



UNIBAIL-RODAMCO-WESTFIELD

UNIBAIL-RODAMCO-WESTFIELD N.V.

HALF YEAR 2021 FINANCIAL REPORT

JUNE 30, 2021

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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, 2021.

URW NV is a public limited liability company under the laws of The Netherlands. The Company was incorporated as Unibail-Rodamco B.V., a private company with limited liability on February 14, 2018 and converted its legal form to a public limited liability company on March 22, 2018. On the same date, the Company changed its name to WFD Unibail-Rodamco N.V. At the Annual General Meeting held at 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

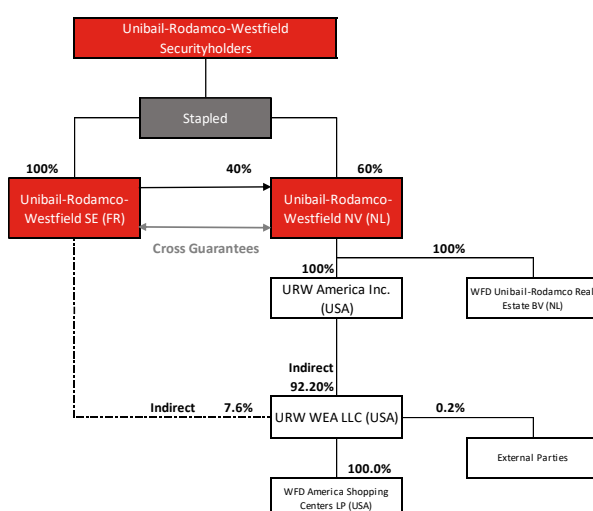
The Group’s condensed consolidated interim financial statements for the six months period ended June 30, 2021, have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union.

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, the evolution of rent relief and doubtful debtors, as well as the impairment testing of 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, 2021, is as follows:



The principal changes in the scope of consolidation since December 31, 2020, are:

- The foreclosure of Westfield Citrus Park and Westfield Countryside in January 2021;
- The foreclosure of Westfield Sarasota in February 2021;
- The acquisition of the 47.4% remaining stake in Westfield Trumbull and Westfield Palm Desert in May 2021;
- The foreclosure of Westfield Broward in June 2021.

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 continued to have a significant impact on URW's business over the course of H1-2021. Consequently, additional performance indicators were added to provide investors with the clearest possible view of conditions during the period.

Closing and reopening of the Group's shopping centres in H1-2021

The operations in URW NV shopping centres in H1-2021 were again impacted by restriction periods that affected the assets and activities of the Group. During the restriction period, the Group's priority was to ensure the safety of its employees, customers and suppliers and to ensure security and safety in the assets.

The enhanced health and safety measures developed in 2020 remained a key priority in all centres. These included specific cleaning and social distancing requirements, put in place in 2020 and monitored by fully trained in-centre staff. URW's "Safe & Healthy Places" label, created in 2020 with the support of Bureau Veritas' scientific committee, is used to attest to the excellence of its HSE practices and to ensure compliance with the latest recommendations of local health authorities. All the US centres have now received this label following an independent audit by Bureau Veritas.

In the US, all of the centres were open throughout the first half year, however restrictions on sectors like F&B, entertainment and fitness were only progressively eased during February and March. The Group was impacted by its weighting to California, Maryland area and New York ("NY") where restrictions were generally relaxed later than in many other parts of the country. For example, in Texas and Florida (the two most populous states apart from California and NY) indoor dining was allowed throughout Q4-2020 and H1-2021 and all capacity restraints were removed by March, two-months earlier than in California or NY.

As at June 30, all the Group's US centres are also able to trade normally and all capacity restraints have been removed. The H1-2021 government restrictions are summarised in the table below:

Country	Non-essential retail closed	Other restrictions
The Netherlands	From January 1 to March 2, closed. From March 3, only shopping by appointment (needs to be made four hours in advance). From April 28, appointments are no longer required.	F&B and Entertainment remained closed throughout Q1, with outdoor Terraces reopened on April 28, and indoor dining and leisure venues allowed from June 5, subject to restrictions on capacity / distancing.
US	No formal closure of centres.	Operations of F&B, Entertainment, Fitness and Salons have been restricted in most states and counties in which URW is active, until between February/March. From mid-June, all of the Group's centres are able to open all categories and all capacity limits have been withdrawn.

With no new restrictions being introduced since July, all of the Group's centres are therefore currently able to trade relatively normally.

The vaccination rate has improved significantly, reaching 65% of the population having received a first dose in the US (including 71% in California and 70% in NY)¹. Despite progress made on vaccination and in light of the ongoing developments around potential different variants of COVID, it is not possible for the Group to accurately predict the possibility of any restrictions being reintroduced in the second half.

3. Business Review H1-2021 US Results

This section provides an overview of the most significant business events for the US region during H1-2021. As described above, all of the Group's operations were significantly affected by the COVID-19 pandemic. Consequently, comparisons to the same period in H1-2020 have limited practical relevance.

US footfall

Due to data limitations, footfall is not available for all centres² in the US. For those assets for which reliable data is available, footfall in the first half overall was 65% of 2019 levels, reaching 75% in June, including Westfield San Francisco which was still more heavily impacted.

US Tenant Sales³

Overall US retail sales have seen a strong rebound in H1-2021. This has been supported by the removal of restrictions on in-person activities and the significant government stimulus package – with US household income rising +21%⁴ in March reflecting the \$1,400 (€1,178) checks provided to approximately 159 million households as part of the Federal government's \$1.9 (€1.6) trillion stimulus package.

While all of the Group's US centres were open in the first half, the tenant sales continued to be negatively impacted in the first quarter by the on-going closure or limitation of sectors such as F&B, entertainment and fitness. These restrictions were generally imposed in California, Maryland area and NY/NJ (the Group's key US markets) longer than in other parts of the US.

Hence, URW's US tenant sales for H1-2021 reached 87% of 2019 levels (of which 88% in Flagships and 86% in Regionals) and 178% of 2020 levels (of which 180% in Flagships and 173% in Regionals).

Following the reopening of these sectors over February and March, a marked improvement has been seen with a steady increase from 69% in January to 100% in June for the whole portfolio. Notably, in the non-CBD Flagship centres⁵, tenant sales reached 93% of 2019 levels in March, 97% in April, 105% in May and 107% in June. This was particularly driven for the whole US standing portfolio by strength in the Luxury category (+43% for H1-2021). Moreover, the Group also saw a positive evolution in Sports (+20%), Gifts (+18%), and Home (+17%) in particular. For the important Fashion category, a noticeable improvement was seen from -15% in March to -4% in June, compared to 2019 levels. The F&B category, which was the most impacted, an improvement was seen from -26% in March, to -10% in May and -9% in June.

Tenant negotiations

In certain US municipalities, legal remedies for non-payment of rent have been temporarily limited, which also hampered the enforceability of rents.

URW NV recognises the issues the Group's tenants faced due to administrative closures or trading restrictions and the need to provide relief, generally limited to the period of closure and based on the principle of a fair sharing of the burden. Throughout the COVID-19 period, negotiations have typically not been about permanently changing lease structures or changing the basis for rent calculations (e.g. replacing Minimum Guaranteed Rent ("MGR") with SBR only leases).

Negotiations with tenants regarding the first and second waves of COVID-19 related to 2020 were substantially completed. With the subsequent waves of COVID-19 related restrictions in H1-2021, the Group proceeded to apply the same principles in terms of providing rent relief as were adopted during 2020, with a case by case approach, leading to a fair sharing of the burden of the lockdowns taking into account potential government support.

¹ As at September 21, 2021.

² Only includes the 20 centres for which at least one year of comparable Springboard or ShopperTrak data is available.

³ On standing assets, excluding extensions (Westfield Valley Fair).

⁴ Source: Bureau of Economic Analysis, April 30, 2021.

⁵ i.e. excluding Westfield World Trade Center and Westfield San Francisco Centre.

As at June 30, 2021, rent relief signed or expected to be signed regarding H1-2021 closures amounted to an estimated cash impact of €13.2 Mn, €4.8 Mn of which has been charged to the income statement during this period. The difference will be straight-lined in future periods.

Bankruptcies

In the US, total bankruptcies for H1-2021 affected 47 stores (out of 3,977 stores, with 34 out of the 47 remaining in place), a much lower level than the 135 stores in H1-2020 or 268 in total for FY-2020, likely reflecting that many of the weakest retailers already entered bankruptcy and during 2021 most retail locations nationally have been able to trade with a strong economic rebound observed.

Rent collection and deferred rent

It should be noted that the rent collection rate is calculated compared to 100% of rents and service charges invoiced, reflecting no adjustment for deferred or discounted rent in the denominator.

As at June 30, 80% of invoiced H1-2021 rents and service charges had been collected in the US. In the US, while the centres were open, collection rates were still impacted by ongoing limits on certain types of activity in Q1-2021 and also by local measures limiting the ability to evict tenants for non-payment which resulted in reduced or delayed payment or automatic deferrals in some instances.

The H1-2021⁶ collection rate improved with shopping centres' reopening and retailers' ability to trade reaching 82% of the billed rents as at August 27, 2021, the remaining due amount contains 6% of rent relief granted to tenants and 7% of overdues or deferrals. The collection rate for August came to 92%⁷ for the US.

Overall rent collection by quarter in 2021 for the US were 79% for Q1-2021, 80% for Q2-2021 and 80% for H1-2021. The collection rate for July stood at 75% in the US.

The total accounts receivable from activities (net of provision for doubtful debtors) increased by +€1.8 Mn vs. December 31, 2020. Over H1-2021, €1.8 Mn of total credit loss, net of reversals, was charged to the income statement under the line item "Property operating expenses".

Cost reduction and capital expenditure deferrals

Over the past 18-months, the Group has implemented a number of initiatives to generate both short- and long-term cost savings. The US activities were restructured to ensure optimisation of their processes and tools while simplifying the organisation, leading to substantial and sustainable savings. As the development pipeline was downsized significantly, an adjustment of the corresponding staff was made. In addition, furlough plans and "partial activity" schemes were activated where appropriate. Lastly, non-staff related costs were cut.

Leasing activity

Although the US centres were able to trade throughout the first half, with partial restrictions, the crisis continued to impact lease signings in H1-2021 as tenant negotiations often took longer to complete. Over the past month, the leasing pipeline is showing signs of recovery as retail sales rebound and move towards exceeding 2019 levels for certain sectors.

In the period ending on June 30, 2021, 555 leases (190 relettings and 365 renewals) were signed on standing assets, representing 1,876,397 sq. ft. and \$68.5 Mn (€57.6 Mn) of MGR⁸ compared to 314 leases in H1-2020 and 532 leases for the full 2020.

The uplift on relettings and renewals was -12.9%. In the context of a challenging market characterised by conditions more favourable for tenants than landlords, the Group has selectively undertaken shorter term leases including a higher SBR component, to speed up negotiations, and to mitigate vacancy until economic conditions improve. As a result, between 12 and 36 months were a larger proportion than normal, with an average MGR uplift of -19.0%, while for leases longer than 36 months MGR uplifts were less affected at +2.9%.

⁶ Based on cash collection as at August 27, 2021, and assets at 100%.

⁷ Due after rent relief signed or expected to be granted.

⁸ In addition, the Group signed 14 deals below one year maturity.

In addition, 19 leases were signed on 80,000 sq. ft. of pipeline project space, mainly at Westfield Valley Fair (11 deals), Westfield Topanga (three deals), and Westfield Garden State Plaza (two deals) compared to 21 leases in H1-2020 and 32 leases for the full 2020.

The letting pipeline on standing assets has a solid level of activity with c. 500⁹ deals approved, broadly consistent with the H1-2019 level.

Key leasing deals executed in H1-2021 included:

DNVB:

- Brik + Klik (an experiential brand curation concept) in Westfield World Trade Center.

Entertainment:

- Little Kitchen Academy (cooking school for children) in Westfield Century City.

Experiential fashion:

- Diesel in Westfield Garden State Plaza and Westfield Valley Fair – first to URW’s portfolio;
- TravisMathew (golf and lifestyle brand) in Westfield Galleria at Roseville and Westfield Old Orchard;
- Aerie/Aerie & Offline in Westfield Garden State Plaza, Westfield Montgomery, Westfield Old Orchard, Westfield Plaza Bonita, Westfield Southcenter and Westfield Valley Fair;
- Savage X Fenty (lingerie brand in conjunction with Rihanna, first long-term concept store) in Westfield Culver City;
- Marine Layer in Westfield Century City.

Luxury:

- YSL (Saint Laurent) in Westfield Galleria at Roseville;
- Hermès in Westfield Topanga.

Food and beverage:

- Bar Siena (second location, first in a mall) in Westfield Old Orchard;
- Havana Grill in Westfield Mission Valley;
- Shake Shack in Westfield Montgomery and Westfield Culver City;
- Killney Kopitiam in Westfield Valley Fair;
- Baekjeong Koren BBQ in Westfield Valley Fair;
- Sweetgreen in Westfield World Trade Center.

Health and beauty:

- Versed (skincare brand, first in a mall) in Westfield Century City;
- One Medical in Westfield Old Orchard;
- Madison Reed in Westfield Garden State Plaza and Westfield Old Orchard – first to URW’s portfolio.

Sports/Fitness/Athleisure:

- JD Sports in Westfield Valley Fair and Westfield North County;
- Fabletics in Westfield Montgomery and Westfield Galleria at Roseville.

