



UNIBAIL-RODAMCO-WESTFIELD

UNIBAIL-RODAMCO-WESTFIELD N.V.

2021 ANNUAL REPORT

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MANAGEMENT BOARD REPORT

The Management Board (“MB”) of Unibail-Rodamco-Westfield N.V. (“URW NV” or “the Company”) hereby presents its management report and the consolidated and company only financial statements of URW NV for the period ending December 31, 2021.

1.1 GENERAL INFORMATION

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.

On June 7, 2018, Unibail-Rodamco SE (now known as Unibail-Rodamco-Westfield SE, or “URW SE”) announced it had completed the acquisition of Westfield Corporation (“Westfield”), to create Unibail-Rodamco-Westfield (“URW Group”), the stapled group which, collectively, consists of URW SE, URW NV and their respective controlled undertakings whose financial information is included in their respective consolidated financial reporting, the premier global developer and operator of flagship destinations. The URW Group combines two of the strongest and most respected names in the real estate industry to build on their legacies. The acquisition of Westfield is a natural extension of URW SE’s strategy of concentration, differentiation, and innovation. Upon completion of the Westfield Transaction, URW SE and Westfield securityholders hold stapled shares, each comprising one ordinary share in the capital of URW SE and one class A share in the capital of URW NV (“Stapled Shares” - see 5.2.2 “authorised share capital - form of shares”). The Stapled Shares are listed on Euronext Amsterdam and Euronext Paris. URW Group has also established a secondary listing on the Australian Securities Exchange to allow former Westfield securityholders to trade Stapled Shares locally in the form of CHESS Depository Interests (“CDIs”).

The main business objectives of the Company and its subsidiaries (together referred to as “the Group” or “URW NV”) 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 the URW Group and other affiliated bodies of the Company.

1.2 BUSINESS REVIEW AND 2021 RESULTS

This section provides an overview of the most significant business events for URW NV in 2021. The Company’s accounts reflect the financial results for the period from January 1, 2021, until December 31, 2021. All references to operational results, such as tenant sales, rents and leases signed, relate to the 12-month period ended December 31, 2021, unless indicated otherwise.

Certain amounts in the business review are recorded in USD to eliminate currency impact in comparisons with the previous year. These amounts in case of leasing activity and Commercial Partnerships also reflect data for the full centre and do not consider the URW NV ownership % in case of Joint Ventures.

1.2.1 ACCOUNTING PRINCIPLES

The Group’s consolidated financial statements as at December 31, 2021, were prepared in accordance with International Financial Reporting Standards (“IFRS”) as applicable in the European Union as at such date.

The business review and results are presented based on the consolidated financial statements on a proportionate basis, with no impact on the net results.

For rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g. extension of a lease term or higher Sales Based Rent (“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 relief signed or expected to be signed, granted without any counterpart from the tenants is considered as a reduction of the receivables and is charged to the income statement as a reduction of the GRI.

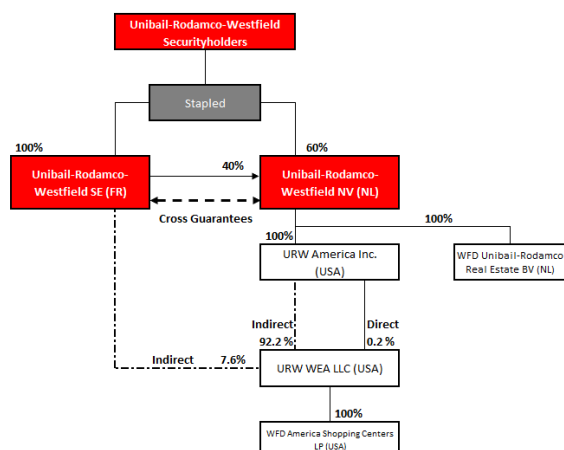
Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by the management in the evolving context of the COVID-19 pandemic and of difficulties in assessing its impact and future prospects. In this context, management has taken into account these uncertainties on the basis of reliable information available at the date of the preparation of the consolidated financial statements, particularly with regards to the fair value of investment properties and financial instruments, the estimation of the provision for rent relief and doubtful debtors, 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 consolidated financial statements. In particular, no further lockdowns have been assumed, post December 2021 (beyond the ones known to date).

97% of URW NV’s property portfolio related to the Shopping Centres and Offices and intangible assets were valued by independent appraisers as at December 31, 2021.

1.2.2 SCOPE OF CONSOLIDATION

The organisation chart as at December 31, 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;
- The disposal of Palisade residential building at Westfield UTC in October 2021;
- The foreclosure of Westfield Palm Desert in October 2021.

1.2.3 CHANGE IN SUPERVISORY AND MANAGEMENT BOARD

During its meeting held on November 18, 2020, upon Governance and Nomination Committee (“GNC”) recommendation, the SB of URW SE decided to terminate Mr. Christophe Cuvillier’s position as Group Chief Executive Officer and Chairman and MB member of URW SE and appointed Mr. Jean-Marie Tritant, formerly President US and MB member of URW NV, as Chief Executive Officer URW SE and Chairman and member of the MB of URW SE, effective from January 1, 2021, for a 4-year term.

On November 18, 2020, with immediate effect, Mr. Jean-Marie Tritant resigned from his position as MB member of URW NV. Mr. Dominic Lowe was appointed as COO US and MB member of URW NV, effective November 19, 2020. Mr. Dominic Lowe has been formally appointed at the 2021 annual general meeting held at June 29, 2021.

On December 8, 2020, the Supervisory Board of URW NV met and took note of the resignation of the Chairman and Member of the Supervisory Board, Mr. Christophe Cuvillier with effect January 1, 2021. URW NV announces that Mr. Jean-Marie Tritant is designated as temporary replacement as Chairman and Member of the Supervisory Board with effect from Mr. Cuvillier’s resignation.

On February 4, 2021, the Supervisory Board of URW NV, upon the recommendation of its Governance, Nomination and Remuneration Committee, designated Mrs. Catherine Pourre as temporary replacement for the position of Mr. Alec Pelmore as member of the Supervisory Board, with immediate effect. URW NV also announced that Mr. Fabrice Mouchel has been designated as temporary replacement for the position of Mr. Jaap Tonckens as vice-chairman and member of the Supervisory Board, with immediate effect. Mr. Alec Pelmore and Mr. Jaap Tonckens resigned from the Supervisory Board with effect from January 4, 2021. Mr. Tritant, Mrs. Pourre and Mr. Mouchel have been formally appointed as members of the Supervisory Board at the annual general meeting held at June 29, 2021.

1.2.4 OPERATIONAL REPORTING

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

1.2.5 COVID-19 AND THE IMPACT ON URW’S BUSINESS

This section provides a brief overview of the impact of the COVID-19 crisis on URW’s operations in FY-2021.

OVERVIEW OF RESTRICTIONS IN FY-2021

The operations in URW shopping centres were particularly impacted by restrictions in the first half of 2021, while operations were generally able to take place with loosened restrictions in H2-2021, except year-end which was impacted by a resurgence of the pandemic.

During the first half of the year, in the US, all of the centres were open, however restrictions on sectors like F&B, entertainment and fitness were only progressively eased during February and March.

During H2-2021, the Group’s centres and all retail sectors were generally allowed to trade including indoor dining and entertainment, albeit with some remaining capacity limits or other sanitary requirements (such as a COVID-19 pass/proof of vaccination being required for dining or entertainment in several markets).

As at March 23, 2022, all of the Group's centres are able to trade with few local restrictions in place.

US FOOTFALL

Due to data limitations, footfall is not available for all centres¹ in the US. For those assets for which reliable data is available, footfall in FY-2021 reached 72% of 2019 levels and 74% by excluding Central Business District ("CBD") assets which footfall is affected by work from home policies. This reflected an improvement in the second half year of 2021 to 78% of 2019 levels, following 65% in H1-2021, which remained affected by closures and restrictions affecting F&B, Entertainment and Fitness.

US TENANT SALES²

All of the Group's US centres were open throughout the year, although tenant sales were still impacted in the first quarter by ongoing 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), for longer than in other parts of the US.

Tenant sales reached 94% of 2019 levels in FY-2021. This includes 87% in H1 and increasing to 100% in H2-2021 after the removal of the restrictions. H2-2021 tenant sales even reached 106% of H2-2019 levels for the non-CBD Flagship assets.

While this recovery was initially well supported in highly discretionary categories such as Luxury (+43% in 2021 vs. 2019) and Jewellery (+19% in 2021 vs. 2019), it became more broad-based over the year, with almost all categories near to or above 2019 levels in H2-2021, including the key Fashion category (101% in H2-2021 vs. H2-2019). In the F&B sector, which was one of the most impacted categories, an improvement was seen from -23% in H1-2021, to -4% in H2-2021, while Entertainment remained impacted (-26%³ in H2-2021 vs. H2-2019).

TENANT SALES GROWTH (%) US:

H1-2021 vs H1-2019: - 13%

H2-2021 vs H2-2019: 0%

FY-2021 vs FY-2019: - 6%

FY-2021 vs FY-2020: + 69%

RENT RELIEF AND GOVERNMENT SUPPORT

Throughout the crisis, URW recognised 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. These negotiations were focused on providing a one-off rent relief, not on permanently changing lease terms or structures.

In certain US municipalities, legal remedies for non-payment of rent have also been temporarily limited during the crisis.

BANKRUPTCIES

Tenant insolvency procedures have affected 58 stores out of 3,837 stores in FY-2021 (vs. 268 stores out of 4,137 stores in FY-2020). The total leasing revenues (including service charges of URW NV) which remain exposed to tenants currently in some form of bankruptcy procedure amount to €0.6 Mn⁴ over c. 2,051 sqm of retail space.

RENT COLLECTION AND DEFERRED RENT

As at December 31, 2021, 90% of invoiced FY-2021 rents and service charges⁵ had been collected in the US⁶. The remainder was fully covered by rent relief and doubtful debtor provisions.

As at March 4, 2022, the FY-2021 collection rate had increased to 91%.

Overall rent collection by quarter in 2021 is shown below:

Region	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY-2021
US	91%	93%	93%	87%	91%

As at March 4, 2022, 88% of the January and 86% February 2022 rents had been collected.

¹ Includes the 19 centers for which at least 1 year of comparable Springboard or ShopperTrak data is available.

² On standing assets, excluding extensions (Westfield Valley Fair). Excluding Auto and Department stores branches.

³ Restated for the Westfield UTC and Westfield Montgomery cinema closures (Chapter 7 of Arclight), AMC cinema's signed and about to open in February and March 2022.

⁴ Group share. Stores still occupying premises at end of December 2021.

⁵ 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.

⁶ Rents invoiced net of adjustments.

As at December 31, 2021, the provision for doubtful debtors in the Consolidated statement of financial position amounted to €75.5 Mn compared to €73.7 Mn at the end of December 31, 2020. The expected credit loss for doubtful debtors recorded in the Consolidated statement of comprehensive income amounted €40.0 Mn for the period ending December 31, 2021 (December 31, 2020: €63.3 Mn).

1.2.6 LEASING ACTIVITY

In the period ended December 31, 2021, 962 leases were signed on standing assets, representing 4,074,775 sq. ft. and \$130.3 Mn of MGR compared to 532 leases in FY-2020.

The uplift on relettings and renewals was -11.0%. In the context of a challenging market characterised by conditions more favourable for tenants than landlords at the beginning of the year, 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, deals longer than 36 months have a MGR uplift of +1.0%, while for leases between 12 and 36 months MGR uplifts were more affected at -17.8%. The Shopping Centres SBR increased from \$20.6 Mn in 2019 (2.8% of NRI) to \$59.3 Mn in 2021 (10.5% of NRI), of which \$15.4 Mn is related to renewals, relettings and full SBR deals signed in 2021. On an annualised basis, these deals are expected to generate \$25.7 Mn of SBR, compensating almost fully the \$26.1 Mn of MGR reduction on those deals.

As market conditions improved, the proportion of short-term deals decreased in the course of the year, representing 72% of H1 deals vs. 56% of H2 deals, and 65% for the full year.

The letting pipeline on standing assets has a solid level of activity with 228 deals approved⁷, broadly consistent with the 2019 level.

The tenant mix continued to evolve with the introduction of new retailers and a number of important deals signed with DNVBs, including Razer, in Westfield Century City, Westfield Garden State Plaza, and Westfield UTC, Peloton in Westfield Garden State Plaza, Westfield Topanga, Westfield Galleria at Roseville, and Westfield Old Orchard, Rhone in Westfield Century City, Allbirds in Westfield Century City and Westfield Garden State Plaza, and Knix in Westfield UTC.

With the US market recovery running ahead of Europe (due to an earlier removal of restrictions), strong demand was seen in Entertainment and F&B. Key signings in these sectors included The Escape Game in Westfield Century City, CAMP in Westfield Century City, Bowlero in Westfield Valley Fair, and a multi-site F&B deal with SBE featuring multiple brands and centres, for 7 stores in total, including Krispy Rice in Westfield Santa Anita, Westfield Galleria at Roseville and Westfield UTC.

Reflecting the strong growth in the Luxury sector, the Group also made a number of important signings in this space, including Gucci, in Westfield Garden State Plaza, Westfield Topanga, Westfield Galleria at Roseville, Marc Jacobs in Westfield Valley Fair, and Louis Vuitton in Westfield UTC. The arrival of Gucci at Westfield Galleria at Roseville in particular anchors this centre as the key luxury destination in Sacramento.

In addition, a number of key stores were opened during this period, including Chanel Fragrance & Beauty in Westfield Valley Fair, Ferragamo in Westfield Topanga, JD Sports in Westfield Valley Fair and Westfield North County, and Sweetgreen in Westfield World Trade Center.

1.2.7 COMMERCIAL PARTNERSHIPS

Commercial Partnerships revenue in FY-2021 amounted to \$46.2 Mn, an increase of +\$6.1 Mn (+15%) from FY-2020 albeit behind 2019 (-\$34.7 Mn) (-43%) due to the continuing impact of COVID-19, particularly in New York.

Commercial partnerships activity resumed in 2021 and was strong in H2, after a beginning of the year still impacted by COVID-19. In H2-2021, a number of prime product launches were organised by prime brands such as cars, fashion, and luxury brands, including Infinity and IWC. Leading brands also organised events in URW centres such as H&M and Heineken with a beer garden in The Oculus. A Netflix Army of The Dead pop-up experience was also organised in Westfield Century City and Westfield Garden State Plaza.

⁷ Subject to signed LOI or terms agreed.

1.3 Financial Review 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:

(€Mn)	2021			2020		
	Recurring activities	Non-recurring activities*	Result	Recurring activities	Non-recurring activities*	Result
United States						
Gross rental income	340.0	-	340.0	324.0	-	324.0
Operating expenses & net service charges	(136.0)	-	(136.0)	(155.2)	-	(155.2)
Net rental income	204.0	-	204.0	168.8	-	168.8
Contribution of companies accounted for using the equity method	208.6	(599.0)	(390.3)	183.1	(1,214.6)	(1,031.5)
Gains/losses on sale of properties	-	57.2	57.2	-	(28.4)	(28.4)
Valuation movements on assets	-	(496.1)	(496.1)	-	(828.2)	(828.2)
Result Shopping Centres United States	412.6	(1,037.8)	(625.2)	351.9	(2,071.2)	(1,719.3)
Other						
Gross rental income	2.3	-	2.3	2.4	-	2.4
Operating expenses & net service charges	(0.9)	-	(0.9)	(0.8)	-	(0.8)
Net rental income	1.4	-	1.4	1.6	-	1.6
Gains/losses on sales of properties	-	-	-	-	(0.5)	(0.5)
Valuation movements	-	(2.6)	(2.6)	-	(6.8)	(6.8)
Result Shopping Centres Other	1.4	(2.6)	(1.2)	1.6	(7.3)	(5.7)
TOTAL RESULT SHOPPING CENTRES	414.0	(1,040.3)	(626.3)	353.5	(2,078.5)	(1,725.0)
United States						
Gross rental income	4.7	-	4.7	7.4	-	7.4
Operating expenses & net service charges	(2.9)	-	(2.9)	(3.1)	-	(3.1)
Net rental income	1.8	-	1.8	4.3	-	4.3
Contribution of companies accounted for using the equity method	7.2	(8.2)	(1.0)	2.4	(28.8)	(26.4)
Gains/losses on sales of properties	-	-	-	-	(1.0)	(1.0)
Valuation movements	-	(14.3)	(14.3)	-	(12.5)	(12.5)
Result Offices United States	9.0	(22.5)	(13.5)	6.7	(42.3)	(35.6)
TOTAL RESULT OFFICES	9.0	(22.5)	(13.5)	6.7	(42.3)	(35.6)
Project management income	-	-	-	(2.9)	-	(2.9)
Administrative expenses	(42.4)	-	(42.4)	(46.9)	-	(46.9)
Acquisition and related costs	-	(1.4)	(1.4)	-	(20.9)	(20.9)
Impairment of goodwill	-	-	-	-	(19.4)	(19.4)
NET OPERATING RESULT	380.6	(1,064.3)	(683.7)	310.4	(2,161.1)	(1,850.7)
Financing result	(298.0)	11.4	(286.6)	(357.5)	(249.2)	(606.7)
RESULT BEFORE TAX	82.5	(1,052.8)	(970.3)	(47.1)	(2,410.3)	(2,457.4)
Tax income (expense)	(1.8)	76.0	74.2	(0.3)	46.9	46.6
NET RESULT FOR THE PERIOD	80.7	(976.8)	(896.1)	(47.4)	(2,363.4)	(2,410.8)
External non-controlling interests	4.2	(21.5)	(17.3)	1.3	(43.0)	(41.7)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF URW N.V. SHARES	76.6	(955.3)	(878.8)	(48.7)	(2,320.4)	(2,369.1)

* 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 as well as costs directly incurred during a business combination and other non-recurring items.

FINANCIAL RESULTS

The Group reported negative net operating results of €-683.7 Mn (2020: €1,850.7 Mn) for the period ended December 31, 2021. The recurring net operating result increased to €380.6 Mn (2020: €310.4 Mn) mainly due to the relaxations of COVID-19 measures in 2021 which resulted in less expected credit losses and higher net rental income, which resulted in an increase of +€32.5 Mn in net rental income compared to 2020. The negative net operating result of the non-recurring activities for the period ending December 31, 2021, decreased from -€2,161.1 Mn to -€1,064.3 Mn. The result was mainly affected by the less negative contribution of companies accounted for using the equity method of -€607.2 Mn (2020: -€1,243.4 Mn) which is mainly due to a lower decrease of the fair value of the investment properties, and the negative valuations on investment properties as part of the non-recurring activities of -€513.0 Mn (2020: -€847.5 Mn). Furthermore URW NV realized a profit of €57.2 Mn in relation to acquisitions and disposals. Reference is made to 1.3.1.

The net result for the year 2021 is -€896.1 Mn (2020: -€2,410.8 Mn) of which -€878.8 Mn (2020: -€2,369.1 Mn) attributable to the shareholders of URW NV with a net result per share (owners of URW NV shares) for the period of -€3.79 (-€10.23).

Non-recurring financing result increased by +€260.7 Mn to €11.4 Mn (2020: -€249.2 Mn). This increase is predominantly caused by the positive fair value adjustments of the interest rate derivatives due to a higher swap curve. The fair value movement of derivatives for the period ended December 31, 2021, is €39.7 Mn (2020: -€146.2 Mn). Non-recurring financing result is further affected by a lower negative currency result, the lower currency amount is due to a repayment of an internal loan which generated a significant amount of currency effect in the prior year (2021: -€1.7 Mn; 2020: -€52.6 Mn).

The recurring net result for the period increased with +€128.1 Mn from -€47.4 Mn as at December 31, 2020, to €80.7 Mn for the period ended December 31, 2021. The increase in the net recurring result for the period ended December 31, 2021 can mainly be attributed to the increase in the net rental income €32.5 Mn (see above for further explanation of this amount), an increase in contribution of companies accounted for using the equity method of €25.5 Mn due to relaxations of COVID-19 measures in 2021 and a decrease in the financing result of €59.5 Mn due to a decrease of interest on bonds as well as a decrease of interest on bonds and EMTNs.

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. As at December 31, 2021, the URW Group had €12.1 Bn of cash on hand and undrawn credit lines.

1.3.1 INVESTMENT AND DIVESTMENT

INVESTMENTS

The Group acquired the remaining 47.4% stake in Westfield Trumbull and Westfield Palm Desert in May 2021 for a total amount of €7.3 Mn, the total consideration included cash of €4.6 Mn and forgiveness of a partner loan of €2.8 Mn. The associated entities previously in joint control are fully consolidated from this date.

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 revaluation of the previously held investment amounts to €13.2 Mn (\$16.0 Mn) and was booked in the “Valuation movement on assets” in the Consolidated 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 €183.0 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 2021, a total amount of €41.1 Mn of credit losses on financial guarantees was charged to the profit and loss statement, see further note 8.5.2 in Chapter 3.

After the transaction the company owned 100% of Westfield Trumbull and Westfield Palm Desert. These properties and their related mortgage debt were fully consolidated in URW NV accounts. On October 14, 2021, Westfield Palm Desert was transferred to the receiver, for further information please refer to “Divestments”.

In 2021, URW NV invested €150.3 Mn in capital expenditures in assets and on construction, extension and refurbishment projects, compared to €191.8 Mn in 2020.

The total capital expenditures break down as follows:

(€Mn)	2021	2020
Shopping Centres	146.9	182.8
Offices	3.3	9.0
TOTAL CAPITAL EXPENDITURE⁽¹⁾	150.3	191.8

(1) This amount includes fully consolidated entities and companies accounted for using the equity method.

DIVESTMENTS

A number of disposal processes are ongoing for US Regional assets as part of the Group deleveraging programme.

The Group also continued efforts to streamline its US portfolio. In this context, URW completed the disposal of its 50% stake in the Palisade residential building at Westfield UTC for a sale price €201.8 Mn (\$238 Mn) (at 100%), which reflected a +15% premium to the latest appraisal. URW NV's 50% of the purchase price for the disposal of Palisade at Westfield UTC amounts to €100.9 Mn on the transaction date. Palisade at Westfield UTC (“UTC Resi”) was accounted for using the equity method prior to the sale, as per December 31, 2021, URW NV has no more stake in Palisade at Westfield UTC, please refer to 7.3 in Chapter 3. The disposal of Palisade at Westfield UTC resulted in a profit of €16.8 Mn which was recorded in the “Result on disposal of investment properties and loss of control” in the Consolidated statement of comprehensive income.

With respect to several regional malls in the US, URW defaulted on the loans and asked the servicer of its loans for the appointment of a receiver. During 2021, these assets were taken over by their respective mortgage lenders, the receiver was appointed by the relevant court which transferred the management and control of each related asset and derecognized as of the date of the respective receivership.

Since the appointment dates, URW 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, Westfield Sarasota in Florida with an effective transfer on February 23, 2021, Westfield Broward in Florida, with an effective transfer on June 23, 2021 and Westfield Palm Desert in California on October 14, 2021.

The carrying value of the transferred assets Westfield Citrus Park, Westfield Countryside, Westfield Sarasota, Westfield Broward and Westfield Palm Desert was €297.6 Mn (see note 6.1.2 in Chapter 3). The carrying value of the derecognised liabilities amounted to €441.8 Mn and the working capital adjustment of €32.4 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 from all obligations under the Westfield Sarasota loan and any associated guarantees, in return for a payment of €9.2 Mn (\$10.9 Mn).

However, for Westfield Palm Desert and Westfield Broward, URW is still at risk for financial guarantees associated with the loans until final foreclosure by the bank. Reference to note 8.5.2 in Chapter 3.

The loss of control led to a profit of €44.4 Mn (\$52.5 Mn) recorded in the “Result on disposal of investment properties and loss of control” in the Consolidated statement of comprehensive income.

1.3.2 PROJECTS

As at December 31, 2021, URW NV's share of the Total Investment Cost ("TIC"⁸) of its project pipeline amounted to €130 Mn for the US, with a total of 16,654 sqm of Gross Lettable Area ("GLA") to be re-developed or added to the Group's standing assets.

PROJECTS DELIVERED IN 2021

The Group delivered two restructuring projects in the US: the Lord & Taylor box at Westfield Annapolis and the reconfiguration of the previous JC Penney box at Westfield Garden State Plaza.

Below a summary of the Group's projects in 2021.

SUMMARY OF PROJECTS AS AT DECEMBER 31, 2021

Development Projects ⁽¹⁾	Business	Country	Type	URW NV Ownership	100% GLA (sqm)	100% TIC (€Mn)	Opening Date ⁽²⁾	Project Valuation
Westfield Topanga Restructuring*	Shopping Centre	US	Extension / Renovation	55%	16,654	240	H1 2022	Fair Value
Total Pipeline					16,654			

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

(2) In the case of staged phases in a project, the date corresponds to the earliest possible opening date of the last phase.

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

DELIVERIES EXPECTED IN 2022

The following project is scheduled to be delivered in 2022:

- Westfield Topanga extension on former Sears box.

1.3.3 PROPERTY PORTFOLIO AND NET ASSET VALUE AS AT DECEMBER 31, 2021

PROPERTY PORTFOLIO

97% of the value of URW NV's portfolio was appraised by independent appraisers as at December 31, 2021.

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

US retail investment volumes saw a +95% year-on-year increase in November YTD, with total transactions reported by Real Capital Analytics of €54.4 Bn (\$64.3 Bn). For shopping centres, the increase in deal volume was +127%.

The value of URW NV's US Shopping Centre portfolio is the addition of the value of each individual asset as determined by the Group's appraisers, except as noted above. This approach does not include the "portfolio value", which reflects the additional value of having a large group of unique assets in a single portfolio.

The following table shows the breakdown for the US:

Proportionate	December 31, 2021				December 31, 2020			
	Valuation incl. transfer taxes	Valuation excluding transfer taxes	Net Initial Yield (a)	Potential Yield (b)	Valuation incl. transfer taxes	Valuation excluding transfer taxes	Net Initial Yield (a)	Potential Yield (b)
US Shopping Centre portfolio by category								
US Flagships (c)	10,054	9,953	3.7%	4.6%	9,775	9,662	3.7%	4.3%
US Regionals	1,620	1,618	6.7%	8.0%	2,139	2,137	6.1%	7.7%
US SC TOTAL	11,674	11,571	4.2%	5.1%	11,914	11,808	4.2%	4.9%

Figures may not add up due to rounding.

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

(b) Annualized 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, the trademark and the airport activities are not included in the calculation of Potential Yield.

(c) The trademark is included in the valuation of the US Flagships.

⁸ 100% TIC is expressed in value at completion. It equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. It excludes: (i) capitalized financial interest; (ii) overhead costs; (iii) early or lost Net Rental Income; and (iv) IFRS adjustments.

ADDITIONAL VALUATION PARAMETERS - IFRS 13

URW NV complies with the IFRS 13 fair value measurement and the position paper on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe. Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group's assets, URW NV believes it is appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumptions on growth rates and ECR, are used by appraisers to determine the fair value of URW's assets. In addition to the disclosures provided above, the following tables provide a number of quantitative data in order to assess the fair valuation of the Group's assets.

SHOPPING CENTRES

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

Shopping Centres - December 31, 2021		Net initial yield	Rent in € per sqm ^(a)	Discount Rate ^(b)	Exit	
					Capitalization Rate ^(c)	CAGR of NRI ^(d)
US	Max	8.1%	1,736	9.5%	8.0%	13.1%
	Min	3.1%	288	5.8%	4.3%	1.8%
	Weighted average	4.2%	617	6.7%	5.0%	6.4%

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

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

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

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

(d) Compound Annual Growth Rate (CAGR) of NRI determined by the appraiser (10 years).

The data for the US are positively impacted by the foreclosure of the 5 assets. In addition, the currency effect had a positive impact on the rent in € per sqm of +8.6% for the US.

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

Shopping Centres - December 31, 2021		Net initial yield	Rent in € per sqm ^(a)	Discount Rate ^(b)	Exit	
					Capitalization Rate ^(c)	CAGR of NRI ^(d)
US Flagships	Max	6.2%	1,736	8.0%	6.5%	13.1%
	Min	3.1%	315	5.8%	4.3%	2.3%
	Weighted average	3.7%	732	6.3%	4.7%	6.8%
US Regionals	Max	8.1%	636	9.5%	8.0%	10.3%
	Min	5.0%	288	7.0%	5.8%	1.8%
	Weighted average	6.7%	389	8.6%	6.7%	4.8%

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

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

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

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

(d) Compound Annual Growth Rate (CAGR) of NRI determined by the appraiser (10 years).

The Compound Annual Growth rate ("CAGR") of NRI in above table is based on 2021 NRI. Compared to 2020 and 2019, the CAGR of NRI are as follows:

Shopping Centres - December 31, 2021	CAGR of NRI - Starting from 2021	CAGR of NRI - Starting from 2020	CAGR of NRI - Starting from 2019
US Flagships	6.8%	4.4%	4.2%
US Regionals	4.8%	3.8%	3.6%

OFFICES PORTFOLIO & OTHERS

Offices & Others portfolio includes offices and residential buildings and the residential projects. The value for the total US Office & Others portfolio decreased by -€97 Mn to €186 Mn (December 31, 2020: €283 Mn).

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Offices & Others division's NIY decreased by -130 bps to 3.8%.

Proportionate	December 31, 2021			December 31, 2020		
	Valuation incl. transfer taxes	Valuation excluding estimated transfer taxes	Net Initial Yield	Valuation incl. transfer taxes	Valuation excluding estimated transfer taxes	Net Initial Yield
	(a)	(a)	(b)	(a)	(a)	(b)
	in € Mn	in € Mn		in € Mn	in € Mn	
US Office	66	63	3.8%	193	187	5.1%

(a) Valuation of occupied office space as at December 31, 2020, based on the appraiser's allocation of value between occupied and vacant spaces.

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

The value of URW NV's Offices & Others portfolio, after accounting for the impact of works and capitalized financial and leasing expenses, decreased by -€32 Mn (-17.6%) on a like-for-like basis, due to a yield impact of +12.6% and a rent impact of -30.2%.

1.3.4 FINANCIAL RESOURCES

In 2021, the rates and credit markets were characterised by volatility driven by macroeconomic factors, the evolution of the COVID-19 pandemic globally and Central Banks' announcements.

In the first half-year, accelerated vaccine rollout, positive signs towards global economic recovery and Central Banks' easing policy supported the credit markets despite the surge of the COVID-19 delta variant. In this context, the URW Group took advantage of the favourable market conditions to launch a €1.25 Bn dual tranche bond (long 7-year and 12-year maturities).

In the second half, volatility increased with new variants concerns and Central Banks adopting a more hawkish position in view of increasing inflation. Specifically:

- The ECB announced their plan to discontinue PEPP net purchases in March 2022;
- The Fed started its tapering in November 2021 while indicating plans for rates hike starting in 2022;
- The Bank of England increased, in mid-December 2021, its Bank Rate for the first time since the beginning of the pandemic.

Overall, in 2021, the URW Group raised €5,551 Mn of medium to long-term funds in the bond and bank markets including credit facility renewals. As at December 31, 2021, the URW Group had €12.1 Bn of cash on hand and undrawn credit lines (€12.3 Bn on a proportionate basis).

DEBT STRUCTURE AS AT DECEMBER 31, 2021

URW NV's financial debt as at December 31, 2021, amounted to €8,791.8 Mn (2020: €8,926.8 Mn). The total IFRS cash on-hand of URW NV came to €50.5 Mn as at December 31, 2021 (2020: €63.1 Mn). The solvability ratio as at December 31, 2021 is 5.6% (2020: 7.2%).

Financial debt breakdown and outstanding duration to maturity as at December 31, 2021:

Outstanding duration to maturity (€Mn)	Current			Non-current	
	Less than 1 year	1 year to 5 years	More than 5 years	December 31, 2021	December 31, 2020
Bonds and notes	11.8	881.0	2,652.6	3,545.4	3,677.2
Bank borrowings	224.4	244.3	-	478.8	446.7
Other financial liabilities	1,634.7	2,298.4	777.5	4,710.6	4,543.4
Lease liabilities	6.7	27.0	23.4	57.1	56.0
Liabilities directly associated with properties or shares classified as held for sale	-	-	-	-	203.5
TOTAL	1,897.6	3,440.8	3,453.4	8,791.8	8,926.8

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 because the Company has the discretion not to pay interest, with the exception of the amount due on this instrument, which is initially measured at fair value (€0.2 Mn at December 31, 2021), and subsequently 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 2021 under financial expenses.

Current other financial liabilities mainly consist of current account facilities with URW SE and will be extended in 2022.

1.4 DIVIDEND

Given the impact of the pandemic on the URW Group's 2021 results, the on-going uncertainty of the 2022 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 2021, the Group has no obligation to pay a dividend in 2022 for the fiscal year 2021 under the FII regime. It anticipates not to have such an obligation for the fiscal year 2022 as well.

1.5 NON-FINANCIAL INFORMATION

1.5.1 BUSINESS MODEL

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

URW NV's strategy is to vertically integrate the entire chain of value creation in real estate. The combination of its three activities of refurbishment 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.

Thanks to this portfolio of high quality assets and talents including experts in the business of investment, refurbishment, leasing, management and divestment, URW NV has been able to face the pandemic and foresees a future generating strong growth.

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

1.5.2 CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is at the very heart of the URW Group's strategy, as an accelerator of progress and innovation. The URW Group's CSR strategy, which was fully extended to the US operations in 2019, has embraced the United Nations Sustainable Development Goals, particularly SDG 11: "Sustainable Cities and Communities". This strategy confirms the Company's ambitious CSR objectives, and provides the roadmap to achieving them. The teams' daily engagement and ownership of environmental and social challenges now plays a more prominent role. Important topics such as sustainable consumption have been included in the global ambitions, in response to the constantly-changing expectations and needs expressed by the stakeholders of the URW Group's assets.

In 2021, the URW Group delivered another major set of actions and results on its industry-leading CSR commitments - the Better Places 2030 programme and sets another level of integration between its activities and their impact. URW pursues its strong emphasis on its Better Places 2030 CSR strategy with tangible implementation and projects delivered around each of its 3 pillars:

1. Better Spaces
 - The URW Group has joined the Net Zero Initiative ("NZI") to develop a framework for collective carbon neutrality, and URW's commitments for biodiversity have been recognised by the Act4nature international multi-stakeholders steering committee;
 - The URW Group pursued the roll-out of energy management tools across US assets to further optimise energy consumption and the delivery of outstanding renewable energy projects;
2. Better Communities
 - In the context of the pandemic, the URW Group pursued its massive effort to support communities by providing space for vaccination centres.
 - Beyond the pandemic, URW actively integrated responsible consumption alternatives during the year by welcoming sustainable or and inclusive brands such as Allbirds and Reformation (US)
3. Better Together
 - The URW Diversity and Inclusion (D&I) framework of Be You at URW has been further embedded with the signature of the 'Be You at URW Charter' by all MB and EC members including a commitment for 40% or more of leadership positions occupied by women by 2025 at the URW Group (34% in 2021 from 32% in 2020);
 - To drive change internally, the URW Group continued to deliver active training programmes covering topics such as climate change (including dedicated training for EC members), forced labour in the supply chain or 'unconscious bias';
 - Wellbeing webinars continued to be delivered and offered to all employees and the URW Group conducted a new Employee Pulse Survey to help shape effective plans for an even better working culture going forward.

This year again, the URW Group's ambitious CSR agenda was recognised by equity and debt investors as a value creation driver for its stakeholders. In 2021, URW inclusion in the main ESG indices was confirmed and the URW Group's CSR achievements were registered in ratings and awards, including:

- CDP: the URW Group renewed its position in the A-list of organisations committed to tackling climate change for the 4th year in a row;
- MSCI ESG: confirmed AAA rating;
- ISS ESG Corporate: retained B rating (prime status);
- Sustainalytics: URW ranked 1st in the RE industry worldwide by Sustainalytics with a "Negligible" risk rating;
- EPRA sBPR Award: For the 10th time in a row, URW received the EPRA Gold Award in 2021 for completing its 2020 reporting in accordance with the EPRA Sustainability BPR.

These recognitions are the proof that URW maintained a high engagement level and performance on CSR throughout the COVID-19 crisis. The outlines of this strategy and detailed 2021 CSR performance can be found on the URW NV website (<http://www.urw-nv.com>) in the URW Group CSR document.

1.5.3 RISK MANAGEMENT AND CONTROL SYSTEM

URW NV conducts its business in 2 countries and drives its real-estate activity with a wide variety of actors and business partners. Due to business activities and relationship with business partners, URW NV faces risks of failure in compliance with international and national anti-bribery, corruption, money laundering & fraud law. The URW Group is also listed in various markets and must meet several requirements. For more

information regarding the various compliance policies, the implemented processes, the outcome of those policies and the principal risks related to the policies and how these are managed, reference is made to chapter 4.2.2.5 category # 5: legal and regulatory risks.

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

In this respect, URW NV considers that good governance starts with good behaviour and attitude at the top and establishing awareness and compliance regarding sound operations and ethical behaviour in URW NV's business culture. To achieve this, URW NV has established its Administrative Organisation and Internal Control ("AOIC") based on the following objectives:

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

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

1.5.4 PERSONNEL-RELATED INFORMATION

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

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

1.6 RELATED PARTY TRANSACTIONS

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

1.7 POST-CLOSING EVENTS

On March 15, 2022, URW NV announced the sale of the 34-acre site of the former Promenade Mall, located in the San Fernando Valley of Los Angeles, to a group of private investors for \$150 million (at 100 % share, URW NV owns 55%) reflecting a 60 % premium to the latest appraisal.

As operating conditions are expected to continue to improve as of 2022 and beyond, and subject to no substantial deterioration of the macro-economic and geo-strategic environment, URW NV is well positioned to resume its growth trajectory.

For information purposes, at this stage, with regard to the armed conflict in Ukraine, URW NV would like to point out that it operates neither in Ukraine nor in the Russian Federation, and that the direct effects of the current international sanctions applicable against Russian entities or nationals are not considered to have a significant impact. In parallel, the Group remains attentive to the indirect effects of the conflict and sanctions, among others, on its retailers and their supply chains, on the increased inflation and consumption impact, on the financial and investment markets environment.

1.8 OUTLOOK

The positive sales performance upon reopening of the centres, the sustained leasing activity for shopping centres and the vacancy reduction, demonstrate the appeal of the Group's assets.

Thanks to the improvement in operating environment during the second half of the year and the Group's proactive leasing strategy, URW NV is well-positioned to capitalise on the continued growth in 2022.

The main drivers of this growth are:

- The impact of like-for-like operations, with in particular, reduced rent relief, improved rent collection and higher variable income streams;
- Partly offset by the impact of disposals closed in 2021/2022.

In 2022, the rental income will be influenced by the level of tenant sales, due to the proactive short-term leasing strategy the Group has adopted, and the time lag in vacancy reduction.

This outlook is premised on the Group's current expectation of no reintroduction of major COVID-19 related restrictions impacting the Group's operations during the year.



CORPORATE GOVERNANCE AND REMUNERATION

2.1 CORPORATE GOVERNANCE

2.1.1 THE MANAGEMENT BOARD

The Company adopted a dual board structure: a Management Board (“MB”) and a Supervisory Board (“SB”). Such governance structure meets the highest standards of corporate governance ensuring an efficient balance between management and supervision allowing a responsive and reactive MB in the performance of its executive duties, in accordance with the non-executive prerogatives of the SB, whose balanced and diverse composition guarantees independent oversight.

The MB is entitled to represent Unibail-Rodamco-Westfield N.V. (“URW NV”). Pursuant to the articles of association the power to represent URW NV also vests in the Chief Operating Officer US (“COO US”) and any other MB Member acting jointly.

2.1.1.1 COMPOSITION OF THE MANAGEMENT BOARD

As at December 31, 2021, the MB is composed of two members. The business address of the MB is the Company’s registered address, World Trade Center Schiphol, Tower F, 7th Floor, Schiphol Boulevard 315, 1118 BJ Schiphol, The Netherlands.

MB Members	Nationality	Age	Main function	Starting date	Expiry date of term of office
Mr Dominic Lowe	British	50	Chief Operating Officer US - MB Member	November 19, 2020	AGM 2025
Mr Gerard Sieben	Dutch	51	Chief Financial Officer - MB Member	March 8, 2018	AGM 2022

MANAGEMENT BOARD MEMBER INFORMATION AND MANDATES HELD AS AT DECEMBER 31, 2021



MR DOMINIC LOWE

MB MEMBER - CHIEF OPERATING OFFICER US

- Graduate of the University of West London (HND, Business and Economics)
- Dominic Lowe has also completed the Harvard Business School’s Executive Program and UCLA’s Anderson School of Management’s Strategic Leadership Program.
- Prior to joining the Company, Dominic Lowe served in numerous senior executive roles for BAA plc (a holding company for the world’s largest organization of airports), focusing on UK and US business development as well as pioneering the commercial transformation of the company’s flagship asset, Heathrow International Airport in London. Earlier in his career, he was Operations Service Director for World Duty Free, where he became a Founding Director of the Group’s inflight business in Europe and Africa.
- Dominic Lowe joined Westfield in November 2007 and served for more than a decade as Global Group Director of Airports. Afterwards he became Executive Vice President and Director of the Division Design, Development & Construction US.
- As of June 29, 2021, he is Chief Operating Officer US and MB member.

BORN ON:
October 30, 1971

NATIONALITY:
British

NUMBER OF STAPLED SHARES HELD:
0

OTHER CURRENT FUNCTIONS AND MANDATES OUTSIDE OF THE GROUP

- N/A

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- Executive Vice President and Director of the Division DD&C US

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES

Group Companies

- Director of Annapolis REIT 1 LLC; Annapolis TRS Inc.; Broward Mall LLC; Fashion Square Service TRS, Inc.; GSP Service TRS, Inc.; Montgomery Service, Inc.; Roseville Shoppingtown LLC; Santa Anita Borrower LLC; Santa Anita GP LLC; URW America Inc.; Valencia Town Center Venture GP, LLC; VF/UTC Service, Inc.; WCL Holdings, Inc.; Westfield America G.P. II LLC; Westfield Beneficiary 1, Inc.; Westfield Beneficiary 2, Inc.; Westfield Paramus 1, Inc.; Westfield Subsidiary REIT 1, Inc.; Westfield Subsidiary REIT 2, Inc.; Westland Properties LLC; Westland Realty Beneficiary, Inc. Member of Annapolis REIT 2 LLC Annapolis REIT 3 LLC; Culver City REIT 1 LLC; Culver City REIT 2 LLC; Culver City REIT 3 LLC; Horton Plaza REIT 1 LLC; Horton Plaza REIT 2 LLC; Horton Plaza REIT 3 LLC; Mission Valley REIT 1 LLC; Mission Valley REIT 2 LLC; Mission Valley REIT 3 LLC; North County REIT 1 LLC; North County REIT 2 LLC; north county

REIT 3 LLC; Oakridge REIT 1 LLC; Oakridge reit 2 LLC; Oakridge REIT 3 LLC; plaza Bonita REIT 1 LLC; Plaza Bonita REIT 2 LLC; Plaza Bonita REIT 3 LLC; Promenade REIT 1 LLC; Promenade REIT 2 LLC; Promenade REIT 3 LLC; Santa Anita REIT 1 LLC; Santa Anita REIT 2 LLC; Santa Anita REIT 3 LLC; Southcenter REIT 1 LLC; Southcenter REIT 2 LLC; Southcenter REIT 3 LLC; Topanga REIT 1 LLC; Topanga REIT 2 LLC; Topanga REIT 3 LLC; URW WEA LLC; west-OC 2 REIT 1, LLC; West -OC 2 REIT 2, LLC; West -OC 2 REIT 3, LLC; West valley REIT 1 LLC; West Valley REIT 2 LLC; west valley REIT 3 LLC; Westfield, llc; Westfield u.s. Holdings, llc; white City Investments (no. 1) LLC.



MR GERARD SIEBEN

MB MEMBER - CHIEF FINANCIAL OFFICER

- Bachelor in economics of the HEAO. Mr. Sieben has held various interim positions within the URW Group since 2008, lastly as Finance Director Benelux.
- He started his financial career in 1999 as a financial controller and held several finance positions in different companies, including at Procter & Gamble Professional Care NL for 4 years.
- Appointed to the MB effective March 8, 2018, and as Chief Financial Officer effective June 7, 2018, following the Westfield Transaction.

BORN ON:
May 5, 1970

NATIONALITY:
Dutch

NUMBER OF STAPLED SHARES HELD:
5

OTHER CURRENT FUNCTIONS AND MANDATES OUTSIDE OF THE GROUP

- N/A

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- Owner Sieben Consultancy

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES

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

STAPLED SHARES HELD BY THE MEMBERS OF THE MANAGEMENT BOARD

As at December 31, 2021, the members of the MB held the following number of Stapled Shares:

Name	Total numbers of Stapled Shares held
Mr Dominic Lowe Chief Operating Officer US	0
Mr Gerard Sieben Chief Financial Officer	5

2.1.1.2 MANAGEMENT BOARD FUNCTIONING

ROLE OF THE MANAGEMENT BOARD

The Management Board (“MB”) is responsible for the day-to-day management of the Company which includes, among other things, formulating strategies and policies, and setting and achieving the Company’s objectives. The Supervisory Board (“SB”) supervises and advises the MB. Each member of the MB and SB must act in the corporate interest of the Company and of the business with it and consider with due care the interest of all stakeholders including the Company’s shareholders, creditors, employees and customers.

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

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

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

Certain main statutory provisions of the Company’s articles of association (the “Articles”) and MB rules governing the organisation, decision-making and other internal matters of the MB (the “MB Rules”) are summarized in section 5.5.3 of this Annual Report.

MB ACTIVITIES

The MB met 11 times during the year ending December 31, 2021. Overall attendance by the MB Members was 100%.

