UNIBAIL-RODAMCO-WESTFIELD

UNIBAIL-RODAMCO-WESTFIELD N.V.

HALF YEAR 2020 FINANCIAL REPORT

JUNE 30, 2020

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I. INTERIM MANAGEMENT BOARD REPORT

1. General information

Management of Unibail-Rodamco-Westfield N.V. ("URW NV" or "the Company") hereby presents its interim management board report and the condensed consolidated interim financial statements of URW NV for the period ending June 30, 2020.

URW NV is a public limited liability company and domiciled in 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 and changed its name to WFD Unibail-Rodamco N.V.. On June 9, 2020, the shareholders adopted the name change to Unibail-Rodamco-Westfield N.V.

The Company and its subsidiaries (together referred to as 'the Group') main business objectives are to invest in 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 Unibail-Rodamco-Westfield SE ("URW SE") and other affiliated bodies of the Company. Together with URW SE, the Group forms Unibail-Rodamco-Westfield ("URW Group").

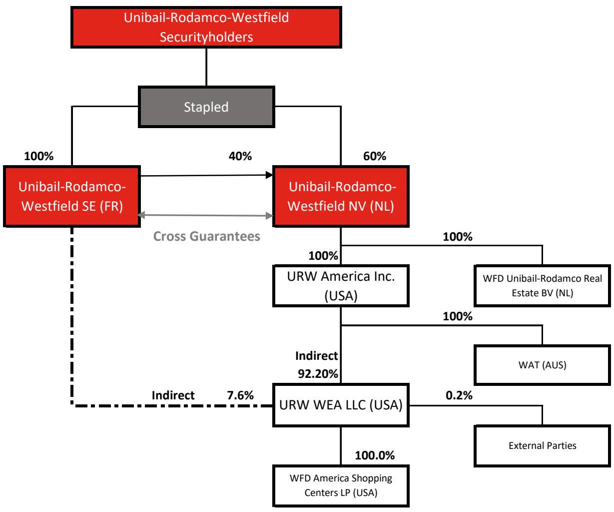
Accounting principles

The Group's condensed consolidated interim financial statements for the six months period ended June 30, 2020, have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

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

Scope of consolidation

The organisation chart as at June 30, 2020, is as follows:



The scope of consolidation is unchanged since December 31, 2019.

Operational reporting

URW NV operates in two regions, the US and The Netherlands and in 2 segments, shopping centres and offices. Since activities in The Netherlands are minor compared to the US, they are reported under other region.

2. COVID-19 and the impact on URW NV's business

The COVID-19 pandemic has significantly impacted URW NV's business. URW NV's business activities are mainly in the US. Following the outbreak of the COVID-19 pandemic, the US authority imposed restrictions on the opening of its shopping centres on March 18, 2020. Progressive reopening in the US was based on local official orders.

Florida centres reopened between May 15 and 22, including Food & Beverage (F&B) with dine-in capacity restrictions. Connecticut and Sacramento centres opened on May 20 and May 22, respectively, followed by San Diego / Palm Desert on May 29, and Westfield Century City on May 30. Remaining Los Angeles centres as well as Chicago opened from June 3 (with delays caused by social unrest). The Maryland centres opened in mid-June, Westfield Garden State Plaza in New Jersey on June 29, and the New York centres on July 15, with the exception of Westfield World Trade Center, which reopened on September 9. F&B restrictions vary by state. In the Netherlands there were no enforced closures by the government, although some trading restrictions applied (e.g. cinemas and F&B closed). F&B reopened from June 1, in the Netherlands.

During the mandatory shutdown of most of the Group's shopping centres, the priority was to ensure the security and safety in the assets and prepare for the eventual reopenings. As at June 15, 95% of all of the Group's centres in the US by value had reopened, with only New York State delaying the reopening of centres until July.

On July 13, California ordered a roll back of reopening as COVID-19 cases surged. As a consequence, 12 indoor centers in California had to close again (only stores with exterior entrances remained open, and curbside operations continued during this period). California indoor malls in most counties were allowed to reopen on August 28. However, URW NV's 5 indoor centers in the LA County remain closed as at September 16.

The US generally reopened later than in The Netherlands. As at June 30, 77% of stores and 86% of GLA [1] had reopened (prior to the rollback of restrictions in California). As of end of August, 92% of our GLA was open. This does not include WTC (which only opened on September 9).

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

These include:

- Additional cleaning, including deep cleaning of all public space, toilets in particular;
- Installing hand sanitisers throughout the centres;
- Providing masks to shopping centre employees and suppliers;
- Implementing social distancing requirements (e.g., floor stickers to mark social distancing spaces, seating areas closed and one-way foot traffic);
- Training Security and Guest Services teams to manage queuing systems and potential gatherings;
- Providing guidance to tenants through digital tools and direct communication with every single retailer to collaboratively manage visitor flows and numbers;
- Use of indoor and outdoor screens to display key messages.

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

[1] GLA equals Gross Lettable Area of projects at 100%.

3. Business Review H1-2020 US Results

This section provides an overview of the most significant business events for the US region during H1-2020. As described above, all of the Group's operations were significantly affected by the outbreak of the COVID-19 pandemic. Consequently, comparisons to the same period in H1-2019 have limited practical relevance.

Tenant Sales[2]

Total tenant sales were down by -51.1% through June 30, 2020, mainly due to the impact of COVID-19. Flagships reported a -52.5% sales decline, while Regionals were down by -47.6%.

Specialty tenant sales[3] per square foot ("psf") through June 30, 2020, decreased by -15.2% to $593 psf, with Flagships down by -16.0% to $692 psf, and Regionals by -13.7% to $435 psf.

Leasing

In H1-2020, 329 leases[4] were signed on standing assets (487), representing 781,000 sq. ft. (1,441,000 sq. ft.) and $45.0 Mn of Minimum Guarantee Rent ("MGR") ($72.8 Mn). In addition, 21 leases were signed on 154,000 sq. ft. of pipeline project space, mainly at Westfield Valley Fair. Prior to the start of the COVID-19 pandemic, leasing activity through February had been slightly ahead of 2019 in terms of sq. ft. leased.

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

- ABC Cooking Studio (experiential concept from Asia) at Westfield Century City;
- Allbirds (a DNVB shoe concept) at Westfield UTC;
- Anthropologie at Westfield Valencia;
- Aritzia at Westfield Valley Fair;
- Dyson at Westfield Valley Fair;
- Forme Life (a health and wellness start-up) package deal (11 leases);
- IWC, Panerai and Jaeger-LeCoultre at Westfield Valley Fair;
- Lucid Motors (electric vehicle manufacturer) at Westfield Valley Fair and Westfield Century City;
- Peloton at Westfield Valley Fair;
- Warby Parker at Westfield Old Orchard.

Average rental spreads[5] in H1-2020 were -1.2%, of which +2.6% in Flagships and -12.2% in Regionals. Average rental spreads for relettings were +0.6%, of which +6.7% in Flagships and -18.9% in Regionals. The average MGR uplift was -8.1%.

Commercial Partnerships

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

Marketing and digital

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

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

Heading up to the reopening of centres, the focus shifted to support tactics to aid customers and retailers with a smooth transition to a safe reopening. Services available include: Curbside Delivery, Line Pass (virtual queuing), Center Capacity Monitoring, Mask & No Touch Key sales and Concierge on the Go. Curbside Delivery is currently

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[2] Tenant sales excluding Auto sales category.
[3] Specialty tenant sales <10K sq. ft. (ca. 929 sqm) on a trailing 12-month basis (excluding auto category).
[4] Including 15 short term lease renewals of <24 month leases.
[5] For the US portfolio, the rental spreads reflect the trailing 12-months average increase in total rent, including common area maintenance charges, for specialty stores (excluding lease extensions, deals with zero prior rent and deals for less than 12 months).

live at 90% of the Group's centres and helped many retailers reopen their stores faster as staff were already on property managing in-store inventory. Line Pass, the Group's appointment booking and virtual queuing service, launched in June and is currently live at 13 centres, with the further roll-outs planned. Mask & No Touch Key sales are taking place at all open centres with proceeds donated to the Group's national partner, No Kid Hungry. Concierge on the Go, an adaptation of current services to include concierge-operated Curbside pickup, returns and food delivery, is also being tested at select centres with further roll-outs planned later in 2020.

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

Extensions and renovations

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

- Westfield Valley Fair opened the first stage of its extension on March 5, anchored by a new Bloomingdale's. The project is 82% pre-let based on GLA as at June 30, 2020;
- Entitlements were approved for the former Sears location at Westfield Valencia;
- Construction works are in progress at the former JC Penney box at Westfield Garden State Plaza and the former Lord & Taylor box at Westfield Annapolis;
- At Westfield Topanga the demolition of the former Sears box was completed. Construction is temporarily on hold while the Group assesses the right tenant mix and demand levels after the COVID-19 crisis;
- Pre-letting continues on the redevelopment of former department stores at Westfield Annapolis (22% pre-let), Westfield Garden State Plaza (24% pre-let), and Westfield Topanga (51% pre-let).

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

Net Operating Income

Comparable Net Operating Income ("Comp NOI"[6]) decreased by -\$39.2 Mn (-14.9%), of which -\$31.1 Mn (-15.2%) in Flagships and -\$8.1 Mn (-13.6%) in Regionals, vs. H1-2019. The higher decrease in Flagships was generated by provisions for doubtful debtors, and the reduction in Commercial Partnerships income.

Like-for-like NRI[7] decreased by -15.3% vs. H1-2019, primarily due to additional provisions for doubtful debtors. The decrease was -17.5% in Flagships and -10.0% in Regionals.

Occupancy[8] was 91.8%, down by -300 bps from December 31, 2019, and by -160 bps from June 30, 2019, of which 92.7% (-350 and -190 bps, respectively) in Flagships and 90.4% (-250 and -120 bps, respectively) in Regionals.

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

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

Financial vacancy[9] was 10.1% (vs. 11.2% as at June 30, 2019), of which 9.3% in Flagships and 12.3% in Regionals.

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

Average Leasing Revenue psf

Average leasing revenue for specialty stores was \$92.84 psf, an increase of +1.9%, of which +2.4% in Flagships (to

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[6] Comp NOI: Net Operating Income before management fees, termination/settlement income and straight-line rent adjustments for comparable shopping centres. Comp NOI is a metric commonly used in the US Market to evaluate income-generating real estate properties.
[7] Like-for-Like NRI: Net Rental Income for spaces which have been consistently and fully in operation during two full comparison periods. In general, Net Rental Income excludes depreciation and amortization expense, ground lease expense, and operating tenant buyout expense, as opposed to Net Operating Income, which includes these expense categories.
[8] Occupancy based on a square foot basis, excluding development space, and including executed and temporary leases.
[9] Financial vacancy in accordance with the EPRA methodology.

$113.04 psf), and -0.9% in Regionals (to $59.35 psf).

Innovation

The Group innovation efforts have been focused on food ordering and delivery during H1-2020. Partnerships with dining delivery partners such as Uber Eats and Doordash have been strengthened with a strong focus on enhancing the Group's operational protocols (signage, parking). Restaurants such as Din Tai Fung at Westfield Century City have seen a massive uptick in their volumes with up to 700 orders daily.