In addition, a number of key stores were opened during this period, including Panerai/IWC/Jaeger, Dior Couture and the first Christian Louboutin in URW’s portfolio in Westfield Valley Fair, Lululemon (expanded store) in Westfield San Francisco Centre and the first Paris Saint Germain football club store in the US in Westfield Century City. BümoWork also opened their innovative co-working daycare concept in Westfield Century City.

The Group also signed and opened a new concept with Kitchen United in Westfield Valley Fair – MIX at Westfield – which operates a facility offering customers the ability to order from multiple restaurants for on-site pick up, locker collection or delivery.

Commercial Partnerships and Marketing

Commercial Partnerships revenue in H1-2021 amounted to \$13.4 Mn (€11.3 Mn), down -\$11.5 Mn (-€9.7 Mn)

⁹ Subject to signed LOI or terms agreed.

(-46.2%) from H1-2020 or -\$20.4 Mn (-€17.2 Mn) (-60.4%) vs. H1-2019. The COVID-19 health crisis impacted all revenue categories, including Media (-47.7%), Retail (-37.2%) and Brand Partnerships (-47.0%).

With the US centres open (under partial restrictions) throughout H1-2021, commercial partnerships activity resumed, however there remained an impact from the COVID-19 crisis given its on-going effect on footfall throughout the period. The digital out of home media market has been hit hard in New York (Westfield World Trade Center / Fulton) and did not pick up in Q2. Additionally, the entertainment media companies on the West Coast have deferred to more traditional static billboards and TV advertising rather than shopping centre environments. Despite this, select key media campaigns and physical activations took place in the first half, including:

- Pooch Perfect (ABC television show) fan event at Westfield Century City;
- Barry's Outdoors & SoulCycle Outside activation at Westfield Century City;
- Spring in Living Color event at Westfield Garden State Plaza, with over 6,000 customer visits and 3,000 new Instagram followers, driving over \$1 Mn in retail sales;
- Sugar Rush at Westfield Topanga, a candy themed outdoor experience, which drew 140,000 visitors; and
- Gift With Purchase campaigns for Mother's Day in Westfield Garden State Plaza, Valentine's Day in Westfield Valley Fair and Westfield UTC and Spring Luxury in Westfield Topanga generated retail sales of >\$600K (€505K).

Net Rental Income and Vacancy

The total net change in NRI amounted to +\$9.6 Mn (+€8.1 Mn) and breaks down as follows:

- +\$6.1 Mn (+€5.1 Mn) from the acquisitions (Westfield Brandon, Westfield Trumbull and Westfield Palm Desert);
- +\$5.4 Mn (+€4.5 Mn) mainly due to Westfield Valley Fair extension;
- -\$0.8 Mn (-€0.7 Mn) due to assets transferred in pipeline;
- -\$8.5 Mn (-€7.2 Mn) mainly due to the foreclosure of Westfield Countryside, Westfield Citrus Park, Westfield Sarasota and Westfield Broward and the disposal of Westfield Meriden and Westfield Siesta Key;
- NRI like-for-like growth (+3.6%), mostly due to reversal of doubtful debtors provisions thanks to better collection and positive SBR, partly offset by negative rents evolution and Commercial Partnerships.

The like-for-like NRI¹⁰ increased at +\$7.5 Mn (+€6.3 Mn), i.e. +3.6%.

Converted into euros, the +\$9.6 Mn (+€8.1 Mn) increase in NRI in the US decreased by -€13.7 Mn i.e. -5.4% due to the strengthening of the euro against US Dollar.

As at June 30, 2021, the Financial vacancy¹¹ was 14.0% (\$171 Mn (€144 Mn)), up by +90 bps from December 31, 2020 (13.1%, i.e. \$162Mn (€136 Mn)), of which 14.1% (+150 bps) in Flagships (negatively impacted by Westfield World Trade Center and Westfield San Francisco Centre, 12.4% excluding these two centres) and 14.0% (-30 bps) in Regionals. The increase in the financial vacancy in H1-2021 was generated by retailer bankruptcies, additional store closures, not fully compensated by leasing activity.

Occupancy on a GLA¹² basis was 86.0% as at June 30, 2021, (down by -350 bps from December 31, 2020).

¹⁰ Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to square metres and currency exchange rate differences in the periods analysed.

¹¹ Financial vacancy in accordance with the EPRA methodology.

¹² GLA occupancy taking into account all areas.

4. Financial Review H1-2021 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 Interim Income Statement by segment (€Mn)			H1-2021			H1-2020			2020			
			Recurring activities	Non-recurring activities ⁽¹⁾	Result	Recurring activities	Non-recurring activities ⁽¹⁾	Result	Recurring activities	Non-recurring activities ⁽¹⁾	Result	
SHOPPING CENTRES	UNITED STATES	Gross rental income	161.2	-	161.2	183.2	-	183.2	324.0	-	324.0	
		Operating expenses and net service charges	(50.4)	-	(50.4)	(85.7)	-	(85.7)	(155.2)	-	(155.2)	
		Net rental income	110.8	-	110.8	97.5	-	97.5	168.8	-	168.8	
		Contribution of companies accounted for using the equity method	104.5	(217.2)	(112.7)	139.6	(545.5)	(405.9)	183.1	(1,214.6)	(1,031.5)	
		Gains/losses on sales of properties and shares	-	85.6	85.6	-	(12.8)	(12.8)	-	(28.4)	(28.4)	
	Valuation movements on assets	-	(221.6)	(221.6)	-	(257.5)	(257.5)	-	(828.2)	(828.2)		
	Result Shopping Centres United States	215.3	(353.2)	(137.9)	237.2	(815.8)	(578.7)	351.9	(2,071.2)	(1,719.3)		
	OTHER	Gross rental income	1.0	-	1.0	1.3	-	1.3	2.4	-	2.4	
		Operating expenses and net service charges	(0.4)	-	(0.4)	(0.4)	-	(0.4)	(0.8)	-	(0.8)	
		Net rental income	0.6	-	0.6	0.9	-	0.9	1.6	-	1.6	
Contribution of companies accounted for using the equity method		-	-	-	-	-	-	-	-	-		
Gains/losses on sales of properties and shares		-	-	-	-	-	-	-	(0.5)	(0.5)		
Valuation movements on assets	-	(1.1)	(1.1)	-	(3.7)	(3.7)	-	(6.8)	(6.8)			
Result Shopping Centres Other	0.6	(1.1)	(0.5)	0.9	(3.7)	(2.8)	1.6	(7.3)	(5.7)			
TOTAL RESULT SHOPPING CENTRES			215.9	(354.4)	(138.5)	238.0	(819.5)	(581.5)	353.5	(2,078.5)	(1,725.0)	
OFFICES	UNITED STATES	Gross rental income	2.6	-	2.6	3.9	-	3.9	7.4	-	7.4	
		Operating expenses and net service charges	(1.1)	-	(1.1)	(1.6)	-	(1.6)	(3.1)	-	(3.1)	
		Net rental income	1.5	-	1.5	2.3	-	2.3	4.3	-	4.3	
		Contribution of companies accounted for using the equity method	2.6	9.0	11.6	-	-	-	2.4	(28.8)	(26.4)	
		Gains/losses on sales of properties and shares	-	-	-	-	-	-	-	(1.0)	(1.0)	
	Valuation movements on assets	-	(6.8)	(6.8)	-	(2.0)	(2.0)	-	(12.5)	(12.5)		
	Result Offices United States	4.1	2.1	6.2	2.3	(2.0)	0.3	6.7	(42.3)	(35.6)		
	TOTAL RESULT OFFICES			4.1	2.1	6.2	2.3	(2.0)	0.3	6.7	(42.3)	(35.6)
	Project management income			-	-	-	-	-	(2.9)	-	(2.9)	
	Administrative expenses			(11.8)	-	(11.8)	(30.7)	-	(30.7)	(46.9)	-	(46.9)
Acquisition and related costs			-	(0.7)	(0.7)	-	(11.2)	(11.2)	(20.9)	-	(20.9)	
Impairment of goodwill			-	-	-	-	(20.1)	(20.1)	-	(19.4)	(19.4)	
NET OPERATING RESULT			208.2	(352.9)	(144.7)	209.6	(852.8)	(643.2)	310.4	(2,161.1)	(1,850.7)	
Financing result			(164.0)	38.5	(125.5)	(171.2)	(403.9)	(575.1)	(357.5)	(249.2)	(606.7)	
RESULT BEFORE TAX			44.2	(314.4)	(270.2)	38.4	(1,256.7)	(1,218.3)	(47.1)	(2,410.3)	(2,457.4)	
Income tax (expenses)			(0.7)	56.3	55.6	0.9	20.7	21.6	(0.3)	46.9	46.6	
NET RESULT FOR THE PERIOD			43.5	(258.1)	(214.6)	39.3	(1,236.0)	(1,196.7)	(47.4)	(2,363.4)	(2,410.8)	
External non-controlling interests			2.4	(7.6)	(5.2)	(0.3)	(15.6)	(15.9)	1.3	(43.0)	(41.7)	
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF URW N.V. SHARES			41.1	(250.5)	(209.4)	39.6	(1,220.4)	(1,180.8)	(48.7)	(2,320.4)	(2,369.1)	

⁽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 -€144.7 Mn (H1:2020: -€643.2 Mn) for the period ended June 30, 2021. The recurring net operating result decreased by -€1.4 Mn to €208.2 Mn (H1-2020: €209.6 Mn).

The negative result of the non-recurring activities for H1-2021 improved from -€852.8 Mn to -€352.9 Mn. The increase is mainly due to the less negative contribution of companies accounted for using the equity method of -€217.2 Mn (H1-2020: -€545.5 Mn) and the loss of control of the foreclosure US assets: Westfield Countryside, Westfield Citrus Park, Westfield Sarasota and Westfield Broward, which led to a profit of €74.9 Mn recorded under gains/losses on sales of properties and shares.

Under the valuation movements on assets an amount of -€47.6 Mn (H1-2020: -€16.9 Mn) relates to the impairment of the trademark for Flagships in the US, see note 5.3 to the condensed consolidated interim financial statements for further details.

The net result for H1-2021 is -€214.6 Mn (H1-2020: -€1,196.7 Mn) of which -€209.4 Mn (H1-2020: -€1,180.8 Mn) is attributable to the shareholders of URW NV with a net result per share (owners of URW NV shares) for the period of -€0.90 (H1-2020: -€5.10). The decrease of the H1-2021 negative net result compared to the H1-2020 is mainly due to a less negative result of the contribution of equity accounted investments which increased from -€405.9 Mn to -€112.7 Mn as described above. The less negative result is due to fair value of the investment properties of equity accounted investments which is improved from -€523.8 Mn to -€205.4 Mn.

Furthermore, the financing result amounted to -€125.5 Mn (H1-2020: -€575.1 Mn). This increase is caused by the positive fair value adjustments of the interest rate derivatives. The fair value of derivatives for the period ended June 30, 2021, is €70.5 Mn (H1-2020: -€351.9 Mn).

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. The URW Group has €9.8 Mn of credit lines fully undrawn. As expected, the Group's performance remains significantly impacted by the COVID-19 pandemic. Despite that, the Group has progressed on its deleveraging programme and its operational priorities with leasing activity back to 2019 levels and the successful delivery of projects in the US.

5. Investments and divestment

Investments

In May 2021, URW NV acquired 47.4% of the remaining stake in Westfield Trumbull and Westfield Palm Desert for a total consideration of €7.3 Mn and the associated entities previously in joint control are fully consolidated from this date. Previously Westfield Trumbull and Westfield Palm Desert were accounted for as joint venture using the equity method.

In H1-2021, URW NV invested €63.6 Mn in capital expenditures in investment properties, compared to €73.3 Mn in H1-2020.

The total investments breakdown is as follows:

(€Mn)	H1-2021 ⁽¹⁾	H1-2020 ⁽¹⁾	FY 2020 ⁽¹⁾
Shopping centres	62.0	71.5	182.8
Offices	1.5	1.8	9.0
Total capital expenditures	63.5	73.3	191.8

⁽¹⁾ Including fully consolidated entities and companies accounted for using the equity method.

Disposals

URW defaulted on several regional malls in the US and asked the servicer of its loans for the appointment of a receiver. The receiver was appointed by the relevant Court which transferred the management and control of each related asset. Since the appointment dates, URW is not the owner of these assets, is not liable to the debt and cannot recognise the revenues generated by these assets, resulted in a loss of control event. This includes Westfield Citrus Park and Westfield Countryside in Florida with an effective transfer on January 13, 2021, the Westfield Sarasota shopping centre in Florida with an effective transfer on February 23, 2021, and Westfield Broward, with an effective transfer on June 23, 2021. The special servicers agreed to release URW from all obligations under the Westfield Sarasota loan and any associated guarantees, in return for an one-off payment of €9.2 Mn (\$10.9 Mn). In addition the expected credit loss of €7.2 Mn (\$8.6 Mn) for financial guarantee contract related to Westfield Broward is recognised within the disposal result.

6. Property portfolio

Unless otherwise indicated, the data presented in the property portfolio are on a proportionate basis as at June 30, 2021, and comparisons are with values as at December 31, 2020.

Material Valuation Uncertainty due to COVID-19

For the valuation as at June 30, 2020, the appraisers in the US included a material valuation uncertainty statement in the appraisal reports. As from the valuation as at December 31, 2020, this statement was withdrawn from the appraisal reports

Property portfolio

The total GMV of URW's NV portfolio¹³ amounted to €12.1 Bn (December 30, 2020: €12.2 Bn), a decrease of -0.9%. On a like-for-like basis, the GMV decreased by -3.0% (or -€341 Mn).