The MB deliberated on the following subjects:

Principal responsibilities of the MB	Key areas addressed, managed and/or implemented in 2021
Group Strategy	<ul style="list-style-type: none"> • Refurbishment, investment, divestment and operations in 2021; • Monitoring of the disposals and synergies plan; • Main strategic opportunities and analysis of the impact of the COVID-19 pandemic (costs and revenue); • Digital and IT strategy, tools and projects; • CSR Strategy - "Better Places 2030".
Financial Policy and Financial Performance and Reporting	<ul style="list-style-type: none"> • Review and closing of the 2020 consolidated full-year results and statutory financial statements and reporting on the half-year accounts for the 2021 financial year; • Review and assessment of statutory auditor rotation; • Group 5-year business plan and budget; • Financial resources, balance sheet management and borrowing requirements (EMTN, bonds, liquidity agreements); • The Group's dividend policy (as part of the dividend policy of the URW Group) and annual allocation of results, notably regarding the COVID-19 pandemic; • Closing of the forecast management documents and preparation of the quarterly activity reports for the SB.
Internal risk management and control systems	<ul style="list-style-type: none"> • Internal audits, internal control system and compliance matters; • Risk management and risk mapping.
Governance and compliance with relevant laws and regulations	<ul style="list-style-type: none"> • Updates to the URW Group's compliance programme (including the URW Code of Ethics and Group's Anti-corruption Programme) and completing the Group Compliance and Group Anti-Corruption Programme trainings • Analysis of the impact of exceptional regulations (e.g. related to the COVID-19 pandemic); • Compliance with regulatory/legal requirements and changes, including related party transactions (e.g. the Shareholder Rights Directive II).
Human Resources	<ul style="list-style-type: none"> • Talent development and management; • Diversity and inclusion; • Recruitment of key positions.
Shareholder Outreach and Engagement	<ul style="list-style-type: none"> • Investor dialogue; • AGM materials (agenda, resolutions, etc.); • General meeting without shareholders present following the COVID-19 pandemic; • Group communication; • Annual Report 2020, and half-year accounts for the 2021 financial year.

MB EVALUATION PROCESS

An assessment of the MB is carried out annually. Over the year ending December 31, 2021, the MB conducted an annual assessment of the performance and overall functioning of the MB and its members. The self-assessment was particularly relevant as it integrated the feedback of the new MB composition. Following the self-assessment the MB is generally satisfied with the overall functioning of the MB and its respective members, including the interaction with the SB and its committees. The MB also took note of the focus on future challenges in the retail sector, notably in light of the COVID-19 pandemic. Overall, over the year ending December 31, 2021, it was concluded the MB functioned well.

2.1.2 THE SUPERVISORY BOARD

The SB is in charge of the supervision of the policy of the MB and the general course of affairs of URW NV and of the business connected with it. The SB shall provide the MB with advice. In performing their duties, the members of the SB (each an "SB Member") shall be guided by the interests of URW NV and of the business connected with it. The SB report is summarized in section 2.2. of this Annual Report.

2.1.3 ADHERENCE TO THE DUTCH CORPORATE GOVERNANCE CODE

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

URW NV acknowledges the importance of good corporate governance and agrees with the general approach and with the provisions of the DCGC. Considering inter alia the Stapled Share structure, current practices at Unibail-Rodamco-Westfield SE (URW SE), and the interests of the URW Group and its stakeholders, URW NV deviates from the following best practice provisions of the DCGC:

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

- Best Practice Provision 2.1.9: Considering inter alia the Stapled Share structure, current practices at URW SE and URW NV, and the interest of the URW Group and its stakeholders, the chair of the Supervisory Board is considered non-independent. A supervisory board member is not independent if they have been an employee or member of the management board of the company in the five years prior to appointment.
- Best Practice Provision 2.3.2: Given the interrelatedness of nomination, assessment of MB performance and remuneration, URW NV has a (combined) governance, nomination and remuneration committee rather than a separate remuneration committee and selection and appointment committee as recommended in best practice provision 2.3.2.
- Best Practice Provision 3.1.2: URW NV supports the principle that the remuneration policy should focus on long-term value creation for URW NV and its business. Rather than setting the shareholding requirement of MB Members to five years, the terms and conditions of the long term incentive plans in URW NV awarded to MB Members include a shareholding requirement for the duration of the MB Member's mandate because URW NV believes this better ensures continued alignment of interests throughout the mandate.
- Best Practice Provision 4.3.3: The Company's MB Members and SB Members are appointed by the General Meeting upon a binding nomination prepared in accordance with the Articles. The General Meeting may only overrule the binding nomination with a qualified majority that is higher than what is recommended in this best practice provision. Consistent with the governance practice at many other listed Dutch companies and because we believe that a decision to overrule a nomination must be widely supported by our shareholders, the Articles do not provide for a lower voting standard to overrule such nomination than the voting standard provided for in section 2:133(2) Dutch Civil Code ("DCC").

2.1.4 CODE OF ETHICS AND OTHER CORPORATE GOVERNANCE PRACTICES

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

The text of this Code of Ethics can be accessed here: <https://cdn.urw.com/-/media/Corporate-o-Sites/URW-NV/Files/Corporate-governance/Related-documents/20211214-Code-of-Ethics.ashx?revision=5ab9f991-1ec2-497b-800b-c96882939c97>

We actively promote and we have reasonable assurance that our Code of Ethics is effective within the Company. We have, to the best of our knowledge, no reason to believe that our Code of Ethics was not complied with during the financial year to which this report pertains, noting that anyone can declare any (potential) breach through our URW Integrity line (<https://urw.integrityline.org/>) at any time.

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

2.2 REPORT OF THE SUPERVISORY BOARD

The Supervisory Board ("SB") supervises and advises the Management Board ("MB") on an ongoing basis and carries its duties in accordance with the applicable law and regulations and the Articles. In performing its duties, the SB is guided by the interests of URW NV and of the business connected with it.

2.2.1 COMPOSITION OF THE SUPERVISORY BOARD, INDEPENDENCE AND DIVERSITY

The SB consists of 5 members as at December 31, 2021. The SB composition reinforces the Group's strategy through the members' expertise in real estate/asset management, retail, finance, legal and other areas. The range of skills and expertise is summarized in the biographies below.

Following the communications made in December 2020 the SB composition changed in 2021 with the designated appointments of Mr. Jean-Marie Tritant, Mr. Fabrice Mouchel and Mrs. Catherine Pourre. Mr. Jean-Marie Tritant, Mr. Fabrice Mouchel and Mrs. Catherine Pourre were appointed at the 2021 annual general meeting.

2.2.1.1 COMPOSITION OF THE SUPERVISORY BOARD AS DECEMBER 31, 2021

Name	Role	Age	Gender	Nationality	Independence	Starting date	Expiry date of term of office
Mr Jean-Marie Tritant	Chair	54	M	French	Non Independent	2021	AGM 2025
Mr Fabrice Mouchel	Vice-Chair	51	M	French	Independent	2021	AGM 2025
Mr Jean-Louis Laurens	Senior Independent Director	67	M	French	Independent	2018	AGM 2022
Ms Aline Taireh	Member	47	F	American	Independent	2018	AGM 2022
Ms Catherine Pourre	Member	65	F	French	Independent	2021	AGM 2025

SUPERVISORY BOARD MEMBER INFORMATION AND MANDATES HELD AS AT DECEMBER 31, 2021



MR. JEAN-MARIE TRITANT

SB MEMBER - CHAIR

Non-independent

BORN ON:
November 10, 1967

NATIONALITY:
French

**NUMBER OF STAPLED
SHARES HELD:**
40,875⁹

- Graduate of Burgundy - Business School ("BSB") (previously ESC Dijon).
- Master's Degree in commercial real estate from Paris I-Sorbonne University (a qualification recognized by the Royal Institution of Chartered Surveyors).
- Started his career at Arthur Andersen Paris.
- Joined Unibail in 1997. Appointed Managing Director of the Office Division in 2002 and Managing Director Retail France in 2007.
- Appointed to the management board of Unibail-Rodamco SE, Chief Operating Officer effective April 25, 2013, ended in June 7, 2018.
- Appointed to the MB as President US effective June 7, 2018, following the Westfield Transaction, ended on November 18, 2020.
- Appointed as Chief Executive Officer at URW SE as of January 1, 2021.

OTHER FUNCTIONS AND MANDATES OUTSIDE OF THE GROUP

- Representative of Unibail-Rodamco-Westfield SE as Member of the French Fédération des Sociétés Immobilières et Foncières (FSIF).
- Non-Executive Director of Pavillon de l'Arsenal.
- Representative of Unibail-Rodamco-Westfield
- SE on the Board of Directors of Société Paris-Île-de-France Capitale Économique.
- Representative of Unibail-Rodamco-Westfield SE on the Executive Committee of the Palladio Foundation.
- Director of the European Public Real Estate Association (EPRA).

OTHER INTRA-GROUP FUNCTIONS AND MANDATES

- Chairman of the management board and Chief Executive Officer URW SE

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- Member of the management board URW NV
- Director, Chairman and President of URW America Inc.
- Director and President of Annapolis TRS Inc., Fashion Square Service TRS, Inc., GSP Service TRS, Inc., Montgomery Service, Inc., VF/UTC Service, Inc., WCL Holdings, Inc., Westfield Beneficiary 1, Inc., Westfield Beneficiary 2, Inc., Westfield Subsidiary REIT 1, Inc., Westfield Subsidiary REIT 2, Inc., Westland Properties, Inc., Westland Realty Beneficiary, Inc.
- Director of Broward Mall LLC, Roseville Shoppingtown LLC, Santa Anita Borrower LLC, Santa Anita GP LLC, Valencia Town Center Venture GP, LLC, Westfield Paramus 1 Inc.
- Manager and President of URW WEA LLC, West-OC 2 REIT 1, LLC, West-OC 2 REIT 2, LLC, West-OC 2 REIT 3, LLC, URW Airports, LLC, Westfield, LLC, Westfield Concession Management II LLC, Westfield, Gift Card Management, LLC, Westfield Property Management LLC, Westfield U.S. Holdings, LLC, and WestNant Investment LLC.
- Manager of Annapolis REIT 1 LLC, Annapolis
- REIT 2 LLC, Annapolis REIT 3 LLC, Broward Mall LLC, Culver City REIT 1 LLC, Culver City REIT 2 LLC, Culver City REIT 3 LLC, Horton Plaza REIT 1 LLC, Horton Plaza REIT 2 LLC, Horton Plaza REIT 3 LLC, Mission Valley REIT 1 LLC, Mission Valley REIT 2 LLC, Mission Valley REIT 3 LLC, North County REIT 1 LLC, North County REIT 2 LLC, North County REIT 3 LLC, Oakridge REIT 1 LLC, Oakridge REIT 2 LLC, Oakridge REIT 3 LLC, Plaza Bonita REIT 1 LLC, Plaza Bonita REIT 2 LLC, Plaza Bonita REIT 3 LLC, Promenade REIT 1 LLC, Promenade REIT 2 LLC, Promenade REIT 3 LLC, Santa Anita REIT 1 LLC, Santa Anita REIT 2 LLC, Santa Anita REIT 3 LLC, Southcenter REIT 1 LLC, Southcenter REIT 2 LLC, Southcenter REIT 3 LLC, Stratford City Offices (No.1) LLC, Stratford City Offices (No.2) LLC, Stratford
- City Shopping Centre (No.1) LLC, Stratford
- City Shopping Centre (No.3) LLC, Topanga REIT 1 LLC, Topanga REIT 2 LLC, Topanga REIT 3 LLC, West Valley REIT 1 LLC, West Valley REIT 2 LLC, West Valley REIT 3 LLC, White City Investments (No. 1) LLC, and White City Investments (No. 2) LLC.
- Director of Descon Invest PTY Limited, Fidele PTY Limited, Nauthiz PTY LTD, Westfield America Management Limited, Westfield American Investments PTY Limited, Westfield Capital Corporation Finance PTY LTD, Westfield Capital Corporation Finance PTY LTD,

⁹ Excluding 1,052 Stapled Shares equivalent to the number of units held in the URW SE company saving plan.

PREVIOUS MANDATES DURING THE LAST FIVE YEARS (continued)

- **(continued)** Director and Chairman of Rodamco Sverige AB.
- Director and representative of Unibail-Rodamco Nederland Winkels B.V.
- Director and Chairman of Promociones Inmobiliarias Gardiner, SLU.
- Director and President of WALP Service, Inc, Westfield America, Inc., Westfield DDC Inc., Westfield Development Inc., Westfield Eco Inc., Westfield USA Centres, Inc., WHL (USA), Inc. and WHL USA Acquisitions Inc.
- Manager and President of URW Airports, LLC, Westfield Concession Management II LLC, Westfield Gift Card Management, LLC, Westfield Property Management LLC and WestNant Investment LLC.
- Director, Chairman and President of URW America Inc.
- Director and President of Annapolis TRS Inc., Fashion Square Service TRS, Inc., GSP Service TRS, Inc., Montgomery Service, Inc., VF/UTC Service, Inc., WCL Holdings, Inc., Westfield Beneficiary 1, Inc., Westfield Beneficiary 2, Inc., Westfield Subsidiary REIT 1, Inc., Westfield Subsidiary REIT 2, Inc., Westland Properties, Inc., Westland Realty Beneficiary, Inc.
- Director of Broward Mall LLC, Roseville Shoppingtown LLC, Santa Anita Borrower LLC, Santa Anita GP LLC, Valencia Town Center Venture GP, LLC, Westfield Paramus 1 Inc.
- Manager and President of URW WEA LLC, West-OC 2 REIT 1, LLC, West-OC 2 REIT 2, LLC, West-OC 2 REIT 3, LLC, URW Airports, LLC, Westfield, LLC, Westfield Concession Management II LLC, Westfield, Gift Card Management, LLC, Westfield Property Management LLC, Westfield U.S. Holdings, LLC, and WestNant Investment LLC.

Westfield Queensland PTY LTD, WFA Finance (Aust) PTY Limited and WFD Finance PTY Limited. Manager of Annapolis REIT 1 LLC, Annapolis

- SB Member of Unibail-Rodamco-Westfield Germany GmbH (formerly: mfi AG).
- REIT 2 LLC, Annapolis REIT 3 LLC, Broward Mall LLC, Culver City REIT 1 LLC, Culver City REIT 2 LLC, Culver City REIT 3 LLC, Horton Plaza REIT 1 LLC, Horton Plaza REIT 2 LLC, Horton Plaza REIT 3 LLC, Mission Valley REIT 1 LLC, Mission Valley REIT 2 LLC, Mission Valley REIT 3 LLC, North County REIT 1 LLC, North County REIT 2 LLC, North County REIT 3 LLC, Oakridge REIT 1 LLC, Oakridge REIT 2 LLC, Oakridge REIT 3 LLC, Plaza Bonita REIT 1 LLC, Plaza Bonita REIT 2 LLC, Plaza Bonita REIT 3 LLC, Promenade REIT 1 LLC, Promenade REIT 2 LLC, Promenade REIT 3 LLC, Santa Anita REIT 1 LLC, Santa Anita REIT 2 LLC, Santa Anita REIT 3 LLC, Southcenter REIT 1 LLC, Southcenter REIT 2 LLC, Southcenter REIT 3 LLC, Stratford City Offices (No.1) LLC, Stratford City Offices (No.2) LLC, Stratford
- City Shopping Centre (No.1) LLC, Stratford
- City Shopping Centre (No.3) LLC, Topanga REIT 1 LLC, Topanga REIT 2 LLC, Topanga REIT 3 LLC, West Valley REIT 1 LLC, West Valley REIT 2 LLC, West Valley REIT 3 LLC, White City Investments (No. 1) LLC, and White City Investments (No. 2) LLC.
- Director of Descon Invest PTY Limited, Fidele PTY Limited, Nauthiz PTY LTD, Westfield America Management Limited, Westfield American Investments PTY Limited, Westfield Capital Corporation Finance Pty LTD, Westfield Capital Corporation Finance PTY LTD, Westfield Queensland PTY LTD, WFA Finance (Aust) PTY Limited and WFD Finance PTY Limited.
- Director of WFD Unibail-Rodamco Real Estate B.V.

Attendance 2021:

- SB 83%;
- GNRC 100%

Mandate:

- First Mandate: June 29, 2021 (involved from January 1, 2021);
- Expiry date of term of office: AGM 2025

Further experience:

- **Active executive and senior leadership experience**
Strong leadership and management skills, having served as President US at URW NV. He has extensive operational experience after numerous senior positions, including Managing Director Retail France and Chief Operating Officer at former Unibail-Rodamco SE.
 - **International experience and regional market exposure**
Extensive international experience through various roles. He has a truly international perspective and in-depth knowledge of regional real estate and retail in the US having lived and worked in the US as former President US at URW NV.
 - **Retail and consumer product experience**
Significant expertise through various senior roles in asset management, including as Head of Asset Management and later Managing Director Retail and Offices France at former Unibail-Rodamco SE.
 - **Risk oversight and corporate Governance Experience**
Experience through various senior roles in the industry and as a management board member on a France and a Dutch listed company, including experience on risk oversight and corporate governance practices.
-



MR FABRICE MOUCHEL

SB MEMBER - VICE-CHAIR
Independent

- Graduate of HEC Business School, Master's Degree in Law and Bar diploma (CAPA: certificat d'aptitude à la profession d'avocat).
- Lawyer in the Mergers & Acquisitions Department of Gide Loyrette & Nouel (1993-1996).
- Vice-President of Mergers and Acquisitions at ING-Barings (1997-2001).
- Joined Unibail in 2001 as Head of Corporate Development.
- Became Head of Financial Resources and Investor Relations Department in 2002.
- Deputy CFO from June 2007 to April 2013.
- Appointed to the Unibail-Rodamco SE MB as Deputy CFO in March 4, 2013 (effective on April 25, 2013) and as Group Finance Director on June 7, 2018.
- Appointed as Chief Financial Officer at URW SE as of January 5, 2021.

BORN ON:
April 16, 1970

NATIONALITY:
French

**NUMBER OF STAPLED
SHARES HELD:**
25,005¹⁰

OTHER FUNCTIONS AND MANDATES OUTSIDE OF THE GROUP

- N/A

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- N/A

OTHER INTRA-GROUP FUNCTIONS AND MANDATES

Group Companies

- Director of Rodamco Nederland B.V., Rodamco Nederland Winkels B.V., U&R Management B.V., Dotterzwaan B.V., Cijferzwaan B.V., Unibail-Rodamco Poland 5 B.V., Rodamco Project I B.V., Rodamco Europe Finance B.V., Unibail-Rodamco Investments B.V., Unibail-Rodamco Investments 2 B.V., Real Estate Investments Poland Coöperatief UA, Stichting Rodamco, Traffic Uk B.V., Old Tower Real Estate B.V., Broekzele Investments B.V.
- Member of the board of Rodamco Sverige AB.
- Director of Westfield Corporation Limited, Descon Invest Pty Limited, Westfield Investments Pty Limited, Westfield American Investments Pty Limited, Westfield Capital Corporation Finance Pty Ltd, Westfield Queensland Pty. Ltd, Nauthiz Pty Ltd, WCL Finance Pty Limited, WCL Management Pty Limited, Westfield UK Investments Pty Limited, Westfield UK 1 Pty Limited, Westfield UK 2 Pty Limited, Westfield UK 3 Pty Limited, Westfield UK 4 Pty Limited, Westfield UK 5 Pty Limited, Westfield UK 6 Pty Limited, Westfield America Management Ltd, Fidele Pty Ltd, Westfield, R.S.C.F. Management Pty Ltd, Westfield Developments Pty Ltd, Cavemont Pty. Ltd.
- SB Member of Unibail-Rodamco- Westfield Germany GmbH; Director of Rodamco Deutschland GmbH, Rodamco Deutschland GmbH & Co Süd Liegenschafts KG.
- Director of Liffey River Financing Ltd.
- Director of Crossroads Property Investors s.a.

Attendance 2021:

- SB 100%;
- AC 100%;
- GNRC 100%

Mandate:

- First Mandate: June 29, 2021 (involved from February 4, 2021);
- Expiry date of term of office: AGM 2025

Further experience:

- **Relevant active executive or senior leadership experience**
Significant senior leadership experience as vice-president of mergers and acquisitions at ING-Barings and Head of Corporate Development at Unibail-Rodamco SE.
- **Financial expertise**
High level of financial and capital markets experience gained through various positions, including as vice-president of mergers and acquisitions at ING-Barings and later as Head of Financial Resources and Investor Relations department at Unibail-Rodamco SE. In-dept knowledge of the industry having served as Deputy Chief Financial Officer and Group Finance Director at Unibail-Rodamco SE.
- **Risk oversight/ compliance expertise**
Seasoned executive with 20 years of expertise through senior roles in finance at Unibail-Rodamco SE.
- **Real Estate Market Experience**
Extensive experience in the European market through 20-year career in the industry having served as Deputy Chief Financial Officer and Group Finance Director.
- **Corporate Governance**
Former member of the management board of Unibail-Rodamco SE.

¹⁰ Excluding 4,063 Stapled Shares equivalent to the number of units held in the URW SE company saving plan.



MR JEAN-LOUIS LAURENS
SENIOR INDEPENDENT DIRECTOR & AC CHAIRMAN
Independent

- Graduate of HEC Business School.
- Doctorate in Economics and a Master's in law.
- Former Executive Director of Morgan Stanley International.
- Former CEO of AXA Investment Managers France.
- Former CEO of Robeco France and former Global Head of Mainstream Investment of Robeco Group (until 2009).

BORN ON:
August 31, 1954

NATIONALITY:
French

**NUMBER OF STAPLED
SHARES HELD:**
363

OTHER FUNCTIONS AND MANDATES

Listed Company

- None

Other Company

- Chairman of Blulog, Sp.z. (Poland)
- Chairman of A4P Technologies SA (Luxembourg)
- Member of the supervisory board Andera Partners (France)
- Member of the board of directors Crédit Mutuel Investment Management (France)

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- Former supervisory board vice-chairman and audit committee chairman of URW SE (until 2018).
- Non-executive chairman of the board of directors of Unigestion Asset Management (France).

Attendance 2021:

- SB 100%;
- AC 100%

Mandate:

- First Mandate: June 7, 2018;
- Expiry date of term of office: AGM 2022

Further experience:

- **Active executive and senior leadership experience**
Extensive senior leadership experience as general partner and global head of asset management of Rothschild and Co Group, global Head of mainstream investments at Robeco Group and CEO of AXA Investment Managers.
- **Financial expertise**
Extensive financial and capital markets expertise as a former chief executive of major asset management companies and numerous senior positions in investment banks such as HSBC and Morgan Stanley.
- **Risk oversight/ compliance expertise**
Extensive expertise through various senior roles in asset management and investment banking, including CEO of Banque Internationale de Placement and CEO of Banque Robeco and gained important insights into governance, risk management and regulation.
- **International Experience**
Extensive international experience through various Global Head roles and work experience in Germany, The Netherlands and the US.
- **Corporate Governance Experience**
Former member of the Ethics and Governance Committee of MEDEF, the French employers association (10 year tenure). Co-author of the AFEP-MEDEF code of governance.



MS ALINE TAIREH

SB MEMBER
Independent

- Bachelor of Arts in Criminology and Psychology from University of California Irvine.
- Juris Doctorate Degree from Brooklyn Law School, New York.
- Associate with O’Melveny & Myers LLP, Los Angeles, CA.
- Joined Westfield as Senior Corporate Counsel in January 2007 and was appointed Associate and General Counsel in January 2008.
- Appointed Senior Vice President and Deputy General Counsel of Westfield effective June 2012
- Appointed General Counsel US since June 7, 2018.

BORN ON:
January 15, 1975

NATIONALITY:
American

NUMBER OF STAPLED SHARES HELD:
305 (through CDI’s)

OTHER INTRA-GROUP FUNCTIONS AND MANDATES

- Various other current mandates within the Group

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- None

Attendance 2021:

- SB 100%

Mandate:

- First Mandate: June 7, 2018;
- Expiry date of term of office: AGM 2022

Further experience:

- **Relevant active executive and senior leadership experience**
Extensive operational and leadership experience as General Counsel Westfield and various executive and director positions with all aspects of the US business including shopping center operations. Significant focus on sustainability, diversity, talent and change management, in both executive and non-executive positions.
- **International experience and regional market exposure**
Significant experience in international operations as well as local market exposure in the US since joining Westfield in 2007 with in-depth knowledge in the US real estate and retail market, which are increasingly important given the US portfolio of flagship destinations.
- **Real estate and real estate asset management experience**
Extensive strategy expertise in real estate development, investment, leasing, management and divestment through her role as Senior Corporate Counsel and General Counsel Westfield. US market expert through 19-year career with key leadership to drive change management to successfully adopt management practices in order to ensure organizational success.
- **Legal and Financial expertise**
In-depth knowledge of operations that are international and complex, with financing transactions, group debt and refinancing in different countries and currencies.
- **Risk oversight and compliance**
19 years’ experience in the US real estate and retail market has brought deep knowledge of the US market, including real estate property acquisitions, secured and unsecured financing transactions, joint ventures, litigation and all other legal and process matters.



MS CATHERINE POURRE

SB MEMBER & AC MEMBER & GNRC CHAIR
Independent

- Graduate of ESSEC Business School
- Law degree from Université Catholique de Paris
- Graduate French Expertise Comptable (French CPA)
- Former Audit & Consulting Partner at PricewaterhouseCoopers (1989 - 1999).
- Former Consulting Partner at Ernst & Young and former Executive Director and Member of the Executive Committee at Cap Gemini Ernst & Young (1999 - 2002).
- Former Deputy Managing Director and member of the Executive Committee of Unibail (2002 to 2007).
- Former Management Board member and Chief Resources Officer at Unibail-Rodamco SE (2007 to 2013).
- Designated as independent SB Member at URW N.V. in February 2021.

BORN ON:
February 2, 1957

NATIONALITY:
French

**NUMBER OF STAPLED
SHARES HELD:**
112,970

OTHER FUNCTIONS AND MANDATES

Listed Company

- Member of the supervisory board Crédit Agricole SA (France), Chair of the Audit Committee, Member of the Risk Committee, Member of the Strategy & Sustainability Committee
- Member of the supervisory board SEB SA (France), Chair of the Audit & Compliance Committee
- Member of the supervisory board Bénéteau (France), Chair of the Audit Committee, Member of the Remuneration Committee

Other Company

- Member of the supervisory board Crédit Agricole Corporate and Investment Bank (France), Chair of the audit committee, member of the risk committee
- Member of the management board CPO Services (Luxembourg)

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- Member of the supervisory board Neopost SA (France) (until 2019)

Attendance 2021:

- SB 100%;
- AC 100%;
- GNRC 100%

Mandate:

- First Mandate: June 29, 2021 (involved from February 4, 2021);
- Expiry date of term of office: AGM 2025

Further experience:

- **Active executive and senior leadership experience**
Extensive senior leadership experience as Management Board member of Unibail-Rodamco Group and global Head of Consulting for High Growth companies at Pricewaterhouse and then Cap Gemini Consulting.
- **Financial expertise & real estate experience**
Extensive financial expertise as a French CPA and a former Chief Financial Officer at Unibail as well as Chair or Member of numerous Audit Committees of Boards of listed companies including a systemic financial institution.
Extensive experience in real estate development, investment, leasing, management and divestment as a former Management Board member of Unibail-Rodamco Group.
- **Risk Oversight and Compliance expertise**
Extensive Risk, internal Control and compliance expertise as a consulting partner at PricewaterhouseCoopers and Cap Gemini Consulting, as well as former Chief Resources Offices at Unibail-Rodamco and as a member of Audit, Risks and Compliance Committees in various Boards of listed companies including a systemic Financial institution.
- **International Experience**
Extensive international experience through various senior roles and work experience in the US, the Netherlands, Germany, Luxembourg and France.
- **Corporate Governance Experience**
Extensive corporate Governance experience through various senior roles as Management Board member and Supervisory Board member in major listed Companies.

INDEPENDENCE

Considering inter alia the Stapled Share structure, current practices at URW SE and URW NV, and the interest of the URW Group and its stakeholders, the Chair of the Supervisory Board is considered non-independent. Even though the composition of the SB partly relates to the fact that URW SE and URW NV together form the URW Group, after careful review it can be confirmed that as at December 31, 2021, the majority of the SB members can be considered independent within the meaning of principle 2.1.8 of the DCGC.

DIVERSITY

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

URW NV seeks to combine the skills and experience of long-standing members of the MB and/or the SB with the fresh perspectives, insights, skills and experiences of new members. URW NV strives for gender diversity and a mix of ages in the composition of those bodies. In addition to age and gender, the Company recognizes and welcomes the value of diversity with respect to race, ethnicity, nationality, sexual orientation and other important cultural differences. URW NV is committed to seeking broad diversity in the composition of the MB and the SB and will consider these attributes when evaluating new candidates in the best interests of the Company and its stakeholders. In terms of experience and expertise, URW NV intends for the MB and the SB to be composed of individuals who are knowledgeable in one or more specific areas of strategic importance to the Company.

New Dutch legislation is aimed at improving gender diversity in listed companies, among others by imposing a quota of at least one-third for both women and men on the SB. We recognize the importance of diversity and inclusion, a diverse and inclusive workforce provides the necessary mix of voices and points of view required to continue to innovate and drive our Company's business forward. URW NV believes that it is valuable that, and strives to achieve a situation in which the experience and expertise as well as diversity and inclusion are embedded at all levels of the Company. In 2022 the Company will set diversity targets for the SB and MB and senior management positions.

The composition of the SB over the year 2021 is such, that URW NV's diversity objectives have been achieved, including meeting at least thirty percent female SB Members. The selection of SB members are based on the required profile and their backgrounds, experiences, qualifications, knowledge, abilities and viewpoints without positive or negative bias on gender.

In view of the limited size of the MB, with two members, the composition of the MB currently diverges from a gender target as no seats are taken by women on the MB which, as a result, would not qualify as balanced. It is believed that due to the current size and scale this is justified as it is ensured the best candidates were nominated for the roles. More than for re-appointments, whereby experience and good performance are weighing heavily on the decision, new appointments will offer opportunity to re-balance the composition in view of fair and equal gender representation when needed. Targets set for (gender) diversity will be taken into consideration when there are vacancies in the Supervisory Board, Management Board and senior management positions.

More information about our diverse workforce and inclusive way of working is available in the URW CSR Report.

2.2.2 SB MEETINGS AND ACTIVITIES

The SB held 6 meetings in 2021 (including ad hoc meetings). Overall average member attendance at its meetings was 96%. In addition to the matters within its statutory scope, the SB discussed all major actions carried out in 2021, both internally (e.g. organizational matters, risk management, compliance and Anti-Corruption Program, 2021 half year results, internal audits) and externally (Group strategy, refurbishment projects, operations, financial position, Dutch Corporate Governance Code requirements) with specific attention to the evolution of the COVID-19 pandemic and deleveraging strategies, including disposals and ways to ensure access to capital markets. The Company's statutory auditor attended 2 meetings.

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

The SB annual Strategy Retreat in 2021 is postponed due to the COVID-19 pandemic. In July 2021 a joint URW Group SB training session was held.

Principal responsibilities of the SB	Key areas discussed, reviewed and/or approved in 2021
Group Strategy	<ul style="list-style-type: none">• Strategic initiatives relating to the balance sheet, including deleveraging, access to capital and equity raise that was proposed to shareholders;• Refurbishment, investment, divestment and operations;• Regular updates: on share price evolution and business activities, including the evolution of the COVID-19 pandemic and related restrictions (operations, finance, human resources, legal, CSR, development, IT and data strategy, compliance/risk management, etc.);• CSR Strategy - "Better Places 2030";
Group Financial Policy and Financial Performance and Reporting	<ul style="list-style-type: none">• Review and discussion of the disposal programme;• 2021 Budget and 5-year Business Plan, financial resources and borrowing requirements;• Follow-up on NAV and EPRA performance measures;• Financial commitments and guarantees;• Provisions for risk and litigation;

	<ul style="list-style-type: none"> • The Group's dividend policy (as part of the dividend policy of the URW Group) and annual allocation of results, and impact of the COVID-19 pandemic; • Approval of 2020 consolidated full-year results and statutory financial statements and half-year accounts for the 2021 financial year; • Relationship with URW NV's statutory auditor including auditor's reporting for the coming year; • Review and assessment of statutory auditor rotation; • Non-audit services provided by URW NV's statutory auditor; • Refurbishment pipeline in the context of overall balance sheet planning and rating agencies; • Liquidity forecasts and Loan-to-Value (LTV) ratio; • COVID-19 impact on NAV, goodwill and tenant negotiations and collection; • Regular tax updates.
Internal Audit, Risk Management and Control Systems	<ul style="list-style-type: none"> • Monitoring risk management, internal audit, compliance, and insurance programmes; • 2021 internal audit plan; • Internal audits, internal control system and compliance matters; • In-depth review of the Group's risk management and risk mapping; • Focused review of selected risk management topics (2021 focus included: retail market evolution; climate change and social risks; M&A and in/divestment; leasing & commercial partnerships; recruitment, retention & succession; terrorism & major security events).
Governance and Compliance with Relevant Laws and Regulations	<ul style="list-style-type: none"> • Updates to the URW Group's compliance programme (including the URW Code of Ethics and URW Group's Anti-corruption Programme) and completing the Group Compliance and Group Anti-Corruption Programme training; • Compliance with the Dutch Corporate Governance Code; • Review of the independence of SB Members; • Regular updates on regulatory/legal changes, including proposed Dutch legislation on gender diversity; • Review and confirming absence of (material) related party agreements.
Succession Planning	<ul style="list-style-type: none"> • Annual review of the SB and committee profile and composition and rotation; • Succession planning and overall composition of the SB and MB; • SB Member selection/recruitment process.
Group Remuneration Policy and Performance Assessments	<ul style="list-style-type: none"> • 2021 MB Member remuneration (including FI, level of attainment of annual STI and LTI targets); • Annual evaluation of the functioning and efficiency of the MB; • Annual evaluation of the functioning and efficiency of the SB (self-assessment process).
Human Resources	<ul style="list-style-type: none"> • Talent management, including recruitment and mobility; • Diversity and inclusion.
Shareholder Outreach and Engagement	<ul style="list-style-type: none"> • Shareholder and proxy advisor engagement and feedback (including 2021 AGM voting items and the proposed capital raise) and corporate governance roadshow and communications; • Updates on shareholder composition; • AGM materials (agenda, resolutions, etc.); • Annual Report 2020.

2.2.3 SB BOARD COMMITTEES

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

2.2.3.1 AUDIT COMMITTEE (AC)

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

The roles and responsibilities of the AC as well as the composition and the manner in which it discharges its duties are set out in a committee charter (each a "Committee Charter") and, in part, in the SB rules governing the organisation, decision-making and other internal matters of the SB (the "SB Rules"). Pursuant to a resolution to that effect, the SB may, with the approval of the URW SE Supervisory Directors, amend or supplement the Committee Charter and allow temporary deviations.

AUDIT COMMITTEE COMPOSITION

As at December 31, 2021, the AC consists of three members:

- Mr Jean-Louis Laurens (Chair);
- Mrs Catherine Pourre; and
- Mr Fabrice Mouchel.

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

AUDIT COMMITTEE MEETINGS AND ACTIVITIES

The AC shall meet at least quarterly and otherwise as often as any of the SB Members deems necessary or appropriate. At least once a year, the AC meets with the Company's statutory auditor without any of the MB Members being present. During the financial year 2021, the AC met 6 times in order to carry out its responsibilities. Overall attendance was 100%. The Company's statutory auditor attended 4 meetings.

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

Principal responsibilities of the AC	Key areas discussed, reviewed and/or recommended for approval to the SB in 2021
Group Financial Policy	<ul style="list-style-type: none">• Strategic initiatives to the balance sheet, including deleveraging, access to capital;• Extensive review and follow-up of financial, borrowing, accounting and tax aspects;• 2021 Group Budget;• Follow-up on NAV and EPRA performance measures;• The Group's dividend policy (as part of the dividend policy of the URW Group) and annual allocation of results, and impact of the COVID-19 pandemic;• Relationship with the Statutory Auditor including auditor's reporting for the coming year;• Review and assessment of external auditor rotation;• Non-audit services provided by URW NV's statutory auditor.
Financial Performance and Reporting	<ul style="list-style-type: none">• COVID-19 impact on NRI, NAV, goodwill and tenant negotiations and rent collection;• Review and discussion of the disposal programme;• 2020 consolidated full-year results and statutory financial statement and half-year accounts for the 2021 financial year;• Financial commitments and guarantees;• Provisions for risk and litigation;• Regular tax updates;• Regular updates on regulatory/legal changes including legal audit reform;• Refurbishment pipeline in the context of overall balance sheet planning and rating agencies;• Liquidity forecasts and Loan-to-Value (LTV) ratio.
Internal Audit, Risk Management and Control Systems	<ul style="list-style-type: none">• Monitoring risk management, internal audit, compliance, and insurance programmes;• Updates on digital and IT strategy, tools and projects;• 2021 internal audit plan;• Internal audits, internal control system and compliance matters;• In-depth review of risk management and risk mapping;• Focused review of selected risk management topics (2021 focus included: retail market evolution; climate change and social risks; M&A and in/divestment; leasing & commercial partnerships; recruitment, retention & succession; terrorism & major security events).
AC Governance	<ul style="list-style-type: none">• Annual evaluation of the functioning and efficiency of the AC (self-assessment process).

2.2.3.2 THE GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE (GNRC)

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

The GNRC further assists and advises the SB on its duties regarding the remuneration of the MB Members and the SB Members. The duties of the GNRC include preparing proposals for the SB concerning the remuneration policy for the MB Members, the remuneration of the individual MB Members within the framework of the remuneration policy as adopted by the General Meeting, and the remuneration of individual SB Members subject to approval by the General Meeting.

In addition, the GNRC periodically reviews and assesses the adequacy of the corporate governance practices, policies and rules of URW NV and its subsidiaries and makes recommendations to the SB on all matters of corporate governance (including on any remedial actions to be taken). The roles and responsibilities of the GNRC as well as the composition and the manner in which it discharges its duties are set out in a committee charter (each a “Committee Charter”) and, in part, in the SB Rules. Pursuant to a resolution to that effect, the SB may, with the approval of the URW SE Supervisory Directors, amend or supplement the Committee Charter and allow temporary deviations.

GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE COMPOSITION

As at December 31, 2021, the GNRC consists of three members, including two URW SE Supervisory Directors:

- Mrs Catherine Pourre (Chair);
- Mr Jean-Marie Tritant; and
- Mr Fabrice Mouchel.

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

GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE MEETINGS AND ACTIVITIES

The GNRC held 4 meetings in 2021 (including ad hoc meetings). Overall attendance was 100%. The implementation of the updated remuneration policy in line with the Shareholders Rights Directive-II, stock options and performance share plans were finalized in the first half year of 2021. The GNRC furthermore reviewed and advised the SB on Management Board (MB) and Supervisory Board (SB) profiles and composition.

Principal responsibilities of the GNRC	Key areas discussed, reviewed and/or recommended for approval to the SB in 2021
Company Remuneration Policy and performance assessments	<ul style="list-style-type: none"> • 2021 MB Member remuneration (including FI, level of attainment of annual STI and LTI targets); • 2021 LTI envelope.
Shareholder outreach and engagement	<ul style="list-style-type: none"> • Shareholder engagement and feedback (including as relates to governance and remuneration); • AGM materials (remuneration policy update).
GNRC Governance	<ul style="list-style-type: none"> • Evaluation of the functioning and efficiency of the MB; • Review of the SB and committee profile and composition and rotation; • Succession planning and overall composition of the SB and MB.
Governance and compliance with relevant laws and regulations	<ul style="list-style-type: none"> • Regular updates on regulatory/legal changes, including implementation of the revised Shareholder Rights Directive and proposed Dutch legislation on gender diversity.

2.2.3.3 INVESTMENT COMMITTEE (IC)

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

INVESTMENT COMMITTEE COMPOSITION

As at December 31, 2021, the IC consists of three members, including two URW SE Supervisory Directors:

- Mr Jean-Marie Tritant (Chair);
- Mr Fabrice Mouchel; and
- Ms Aline Taireh.

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

INVESTMENT COMMITTEE MEETINGS AND ACTIVITIES

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

2.2.4 EVALUATION OF THE SUPERVISORY BOARD

SUPERVISORY BOARD EVALUATION PROCESS

An assessment of the SB is carried out annually. Over the year ending December 31, 2021 an annual assessment of the performance and overall functioning of the SB and its committees, and of the MB and its members was held. The self-assessment was particularly relevant as it integrated the feedback of the new SB composition. Following the assessment over the year ending December 31, 2021, the SB is generally satisfied with the overall functioning of the SB and its respective members, including the interaction with its committees and with the MB. The SB also took note of Dutch specific regulatory and accounting matters that were addressed as a key item for the review performed on consolidated level. Overall, over the year ending December 31, 2021 it was concluded the SB functioned well.

2.2.5 CONFLICTS OF INTEREST

NO CLOSE FAMILY RELATIONSHIPS

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

MANAGEMENT OF CONFLICTS OF INTEREST

To the knowledge of the Company, there are no conflicts of interest or potential conflicts of interest between the Company and the SB Members and/or MB Members with respect to their personal interests or their other obligations. During the financial year 2021, there were no transactions in respect of which there was a conflict of interests with any MB Member or SB Member that is of material significance to URW NV and/or to such MB Member or SB Member. Where applicable, best practice provision 2.7.5 of the DCGC concerning related party transactions with significant shareholders has been observed.

In order to ensure that each SB Member and MB Member acts with loyalty, independence and professionalism, each SB Member and MB Member must immediately report any actual or potential conflicts of interest with the Company in a transaction that is of material interest to URW NV and/or to such MB Member or SB Member to the Chairman of the SB and the other MB Members (in the case of an MB Member) or to the other SB Members (in the case of an SB Member), respectively, providing all relevant information relating to such transaction. An SB Member or MB Member with a conflict of interest must not participate in the deliberations and the decision-making of the SB or the MB, respectively, on a matter in relation to which he/she has a conflict of interest.

Additionally, the MB Members must seek SB approval before accepting a position as managing, executive, supervisory or non-executive director (other than at a group company of URW NV). SB Members must notify the SB in advance of any other managing, executive, supervisory or non-executive position he/she wishes to pursue, and such other positions are discussed at an SB meeting at least annually.

The SB Members and the MB Members are also subject to the rules established in the URW Group's Code of Ethics and Anti-Corruption Programme applicable to all URW Group directors, managers and employees.

In July 2021 a URW Group SB training session was held, including on the URW's Code of Ethics and Anti-Corruption Programme.

RELATED PARTY TRANSACTIONS

Pursuant to sections 2:167 through 2:170 DCC, URW NV has adopted a related party transactions policy outlining the procedures to identify, monitor, approve and disclose material transactions with related parties. The URW NV related party transactions policy applies from January 1, 2020.

NO CONVICTIONS OR OFFENCES

As at December 31, 2021, to the best of the Company's knowledge and based on their individual declaration, none of the SB Members or MB Members has, over the past five years:

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

2.3 REMUNERATION REPORT

2.3.1 INTRODUCTION

In accordance with the Articles and Dutch law, URW NV's Annual General Meeting ("AGM") determines URW NV's remuneration policies for the MB Members and the SB Members (the "MB Remuneration Policy" and the "SB Remuneration Policy", respectively). URW NV's current MB Remuneration Policy and SB Remuneration Policy (each effective as of January 1, 2021) were adopted by the AGM on June 29, 2021 with 96.61% and 99.77%, respectively, of votes in favour¹¹.

The MB Remuneration Policy is designed to:

- attract and retain MB Members with the leadership qualities, skills and experience needed to support and promote the growth and sustainable success of URW NV and its business as well as the URW Group as a whole;
- motivate MB Members to achieve, and reward the achievement of, short and long-term performance targets (including with respect to CSR) with the objective of increasing URW NV's equity value and contributing to URW NV's strategy for long-term value creation; and
- align the interests of the MB Members to those of URW NV and the URW Group as a whole, and their respective businesses and stakeholders.

The SB Remuneration Policy is intended to attract, motivate and retain high calibre individuals with an appropriate degree of expertise and experience, which contributes to the strategy, long-term interests, sustainability, identity, mission and values of the Company and its business, considering the interests of the URW Group.

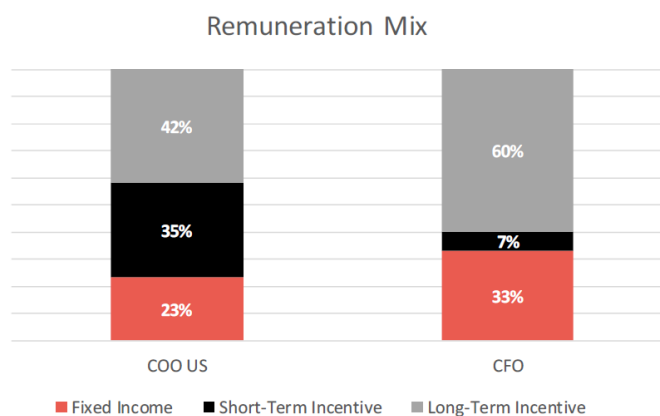
URW NV believes that this approach and philosophy benefits the realisation of URW NV's long-term objectives while managing URW NV's risk profile.

The remuneration paid to the MB Members and SB Members in the 2021 financial year is consistent with the MB Remuneration Policy and the SB Remuneration Policy, respectively. Therefore, the remuneration paid to our MB Members and SB Members in the 2021 financial year is consistent with the intentions and design of our remuneration policy and thus contributes to the long-term performance of URW NV and the URW Group of which it forms a part. Relevant scenario analyses have been considered in advance in determining the level and structure of the remuneration of the MB Members in the 2021 financial year.

This remuneration report, which describes the remuneration of the MB Members and the SB Members for the financial year 2021, is subject to an advisory vote at URW NV's AGM in 2022. At the AGM held on June 29, 2021, 95.87% of votes were cast in favour of URW NV's remuneration report 2020. In light of this strong level of support and considering that no questions were raised at that General Meeting regarding remuneration, no specifics needed to be addressed in this remuneration report.

The remuneration of the MB Members comprises a Fixed Income ("FI"), a Short-Term Incentive ("STI") and a Long-Term Incentive ("LTI") and may furthermore include pension arrangements, severance pay and other benefits, as described below. The remuneration package of a MB Member shall not include any welcome bonus, contractual non-compete indemnity, additional defined benefits pension scheme or intra-Group board fees.

To support the Remuneration Policy's objectives, the mix of remuneration includes pay-for-performance (STI and LTI). The chart below illustrates the mix of Fixed Income vs pay-for-performance, assuming maximum STI pay-out and the theoretical maximum LTI grant size (IFRS) according to the Management Board Remuneration Policy applicable in 2021.



2.3.2 REMUNERATION RATIO AND PERFORMANCE EVOLUTION

The Dutch Corporate Governance Code ("DCGC") recommends the provision of a ratio comparing the remuneration of the MB Members and that of a "representative reference group" determined by URW NV. We have chosen to compare as per December 31, 2021, the full year average cash remuneration of the MB Members (i.e. excluding the value of equity incentive awards and other non-cash remuneration components) to

¹¹ The MB Remuneration Policy and the SB Remuneration Policy are available on our website: <https://www.urw-nv.com/en/corporate-governance/related-documents>

anequivalent of an average full-time employee¹² of URW NV (including its subsidiaries). We have used the aggregate cash remuneration¹³ from January 1, 2021 to December 31, 2021 as a reference amount¹⁴.