4. Financial Review H1-2020 Results

The Group's consolidated financial statements reflect the activities of URW America Inc, URW WEA LCC ("WEA") and WFD Unibail-Rodamco Real Estate B.V. The table below shows the result of the Group in recurring and non-recurring activities:

		Consolidated Income Statement by segment (€Mn)	**H1-2020** Recurring activities	**H1-2020** Non-recurring activities (1)	**H1-2020** Result	**H1-2019** Recurring activities	**H1-2019** Non-recurring activities (1)	**H1-2019** Result
SHOPPING CENTRES	**UNITED STATES**	Gross rental income	183.2	-	183.2	184.1	-	184.1
		Operating expenses and net service charges	(85.7)	-	(85.7)	(68.6)	-	(68.6)
		Net rental income	**97.5**	-	**97.5**	**115.4**	-	**115.4**
		Contribution of companies accounted for using the equity method	139.6	(545.5)	(405.9)	161.6	(180.6)	(19.0)
		Gains/losses on sales of properties	-	(12.8)	(12.8)	-	(0.2)	(0.2)
		Valuation movements on assets	-	(257.5)	(257.5)	-	(129.2)	(129.2)
		Result Shopping Centres United States	**237.1**	**(815.8)**	**(578.7)**	**277.1**	**(310.0)**	**(32.9)**
	OTHER	Gross rental income	1.3	-	1.3	1.0	-	1.0
		Operating expenses and net service charges	(0.4)	-	(0.4)	(0.1)	-	(0.1)
		Net rental income	**0.9**	-	**0.9**	**0.9**	-	**0.9**
		Valuation movements on assets	-	(3.7)	(3.7)	-	(1.4)	(1.4)
		Result Shopping Centres Other	**0.9**	**(3.7)**	**(2.8)**	**0.9**	**(1.4)**	**(0.5)**
		TOTAL RESULT SHOPPING CENTRES	**238.0**	**(819.5)**	**(581.5)**	**278.0**	**(311.4)**	**(33.4)**
OFFICES	**UNITED STATES**	Gross rental income	3.9	-	3.9	3.6	-	3.6
		Operating expenses and net service charges	(1.6)	-	(1.6)	(1.5)	-	(1.5)
		Net rental income	**2.3**	-	**2.3**	**2.1**	-	**2.1**
		Valuation movements on assets	-	(2.0)	(2.0)	-	3.8	3.8
		Result Offices United States	**2.3**	**(2.0)**	**0.3**	**2.1**	**3.8**	**5.9**
		TOTAL RESULT OFFICES	**2.3**	**(2.0)**	**0.3**	**2.1**	**3.8**	**5.9**
		Project management income	-	-	-	1.8	-	1.8
		Administrative expenses	(30.7)	-	(30.7)	(17.0)	-	(17.0)
		Acquisition and related costs	-	(11.2)	(11.2)	-	(4.4)	(4.4)
		Impairment of goodwill	-	(20.1)	(20.1)	-	-	-
NET OPERATING RESULT			**209.6**	**(852.8)**	**(643.2)**	**264.9**	**(312.0)**	**(47.1)**
		Financing result	(171.2)	(403.9)	(575.1)	(153.6)	(256.8)	(410.4)
RESULT BEFORE TAX			**38.4**	**(1,256.7)**	**(1,218.3)**	**111.3**	**(568.8)**	**(457.5)**
		Income tax (expense)	0.9	20.7	21.6	0.1	598.2	598.3
NET RESULT FOR THE PERIOD			**39.3**	**(1,236.0)**	**(1,196.7)**	**111.3**	**29.4**	**140.8**
		External non-controlling interests	(0.3)	(15.6)	(15.9)	7.0	(6.5)	0.5
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF URW N.V. SHARES			**39.6**	**(1,220.4)**	**(1,180.8)**	**104.4**	**35.9**	**140.3**

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

Financial results

The Group reported a net operating loss of -€643.2 Mn for the period ended June 30, 2020. The recurring net operating result decreased to €209.6 Mn (H1-2019: €264.9 Mn) mainly due to the COVID-19 impact which caused an increase in the doubtful debt provisions and in administrative expenses and a decrease in the contribution of companies accounted for using the equity method. The negative result of the non-recurring activities increased to -€852.8 Mn (H1-2019: -€312.0 Mn). The negative increase is mainly due to the negative valuation of investment properties of fully consolidated assets and decreased contribution of companies accounted for using the equity method.

The net result for the H1-2020 is -€1,196.7 Mn (H1-2019: €140.8 Mn) of which -€1,180.8 Mn (H1-2019: €140.3 Mn) is attributable to the shareholders of URW NV with a net result per share (owners of URW NV shares) for the period of -€5.10 (H1-2019: €0.61). The decrease of the H1-2020 net result compared to the H1-2019 is due to the negative fair value of the investment properties for fully consolidated assets from -€126.6 Mn to -€246.4 Mn and equity accounted investments which decreased from -€19.0 Mn to -€405.9 Mn as described above. Under the valuation movements on assets an amount of -€16.9 Mn relates to the impairment of the trademark for Flagships in the US, see note 5.4 to the condensed consolidated interim financial statements for further details.

In H1-2020 the Group fully impaired the goodwill related to cost and revenue synergies from the WAT acquisitions in June 2018 amounting to -€20.1 Mn, see note 5.3 to the condensed consolidated interim financial statements for further details.

The financing result amounted -€575.1 Mn (H1-2019:-€ 410.4 Mn). This decrease is caused by the negative fair value adjustments of the interest rate derivatives which is based on the applicable swap rate curve and the impairment of investment in associates.

Acquisition and related costs amounted to -€11.2 Mn (H1-2019: -€4.4 Mn) and relates to the integration of Westfield.

Preservation of strong liquidity position

URW NV has cross guarantees with URW SE and the liquidity needs are covered by the available undrawn credit lines at URW Group level. During the crisis, the URW Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. These steps included cost and capex measures as well as the decision to cancel the final dividend to have been paid in July 2020. URW SE also drew down on €3.2 Bn of its credit lines. These drawdowns were repaid and such credit lines were available in full at the end of June 2020. Furthermore, URW SE issued short-term paper and also accessed the bond market for €2.15 Bn in new long-term debt.

5. Investments and divestment

Investments

In H1-2020, URW NV invested €73.3 Mn in capital expenditures in investment properties, compared to €117.7 Mn in H1-2019. The decrease is mainly due to the measures taken to reduce capital expenditures in the context of COVID-19.

The total investments breakdown is as follows:

(€Mn)	H1-2020(1)	H1-2019(1)	FY 2019(1)
Shopping centres	71.5	99.0	243.9
Offices	1.8	18.8	27.8
Total capital expenditures	**73.3**	**117.7**	**271.7**

(1) In the amount is included fully consolidated entities and companies accounted for using the equity method.

Disposals

On June 5, 2020, Westfield Meriden, a non-core shopping centre in the US was disposed with a negative financial result impact of -€12.8 Mn.

6. Property portfolio

Material Valuation Uncertainty due to COVID-19

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

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

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

The few months of shut-down in H1-2020 and the period of lower sales thereafter are expected to result in an increased number of store closures and bankruptcies. These were reflected by appraisers according to analysis of existing tenant situations and announced or expected bankruptcies of retailers operating in the shopping centres.

In addition, they assume struggling tenants will be in arrears more often and for higher amounts than in prior years. Also, reduced percentage of the rent income is anticipated. Thus, appraisers made allowances in the cash-flows to reflect all these factors.

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

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

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

7. Dividends

On February 12, 2020, the URW Group announced its 2019 results and proposed a dividend of €10.80 per stapled share. On March 26, 2020, the URW Group paid an interim cash dividend of €5.40 per share. Taking a prudent view of the uncertainties about the duration and the impact of the COVID-19 pandemic, the URW Group decided to cancel the planned final dividend of €5.40 per stapled share, in order to further increase the URW Group's strong liquidity.

8. Business Model

URW NV owns a portfolio of prime commercial properties, located in the largest and most prosperous cities across the United States.

URW NV's operations are focused on Flagship destinations ("Flagships") in the wealthiest and most attractive catchment areas in the United States.

URW NV's strategy is to vertically integrate the entire chain of value creation in real estate. The combination of its four activities of redevelopment and renovation, investment and management, provides URW NV with unique market knowledge and expertise. This knowledge and expertise assists URW 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.

Finally, URW 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, or social responsibility, the Group is recognized as a leader in the industry.

9. Corporate Social Responsibility

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

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

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

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

The outlines of this strategy can be found on the URW NV website (http://www.urw-nv.com) in the URW Group CSR document.

10. Risk & Uncertainties H2-2020

Operational risks are described under the COVID-19 and the impact on URW NV's business section in this interim management board report and for URW NV's financial risks reference is made to note 8 of the condensed consolidated interim financial statements.

Moreover, negotiations with tenants about the recovery of rents for the second quarter are still ongoing and the number and timing of more tenant bankruptcies is uncertain.
Lastly, the Group's variable revenues, such as Sales Based Rent, Commercial Partnerships and parking income, will depend on the evolution of footfall.

Consequently, the Group believes the uncertainty regarding the duration and impact of the COVID-19 pandemic on its operations and financial results remains material. The Group reiterates its intention to provide an update on its guidance when it can reliably estimate the duration, severity, and consequences of the current situation.

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

11. Related Party Transactions

The main related party transactions remains unchanged compared to December 31, 2019, and refer to transactions with companies accounted for using the equity method, loans from URW SE, redeemable preference shares in URW WEA LLC held by URW SE and derivatives contracts with URW SE.

All related party transactions are based on at arm's length prices. Further details on related party transactions can be found in note 6.3 to the condensed consolidated interim financial statements.

12. Subsequent events

Announcement of the URW Group "RESET plan"

The URW Group announced at September 16, 2020, a €9.0+ Bn "RESET" plan to strengthen its balance sheet and increase financial flexibility to execute its long-term strategy. Key highlights of the "RESET" plan and its strategic priorities are:

- Restore financial strength
- Execute on disposals
- Streamline operations and footprint
- Embrace a changing environment
- Thrive by leveraging the URW Group's powerful platform to grow new revenue streams

This plan is designed to enable the URW Group to preserve its strong investment grade credit rating, with an expected rating of A- / Baa1 and maintain a sustainable capital structure with an LTV at URW Group below 40% and net debt /EBITDA below 9x at URW Group level.

On 5 September 2020, the Group paid down $304 Mn of the 144A bonds.

Approved by the Management Board

Schiphol, September 25, 2020

II. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2020

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

On September 25, 2020, the Supervisory Board approved the condensed consolidated interim financial statements of Unibail-Rodamco-Westfield N.V. for the half-year ended June 30, 2020, and authorised the publication thereof.

The condensed consolidated interim financial statements are presented in millions of euros, rounded to the nearest hundred thousand and, as a result, slight differences between rounded figures may exist. These statements are reviewed, not audited, by the external auditor.

Consolidated interim statement of comprehensive income

Consolidated interim statement of comprehensive income (€Mn)	Notes	H1-2020	H1-2019	FY 2019
Gross rental income	4.1	188.4	188.7	393.0
Service charge income		*29.3*	*24.2*	*51.3*
Service charge expenses		*(34.6)*	*(27.4)*	*(62.1)*
Property operating expenses		*(82.4)*	*(67.0)*	*(139.2)*
Operating expenses and net service charges		(87.7)	(70.2)	(150.0)
Net rental income		**100.7**	**118.5**	**243.0**
Project management revenue		-	1.8	1.8
Project management costs		-	-	-
Net property management income	**4.1**	**-**	**1.8**	**1.8**
Share of result of companies accounted for using the equity method	**6.1**	**(405.9)**	**(19.0)**	**45.5**
Corporate expenses		*(23.7)*	(8.7)	(37.1)
Depreciation of tangible assets	5.2	*(7.0)*	(8.3)	(17.6)
Administrative expenses		**(30.7)**	**(17.0)**	**(54.7)**
Acquisition and related costs		**(11.2)**	**(4.4)**	**(16.7)**
Proceeds from disposal of investment properties		9.7	0.0	-
Carrying value of investment properties sold		(22.5)	(0.2)	-
Result on disposal of investment properties		**(12.8)**	**(0.2)**	**-**
Valuation gains on assets		*2.5*	19.0	194.1
Valuation losses on assets		*(265.7)*	(145.8)	(294.5)
Valuation movements on assets	**5.1/5.4**	**(263.2)**	**(126.8)**	**(100.4)**
Impairment of goodwill	**5.3**	**(20.1)**	**-**	**-**
NET OPERATING RESULT		**(643.2)**	**(47.1)**	**118.5**
Financial income		*41.8*	*28.0*	*62.2*
Financial expenses		*(213.0)*	*(181.6)*	*(383.1)*
Net financing costs	7.1.1	(171.2)	(153.6)	(320.9)
Fair value adjustments of derivatives, debts and currency effect	7.1.2	(403.9)	(256.8)	(310.9)
RESULT BEFORE TAX		**(1,218.3)**	**(457.5)**	**(513.3)**
Income tax (expenses)	9.1	21.6	598.3	601.1
NET RESULT FOR THE PERIOD		**(1,196.7)**	**140.8**	**87.8**
Net result for the period attributable to:				
Owners of Unibail-Rodamco-Westfield N.V. shares		(1,180.8)	140.3	84.7
External non-controlling interests	15.4	(15.9)	0.5	3.1
NET RESULT FOR THE PERIOD		**(1,196.7)**	**140.8**	**87.8**

