles") and internal charters of these committees are available on the Company's website or at its registered office.

The Articles were last updated on June 7, 2018.

[41] Including the securities held by LFG America Pty Limited and the Lowy Foundation.
[42] Corporate officers endorse the members of the UR SE MB. Before June 7, 2018, the UR SE MB consisted of six members and, as of June 7, 2018, this was reduced to two members.
[43] Including units in the UR SE company saving plan held by the Management Board Members.

5.5.1 CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)

The corporate purpose of the Company is in The Netherlands and abroad:

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

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

5.5.2 STAPLED SHARE PRINCIPLE (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

The shares in WFD UR NV are in registered form. The shares have been, or will be, created under Dutch law and must be paid up in full upon issuance (without prejudice to section 2:80(2) Dutch Civil Code (the "DCC")). However, it may be stipulated that up to 75% of the nominal value of a Class B share need not be paid up until WFD UR NV has called for payment.

The Class A shares may be included in a giro deposit (*girodepot*) or a collective deposit (*verzameldepot*) in accordance with the provisions of the Dutch Giro Securities Act or any other collection of securities which are transferable by means of book-entry, in each case with due observance of the Stapled Share principle set out in the Articles.

Each Class B share can be converted into one Class A share. By means of a written request addressed to the MB, the holder of one or more Class B shares may request the conversion of all or part of his Class B shares into an equal number of Class A shares. Such request must indicate the number of Class B shares to be converted. Upon receipt of such request, the MB, with the approval of the SB, shall resolve to convert the number of Class B shares specified in the request into an equal number of Class A shares. Neither the MB nor WFD UR NV are required to effect a conversion of Class B shares if the request does not include the number of Class B shares to be converted or if the MB reasonably believes that the information included in such request is untrue or incorrect or that the holder concerned is not a party meeting the quality requirement described below.

Under the Articles, in order to achieve a situation where holders of Class A shares, other than any entity of the Stapled Group, hold an interest in both WFD UR NV and UR SE, as if they held an interest in a single (combined) company:

- no Class A share can be (i) issued to, or subscribed for by, others than any entity of the Stapled Group, (ii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the Stapled Group, or (iii) released from any encumbrance by others than any entity of the Stapled Group, in each case except together with a UR Share in the form of a Stapled Share;
- no right to subscribe for one or more Class A shares can be (i) granted to or exercised by others than any entity of the Stapled Group, (ii) terminated by others than any entity of the Stapled Group, (iii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the Stapled Group, or (iv) released from any encumbrance by others than any entity of the Stapled Group, in each case except together with a corresponding right to subscribe for an equal number of UR Shares in the form of an equal number of Stapled Shares;
- all shareholders, other than any entity of the Stapled Group, must refrain from (i) acquiring any Class A share, (ii) acquiring, exercising or terminating any right to subscribe for one or more Class A shares, or (iii) creating or acquiring a usufruct, pledge or other encumbrance over any Class A share or any right to subscribe for one or more Class A shares, in each case except (if it concerns a Class A share) together with a UR SE share in the form of a Stapled Share or (if it concerns a right to subscribe for one or more Class A shares) together with a corresponding right to subscribe for an equal number of UR SE shares in the form of an equal number of Stapled Shares; and
- subject to applicable law, the MB and the SB shall take all necessary actions to ensure that, at all times, the number of Class A shares issued and held by others than any entity of the Stapled Group is equal to the number of UR SE shares issued and held by others than any entity of the Stapled Group.

The Stapled Share principle can only be terminated by virtue of a resolution passed by the General Meeting to amend the Articles. A resolution by the General Meeting to effect such an amendment shall only become effective after the MB, with the approval of the SB, has confirmed that the general meeting or shareholders or UR SE has passed a resolution to terminate the Stapled Share principle as included in the Articles of UR SE.