In setting the executive remuneration quantum, the SB and the GNRC use internal and external remuneration benchmarks but also take into account the remuneration ratio. The remuneration ratio presented below helps ensuring that executive remuneration remains reasonable compared to the company average and varies with company performance.

The table below sets out the history of this ratio since the financial year 2018, when URW NV was incorporated.

		2021	2020	2019	2018 ¹⁵
Total remuneration paid or granted (including LTI) ¹⁶	Jean-Marie Tritant, President US	n/a ¹⁷	€2,238,368	€2,742,740	€1,265,600
	Dominic Lowe, COO US	€1,696,928	€647,518	n/a	n/a
	Gerard Sieben, CFO	€345,783	€307,953	€292,083	€127,667
Pay ratio (excluding LTI)	Average cash MB remuneration	€714,494	€645,310 ¹⁸	€947,957	€603,841
	Company average cash remuneration	€138,933	€135,710	€138,441	€75,516
	Multiple of the company average cash remuneration	5.1	4.8	6.9	8.0
Company performance	Net Operating Result (recurring) in Mn€	€380.6	€310.4	€525.0	€259.4

2.3.3 REMUNERATION OF THE MB MEMBERS FOR 2021 FINANCIAL YEAR

The MB Remuneration Policy that was approved by the AGM on June 29, 2021 was implemented in 2021 with no deviation.

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

2.3.3.1 ELEMENTS OF REMUNERATION DUE OR GRANTED FOR THE 2021 FINANCIAL YEAR TO MR DOMINIC LOWE, COO US

Elements of Remuneration	Amounts	Comments																																																																																																																																																
Annual Fixed Income - FI <i>(Paid in respect of the 2021 year)</i>	€633,714	Mr Lowe's FI amounts to \$750,000 (i.e. €633,714) per year.																																																																																																																																																
Short-Term Incentive - STI <i>(To be paid in 2022 in respect of the 2021 year)</i>	€593,589	<p>The maximum STI opportunity for 2021 was set at 125% of FI.</p> <table border="1"> <thead> <tr> <th>Performance measure</th> <th>Weight</th> <th>Unit</th> <th>Threshold (50% of max)</th> <th>Target (80% of max)</th> <th>Stretch (100% of max)</th> <th>Achieved</th> <th>Score (% of max)</th> <th>Payout</th> </tr> </thead> <tbody> <tr> <td>Net Operating Result US</td> <td>20%</td> <td>€Mn</td> <td>330.98</td> <td>378.26</td> <td>397.17</td> <td>373.3</td> <td>74.8%</td> <td>€115,502</td> </tr> <tr> <td>Capex control</td> <td>5%</td> <td>€Mn</td> <td>225.02</td> <td>-180.01</td> <td>-162.01</td> <td>-115.4</td> <td>100.0%</td> <td>€39,607</td> </tr> <tr> <td>Investments/Disposals</td> <td>5%</td> <td></td> <td></td> <td>Undisclosed*</td> <td></td> <td></td> <td>70.0%</td> <td>€27,725</td> </tr> <tr> <td>Rent collection</td> <td>5%</td> <td>%</td> <td>85.0</td> <td>90.0</td> <td>95.0</td> <td>89.0</td> <td>70.0%</td> <td>€27,725</td> </tr> <tr> <td>Bad debt recovery</td> <td>3%</td> <td>%</td> <td>-6.7</td> <td>-3.0</td> <td>-1.5</td> <td>-4.6</td> <td>58.8%</td> <td>€13,981</td> </tr> <tr> <td>Leasing renewals</td> <td>5%</td> <td>€Mn</td> <td>75.15</td> <td>91.09</td> <td>97.46</td> <td>106.8</td> <td>70.0%</td> <td>€27,725</td> </tr> <tr> <td>Effective rent</td> <td>5%</td> <td></td> <td></td> <td>Undisclosed*</td> <td></td> <td></td> <td>50.0%</td> <td>€19,804</td> </tr> <tr> <td>Spot vacancy evolution</td> <td>5%</td> <td>%</td> <td>13.1</td> <td>11.0</td> <td>10.2</td> <td>11.0</td> <td>79.4%</td> <td>€31,459</td> </tr> <tr> <td>New revenues growth</td> <td>5%</td> <td></td> <td></td> <td>Undisclosed*</td> <td></td> <td></td> <td>50.8%</td> <td>€20,110</td> </tr> <tr> <td>Third party / JV fees</td> <td>2%</td> <td>€Mn</td> <td>3.25</td> <td>4.33</td> <td>4.76</td> <td>13.1</td> <td>70.0%</td> <td>€11,090</td> </tr> <tr> <td>Gross admin expenses</td> <td>10%</td> <td></td> <td></td> <td>Undisclosed*</td> <td></td> <td></td> <td>100.0%</td> <td>€79,214</td> </tr> <tr> <td>GHG equivalent emissions</td> <td>5%</td> <td>tCO₂</td> <td>84,368</td> <td>71,959</td> <td>59,550</td> <td>44,902</td> <td>80.0%</td> <td>€31,686</td> </tr> <tr> <td>Gender Parity Improvement</td> <td>5%</td> <td>%</td> <td>40</td> <td>54.3</td> <td>60</td> <td>56</td> <td>86.0%</td> <td>€34,062</td> </tr> <tr> <td>Qualitative performance</td> <td>20%</td> <td></td> <td></td> <td>See details below</td> <td></td> <td></td> <td>70.0%</td> <td>€110,900</td> </tr> <tr> <td>TOTAL</td> <td>100%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>74.9%</td> <td>€593,589</td> </tr> </tbody> </table> <p>* these objectives are commercially sensitive and therefore not disclosed.</p> <p>The scores for Leasing Renewals, Third Party / JV fees and GHG equivalent emissions were subject to a GNRC and SB assessment below what the direct calculations would have provided. These assessments took into account the overall context and sustainability of the performance delivered.</p>	Performance measure	Weight	Unit	Threshold (50% of max)	Target (80% of max)	Stretch (100% of max)	Achieved	Score (% of max)	Payout	Net Operating Result US	20%	€Mn	330.98	378.26	397.17	373.3	74.8%	€115,502	Capex control	5%	€Mn	225.02	-180.01	-162.01	-115.4	100.0%	€39,607	Investments/Disposals	5%			Undisclosed*			70.0%	€27,725	Rent collection	5%	%	85.0	90.0	95.0	89.0	70.0%	€27,725	Bad debt recovery	3%	%	-6.7	-3.0	-1.5	-4.6	58.8%	€13,981	Leasing renewals	5%	€Mn	75.15	91.09	97.46	106.8	70.0%	€27,725	Effective rent	5%			Undisclosed*			50.0%	€19,804	Spot vacancy evolution	5%	%	13.1	11.0	10.2	11.0	79.4%	€31,459	New revenues growth	5%			Undisclosed*			50.8%	€20,110	Third party / JV fees	2%	€Mn	3.25	4.33	4.76	13.1	70.0%	€11,090	Gross admin expenses	10%			Undisclosed*			100.0%	€79,214	GHG equivalent emissions	5%	tCO ₂	84,368	71,959	59,550	44,902	80.0%	€31,686	Gender Parity Improvement	5%	%	40	54.3	60	56	86.0%	€34,062	Qualitative performance	20%			See details below			70.0%	€110,900	TOTAL	100%						74.9%	€593,589
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¹² Average full-time employee includes full-time employees and full-time equivalent of part-time employees. Both fixed term and permanent employees are included. It however excludes MB Members and interns.

¹³ The cash remuneration includes base salary and annual (cash) bonus.

¹⁴ The remuneration of employees who worked at URW NV and its affiliates for less than a year as of December 31, 2021 is annualised. The exchange rate used for compensation paid in USD is the average rate over the period as published by the European Central Bank.

¹⁵ For the period from incorporation to December 31, 2018.

¹⁶ The total remuneration paid or granted includes the FI, the STI due for the year (and paid during the following year), the LTI granted during the year and any other additional benefits received during the year.

¹⁷ There is no longer any President US role in 2021.

¹⁸ As Mr. Lowe replaced Mr. Tritant as MB Member, they count for one unique person for the calculation of the average remuneration of the MB Members.

Elements of Remuneration	Amounts	Comments																								
		<p>The gross STI was determined by the SB on March 23, 2022, upon the recommendation of the GNRC, and is before income tax and social security charges. The equivalent amount in USD is 702,513.</p> <p>Among significant individual objectives achieved by Mr Lowe in 2021:</p> <ul style="list-style-type: none"> • Successful start as COO taking over the leadership of the US business in a complex context. Maintained the team engaged and capitalized on the fast rebound of the US economy. • Solid business performance, driven a by a strong recovery of sales, which led to increased sales-based rent levels and an acceleration of the leasing pace. Good progress with mixed-use development opportunities. • Significant contribution to the US deleveraging effort, in particular, the assessment of options to reduce URW's financial exposure. • Delivered an organizational transformation program to evolve the way the team works in the US, providing improved organizational clarity, team engagement, and admin cost savings. <p>The STI paid in 2021 in respect of 2020 is was €35,723 (32.75% of maximum opportunity) for the period between appointment date (i.e. November 19, 2020) to December 31, 2020.</p>																								
Long-Term Incentive - LTI Performance Shares (PS) and Performance Stock Options (SO) <i>(Granted during the 2021 year)</i> <i>(Economic value at the grant date according to IFRS 2 requirements, based on the evaluation conducted by Willis Towers Watson)</i>	€433,212	<p>The maximum LTI opportunity is 180% of FI</p> <p>On May 18, 2021, the SB, upon the recommendation of the GNRC, granted a combination of PS and SO to Mr Lowe, with the following characteristics:</p> <table border="1"> <thead> <tr> <th>Presence condition</th> <th>Performance period</th> <th>Performance condition</th> <th>Strike price</th> <th>Number of units</th> <th>Economic value (IFRS)</th> </tr> </thead> <tbody> <tr> <td>2 years of continuous presence before the date of vesting or exercise</td> <td>3 years</td> <td>50% external (45% TSR, 5% CSR)</td> <td>n/a</td> <td>10,289</td> <td>€349,049 \$423,012</td> </tr> <tr> <td></td> <td>3 years</td> <td>50% Internal (45% AREPS, 5% CSR)</td> <td>€69.41 (no discount)</td> <td>26,304</td> <td>€84,163 \$101,988</td> </tr> <tr> <td colspan="5"></td> <td>€433,212 (i.e. \$525,000 so 70% of FI)</td> </tr> </tbody> </table> <p>TSR is the total return obtained through ownership of a share over a given period. It includes dividends (or any other distribution) paid and reinvested in the Stapled Shares, as well as any change in the Stapled Shares share price over this period. TSR information is provided by an external third party such as Bloomberg. The reference period runs from the grant date up until the last trading day prior to the end of the performance period. The KPI TSR is fulfilled if the TSR of Stapled Share is strictly higher in percentage than the TSR Reference Index as defined in the glossary.</p> <p>The grant of SO and PS made to Mr. Lowe on March 21, 2021 was the first received as COO US. As such he has no Performance Shares vested nor Stock Options exercisable yet.</p> <p>The maximum LTI grant is 180 % of FI. The SO and PS granted to Mr Lowe on May 18, 2021 will vest on May 18, 2024.</p>	Presence condition	Performance period	Performance condition	Strike price	Number of units	Economic value (IFRS)	2 years of continuous presence before the date of vesting or exercise	3 years	50% external (45% TSR, 5% CSR)	n/a	10,289	€349,049 \$423,012		3 years	50% Internal (45% AREPS, 5% CSR)	€69.41 (no discount)	26,304	€84,163 \$101,988						€433,212 (i.e. \$525,000 so 70% of FI)
Presence condition	Performance period	Performance condition	Strike price	Number of units	Economic value (IFRS)																					
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					€433,212 (i.e. \$525,000 so 70% of FI)																					
Pension	€14,702	Mr Lowe benefits from a defined contribution pension plan (401 K type) with a company matching done under the same terms and conditions as the local employees.																								
Life and health insurance	€21,711	Mr Lowe benefits from benefits applicable to all employees in his work country, including life and health insurance and social security benefits.																								
Service agreement	Yes	The service agreement between URW NV and Mr Dominic Lowe is in force since June 29, 2021																								
TOTAL	€1,696,928																									

As a result to the above-mentioned figures, the fixed and variable remuneration components weigh 39.49% and 60.51% of total remuneration.

2.3.3.2 ELEMENTS OF REMUNERATION DUE OR GRANTED FOR THE 2021 FINANCIAL YEAR TO MR GERARD SIEBEN, CHIEF FINANCIAL OFFICER (CFO)

Elements of Remuneration	Amounts	Comments																																																																																	
Annual Fixed Income - FI (Paid in respect of the 2021 year)	€172,380	The FI of the CFO benefits from the usual annual salary indexation applicable in the Netherlands under the same terms and conditions. Given the economic context, the salary indexation was not applied for 2021.																																																																																	
Short-Term Incentive - STI (To be paid in 2022 in respect of the 2021 year)	€29,304	The maximum STI opportunity is 20% of FI <table border="1"> <thead> <tr> <th>Performance measure</th> <th>Weight</th> <th>Unit</th> <th>Threshold (30% of max)</th> <th>Target (60% of max)</th> <th>Stretch (100% of max)</th> <th>Achieved</th> <th>Score (% of max)</th> <th>Payout</th> </tr> </thead> <tbody> <tr> <td>AREPS</td> <td>20%</td> <td>€</td> <td>5.35</td> <td>6.67</td> <td>7.20</td> <td>6.91</td> <td>89.0%</td> <td>6,139</td> </tr> <tr> <td>Net Debt Reduction</td> <td>30%</td> <td>€Bn</td> <td>0.89</td> <td>1.39</td> <td>1.89</td> <td>1.57</td> <td>87.2%</td> <td>9,019</td> </tr> <tr> <td>Rent Collection</td> <td>10%</td> <td>%</td> <td>82.7</td> <td>86.6</td> <td>88.2</td> <td>65.60</td> <td>67.3%</td> <td>2,321</td> </tr> <tr> <td>Gross Admin savings</td> <td>10%</td> <td>€Mn</td> <td>10</td> <td>20</td> <td>30</td> <td>35.33</td> <td>100.0%</td> <td>3,448</td> </tr> <tr> <td>GHG equivalent emissions</td> <td>5%</td> <td>tCO₂</td> <td>84,368</td> <td>71,959</td> <td>59,550</td> <td>44,902</td> <td>80.0%</td> <td>1,379</td> </tr> <tr> <td>Gender parity improvement</td> <td>5%</td> <td>%</td> <td>40.0</td> <td>54.3</td> <td>60.0</td> <td>56.0</td> <td>86.0%</td> <td>1,482</td> </tr> <tr> <td>Qualitative performance</td> <td>20%</td> <td></td> <td colspan="3">See details below</td> <td></td> <td>80.0%</td> <td>5,516</td> </tr> <tr> <td>TOTAL</td> <td>100%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>85.0%</td> <td>29,304</td> </tr> </tbody> </table> <p>The score for GHG equivalent emissions was subject to a GNRC and SB assessment on target, below what the direct calculation would have provided. This assessment took into account the overall context and sustainability of the performance delivered.</p> <p>The gross STI was determined by the SB on March 23, 2022, upon the recommendation of the GNRC, and is before income tax and social security charges.</p> <p>Among significant individual objectives achieved by Mr Sieben in 2021:</p> <ul style="list-style-type: none"> • Reporting process: efficient collaboration between URW SE and URW NV teams located in the US and in the Netherlands; • Leverage and FX exposure: loan to equity conversion delivered, improving URW NV Loan-to-Value; • Vacancy Reduction: ongoing work for the scope under responsibility. Further developments are expected in 2022; • ESG: strengthened impact of the community-oriented actions of URW NV in the Netherlands in the challenging context of the pandemic related restrictions <p>The total STI paid in 2021, in respect of 2020, was €10,671 (32.75% of maximum STI).</p>	Performance measure	Weight	Unit	Threshold (30% of max)	Target (60% of max)	Stretch (100% of max)	Achieved	Score (% of max)	Payout	AREPS	20%	€	5.35	6.67	7.20	6.91	89.0%	6,139	Net Debt Reduction	30%	€Bn	0.89	1.39	1.89	1.57	87.2%	9,019	Rent Collection	10%	%	82.7	86.6	88.2	65.60	67.3%	2,321	Gross Admin savings	10%	€Mn	10	20	30	35.33	100.0%	3,448	GHG equivalent emissions	5%	tCO ₂	84,368	71,959	59,550	44,902	80.0%	1,379	Gender parity improvement	5%	%	40.0	54.3	60.0	56.0	86.0%	1,482	Qualitative performance	20%		See details below				80.0%	5,516	TOTAL	100%						85.0%	29,304
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Long-Term Incentive - LTI Performance Shares (PS) and Performance Stock Options (SO) (Granted during the 2020 financial year) (Economic value at the grant date according to IFRS 2 requirements, based on the evaluation conducted by Willis Towers Watson)	€86,187	The maximum LTI opportunity is 180 % of FI. On May 18, 2021, the SB, upon the recommendation of the GNRC, granted a combination of PS and SO to Mr Sieben, with the following characteristics: <table border="1"> <thead> <tr> <th></th> <th>Presence condition</th> <th>Performance period</th> <th>Performance condition</th> <th>Strike price</th> <th>Number of units</th> <th>Economic value (IFRS)</th> </tr> </thead> <tbody> <tr> <td>PS</td> <td>2 years of continuous presence before the date of vesting or exercise</td> <td>3 years</td> <td>50% external (45% TSR, 5% CSR)</td> <td>n/a</td> <td>2,047</td> <td>€69,443</td> </tr> <tr> <td>SO</td> <td></td> <td>3 years</td> <td>50% Internal (45% AREPS, 5% CSR)</td> <td>€69.41 (no discount)</td> <td>5,233</td> <td>€16,744</td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>€86,187 (50% of FI)</td> </tr> </tbody> </table> <p>TSR is the total return obtained through ownership of a share over a given period. It includes dividends (or any other distribution) paid and reinvested in the Stapled Shares, as well as any change in the Stapled Shares share price over this period. TSR information is provided by an external third party such as Bloomberg. The reference period runs from the grant date up until the last trading day prior to the end of the performance period. The KPI TSR is fulfilled if the TSR of Stapled Share is strictly higher in percentage than the TSR Reference Index as defined in the glossary.</p> <p>Mr Sieben has received SO and PS grant in March 2019 and March 2020 only. As such he has no PS vested nor SO exercisable yet.</p> <p>The SO and PS granted to Mr Sieben on May 18, 2021 will vest on May 18, 2024.</p>		Presence condition	Performance period	Performance condition	Strike price	Number of units	Economic value (IFRS)	PS	2 years of continuous presence before the date of vesting or exercise	3 years	50% external (45% TSR, 5% CSR)	n/a	2,047	€69,443	SO		3 years	50% Internal (45% AREPS, 5% CSR)	€69.41 (no discount)	5,233	€16,744	TOTAL						€86,187 (50% of FI)																																																					
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TOTAL						€86,187 (50% of FI)																																																																													
Pension	€21,401	Mr Sieben benefits from a defined contribution pension plan.																																																																																	
Benefits in Kind	€36,511	Mr Sieben benefits from a company car and from the payment of the untaken paid leave under the same terms and conditions as the other employees, in accordance with Dutch employment law.																																																																																	
Service agreement	Yes	The service agreement between URW NV and Mr Gerard Sieben is in force since June 7, 2018.																																																																																	
TOTAL	€345,783																																																																																		

As a result to the above-mentioned figures, the fixed and variable remuneration components weigh 66.58% and 33.42% of total remuneration, respectively.

2.4 REMUNERATION PAID TO THE SB MEMBERS FOR 2021 FINANCIAL YEAR

The remuneration policy of the SB Members is intended to attract, motivate and retain high caliber individuals with an appropriate degree of expertise and experience, which contributes to the long-term interests, sustainability, identity, mission and value of the Company and its business, considering the interests of the URW Group of which it forms part.

The SB remuneration policy is determined by the AGM, at the proposal of the SB, upon the recommendation of the GNRC.

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

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

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

The current SB remuneration was approved by the AGM on June 29, 2021.

2.4.1 REMUNERATION PAID TO THE SB MEMBERS

In 2021 remuneration of the SB members amounted to €239,417. Mr. Jean-Marie Tritant, Mr. Fabrice Mouchel and Ms. Aline Taireh did not receive any remuneration for their SB membership. URW NV has not awarded any options or shares to members of the SB as remuneration for their services as SB members. No loans or guarantees were granted to members of the SB.

EVOLUTION OF REMUNERATION OF THE SB MEMBERS

SB Members	2021	2020	2019	2018 ⁽¹⁾
Mr. Jean-Marie Tritant ⁽²⁾	€0	NA	NA	NA
Mr. Fabrice Mouchel	€0	NA	NA	NA
Mr. Jean-Louis Laurens	€130,000	€135,500	€135,000	€70,500
Mr. Alec Pelmore ⁽³⁾	€0	€122,000	€120,000	€60,000
Mrs. Catherine Pourre	€109,417	NA	NA	NA
Ms. Aline Taireh ⁽⁴⁾	€0	€0	€0	€0
TOTAL	€239,417	€257,500	€255,000	€130,500

(1) The 2018 remuneration was applied pro rata temporis.

(2) Mr. Jean-Marie Tritant has received in 2021 a tax equalization payment related to his former capacity as MB member in 2020. The amount is EUR 469,644. The Remuneration received as MB member in 2018, 2019 and 2020 is disclosed in the corresponding Annual Report.

(3) On December 17, 2020 the Supervisory Board took note of the resignation of Mr. Alec Pelmore with effect January 4, 2021.

(4) Ms. Aline Taireh did not received any compensation for her SB membership. Employee remuneration charged to a subsidiary of the Company is disclosed in footnote 12.3 of URW NV's consolidated financial statements for the financial year ended December 31, 2021.

2.4.2 NUMBER OF STAPLED SHARES, SO AND PS HELD BY MB MEMBERS AND SB MEMBERS AS AT DECEMBER 31, 2021

MB and SB Members	Stapled Shares Owned	Non-exercised SO	PS subject to vesting period
Mr. Dominic Lowe	0	37,977	14,947
Mr. Gerard Sieben	5	13,712	5,766
Mr. Jean-Marie Tritant	40,875*	199,900	44,105
Mr. Fabrice Mouchel	25,005**	145,975	29,643
Mr. Jean-Louis Laurens	363	0	0
Mrs. Catherine Pourre	112,970	0	0
Ms. Aline Taireh	305***	19,935	7,873

* Excluding 1,052 Stapled Shares equivalent to the number of units held in the URW SE company saving plan

** Excluding 4,063 Stapled Shares equivalent to the number of units held in the URW SE company saving plan.

*** Through CDI's



FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

On March 24, 2022, the Supervisory Board approved the consolidated financial statements of Unibail-Rodamco-Westfield N.V. for the year ended December 31, 2021, and authorised their publication. These consolidated financial statements will be submitted to the approval of the Annual General Meeting expected to be held on June 22, 2021.

3.1 CONSOLIDATED FINANCIAL STATEMENTS

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

3.1.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€Mn)	Notes	2021	2020
Gross rental income	5.3	346.9	333.8
<i>Service charge income</i>		45.0	47.2
<i>Service charge expenses</i>		(55.5)	(59.5)
<i>Property operating expenses</i>		(129.3)	(146.8)
Operating expenses and net service charges		(139.7)	(159.1)
Net rental income		207.2	174.7
Net project management income	5.3	0.0	(2.9)
Share of result of companies accounted for using the equity method	7.2	(391.3)	(1,057.9)
Corporate expenses		(36.1)	(42.1)
Depreciation of tangible assets		(6.3)	(4.8)
Administrative expenses		(42.4)	(46.9)
Acquisition and related costs	5.2.4	(1.4)	(20.9)
Result on disposal of investment properties and loss of control	2.1.2/2.2.2	57.2	(29.9)
Valuation gains on assets		25.6	8.6
Valuation losses on assets		(538.5)	(856.1)
Valuation movements on assets	6.4	(512.9)	(847.5)
Impairment of goodwill		-	(19.4)
NET OPERATING RESULT		(683.7)	(1,850.7)
<i>Financial income</i>		47.2	66.6
<i>Financial expenses</i>		(345.2)	(424.1)
Net financing costs	8.2.1	(298.0)	(357.5)
Fair value adjustments of derivatives, debt and currency effect	8.2.2	11.4	(249.2)
RESULT BEFORE TAX		(970.3)	(2,457.4)
Income tax (expenses)	9.2	74.2	46.6
NET RESULT FOR THE PERIOD		(896.1)	(2,410.8)
Net result for the period attributable to:			
Owners of Unibail-Rodamco-Westfield N.V. shares		(878.8)	(2,369.1)
External non-controlling interests		(17.3)	(41.7)
NET RESULT FOR THE PERIOD		(896.1)	(2,410.8)

		2021	2020
Average numbers of shares (undiluted)	14.2	231,793,341	231,685,333
Net result of the period (Owners of Unibail-Rodamco-Westfield N.V.)		(878.8)	(2,369.1)
Net result for the period per share (Owners of Unibail-Rodamco-Westfield N.V.) (€)		(3.79)	(10.23)
Average numbers of shares (diluted)	14.2	233,437,334	233,851,356
Net result of the period (Owners of Unibail-Rodamco-Westfield N.V.)		(878.8)	(2,369.1)
Diluted net result per share (Owners of Unibail-Rodamco-Westfield N.V.) (€) ⁽¹⁾		(3.79)	(10.23)

Net comprehensive income (€Mn)	2021	2020
NET RESULT FOR THE PERIOD	(896.1)	(2,410.8)
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries	183.3	(286.8)
Other comprehensive income that may be subsequently recycled to profit and loss	183.3	(286.8)
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	-	(15.3)
Other comprehensive income not subsequently recycled to profit and loss	-	(15.3)
OTHER COMPREHENSIVE INCOME	183.3	(302.1)
NET COMPREHENSIVE INCOME	(712.8)	(2,712.9)
Net Comprehensive Income for the period attributable to:		
Owners of Unibail-Rodamco-Westfield N.V. shares	(698.1)	(2,666.8)
External non-controlling interests	(14.7)	(46.1)
NET COMPREHENSIVE INCOME	(712.8)	(2,712.9)

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. For 2021 and 2020 the EPS are antidilutive.

3.1.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€Mn)	Notes	December 31, 2021	December 31, 2020
Non-current assets		10,818.0	11,053.1
Investment properties	6.1	5,049.3	5,059.8
<i>Investment properties at fair value</i>		5,029.1	5,040.4
<i>Investment properties at cost</i>		20.2	19.4
Shares and investments in companies accounted for using the equity method	7.2	5,284.9	5,430.9
Tangible assets	6.2	26.4	29.7
Intangible assets	6.3	263.5	295.9
Financial assets	8.3.1	116.7	116.4
Deferred tax assets	9.3	0.4	-
Derivatives at fair value	8.4	76.8	120.4
Current assets		207.8	406.6
Properties or shares held for sale	3.2/6.1	-	146.9
Inventories		20.2	19.8
Trade receivables from activity	8.3.1	88.3	109.3
Tax receivables		0.5	2.9
Other receivables		48.3	64.6
Cash and cash equivalents	8.3.6	50.5	63.1
Total assets		11,025.8	11,459.7
SHAREHOLDERS' EQUITY (OWNERS OF UNIBAIL-RODAMCO-WESTFIELD N.V. SHARES)		593.2	791.6
Share capital	14.2	115.9	115.8
Additional paid-in capital	14.3	2,243.3	2,243.3
Consolidated reserves		(2,242.6)	126.6
Foreign currency translation reserves		104.0	(76.6)
Consolidated result		(878.8)	(2,369.1)
Capital securities	14.6	1,251.4	751.6
<i>Equity attributable to the owners of Unibail-Rodamco-Westfield N.V.</i>		593.2	791.6
External non-controlling interests	15.4	23.6	38.2
Total shareholders' equity		616.8	829.8
NON-CURRENT LIABILITIES		8,091.2	8,989.2
Long-term commitment to non-controlling interests	8.3.7	491.4	460.5
Long-term bonds and borrowings	8.3.3	6,843.9	7,691.2
Long-term lease liabilities	8.3.3	50.4	52.7
Derivatives at fair value	8.4	445.5	529.1
Deferred tax liabilities	9.3	121.5	165.2
Non current provisions	10	31.4	43.8
Guarantee deposits		6.2	7.3
Amounts due on investments	12	6.3	6.3
Other non current liabilities		94.6	33.1
Current liabilities		2,318.0	1,640.7
Liabilities directly associated with properties or shares classified as held for sale	3.2/8.3.3	-	203.5
Current commitment to non-controlling interests	8.3.7	64.4	39.9
Amounts due to suppliers and other creditors		126.1	159.2
<i>Amounts due to suppliers</i>		74.7	73.7
<i>Amounts due on investments</i>	12	43.4	39.3
<i>Sundry creditors</i>		8.0	46.2
Other current liabilities	11	228.0	253.1
Current borrowings and amounts due to credit institutions	8.3.3	1,890.8	976.1
Current lease liabilities	8.3.3	6.7	3.3
Current provisions	10	2.0	5.6
Total liabilities and equity		11,025.8	11,459.7

3.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS

(€Mn)	Notes	2021	2020
OPERATING ACTIVITIES			
Net result		(896.1)	(2,410.8)
Depreciation & provisions ⁽¹⁾		(12.5)	32.6
Impairment of goodwill		-	19.4
Changes in value of property assets	6.4	512.9	847.5
Changes in fair value of derivatives, debt and currency effect	8.2.2	(11.4)	249.2
Net capital gains/losses on sales of properties ⁽²⁾		(57.2)	29.8
Share of the result of companies accounted for using the equity method		391.3	1,057.9
Net financing costs	8.2.1	298.0	357.5
Income tax expenses (income)	9.2	(74.2)	(46.6)
Dividend received from companies accounted for using the equity method or non consolidated		232.5	117.7
Income tax paid (received)		(2.2)	-
Change in working capital requirement		(4.0)	(43.6)
Total cash flow from operating activities		377.2	210.6
INVESTMENT ACTIVITIES			
Property activities		(52.9)	(187.6)
Acquisition of subsidiaries, net of cash acquired	2.1.2	4.6	(36.0)
Amounts paid for works and acquisition of property assets	6.5	(26.3)	(57.6)
Increase of property financing		(123.8)	(137.4)
Disposal of shares	2.1.2	100.9	5.1
Disposal of investment properties and loss of control	2.1.2	(8.3)	38.3
Financial activities		(0.3)	(0.6)
Acquisition of financial assets		(0.5)	(0.6)
Repayment of financial assets		0.2	-
Total cash flow from investment activities		(53.2)	(188.2)
FINANCING ACTIVITIES			
Capital increase of parent company		-	0.2
New borrowings and financial liabilities	8.3.3	543.9	715.5
Repayment of borrowings and financial liabilities	8.3.3	(573.1)	(443.8)
Cash flows from derivatives		46.6	67.1
Interest paid		(358.0)	(348.6)
Total cash flow from financing activities		(340.6)	(9.6)
Change in cash and cash equivalents during the period		(16.6)	12.8
Net cash and cash equivalents at the beginning of the year		63.0	56.8
Effect of exchange rate fluctuations on cash held		4.1	(6.6)
Net Cash and cash equivalents at period-end	8.3.6	50.5	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.

3.1.4 CONSOLIDATED 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	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 for the period	-	-	-	(2,369.1)	-	-	(2,369.1)	(41.7)	(2,410.8)
Other comprehensive income	-	-	(15.3)	-	(282.4)	-	(297.7)	(4.4)	(302.1)
Net comprehensive income	-	-	(15.3)	(2,369.1)	(282.4)	-	(2,666.8)	(46.1)	(2,712.9)
Earnings appropriation	-	-	84.7	(84.7)	-	-	-	-	-
Increase in capital	-	0.2	-	-	-	-	0.2	-	0.2
Coupon on capital securities	-	-	(0.2)	-	-	-	(0.2)	-	(0.2)
Amendment related party liabilities ⁽²⁾	-	-	-	-	-	749.6	749.6	-	749.6
Other movements	-	-	2.3	-	-	-	2.3	-	2.3
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	-	-	-	(878.8)	-	-	(878.8)	(17.3)	(896.1)
Other comprehensive income	-	-	-	-	180.6	-	180.6	2.7	183.3
Net comprehensive income	-	-	-	(878.8)	180.6	-	(698.1)	(14.6)	(712.8)
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
Other movements	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
EQUITY AS AT DECEMBER 31, 2021	115.9	2,243.3	(2,242.6)	(878.8)	104.0	1,251.4	593.2	23.6	616.8

(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 2.1.3. and 2.2.4.

3.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ● CORPORATE INFORMATION

Unibail-Rodamco-Westfield N.V. (“URW NV” or “the Company”) is a public limited liability company under the laws in The Netherlands, whose class A shares are publicly traded as Stapled Shares on the Amsterdam Stock Exchange and the Paris Stock Exchange, as well as in the form of CHESS Depository interests (CDIs) on the Australian Securities Exchange.

The Company was incorporated as Unibail-Rodamco B.V., a private company with limited liability under the laws of The Netherlands on February 14, 2018. On March 22, 2018, the Company changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the General Meeting adopted on March 15, 2018. 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 consolidated financial statements as at December 31, 2021, comprise the Company and its subsidiaries (together referred to as “the Group”).

The Group’s objects are:

- to invest in assets, primarily through the direct or indirect acquisition of real estate, in such a manner that the ensuing risks are spread in order to allow shareholders to share in the proceeds;
- to enter into cash pooling arrangements with, to provide financing to and to furnish guarantees for the benefit of Unibail-Rodamco-Westfield (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.

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

NOTE 2 ● SIGNIFICANT EVENTS OF THE YEAR

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

2.1 SIGNIFICANT EVENTS OF 2021

2.1.1 COVID-19 pandemic

The COVID-19 pandemic continued to have a significant impact on URW’s business over the course of 2021.

OVERVIEW OF RESTRICTIONS IN 2021

The operations in URW NV’s shopping centres were particularly impacted by restrictions in the first half of 2021. URW NV’s business activities are mainly in the US.

In the US, all of the centres were open throughout the year, however restrictions on sectors like Food & Beverage (“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.

During H2-2021, the Group’s US centres and all retail sectors were generally allowed to trade including indoor dining and entertainment, albeit with some remaining capacity limits or other sanitary requirements (such as a COVID-pass/proof of vaccination being required for dining or entertainment in several markets).

As at December 31, 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 requirements are also for unvaccinated people in all other indoor spaces such as retail, restaurants, theatres.

RENT RELIEF AND GOVERNMENT SUPPORT

From the start of the COVID-19 crisis, the Group first adopted a global policy of allowing temporary deferral of rents, before starting discussions with tenants about the terms of any support, such as rent relief, offered by URW NV.

Once negotiations commenced, they were done on a case-by-case basis. URW NV recognised the issues the Group's tenants faced due to administrative closures or trading restrictions and the need to provide relief, are generally limited to the period of closure and are based on the principle of a fair sharing of the burden. In many cases they entail concessions by tenants in exchange for such relief

Throughout the crisis, URW recognised 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. These negotiations were focused on providing a one-off rent relief, not on permanently changing lease terms or structures.

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 statement of comprehensive income.

As at December 31, 2021, rent relief signed or expected to be signed regarding 2021 closures amounted to an estimated cash impact of €26.3 Mn (2020: €24.4 Mn), €13.3 Mn (2020: €4.6 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 December 31, 2021, and the provision for doubtful debtors was estimated according to IFRS 9 (see note 8.5.2 "Credit risk").

As at December 31, 2021, the provision for doubtful debtors amounted to €75.5 Mn compared to €73.7 Mn at the end of December 31, 2020. In 2021, the net expected credit loss for doubtful debtors amounted €40.0 Mn (2020: €63.3 Mn).

VALUATION OF INVESTMENT PROPERTIES

Over the year ended December 31, 2021, the valuation movement of the fully consolidated investment properties is -€479.0 Mn (2020: -€858.3 Mn) and the valuation movement of the investment properties accounted for the equity method is -€604.2 Mn (2020: -€1,215.7 Mn). The negative valuation movements resulted mainly from an increase of discount rates used by appraisers and from the estimated impacts on the future cash-flows due to COVID-19.

IMPAIRMENT ON INTANGIBLE ASSETS

The Group performed a full impairment test of intangible fixed assets as at December 31, 2021, based on assumptions described in note 6.3. The impairment of the trademark for Flagships in the US amounted to -€48.4 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. Reference to note 8.5.2 "Credit Risk".

2.1.2 Disposal and acquisitions

ACQUISITIONS

The Group acquired the remaining 47.4% stake in Westfield Trumbull and Westfield Palm Desert in May 2021 for a total amount of €7.3 Mn, the total consideration included cash of €4.6 Mn and forgiveness of a partner loan of €2.8 Mn. The associated entities previously in joint control are fully consolidated from this date.

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 revaluation of the previously held investment amounts to €13.2 Mn (\$16.0 Mn) and was booked in the "Valuation movement on assets" in the Consolidated 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 €183.0 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. Reference is made to note 8.5.2.

After the transaction the company owned 100% of Westfield Trumbull and Westfield Palm Desert. These properties and their related mortgage debt were fully consolidated in URW NV accounts. On October 14, 2021 Westfield Palm Desert was transferred to the receiver, refer to "Foreclosure of US assets".

FORECLOSURE OF US ASSETS

With respect to several regional malls in the US, URW defaulted on the loans and asked the servicer of its loans for the appointment of a receiver. During 2021, these assets were taken over by their respective mortgage lenders, the receiver was appointed by the relevant court which transferred the management and control of each related asset and derecognized as of the date of the respective receivership.

Since the appointment dates, URW 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 in Florida with an effective transfer on February 23, 2021, Westfield Broward in Florida, with an effective transfer on June 23, 2021 and Westfield Palm Desert in California on October 14, 2021.

The carrying value of the transferred assets Westfield Citrus Park, Westfield Countryside, Westfield Sarasota, Westfield Broward and Westfield Palm Desert was €297.7 Mn (see note 6.1.2). The carrying value of the derecognised liabilities amounted to €441.8 Mn and the working capital adjustment amounted to €32.4 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 from all obligations under the Westfield Sarasota loan and any associated guarantees, in return for a payment of €9.2 Mn (\$10.9 Mn).

However, for Westfield Palm Desert and Westfield Broward URW is still at risk for financial guarantees associated with the loans until final foreclosure by the bank. Reference to note 8.5.2

The loss of control led to a profit of €44.4 Mn (\$52.5 Mn) recorded in the "Result on disposal of investment properties and loss of control" in the Consolidated statement of comprehensive income.

DISPOSALS

The Group also continued efforts to streamline its US portfolio. In this context, URW completed the disposal of its 50% stake in the Palisade residential building at Westfield UTC for a sale price €201.8 Mn (\$238 Mn) (at 100%), which reflected a +15% premium to the latest appraisal. URW NV's 50% of the purchase price for the disposal of Palisade at Westfield UTC amounts to €100.9 Mn on the transaction date. Palisade at Westfield UTC ("UTC Resi") was accounted for using the equity method prior to the sale, as per December 31, 2021, URW NV has no more stake in Palisade at Westfield UTC, please refer to 7.3 in Chapter 3. The disposal of Palisade at Westfield UTC resulted in a profit of €16.8 Mn which were recorded in the "Result on disposal of investment properties and loss of control" in the Consolidated statement of comprehensive income.

2.1.3 €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 because the Company has the discretion not to pay interest, with the exception of the amount due on this instrument, which is initially measured at fair value at balance sheet date (€0.2 Mn at June 31, 2021) and subsequently 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 2021 under financial expenses.

2.2 SIGNIFICANT EVENTS OF 2020

2.2.1 COVID-19 pandemic

CLOSING AND REOPENING OF THE GROUP'S SHOPPING CENTRES

The COVID-19 pandemic has significantly impacted URW NV's business in 2020. The operations in URW NV's shopping centres in 2020 were impacted by a series of lockdown and restriction periods.

During H1, due to the COVID-19 first wave, the US authority imposed restrictions on the opening of its shopping centres on March 18, 2020. All of the shopping centres, except Westfield World Trade Center, had reopened by July. However, on July 13, California again ordered all indoor operations of shopping centres to close. The Californian centres outside Los Angeles reopened on September 2, while the five L.A. centres remained closed until October 7. Westfield World Trade Center reopened on September 9.

During H2, following the increase in COVID-19 cases seen globally since September 2020, various municipalities-imposed limitations on the capacity both within centres (typically between 20% and 50% depending on the state and county) and within individual stores.

ACCOUNTING PRINCIPLES

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 Sales Based Rent), IFRS 16 applies, under which, 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.

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 on past rent on balance sheet date are accounted for as a derecognition loss. As at December 31, 2020, rent relief signed or expected to be signed regarding 2020 closures (including the second wave until December 31) amounted to an estimated cash impact of €24.4 Mn, €19.8 Mn of which have been charged to gross rental income in the income statement during this period. The difference will be straight-lined in future periods.

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.

As reminder, the provision for doubtful debtors is booked in the Net rental income as an “Operating expense”.

In the US, the Group completed rent relief negotiations with tenants representing approximately 87% of the leasing revenue by December 31, 2020¹⁹.

The Group carried out a detailed review of all the tenants receivables as at December 31, 2020, and the provision for doubtful debtors was estimated according to IFRS 9 (Note 8.5.2. “Credit risk”).

As at December 31, 2020, the provision for doubtful debtors amounted to €73.7 Mn compared to €29.3 Mn at the end of December 31, 2019. The expected credit loss for doubtful debtors amounted €63.3 Mn as at December 31, 2020 (December 31, 2019: €20.6 Mn).

VALUATION OF INVESTMENT PROPERTIES

As for each closing, investment properties have been valued by external independent appraisers as described in the note 6.1 “Investment properties”. For the valuation as at June 30, 2020, the appraisers in the US included a material valuation uncertainty statement in the appraisal reports. For the valuation as at December 31, 2020, this statement was withdrawn from the appraisal reports.

In 2020, the valuation movement of the fully consolidated investment properties is -€858.3 Mn, the valuation movement of the investment properties accounted for the equity method is -€1,138.7 Mn and the valuation movement of the investment properties in associates is -€77.0 Mn.

IMPAIRMENT ON GOODWILL, INTANGIBLE ASSETS, FINANCIAL ASSETS AND FINANCIAL GUARANTEES

An impairment loss must be recognized wherever the recoverable value of the goodwill is less than its carrying amount. Impairment losses relating to the value of goodwill cannot be reversed [IAS 36]

The Group performed an impairment test of goodwill as at June 30, 2020 and recognised a full impairment of -€19.4 Mn. The impairment of the trademark for Flagships in the US amounted to -€3.7 Mn.

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. Reference to note 8.5.2 “Credit Risk”.

The negative fair value movements of non-listed equity investment amounted to €15.3 Mn and is recorded in the Other Comprehensive income. Furthermore, an impairment on the investments in associates amounted to €93.4 Mn is recognised in the line fair value adjustments of derivatives, debts and currency effect.

LIQUIDITY POSITION

In 2020, all financial markets were affected by the COVID-19 pandemic. The credit markets were severely hit, with a significant increase in credit spreads and a few periods in which markets were effectively closed. However, the extraordinary scale of the intervention by Central Banks (ECB and US Federal Reserve) supported the credit markets and the access to liquidity for issuers. Moreover, market sentiment improved at year end following the announcement of vaccine candidates in November 2020.

Against this backdrop, the URW Group raised €4,150 Mn of medium to long-term funds in the bond and bank markets including credit facilities extension. As at December 31, 2020, the URW Group had €11.4 Bn of cash on hand and undrawn credit lines. URW NV has cross guarantees with URW SE and the liquidity needs are covered by the available undrawn credit lines at URW Group level.

2.2.2 Disposal of shopping centres and buyout of shares from joint venture

On June 5, 2020, Westfield Meriden, a regional shopping centre in the US with the carrying value of €21.7 Mn was disposed with a financial result impact of -€12.2 Mn recorded in the “Result on disposal of investment properties and loss of control” in the Consolidated statement of comprehensive income.

On October 30, 2020, URW NV acquired a 50% remaining stake in a Joint Venture holding five assets in Florida (Westfield Brandon, Westfield Broward, Westfield Citrus Park, Westfield Countryside and Westfield Sarasota) and on that day disposed Westfield Siesta Key, a regional shopping centre with a carrying value of €4.1 Mn. The total consideration included cash of €50.7 Mn and forgiveness of a partner loan of €2.1 Mn.

The acquisition in stages from joint venture to subsidiary is considered an asset acquisition rather than a business combination. The fair value of the investment properties acquired at transaction date is €540.5 Mn (see note 6.1.2) and the fair value of the liabilities is €455.0 Mn (see note 8.3.3). 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 €21.5 Mn and is included in valuation movements of investment properties (Note 6.1.2).

After the transaction the company owns 100% of Westfield Brandon, Westfield Broward, Westfield Citrus Park, Westfield Countryside and Westfield Sarasota. These properties and their related mortgage debt are now fully consolidated in URW NV accounts as at December 31, 2020. On December 31, 2020, Westfield Sunrise, a regional shopping centre in the US with a carrying value of €38.7 Mn was disposed with a financial result impact of -€15.6 Mn recorded in the “Result on disposal of investment properties and loss of control” in the Consolidated statement of comprehensive income.

¹⁹ Includes tenants with financial terms agreed.

2.2.3 Management board change

On September 16, 2020, URW SE announced a €9+ Bn RESET plan to strengthen its balance sheet and increase financial flexibility. The RESET plan included a proposed €3.5 Bn capital raise, subject to approval by URW SE's shareholders. Following the rejection of this plan by the November 10, 2020 URW SE General Meeting and as a result of the shareholder vote three new URW SE Supervisory Board ("SB") members were elected. In addition, a new URW SE MB structure was announced.

During its meeting held on November 18, 2020, upon Governance and Nomination Committee (GNC) recommendation, the SB of URW SE decided to terminate Mr Christophe Cuvillier's position as Group Chief Executive Officer and Chairman and MB member of URW SE and appointed Mr Jean-Marie Tritant, formerly President US and MB member of URW NV, as Chief Executive Officer URW SE and Chairman and member of the MB of URW SE, effective from January 1, 2021 for a 4-year term.

On November 18, 2020, with immediate effect, Mr Jean-Marie Tritant resigned from his position as MB member of URW NV. Mr Dominic Lowe is appointed as President US and MB member of URW NV, effective November 19, 2020. Mr Dominic Lowe will be nominated for appointment at the 2021 Annual General Meeting.