Average number of shares (undiluted)	14.1	231,649,578	231,570,412	231,598,799
Net result for the period (Owners of Unibail-Rodamco-Westfield N.V.)		(1,180.8)	140.3	84.7
Net result for the period per share (Owners of Unibail-Rodamco-Westfield N.V.) (€)		**(5.10)**	**0.61**	**0.37**

Average number of shares (diluted)	14.1	233,911,931	235,303,295	233,714,473
Net result for the period (Owners of Unibail-Rodamco-Westfield N.V.)		(1,180.8)	140.3	84.7
Diluted net result per share (Owners of Unibail-Rodamco-Westfield N.V.) (€)		**(5.05)**	**0.60**	**0.36**

NET COMPREHENSIVE INCOME (€Mn)	**Notes**	**H1-2020**	**H1-2019**	**FY 2019**
NET RESULT FOR THE PERIOD		**(1,196.7)**	**140.8**	**87.8**
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries		29.7	35.1	94.3
Other comprehensive income that may be subsequently recycled to profit or loss		**29.7**	**35.1**	**94.3**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		(15.8)	-	-
Other comprehensive income not subsequently recyclable to profit or loss		**(15.8)**	**-**	**-**
OTHER COMPREHENSIVE INCOME		**13.9**	**35.1**	**94.3**
NET COMPREHENSIVE INCOME		**(1,182.8)**	**175.9**	**182.2**
- Owners of Unbail-Rodamco-Westfield N.V. shares		(1,167.1)	172.2	178.8
- External non-controlling interests		(15.7)	3.7	3.4
NET COMPREHENSIVE INCOME		**(1,182.8)**	**175.9**	**182.2**

Consolidated interim statement of financial position

Consolidated interim statement of financial position (€ Mn)	Notes	June 30, 2020	December 31, 2019
NON CURRENT ASSETS		**13,127.9**	**13,764.7**
Investment properties	**5.1**	**5,814.2**	**6,059.1**
Investment properties at fair value		*5,788.4*	*6,037.5*
Investment properties at cost		*25.8*	*21.6*
Shares and investments in companies accounted for using the equity method	6.1	6,646.0	7,029.7
Tangible assets	5.2	49.6	53.7
Goodwill	5.3	-	19.8
Intangible assets	5.4	304.1	320.0
Financial assets	7.2.1	133.6	197.4
Derivatives at fair value	7.4	180.4	85.0
CURRENT ASSETS		**196.1**	**204.4**
Inventories		13.9	17.5
Trade receivables from activity		129.0	70.5
Tax receivables		0.2	0.2
Other receivables		40.3	59.4
Cash and cash equivalents	7.2.7	12.7	56.8
TOTAL ASSETS		**13,324.0**	**13,969.1**
Shareholders' equity (Owners of Unibail-Rodamco-Westfield N.V. shares)		**1,539.5**	**2,706.5**
Share capital	14.1	115.9	115.8
Additional paid-in capital	14.2	2,243.3	2,243.1
Consolidated reserves		124.1	55.1
Foreign currency translation reserves		235.0	205.8
Consolidated result		(1,180.8)	84.7
Hybrid securities		*2.0*	*2.0*
Equity attributable to the owners of Unibail-Rodamco-Westfield N.V.		***1,539.5***	***2,706.5***
External non-controlling interests	15.4	**68.6**	**84.3**
TOTAL SHAREHOLDERS' EQUITY		**1,608.1**	**2,790.8**
NON CURRENT LIABILITIES		**11,034.3**	**10,500.9**
Long-term commitment to non-controlling interests	7.3	536.2	565.2
Long-term bonds and borrowings	7.2.3	9,316.5	9,189.1
Long-term lease liabilities	7.2.3	59.6	61.2
Derivatives at fair value	7.4	794.5	348.7
Deferred tax liabilities	9.2	193.7	199.4
Non current provisions	10	75.1	75.4
Guarantee deposits		10.3	11.0
Amounts due on investments	12	48.4	50.9
CURRENT LIABILITIES		**681.6**	**677.4**
Current commitment to non-controlling interests	7.3	0.6	1.0
Amounts due to suppliers and other creditors		**162.1**	**165.1**
Amounts due to suppliers		*62.0*	*61.7*
Amounts due on investments	12	*49.1*	*62.7*
Sundry creditors		*51.0*	*40.7*
Other liabilities	11	183.5	198.3
Current borrowings and amounts due to credit institutions	7.2.3	326.3	303.5
Current lease liabilities	7.2.3	3.5	3.3
Current provisions	10	5.6	6.2
TOTAL LIABILITIES AND EQUITY		**13,324.0**	**13,969.1**

Consolidated interim statement of cash flows

Consolidated interim statement of cash flows (€ Mn)	Notes	H1-2020	H1-2019	FY 2019
Operating activities				
Net result		**(1,196.7)**	**140.8**	**87.8**
Depreciation & provisions [1]		30.0	(3.0)	10.2
Impairment of goodwill		20.1	-	-
Changes in value of assets		263.2	126.8	100.4
Changes in fair value of derivatives, debt and currency effect	7.1.2	403.9	256.8	310.9
Net capital gains/losses on sales of properties [2]		12.8	0.2	-
Share of the result of companies accounted for using the equity method		405.9	19.0	(45.5)
Net financing costs	7.1.1	171.2	153.6	320.9
Income tax	9.1	(21.6)	(598.3)	(601.1)
Cash flow before net financing costs and tax		**88.8**	**95.9**	**183.6**
Dividend received from companies accounted for using the equity method or non consolidated		45.0	116.3	222.4
Income tax paid		-	(0.9)	4.1
Change in working capital requirement		(73.3)	(50.5)	(7.0)
Total cash flow from operating activities		**60.5**	**160.8**	**403.1**
Investment activities				
Property activities		**(99.1)**	**(158.1)**	**(239.0)**
Amounts paid for works and acquisition of property assets	5.5	(16.9)	(53.0)	(83.5)
Repayment of property financing		-	0.6	-
Increase of property financing		(91.9)	(105.7)	(155.5)
Disposal of investment properties		9.7	-	-
Financial activities		**-**	**(0.7)**	**(15.9)**
Acquisition of financial assets		-	(0.7)	(15.9)
Total cash flow from investment activities		**(99.1)**	**(158.8)**	**(254.9)**
Financing activities				
Capital increase of parent company		0.2	0.4	0.4
New borrowings and financial liabilities	7.2.3/7.3	130.4	1,173.6	1,957.5
Repayment of borrowings and financial liabilities	7.2.3/7.3	(11.0)	(443.3)	(1,729.9)
Interest received		35.4	16.9	51.0
Interest paid		(160.5)	(189.3)	(419.8)
Other financing activities		(1.1)	-	-
Total cash flow from financing activities		**(6.6)**	**558.3**	**(140.8)**
Change in cash and cash equivalents during the period		**(45.2)**	**560.3**	**7.4**
Net cash and cash equivalents at the beginning of the year		**56.8**	**53.3**	**53.3**
Effect of exchange rate fluctuations on cash held		**1.1**	**(3.3)**	**(3.9)**
Net cash and cash equivalents at period-end	7.2.7	**12.7**	**610.3**	**56.8**

(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.*

Consolidated interim statement of changes in equity

For the six months ended June 30, 2020

Consolidated interim statement of changes in equity (€Mn)	Share capital	Additional paid-in capital	Consolidated reserves	Consolidated net result	Foreign currency translation reserves[1]	Hybrid securities	Equity attributable to the owners of URW NV shares	External non-controlling interests	Total Shareholders' equity
Equity as at December 31, 2019	**115.8**	**2,243.1**	**55.1**	**84.7**	**205.8**	**2.0**	**2,706.5**	**84.3**	**2,790.8**
Net result of the period	-	-	-	(1,180.8)	-	-	**(1,180.8)**	(15.9)	**(1,196.7)**
Other comprehensive income	-	-	(15.5)	-	29.2	-	**13.7**	0.2	**13.9**
Net comprehensive income	**-**	**-**	**(15.5)**	**(1,180.8)**	**29.2**	**-**	**(1,167.1)**	**(15.7)**	**(1,182.8)**
Earnings appropriation	-	-	84.7	(84.7)	-	-	**-**	-	**-**
Increase in capital	0.1	0.2	-	-	-	-	**0.3**	-	**0.3**
Coupon on the hybrid securities	-	-	(0.2)	-	-	-	**(0.2)**	-	**(0.2)**
Transactions with non-controlling interests	-	-	-	-	-	-	**-**		**-**
Changes in scope of consolidation and other movements	-	-	-	-	-	-	**-**	-	**-**
Equity as at June 30, 2020	**115.9**	**2,243.3**	**124.1**	**(1,180.8)**	**235.0**	**2.0**	**1,539.5**	**68.6**	**1,608.1**

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

For the six months ended June 30, 2019

Consolidated interim statement of changes in equity (€Mn)	Share capital	Additional paid-in capital	Consolidated reserves	Consolidated net result	Foreign currency translation reserves[1]	Hybrid securities	Equity attributable to the owners of URW NV shares	External non-controlling interests	Total Shareholders' equity
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**
Net result of the period	-	-	-	140.3	-	-	**140.3**	0.5	**140.8**
Other comprehensive income	-	-	-	-	31.9	-	**31.9**	3.2	**35.1**
Net comprehensive income	**-**	**-**	**-**	**140.3**	**31.9**	**-**	**172.2**	**3.7**	**175.9**
Earnings appropriation	-	-	182.1	(182.1)	-	-	**-**	-	**-**
Increase in capital	-	0.4	-	-	-	-	**0.4**	-	**0.4**
Transactions with non-controlling interests	-	-	(133.4)	-	-	-	**(133.4)**	(246.1)	**(379.5)**
Changes in scope of consolidation and other movements	-	-	(0.1)	-	-	-	**(0.1)**	-	**(0.1)**
Equity as at June 30, 2019	**115.8**	**2,243.1**	**48.6**	**140.3**	**143.6**	**2.0**	**2,693.4**	**80.3**	**2,773.7**

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

Unibail-Rodamco-Westfield N.V. ("URW NV" or "the Company") is a public limited liability company and domiciled in The Netherlands. The Company's shares are publicly traded 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.

In June 2020, the corporate name changed from WFD Unibail-Rodamco N.V. to Unibail-Rodamco-Westfield N.V. 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 condensed consolidated interim financial statements for the six months ended June 30, 2020 comprise the Company and its subsidiaries (together referred to as "the Group").

The Group's objectives 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 (the "URW Group") and other affiliated bodies of the Company whose assets, on a consolidated basis, 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-Westfield SE ("URW SE", formerly Unibail-Rodamco SE), URW NV is held for 60% directly by Unibail-Rodamco-Westfield shareholders (stapled share principle) and 40% directly by URW SE. Westfield comprised of Westfield Corporation Ltd ("WCL"), WFD Trust ("WFDT") and Westfield America Trust ("WAT"). WAT was indirectly 100% held by URW NV and WCL and WFDT are held by URW SE.

In April, 2019, the Group executed changes in the structure of its US operations. The US assets are held by URW WEA LLC which is indirect a subsidiary of URW NV. URW SE has an indirect participation of 7.6% in URW WEA LLC. URW NV's participation in the US activities increased from 82.4% to 92.2%.

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

NOTE 2. SIGNIFICANT EVENTS OF THE FIRST HALF OF 2020

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

2.1. COVID-19 pandemic

The COVID-19 pandemic has significantly impacted URW NV's business. URW NV's business activities are mainly in the US. Following the outbreak of the COVID-19 pandemic, the US authority imposed restrictions on the opening of its shopping centres on March 18, 2020. Progressive reopening in the US was based on local official orders.

In addition, even in those locations in which there were no mandatory shutdowns, or when shopping centres were allowed to reopen, not all retailers continued or restarted operations.

The Group believes the uncertainty regarding the duration and impact of the COVID-19 pandemic on its operations and financial results remains material. These are unprecedented times and URW NV is taking all necessary measures to address these challenges in the best possible manner and prepare for the future.