In addition, under the Articles, Class B shares can only be held by any entity of the Stapled Group or any other party, with the prior approval of the MB and the SB. If one or more Class B shares are not, or no longer, held by a party which meets the quality requirements described in the previous sentence:

- the holder of such Class B shares must immediately notify the MB thereof, consistent with the arrangements described in the Articles;
- such Shareholder's voting rights, meeting rights and rights to receive distributions attached to its Class B shares shall be suspended; and
- such Shareholder must immediately offer and transfer its Class B shares to WFD UR NV (or to a party designated in writing by WFD UR NV) in accordance with the provisions in the Articles.
- the MB, with the approval of the SB, may grant dispensation from the quality requirement described above.

Except as set forth above or as described elsewhere in this report, as at December 31, 2018, WFD UR NV imposed no limitation, under its Articles or by contract, on the transfer of Shares (or depository receipts for Shares issued with WFD UR NV's cooperation), the exercise of voting rights on Shares, periods for exercising such voting rights or the issuance of depository receipts for Shares with WFD UR NV's cooperation.

The URW Group also established a secondary listing on the ASX to allow securityholders to trade the Stapled Shares locally in the form of Chess Depository Interests ("CDI's") under the ASX ticker of URW. CDIs are Australian law instruments through which Stapled Shares can be traded on ASX. 20 CDIs represent a beneficial interest in one Stapled Share, conferring rights that are economically equivalent to the rights attaching to one Stapled Share. Stapled Shares represented by CDIs will be held by an ASX subsidiary through Euroclear France. CDN will enable holders of CDIs to exercise, directly or indirectly, the voting rights attached to the Stapled Shares. CDIs can - but only in multiples of 20 - be converted into Stapled Shares. Conversely, Stapled Shares can be converted into CDIs at a ratio of 20 CDIs per Stapled Share.

All shareholders of the Company must comply with the Stapled Share principle described above. If a shareholder, other than any entity of the URW Group, would hold one or more "Unstapled Shares" (i.e., class A shares held by a shareholder, other than any entity of the URW Group, if such shareholder does not also hold the corresponding ordinary shares in UR in the form of Stapled Shares) for whatever reason:

- such shareholder must immediately notify the MB of such breach, consistent with the arrangements described in the Articles;
- such shareholder must immediately offer and transfer its Unstapled Shares to UR (or any other entity of the URW Group designated in writing by UR); if such shareholder has not, within a reasonable period of no more than fourteen (14) days after having become obliged to offer and transfer its Unstapled Shares, complied with such obligation, WFD UR NV shall be irrevocably authorised to offer and transfer the Unstapled Shares concerned to UR (or any other entity of the URW Group designated in writing by UR) on behalf of such shareholder; and
- such shareholder's voting rights, meeting rights and rights to receive distributions attached to its Unstapled Shares shall be suspended for as long as such shareholder (or WFD UR NV on such shareholder's behalf) has not complied with the obligation of such Shareholder to offer and transfer such Unstapled Shares as described above.

If the holder of a Stapled Share must notify UR in respect of its shares in the capital of UR pursuant to the articles of association of UR and/or applicable French law, such shareholder must also immediately notify UR in accordance with the arrangements described in the Articles. If the MB becomes aware that a shareholder has failed to comply with that obligation, the MB, with the approval of the SB, may demand that such shareholder comply with such obligation within a reasonable period of no more than 14 days, as stipulated in such notice. For as long as the shareholder concerned has not complied with such obligation after the expiration of the period stipulated in said notice, such Shareholder's voting rights, meeting rights and rights to receive distributions attached to its Class A shares shall be suspended.

Furthermore, under Dutch law, various protective measures are possible and permissible within the boundaries set by Dutch law, including Dutch case law. In this respect, certain provisions of our Articles may make it more difficult for a third party to acquire control of us or effect a change in our MB and/or SB. These include:

- the Stapled Share principle described in paragraph 5.5.2;
- a provision that the General Meeting can only appoint MB Members and SB Members on the basis of a nomination by (i) the SB pursuant to and in accordance with a binding recommendation by the GNRC, (ii) the Chairman, (iii) a Controlling Shareholder or (iv) the Class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto; and
- a requirement that certain matters, including an amendment of our Articles, may only be brought to our General Meeting for a vote upon a proposal by the MB, with the approval of the SB.

