



# UNIBAIL-RODAMCO-WESTFIELD

Paris, Amsterdam, February 13, 2019

Press release

## **UNIBAIL-RODAMCO-WESTFIELD, THE PREMIER DEVELOPER AND OPERATOR OF FLAGSHIP SHOPPING DESTINATIONS, REPORTS STRONG RESULTS FOR 2018**

***Completion of the Westfield Transaction. Total proportionate portfolio value of €65.2 Bn  
Adjusted Recurring Earnings per Stapled Share ("AREPS") of €12.92***

- **AREPS of €12.92 exceeds guidance** of €12.75 – €12.90 and is up by **+7.2%** from €12.05 in 2017
- Net Rental Income (NRI) like-for-like (Lfl) growth in Shopping Centres in Continental Europe: **+4.0%, +260 bps above indexation; +3.4%** in the UK; US comparable Net Operating Income (NOI) **-1.6%** and **-0.3%** for Flagships
- Average cost of debt: **1.6%**, with an average debt maturity of **7.5** years
- Cost synergies: annual run rate of **€75 Mn** achieved
- EPRA NAV: **€221.80** / stapled share, up by +5.1%
- Development pipeline: **€11.9 Bn**
- Disposals: Closed on **€2.0 Bn**
- LTV: Declines to **37.0%**
- Dividend: **€10.80** / stapled share
- **Deleveraging a strategic objective: Target LTV range lowered to 30-40%**
- **Disposal target raised to a total of €6 Bn**
- Outlook reflects the acceleration of the disposal programme in line with the Group's asset rotation discipline:
  - **2019 AREPS: €11.80 – €12.00**, with strong underlying operational growth of **between +4% and +5%**
  - Rebased for the disposals, **2019-2023 AREPS CAGR of between +5% and +7%**

*"2018 was a historic year, marked by the creation on June 7 of Unibail-Rodamco-Westfield, the premier global developer and operator of Flagship shopping destinations. I warmly thank our talented teams for the extraordinary work they have performed in 2018. In addition to closing the transaction and embarking on the integration of the two platforms, URW delivered excellent results against a challenging industry backdrop. Adjusted recurring earnings per stapled share grew +7.2%, exceeding guidance. Continental Europe achieved strong Lfl retail and office NRI<sup>(1)</sup> growth of +4.0% and +4.5%, respectively. Occupancy in the US was up by +130 bps since June. The Group successfully sold €2.0 Bn of assets, mostly in Continental Europe, well ahead of schedule and above book value. Going forward, URW has set itself the near-term objectives of reducing leverage and integrating the business, while building on solid underlying growth as revenue synergies are realised. Consistent with these objectives, the Group plans to dispose of €4 Bn of assets in the next several years, bringing its total disposal target to €6 Bn. While dilutive in the short-term, this will set the stage for a renewed earnings growth phase as URW's portfolio is well positioned to thrive in a rapidly changing retail environment."*

**Christophe Cuvillier, Group Chief Executive Officer**



# UNIBAIL-RODAMCO-WESTFIELD

	2018	2017	Growth	Like-for-like growth
<b>Net Rental Income (in € Mn)</b>	<b>2,161</b>	<b>1,637</b>	+32.0%	<b>+4.0%</b>
Shopping Centres	<b>1,916</b>	<b>1,400</b>	+36.9%	<b>+4.0%</b>
France	651	618	+5.3%	+4.5%
Central Europe	212	174	+21.7%	+5.5%
Spain	155	161	-3.6%	+2.8%
Nordics	141	146	-2.9%	+4.9%
Austria	108	103	+4.3%	+4.9%
Germany	140	136	+2.7%	+2.7%
The Netherlands	59	62	-4.4%	-3.5%
United States	351			
United Kingdom	99			
Offices & others	<b>143</b>	<b>141</b>	+1.3%	<b>+4.5%</b>
Convention & Exhibition	<b>102</b>	<b>96</b>	+6.2%	<b>+4.0%</b>
<b>Recurring net result (in € Mn)</b>	<b>1,610</b>	<b>1,202</b>	+33.9%	
Recurring EPS (in €)	13.15	12.05	+9.1%	
<b>Adjusted Recurring EPS (in €)</b>	<b>12.92</b>	<b>12.05</b>	+7.2%	
	Dec 31, 2018	Dec. 31, 2017	Growth	Like-for-like growth
<b>Consolidated portfolio valuation (in € Mn)</b>	<b>62,693</b>	<b>43,057</b>	+45.6%	+0.8%
<b>Proportionate portfolio valuation (in € Mn)</b>	<b>65,201</b>	<b>43,497</b>	+49.9%	+0.8%
<b>Going Concern Net Asset Value (in € per stapled share)</b>	<b>233.90</b>	<b>219.20</b>	+6.7%	
<b>EPRA Triple Net Asset Value (in € per stapled share)</b>	<b>210.80</b>	<b>200.50</b>	+5.1%	
<b>EPRA Net Asset Value (in € per stapled share)</b>	<b>221.80</b>	<b>211.00</b>	+5.1%	

Figures may not add up due to rounding

## **2018 AREPS OF €12.92, UP BY +7.2%**

REPS grew by +9.1% from 2017 to €13.15. AREPS, adjusted for the coupon on the deeply subordinated perpetual hybrid securities, was €12.92 (+7.2% from 2017).

## **SOLID OPERATING PERFORMANCE IN A CHALLENGING MARKET**

### **Shopping Centres Continental Europe**

Tenants sales through November increased<sup>(2)</sup> by +3.0% for the Group and by +3.8% for Flagship centres<sup>(3)</sup>, outperforming national sales indices<sup>(4)</sup> by +205 and +283 bps, respectively. France (+3.4%, outperforming the IFLS index by +380 bps and the CNCC index by +520 bps), and Central Europe (+8.2%, outperforming the weighted average regional sales indices by +544 bps) did especially well.

Lfl NRI grew by +4.0%, +260 bps above indexation, while that of the Flagship centres increased by +5.0%. The Group signed 1,319 leases with a Minimum Guaranteed Rent (MGR) uplift of +11.7%, and +14.4% for Flagships, in line with its objective. The rotation rate amounted to 11.5% and EPRA vacancy decreased by -20 bps to 2.4%.

### **Shopping Centres United States and United Kingdom**

In the US, speciality sales productivity per square foot (psf)<sup>(5)</sup> through December 31, 2018, increased by +10.9% (+12.0% for Flagships). Luxury sales were strong, up by +15.2% psf. Average letting spreads were +7.5% (+11.5% in Flagships) and average rent for stores under 10k sq. ft was \$87 psf<sup>(6)</sup>, up +3.9%. As at December 31, 2018, occupancy stood at 95.6% (96.2% in Flagships), stable compared to December 2017 but up by +130 bps from June 30, 2018. NOI increased by +3.1%, mainly due to the deliveries of Westfield Century City and Westfield UTC. Comparable NOI<sup>(7)</sup> declined -1.6% or -0.3% for Flagships, improving from -3.0% and -2.6%, respectively, for the 6-month period ended on June 30, 2018.



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Footfall in the UK was up by +6.1% in 2018, driven by the opening of Westfield London Phase 2, outperforming the UK shopping centre index by +930 bps. Total tenant sales in the UK centres were up by +2.8%. Average MGR uplift was strong at +19.8%. Occupancy stood at 95.2%, down from 97.7% as at June 30, 2018, due to the re-location of tenants from Westfield London Phase 1 to the Phase 2 extension. Lfl NRI increased by +3.4% compared to 2017.

### Offices

Available supply in the Paris region dropped to 2.9 Mn sqm, the lowest since 2008, while take-up remained high at 2.5 Mn sqm. Vacancy in the Paris region decreased to 5.5%, from 6.5% in 2017.

The Group let 74,600 wsqm, including the entire Shift building (43,300 sqm) to Nestlé more than one year before its delivery. Lfl NRI increased by +4.5% due to good leasing performance, while total NRI decreased by -4.6% mainly due to disposals in 2017 and 2018.

### Convention & Exhibition

Recurring NOI in 2018 benefited from the tri-annual Intermat show, partly offset by the closure for refurbishment of the Pullman Montparnasse hotel in Paris. Excluding the impact of these, recurring NOI increased by +13.3% compared to 2017 and by +0.6% compared to 2016, the last comparable period.

### AT THE FOREFRONT OF THE RETAIL TRANSFORMATION

The Group provides a unique transatlantic platform, connecting the best brands with over 1.2 billion customers each year in the wealthiest catchment areas.

The URW portfolio is at the forefront of the changes of a rapidly evolving retail environment. Exposure to fashion is being reduced and replaced by exciting new formats of growing retail segments:

- Entertainment: the Group signed or opened Virtual Reality spaces, such as Dreamscape at Westfield Century City and The Void at Westfield San Francisco Centre, new cinemas, including the Showplace Icon Theatre at Westfield Valley Fair and the new Pathé IMAX theatre at Carré Sénart, and leisure concepts PuttShack and AllStar Lanes at Westfield London;
- Dining: building on the successes of Eataly and Javier's, URW opened the famous Din Tai Fung restaurant and Del Frisco's Double Eagle Steakhouse at Westfield Century City. Ichiba, a Japanese food hall, opened at Westfield London, and the Group signed a long term lease with "The Food Society" for Les Ateliers Gaité development project, which, with close to 4,800 sqm dedicated to dining, will be the largest food hall in Europe;
- Health and Wellness: URW opened the Natura Bissé spa (voted world's best spa brand) at the Village at Westfield London; and
- Digital Native Vertical Brands (DNVBs): in 2018, the Group signed 36 leases with DNVBs, bringing the total number in its portfolio to 100. A DNVB-dedicated precinct will be set up at Westfield Valley Fair, with ready-to-operate units and specific services.

### A FLEXIBLE PIPELINE TO REINVENT CITIES

The URW Expected Cost<sup>(8)</sup> of the development pipeline amounted to €11.9 Bn, down from €13.0 Bn as at year-end 2017. The Group retains significant flexibility, with committed projects of only €2.9 Bn, of which €1.4 Bn already invested. The retail pipeline is split between greenfield/brownfield projects (53%), which are all in Europe, and extensions and renovations (47%) on both continents. Significant progress has been made on the construction of Trinity and Shift, scheduled to be delivered in H2-2019, as well as on the extension of Westfield Valley Fair (H2-2019) and Westfield Mall of the Netherlands (H1-2020).

As part of its annual portfolio review, the Group made the strategic decision to significantly increase the densification of its retail portfolio by adding office, residential, hotel and other "mixed-use" projects where relevant. URW is already leveraging its key strengths to reinvent city districts in London, Paris, Hamburg and San Diego. The Group's unique know-how across retail, offices and hotels, and flexible approach to funding models will allow it to maximise value on its exceptional and highly connected retail locations. In addition, the Group is reviewing several of its projects in the pipeline and will join with strategic capital partners on selected projects.



## UNIBAIL-RODAMCO-WESTFIELD

### **INTEGRATION OF WESTFIELD AND SYNERGIES**

Since the closing of the acquisition of Westfield on June 7, 2018, €75 Mn of annual run rate cost synergies have already been realized. In the second-half of 2018, important steps in the integration were made, including the implementation of the organizational model and the Operating Management function in the US and the UK, the completion of an initial 5-year business plan process for the US and UK assets and the first joint management convention.

The ground work for the €40 Mn run rate revenue synergies has been laid out, with the creation of new Group-wide International Leasing and Commercial Partnerships teams. URW will further leverage the world-famous Westfield brand by rebranding a number of its Continental European Flagships, with the first ten centres scheduled for September 2019.

### **NAV EVOLUTION**

The Gross Market Value (GMV) of the Group's assets as at December 31, 2018, amounted to €65.2 Bn on a proportionate basis, up by +49.9% from December 31, 2017, mainly due to the acquisition of Westfield. The Continental European portfolio grew by +0.4% to €43.7 Bn, +0.8% on a like-for-like basis.

Continental European Shopping Centre GMV grew by +2.5% in total and by +0.8% on a like-for-like basis. Continental European Office GMV came to €3.2 Bn, up by +5.1% on a like-for-like basis. GMV of the Convention & Exhibition division decreased by -3.4% on a like-for-like basis.

The inclusion of the Westfield portfolio resulted in an increase of +€21.5 Bn in the Group's proportionate GMV, representing 33% of the total. The average net initial yield of the retail portfolio remained stable at 4.3%.

Going Concern NAV per stapled share increased to €233.90 as at December 31, 2018, up +€14.70 (+6.7%) compared to December 31, 2017. This was the sum of (i) an increase of €23.18 per stapled share, (ii) the impact of the -€10.80 dividend paid in 2018, and (iii) the +€2.32 mark-to-market of the fixed-rate debt and derivatives.

The acquisition of Westfield generated goodwill of €2,337 Mn which was allocated to several Cash Generating Units. The goodwill was tested for impairment as at December 31, 2018, and was found to be justified.

### **DELEVERAGING: SUCCESSFUL DISPOSALS TO DATE. INCREASING DISPOSAL TARGET TO €6 BN**

URW has set itself a strategic objective of deleveraging and has set a new Loan-to-Value ratio target through the cycle of between 30-40%, down from 35-45% previously.

In 2018, the Group disposed of €2.0 Bn of assets at an aggregate NIY of 4.6%, representing a +8.9% premium to the June 30, 2018, book values. With these transactions, the Group is well ahead of schedule to reach its previously announced target of €3 Bn of disposals over several years, with a number of disposal processes on-going.

As part of its new 5-year business plan, URW plans to dispose of almost €4 Bn of Continental European assets in the next couple of years, in effect doubling the disposal target set in December 2017.

### **AVERAGE COST OF DEBT OF 1.6% AND AVERAGE MATURITY OF 7.5 YEARS**

Loan-to-Value (LTV) ratio declined to 37.0% and the interest coverage ratio was 6.1x. The average cost of debt of the Group remained low at 1.6% and, following the long-term capital raised in 2018, average debt maturity as at December 31, 2018, was 7.5 years. Undrawn available credit lines amounted to €8.4 Bn.





# UNIBAIL-RODAMCO-WESTFIELD

## OUTLOOK<sup>(9)</sup>

URW's most important strategic objectives over the next two years will be to:

- Reduce leverage
- Review several development projects to optimize capital and returns
- Join with strategic capital partners on select development projects
- Continue the critically important work of integrating the Continental European, US and UK platforms
- Roll-out the Westfield brand in Continental Europe
- Improve its cost base further and realize revenue synergies

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

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

## **Guidance**

**The €2 Bn of disposals in 2018 and those planned for 2019 will further increase the average portfolio quality and reduce leverage.** This is expected to have a short-term impact on the 2019 AREPS of approximately -90 cents.

The full effect in 2019 of the consideration to fund the Westfield Transaction, mainly the stapled shares issued, exceeds the benefit of the full year contribution from Westfield. Factors driving the weaker than anticipated contribution in 2019 are:

- Project delays which affect the timing of income;
- The current operating environment in the UK and the US (particularly in the Regional mall portfolio); and
- Higher financial expenses (less capitalization) and taxes than anticipated.

In all, this is estimated to have an impact of approximately -50 cents on the 2019 AREPS.

However, despite the challenging retail environment, the **strong underlying operating income growth for URW of between +4 and +5% in 2019** is expected to offset this impact.

**As a result, the 2019 AREPS is expected to be in the range of €11.80-€12.00.**

Going forward and rebased for the planned disposals, building on the strengths of its unique platform and portfolio, continued growth of its operations and planned delivery of development projects, **URW expects the 2019-2023 compound annual growth rate of its AREPS to be between +5% and +7%.**

## DIVIDEND

**The Group will propose a cash dividend of €10.80 per stapled share for the fiscal year 2018**, subject to approval by the Annual General Meetings of Unibail-Rodamco SE and WFD Unibail-Rodamco N.V. (the AGMs). This represents a pay-out ratio of 94% of the Group's adjusted net recurring result, composed of the net recurring result of Unibail-Rodamco through May 31, 2018 and the adjusted net recurring result of URW from June 1, 2018.

The planned payment schedule is:

- Payment of an interim dividend of €5.40 on March 29, 2019 (ex-dividend date March 27, 2019); and
- Subject to approval by the AGMs, payment of a final dividend of €5.40 on July 5, 2019 (ex-dividend date July 3, 2019).

Going forward, the group expects to **maintain its dividend at a minimum of €10.80 per stapled share and grow it broadly in line with the growth in AREPS.**



# UNIBAIL-RODAMCO-WESTFIELD

## **FINANCIAL SCHEDULE**

The next financial events on the Group's calendar will be:

**March 29, 2019:** Interim dividend

**April 24, 2019:** 2019 1st quarter results (after market close)

**May 17, 2019:** AGM Unibail-Rodamco SE

**June 13 & 14, 2019:** Investor Days (London)

**July 5, 2019:** Final dividend, subject to approval by the AGMs of Unibail-Rodamco SE and WFD Unibail-Rodamco N.V.

**July 31, 2019:** 2019 Half-Year results

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## UNIBAIL-RODAMCO-WESTFIELD

- (1) Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to square meters and currency exchange rate differences in the periods analysed.
- (2) Tenant sales data do not include Jumbo and Zlote Tarasy as they are not managed by UR. Tenant sales performance in UR's shopping centres (except The Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For 2018 reporting period, shopping centres excluded due to delivery or ongoing works were Galerie Gaité, Les Boutiques du Palais, La Part-Dieu, Wroclavia, CH Ursynow and Gropius Passagen. Primark sales are based on estimates.
- (3) UR's Flagship assets are: Les Quatre Temps, Aéroville, Parly 2, Vélizy 2, Carré Sénart, Rosny 2, Le Forum des Halles, Carrousel du Louvre, CNIT, Confluence, La Part-Dieu, Villeneuve 2, Euralille, Polygone Riviera, La Vaguada, Parquesur, Bonaire, Splau, La Maquinista, Glòries, Donau Zentrum, Shopping City Süd, Centrum Cerny Most, Centrum Chodov, Wroclavia, Galeria Mokotow, Zlote Tarasy, Arkadia, Aupark, Jumbo, Fisketorvet, Mall of Scandinavia, Täby Centrum, Stadshart Amstelveen, Leidsenhage, Ruhr Park, Gropius Passagen, CentrO and Pasing Arcaden.
- (4) Based on latest national indices available (year-on-year evolution) as at November 2018: France: Institut Français du Libre Service (IFLS)-excluding food; Spain: Instituto Nacional de Estadística; Central Europe: Cesky statisticky urad (Czech Republic), Polska Rada Centrow Handlowych (Poland) (as at October 2018), Eurostat (Slovakia); Austria: Eurostat; the Nordics: HUI Research (Sweden), Danmarks Statistik (Denmark); Germany: Destatis-Genesis, excluding online only operators and fuel sales (Federal Statistical Office). Including online only sales for France, Spain, Austria, the Czech Republic and Slovakia and excluding online only sales for Germany, the Nordics and Poland.
- (5) Calculated on the basis of sales psf for specialty tenants, being stores with <10K sq. ft (ca. 929 sqm). For centres in operation and excluding new brownfield deliveries, acquired assets and assets under heavy refurbishment (in line with the UR methodology).
- (6) €815 / sqm.
- (7) Comparable NOI is based on Net Operating Income before management fees, termination/settlement income and straight-line adjustments, and excluding one-offs. For comparability, recent project deliveries or centres undergoing significant development works are excluded.
- (8) URW Expected Cost equals 100% Expected Cost multiplied by URW percentage of ownership of the project, plus specific own costs, if any.
- (9) The outlook is derived from the annual business plan process for URW's Continental European region and the initial exercise in the US and the UK regions. This exercise results in annual growth rates which vary from year to year. The key inputs in the Group's business plan, which is built on an asset by asset basis and based on economic conditions as at year-end 2018, are estimates and assumptions relating to indexation, rental uplifts, disposals of approximately €4 Bn over the next few years, timely delivery of pipeline projects, cost of debt, currency movements and taxation. Variations in these assumptions will also cause growth rates to vary from one plan to the next. The Group's current business plan does not assume any acquisitions.