Rent collection and deferred rent

As a general policy but with local exceptions the Group has deferred a significant part of its April and May rent. Upon the re-opening of its shopping centres, the Group engaged tenants in discussions about collecting rent and service charges as well as the terms of any support by URW NV.

H1-2020 was marked by tenants seeking protection from creditors through bankruptcy, judicial restructuring (135 stores in the US), especially during Q2-2020.

The Group carried out a detailed review of all the tenants receivables as at June 30, 2020 and the provision for doubtful debtors was estimated according to IFRS 9 (reference is made to note 8.1.2. Credit risk).

As at June 30, 2020, the provision for doubtful debtors amounted to €68.1 Mn compared to €29.3 Mn at the end of December 31, 2019. In H1-2020, the expected credit loss for doubtful debtors amounted €38.8 Mn (December 31, 2019: €20.6 Mn) and is recognised under the line item property operating expenses in the consolidated interim statement of comprehensive income.

Rent discounts

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

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

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

The negotiations with tenants were still ongoing and not finalised as at June 30, 2020.

Valuation of investment properties

Investment properties have been valued by external independent appraisers as described in the note 5.1 Investment properties. Those appraisals have been performed in a context of uncertainties associated with the current COVID-19 pandemic characterised by lack of transactions since the outbreak of the pandemic and difficulties to estimate future market prospects.

For the valuation as at June 30, 2020, the appraisers have included a material valuation uncertainty statement in the appraisal reports. This statement is used to be clear and transparent with all parties, and following guidance from

Royal Institution of Chartered Surveyors ("RICS"), that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

The appraisers confirmed that the inclusion of the material valuation uncertainty declaration does not mean that their valuation cannot be relied upon. As a result, assumptions taken by external appraisers as at June 30, 2020 might differ significantly for year-end 2020.
The COVID-19 pandemic mainly have an impact on the cash flows (short term) and less on the capitalization rates (long term) with regards to the valuation of investment properties.

Over the first half year of 2020, the valuation of the fully consolidated investment properties is -€246.4 Mn negative and valuation of the investment properties accounted for using the equity method is -€523.8 Mn negative.

Impairment on goodwill, intangible assets, financial assets and financial guarantees

The Group performed a full impairment test of goodwill and intangible fixed assets as at June 30, 2020, based on assumptions described in the notes 5.3 and 5.4. Impairment in an amount of -€20.1 Mn is recognised for goodwill. The impairment of the trademark for Flagships in the US amounted -€16.9 Mn.

The total expected credit loss in H1-2020 increased due to the impact of COVID-19, amounts to € 148 Mn and relates to trade receivables, preferred interest receivables of associates and financial guarantee contracts.

The negative fair value movements of non-listed equity investment amounted €15.8 Mn and is recorded in the Other Comprehensive income. Furthermore the Group recorded an impairment on the investments in associates for €37.7 Mn which is recognised in the line fair value adjustments of derivatives, debts and currency effect.

Liquidity position

During the crisis, the URW Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. These steps included cost and CAPEX measures, as well as the decision to cancel the final dividend to have been paid in July. The URW Group also drew down on €3.2 Bn of its credit lines. These drawdowns were repaid and such credit lines were available in full at the end of June 2020. Furthermore, the URW Group issued short-term paper and also accessed the bond market for €2.15 Bn in new long-term debt during the period. URW NV has cross guarantees with URW SE and the liquidity needs are covered by the available undrawn credit lines at URW Group level.

NOTE 3. BASIS OF PREPARATION

3.1. Basis of accounting

The condensed consolidated interim financial statements for the six months ended June 30, 2020, have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union. As these are condensed consolidated interim financial statements, they do not include all of the information required by the IFRS and must be read in relation with the Group's annual consolidated financial statements for the year ended December 31, 2019.

The accounting principles applied for the preparation of these half-yearly consolidated interim financial statements are in accordance with the IFRS and interpretations as adopted by the European Union as at June 30, 2020. These can be consulted on the website http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for investment properties, non-listed equity investment, derivative financial instruments and commitment to non-controlling interests which have been measured at fair value.

3.2. IFRS basis adopted

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the application of the new mandatory standards and interpretations described below.

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

- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards.

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

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

There are no standards that have been endorsed by the European Union as at June 30, 2020, but not applied in advance by the Group.

The following texts were published by the IASB but have not yet been endorsed by the European Union:

- IFRS 17: Insurance Contracts (effective date January 1, 2023);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date January 1, 2023);
- Amendments to IFRS 3: Business combinations; IAS 16: Property, Plant and Equipment; IAS 37: Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (effective date June 1, 2022);
- Amendment to IFRS 16 Leases COVID-19 - related rent concessions (effective date June 1, 2020);
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective date January 1, 2021).

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

3.3. Estimates and assumptions

Certain amounts recorded in the consolidated interim financial statements reflect estimates and assumptions made by management in the evolving context of the COVID-19 pandemic (presented in note 2.1) and of difficulties in assessing its impact and future prospects. In this context, management has taken into account these uncertainties on the basis of reliable information available at the date of the preparation of the condensed consolidated interim financial statements particularly with regards to the fair value of investment properties and financial instruments as well as the testing of goodwill and intangible assets.

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

The most significant estimates are set out in the notes to the consolidated financial statements as at December 31, 2019: for the valuation of investment properties in note 6.1 "Investment properties", for the financial assets in note 8.3.1, for the goodwill and intangible assets in respectively in note 6.4 and note 6.3, for the fair value of financial instruments in note 8.6 "Fair value of financial instruments per category" and for fair value of investment properties held through equity accounted investments in note 7.2. Actual future results or outcomes may differ from these estimates. The property portfolio related to the Shopping Centres and Offices segments and intangible assets are valued by independent appraisers.

NOTE 4. NET RECURRING RESULT AND SEGMENT REPORTING

4.1. Consolidated interim statement of comprehensive income by segment

		Consolidated Income Statement by segment (€Mn)	H1-2020 Recurring activities	H1-2020 Non-recurring activities [1]	H1-2020 Result	H1-2019 Recurring activities	H1-2019 Non-recurring activities [1]	H1-2019 Result
SHOPPING CENTRES	UNITED STATES	Gross rental income	183.2	-	183.2	184.1	-	184.1
SHOPPING CENTRES	UNITED STATES	Operating expenses and net service charges	(85.7)	-	(85.7)	(68.6)	-	(68.6)
SHOPPING CENTRES	UNITED STATES	**Net rental income**	**97.5**	**-**	**97.5**	**115.4**	**-**	**115.4**
SHOPPING CENTRES	UNITED STATES	Contribution of companies accounted for using the equity method	139.6	(545.5)	(405.9)	161.6	(180.6)	(19.0)
SHOPPING CENTRES	UNITED STATES	Gains/losses on sales of properties	-	(12.8)	(12.8)	-	(0.2)	(0.2)
SHOPPING CENTRES	UNITED STATES	Valuation movements on assets	-	(257.5)	(257.5)	-	(129.2)	(129.2)
SHOPPING CENTRES	UNITED STATES	**Result Shopping Centres United States**	**237.1**	**(815.8)**	**(578.7)**	**277.1**	**(310.0)**	**(32.9)**
SHOPPING CENTRES	OTHER	Gross rental income	1.3	-	1.3	1.0	-	1.0
SHOPPING CENTRES	OTHER	Operating expenses and net service charges	(0.4)	-	(0.4)	(0.1)	-	(0.1)
SHOPPING CENTRES	OTHER	**Net rental income**	**0.9**	**-**	**0.9**	**0.9**	**-**	**0.9**
SHOPPING CENTRES	OTHER	Valuation movements on assets	-	(3.7)	(3.7)	-	(1.4)	(1.4)
SHOPPING CENTRES	OTHER	**Result Shopping Centres Other**	**0.9**	**(3.7)**	**(2.8)**	**0.9**	**(1.4)**	**(0.5)**
SHOPPING CENTRES		**TOTAL RESULT SHOPPING CENTRES**	**238.0**	**(819.5)**	**(581.5)**	**278.0**	**(311.4)**	**(33.4)**
OFFICES	UNITED STATES	Gross rental income	3.9	-	3.9	3.6	-	3.6
OFFICES	UNITED STATES	Operating expenses and net service charges	(1.6)	-	(1.6)	(1.5)	-	(1.5)
OFFICES	UNITED STATES	**Net rental income**	**2.3**	**-**	**2.3**	**2.1**	**-**	**2.1**
OFFICES	UNITED STATES	Valuation movements on assets	-	(2.0)	(2.0)	-	3.8	3.8
OFFICES	UNITED STATES	**Result Offices United States**	**2.3**	**(2.0)**	**0.3**	**2.1**	**3.8**	**5.9**
OFFICES		**TOTAL RESULT OFFICES**	**2.3**	**(2.0)**	**0.3**	**2.1**	**3.8**	**5.9**
		Project management income	-	-	-	1.8	-	1.8
		Administrative expenses	(30.7)	-	(30.7)	(17.0)	-	(17.0)
		Acquisition and related costs	-	(11.2)	(11.2)	-	(4.4)	(4.4)
		Impairment of goodwill	-	(20.1)	(20.1)	-	-	-
NET OPERATING RESULT			**209.6**	**(852.8)**	**(643.2)**	**264.9**	**(312.0)**	**(47.1)**
		Financing result	(171.2)	(403.9)	(575.1)	(153.6)	(256.8)	(410.4)
RESULT BEFORE TAX			**38.4**	**(1,256.7)**	**(1,218.3)**	**111.3**	**(568.8)**	**(457.5)**
		Income tax (expense)	0.9	20.7	21.6	0.1	598.2	598.3
NET RESULT FOR THE PERIOD			**39.3**	**(1,236.0)**	**(1,196.7)**	**111.3**	**29.4**	**140.8**
		External non-controlling interests	(0.3)	(15.6)	(15.9)	7.0	(6.5)	0.5
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF URW N.V. SHARES			**39.6**	**(1,220.4)**	**(1,180.8)**	**104.4**	**35.9**	**140.3**

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

This segmentation is also applied in note 5.1.1 investment properties at fair value.

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

5.1. Investment properties

5.1.1. Investment properties at fair value

(€Mn)	June 30, 2020	December 31, 2019
Shopping Centres	**5,712.5**	**5,960.1**
United States	5,685.7	5,930.4
Other	26.8	29.7
Offices	**75.9**	**77.4**
United States	75.9	77.4
Total	**5,788.4**	**6,037.5**

(€Mn)	Shopping Centres	Offices	Total investment properties
December 31, 2019	**5,960.1**	**77.4**	**6,037.5**
Acquisitions	(1.8)	0.2	**(1.6)**
Disposals	(22.5)	-	**(22.5)**
Valuation movements	(244.4)	(2.0)	**(246.4)**
Other movements	(2.3)	-	**(2.3)**
Currency translation	23.4	0.3	**23.7**
June 30, 2020	**5,712.5**	**75.9**	**5,788.4**

On June 5, 2020, Westfield Meriden, a non-core shopping centre in the US with the carrying value of €22.5 Mn was disposed with a financial result impact of -€12.8 Mn. The disposal loss is impacted by COVID-19.

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 as per IFRS 13. In addition, unobservable inputs, including appraisers' assumption on growth rates and exit yields, are used by appraisers to determine the fair values of the Group's assets.

As at June 30, 2020, 99% of URW 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 and Duff & Phelps 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. The Dutch assets are not significant and therefore the below table shows only the US assets.