2.2.4 €750 Mn loan conversion

The interest bearing loan of €750.0 Mn with URW SE was converted on December 29, 2020, into a capital security with a maturity in 99 years and limited default opportunities. After conversion, it qualifies as equity because the Company has the discretion not to pay interest, with the exception of the amount due on this instrument, which is initially measured at fair value (€0.4 Mn as at December 29, 2020) and subsequently measured at amortized cost using the effective interest method. The amendment fee paid to URW SE of €21.9 Mn and the remaining amortized upfront fee of €3.8 Mn are recorded in 2020 under financial expenses.

NOTE 3 ● ACCOUNTING POLICIES

In accordance with the regulation of the European Community (EC) no. 1606/2002 of July 19, 2002, on the application of international accounting standards, URW NV has prepared its consolidated financial statements for the financial year ending December 31, 2021 under International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable at this date and with Section 2:362(9) of the Dutch Civil Code.

The IFRS standards can be consulted on the website:

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

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

3.1 IFRS BASIS ADOPTED

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2020, except for the application of the new obligatory 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 December 31, 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 December 31, 2021, but not applied in advance by the Group:

- IFRS 17: Insurance Contracts, including Amendments to IFRS 17;
- Amendments to:
 - IFRS 3 Business Combinations;
 - IAS 16 Property, Plant and Equipment;
 - IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- Annual Improvements 2018-2020;
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

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

- 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 - Deferral of Effective Date;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information.

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

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Certain amounts recorded in the consolidated 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 consolidated financial statements, particularly with regards to the following:

VALUATION OF INVESTMENT PROPERTY

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. Reference to note 6.1 “Investment properties”

EXPECTED CREDIT LOSSES

In preparing the financial statements, estimates are made in assessing expected credit losses in rent receivable and financial guarantee contracts. URW NV assesses the likelihood of recovery of rent receivables for possible provisions on the basis of an estimated default rate based on a forward-looking approach. Reference to 8.5.2 Credit risk.

ASSETS HELD FOR SALE

An asset is classified as held for sale if the sale of the asset is highly probable and actions required to complete the sale indicate that it is unlikely that the plan will be significantly changed or withdrawn.

While Westfield Trumbull and Westfield South Shore met all conditions to be judged held for sale on July 26, 2021, at year-end conditions changed and the assets are no longer classified held for sale. This is mainly a result of increased uncertainties in the second half year which make it no longer highly unlikely that no significant changes will be made to the plan.

With respect to sale of Promenade as a subsequent event, the Company judged that the held for sale criteria was met late January 2022 after the consent of the JV partner owning 45% of the assets on the plan. Consequently, the Company made specified disclosures on this matter as an event after the balance sheet date. See further Note 17 Subsequent events.

TAXATION

Management judgement is required to determine the amount of deferred taxes. For unused tax losses no deferred tax asset is recognised, due to the level of uncertainty of taxable profit available against which those losses can be utilised. With respect to the deferred tax liability, a tax percentage has been used that is justified by the various (indirect) stakeholders at the level of URW NV.

EQUITY VS LIABILITY INSTRUMENTS

In preparing the financial statements of URW NV, management judgements are exercised in considering if a loan is classified as a liability instrument or an equity instrument. While applying judgements, the terms set out in the contract are considered in accordance with IAS 32; based on the criterias and terms of the contract it will be decided to disclose a loan as an equity instrument or a liability instrument. The Group applied the judgement with respect to the amendments made to the loan agreements of €750 Mn and €500 Mn, reference to 2.1.3 and 2.2.4.

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 consolidated financial statements.

Other significant judgements and estimates are set out in the notes to the consolidated financial statements as at December 31, 2021: for determining if an acquisition is an asset acquisition or business combination reference to note 4.1.3 “Business combinations” also reference to 2.1.2 and 2.2.2 were this judgement were particularly made, for the financial assets in note 8.3.1, for intangible assets in respectively in note 6.3, for the fair value of financial instruments in note 8.6 “Fair value of financial instruments per category” and for fair value of investment properties held through equity accounted investments in note 7.2. Actual future results or outcomes may differ from these estimates.

4.1 ACCOUNTING PRINCIPLES

4.1.1 Scope and methods of consolidation

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

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

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

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

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

Following WAT's acquisition in 2018, the Group has significant co-ownership interest in a number of properties, mainly in the US through property partnerships or trusts. These joint ventures are accounted for using the equity method. The Group and its joint ventures use consistent accounting policies.

- significant influence: accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control of those policies. It is presumed where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, unless it can be clearly demonstrated that this is not the case.

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

4.1.2 Foreign currency translation

GROUP COMPANIES WITH A FUNCTIONAL CURRENCY DIFFERENT FROM THE PRESENTATION CURRENCY

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

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

FOREIGN CURRENCY TRANSACTIONS

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

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

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate on the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at exchange rates on the dates the fair value was determined and are reported as part of the fair value gain or loss.

4.1.3 Business combinations

To identify whether a transaction is a business combination the Group notably considers whether an integrated set of activities is acquired besides the investment property. The criteria applied may include the number of property assets held by the target company and extent of the acquired processes and, particularly, the auxiliary services provided by the acquired entity. Also, the optional concentration test is

considered to assess if a business combination is applicable. If the acquired assets are not a business, the transaction is recorded as an asset acquisition. In a step asset acquisition, both the assets and liabilities are remeasured to their fair values at the acquisition date.

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

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

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

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

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

Under IFRS 3, the acquisition of additional shares from non-controlling shareholders is regarded as an equity transaction and therefore no additional goodwill is recognised.

Consequently, when non-controlling shareholders have an agreement to sell, non-controlling interests are reclassified as debt at the present value of the exercise price. The difference between the latest value and the net carrying value of the non-controlling interests is recognised as Equity attributable to the holders of the Stapled Shares. Any subsequent change in debt is also accounted for as Equity attributable to the holders of the Stapled Shares. Income from non-controlling interests and dividends are booked in Equity attributable to the holders of the Stapled Shares.

4.1.4 Cashflow statement

The Group uses the indirect method to prepare the consolidated statement of cash flows. Cash flow from derivatives and interest paid is presented within financing cash flows. Acquisitions or divestments of subsidiaries are disclosed as cash flows from investment activities and presented net of cash and cash equivalents acquired or disposed of, respectively. Cash includes cash on hand and demand deposits. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of charges in value.

4.1.5 Going concern

For the year ended December 31, 2021, the Company had a net current asset deficit of €2,110.2 Mn (December 31, 2020: €1,234.1 Mn) mainly due to the maturing of the loans payable of €1,878.5 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 financial statements on a going concern basis.

NOTE 5 ● SEGMENT REPORTING AND NET RECURRING RESULT

5.1 ACCOUNTING PRINCIPLES

5.1.1 Segment reporting

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

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

Since the joint-controlled entities represent a significant part of the Group's operations in the US, the Group's management and internal reporting structure segment information is prepared in a proportionate format, in which the joint-controlled entities are accounted for on a proportionate basis instead of being accounted for using the equity method under IFRS. The Group and its joint ventures use consistent accounting policies. Therefore, the segment information presented in this section is prepared in a proportionate format.

BUSINESS SEGMENTS

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

GEOGRAPHICAL SEGMENTS

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

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

5.1.2 Net recurring result definition

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

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

Recurring tax is the outcome of:

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

5.2 GROSS RENTAL INCOME

REVENUE FROM CONTRACTS WITH CUSTOMERS

ACCOUNTING TREATMENT OF INVESTMENT PROPERTY LEASES

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

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

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 Sales Based Rent), IFRS 16 applies, under which, 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. Rent reliefs for which a counterpart is expected and not yet signed are part of the receivables on which an expected credit loss is calculated.

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.

Rent reliefs signed or expected to be signed, granted without any counterpart from the tenants are considered as a reduction of the receivables and are charged to the income statement as a reduction of the Gross Rental Income in 2021.

RENTS AND KEY MONEY

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

Under IFRS 16, the effects of rent-free periods, step rents, other rents incentives and key monies are spread over the expected term of the lease.

5.2.1 Operating expenses and net service charges

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

GROUND RENTS PAID

GROUND LEASEHOLDS

Ground leaseholds are accounted for in accordance with IFRS 16 as described in note 6.1.1. Investment properties - Accounting principles.

Buildings constructed on land under a lease agreement are recognised in accordance with the accounting principles described in note 6.1.1. Investment properties - Accounting principles. As at December 31, 2021, ground rents are not material for the Group.

SERVICE CHARGE INCOME AND SERVICE CHARGE EXPENSES

According to IFRS 15, the Group presented separately the service charge income and the service charge expenses. These expenses are net of charges re-invoiced to tenants and relate mainly to vacant premises.

PROPERTY OPERATING EXPENSES

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

5.2.2 Net property services and other activities income

The net property services and other activities income consist of on-site property services and other property services income.

Based on the analysis of existing contracts, the current recognition of revenues complies with IFRS 15. Other property services net income is recognized when the services are provided.

Revenues from other activities mainly cover:

- fees invoiced for leasing activity. These fees are capitalised by the Group, owning the asset after elimination of the internal margins generated;
- fees for property management and maintenance services provided to Offices and Shopping Centres. These fees are invoiced by property service companies for their property management activities on behalf of owners outside the Group.

Other expenses comprise charges relating to property services and general costs.

5.2.3 Administrative expenses

This item comprises of personnel costs, head office and Group administrative expenses, expenses relating to refurbishment projects and not capitalised and depreciation charges.

5.2.4 Acquisition and related costs

In 2021, acquisition and related costs amounted to €1.4 Mn (€20.9 Mn in 2020), this is a significant decrease from 2020, the reason for the higher expense in 2020 was mainly due to the integration and severance costs of WAT.

5.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY SEGMENT

(€Mn)	2021			2020		
	Recurring activities	Non-recurring activities*	Result	Recurring activities	Non-recurring activities*	Result
United States						
Gross rental income	340.0	-	340.0	324.0	-	324.0
Operating expenses & net service charges	(136.0)	-	(136.0)	(155.2)	-	(155.2)
Net rental income	204.0	-	204.0	168.8	-	168.8
Contribution of companies accounted for using the equity method	208.6	(599.0)	(390.3)	183.1	(1,214.6)	(1,031.5)
Gains/losses on sale of properties	-	57.2	57.2	-	(28.4)	(28.4)
Valuation movements on assets	-	(496.1)	(496.1)	-	(828.2)	(828.2)
Result Shopping Centres United States	412.6	(1,037.8)	(625.2)	351.9	(2,071.2)	(1,719.3)
Other						
Gross rental income	2.3	-	2.3	2.4	-	2.4
Operating expenses & net service charges	(0.9)	-	(0.9)	(0.8)	-	(0.8)
Net rental income	1.4	-	1.4	1.6	-	1.6
Gains/losses on sales of properties	-	-	-	-	(0.5)	(0.5)
Valuation movements	-	(2.6)	(2.6)	-	(6.8)	(6.8)
Result Shopping Centres Other	1.4	(2.6)	(1.2)	1.6	(7.3)	(5.7)
TOTAL RESULT SHOPPING CENTRES	414.0	(1,040.3)	(626.3)	353.5	(2,078.5)	(1,725.0)
United States						
Gross rental income	4.7	-	4.7	7.4	-	7.4
Operating expenses & net service charges	(2.9)	-	(2.9)	(3.1)	-	(3.1)
Net rental income	1.8	-	1.8	4.3	-	4.3
Contribution of companies accounted for using the equity method	7.2	(8.2)	(1.0)	2.4	(28.8)	(26.4)
Gains/losses on sales of properties	-	-	-	-	(1.0)	(1.0)
Valuation movements	-	(14.3)	(14.3)	-	(12.5)	(12.5)
Result Offices United States	9.0	(22.5)	(13.5)	6.7	(42.3)	(35.6)
TOTAL RESULT OFFICES	9.0	(22.5)	(13.5)	6.7	(42.3)	(35.6)
Project management income	-	-	-	(2.9)	-	(2.9)
Administrative expenses	(42.4)	-	(42.4)	(46.9)	-	(46.9)
Acquisition and related costs	-	(1.4)	(1.4)	-	(20.9)	(20.9)
Impairment of goodwill	-	-	-	-	(19.4)	(19.4)
NET OPERATING RESULT	380.6	(1,064.3)	(683.7)	310.4	(2,161.1)	(1,850.7)
Financing result	(298.0)	11.4	(286.6)	(357.5)	(249.2)	(606.7)
RESULT BEFORE TAX	82.5	(1,052.8)	(970.3)	(47.1)	(2,410.3)	(2,457.4)
Tax income (expense)	(1.8)	76.0	74.2	(0.3)	46.9	46.6
NET RESULT FOR THE PERIOD	80.7	(976.8)	(896.1)	(47.4)	(2,363.4)	(2,410.8)
External non-controlling interests	4.2	(21.5)	(17.3)	1.3	(43.0)	(41.7)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF URW N.V. SHARES	76.6	(955.3)	(878.7)	(48.7)	(2,320.4)	(2,369.1)

* Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, and costs directly incurred during a business combination and other non-recurring items.

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

NOTE 6 ● INVESTMENT PROPERTIES, TANGIBLE ASSETS, INTANGIBLE ASSETS AND GOODWILL

6.1 INVESTMENT PROPERTIES (IAS 40 & IFRS 13)

6.1.1 Accounting principles

Under the accounting treatment by IAS 40, investment properties are shown at their fair value. According to IFRS 13, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Expectations about future improvements or modifications to be made to the property interest to reflect its highest and best use have to be considered in the appraisal, such as the renovation of or an extension to the property interest. The Group complies with the IFRS 13 fair value measurement rule and the position paper⁽²⁰⁾ on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

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

In accordance with IFRS 16 and IAS 40, the right-of-use assets arising from leased property which meet the definition of an investment property are measured at fair value. At the moment this is not material for the Group.

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

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

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

For properties measured at fair value, the fair value adopted by the Group is determined on the basis of appraisals by independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. The gross value is reduced by disposal costs and transfer taxes⁽²¹⁾, depending on the country and on the tax situation of the property, in order to arrive at a net fair value.

For the Shopping Centres portfolios, the independent appraisers determine the fair value based on the results of two methods: the discounted cash flow methodology as well as the yield methodology. Furthermore, the resulting valuations are cross-checked against the initial yield, value per m² and the fair values established through actual market transactions.

Appraisers have been given access to all information relevant for valuations, such as the Group's confidential rent rolls, including information on vacancy, break options, expiry dates and lease incentives, performance indicators (e.g., footfall and sales where available), letting evidence and the Group's cash flow forecasts from annually updated detailed asset business plans. Appraisers make their independent assessments of current and forward looking cash flow profiles and usually reflect risk either in the cash flow forecasts (e.g. future rental levels, growth, investment requirements, void periods and incentives, rent relief and lower variable rents in the context of the COVID-19 pandemic) in the applied required returns or discount rates and in the yield applied to capitalise the exit rent to determine an exit value.

The income statement for a given year (Y) records the change in value for each property, which is determined as follows:
fair value Y - [fair value Y-1 + amount of works and other costs capitalised in year Y].

Capital gains on disposals of investment properties are calculated by comparison with their latest fair value recorded in the closing statement of financial position for the previous financial year.

Properties under construction carried at cost are subject to impairment tests, determined on the basis of the estimated recoverable value of the project. The recoverable value of a project is assessed by the Development & Investment teams through a market exit capitalisation rate and the targeted net rents at completion. When the fair value is lower than net book value, an impairment provision is booked.

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

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

(20) EPRA position paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.

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

6.1.2 Investment properties at fair value

(€Mn)	December 31, 2021	December 31, 2020
Shopping Centres	4,978.6	5,128.1
United States	4,951.9	5,101.4
- Flagships centres	4,573.1	4,543.8
- Regionals centres	378.8	557.7
The Netherlands	26.7	26.7
Offices	50.4	59.2
United States	50.4	59.2
Properties held for sale	-	(146.9)
TOTAL	5,029.1	5,040.4

(€Mn)	Shopping Centres	Offices	Properties held for sale	Total investment properties
December 31, 2019	5,960.1	77.4	-	6,037.5
Acquisitions	0.4	-	-	0.4
Entry into scope of consolidation	540.5	-	-	540.5
Disposals/ exits from the scope of consolidation	(61.4)	-	-	(61.4)
Reclassification and transfer of category ⁽¹⁾	-	-	(146.9)	(146.9)
Capitalised expenses	22.5	0.7	-	23.2
Other movements	(2.6)	(0.8)	-	(3.4)
Valuation movements	(845.9)	(12.4)	-	(858.3)
Currency translation	(485.5)	(5.7)	-	(491.2)
December 31, 2020	5,128.1	59.2	(146.9)	5,040.4
Entry into scope of consolidation	183.0	-	-	183.0
Disposals/ exits from the scope of consolidation	(297.6)	-	146.9	(150.7)
Reclassification and transfer of category	0.6	-	-	0.6
Capitalised expenses	21.5	1.1	-	22.6
Other movements	(0.4)	-	-	(0.4)
Valuation movements	(464.6)	(14.3)	-	(479.0)
Currency translation	408.1	4.4	-	412.5
December 31, 2021	4,978.6	50.4	-	5,029.1

(1) Includes the reclassification into the category of properties held for sale of foreclosed assets (Westfield Citrus Park and Westfield Countryside). These assets were foreclosed in 2021 and subsequently removed from the properties held for sale at December 31, 2021.

The disposals of €297.6 Mn relates to Westfield Citrus Park, Westfield Countryside, Westfield Sarasota, Westfield Broward and Westfield Palm Desert. The entry in scope of consolidation of €183.0 Mn includes the acquired Westfield Trumbull and Westfield Palm Desert in H1-2021. For the disposal and acquisition of the above described assets, reference is made to note 2.1.2.

In 2021, valuation of investment properties at fair value decreased by -€479 Mn, mainly from an increase of discount 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 December 31, 2021, 97% 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 - December 31, 2021		Net initial yield	Rent in € per sqm ⁽¹⁾	Discount Rate ⁽²⁾	Exit yield ⁽³⁾	CAGR of NRI ⁽⁴⁾
	Max	8.1%	1,736	9.5%	8.0%	13.1%
US	Min	3.1%	288	5.8%	4.3%	1.8%
	Weighted average	4.2%	617	6.7%	5.0%	6.4%

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

(1) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per sqm.

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

(3) Rate used to capitalise the exit rent to determine the exit value of an asset.

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

Shopping Centres - December 31, 2020		Net initial yield	Rent in € per sqm ⁽¹⁾	Discount Rate ⁽²⁾	Exit yield ⁽³⁾	CAGR of NRI ⁽⁴⁾
	Max	11.8%	1,868	10.5%	8.5%	11.3%
US	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 yield weighted by Gross Market Value (GMV). Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled and the trademark are not included in this table. Assets fully consolidated and in joint-control are included.

(1) Average annual rent (minimum guaranteed rent + sales based rent) per asset per sqm.

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

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

(4) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (10 years).

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

Shopping Centres - December 31, 2021		Net initial yield	Rent in € per sqm ⁽¹⁾	Discount Rate ⁽²⁾	Exit yield ⁽³⁾	CAGR of NRI ⁽⁴⁾
	Max	6.2%	1,736	8.0%	6.5%	13.1%
US Flagships	Min	3.1%	315	5.8%	4.3%	2.3%
	Weighted average	3.7%	732	6.3%	4.7%	6.8%
	Max	8.1%	636	9.5%	8.0%	10.3%
US Regionals	Min	5.0%	288	7.0%	5.8%	1.8%
	Weighted average	6.7%	389	8.6%	6.7%	4.8%

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

(1) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per sqm.

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

(3) Rate used to capitalise the exit rent to determine the exit value of an asset.

(4) Compounded Annual Growth Rate of NRI determined by the appraiser (10 years)

Shopping Centres - December 31, 2020		Net initial yield	Rent in € per sqm ⁽¹⁾	Discount Rate ⁽²⁾	Exit yield ⁽³⁾	CAGR of NRI ⁽⁴⁾
	Max	7.3%	1,868	8.8%	7.0%	6.8%
US Flagships	Min	3.1%	297	5.8%	4.3%	0.8%
	Weighted average	3.7%	691	6.2%	4.7%	4.4%
	Max	11.8%	550	10.5%	8.5%	11.3%
US Regionals	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 yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in this table. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled and the trademark are not included in this table. Assets fully consolidated and in joint-control are included.

(1) Average annual rent (minimum guaranteed rent) per asset per sqm². The computation takes into account the areas allocated to company restaurants.

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

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

(4) Compounded Annual Growth Rate of NRI determined by the appraiser (10 years).

Based on an asset value excluding estimated transfer taxes and transaction costs, the Shopping Centre division's net initial yield is 4.2% as at December 31, 2021 (December 31, 2020: 4.2%).

A change of +25 basis points in net initial yield, the main output of the appraisal models, would result in a downward adjustment of -€629 Mn (or -5.7%) (December 31, 2020: -€642 Mn (or -5.7%)) of the Shopping Centre portfolio value (excluding assets under development and the trademark), including transfer taxes and transaction costs.

A change of +25 bps in discount rate would have a negative impact of -€221 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 -€152 Mn (or -1.4%) (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 -€448 Mn (or -4.3%) (December 31, 2020: -€373 Mn (or -3.3%)) on the Shopping Centre portfolio value (excluding assets under development and the trademark).

6.1.3 Investment properties at cost

(€Mn)	Gross value	Impairment	Total investment properties at cost
December 31, 2019	21.6	-	21.6
Impairment	-	(7.0)	(7.0)
Disposals/exits from the scope of consolidation	(1.0)	-	(1.0)
Capitalised expenses	4.9	-	4.9
Other movements	2.6	-	2.6
Currency translation	(2.2)	0.5	(1.7)
December 31, 2020	25.9	(6.5)	19.4
Impairment	-	-	-
Disposals/exits from the scope of consolidation	(7.7)	6.7	(1.0)
Capitalised expenses	0.8	-	0.8
Other movements	(0.6)	-	(0.6)
Currency translation	1.8	(0.2)	1.6
December 31, 2021	20.2	-	20.2

6.2 TANGIBLE ASSETS

6.2.1 Accounting principles

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

6.2.2 Changes in tangible assets

Cost

(€Mn)	Furniture and equipment	Right of use	Total tangible assets
January 1, 2020	161.3	32.9	194.2
Acquisitions	1.5	-	1.5
Disposals	(4.2)	-	(4.2)
Other movements	(97.4)	-	(97.4)
Currency translation	(7.0)	(2.8)	(9.8)
December 31, 2020	54.2	30.1	84.2
Acquisitions	0.8	-	0.8
Currency translation	4.1	2.5	6.6
December 31, 2021	59.1	32.6	91.6

Accumulated depreciation

(€Mn)	Furniture and equipment	Right of use	Total tangible assets
January 1, 2020	(137.0)	(3.52)	(140.6)
Depreciation	(1.6)	(1.7)	(3.3)
Other movements	82.5	-	82.5
Currency translation	6.3	0.4	(6.7)
December 31, 2020	(49.8)	(4.8)	(54.7)
Depreciation	(1.3)	(5.0)	(6.3)
Currency translation	(3.7)	(0.6)	(4.3)
December 31, 2021	(54.8)	(10.5)	(65.3)

Net book value

(€Mn)	Furniture and equipment	Right of use	Total tangible assets
December 31, 2020	4.4	25.3	29.7
December 31, 2021	4.3	22.1	26.4

(1) See note 3.1 IFRS basis adopted.

6.3 INTANGIBLE ASSETS

6.3.1 Accounting principles

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

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

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

The intangible assets arise from:

- The Westfield trademark for Flagships in the US;
- The acquired software.

The incremental value of the Westfield trademark corresponds to the portion of the trademark value that is not captured in the Shopping Centre values.

Trademark intangible assets are valued by independent external appraisers using a 10 years Discounted Cash Flow methodology combined with the Royalty Relief method. The value relies on incremental growth attributable to the Westfield trademark multiplied by the royalty rate. The Relief from Royalty method estimates the value of the asset as the present value of future royalty payments over the life of the asset that are saved (not paid) by virtue of owning the asset.

The useful life of the Westfield trademark is considered indefinite. As a consequence, these assets are not amortised but tested for impairment. The useful life of the acquired software is 3 years, acquired software is amortized to a residual value of €0 on a straight-line basis over their respective useful economic lives.

6.3.2 Changes in intangible assets

Cost	Software	Trademark	Total intangible assets
(€Mn)			
December 31, 2020	91.3	293.0	384.3
Acquisitions	5.0	-	5.0
Disposals	(6.8)	-	(6.8)
Currency translation	7.5	24.4	32.0
December 31, 2021	97.0	317.4	414.4

Accumulated amortization and impairment

(€Mn)	Software	Trademark	Total intangible assets
December 31, 2020	(84.6)	(3.8)	(88.4)
Amortisation	(10.0) ⁽¹⁾	-	(10.0)
Disposals	5.3	-	5.3
Impairment	-	(48.4) ⁽²⁾	(48.4)
Currency translation	(7.3)	(2.3)	(9.6)
December 31, 2021	(96.6)	(54.4)	(151.0)

Net book value

(€Mn)	Software	Trademark	Total intangible assets
December 31, 2020	6.7	289.2	295.9
December 31, 2021	0.4	263.0	263.5

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

(2) The impairment of €48.4 Mn is recorded under valuation losses on assets in the consolidated interim statement of comprehensive income.

Intangible assets as at December 31, 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 €48.4 Mn was recognised as at December 31, 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 reflects 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 1.5% (December 31, 2020: 1.6%) and an increase in the discount rate to 8.25% (December 31, 2020: 8.0%). A valuation at 1.6% of the incremental growth rate would have given a €24.4 Mn higher recoverable amount for the trademark.

The main assumptions used to test the Trademark for impairment are the discount rate which is 8.25% (2020: 8%), long term growth rate which is 2.3% (2020: 2.2%) and incremental growth rate which is 1.46% (2020: 1.6%) based on US parameters.

A change of +25 basis points on the discount rate of the Trademark as determined at December 31, 2021, would lead to an additional impairment of -€24.0 Mn the intangible assets.

A change of -10 basis points in the long-term growth rate of the Trademark as determined at December 31, 2021, would lead to an additional impairment of -€7.7 Mn the intangible assets.

6.4 VALUATION MOVEMENTS ON ASSETS

(€Mn)	2021	2020
Investment properties at fair value	(479.0)	(858.3)
Investment properties at cost	1.2	(7.0)
Impairment of intangible assets	(48.4)	(3.7)
Revaluation of the investments previously held	13.2	21.5
Net result	(512.9)	(847.5)

6.5 AMOUNTS PAID FOR WORKS AND ACQUISITION/DISPOSAL OF PROPERTY ASSETS (CONSOLIDATED STATEMENT OF CASH FLOWS)

In 2021, amounts paid for works and acquisition of property assets amount to €26.3 Mn (December 31, 2020: €57.6 Mn). They comprise acquisitions of assets, transaction capitalised costs, works and capitalised expenses and are adjusted for the changes on amounts due on investments of the period.

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

7.1 ACCOUNTING PRINCIPLES

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

7.2 SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The Group has 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)	December 31, 2021	December 31, 2020
Investment properties	6,358.6	6,616.7
Other non-current assets	62.8	30.7
Current assets	395.0	368.3
Total assets	6,816.4	7,015.7
External borrowings	1,159.8	1,230.4
Other non-current liabilities	17.9	20.2
Current liabilities	353.7	358.1
Total liabilities	1,531.5	1,608.8
Negative value of joint venture for which a provision is recognised under liabilities ⁽¹⁾	-	24.0
NET ASSETS	5,284.9	5,430.9

(€Mn)	2021	2020
Net rental income	260.9	259.4
Change in fair value of investment properties	(604.2)	(1,215.7)
Net result	(391.3)	(1,057.9)

(1) €24M Bottom Dollar Guarantee reclass of negative investment to liability for Palm Desert and Trumbull investments.

For certain loans from financial institutions within joint ventures (amounting to approximately €595.9 Mn based on the Group's interest in these joint ventures), the joint venture has formed restricted cash reserves in order to comply with the conditions in the loan agreements, because some ratios were not met (Debt yield and DSCR), and is therefore not in default. The total restricted cash reserves per balance sheet date within those joint ventures amount to €2.6 Mn.

For some of these loans the Group is awaiting confirmation by the financial institutions to determine the amount of cash reserves to be formed, where applicable.

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.

7.3 EQUITY ACCOUNTED ENTITIES' ECONOMIC INTEREST

Set out below are the joint venture partners and associates of the Group as at December 31, 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 2.1.2.

Name of the investments ⁽¹⁾	Type of equity	Economic interest	Economic interest
		December 31, 2021	December 31, 2020
Annapolis ⁽²⁾	Partnership units	55.0%	55.0%
Connecticut House ⁽²⁾	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 ⁽²⁾	Partnership units	55.0%	55.0%
Plaza Bonita ⁽²⁾	Partnership units	55.0%	55.0%
Promenade ⁽²⁾	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 ⁽²⁾	Partnership units	55.0%	55.0%
Palisade at Westfield UTC ⁽⁵⁾	Partnership units	-	50.0%
Emporium Offices	Partnership units	50.0%	50.0%
Wheaton North Office ⁽²⁾	Partnership units	52.6%	52.6%
Wheaton South Office ⁽²⁾	Partnership units	52.6%	52.6%
Montgomery Condo	Partnership units	50.0%	50.0%
Blum	Associates	20.0%	20.0%
Starwood	Associates	10.0%	10.0%

Name of the investments fully consolidated	Type of equity	Economic interest December 31, 2021	Economic interest December 31, 2020
Palm Desert ⁽³⁾⁽⁴⁾	Partnership units	-	52.6%
Trumbull ⁽³⁾	Partnership units	100%	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, which resulted in the investments being fully consolidated.
 (4) Westfield Palm Desert was foreclosed with effective transfer on October 14, 2021, reference to 2.1.2
 (5) Palisade at Westfield UTC Resti was accounted for using the equity method, during the second half of 2021 URW NV disposed of their share in Palisade at Westfield UTC, reference to 2.1.2.

7.4 TRANSACTIONS WITH RELATED-PARTIES

The consolidated 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 7.3.

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

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

TRANSACTIONS WITH COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

(€Mn)	December 31, 2021	December 31, 2020
Current account in debit	35.9 ⁽¹⁾	55.2
Current account in credit	-	-

(1) Current account in debit with related parties represent short terms receivables, working capital and amounts due from joint ventures and associates. For ECL reference to 8.5.2.

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 8.3.3.

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 2.1.3. The remaining principal amount of the loan is €760.6 Mn (December 31, 2020: €1,260.6 Mn) as at December 31, 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.

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 December 31, 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 had a EUR and USD current account facility with URW SE for €185.0 Mn and \$50.0 Mn (€44.1 Mn), respectively. As at December 31, 2021, the drawn down amount are €173.5 Mn and \$34.6 Mn (€30.5 Mn) respectively. 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. As at December 31, 2020, the draw down amounts is €117.1 Mn and \$4.8 Mn (€3.9 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 €76.8 Mn (December 31, 2020: €120.4 Mn) and €445.5 Mn (December 31, 2020: €529.1 Mn) respectively as at December 31, 2021. Reference is made to note 8.4.

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 December 31, 2021, is \$52 Mn (€46.2 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 December 31, 2021, is \$1,203 Mn (€1,062.1 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 December 31, 2021, is \$776 Mn (€685.4 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 December 31, 2021, is \$1,370 Mn (€1,210 Mn) (December 31, 2020: €823.1 Mn). The interest rate is LIBOR + 1.2250% margin and is reset quarterly. The maturity date of the loan is December 15, 2022.

During the period, WALP has an USD interest bearing loan from URW SE. The balance of the loan as at December 31, 2021, is \$475.0 Mn (€419.4 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 December 31, 2021 is \$300 Mn (€264.9 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.

LOANS CLASSIFIED AS EQUITY INSTRUMENTS TO URW NV

During the period, URW NV has an interest bearing loan with URW SE of €750 Mn as at December 31, 2021 (€750 Mn as at December 31, 2020) which is classified as a compound financial instrument. URW NV shall only be due interest in respect of a financial year, if it has made sufficient profit and/or its shareholders have decided that they shall pay a dividend with respect of the financial year. The maturity is 99 years and default opportunities are limited. Reference is made to 2.2.4.

During the period, URW NV has an interest bearing loan with URW SE of €500 Mn as at December 31, 2021 (€0 Mn as at December 31, 2020) which is classified as a compound financial instrument. URW NV shall only be due interest in respect of a financial year, if it has made sufficient profit and/or its shareholders have decided that they shall pay a dividend with respect of the financial year. The maturity is 99 years and default opportunities are limited. Reference to is made 2.1.3.

REDEEMABLE PREFERENCE SHARES HELD BY URW SE

URW SE holds redeemable preference shares in WHL USA Acquisitions, Inc. with a stated redemption value of €389.9 Mn (December 31, 2020: €359.8 Mn) which are presented under the consolidated 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 is 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.

TRANSACTIONS WITH ASSOCIATES

Related party transaction also include a preferred interest in Starwood. As from balance sheet date 2020 the fair value of the preferred interest is nil. See further 8.3.1" under table of "transactions with companies accounted for using the equity method".

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Remuneration of key management personnel is disclosed in note 13.4.2.

NOTE 8 ● FINANCING AND FINANCIAL INSTRUMENTS

8.1 ACCOUNTING PRINCIPLES

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

CLASSIFICATION AND MEASUREMENT OF NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

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

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

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

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

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

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

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

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

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

FINANCIAL ASSETS AT AMORTISED COST

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

FINANCIAL ASSETS AT FVTPL

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

EQUITY INSTRUMENTS AT FVOCI

These assets are subsequently measured at fair value through profit or loss except in the case of an irrevocable election to classify them at fair value through other comprehensive income that cannot be reclassified. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

FINANCIAL LIABILITIES

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

CLASSIFICATION AND MEASUREMENT OF FINANCIAL DERIVATIVES

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

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

The Group has a macro-hedging strategy for its debt. No hedge accounting is applied. All such derivatives are therefore measured at their fair value and any fair value variations are recorded in the income statement.

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

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

HEDGING INSTRUMENTS

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

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

Valuation of derivatives has to take into account the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA). CVA, calculated for a given counterparty, is the product of:

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

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

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

8.1.2 Discounting of deferred payments

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

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

8.1.3 Borrowing costs generated by construction projects (IAS 23)

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

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

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

8.2 FINANCING RESULT

8.2.1 Net financing costs

(€Mn)	2021	2020
Other financial interest	6.8 ⁽¹⁾	6.5 ⁽¹⁾
Amount due from derivatives	40.4	59.9
Subtotal financial income	47.2	66.4
Interest on bonds and EMTNs	(139.6)	(155.5)
Interest and expenses on borrowings	(91.0)	(122.1)
Interest expense on lease liabilities	(3.1)	(3.3)
Interest on preference shares	(28.0) ⁽²⁾	(34.8)
Other financial interest	(17.4) ⁽⁴⁾	(32.2) ⁽³⁾
Amount due on derivatives	(66.1)	(76.2)
Financial expenses before capitalisation of financial expenses	(345.2)	(424.1)
Capitalised financial expenses	-	0.2
Subtotal net financial expenses	(345.2)	(423.9)
TOTAL NET FINANCING COSTS	(298.0)	(357.5)

(1) The other financial interest income of €6.8 Mn (2020: €6.5 Mn) is calculated using the effective interest method.

(2) The interest on preference share includes a reversal of distribution accrual of €9.3 Mn for a fully consolidated entity.

(3) 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 €750Mn loan conversion, reference is made to note 2.2.4.

(4) The other financial interest expense includes the amendment fee of €10.8 Mn and the remaining amortised upfront fee of €1.6 Mn cost of €500 Mn loan conversion in 2021, reference to note 2.1.3.

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

8.2.2 Fair value adjustments of derivatives, debt and currency effect

(€Mn)	2021	2020
Amortisation of debt	(8.0)	(3.3)
Currency result	(1.7)	(52.6)
Fair value of derivatives	39.7	(146.2)
Fair value preference shares	18.6 ⁽²⁾	58.5
Financial cost on early redemption	(7.0)	-
ECL on financial guarantee contracts	(23.3) ⁽³⁾	(12.0)
Fair value of preferred interest	(7.0)	(93.7) ⁽¹⁾
TOTAL FINANCIAL RESULT	11.4	(249.2)

(1) The fair value of preferred interest includes €93.4Mn fair value movement of Starwood.

(2) The fair value of preference shares included a reversal of distribution accrual of €12.0 Mn for a fully consolidated entity.

(3) The amount represents financial guarantee of €11.3 Mn for Westfield Trumbull and €12 Mn for Louise Joliet.

8.3 FINANCIAL ASSETS AND LIABILITIES

8.3.1 Financial assets

(€Mn)	December 31, 2021	December 31, 2020
Financial assets at fair value through OCI	-	0.1
Non-listed equity investment	-	0.1
Financial assets at fair value through profit and loss	114.5	112.4
Preferred interest Starwood and Rouse ⁽¹⁾	114.5	112.4
Debt instrument at amortised cost	90.5	113.2

Trade receivables from activity	88.3	109.3
Other financial assets	2.2	3.9
FINANCIAL ASSETS	205.0	225.7
Total current	88.3	109.3
Total non-current	116.7	116.4

(1) In 2021, the Group reassessed the accounting for the Preferred Interest receivables as part of the Financial assets and concluded the assets do not give rise to cash flows that are 'solely payments of principal and interest (SPPI)'. Accordingly the measurement of the Preferred interest was changed to fair value through profit and loss. Comparative figures were updated accordingly. The change did not have a significant impact on profit or loss or equity.

8.3.2 Main financing transactions

2021

BOND MARKET

There were no new issued bonds and notes in the financial year ended December 31, 2021. In H2-2021 the Group repaid \$500 Mn (€422.7 Mn) of US 144a bonds which were originally scheduled to mature in April 2022.

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 nominal value of the debt of €347.5 Mn (\$411 Mn) on these assets. URW NV is still liable for financial guarantee contracts related to Westfield Broward. Refer to note 8.5.2.

- *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 using the equity method. In May 2021, URW NV acquired the remainder of the 47% Joint Venture partner's stake in these two US assets. From this date Westfield Palm Desert and Westfield Trumbull were fully consolidated in URW NV's IFRS accounts. On October 14, 2021 Westfield Palm Desert was foreclosed and management of the centre was transfer to the Receiver. As at December 31, 2021, only Trumbull's related non-recourse mortgage debt was fully consolidated in URW NV's accounts, corresponding to a total debt amount of €134.5 Mn (\$152.3 Mn). URW NV is still liable for financial guarantee contracts related to Westfield Palm Desert. Refer to note 8.5.2.

TRANSACTION WITH URW SE

For the year ended December 31, 2021, URW NV borrowed €543.9 Mn from URW SE and made repayments of €141.2 Mn to URW SE, these transactions are also considered as main financing transactions.

2020

On September 4, 2020 a \$300 Mn early repayment on a 144A bond maturing in October 2020, took place. Borrowings from URW SE decreased with €311.1 Mn in 2020.

Although, the group objectives mention cash pool activities, those were not applicable for 2020.

8.3.3 Financial debt breakdown and outstanding duration to maturity

Outstanding duration to maturity (€Mn)	Current			Non-current		Total	Total December 31, 2020
	Less than 1 year	1 year to 5 years	More than 5 years	December 31, 2021	December 31, 2020		
Bonds and notes	11.8	881.0	2,652.6	3,545.4	3,677.2		
Principal debt ⁽¹⁾	-	882.9	2,648.8	3,531.7	3,667.2		
Accrued interest	36.3	-	-	36.3	35.0		
Issuance costs	(22.6)	-	-	(22.6)	(22.0)		
Amortisation of debt	(1.9)	(1.9)	3.8	-	(3.0)		
Bank borrowings	244.3	234.4	-	478.7	446.7		
Principal debt ⁽¹⁾	242.8	241.3	-	484.1	431.1		
Accrued interest	2.3	-	-	2.3	29.5		
Borrowings issue fees	-	-	-	-	0.1		
Amortisation of debt	(0.8)	(6.9)	-	(7.7)	(14.0)		
Other financial liabilities	1,634.7	2,298.4	777.5	4,710.6	4,543.4		

Borrowing with URW SE ⁽²⁾	1,629.0	2,298.4	777.5	4,704.9	4,528.0
Accrued interests on borrowings with URW SE ⁽²⁾	7.7	-	-	7.7	24.2
Charges and premiums on issues of borrowings with URW SE ⁽²⁾	(1.9)	-	-	(1.9)	(8.8)
Lease liabilities	6.7	27.0	23.4	57.1	56.0
Total financial debt	1,897.6	3,440.8	3,453.4	8,791.8	8,723.3
Liabilities directly associated with properties or shares classified as held for sale	-	-	-	-	203.5
TOTAL	1,897.6	3,440.8	3,453.4	8,791.8	8,926.8

(1) These notes or instruments are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

(2) Further information relating to loans with related parties is set out in note 7.4.

The 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 €484.0 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, 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 2021 variation of financial debt by flows breaks down as follows:

	Cash flows ⁽¹⁾				Non-cash flows				December 31, 2021
	December	Variation of accrued		Scope	Currency	Amortisation	Others		
	31, 2020	Increase ⁽²⁾	Decrease	interests ⁽³⁾	translation	impact			
Bonds and notes	3,677.2	-	(422.7)	(1.6)	-	284.8	3.1	4.6	3,545.4
Bank borrowings	650.2	-	-	(19.3)	(228.1) ⁽⁴⁾	51.9	9.1	14.7	478.7
Other financial liabilities	4,543.4	540.1	(141.2)	(16.8)	-	278.2	-	(492.8) ⁽⁵⁾	4,710.7
Lease liabilities	56.0	-	(3.4)	--	-	4.5	-	-	57.1
TOTAL	8,926.8	540.1	(567.3)	(37.7)	(228.1)	619.4	12.2	(473.5)	8,791.9

(1) The cash flows differ from those in the Consolidated statement of cash flows mainly due to the variation of guarantee deposits received.

(2) Net of bonds and EMTNs issuance costs and bank borrowings issue fees.

(3) The variation of accrued interest is included in lines Financial income/Financial expenses of the Consolidated statement of cash flows.

(4) The variation of scope movements includes the 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), the deconsolidation of O'Connor 1 portfolio (Westfield Broward, Westfield Citrus Park, Westfield Countryside and Westfield Sarasota) as well as Westfield Palm Desert, reference is made to note 2.1.2.

(5) The variation of Others includes conversion of the €500 Mn loan with URW SE to equity, reference is made to note 2.1.3.

The 2020 variation of financial debt by flows breaks down as follows:

	Cash flows ⁽¹⁾				Non-cash flows				December 31, 2020
	December	Variation of accrued		Scope	Currency	Amortisation	Others		
	31, 2019	Increase ⁽²⁾	Decrease	interests ⁽³⁾	translation	impact			
Bonds and notes	4,281.6	-	(262.7)	0.8	-	(343.8)	3.4	(2.1)	3,677.2
Bank borrowings	343.7	-	(126.9)	17.1	455.1 ⁽⁴⁾	(38.7)	(0.1)	-	650.2
Other financial liabilities	4,867.3	710.0	(38.4)	(2.5)	-	(244.7)	-	(748.3) ⁽⁵⁾	4,543.4
Lease liabilities	64.5	-	(3.3)	-	-	(5.2)	-	-	56.0
TOTAL	9,557.1	710.0	(431.3)	15.4	455.1	(632.4)	3.3	(750.4)	8,926.8

(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 movements the change of consolidation following the acquisition of its JV partner's shares (50%) in five US assets: Westfield Brandon, Westfield Broward, Westfield Citrus Park, Westfield Countryside and Westfield Sarasota, reference is made to note 2.2.2.

(5) The variation of Others includes conversion of the €750 Mn loan with URW SE to equity, reference is made to note 2.2.4.

MATURITY OF CURRENT PRINCIPAL DEBT

Current	Current			Total December 31, 2021
	Less than 1 month	1 month to 3 months	More than 3 months	
(€Mn)				
Bonds and notes	-	-	-	-
Bank borrowings	-	-	242.8	242.8
Borrowing with URW SE	-	-	1,629.0	1,629.0
Financial leases	-	-	6.7	6.7
TOTAL	-	-	1,878.5	1,878.5

8.3.4 Characteristics of bonds and notes

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

Issue date	Rate	Currency	Amount as at December 31,	Amount as at December 31,	Maturity
			2021 (€Mn)	2020 (€Mn)	
September 2014	Fixed rate 3.75%	USD	882.9	814.9	September 2024
September 2014	Fixed rate 4.75%	USD	441.5	407.5	September 2044
April 2017	Fixed rate 3.15%	USD	-	407.5	April 2022
September 2018	Fixed rate 4.125%	USD	441.5	407.5	September 2028
September 2018	Fixed rate 4.625%	USD	441.5	407.5	September 2048
June 2019	Fixed rate 3.50%	USD	662.2	611.2	June 2029
October 2019	Fixed rate 2.875%	USD	662.2	611.2	January 2027
TOTAL			3,531.7	3,667.2	

The Group repaid \$500 Mn (€422.7 Mn) of US 144a bonds which were originally scheduled to mature in April 2022

8.3.5 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 December 31, 2021, the URW Group's ratios show sufficient headroom vis-à-vis the following covenants:

	US Credit facility covenants level	Rule 144A and Reg S bonds covenants level
Loan to Value ⁽²²⁾	< 65%	< 65%
ICR	> 1.5x	> 1.5x
FFO/NFD ⁽²³⁾	na.	na.
Secured debt ratio ⁽²⁴⁾	< 50%	< 45%
Unencumbered leverage ratio ⁽²⁵⁾	> 1.5x	> 1.25x

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

For certain loans from financial institutions (amounting to approximately €134.5 Mn), the Company has formed a restricted cash reserves in order to comply with the conditions in the loan agreements, because some ratios were not met (Debt yield and DSCR), and is therefore not in default. The total restricted cash reserves amount to €1.6 Mn.

²² Ratio calculated based on European bank debt covenant.

²³ Funds From Operations: on an annualised basis, the recurring EBITDA minus (i) recurring net financial expenses and (ii) tax on recurring operating result.

²⁴ Secured debt/ Total assets.

²⁵ Unencumbered assets/unsecured debt.