## UNIBAIL-RODAMCO-WESTFIELD

### About Unibail-Rodamco-Westfield

Unibail-Rodamco-Westfield is the premier global developer and operator of flagship shopping destinations, with a portfolio valued at €65.2 Bn as at December 31, 2018, of which 87% in retail, 6% in offices, 5% in convention & exhibition venues and 2% in services. Currently, the Group owns and operates 93 shopping centres, including 56 flagships in the most dynamic cities in Europe and the United States. Its centres welcome 1.2 billion visits per year. Present on 2 continents and in 13 countries, Unibail-Rodamco-Westfield provides a unique platform for retailers and brand events, and offers an exceptional and constantly renewed experience for customers.

With the support of its 3,700 professionals and an unparalleled track-record and know-how, Unibail-Rodamco-Westfield is ideally positioned to generate superior value and develop world-class projects. The Group has the largest development pipeline in the industry of €11.9 Bn in total.

Unibail-Rodamco-Westfield distinguishes itself by its Better Places 2030 agenda, that sets its ambition to create better places that respect the highest environmental standards and contribute to better cities.

Unibail-Rodamco-Westfield stapled shares are listed on Euronext Amsterdam and Euronext Paris (Euronext ticker: URW), with a secondary listing in Australia through Chess Depositary Interests. The Group benefits from an A rating from Standard & Poor's and from an A2 rating from Moody's.

For more information, please visit [www.urw.com](http://www.urw.com)

Visit our Media Library at <https://mediacentre.urw.com>

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## UNIBAIL-RODAMCO-WESTFIELD

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The audit procedures by statutory auditors are in progress.  
The press release and its appendix as well as the results presentation slide show can be found on Unibail-Rodamco-Westfield's website [www.urw.com](http://www.urw.com)







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**CONSOLIDATED FINANCIAL STATEMENTS<sup>1</sup> (IFRS):**

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<sup>1</sup> The IFRS consolidated financial statements include the Westfield results as of June 1, 2018.

Consolidated statement of comprehensive income (€Mn)	2018	2017
Gross rental income	2,211.3	1,822.3
Ground rents paid	(20.9)	(18.1)
Net service charge expenses	(28.8)	(22.8)
Property operating expenses	(321.2)	(198.7)
Operating expenses and net service charges	(370.9)	(239.6)
<b>Net rental income</b>	<b>1,840.3</b>	<b>1,582.6</b>
Property development and project management revenue	215.5	-
Property development and project management costs	(178.5)	-
<b>Net property development and project management income</b>	<b>37.0</b>	<b>-</b>
Property services and other activities revenues	307.2	256.1
Property services and other activities expenses	(198.9)	(176.3)
<b>Net property services and other activities income</b>	<b>108.2</b>	<b>79.8</b>
Share of the result of companies accounted for using the equity method	233.9	91.6
Income on financial assets	32.1	27.0
<b>Contribution of companies accounted for using the equity method</b>	<b>266.0</b>	<b>118.6</b>
Corporate expenses	(141.4)	(117.3)
Development expenses	(2.1)	(3.6)
Depreciation of other tangible assets	(1.9)	(2.2)
<b>Administrative expenses</b>	<b>(145.5)</b>	<b>(123.1)</b>
<b>Acquisition and related costs</b>	<b>(268.7)</b>	<b>(62.4)</b>
Proceeds from disposal of investment properties	985.4	592.5
Carrying value of investment properties sold	(905.3)	(518.7)
<b>Result on disposal of investment properties</b>	<b>80.1</b>	<b>73.8</b>
Proceeds from disposal of shares	463.4	27.3
Carrying value of disposed shares	(460.5)	(27.3)
<b>Result on disposal of shares</b>	<b>3.0</b>	<b>0.0</b>
Valuation gains on assets	885.1	1,770.0
Valuation losses on assets	(822.9)	(405.6)
<b>Valuation movements on assets</b>	<b>62.2</b>	<b>1,364.4</b>
<b>Impairment of goodwill</b>	<b>(4.9)</b>	<b>(9.2)</b>
<b>NET OPERATING RESULT</b>	<b>1,977.8</b>	<b>3,024.6</b>
Result from non-consolidated companies	-	0.9
Financial income	171.0	119.5
Financial expenses	(502.6)	(347.5)
Net financing costs	(331.6)	(228.0)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares	28.9	21.1
Fair value adjustments of derivatives, debt and currency effect	(318.0)	(21.3)
Debt discounting	(0.7)	(0.7)
<b>RESULT BEFORE TAX</b>	<b>1,356.5</b>	<b>2,796.7</b>
Income tax expenses	(113.6)	(74.2)
<b>NET RESULT FOR THE PERIOD</b>	<b>1,242.8</b>	<b>2,722.5</b>
<b>Net result for the period attributable to:</b>		
- The holders of the Stapled Shares <sup>(1)</sup>	1,031.1	2,439.5
- External non-controlling interests	211.7	283.0
<b>NET RESULT FOR THE PERIOD</b>	<b>1,242.8</b>	<b>2,722.5</b>
<b>Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:</b>		
- Unibail-Rodamco S.E. members	926.3	2,439.5
- WFD Unibail-Rodamco N.V. members	104.8	0.0
<b>NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES <sup>(1)</sup></b>	<b>1,031.1</b>	<b>2,439.5</b>
Average number of shares (undiluted)	122,405,156.0	99,744,934.0
Net result for the period (Holders of the Stapled Shares)	1,031.1	2,439.5
<b>Net result for the period per share (Holders of the Stapled Shares) (€)</b>	<b>8.42</b>	<b>24.46</b>
Net result for the period restated (Holders of the Stapled Shares) <sup>(2)</sup>	1,002.2	2,418.4
Average number of shares (diluted)	126,031,428	103,155,132
<b>Diluted net result per share (Holders of the Stapled Shares) (€)</b>	<b>7.95</b>	<b>23.44</b>
<b>NET COMPREHENSIVE INCOME (€Mn)</b>	<b>2018</b>	<b>2017</b>
<b>NET RESULT FOR THE PERIOD</b>	<b>1,242.8</b>	<b>2,722.5</b>
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries	9.1	(16.9)
Cash flow hedge	-	-
<b>Other comprehensive income that may be subsequently recycled to profit or loss</b>	<b>9.1</b>	<b>(16.9)</b>
Employee benefits	(0.4)	0.2
Fair Value of Financial assets	(16.2)	-
<b>Other comprehensive income not subsequently recyclable to profit or loss</b>	<b>(16.6)</b>	<b>0.2</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>(7.5)</b>	<b>(16.7)</b>
<b>NET COMPREHENSIVE INCOME</b>	<b>1,235.3</b>	<b>2,705.8</b>
- External non-controlling interests	211.7	283.1
<b>NET COMPREHENSIVE INCOME (HOLDERS OF THE STAPLED SHARES)</b>	<b>1,023.6</b>	<b>2,422.7</b>

<sup>(1)</sup> In 2017, Net result for the period (Owners of the parent).

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

<b>Recurring Earnings per share</b>	<b>2018</b>	<b>2017</b>
<b>Net Result of the period attributable to the holders of the Stapled Shares (€ Mn)</b>	<b>1,031.1</b>	<b>2,439.5</b>
<i>Adjustments to calculate EPRA Recurring Earnings, exclude:</i>		
(i) Changes in value of investment properties, development properties held for investment and other interests	62.2	1,364.4
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	83.1	73.8
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0.0	0.0
(iv) Tax on profits or losses on disposals	-33.7	-12.8
(v) Goodwill impairment	-4.9	-9.2
(vi) Changes in fair value of financial instruments and associated close-out costs	-289.8	-0.9
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-268.7	-62.4
(viii) Deferred tax in respect of EPRA adjustments	-53.4	-43.7
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	-65.2	34.1
(x) External non-controlling interests in respect of the above	-8.4	-106.0
<b>EPRA Recurring Earnings</b>	<b>1,609.8</b>	<b>1,202.1</b>
Interests paid on the Hybrid Securities	<b>-28.1</b>	<b>0.0</b>
<b>Adjusted Recurring Earnings</b>	<b>1,581.8</b>	<b>1,202.1</b>
Average number of shares and ORA	122,412,784	99,752,597
<b>EPRA Recurring Earnings per Share (REPS)</b>	<b>13.15 €</b>	<b>12.05 €</b>
<b>EPRA Recurring Earnings per Share growth</b>	<b>9.1%</b>	<b>7.2%</b>
<b>Adjusted Recurring Earnings per Share (AREPS)</b>	<b>12.92 €</b>	<b>12.05 €</b>
<b>Adjusted Recurring Earnings per Share growth</b>	<b>7.2%</b>	<b>7.2%</b>

Consolidated Statement of financial position (€ Mn)	Dec. 31, 2018	Dec. 31, 2017
<b>NON CURRENT ASSETS</b>	<b>62,818.5</b>	<b>41,650.8</b>
<b>Investment properties</b>	<b>47,462.1</b>	<b>38,524.3</b>
<i>Investment properties at fair value</i>	<i>45,904.3</i>	<i>37,181.5</i>
<i>Investment properties at cost</i>	<i>1,557.8</i>	<i>1,342.8</i>
Shares and investments in companies accounted for using the equity method	10,273.3	1,913.3
Other tangible assets	292.2	216.3
Goodwill	2,863.1	522.4
Intangible assets	1,294.8	172.2
Financial assets	302.9	107.6
Deferred tax assets	26.9	21.9
Derivatives at fair value	303.2	172.8
<b>CURRENT ASSETS</b>	<b>1,708.7</b>	<b>1,590.2</b>
Properties or shares held for sale	66.2	-
Derivatives at fair value	-	57.9
Inventories	95.2	-
Trade receivables from activity	550.6	416.5
Tax receivables	285.7	216.2
Other receivables	341.1	324.9
Cash and cash equivalents	369.9	574.7
<b>TOTAL ASSETS</b>	<b>64,527.2</b>	<b>43,241.0</b>
<b>Equity attributable to the holders of the Stapled Shares</b>	<b>26,176.1</b>	<b>18,916.2</b>
Share capital	691.4	499.3
Additional paid-in capital	13,471.0	6,470.7
Consolidated reserves	11,175.0	9,717.0
Hedging and foreign currency translation reserves	(192.4)	(210.3)
Consolidated result	1,031.1	2,439.5
- <i>Equity attributable to Unibail-Rodamco S.E. members</i>	<i>24,594.8</i>	<i>18,916.2</i>
- <i>Equity attributable to WFD Unibail-Rodamco N.V. members</i>	<i>1,581.3</i>	-
<b>Hybrid securities</b>	<b>1,989.0</b>	-
<b>External non-controlling interests</b>	<b>3,976.4</b>	<b>3,777.0</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>32,141.5</b>	<b>22,693.2</b>
<b>NON CURRENT LIABILITIES</b>	<b>26,899.0</b>	<b>16,851.6</b>
Long-term commitment to non-controlling interests	178.4	-
Net share settled bonds convertible into new and/or existing shares (ORNANE)	991.6	1,020.5
Long-term bonds and borrowings	20,655.3	12,889.6
Long-term financial leases	384.0	353.2
Derivatives at fair value	450.7	315.8
Deferred tax liabilities	3,796.7	1,752.5
Long-term provisions	17.6	30.5
Employee benefits	11.7	9.3
Guarantee deposits	231.2	223.9
Tax liabilities	-	0.1
Amounts due on investments	181.8	256.2
<b>CURRENT LIABILITIES</b>	<b>5,486.7</b>	<b>3,696.2</b>
<b>Current commitment to non-controlling interests</b>	<b>1.5</b>	<b>7.0</b>
<b>Amounts due to suppliers and other creditors</b>	<b>1,401.5</b>	<b>953.9</b>
Amounts due to suppliers	207.4	187.5
Amounts due on investments	624.7	425.9
Sundry creditors	569.4	340.5
<b>Other liabilities</b>	<b>219.6</b>	<b>207.7</b>
<b>Current borrowings and amounts due to credit institutions</b>	<b>3,350.9</b>	<b>2,301.9</b>
<b>Current financial leases</b>	<b>2.6</b>	<b>2.0</b>
<b>Derivatives at fair value</b>	<b>77.0</b>	-
<b>Tax and social liabilities</b>	<b>403.4</b>	<b>210.5</b>
<b>Short-term provisions</b>	<b>30.2</b>	<b>13.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>64,527.2</b>	<b>43,241.0</b>

Consolidated statement of cash flows (€ Mn)	2018	2017
<b>Operating activities</b>		
<b>Net result</b>	<b>1,242.8</b>	<b>2,722.5</b>
Depreciation & provisions <sup>(1)</sup>	(29.8)	(7.9)
Impairment of goodwill	4.9	9.2
Changes in value of property assets	(62.2)	(1,364.4)
Changes in value of financial instruments	289.8	0.9
Charges and income relating to stock options and similar items	24.2	9.2
Net capital gains/losses on disposal of shares	(3.0)	0.0
Net capital gains/losses on sales of properties <sup>(2)</sup>	(80.1)	(73.8)
Share of the result of companies accounted for using the equity method	(233.9)	(91.6)
Income on financial assets	(32.1)	(27.0)
Dividend income from non-consolidated companies	(0.1)	(0.1)
Net financing costs	331.6	228.0
Income tax charge	113.6	74.2
Westfield's acquisition and related costs	108.7	-
<b>Cash flow before net financing costs and tax</b>	<b>1,674.4</b>	<b>1,479.2</b>
Income on financial assets	32.1	27.0
Dividend income and result from companies accounted for using the equity method or non consolidated	257.5	5.3
Income tax paid	(65.9)	(25.5)
Change in working capital requirement	(104.0)	0.5
<b>Total cash flow from operating activities</b>	<b>1,794.0</b>	<b>1,486.5</b>
<b>Investment activities</b>		
<b>Property activities</b>	<b>(4,269.0)</b>	<b>(1,017.2)</b>
Acquisition of businesses, net of cash acquired	(4,457.8)	(85.1)
Amounts paid for works and acquisition of property assets	(1,597.6)	(1,368.2)
Repayment of property financing	212.3	23.2
Increase of property financing	(262.4)	(300.6)
Disposal of shares/consolidated subsidiaries	797.2	121.0
Disposal of investment properties	1,039.3	592.5
<b>Financial activities</b>	<b>(2.1)</b>	<b>(7.7)</b>
Acquisition of financial assets	(11.6)	(10.0)
Disposal of financial assets	5.7	2.5
Change in financial assets	3.8	(0.2)
<b>Total cash flow from investment activities</b>	<b>(4,271.1)</b>	<b>(1,024.9)</b>
<b>Financing activities</b>		
Capital increase of parent company	13.4	77.9
Purchase of own shares	-	(7.3)
Change in capital from companies with non controlling shareholders	5.0	2.2
Hybrid securities	1,989.0	-
Distribution paid to parent company shareholders	(1,079.2)	(1,018.3)
Dividends paid to non-controlling shareholders of consolidated companies	(98.2)	(66.2)
Coupon on the Hybrid Securities	(13.3)	-
New borrowings and financial liabilities	5,098.7	1,941.4
Repayment of borrowings and financial liabilities	(3,274.3)	(990.1)
Financial income	139.9	95.9
Financial expenses	(440.2)	(318.8)
Other financing activities	(88.8)	(10.1)
<b>Total cash flow from financing activities</b>	<b>2,252.0</b>	<b>(293.4)</b>
<b>Change in cash and cash equivalents during the period</b>	<b>(225.1)</b>	<b>168.2</b>
<b>Net cash and cash equivalents at the beginning of the year</b>	<b>565.7</b>	<b>396.0</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>28.1</b>	<b>1.5</b>
<b>Net cash and cash equivalents at period-end</b>	<b>368.7</b>	<b>565.7</b>

<sup>(1)</sup> Includes straightlining of key monies and lease incentives.

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







## UNIBAIL-RODAMCO-WESTFIELD

### **FINANCIAL STATEMENTS ON A PROPORTIONATE BASIS<sup>2</sup>:**

1. Consolidated income statement	p 11
2. Consolidated income statement by segment	p 12
3. Consolidated statement of financial position	p 14

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<sup>2</sup> The financial statements prepared on a proportionate basis include the Westfield results as of June 1, 2018. They include on a proportionate basis the financial statements of the joint-controlled entities, which are accounted for using the equity method under IFRS. Unibail-Rodamco-Westfield believes that these financial statements on a proportionate basis give to stakeholders a better understanding of the underlying operations of URW and the joint-controlled entities, as they represent a significant part of the Group's operations in the US and the UK. The Group has now structured its internal operational and financial reporting according to this proportionate format.