<u>*Shopping centres*</u>

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

Shopping Centres - June 30, 2020

Shopping Centres - June 30, 2020		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
	Max	11.3%	1,604	10.5%	9.5%	8.7%
US	Min	2.9%	178	5.5%	4.3%	1.9%
	Weighted average	4.0%	595	6.4%	5.0%	4.8%

Shopping Centres - December 31, 2019

Shopping Centres - December 31, 2019		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
	Max	11.0%	2,380	12.0%	10.5%	16.0%
US	Min	3.1%	107	5.5%	4.3%	0.5%
	Weighted average	4.1%	584	6.3%	5.1%	4.1%

Net Initial Yield, Discount Rate and Exit Capitalization Rate weighted by Gross Market Value. 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 and the trademark are not included in this table. Assets fully consolidated and in joint-control are included.
(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per sqm.
(b) Rate used to calculate the net present value of future cash flows.
(c) Rate used to capitalize the exit rent to determine the exit value of an asset.
(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

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

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

Shopping Centres - June 30, 2020

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

Shopping Centres - December 31, 2019

Shopping Centres - December 31, 2019		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
US Flagships	Max	5.1%	2,380	7.0%	6.0%	5.5%
	Min	3.1%	415	5.5%	4.3%	2.8%
	Weighted average	3.8%	808	6.0%	4.8%	4.2%
US Regionals	Max	11.0%	494	12.0%	10.5%	16.0%
	Min	4.1%	107	6.5%	5.8%	0.5%
	Weighted average	6.0%	305	8.1%	6.9%	3.6%

Net Initial Yield, Discount Rate and Exit Capitalization Rate weighted by Gross Market Value. 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 and the trademark are not included in this table. Assets fully consolidated and in joint-control are included.
(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per sqm.
(b) Rate used to calculate the net present value of future cash flows.
(c) Rate used to capitalize the exit rent to determine the exit value of an asset.
(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

Based on an asset value, the Shopping Centre division's net initial yield is 4.0% (December 31, 2019: 4.1%) as at June 30, 2020.

A change of +25 basis points in Net Initial Yield, the main output of the appraisal models, would result in a downward adjustment of -€777 Mn (or -5.8%) (December 31, 2019: -€771 Mn (or -5.7%)) of the Shopping Centre portfolio value (excluding assets under development and the trademark).

5.1.2. Investment properties at cost

(€Mn)	Gross value	**Total investment properties at cost**
December 31, 2019	**21.6**	**21.6**
Acquisitions	1.7	**1.7**
Capitalised expenses	0.1	**0.1**
Other movements	2.3	**2.3**
Currency translation	0.1	**0.1**
June 30, 2020	**25.8**	**25.8**

5.2. Tangible assets

(€Mn)	Furniture and equipment	Right of use	**Total tangible assets**
December 31, 2019	**24.4**	**29.3**	**53.7**
Acquisitions and capitalised expenses	2.7	-	**2.7**
Depreciation	(5.2)	(1.8)	**(7.0)**
Currency translation	0.1	0.1	**0.2**
June 30, 2020	**22.0**	**27.6**	**49.6**

5.3. Goodwill

(€Mn)	Gross value	Impairment	**Total goodwill**
December 31, 2019	**19.8**	**-**	**19.8**
Impairment	-	(20.1)	(20.1)
Currency translation	-	0.3	0.3
June 30, 2020	**19.8**	**19.8**	**0.0**

According to IFRS, recoverable value of goodwill is tested annually or whenever there is an indication that an asset may be impaired at each reporting date.

Due to COVID-19 and the shutdown of most of the Group's shopping centres during several months in H1-2020, the Group completed a full testing of its goodwill for the closing of accounts as at June 30, 2020. Although using the same method and impairment test model as used by the Group in 2019, some adjustments were made in order to reflect current uncertainties about the impact of COVID-19 on the broader economy, the shape of the economic recovery and the impact on the business of the Group.

The Group performed impairment tests of goodwill as at June 30, 2020, which based on:

- Three different scenarios for the 5-year period 2020-2024. These scenarios were based on the 5-year Business Plan 2020-2024 prepared in Q4-2019 (including detailed profit & loss statements, proposed capital expenditures and disposals) with a review of the potential impact of the crisis;

- The discount rates before tax based on a calculation of the weighted average cost of capital (WACC) in the US region which reflect the current market assessment of the interest rates and the specific risks associated as at June 30, 2020. These discount rates were also compared with the discount rates used by appraisers for the valuation of investment properties as at June 30, 2020, and the consistency between those was ensured;
- An allocation of the Group's corporate administrative expenses, as a percentage of their respective Net Rental Income;
- A discounted cash-flow calculation for on a 10-year basis, consistent with the method applied by the Group's appraisers, and a discounted terminal value, to which a long-term growth rate (LTGR), estimated as at June 30, 2020, is applied.
- A probability of occurrence of each scenario based on the estimated medium-term impact of COVID-19. A weighted average Enterprise Value (EV) was calculated for the US region.

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

	June 30, 2020	December 31, 2019
WACC before tax	6.25%	6.20%
Long Term Growth Rate	2.11%	2.20%

The EV was then compared to the net asset value of the goodwill allocated. As at June 30, 2020, an impairment of -€20.1 Mn was recognised.

5.4. Intangible assets

(€Mn)	Trademark	Total intangible assets
December 31, 2019	**320.0**	**320.0**
Impairment	(16.9)[(1)]	**(16.9)**
Currency translation	1.0	**1.0**
June 30, 2020	**304.1**	**304.1**

(1) *the impairment of €16.9 Mn is recorded under valuation losses on assets in the consolidated interim statement of comprehensive income*

Intangible assets as at June 30, 2020 relates to the trademark acquired as at June 7, 2018, the impairment test of the trademark performed was based on an independent external appraisal and an impairment of €16.9 Mn was recognised as at June 30, 2020.

The Relief from Royalty method is used to value the trademark. The assumptions are based on macro-economic trends, industry standard ratios, historical and business plan figured. Further given the current COVID-19 pandemic and its subsequent financial and economic consequences, the calculation reflect potential effects on the trademark by performing simulations on the discount rate.
One of the main assumptions used to test the trademark for impairment is the discount rate. At December 31, 2019 the discount rate was 7.5%. For June 30, 2020 an incremental discount rate was used given the high volatility observed in the market. The discount rate converges over time from a relatively high rate in year 1 to a lower normative discount rate (between 10.9% and 7.5%).

A change of +25 basis points on the discount rate of the trademark as determined at June 30, 2020 would lead to an additional impairment of -€29.2 Mn on the intangible assets.

A change of -10 basis points in the long term growth rate of the trademark as determined at June 30, 2020 would lead to additional impairment of -€9.8 Mn on the intangible assets.

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

In the first half of 2020, amounts paid for works and acquisition of property assets amount to €16.9 Mn (H1-2019: €53.0 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.

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

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

The Group has only jointly controlled entities in the United States. 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)	June 30, 2020	December 31, 2019
Investment properties	8,211.3	8,774.9
Other non-current assets	7.6	8.2
Current assets	174.4	114.1
Total assets	**8,393.3**	**8,897.2**
External borrowings	(1,313.5)	(1,623.4)
Other non-current liabilities	(15.7)	(21.6)
Current liabilities	(418.1)	(222.5)
Total liabilities	**(1,747.3)**	**(1,867.5)**
Net assets	**6,646.0**	**7,029.7**

Regarding the net deficit for some joint ventures, reference is made to note 7.2.5.

(€Mn)	H1-2020	H1-2019
Net rental income	166.9	189.6
Change in fair value of investment properties	(523.8)	(155.5)
Net result	**(405.9)**	**(19.0)**

6.2. Equity accounted entities' economic interest

Set out below are the joint venture partners and associates of the Group as at June 30, 2020. All joint venture partners are incorporated in the United States. None of these are individually material for the Group. There were no changes in the economic interest compared to December 31, 2019.

Name of investments [1]	Type of equity	Economic Interest June 30, 2020
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%
Connecticut House	Partnership units	52.6%
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%
MV Macy's Box/Parcel	Partnership units	41.7%
North County [2]	Partnership units	55.0%
Oakridge [2]	Partnership units	55.0%
Owensmouth	Partnership units	55.0%
Palm Desert [2]	Partnership units	52.6%
Plaza Bonita [2]	Partnership units	55.0%

Name of investments [1]	Type of equity	Economic Interest June 30, 2020
Promenade	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%
West Valley	Partnership units	55.0%
UTC/VF Services	Membership units	50.0%
UTC Resi	Partnership units	50.0%
CT Houses	Partnership units	52.6%
Emporium Offices	Partnership units	50.0%
Montgomery Condo	Partnership units	50.0%
Wheaton North Office	Partnership units	52.6%
Wheaton South Office	Partnership units	52.6%
Blum	Associates	20%
Starwood	Associates	10%

(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.

6.3. Transactions with related-parties

The consolidated interim financial statements include all companies in the Group's scope of consolidation (see Note 16 "List of consolidated companies"). The Group's joint ventures are listed in note 6.2.

Together with Unibail-Rodamco-Westfield SE ("URW SE") and its subsidiaries, 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 from URW SE and redeemable preference shares/units held by URW SE.

Transactions with companies accounted for using the equity method

(€Mn)	June 30, 2020	December 31, 2019
Inventories	2.0	2.9
Current account in debit/(credit)	(2.2)	14.9

(€Mn)	H1-2020	H1-2019
Project management fees invoiced	-	1.8
Asset management fees invoiced and other fees	-	-
Recognized interest	-	0.2

Transactions with Unibail-Rodamco-Westfield SE

All related party loans of the Group are from URW SE. For the interest amounts with URW SE refer to note 7.2.3.

Loans to URW NV

During the period, URW NV has two interest bearing loans from URW SE. The principal amount of the loans remains €1,260.6 Mn and €750.0 Mn. 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 URW SE amounts €10.2 Mn as at June 30, 2020 (December 31, 2019: €11.5 Mn).

During the period, URW NV has an interest bearing loan from URW SE. The principal amount of the loan is €35.8 Mn as at June 30, 2020 (December 31, 2019: €35.8 Mn). The fixed interest rate is 1.44% and the maturity date is May 31, 2023.

During the period, URW NV has a EUR and USD current account facility with URW SE for €100.0 Mn and $20.0 Mn (€17.9 Mn). As at June 30, 2020, the drawn down amount is €76.5 Mn and $7.2 Mn (€6.4 Mn). The interest rate is EURIBOR + 0.85% for the EUR facility and LIBOR + 1.4% for the USD facility. The maturity date for both contracts is April 1, 2024.

URW NV has interest rate swaps and caps contracts with URW SE in 2020. The interest rate swaps contracts maturity date are in 2028 and 2048. The maturity date of the previous caps was January 2, 2020. A new caps contract commenced on January 2, 2020, with 1 year maturity. The non-current derivative assets and non-current derivatives liabilities related to the swaps and caps are €180.5 Mn (December 31, 2019: €83.4 Mn) and €794.5 Mn (December 31, 2019: €348.7 Mn) respectively as at June 30, 2020. Reference is made to note 7.4.

Loans to URW America Inc.

During the period, URW America Inc. has a USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2020, is $52.4 Mn (€46.8 Mn) (December 31, 2019: €46.6 Mn). The interest rate is LIBOR + 0.600% margin. The maturity date of the loan is June 7, 2025.

URW America Inc. has a AUD interest bearing loan from URW SE. The balance of the loan as at June 30, 2020, is AU$1,623.9 Mn (€993.6 Mn) (December 31, 2019: €1,015.3 Mn) . The interest rate is BBSY + 0.875% margin. The maturity date of the loan is June 7, 2024.

URW America Inc. has a USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2020, is $776.3 Mn (€693.3 Mn) (December 31, 2019: €691.0 Mn). The interest rate is LIBOR + 1.120% margin. The maturity date of the loan is April 16, 2026.

Loans to WALP

During the period, WALP has a USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2020, is $607.5 Mn (€542.5 Mn) (December 31, 2019: €540.8 Mn). The interest rate is LIBOR +0.900% margin and is reset quarterly. The maturity date of the loan is December 15, 2021.

WALP has a USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2020, is $475.0 Mn (€424.2 Mn) (December 31, 2019: €422.8 Mn). The interest rate is LIBOR +0.775% margin. The maturity date of the loan is June 27, 2022.

WALP has a new USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2020 is $135.0 Mn (€120.6 Mn). The interest rate is LIBOR +1.000% margin and is reset quarterly. The maturity date of the loan is December 15, 2021.

Redeemable preference shares held by URW SE

URW SE holds redeemable preference shares in WHL USA Acquisitions, Inc. with a stated redemption value of €394.3 Mn (December 31, 2019: €393.1 Mn) which are presented under the consolidated interim statement of the financial position under commitment to non-controlling interests. URW SE has the right to redeem the shares for cash after April 3, 2029, and is entitled to annual dividends equal to 5.9% of the stated redemption value. Any unpaid distribution on the shares are cumulative and must be paid prior to WHL USA Acquisitions, Inc. paying a common distribution.