5.5.3 CORPORATE GOVERNANCE STRUCTURE (ARTICLES 16 TO 26 OF THE ARTICLES OF ASSOCIATION)

The Company is managed by a MB and a SB. Details of the composition and the functioning of the MB and the SB are set out in Section 2.1 of this Annual Report.

5.5.3.1 The Management Board (Articles 16 to 21 of the Articles of Association and Management Board rules)

The MB is the collegial decision-making body of WFD UR NV. Pursuant to the Articles, the MB shall be composed of individuals or entities and the SB shall determine the number of MB Members. The MB consisted of two members as at December 31, 2018. The Chairman shall, with due observance of the MB, designate one MB Member as President US, and may revoke such designation from time to time.

The MB is charged with management of the Company, subject to the restrictions contained in the Articles. The MB is required to provide the SB with the information necessary for the performance of its tasks in a timely fashion. At least once a year, the MB shall inform the SB in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of WFD UR NV. The MB's mission consists in developing and executing the Company's strategy, effectively structuring and staffing the Company to ensure its efficient functioning, achieving the projected financial results and communicating these results in the best manner. In performing their duties, MB members shall be guided by interests of the Company and of the business connected with it.

The MB is responsible for the day-to-day management of WFD UR NV which includes, among other things, formulating strategies and policies, and setting and achieving WFD UR NV's objectives. The SB supervises and advises the MB. In performing their duties, MB and SB members shall be guided by the interests of WFD UR NV and of the business connected with it.

The General Meeting shall appoint the MB Members and can only appoint a MB Member upon a nomination by (i) the SB pursuant to and in accordance with a binding recommendation by the GNRC, (ii) the Chairman, (iii) a Controlling Shareholder or (iv) the Class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto. A MB Member is appointed or reappointed for a term which shall expire immediately following the end of the annual General Meeting held in any of the first four years following his appointment or reappointment (as relevant).

The General Meeting may at any time suspend or dismiss any MB Member. In addition, the SB may at any time suspend a MB Member. The SB shall not make any proposal, or approve any proposal made by the MB, for the suspension or dismissal of a MB Member and shall not resolve upon the suspension of a MB Member, other than pursuant to and in accordance with a binding recommendation either by the SB Chairman or by the GNRC. A suspension by the SB can at any time be lifted by the General Meeting. If a MB Member is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

5.5.3.2 The Supervisory Board (Articles 22 to 26 of the Articles of Association and the Supervisory Board rules)

The SB exercises permanent oversight and control over the MB and the general affairs of the Company as provided by law, the Articles and its SB Rules. The SB has 5 members appointed for a term of four years. The SB must comprise of two UR Supervisory Directors. "UR Supervisory Directors" refers to an SB member who is also a member of the management board, a member of the supervisory board or an employee of (x) UR SE (or any of the legal successors) or (y) any controlled undertaking whose financial information us included in the consolidated financial reporting of UR SE (excluding the Company and its subsidiaries within the meaning of section 2:24a of the Dutch Civil Code).

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

The SB consists of at least two, but no more than seven, SB Members. The SB shall be composed of individuals. The SB shall determine the number of SB Members. The SB must comprise such number of UR Supervisory Directors as equals the highest integer that is less than 50% of all SB Members in office. This requirement can be set aside by the General Meeting with a majority of at least two-thirds (2/3) of the votes cast representing more than half of WFD UR NV's issued share capital.

The SB shall elect a UR Supervisory Director to be the Chairman and another UR Supervisory Director to be the vice-Chairman, in each case pursuant to and in accordance with a recommendation by the Governance, Nomination and Remuneration Committee. The SB may dismiss the SB Chairman or the vice-Chairman pursuant to and in accordance with a recommendation by the Governance, Nomination and Remuneration Committee, provided that the UR Supervisory Director so dismissed shall subsequently continue his term of office as a UR Supervisory Director without having the title of Chairman or vice-Chairman, as the case may be.