Consolidated income statement (€Mn)	2018 IFRS	Proportionate	Total 2018 Proportionate	2017 IFRS	Proportionate	Total 2017 Proportionate
Gross rental income	2,211.3	408.3	2,619.6	1,822.3	59.6	1,881.9
Ground rents paid	(20.9)	(0.8)	(21.7)	(18.1)	(0.2)	(18.3)
Net service charge expenses	(28.8)	(7.1)	(35.9)	(22.8)	(1.6)	(24.4)
Property operating expenses	(321.2)	(79.7)	(400.9)	(198.7)	(3.7)	(202.4)
Operating expenses and net service charges	(370.9)	(87.6)	(458.5)	(239.6)	(5.5)	(245.1)
<b>Net rental income</b>	<b>1,840.3</b>	<b>320.7</b>	<b>2,161.0</b>	<b>1,582.6</b>	<b>54.2</b>	<b>1,636.8</b>
Property development and project management revenue	215.5	(0.0)	215.5	-	-	-
Property development and project management costs	(178.5)	0.0	(178.5)	-	-	-
<b>Net property development and project management income</b>	<b>37.0</b>	<b>(0.0)</b>	<b>37.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
Property services and other activities revenues	307.2	(0.0)	307.2	256.1	-	256.1
Property services and other activities expenses	(198.9)	(4.4)	(203.3)	(176.3)	(1.4)	(177.7)
<b>Net property services and other activities income</b>	<b>108.2</b>	<b>(4.4)</b>	<b>103.8</b>	<b>79.8</b>	<b>(1.4)</b>	<b>78.3</b>
Share of the result of companies accounted for using the equity method	233.9	(195.6)	38.3	91.6	(54.7)	36.9
Income on financial assets	32.1	(5.5)	26.6	27.0	(1.0)	26.0
<b>Contribution of companies accounted for using the equity method</b>	<b>266.0</b>	<b>(201.1)</b>	<b>64.9</b>	<b>118.6</b>	<b>(55.7)</b>	<b>62.9</b>
Corporate expenses	(141.4)	(0.4)	(141.8)	(117.3)	(1.3)	(118.6)
Development expenses	(2.1)	-	(2.1)	(3.6)	-	(3.6)
Depreciation of other tangible assets	(1.9)	-	(1.9)	(2.2)	-	(2.2)
<b>Administrative expenses</b>	<b>(145.5)</b>	<b>(0.4)</b>	<b>(145.9)</b>	<b>(123.1)</b>	<b>(1.3)</b>	<b>(124.4)</b>
<b>Acquisition and related costs</b>	<b>(268.7)</b>	<b>-</b>	<b>(268.7)</b>	<b>(62.4)</b>	<b>-</b>	<b>(62.4)</b>
Proceeds from disposal of investment properties	985.4	82.7	1,068.1	592.5	-	592.5
Carrying value of investment properties sold	(905.3)	(82.8)	(988.1)	(518.7)	-	(518.7)
<b>Result on disposal of investment properties</b>	<b>80.1</b>	<b>(0.0)</b>	<b>80.1</b>	<b>73.8</b>	<b>-</b>	<b>73.8</b>
Proceeds from disposal of shares	463.4	(0.0)	463.4	27.3	-	27.3
Carrying value of disposed shares	(460.5)	-	(460.5)	(27.3)	-	(27.3)
<b>Result on disposal of shares</b>	<b>3.0</b>	<b>(0.0)</b>	<b>3.0</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>
Valuation gains on assets	885.1	131.4	1,016.4	1,770.0	34.7	1,804.7
Valuation losses on assets	(822.9)	(200.9)	(1,023.8)	(405.6)	(10.4)	(416.0)
<b>Valuation movements on assets</b>	<b>62.2</b>	<b>(69.6)</b>	<b>(7.4)</b>	<b>1,364.4</b>	<b>24.3</b>	<b>1,388.7</b>
<b>Impairment of goodwill</b>	<b>(4.9)</b>	<b>-</b>	<b>(4.9)</b>	<b>(9.2)</b>	<b>-</b>	<b>(9.2)</b>
<b>NET OPERATING RESULT</b>	<b>1,977.8</b>	<b>45.1</b>	<b>2,023.0</b>	<b>3,024.6</b>	<b>20.0</b>	<b>3,044.5</b>
Result from non-consolidated companies	-	(0.1)	(0.1)	0.9	0.0	0.9
Financial income	171.0	0.0	171.0	119.5	-	119.5
Financial expenses	(502.6)	(37.9)	(540.5)	(347.5)	(13.5)	(361.0)
Net financing costs	(331.6)	(37.9)	(369.5)	(228.0)	(13.5)	(241.5)
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	28.9	0.0	28.9	21.1	-	21.1
Fair value adjustments of derivatives, debt and currency effect	(318.0)	1.0	(317.0)	(21.3)	0.8	(20.4)
Debt discounting	(0.7)	0.0	(0.7)	(0.7)	-	(0.7)
<b>RESULT BEFORE TAX</b>	<b>1,356.5</b>	<b>8.2</b>	<b>1,364.6</b>	<b>2,796.7</b>	<b>7.4</b>	<b>2,804.0</b>
Income tax expenses	(113.6)	(8.2)	(121.8)	(74.2)	(7.4)	(81.5)
<b>NET RESULT FOR THE PERIOD</b>	<b>1,242.8</b>	<b>0.0</b>	<b>1,242.8</b>	<b>2,722.5</b>	<b>(0.0)</b>	<b>2,722.5</b>
<b>Net result for the period attributable to:</b>						
- The holders of the Stapled Shares <sup>(1)</sup>	1,031.1	0.0	1,031.1	2,439.5	(0.0)	2,439.5
- External non-controlling interests	211.7	-	211.7	283.0	-	283.0
<b>NET RESULT FOR THE PERIOD</b>	<b>1,242.8</b>	<b>0.0</b>	<b>1,242.8</b>	<b>2,722.5</b>	<b>(0.0)</b>	<b>2,722.5</b>

<sup>(1)</sup> In 2017, Net result for the period (Owners of the parent).

Note: The columns “Proportionate” reflect the impact of proportional consolidation instead of the equity method required by IFRS 11 of the URW jointly controlled assets.

Net result by segment on a proportionate basis (€Mn)			2018			2017		
			Recurring activities	Non-recurring activities	Result	Recurring activities	Non-recurring activities	Result
SHOPPING CENTRES	FRANCE	Gross rental income	706.9		706.9	691.1		691.1
		Operating expenses and net service charges	(55.8)		(55.8)	(73.0)		(73.0)
		<b>Net rental income</b>	<b>651.1</b>	<b>-</b>	<b>651.1</b>	<b>618.1</b>	<b>-</b>	<b>618.1</b>
		Contribution of companies accounted for under the equity method			-	-		-
		Gains/losses on sales of properties		3.1	3.1		15.1	15.1
		Valuation movements on assets		(36.0)	(36.0)		519.1	519.1
		<b>Result from operations Shopping Centres France</b>	<b>651.1</b>	<b>(32.8)</b>	<b>618.3</b>	<b>618.1</b>	<b>534.3</b>	<b>1,152.4</b>
	UNITED STATES	Gross rental income	544.2		544.2			-
		Operating expenses and net service charges	(193.1)		(193.1)			-
		<b>Net rental income</b>	<b>351.1</b>	<b>-</b>	<b>351.1</b>	<b>-</b>	<b>-</b>	<b>-</b>
		Contribution of companies accounted for under the equity method	7.1	(15.4)	(8.3)			-
		Gains/losses on sales of properties		(0.2)	(0.2)			-
		Valuation movements on assets		(153.4)	(153.4)			-
		<b>Result from operations Shopping Centres United States</b>	<b>358.2</b>	<b>(169.0)</b>	<b>189.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
	CENTRAL EUROPE	Gross rental income	216.9		216.9	180.5		180.5
		Operating expenses and net service charges	(5.3)		(5.3)	(6.7)		(6.7)
		<b>Net rental income</b>	<b>211.6</b>	<b>-</b>	<b>211.6</b>	<b>173.9</b>	<b>-</b>	<b>173.9</b>
		Contribution of companies accounted for under the equity method	46.6	27.5	74.1	45.5	22.1	67.6
		Gains/losses on sales of properties		(0.2)	(0.2)			-
		Valuation movements on assets		149.9	149.9		304.0	304.0
		<b>Result from operations Shopping Centres Central Europe</b>	<b>258.3</b>	<b>177.2</b>	<b>435.4</b>	<b>219.4</b>	<b>326.1</b>	<b>545.5</b>
	SPAIN	Gross rental income	174.7		174.7	178.3		178.3
		Operating expenses and net service charges	(19.2)		(19.2)	(17.0)		(17.0)
		<b>Net rental income</b>	<b>155.5</b>	<b>-</b>	<b>155.5</b>	<b>161.3</b>	<b>-</b>	<b>161.3</b>
		Contribution of companies accounted for under the equity method			-			-
		Gains/losses on sales of properties		24.5	24.5		(0.6)	(0.6)
		Valuation movements on assets		124.1	124.1		141.1	141.1
		<b>Result from operations Shopping Centres Spain</b>	<b>155.5</b>	<b>148.6</b>	<b>304.1</b>	<b>161.3</b>	<b>140.5</b>	<b>301.8</b>
	UNITED KINGDOM	Gross rental income	127.7		127.7			-
		Operating expenses and net service charges	(28.3)		(28.3)			-
		<b>Net rental income</b>	<b>99.4</b>	<b>-</b>	<b>99.4</b>			-
		Contribution of companies accounted for under the equity method			-			-
		Gains/losses on sales of properties		(0.0)	(0.0)			-
		Valuation movements on assets		(99.6)	(99.6)			-
		<b>Result from operations Shopping Centres United Kingdom</b>	<b>99.4</b>	<b>(99.7)</b>	<b>(0.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	NORDICS	Gross rental income	151.6		151.6	159.1		159.1
		Operating expenses and net service charges	(10.1)		(10.1)	(13.3)		(13.3)
		<b>Net rental income</b>	<b>141.5</b>	<b>-</b>	<b>141.5</b>	<b>145.8</b>	<b>-</b>	<b>145.8</b>
		Contribution of companies accounted for under the equity method			-			-
		Gains/losses on sales of properties		0.5	0.5		0.1	0.1
		Valuation movements on assets		28.9	28.9		132.0	132.0
		<b>Result from operations Shopping Centres Nordics</b>	<b>141.5</b>	<b>29.4</b>	<b>170.9</b>	<b>145.8</b>	<b>132.1</b>	<b>277.9</b>
	AUSTRIA	Gross rental income	111.8		111.8	109.1		109.1
		Operating expenses and net service charges	(4.3)		(4.3)	(5.9)		(5.9)
		<b>Net rental income</b>	<b>107.6</b>	<b>-</b>	<b>107.6</b>	<b>103.2</b>	<b>-</b>	<b>103.2</b>
		Contribution of companies accounted for under the equity method			-			-
		Gains/losses on sales of properties			-			-
		Valuation movements on assets		39.8	39.8		79.4	79.4
		<b>Result from operations Shopping Centres Austria</b>	<b>107.6</b>	<b>39.8</b>	<b>147.4</b>	<b>103.2</b>	<b>79.4</b>	<b>182.5</b>
	GERMANY	Gross rental income	149.8		149.8	145.9		145.9
		Operating expenses and net service charges	(10.2)		(10.2)	(10.0)		(10.0)
		<b>Net rental income</b>	<b>139.6</b>	<b>-</b>	<b>139.6</b>	<b>135.9</b>	<b>-</b>	<b>135.9</b>
		Contribution of companies accounted for under the equity method	1.0	(1.9)	(0.9)	1.0	(5.7)	(4.7)
		Gains/losses on sales of properties		(0.3)	(0.3)			-
		Valuation movements on assets		(23.8)	(23.8)		70.3	70.3
		<b>Result from operations Shopping Centres Germany</b>	<b>140.6</b>	<b>(26.1)</b>	<b>114.5</b>	<b>136.9</b>	<b>64.6</b>	<b>201.5</b>
	THE NETHERLANDS	Gross rental income	70.4		70.4	70.2		70.2
		Operating expenses and net service charges	(11.5)		(11.5)	(8.5)		(8.5)
		<b>Net rental income</b>	<b>59.0</b>	<b>-</b>	<b>59.0</b>	<b>61.7</b>	<b>-</b>	<b>61.7</b>
		Contribution of companies accounted for under the equity method			-			-
		Gains/losses on sales of properties		(0.7)	(0.7)		1.9	1.9
		Valuation movements on assets		(80.8)	(80.8)		(53.1)	(53.1)
		<b>Result from operations Shopping Centres The Netherlands</b>	<b>59.0</b>	<b>(81.5)</b>	<b>(22.5)</b>	<b>61.7</b>	<b>(51.2)</b>	<b>10.5</b>
	<b>TOTAL RESULT FROM OPERATIONS SHOPPING CENTRES</b>		<b>1,971.0</b>	<b>(14.1)</b>	<b>1,956.9</b>	<b>1,446.4</b>	<b>1,225.7</b>	<b>2,672.1</b>

Note: 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.

Net result by segment on a proportionate basis (€ Mn)			2018			2017		
			Recurring activities	Non-recurring activities	Result	Recurring activities	Non-recurring activities	Result
OFFICES & OTHER	FRANCE	Gross rental income	120.9		120.9	126.8		126.8
		Operating expenses and net service charges	(3.3)		(3.3)	(3.2)		(3.2)
		Net rental income	117.7	-	117.7	123.6	-	123.6
		Contribution of companies accounted for using the equity method			-			-
		Gains/losses on sales of properties		56.6	56.6		57.2	57.2
		Valuation movements on assets		188.9	188.9		336.0	336.0
		Result from operations Offices France	117.7	245.6	363.2	123.6	393.2	516.8
	OTHER COUNTRIES	Gross rental income	31.8		31.8	20.9		20.9
		Operating expenses and net service charges	(6.8)		(6.8)	(3.7)		(3.7)
		Net rental income	25.0	-	25.0	17.2	-	17.2
		Contribution of companies accounted for using the equity method			-			-
		Gains/losses on sales of properties		(0.2)	(0.2)		0.0	0.0
		Valuation movements on assets		(51.7)	(51.7)		6.5	6.5
		Result from operations Offices other countries	25.0	(51.9)	(26.9)	17.2	6.5	23.8
	TOTAL RESULT FROM OPERATIONS OFFICES		142.6	193.7	336.3	140.8	399.7	540.5
CONVENTION & EXHIBITION	FRANCE	Gross rental income	201.6		201.6	184.2		184.2
		Operating expenses and net service charges	(105.6)		(105.6)	(99.6)		(99.6)
		Net rental income	96.0	-	96.0	84.6	-	84.6
		On site property services net income	64.9		64.9	50.0		50.0
		Hotels net rental income	6.1		6.1	11.6		11.6
		Valuation movements, depreciation, capital gains	(13.1)	(48.1)	(61.3)	(12.2)	(144.2)	(156.4)
		Impairment of goodwill		(4.9)	(4.9)		(9.2)	(9.2)
		TOTAL RESULT FROM OPERATIONS C & E	153.8	(53.0)	100.8	133.9	(153.4)	(19.4)
		Net property development and project management income	37.0	(32.3)	4.7	-	-	
		Other property services net income	52.1	(13.2)	38.9	40.5	(2.4)	38.1
		Administrative expenses	(143.8)		(143.8)	(120.8)	-	(120.8)
		Development expenses	(2.1)		(2.1)	(3.6)	-	(3.6)
		Acquisition and related costs		(268.7)	(268.7)	-	(62.4)	(62.4)
NET OPERATING RESULT			2,210.6	(187.6)	2,023.0	1,637.2	1,407.3	3,044.5
		Result from non consolidated companies	(0.1)	-	(0.1)	0.9	0.0	1.0
		Financing result	(369.5)	(288.8)	(658.3)	(241.5)	0.0	(241.5)
RESULT BEFORE TAX			1,841.0	(476.4)	1,364.6	1,396.7	1,407.3	2,804.0
Income tax expenses			(27.9)	(93.9)	(121.8)	(17.6)	(63.9)	(81.5)
NET RESULT FOR THE PERIOD			1,813.1	(570.2)	1,242.8	1,379.0	1,343.5	2,722.5
Non-controlling interests			(203.4)	(8.4)	(211.7)	(177.0)	(106.0)	(283.0)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES <sup>(1)</sup>			1,609.8	(578.6)	1,031.1	1,202.1	1,237.4	2,439.5

<sup>(1)</sup> In 2017, Net result for the period (Owners of the parent).

Note: 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.