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

NOTE 7. FINANCING AND FINANCIAL INSTRUMENTS

7.1. Financing result

7.1.1. Net financing costs

(€Mn)	H1-2020	H1-2019	2019
Other financial interest	5.9[(1)]	14.5[(1)]	24.9[(1)]
Interest income on derivatives	35.9	13.5	37.3
Subtotal financial income	**41.8**	**28.0**	**62.2**
Interest on bonds and EMTNs	(80.8)	(73.7)	(155.9)
Interest and expenses on borrowings	(66.1)	(82.8)	(161.0)
Interest expense on lease liabilities	(1.8)	-	(3.6)
Interest on preference shares	(20.2)	(14.9)	(34.6)
Interest expenses on derivatives	(39.7)	(9.3)	(25.9)
Other financial interest	(4.5)	(1.7)	(3.3)
Financial expenses before capitalisation of financial expenses	**(213.1)**	**(182.4)**	**(384.3)**
Capitalised financial expenses	0.1	0.8	1.2
Subtotal net financial expenses	**(213.0)**	**(181.6)**	**(383.1)**
Total net financial costs	**(171.2)**	**(153.6)**	**(320.9)**

(1) *The other financial interest 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.

7.1.2. Fair value adjustment of derivatives, debts and currency effect

(€Mn)	H1-2020	H1-2019	2019
Amortisation of debt	(1.7)	(1.3)	(1.7)
Currency result	25.5	4.0	(3.3)
Fair value of derivatives	(351.9)	(167.9)	(222.5)
Fair value of preference shares	25.2	(91.6)	(83.4)
Impairment of investment in associates	(101.0)	-	-
Total financial result	**(403.9)**	**(256.8)**	**(310.9)**

The balance of fair value of derivatives liability as at June 30, 2020 is -€794.5 Mn (December 31, 2019: -€348.7 Mn) For the fair value of derivatives, reference is made to note 7.4.

7.2. Financial assets and liabilities

7.2.1. Financial assets

(€Mn)	June 30, 2020	December 31, 2019
Financial assets at fair value through OCI	**0.5**	**15.6**
Non-listed equity investment	0.5	15.6
Debt instruments at amortised cost	**262.1**	**252.3**
Preferred interest Starwood and Rouse	133.1	181.8
Trade receivables from activity	129.0	70.5
Total financial assets	**262.6**	**267.9**
Total current	**129.0**	**70.5**
Total non-current	**133.6**	**197.4**

Due to the impact of COVID-19 some of the financial assets have been written off or revalued. The non-listed equity investment is impaired for an amount of €15.5 Mn. The impairment is recognized in the Other Comprehensive Income. Furthermore the expected credit loss of the preferred interest Starwood amounted €63.3 Mn. The impact is recorded in the fair value adjustments of derivatives, debts and currency effect.

7.2.2. Main financing transactions in the first half year of 2020

In the first half year of 2020, the new borrowings with URW SE amounted €111.4 Mn.
Despite the challenging market conditions, the URW Group secured additional liquidity and extended its debt maturity, though at a higher cost, through the EMTN bond of €750 Mn with a 2.0% coupon and a 12-year maturity on June 22, 2020.

7.2.3. Financial debt breakdown and outstanding duration to maturity

Outstanding duration to maturity (€Mn)	Current	Non-current		Total	Total
	Less than 1 year	1 year to 5 years	More than 5 years	June 30, 2020	December 31, 2019
Bonds and notes	**285.2**	**1,333.7**	**2,683.3**	**4,302.2**	**4,281.6**
Principal debt (1)	267.9	1,339.5	2,679.1	4,286.5	4,272.7
Accrued interest	42.0	-	-	42.0	37.5
Issuance costs	(21.3)	-	-	(21.3)	(21.9)
Amortisation of debt	(3.4)	(5.8)	4.2	(5.0)	(6.7)
Bank borrowings	**(0.1)**	**242.3**	**107.1**	**349.3**	**343.7**
Principal debt(1)	0.1	245.6	108.1	353.8	352.7
Accrued interest	6.0	-	-	6.0	2.5
Borrowings issue fees	(5.9)	-	-	(5.9)	(7.0)
Amortisation of debt	(0.3)	(3.3)	(1.0)	(4.6)	(4.5)
Other financial liabilities	**41.2**	**2,246.3**	**2,703.8**	**4,991.3**	**4,867.3**
Borrowing with URW SE(2)	-	2,246.3	2,703.8	4,950.1	4,838.7
Accrued interests on borrowings with URW SE(2)	51.4	-	-	51.4	40.1
Charges and premiums on issues of borrowings with URW SE(2)	(10.2)	-	-	(10.2)	(11.5)
Lease liabilities	**3.5**	**22.1**	**37.5**	**63.1**	**64.5**
Total	**329.8**	**3,844.4**	**5,531.7**	**9,705.9**	**9,557.1**

(1) *These notes 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 6.3.*

The amortisation of debt refers to the fair value of the WEA debt at acquisition date, June 7, 2018.

An amount of €353.8 Mn of bank borrowings is secured. Secured liabilities are borrowings secured by mortgages over properties. These properties are as follows: Westfield Galleria at Roseville, Westfield Old Orchard and Westfield San Francisco Centre. The terms of the debt facilities preclude the properties from being used as security for other debt. The debt facilities also require the properties to be insured.

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

		Cash flows (1)			Non-cash flows				
	December 31, 2019	Increase(2)	Decrease	**Variation of accrued interests (3)**	Scope movements	Currency translation	Fair value impact	Others	**June 30, 2020**
Bonds and EMTNs	**4,281.6**	0.3	-	4.5	-	13.7	1.8	0.3	**4,302.2**
Bank borrowings	**343.7**	(1.5)	-	3.4	-	1.0	-	2.7	**349.3**
Other financial liabilities	**4,867.3**	129.6	-	11.4	-	(18.3)	-	1.3	**4,991.3**
Leases liability	**64.5**	0.1	(1.8)	-	-	0.3	-	-	**63.1**
Total	**9,557.1**	**128.5**	**(1.8)**	**19.3**	**-**	**(3.3)**	**1.8**	**4.3**	**9,705.9**

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

7.2.4. Characteristics of bonds and notes

There were no new issued bonds and notes in the first half year of 2020.

7.2.5. Covenants

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

The bond indentures (144A and Regulation S bonds) in the US contain financial covenants based on URW Group's financial statements. As at June 30, 2020 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 45% 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.

As a result of the COVID-19 pandemic, debt service payments on certain mortgage loans ($271 Mn on a proportionate basis) on some regional US assets could not be made. The Group is in discussions with the servicers of these loans. Although the consequence of default could be that the loans are repayable on demand, the lender would likely have to look to foreclosure on the property to recover. The expected credit loss for the Company is based on the valuation of the related investment properties representing the Group's estimate of disposal proceeds in the event of foreclosure. The Group does not expect it to have a material adverse effect on the Group's finances.

7.2.6. Fair value of debt

The fair value of the Group's fixed-rate and index-linked debt is presented in the table below:

	June 30, 2020		December 31, 2019	
(€Mn)	Carrying value	Fair value	Carrying value	Fair value
Fixed-rate and index-linked debt				
Fixed-rate & index-linked borrowings, interbank instruments and negotiable market instruments	6,639.7	6,289.7	6,620.0	6,846.5

Financial debt is valued at fair value based on market rates and on fair value of issuer's spread at such closing date. The decrease in fair value is mainly caused by the widening of credit spreads over the period of analysis.

7.2.7. Net financial debt

Net financial debt is determined as below:

Net financial debt

(€Mn)	June 30, 2020	December 31, 2019
Amounts accounted for in B/S		
Long-term bonds and borrowings	9,316.5	9,189.1
Current borrowings and amounts due to credit institutions	326.3	303.5
Total financial liabilities	**9,642.8**	**9,492.6**
Adjustments		
Amortisation of debt	9.5	11.2
Accrued interest / issuance fees	(62.0)	(39.7)
Total financial liabilities (nominal value)	**9,590.3**	**9,464.1**
Cash & cash equivalents	**(12.7)**	**(56.8)**
Net financial debt	**9,577.6**	**9,407.3**

Net cash at period-end

(€Mn)	June 30, 2020	December 31, 2019
Cash	12.7	56.8
Total Asset	**12.7**	**56.8**
Bank overdrafts & current accounts to balance out cash flow	-	-
Total Liabilities	**-**	**-**
Net cash at period-end	**12.7**	**56.8**

7.3. Commitment to non-controlling interests

(€Mn)	December 31, 2019	Addition	Decrease	Fair value movements in P&L	Currency translation	June 30, 2020
Financial liabilities at amortized cost	**393.1**	**-**	**-**	**-**	**1.2**	**394.3**
Commitment to non-controlling interests held by URW SE	393.1	-	-	-	1.2	394.3
Financial liabilities at fair value	**173.1**	**1.8**	**(8.7)**	**(25.2)**	**1.5**	**142.5**
Commitment to non-controlling interests	47.7	1.8	(8.7)	(13.9)	0.5	27.4
Other commitment to non-controlling interests	125.4	-	-	(11.3)	1.0	115.1
Total commitment to non-controlling interests	**566.2**	**1.8**	**(8.7)**	**(25.2)**	**2.7**	**536.8**
Total non-current	**565.2**	**1.8**	**(8.7)**	**(24.7)**	**2.6**	**536.2**
Total current	**1.0**	**-**	**-**	**(0.5)**	**0.1**	**0.6**

URW SE holds redeemable preference shares/units in WHL USA Acquisitions, Inc. for an amount of €394.3 Mn. The holders have the right to redemption in cash after April 3, 2029. These redeemable preference shares are measured at amortised cost using the effective interest method. The remaining part relates to external parties and are measured at fair value level 3.

7.4. Derivatives

		Amounts recognised in the Statement of Comprehensive Income			
(€Mn)	December 31, 2019	Fair value adjustments of derivatives	Currency translation	Acquisitions/ Disposal	June 30, 2020
<u>**Assets**</u>					
Derivatives at fair value Non-Current	**85.0**	**93.9**	**0.4**	**1.1**	**180.4**
- *Fair value*	85.0	93.9	0.4	1.1	180.4
<u>**Liabilities**</u>					
Derivatives at fair value Non-Current	**(348.7)**	**(445.8)**	**-**	**-**	**(794.5)**
- *Fair value*	(348.7)	(445.8)	-	-	(794.5)
Net	**(263.7)**	**(351.9)**	**0.4**	**1.1**	**(614.1)**

The fair value of interest rate derivatives (assets: fixed-to-floating IRS) increased in value due to a lower swap rate curve. For the same reason the floating-to-fixed IRS (liabilities) became more negative.

There is a new CAP contract between URW NV and URW SE in H1-2020. The notional amount of the CAP is $1.25 Bn (€1.12 Bn). The contract commenced on January 2, 2020, with 1 year maturity.

NOTE 8. 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.

8.1.1.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 on cross guarantees within the URW Group for its hedging operations.

In case of derivative termination, netting can apply as a result of existing agreements between the Group and its counterparties. The related amounts of derivative instruments, including accrued interest would be €180.4 Mn (December 31, 2019: €85.0 Mn) for assets and €794.5 Mn (December 31, 2019: €348.7 Mn) for liabilities as at June 30, 2020.

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.

The Group has activities and investments in US. 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.

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 June 30, 2020 (€ Mn)

Currency	Assets	Liabilities[(1)]	Net Exposure	Hedging instruments	Exposure net of hedges
USD	12,933.8	(7,769.3)	5,164.5	-	**5,164.5**
AUD	-	(993.6)	(993.6)	-	**(993.6)**
Total	**12,933.8**	**(8,762.9)**	**4,170.9**	**-**	**4,170.9**

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

Measure of the exposure to other risks as at December 31, 2019 (€ Mn)

Currency	Assets	Liabilities[(1)]	Net Exposure	Hedging instruments	Exposure net of hedges
USD	13,116.8	(7,087.9)	6,028.9	-	**6,028.9**
AUD	-	(1,015.3)	(1,015.3)	-	**(1,015.3)**
Total	**13,116.8**	**(8,103.2)**	**5,013.6**	**-**	**5,013.6**

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

Exposure sensitivity to currency exchange rate

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

	June 30, 2020		December 31, 2019	
(€Mn)	Recurring result Gain/(Loss)	Equity Gain/(Loss)	Recurring result Gain/(Loss)	Equity Gain/(Loss)
Impact of an increase of +10% in the EUR/USD exchange	(7.5)	(469.5)	(32.7)	(548.1)
Impact of an increase of +10% in the EUR/AUD exchange	0.0	(90.3)	(0.0)	92.3

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.