8.3.6 Net financial debt

Net financial debt is determined as below:

NET FINANCIAL DEBT

(€Mn)	December 31, 2021	December 31, 2020
Amounts accounted for in B/S		
Long-term bonds and borrowings	6,843.9	7,691.2
Current borrowings and amounts due to credit institutions	1,890.9	976.1
Liabilities directly associated with properties or shares classified as held for sale ⁽¹⁾	-	203.5
Total financial liabilities	8,734.7	8,870.8
Adjustments		
Amortisation of debt	7.7	40.1
Accrued interests/issuance fees	(21.7)	(58.0)
Total financial liabilities (nominal value)	8,720.7	8,852.9
Cash & cash equivalents	(50.5)	(63.1)
NET FINANCIAL DEBT	8,670.1	8,789.8

(1) Reference is made to Note 8.3.3.

NET CASH AT PERIOD-END

(€Mn)	December 31, 2021	December 31, 2020
Cash	50.5	63.1
Total asset	50.5	63.1
Bank overdrafts & current accounts to balance out cash flow	-	(0.1)
Total liabilities	-	(0.1)
NET CASH AT PERIOD-END	50.5	63.0

8.3.7 Commitment to non-controlling interests

(€Mn)	December 31, 2020	Addition	Decrease	Fair value movements in P&L	Currency translation	December 31, 2021
Financial liabilities at amortised cost	399.4	23.9	-	-	30.4	453.7
Commitment to non-controlling interests held by URW SE (a)	399.4	23.9	-	-	30.4	453.7
Financial liabilities at fair value	101.0	-	-	(6.8)	8.3	102.5
Commitment to non-controlling interests (b)	16.6	-	-	16.8	2.4	35.8
Other commitments to non-controlling interests (c)	84.4	-	-	(23.7)	6.0	66.7
Total commitment to non-controlling interests	500.4	23.9	-	(6.8)	38.3	555.8
Total non-current	460.5	-	-	(6.8)	37.7	491.4
Total current	39.9	23.9	-	-	(0.6)	64.4

URW SE holds redeemable preference shares/units in WHL USA Acquisitions, Inc. for an amount of €389.9 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 €102.5 Mn relates to external parties and are measured at fair value level 3.

A) INTERESTS HELD BY URW SE

i) The holders of Series A preferred shares are entitled to receive an annual dividend equal to 5.9% of the value of the preference shares.

B) INTERESTS HELD BY EXTERNAL PARTIES

i) As at December 31, 2021, the Jacobs Group holds 1,265,431 (December 31, 2020: 1,265,431) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

ii) As at December 31, 2021, the previous owners of the Sunrise Mall hold 1,401,426 (December 31, 2020: 1,401,426) Series I units. At any time after the earlier of (i) July 21, 2005; (ii) dissolution of the operating partnership; or (iii) the death of the holder, such holder (or the holder's Estate) has the right to require the operating partnership to redeem its Series I units, at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for URW stapled securities); or (iii) a combination of both.

iii) As at December 31, 2021, 1,538,481 (December 31, 2020: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for URW stapled securities); or (iii) a combination of both.

iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash, (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion. At any time, after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

C) OTHER COMMITMENT TO NON-CONTROLLING INTERESTS

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

i) The former partners in the San Francisco Centre hold 360,000 (Series H-2 Units in the operating partnership) as December 31, 2021 (December 31, 2020: 360,000). Each Series H-2 unit will be entitled to receive quarterly distributions equal to \$0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, \$0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the operating partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

ii) In connection with the completion of the San Francisco Emporium development, 1,000 (Westfield Growth, LP Series A units were issued to Forest City Enterprise, Inc) as December 31, 2021 (December 31, 2020: 1,000). Redemption of these units by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these units is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

8.4 DERIVATIVE INSTRUMENTS

CHANGE IN DERIVATIVES 2021

(€Mn)	December 31, 2020	Amounts recognised in the Statement of Comprehensive Income		December 31, 2021
		Fair value adjustments of derivatives	Currency translation	
Assets				
Derivatives at fair value Non-Current	120.4	(43.9)	0.3	76.8
• Fair value	120.4	(43.9)	0.3	76.8
Liabilities				
Derivatives at fair value	(529.1)	83.6	-	(445.5)
• Fair value	(529.1)	83.6	-	(445.5)
NET	(408.7)	39.7	0.3	(368.7)

The fair value of interest rate swaps (assets/liabilities) decreased in value mainly due to a higher swap rate curve.

There was no settlement in 2021.

The notional amount of the IRS contract is \$3,000.0 Mn (€2,648.8 Mn).

CHANGE IN DERIVATIVES 2020

(€Mn)	December 31, 2019	Amounts recognised in the Statement of Comprehensive Income		December 31, 2020
		Fair value adjustments of derivatives	Currency translation	
Assets				
Derivatives at fair value Non-Current	85.0	34.2	1.2	120.4
• Fair value	85.0	34.2	1.2	120.4
Liabilities				
Derivatives at fair value	(348.7)	(180.4)	-	(529.1)
• Fair value	(348.7)	(180.4)	-	(529.1)
NET	(263.7)	(146.2)	1.2	(408.7)

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

There is a new CAP contract between URW NV and URW SE in 2020. The notional amount of the CAP contract is \$1.25 Bn (€1.02 Bn). The contract commenced on January 2, 2020, with 1 year maturity.

There was no settlement in 2020.

8.5 RISK MANAGEMENT POLICY

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

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

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

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

8.5.1 Market risk

COUNTERPARTY RISK

Due to its use of derivatives to minimise its interest and exchange rate risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. To limit counterparty risk, the Group relies 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 €76.8 Mn (December 31, 2020: €120.4 Mn) for assets and €445.5 Mn (December 31, 2020: €529.1 Mn) for liabilities as at December 31, 2021.

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.

Interest benchmark reform one of the reforms mandated by the Financial Stability Board following the financial crisis was to push for benchmark Inter Bank Offered Rates (IBORs), such as LIBOR and EONIA, to be replaced by new benchmark rates, known as alternative Risk Free Rates (RFRs). Although new originations of floating rate borrowings in the US use the risk-free SOFR rate as a benchmark, USD LIBOR is still published and utilized for existing agreements through June 30, 2023. The USD \$3,200.0 Mn (€2,825.4 Mn) credit facility continues to allow for borrowings in USD LIBOR, and since it has zero LIBOR based funding currently outstanding and matures at the end of June 2023, it was not been amended to replace USD LIBOR with USD SOFR.

The exposures impacted by the IBOR reform as from 31 December 2021 relate to USD LIBOR instruments and amount to \$7,411.2 Mn (€6,543.5 Mn) of non-derivative financial liabilities (carrying amounts) and \$3,000.0 Mn (€2,648.8 Mn) of derivatives (notional amounts).

The Company is currently analyzing the impact. It is expected that the transition of the IBOR will not have a material impact on the valuation of financial instruments or hedging relationships and thereby have no material impact on the Company's total equity and net income as per December 31, 2021

MEASURING INTEREST RATE RISK

As at December 31, 2021, the measuring interest risk is as follows:

(€Mn)	Financial liabilities	
	Fixed rate	Variable rate*
Less than 1 year	242.8	1,629.0
1 year to 2 years	35.8	0.0

2 years to 3 years	882.9	204.0
3 years to 4 years	134.5	1,373.2
4 years to 5 years	106.8	685.4
More than 5 years	3,425.7	0.0
Total	4,828.5	3,891.6

As at December 31, 2020, the measuring interest risk is as follows:

(€Mn)	Financial liabilities	
	Fixed rate	Variable rate*
Less than 1 year	8.4	823.1
1 year to 2 years	636.9	387.1
2 years to 3 years	357.0	0.0
3 years to 4 years	814.9	121.0
4 years to 5 years	0.0	1,267.4
More than 5 years	3,804.3	632.7
Total	5,621.5	3,231.3

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

The interest cost of outstanding debt was hedged at 65% as at December 31, 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.

The hedging balance as at December 31, 2021, and December 31, 2020 respectively breaks down as follows:

(€Mn)	Outstanding total as at December 31, 2021		Outstanding total as at December 31, 2020	
	Fixed rate	Variable rate ⁽¹⁾	Fixed rate	Variable rate ⁽¹⁾
Financial liabilities	(4,828.5)	(3,891.6)	(5,621.2)	(3,231.3)
Financial liabilities before hedging program	(4,828.5)	(3,891.6)	(5,621.2)	(3,231.3)
Micro-hedging	882.9	(882.9)	814.9	(814.9)
Net financial liabilities after micro-hedging⁽²⁾	(3,945.6)	(4,774.5)	(4,806.3)	(4,046.2)
Swap rate hedging ⁽³⁾	-	1,765.8	-	1,629.9
Net debt not covered by swaps	-	(3,008.7)	-	(2,416.3)
Cap and floor hedging	-	-	-	1,018.7
HEDGING BALANCE	-	(3,008.7)	-	(1,397.7)

(1) Including index-linked debt.

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

(3) Forward hedging instruments are not accounted for in this table.

Based on the estimated average debt position of URW NV in 2021, if interest rates (Libor, Euribor) were to rise by an average of +50 bps²⁶ during 2021, the estimated impact on financial expenses would be -€15.0 Mn:

- Dollar financial expenses would increase by -\$16.1 Mn (-€14.2 Mn);
- Euro financial expenses would increase by -€0.9 Mn.

In total, a +100 bps increase in interest rates during 2021 would have a net negative impact on financial expenses of -€30.1 Mn:

- Dollar financial expenses would increase by -\$32.1 Mn (-€28.4 Mn);
- Euro financial expenses would increase by -€1.7 Mn.

A -50 bps drop in interest rates would reduce the financial expenses by +€15.0 Mn:

- Dollar financial expenses would decrease by +\$16.1 Mn (€14.2 Mn);

²⁶ The impact on exchange rates due to this theoretical increase of +50 bps in interest rates is not taken into account.

The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at December 31, 2021: 3m Euribor (-0.5%) and 3m USD Libor (0.25%).

- Euro financial expenses would decrease by +€0.9 Mn.

FOREIGN EXCHANGE RATE RISK

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

MEASURING CURRENCY EXCHANGE RATE EXPOSURE

The Group has activities and investments in 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 DECEMBER 31, 2021 (€Mn)

Currency	Assets	Liabilities	Net Exposure	Hedging instruments	Exposure net of hedges
USD	10,789	(8,841)	1,949	-	1,949
TOTAL	10,789	(8,841)	1,949	-	1,949

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:

	December 31, 2021		December 31, 2020	
	Recurring result	Equity	Recurring result	Equity
(€Mn)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
Impact of an increase of +10% in the EUR/USD exchange	(9.0)	(177.1)	(3.9)	(235.6)

MANAGEMENT OF OTHER RISKS

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

8.5.2 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to at least an annual review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The Group's tenants may be impacted by COVID-19 depending on the restrictions in place, government support and their industry.

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

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

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

The table below includes the gross carrying amounts of financial assets subject to credit risk and the maximum exposure to credit risk of financial guarantee contracts.

(€Mn)	2021		2020	
	12 month ECL	Lifetime ECL	12 month ECL	Lifetime ECL
Trade receivable from activity	-	163.9	-	183.2
Other receivables	48.3	-	64.6	-
Cash and cash equivalents	50.5	-	63.1	-
Financial guarantee contracts	417.2	309.3 ⁽¹⁾	281.2	433.4 ⁽²⁾
Gross amount at 31 December	516.0	473.2	408.9	616.6

(1) The amount of €309.3 Mn comprises of €141.7 Mn in stage 3 and €167.6 Mn in stage 2.

(2) The amount of €433.4 Mn comprises of €217.0 Mn in stage 3 and €216.4 Mn in stage 2.

For trade receivables the group applies the simplified model in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For other financial assets subject to credit risk and financial guarantee contracts the group applies the general model in calculating ECLs, therefore calculating ECLs over 12 months unless there is a significant increase in credit risk (in which case the lifetime ECL is calculated).

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

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

The Group applies the following rules to calculate the provision for doubtful accounts as December 31, 2021:

- Receivables from tenants under bankruptcies proceedings were fully depreciated;
- Doubtful debt provisions are defined on the basis of an estimated default rate based on a forward-looking approach. This percentage of default may be refined by the tenant segment and position of the Shopping Centre in its catchment area. Ultimately, this default is rationalized based on recent events like tenants bankruptcies in 2021 and also 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 table below explains the movements in the loss allowance for trade receivables from activity during the period:

(€Mn)	2021	2020
TRADE RECEIVABLE		
Opening loss allowance at 1 January	73.7	29.3
Addition in loan loss allowance recognised in profit or loss during the year	58.1	72.1
Receivables written off during the year as uncollectible	(44.2)	(12.0)
Unused amount reversed	(18.0)	(8.8)
Changes due to FX differences	6.0	(6.9)
Closing loss allowance at 31 December⁽¹⁾	75.5	73.7

(1) The gross carrying amount of the trade receivables from activity and the related allowance are presented on a net basis in the balance sheet.

Trade receivables are partially written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

URW NV’s provision policy for the general model:

- No material expected credit losses are recognized in relation to Other receivables, Receivables from joint ventures and associates, and cash and cash equivalents, nor in relation to financial guarantee contracts for which there is no significant increase in credit risk.
- The expected credit loss for the financial guarantee contract for which there is a significant increase in credit risk, is based on the difference between the guaranteed amount and the Group’s estimate of disposal proceeds for the related investment property in the event of foreclosure.

The table below explains the movements in the loss allowance for financial guarantee contract from activity during the period:

(€Mn)	2021	2020
FINANCIAL GUARANTEE CONTRACTS		
Opening loss allowance at 1 January	92.1	-
Additions recognized in profit or loss during the period ⁽¹⁾	71.2	99.0
Used ⁽²⁾	(9.2)	-

Provision released during the year ⁽³⁾	(51.1)	-
Changes due to FX differences	8.2	(6.9)
Closing loss allowance at 31 December⁽⁴⁾	111.2	92.1

(1) An amount of 23.3 million is included under fair value adjustments of derivatives, debts and currency effects (December 31, 2020: €12Mn). An amount of €47.9 Mn is included in the valuation movements on assets (December 31, 2020: €87Mn).

(2) Represent the amount used by Westfield Sarasota, reference to 2.1.2

(3) This amount is included under the Result on disposal of investment properties and loss of control.

(4) An amount of €62.0 Mn is included under the other liabilities (December 31, 2020: €24 Mn is included in Amounts due to suppliers and other current debt); An amount of €49.2 Mn is included under the borrowings (December 31, 2020: €68.1Mn)

8.5.3 Liquidity risk

The Group undertakes active liquidity and funding risk management to enable it to have sufficient funds available. To meet its financial obligations, working capital and expected committed capital expenditure requirements are periodically and carefully monitored. During the COVID-19 crisis, the URW Group took immediate steps to preserve its strong liquidity position in light of the uncertain impact of the pandemic. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. URW NV has cross guarantees with URW SE and the liquidity needs are covered by the available undrawn credit lines at URW Group level. Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in note 8.3.3.

The following table shows the Group's contractually agreed interest payments and repayments of the non-derivative financial liabilities, commitment to non-controlling interests held by URW SE and the derivatives with positive and negative fair values (excluding lease liabilities and certain current financial liabilities like trade creditors). The commitment to non-controlling interests at fair value of €102.2 Mn is not included in the below table as the holder has the right to exchange into cash and/or URW stapled shares at any time (see note 8.3.7). Amounts in foreign currency were translated at the closing rate at the reporting date. The payments of the floating-rate interests have been calculated on the basis of the last interest rates published on December 31, 2021. Credit lines drawn as at December 31, 2021, are considered as drawn until maturity.

(€Mn)	Carrying amount ⁽¹⁾ December 31, 2021	Less than 1 year		1 year to 5 years		More than 5 years		
		Interest	Redemption	Interest	Redemption	Interest	Redemption	
BONDS, BORROWINGS AND AMOUNTS DUE TO CREDIT INSTITUTIONS								
Bonds and EMTNs	(3,531.7)	(134.9)	-	(473.5)	(882.9)	(930.5)	(2,648.8)	
Bank borrowings and other financial liabilities ⁽²⁾	(5,189.0)	(82.7)	(1,844.1)	(174.5)	(2,567.4)	(1,404.6)	(776.9)	
FINANCIAL DERIVATIVES								
Derivative financial liabilities								
Derivatives without a hedging relationship	(445.5)	(51.5)	-	(203.3)	-	(1,118.2)	-	
Derivative financial assets								
Derivatives without a hedging relationship	76.8	24.8	-	99.2	-	53.2	-	
COMMITMENT TO NON-CONTROLLING INTEREST								
Commitment to non-controlling interest held by URW SE	(453.7)	(23.0)	-	(92.0)	-	(51.9)	(389.9)	

(1) Corresponds to the amount of principal debt (see note 8.3.3 "Financial debt breakdown and outstanding duration to maturity").

(2) Excludes current accounts with non-controlling interests.

8.6 FAIR VALUE OF FINANCIAL INSTRUMENTS PER CATEGORY

FAAC: Financial Asset at Amortised Cost

FAFVOCI: Financial Asset at Fair Value through Other Income

FAFVTPL: Financial Asset at Fair Value Through Profit or Loss

FLAC: Financial Liabilities at Amortised Cost

FLFVTPL: Financial Liabilities at Fair Value Through Profit or Loss

December 31, 2021 (€Mn)	Categories in accordance with IFRS 9	Carrying Amount December 31, 2021	Amounts recognised in statement of financial position according to IFRS 9			
			Amortised Cost	Fair value recognised in OCI	Fair value recognised in profit or loss	Fair value
ASSETS						
Financial assets	FAAC/FAFVTPL	116.7	2.2	-	114.5	116.7

Derivatives at fair value	FAFVTPL	76.8	-	-	76.8	76.8
Trade receivables from activity	FAAC	88.3	88.3	-	-	88.3
Other receivables ⁽¹⁾	FAAC	44.0	44.0	-	-	44.0
Cash and cash equivalents	FAAC	50.5	50.5	-	-	50.5
		376.3	185.0	-	191.3	376.3
LIABILITIES						
Commitment to non-controlling interests	FLAC/FLFVTPL	555.8	453.6	-	102.2	615.5
Financial debts	FLAC	8,791.8	8,791.8	-	-	8,806.9
Derivatives at fair value	FLFVTPL	445.5	-	-	445.5	445.5
Non-current amounts due on investments	FLAC	6.3	6.3	-	-	6.3
Other non-current liabilities ⁽²⁾	FLAC	32.6	32.6	-	-	32.6
Amounts due to suppliers and other current debt ⁽³⁾	FLAC	156.8	156.8	-	-	156.8
		9,988.8	9,441.1	-	547.7	10,063.6

December 31, 2020 (€Mn)	Categories in accordance with IFRS 9	Amounts recognised in statement of financial position according to IFRS 9				
		Carrying Amount December 31, 2020	Amortised Cost	Fair value recognised in OCI	Fair value recognised in profit or loss	Fair value
ASSETS						
Financial assets	FAAC/FAFVOCI/FAFVTPL	116.4	3.9	0.1	112.4	116.4
Derivatives at fair value	FAFVTPL	120.4	-	-	120.4	120.4
Trade receivables from activity	FAAC	109.3	109.3	-	-	109.3
Other receivables ⁽¹⁾	FAAC	49.1	49.1	-	-	49.1
Cash and cash equivalents	FAAC	63.1	63.1	-	-	63.1
		458.3	225.4	0.1	232.8	458.3
LIABILITIES						
Commitment to non-controlling interests	FLAC/FLFVTPL	500.4	399.4	-	101.0	555.7
Financial debts	FLAC/FLFVTPL	8,870.8	8,870.8	-	-	9,023.8
Derivatives at fair value	FLFVTPL	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) (2)}	FLAC	173.1	173.1	-	-	173.1
Other non-current liabilities ⁽²⁾	FLAC	33.1	33.1	-	-	33.1
		10,112.8	9,482.7	-	630.1	10,321.1

(1) Excluding prepaid expenses, service charges due and tax receivables.

(2) Expected credit loss provisions for financial guarantees are excluded.

(3) Excluding deferred income, service charges billed and tax liabilities

“Trade receivables from activity”, “Other receivables”, “Cash and cash equivalents” and “Amounts due to suppliers and other current debt” mainly have short-term maturity. Consequently, their carrying amounts at the reporting date approximate the fair value. The fair value of the 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 fair value of financial assets is determined based on relevant market yields to underlying expected future cash flows. A main assumption applied is the market yield of 6.0% (2020: 6.6%) applied for discounting expected future cash flows. A change of 50 basis points to this market yield would not result in a significant change in the fair value.

The fair value of the Company’s financial debt is determined using a discounted cash flow (DCF) method. Under the DCF method, fair value is estimated using assumptions regarding projections of cash flows and appropriate market-derived interest rate to discount future cash flows at the end of the reporting rate (categorized within level 2 of the fair value hierarchy).

The fair value of commitments to non-controlling interest is determined by applying relevant earnings yield to the underlying net income of the relevant securities (categorized within level 2 of the fair value hierarchy).

The commitment to non-controlling interests as at December 31, 2021, relate to the preference shares in USA Acquisitions Inc. which is valued at amortised cost. The fair value of these preference shares is €513.3 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 amount due on this instrument, which is initially measured at fair value (€0.2 Mn as at June 31, 2021), and subsequently at amortised cost using the effective interest method.

8.6.1 Fair value hierarchy of financial assets and liabilities

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

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

The COVID-19 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.

Fair value measurement as at December 31, 2021				
(€Mn)	Total	Level 1	Level 2	Level 3
ASSETS				
Fair value through profit or loss				
Derivatives	76.8	-	76.8	-
Financial assets	114.5	-	-	114.5
Fair value through OCI				
Financial assets	-	-	-	-
TOTAL	191.3	-	76.8	114.5
LIABILITIES				
Fair value through profit or loss				
Commitment to non-controlling interests	102.2	-	-	102.2
Derivatives	445.5	-	445.5	-
TOTAL	547.7	-	445.5	102.2

Fair value measurement as at December 31, 2020				
(€Mn)	Total	Level 1	Level 2	Level 3
ASSETS				
Fair value through profit or loss				
Derivatives	120.4	-	120.4	-
Financial assets	112.4	-	-	112.4
Fair value through OCI				
Financial assets	0.1	-	-	0.1
TOTAL	232.9	-	120.4	112.5
LIABILITIES				
Fair value through profit or loss				
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 URW SE in 2021, 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 December 31, 2021, the marked-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

RECONCILIATION OF FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL ASSETS AND LIABILITIES

(€Mn)	Financial assets	Commitment to non-controlling interest
December 31, 2019	15.6	173.1
Fair value movements in P&L	-	(58.0)
Recognised in OCI	(15.3)	-
Additions	-	7.7
Disposal	-	(12.4)
Currency translation	(0.2)	(9.3)
December 31, 2020	0.1	101.0
Fair value movements in P&L	114.5	(6.8)
Currency translation	-	8.1
December 31, 2021	114.6	102.2

As at December 31, 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 in non-controlling interest. Similarly, a decrement of 1% would result in a decrease in fair value or additional gain by €1.4 Mn in non-controlling interest.

NOTE 9 ● TAXES

9.1 ACCOUNTING PRINCIPLES

9.1.1 Income tax expenses

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

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

9.1.2 Deferred tax

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

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

Deferred tax liabilities on properties refer to:

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

9.1.3 Tax regime US - US REIT

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

9.2 INCOME TAX EXPENSES

(€Mn)	2021	2020
Recurring deferred and current tax on:		
• Other recurring results	(1.8)	(0.3)
Total recurring tax	(1.8)	(0.3)
Non-recurring deferred and current tax on:		
• Change in fair value of investment properties and impairment of intangible assets	55.0	18.5
• Other non-recurring results	21.0	28.4
Total non-recurring tax	76.0	46.9
TOTAL TAX INCOME/(EXPENSE)	74.2	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 the impairment of the trademark, the total tax income was positively impacted by €36.5 Mn from prior year and included in the line item "non-recurring deferred tax on change in fair value of investment properties and impairment of intangible assets" as part of the income tax expenses. Also refer to note 9.3.

(€Mn)	2021	2020
Current tax	18.8	28.0
Deferred tax	55.4	18.6
TOTAL TAX	74.2	46.6

(€Mn)	%	2021	%	2020
Reconciliation of effective tax rate				
Result before tax		(970.3)		(2,457.4)
Income tax using the average tax rate	26.0%	252.0	25.9%	636.5
Tax exempt profits (REIT- regimes)	(0.3%)	(2.5)	(3.2%)	(78.6)
Non deductible costs	(0.4%)	(4.0)	(0.2%)	(5.5)
Effect of non-recognized tax losses	(7.2%)	(69.6)	(9.3%)	(229.7)
Share of result of companies accounted for using the equity method	(10.4%)	(100.8)	(11.2%)	(275.1)
Other	(0.1%)	(0.9)	(0.0%)	(0.9)
	7.6%	74.2	1.9%	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.

9.3 DEFERRED TAXES

2021 CHANGE

(€Mn)	December 31, 2020	Decrease	Reclassification	Currency translation	December 31, 2021
Deferred tax on investment properties	(90.0)	42.5	-	(5.6)	(53.2)
Deferred tax on intangible assets	(75.2)	12.6	-	(5.8)	(68.3)
TOTAL DEFERRED TAX LIABILITIES	(165.2)	55.1	-	(11.4)	(121.5)
Other deferred tax assets	0.0	0.4	-	-	0.4
TOTAL DEFERRED TAX ASSETS	0.0	0.4	-	-	0.4

2020 CHANGE

(€Mn)	December 31,				December 31, 2020
	2019	Decrease	Reclassification	Currency translation	
Deferred tax on investment properties	(116.2)	17.6	-	8.6	(90.0)
Deferred tax on intangible assets	(83.2)	1.0	-	7.0	(75.2)
TOTAL DEFERRED TAX LIABILITIES	(199.4)	18.6	-	15.6	(165.2)
Other deferred tax assets	-	-	-	-	-
TOTAL DEFERRED TAX ASSETS	-	-	-	-	-

UNRECOGNIZED DEFERRED TAX ASSETS

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

(€Mn)	December 31, 2021	December 31, 2020
Tax loss carry-forwards not recognized	454.2	268.9
TOTAL UNRECOGNIZED TAX- BASIS	454.2	268.9

DETAIL OF UNRECOGNIZED TAX LOSSES AT THE END OF 2021 INTO FINAL YEAR OF USE

(€Mn)	December 31, 2021	December 31, 2020
2022	-	-
2023	-	-
2024	7.6	7.0
2025	-	-
2026	-	-
Unlimited	446.6	261.9
TOTAL	454.2	268.9

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

NOTE 10 ● PROVISIONS

The determination of the amount of provisions for liabilities and charges requires the use of estimates, assumptions and judgment of the management based on information available or situations prevalent at the date of preparation of the accounts, information and situation which may vary from subsequent actual events.

(€Mn)	December 31, 2020				December 31, 2021
	December 31, 2020	Allocations	Reversals used	Reversals not used ⁽¹⁾	
Non-current provisions	43.8	1.2	-	(16.5)	31.4
Current provisions	5.6	1.0	-	(4.9)	2.0
Total	49.4	2.2	-	(21.4)	33.4

(1) Reversal not used represent the amounts were URW NV have successfully defended a litigation or if the litigation was dropped.

As at December 31, 2021, the non-current provisions amounted €31.7 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 -€16.5 Mn is related to the successfully defended litigations or if litigations were dropped as a result the reassessment of these non-current provisions.

NOTE 11 ● OTHER CURRENT LIABILITIES

Other current liabilities breakdown as follows:

(€Mn)	December 31, 2021	December 31, 2020
Tax and social liabilities ⁽¹⁾	174.7	168.5
Other liabilities	53.3	84.6
TOTAL OTHER CURRENT LIABILITIES	228.0	253.1

(1) Within the tax and social liabilities, an amount of €141.2 Mn (December 31, 2020: 142.2 Mn) relates to the current tax liability.

As at December 31, 2021, the Tax and social liabilities mainly relate to the expected value of several additional payments still to be done in relation to past activities.

NOTE 12 ● AMOUNTS DUE ON INVESTMENTS

As at December 31, 2021, the non-current amounts due on investments are €6.3 Mn (December 31, 2020: €6.3 Mn) and the current amounts due on investments are €43.4 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 €19.3 Mn (December 31, 2020: €18.7 Mn) and Westfield Century City €6.0 Mn (December 31, 2020: €4.4 Mn). Remaining amounts relate to several projects.

NOTE 13 ● EMPLOYEE REMUNERATION AND BENEFITS

13.1 ACCOUNTING PRINCIPLES

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

POST-EMPLOYMENT BENEFITS

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

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

SHARE BASED PAYMENTS

Under IFRS 2, all transactions relating to share-based payments must be recognized in the income statement. This is the case for the Group Stock Option Plan and Performance Shares Plan.

Stock options granted to employees are stated at their fair value on the date of allocation. As the transactions are equity-settled share-based payments, this value remains unchanged, even if the options are never exercised. The value applied to the number of options finally exercised at the end of the vesting period (estimation of the turnover) is booked as an expense, with a corresponding increase in equity which is spread over the vesting period (i.e. the period during which employees must work for the Company before they can exercise the options granted to them).

The stock options and performance shares, all subject to performance condition, have been valued using a Monte Carlo model. The additional expenses incurred by the Stock Option Plans and Performance Shares Plans are classified under personnel expenses.

13.2 HEADCOUNT

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

Regions	2021	2020
United States	638	820
The Netherlands	5	5
TOTAL	643	825

13.3 PERSONNEL COSTS

(€Mn)	2021	2020
Head and regional office personnel costs	156.4	160.9
Post-employment benefits	-	0.1
TOTAL	156.4	161.0

13.4 EMPLOYEE BENEFITS

13.4.1 Share-based payments

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 (2020: 182,146) SO have been allocated to employees of URW NV in May 2021. The expense recorded in the consolidated statement of comprehensive income (corporate expenses) in relation to stock options is €600k (2020: €5k).

The tables below shows URW NV allocated SO which were not exercised on December 31, 2021:

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⁾
2021 plan	From 18/05/2024 to 19/05/2029	69.41	187,583	-	14,608	-	172,975
2020 plan	From 22/03/2023 to 21/03/2028	92.03	182,146	-	37,663	-	144,483
2019 plan	From 20/03/2022 to 19/03/2027	144.55	145,338	-	36,071	-	109,267
TOTAL			515,067		88,342		426,725

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

(2) Adjustments reflect distribution paid from retained earnings.

(3) All the options are subject to performance condition.

The table below shows the number and weighted average exercise prices of stock options:

	2021		2020	
	Number	Weighted average price (€)	Number	Weighted average price (€)
Outstanding at the beginning of the period	255,605	116.90	138,625	144.55
Allocated over the period	187,583	69.41	182,146	92.03
Cancelled over the period	(16,463)	110.00	(65,166)	92.03
Exercised over the period	-	n/a	-	n/a
Average share price on date of exercise	n/a	n/a	n/a	n/a
Outstanding at the end of the period	426,725	96.31	255,605	116.90
Of which exercisable at the end of the period ⁽¹⁾	-	n/a	-	n/a

(1) The right to exercise is subject to meeting the following performance condition: the overall market performance of URW NV must be higher in percentage terms than the performance of the EPRA reference index over the reference period.

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 (2020: 100,698) PS have been allocated to employees of URW NV in May 2021. The expense recorded in the consolidated statement of comprehensive income (corporate expenses) in relation to performance shares is €2.5 Mn (2020: €2.6 Mn).

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⁾
May 18, 2021	73,393	5,715	0	67,678
March 21, 2020	100,698	20,825	0	79,873
March 19, 2019	33,422	8,295	0	25,127
TOTAL	207,513	34,835	0	172,678

(1) Vesting period is three years - no mandatory holding period is applied after vesting date.

(2) The acquisition of the shares is subject to performance condition.

13.4.2 Remuneration of Key Management and the Supervisory Board

REMUNERATION OF KEY MANAGEMENT

(K€) Paid in:	2021	2020
Fixed Income	3,102	5,077
Short-Term Incentive	2,823	6,876
Pension ⁽¹⁾	140	1,556
Other benefits ⁽²⁾	1,054	2,261
TOTAL	7,119	15,770

(1) include Supplementary Contribution Scheme

(2) relate to Group life and health insurance, cost of living and car allowances

In 2020, the total amount relates to the total remuneration of the Senior Management Team which included members of the Management Board. Starting 2021, a new organization has been adopted by the URW Group. As a result, the Senior Management Team does no longer exist. Key management of URW NV can now be identified as the US Leadership Team ("USLT") which consists of 7 persons (including MB member Dominic Lowe) together with the Management Board.

The main differences in remuneration of Key Management between 2020 and 2021 are caused by remuneration differences between SMT members (including URW Group Key Management) in 2020 and USLT and Management Board remuneration in 2021.

In 2021, the Management Board members were awarded a total of 70,915 stock options, all of which were subject to performance condition, along with 27,742 Performance Shares representing €1.138 Mn.

For the remuneration of the individual members of the Management Board see section 2.3.3 of the Annual Report.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board amounts to €239,417 (2020: €257,500) for the 2021 financial year. For the remuneration of the individual members of the Supervisory Board see section 2.3.3 of the Annual Report.

LOANS OR GUARANTEES GRANTED TO DIRECTORS

None.

TRANSACTIONS INVOLVING DIRECTORS

None.

NOTE 14 ● SHARE CAPITAL AND DIVIDENDS

14.1 CAPITAL MANAGEMENT

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

Under the supervision of the CFO, the capital management goals are managed in line with the URW Group perspective also meet all tax requirements applicable throughout the Group.

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

14.2 NUMBER OF SHARES

ACCOUNTING PRINCIPLES

The Class A shares of URW NV 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) 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).

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

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

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

CHANGE IN SHARE CAPITAL

	Total number of issued and paid shares
As at December 31, 2019	231,626,920
Capital increase Class A shares	24,630
Capital increase reserved for URW Group Savings Plan	69,150
As at December 31, 2020	231,720,700
Capital increase Class A shares	47,976
Capital increase reserved for URW Group Savings Plan	74,055
As at December 31, 2021	231,842,731

The authorised share capital as at December 31, 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 December 31, 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).

AVERAGE NUMBER OF SHARES DILUTED AND UNDILUTED

	2021	2020
Average number of shares (undiluted)	231,793,341	231,685,333
Dilutive impact		
Attributed performance shares (unvested) ⁽¹⁾	418,750	314,217

Potential shares via ORNANE	1,225,243	1,851,806
AVERAGE NUMBER OF SHARES (DILUTED)	233,437,334	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.

UNIBAIL-RODAMCO-WESTFIELD SE STOCK OPTIONS AND PERFORMANCE 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:

The table below shows 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 From 04/03/2019 to 03/03/2022	256.81	615,860	-	234,617	-	381,243
2015 plan (n°8)	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	-	196,149	1,913	413,546
	2017 from 08/03/2021 to 07/03/2024	218.47	611,611	-	161,087	-	450,524
2018 plan (n°9)	2018 From 06/03/2022 to 05/03/2025	190.09	630,135	-	153,010	-	477,125
2019 plan (n°10)	2019 From 20/03/2022 to 19/03/2026	144.55	748,372	-	169,435	-	578,937
2020 plan (n°11)	2020 From 22/03/2023 to 21/03/2028	92.03	885,291	-	180,295	-	704,996
2021 plan (n°12)	2021 From 19/05/2024 to 18/05/2029	69.41	950,295	-	47,202	-	903,093
TOTAL			5,666,484	-	1,731,641	25,379	3,909,464

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

(2) Adjustments reflect distribution paid from retained earnings.

(3) All the options are subject to performance condition.

The table below shows 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	41,178	16,910	24,451
May 2018	38,130	7,273	21,800	9,057
March 2019	172,174	38,944	-	133,230
March 2020	489,440	99,682	-	389,758
May 2021	371,846	18,474	-	353,372
TOTAL	1,230,644	229,738	91,038	909,868

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

(2) The acquisition of the shares is subject to performance condition.

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

14.4 DIVIDENDS

No dividends were declared or paid during the reporting period.

14.5 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 2.1.3. The amount of capital securities is €1,251.4 Mn as at December 31, 2021 (December 31, 2020: €751.6 Mn).

NOTE 15 • OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

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

15.1 COMMITMENTS GIVEN

Commitments given (€Mn)	Description	Maturities	December 31, 2021	December 31, 2020
1a) Commitments related to Group financing - Commitments given by fully consolidated entities				
Financial guarantees given	• Mortgages and first lien lenders	2022 to 2026	484.1	657.7
Financial guarantees given	• Guarantees relating to entities under equity method or not consolidated ⁽¹⁾	2021 to 2022	358.6	374.1
1b) Commitments related to Group financing - Commitments given by entity under equity method			1,062.7	1,281.7
Financial guarantees given	• Loan guarantees	2021 to 2025	-	182.0
Non - Financial guarantees given	• Mortgages and first lien lenders ⁽²⁾	2021 to 2026	1,062.7	1,099.7
2a) Commitments related to Group operational activities - Fully consolidated				
	• Residual commitments for works contracts and forward purchase agreements	2021+	0.3	28.8
	• Rental of premises and equipment (lease payable)	2021+	10.2	0.8
2b) Commitments related to Group operational activities - Entity under equity method				
	• Residual commitments for works contracts and forward purchase agreements	2021+	26.1	140.3
	• Rental of premises and equipment (lease payable)	2021+	1.1	4.0
TOTAL COMMITMENTS GIVEN			1,943.1	2,487.4

(1) Corresponds to guarantees provided by the Group in the US relating to associates under equity method or entities under foreclosure.
(2) The outstanding balances at the reporting date of the debts and drawn credit lines which are secured by mortgages.

For the expected credit loss on financial guarantees recognized in 2021, reference is made to note 8.5.2.

COMMITMENTS RELATING TO GROUP FINANCING

Westfield America Limited Partnership, Urban Shopping Centres 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. The Group as one of the General Partners of Urban Shopping Centers has committed to maintain and allocate to Urban's minority limited partners a certain amount of qualified non-recourse debt.

15.2 COMMITMENTS RECEIVED

Commitments received (€Mn)	Description	Maturities	December 31, 2021	December 31, 2020
1) Commitments related to Group financing				
Financial guarantees received	• Refinancing agreements obtained but not used	2022	2,813.3	2,607.8
2a) Commitments related to Group operational activities - Fully consolidated				
Other contractual commitments received related to operations	• Future minimal rents	2021+	1,165.1	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+	1,235.8	1,255.0
TOTAL COMMITMENTS RECEIVED			5,214.3	5,162.1

15.3 CONTINGENT LIABILITIES

The Group's obligation with respect to performance guarantees amounted €16.9 Mn (December 31, 2020: €21.7 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).

The expected credit loss on the financial guarantees are insignificant.

15.4 NON-CONTROLLING INTERESTS

The net result for the period attributable to external non-controlling interests is -€14.7 Mn (2020: -€46.1 Mn). The non-controlling interests amounted to €23.4 Mn as per December 31, 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 7.4.

NOTE 16 ● LIST OF THE MAIN CONSOLIDATED COMPANIES

List of the main consolidated companies	Country	Method ⁽¹⁾	% interest	% control	% interest	% control
			December 31, 2021	December 31, 2021	December 31, 2020	December 31, 2020
Unibail-Rodamco-Westfield N.V.	The Netherlands	FC	100.00	100.00	100.00	100.00
WFD Unibail-Rodamco Real Estate B.V.	The Netherlands	FC	100.00	100.00	100.00	100.00
URW America Inc.	United States	FC	100.00	100.00	100.00	100.00
URW WEA LLC	United States	FC	92.40	92.40	92.20	92.20

(1) FC: full consolidation method

NOTE 17 ● SUBSEQUENT EVENTS

On March 15, 2022 URW NV announced the sale of the 34-acre site of the former Promenade Mall, located in the San Fernando Valley of Los Angeles, to a group of private investors for \$150 million (at 100 % share, URW NV owns 55%) reflecting a 60 % premium to the latest appraisal.

As operating conditions are expected to continue to improve as of 2022 and beyond, and subject to no substantial deterioration of the macro-economic and geo-strategic environment, URW NV is well positioned to resume its growth trajectory.

For information purposes, at this stage, with regard to the armed conflict in Ukraine, URW NV would like to point out that it operates neither in Ukraine nor in the Russian Federation, and that the direct effects of the current international sanctions applicable against Russian entities or nationals are not considered to have a significant impact. In parallel, the Group remains attentive to the indirect effects of the conflict and sanctions, among others, on its retailers and their supply chains, on the increased inflation and consumption impact, on the financial and investment markets environment.

3.3 COMPANY ONLY FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

3.3.1 COMPANY BALANCE SHEET AS AT DECEMBER 31, 2021

(before profit appropriation)

(€ thousands)	Notes	December 31, 2021	December 31, 2020
ASSETS			
Property, plant and equipment		36	54
Investments in subsidiaries	4	1,988,544	2,660,694
Derivatives	9	76,845	120,436
Total non-current assets		2,065,425	2,781,184
Receivables	5	18,312	18,883
Cash and cash equivalents	6	1,388	1,843
Total current assets		19,700	20,726
TOTAL ASSETS		2,085,125	2,801,910
LIABILITIES AND EQUITY			
Shareholders' equity	7		
Share capital		115,921	115,860
Additional paid-in capital		2,243,252	2,243,347
Foreign currency translation reserve		104,030	(76,607)
Revaluation reserve		237,063	213,574
Retained earnings		(2,479,631)	(87,026)
Capital securities		1,251,377	751,632
Result for the period		(878,812)	(2,369,115)
Total equity		593,200	791,665
Borrowings and financial liabilities	8	1,015,259	1,408,962
Derivatives	9	445,502	529,138
Total non-current liabilities		1,460,761	1,938,100
Amounts due to suppliers		9	14
Other liabilities	10	31,154	72,131
Total current liabilities		31,163	72,145
Total liabilities		1,491,924	2,010,245
TOTAL EQUITY AND LIABILITIES		2,085,125	2,801,910

3.3.2 COMPANY INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

(€ thousands)	Notes	2021	2020
Other income		1,877	1,780
1 - TOTAL OPERATING INCOME		1,877	1,780
Administrative expenses	11	(2,191)	(2,190)
2 - TOTAL OPERATING EXPENSES		(2,191)	(2,190)
Financial income		39,740	2,143
Financial expenses		(65,452)	(240,935)
3 - FINANCIAL RESULT	12	(25,712)	(238,792)
4 -RESULT BEFORE TAX		(26,026)	(239,202)
Income tax	13	-	-
Result from subsidiaries	14	(852,786)	(2,129,913)
5 - NET RESULT AFTER TAX		(878,812)	(2,369,115)

3.4 NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

NOTE 1 ● GENERAL

Unibail-Rodamco-Westfield N.V. ("URW NV" or the "Company") is a public limited liability company and domiciled in The Netherlands. Its shares are publicly traded on the Amsterdam Stock Exchange and the Paris Stock Exchange, as well as in the form of CDIs on the Australian Securities Exchange. The Company was incorporated as Unibail-Rodamco B.V., a private company with limited liability under the laws of The Netherlands on February 14, 2018. On March 22, 2018, the Company changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the General Meeting adopted on March 15, 2018. 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.

NOTE 2 ● ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company only financial statements are part of the 2021 consolidated financial statements of URW NV.

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

The comparatives figures are from the period January 1, 2020, to December 31, 2020.

INVESTMENTS IN SUBSIDIARIES

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

AMOUNTS DUE FROM GROUP COMPANIES

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

RESULTS FROM SUBSIDIARIES

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

NOTE 3 ● SIGNIFICANT EVENTS OF THE YEAR

Please refer to Note 2.1 of the consolidated financial statements.

NOTE 4 ● INVESTMENTS IN SUBSIDIARIES

2021 CHANGE

(€ thousands)	December 31, 2020	Direct equity movement	Exchange difference	Dividends	Investments	Result from subsidiaries after tax	December 31, 2021
Group subsidiary investments	2,660,694	-	180,637	-	-	(852,786)	1,988,544
TOTAL	2,660,694	-	180,637	-	-	(852,786)	1,988,544

2020 CHANGE

(€ thousands)	December 31, 2019	Direct equity movement	Exchange difference	Dividends	Investments	Result from subsidiaries after tax	December 31, 2020
							December 31, 2020
Group subsidiary investments	5,086,004	(12,949)	(282,448)	-	-	(2,129,912)	2,660,694
TOTAL	5,086,004	(12,949)	(282,448)	-	-	(2,129,913)	2,660,694

Investments in subsidiaries and other entities in which the Company either exercises voting control or effective management responsibility are valued at equity method.

During the period, the Company has a EUR current account facility with WFD Unibail Rodamco Real Estate B.V. for €10 Mn (December 31, 2020: €10.0 Mn).

SUBSIDIARIES AND INVESTMENTS

The Company is the holding company and has the following direct and indirect significant financial interests:

Company	Country	Capital held %	Capital held %
		December 31, 2021	December 31, 2020
WFD Unibail-Rodamco Real Estate B.V.	The Netherlands	100.00	100.00
URW America Inc.	United States	100.00	100.00
URW WEA LLC	United States	92.40	92.20

NOTE 5 ● RECEIVABLES

(€ thousands)	December 31, 2021	December 31, 2020
Receivable from URW SE	11,457	11,317
Receivable from group companies	6,677	7,487
VAT receivables	120	79
Other receivables	58	-
TOTAL	18,312	18,883

The receivable from URW SE relates to the interest receivable on the swaps and there is no significant ECL allowance as at December 31, 2021 (December 31, 2020: 0).

NOTE 6 ● CASH AND CASH EQUIVALENTS

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

NOTE 7 ● SHAREHOLDERS' EQUITY

(€ thousands)	Share capital	Additional paid-in capital	Foreign currency translation reserves	Revaluation reserve	Retained earnings	Result for the period	Capital securities	Total Shareholders' equity
Equity as at December 31, 2019	115,813	2,243,145	205,841	464,797	(409,756)	84,711	2,000	2,706,551
Net result	-	-	-	-	-	(2,369,115)	-	(2,369,115)
Other comprehensive income	-	-	(282,448)	-	(15,324)	-	-	(297,772)
Increase in capital	47	202	-	-	-	-	-	249
Appropriation of result	-	-	-	-	84,711	(84,711)	-	-
Coupon on capital securities	-	-	-	-	(200)	-	-	(200)
Amendment intra-group liabilities	-	-	-	-	-	-	749,632	749,632
Other movements	-	-	-	-	2,320	-	-	2,320
Other	-	-	-	(231,192)	231,192	-	-	-
Equity as at December 31, 2020	115,860	2,243,347	(76,607)	233,605	(107,057)	(2,369,115)	751,632	791,665
Net result	-	-	-	-	-	(878,812)	-	(878,812)
Other comprehensive income	-	-	180,637	-	-	-	-	180,637
Increase in capital	61	-	-	-	-	-	-	61
-Appropriation of result	-	-	-	-	(2,369,115)	2,369,115	-	-
Amendment related party liabilities	-	-	-	-	-	-	499,745	499,745
Other movements	-	(95)	-	3,458	(3,458)	-	-	(95)
EQUITY AS AT DECEMBER 31, 2021	115,921	2,243,252	104,030	237,063	(2,479,631)	(878,812)	1,251,377	593,200

CHANGES IN THE NUMBER OF SHARES COMPRISING THE SHARE CAPITAL

	Number of shares
As at December 31, 2019	231,626,920
Capital increase Class A shares	24,630
Capital increase reserved for URW Company Savings Plan	69,150
As at 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 DECEMBER 31, 2021	231,842,731

The authorised share capital of the Company as at December 31, 2021, amounts to €550 Mn divided over 660 million ordinary class A shares and 440 million class B shares of €0.50 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 December 31, 2021. Class B shares are shares carrying one vote per share and ordinary dividend rights. All class B shares are held by URW SE.