US retail investment volumes saw a -6.6% year-on-year decline in May YTD, with total transactions reported by Real Capital Analytics of \$15.9 Bn (€13.4 Bn). For shopping centres, the decrease in deal volume was -8.9%.

The following table shows the breakdown for the US Shopping Centre portfolio which is significantly impacted by a positive currency impact of +€375 Mn:

US Shopping Centre portfolio by category	Proportionate							
	June 30, 2021				December 31, 2020			
	Valuation including transfer taxes	Valuation excluding estimated transfer taxes	Net Initial Yield (a)	Potential Yield (b)	Valuation including transfer taxes	Valuation excluding estimated transfer taxes	Net Initial Yield (a)	Potential Yield (b)
	€ Mn	€ Mn			€ Mn	€ Mn		
Flagships US (c)	9,944	9,842	3.5%	4.3%	9,775	9,672	3.7%	4.3%
Regionals US	1,858	1,854	5.9%	7.2%	2,139	2,136	6.1%	7.7%
Total US	11,802	11,696	3.9%	4.8%	11,914	11,808	4.2%	4.9%

Figures may not add up due to rounding.

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

(b) Annualised contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses + the ERV of vacant space, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development or not controlled by URW and the Westfield trademark and the airport activities are not included in the calculation of Potential Yield.

For the US, the decrease in Potential Yield from 4.9% to 4.8% is mainly due to the foreclosure of the four assets in H1-2021 which had a higher Potential Yield than the average US shopping centres. The US Potential Yield as at December 31, 2020, restated for these four assets would have been at 4.7% (6.8% for the US Regionals).

In USD, the valuation including transfer taxes of the US Shopping Centre portfolio decreased by -4.1% from \$14,637 Mn (€11,914 Mn) to \$14,037 Mn (€11,802 Mn).

The value of the Group's US shopping centres decreased by -3.0% on a like-for-like basis, of which -1.6% for the Flagships and -10.6% for the Regionals. This decrease is driven by a negative rent impact (-3.1%), partly offset by a positive yield impact (+0.1%).

7. Dividends

Given the impact of the pandemic on the URW Group's 2020 results, the on-going uncertainty of the 2021 operating environment and its impact on URW NV's results, as well as the URW Group's commitment to deleverage, the URW Group has decided to suspend the payment of a dividend for its fiscal years 2020, 2021 and 2022.

Once the URW Group has completed its deleveraging programme, it will resume paying a dividend (at a significant and sustainable payout ratio) which will grow in line with the performance of its reshaped portfolio.

Given the statutory results of URW NV in 2020, the Group has no obligation to pay a dividend in 2021 for the fiscal year 2020 under the FII regime and other REIT regimes it benefits from. It anticipates not to have such an obligation for fiscal years 2021 and 2022 as well.

8. Business Model

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

¹³ Including the Westfield trademark, transfer taxes and transaction costs. Does not include the impact of the application of IFRS 16.

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

URW pursues its strong emphasis on its Better Places 2030 CSR strategy with tangible efforts and projects delivered around each of its three pillars:

- Better Spaces:** environmental performance remains at the heart of URW's operations and development projects.
 - Continued roll-out of URW's environmental certification policy for standing assets with two additional US assets certified BREEAM In Use during H1-2021 (four in total): Westfield Garden State Plaza and Westfield UTC;
- Better Communities:** an updated target and strong tangible results delivered over H1-2021.
 - New key target: €20 Mn of social value generated by URW community-oriented projects in 2021 (vs. €17 Mn in 2020), following the creation of the URW Social Value framework, a methodology to translate the social impact generated by the Group initiatives into a monetary value;
 - Accelerated pace on responsible consumption trends with the US expansion of the Group's partnership with Too Good To Go;
 - Vaccination centres were open in URW shopping centres (including Westfield Garden State Plaza).
- Better Together:** maintaining high engagement levels on D&I and CSR.
 - Launch of the 'Be You at URW Charter' signed by the Management Board and Executive Committee demonstrating their commitment and accountability to increasing diversity, inclusion and equality within the Group;
 - Active internal and external participation in key D&I events over H1-2021 with International Women's Day and LGBTQ+ Pride actions and continued roll out of Unconscious Bias training offered to all employees;
 - Launch of an internal e-learning around Better Places 2030 allowing all employees to learn more on the CSR strategy and areas of action to foster engagement. Specific high-level training on climate change has been delivered to the members of the Executive Committee;
 - Wide number of activities during Earth Day.

The URW Group's ambitious CSR agenda was again recognised by equity and debt investors as a value creation driver for its stakeholders. In H1-2021, URW Group membership in the main ESG indices was confirmed, and the Group's CSR achievements were reflected in ratings:

Ratings:

- V.E (ex. VigeoEiris) ranked URW 2nd in the RE sector in May 2021 with an "advanced" score on Energy Transition;
- Sustainalytics ranked URW 1st in RE industry and of its rating universe in May 2021 with a "Negligible" risk rating.

Indices:

- Integration into the Euronext CAC 40 ESG index on March 22;
- Euronext Vigeo indices : World 120, Euro 120, Europe 120 and France 20.

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 H2-2021

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

A part (€500.0 Mn) of the interest bearing loan of €1,260.6 Mn with URW SE was converted on June 30, 2021, into a capital security with a maturity in 99 years and limited default opportunities. After conversion, it qualifies as equity, with the exception of the current fair value of the amount due on this instrument (€0.2 Mn as at June 30, 2021), which will be subsequently measured at amortised cost using the effective interest method.

The remaining related party transactions remains unchanged compared to December 31, 2020, 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

Subsequent to June 30, 2021, the Group repaid \$500 Mn (€421 Mn) of US 144a bonds which were originally scheduled to mature in April 2022.

At July 26, 2021 a PSA was signed for a potential disposal of Westfield Trumbull and Westfield South Shore. This potential deal is subject to lender consent of Trumbull loan transfer to the potential buyer. A response from the lender is expected between 60-90 days from August 5, 2021 when the lender was notified. Subsequent to the reporting date, the asset held for sale criteria is met as per July 26, 2021.

Approved by the Management Board

Schiphol, September 24, 2021

II. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2021

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

On September 24, 2021, the Supervisory Board approved the condensed consolidated interim financial statements of Unibail-Rodamco-Westfield N.V. for the half-year ended June 30, 2021, 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	H1-2021	H1-2020	FY-2020
Gross rental income	4.1	164.8	188.4	333.8
Ground rents paid		(0.8)	-	(0.0)
Service charge income		23.2	29.3	47.2
Service charge expenses		(28.5)	(34.6)	(59.5)
Property operating expenses		(45.9)	(82.4)	(146.8)
Operating expenses and net service charges		(51.9)	(87.7)	(159.1)
Net rental income		112.9	100.7	174.7
Project management revenue		-	-	-
Project management costs		-	-	(2.9)
Net project management income		-	-	(2.9)
Share of result of companies accounted for using the equity method	6.1	(101.1)	(405.9)	(1,057.9)
Corporate expenses		(9.5)	(23.7)	(42.1)
Development expenses		(0.1)	-	-
Depreciation of tangible assets	5.2	(2.2)	(7.0)	(4.8)
Administrative expenses		(11.8)	(30.8)	(46.9)
Acquisition and related costs		(0.7)	(11.2)	(20.9)
Proceeds from disposal of investment properties		286.8	9.7	43.4
Carrying value of investment properties sold		(201.3)	(22.5)	(73.3)
Result on disposal of investment properties and loss of control	2.2	85.6	(12.8)	(29.9)
Valuation gains on assets		12.4	2.5	8.6
Valuation losses on assets		(241.9)	(265.7)	(856.1)
Valuation movements on assets	5.1/5.4	(229.5)	(263.2)	(847.5)
Impairment of goodwill		-	(20.1)	(19.4)
NET OPERATING RESULT		(144.7)	(643.2)	(1,850.7)
<i>Financial income</i>		22.6	41.8	66.6
<i>Financial expenses</i>		(186.6)	(213.0)	(424.1)
Net financing costs	7.1.1	(164.0)	(171.2)	(357.5)
Fair value adjustments of derivatives, debts and currency effect	7.1.2	38.5	(403.9)	(249.2)
RESULT BEFORE TAX		(270.2)	(1,218.3)	(2,457.4)
Income tax (expense)	9.1	55.6	21.6	46.6
NET RESULT FOR THE PERIOD		(214.6)	(1,196.7)	(2,410.8)
Net result for the period attributable to:				
- Owners of Unibail-Rodamco-Westfield N.V. shares		(209.4)	(1,180.8)	(2,369.1)
- External non-controlling interests	15.4	(5.2)	(15.9)	(41.7)
NET RESULT FOR THE PERIOD		(214.6)	(1,196.7)	(2,410.8)
Average number of shares (undiluted)	14.1	231,743,132	231,649,578	231,685,333
Net result for the period (Owners of Unibail-Rodamco-Westfield N.V.)		(209.4)	(1,180.8)	(2,369.1)
Net result for the period per share (Owners of Unibail-Rodamco-Westfield N.V.) (€)		(0,90)	(5,10)	(10,23)
Average number of shares (diluted)	14.1	233,864,647	233,911,931	233,851,356
Net result for the period (Owners of Unibail-Rodamco-Westfield N.V.)		(209.4)	(1,180.8)	(2,369.1)
Diluted net result per share (Owners of Unibail-Rodamco-Westfield N.V.) (€)⁽¹⁾		(0,90)	(5,10)	(10,23)

⁽¹⁾ In case of a negative net result for the period, the diluted net result per share is equal to the net result for the period per share.

NET COMPREHENSIVE INCOME (€Mn)	Notes	H1-2021	H1-2020	FY-2020
NET RESULT FOR THE PERIOD		(214.6)	(1,196.7)	(2,410.8)
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries		83.8	29.7	(286.8)
Other comprehensive income that may be subsequently recycled to profit or loss		83.8	29.7	(286.8)
Net gain/loss) on equity instruments designated at fair value through other comprehensive income		(0.4)	(15.8)	(15.3)
Other comprehensive income not subsequently recyclable to profit or loss		(0.4)	(15.8)	(15.3)
OTHER COMPREHENSIVE INCOME		83.4	13.9	(302.1)
NET COMPREHENSIVE INCOME		(131.2)	(1,182.8)	(2,712.9)
Net Comprehensive Income for the period attributable to:				
- Owners of Unibail-Rodamco-Westfield N.V. shares		(127.3)	(1,167.1)	(2,666.8)
- External non-controlling interests		(3.9)	(15.7)	(46.1)
NET COMPREHENSIVE INCOME		(131.2)	(1,182.8)	(2,712.9)

Consolidated interim statement of financial position

Consolidated interim statement of financial position (€ Mn)	Notes	June 30, 2021	December 31, 2020
NON CURRENT ASSETS		11,127.4	11,053.1
Investment properties	5.1	5,174.1	5,059.8
<i>Investment properties at fair value</i>		<i>5,156.0</i>	<i>5,040.4</i>
<i>Investment properties at cost</i>		<i>18.1</i>	<i>19.4</i>
Shares and investments in companies accounted for using the equity method	6.1	5,463.7	5,430.9
Tangible assets	5.2	28.6	29.7
Intangible assets	5.4	253.1	295.9
Financial assets	7.2.1	116.0	116.4
Derivatives at fair value	7.4	91.9	120.4
CURRENT ASSETS		240.6	406.6
Inventories		9.9	19.8
Trade receivables from activity		111.1	109.3
Tax receivables		1.5	2.9
Other receivables		61.9	64.6
Cash and cash equivalents		56.2	63.1
Properties or shares held for sale	2.2	-	146.9
TOTAL ASSETS		11,368.0	11,459.7
Shareholders' equity (Owners of Unibail-Rodamco-Westfield N.V. shares)		1,164.2	791.6
Share capital	14.1	115.9	115.8
Additional paid-in capital	14.2	2,243.3	2,243.3
Consolidated reserves		(2,242.5)	126.6
Foreign currency translation reserves		5.5	(76.6)
Consolidated result		(209.4)	(2,369.1)
Capital securities	14.4	1,251.4	751.6
<i>Equity attributable to the owners of Unibail-Rodamco-Westfield N.V.</i>		<i>1,164.2</i>	<i>791.6</i>
External non-controlling interests	15.4	34.3	38.2
TOTAL SHAREHOLDERS' EQUITY		1,198.5	829.8
NON CURRENT LIABILITIES		7,691.4	8,989.2
Long-term commitment to non-controlling interests	7.3	477.1	460.5
Long-term bonds and borrowings	7.2.3	6,519.0	7,691.2
Long-term lease liabilities	7.2.3	50.6	52.7
Derivatives at fair value	7.4	430.1	529.1
Deferred tax liabilities	9.2	136.5	165.2
Non current provisions	10	32.2	43.8
Guarantee deposits		7.2	7.3
Amounts due on investments	12	6.2	6.3
Other non current liabilities		32.5	33.1
CURRENT LIABILITIES		2,478.2	1,640.7
Liabilities directly associated with properties or shares classified as held for sale	7.2.3	-	203.5
Current commitment to external non-controlling interests	7.3	49.7	39.9
Amounts due to suppliers and other creditors		133.5	159.2
<i>Amounts due to suppliers</i>		<i>59.1</i>	<i>73.7</i>
<i>Amounts due on investments</i>	12	<i>32.3</i>	<i>39.3</i>
<i>Sundry creditors</i>		<i>42.1</i>	<i>46.2</i>
Other current liabilities	11	225.2	253.1
Current borrowings and amounts due to credit institutions	7.2.3	2,060.0	976.1
Current lease liabilities	7.2.3	5.5	3.3
Current provisions	10	4.3	5.6
TOTAL LIABILITIES AND EQUITY		11,368.0	11,459.7