The General Meeting can only appoint a SB Member upon a nomination by (i) the Supervisory Board pursuant to and in accordance with a binding recommendation by the Governance, Nomination and Remuneration Committee, (ii) the Chairman, (iii) a Controlling Shareholder or (iv) the Class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto and taking into account the requirement with respect to the requisite number of UR Supervisory Directors. A SB Member may be appointed or reappointed for a term which shall expire immediately following the end of the annual General Meeting held in any of the first four years following his appointment or reappointment (as relevant).

The General Meeting may at any time suspend or dismiss any SB Member. The SB shall not make any proposal, or approve any proposal made by the MB, for the suspension or dismissal of a SB Member, other than pursuant to and in accordance with a binding recommendation either by the SB Chairman or by the Governance, Nomination and Remuneration Committee. If a SB Member is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

The SB has three committees; the AC, the GNRC and IC.

5.5.3.2.1 The specialised committees of the Supervisory Board

Three specialised committees are responsible for assisting the Board to carry out its duties: the Audit Committee, the Governance, Nomination and Remuneration Committee and Investment Committee. All SB Members participate in one of these committees. The committees function under separate internal charters.

Details of the composition, missions and diligences of the committees are set out in Section 2.2.3 of this Annual Report.

5.5.4 GENERAL MEETINGS (ARTICLES 28 TO 32 OF THE ARTICLES OF ASSOCIATION)

General Meetings must be held in Amsterdam, The Hague, Rotterdam or Schiphol (Haarlemmermeer). Certain resolutions can only be passed by the General meeting at the proposal of the MB, with the approval of the SB.

5.5.4.1 Functioning of the General Meeting

General Meetings must be held in Amsterdam, The Hague, Rotterdam or Schiphol (Haarlemmermeer). The annual General Meeting must be held at least once a year, no later than in June. Within three months after the Management Board has considered it to be likely that WFD UR NV's equity has decreased to an amount equal to or lower than half of its paid up and called up capital, a General Meeting will be held in order to discuss the measures to be taken if so required. Extraordinary General Meetings shall further be held whenever the Management Board, the Supervisory Board or the Chairman so decides, provided in each case that any item proposed by the Chairman for discussion or voting at any General Meeting shall be included as such on the agenda for such General Meeting.

In addition, one or more Shareholders and other Persons with Meeting Rights, who solely or jointly represent at least ten percent (10%) of WFD UR NV's issued capital, may request the Management Board and the Supervisory Board that a General Meeting be convened. The request must set out in detail the matters to be discussed. If neither the Management Board nor the Supervisory Board has taken the steps necessary to hold a General Meeting within 8 weeks after such request, the requesting person(s) may be authorized by the court in preliminary relief proceedings to convene a General Meeting. If the requesting person(s) include(s) at least one holder of one or more Class B Shares, he/they may convene a General Meeting after such 8 weeks period without such prior authorization by the court.

Notice of a General Meeting must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. The convocation of the General Meeting must be published through an announcement by electronic means. The notice must include the items for discussion and voting, the time and place of the meeting, the record date, the manner in which Persons with Meeting Rights may register and exercise their rights, the cut-off time for registration for the meeting, and such other matters as required by applicable law (also depending on the nature of the agenda items for the meeting concerned). In addition, Shareholders may be convened for the General Meeting by means of letters sent to their addresses as set out in WFD UR NV's shareholders register (if and to the extent they are registered directly in such register).

The convening notice shall also include such items as one or more Shareholders and other Persons with Meeting Rights, representing - individually or collectively - at least such part of WFD UR NV's issued share capital as prescribed by Dutch law (currently 3%), have requested WFD UR NV by a motivated request (or, if it concerns a matter which falls within the powers of the General Meeting, a proposal for a resolution) to include in the agenda, at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda.

The General Meeting shall be chaired by one of the following individuals, taking into account the following order of priority (i) by the Chairman, if there is a Chairman and he is present at the General Meeting, (ii) by another SB Member who is chosen by the SB Members present at the General Meeting from their midst, (iii) by an MB Member who is chosen by the MB Members present at the General Meeting from their midst, or (iv) by another person appointed by the General Meeting. The person who should chair the General Meeting set out in the preceding sentence may appoint another person to chair the General Meeting.