The Class A shares of the Company 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 have also a dilutive impact on the shares of the Company (with a share issuance at that time).

SHARE PREMIUM

Share premium is paid up share capital in excess of nominal value. The amount of share premium is €2,243.3 Mn as at December 31, 2021 (December 31, 2020: €2,243.3 Mn).

FOREIGN CURRENCY TRANSLATION RESERVE

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

CAPITAL SECURITIES

The €2 Mn hybrid securities, as included in the capital security line is a perpetual, deeply subordinated instrument without voting rights. The capital instrument is issued for €2.0 Mn cash in 2018 and is accounted for in equity, mainly because the company has the discretion not to pay interest or the principal. The amount remains unchanged in 2021.

As per June 30, 2021, part of the intra-group loan of €500 Mn with URW SE has been reclassified into equity, reference is made to note 2.1.3.

2020

On December 29, 2020, the interest-bearing loan of €750 Mn with URW SE has been reclassified into equity, reference is made to 2.2.4.

DIVIDENDS

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

REVALUATION RESERVE

The revaluation reserve comprises of the reserve for the fair value gain on investment properties and derivatives. The addition to the revaluation reserve is €96.2 Mn (December 31, 2020 was -€231.2 Mn).

UNAPPROPRIATED RESULT

The Board of Management proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the result after tax for 2021 as follows: to add the remaining loss amount of -€878.8 Mn (December 2020: -€2,369.1Mn) to the retained earnings.

NOTE 8 ● BORROWINGS AND FINANCIAL LIABILITIES

(€ thousands)	December 31,					December 31,
	2020	Additional loans	Loans decrease	Reclass	Amortisation	2021
Debt to URW SE	1,417,838	135,838	(535,647)			1,017,245
Charges and premiums on issues of borrowing with URW SE	(8,876)		(6,890)			(1,986)
TOTAL	1,408,962	135,273	542,537			1,015,259

During the period, the company 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 2.1.3. The remaining principal amount of the loan is €776.9 Mn (December 31, 2020: €1,260.6 Mn) as at December 31, 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.

During the period, the Company had an interest-bearing loan from URW SE. The principal amount is €35.8 Mn. The interest rate is based on a fixed rate and the maturity date is May 31, 2023.

The total accrued interest as at December 31, 2021, is €3.4 Mn (December 31, 2020: €20.2 Mn) for the loans and is presented under other liabilities.

Total charges and premiums on issues of borrowings with URW SE amounts €2.0 Mn as at December 31, 2021 (December 31, 2020: €8.8 Mn).

During the period, URW NV had a EUR and USD current account facility with URW SE for €185.0 Mn and \$50.0 Mn (€44.1 Mn) respectively. As at December 31, 2021, the drawn down amount are €173.5 Mn and \$34.6 Mn (€30.5 Mn) respectively. 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. As at December 31, 2020, the draw down amounts is €117.1 Mn and \$4.8 Mn (€3.9 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.

FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

In the notes 8.5 and 14.1 of the consolidated financial statements, information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

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

FAIR VALUE

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

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

(€ thousands)	December 31, 2021		December 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
€1,260.6 Mn debt to URW SE ⁽¹⁾	776,937	764,410	1,260,551	1,192,506
€750 Mn debt to URW SE ⁽²⁾	398	398	368	368
€35.8 Mn debt to URW SE	35,800	36,318	35,800	36,678
TOTAL	813,135	801,126	1,296,719	1,229,552

(1) 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.
(2) The interest bearing loan of €750.0 Mn with URW SE was converted on December 29, 2020, into a capital security with a maturity in 99 years and limited default opportunities

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

NOTE 9 ● DERIVATIVES

(€ thousands)	December 31, 2020	Fair value adjustments of derivatives	December 31, 2021
Assets			
Derivatives at fair value non-current	120,436	(43,591)⁽¹⁾	76,845
• Fair value hedge	120,436	(43,591) ⁽¹⁾	76,845
Liabilities			
Derivatives at fair value non-current	(529,138)	80,636	(445,502)
• Fair value hedge	(529,138)	80,636	(445,502)
NET	(408,702)	37,045⁽¹⁾	(368,657)

(1) This amount includes the currency translation of €300k, reference to note 8.4 Derivative instruments.

In the year ended December 31, 2021, URW NV has interest rate swaps and caps contracts with URW SE to minimize the interest risk on the Group debt. URW SE has these contracts with third parties and these contracts are mirrored to URW NV with the same nominal amount, interest rate and duration. The maturity date of the swaps are September 2028 and July 2048.

NOTE 10 ● OTHER LIABILITIES

(€ thousands)	December 31, 2021	December 31, 2020
Payable due to URW SE	30,789	71,373
Tax and social security liabilities	160	204
Accruals	205	554
TOTAL	31,154	72,131

NOTE 11 ● ADMINISTRATIVE EXPENSES

(€ thousands)	2021	2020
Wages and salaries	480	553
Social security charges	133	115
Pension charges	39	48
Audit and advisory fees	691	657
Office costs	108	114
Other general costs	721	681
Depreciation charge	19	22
TOTAL	2,191	2,190

During the 2021 financial year, the average number of staff employed by the Company amounted to 5 (2020: 5). None were employed outside The Netherlands.

NOTE 12 ● FINANCIAL RESULT

FINANCIAL INCOME

(€ thousands)	2021	2020
Interest income on caps and swaps	-	-
USD foreign exchange gain	-	2,143
Fair value of derivatives	39,740	-
TOTAL	39,740	2,143

FINANCIAL EXPENSES

(€ thousands)	2021	2020
Interest expense on caps and swaps	(25,739)	(17,308)
Interest on borrowings ⁽¹⁾	(34,895)	(76,343)
Expenses on borrowings	(3,096)	(2,657)
USD foreign exchange loss	(1,722)	-
Fair value of derivatives	-	(144,627)
TOTAL	(65,452)	(240,935)

(1) The decrease in the interest on borrowings are mainly due to the reclassification of part of the intra-group loan of €500 Mn in June 2021 as well as the reclass of the €750 Mn loan on December 29, 2020. Reference to note 2.1.3 and 2.2.4 in the consolidated financial statements

NOTE 13 ● INCOME TAX

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

NOTE 14 ● RESULT FROM SUBSIDIARIES

The result from subsidiaries after tax is -€852,8 Mn (December 31, 2020: -€2,129.9 Mn) which relates mainly to the result of the subsidiary URW WEA LLC (formerly WFD America Inc.)

NOTE 15 ● AUDIT FEES

Fees charged by Ernst and Young Accountants LLP (Netherlands) and its member firms to the Company, its subsidiaries and other consolidated companies for the 2021 services are specified as follows:

2021

(€ thousands)	Ernst & Young accountants LLP (Netherlands)	Other EY network	2021
Audit or limited review of the consolidated financial statements ⁽¹⁾	585	1,762	2,347
Other assurance services ⁽²⁾	58	-	58
Non- audit services ⁽³⁾	-	1,505	1,505
TOTAL	643	3,267	3,910

(1) The controlled companies correspond to the fully consolidated companies as well as the jointly controlled companies.

(2) The amounts correspond to comfort - and consent letters issued in connection with bond issuances of the Group.

(3) The amounts correspond to tax related procedures in the US

2020

(€ thousands)	Ernst & Young accountants LLP (Netherlands)	Other EY network	2020
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Audit or limited review of the consolidated financial statements ⁽¹⁾	496	2,524	3,020
Other assurance services ⁽²⁾	142	-	142
Non- audit services ⁽³⁾	-	1,159	1,159
TOTAL	638	3,683	4,321

(1) The controlled companies correspond to the fully consolidated companies as well as the jointly controlled companies.

(2) The amounts correspond to comfort - and consent letters issued in connection with bond issuances of the Group

(3) The amounts correspond to tax related procedures in the US

In the table for the Audit and limited review of the consolidated financial statements, the amount of €584,983 relate to the total fees for the audit of the consolidated financial statements 2021 charged by Ernst and Young Accountants LLP (Netherlands), irrespective of whether the activities have been performed during the financial year 2021.

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

For the remuneration of the members of the Board of Management and Supervisory Board reference is made to note 13.4.2 in the consolidated financial statements.

NOTE 17 ● RELATED PARTIES

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

NOTE 18 ● OFF BALANCE SHEET COMMITMENTS

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

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

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

The Company has no significant off balance sheet commitments as at December 31, 2021.

NOTE 19 ● SUBSEQUENT EVENTS

Please refer to note 17 of the consolidated financial statements.

Schiphol, March 24, 2022

Board of Management

Supervisory Board

D. Lowe

J.M. Tritant

G. Sieben

C. Pourre

A. Taireh

F. Mouchel

J.L. Laurens

3.5 OTHER INFORMATION

3.5.1 PROPOSED PROFIT APPROPRIATION

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

3.5.2 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS AND SUPERVISORY BOARD OF UNIBAIL-RODAMCO-WESTFIELD N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2021 of Unibail-Rodamco-Westfield N.V. based in Amsterdam.

The financial statements comprise the consolidated and company only financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Unibail-Rodamco-Westfield N.V. as at December 31, 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company only financial statements give a true and fair view of the financial position of Unibail-Rodamco-Westfield N.V. as at December 31, 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2021
- the following statements for 2021: the consolidated statements of comprehensive income, cash flows and changes in equity
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company only financial statements comprise:

- the company balance sheet as at December 31, 2021
- the company income statement for 2021
- the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Unibail-Rodamco-Westfield N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

OUR UNDERSTANDING OF THE BUSINESS

Unibail-Rodamco-Westfield N.V. is a listed retail property company that is part of the Unibail-Rodamco-Westfield Group and that invest in assets, primarily through the direct or indirect acquisition of real estate in the United States. The group structure consists of several components and we have aligned our audit accordingly. We have paid special attention in our audit on a number of focus area's based on the group's activities and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

MATERIALITY

Materiality	€55 million (2020: €60 million)
Benchmark applied	Approximately 0.5% of total assets
Explanation	Given the nature and the activities of the entity, we believe that total assets is the most appropriate benchmark for the materiality

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 2.75 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Unibail-Rodamco-Westfield N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entity URW America Inc. and its subsidiaries, which make up 99% of total assets and 97% of result before tax. In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our instructions. This includes the procedures performed by Ernst & Young France for Unibail-Rodamco-Westfield SE purposes. The group consolidation, financial statements and disclosures are audited directly by the group engagement team in addition to the other procedures the group team is responsible for. The group engagement team visited the local management and the auditors of the component in the United States. We reviewed the audit files of the component auditor and discussed significant matters arising from that evaluation on site. Furthermore we held frequent digital meetings with the auditors of the component in the United States and the auditors of Unibail-Rodamco-Westfield SE and joined the local closing meeting of URW America Inc. By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

TEAMING, USE OF SPECIALISTS AND INTERNAL AUDIT

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the real estate industry. We included specialists in the areas of IT audit, forensics, cyber and income tax and have made use of our own experts in the areas of valuations of real estate, derivatives, and intangible assets.

OUR FOCUS ON FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section 4.2.2.5 of the annual report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition.

We identified the following fraud risks and performed the following specific procedures:

Management override of controls related to the allocation between recurring versus non-recurring earnings

Fraud risk	Management might feel the pressure to meet the expectations of recurring earnings per share that are published regularly. In addition, the bonus targets of the management also depend on the (recurring) results of the Company. Therefore, we identified a risk of management override of controls related to the distinction between recurring and non-recurring
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Management override of controls related to the allocation between recurring versus non-recurring earnings

	results. Management might be triggered to improve the recurring results by classifying recurring costs as non-recurring costs or non-recurring income as recurring income.
Our audit approach	<p>We performed among others the following audit procedures, directed specifically to this fraud risk:</p> <ul style="list-style-type: none"> • We tested all top side journal entries with an impact on the income statement with a lower testing threshold. • We audited the occurrence of the expenses and correct classification including within the non-recurring line items and performed detail testing to ensure they relate to transactions and events outside the normal course of business. • We reviewed the minutes of board meetings, and held inquiries with management and performed other general audit procedures in order to assess the completeness of the items included in non-recurring results.

Management override of controls related to top-side journal entries in the consolidation process at Unibail-Rodamco-Westfield N.V. level

Fraud risk	Top-side consolidation and other journal entries are processed in the preparation of the Unibail-Rodamco-Westfield N.V. financial statements. There is an opportunity for management override related to these adjustments to improve the financial results of the Company.
Our audit approach	<p>We performed among others the following audit procedures, directed specifically to this fraud risk:</p> <ul style="list-style-type: none"> • We audited the top-side journal entries through inspection of supporting documentation, using a lower threshold. • We determined the completeness of the top-side journal entries by comparing these to the entries recorded in the previous year and considered if additional top side entries were required due to transactions in 2021.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance and regional management) and the supervisory board.

The fraud risk we identified, inquires and other available information did not lead to specific indications of fraud or suspected fraud potentially materially impacting the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

OUR AUDIT RESPONSE RELATED TO GOING CONCERN

Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

We refer to the section 'Going concern' in Note 4.1.5 to the consolidated financial statements, which discloses that 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 our procedures performed, we did not identify significant doubts on the entity's ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

As the company entered into several disposals and acquisitions which had a significant impact on the financial statements 2021, we considered the accounting for disposals and acquisitions a key audit matter for the audit 2021.

As a consequence of the fully impairment of the goodwill in 2020, the valuation of the goodwill is no longer included in the key audit matter "Valuation (including impairment testing) of acquired intangible assets".

In comparison with previous year, the other key audit matters did not change.

Valuation of investment property portfolio, including investment properties under construction

Risk	The investment properties amount to € 5,049 million as at December 31, 2021. These are measured at fair value except for some investment properties under construction (IPUC) carried at cost amounting to € 20 million, for which
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Valuation of investment property portfolio, including investment properties under construction

	<p>the fair value cannot be reliably measured. The change in the fair value of investment properties recognized in the consolidated statement of comprehensive income for the period is € 479 million negative.</p> <p>The valuation of investment properties is highly dependent on estimates and assumptions and requires significant judgment by management and the external appraisers. The valuations take into account the property-specific information (including the current tenancy agreements and rental income, condition and location of the property, and future rental prospects), as well as prevailing market yields and market transactions. The impact of the current Covid-19 pandemic on the valuation (and the expected recovery) increases the estimation uncertainty.</p> <p>Accordingly, the valuation of investment properties is considered a key audit matter due to the significance of their balance to the financial statements as a whole, combined with the level of judgment associated with determining their fair value or, if at cost, any impairment provision.</p> <p>Please refer to note 6.1 of the consolidated financial statements.</p>
Our audit approach	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of and evaluated the design and implementation of the controls related to the internal process for determining the fair value of investment properties, including inquiries of management as to any changes in the processes. • We conducted analytical procedures by benchmarking the assumptions used and the value of properties in the portfolio, based on our understanding of their local market, external market data, published benchmarks and asset-specific considerations, in order to evaluate the appropriateness of the valuations adopted by the Company. • We assessed the consistency of the underlying lease data and capital expenditures used by the external appraisers in their valuation of the investment properties, by reconciling these with lease agreements and asset budgets established by management on a sample basis and inspected that the specific assumptions used in the valuation took into account the effects of the Covid-19 pandemic. • We employed our real estate valuation specialists based on their specific experience and knowledge in the local markets to assist the audit team with the valuation of a sample of investment properties, which included an assessment of the assumptions applied by management, especially given the impact of the Covid-19 pandemic and resulting lockdown on the market related assumptions. They also assisted in the review and testing of models, parameters, assumptions and estimates as used in the valuation. • Our work focused on the largest properties in the portfolio and those where the assumptions used and/or movement in values suggested a possible outlier versus market data. • For IPUC, we assessed factors such as projected costs to complete the development, ability to let, timing of practical completion and reliability of fair value measurement. • We evaluated the disclosures included in the consolidated financial statements based on the requirements of IAS 1 <i>Presentation of Financial Statements</i>, IAS 40 <i>Investment Property</i> and IFRS 13 <i>Fair Value Measurement</i> and agreed the amounts to the accounting records.
Key observations	<p>We consider management's estimates and key assumptions underlying the valuation of investment properties, including those with regard to the impact of the Covid-19 pandemic, to be within an acceptable range and we concur with the valuation and the related disclosures.</p>

Valuation (including impairment testing) of acquired intangible assets and goodwill

Risk	<p>As at December 31, 2021, the intangible assets with an indefinite useful life amount to € 263 million and relate to the Westfield trademark for flagship centers.</p> <p>The subsequent measurement of acquired intangible assets with an indefinite useful life requires annual impairment testing which is complex and subject to estimation uncertainty. Given the current impact of Covid-19 on the operational and financial performance, impairment triggers are present. During 2021, the intangible assets have been impaired by € 48 million.</p> <p>Therefore, combined with the significance of the balances to the financial statements as a whole, the valuation (including impairment testing) of acquired intangible assets is a key audit matter.</p> <p>Please refer to note 2.1.1 and note 6.3 of the consolidated financial statements.</p>
Our audit approach	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of and evaluated the design of controls over the Company's impairment testing process with regard to other intangible assets with an indefinite useful life, including controls over management's review of the significant assumptions described above. • We inspected the documentation regarding the impairment analysis that the Company prepared with the assistance of an external appraiser. • With the assistance of our valuation specialists, we assessed the valuation of the intangible assets. We reviewed management's key assumptions used in the valuation such as long-term growth rate, incremental growth rate, discount rate, as well as the sensitivity analysis resulting from variations of these assumptions. • With the assistance of our valuation specialists, we assessed the consistency of the business plan with historical data. • We evaluated the disclosures included in the consolidated financial statements based on the requirements of IAS 1 <i>Presentation of Financial Statements</i>, IAS 38 <i>Intangible Assets</i> and IAS 36 <i>Impairment of Assets</i>.

Valuation (including impairment testing) of acquired intangible assets and goodwill

Key observations	We consider management's estimates and key assumptions underlying the valuation of the acquired intangible assets, including those with regard to the impact of the Covid-19 pandemic, to be within an acceptable range and we concur with the valuation and the related disclosures.
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Accounting for rent relief and provisioning for expected credit losses on receivables in the context of the COVID-19 pandemic

Risk	<p>As a result of the Covid-19 pandemic, the Company's operations continued to be impacted in 2021 by lockdowns and local restrictions increasing tenant default risk. Consequently, the Company adopted a global policy to support tenants, for example through deferral of rents or rent reliefs with or without other modifications to the lease contract (e.g. extension of a lease term or higher sales-based rent). In 2021 Unibail-Rodamco-Westfield N.V. continued to offer discounts, deferrals and / or waivers to tenants with the aim of extending lease periods and increasing long-term rentals securing future cash flows. This impacted the timing and the amount of revenue and / or expected credit losses recognized during the current period.</p> <p>The lockdowns and restriction periods combined with related legislation resulted in modifications of lease contracts. The total expected credit loss charged to the profit and loss statement on trade receivables amounts to €40.1 million (2020: €63.3 million). The loss allowance for trade receivables as per balance sheet date amounts to €75.5 million (2020: €73.7 million).</p> <p>Provisioning for expected credit losses requires estimation using historical and forecast information available at the balance sheet date. Due to the evolving context of the Covid-19 crisis, government's actions restricting some of the trading of the Group's tenants, this estimation is complex. As a result, there is uncertainty around forecast information related to footfall, tenant's ability to pay rents and expected credit related modification to leases.</p> <p>Because the evaluation and accounting treatment of rent relief and the calculation of expected credit losses on receivables involve estimates from the management with significant uncertainty (due to the Covid-19 pandemic), it is considered as a key audit matter.</p> <p>Please refer to note 2.1.1 and note 8.5.2 of the consolidated financial statements.</p>
Our audit approach	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Group's process and controls in place to identify and report rent relief and provision for expected credit losses on receivables. • We assessed the consistent application of the accounting policy implemented by the Group to account for rent relief across different geographical segments. • We assessed the assumptions adopted by the management in the estimations for expected credit losses and rent reliefs to be signed. • On a sample basis, we tested rent reliefs to supporting evidence such as credit notes or amendments to the lease contracts to verify the accuracy of the amount recorded and the appropriateness of the accounting treatment in accordance with IFRS 16, <i>Leases</i> and IFRS 9, <i>Financial Instruments</i>. • We assessed the appropriateness and the compliance with IFRS 9, <i>Financial instruments</i> of the methodology implemented by the management to determine the loss rates based on information available for each centre. • We evaluated the disclosures included in the consolidated financial statements based on the requirements of IAS 1 <i>Presentation of Financial Statements</i> and IFRS 7 <i>Financial Instruments Disclosures</i>.
Key observations	We concur with the accounting for rent relief and the provision for expected credit-losses on receivables and the related disclosures in the financial statements.

Accounting for results from acquisitions and disposals

Risk	<p>The Company entered into several significant acquisitions and disposals in 2021.</p> <ul style="list-style-type: none"> • URW acquired the remaining interests in Westfield Trumbull and Westfield Palm Desert shopping centers previously accounted for using the equity method. The transaction was accounted for as an asset acquisition in stages and led to a profit of € 13.2 million. • URW defaulted on the loans of several regional malls in the US (i.e. Westfield Citrus Park, Westfield Countryside, Westfield Sarasota, Westfield Broward and Westfield Palm Desert) and the properties were foreclosed in 2021. This led to the loss of control and derecognition of the investment properties and related liabilities. These transactions resulted in a profit of € 44.4 million. • URW remains liable for financial guarantees provided as part of the lending agreements related to the derecognized liabilities of Westfield Broward and Westfield Palm Desert. URW estimated the fair value of these financial guarantees per balance sheet date based on the best estimate of the fair market value of the underlying foreclosed investment properties for which a minimum value has been guaranteed. An amount of € 40.8 million of expected credit losses related to financial guarantees was charged to the statement of comprehensive income. • URW sold its 50% interest in joint venture UTC Residential JV LLC previously accounted for under the equity method. This led to a profit of € 16.8 million. <p>Please refer to note 2.1.2 and note 6.1.2 of the consolidated financial statements.</p> <p>Considering the complexity and significance of these transactions and level of estimations and judgements involved, the accounting and disclosures of the acquisitions and disposals are a key audit matter.</p>
Our audit approach	Our audit procedures included, among others, the following:

Accounting for results from acquisitions and disposals

	<ul style="list-style-type: none"> We inspected the contracts and supporting documentation relating to the acquisitions and disposals and reconciled these to the journal entries related to the acquisitions and disposals. We assessed the accounting treatment for the acquisitions and disposals. In order to assess the completeness and accuracy of the provision for guarantees, we obtained an overview of the guarantees provided to third parties and assessed if these we appropriately accounted for. We validated the appropriateness of the related disclosures in the financial statements in accordance with IAS 1 Presentation of Financial Statements, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and IAS 7 Statement of Cash Flows.
Key observations	We concur with the accounting treatment for the disposals and acquisitions and the related disclosures of these transactions in the financial statements.

Accounting for financial liabilities including derivatives

Risk	<p>As at December 31, 2021, Unibail-Rodamco-Westfield N.V. had total liabilities of € 10,404 million, including bonds, notes, bank borrowings, other financial liabilities and financial leases and commitments to non-controlling interests. The preference shares held by URW SE amount to € 454 million and are valued at amortized costs. Other commitments to non-controlling interests are valued at fair value. Financial covenants are applicable to issued bonds (€ 3,545 million).</p> <p>The Company uses interest rate swaps to hedge its exposure to interest rate risk. These derivatives, for which no hedge accounting is applied, are carried at fair value through profit or loss and have a carrying amount at the balance sheet of respectively € 77 million (asset) and € 446 million (liability).</p> <p>The fair value adjustments of derivatives and financial liabilities carried at fair value through profit or loss plus currency effect amount to € 12 million positive.</p> <p>The valuation of these financial instruments is dependent on estimates and assumptions and requires judgment by management. Furthermore, the Company amended a part (€ 500 million) of the € 1,250 million loan agreement with Unibail-Rodamco-Westfield SE, which triggered an assessment of the classification of the modified loan as either equity or long term borrowings.</p> <p>Considering the estimation uncertainty regarding the valuation of financial instruments at fair value, the importance and relative size of external financing, compliance with covenants, and the complex accounting related to the amended part (€ 500 million) of the € 1,250 million intragroup loan, the accounting for financial liabilities including derivatives is an important area of emphasis in our audit.</p> <p>Please refer to note 2.1.3 and note 8 of the consolidated financial statements.</p>
Our audit approach	<ul style="list-style-type: none"> We assessed management's controls over the accounting for financial liabilities including derivatives. We obtained and analyzed loan contracts and loan amendments including the amended € 500 million intragroup loan, on a sample basis to understand the terms and conditions and verified that those characteristics were correctly reflected in the financial statements in accordance with the accounting policies applied by the Company based on IAS 32 <i>Financial Instruments Presentation</i> and IFRS 9 <i>Financial Instruments</i>. We performed analytical procedures on the financial expenses. We confirmed the amount of the principal debt with third parties on a sample basis. We confirmed a selection of derivatives directly with counterparties and performed procedures to ensure completeness of them. For a sample of financial instruments, we reviewed the valuation of derivatives (including the DVA/CVA calculation) and we involved our internal specialists who performed independent valuations. Where debt covenants were identified, we assessed management's calculations to verify compliance with these covenants. Additionally, we considered the appropriateness of the IFRS 7 disclosures in the financial statements in respect of financial liabilities including derivatives.
Key observations	We concur with the accounting for financial liabilities including derivatives and assessed that, as at December 31, 2021, the Company had sufficient headroom vis-à-vis the covenants. We also concur with the related disclosures in the financial statements.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- The management board report;
- Corporate governance and remuneration report;
- Risk factors;
- Information on the Company, shareholding and the share capital;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;

- Contains the information as required by Part 9 of Book 2 for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

ENGAGEMENT

We were engaged by the supervisory board as auditor of Unibail-Rodamco-Westfield N.V. on July 7, 2018, as of the audit for the year 2018 and have operated as statutory auditor ever since that date.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

EUROPEAN SINGLE ELECTRONIC REPORTING FORMAT (ESEF)

Unibail-Rodamco-Westfield N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Unibail-Rodamco-Westfield N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, March 24, 2022

Ernst & Young Accountants LLP

Signed by W.H. Kerst



RISK FACTORS

4.1 RISK MANAGEMENT FRAMEWORK

4.1.1 RISK MANAGEMENT POLICY & ORGANISATION

Unibail-Rodamco-Westfield N.V. (“URW NV”) and its subsidiaries are together referred to as “the Group”. URW NV and its controlled subsidiaries are affiliated to Unibail-Rodamco-Westfield SE (“URW SE”). Together they form the URW Group and the risk management is -except when not applicable or not in line with its specificities- aligned on the URW Group risk management frameworks.

The Risk Management Policy at URW NV is designed to:

- identify and analyse the main potential threats in order to anticipate risks proactively;
- Set up and implement appropriate mitigating measures in order to monitor and/or reduce the identified risks
- secure decision-making and Group’s processes to achieve its business objectives;
- create and preserve the Group’s value, assets, brand and reputation;
- ensure consistency of decisions with the Group’s values and strategy;
- bring the Group’s staff together behind a shared vision of risk management.

When relevant (mainly due to the level of materiality for the entire URW Group), the Group’s internal committees and/or corporate bodies may be associated or participate to the risk assessment and/or the decision to be taken.

The organisation of the Group can be defined as a matrix organisation within the Netherlands and the United States and a Corporate Centre organised around four main functions i.e. Owner, Operator, Resourcer, and Financer. The decision-making process is accomplished through committees and collegial decision-making. The segregation of duties within the Group is based on the separation between execution and control. The Group does not outsource core activities, except for some parts of its IT system and facility management. The Group’s main activities are Investment and divestment, Asset management, Operating management (including leasing and property management) and Refurbishments, which are briefly described below. The organisational structure is also based on a set of delegations that define the roles and responsibilities of managers. Moreover, the Group utilizes internal committees, where decisions are based on a risk analysis approach.



INVESTMENT/DIVESTMENT

Investment is one of the major processes at URW NV, as it is one of the first steps in the value creation process. It starts with deal sourcing (the search for market opportunities), which is based on brokers, off-market relationships, and connections with local communities. Once an investment opportunity is identified it undergoes a strict review and approval procedure with multiple steps before approval in compliance with demanding internal decision-making processes and in alignment with URW NV’s investment strategy.

Under the supervision of the Chief Operating Officer US (“COO US”), the Investment Department is responsible for the value creation process and is in charge of evaluating and advising periodically on the basis of the aforementioned information whether the property needs to be disposed of or not.

ASSET MANAGEMENT

Under the responsibility of the COO US, this activity focuses on value creation in the Group’s asset portfolio and consists of defining the strategy for each asset (5-year plan). In line with the contract terms and conditions, the accounting department invoices and collects the rents and pays expenses related to the management of the building.

OPERATING MANAGEMENT

Operating Management is organized and managed by the COO US for US assets and the Chief Financial Officer of URW NV (“CFO”) for the Dutch assets and mainly focuses on property leasing, implementation/monitoring of the 5-year business plan and property management including security and technical maintenance (facility management). The facility management is mainly carried out by reputable specialized third parties with a designated team on each site and is monitored by the Shopping Centre Management Team in the US.

REFURBISHMENT

Refurbishment consist of the following activities:

- control of construction costs and management of construction contracts;
- definition of the Group CSR development policy;
- selection and monitoring redevelopment and refurbishment companies;
- supervision of redevelopment until grand opening.

4.1.2 GROUP ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

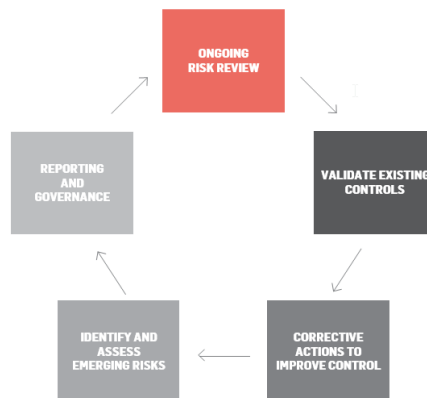
Since the completion of the Westfield Transaction in June 2018, the Risk Management framework has continued to evolve. All key risks have been reviewed and assessed internally, and action plans for improvement have been established. Six identified key risks post the immediate impact of the global COVID-19 pandemic were presented to and reviewed by the Audit Committee ("AC") and Supervisory Board ("SB") in 2021. In addition, a dedicated review detailing the impacts of the post immediate impact of the global COVID-19 pandemic was presented to the Audit Committee Chair.

The components of our ERM framework focuses on:

- Risks Inventory
- Risk Control Methodology (including monitoring of appropriate mitigating measures and action plans)
- Risk Mapping
- Governance
- Functional Organization

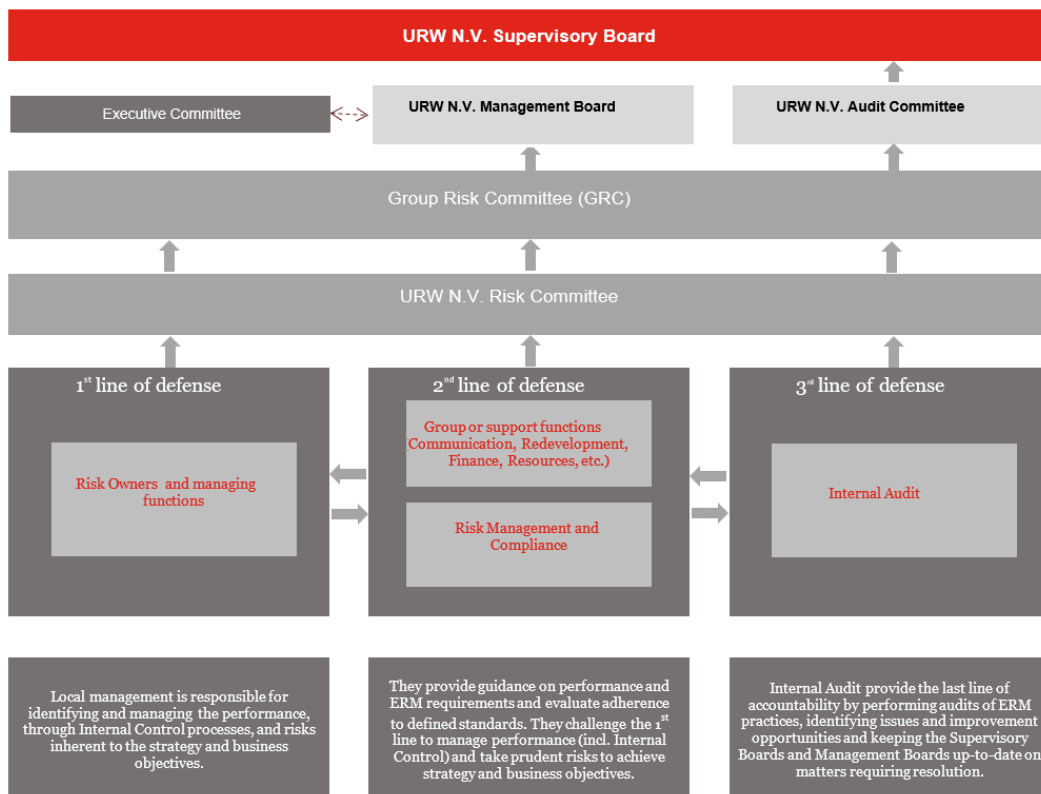
As depicted below, URW NV has a Group-wide robust risk management program providing reasonable assurance on the level of control and that remains oriented towards ongoing and continuous risk assessment and improvement in controls.

OVERVIEW OF ERM KEY RESPONSIBILITIES



Governance continues to enhance and support the importance of ERM by establishing oversight responsibilities. URW NV has worked on the alignment and coherence of the Risk Management governance bodies, considering market best practices, regional and sector benchmarks and market investors' expectations.

On December 6, 2018, upon the recommendation of the AC, the SB approved the Risk Management framework. In 2021, two AC and SB meetings related to risk management took place. To prepare these meetings, a dedicated meeting detailing the key risks was organized with the AC Chair. The URW NV ERM framework for the Group and three lines of defence are organised as follows:



Overview of the 3 lines of defence is in line with COSO ERM standards.

To detect main specific Group risks and design appropriate risk management measures in relation with any unique local consideration, URW NV's ERM framework for the Group includes a URW NV Group Risk Management Committee ("GRC").

The responsibilities of the URW NV Group Risk Committee are for their respective scopes:

- Embed ERM in all activities in URW NV scope;
- Discuss the identification and evaluation of risks, within their area, with local risk owners;
- Design mitigation measures in collaboration with risk owners;
- Monitor the action plans;
- Review risk initiatives against the Compliance Book to align assessment and establish training priorities;
- Watch over new/emerging risk.

The URW NV Group Risk Committee handles risk monitoring at for the NV. It is composed of the following senior executives:

- the Chief Operations Officer (COO) as the Chair of the GRC;
- Senior Counsel - Employment, Immigration, and Risk Management (as moderator);
- the Chief Financial Officer (CFO) URW NV;
- the US Chief Financial Officer (CFO);
- the General Counsel US;
- the EVP of Internal Audit US;
- the EVP Operations & Construction Management US
- the Group Director of Security, Risk & Crisis Management
- the Head of Risk Management Europe (as requested guest if needed);
- Others Risk owners if needed.

The primary responsibility of the GRC with respect to URW NV is to oversee and approve its risk mapping and key mitigating measures and to assist the Management Board ("MB") in:

- confirming that all executive teams have identified and assessed the risks that the Group faces in the regions where it operates and has established a risk management system of addressing those risks;
- validating the level of control over a given risk and in conjunction with the MB and/or other internal committees, validate that such risks are in line with the Group's Risk strategy;
- ensuring that the division of risk-related responsibilities for each risk owner is clearly defined, and that risk owners are routinely performing risk assessments and gap analysis to maintain awareness of all risks;
- elevating to the MB and SB any emerging and developing risks.

To fulfil its responsibilities and duties, the GRC:

- supports the development of a risk culture within the Group, promotes open discussion regarding key risks, integrates Risk Management into the organization's objectives and compensation structure, and creates a corporate culture such that people at all levels manage risks rather than ignoring them or take them without a proper risk analysis;
- monitors effective implementation of identified mitigating measures and action plans;
- provides input to management regarding the Group risk appetite and tolerance;
- monitors the organization's risk profile (risk mapping);
- approves the Risk Management policy and plan, which include:
 - URW NV's Risk Management structure,
 - standards and methodology applied to assess risks,
 - Risk Management measures (Risk Management guidelines),
 - training and awareness programs or information.

The GRC duties and action plan are presented at least on a yearly basis to the MB, AC and SB.

Following the Westfield Transaction, the new Risk Management Organization reviewed URW NV's key risks and associated action plans in collaboration with risk owners. Review and challenge of key risks by the AC and SB continued into 2021.

A description of the key risks monitored by this internal control system is outlined below. The GRC met two times in 2021. Its main achievements are:

- the review of the group risk mapping;
- the review of 15 risk sheets where sub-risks are identified and assessed;
- the review of action plans;
- the approval of a new Group approach in term of business continuity.

4.1.3 URW NV RISK APPETITE

URW NV's risk appetite is embedded within its overall strategy and within its risk management framework. In general, URW NV has a conservative approach to managing risk and always seeks to implement mitigations and controls that aim to minimize any potential negative impact from an identified risk. Also implicit within our risk management framework is the identification of new or emerging risks, or risks that are evolving - and in turn identifying and implementing additional measures to control the risk.

For each risk category identified, a set of controls exists that aim to mitigate the risk of loss from each identified exposure. We monitor and assess the adequacy of existing controls and similarly implement corrective actions or improvements.

BUSINESS STRATEGIC AND OPERATIONAL RISKS

URW NV has a clear strategic vision to own and operate premier, flagship properties that are the highest performing in the most desired strategic locations.

The ongoing retail market evolution is a significant challenge to the Company. However, URW NV has a clear strategy that partners with the world's best retailers to create a shopping experience that contains the most sought-after brands and experiences. It's operating and leasing activities are aligned with this strategy and it accepts the significant risks associated with being the industry leader in disrupting the traditional shopping mall business in order to succeed in its overall strategy.

Part of the overall strategy also includes divestment of underperforming or no longer strategic assets. The Company endeavors to approach this process in a disciplined manner in order to maximize the value of the transaction to URW NV.

Also critical to the success of our strategy is our data analytics and information technology through customer loyalty programs and other digital services. In this regard URW NV has a very conservative approach to ensure our IT systems have the appropriate protections and limit the threat of data breaches and other cyber-related incidents.

FINANCIAL AND TAX RISKS

URW NV is governed by rather prescriptive and challenging tax rules related to real estate investment trusts (REITs). As such, the Company has a very conservative approach to financial and tax risks and implements measures to maximize compliance and minimize risk of adverse financial and tax results. Given that our business is capital intensive, maintaining a good financial credit rating is critical to supporting the continued availability of funds at competitive interest rates. URW NV implements conservative accounting and tax policies to preserve its overall financial stability. The Company has adequate fiscal policies in place and it strives to minimize the potential negative impact of any financial or tax risk.

ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

URW NV has a very proactive and focused strategy related to CSR that is a critical component to its overall success. The Company's Better Places 2030 initiative is at the core of its operating principals. Risk management practices are embedded within its CSR framework to maintain a comprehensive inventory of both the risks as well as the opportunities its CSR strategy entails. All of the Company's operations strive to comply with all government environmental regulations.

SECURITY AND HEALTH & SAFETY

With over 500 million customers visiting the Company's centres annually the Company is keenly aware of the importance in providing a safe and healthy shopping environment. The Company is also keenly aware of the threat of terrorist events. URW NV dedicates significant resources to both health & safety and security. However, even with the most strenuous loss prevention program and the Company's goal to minimize this risk, the risk of loss from these exposures will always be present. To protect the Company from the potential negative financial impact associated with a significant terrorism or life safety event a public liability insurance program has been taken out in amounts sufficient to cover its exposure to this risk.

LEGAL AND REGULATORY

The Company has a "zero tolerance" policy towards any bribery or corruption, and it devotes significant efforts to developing policies and procedures, coupled with ongoing training, aimed at minimizing any risk associated with this exposure. Similarly, the Company has developed training and compliance programs in each of the operating areas of the Company to ensure compliance with applicable regulations and laws.

4.1.4 INTERNAL CONTROL SYSTEM

The Group's internal control system covers all of the Group's activities across its regions. It is based on a set of principles that aim to provide reasonable assurance that the following internal control objectives are met:

- transactions are executed effectively and optimised;
- property assets are protected;
- financial information is reliable; and
- all the foregoing, and all operations, comply with prevailing legislation, external regulations and URW NV's internal rules.

The Group's internal control system is in line with the general principles of the Dutch Financial Supervision Act (*Wet op het Financieel toezicht*) and that of the Internal Control System reference framework drafted in July 2010 by the AMF (French Financial Market Authority), which today can still be seen as reference for URW Group and therefore also for the Company, and is based on:

- standardised procedures;
- accountability of managers in charge of the business, finance and control;
- a committee-based decision-making process for acquisitions, disposals and refurbishment/construction projects; and
- segregation of duties between the execution and control.

The Group's control environment was updated in line with the Compliance Book for Governance, Organisation & Corporate Rules (Compliance Book). The Compliance Book details:

- the Group organisation structure: a matrix organisation with a double reporting line at corporate and regional levels, including the US platform;
- the governance organisation for URW NV and its subsidiaries;
- a framework of core processes and internal rules covering investment & divestment, redevelopment, leasing activities and support functions, notably treasury and human resources;
- a Code of Ethics, updated and republished in 2021, covering the Group's core values and rules of conduct, with particular emphasis on ethical behavior, conflicts of interests, confidentiality of information, and transactions involving the Stapled Shares; and
- an Anti-Corruption Program which includes among other things, risk mapping which has been updated in 2021 and a due diligence process before entering into business relationship with third parties.

In addition to the Compliance Book, the Group's control environment comprises:

- job descriptions and an appraisal system based on performance targets which will be aligned in 2022 for the entire Group;
- set of delegation of authority and responsibility rules and limits that span all the Group's activities and which should be finalised in the US ;
- specific procedures applicable at the corporate level and in the different regions where the Group is present; and
- fewer formal instructions and recommendations that nevertheless form an integral part of the internal control system.

The internal control system assessment is carried out by the URW Group Internal Audit Department (composed of 8 FTE located in France and in the United States), which conducts regular assignments looking at all of the Group's business units in line with the annual audit plan approved by the MB and the SB.

The URW Group CEO or (the Chair of) the AC can also ask the URW Group Internal Audit Department to carry out "flash" assignments in order to provide a rapid response to urgent issues and/or the treatment of new risks or problems. Final audit reports are addressed to the MB and to each department that has been involved in the audit. A summary of audit findings is provided to the AC on a quarterly basis.

The Group's Internal Audit Charter sets out the different missions of the audit function. To ensure it remains genuinely independent, the URW Internal Audit Department reports to the URW Group CEO and to the Chair of the AC.

A description of the main risks monitored by this internal control system are set out below.

4.1.5 TRANSFERRING RISK TO THE INSURANCE MARKET

URW NV is covered by insurance programmes, which are underwritten by leading insurance companies located in various markets (including Europe and the US).

These programmes are actively monitored by the Group Insurance Department in liaison with local teams and insurance brokers in continental Europe and in the United States.

Under the property damage and terrorism programmes, all property assets are insured for their reconstruction value, as well as for business interruptions and loss of rent subject to limitations of coverage with respect to natural catastrophe risks due to limited insurance market capacities. All assets are regularly assessed by internal or external property insurance valuers.

In accordance with insurance market practices, URW NV's property damage insurance program requires physical damages to trigger a coverage of financial loss or business interruption. For pandemic, in the current legal and contractual, such cover is not granted and not available on the insurance market.

Assets are insured against terrorism under a dedicated programme that includes a limit per claim based on the asset that has the highest insured value with respect to rebuilding cost and loss of rent.

URW NV has also taken out general liability insurance policies that cover financial damages resulting from third-party claims.

Type of insurance	Coverage and main limits based on 2021 insurance programme
Property damage and loss of rent/business interruption	<p>Coverage: "all risks" basis (subject to named exclusions) and terrorism.</p> <p>Basis of compensation:</p> <ul style="list-style-type: none"> • reconstruction costs for building, replacement cost for equipment; • loss of rent or business interruption with a compensation period of between 12 and 60 months depending on the asset. • Limits of compensation: • The Netherlands: limit of €1 Bn per occurrence covering all property damages and loss of rent/business interruption. The programme includes sub-limits notably: • earthquake: limit of €200 Mn in the annual aggregate, • flood: limit of €25 Mn in the annual aggregate (dike failure is excluded which is market practice), • Terrorism: limit of €900 Mn per occurrence covering damages and loss of rent/business interruption following a terrorist attack; • The US: limit of \$1.35 Bn per occurrence covering all damages and loss of rent/business interruption including terrorism events. The programme includes sub-limits notably for natural catastrophe risks. The Group insurance brokers complete a detailed loss estimate analysis on natural catastrophe exposures. This information is used in determining the amount of insurance purchased for the perils of earthquake and windstorm/hurricane. • earthquake: the overall program sublimit for earthquakes is \$500 Mn per occurrence and annual aggregate subject to additional inner sub-limits of: <ul style="list-style-type: none"> • sub-limit of \$400 Mn for California earthquakes: this limit applies to all locations in California. A retention per location of 5% of total insured values would be applicable, • sub-limit of \$250 Mn for Pacific Northwest earthquakes: this limit applies to Westfield Southcenter in Tukwila, WA. A retention per location of 3% of total insured values would be applicable; • windstorm/hurricane: limit of \$1.35 Bn in the annual aggregate. A deductible of \$50,000 per location would be applicable, except for assets located in Florida where a retention per location of 5% of the total insured values would be applicable; • flood: sub-limit of \$500 Mn in the aggregate with \$500,000 deductible per location for properties in designated flood zones. <p>In the US and in The Netherlands, the combination of the concentration of many assets in the same area with a high exposure to natural catastrophe risks and the limited capacity available from insurers to cover these risks exposes URW NV and its controlled subsidiaries to retain a significant share of these risks as uninsured.</p>
General civil liability	Coverage: "all risks" basis (subject to named exclusions) for damage caused to third parties.