Consolidated interim statement of cash flows

Consolidated interim statement of cash flows (€ Mn)	Notes	H1-2021	H1-2020	2020
Operating activities				
Net result		(214.6)	(1,196.7)	(2,410.8)
Depreciation & provisions ⁽¹⁾		(13.2)	30.0	32.6
Impairment of goodwill		-	20.1	19.4
Changes in value of property assets		229.5	263.2	847.5
Changes in fair value of derivatives, debt and currency effect	7.1.2	(38.5)	403.9	249.2
Net capital gains/losses on disposal of properties and shares ⁽²⁾		(85.6)	12.8	29.8
Share of the result of companies accounted for using the equity method		101.1	405.9	1,057.9
Net financing costs	7.1.1	164.0	171.2	357.5
Income tax expenses (income)	9.1	(55.6)	(21.6)	(46.6)
Cash flow before net financing costs and tax		87.1	88.8	136.5
Dividend received from companies accounted for using the equity method or non consolidated		132.0	45.0	117.7
Income tax paid		(0.7)	-	-
Change in working capital requirement		(9.4)	(73.3)	(43.6)
Total cash flow from operating activities		209.0	60.5	210.6
Investment activities				
Property activities		(105.3)	(99.1)	(187.6)
Acquisition of subsidiaries, net of cash acquired	2.2	4.6	-	(36.0)
Amounts paid for works and acquisition of property assets	5.5	(19.2)	(16.9)	(57.6)
Increase of property financing		(82.1)	(91.9)	(137.4)
Disposal of investment properties		(8.6)	9.7	38.3
Financial activities		(0.3)	-	(0.6)
Acquisition of financial assets		(0.4)	-	(0.6)
Repayment of financial assets		0.1	-	-
Total cash flow from investment activities		(105.6)	(99.1)	(188.2)
Financing activities				
Capital increase of parent company		-	0.2	0.2
New borrowings and financial liabilities	7.2.3/7.3	80.2	130.4	715.5
Repayment of borrowings and financial liabilities	7.2.3/7.3	(26.7)	(11.0)	(443.8)
Interest received		23.7	35.4	67.1
Interest paid		(189.2)	(160.5)	(348.6)
Other financing activities		-	(1.1)	-
Total cash flow from financing activities		(112.0)	(6.6)	(9.6)
Change in cash and cash equivalents during the period		(8.6)	(45.2)	12.8
Net cash and cash equivalents at the beginning of the year		63.0	56.8	56.8
Effect of exchange rate fluctuations on cash held		1.8	1.0	(6.6)
Net cash and cash equivalents at period-end		56.2	12.7	63.0

⁽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, 2021

Consolidated interim statement of changes in equity (€Mn)	Share capital	Additional paid-in capital	Consolidated reserves	Consolidated net result	Foreign currency translation reserve ⁽¹⁾	Capital securities	Equity attributable to the owners of URW NV shares	External non-controlling interests	Total Shareholders' equity
Equity as at December 31, 2020	115.8	2,243.3	126.6	(2,369.1)	(76.6)	751.6	791.6	38.2	829.8
Net result of the period	-	-	-	(209.4)	-	-	(209.4)	(5.2)	(214.6)
Other comprehensive income	-	-	-	-	82.1	-	82.1	1.3	83.4
Net comprehensive income	-	-	-	(209.4)	82.1	-	(127.3)	(3.9)	(131.2)
Earnings appropriation	-	-	(2,369.1)	2,369.1	-	-	-	-	-
Increase in capital	0.1	-	-	-	-	-	0.1	-	-
Amendment related party liabilities ⁽²⁾	-	-	-	-	-	499.8	499.8	-	499.8
Equity as at June 30, 2021	115.9	2,243.3	(2,242.5)	(209.4)	5.5	1,251.4	1,164.2	34.3	1,198.5

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

⁽²⁾ Reference is made to note 2.3.

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⁾	Capital 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 capital securities	-	-	(0.2)	-	-	-	(0.2)	-	(0.2)
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.

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 Depository 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, 2021 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 2021

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

2.1. COVID-19 pandemic

Closing and reopening of the Group's shopping centres in H1-2021

The COVID-19 pandemic has significantly impacted URW NV's business over the course of H1-2021. URW NV's business activities are mainly in the US.

In the US, all of the centres were open throughout the first half year, however restrictions on sectors like F&B, entertainment and fitness were only progressively eased during February and March. The Group was impacted by its weighting to California, Maryland, and New York ("NY") where restrictions were generally relaxed later than in many other parts of the country.

As at June 30, 2021, all the Group's US centres are able to trade normally and all capacity restraints have been removed.

There have been no changes in the operating restriction in the US after the reporting date. In California masking requirements are for everyone in indoor spaces as public transport, health care, schools. The masking requirement are also for unvaccinated people in all other indoor spaces such as retail, restaurants, theatres.

Tenant negotiations

In some US municipalities, legal remedies for non-payment of rent have been temporarily limited, which also hampered the enforceability of rents.

URW recognises the issues the Group's tenants faced due to administrative closures or trading restrictions and the need to provide relief, generally limited to the period of closure and based on the principle of a fair sharing of the burden. Throughout the COVID period, negotiations have typically not been about permanently changing lease structures or changing the basis for rent calculations (e.g. replacing Minimum Guaranteed Rent ("MGR") with Sales Base Rents ("SBR") only leases).

Negotiations with tenants regarding the first and second waves of COVID-19 related to 2020 were substantially completed. With the subsequent waves of COVID-19 related restrictions in H1-2021, the Group proceeded to apply the same principles in terms of providing rent relief as were adopted during 2020, with a case by case approach, leading to a fair sharing of the burden of the lockdowns taking into account potential government support.

Accounting principles

The accounting principles used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2020.

As a reminder, for rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g. extension of a lease term or higher SBR), IFRS 16 applies. Under IFRS 16, the relief is treated as a lease incentive which is straight-lined over the expected term of the lease as a reduction of the Gross Rental Income ("GRI"). Rent reliefs for which a concession is expected and not yet signed are part of the receivables on which an expected credit loss is calculated. Waivers of past rent on balance sheet date are accounted for as a derecognition loss.

In accordance with IFRS 16, rent relief without changes to the lease contract, imposed by laws in force before an event giving rise to the relief or pursuant to a provision in the existing lease contract allowing for rent modification, is directly charged to the income statement as a reduction of the Gross Rental Income.

The expected credit loss for doubtful debtors is recorded in the Net Rental Income as an "Operating expense" in the consolidated interim statement of comprehensive income.

As at June 30, 2021, rent relief signed or expected to be signed regarding H1-2021 closures amounted to an estimated cash impact of €13.2 Mn, €4.8 Mn of which has been charged to the income statement during this period. The difference will be straight-lined in future periods.

The Group carried out a detailed review of all the tenants receivables as at June 30, 2021, and the provision for doubtful debtors was estimated according to IFRS 9 (see note 8.1.2. “Credit risk”).

As at June 30, 2021, the provision for doubtful debtors amounted to €59.3 Mn compared to €73.7 Mn at the end of December 31, 2020. In H1-2021, the net expected credit loss for doubtful debtors amounted €1.8 Mn (H1-2020: €38.8 Mn).

Impairment on intangible assets

The Group performed a full impairment test of intangible fixed assets as at June 30, 2021, based on assumptions described in note 5.3. The impairment of the trademark for Flagships in the US amounted to -€47.6 Mn.

Expected credit losses

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and for financial guarantee contracts issued. The total allowance for expected credit losses as at June 30, 2021 amounted to €106.4 Mn (December 31, 2020: €84.8 Mn) and relates to the following instruments: €59.3 Mn on trade receivables (December 31, 2020: €73.3 Mn), €1.0 Mn on receivables from associates and joint ventures (December 31, 2020: €0 Mn), and €46.1 Mn on financial guarantee contracts (December 31, 2020: €11.1 Mn).

The total expected credit losses (including reversals) recognised in profit and loss in H1-2021 amount to €37.1 Mn (H1-2020: €139.8 Mn) and €1.8 Mn relates to trade receivables (presented under property operating expenses) (H1-2020: €38.8 Mn), €1.0 Mn to receivables from associates and joint ventures (presented under fair value adjustments of derivatives, debts and currency effects) (H1-2020: €0 Mn), €0 Mn to other financial assets (presented under fair value adjustments of derivatives, debts and currency effects) (H1-2020: €90.4 Mn), and €34.3 Mn to financial guarantee contracts of which €27.1 Mn is presented under fair value adjustments of derivatives, debts and currency effects) (H1-2020: €10.6 Mn). The remaining amount of €7.2 Mn of expected credit losses on financial guarantee contracts is presented as part of the disposal result on the foreclosure of some US assets (see note 2.2). For expected credit losses, reference is made to note 2.2, 7.1.2, 7.2.5 and 8.1.2.

Valuations of investment properties

As for each closing, investment properties have been valued by external independent appraisers. For the valuation as at June 30, 2020, the appraisers in the US included a material valuation uncertainty statement in the appraisal reports. As from the valuation as at December 31, 2020, this statement was withdrawn from the appraisal reports.

Over the first half year of 2021, the valuation movement of the fully consolidated investment properties is -€183.1 Mn (H1-2020: -€246.4 Mn) and the valuation movement of the investment properties accounted for the equity method is -€205.4 Mn (H1-2020: -€523.8 Mn). The negative valuation movements resulted mainly from an increase of discount rates and exit capitalisation rates used by appraisers and from the estimated impacts on the future cash-flows due to COVID-19.

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. The URW Group has €9.8 Bn (December 30, 2020: €9.2 Bn) of credit lines fully undrawn. URW NV has cross guarantees with URW SE and the liquidity needs are covered by the available undrawn credit lines at URW Group level.

2.2. Disposals and acquisitions in the first half year of 2021

Foreclosure of US assets

URW NV defaulted on several regional malls in the US and asked the servicer of its loans for the appointment of a receiver. The receiver was appointed by the relevant court which transferred the management and control of each related asset. Since the appointment dates, URW NV is no longer the owner of these assets, is not liable for the debt and does not recognise the revenues generated by these assets. This includes Westfield Citrus Park and Westfield Countryside in Florida with an effective transfer on January 13, 2021, the Westfield Sarasota shopping centre in

Florida with an effective transfer on February 23, 2021 and Westfield Broward, with an effective transfer on June 23, 2021.

The carrying value of the transferred assets Westfield Citrus Park, Westfield Countryside, Westfield Sarasota and Westfield Broward was €210.9 Mn (see note 5.1.1). The carrying value of the derecognised liabilities amounted to €324.3 Mn and the working capital adjustment of €18.4 Mn. With respect to Westfield Citrus Park and Westfield Countryside, the special servicers agreed to release URW NV from all obligations under the loans and any associated guarantees". The special servicers agreed to release URW NV from all obligations under the Westfield Sarasota loan and any associated guarantees, in return for a payment of €9.2 Mn (\$10.9 Mn). In addition the expected credit loss of €7.2 Mn (\$8.6 Mn) for the financial guarantee contract related to Westfield Broward is recognised within the disposal result.

The loss of control led to a profit of €74.9 Mn (\$90.4 Mn) recorded in the "Result on disposal of investment properties and loss of control" in the consolidated interim statement of comprehensive income.

Buyout of shares from joint venture

In May 2021, URW NV acquired a remaining 47.4% stake in the joint venture assets: Westfield Trumbull and Westfield Palm Desert. The total consideration included cash of €4.6 Mn and forgiveness of a partner loan of €2.8 Mn.

The fair value of the previously held interest at the date that control is obtained is deemed to be the cost for the purposes of accounting for the acquisition of the subsidiary. The resulting revaluation of the investment previously held amounts to €11.3 Mn and is included in the "Result on disposal of investment properties and loss of control" in the consolidated interim statement of comprehensive income .

The acquisition in stages from joint venture to subsidiary is considered an asset acquisition rather than a business combination. The initial fair value of the investment properties is €190.4 Mn and the initial fair value of the liabilities is €223.4 Mn at the transaction date which is higher than fair value of the investment mainly as a result of financial guarantees provided on these loans with a total impact of €29.7 Mn. In H1-2021 a total amount of €17.9 Mn of credit losses on financial guarantees was charged to the profit and loss statement, see further note 2.1.

After the transaction the company owns 100% of Westfield Trumbull and Westfield Palm Desert. These properties and their related mortgage debt are now fully consolidated in URW NV interim accounts as at June 30, 2021.

2.3. €500 Mn loan conversion

A part (€500 Mn) of the interest bearing loan of €1,260.6 Mn with URW SE has been converted on June 30, 2021, into a capital security with a maturity in 99 years and limited default opportunities. After conversion, it qualifies as equity, with the exception of the current fair value of the amount due on this instrument (€0.2 Mn as at June 30, 2021), which will be subsequently measured at amortised cost using the effective interest method. The amendment fee paid to URW SE of €10.8 Mn and the remaining amortised upfront fee of €1.6 Mn are recorded in H1-2021 under financial expenses.