Each Shareholder and other Person with Meeting Rights may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his shareholding, either in person or by proxy, provided that his meeting, and - if relevant - voting, rights have not been suspended. Shareholders and other Person with Meeting Rights may exercise these rights, if they are the holder of such right on the record date as required by Dutch law, which is currently the 28th day prior to the day of the General Meeting, and they or their proxy have notified WFD UR NV of their identity and their intention to attend the General Meeting in writing at the address and by the seventh day prior to the General Meeting or such other date specified in the notice of the General Meeting.

MB Members and SB Members may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his discretion to admit other persons to the General Meeting.

5.5.4.2 Powers of the General Meeting

All powers that do not vest in the MB or the SB pursuant to applicable law, the Articles or otherwise, vest in the General Meeting. The main powers of the General Meeting include, subject in each case to the applicable provisions in the Articles:

- the appointment, suspension and dismissal of Managing Directors and Supervisory Directors;
- the approval of certain resolutions of the MB concerning a material change to the identity or the character of WFD UR NV or its business;
- the reduction of WFD UR NV's issued share capital through a decrease of the nominal value, or cancellation, of shares;
- the adoption of WFD UR NV's statutory annual accounts;
- the appointment of the Dutch independent auditor to examine WFD UR NV's statutory annual accounts;
- amendments to the Articles;
- approving a merger or demerger by WFD UR NV, without prejudice to the authority of the MB to resolve on certain types of mergers and demergers if certain requirements are met; and
- the dissolution of WFD UR NV.

In addition, the General Meeting has the right, and the MB and the SB must provide, any information reasonably requested by the General Meeting, unless this would be contrary to an overriding interest of WFD UR NV.

5.5.4.3 Shareholder rights

Each Share confers the right to cast one vote in the General Meeting. Pursuant to Dutch law, no votes may be cast at a General Meeting, inter alia, in respect of Shares that are held by WFD UR NV or a subsidiary of WFD UR NV.

Resolutions of the General Meeting are passed by simple majority of the votes cast, except where Dutch law or the Articles provide for a larger majority. Resolutions of the General Meeting can only be adopted if at least 20% of WFD UR NV's issued share capital is represented at the General Meeting, except where Dutch law provides for a higher quorum. A second meeting as referred to in section 2:120(3) DCC cannot be convened.

Shareholders, irrespective of whether or not they have voting rights, have meeting rights under Dutch law (including the right to attend and address the General Meeting, subject to the concept of a record date and the requirement to register for General Meetings as described in chapter 3.4.1).

Furthermore, each Share carries an entitlement to dividends and other distributions as set forth in the Articles. Pursuant to the Articles, any such dividend or other distribution shall be payable on such date and, if it concerns a distribution in cash, such currency or currencies as determined by the Management Board with the approval of the Supervisory Board. Any dividends that are paid to Shareholders through Euroclear France will be automatically credited to the relevant Shareholders' accounts without the need for such Shareholders to present documentation proving their ownership of the Shares. Payment of dividends on the Shares in registered form (not held through Euroclear France, but directly) will be made directly to the relevant Shareholder using the information contained in WFD UR NV's Shareholders' register and records. At the proposal of the Management Board with the approval of the Supervisory Board, the General Meeting may resolve that a distribution, instead of being made in cash, shall be made in the form of Shares or in the form of WFD UR NV's assets.

5.5.4.4 Class Meetings

A Class Meeting shall be held whenever a resolution of that Class Meeting is required by Dutch law or under the Articles and otherwise whenever the MB, the SB or the Chairman so decides. With respect to Class A Meetings, the above descriptions in respect of convening of, drawing up of the agenda for, holding of and decision-making by the General Meeting apply equally

5.5.5 REQUIREMENTS PERTAINING TO THE DISTRIBUTION OF PROFITS (ARTICLE 36 OF THE ARTICLES OF ASSOCIATION)

Pursuant to the Articles, the profits shown in WFD UR NV's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

- the MB, with the approval of the SB, shall determine which part of the profits shall be added to WFD UR NV's reserves, taking into account the fiscal rules and regulations applicable to WFD UR NV from time to time; and
- the remaining profits shall be at the disposal of the General Meeting.