Consolidated statement of financial position (€ Mn)	Dec. 31, 2018 IFRS	Proportionate	Dec. 31, 2018 Proportionate	Dec. 31, 2017 IFRS	Proportionate	Dec. 31, 2017 Proportionate
<b>NON CURRENT ASSETS</b>	<b>62,818.5</b>	<b>2,294.6</b>	<b>65,113.1</b>	<b>41,650.8</b>	<b>509.0</b>	<b>42,159.8</b>
<b>Investment properties</b>	<b>47,462.1</b>	<b>11,410.4</b>	<b>58,872.5</b>	<b>38,524.3</b>	<b>1,392.7</b>	<b>39,917.0</b>
<i>Investment properties at fair value</i>	<i>45,904.3</i>	<i>11,312.2</i>	<i>57,216.5</i>	<i>37,181.5</i>	<i>1,381.3</i>	<i>38,562.8</i>
<i>Investment properties at cost</i>	<i>1,557.8</i>	<i>98.2</i>	<i>1,656.0</i>	<i>1,342.8</i>	<i>11.4</i>	<i>1,354.2</i>
Shares and investments in companies accounted for using the equity method	10,273.3	(9,216.3)	1,057.0	1,913.3	(976.0)	937.3
Other tangible assets	292.2	2.0	294.2	216.3	0.9	217.2
Goodwill	2,863.1	90.5	2,953.6	522.4	90.5	612.9
Intangible assets	1,294.8	0.0	1,294.8	172.2	0.0	172.2
Financial assets	302.9	8.0	310.9	107.6	0.8	108.4
Deferred tax assets	26.9	(0.0)	26.9	21.9	0.2	22.1
Derivatives at fair value	303.2	-	303.2	172.8	-	172.8
<b>CURRENT ASSETS</b>	<b>1,708.7</b>	<b>217.4</b>	<b>1,926.1</b>	<b>1,590.2</b>	<b>58.6</b>	<b>1,648.8</b>
<b>Properties or shares held for sale</b>	<b>66.2</b>	<b>-</b>	<b>66.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
Derivatives at fair value	-	-	-	57.9	-	57.9
Inventories	95.2	1.9	97.1	-	-	-
Trade receivables from activity	550.6	70.6	621.2	416.5	21.5	438.0
Tax receivables	285.7	4.0	289.7	216.2	1.3	217.5
Other receivables	341.1	47.5	388.6	324.9	9.6	334.5
Cash and cash equivalents	369.9	93.3	463.2	574.7	26.2	600.9
<b>TOTAL ASSETS</b>	<b>64,527.2</b>	<b>2,511.9</b>	<b>67,039.1</b>	<b>43,241.0</b>	<b>567.6</b>	<b>43,808.6</b>
<b>Equity attributable to the holders of the Stapled Shares</b>	<b>26,176.1</b>		<b>26,176.1</b>	<b>18,916.2</b>	<b>-</b>	<b>18,916.2</b>
Share capital	691.4	-	691.4	499.3	-	499.3
Additional paid-in capital	13,471.0	-	13,471.0	6,470.7	-	6,470.7
Consolidated reserves	11,175.0	-	11,175.0	9,717.0	-	9,717.0
Hedging and foreign currency translation reserves	(192.4)	-	(192.4)	(210.3)	-	(210.3)
Consolidated result	1,031.1	-	1,031.1	2,439.5	-	2,439.5
- <i>Equity attributable to Unibail-Rodamco S.E. members</i>	<i>24,594.8</i>	<i>-</i>	<i>24,594.8</i>	<i>18,916.2</i>	<i>-</i>	<i>18,916.2</i>
- <i>Equity attributable to WFD Unibail-Rodamco N.V. members</i>	<i>1,581.3</i>	<i>-</i>	<i>1,581.3</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Hybrid securities</b>	<b>1,989.0</b>	<b>-</b>	<b>1,989.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>External non-controlling interests</b>	<b>3,976.4</b>	<b>-</b>	<b>3,976.4</b>	<b>3,777.0</b>	<b>-</b>	<b>3,777.0</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>32,141.5</b>	<b>-</b>	<b>32,141.5</b>	<b>22,693.2</b>	<b>-</b>	<b>22,693.2</b>
<b>NON CURRENT LIABILITIES</b>	<b>26,899.0</b>	<b>1,928.5</b>	<b>28,827.5</b>	<b>16,851.6</b>	<b>502.1</b>	<b>17,353.7</b>
Long-term commitment to non-controlling interests	178.4	2.1	180.5	-	-	-
Net share settled bonds convertible into new and/or existing shares (ORNANE)	991.6	-	991.6	1,020.5	-	1,020.5
Long-term bonds and borrowings	20,655.3	1,791.2	22,446.5	12,889.6	394.1	13,283.7
Long-term financial leases	384.0	9.1	393.1	353.2	-	353.2
Derivatives at fair value	450.7	0.0	450.7	315.8	0.0	315.8
Deferred tax liabilities	3,796.7	108.7	3,905.4	1,752.5	103.9	1,856.4
Long-term provisions	17.6	0.3	17.9	30.5	0.6	31.1
Employee benefits	11.7	-	11.7	9.3	-	9.3
Guarantee deposits	231.2	17.1	248.3	223.9	3.5	227.4
Tax liabilities	-	-	-	0.1	-	0.1
Amounts due on investments	181.8	0.0	181.8	256.2	0.0	256.2
<b>CURRENT LIABILITIES</b>	<b>5,486.7</b>	<b>583.3</b>	<b>6,070.0</b>	<b>3,696.2</b>	<b>65.5</b>	<b>3,761.7</b>
<b>Current commitment to non-controlling interests</b>	<b>1.5</b>	<b>-</b>	<b>1.5</b>	<b>7.0</b>	<b>-</b>	<b>7.0</b>
<b>Amounts due to suppliers and other creditors</b>	<b>1,401.5</b>	<b>122.8</b>	<b>1,524.3</b>	<b>953.9</b>	<b>34.8</b>	<b>988.7</b>
Amounts due to suppliers	207.4	27.6	235.0	187.5	12.7	200.2
Amounts due on investments	624.7	31.7	656.4	425.9	0.2	426.1
Sundry creditors	569.4	63.5	632.9	340.5	21.9	362.4
<b>Other liabilities</b>	<b>219.6</b>	<b>20.5</b>	<b>240.1</b>	<b>207.7</b>	<b>4.6</b>	<b>212.3</b>
<b>Current borrowings and amounts due to credit institutions</b>	<b>3,350.9</b>	<b>432.1</b>	<b>3,783.0</b>	<b>2,301.9</b>	<b>23.5</b>	<b>2,325.4</b>
<b>Current financial leases</b>	<b>2.6</b>	<b>0.0</b>	<b>2.6</b>	<b>2.0</b>	<b>-</b>	<b>2.0</b>
<b>Derivatives at fair value</b>	<b>77.0</b>	<b>-</b>	<b>77.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax and social liabilities</b>	<b>403.4</b>	<b>6.2</b>	<b>409.6</b>	<b>210.5</b>	<b>2.6</b>	<b>213.1</b>
<b>Short-term provisions</b>	<b>30.2</b>	<b>1.7</b>	<b>31.9</b>	<b>13.2</b>	<b>-</b>	<b>13.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>64,527.2</b>	<b>2,511.9</b>	<b>67,039.1</b>	<b>43,241.0</b>	<b>567.6</b>	<b>43,808.6</b>

Note: The columns “Proportionate” reflect the impact of proportional consolidation instead of the equity method required by IFRS 11 of the URW jointly controlled assets.





## UNIBAIL-RODAMCO-WESTFIELD

### **MANAGEMENT DISCUSSION & ANALYSIS<sup>3</sup>:**

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<sup>3</sup> The Management Discussion & Analysis (MD&A) is based on the Financial statements prepared on a proportionate basis.

## 1. WESTFIELD CORPORATION ACQUISITION

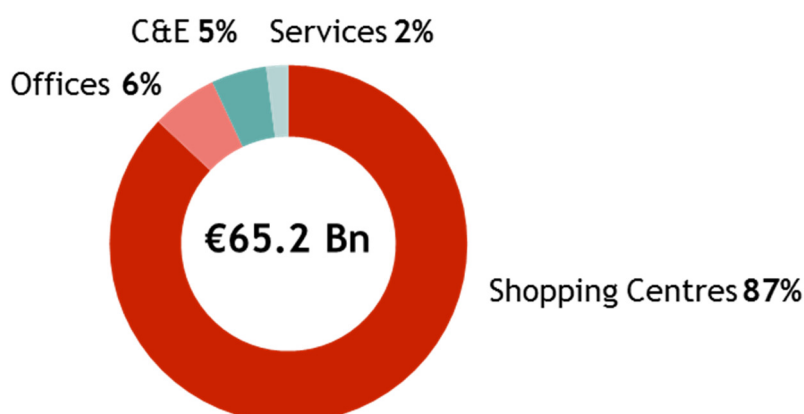
On June 7, 2018, Unibail-Rodamco (“UR”) announced it had completed the acquisition of Westfield Corporation (“WFD”), to create Unibail-Rodamco-Westfield (“URW” or “the Group”), the premier global developer and operator of flagship shopping destinations. URW combines two of the strongest and most respected names in the real estate industry to build on their legacies. The acquisition of WFD is a natural extension of UR’s strategy of concentration, differentiation and innovation.

As at December 31, 2018, URW owned and operated 93 shopping centres in 13 countries, of which 56 are Flagships<sup>4</sup> in the most dynamic cities in Europe and in the United States. In 2018, URW’s assets attracted circa 1.2 billion visits. The Group’s total proportionate portfolio, including its services business, is valued at €65.2 Bn (€62.7 Bn<sup>5</sup> under IFRS).

	Proportionate	IFRS
Shopping Centres	87%	86%
Offices & Others	6%	6%
Convention & Exhibition	5%	5%
Services	2%	2%

Figures may not add up due to rounding.

The Group provides a unique platform for retailers and brand events and offers an unparalleled experience for customers. It will leverage the world-famous Westfield brand by gradually rebranding UR Flagship assets. Looking forward, URW’s development pipeline stands at €11.9 Bn as at December 31, 2018. Capitalising on its “Better Places 2030” agenda, to be implemented across the entire Group, URW’s development projects are designed to create places that respect the highest environmental standards and contribute to better cities.



<sup>4</sup> 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.

<sup>5</sup> In terms of consolidated GMV as at December 31, 2018, including values of shares in assets accounted for using the equity method and services. URW’s US and UK service businesses, airport activities and Development, Design & Construction business were valued by PWC for the opening balance sheet as at May 31, 2018 and included in the consolidated Gross Market Value (GMV) as at December 31, 2018.

## 2. BUSINESS REVIEW AND 2018 RESULTS

### I. ACCOUNTING PRINCIPLES AND SCOPE OF CONSOLIDATION

#### Accounting principles

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

URW applied for the first time IFRS 9 and IFRS 15, with a limited impact on the Group's financial statements.

No other changes were made to the accounting principles applied for the preparation of the financial statements under IFRS since December 31, 2017.

The Group also prepared financial statements in a proportionate format, in which the joint-controlled entities are accounted for on a proportionate basis, instead of being accounted for using the equity method under IFRS. Unibail-Rodamco-Westfield believes that these financial statements in a proportionate format give to stakeholders a better understanding of the underlying operations of URW and the joint-controlled entities, as they represent a significant part of the Group's operations in the US and the UK. The Group has now structured its internal operational and financial reporting according to this proportionate format.

**Therefore, and for the first time, the business review and 2018 results are presented based on the financial statements on a proportionate basis, with no impact on the net results.**

Where applicable, the performance indicators are compliant with the Best Practices Recommendations published by the European Public Real Estate Association (EPRA)<sup>6</sup>. These are reported in a separate chapter at the end of this section.

#### Scope of consolidation

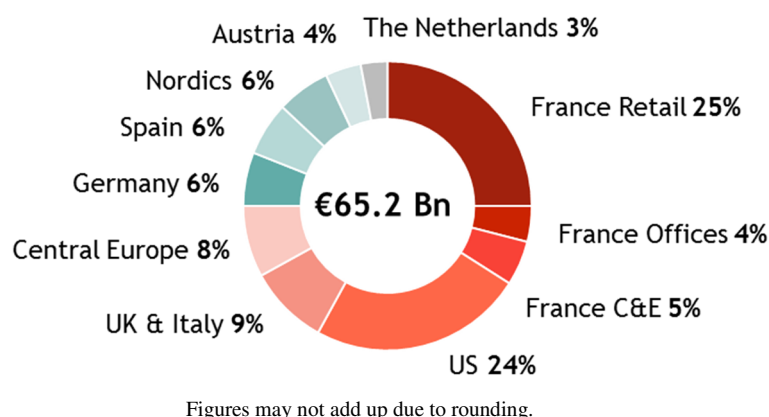
The principal changes in the scope of consolidation since December 31, 2017, were the acquisition of WFD, which has been included since June 1, 2018 and the disposal of four shopping centres in Spain, two office buildings in France (Tour Ariane and Capital 8) and two office buildings in Poland (Skylight and Lumen).

#### Operational reporting

URW operates in nine regions: France, the United States of America ("US"), Central Europe<sup>7</sup>, Spain, the United Kingdom ("UK"), the Nordics, Austria, Germany and The Netherlands. In addition, the Group has significant development projects in two more countries: Italy and Belgium.

As France has substantial activities in all three business lines of the Group, this region is itself divided in three segments: Shopping centres, Offices and Convention & Exhibition (C&E). The other regions operate almost exclusively in the Shopping centre segment.

The chart below shows the split of proportionate Gross Market Values (GMV) per region as at December 31, 2018.



<sup>6</sup> EPRA Best Practices Recommendations are available on the EPRA website: [www.epra.com](http://www.epra.com).

<sup>7</sup> Central Europe includes Ring-Center, accounted for using the equity method.

## II. BUSINESS REVIEW BY SEGMENT

Due to the completion of the WFD acquisition on June 7, 2018, URW has been operating as one Group since that date only. Consequently, the Business Review by Segment presented below has been prepared on the basis of UR's perimeter prior to the transaction. While the results from WFD have been included in URW's accounts only since June 1, 2018, a separate section ("4. Westfield business review") has been added in order to give investors an overview of WFD's most significant business events in 2018. Unless otherwise indicated, all references in Sections 1 to 3 are to UR's operations on a standalone basis for 2018.

### 1. Shopping centres

Unless otherwise indicated, all references to footfall, tenant sales, rents, leases signed, vacancy and occupancy cost ratios relate to the period ended December 31, 2018, and comparisons relate to the same period in 2017.

#### 1.1. Shopping centre activity

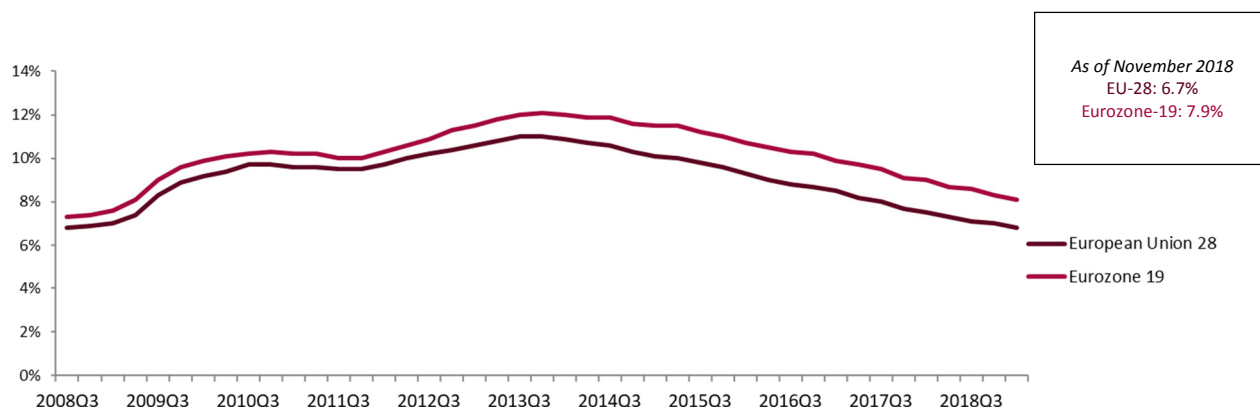
##### Economic environment

Economic growth in Europe moderated slightly in 2018 compared to 2017, mainly due to the withdrawal of economic stimulus and a slowdown of global trade growth. GDP growth, both for the European Union (EU-28) and the Eurozone-19, is forecast to reach +2.1% in 2018<sup>8</sup>, vs. +2.4% in 2017<sup>9</sup>. The weighted average forecast for 2018 GDP growth in UR regions is +2.2%. Inflation in 2018 is expected to have reached +2.0% in the EU-28 and +1.8% in the Eurozone-19.

GDP in both the EU-28 and the Eurozone-19 is forecast to grow by +1.9% in 2019. Fading world trade growth is expected to have a dampening effect on growth in general, as will slowing labour market improvements. The key external risks to these forecasts relate to trade and other policies of the US administration, retaliatory tariffs and geopolitical tensions. Within Europe, the principal risks relate to public finances in Italy, Brexit, the European Parliament elections in May 2019, withdrawal of quantitative easing by the European Central Bank and the prospect of higher interest rates.

The EU-28 unemployment rate was 6.7% in November 2018<sup>10</sup>, down from 7.3% in November 2017. This is the lowest unemployment rate recorded in the EU-28 since the start of the Eurostat's monthly reports in January 2000. The Eurozone-19 unemployment rate was 7.9% in November 2018, down from 8.7% in November 2017. This is the lowest rate recorded since October 2008.

#### Unemployment rates in the EU-28 and the Eurozone-19 (2008-2018)



<sup>8</sup> Source: European Commission, European Economic Forecast, Autumn 2018 (released in November 2018).

[https://ec.europa.eu/info/sites/info/files/economy-finance/ip089\\_en\\_0.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/ip089_en_0.pdf)

<sup>9</sup> Source: Eurostat, National Accounts Data.

<http://ec.europa.eu/eurostat/web/national-accounts/data/main-tables>

<sup>10</sup> Source: Eurostat, November 2018 (released on January 9, 2019).

<https://ec.europa.eu/eurostat/documents/2995521/9477410/3-09012019-AP-EN.pdf/1f232ebb-1dcc-4de2-85d1-5765fae86ea8>

Region / Country	GDP		Unemployment
	2018 Forecast	2017 Actual	November 2018
<b>European Union (EU-28)</b>	<b>2.1 %</b>	<b>2.4 %</b>	<b>6.7 %</b>
<b>Eurozone-19</b>	<b>2.1 %</b>	<b>2.4 %</b>	<b>7.9 %</b>
France	1.7%	2.2% <sup>P</sup>	8.9%
Czech Republic	3.0%	4.3%	1.9%
Poland	4.8%	4.8%	3.8%
Slovakia	4.0%	3.2%	6.0%
Spain	2.6%	3.1% <sup>P</sup>	14.7%
Sweden	2.4%	2.1%	6.2%
Finland	2.9%	2.8%	7.1%
Denmark	1.2%	2.3%	4.9%
Austria	2.7%	2.6%	4.7%
Germany	1.7%	2.2%	3.3%
The Netherlands	2.8%	2.9% <sup>P</sup>	3.5%

p = provisional (flagged by the National Statistical Institutes to signal that data are still being treated or validated).

Sources: European Economic Forecast, Autumn, 2018. Eurostat, National Accounts Data.

### **Footfall<sup>11</sup>**

The number of visits to UR's shopping centres was up by +1.8%. Excluding assets in a disposal process, footfall grew by +2.0%.