NOTE 3. BASIS OF PREPARATION

3.1. Basis of accounting

The condensed consolidated interim financial statements for the six months ended June 30, 2021, 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, 2020.

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, 2021.

These can be consulted on the website http://ec.europa.eu/finance/company-reporting/ifrs-financialstatements/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, 2020, except for the application of the new mandatory standards and interpretations described below.

Standards, amendments and interpretations effective as of January 1, 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2;
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)

These standards, amendments and interpretations do not have a significant impact on the Group's accounts as at June 30, 2021.

Standards, amendments and interpretations not mandatorily applicable as of January 1, 2021

The following texts has been endorsed by the European Union as at June 30, 2021, but not applied in advance by the Group:

- Amendment to IFRS 3 Business Combinations;
- Amendments to IAS 16 Property, Plant and Equipment;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- Amendments to Annual Improvements 2018-2020.
- Amendment to IFRS 16 Leases COVID-19 - Related Rent Concessions beyond 30 June 2021.

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

- IFRS 17: Insurance Contracts, including Amendments to IFRS 17 (effective date January 1, 2023);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date January 1, 2023);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective date January 1, 2023);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective date January 1, 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date January 1, 2023).

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. Significant accounting judgements, estimates and assumptions

Certain amounts recorded in the consolidated interim financial statements reflect judgements, 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. When making an estimate or assumption, management also uses its judgement. In addition, when “the Group reviews those estimates based on regularly updated information”, it uses its judgment. 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 doubtful debtors provisions, rent relief accruals, to the fair value of investment properties and financial instruments, to the expected credit loss, as well as the testing of 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. In particular, no further lockdowns have been assumed, post H1-2021.

The most significant judgements and estimates are set out in the notes to the consolidated financial statements as at December 31, 2020: for the valuation of investment properties in note 6.1 “Investment properties”, for the financial assets in note 8.3.1, for intangible assets in respectively in note 6.3, for provision for doubtful debtors in note 8.5.2, 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. Appraisers make their independent assessments of current and forward-looking cash-flow profiles and usually reflect risk either in the cash-flow forecasts (e.g. future rental levels, growth, investment requirements, void periods and incentives), in the applied required returns or discount rates or in the yield applied to capitalise the exit rent to determine an exit value. In particular, no further lockdowns and restrictions have been assumed, post H1-2021.

NOTE 4. NET RECURRING RESULT AND SEGMENT REPORTING

4.1. Consolidated interim statement of comprehensive income by segment

Consolidated Interim Income Statement by segment (€Mn)			H1-2021			H1-2020			2020		
			Recurring activities	Non-recurring activities ⁽¹⁾	Result	Recurring activities	Non-recurring activities ⁽¹⁾	Result	Recurring activities	Non-recurring activities ⁽¹⁾	Result
SHOPPING CENTRES	UNITED STATES	Gross rental income	161.2	-	161.2	183.2	-	183.2	324.0	-	324.0
		Operating expenses and net service charges	(50.4)	-	(50.4)	(85.7)	-	(85.7)	(155.2)	-	(155.2)
		Net rental income	110.8	-	110.8	97.5	-	97.5	168.8	-	168.8
		Contribution of companies accounted for using the equity method	104.5	(217.2)	(112.7)	139.6	(545.5)	(405.9)	183.1	(1,214.6)	(1,031.5)
		Gains/losses on sales of properties and shares	-	85.6	85.6	-	(12.8)	(12.8)	-	(28.4)	(28.4)
	OTHER	Valuation movements on assets	-	(221.6)	(221.6)	-	(257.5)	(257.5)	-	(828.2)	(828.2)
		Result Shopping Centres United States	215.3	(353.2)	(137.9)	237.2	(815.8)	(578.7)	351.9	(2,071.2)	(1,719.3)
		Gross rental income	1.0	-	1.0	1.3	-	1.3	2.4	-	2.4
		Operating expenses and net service charges	(0.4)	-	(0.4)	(0.4)	-	(0.4)	(0.8)	-	(0.8)
		Net rental income	0.6	-	0.6	0.9	-	0.9	1.6	-	1.6
OFFICES	UNITED STATES	Contribution of companies accounted for using the equity method	-	-	-	-	-	-	-	-	-
		Gains/losses on sales of properties and shares	-	-	-	-	-	-	-	(0.5)	(0.5)
		Valuation movements on assets	-	(1.1)	(1.1)	-	(3.7)	(3.7)	-	(6.8)	(6.8)
		Result Shopping Centres Other	0.6	(1.1)	(0.5)	0.9	(3.7)	(2.8)	1.6	(7.3)	(5.7)
		TOTAL RESULT SHOPPING CENTRES	215.9	(354.4)	(138.5)	238.0	(819.5)	(581.5)	353.5	(2,078.5)	(1,725.0)
OFFICES	UNITED STATES	Gross rental income	2.6	-	2.6	3.9	-	3.9	7.4	-	7.4
		Operating expenses and net service charges	(1.1)	-	(1.1)	(1.6)	-	(1.6)	(3.1)	-	(3.1)
		Net rental income	1.5	-	1.5	2.3	-	2.3	4.3	-	4.3
		Contribution of companies accounted for using the equity method	2.6	9.0	11.6	-	-	-	2.4	(28.8)	(26.4)
		Gains/losses on sales of properties and shares	-	-	-	-	-	-	-	(1.0)	(1.0)
OFFICES	UNITED STATES	Valuation movements on assets	-	(6.8)	(6.8)	-	(2.0)	(2.0)	-	(12.5)	(12.5)
		Result Offices United States	4.1	2.1	6.2	2.3	(2.0)	0.3	6.7	(42.3)	(35.6)
		TOTAL RESULT OFFICES	4.1	2.1	6.2	2.3	(2.0)	0.3	6.7	(42.3)	(35.6)
		Project management income	-	-	-	-	-	-	(2.9)	-	(2.9)
		Administrative expenses	(11.8)	-	(11.8)	(30.7)	-	(30.7)	(46.9)	-	(46.9)
OFFICES	UNITED STATES	Acquisition and related costs	-	(0.7)	(0.7)	-	(11.2)	(11.2)	-	(20.9)	(20.9)
		Impairment of goodwill	-	-	-	-	(20.1)	(20.1)	-	(19.4)	(19.4)
		NET OPERATING RESULT	208.2	(352.9)	(144.7)	209.6	(852.8)	(643.2)	310.4	(2,161.1)	(1,850.7)
		Financing result	(164.0)	38.5	(125.5)	(171.2)	(403.9)	(575.1)	(357.5)	(249.2)	(606.7)
		RESULT BEFORE TAX	44.2	(314.4)	(270.2)	38.4	(1,256.7)	(1,218.3)	(47.1)	(2,410.3)	(2,457.4)
OFFICES	UNITED STATES	Income tax (expenses)	(0.7)	56.3	55.6	0.9	20.7	21.6	(0.3)	46.9	46.6
		NET RESULT FOR THE PERIOD	43.5	(258.1)	(214.6)	39.3	(1,236.0)	(1,196.7)	(47.4)	(2,363.4)	(2,410.8)
		External non-controlling interests	2.4	(7.6)	(5.2)	(0.3)	(15.6)	(15.9)	1.3	(43.0)	(41.7)
		NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF URW N.V. SHARES	41.1	(250.5)	(209.4)	39.6	(1,220.4)	(1,180.8)	(48.7)	(2,320.4)	(2,369.1)

⁽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

5.1. Investment properties

5.1.1. Investment properties at fair value

(€Mn)	June 30, 2021	December 31, 2020
Shopping Centres	5,101.4	5,128.1
United States	5,073.9	5,101.4
Other	27.5	26.7
Offices	54.6	59.2
United States	54.6	59.2
Properties held for sale	-	(146.9)
Total	5,156.0	5,040.4

(€Mn)	Shopping Centres	Offices	Properties held for sale	Total investment properties
December 31, 2020	5,128.1	59.2	(146.9)	5,040.4
Entry into scope of consolidation	183.1	-	-	183.1
Disposals/ Exits from the scope of consolidation	(210.9)	-	146.6 ⁽¹⁾	(64.3)
Capitalised expenses	10.5	0.3	-	10.8
Valuation movements	(176.3)	(6.8)	-	(183.1)
Other movements	0.6	-	-	0.6
Currency translation	166.4	1.8	0.3	168.5
June 30, 2021	5,101.4	54.6	-	5,156.0

⁽¹⁾ Relates to the foreclosed assets: Westfield Citrus Park and Westfield Countryside which was recorded under properties held for sale as at December 31, 2020.

The disposals of €210.9 Mn relates to Westfield Citrus Park and Westfield Countryside, Westfield Sarasota and Westfield Broward. The entry in scope of consolidation of €183.1 Mn includes the acquired Westfield Trumbull and Westfield Palm Desert. For the disposal and acquisition of the above described assets, reference is made to note 2.2.

The negative valuation movements resulted mainly from an increase of discount rates and exit capitalisation rates used by appraisers and from the estimated impacts on the future cash-flows due to 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, 2021, 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 Jones Lang LaSalle.

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.

Shopping centres

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

Shopping Centres - June 30, 2021

Shopping Centres - June 30, 2021		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalisation Rate (c)	CAGR of NRI (d)
US	Max	10.0%	1,669	11.5%	9.0%	15.7%
	Min	3.0%	188	5.8%	4.3%	0.9%
	Weighted average	3.9%	517	6.7%	5.0%	6.0%

Shopping Centres - December 31, 2020

Shopping Centres - Dec. 31, 2020		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
US	Max	11.8%	1,868	10.5%	8.5%	11.3%
	Min	3.1%	213	5.8%	4.3%	0.8%
	Weighted average	4.2%	523	6.5%	5.0%	4.2%

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 capitalise the exit rent to determine the exit value of an asset.

(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 6 and 10 years depending on duration of DCF model used).

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

Shopping Centres - June 30, 2021

Shopping Centres - June 30, 2021		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalisation Rate (c)	CAGR of NRI (d)
US Flagships	Max	7.8%	1,669	8.8%	7.0%	8.1%
	Min	3.0%	239	5.8%	4.3%	0.9%
	Weighted average	3.5%	664	6.3%	4.7%	5.8%
US Regionals	Max	10.0%	553	11.5%	9.0%	15.7%
	Min	3.0%	188	7.3%	6.0%	2.2%
	Weighted average	5.9%	317	8.7%	6.7%	6.5%

Shopping Centres - December 31, 2020

Shopping Centres - Dec. 31, 2020		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit Capitalization Rate (c)	CAGR of NRI (d)
US Flagships (e)	Max	7.3%	1,868	8.8%	7.0%	6.8%
	Min	3.1%	297	5.8%	4.3%	0.8%
	Weighted average	3.7%	691	6.2%	4.7%	4.4%
US Regionals (e)	Max	11.8%	550	10.5%	8.5%	11.3%
	Min	4.0%	213	6.8%	5.8%	1.0%
	Weighted average	6.1%	322	8.1%	6.4%	3.8%

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 3.9% (December 31, 2020: 4.2%) as at June 30, 2021.

A change of +25 basis points in Net Initial Yield, the main output of the appraisal models, would result in a downward adjustment of -€681 Mn (or -6.0%) (December 31, 2020: -€642 Mn (or -5.7%)) of the Shopping Centre portfolio value (excluding assets under development and the trademark).

A change of +25 bps in discount rate would have a negative impact of -€220 Mn or -2.0% (December 31, 2020: -€204 Mn (or -1.8%)) on the Shopping Centre portfolio value (excluding assets under development and the trademark).

A change of +10 bps in exit capitalization rate would have a negative impact of -€206 Mn or -1.8% (December 31, 2020: -€153 Mn (or -1.4%)) on the Shopping Centre portfolio value (excluding assets under development and the trademark).

A decrease of -5% in appraisers' estimated rental value assumptions for the leases to be signed during the model period would have a negative impact of -€261 Mn or -2.3% (December 31, 2020: -€373 Mn (or -3.3%)) on the Shopping Centre portfolio value (excluding assets under development and the trademark).

5.1.2. Investment properties at cost

(€Mn)	Gross value	Impairment	Total investment properties at cost
December 31, 2020	25.9	(6.5)	19.4
Acquisitions	-	-	-
Capitalised expenses	(0.3)	-	(0.3)
Disposals	(6.6)	6.6	-
Other movements	(1.6)	-	(1.6)
Currency translation	0.7	(0.1)	0.6
June 30, 2021	18.1	0	18.1

5.2. Tangible assets

(€Mn)	Furniture and equipment	Right of use	Total tangible assets
Cost			
December 31, 2020	54.0	30.1	84.1
Acquisitions and capitalised expenses	0.2	-	0.2
Currency translation	1.6	1.0	2.6
June 30, 2021	55.8	31.1	86.8
Accumulated depreciation			
December 31, 2020	(49.6)	(4.8)	54.4
Depreciation	(0.6)	(1.6)	2.2
Currency translation	(1.4)	(0.2)	1.6
June 30, 2021	(51.6)	(6.6)	58.2
Net book value			
June 30, 2021	4.2	24.4	28.6

5.3. Intangible assets

(€Mn)	Software	Trademark	Total intangible assets
Cost			
December 31, 2020	91.3	293.0	384.3
Acquisitions	2.4	-	2.4
Disposal	(6.7)	-	(6.7)
Currency translation	2.2	9.5	11.7
June 30, 2021	89.2	302.5	391.7
Accumulated amortisation and impairment			
December 31, 2020	(84.6)	(3.8)	(88.4)
Amortisation	(5.0) ⁽¹⁾	-	(5.0)
Disposal	5.1	-	5.1
Impairment	-	(47.6) ⁽²⁾	(47.6)
Currency translation	(2.0)	(0.7)	(2.7)
June 30, 2021	(86.5)	(52.1)	(138.6)
Net book value			
June 30, 2021	2.7	250.4	253.1

⁽¹⁾ The amortisation of software is recorded under the corporate expenses in the consolidated interim statement of comprehensive income.