	The programme includes sub-limits, for example to cover liability claims following a terrorist attack.
General environmental liability	Coverage for damage caused to third parties up or accidental pollution and for gradual pollution.

Main construction projects and renovation works on properties are covered by contractors' All Risks policies for their total construction cost. Defects affecting the works are covered by contractors' warranties. There is a separate, standalone Builder's Risk policy covering the Topanga Development Project set for completion in June 2022.

The 2021 premium for URW NV amounted to €27.4 Mn (\$31 Mn²⁷). Most of these premiums were invoiced to third parties (e.g., co-owners, tenants). Except for loss of income due to COVID-19, URW NV did not incur any major uninsured losses in 2021.

At the end of 2021, in a hardening market context, the URW NV's insurance programme was successfully renegotiated covering the portfolio with placement both in the European and US insurance markets with effect from January 1, 2022.

4.2 MAIN RISK FACTORS

In accordance with Shareholder Rights Directive (EU) 2017/828 dated on May 17, 2017, the risks factors presented herein are limited to those risks specific to the Group and risk ratings noted are after the application of the various risk management and risk mitigation measures.

Nevertheless, investors' attention is drawn to the fact that the risk factors discussed in this section are not exhaustive and that there may be other risks, either potential unidentified or emerging /developing identified risks, or not specific enough to the Group and/or of which the occurrence is not considered likely to have a material adverse effect on the Group, its operations, financial position and/or results, share price or guidance/outlook as at the date of filing of the Annual Report. In addition, given the geographical scope of the Group's activities, the potential impact of a same type of risk may differ from a country to another one.

The Group Risk Mapping is reviewed and updated if any on a recurring basis under the supervision of the URW Group Risk Committee. The Group risk mapping is also reviewed and discussed by the AC and the SB.

4.2.1 RATINGS OF THE MAIN SPECIFIC RISK FACTORS

The Group risk inventory, used for the Group Risk Mapping, is composed of 15 Group specific risks organized in five categories. The risks presented below are rated on a descending order impacting the Group (first ones being the most material).

This rating is established on:

- (i) the potential net impact corresponding to the potential (financial/legal/reputational) impact after risk management measures effects (net impact), and
- (ii) the potential net likelihood of the risk event, after risk management measures have been implemented (net likelihood).

This rating, and specifically the likelihood, is the result of the group management assessment performed through the ERM Framework described in section 4.1.2 "Group Enterprise Risk Management (ERM) Framework".

²⁷ Only for Insurances directly managed by URW NV, excluding premiums reinvoiced from third parties.

Rating		Rating after risk management measures		
Net impact	High net impact	Medium net impact	Low net impact	
Net likelihood	Likely	Possible	Untlikely	
Risk Factors categories	Risk Factors	Net impact	Net Likelihood	Section
Category #1: Business sector and operational risks	Retail market evolution/disruption			4.2.2.1.A
	M&A, investment and divestment			4.2.2.1.B
	Leasing and commercial partnerships			4.2.2.1.C
	Refurbishment			4.2.2.1.D
	IT systems and data: continuity and integrity			4.2.2.1.E
	Brand and reputation			4.2.2.1.F
Category #2: Financial and tax risks	Access to capital and financial market disruption			4.2.2.2.A
	REIT status & regime (tax)			4.2.2.2.B
	Material financial misstatement			4.2.2.2.C
Category #3: Environmental and social responsibility risks	Recruitment, retention and succession			4.2.2.3.A
	Climate change and societal risks			4.2.2.3.B
Category #4: Security, health and safety risks	Terrorism and major security			4.2.2.4.A
	Health and safety			4.2.2.4.B
Category #5: Legal and regulatory risks	Legal and regulatory			4.2.2.5.A
	Corruption, money laundering and fraud			4.2.2.5.B

Given the extremely uncertain and worrying developments in the European and international geopolitical situation in the context of the armed conflict in Ukraine, the group's risk mapping and/or their assessment are likely to undergo a rapid unfavorable change linked to the major economic, financial, social and environmental impacts - whether identified or not - of the conflict or its potential extension, which could have a very significant and negative effect on the group's business operations, its budgetary and earnings forecasts, as well as on its stated strategy.

4.2.2 DETAILED MAIN RISK FACTORS

4.2.2.1 CATEGORY # 1: BUSINESS SECTOR AND OPERATIONAL RISKS

A. RETAIL MARKET EVOLUTION/DISRUPTION: COULD HAVE AN ADVERSE IMPACT ON OVERALL GROUP FINANCIAL RESULTS

As a global developer and operator of commercial assets, any mid- to long-term deterioration in economic conditions with implications for the leasing market and/or investments may have a significant impact on the level of the Group's activities, the value of its assets, its results and its investment and development strategy.

As at December 31, 2021, URW NV had a portfolio valued at €11,674 Mn (valuation incl. transfer taxes) of 24 Shopping Centres including 13 Flagships in the most dynamic cities in the US. Considering its real estate profile and exposure, the Group's results of operations and/or its core business strategy could be adversely affected by its inability to continue to lease space in its assets on economically favorable terms, to adapt its offer and customer experience to new trends and expectations, or to develop and implement new business models, or by tenant default. At a macro-economic level, the emergence of new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions²⁸.

Global growth is estimated at 5.9% in 2021 and is expected to moderate to 4.4% in 2022. The estimates incorporate anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. These vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labour supply, and the importance of contact-intensive sectors²⁹. Analysts anticipated 5.6% in the US of GDP (Gross Domestic Product) increase for 2021 and 4% in 2022. Society and consumption are also evolving very significantly (people will live, work and buy differently post-COVID, and be more mindful of their choices, etc.).

Analysts also anticipate rising inflation for 2022. Such inflation may adversely affect the consumption power and consequently the global turnover of retailers. That could negatively impact the retailer's capabilities to continue to invest into their new concepts and in digital innovation and, as a consequence, the attractiveness of their commercial offer. Increasing inflation rates in the countries where the Group operates may trigger some social tensions as well as retail market disruptions.

In addition, unemployment rates could significantly impact the Retail Market business, however analysts anticipate lower unemployment rates³⁰ for 2022 in the US (3.5%).

World-wide, the e-commerce business increased by 30% in 2020 and analysts predict a slower increase of 11% in 2021 compared to 2020 (in the US by 9%³¹).

28 Source: IMF, World Economic Outlook Update, January 18, 2022.

29 Source: IMF, World Economic Outlook Update, January 18, 2022.

30 Source: IMF, OECD as at January 28, 2022.

31 Source: Euromonitor E-Commerce Data.

It is difficult to predict the extent to which these trends will continue, even after the COVID-19 pandemic is neutralised, however analysts predict similar rates of increase of e-commerce sales at world level in the US³². The emergence of Omicron in late November 2021 may impact these forecasts.

The value of the Group's real estate assets (calculated using the fair value method) is sensitive to variations in the appraisers' principal assumptions (yield, rental value, occupancy rates) and is, therefore, subject to material variations that may impact the Group. Furthermore, the rental income of some Group assets may depend on flagship stores/department stores and could suffer a material adverse impact if one or more of these tenants were to terminate their leases, fall into bankruptcy or equivalent scheme triggering financial impacts or fail to renew their leases, and/or their location were considered to lack attractiveness, and/or in the event of consolidation between these retail sector companies.

The operations in URW NV shopping centres were particularly impacted by restrictions in the first half of 2021, while operations were generally able to take place with loosened restrictions in H2-2021, except year-end which was impacted by a resurgence of the pandemic. Overall, FY-2021 footfall figures showed a strong recovery when the centres were open, with higher conversion rates driving even stronger tenant sales performance versus 2019 and 2020 levels.

In the US, footfall is not available for all centres³³. For those assets for which reliable data is available, footfall in FY-2021 reached 72% of 2019 levels and 74% by excluding CBD assets which footfall is affected by work from home policies.

B. MERGERS & ACQUISITIONS- INVESTMENT AND DIVESTMENT: A SLOWDOWN OF THE INVESTMENT MARKET AS WELL AS THE POTENTIAL FOR A PROLONGED GLOBAL RECESSION COULD NEGATIVELY IMPACT THE GROUP'S ABILITY TO SELL ASSETS WITHOUT DISCOUNT ON BOOK VALUES, THE AVAILABILITY OF CAPITAL MAY FURTHER CHALLENGE THE GROUP'S ABILITY TO IMPLEMENT ITS DISPOSAL PROGRAM AND/OR TO DEVELOP JOINT VENTURE PARTNERSHIPS.

Part of the Group's core business model is value creation because of the investment and divestment of assets. The Group may face several risks in connection with asset disposals. The profitability of these transactions depends on the accuracy of initial financial assumptions, market conditions (including available funding and investors' appetite), tax environment, quality and attractiveness of assets, and legal & regulatory considerations.

The Group's current business plan does not assume any acquisitions. The Group has identified US non-core assets to be disposed of over the next few years. However, the US property market for retail shopping centres is very challenging as there is currently an overabundance of retail shopping space in the US. Coupled with the negative impact of the COVID-19 on retailers and the reduction in rent proceeds, the performance of these non-core assets continues to diminish, which lowers the net asset value, and renders these assets less attractive to potential buyers. As such, no formal divestment plan as to specific assets or target completion dates has been established due to the significant challenges in successfully divesting any of these non-core assets. If the divestment of any non-core assets is successful, the expected divestment/disposal will further increase the average portfolio quality and overall reduce leverage. See also section 1.3.6 'Investments and Divestments'.

The COVID-19 crisis may affect the attractiveness of assets to investors that have been identified for divestment as investors may reassess their overall strategy and risk appetite. Additionally, COVID-19 has impacted our ability to provide accurate forecast revenues to a prospective buyer for a given shopping centre, which in turn may result in additional delays in the disposition of a given asset. At December 31, 2021 the total value of URW NV's US shopping centres is down to €11,674 Mn (valuation incl. transfer taxes) and offices down to €186 Mn (valuation incl. transfer taxes). A slowdown of the investment market as well as the potential for a prolonged global recession could negatively impact the Group's ability to sell assets without discount on book values, the availability of capital and may further challenge URW's ability to implement its divestment/disposal efforts and/or to develop Joint Venture partnerships.

If the efforts to divest/dispose of non-core assets are unsuccessful the Group would be burdened with committing resources and overhead expenses to continue to operate a shopping center that is underperforming and not generating sufficient revenue to remain profitable. This could reduce the overall profitability of the Group as well as fail to reduce the level of outstanding debt and leverage on these properties.

Mitigating measures to identify and limit above mentioned risks are to have a Group decision making process closely involving MB and SB for major projects based on internal rules and corporate charters and to have a recurring strategic review. As well as to have dedicated teams involving specialists in all fields as well as due diligence carried out by external advisors, involved in the determination whether a transaction is worth investigating and pursuing.

C. LEASING & COMMERCIAL PARTNERSHIPS: COVID-19 MAY HAVE AN ADVERSE IMPACT ON THE GROUP'S ABILITY TO ACHIEVE ITS LEASING TARGETS AND AFFECT COMMERCIAL PARTNERSHIPS

As a real estate company holding, with a large asset portfolio in the US, letting and rent collection is the core business for the Group. Leasing targets (e.g. prices, deadlines and prospective tenants) are defined in collaboration with a Group level team and approved by the Executive Committee. The Group's ability to achieve those leasing targets at the expected level of rent, and then collect rents depends on the solvency of its tenants (retailers).

Foot traffic is rebounding in the Centres but has not yet reached 2019 levels as COVID-19 variant concerns still impact the retail industry. Consumer shopping habits have possibly permanently shifted as described above. These factors are expected to further impact the retailers' sales and create a risk of a potential increase in retailer insolvencies and bankruptcies. As noted above, an additional concern is that the closure of anchor retailer department stores could trigger co-tenancy provisions in the leases of other in-line tenants.

While recovery level after re-opening differs from one geographic region of the US to another, and depending on the retail segment, the Group continues in active dialogue with its tenants to address these challenges and share part of the financial impact of the crisis (primarily small and

³² Source: Euromonitor E-Commerce Data.

³³ Includes the 19 centres for which at least one year of comparable Springboard of ShopperTrak data is available.

medium size retailers) through a combination of rent relief and rent deferral. In 2021, URW NV has completed 957 rent discount documents and an additional 40 rent deferral documents. The US group continues to closely monitor distressed tenants in an effort to mitigate potential revenue loss. In 2021, 58 stores were impacted by 11 bankruptcies.

In 2021, 92% of all invoiced rent and service charges billed were collected and/or discounted. Further impacting rent collection in 2021 was the expiration and extension of rent moratoriums. Los Angeles, New York and San Francisco continues to be under moratorium, impacting 7 centres. The teams were instructed to focus on rent recovery while preserving commercial relationships. The rent collection rate is calculated compared to 100% of rents invoiced, reflecting no adjustment for deferred or discounted rent in denominator. Rent relief, rent deferral, and renegotiations of existing leases may lead to decreases in the Group's rental income and may negatively affect the Group's financial position.

The COVID-19 crisis resulted in the acceleration of the consolidation of fragmented retail segments, an increase of the proportional share of digital sales for traditional retailers, and requests from retailers for more business flexibility on pass-through operating costs especially rents and salaries and need for optimized logistics. Such trends may affect the attractiveness of the Group assets as well as the vacancy rate of the portfolio.

The restrictions put in place due to COVID-19 have had direct consequences on letting and rent and/or service charges collection by the Group, which has effected financial results.

Commercial partnership business was affected by reduced demand for marketing programmes as companies look for additional potential savings. Marketing activities in shopping centres have been and may continue to be affected by decreased footfall, which could have a negative impact on the Group's and its tenants abilities to attract visitors to shopping centres and affect tenants' sales.

Mitigating measures to identify and limit the above-mentioned risks are to have a constant review and monitoring of rent discount and deferral requests, vacancies, tenants in distress, new deals and lease expiration schedules. Revised leasing targets are defined within each region of the Group in collaboration with a Group level team and approved by the Executive Committee. Major leases in terms of value and/or special terms and conditions must be internally approved in advance by Leasing executives as well as through an additional executive committee review process.

See also paragraph 1.2.5 Leasing of chapter 1 of this annual report.

D. REFURBISHMENT: PROJECTS MAY BE DELAYED, POSTPONED, CANCELLED OR EXCEED THEIR ACCOUNTED BUDGETS FOR VARIOUS REASONS AND COULD LEAD TO SUBSEQUENT LOSS OF RENTAL INCOME

As global owner and operator of shopping centre and other real estate assets, with a focus on continued differentiation and innovation, URW has a pipeline of expansion, improvement and refurbishment projects in the shopping centre property segments. In alignment with the Group's strategy for differentiation and innovation, the Group focuses on mixed-use refurbishment and densification of standing assets.

The Group may fail to obtain the required external authorisations (such as principally government approvals for building permits and inspections) or have an ineffective refurbishment strategy, investment decision and/or approval process. Furthermore, the Group may not be able to secure adequate funding for a project (through joint venture partners or other) or looking for capex reduction. Consequently, the Group's refurbishment projects may be delayed, postponed, cancelled or exceed their accounted budgets, which could lead to subsequent loss of rental income.

Depending on the jurisdiction, health and safety regulations instituted by local governments to minimize the spread of COVID-19 may cause suspensions or slowdowns of construction and development projects. Health agency mandates have also resulted in additional labor costs. These costs include purchase of additional personal protective equipment (PPE), the requirement in some jurisdictions that the Group engage a third-party health and safety monitor to oversee and confirm compliance with health and safety protocols at the job site, enforcement of testing and social distancing protocols, and enforced quarantines for workers that test positive.

Additionally, the potential negative economic effect of the COVID-19 crisis on contractors and suppliers, including bankruptcies, may significantly impact the Group's refurbishment, expansion and renovation pipeline. In some instances, this has caused delays in delivery of construction materials as well as a shortage of labor (as qualified and skilled third-party construction workers may have moved on to different projects while the project was on hold). There is also a risk that the cancelation or postponement of projects could lead to subsequent loss of rental income as some retailers may cancel their lease if the refurbishment project is not completed in agreement with the initial required timing.

Finally, the potential disruptions in the retail and leasing market may also result in delays to project's schedules and/or result in reconsidering the scope or relevance of said projects. On a mid to long-term basis, large shopping centres with access to public transportation are at a higher risk to COVID restrictions, which may imply reshaping of the global development design approach and an acceleration of mixed-use strategy.

Mitigating measures to identify and limit above mentioned risks are to have a Group decision making process for any investment. This includes regular status updates for projects where its budget and returns are reviewed regularly with the involvement of specialists (third party or consultants if necessary) throughout the various phases to assist in identifying potential hurdles with external stakeholder. A strong third parties claim management process and in addition, insurances policies cover the Group responsibilities.

E. INFORMATION TECHNOLOGY SYSTEMS & DATA, CONTINUITY AND INTEGRITY: THE GROUP MIGHT NOT BE SUCCESSFUL IN PREVENTING CYBER THREATS OR DATA LEAKAGE AND MAY NOT BE ABLE TO HAVE CRITICAL IT SYSTEMS AVAILABLE AT ALL TIMES, WHICH COULD CAUSE UNFORSEEN COSTS, INEFFICIENT OPERATIONS AND REPUTATIONAL DAMAGE.

The digital strategy of the Group requires increasingly sophisticated and efficient Information Technology (IT) support and IT Security Systems in order to provide the required support for core business processes and day-to-day operations. The Group is integrating different IT systems, tools and processes related to its core businesses. In such context, numerous usual IT risks are increased due to the in-progress integration of Unibail-Rodamco and Westfield IT systems legacy. At this point the Group works with data centres in the US and France and is still in the process of integrating IT systems.

All business units depend on IT systems' ability to provide support continuously, to respond swiftly and effectively to any disruption, and contribute to the accuracy of the data. The URW NV IT environment is composed of over 900 users (including contractors) between two platforms in The Netherlands and in the US, and over 200 applications.

Therefore, the IT Systems must be reliable in various aspects notably Data Confidentiality (protection of sensitive data), Continuity of critical IT activities (availability of the systems and data needed by the businesses to carry out their operations) and Data Integrity (comprehensive and accurate data).

The Group might not be successful in preventing cyber threats or data leakage and may not be able to have critical IT systems available at all times. Furthermore, it might not be able to guarantee the integrity of data and reports generated by IT systems (see also the risk factor 'Legal & Regulatory'). This could potentially cause the Group reputational damage, unforeseen costs and inefficient operations.

Mitigating measures to identify and limit above mentioned risks are to have a Information Systems Security strategy and technology designed and implemented to prevent cyber-risks, detect security incidents, and provide the appropriate tools to react quickly to stop and remediate a cyber security incident. IT Security Incident & Crisis Management processes in place, an IT Disaster Recovery Plan implemented, both with specific response procedures in case of a major IT security event/crisis. Together with the existence of committees/meetings to review IT activities and investments and an IT security committee. As well as security reviews of IT projects to identify main risks and associated action plan to mitigate them.

F. BRAND & REPUTATION: THE WESTFIELD BRAND AND THE GROUP'S REPUTATION COULD BE DAMAGED FOR VARIOUS REASONS WHICH COULD NEGATIVELY IMPACT THE GROUP'S COMPETITIVE ADVANTAGES

The Westfield brand and the Group's reputation are valuable assets which provide competitive advantages with respect to consumers, retailers, investors, and prospective employees among others. The majority of assets in the US are Westfield branded shopping centres. Due to the new URW Group marketing strategy which includes the implementation of a global "Westfield" brand for the URW Group's Flagship and other eligible assets, we have heightened awareness with respect to any risk that potentially creates a negative perception or damages our reputation, which could negate these competitive advantages. Incidents such as terrorism, major security incidents, corrupt or illegal behavior, breaches of trust or integrity, involvement in a controversial project, or a social media crisis are examples.

The brand and reputational risk of the Group may be increased in the context of a prolonged public health crisis if health and safety concerns are not addressed. Consumer loyalty could be impacted if there are perceptions, despite its health and safety measures, that the Group's shopping centres are not safe and clean or should they not maintain compliance with health and safety mandates. The brand could be further impacted negatively if large retailers with multiple staff have an outbreak within our centres, and the public could perceive the Group as being responsible. Retailer/client relations may impact group reputation should it be inconsistent in dealing with requests for lease negotiations. Centres could also be seen as responsible for how tenants enforce vaccination verification enforcement. Lastly, the Group's corporate citizenship image could be impacted should the Group fail to demonstrate support for local government initiatives or other non-government organizations that focus on community support during the pandemic.

As also noted in the section on Health and Safety, the Group has taken necessary measures to be in compliance with all local health and safety mandates related to hygiene and cleaning protocols as well as enforcing requirements such as social distancing and the wearing of masks. Additionally, through signage, website communications, and other digital media an extensive COVID-19 compliance awareness and "rules" messaging campaign has been developed. There is a risk that the Group cannot maintain such compliance or that the Group is perceived as being non-compliant, which may affect the Group's ability to attract visitors to shopping centres and venues and decreased footfall. See also the risk factor 'Health and Safety (H&S) Including Natural Disasters' for further risks connected with non-compliance with health and safety mandates. The brand and reputational risk may be increased by the Group attempting to comply with health and safety information and mandates promulgated by local health regulatory agencies that is insufficient, inaccurate, or inconsistent, and in turn result in ineffective communications with other URW stakeholders (staff, customers, shareholders, suppliers, retailers, tenants and others) or inadvertent or unintentional non-compliance on our or tenants' part with health and safety mandates that could negatively impact the Group's image and reputation.

Mitigating measures to identify and limit above mentioned risks are to have a globalized marketing strategy with the Westfield brand leverage and marketing management at Shopping Centre level to facilitate the adaptation. A corporate communications team to manage communications with media and/or social media and monitoring it by the support of the Crisis Management Team and a formal framework, policies and procedures including incident response plans coupled with ongoing crisis management training exercises.

4.2.2.2 CATEGORY # 2: FINANCIAL AND TAX RISKS

A. ACCESS TO CAPITAL & FINANCIAL MARKET DISRUPTION: THE GROUP IS EXPOSED TO RISKS RELATED TO THE AVAILABILITY OF FUNDS DUE TO VOLATILITY IN CREDIT MARKETS, EXPOSURE TO FLUCTUATIONS, INTEREST RATES AND FOREIGN EXCHANGE (FX), AND EXPOSURE TO COUNTERPARTY RISK THAT COULD LIMIT ACCESS TO NECESSARY FUNDING, AND WHICH COULD NEGATIVELY IMPACT OPERATIONS AND THE GROUP'S FINANCIAL RESULTS

Beyond our business model as a REIT and given its current level of financial indebtedness in relation to the 2018 Westfield Transaction, recurring needs for (re)financing for its corporate purpose including funding for refurbishment activities, large-scale capital improvement and maintenance projects for standing assets, and other operational potential financing needs. As such, the Group is exposed to risks related to the availability of funds due to volatility in credit markets, exposure to fluctuations, interest rates and foreign exchange (FX), and exposure to counterparty risk that could limit access to necessary funding, and which could negatively impact operations and the Group's financial results.

Uncertainties around the COVID-19 have impacted the global economic growth, the capital markets liquidity, and consumer behavior. In addition, the temporary lockdown measures during the onset of COVID-19 have further impacted the retail sector in the US, and by extension the Group's rental income, disposals plans, and assets valuation could be similarly impacted. COVID-19 has caused a deterioration of cash flows, which in turn has caused a reduction in property values and raised the loan-to-value ratio, which has negatively impacted the Group's credit rating, which increases difficulty in corporate and mortgage financing.

URW has a solicited rating from both Standard & Poor's (S&P) and Moody's. On March 4, 2021, Moody's downgraded URW's long-term rating from "Baa1" to "Baa2" and changed the outlook from "rating under review for downgrade" to "stable". On May 14, 2021, S&P published a credit update confirming the "BBB+" long term rating of the Group and its "Negative" outlook. On November 18, 2021, S&P published a bulletin with no action on the long-term rating of the Group.

This context may also negatively affect the Group's ability to raise required funding, and/or may also result in an increase in the cost of such funding. This could also lead to an increase in the Group's financial expenses as well as a deterioration of its credit profile - which could further limit the Group's access to capital, reduce liquidity, and impact its debt covenants both at corporate or asset backed financing level.

As at December 31, 2021, the URW Group had €12.1 Bn of cash on hand and undrawn credit lines.

Severe disruption or volatility of capital and financial markets could cause rising cost of access to funds due to dramatic increase in interest rates or adverse currency exchange rate movements. See Note 8.5.1. on market risks in chapter 3 of this annual report.

The Group's strategy depends on its ability to raise financial resources, either in the form of debt (mainly bank loans, bonds, credit lines and commercial paper) or equity capital, so that it can finance its general operating requirements and its investments. The URW Group raises required funding through debt market instruments on URW SE level, which funds are allocated to the various members of the URW Group. Consequently, the Group is dependent on the URW Group's ability to attract the required funding. The ability for the Group to access the required funding is therefore dependent on URW SE's ability to raise sufficient financial resources.

Certain events such as disruption in the debt or equity capital markets; a reduction in the lending capacities of banks; changes affecting the real estate property market or investor appetite for property companies; a downgrade in the Group's credit rating; deterioration of the Group's financial result; or, a change in the Group's ownership structure could affect limit the ability of the Group to raise required funding, or increase the cost of such funding and lead to an increase in the Group's financial expenses.

In addition, some financing contracts are subject to financial covenants which may be affected by the occurrence of the Group's performance deterioration, adverse market movements, or other material adverse changes. A default by the Group of its financial covenants may lead to early termination or redemption, higher interest rates, recourse actions under such financing contracts. See Note 8.3.5. on covenants in chapter 3 of this annual report.

Considering its level of debt and of need for (re)financing, as described above, the abovementioned risks and their potential impacts could be detrimental to the Group's liquidity position and its access to funding, the Group's operations and profitability, the value and liquidity of the securities issued by the Group and, in general, the Group's ability to meet its commitments in respect of its debt. If the Group is unable to access the funding it requires, it might be unable to cover necessary expenses which could jeopardize the Group's ongoing operations.

Mitigating measures to identify and limit above mentioned risks are to have regular URW Group Asset & Liability Management Committee (ALM Committee) meetings providing information on the significant changes in the financial environment. The ALM Committee defined the Group Treasury Policy implemented by the Group Treasury Department, which managed and monitored interest rate risk and foreign exchange risk. Internal policies and procedures maintain a conservative approach to investments and risk mitigation is not allowing for speculative positions to be put in place. The Group's exposure to FX rates fluctuation is partly hedged to achieve the same risk management goal. Finally robust internal procedure ensuring the segregation of duties between execution of market trading and control functions of such transactions are in place.

B. REIT STATUS & REGIME (TAX): THE GROUP MAY FAIL TO COMPLY WITH THE MATERIAL TAX REQUIREMENTS IMPOSED BY THE LOCAL REIT REGIMES OR ANY MATERIAL CHANGE OR LOSS OF A LOCAL REIT REGIME, WHICH COULD HAVE A SIGNIFICANT ADVERSE EFFECT ON THE GROUP, ITS RESULTS OR FINANCIAL POSITION

As an international Group, URW NV is subject to various taxes in the countries in which it operates. The Group approach is to be in full compliance with all tax obligations world-wide in respect of all processes and transactions it undertakes. Considering its core business and activities, as a real estate company, the Group has the benefit of a special "real estate investment trust" (REIT regime) for real estate investors in the countries in which it operates. While a REIT regime leads to a lower tax burden at Group level, at the same time a REIT is obliged to distribute most of its income, which is subsequently taxable at the level of the shareholders. To the extent that the Group opts to make use of such regimes, it is/will be obliged to meet the respective local requirements, which differ per country. Moreover, the tax structuring complexity combined with the stapling principle in place between URW SE and URW NV raise potential risk of failure to comply with current and/ or future tax requirements and/or to face to challenge from / litigation with one or several local tax authorities. Disagreements with or challenges from the authorities related to tax law interpretation and positions taken by the Group could result in additional tax payments, fines and penalties.

Any failure to comply with the material tax requirements, including imposed by the local REIT regimes or any material change or loss of a local REIT regime or other tax rules could have a significant adverse effect on the Group, its results or financial position.

Relative to US REIT laws, as the Group continues to identify all potential sources of revenue which leads to a heightened risk that some income could be received that is not properly classified and which challenges the allowable level of income unrelated to the business of leasing retail space.

More generally, the high levels of debt that governments have incurred as a result of various public subsidy programs in dealing with the COVID-19 crisis has resulted in significant budgetary deficits. As governments look to recover from these fiscal challenges there is a risk of an increase in taxes generally, thus also affecting URW NV.

Mitigating measures to identify and limit above mentioned risks are to have credentialed and continuously trained tax employees. This combined with risk assessments of potential loss caused by changed tax regulations, pro-active legal approach to monitor and anticipate potential REIT-regime and regulation changes as well as accuracy reviews of tax calculations. This all with the support of external advisory firms and reviewed by external auditors.

C. MATERIAL FINANCIAL MISSTATEMENTS: COVID-19 DID NOT IMPACT THE ACCURACY OF THE GROUP'S FINANCIAL STATEMENTS

From a budget process, the impact of COVID-19 on the accuracy of financial statements adds a new level of difficulties. Many retailers suspended during the first wave of the pandemic and in turn have suspended or delayed remitting lease payments to the Group. Additionally, throughout various times during the pandemic almost all URW assets were either substantially or completely shut down due to local government directives.

COVID-19 did not have any significant impact on the accuracy or timeliness of the financial consolidation and reporting process. However, the extreme volatility of market conditions, combined with the potential resurgence of restrictive sanitary measures/ local lockdown as well as constraints related to incentives to homework of Group' staff in a remote environment, are likely to create or increase risks (i) on the quality

and/or stability of the data collected and (ii) the unpredictability or stability of forecasts/guidance over time and the validity of the assumptions made in connection with the financial statements.

4.2.2.3 CATEGORY # 3: ENVIRONMENTAL AND SOCIAL RESPONSIBILITY RISKS

A. RECRUITMENT, RETENTION & SUCCESSION: THE GROUP FACES RISKS RELATED TO ITS HR POLICY SUCH AS RECRUITMENT, RETENTION & SUCCESSION, COMPLIANCE WITH COVID-19 RULES AND REGULATIONS, WHICH MAY HAVE NEGATIVE IMPACT ON THE GROUP'S RESOURCES AND CAPABILITIES AND THE GROUP'S IMAGE AND REPUTATION

Considering the very competitive employment market that currently exists and gross administrative expense reduction required to face current crisis, the Group may face important risks related to recruitment, retention and succession. In addition, to successfully implement its challenging strategy and achieve its previously announced targets, the Group relies on its people. Insufficient and inadequate human resources or inability to attract or retain talented people could prevent the Group from reaching its objectives as the asset and property businesses require highly specialized skills. Aligned to the global Great Resignation across all geographies, industries, and market segments, URW's employee turnover and resignations are reaching a peak level. The Group is actively working to listen to employees, reinforce the strong cultural elements, make critical pivots to employee engagement, and position URW to attract and retain the talent needed to succeed.

As the pandemic continues to unfold, new or amended restrictions, laws, and regulations aimed at supporting workers (such as modified sick leave, worksite modifications, travel restrictions, COVID-19 testing and contract tracing, etc.) have been enacted. The Group has developed specific policies and procedures aimed at remaining in compliance with all rules and regulations. As our centres and offices reopen, URW NV has implemented all appropriate policies and procedures to remain in compliance with regulatory health agency mandates in order to ensure the wellbeing of the Group's staff. However, inadvertent or unintentional non-compliance with these new rules and regulations could negatively impact the Group's image and reputation.

Mitigating measures to identify and limit above mentioned risks are to have a strategy to focus recruitment efforts on highly talented people with the development and support of the Group's "employer brand", designing and implementing ambitious people-oriented policies on Work life balance, Wellbeing, Diversity & Inclusion, Sustainable work environment ("Better Places 2030"). Combined with regular employee engagement surveys, providing permanent learning and development opportunities and new extensive Global Succession Planning process rolled out

B. CLIMATE CHANGE & SOCIETAL RISKS: COULD LEAD TO REDEVELOPMENT COSTS AND REPUTATIONAL RISKS FOR THE GROUP.

As operator of 24 retail assets, the Group is potentially impacted by climate change and societal risk. Each of the Group's real estate assets is potentially exposed to damages caused by any potential impact of climate change including natural disasters as well as by any global local acceptability-related concerns for standing assets or development projects. For more details on natural disaster, please refer to section 4.2.2.4.A-Health and Safety Risks. Additional information on URW Group's CSR strategy, to which URW NV fully adheres, can be found in section 1.5.2. 'Corporate Social Responsibility' and at: <https://www.urw.com/en/csr>.

The Group may face new risks related to climate change and its corporate social responsibility (CSR) in several areas. Portfolio assets may be non-resilient to climate change. Increased coercive regulation on building energy efficiency could lead to extra costs for refurbishment of assets to make/keep these assets compliant. Not identifying or controlling pollution or hazardous materials in redevelopment and construction project could lead to redevelopment costs and reputational risks. The Group's "best in class" CSR recognitions by investors and industry groups could be endangered by the loss of access to green financing instruments and low ESG rating and contracting with services providers, suppliers or subcontractors not complying with regulations and standard of their profession. A link to controversial activities of one or several tenants negatively affecting the Group's brand and reputation.

Furthermore, the lack of budget for managing these CSR risks or the lack of steering/poor organization for managing CSR topics could negatively affect the Group's business and reputation. (See also the risk factor 'Brand & Reputation').

Mitigating measures to identify and limit above mentioned risks are to have extensive public consultations held for all refurbishment projects. A global assessment of the assets in the group portfolio (standing assets and development projects) exposed to natural disasters with action and crisis management plans in place to enable rapid response in the event of an incident. Combined with environmental management systems in place to improve environmental performance of assets and invests in energy efficient equipment when replacing existing facilities. The Group redacts energy performance contracts with suppliers and ensures engagement of tenants in energy/carbon reduction actions. Promotion of recycling and programs aimed at reducing waste. Compliance with local hazardous waste disposal regulations. This very ambitious CSR Strategy was recognized as "best in class" by investors and industry groups and supported by CSR metrics and indices.

4.2.2.4 CATEGORY # 4: SECURITY, HEALTH AND SAFETY RISKS

A. TERRORISM & MAJOR SECURITY INCIDENTS: COULD HAVE A NEGATIVE IMPACT ON THE GROUP'S OPERATIONS, ITS FINANCIAL RESULTS AND ITS BRAND AND REPUTATION

The core business of the Group is based on assets open to the public with a significant footfall. As such, it is important that we maintain an appropriate safety and security program to welcome customers in full security and safety and having to remain attractive. Additionally, the "Westfield" brand has been rolled out in Europe, which heightens our awareness of remaining vigilant in monitoring and mitigating as best as possible security and safety concerns on a global basis. The global brand and the iconic status of some assets increase the level of threats on the Group assets.

Should a serious security, safety, or terrorism event occur that results in casualties or even property damage, the Group could experience a negative impact on its operations, its financial results, and its brand and reputation.

By their "soft" nature, and despite the measures put in place by the Group independently, and in close cooperation with law enforcement in the countries in which the company operates, the Group property assets are potentially exposed to acts of terrorism and potential active shooter,

which may have serious consequences, and negatively impact the Group's business and reputation (see also the risk factor 'Brand & Reputation'). While the threats of a terrorist attack are highest in Europe, the risk of a sole active shooter is most likely in the US. The activity and the footfall to an asset subject of an act of terrorism or mass shooting, or some assets located in the country concerned would suffer variable consequences depending on the gravity of the event and the period of time and could have a significant adverse effect on the Group.

Mitigating measures to identify and limit above mentioned risks are to have a dedicated Group organization for security and crisis management, a global security governance and guidelines, security policies and procedures implemented at all locations with appropriate physical security measures and access control. Routine interaction with counter-terrorism, national intelligence services, and local law enforcement to remain aware of emerging terrorist threats or other security concerns. Combined with centres conducting terrorist attack/active shooter crisis response exercises in collaboration with law enforcement, have incident notification/escalation processes and global alignment of crisis response plans in place. A Crisis Management Handbook and Emergency Response Plans in place and shopping center management and security teams trained in crisis response. Resulting in implemented guidelines and security policies that allows the Group to be as responsive as possible with knowledgeable professionals

B. HEALTH AND SAFETY (H&S): RISKS INCLUDING NATURAL DISASTERS COULD RESULT IN SEVERE NEGATIVE FINANCIAL CONSEQUENCES FOR THE GROUP

As real estate owners, we have responsibility towards ensuring the safety and wellbeing of shoppers, retailers, vendors, and employees alike. The Group has a significant footfall. This also includes maintaining proper building and equipment maintenance protocols to minimize the risk of injury or illness, protect the environment, and mitigate the impact of unexpected events on the building and on business continuity.

The countries in which the Group operates have a specific set of Health, Safety, and Environmental (HSE) laws and regulations. Developing and implementing an effective compliance framework, monitoring and complying with new or evolving HSE laws and regulations, and ensure a compliance with Group HSE policies is of critical importance in managing this risk.

In the countries in which the Group operates there is significant exposure to natural catastrophes - e.g. earthquake in California, hurricane in Florida, and flooding in the Netherlands. For assets potentially exposed to natural disasters, emergency response plans are defined by the asset Manager with support from regional and corporate experts. However, in the US and in The Netherlands, the combination of the concentration of a large number of assets in the same area with a high exposure to natural catastrophe risks and the limited capacity available from insurers to cover these risks exposes the Group to retain a significant share of these risks as uninsured. See section 4.1.5 Transferring risk to the insurance market.

As of January 10, 2022 all US shopping centres are open with operating restrictions. The continued operation of the shopping centres during the pandemic has been made in compliance with applicable health and safety regulations (for example, social distancing communication, hand sanitizer stations, regular in-depth cleaning, wearing masks mandatory for all staff and the use of fresh air instead of air recycling). Non-compliance with the applicable health and safety regulations could lead tort claims, reputational damage, regulatory fines and imposed lockdowns of the shopping centres, which could result in severe negative financial consequences for the Group.

Footfall in the US centres is less than before COVID due to 1) fear of shoppers to be in indoor spaces, 2) the transition of shoppers to online or curbside shopping, and 3) lower tenant saturation. In addition, mobility in the major US cities is still impacted by restrictions.

The COVID-19 pandemic, particularly if it continues, would expose the Group to a greater degree of risk to public perception, generating potentially significant reductions in attendance, administrative decisions, and / or operational restrictions, including temporary re-closure of sites and the inability of tenants to maintain their operations and pay rent.

Mitigating measures to identify and limit above mentioned risks are to have qualified external advisors/contractors with proper knowledge of the assets & local regulation validate compliance with regulations and best practices, including receiving the Bureau Veritas Hygiene Excellence and Safety Label and demonstrating appropriate COVID-19 measures are in place for the reassurance of tenants and customers for all US centres. Center management conducts weekly property tours and identifies hazardous conditions and implements corrective actions. Maintenance and inspection conducted by third-party contractors of all relevant equipment are subject to regulation. Safety systems are routinely inspected and Corporate and Construction Health and Safety policies incorporate regulations and are based on industry-accepted best practices in the absence of a specific governing regulation. For natural disasters insurance brokers conduct an annual "catastrophe loss expectancy analysis" for the catastrophic perils of flood, hurricane, and earthquake that provides guidance as to the potential cost associated with damages from any one event, and which is used in the selection of limits of insurance purchased together with periodic validation of response plans for assets most exposed

4.2.2.5 CATEGORY # 5: LEGAL AND REGULATORY RISKS

A. LEGAL & REGULATORY: THE GROUP FACES THE RISK OF FAILING TO COMPLY WITH APPLICABLE LAWS AND REGULATION IN MULTIPLE JURISDICTIONS, WHICH MAY RESULT IN REGULATORY INVESTIGATION, NEGATIVE REPUTATIONAL IMPACT OR COULD RESULT IN FINES AND PENALTIES, DAMAGES, THE LOSS OF LICENSE, AND/OR ANY POTENTIAL LEGAL ACTION.

The Group operates in 2 highly regulated continents. Moreover, our operations also require us to comply with a myriad of laws and regulations related to our activities in areas such as leasing, asset and property management, various licensing and permits, construction and maintenance, health & safety, personal data privacy, financials and securities markets, and anti-trust regulations to name a few, as well as with some extraterritorial regulations. As such, the risk of failing to comply with applicable laws and regulation may result in regulatory investigation, negative reputational impact or could result in fines and penalties, damages, the loss of license, and/or any potential legal action. The Group predominantly operates in the US which is a highly litigious country. The US is exposed to the risk of major litigations, including class actions. Finally, the Group may face regulatory investigations.

In the course of its activities, the Group collects and processes diverse personal data from customers, employees, business partners and service providers. The Group is subject to data protection laws such as the GDPR (EU), the California Consumer Protection Act (CCPA), and the California Privacy Rights Act (CPRA). Failure to protect this personal data could result in fines and penalties as well as negatively impacting the Group's reputation.

The governments of countries where the Group operates have implemented a series of exceptional measures to deal with the COVID-19 pandemic in a wide variety of areas affecting (among others) businesses' activities, employment, real estate or health and safety matters. As such, the Group has to comply with a new and evolving set of laws and regulations increasing the risk of breach, which may result in regulatory investigation, negative reputational impact or could result in fines, penalties and/or any potential legal action. If the COVID-19 health and safety measures implemented by the Group were deemed to not have been appropriate this may give grounds for claims by stakeholders, particularly in highly litigious countries where the Group is potentially exposed to the risk of major litigation, including class actions.

Mitigating measures to identify and limit above mentioned risks are to deploy the Group's legal policy, a set of internal procedures and standard forms to secure contractual frame, reduce litigation exposure to protect Group interests and ensure compliance with applicable regulations. Comprehensive legal training on complex or new regulations to raise awareness and develop learning curve from pending litigation, involving external advisors and law firms to provide constant updates on both emerging legislation and recent case law on specific matters. With group in-house lawyers being specialists in jurisdictions in which the Group operates and set the network of external counsel and experts as required. And through its action within the various national professional organizations, the Group endeavors to anticipate any legislative initiatives likely to have an impact on its business.

B. CORRUPTION, MONEY LAUNDERING & FRAUD: THE GROUP FACES RISKS ASSOCIATED WITH CORRUPTION, MONEY LAUNDERING & FRAUD IN MULTIPLE JURISDICTIONS, WHICH MAY HAVE A NEGATIVELY IMPACT ON INVESTORS' TRUST

The Group conducts its core business in two countries and drives its real-estate activity with a wide variety of stakeholders, business partners, and other intermediaries and government authorities. Due to the nature of the Group's business activities and relationship with business partners, as well as its wide geographical scope of operations, it faces numerous stringent international and national anti-bribery, corruption, money laundering & fraud laws and regulations, such the Foreign Corrupt Practices Act ("FCPA") (US). Failure to comply with these anti-corruption regulations and lack of transparency can lead to material reputational damages, financial, administrative or disciplinary sanctions. This may have a negative impact on investors' trust.

Another increasing risk in this category exists mainly from an IT and crime perspective due to increased fraudulent email exchanges and other attempts at social engineering crime while employees continue to work from home during the COVID-19 pandemic. While the Group has seen an increase in phishing schemes and other attempts, none have been successful in defrauding the company of any monies, data, or any personally identifiable information. However, during the COVID-19 pandemic the Group is growingly exposed to attempted fraud (identity theft for example) or embezzlement in the course of its business.

Mitigating measures to identify and limit above mentioned risks are to have a rigorous and "zero tolerance" principle based on an effective Anti-Corruption Programme (ACP) applicable in all entities controlled by the Group and designed based on the 8 pillars of the French Sapin II law. In addition, the ACP incorporates provisions of international conventions and national laws and regulations applicable to the Group's business activities. Together with an alert system (whistleblowing procedure) supported by an external hotline is in place within the Group and interactions with Public Officials and Business Partners that are monitored by a "Know Your Partner" procedure to ensure compliance of third parties with the Group's ACP. Furthermore, the Group has implemented a secure payments procedure, the awareness of fraud scenarios is raised in departments throughout the year and illustrated by real cases and in the case of attempted fraud, the Group Compliance Officer systematically shares the information via email with all regions, including a reminder of preventive procedures.

5.

INFORMATION ON THE COMPANY, SHAREHOLDING AND THE SHARE CAPITAL

5.1 INFORMATION ON THE COMPANY

5.1.1 GENERAL INFORMATION

Unibail-Rodamco-Westfield N.V. (“URW NV” or the “Company”) has its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Schiphol Boulevard 315, World Trade Center Schiphol - Tower F, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands. URW NV is registered with the Commercial Register of the Dutch Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 70898618. The LEI code of the Company is 7245002R31EKBDW59H93 and its telephone number: (+31) 020-6582533.

Its financial year runs from January 1 to December 31.

Information about the Company is available on its website: www.urw-nv.com.

5.1.2 LEGAL FORM AND APPLICABLE LAW

On February 14, 2018, URW NV was incorporated as Unibail-Rodamco B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands. On March 22, 2018, Unibail-Rodamco B.V. changed its legal name to WFD Unibail-Rodamco N.V. and converted its legal form to a public limited liability company (*naamloze vennootschap*) pursuant to a notarial deed of amendment and conversion in accordance with a resolution of its general meeting adopted on March 15, 2018. On June 9, 2020, WFD Unibail-Rodamco N.V. changed its name to Unibail-Rodamco-Westfield N.V. pursuant to a notarial deed of amendment in accordance with a resolution of the General Meeting. The current laws and regulations of The Netherlands are applicable to the Company.

5.2 SHARE CAPITAL AND OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

5.2.1 AUTHORISED SHARE CAPITAL - FORM OF SHARES

The authorised share capital of the Company amounts to €550 million and is divided into 660 million class A shares and 440 million class B shares, with a nominal value of €0.50 each.

As at December 31, 2021, the Company’s share capital is €115,921,365 and divided into 138,594,416 class A shares and 93,248,315 class B shares with a nominal value of €0.50 each, representing 59.78% and 40.22%, respectively, of the Company’s issued share capital.

In June 2018, the class A shares of the Company were individually stapled with the ordinary shares of URW SE, a public limited liability company under the laws of France, with its registered office located in Paris and Companies Register under number 682 024 096, to form Stapled Shares.