In France, footfall grew by +4.1% through November 30, 2018, despite the "yellow vest" demonstrations since mid-November, outperforming the French national footfall index<sup>12</sup> by +556 bps.

Footfall growth in the Nordics (+3.2%) and Central Europe (+2.9%) was partly offset by a drop in Germany (-1.9%), Austria (-1.4%), The Netherlands (-1.3%) and Spain (+0.9%).

### **Tenant sales<sup>13</sup>**

Through November 30, 2018, UR's tenant sales increased by +3.0% and by +3.8% for Flagship centres, outperforming the aggregate national sales index<sup>14</sup> by +205 bps and +283 bps, respectively. Excluding assets in a disposal process, UR's tenant sales grew by +3.1%.

<sup>11</sup> Footfall data do not include Jumbo and Zlote Tarasy as they are not managed by UR. Footfall in UR's shopping centres in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the 2018 reporting period, shopping centres excluded due to delivery or ongoing works were Galerie Gaité, Les Boutiques du Palais, La Part-Dieu, Wroclavia, CH Ursynow, Mall of The Netherlands and Gropius Passagen.

<sup>12</sup> Reference is the CNCC (*Conseil National des Centres Commerciaux*) index.

<sup>13</sup> Tenant sales data do not include Jumbo and Zlote Tarasy as they are not managed by UR. Tenant sales performance in UR's shopping centres (except The Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. For the 2018 reporting period, shopping centres excluded due to delivery or ongoing works were Galerie Gaité, Les Boutiques du Palais, La Part-Dieu, Wroclavia, CH Ursynow and Gropius Passagen. Primark sales are based on estimates.

<sup>14</sup> Based on latest national indices available (year-on-year evolution) as at November 2018: France: Institut Français du Libre Service (IFLS)-excluding food; Spain: Instituto Nacional de Estadística; Central Europe: Český statistický úrad (Czech Republic), Polska Rada Centrow Handlowych (Poland) (as at October 2018), Eurostat (Slovakia); Austria: Eurostat; the Nordics: HUI Research (Sweden), Danmarks Statistik (Denmark); Germany: Destatis-Genesis, excluding online only operators and fuel sales (Federal Statistical Office). Including online only sales for France, Spain, Austria, the Czech Republic and Slovakia and excluding online only sales for Germany, the Nordics and Poland.

<b>Region</b>	<b>Tenant Sales Growth (%) (Nov. 2018)</b>	<b>Performance versus National Sales Index (bps)</b>
France	+3.4	+380
Central Europe	+8.2	+544
Spain	+3.9	+213
Nordics	+2.3	-14
Austria	-2.0	-366
Germany	-0.1	-148
<b>Total</b>	<b>+3.0</b>	<b>+205</b>

- In France, tenant sales increased by +3.4%, outperforming the IFLS index by +380 bps and the CNCC index by +520 bps. The main contributors to sales growth were recent deliveries: Carré Sénart (+38.4%) and Le Forum des Halles (+13.0%). These were partially offset by So Ouest (-4.6%), due to closing of M&S in June 2017 with new tenants in the restructured unit opening only in Q4-2018;
- In Central Europe, tenant sales increased by +8.2%, primarily due to Centrum Chodov (+43.3%) and Aupark (+4.1%). Sales of UR's tenants in Warsaw (Arkadia and Galeria Mokotow) remained stable despite the introduction of the partial Sunday trading ban in Poland in March 2018;
- Spanish tenant sales grew by +3.9% compared to the national sales index at +1.8%. Strong sales increase was recorded in La Vaguada (+9.4%) and Parquesur (+1.5%), while La Maquinista and Splau remained stable;
- In the Nordics, although the performance of fashion and department stores in the region was weak, tenant sales increased by +2.3%, due to an outstanding performance of Mall of Scandinavia (+6.4%);
- In Austria, tenant sales (-2.0%) continued to be impacted by the bankruptcy of a major electronics retailer in December 2017 and a new tenant in that unit opening only in August 2018;
- In Germany, tenant sales remained broadly flat throughout the portfolio.

In terms of sectors, sport (+9.7%), food (+9.6%), dining (+5.7%) and health & beauty (+4.9%) posted the highest sales increases, illustrating the importance of UR's approach to offering visitors a differentiated experience whilst providing a strong convenience offer at the same time and expanding these growth sectors in its shopping centres. Sales of fashion apparel, the sector with the most GLA within UR's shopping centres, remained stable.

Through December 31, 2018, tenant sales in UR's shopping centres increased by +2.7%, compared to the same period in 2017, in part as a result of lower growth in France in December (+0.7%) due to the "yellow vest" protests.

#### **UR's top ten tenants as a percentage of total retail rents**

<b>% of total rents</b>	<b>15.6%</b>
<b>Largest tenant</b>	<b>4.8%</b>
Inditex	
H&M	
Printemps	
Fnac Darty	
Mango	
Vivarte	
Sephora	
Foot Locker Inc	
Ceconomy	
Deichmann	



## **Leasing**

UR signed 1,319 deals (1,431<sup>15</sup>) with a Minimum Guaranteed Rent uplift<sup>16</sup> of +11.7% (+14.4% in Flagship<sup>17</sup> assets) vs. +13.6%<sup>18</sup> in 2017 (+16.8% in Flagship assets).

The rotation rate<sup>19</sup> amounted to 11.5%, above the Group's target of 10.0%.

With a strategy based on differentiation and exclusive retail destinations, UR's leasing teams signed 173 leases<sup>20</sup> in standing assets with International Premium Retailers (IPRs<sup>21</sup>) (vs. 179), whose share in UR's rotation reached 16.4%.

Many leading retailers chose the Group's shopping centres for market entries, including:

- Victoria's Secret in Le Forum des Halles, Parquesur and Bonaire;
- Hugo in Mall of Scandinavia;
- Boggi in Parly 2 and Pasing Arcaden;
- Daniel Wellington in Shopping City Süd and CentrO;
- Snipes in Rosny 2;
- Gant in Donau Zentrum; and
- Decathlon in Shopping City Süd.

In addition, the Group's portfolio has been a platform for IPRs to open their first store in a shopping centre in a country, including:

- Polo Ralph Lauren in Parly 2;
- Abercrombie & Fitch in Parly 2;
- Mercedes-Benz in Parly 2;
- Scalpers in Amstelveen;
- Monki in Donau Zentrum; and
- Scotch & Soda in Täby Centrum.

Furthermore, UR continued to curate Digital Native Vertical Brands: Daniel Wellington opened four stores in UR's assets in 2018 and NYX Professional Make Up operated 21 stores in UR's portfolio as at December 31, 2018.

Finally, the Group enhanced the cross-fertilization of retailer relationships between the US and Continental Europe in 2018 by accelerating the development of US retailers such as Victoria's Secret, Abercrombie & Fitch, and Polo Ralph Lauren.

Dialogue with the IPRs about global scale has clearly accelerated since the acquisition of Westfield, with a great acceptance by retailers. URW's objective is to capitalize on the benefits of these global discussions with the retailer network in order to further enhance the Group's portfolio and provide customers with a unique appeal. The Group will rename IPRs "Influencer Brands" from 2019 which will consist of unique retailers that will have a positive impact on URW's shopping centres in the future.

## **Commercial Partnerships**<sup>22</sup>

Commercial Partnerships' gross revenues amounted to €44.7 Mn (+6%), driven by double digit media income growth in most regions. Major highlights include:

- Accelerated deployment of large digital screens in Central Europe and Austria with seven new screens;
- Successful organization of Christmas markets across Continental Europe, with 27 markets in total, the largest one in CentrO attracting two million visitors;

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<sup>15</sup> On a proportionate basis. The number of leases signed on standing assets based on the IFRS perimeter was 1,350 in 2017.

<sup>16</sup> Minimum Guaranteed Rent (MGR) uplift: difference between new MGR and indexed old MGR. Indicator calculated on renewals and relettings only.

<sup>17</sup> UR's Flagship assets are: Les Quatre Temps, Aéroville, Parly 2, Vélizy 2, Carré Sénart, Rosny 2, Le Forum des Halles, Carrousel du Louvre, CNIT, Confluence, La Part-Dieu, Villeneuve 2, Euralille, Polygone Riviera, La Vaguada, Parquesur, Bonaire, Splau, La Maquinista, Glòries, Donau Zentrum, Shopping City Süd, Centrum Cerny Most, Centrum Chodov, Wroclavia, Galeria Mokotow, Złote Tarasy, Arkadia, Aupark, Jumbo, Fisketorvet, Mall of Scandinavia, Täby Centrum, Stadshart Amstelveen, Mall of The Netherlands, Ruhr Park, Gropius Passagen, CentrO and Pasing Arcaden.

<sup>18</sup> On a proportionate basis. The MGR uplift based on the IFRS perimeter was +14.7% in 2017.

<sup>19</sup> Rotation rate: (number of re-lettings + number of assignments and renewals with new concepts) / number of stores. Short term leases are excluded.

<sup>20</sup> Excluding pipeline.

<sup>21</sup> IPR: retailer with strong and international brand recognition and a differentiating store design and product approach, which UR believes will increase the appeal of the shopping centres.

<sup>22</sup> Previously "Brand Events". Commercial Partnerships include: media (digital and non-digital), retail (kiosks, pop-ups, seasonal markets), brand experience (experiential, brand partnerships) and others (vending machines and tax refunds).

- New experiential spaces, e.g. in Le Forum des Halles with three new spaces. The first activations included the 70<sup>th</sup> anniversary of Scrabble and the Iberia art exhibition “Destination 131”.

### **Destinations and innovation**

The roll-out of destination concepts continued, including:

- Fresh!: the Group’s second Fresh! opened in November in Mall of The Netherlands, with a buy & eat food market of 2,500 sqm combining the best local high street concepts and a programme of culinary events;
- The Family Experience: a fourth Family Experience was launched in October in Arkadia, with a 1,000 sqm external playground.

URW Link initiated a pilot project with Too Good To Go: following a successful PoC (Proof of Concept) in Euralille, a partnership was signed for the entire French portfolio to tackle the issue of unsold food items. The objective is to save at least 50,000 meals in 2019.

In addition, URW Link also signed partnerships with start-ups incubated in previous years such as:

- Sous les Fraises: following its participation in the URW Link programme in 2016, it opened the first urban farm of 270 sqm on the roof of So Ouest, which has already produced and sold locally more than one ton of fruits and vegetables;
- PHENIX: after successful tests in Les Quatre Temps and Aéroville, PHENIX will operate permanently in Rosny 2, in order to substantially increase the treatment rate of waste by applying circular economy principles.

Lastly, a partnership with Uber is being tested in Le Forum des Halles, with ten parking spots dedicated to charging Uber Green cars (electric vehicles).

### **Marketing and digital**

UR’s efforts have been focused on pursuing the customer engagement strategy through experiential events, stronger loyalty card enrollment and an active CRM strategy.

#### ***Events***

UR partnered with Disney to celebrate the 90<sup>th</sup> Mickey Mouse anniversary across 18 assets in eight countries. Activations included an interactive exhibition and a Hidden Mickey Treasure Hunt, which attracted more than 58,000 participants and more than 13,500 new loyalty program members.

UR organized also a number of Christmas events across Europe:

- Centrum Chodov invited the BAFTA winner Bill Nighy for the *Love Actually* themed Christmas light-up show;
- Parly 2 turned on its Christmas lights with Anaïs Delva, the French voice of Elsa from Disney’s *Frozen*, with a +25% footfall impact;
- Amstelveen hosted a Christmas Parade attended by 55,000 people (the busiest day in the history of the centre). It was also broadcast on national TV;
- Donau Zentrum turned on Christmas lights with a performance of a children’s choir and local rising star Rose May Alaba, with a +10% footfall impact.

#### ***Digital marketing***

UR’s loyalty programme reached seven million members, with three million new customers signed up in 2018. 95% of the new members came through digital (websites, apps and wifi).

In 2018, UR’s digital channels generated 74 million interactions with:

- 53 million web sessions (stable);
- 21 million app sessions (8.9 million).

UR also reached a new milestone of its “engaging the visitor” strategy, with the goal to better target visitors by providing them with a personalized content based on their interests and shops visited. 63 shopping centres have now been equipped with the Salesforce CRM solution (37 as at December 31, 2017) to facilitate email campaigns, achieving an opening rate of 22.8% (vs. the retail benchmark of 20%) and a click rate of 3.6% (vs. 2.5%).

Relying on start-ups (Wifit Media, Captain Wallet), specialists (Orange, Google Pay) and in-house capabilities, geofenced communication was successfully tested at the end of 2018 and will be rolled out throughout Europe in 2019.

A deal was signed with Playplay, a French start-up specialized in easy video production. UR also signed a deal with the Conde Nast Group, to provide exclusive and curated content on the latest fashion, beauty, and design trends. The tailor-made articles and videos can be displayed on UR's websites, apps, emails and social media channels. Following tests in France, Spain and the Czech Republic in H2-2018 and Q1-2019, they will be rolled-out in other markets if customer engagement figures prove successful.

## 1.2. Net Rental Income

Total consolidated Net Rental Income (NRI) of the shopping centre portfolio amounted to €1,465.8 Mn, an increase of +4.7%, mainly due to a strong like-for-like growth of +4.0% and the positive impact of deliveries in Central Europe, France and Spain. Excluding assets in a disposal process, NRI increased by +5.1% and +4.4% on a like-for-like basis.

Region	Net Rental Income (€Mn)			
	Proportionate			IFRS
	2018	2017	%	2017
France	651.1	618.1	5.3%	609.8
Central Europe	211.6	173.9	21.7%	172.4
Spain	155.5	161.3	-3.6%	161.0
Nordics	141.5	145.8	-2.9%	145.8
Austria	107.6	103.2	4.3%	103.2
Germany	139.6	136.0	2.7%	92.6
The Netherlands	59.0	61.7	-4.4%	61.7
<b>TOTAL NRI</b>	<b>1,465.8</b>	<b>1,399.9</b>	<b>4.7%</b>	<b>1,346.4</b>

Figures may not add up due to rounding.

The total net change in NRI amounted to +€65.9 Mn due to:

- +€39.5 Mn from the delivery of shopping centres or new units, predominantly in Central Europe (Wroclavia, Centrum Chodov and Arkadia), France (mainly the Carré Sénart and Parly 2 extensions and new units in Les Quatre Temps) and Spain (Glòries) in H2-2017;
- +€9.7 Mn from the acquisition of additional units, mainly in Central Europe, Spain and France;
- -€3.1 Mn due to assets moved to the pipeline, mainly in France, The Netherlands and Austria;
- -€6.6 Mn due to a negative currency translation effect from SEK;
- -€23.3 Mn due to disposals of assets, mainly in Spain (Barnasud in 2017 and El Faro, Bahia Sur, Los Arcos and Vallsur in July 2018), France (the Channel Outlet Stores and L'Usine Roubaix in 2017) and the Nordics (Eurostop Arlanda, Arninge Centrum and Eurostop Örebro in 2017);
- +€49.7 Mn of like-for-like growth. This +4.0% like-for-like NRI<sup>23</sup> growth exceeded indexation by +260 bps.

<sup>23</sup> Like-for-like NRI: Net Rental Income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to square meters and currency exchange rate differences in the periods analysed.

Region	Net Rental Income (€Mn) Like-for-like		
	2018	2017	%
France	549.8	526.1	4.5%
Central Europe	168.7	159.9	5.5%
Spain	133.1	129.4	2.8%
Nordics	147.5	140.6	4.9%
Austria	102.5	97.7	4.9%
Germany	139.6	136.0	2.7%
The Netherlands	48.2	50.0	-3.5%
<b>TOTAL NRI LI</b>	<b>1,289.3</b>	<b>1,239.6</b>	<b>4.0%</b>

Figures may not add up due to rounding.

Region	Net Rental Income Like-for-like evolution (%)			
	Indexation	Renewals, relettings net of departure	Other	Total
France	1.1%	1.2%	2.2%	4.5%
Central Europe	1.8%	2.1%	1.7%	5.5%
Spain	1.5%	2.6%	-1.2%	2.8%
Nordics	2.1%	1.4%	1.4%	4.9%
Austria	2.3%	0.6%	2.0%	4.9%
Germany	1.0%	-0.3%	1.9%	2.7%
The Netherlands	1.0%	2.2%	-6.8%	-3.5%
<b>TOTAL</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>4.0%</b>

Figures may not add up due to rounding.

The +4.0% like-for-like NRI growth (+5.0% for Flagships) reflects a doubling of indexation (+1.4%) vs. 2017, as well as the growth of +1.3% in renewals and relettings and “Other”. “Other” in France was +2.2%, as a result of reversal of provisions for doubtful debtors. The increase in “Other” in Central Europe resulted from higher Sales Based Rents (SBR) and Specialty leasing income, in Austria from lower non-rechargeable expenses, and in Germany from indemnities. In The Netherlands, the -6.8% in “Other” is due to the booking of provisions for doubtful debtors.

Across the portfolio, SBR represented 2.6% (€38.1 Mn) of NRI, vs. 2.9%<sup>24</sup> (€41.0 Mn) in 2017, a decrease mainly due to the settlement in 2017 of higher than expected SBR in the Nordics, Spain and Germany.

### 1.3. Leasing activity in 2018

UR signed 1,319 leases on standing assets for €198.6 Mn of MGR, a slight decline vs. 2017 (1,431<sup>25</sup>), as some negotiations with retailers take more time, although the leasing pace accelerated in Q4. The MGR uplift on renewals and relettings was +11.7% (+13.6%<sup>26</sup>), in line with the target for the period. This uplift was primarily due to a strong reversion in Spain and France, partially offset by the limited uplifts in the Nordics, The Netherlands and Germany. The MGR uplift was +12.3% excluding assets in a disposal process, and +14.4% (+16.8%) in Flagship assets.

<sup>24</sup> On a proportionate basis. The SBR represented 3.0% in 2017 based on IFRS.

<sup>25</sup> On a proportionate basis. The number of leases signed on standing assets based on IFRS was 1,350 in 2017.

<sup>26</sup> On a proportionate basis. The MGR uplift based on IFRS was +14.7% in 2017.