⁽²⁾ The impairment of €47.6 Mn is recorded under valuation losses on assets in the consolidated interim statement of comprehensive income.

Intangible assets as at June 30, 2021 relates primarily 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 €47.6 Mn was recognised as at June 30, 2021.

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. The impairment is mainly caused by a decrease of the incremental growth rate expected on the US assets estimated by the external appraisers to 1.4% (December 31, 2020: 1.6%). A valuation at 1.6% would have given a €59.3 Mn higher recoverable amount for the trademark.

The main assumptions used to test the Trademark for impairment are the discount rate which is 8.0% (December 31, 2020: 8.0%) and long term growth rate which is 2.2% ((December 31, 2020: 2.2%) based on US parameters.

A change of +25 basis points on the discount rate of the trademark as determined at June 30, 2021, would lead to an additional impairment of -€23.3 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, 2021 would lead to additional impairment of -€7.4 Mn on the intangible assets.

5.4. Valuation movements on assets

(€Mn)	H1-2021	H1-2020	2020
Investment properties at fair value	(183.1)	(246.3)	(858.3)
Investment properties at cost	1.2	-	(7.0)
Impairment of intangible assets	(47.6)	(16.9)	(3.7)
Revaluation of the investments previously held	-	-	21.5
Total	(229.5)	(263.2)	(847.5)

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

In the first half of 2021, amounts paid for works and acquisition of property assets amount to €19.2 Mn (H1-2020: €16.9 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, 2021	December 31, 2020
Investment properties	6,557.3	6,616.7
Other non-current assets	63.3	30.7
Current assets	379.9	368.3
Total assets	7,000.5	7,015.7
External borrowings	(1,182.2)	(1,230.4)
Other non-current liabilities	(18.1)	(20.2)
Current liabilities	(336.5)	(358.1)
Total liabilities	(1,536.8)	(1,608.8)
Negative value of joint venture for which a provision is recognised under liabilities ⁽¹⁾	-	(24.0)
Net assets	5,463.7	5,430.9

(€Mn)	H1-2021	H1-2020
Net rental income	129.2	166.9
Change in fair value of investment properties	(205.4)	(523.8)
Net result	(101.1)	(405.9)

⁽¹⁾ €24.0 Mn Bottom Dollar Guarantee reclass of negative investment to liability for Palm Desert and Trumbull investments.

Commitments and contingent liabilities in respect of associates and joint ventures

The Group's share in the capital commitments of the joint ventures themselves is set out in note 15. Profits can be distributed without significant restrictions other than regular consent of joint venture partners.

6.2. Equity accounted entities' economic interest

Set out below are the joint venture partners and associates of the Group as at June 30, 2021. All joint venture partners are incorporated in the United States. None of these are individually material for the Group. There are changes in the economic interest compared to December 31, 2020, due to the buyout of shares from joint ventures mentioned in note 2.2.

Name of investments ⁽¹⁾	Type of equity	Economic Interest	Economic Interest
		June 30, 2021	December 31, 2020
Annapolis ⁽²⁾	Partnership units	55.0%	55.0%
Connecticut House	Partnership units	52.6%	52.6%
Culver City ⁽²⁾	Partnership units	55.0%	55.0%
Fashion Square	Partnership units	50.0%	50.0%
Garden State Plaza	Partnership units	50.0%	50.0%
Mission Valley	Partnership units	41.7%	41.7%
Montgomery	Partnership units	50.0%	50.0%
MV Macy's Box/Parcel	Partnership units	41.7%	41.7%
North County ⁽²⁾	Partnership units	55.0%	55.0%
Oakridge ⁽²⁾	Partnership units	55.0%	55.0%
Owensmouth	Partnership units	55.0%	55.0%
Plaza Bonita ⁽²⁾	Partnership units	55.0%	55.0%
Promenade	Partnership units	55.0%	55.0%
San Francisco Emporium	Partnership units	50.0%	50.0%
Santa Anita	Partnership units	49.3%	49.3%
Southcenter ⁽²⁾	Partnership units	55.0%	55.0%
Topanga ⁽²⁾	Partnership units	55.0%	55.0%
UTC	Partnership units	50.0%	50.0%
Valencia Town Center	Partnership units	50.0%	50.0%
Valley Fair	Partnership units	50.0%	50.0%
Wheaton ⁽²⁾	Partnership units	52.6%	52.6%
UTC/VF Services	Membership units	50.0%	50.0%
West Valley	Partnership units	55.0%	55.0%
UTC Resi	Partnership units	50.0%	50.0%
Emporium Offices	Partnership units	50.0%	50.0%
Wheaton North Office	Partnership units	52.6%	52.6%
Wheaton South Office	Partnership units	52.6%	52.6%
Montgomery Condo	Partnership units	50.0%	50.0%
Blum	Associates	20.0%	20.0%
Starwood	Associates	10.0%	10%

Buyout of shares from joint ventures

Name of investments fully consolidated	Type of equity	Economic Interest	Economic Interest
		June 30, 2021	December 31, 2020
Palm Desert ⁽³⁾	Partnership units	100.0%	52.6%
Trumbull ⁽³⁾	Partnership units	100.0%	52.6%

⁽¹⁾ All equity accounted property partnerships operate solely as retail property investors in the United States.

⁽²⁾ Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has more than 50% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee).

The Group therefore has joint control over the investments and is treating them as equity accounted interests.

⁽³⁾ These investments were accounted for equity method until the acquisition of the remaining interest of these membership units in May, 2021.

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, 2021	December 31, 2020
Inventories	-	-
Current account in debit/(credit)	26.0	55.2

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 an interest bearing loan from URW SE. A part (€500 Mn) of the loan of €1,260.6 Mn has been converted into equity on June 30, 2021, reference is made to note 2.3. The remaining principal amount of the loan is €760.6 Mn (December 31, 2020: €1,260.6 Mn) as at June 30, 2021. The interest rate of the loan is based on a fixed rate from and including the issue date to, but excluding, October 25, 2023. After each 5 years the interest rate is reset at 5YR Mid-swaps plus relevant margin. The maturity date of the loan is perpetual. Charges and premiums on issues of borrowings with URW SE amounts to €2.5 Mn as at June 30, 2021 (December 31, 2020: €8.8 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, 2021 (December 31, 2020: €35.8 Mn). The fixed interest rate is 1.44% and the maturity date is May 31, 2023.

During the period, URW NV has an EUR and USD current account facility with URW SE for €185.0 Mn and \$50.0 Mn respectively. As at June 30, 2021, the drawn down amount is €154.0 Mn and \$19.8 Mn (€16.6 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.

During the period, URW NV has interest rate swaps and caps contracts with URW SE. The interest rate swaps contracts maturity date are in 2028 and 2048. The non-current derivative assets and non-current derivatives liabilities related to the swaps and caps are €91.9 Mn (December 31, 2020: €120.4 Mn) and €430.1 Mn (December 31, 2020: €529.1 Mn) respectively as at June 30, 2021. Reference is made to note 7.4.

Loans to URW America Inc.

During the period, URW America Inc. has an USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2021, is \$52.3 Mn (€44.0 Mn) (December 31, 2020: €42.7 Mn). The interest rate is LIBOR + 0.600% margin. The maturity date of the loan is June 7, 2025.

During the period, URW America Inc. has an USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2021, is \$1,202.9 Mn (€1,012.2 Mn) (December 31, 2020: €980.3 Mn). The interest rate is LIBOR + 1.225% margin. The maturity date of the loan is November 30, 2025.

During the period, URW America Inc. has an USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2021, is \$776.3 Mn (€653.2 Mn) (December 31, 2020: €632.6 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 an USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2021, is \$1,021.6 Mn (€859.6 Mn) (December 31, 2020: €823.1 Mn). The interest rate is LIBOR +0.900% margin and is reset quarterly. The maturity date of the loan is December 15, 2021.

During the period, WALP has an USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2021, is \$475.0 Mn (€399.7 Mn) (December 31, 2020: €387.1 Mn). The interest rate is LIBOR +0.775% margin. The maturity date of the loan is June 27, 2022.

During the period, WALP has an USD interest bearing loan from URW SE. The balance of the loan as at June 30, 2021 is \$300 Mn (€252.4 Mn) (December 31, 2020: €244.5 Mn). The interest rate is LIBOR +1.3% margin and is reset quarterly. The maturity date of the loan is September 4, 2025.

Redeemable preference shares held by URW SE

URW SE holds redeemable preference shares in WHL USA Acquisitions, Inc. with a stated redemption value of €371.6 Mn (December 31, 2020: €359.8 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)	H1-2021	H1-2020	2020
Other financial interest	2.9 ⁽¹⁾	5.9 ⁽¹⁾	6.5 ⁽¹⁾
Interest income on derivatives	19.7	35.9	59.9
Subtotal financial income	22.6	41.8	66.4
Interest on bonds and EMTNs	(70.7)	(80.8)	(155.5)
Interest and expenses on borrowings	(47.5)	(66.1)	(122.1)
Interest expense on lease liabilities	(1.6)	(1.8)	(3.3)
Interest on preference shares	(18.6)	(20.2)	(34.8)
Other financial interest	(16.2) ⁽³⁾	(4.5)	(32.2) ⁽²⁾
Interest expenses on derivatives	(32.0)	(39.7)	(76.2)
Financial expenses before capitalisation of financial expenses	(186.6)	(213.1)	(424.1)
Capitalised financial expenses	0.0	0.1	0.2
Subtotal net financial expenses	(186.6)	(213.0)	(423.9)
Total net financial costs	(164.0)	(171.2)	(357.5)

⁽¹⁾ The other financial interest is calculated using the effective interest method.

⁽²⁾ The other financial interest expense includes the amendment fee of €21.9 Mn and the remaining amortised upfront fee of €3.8 Mn cost of €750 Mn loan conversion in 2020.

⁽³⁾ The other financial interest expense includes the amendment fee of €10.8 Mn of the remaining amortised upfront fee of €1.6 Mn cost of €500 Mn loan conversion in HY-2021.

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)	H1-2021	H1-2020	2020
Amortisation of debt	(2.2)	(1.7)	(3.3)
Currency result	0.1	25.5	(52.6)
Fair value of derivatives	70.5	(351.9)	(146.2)
Fair value of preference shares	(1.7)	25.2	58.5
ECL on financial guarantee contracts	(27.1)	(10.6)	(11.1)
Impairment of investment in associates	(1.0)	(90.4.)	(94.5) ⁽¹⁾
Total financial result	38.5	(403.9)	(249.2)

⁽¹⁾ The impairment of investment in associates includes €93.4 Mn impairment of Starwood of which €56.8 Mn relates to expected credit loss.

An amount of €17.9 Mn of the expected credit loss of the financial guarantee contracts relates to Westfield Palm Desert and Westfield Trumbull.

7.2. Financial assets and liabilities

7.2.1. Financial assets

(€Mn)	June 30, 2021	December 31, 2020
Financial assets at fair value through OCI	-	0.1
Non-listed equity investment	-	0.1
Debt instruments at amortised cost	227.1	225.6
Preferred interest Rouse	116.0	116.3
Trade receivables from activity	111.1	109.3
Total financial assets	227.1	225.7
Total current	111.1	109.3
Total non-current	116.0	116.4

7.2.2. Main financing transactions in the first half year of 2021

Bond market

There were no new issued bonds and notes in the first half year of 2021.

Mortgage debt

- *Westfield Sarasota, Westfield Citrus Park, Westfield Broward and Westfield Countryside*

Following the foreclosure of four US assets, the asset values and the related debt were deconsolidated as URW NV will not own nor be liable for the debt of €324.3 Mn (nominal value \$411 Mn) on these assets.

- *Westfield Palm Desert and Westfield Trumbull*

As at December 31, 2020, Westfield Palm Desert and Westfield Trumbull assets and non-recourse mortgage debts were not consolidated in URW NV's IFRS accounts and were accounted at 53% in URW NV's proportionate assets and debts. In May 2021, URW NV acquired the 47% Joint Venture partner's stake in these two US assets. As at June 30, 2021, these properties and their related non-recourse mortgage debt were fully consolidated in URW NV's accounts, corresponding to a total debt amount of €223.4 Mn (nominal value \$277 Mn).