A distribution of profits shall be made by WFD UR NV after the adoption of the annual accounts that show that such distribution is allowed.

The MB, with the approval of the SB, may resolve to make interim distributions, provided and to the extent that it appears from interim accounts to be prepared in accordance with section 2:105(4) DCC that WFD UR NV's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.

At the proposal of the MB, with the approval of the SB, the General Meeting is authorized to resolve to make a distribution from WFD UR NV's reserves.

5.5.6 SHARES CARRYING LIMITED ECONOMIC ENTITLEMENT (ARTICLE 36 OF THE ARTICLES OF ASSOCIATION)

Under the Articles, distributions shall be made in proportion to the aggregate number of shares held. There are no Shares which, pursuant to the Articles, carry a limited entitlement to the profits or reserves in WFD UR NV.

5.5.7 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the proposal of the MB with the approval of the SB, the General Meeting may resolve to amend the Articles. A proposal to amend the Articles must be included in the agenda of the General Meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, must be deposited with WFD UR NV for the inspection (free of charge) by any shareholder from the date on which notice of the meeting is given until the end of the General Meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other Persons with Meeting Rights from the day it was deposited until the day of the meeting.

A resolution of the General Meeting to amend the Articles requires a majority of at least two-thirds (2/3rd) of the votes cast (subject to the 20% quorum requirement described in section 5.5.4.3). In addition, amendments to provisions in the Articles referencing the Stapled Share principle, require the prior approval of the class meeting formed by holders, and others with meeting rights with respect to, class B shares. A resolution to amend the Articles to effect the termination of such Stapled Share principle shall only become effective after the MB, with the approval of the SB, has confirmed that the general meeting of shareholders of UR SE has passed a resolution to terminate such Stapled Share principle as included in the articles of association of UR SE.

5.6 BRANCHES

WFD UR NV has no branch offices.

5.7 INVESTMENT BY THE COMPANY OUTSIDE THE GROUP

The Company has not made any significant investment outside the Group during the financial year ending December 31, 2018.

6. ADDITIONAL INFORMATION

6.1 STATEMENT BY THE MANAGEMENT BOARD

In accordance with Article 5.25c(2)(c) of the Dutch financial markets supervision act (*Wet op het financieel Toezicht*) and the Dutch Corporate Governance Code section 1.4.3 the members of the Management Board of WFD UR NV confirm that to the best their knowledge:

- The 2018 financial statements included in this Annual report are prepared in accordance with IFRS as adopted for use in the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries taken as a whole;
- The management report included in this Annual Report gives a fair view of the development and performance of the business, the results and of the financial situation of the Company and its consolidated subsidiaries taken as a whole and describes the main risks and uncertainties to which they are exposed;
- This report provides sufficient insight into any failings in the effectiveness of the risk management and control systems;
- The management and control systems provide reasonable assurance that the financial reporting does not contain material inaccuracies;
- Based on current state of affairs as at the date of this report, it is justified that the financial reporting is prepared on a going concern basis; and
- This report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for a period of twelve months after the date of this report.

The Statutory Auditors have issued a report on the historical financial information included in the financial section of this Annual report.

Schiphol, March 27, 2019

On behalf of the Management Board

Jean-Marie Tritant
President US

Gerard Sieben
Chief Financial Officer

6.2 AUDITORS

The Statutory Auditor of the Company is:

Ernst & Young Audit LLP (Netherlands)

Cross Towers, Antonio Vivaldistraat 150

1083 HP Amsterdam, Netherlands

Mrs Michèle Hagers

Commencement date of the first term: Shareholder's resolution, June 1, 2018.

6.3 DOCUMENTS AVAILABLE TO THE PUBLIC

This Annual Report is available on WFD UR NV's website at: **www.wfd-unibail-rodamco-nv.com**