The Group interest rate swaps and caps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement.

As at June 30, 2020, IFRS net financial debt stood at €9,577.6 Mn (December 31, 2019: €9,407.3 Mn).

The outstanding debt was hedged at 72% as at June 30, 2020 (December 31, 2019: 75%), through both:

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

Based on the estimated average debt position of URW NV in 2020, if interest rates (Euribor, Libor, BBSY) were to rise by an average of average of +50 bps[10] during H2-2020, the estimated negative impact on financial expenses would be -€9.9 Mn decreasing the recurring net result in 2020.

An additional rise of +50 bps would increase financial expenses by a further -€9.9 Mn.

A -50 bps drop in interest rates would have a positive impact on the financial expenses of +€9.9 Mn increasing the recurring net result in 2020.

[10] The impact on exchange rates due to this theoretical increase of +50 bps in interest rates is not taken into account.
The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at June 30, 2020: 3m Euribor (-0.350%), 3m USD Libor (1.70%) and 3m AUD Libor (0.85%).

8.1.2. 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 Centre 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, URW NV covers the possible future losses.

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

- The estimated losses are calculated on tenant's risk rating, including adjustment to increase the actual YTD bankruptcy rate of the receivables;
- The rate of estimated loss reflects the best estimation of the expected future losses, on the considered client segment: URW 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 due for more than six months;
- Receivable from tenants under bankruptcies proceedings were fully depreciated;
- An analysis of the risk recoverability of the most significant receivables was carried out by center and a credit risk was applied by tenant or segment of tenants if necessary.

In H1-2020, the expected credit loss for doubtful debtors amounted €38.8 Mn (December 31, 2019: €20.6 Mn). For the expected credit loss on other financial assets, including guarantees, reference is made to note 2.1.

8.1.3. Liquidity risk

The Group undertakes active liquidity and funding risk management to enable it to have sufficient funds available. To meet its financial obligations, working capital and expected committed capital expenditure requirements are periodically and carefully monitored. During the COVID-19 crisis, the URW Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. URW NV has cross guarantees with URW SE and the liquidity needs are covered by the available undrawn credit lines at URW Group level. Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in note 7.2.3.

8.2. Fair value of financial instruments per category

FAAC: Financial Asset at Amortised Cost
FAFVOCI: Financial Asset at Fair Value through Other Comprehensive Income
FAFVPL: Financial Asset at Fair Value through Profit or Loss
FLAC: Financial Liabilities measured at Amortised Cost
FLFVPL: Financial Liabilities at Fair Value through Profit or Loss

June 30, 2020 (€Mn)	**Categories in accordance with IFRS 9**	**Carrying Amount June 30, 2020**	**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	133.6	133.1	0.5	-	133.6
Derivatives at fair value	FAFVTPL	180.4	-	-	180.4	180.4
Trade receivables from activity (1)	FAAC	80.6	80.6	-	-	80.6
Other receivables (2)	FAAC	7.9	7.9	-	-	7.9
Cash and cash equivalents	FAAC	12.7	12.7	-	-	12.7
		415.2	**234.3**	**0.5**	**180.4**	**415.2**
Liabilities						
Commitment to non-controlling interests	FLFVPL/ FLAC	536.8	394.3	-	142.5	625.6
Financial debts	FLAC	9,642.8	9,642.8	-	-	9,292.7
Derivatives at fair value	FLFVPL	794.5	-	-	794.5	794.5
Non-current amounts due on investments	FLAC	48.4	48.4	-	-	48.4
Amounts due to suppliers and other current debt (3)	FLAC	189.9	189.9	-	-	189.9
		11,212.4	**10,275.3**	**-**	**937.0**	**10,951.1**

December 31, 2019 (€Mn)	**Categories in accordance with IFRS 9**	**Carrying Amount December 31, 2019**	**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	197.4	181.8	15.6	-	197.4
Derivatives at fair value	FAFVTPL	85.0	-	-	85.0	85.0
Trade receivables from activity (1)	FAAC	36.3	36.3	-	-	36.3
Other receivables (2)	FAAC	37.1	37.1	-	-	37.1
Cash and cash equivalents	FAAC	56.8	56.8	-	-	56.8
		412.6	**311.3**	**15.6**	**85.0**	**412.6**
Liabilities						
Commitment to non-controlling interests	FLFVPL/ FLAC	566.2	393.1	-	173.1	566.2
Financial debts	FLAC	9,492.5	9,492.5	-	-	9,719.0
Derivatives at fair value	FLFVPL	348.7	-	-	348.7	348.7
Non-current amounts due on investments	FLAC	50.9	50.9	-	-	50.9
Amounts due to suppliers and other current debt (3)	FLAC	166.0	166.0	-	-	166.0
		10,624.3	**10,102.5**	**-**	**521.8**	**10,850.8**

(1) *Excluding rent-free periods and step rents.*
(2) *Excluding prepaid expenses, service charges due and tax receivables.*
(3) *Excluding prepaid 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 financial assets approximates the carrying value, because the carrying value takes into account the expected credit loss.

The commitment to non-controlling interests as at June 30, 2020, relate to the preference shares in USA acquisitions Inc. which is valued at amortised cost. The fair value of these preference shares is €483.1 Mn.

8.3. 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.

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

	Fair value measurement as at June 30, 2020			
(€Mn)	Total	Level 1	Level 2	Level 3
Assets				
Fair value through OCI				
Financial assets	0.5	-	-	0.5
Fair value through profit or loss				
Derivatives	180.4	-	180.4	-
Total	**180.9**	**-**	**180.4**	**0.5**
Liabilities				
Fair value through profit or loss				
Commitment to non-controlling interests	142.5	-	-	142.5
Derivatives	794.5	-	794.5	-
Total	**937.0**	**-**	**794.5**	**142.5**

(€Mn)	Fair value measurement as at December 31, 2019 Total	Level 1	Level 2	Level 3
Assets				
Fair value through OCI				
Financial assets	15.6	-	-	15.6
Fair value through profit or loss				
Derivatives	85.0	-	85.0	-
Total	**100.6**	**-**	**85.0**	**15.6**
Liabilities				
Fair value through profit or loss				
Commitment to non-controlling interests	173.1	-	-	173.1
Derivatives	348.7	-	348.7	-
Total	**521.8**	**-**	**348.7**	**173.1**

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 June 30, 2020, the market 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 level 3 financial assets and liabilities

(€Mn)	Financial assets	Commitment to non-controlling interest
December 31, 2019	**15.6**	**173.1**
Fair value movements in P&L	-	(25.2)
Recognised in OCI	(15.5)	-
Additions	-	1.8
Decrease	-	(8.7)
Currency translation	0.4	1.5
June 30, 2020	**0.5**	**142.5**

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 relevant earnings yield used is the Funds From Operations (FFO) multiple. At June 30, 2020, an increment of 1% to the earnings yield would result in a decrease in fair value or additional gain by €19.6 Mn (December 31, 2019: €26.7 Mn). Similarly, a decrement of 1% to the yield would result in an increase in fair value or additional loss by €26.8 Mn (December 31, 2019: €37.4 Mn).

NOTE 9. TAXES

9.1. Income tax expenses

(€Mn)	H1-2020	H1-2019	2019
Recurring current and deferred tax on:			
- Allocation/ reversal of provision concerning tax issues	0.5	-	-
- Other recurring results	0.4	0.1	1.9
Total recurring tax	**0.9**	**0.1**	**1.9**
Non-recurring current and deferred tax on:			
- Change in fair value of investment properties	6.4	591.8	564.4
- Other non-recurring results	14.3	6.4	34.8
Total non-recurring tax	**20.7**	**598.2**	**599.2**
Total tax income/(expense)	**21.6**	**598.3**	**601.1**

The non-recurring tax income in H1-2020 relates mainly to a positive decision by one of the US states with respect to an amount that was, so far, included in the liabilities of the Group.
The total tax income in H1-2019 mainly related to the impact of the changes in the structure of the US operations.

(€Mn)	H1-2020	H1-2019	2019
Current tax	15.2	(84.9)	(70.4)
Deferred tax	6.4	683.2	671.5
Total tax	**21.6**	**598.3**	**601.1**

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.

9.2. Deferred taxes

(€Mn)	December 31, 2019	Decrease	Currency translation	June 30, 2020
Deferred tax on investment properties	(116.2)	2.0	(0.4)	(114.6)
Deferred tax on intangible assets	(83.2)	4.4	(0.3)	(79.1)
Total deferred tax liabilities	**(199.4)**	**6.4**	**(0.7)**	**(193.7)**

NOTE 10. PROVISIONS

The determination of the amount of provisions for liabilities and charges requires the use of estimates and assumptions made by the Management as well as its judgment, on the basis of the information available or situations prevalent at the date of preparation of the accounts, information and situation which may vary from the subsequent actual events.

H1-2020

(€Mn)	December 31, 2019	Allocations	Reversals used	Reversals not used	Currency translation	June 30, 2020
Current provisions	**6.2**	-	(0.6)	-	-	**5.6**
Non-current provisions	**75.4**	2.4	-	(2.9)	0.2	**75.1**
Total	**81.6**	**2.4**	**(0.6)**	**(2.9)**	**0.2**	**80.7**

As at June 30, 2020, the non-current provisions amounted €75.1 Mn (December 31, 2019: €75.4 Mn) and mainly relate to an estimate for potential payments due to third parties in case of future sale of investment properties.

NOTE 11. OTHER CURRENT LIABILITIES

(€Mn)	June 30, 2020	December 31, 2019
Tax and social liabilities(1)	141.3	173.7
Other liabilities	42.2	24.6
Total other current liabilities	**183.5**	**198.3**

(1) *Within the tax and social liabilities, an amount of €118.5 Mn (December 31, 2019: €133.3Mn) relates to the current tax liability.*

NOTE 12. AMOUNTS DUE ON INVESTMENTS

As at June 30, 2020, the non-current amounts due on investments are €48.4 Mn (December 31, 2019: €50.9 Mn). €41.6 Mn (December 31, 2019: €43.3 Mn) of the non-current amounts due on investments relates mainly to the former Urban Shopping Centre portfolio.

As at June 30, 2020, the current amounts due on investments are €49.1 Mn (December 31, 2019: €62.7 Mn). The current amounts due on investments relates mainly to payables on a project at Westfield World Trade Center for €33.6 Mn (December 31, 2019: €40.3 Mn).

NOTE 13. EMPLOYEE BENEFITS

13.1. Share-based payments and share option plan

Stock option plans

Stock-options may be exercised at any time, in one or more instalments, as from the 3rd anniversary of the date of their allocation.

The stock option plan has an external performance condition (TSR) based on the Group's share price performance, a Corporate Social Responsibility (CSR) condition (external and internal) and an Adjusted Recurring Earnings per Share (AREPS).

The weight of the performance conditions for the SO plan granted in March 2020 is 45% for TSR, 45% for AREPS, 5% for external CSR and 5% for internal CSR.

Stock options are accounted for in accordance with IFRS 2. The performance-related stock-options allocated in March 2020 were valued at €0.03 (excl. turnover) for those with a TSR condition and at €0.04 (excl. turnover) for those with AREPS and CSR conditions, using a Monte Carlo model. This valuation is based on an initial exercise price of €92.03, a share price at the date of allocation of €67.24, a vesting period of three years, an estimated duration of 3.7 years, a market volatility of 17.56%, a dividend representing 16.06% of the share value, a risk-free interest rate of -0.334% and a volatility of TSR Performance Benchmark Index (63% Eurozone Retail, 7% France Offices, 8% UK Retail, 22% US Retail) of 12.70% with a correlation TSR Performance Benchmark Index / URW of 66.94%.