The “URW Group” is composed of the Company, URW SE and all of the controlled entities whose financial information is included in the consolidated accounts of the Company and/or of URW SE.

The Stapled Shares are admitted to trading on Euronext Amsterdam and Euronext Paris, under ISIN code FR0013326246 and trading symbols AMS: URW (Euronext Amsterdam) and EPA: URW (Euronext Paris). Any holder of Stapled Shares will have all the rights and be under all the obligations of both a shareholder of URW SE (with respect to the URW SE shares that are part of his Stapled Shares) and a shareholder of URW NV (with respect to the class A shares that are part of his Stapled Shares). Reference to 5.2.3.1 for CDI’s.

5.2.2 AUTHORISATION TO BUY BACK SHARES

At the General Meeting held June 29, 2021, the Management Board (“MB”) has been authorized (for 18 months following the General Meeting) to resolve for the Company to purchase and acquire, with the approval of the Supervisory Board (“SB”), on a stock exchange or otherwise, up to 10% of the class A shares in the Company’s capital in issue from time to time (separate or as part of Stapled Shares) and up to 100% of the class B shares in the Company’s capital in issue from time to time, in each case at a price per share between the nominal value of the share concerned and 110% of the average market price of the Stapled Shares on Euronext Amsterdam (such average being calculated by reference to the closing prices on each of the five consecutive trading days preceding the date the purchase or acquisition is agreed upon by the Company). Any shares in the Company’s capital held by the Company on the date of the General Meeting or that may be purchased and acquired by the Company during the period of 18 months following the General Meeting shall be cancelled in one or more tranches, provided that the implementation of any such cancellation (whether or not in a tranche) shall be subject to the determination by the Management Board of the exact number of shares to be cancelled (in the relevant tranche, as relevant) and the exact timing thereof.

The MB is authorized to i) acquire one or more class A shares in the Company’s capital (separate or as part of Stapled Shares) from Unibail-Rodamco-Westfield SE (“URW SE”), ii) acquire one or more class A shares in the Company’s capital from anyone other than URW SE (including by means of a share buy-back programme), provided that such acquisition is made (a) pursuant to and in accordance with a joint share buy-back programme approved by or on behalf of (the relevant corporate bodies of) the Company and URW SE or (b) jointly and in connection with (but not necessarily concurrently with) an acquisition of ordinary shares in the capital of URW SE by URW SE; and/or iii) acquire one or more class B shares in the Company’s capital from URW SE, in each case (x) subject to the MB being authorised by the General Meeting to acquire such shares in the capital of the Company and (y) with due observance of Dutch law, the Articles and the relevant limitations set out in the shareholders’ authorisation as applicable from time to time.

5.2.3 SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

Securities granting access to the capital of URW NV are described below.

5.2.3.1 CDIS (CHESS DEPOSITARY INTERESTS)

The term “CDI” designates Australian CHESS (clearing house electronic subregister system) depositary interests that represent beneficial ownership in Stapled Shares registered in the name of or on behalf of CDN (CHESS Depositary Nominees Pty Limited, a subsidiary of the Australian Securities Exchange). CDIs are admitted for trading on the Australian regulated market (“ASX”).

Twenty CDIs collectively represent a beneficial interest in one Stapled Share, conferring rights that are economically equivalent to the rights attaching to one Stapled Share. Stapled Shares represented by CDIs will be held by an ASX subsidiary through Euroclear France. CDN enables holders of CDIs to exercise³⁴ the voting rights attached to the Stapled Shares. Any twenty CDIs can be converted into one Stapled Share at any time. Conversely, Stapled Shares can be converted into CDIs at a ratio of twenty CDIs per Stapled Share.

As at December 31, 2021, 196,303,060 CDIs (corresponding to 9,815,153 Stapled Shares) were outstanding, representing 4.23% of share capital.

5.2.3.2 PERFORMANCE SHARES AND PERFORMANCE STOCK OPTIONS

The long-term remuneration plan of the Group combines two remuneration elements in Stapled Shares: the majority are granted as Performance Shares (PS), while a small portion are Performance Stock Options (SO). This is intended to strengthen the engagement of beneficiaries in their contribution to the Group’s performance.

As at December 31, 2021, the number of potential Stapled Shares to be theoretically issued after taking into account cancellation (assuming the required performance and presence conditions are attained and excluding any cancellations that may occur during the course of the plan) represents 0.38% of URW NV’s fully-diluted share capital with regard to the outstanding PS and 1.65 % of URW NV’s fully-diluted share capital with regard to the outstanding SO.

5.2.3.3 ORNANE (BONDS REDEEMABLE IN CASH AND/OR IN NEW AND/OR EXISTING SHARES)

Since the General Meeting of ORNANE holders on April 20, 2018, the redemption of ORNANE is carried out in new and/or existing Stapled Shares.

2014 ORNANE ISSUANCE OF JUNE 25, 2014

On June 25, 2014, URW SE issued 1,735,749 2014 ORNANE at a nominal value per unit of €288.06, representing a nominal amount of €500 million. In accordance with paragraph 4.9.7 of the *Note d’opération* under visa No. 14-296 from the French Financial Markets Authority on June 17, 2014 (“*Note d’opération*”), all bonds convertible into new shares and/or exchangeable for existing share were redeemed in cash on July 1, 2021. Any holder who has not exercised their right to allocation of Stapled Shares have received an amount corresponding to the par value, i.e. €288.06 per bond, in accordance with paragraph 4.9.1 of the *Note d’opération*.

As at December 31, 2021, no 2014 ORNANE is outstanding.

For more details on the 2014 ORNANE, please refer to the “*Note d’opération*”.

2015 ORNANE ISSUANCE OF APRIL 15, 2015

On April 15, 2015, the URW SE issued 1,441,462 2015 ORNANE at a nominal value per unit of €346.87, representing a nominal amount of €500 million.

In accordance with paragraph 4.9.7 of the *Note d’opération* under visa No. 15-144 from the French Financial Markets Authority on April 8, 2015, all bonds convertible into new shares and/or exchangeable for existing share were redeemed in cash on January 1, 2022. Any holder who has not exercised their right to allocation of Stapled Shares have received an amount corresponding to the par value, i.e. €346.87 per bond, in accordance with paragraph 4.9.1 of the *Note d’opération*.

As of January 1, 2022, no 2015 ORNANE is outstanding. For more details on the 2015 ORNANE, please refer to the “*Note d’opération*”.

5.2.4 OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

None.

5.2.5 CHANGES IN URW NV’S SHARE CAPITAL AS OF ITS INCORPORATION

Since the incorporation of URW NV, URW NV’s share capital has changed as follows:

	Date	Movements in the share capital	Number of shares issued	Number of shares	Total share capital	Premium resulting from transaction
	07/06/2018			231,531,282	€115,765,641	
	30/09/2018	Reimbursement of ORA	63	231,531,345	€115,765,673	€640
2018	30/09/2018	Exercise of SO (2012-2014 tranche)	3,596	231,534,941	€115,767,471	€39,265
	30/09/2018	Reimbursement of ORA	50	231,534,991	€115,767,496	€404
	31/12/2018	Exercise of SO (2012 tranche)	1,925	231,536,916	€115,768,458	€14,380
	31/03/2020	Creation of PS (2015 tranche)	8,340	231,545,256	€115,772,628	€0
	31/03/2019	Exercise of SO (2012 tranche)	8,713	231,553,969	€115,776,985	€72,549
	30/04/2019	Creation of PS (2016 tranche)	18,432	231,572,401	€115,786,201	€0

³⁴ Holders of CDIs can either (i) ask CDN to vote in a given way, or (ii) request that CDN grant the holder with the power to vote at the General Meeting.

2019	30/04/2019	Increased of share capital reserved for URW SE employees	47,337	231,616,738	€115,809,869	€312,309
	08/07/2019	Reimbursement of ORA	131	231,616,869	€115,809,935	€1,181
	08/07/2019	Reimbursement of ORA	7,051	231,626,920	€115,813,460	€63,485
	31/03/2020	Creation of PS (2017 tranche)	14,235	231,641,155	€115,820,578	€0
2020	04/06/2020	Creation of PS (2016 tranche)	10,395	231,651,550	€115,825,775	€0
	04/06/2020	Increased of share capital reserved for URW SE employees	69,150	231,720,700	€115,860,350	€154,690
2021	31/03/2021	Creation of PS (2017-2018 tranches)	23,990	231,746,876	€115,873,438	€0
	24/06/2021	Creation of PS (LTI SI* tranche)	23,986	231,768,676	€115,884,338	€0
	24/06/2021	Increased of share capital reserved for URW SE employees	74,055	231,842,731	€115,921,366	€0

Note: increases in the share capital associated with the exercise of Performance Stock Options (SO) and creation of Performance Shares (PS), cancellation of shares and reimbursements of bonds redeemable in shares (ORA) and bonds redeemable in cash and/or in new and/or existing shares (ORNANE), are stated by a statement of the URW SE Management Board.

* LTISI : Additional Performance Shares granted in 2018 related to the successful integration of Westfield.

5.3 SHARE BUY-BACK PROGRAMME AND SHARE ISSUANCES

5.3.1 REVIEW OF THE USE OF THE AUTHORISATION TO ACQUIRE SHARES AND INFORMATION ON THE TRANSACTIONS CARRIED OUT DURING THE FINANCIAL YEAR ENDING DECEMBER 31, 2021

During the 2021 financial year, the Company did not acquire any shares in its capital.

The Company has not used any derivative products in respect of shares in its capital and has currently not entered into any market-making and/or liquidity agreement in respect of shares in its capital.

5.3.2 AUTHORISATION TO ISSUE SHARES

With effect from June 7, 2018, the closing date of the Westfield Transaction (and for a period of 5 years from such date), the Management Board (“MB”) has been authorized, subject to the approval of the Supervisory Board (“SB”) and the Stapled Share Principle, (i) to resolve to issue shares in the capital of the Company and to grant rights to subscribe for such shares up to the maximum authorized share capital as this may be from time to time and (ii) to resolve to limit and/or exclude pre-emption rights in relation thereto.

5.3.3 SITUATION AS AT DECEMBER 31, 2021

As at December 31, 2021, the URW NV shares held or cancelled by the Company is as follows:

% of URW NV shares held directly or indirectly by URW NV (“treasury shares”) as at December 31, 2021	0%
Number of cancelled URW NV shares during the last 24 months	0
Number of treasury shares as at the December 31, 2021	0
Accountant value of the treasury shares	€0
Market value of the treasury shares	€0

5.4 INFORMATION ON THE SHAREHOLDING

5.4.1 OWNERSHIP OF CAPITAL AND VOTING RIGHTS

The Company’s share capital as at December 31, 2021, comprises 138,594,416 class A shares and 93,248,315 class B shares with a nominal value of €0.50 each and is fully paid-up. The class A shares form part of Stapled Shares together with ordinary URW SE shares. All class B shares are owned by URW SE; pursuant to the Articles, class B shares can only be held by (i) any entity of the URW Group or (ii) any other party, with the approval of the MB and the SB.

One single voting right is attached to each URW NV share in accordance with the “one share, one vote” principle.

As at December 31, 2021, 59.78% of the Company’s share capital was held by others than URW SE and MB Members.

The Company's shareholding structure was as follows during the last three financial years:

Shareholder	Year-end 2019					Year-end 2020					Year-end 2021				
	Number of class A shares	Number of class B shares	Total number of shares	% of share capital	% of voting rights	Number of class A shares	Number of class B shares	Total number of shares	% of share capital	% of voting rights	Number of class A shares	Number of class B shares	Total number of shares	% of share capital	% of voting rights
Free float (class A)	138,209,728	-	138,209,728	59.67	59.67	138,472,380	-	138,468,380	59.76	59.76	138,594,416	-	138,594,416	59.78	59.78
URW SE (class B)	-	93,248,315	93,248,315	40.26	40.26	-	93,248,315	93,248,315	40.24	40.24	-	93,248,315	93,248,315	40.22	40.22
Companies controlled by Mr Xavier Niel (Rock Investment and NJJ Holdings) ⁽¹⁾	-	-	-	-	-	7,512,813	-	7,512,813	3.24	3.24	20,294,670	-	20,294,670	8.75	8.75
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive officers ⁽²⁾	168,877	-	168,877	0.07	0.07	5	-	5	0	0	5	-	5	0	0
TOTAL	138,378,605	93,248,315	231,626,920			138,472,385	93,248,315	231,720,700			138,594,416	93,248,315	231,842,731		

Figures may not add up due to rounding.

(1) Based on Mr. Niel's statement.

(2) Executive officers comprise the MB Members. As of June 7, 2018, the MB consists of two members. The numbers do not take into account any units in the URW SE Company Savings Plan held by the executive officers. As at December 31, 2021 the MB consist of two members.

5.4.2 INFORMATION REGARDING OWNERSHIP THRESHOLD DISCLOSURES

Substantial holding notifications made to the AFM can, once published, be viewed on the website of the Dutch Authority for the Financial Markets ("AFM") and threshold disclosures notified to URW SE as required under the Articles of Association are available at the registered office of URW SE.

To the best of the Company's knowledge and based on the substantial holding notifications published on the website of the AFM and the threshold crossings notified to URW SE, the following persons (other than URW SE) have, as at the filing date of this Annual Report, a notifiable interest in URW NV's share capital.

The AFM register shows the following notifications of substantial share capital and/or voting rights above the 3% threshold: X. Niel: substantial share capital of 10.50% and 10.50% of the voting rights (April 19, 2021), BlackRock, Inc.: substantial share capital of 3.21% and 3.71% of the voting rights (September 17, 2021).

5.4.3 SHAREHOLDERS' AGREEMENT

To the best of the Company's knowledge there is no shareholders' agreement.

5.4.4 URW SE'S SHAREHOLDING IN URW NV

URW SE holds approximately 40% of URW NV's issued and outstanding share capital.

PARTICIPATION MAINTENANCE SUBSCRIPTION RIGHT

URW SE wishes to maintain its capital interest and voting rights in URW NV at or slightly above 40%. In connection therewith URW NV granted URW SE the "Participation Maintenance Subscription Right".

The Participation Maintenance Subscription Right allows URW SE to subscribe, in one or more tranches, on a continuous and revolving basis for new URW NV class B shares, each time up to the lesser of (i) such maximum number of URW NV class B shares that, as the result of a subscription to such number of URW NV class B shares by URW SE pursuant to an exercise of the Participation Maintenance Subscription Right, the aggregate nominal amount of URW NV shares held by URW SE and its subsidiaries is equal to 40.22% of URW NV's issued and outstanding share capital, and (ii) the maximum number of URW NV's class B shares that may be issued under the authorized share capital of URW NV under its Articles at that time.

Certain terms and conditions of the Participation Maintenance Subscription Right are set out in a Participation Maintenance Subscription Right Agreement entered into between URW SE and URW NV on June 4, 2018.

The subscription price for any URW NV class B shares subscribed for by URW SE pursuant to the exercise of the Participation Maintenance Subscription Right is equal to the par value of such shares or such other price as may be agreed between URW SE and URW NV from time to time. At least one-fourth of the par value is to be paid up upon subscription and the remaining three-fourths will be payable by URW SE upon URW NV calling for it, subject to applicable law. Solely at URW NV's option and subject to the Articles and applicable law, all or part of such payment obligation for the subscribed-for URW NV class B shares may be charged against URW NV's profits and/or reserves.

At the request of the holder, any URW NV class B shares held by URW SE or any of its subsidiaries shall be converted into URW NV class A shares of equal nominal value in accordance with the Articles and subject to the nominal value of the to-be converted URW NV class B shares having been fully paid up.

URW SE may assign the Participation Maintenance Subscription Right Agreement, with simultaneous assignment of the Participation Maintenance Subscription Right, to any wholly-owned URW SE subsidiary.

The Participation Maintenance Subscription Right Agreement is entered into and the Participation Maintenance Subscription Right is granted for an indefinite period of time, but may be terminated at any time by URW SE.

EQUITY PLAN SATISFACTION SUBSCRIPTION RIGHT

Pursuant to any equity incentive plan, stock option plan, equity saving plan, performance share plan or other plan, as applicable from time to time, URW SE or any of its subsidiary may award Stapled Shares, or rights to acquire Stapled Shares (including rights to concurrently acquire URW NV class A shares and URW SE ordinary shares thereby forming Stapled Shares), to (current or former) employees, officers and/or directors of the URW Group. URW SE or the relevant URW SE subsidiary would need to be able to deliver, transfer or otherwise provide URW NV class A shares (for as long as the Stapled Share Principle applies, as part of Stapled Shares) pursuant to awards made under such equity plans. In connection therewith URW NV granted URW SE the "Equity Plan Satisfaction Subscription Right".

The Equity Plan Satisfaction Subscription Right allows URW SE to subscribe, in one or more tranches, on a continuous and revolving basis for new URW NV class A shares, each time up to the lesser of (i) the number of URW NV class A shares that are required or reserved to satisfy any obligations to issue, transfer, deliver or otherwise provide URW NV class A shares pursuant to awards made under any relevant equity plan, and (ii) the maximum number of URW NV class A shares that may be issued under the authorized share capital of URW NV under its Articles at that time.

Certain terms and conditions of the Equity Plan Satisfaction Subscription Right are set out in an Equity Plan Satisfaction Subscription Right Agreement entered into between URW SE and URW NV on June 4, 2018.

The subscription price for any URW NV class A shares subscribed for by URW SE pursuant to the exercise of the Equity Plan Satisfaction Subscription Right is equal to the par value of such shares or such higher price as provided for in the relevant equity plan (if any). At subscription, URW SE shall pay the aggregate nominal value in full. At the request of URW SE, URW NV shall - subject to the approval of the SB and to the extent permitted under applicable law - charge all or part of such payment obligation against URW NV's profits and/or reserves, in particular in respect of those equity plans in which shares are provided to the participants without payment of any consideration.

URW SE may assign part of the Equity Plan Satisfaction Subscription Right to any URW SE subsidiary, provided that such URW SE subsidiary has committed itself towards URW NV to be bound by the Equity Plan Satisfaction Subscription Right Agreement in respect of such assigned part. Furthermore, URW SE may assign the Equity Plan Satisfaction Subscription Right in respect of such number of URW NV class A shares that are the subject of an award under an equity plan to the relevant participant to whom such award is or has been made, under the conditions that an exercise of such assigned Equity Plan Satisfaction Subscription Right by such participant may only be made in compliance with all terms and conditions (including vesting conditions) of the relevant equity plan and award, and that an issue of URW NV class A shares to such participant can only be made simultaneously with an issue or transfer of an equal number of URW SE ordinary shares to such participant and URW SE having confirmed to URW NV that such simultaneous issue or transfer will occur.

The Equity Plan Satisfaction Subscription Right Agreement further provides that in situations in which URW SE or a URW SE subsidiary is making an award to any employee, officer or director of the URW Group with respect to a number of URW SE ordinary shares under an equity plan of URW SE or any URW SE subsidiary, URW SE may request that URW NV simultaneously grant a right to such employee, officer or director with respect to an equal number of URW NV class A shares. URW NV shall in such cases - to the extent legally permissible - make such a grant, under the condition that an issue of URW NV class A shares to such employee, officer or director can only be made simultaneously with an issue or transfer of an equal number of URW SE ordinary shares to such employee, officer or director and URW SE having confirmed to URW NV that such simultaneous issue or transfer will occur.

The Equity Plan Satisfaction Subscription Right Agreement is entered into and the Equity Plan Satisfaction Subscription Right is granted for an indefinite period of time, but may be terminated at any time by URW SE and will terminate upon the Articles being amended such that there are no longer Stapled Shares. Upon termination, the agreement and subscription right will survive to the extent necessary to settle existing outstanding awards under any relevant equity plans.

5.5 ARTICLES OF ASSOCIATION OF THE COMPANY AND CHARTERS OF THE CORPORATE BODIES

The main statutory provisions are given hereafter. Furthermore, the Management Board (the "MB"), Supervisory Board (the "SB"), Audit Committee (the "AC"), the Investment Committee (the "IC") and the Governance, Nomination and Remuneration Committee (the "GNRC") each have their own internal charters. The Articles of Association (the "Articles") and internal charters of these committees are available on the Company's website or at its registered office.

The Articles were last updated on June 30, 2021.

5.5.1 CORPORATE PURPOSE

(ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)

The corporate purpose of the Company is in The Netherlands and abroad:

- to invest in assets, primarily through the direct or indirect acquisition of real estate, in such a manner that the ensuing risks are spread in order to allow shareholders to share in the proceeds;

- to enter into cash pooling arrangements with, to provide financing to and to furnish guarantees for the benefit of URW SE and other affiliated bodies of the Company whose assets, on a consolidated basis, generally at least nearly exclusively consist of real estate and/or associated rights;
- to incorporate, to participate in, to hold any other interest in and to conduct the management or supervision of bodies whose objects and actual activities are to invest in assets;
- to incorporate, to participate in and to conduct management of bodies whose objects and actual activities, besides possibly investing assets, are to develop real estate for the benefit of itself or certain bodies;
- to invest in the improvement or expansion of real estate;
- to acquire, to manage, to invest, to exploit, to encumber and to dispose of other assets and liabilities and to provide any other act or service; and
- to do anything which, in the widest sense, is connected with or may be conducive to the objects described above,

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

5.5.2 STAPLED SHARE PRINCIPLE

(ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

The shares in URW NV are in registered form. The shares have been, or will be, created under Dutch law and must be paid up in full upon issuance (without prejudice to section 2:80(2) Dutch Civil Code (the “DCC”). However, it may be stipulated that up to 75% of the nominal value of a class B share need not be paid up until URW NV has called for payment.

The class A shares may be included in a giro deposit (“*girodepot*”) or a collective deposit (“*verzameldepot*”) in accordance with the provisions of the Dutch Giro Securities Act or any other collection of securities which are transferable by means of book-entry, in each case with due observance of the Stapled Share principle set out in the Articles.

Each class B share can be converted into one class A share. By means of a written request addressed to the MB, the holder of one or more class B shares may request the conversion of all or part of his class B shares into an equal number of class A shares. Such request must indicate the number of class B shares to be converted. Upon receipt of such request, the MB, with the approval of the SB, shall resolve to convert the number of class B shares specified in the request into an equal number of class A shares. Neither the MB nor URW NV are required to effect a conversion of class B shares if the request does not include the number of class B shares to be converted or if the MB reasonably believes that the information included in such request is untrue or incorrect or that the holder concerned is not a party meeting the quality requirement described below.

Under the Articles, in order to achieve a situation where holders of class A shares, other than any entity of the URW Group, hold an interest in both URW NV and URW SE, as if they held an interest in a single (combined) company:

- no class A share can be (i) issued to, or subscribed for by, others than any entity of the URW Group, (ii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the URW Group, or (iii) released from any encumbrance by others than any entity of the URW Group, in each case except together with a UR Share in the form of a Stapled Share;
- no right to subscribe for one or more class A shares can be (i) granted to or exercised by others than any entity of the URW Group, (ii) terminated by others than any entity of the URW Group, (iii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the URW Group, or (iv) released from any encumbrance by others than any entity of the URW Group, in each case except together with a corresponding right to subscribe for an equal number of URW SE Shares in the form of an equal number of Stapled Shares;
- all shareholders, other than any entity of the Stapled Group, must refrain from (i) acquiring any class A share, (ii) acquiring, exercising or terminating any right to subscribe for one or more class A shares, or (iii) creating or acquiring a usufruct, pledge or other encumbrance over any class A share or any right to subscribe for one or more class A shares, in each case except (if it concerns a class A share) together with a URW SE share in the form of a Stapled Share or (if it concerns a right to subscribe for one or more class A shares) together with a corresponding right to subscribe for an equal number of URW SE shares in the form of an equal number of Stapled Shares; and
- subject to applicable law, the MB and the SB shall take all necessary actions to ensure that, at all times, the number of class A shares issued and held by others than any entity of the URW Group is equal to the number of URW SE shares issued and held by others than any entity of the URW Group.

The Stapled Share principle can only be terminated by virtue of a resolution passed by the General Meeting to amend the Articles. A resolution by the General Meeting to effect such an amendment shall only become effective after the MB, with the approval of the SB, has confirmed that the General Meeting or shareholders or URW SE has passed a resolution to terminate the Stapled Share principle as included in the Articles of URW SE.

In addition, under the Articles, class B shares can only be held by any entity of the URW Group or any other party, with the prior approval of the MB and the SB. If one or more class B shares are not, or no longer, held by a party which meets the quality requirements described in the previous sentence:

- the holder of such class B shares must immediately notify the MB thereof, consistent with the arrangements described in the Articles;
- such Shareholder’s voting rights, meeting rights and rights to receive distributions attached to its class B shares shall be suspended; and
- such Shareholder must immediately offer and transfer its class B shares to URW NV (or to a party designated in writing by URW NV) in accordance with the provisions in the Articles.
- the MB, with the approval of the SB, may grant dispensation from the quality requirement described above.

Except as set forth above or as described elsewhere in this report, as at December 31, 2021, URW NV imposed no limitation, under its Articles or by contract, on the transfer of shares (or depository receipts for shares issued with URW NV’s cooperation), the exercise of voting rights on shares, periods for exercising such voting rights or the issuance of depository receipts for Shares with URW NV’s cooperation.

All shareholders of the Company must comply with the Stapled Share principle described above. If a shareholder, other than any entity of the URW Group, would hold one or more "Unstapled Shares" (i.e., class A shares held by a shareholder, other than any entity of the URW Group, if such shareholder does not also hold the corresponding ordinary shares in UR in the form of Stapled Shares) for whatever reason:

- such shareholder must immediately notify the MB of such breach, consistent with the arrangements described in the Articles;
- such shareholder must immediately offer and transfer its Unstapled Shares to URW SE (or any other entity of the URW Group designated in writing by URW SE);
- if such shareholder has not, within a reasonable period of no more than fourteen (14) days after having become obliged to offer and transfer its Unstapled Shares, complied with such obligation, URW NV shall be irrevocably authorised to offer and transfer the Unstapled Shares concerned to URW SE (or any other entity of the URW Group designated in writing by URW SE) on behalf of such shareholder in accordance with the provisions in the Articles; and
- such shareholder's voting rights, meeting rights and rights to receive distributions attached to its Unstapled Shares shall be suspended for as long as such shareholder (or URW NV on such shareholder's behalf) has not complied with the obligation of such Shareholder to offer and transfer such Unstapled Shares as described above.

If the holder of a Stapled Share must notify URW SE in respect of its shares in the capital of URW SE pursuant to the articles of association of URW SE and/or applicable French law, such shareholder must also immediately notify URW SE in accordance with the arrangements described in the Articles. If the MB becomes aware that a shareholder has failed to comply with that obligation, the MB, with the approval of the SB, may demand that such shareholder comply with such obligation within a reasonable period of no more than 14 days, as stipulated in such notice. For as long as the shareholder concerned has not complied with such obligation after the expiration of the period stipulated in said notice, such Shareholder's voting rights, meeting rights and rights to receive distributions attached to its class A shares shall be suspended.

Furthermore, under Dutch law, various protective measures are possible and permissible within the boundaries set by Dutch law, including Dutch case law. In this respect, certain provisions of the Articles may make it more difficult for a third party to acquire control of the Company or effect a change in the MB and/or SB. These include:

- the Stapled Share principle described in paragraph 5.5.2;
- a provision that the General Meeting can only appoint MB Members and SB Members on the basis of a nomination by (i) the SB pursuant to
- and in accordance with a binding recommendation by the GNRC, (ii) the Chairman, (iii) a Controlling Shareholder or (iv) the Class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto; and
- a requirement that certain matters, including an amendment of the Articles, may only be brought to the General Meeting for a vote upon a proposal by the MB, with the approval of the SB.

5.5.3 CORPORATE GOVERNANCE STRUCTURE

(ARTICLES 16 TO 26 OF THE ARTICLES OF ASSOCIATION)

The Company is managed by a Management Board ("MB") and a Supervisory Board ("SB"). Details of the composition and the functioning of the MB and the SB are set out in Section 2.1 of this Annual Report.

5.5.3.1 THE MANAGEMENT BOARD

(ARTICLES 16 TO 21 OF THE ARTICLES OF ASSOCIATION AND MANAGEMENT BOARD RULES)

The MB is the collegial decision-making body of URW NV. Pursuant to the Articles, the MB shall be composed of individuals or entities and the SB shall determine the number of MB Members. The SB Chair shall, with due observance of the MB Rules, designate one MB Member as Chief Operating Officer US ("COO US"), and may revoke such designation from time to time. The MB consisted of two members as at December 31, 2021.

The MB is charged with management of the Company, subject to the restrictions contained in the Articles. The MB is required to provide the SB with the information necessary for the performance of its tasks in a timely fashion. At least once a year, the MB shall inform the SB in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of URW NV. The MB's mission consists in developing and executing the Company's strategy, effectively structuring and staffing the Company to ensure its efficient functioning, achieving the projected financial results and communicating these results in the best manner. In performing their duties, MB members shall be guided by interests of the Company and of the business connected with it.

The MB is responsible for the day-to-day management of the Company which includes, among other things, formulating strategies and policies, and setting and achieving the Company's objectives. The SB supervises and advises the MB. In performing their duties, MB and SB members shall be guided by the interests of the Company and of the business connected with it.

The General Meeting shall appoint the MB Members and can only appoint a MB Member upon a nomination by (i) the SB pursuant to and in accordance with a binding recommendation by the GNRC, (ii) the Chair, (iii) a Controlling Shareholder or (iv) the class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto. A MB Member is appointed or reappointed for a term which shall expire immediately following the end of the annual General Meeting held in any of the first four years following his appointment or reappointment (as relevant).

The General Meeting may at any time suspend or dismiss any MB Member. In addition, the SB may at any time suspend a MB Member. The SB shall not make any proposal, or approve any proposal made by the MB, for the suspension or dismissal of a MB Member and shall not resolve upon the suspension of a MB Member, other than pursuant to and in accordance with a binding recommendation either by the SB Chair or by the GNRC. A suspension by the SB can at any time be lifted by the General Meeting. If a MB Member is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

5.5.3.2 THE SUPERVISORY BOARD

(ARTICLES 22 TO 26 OF THE ARTICLES OF ASSOCIATION AND THE SUPERVISORY BOARD RULES)

The SB exercises permanent oversight and control over the MB and the general affairs of the Company as provided by law, the Articles and its SB Rules. The SB has 5 members appointed for a term of four years. The SB must comprise of two URW SE Supervisory Directors. "URW SE Supervisory Directors" refers to an SB member who is also a member of the management board, a member of the supervisory board or an employee of (x) URW SE (or any of the legal successors) or (y) any controlled undertaking whose financial information is included in the consolidated financial reporting of URW SE (excluding the Company and its subsidiaries within the meaning of section 2:24a of the Dutch Civil Code).

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

The SB consists of at least two, but no more than seven, SB Members. The SB shall be composed of individuals. The SB shall determine the number of SB Members. The SB must comprise such number of URW SE Supervisory Directors as equals the highest integer that is less than 50% of all SB Members in office. This requirement can be set aside by the General Meeting with a majority of at least two-thirds (2/3) of the votes cast representing more than half of URW NV's issued share capital.

The SB shall elect an URW SE Supervisory Director to be the Chair and another URW SE Supervisory Director to be the vice-Chair, in each case pursuant to and in accordance with a recommendation by the GNRC. The SB may dismiss the SB Chair or the vice-Chair pursuant to and in accordance with a recommendation by the GNRC, provided that the URW SE Supervisory Director so dismissed shall subsequently continue his term of office as a URW SE Supervisory Director without having the title of Chair or vice-Chair, as the case may be.

The General Meeting can only appoint a SB Member upon a nomination by (i) the SB pursuant to and in accordance with a binding recommendation by the GNRC, (ii) the Chair, (iii) a Controlling Shareholder or (iv) the class B Meeting, in each case provided that the names of those candidates are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto and taking into account the requirement with respect to the requisite number of URW SE Supervisory Directors. A SB Member may be appointed or reappointed for a term which shall expire immediately following the end of the annual General Meeting held in any of the first four years following his appointment or reappointment (as relevant). The General Meeting may at any time suspend or dismiss any SB Member. The SB shall not make any proposal, or approve any proposal made by the MB, for the suspension or dismissal of a SB Member, other than pursuant to and in accordance with a binding recommendation either by the SB Chair or by the GNRC. If a SB Member is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

The SB has three committees; the AC, the GNRC and IC.

THE SPECIALISED COMMITTEES OF THE SUPERVISORY BOARD

Three specialised committees are responsible for assisting the Board to carry out its duties: the Audit Committee, the Governance, Nomination and Remuneration Committee and Investment Committee. All SB Members participate in one of these committees. The committees function under separate internal charters.

Details of the composition, missions and diligences of the committees are set out in Section 2.2.3 of this Annual Report.

5.5.4 GENERAL MEETINGS

(ARTICLES 28 TO 32 OF THE ARTICLES OF ASSOCIATION)

General meetings must be held in Amsterdam, The Hague, Rotterdam or Schiphol (Haarlemmermeer). Certain resolutions can only be passed by the General Meeting at the proposal of the MB, with the approval of the SB.

5.5.4.1 FUNCTIONING OF THE GENERAL MEETING

General meetings must be held in Amsterdam, The Hague, Rotterdam or Schiphol (Haarlemmermeer). The annual General Meeting must be held at least once a year, no later than in June. Within three months after the MB has considered it to be likely that URW NV's equity has decreased to an amount equal to or lower than half of its paid up and called up capital, a General Meeting will be held in order to discuss the measures to be taken if so required. Extraordinary General Meetings shall further be held whenever the MB, the SB or the Chairman so decides, provided in each case that any item proposed by the Chairman for discussion or voting at any General Meeting shall be included as such on the agenda for such General Meeting.

In addition, one or more Shareholders and other Persons with Meeting Rights, who solely or jointly represent at least ten percent (10%) of URW NV's issued capital, may request the MB and the SB that a General Meeting be convened. The request must set out in detail the matters to be discussed. If neither the MB nor the SB has taken the steps necessary to hold a General Meeting within 8 weeks after such request, the requesting person(s) may be authorized by the court in preliminary relief proceedings to convene a General Meeting. If the requesting person(s) include(s) at least one holder of one or more class B shares, he/they may convene a General Meeting after such 8 weeks period without such prior authorization by the court.

Notice of a General Meeting must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. The convocation of the General Meeting must be published through an announcement by electronic means. The notice must include the items for discussion and voting, the time and place of the meeting, the record date, the manner in which Persons with Meeting Rights may register and exercise their rights, the cut-off time for registration for the meeting, and such other matters as required by applicable law (also depending on the nature of the agenda items for the meeting concerned). In addition, Shareholders may be convened for the General Meeting by means of letters sent to their addresses as set out in URW NV's shareholders register (if and to the extent they are registered directly in such register).

The convening notice shall also include such items as one or more Shareholders and other Persons with Meeting Rights, representing - individually or collectively - at least such part of URW NV's issued share capital as prescribed by Dutch law (currently 3%), have requested URW NV by a motivated request (or, if it concerns a matter which falls within the powers of the General Meeting, a proposal for a resolution) to include in the agenda, at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda.

The General Meeting shall be chaired by one of the following individuals, taking into account the following order of priority (i) by the Chair, if there is a Chair and he is present at the General Meeting, (ii) by another SB Member who is chosen by the SB Members present at the General Meeting from their midst, (iii) by an MB Member who is chosen by the MB Members present at the General Meeting from their midst, or (iv) by another person appointed by the General Meeting. The person who should chair the General Meeting set out in the preceding sentence may appoint another person to chair the General Meeting.

Each Shareholder and other Person with Meeting Rights may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his shareholding, either in person or by proxy, provided that his meeting, and - if relevant - voting, rights have not been suspended. Shareholders and other Person with Meeting Rights may exercise these rights, if they are the holder of such right on the record date as required by Dutch law, which is currently the 28th day prior to the day of the General Meeting, and they or their proxy have notified URW NV of their identity and their intention to attend the General Meeting in writing at the address and by the seventh day prior to the General Meeting or such other date specified in the notice of the General Meeting.

MB Members and SB Members may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his discretion to admit other persons to the General Meeting.

5.5.4.2 POWERS OF THE GENERAL MEETING

All powers that do not vest in the MB or the SB pursuant to applicable law, the Articles or otherwise, vest in the General Meeting. The main powers of the General Meeting include, subject in each case to the applicable provisions in the Articles:

- the appointment, suspension and dismissal of Managing Directors and Supervisory Directors;
- the approval of certain resolutions of the MB concerning a material change to the identity or the character of URW NV or its business;
- the reduction of URW NV's issued share capital through a decrease of the nominal value, or cancellation, of shares;
- the adoption of URW NV's statutory annual accounts;
- the appointment of the Dutch independent auditor to examine URW NV's statutory annual accounts;
- amendments to the Articles;
- approving a merger or demerger by URW NV, without prejudice to the authority of the MB to resolve on certain types of mergers and demergers if certain requirements are met; and
- the dissolution of URW NV.

In addition, the General Meeting has the right, and the MB and the SB must provide, any information reasonably requested by the General Meeting, unless this would be contrary to an overriding interest of URW NV.

5.5.4.3 SHAREHOLDER RIGHTS

Each share confers the right to cast one vote in the General Meeting. Pursuant to Dutch law, no votes may be cast at a General Meeting, inter alia, in respect of shares that are held by URW NV or a subsidiary of URW NV.

Resolutions of the General Meeting are passed by simple majority of the votes cast, except where Dutch law or the Articles provide for a larger majority. Resolutions of the General Meeting can only be adopted if at least 20% of URW NV's issued share capital is represented at the General Meeting, except where Dutch law provides for a higher quorum. A second meeting as referred to in section 2:120(3) DCC cannot be convened. Shareholders, irrespective of whether or not they have voting rights, have meeting rights under Dutch law (including the right to attend and address the General Meeting, subject to the concept of a record date and the requirement to register for General Meeting as described in chapter 5.4.4.1).

Furthermore, each share carries an entitlement to dividends and other distributions as set forth in the Articles. Pursuant to the Articles, any such dividend or other distribution shall be payable on such date and, if it concerns a distribution in cash, such currency or currencies as determined by the MB with the approval of the SB. Any dividends that are paid to Shareholders through Euroclear France will be automatically credited to the relevant Shareholders' accounts without the need for such Shareholders to present documentation proving their ownership of the shares. Payment of dividends on the shares in registered form (not held through Euroclear France, but directly) will be made directly to the relevant Shareholder using the information contained in URW NV's Shareholders' register and records. At the proposal of the MB with the approval of the SB, the General Meeting may resolve that a distribution, instead of being made in cash, shall be made in the form of Shares or in the form of URW NV's assets.

5.5.4.4 CLASS MEETINGS

A Class Meeting shall be held whenever a resolution of that Class Meeting is required by Dutch law or under the Articles and otherwise whenever the MB, the SB or the Chair so decides. With respect to Class A Meetings, the above descriptions in respect of convening of, drawing up of the agenda for, holding of and decision-making by the General Meeting apply equally.

5.5.5 REQUIREMENTS PERTAINING TO THE DISTRIBUTION OF PROFITS

(ARTICLE 38 OF THE ARTICLES OF ASSOCIATION)

Pursuant to the Articles, the profits shown in URW NV's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

- the MB, with the approval of the SB, shall determine which part of the profits shall be added to URW NV's reserves, taking into account the fiscal rules and regulations applicable to URW NV from time to time; and
- the remaining profits shall be at the disposal of the General Meeting.

A distribution of profits shall be made by URW NV after the adoption of the annual accounts that show that such distribution is allowed. The MB, with the approval of the SB, may resolve to make interim distributions, provided and to the extent that it appears from interim accounts to be prepared in accordance with section 2:105(4) DCC that URW NV's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.

At the proposal of the MB, with the approval of the SB, the General Meeting is authorized to resolve to make a distribution from URW NV's reserves.

5.5.6 SHARES CARRYING LIMITED ECONOMIC ENTITLEMENT

(ARTICLE 36 OF THE ARTICLES OF ASSOCIATION)

Under the Articles, distributions shall be made in proportion to the aggregate number of shares held. There are no shares which, pursuant to the Articles, carry a limited entitlement to the profits or reserves in URW NV.

5.5.7 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the proposal of the MB with the approval of the SB, the General Meeting may resolve to amend the Articles. A proposal to amend the Articles must be included in the agenda of the General Meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, must be deposited with URW NV for the inspection (free of charge) by any shareholder from the date on which notice of the meeting is given until the end of the General Meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other Persons with Meeting Rights from the day it was deposited until the day of the meeting.

A resolution of the General Meeting to amend the Articles requires a majority of at least two-thirds (2/3rd) of the votes cast (subject to the 20% quorum requirement described in section 5.5.4.3). In addition, amendments to provisions in the Articles referencing the Stapled Share principle, require the prior approval of the class meeting formed by holders, and others with meeting rights with respect to, class B shares. A resolution to amend the Articles to effect the termination of such Stapled Share principle shall only become effective after the MB, with the approval of the SB, has confirmed that the General Meeting of shareholders of URW SE has passed a resolution to terminate such Stapled Share principle as included in the articles of association of URW SE.

5.6 BRANCHES

URW NV has no branch offices.

5.7 INVESTMENT BY THE COMPANY OUTSIDE THE GROUP

The Company has not made any significant investment outside the Group during the financial year ending December 31, 2021.



ADDITIONAL INFORMATION

6.1 STATEMENT OF THE PERSONS RESPONSIBLE FOR THE ANNUAL REPORT

In accordance with Article 5.25c(2)(c) of the Dutch financial markets supervision act (*Wet op het Financieel Toezicht*) and the Dutch Corporate Governance Code section 1.4.3 the members of the Management Board of URW NV confirm that to the best of their knowledge that:

- The 2021 financial statements included in this Annual Report are prepared in accordance with IFRS as adopted for use in the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries taken as a whole;
- The management report included in this Annual Report gives a fair view of the development and performance of the business, the results and of the financial situation of the Company and its consolidated subsidiaries taken as a whole and describes the main risks and uncertainties to which they are exposed;
- This report provides sufficient insight into any failings in the effectiveness of the risk management and control systems;
- The management and control systems provide reasonable assurance that the financial reporting does not contain material inaccuracies;
- Based on current state of affairs as at the date of this report, it is justified that the financial reporting is prepared on a going concern basis;
- This report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for a period of twelve months after the date of this report.

Schiphol, March 24, 2022
On behalf of the Management Board

Dominic Lowe
Chief Operating Officer US

Gerard Sieben
Chief Financial Officer

6.2 AUDITORS

The Statutory Auditor of the Company is:

Ernst & Young Accountants LLP (Netherlands)
Euclideslaan 1
3584 BL Utrecht, The Netherlands
Mr Wim Kerst

Commencement date of the first term: June 1, 2018.
Commencement date of the second term: June 11, 2020.
Commencement date of the third term: June 9, 2020.
Commencement date of the fourth term: June 29, 2021.

6.3 INDEPENDENT APPRAISERS

URW NV's portfolio was valued by the below-mentioned independent appraisers.

Jones Lang LaSalle B.V.
Valuation Advisory
P.O. Box 75208
1070 AE Amsterdam
The Netherlands

Cushman & Wakefield, Inc.
1290 Avenue of the Americas
New York, NY 10104
United States

Duff & Phelps, LLC
311 South Wacker Drive, Suite 4200
Chicago IL 60045
USA

6.4 DOCUMENTS AVAILABLE TO THE PUBLIC

This Annual Report may be obtained, free of charge, at URW NV at Schiphol Boulevard 315 Tower F, 1118 BJ Schiphol (Haarlemmermeer), The Netherlands, and, where appropriate, on the website of URW NV (<https://www.urw-nv.com/en/investors>).

6.5 GLOSSARY

Articles: refer to the articles of association of URW NV.

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

Discount Rate (DR): the Discount Rate is the rate used in a Discounted Cash Flow model to calculate the present value of future cash flows (positive or negative) that is to say converting such future cash-flows in today's monetary value.

Exit Cap Rate (ECR): the rate used to estimate the resale value of a property at the end of the holding period. The expected Net Rental Income (NRI) per year is divided by the ECR (expressed as a percentage) to get the terminal value.

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

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

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

Foreclosure: the action of a lender seeking to take the collateral on a loan when loan payments are not made, leading to a transfer of the asset and the extinction of the corresponding mortgage debt.

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

Group Share: the part that is attributable to the Group after deduction of the parts attributable to the minority interests.

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

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

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

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

Net Initial Yield (NIY): annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centers under refurbishment or not controlled by the Group and the Westfield trademark are not included in the calculation of NIY.

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

ORNANE (Obligations Convertibles ou Echangeables en Actions Nouvelles ou Existantes): the net share settled bonds convertible into new and/or existing Stapled Shares.

Potential Yield: annualized 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 centers under refurbishment or not controlled by the Group and the Westfield trademark are not included in the calculation of NIY.

SBR: Sales Based Rent.

Secured debt ratio: Secured debt / Total assets.

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

Total Investment Cost (TIC): Total Investment Cost equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) opening marketing expenses. It excludes: (i) step rents and rent-free periods; (ii) capitalised financial interests; (iii) overhead costs; (iv) early or lost Net Rental Income; and (v) IFRS adjustments.

TSR Reference Index: The TSR Performance Benchmark Index includes companies with more than 50% of their activity focused in Retail or Office and operating in the same countries as URW. Following Westfield's acquisition, the composition of the index has been adjusted by the GNRC to reflect URW's new geographical and activity scopes. The Reference Index is composed of 27 companies (10 Eurozone Retail, 3 France Offices, 4 UK Retail and 10 US Retail), all sub-index weighted to reflected the weight of each business line in URW Gross Market Value, as follows (as long as the index includes the concerned company over the vesting period of the plan):

- Sub-Index Eurozone Retail (63% weight) - Klépierre, Carmila, Deutsche EuroShop, Citycon, EuroCommercial Property, Mercalys, Wereldhave, Vastned Retail, Retail Estates, LAR España Real Estate;

- Sub-Index France Offices (7% weight) - Covivio, Icade, Gecina;
- Sub-Index UK Retail (8% weight) - British Land, Landsec, Hammerson, NewRiver REIT;
- Sub-Index US Retail (22% weight) - Simon Property Group, Macerich, Washington Prime Group, CBL & Associates, Pennsylvania Centers, Regency Centers, Federal Realty Investment, Kimco Realty, Brixmor Property Group, Weingarten Realty Invest.

Unencumbered leverage ratio: unencumbered assets/ unsecured debt.

Valuation of occupied office space: valuation based on the appraiser's allocation of value between occupied and vacant spaces.

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