7.2.3. Financial debt breakdown and outstanding duration to maturity

Outstanding duration to maturity (€Mn)	Current			Non-current		Total June 30, 2021	Total December 31, 2020
	Less than 1 year	1 year to 5 years	More than 5 years				
Bonds and notes	408.4	838.7	2,528.1			3,775.2	3,677.2
Principal debt ⁽¹⁾	420.7	841.5	2,524.4			3,786.6	3,667.2
Accrued interest	11.0	-	-			11.0	35.0
Issuance costs	(20.9)	-	-			(20.9)	(22.0)
Amortisation of debt	(2.4)	(2.8)	3.7			(1.5)	(3.0)
Bank borrowings	372.1	121.4	101.6			595.1	446.7
Principal debt ⁽¹⁾	336.6	128.2	101.8			566.6	431.1
Accrued interest	42.4	-	-			42.4	29.5
Borrowings issue fees	0.1	-	-			0.1	0.1
Amortisation of debt	(7.0)	(6.8)	(0.2)			(14.0)	(14.0)
Other financial liabilities	1,279.5	2,168.4	760.8			4,208.7	4,543.4
Borrowing with URW SE ⁽²⁾	1,259.3	2,168.4	760.8			4,188.5	4,528.0
Accrued interests on borrowings with URW SE ⁽²⁾	22.7	-	-			22.7	24.2
Charges and premiums on issues of borrowings with URW SE ⁽²⁾	(2.5)	-	-			(2.5)	(8.8)
Lease liabilities	5.5	15.3	35.3			56.1	56.0
Total financial debt	2,065.5	3,143.8	3,425.8			8,635.1	8,723.3
Liabilities directly associated with properties or shares classified as held for sale	-	-	-			-	203.5
Total	2,065.5	3,143.8	3,425.8			8,635.1	8,926.8

⁽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 of bonds and notes refers to the fair value of the WEA debt at acquisition date, June 7, 2018.

An amount of €566.6 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 San Francisco Centre, Westfield Palm Desert and Westfield Trumbull. 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 H1-2021 variation of financial debt by flows breaks down as follows:

	December 31, 2020	Cash flows ⁽¹⁾			Non-cash flows				June 30, 2021
		Increase ⁽²⁾	Decrease	Variation of accrued interests ⁽³⁾	Variation of scope ⁽⁴⁾	Currency translation	Fair value impact	Others	
Bonds and EMTNs	3,677.2	0.8	-	(25.3)	-	119.4	1.5	1.6 ⁽⁵⁾	3,775.2
Bank borrowings	650.2	0.0	(0.1)	6.1	(113.2)	24.0	30.0 ⁽⁷⁾	(1.9) ⁽⁵⁾	595.1
Other financial liabilities	4,543.4	78.2	(23.2)	(1.5)	-	101.9	-	(490.1) ⁽⁶⁾	4,208.7
Leases liability	56.0	-	(1.6)	-	-	1.7	-	-	56.1
Total	8,926.8	79.0	(24.9)	(20.7)	(113.2)	247.0	31.5	(490.4)	8,635.1

⁽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.

⁽⁴⁾ The variation of scope includes the change of consolidation method from equity to full consolidation of the O'Connor 2 portfolio following the acquisition of its JV partner's shares (47.4%) in two US assets (Westfield Palm Desert and Westfield Trumbull) and the deconsolidation of O'Connor 1 portfolio (Westfield Broward, Westfield Citrus Park, Westfield Countryside and Westfield Sarasota).

⁽⁵⁾ The variation of Others includes straight-lining of premiums & fees on Bonds and EMTNs and Bank borrowings

⁽⁶⁾ Conversion of the €500 Mn loan with URW SE to equity, reference is made to note 2.3.

⁽⁷⁾ Expected credit loss on financial guarantee contracts from the remaining joint venture partner's stake in Westfield Palm Desert and Westfield Trumbull.

7.2.4 Characteristics of bonds and notes

There were no new issued bonds and notes in the first half year of 2021.

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 US credit facility and 144A and Regulation S bonds in the US contain financial covenants based on URW Group's financial statements. As at June 30, 2021 the URW Group's ratios show ample headroom vis-à-vis the following covenants:

	US Credit facility covenants level	Rule 144A and Reg S bonds covenants level
Loan to Value ¹⁴	< 65%	< 65%
ICR	> 1.5x	> 1.5x
FFO/NFD ¹⁵	na.	na.
Secured debt ratio ¹⁶	< 50%	< 45%
Unencumbered leverage ratio ¹⁷	> 1.5x	> 1.25x

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 of on some regional US assets have not been made. 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. As at June 30, 2021 the debt-service coverage ratio for the Westfield Palm Desert mortgage loan of €98.9 Mn was not met. Defaults under this loan are not expected 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:

(€Mn)	June 30, 2021		December 31, 2020	
	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	5,110.7 ⁽¹⁾	5,319.8	5,550.7	5,703.7

⁽¹⁾ Details of further breakdown of liabilities are made to note 7.3.3.

Financial debt is valued at fair value based on market rates and on fair value of issuer's spread at such closing date.

¹⁴ Ratio calculated based on European bank debt covenant.

¹⁵ Funds From Operations: on an annualised basis, the recurring EBITDA minus (i) recurring net financial expenses and (ii) tax on recurring operating result.

¹⁶ Secured debt/Total assets.

¹⁷ Unencumbered assets/unsecured debt.

7.2.7. Net financial debt

Net financial debt is determined as below:

Net financial debt

(€Mn)	June 30, 2021	December 31, 2020
Amounts accounted for in B/S		
Long-term bonds and borrowings	6,519.0	7,691.2
Current borrowings and amounts due to credit institutions	2,060.0	976.1
Liabilities directly associated with properties or shares classified as held for sale	-	203.5
Total financial liabilities	8,579.0	8,870.8
Adjustments		
Amortisation of debt	15.5	40.1
Accrued interest / issuance fees	(52.8)	(58.0)
Total financial liabilities (nominal value)	8,541.7	8,852.9
Cash & cash equivalents	(56.2)	(63.1)
Net financial debt	8,485.5	8,789.8

Net cash at period-end

(€Mn)	June 30, 2021	December 31, 2020
Cash	56.2	63.1
Total Asset	56.2	63.1
Bank overdrafts & current accounts to balance out cash flow	-	(0.1)
Total Liabilities	-	-
Net cash at period-end	56.2	63.0

7.3. Commitment to non-controlling interests

(€Mn)	December 31, 2020	Addition	Decrease	Fair value movements in P&L	Currency translation	June 30, 2021
Financial liabilities at amortised cost						
Commitment to non-controlling interests held by URW SE	399.4	10.8	-	-	10.7	420.9
Financial liabilities at fair value						
Commitment to non-controlling interests	16.6	-	-	1.0	0.5	18.1
Other commitment to non-controlling interests	84.4	-	(0.1)	0.7	2.8	87.8
Total commitment to non-controlling interests	500.4	10.8	(0.1)	1.7	14.0	526.8
Total non-current	460.5	-	(0.1)	1.7	15.0	477.1
Total current	39.9	10.8	-	-	(1.0)	49.7

URW SE holds redeemable preference shares/units in WHL USA Acquisitions, Inc. for an amount of €371.6 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 amount is the interest accrued.

Commitment to non-controlling interests for the amount of €105.9 Mn relates to external parties and are measured at fair value level 3.

7.4. Derivatives

(€Mn)	December 31, 2020	Amounts recognised in the Statement of Comprehensive Income		June 30, 2021
		Fair value adjustments of derivatives	Currency translation	
<u>Assets</u>				
Derivatives at fair value Non-Current	120.4	(28.5)	(0.1)	91.9
- <i>Fair value</i>	120.4	(28.5)	(0.1)	91.9
<u>Liabilities</u>				
Derivatives at fair value Non-Current	(529.1)	99.0	-	(430.1)
- <i>Fair value</i>	(529.1)	99.0	-	(430.1)
Net	(408.7)	70.5	(0.1)	(338.2)

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 €91.9 Mn (December 31, 2020: €120.4 Mn) for assets and €430.1 Mn (December 31, 2020: €529.1 Mn) for liabilities as at June 30, 2021.

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 the 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, 2021 (€ Mn)

Currency	Assets	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges
USD	11,135	(8,662)	2,473	-	2,473
Total	11,135	(8,662)	2,473	-	2,473

Measure of the exposure to other risks as at December 31, 2020 (€ Mn)

Currency	Assets	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges
USD	11,138	(8,546)	2,592	-	2,592
Total	11,138	(8,546)	2,592	-	2,592

Exposure sensitivity to currency exchange rate

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

(€Mn)	June 30, 2021		December 31, 2020	
	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	(5.4)	(224.8)	(3.9)	(235.6)

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.

The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). There is uncertainty over the timing and the methods of transition. The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 do not have a significant impact on the Group's accounts as at June 30, 2021.

As at June 30, 2021, IFRS net financial debt stood at €8,485.5 Mn (December 31, 2020: €8,789.8 Mn).

The outstanding debt was hedged at 70% as at June 30, 2021 (December 31, 2020: 84%), 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 2021, if interest rates (Euribor, Libor) were to rise by an average of +50 bps¹⁸ during H2-2021, the estimated negative impact on financial expenses would be -€6.2 Mn decreasing the recurring net result in 2021.

In total, a +100 bps increase in interest rates during H2-2021 would have a net negative impact on financial expenses of -€12.5 Mn.

A -50 bps drop in interest rates would have a positive impact on the financial expenses of +€6.2 Mn increasing the recurring net result in 2021.

8.1.2. Credit risk

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

The Group's tenants may be impacted by COVID-19 depending on the restrictions in place, government support and their industry. In the Shopping Centre segment, the risk of insolvency is spread widely across a large number of

¹⁸ 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, 2021: 3m Euribor (-0.542%) and 3m USD Libor (0.146%).

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 provision corresponds to the amount which the company does not expect to recover. Though, when collecting a tenant deposit or obtaining a bank guarantee, URW NV covers the possible future losses.

URW NV's provision 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 better reflect the actual situation and integrate the best estimates for the near future.

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

- Receivables from tenants under bankruptcies proceedings are fully depreciated;
- Doubtful debt provisions are defined on the basis of an estimated default rate based on a forward looking approach. This percentage of default may be refined by the tenant segment and position of the Shopping Centre in its catchment area. Ultimately, this default is rationalised based on recent events like tenants bankruptcies in 2021 and also the evolution of shop closures in the past quarters;
- This percentage was applied on the amount of receivables from which security deposit and deferred amounts not yet due were deducted.

The expected credit loss for the financial guarantee contract is based on the valuation of the related investment properties representing the Group's estimate of disposal proceeds in the event of foreclosure.

In H1-2021, the expected credit loss is €37.1 Mn (H1-2020: €148 Mn), 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 pandemic, 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 cashflow. 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.

For the half- year ended June 30, 2021, the Company had a net current asset deficit of €2,237.6 Mn (December 31, 2020: €1,234.1 Mn) mainly due to the maturing of the bonds and notes and loans payable of €2,016.5 Mn (December 31, 2020: €1,161.4 Mn). The Company's liquidity needs for the next 12 months are covered by the available undrawn credit lines and cash on-hand as well as by the cross-guarantees granted within the URW Group. Based on that the Company believes that it will be able to meet its commitments as and when they fall due, therefore it is appropriate to prepare the interim financial statements on a going concern basis.

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, 2021	Categories in accordance with IFRS 9	Carrying Amount June 30, 2021	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	
(€Mn)						
Assets						
Financial assets	FAAC/FAFVOCI	116.0	116.0	-	-	116.0
Derivatives at fair value	FAFVTPL	91.9	-	-	91.9	91.9
Trade receivables from activity ⁽¹⁾	FAAC	65.0	65.0	-	-	65.0
Other receivables ⁽²⁾	FAAC	38.9	38.9	-	-	38.9
Cash and cash equivalents	FAAC	56.2	56.2	-	-	56.2
		368.0	276.1	-	91.9	368.0
Liabilities						
Commitment to non-controlling interests	FLFVPL/FLAC	526.8	420.9	-	105.9	572.3
Financial debts	FLAC	8,579.0	8,579.0	-	-	8,788.1
Derivatives at fair value	FLFVPL	430.1	-	-	430.1	430.1
Non-current amounts due on investments	FLAC	6.2	6.2	-	-	6.2
Other non-current liabilities	FLAC	32.5	32.5	-	-	32.5
Amounts due to suppliers and other current debt ⁽³⁾	FLAC	177.9	177.9	-	-	177.9
		9,752.5	9,216.5	-	536.0	10,007.1

December 31, 2020	Categories in accordance with IFRS 9	Carrying Amount December 31, 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	
(€Mn)						
Assets						
Financial assets	FAAC/FAFVOCI	116.4	116.3	0.1	-	116.4
Derivatives at fair value	FAFVTPL	120.4	-	-	120.4	120.4
Trade receivables from activity ⁽¹⁾	FAAC	78.7	78.7	-	-	78.7
Other receivables ⁽²⁾	FAAC	49.1	49.1	-	-	49.1
Cash and cash equivalents	FAAC	63.1	63.1	-	-	63.1
		427.7	307.2	0.1	120.4	427.7
Liabilities						
Commitment to non-controlling interests	FLFVPL/FLAC	500.4	399.4	-	101.0	555.7
Financial debts	FLAC	8,870.8	8,870.8	-	-	9,023.8
Derivatives at fair value	FLFVPL	529.1	-	-	529.1	529.1
Non-current amounts due on investments	FLAC	6.3	6.3	-	-	6.3
Amounts due to suppliers and other current debt ⁽³⁾	FLAC	197.1	197.1	-	-	197.1
Other non-current liabilities	FLAC	33.1	33.1	-	-	33.1
		10,136.8	9,506.7	-	630.1	10,345.1

⁽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 fair value of the non-current amounts due on investments and other non-current liabilities approximates the carrying value.

The commitment to non-controlling interests as at June 30, 2021, relate to the preference shares in USA acquisitions Inc. which is valued at amortised cost. The fair value of these preference shares is €466.3 Mn.