181,225 SO have been allocated to employees of URW NV in March 2020. The expense recorded in the consolidated interim statement of comprehensive income (corporate expenses) in relation to stock options is €5k.

Performance share plan

Performance shares are vesting on the 3rd anniversary of the grant.

They are also subject to external and internal performance conditions. The weight of the performance conditions for the PS plan granted in March 2020 is also 45% for TSR, 45% for AREPS, 5% for external CSR and 5% for internal CSR.

Performance shares are accounted for in accordance with IFRS 2. The awards allocated in March 2020 were valued at €21.53 (excl. turnover) for those with a TSR condition and at €41.53 (excl. turnover) for those with non-market condition (AREPS and CSR), using a Monte Carlo model. This valuation is based on a share price at the date of allocation of €67.24, a vesting period of three years, a market volatility of 17.90%, a volatility of TSR Performance Benchmark Index of 12.92% with a correlation TSR Performance Benchmark Index/URW of 64.19%, a dividend representing 16.06% of the share value and risk-free interest rates of -0.396%.

100,188 PS have been allocated to employees of URW NV in March 2020. The expense recorded in the consolidated interim statement of comprehensive income (corporate expenses) in relation to performance shares is €2.6 Mn.

NOTE 14. SHARE CAPITAL

14.1. Share capital

The following table reflects the share capital and average number of shares diluted and undiluted of the Group:

14.1.1. Change in share capital

		Total number of issued and paid shares
As at December 31, 2019		**231,626,920**
	Capital increase Class A shares	24,630
	Capital increase reserved for URW Company Savings Plan	69,150
As at June 30, 2020		**231,720,700**

The authorised share capital as at June 30, 2020, amounts to €550 Mn divided over 660 million ordinary class A shares and 440 million class B shares of €0.5 per share.

The issued and paid up share capital amounts to €115.9 Mn, formed by 138,472,385 ordinary A shares and 93,248,315 ordinary B shares as at June 30, 2020. All class B shares are held by URW 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 URW SE (stapled shares). As a consequence of the Stapled structure the exercise of the convertible bonds (ORNANE and ORA financial instruments issued by URW SE) and stock options plans, performance shares of URW SE will also have a dilutive impact on the shares of URW NV (with a share issuance at that time).

14.1.2. Average number of shares diluted and undiluted

	H1-2020	H1-2019	2019
Average number of shares (undiluted)	**231,649,578**	**231,570,412**	**231,598,799**
Dilutive impact			
Attributed performance shares (unvested) [(1)]	410,547	204,273	198,736
Potential shares via ORNANE	1,851,806	3,521,418	1,913,286
Potential shares via ORA	-	7,192	3,652
Average number of shares (diluted)	**233,911,931**	**235,303,295**	**233,714,473**

(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.*

URW SE stock options and performance shares not exercised at the period-end

The URW 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 URW SE and URW NV. The table below shows the URW SE allocated stock options and performance shares not exercised at the period-end:

URW 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)]
2011 plan (n° 7)	2013	from 05/03/2017 to 04/03/2020	173.16	617,066	-	261,729	355,337	-
2011 plan (n° 7)	2014	from 04/03/2018 to 03/03/2021	186.10	606,087	-	215,495	23,466	367,126
2015 plan (n°8)	2015	from 04/03/2019 to 03/03/2022	256.81	615,860	-	203,803	-	412,057
2015 plan (n°8)	2015	from 05/09/2019 to 04/09/2022	238.33	7,225	-	7,225	-	-
2015 plan (n°8)	2016	from 09/03/2020 to 08/03/2023	227.24	611,608	-	154,282	1,913	455,413
2015 plan (n°8)	2017	from 08/03/2021 to 07/03/2024	218.47	611,611	-	111,358	-	500,253
2018 plan (n°9)	2018	from 06/03/2022 to 05/03/2025	190.09	630,135	-	75,665	-	554,470
2019 plan (n°10)	2019	from 20/03/2022 to 19/03/2026	144.55	748,372	-	65,426	-	682,946
2020 plan (n°11)	2020	from 22/03/2023 to 21/03/2027	92.03	885,291	-	-	-	885,291
Total				**5,333,255**	-	**1,094,983**	**380,716**	**3,857,556**

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

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

(3) *All the options are subject to one or more performance conditions.*

URW 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)]
2015	37,554	10,515	27,039	-
2016	36,745	7,918	28,827	-
2017	39,770	12,324	14,235	13,211
March 2018	82,539	9,896	-	72,643
May 2018	38,130	1,252	-	36,878
March 2019	172,174	15,025	-	157,149
March 2020	489,440	-	-	489,440
Total	**896,352**	**56,930**	**70,101**	**769,321**

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

(2) *All the shares are subject to one or more performance conditions.*

14.2. Share premium

Share premium is paid up share capital in excess of nominal value. The amount of share premium is €2,243.3 Mn as at June 30, 2020 (December 31, 2019: €2,243.1 Mn) .

14.3. Dividends

No dividends were declared or paid during the reporting period.

NOTE 15. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

15.1. Commitments given

Commitments given (€Mn)	Description	Maturities	June 30, 2020	December 31, 2019
1a) Commitments related to Group financing – Fully consolidated			**774.4**	**761.2**
Financial guarantees given	- Mortgages and first lien lenders	2020 to 2026	353.7	352.6
	- Guarantees relating to entities under equity method	2020 to 2022	420.7	408.6
1b) Commitments related to Group financing – Entity under equity method			**1,740.2**	**1,795.4**
Financial guarantees given	- Loan guarantees	2020 to 2025	296.2	354.5
	- Mortgages and first lien lenders	2020 to 2026	1,444.0	1,440.9
2a) Commitments related to Group operational activities – Fully consolidated			**39.1**	**42.5**
Commitments related to operating contracts	- Residual commitments for works contracts and forward purchase agreements	2020+	38.8	39.6
	- Rental of premises and equipment (lease payable)	2020+	0.3	2.9
2b) Commitments related to Group operational activities – Entity under equity method			**137.2**	**214.5**
Commitments related to operating contracts	- Residual commitments for works contracts and forward purchase agreements	2020+	137.0	209.8
	- Rental of premises and equipment (lease payable)	2020+	0.2	4.7
Total commitments given			**2,690.9**	**2,813.6**

Commitments relating to Group financing

Westfield America Limited Partnership, Urban Shopping Centers and Westfield Growth have guaranteed loans entered into by joint-ventures for a portion of the principal amount of the loans greater than their stake in the joint-ventures.

For the expected credit loss of financial guarantees recognised in H1-2020, reference is made to note 2.1. The expected credit loss on remaining financial guarantees are insignificant.

15.2. Commitments received

Commitments received (€Mn)	Description	Maturities	June 30, 2020	December 31, 2019
1) Commitments related to Group financing				
Financial guarantees received	- Refinancing agreements obtained but not used	2022	2,845.3	2,658.7
2a) Commitments related to Group operational activities – Fully consolidated				
Other contractual commitments received related to operations	- Future minimal rents	2020+	1,535.4	1,589.3
2b) Commitments related to Group operational activities – Entity under equity method				
Other contractual commitments received related to operations	- Future minimal rents	2020+	1,722.7	1,624.8
Total commitments received			**6,103.4**	**5,872.8**

15.3. Contingent liabilities

The Group's obligation with respect to performance guarantees amounted €12.0 Mn (December 31, 2019: €12.1 Mn) which include both consolidated and equity accounted contingent liabilities and may be called on at any time dependent upon the performance or non-performance of certain third parties.

Since June 28, 2018, URW SE and URW NV have implemented cross guarantees. The Company, as part of the "Unibail-Rodamco-Westfield 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).

15.4. Non-controlling interests

The net result for the period attributable to external non-controlling interests is -€15.9 Mn (H1-2019: €0.5 Mn). The non-controlling interests amounted to €68.6 Mn as per June 30, 2020, (December 31, 2019: €84.3 Mn) of which 7.6% is held by the related party entity URW SE and 0.2% by third parties. The 7.6% is split between common shares of 1.958% and redeemable preference shares/units disclosed in note 6.3.

NOTE 16. LIST OF CONSOLIDATED COMPANIES

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

List of consolidated companies	Country	Method [1]	% interest June 30, 2020
Unibail-Rodamco-Westfield N.V.	The Netherlands	FC	100.00
WFD Unibail-Rodamco Real Estate B.V.	The Netherlands	FC	100.00
URW America Inc.	United States	FC	100.00
URW WEA LLC	United States	FC	92.20

[1] *FC: full consolidation method*

NOTE 17. SUBSEQUENT EVENTS

Announcement of the URW Group "RESET plan"

The URW Group announced at September 16, 2020, a €9.0+ Bn "RESET" plan to strengthen its balance sheet and increase financial flexibility to execute its long-term strategy. Key highlights of the "RESET" plan and its strategic priorities are:

- Restore financial strength
- Execute on disposals
- Streamline operations and footprint
- Embrace a changing environment
- Thrive by leveraging the URW Group's powerful platform to grow new revenue streams

This plan is designed to enable the URW Group to preserve its strong investment grade credit rating, with an expected rating of A- / Baa1 and maintain a sustainable capital structure with an LTV at URW Group below 40% and net debt /EBITDA below 9x at URW Group level.

On 5 September 2020, the Group paid down $304 Mn of the 144A bonds.

Furthermore, for additional subsequent events reference is made to paragraph 2 of the interim management board report and note 2.1 of this half year 2020 financial report.

III MANAGEMENT'S DECLARATION

In accordance with Article 5.25d of the Dutch financial markets supervision act (Wet op het Financieel Toezicht), the members of the Management Board of Unibail-Rodamco-Westfield N.V. declare that to the best of their knowledge, the consolidated interim financial statements for the half year ended June 30, 2020, prepared in accordance with IFRS as adopted for use in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the year. The management report presents a fair view of the development and performance of the business and the impact on the results and on the financial situation of the Company for the first half year of 2020, including the principal transactions between related parties as well as a description of the main risks and the principal uncertainties to which it is exposed for the next six months.

Signed on behalf of the Management Board by

Schiphol, September 25, 2020

Jean- Marie Tritant Gerard Sieben

IV INDEPENDENT AUDITORS' REVIEW REPORT

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

Our conclusion

We have reviewed the condensed consolidated interim financial statements included in the half year 2020 financial report of Unibail-Rodamco-Westfield N.V. based in Amsterdam for the period from 1 January 2020 to 30 June 2020.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Unibail-Rodamco-Westfield N.V. for the period from 1 January 2020 to 30 June 2020, are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

- The consolidated interim statement of financial position as at 30 June 2020
- The following consolidated interim statements for the period from 1 January 2020 to 30 June 2020: the statements of comprehensive income, changes in equity and cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial statements section of our report.

We are independent of Unibail-Rodamco-Westfield N.V. (the company) in accordance with 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 assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter relating to uncertainty about Corona

The developments around the Corona (Covid-19) pandemic have a profound impact on people, society and on the economy. This impacts operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The impact may continue to evolve, giving rise to complexity and inherent uncertainty. Unibail-Rodamco-Westfield N.V. is confronted with this uncertainty as well.

The condensed consolidated interim financial statements and our review report thereon reflect the conditions at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations, that are disclosed in the interim management board report (chapter 2 "COVID-19 and the impact on URW NV's business", chapter 10 "risk & uncertainties H2-2020") and the notes to the condensed consolidated interim financial statements (note 2.1 "COVID-19 pandemic", note 5.1 "investment properties", note 5.3 "goodwill", note 5.4 "intangible assets", note 7.2.5 "covenants", note 8.1.2 "credit risk", note 8.1.3 "liquidity risk" and the disclosure about events after the reporting period in note 17). We draw attention to these disclosures.

Our conclusion is not modified in respect of this matter.

Responsibilities of the management board and the supervisory board for the condensed consolidated interim financial statements

The management board is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.
Our review included among others:

- Updating our understanding of the company and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of condensed consolidated interim financial statements
- Making inquiries of the management board and others within the company
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to, the company's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether the management board has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements
- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represent the underlying transactions free from material misstatement

Utrecht, 25 September 2020

Ernst & Young Accountants LLP

W.H. Kerst