Region	Lettings / re-lettings / renewals excl. Pipeline				
	nb of leases signed	sqm	MGR (€ Mn)	MGR uplift	
				€ Mn	%
France	424	128,390	79.4	9.7	16.6%
Central Europe	265	69,459	31.7	3.0	11.4%
Spain	190	79,231	26.0	2.8	17.8%
Nordics	182	67,415	24.4	-	0.1%
Austria	93	25,211	13.0	1.4	12.6%
Germany	118	32,425	19.5	0.7	4.5%
The Netherlands	47	12,870	4.6	0.1	1.7%
<b>TOTAL</b>	<b>1,319</b>	<b>415,001</b>	<b>198.6</b>	<b>17.6</b>	<b>11.7%</b>

MGR: Minimum Guaranteed Rent.

Figures may not add up due to rounding.

#### 1.4. Lease expiry schedule, Vacancy and Occupancy Cost Ratio (OCR)

As at December 31, 2018, the total annualized MGR from UR's shopping centre portfolio increased to €1,501.0 Mn (€1,489.5<sup>27</sup> Mn as at December 31, 2017).

The following table shows a breakdown by lease expiry date and at the tenant's next break option:

Retail	Lease expiry schedule			
	MGR (€Mn) at date of next break option	As a % of total	MGR (€Mn) at expiry date	As a % of total
Expired	43.2	2.9%	42.5	2.8%
2019	278.1	18.5%	131.2	8.7%
2020	306.4	20.4%	130.2	8.7%
2021	291.8	19.4%	125.7	8.4%
2022	213.0	14.2%	190.4	12.7%
2023	127.4	8.5%	159.6	10.6%
2024	50.0	3.3%	90.6	6.0%
2025	53.6	3.6%	132.8	8.8%
2026	29.0	1.9%	105.9	7.1%
2027	19.5	1.3%	100.4	6.7%
2028	23.9	1.6%	81.9	5.5%
2029	8.5	0.6%	32.5	2.2%
Beyond	56.6	3.8%	177.2	11.8%
<b>TOTAL</b>	<b>1,501.0</b>	<b>100%</b>	<b>1,501.0</b>	<b>100%</b>

Figures may not add up due to rounding.

The Estimated Rental Values (ERV) of vacant space in operation in the portfolio decreased to €42.0 Mn (from €45.5<sup>28</sup> Mn as at December 31, 2017).

<sup>27</sup> On a proportionate basis. The total annualized MGR based on IFRS was €1,341.2 Mn as at December 31, 2017.

<sup>28</sup> On a proportionate basis. The ERV of vacant space in operation on the total portfolio based on IFRS was €37.8 Mn in 2017.

The EPRA vacancy rate<sup>29</sup> decreased to 2.4% as at December 31, 2018 (2.6%<sup>30</sup>). The decrease is mainly due to The Netherlands, the Nordics (lettings in Täby Centrum, Solna and Nacka), France (lettings in Le Forum des Halles, Parly 2, Vélizy 2 and Lyon Confluence) and Germany. The increase of vacancy in Central Europe was due primarily to the eviction of a number of tenants and some bankruptcies, though vacancy remains at very low levels.

Region	Vacancy			
	Proportionate			IFRS
	Dec. 31, 2018		% Dec. 31, 2017	% Dec. 31, 2017
	€Mn	%		
France	19.8	2.6%	2.8%	2.8%
Central Europe	2.7	1.2%	0.4%	0.4%
Spain	1.8	0.9%	1.0%	1.0%
Nordics	4.7	3.1%	4.2%	4.2%
Austria	1.1	0.9%	1.0%	1.0%
Germany	8.9	3.8%	4.0%	2.6%
The Netherlands	3.1	5.1%	6.5%	6.5%
<b>TOTAL</b>	<b>42.0</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.4%</b>

Excluding pipeline.

Figures may not add up due to rounding.

The OCR<sup>31</sup> was 15.5% (15.2%<sup>32</sup>).

Region	OCR		
	Proportionate		IFRS
	2018	2017	2017
France	15.8%	15.5%	15.4%
Central Europe	15.4%	15.6%	16.4%
Spain	13.6%	13.1%	13.1%
Nordics	15.2%	15.4%	15.4%
Austria	17.1%	16.7%	16.7%
Germany	15.6%	15.3%	13.6%
The Netherlands (1)	-	-	-
<b>TOTAL</b>	<b>15.5%</b>	<b>15.2%</b>	<b>15.1%</b>

(1) Tenant sales not available in The Netherlands.

<sup>29</sup> EPRA vacancy rate: Estimated Rental Value (ERV) of vacant spaces divided by ERV of total surfaces.

<sup>30</sup> On a proportionate basis. The EPRA vacancy rate based on the IFRS perimeter was 2.4% as at December 31, 2017.

<sup>31</sup> Occupancy Cost Ratio: (rental charges + service charges including marketing costs for tenants, all including VAT) / (tenants' sales, including VAT). As tenant turnover is not known for all tenants for The Netherlands, no reliable OCR can be calculated for this country. Primark sales are estimates.

<sup>32</sup> On a proportionate basis. The OCR based on IFRS was 15.1% as at December 31, 2017.

## 1.5. Average rent/sqm and Appraisers' view on NRI Growth

The table below contains quantitative data used by UR's appraisers, and disclosed in the "*Property portfolio and Net Asset Value*" note.

<b>Shopping centres - December 31, 2018</b>		Rent in € per sqm (a)	CAGR of NRI (b)
France	Max	896	13.9%
	Min	162	2.0%
	Weighted average	514	4.1%
Central Europe	Max	602	3.0%
	Min	140	2.1%
	Weighted average	384	2.6%
Spain	Max	547	3.8%
	Min	128	1.4%
	Weighted average	346	3.3%
Nordics	Max	468	3.6%
	Min	184	2.6%
	Weighted average	374	3.1%
Germany	Max	480	3.8%
	Min	159	2.0%
	Weighted average	302	3.0%
Austria	Max	406	3.0%
	Min	376	2.4%
	Weighted average	390	2.7%
The Netherlands	Max	405	3.4%
	Min	168	2.4%
	Weighted average	270	2.6%
<b>UNIBAIL- RODAMCO</b>	<b>Max</b>	<b>896</b>	<b>13.9%</b>
	<b>Min</b>	<b>128</b>	<b>1.4%</b>
	<b>Weighted average</b>	<b>405</b>	<b>3.4%</b>

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

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

## 2. Offices

### 2.1. Office property market in 2018

Unless otherwise indicated, all references to take-up, vacancy, investment transaction, rents and leasing relate to the period ended December 31, 2018, and comparisons relate to the same period in 2017.

#### Take-up

After a very strong performance in 2017, the take-up at the end of 2018 in the Paris region was down by -5% to 2.5 million sqm<sup>33</sup>, in line with the 10-year average.

The Inner Paris sector remains the most dynamic sector with 41.5% of the total take-up at 1,038,000 sqm, including 458,500 sqm in the Paris Central Business District (CBD), down slightly compared to last year but +15% above the 10-year average.

The La Défense market saw a take-up of 135,000 sqm (-24%), due to a lack of major transactions.

<sup>33</sup> Source: Immostat.

## Available supply

For the first time since 2008, the immediate supply in the Paris Region stood below 3 million sqm at 2.9 million sqm, of which only 23% was new or refurbished as new and only 6% in La Défense.

The vacancy rate<sup>34</sup> in the Paris region decreased further to 5.5% (6.5%).

Differences remain significant between sub-markets, with Paris CBD and La Défense well below the average at 1.5% and 4.6%, respectively.

## Rental values

Rental values remained at a high level in the Paris Region, especially in the Paris CBD, where prime rents stood at around €850 / sqm (and the Lazard transaction at €840 / sqm on 175 boulevard Haussmann, for 10,563 sqm).

In the La Défense market, prime rents did not exceed €530 / sqm (MSD signed on Carré Michelet, a refurbished as new building, for 9,900 sqm). Nevertheless, prime rents may increase in 2019 with the delivery of prime new buildings and face rents expected to be signed between €550 and €580 / sqm.

The average level of incentives for new building lettings in the Paris Region decreased to 20% in Q4-2018, compared to 21% in the same period last year. In Paris CBD, lease incentives decreased from 16% to 14%, and in La Défense from 28% to 23%.

## Investment market

The total completed volume of transactions in the Paris region increased by almost +12% to €19.1<sup>35</sup> Bn (€17.1 Bn) as a result of strong investor appetite for Paris offices for the fourth consecutive year.

This volume was driven by €10.9 Bn of transactions in H2, compared to €8.1 Bn in H1.

55 large transactions (over €100 Mn) were recorded (45). Large transactions accounted for approximately two-thirds of total investments. The largest transactions in 2018 were:

- Capital 8 and 54-56 rue La Boétie in Paris 8<sup>th</sup>;
- Kosmo in Neuilly-sur-Seine; and
- Windows, Tour Ariane and Tour Pacific in La Défense.

European investors, primarily investment funds, insurance companies and SCPIs, drove the market in 2018, as in 2017.

Strong demand, ample availability of financing and limited supply of high quality office buildings continued to compress yields for prime office assets. In La Défense, prime yields fell by about 25 bps to around 4.00%, and prime yields in Paris CBD fell by about 25 bps to around 3.00%.

## **2.2. Office division activity in 2018**

Consolidated NRI amounted to €134.3 Mn, a -4.6% decrease due primarily to the impact of disposals in 2017 and 2018, partially offset by good leasing activity.

Region	Net Rental Income (€Mn)		
	2018	2017	%
France	117.7	123.6	-4.8%
Nordics	11.0	12.4	-11.1%
Other countries	5.6	4.9	16.1%
<b>TOTAL NRI</b>	<b>134.3</b>	<b>140.8</b>	<b>-4.6 %</b>

Figures may not add up due to rounding.

<sup>34</sup> Source: BNP Paribas Immobilier.

<sup>35</sup> Source: Cushman & Wakefield.



The decrease of -€6.5 Mn breaks down as follows:

- -€9.5 Mn mainly due to the impact of disposals in 2017 (So Ouest Plaza in October and the Arlanda hotel in the Nordics in August) and 2018 (Capital 8 in November and Tour Ariane in December);
- -€0.7 Mn due to currency effects in Sweden;
- -€0.4 Mn due to assets moved to pipeline in France;
- +€0.4 Mn mainly due to the delivery of the Wroclavia offices in Q4-2017;
- The like-for-like NRI growth was +€3.7 Mn (+4.5%) mainly due to good leasing performance and the reversal of provisions for doubtful debtors and litigation.

Region	Net Rental Income (€Mn)		
	Like-for-like		
	2018	2017	%
France	69.6	67.1	3.7%
Nordics	11.7	10.9	7.3%
Other countries	5.1	4.6	9.6%
<b>TOTAL NRI LfL</b>	<b>86.3</b>	<b>82.6</b>	<b>4.5%</b>

Figures may not add up due to rounding.

31,030 weighted square meters (wsqm) were leased in standing assets, including 10,879 in France and 12,012 in the Nordics (renewals and relettings in Täby Centrum and Solna).

In addition, a lease agreement with Nestlé for the entire 43,293 sqm Shift building was signed in H1-2018.

The expiry schedule of the leases of the office portfolio (termination option and expiry date) is shown below:

Office	Lease expiry schedule			
	MGR (€Mn) at date of next break option	As a % of total	MGR (€Mn) at expiry date	As a % of total
Expired	1.0	0.9%	0.9	0.8%
2019	29.2	25.7%	19.9	17.5%
2020	7.6	6.7%	4.8	4.2%
2021	6.4	5.7%	3.8	3.3%
2022	7.7	6.8%	7.3	6.4%
2023	2.9	2.5%	4.9	4.3%
2024	0.6	0.5%	0.6	0.5%
2025	32.0	28.1%	7.0	6.2%
2026	3.0	2.6%	2.6	2.3%
2027	0.7	0.6%	11.8	10.4%
2028	13.1	11.5%	33.1	29.1%
2029	8.0	7.0%	13.3	11.7%
Beyond	1.7	1.5%	3.6	3.2%
<b>TOTAL</b>	<b>113.7</b>	<b>100 %</b>	<b>113.7</b>	<b>100%</b>

Figures may not add up due to rounding.

The ERV of vacant office space in operation amounted to €5.5 Mn as at December 31, 2018, corresponding to a financial vacancy<sup>36</sup> of 4.4% (4.6%), of which €2.9 Mn or 2.9% (3.3%) in France. The decrease in France is mainly due to the disposal of Tour Ariane and the restructuring in Le Sextant (asset moved to the pipeline), partially offset by newly vacant units in Les Villages and the impact of the acquisition of Rosny 2 offices.

<sup>36</sup> EPRA Vacancy rate = Estimated Rental Value (ERV) of vacant spaces divided by ERV of total surfaces.

### 3. Convention & Exhibition

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

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

2018 was characterized by the following shows:

#### *Annual shows:*

- The 55<sup>th</sup> edition of the International Agriculture show (“SIA”) attracted 672,600 visitors, +9% vs. 2017;
- The 3<sup>rd</sup> edition of Vivatech attracted over 100,000 visitors (+47% vs. 2017) of more than 125 nationalities.

#### *Biennial shows:*

- The 26<sup>th</sup> edition of Eurosatory, the Land and Airland Defence and Security Exhibition, attracted 57,000 visitors. With 1,802 exhibitors (+15% compared to 2016), it maintained its position as the leading international exhibition in its field;
- SIAL, the European leader in the food sector, was a success in October in Paris Nord Villepinte with 310,000 visitors (+100% vs. the 2016 edition);
- In spite of a shorter duration of the show (from 16 to 11 days), the 120<sup>th</sup> edition of the Mondial Paris Motor Show at Paris Expo Porte de Versailles attracted more than one million visitors and remains the most visited automobile event in the world.

#### *Triennial show:*

- One of the world’s leading shows, the International Exhibition for Equipment and Techniques for Construction and Materials Industries (“INTERMAT”) attracted more than 173,000 visitors, including 30% from outside France from 160 countries.

Following the opening of the Paris Convention Centre in H2-2017, several large corporate events took place in 2018, including the Google Cloud Summit and Microsoft Tech Summit.

In the Congress segment, the Paris Convention Centre hosted the annual EASL (European Association for Study of the Liver) congress, which attracted ca. 10,000 delegates and 250 media representatives from all over the world. The ISMRM (International Society for Magnetic Resonance in Medicine) congress welcomed 7,000 professionals, +20% vs. the 2017 edition in Hawaii, and the ERS (European Respiratory Society) congress gathered 22,800 delegates (+3% vs. 2017 in Milano). The EADV (European Academy of Dermatology and Venereology) congress held in Palais des Congrès de Paris welcomed 13,000 delegates (record session), +19% vs. 2017 in Geneva.

In total, 721 events were held in Viparis venues during 2018, of which 259 shows, 90 congresses and 372 corporate events.

Viparis’s EBITDA<sup>37</sup> came to €160.9 Mn, an increase of +€8.8 Mn (+5.8%) compared to 2016. Adjusted for the impact of the triennial Intermat exhibition, growth was +0.7%.

The second phase (2017-2019) of renovation works on the Porte de Versailles site continued, with the construction of the new Pavilion 6 and two new hotels (Novotel & Mama Shelter) scheduled to open in H2-2019.

The NRI from hotels amounted to €6.1 Mn (€11.6 Mn in 2017), mainly due to the closure in August 2017 of the Pullman Montparnasse hotel for renovation works.

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<sup>37</sup> EBITDA (Viparis) : “Net rental income” and “Other site property services net income”, on a proportionate basis.

## 4. Westfield business review

This section provides an overview of the most significant business events for WFD in 2018. While the Group's accounts reflect WFD's activity only from June 1, 2018, in this section references are to events over the entire 12-month period ended December 31, 2018, and unless otherwise indicated, all references to tenant sales, rents, leases signed, vacancy and occupancy cost ratios relate to the period ended December 31, 2018, and comparisons relate to the same period in 2017.

### 4.1. United States

#### Economic environment

US macro-economic indicators continued to be robust. The estimated full year 2018 US GDP growth<sup>38</sup> is +3.1% (+2.2%). The inflation rate<sup>39</sup> (CPI) was +2.2% (1.8%). The unemployment rate<sup>39</sup> at the end of December 2018 was 3.9%. The University of Michigan Consumer Sentiment Index averaged 98.4 in 2018, the best year since 2000, although in December, for the first time in two years, respondents reported more negative than positive news about job prospects. GDP growth for 2019 is expected to be +2.2%<sup>40</sup>. The principal uncertainties for the economic outlook relate to the ongoing trade disputes, the effect of the US government shutdown, the diminishing impact of the Tax Cuts and Jobs Act of 2017 and political uncertainties.

Retail sales growth, including e-commerce<sup>41</sup>, was strong at +4.6% through November 2018, compared to the same period in 2017.

#### Tenant Sales

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

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

#### **US Top 10 Tenants as a percentage of total retail rents**

% of total rent	14.8%
Largest tenant	2.1%
Victoria's Secret	
H&M	
AMC	
Zara	
Express	
Macy's	
Forever 21	
Sephora	
Apple	
American Eagle Outfitters	

#### Leasing

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

The average rental spreads<sup>42</sup> were +7.5%, of which +11.5% for Flagships and -1.6% for Regionals. In addition, the Group continued to diversify the tenant mix, with 72% of the new deals in non-fashion categories.

<sup>38</sup> Source: Congressional Budget Office.

<sup>39</sup> Source: US Bureau of Labor Statistics.

<sup>40</sup> Source: Conference Board Economic Forecast for the US economy. January 9, 2019.

<sup>41</sup> Source: US Census Bureau, excluding gasoline.

<sup>42</sup> For the US portfolio, the rental spread reflects the average increase in total rents, including base rents and common area maintenance charges.