A part (€500.0 Mn) of the interest bearing loan of €1,260.6 Mn with URW SE previously included in financial debt was converted on June 30, 2021, into a capital security with a maturity in 99 years and limited default opportunities. After conversion, it qualifies as equity with the exception of the current fair value of the amount due on this instrument (€0.2 Mn as at June 30, 2021), which is recorded under financial debt (FLAC).

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 COVID19 pandemic has no impact on the methodology applied.

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

(€Mn)	Fair value measurement as at June 30, 2021			
	Total	Level 1	Level 2	Level 3
Assets				
<i>Fair value through OCI</i>				
Financial assets	-	-	-	-
<i>Fair value through profit or loss</i>				
Derivatives	91.9	-	91.9	-
Total	91.9	-	91.9	-
Liabilities				
<i>Fair value through profit or loss</i>				
Commitment to non-controlling interests	105.9	-	-	105.9
Derivatives	430.1	-	430.1	-
Total	536.0	-	430.1	105.9

(€Mn)	Fair value measurement as at December 31, 2020			
	Total	Level 1	Level 2	Level 3
Assets				
<i>Fair value through OCI</i>				
Financial assets	0.1	-	-	0.1
<i>Fair value through profit or loss</i>				
Derivatives	120.4	-	120.4	-
Total	120.5	-	120.4	0.1
Liabilities				
<i>Fair value through profit or loss</i>				
Commitment to non-controlling interests	101.0	-	-	101.0
Derivatives	529.1	-	529.1	-
Total	630.1	-	529.1	101.0

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, 2021, the market to market value of other derivative asset and liability 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, 2020	0.1	101.0
Fair value movements in P&L	-	1.7
Recognised in OCI	(0.1)	-
Decrease	-	(0.1)
Currency translation	-	3.3
June 30, 2021	-	105.9

The fair value of the commitment to non-controlling interest fair value level 3 has generally been determined through i) a market approach using quoted market prices of similar companies and adjusted by a relevant earnings multiple or ii) an adjusted net asset approach deriving the fair value of the equity instrument by reference to the gross market value of the asset less the fair value of debt. As at June 30, 2021, an increment of 1% to the respective quoted market price or the gross market value of the asset would result in an increase in fair value or additional loss by €1.4 Mn. Similarly, a decrement of 1% would result in a decrease in fair value or additional gain by €1.5 Mn.

NOTE 9. TAXES

9.1. Income tax expenses

(€Mn)	H1-2021	H1-2020	2020
Recurring current and deferred tax on:			
- Allocation/ reversal of provision concerning tax issues	-	0.5	-
- Other recurring results	(0.7)	0.4	(0.3)
Total recurring tax	(0.7)	0.9	(0.3)
Non-recurring current and deferred tax on:			
- Change in fair value of investment properties and impairment of intangible assets	33.6	6.4	18.5
- Other non-recurring results	22.7	14.3	28.4
Total non-recurring tax	56.3	20.7	46.9
Total tax income/(expense)	55.6	21.6	46.6

As a result of a change in the percentage to be used further to the shareholders' base of the Group, as well as a change in the fair value of the investment properties, the total tax income was positively impacted by € 15.9 Mn and included in the line item "change in fair value of investment properties and impairment of intangible assets" as part of the income tax expenses. Also refer to note 9.2.

(€Mn)	H1-2021	H1-2020	2020
Current tax	22.0	15.2	28.0
Deferred tax	33.6	6.4	18.6
Total tax	55.6	21.6	46.6

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, 2020	Variation	Currency translation	June 30, 2021
Deferred tax on investment properties	(90.0)	21.2	(2.6)	(71.5)
Deferred tax on intangible assets	(75.2)	12.4	(2.3)	(65.1)
Total deferred tax liabilities	(165.2)	33.6	(4.9)	(136.6)

The change in deferred tax liabilities is mainly caused by a change in the valuation of the investment properties and intangible assets, in combination with a change of the percentage to be used as a result of the shareholders' base of the Group.

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.

H1-2021

(€Mn)	December 31, 2020	Allocations	Reversals used	Reversals not used	Currency translation	June 30, 2021
Current provisions	5.6	1.2	-	(3.0)	0.5	4.3
Non-current provisions	43.8	0.6	-	(13.1)	0.9	32.2
Total	49.4	1.8	-	(16.1)	1.4	36.5

As at June 30, 2021, the non-current provisions amounted €32.2 Mn (December 31, 2020: €43.8 Mn) and mainly relate to an estimate for potential payments due to third parties in case of future sale of investment properties. The reversals not used -€13.1 Mn is related to the reassessment of these non-current provisions.

NOTE 11. OTHER CURRENT LIABILITIES

(€Mn)	June 30, 2021	December 31, 2020
Tax and social liabilities ⁽¹⁾	156.6	168.5
Other liabilities	68.6	84.6
Total other current liabilities	225.2	253.1

⁽¹⁾ Within the tax and social liabilities, an amount of €139.7 Mn (December 31, 2020: €142.2 Mn) relates to the current tax liability.

NOTE 12. AMOUNTS DUE ON INVESTMENTS

As at June 30, 2021, the non-current amounts due on investments are €6.2 Mn (December 31, 2020: €6.3 Mn) and the current amounts due on investments are €32.3 Mn (December 31, 2020: €39.3 Mn). The current amounts due on investments relates to payables on projects of Westfield San Francisco Centre €0.9 Mn (December 31, 2020: €2.9 Mn), Westfield World Trade Centre €18.9 Mn (December 31, 2020: €18.7 Mn) and Westfield Century City €4.0 Mn (December 31, 2020 €4.4 Mn). Remaining amounts relate to several projects.

NOTE 13. EMPLOYEE BENEFITS

13.1. Share-based payments and share option plan

Stock option plans

There is currently one plan for Stock Options (“SO”) granted to corporate officers and employees of the Group SO 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 May 2021 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 May 2021 were valued at €3.64 for those with a TSR condition and at €4.50 for those with non-market performance conditions (i.e. AREPS and internal/external CSR), using a Monte Carlo model. This valuation is based on an initial exercise price of €69.41, the share price at the date of allocation of €68.82, a vesting period of three years, an estimated duration of 3.7 years, a market volatility of 18.22%, a dividend assumption for 2023, 2024 and 2025, a risk-free interest rate of -0.446% and a volatility of the reference composite index of 13.02% with a correlation reference composite index/URW of 67.87%

187,583 (H1-2020: 181,225) SO have been allocated to employees of URW NV in May 2021. The expense recorded in the consolidated interim statement of comprehensive income (corporate expenses) in relation to stock options is €600k (H1-2020: €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 May 2021 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 May 2021 were valued at €27.36 for those with a TSR condition and at €60.72 for those with non-market conditions (i.e. AREPS and internal/external CSR), using a Monte Carlo model.

This valuation is based on the share price at the date of allocation of €68.82, a vesting period of three years, a market volatility of 18.66%, a volatility of the reference composite index of 13.27% with a correlation reference composite index/URW of 67.06%, a dividend assumption for 2023, 2024 and 2025, and a risk-free interest rate of -0.51%.

73,393 (H1-2020: 100,188) PS have been allocated to employees of URW NV in May 2021. The expense recorded in the consolidated interim statement of comprehensive income (corporate expenses) in relation to performance shares is €2.5 Mn (H1-2020: €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, 2020	231,720,700
Capital increase Class A shares	47,976
Capital increase reserved for URW Company Savings Plan	74,055
As at June 30, 2021	231,842,731

The authorised share capital as at June 30, 2021, 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 138,594,416 ordinary A shares and 93,248,315 ordinary B shares as at June 30, 2021. 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

	H1-2021	H1-2020	2020
Average number of shares (undiluted)	231,743,132	231,649,578	231,685,333
Dilutive impact			
Attributed performance shares (unvested) ⁽¹⁾	442,560	410,547	314,217
Potential shares via ORNANE	1,678,955	1,851,806	1,851,806
Average number of shares (diluted)	233,864,647	233,911,931	233,851,356

⁽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)	2014	from 04/03/2018 to 03/03/2021	186.10	606,087	-	582,621	23,466	-
2015 plan (n°8)	2015	from 04/03/2019 to 03/03/2022	256.81	615,860	-	214,854	-	401,006
	2015	from 05/09/2019 to 04/09/2022	238.33	7,225	-	7,225	-	-
	2016	from 09/03/2020 to 08/03/2023	227.24	611,608	-	172,133	1,913	437,562
	2017	from 08/03/2021 to 07/03/2024	218.47	611,611	-	134,522	-	477,089
2018 plan (n°9)	2018	from 06/03/2022 to 05/03/2025	190.09	630,135	-	125,630	-	504,505
2019 plan (n°10)	2019	from 20/03/2022 to 19/03/2026	144.55	748,372	-	137,719	-	610,653
2020 plan (n°11)	2020	from 22/03/2023 to 21/03/2027	92.03	885,291	-	132,366	-	752,925
2021 plan (n°12)	2021	from 19/05/2024 to 18/05/2029	69.41	950,295	-	-	-	950,295
Total				5,666,484	-	1,507,070	25,379	4,134,035

⁽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⁾
2016	36,745	7,918	28,827	-
2017	39,770	16,269	23,501	-
March 2018	82,539	40,570	16,910	25,059
May 2018	38,130	7,273	21,800	9,057
March 2019	172,174	31,651	-	140,523
March 2020	489,440	73,179	-	416,261
May 2021	371,846	-	-	371,846
Total	1,230,644	176,860	91,038	962,746

⁽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, 2021 (December 31, 2020: €2,243.3 Mn).

14.3. Dividends

No dividends were declared or paid during the reporting period.

14.4. Capital securities

In June 2021, €500 Mn of the intra-group loan of €1,260.6 Mn with URW SE has been reclassified into equity, reference is made to note 2.3. The amount of capital securities is €1,251.4 Mn as at June 30, 2021 (December 31, 2020: €751.6 Mn).

NOTE 15. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

15.1. Commitments given

Commitments given (€Mn)	Description	Maturities	June 30, 2021	December 31, 2020
1a) Commitments related to Group financing – Fully consolidated			915.6	1,031.8
Financial guarantees given	- Mortgages and first lien lenders	2021 to 2026	566.6	657.7
	- Guarantees relating to entities under equity method	2021 to 2022	349.0	374.1
1b) Commitments related to Group financing – Entity under equity method			1,098.1	1,281.7
Financial guarantees given	- Loan guarantees	2021 to 2025	87.3	182.0
	- Mortgages and first lien lenders	2021 to 2026	1,010.8	1,099.7
2a) Commitments related to Group operational activities – Fully consolidated			29.8	29.6
Commitments related to operating contracts	- Residual commitments for works contracts and forward purchase agreements	2021+	29.0	28.8
	- Rental of premises and equipment (lease payable)	2021+	0.8	0.8
2b) Commitments related to Group operational activities – Entity under equity method			113.5	144.2
Commitments related to operating contracts	- Residual commitments for works contracts and forward purchase agreements	2021+	109.5	140.3
	- Rental of premises and equipment (lease payable)	2021+	4.0	4.0
Total commitments given			2,156.9	2,487.4

For the expected credit loss of financial guarantees recognised in H1-2021, reference is made to note 2.1. The expected credit loss on remaining financial guarantees are insignificant.

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.

15.2. Commitments received

Commitments received (€Mn)	Description	Maturities	June 30, 2021	December 31, 2020
1) Commitments related to Group financing				
Financial guarantees received	-Refinancing agreements obtained but not used	2022	2,692.7	2,607.8
2a) Commitments related to Group operational activities – Fully consolidated				
Other contractual commitments received related to operations	- Future minimal rents	2021+	1,279.8	1,299.3
2a) Commitments related to Group operational activities – Entity under equity method				
Other contractual commitments received related to operations	- Future minimal rents	2021+	1,288.9	1,255.0
Total commitments received			5,261.4	5,162.1

15.3. Contingent liabilities

The Group's obligation with respect to performance guarantees amounted €21.7 Mn (December 31, 2020: €21.9 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 -€5.2 Mn (H1-2020: -€15.9 Mn). The non-controlling interests amounted to €34.3 Mn as per June 30, 2021, (December 31, 2020: €38.2 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, 2021	% interest December 31, 2020
Unibail-Rodamco-Westfield N.V.	The Netherlands	FC	100.00	100.00
WFD Unibail-Rodamco Real Estate B.V.	The Netherlands	FC	100.00	100.00
URW America Inc.	United States	FC	100.00	100.00
URW WEA LLC	United States	FC	92.20	92.20

⁽¹⁾ FC: full consolidation method

NOTE 17. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Group repaid \$500 Mn (€421 Mn) of US 144a bonds which were originally scheduled to mature in April 2022.

At July 26, 2021 a PSA was signed for a potential disposal of Westfield Trumbull and Westfield South Shore. This potential deal is subject to lender consent of Trumbull loan transfer to the potential buyer. A response from the lender is expected between 60-90 days from August 5, 2021 when the lender was notified. Subsequent to the reporting date, the asset held for sale criteria is met as per July 26, 2021.

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, 2021, 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 2021, 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 24, 2021

Dominic Lowe

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 2021 financial report of Unibail-Rodamco-Westfield N.V. based in Amsterdam for the period from 1 January 2021 to 30 June 2021.

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 2021 to 30 June 2021, 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 2021
- The following consolidated interim statements for the period from 1 January 2021 to 30 June 2021: 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. 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.

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, 24 September 2021

Ernst & Young Accountants LLP

signed by W.H. Kerst