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

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

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

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

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

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

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

### **Commercial Partnerships**

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

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

### **Marketing and digital**

Key highlights of the US marketing and digital programmes include:

- The 2018 holiday marketing campaign positioned Westfield shopping centres as unique retail destinations for gifting, and celebrations such as private Cocoa with Santa, tree lighting, and Nutcracker performances. At Westfield World Trade Center, the popular Holiday Market at the Oculus returned, bringing together over 20 curated retail kiosks, a programmed stage with music, kids entertainment and engaging photo moments.
- Amazon kicked-off the holiday shopping season at Westfield Century City with a 5-day 8,000 square foot program in The Atrium aimed at educating consumers about their Fire TV products. Over 26,000 shoppers went through the experience which featured multiple interactive consumer activities, including a backyard cinema club, influencer

workshops, product demos, a gift wrap shop, outdoor games and photo opportunities. The Amazon store beat their plan, selling out and restocking products several times.

- Nicki Minaj performed a special exclusive show at Westfield World Trade Center in August before 2,000 super fans as part of the 2018 MTV Video Music Awards – where Minaj took home the Best Hip Hop Video Award.
- On the Digital front, the audience on URW's US channels increased significantly with higher visitation and engagement, resulting in:
  - 18.2 million web sessions (16.2 million) for 10.4 million users (+11%);
  - 660,000 app sessions (268,000) by 75,000 users (+146%);
  - 170,000 new email subscribers since July 2018;
  - 44 million pageviews (+9%) with an average time per user session increasing by +12%.

### **Extensions and renovations**

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

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

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

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

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

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

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

### **Net Operating Income**

Net Operating Income (NOI<sup>43</sup>) increased by +3.1% to \$581.7 Mn, primarily due to the deliveries of the Westfield Century City and Westfield UTC extensions and renovations, which collectively account for 12% of the NOI. Comparable NOI, excluding termination income and exceptional items, declined by -1.6%, of which -0.3% in the Flagships, compared to -3.0% and -2.6%, respectively, for the period to June 30, 2018. Westfield Century City, Westfield UTC and Westfield Valley Fair are excluded from the comparable NOI.

Occupancy<sup>44</sup> of the US portfolio ended the year at 95.6%, stable compared to the prior year, but 130 bps above the occupancy as at June 30, 2018. As at December 31, 2018, occupancy of the Flagship and Regional portfolios was 96.2% and 94.8%, respectively, compared to 95.5% and 92.7% as at June 30, 2018, an increase of +70 bps and +210 bps, respectively.

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<sup>43</sup> NOI: Net Operating Income before management fees, termination / settlement income and straight-line adjustments, and excluding one-offs.

<sup>44</sup> Vacancy based on unleased space on a square foot basis, excluding development space, and including temporary leasing.

The Occupancy Cost Ratio<sup>45</sup> for specialty stores was down by -100 bps to 13.4%, of which 13.4% for the Flagships and 13.5% for the Regionals.

### **Average Rent psf**

Average specialty store<sup>46</sup> rent was \$86.66 psf as at December 31, 2018, an increase of +\$3.27 (+3.9%) over the prior year. The increase in the Flagship portfolio was +\$4.50 (+4.4%) to \$106.63 psf, while the Regional portfolio saw a decrease of -\$0.62 (-1.1%) to \$54.97 psf, driven by lower rents on renewals, particularly on short-term renewals.

## **4.2. United Kingdom**

### **Economic environment**

The economy continued to show positive growth, albeit more slowly than last year. Overall GDP growth is expected to reach +1.5% in 2018 (vs. +1.8% in 2017). The unemployment rate as at November 2018 stood at its lowest level since 1975 at 4.0%, -0.3% lower than December 2017. The key variable for the forecasts is the on-going Brexit process. It is unclear under what conditions the UK will leave the European Union in March 2019. Political uncertainty also remains high.

### **Footfall**

Footfall was up by +6.1%, driven by the opening of the extension of Westfield London in March 2018 (+9.8%), whilst Westfield Stratford City was also up (+4.1%), largely due to increased traffic to events at the London Stadium and Queen Elizabeth Olympic Park. The UK shopping centre index<sup>47</sup> was -3.2%. Westfield Stratford City surpassed 50 million annual customer visits for the first time, reaching a total of over 51 million visits.

### **Tenant sales**

Overall tenant sales in the UK centres were up by +2.8%, particularly reflecting growth of +8.6% at Westfield London driven by the opening of the Phase 2 extension. Strong growth in sport (+6.8%) and dining (+4.5%) was partly offset by a decline in bags, footwear and accessories (-6.3%). For the period to November 2018, tenant sales were up by +2.7%, 547 bps above the market<sup>48</sup>. For specialty tenants, sales psf decreased by -2.9% to £946 psf in 2018, largely driven by the impact of the larger stores in and tenant relocations to Westfield London Phase 2.

### **Leasing activity, Occupancy and NRI**

113 leases were signed (150), a decrease primarily due to the timing of the rent review cycle at Westfield Stratford City and the lease renewal cycle at Westfield London. The average MGR uplift was +19.8%. In addition, 53 leases were signed for Westfield London Phase 2.

Chinese brands Urban Revivo and Xiaomi opened their first store outside of Asia and first store in London, respectively, both in Westfield London. Another notable signing in Westfield London was Natura Bissé, a Spanish luxury skincare retailer, which opened its first luxury spa in The Village.

NRI increased by +8.6% following the conclusion of the first rent review cycle at Westfield Stratford City and the delivery of Westfield London Phase 2. Lfl NRI growth in the UK was +3.4%.

Occupancy<sup>49</sup> stood at 95.2% (vs. 97.7% as at June 30, 2018), primarily driven by tenant relocations in Westfield London Phase 1 to the Phase 2 extension and some non-renewals.

Despite a sizeable number of UK retailers entering into a Company Voluntary Arrangement (CVA) procedure, only three stores within Westfield London and Westfield Stratford City saw an impact on rent (£1.1 Mn in total, on an annual basis), with a further 12 stores seeing no impact, out of a total of 794 stores in the two centres.

The OCR was 19.6% (vs. 21.0% at June 30, 2018).

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<sup>45</sup> Calculated for tenants with <20K sq. ft of space. Occupancy cost is based on total rent, including common area maintenance charges.

<sup>46</sup> Stores with <10K sq. ft (ca. 929 sqm).

<sup>47</sup> Source: British Retail Council, January 10, 2019.

<sup>48</sup> Market sales based on the BDO High Street Sales tracker.

<sup>49</sup> Based on leased space on a square foot basis, excluding development space. Financial vacancy (reflecting the base rent of vacant space as a percentage of the ERV) in the UK was 8.2% as at December 31, 2018.

## **Commercial Partnerships**

Brand ventures, media and specialty leasing revenues increased by +13.9%, primarily driven by additional income from the new indoor media contract with JC Decaux at both centres and specialty leasing revenues from the Westfield London Phase 2.

Significant events included the:

- Eid festival on new Westfield Square and The Atrium at Westfield London was the first of its kind;
- Rock the Ribbon interactive activation utilizing the new Westfield Square screen. Winners of the Ocean creative competition, this interactive experience involved customers' dancing broadcast on the screen as a dancing red ribbon to raise awareness on World Aids Day;
- Beats by Dr.Dre wrap advertising on the Town Centre Link bridge at Westfield Stratford City;
- Peloton, a US fitness brand offering an on-demand indoor cycling experience, opened a pop-up store in Westfield London.

## **Marketing and digital**

The number of digital subscribers was 1.5 million as at December 31, 2018, in addition to 61,600 Instagram followers and 5.1 million repeat Wi-Fi users (+30% and +13% vs. 2017, respectively).

Other key marketing highlights for the period include:

- URW received two awards (for The Future Forest event and Strategic Marketing campaign – London Food Month) at The Revo Purple Apple Marketing Awards, which recognize effective retail destination marketing within the UK retail property sector;
- During July and August, a Summer campaign was activated at both centres where almost 120,000 visitors participated in a funfair themed event sponsored by Seat;
- At Westfield London and Westfield Stratford City, a fashion campaign ran during September featuring Adwoa Aboah. The fashion campaign, sponsored by GHD, was activated with a Hearst 'On Trend' event, featuring Elle, Cosmopolitan & Esquire and was attended by 34,000 visitors;
- The "Meet the Neighbours" campaign to promote the opening of Westfield London Phase 2, which featured James Corden, Miss Piggy, Adwoa Aboah and Nigella Lawson completed in October. The campaign ended with the Westfield London 10<sup>th</sup> birthday event on October 30 with performances by Rita Ora, Liam Payne and Rudimental, followed by a spectacular fireworks display;
- At Westfield London, the Christmas campaign featured a partnership with Disney "The Nutcracker and the Four Realms". The European Film premiere with Keira Knightley and Mackenzie Foy took place at Westfield London and was supported by an experience created by Bompas and Parr. Sponsored by Glade, this was an experience inspired by the film, bringing each realm featured in the film to life.

## **Extension, renovation and brownfield projects**

**Westfield London:** from the opening of the extension on March 20, 2018, footfall for the entire centre was up by +12.6%. Overall, 96% (in terms of GLA) of the extension was let as at December 31, 2018. The extension created a new homeware hub with new retailers including West Elm, Bo Concept, Raft, DFS, Heal's, Habitat and H&M Home (one of the first five launched across Europe). The food and leisure offering has been enhanced with the opening of Ichiba, the largest Japanese food hall in Europe, and new leisure concepts Putt-Shack and All Star Lanes. In addition, works have commenced to fully renovate and extend the existing food court in the Atrium of Westfield London Phase 1, to be completed in 2019.

### III. INTEGRATION

The combination of UR and WFD is a natural extension of UR's strategy of concentration, differentiation and innovation consistent with its objective to focus on premium shopping destinations in the wealthiest capital cities, prestigious office buildings and major convention and exhibition venues, and vertically integrating the entire real estate value creation chain. With the Westfield Transaction, UR acquired a leading portfolio and an extensive development pipeline managed by a team of experienced professionals, in addition to an iconic brand.

Based on the first few months of operating as a Group, the strategic rationale of this transaction remains unchanged, all the more so in light of the accelerating changes in the retail sector. While likely to take longer than originally envisioned, the long-term value creation potential is clear as URW deploys its operating management expertise and its financial discipline across the entire portfolio, the newly created Groupwide International Leasing and the Commercial Partnerships teams in Europe "hit their stride" and the Group rolls out the Westfield brand in Continental European Flagships. In addition, the strategic decision to significantly increase the densification of Flagship assets will benefit from the combined expertise of the Westfield and UR development teams.

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

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

Since the closing on June 7, 2018, the integration process has made significant progress. Beyond the new governance and new management structure in place since Day 1, the Group has focused on the following priorities:

#### 1. Delivering on Synergies

##### Cost synergies

- Following the realization of the cost synergies achieved as at June 30, 2018, the ramp-down of the Sydney office operations is almost complete, with most of the tasks now transferred to the US and the UK and to the Paris corporate office, or outsourced. The net expected run-rate cost synergies amount to €75 Mn.

##### Revenue synergies

To capture the expected revenue synergies, the Group has created:

- A Commercial Partnerships team in Europe to leverage Westfield's extensive commercial network, create package deals combining store openings with special centre events and marketing plans, increase advertising revenues and build a pan-European strategy and deals leveraging URW's unrivalled European shopping centre platform. To attain these objectives a mixed London-Paris based team has been set-up under the leadership of a long-time Westfield professional. The aim is to realize a compound annual growth rate of +10% in this category of revenues over the next five years;
- A new Group-wide International Leasing structure to reap the benefits of being global. A dedicated cross continental structure is now focused on coordinating the negotiations at Group level with its largest partners, while developing new high-potential brands in the US and Europe, including a focus on food and beverage;
- A new Group Digital team leading the deployment of the loyalty system in the US and the UK, as these countries already have customer database capabilities, while convergence across platforms of the digital ecosystem will ensure savings on the license and maintenance costs;
- The roll-out of the Westfield brand in Continental European Flagship assets will start in 2019, with the first ten centres to be simultaneously rebranded in September 2019 (in France, the Czech Republic, Poland and the Nordics), and eight additional centres in 2020. Each rebranding will be accompanied by a specific event and communication plan.

#### 2. Optimizing organization and processes

- The Operating Management function was put in place in the US and the UK to design a 'value creation' approach across all the assets;
- An initial 5-year business plan (BP) exercise was performed in H2-2018 in the US and the UK, which will lead to close monitoring of asset level performance and an asset by asset strategy with short and medium term action plans. In 2019,



the Group's Marketing and Leasing Action Plans and the ERV exercise, critical to the 5-year BP process, will be performed for every asset for the first time;

- Finance convergence projects on performance and asset management tools, as well as consolidation and treasury capabilities, are underway and will be a high priority in the 2019 IT roadmap;
- Development projects are now reviewed through common KPIs and processes, to share best practices and ensure organizational convergence;
- Operational efficiency and process improvement reviews are on-going.

### **3. Achieve cultural integration**

- A cultural survey was performed, with a participation rate of above 70%, which showed a large number of shared values across the organizations and an 'Organizational Health Index' in the top quartile of industry standards<sup>50</sup>;
- The first talent review session was performed at a global level, and new corporate values will be introduced in early 2019.

### **4. Capital**

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

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<sup>50</sup> Source: OHI Methodology – McKinsey Survey, based on 800+ surveys.

## IV. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

CSR is fully integrated into URW's operating, development and investment activities. As early as 2007, UR devised an ambitious CSR strategy based on environmental best practices, social fairness and transparent governance.

In 2016, the Group took up a new long-term challenge in Continental Europe, with its “Better Places 2030” programme. This roadmap is structured around one main target: reduce the Group's carbon footprint by -50% by 2030 (vs. 2015). In doing so, UR was the first listed real estate company to incorporate CSR into its entire value chain and address the wide scope of indirect carbon emissions resulting from construction works, transportation of visitors and employees, and energy consumption by tenants. A clear governance has been set up, both at strategic and operational levels across the Group.

“Better Places 2030” addresses the main challenges facing commercial real estate by 2030: moving toward a low-carbon economy, anticipating new modes of sustainable mobility, and fully integrating the Group's business activities with the local communities.

In June 2018, the Group received for its first ESG post-closing assessment by ISS-Oekom a B- rating, the highest among real estate companies assessed worldwide.

In the context of the integration of its newly acquired US and UK activities, URW has been working on updating its CSR strategy over the course of H2-2018. The outlines of this strategy will be communicated alongside with the detailed 2018 achievements on CSR in the 2018 Registration Document. Therefore, unless otherwise indicated, the achievements listed below relate to UR only.

In 2018, the main achievements<sup>51</sup> on the four pillars of “Better Places 2030” were:

- **Pillar 1 - “Better Buildings”:**
  - 100% of development projects have conducted a Life Cycle Assessment analysis in the design phase (80% in 2017);
  - All regions are now supplied with Green Electricity<sup>52</sup>;
  - 116 LED partnerships were signed, bringing the total to 33.5% of total retail GLA covered<sup>53</sup> (15.6% as at December 31, 2017);
  - The Group continued its programme of environmental asset certification:
    - For development projects, one new post-construction BREEAM Excellent certificate was obtained for Mall of Scandinavia, and four new design-state BREEAM Excellent certificates were obtained for Gaîté Montparnasse offices and retail, Trinity and Versailles Chantiers;
    - For its standing portfolio, 16 owned and managed shopping centres obtained a BREEAM In-Use certificate in 2018 (newly certified or renewed). As at December 31, 2018, the Group had 47 owned and managed shopping centres certified BREEAM In-Use in Continental Europe, of which 47% rated “Outstanding” for “Building Management (Part 2)”.
  - A full update on energy efficiency will be provided in the 2018 Registration Document.
- **Pillar 2 - “Better Connectivity”:**
  - 100% of the Group's standing assets<sup>54</sup> are now equipped with electrical vehicle charging spaces;
  - 36 shopping centres have engaged in Mobility Action Plans to improve access through sustainable transportation and reduce the associated carbon footprint.
- **Pillar 3 - “Better Communities”:**
  - “UR for Jobs”, aimed at creating local job opportunities was conducted in 30 shopping centres. As a result, 551 initial job and training placements were provided by the Group's tenants and suppliers;
  - 17 “Solidarity Days” initiatives took place in close partnership with NGOs;
  - 1,210 of the Group's employees (78% of the total workforce in Continental Europe<sup>55</sup>) dedicated at least one day to volunteer for one of these initiatives.

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<sup>51</sup> The data communicated in this paragraph are under review by auditors. All items refer to Continental Europe.

<sup>52</sup> In the common areas of owned and managed shopping centres.

<sup>53</sup> For owned and managed assets.

<sup>54</sup> For the owned and managed shopping centres for which the Group fully owns and manages the car parks.

<sup>55</sup> Excluding Viparis and new joiners (Q4-2018).

▪ **Pillar 4 - “Better Collective Power”:**

- In addition to the CSR objectives included since January 2017 in the Short Term Incentive of the Management Board and corporate/country leadership teams, individual CSR objectives have now been extended to all employees;
- Subject to AGM approval in 2019, the Supervisory Board will introduce CSR targets in the Long Term Incentive performance conditions, to reflect URW’s ongoing commitment to sustainable business practices.

In delivering Better Places 2030, UR also develops a favorable ecosystem through open partnerships with NGOs, cities, corporates, SMEs and start-ups. In 2018, the Group built strong partnerships with Joblinge in Germany, UNICEF in France and Childhood in Sweden. The Group also leveraged URW Link, its open-innovation platform, to identify innovative CSR solutions such as food waste (Too Good To Go), urban farming and the circular economy.

The Group’s ambitious CSR agenda was once again recognized by equity and debt investors as a value creation driver for its stakeholders. URW was reconfirmed in the main ESG indices, ratings and awards for 2018:

▪ **Indices:**

- Euronext Vigeo indices: World 120, Eurozone 120, Europe 120 and France 20;
- FTSE4Good Index series;
- Ethibel Sustainability Index (ESI) Excellence Europe and Excellence Global;
- ECPI indices;
- CAC 40@ Governance index – “Top 10 performers”;
- ECPI indices.

▪ **Ratings:**

- Sustainalytics: 1<sup>st</sup> place in the real estate industry ranking;
- GRESB (Global Real Estate Sustainability Benchmark – the only sustainability benchmark dedicated to the real estate sector): 1<sup>st</sup> accross the entire listed Global retail real estate companies, 1<sup>st</sup> among listed European real estate companies in the 2018 GRESB Survey, and rated ‘Green Star’ for the 8<sup>th</sup> consecutive year, with a rating of 5 stars (highest performance level);
- MSCI ESG ratings assessment: Rating of AAA (on a scale of AAA-CCC) for the 5<sup>th</sup> year in a row;
- Vigeo Eiris rating: 1<sup>st</sup> among the Financial Services - Real Estate sector (according to the last rating performed in 2017).

▪ **Awards:**

- In addition to complying with the new GRI (Global Reporting Initiative) sustainability reporting standards, the Group’s reporting complies with the EPRA Best Practice Recommendations for Sustainability Reporting and received its 7<sup>th</sup> consecutive EPRA Sustainability Gold Award;
- UR for Jobs received the EPRA award for most Outstanding Contribution to Society 2018 for its Community & Tenants Engagement.

## V. 2018 RESULTS

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

These results include WFD's results since June 1, 2018.

Unless otherwise indicated, all references below relate to the period ended December 31, 2018, and comparisons relate to the same period in 2017.

### Gross Rental Income

The Gross Rental Income (GRI) of URW amounted to €2,619.6 Mn (€1,881.9 Mn<sup>56</sup>), an increase of +39.2%. This growth resulted mainly from the acquisition of WFD (+€683.7 Mn, corresponding to seven months of GRI, which includes the US common area maintenance charges billed to tenants) and from the growth in the retail segment of UR (+3.1%), due to strong like-for-like growth and deliveries, partially offset by the negative impact of disposals and a weaker Swedish krona.

Region	Gross Rental Income (€Mn)			
	Proportionate			IFRS
	2018	2017	%	2017
France	706.9	691.1	2.3%	682.1
Central Europe	216.9	180.5	20.1%	179.0
Spain	174.7	178.3	-2.0%	178.0
Nordics	151.6	159.1	-4.7%	159.1
Austria	111.8	109.1	2.5%	109.1
Germany	149.8	145.9	2.7%	99.7
The Netherlands	70.4	70.2	0.4%	70.2
<b>Sub-Total UR - Retail</b>	<b>1,582.1</b>	<b>1,534.2</b>	<b>3.1%</b>	<b>1,477.1</b>
Offices UR	140.9	147.7	-4.7%	147.8
C&E UR	201.6	184.2	9.5%	181.7
Hotels UR	11.3	15.8	-28.5%	15.7
<b>Sub-Total UR</b>	<b>1,935.9</b>	<b>1,881.9</b>	<b>2.9%</b>	<b>1,822.3</b>
United States - SC	544.2	-	-	-
United States - Offices	11.9	-	-	-
United Kingdom	127.7	-	-	-
<b>Sub-Total WFD</b>	<b>683.7</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL URW</b>	<b>2,619.6</b>	<b>1,881.9</b>	<b>39.2%</b>	<b>1,822.3</b>

Figures may not add up due to rounding.

<sup>56</sup> On a proportionate basis. The amount under IFRS was €1,822.3 Mn in 2017.

## **Net Rental Income**

NRI of URW amounted to €2,161.0 Mn (€1,636.8 Mn<sup>57</sup>), an increase of +32.0%. This growth mainly resulted from the acquisition of WFD (+€458.9 Mn, corresponding to seven months of NRI) and the growth in the retail segment of UR (+4.7%, due to strong like-for-like growth and deliveries), partially offset by the negative impact of disposals.

Region	Net Rental Income (€Mn)			
	Proportionate			IFRS
	2018	2017	%	2017
France	651.1	618.1	5.3%	609.8
Central Europe	211.6	173.9	21.7%	172.4
Spain	155.5	161.3	-3.6%	161.0
Nordics	141.5	145.8	-2.9%	145.8
Austria	107.6	103.2	4.3%	103.2
Germany	139.6	135.9	2.7%	92.6
The Netherlands	59.0	61.7	-4.4%	61.7
<b>Sub-Total UR - Retail</b>	<b>1,465.8</b>	<b>1,399.9</b>	<b>4.7%</b>	<b>1,346.4</b>
Offices UR	134.3	140.8	-4.6%	140.8
C&E UR	96.0	84.6	13.5%	83.9
Hotels UR	6.1	11.6	-46.8%	11.6
<b>Sub-Total UR</b>	<b>1,702.2</b>	<b>1,636.8</b>	<b>4.0%</b>	<b>1,582.6</b>
United States - SC	351.1	-	-	-
United States - Offices	8.4	-	-	-
United Kingdom	99.4	-	-	-
<b>Sub-Total WFD</b>	<b>458.9</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL URW</b>	<b>2,161.0</b>	<b>1,636.8</b>	<b>32.0%</b>	<b>1,582.6</b>

Figures may not add up due to rounding.

**Net property development and project management income** was +€37.0 Mn, as a result of URW's Design, Development & Construction (DD&C) activity in the US and the UK.

**Net property services and other activities income** from property services companies in France, the US, the UK, Spain and Germany was €103.8 Mn (€78.3 Mn<sup>58</sup>), an increase of +€25.5 Mn mainly due to the increase in the C&E services activity and the positive impact of the acquisition of WFD.

## **Contribution of companies accounted for using the equity method**

The Contribution of companies accounted for using the equity method<sup>59</sup> amounted to €64.9 Mn (€62.9 Mn<sup>60</sup>), an increase of +€2.0 Mn, due mainly to a positive impact of Zlote Tarasy and Ring-Center (+€6.5 Mn), partially offset by negative valuation movements.

<sup>57</sup> On a proportionate basis. The amount under IFRS was €1,582.6 Mn in 2017.

<sup>58</sup> On a proportionate basis. The amount under IFRS was €79.8 Mn in 2017.

<sup>59</sup> Contribution of companies accounted for using the equity method represents URW's share of the Net recurring result for the period of entities accounted for using the equity method which are not joint-controlled (and therefore not retreated on a proportionate basis) and interests received on loans granted to these entities. This corresponds mainly to Zlote Tarasy, Ring-Center and Gropius Passagen in Europe and to the Blum/Centennial and Starwood Ventures entities in the US.

<sup>60</sup> On a proportionate basis. The amount under IFRS was €118.6 Mn in 2017.

Region	Contribution of companies accounted for using the equity method (€Mn)						
	2018			2017			2018/2017
	Recurring activities	Non-recurring activities	Total	Recurring activities	Non-recurring activities	Total	Change
France	-	-	-	-	-	-	-
Central Europe	46.6	27.5	74.1	45.5	22.1	67.6	6.5
Spain	-	-	-	-	-	-	-
Germany	1.0	1.9	0.9	1.0	5.7	4.7	3.8
The Netherlands	-	-	-	-	-	-	-
<b>Sub-Total UR - Retail</b>	<b>47.6</b>	<b>25.6</b>	<b>73.2</b>	<b>46.5</b>	<b>16.4</b>	<b>62.9</b>	<b>10.3</b>
Offices UR	-	-	-	-	-	-	-
C&E UR	-	-	-	-	-	-	-
<b>Sub-Total UR</b>	<b>47.6</b>	<b>25.6</b>	<b>73.2</b>	<b>46.5</b>	<b>16.4</b>	<b>62.9</b>	<b>10.3</b>
United States	7.1	15.4	8.3	-	-	-	8.3
United Kingdom	-	-	-	-	-	-	-
<b>Sub-Total WFD</b>	<b>7.1</b>	<b>15.4</b>	<b>8.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.3</b>
<b>TOTAL URW</b>	<b>54.7</b>	<b>10.2</b>	<b>64.9</b>	<b>46.5</b>	<b>16.4</b>	<b>62.9</b>	<b>2.0</b>

Figures may not add up due to rounding.

**Administrative expenses** (including development expenses) amounted to -€145.9 Mn (-€124.4 Mn<sup>61</sup>), an increase mainly due to the acquisition of WFD. As a percentage of NRI from shopping centres and offices, administrative expenses were 7.1% (8.1%).

**Acquisition and related costs** amounted to -€268.7 Mn (-€62.4 Mn):

- -€110.3 Mn were incurred by UR (financial and legal advisory fees, including VAT, and integration costs) for the WFD acquisition;
- -€108.7 Mn incurred by WFD (redundancy and other employee related costs as well as the costs associated with the accelerated vesting of the WFD employee share plan);
- -€48.9 Mn of integration costs incurred by URW; and
- -€0.8 Mn of other acquisition costs, mainly in France.

In 2017, UR and WFD had collectively booked as expenses -€68.0 Mn of WFD related transaction costs, of which €58.9 Mn in UR and €9.1 Mn in WFD.

In addition, -€80.9 Mn of financial advisory and legal fees paid by WFD were included in the opening balance sheet of WFD as at May 31, 2018.

Lastly, UR paid -€94.7 Mn to hedge the US\$ cash component of its offer for WFD, of which -€47.3 Mn was registered in 2017 in "Fair value adjustments of derivatives and debt" in its 2017 financial accounts and -€47.4 Mn was accounted for in the purchase consideration in 2018. The fair value gain on the hedge was +€159.6 Mn and was accounted for in the purchase consideration in 2018. The net gain in cash resulting from the FX hedge was +€64.9 Mn.

Consequently, the aggregate amount of expenses associated with the WFD acquisition were -€462.6 Mn, or -€397.7 Mn after taking into account the cash gain on the FX hedge (without including the integration costs).

**Result on disposal of investment properties and result on disposal of shares** were €83.1 Mn in total (€73.8 Mn), reflecting the gains on disposals (compared to the book value of such assets) of four office buildings (Capital 8 and Tour Ariane in France and Skylight and Lumen in Poland) and four shopping centres in Spain (Bahia Sur, Vallsur, Los Arcos and El Faro).

<sup>61</sup> On a proportionate basis. The amount under IFRS was -€123.1 Mn in 2017.

Region	Result on disposal (€Mn)		
	2018	2017	Change
France	3.1	15.1	- 12.0
Central Europe	- 0.2	-	- 0.2
Spain	24.5	- 0.6	25.1
Nordics	0.5	0.1	0.4
Austria	-	-	-
Germany	- 0.3	-	- 0.3
The Netherlands	- 0.7	1.9	- 2.6
<b>Sub-Total UR - Retail</b>	<b>26.8</b>	<b>16.5</b>	<b>10.3</b>
Offices UR	56.4	57.2	- 0.8
C&E UR	-	-	-
<b>Sub-Total UR</b>	<b>83.3</b>	<b>73.8</b>	<b>9.5</b>
United States	- 0.2	-	- 0.2
United Kingdom	- 0.0	-	- 0.0
<b>Sub-Total WFD</b>	<b>- 0.2</b>	<b>-</b>	<b>- 0.2</b>
<b>TOTAL URW</b>	<b>83.1</b>	<b>73.8</b>	<b>9.3</b>

Figures may not add up due to rounding.

**Valuation movements on assets** amounted to a total of -€7.4 Mn (+€1,388.7 Mn<sup>62</sup>), of which +€38.2 Mn (€1,391.1 Mn), on investment properties and -€45.5 Mn (-€2.4 Mn) on services.

Region	Valuation movements on Investment Properties (€Mn)		
	2018	2017	Change
France	- 36.0	519.1	- 555.1
Central Europe	149.9	304.0	- 154.1
Spain	124.1	141.1	- 17.0
Nordics	28.9	132.0	- 103.1
Austria	39.8	79.4	- 39.6
Germany	- 23.8	70.3	- 94.1
The Netherlands	- 80.8	- 53.1	- 27.7
<b>Sub-Total UR - Retail</b>	<b>202.1</b>	<b>1,192.8</b>	<b>- 990.7</b>
Offices UR	193.8	342.5	- 148.7
C&E UR	- 48.1	- 144.2	96.1
<b>Sub-Total UR</b>	<b>347.8</b>	<b>1,391.1</b>	<b>- 1,043.3</b>
United States - SC	- 153.4	-	- 153.4
United States - Offices	- 13.1	-	- 13.1
United Kingdom - SC	- 99.6	-	- 99.6
United Kingdom - Offices	- 43.4	-	- 43.4
<b>Sub-Total WFD</b>	<b>- 309.6</b>	<b>-</b>	<b>- 309.6</b>
<b>TOTAL URW</b>	<b>38.2</b>	<b>1,391.1</b>	<b>- 1,352.9</b>

Figures may not add up due to rounding.

<sup>62</sup> On a proportionate basis. The amount under IFRS was €1,364.4 Mn in 2017.

The negative valuation movements for the WFD investment properties were calculated as of June 1, 2018 and resulted mainly from a decrease of the values of regional assets in the US and a slight increase of the exit cap rates in the UK.

The valuation movements on services break down as follows:

Region	Valuation movements on services (€Mn)		
	2018	2017	Change
Services UR	- 2.4	- 2.4	-
<b>Sub-Total UR</b>	<b>- 2.4</b>	<b>- 2.4</b>	<b>-</b>
Net property dev. Amortization	- 32.3	-	- 32.3
Other property serv. Amortization	- 10.8	-	- 10.8
<b>Sub-Total WFD</b>	<b>- 43.1</b>	<b>-</b>	<b>- 43.1</b>
<b>TOTAL URW</b>	<b>- 45.5</b>	<b>- 2.4</b>	<b>- 43.1</b>

Figures may not add up due to rounding.

### **Financing result**

*Net financing costs (recurring)* totalled -€369.5 Mn (after deduction of capitalised financial expenses of €45.6 Mn allocated to projects under construction) (-€241.5 Mn<sup>63</sup>). This increase of -€128.0 Mn includes -€174.0 Mn as a result of the inclusion of the net financing costs of WFD's debt since June and the debt incurred to finance the Transaction, partially offset by lower financial expenses<sup>64</sup> on UR's perimeter.

The Group's average cost of debt<sup>65</sup> was 1.6% and includes seven months of financial expenses of WFD as well as the cost of the senior debt issued to finance the acquisition of WFD. URW's financing policy is described in the section "*Financial resources*". On a stand-alone basis, UR's cost of debt for the period would have been 1.2% (1.4%).

*Non-recurring financial result* amounted to -€288.8 Mn (€0.0 Mn<sup>66</sup>):

- +€28.9 Mn mark-to-market of the ORNANEs issued in 2014 and 2015;
- -€317.7 Mn mainly due to the mark-to-market of derivatives, exchange rate losses resulting from the revaluation of bank accounts and debt issued in foreign currencies, and revaluation of preference shares. URW recognises the change in value of its derivatives directly in the income statement.

**Income tax expenses** are due to the Group's activities in countries where specific tax regimes for property companies<sup>67</sup> do not exist and/or are not used by the Group. They amounted to -€121.8 Mn (-€81.5 Mn<sup>68</sup>).

Income tax allocated to the recurring net result amounted to -€27.9 Mn (-€17.6 Mn<sup>69</sup>), and includes the positive impact of the reversal of a provision related to tax litigation decided in favour of URW. Non-recurring income tax expenses amounted to -€93.9 Mn (-€63.9 Mn<sup>70</sup>), an increase mainly due to the combined effect of several adjustments (mainly in relation to WFD), the use of carry forward losses and a decrease in valuation movements compared to 2017.

**External non-controlling interests** amounted to €211.7 Mn (€283.0 Mn). The recurring external non-controlling interests amounted to €203.4 Mn (€177.0 Mn) and mainly relate to French shopping centres (€110.2 Mn, mainly Les Quatre Temps, Parly 2 and Le Forum des Halles), to the stake of CCIR in Viparis (€52.2 Mn) and to UR Germany and Ruhr Park (€35.2 Mn). The non-recurring non-controlling interests amounted to €8.4 Mn, down from €106.0 Mn in 2017, due primarily to lower valuation movements in 2018.

<sup>63</sup> On a proportionate basis. The amount under IFRS was -€228.0 Mn in 2017.

<sup>64</sup> The coupon on the Hybrid securities will be deducted directly from shareholder's equity.

<sup>65</sup> Average cost of debt = Recurring financial expenses (excluding those on financial leases and related to partners' current accounts) + capitalized financial expenses (excluding non-recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact) / average net debt over the period.

<sup>66</sup> On a proportionate basis. The amount under IFRS was -€0.9 Mn in 2017.

<sup>67</sup> In France: SIIC (Société d'Investissements Immobiliers Cotée).

<sup>68</sup> On a proportionate basis. The amount under IFRS was -€74.2 Mn in 2017.

<sup>69</sup> On a proportionate basis. The amount under IFRS was -€17.7 Mn in 2017.

<sup>70</sup> On a proportionate basis. The amount under IFRS was -€56.5 Mn in 2017.



**Net result for the period attributable to the holders of the Stapled Shares** was a profit of €1,031.1 Mn. This figure breaks down as follows:

- €1,609.8 Mn of recurring net result (+33.9%) as a result of strong NRI growth and the acquisition of WFD;
- -€578.6 Mn of non-recurring result<sup>71</sup> (€1,237.4 Mn) as a result of lower valuation movements, acquisition and related costs for the WFD transaction and the negative mark-to-market of financial instruments.

The Adjusted Recurring Earnings<sup>72</sup> reflect a profit of €1,581.8 Mn.

The average number of shares and ORAs<sup>73</sup> outstanding during 2018 was 122,412,784, compared to 99,752,597 in 2017. The increase is mainly due to the capital increase of 38,319,974 shares issued for the acquisition of WFD (with an impact of +22,467,053 on the average number of shares in 2018), stock options exercised in 2017 and 2018 and the issuance of performance shares in 2017 and 2018. The number of shares outstanding as at December 31, 2018 was 138,288,601.

**EPRA Recurring Earnings per Share (REPS) for 2018 came to €13.15 compared to €12.05 for 2017, representing an increase of +9.1%.**

**Adjusted Recurring Earnings per Share (AREPS) for 2018 came to €12.92 compared to €12.05 for 2017, representing an increase of +7.2%.**

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<sup>71</sup> Include valuation movements, disposals, mark-to-market and termination costs of financial instruments, including bond tender premiums, impairment of goodwill or reversal of negative goodwill and other non-recurring items.

<sup>72</sup> Under IFRS, the Hybrid Securities are accounted for as shareholders' equity. The Adjusted Recurring Earnings are calculated based on the Recurring net result for the period attributable to the holders of the Stapled Shares minus the coupon on the Hybrid Securities (from June 1, 2018).

<sup>73</sup> The ORAs have been accounted for as equity.

## VI. GOODWILL

### Goodwill calculation

The purchase price for 100% of the outstanding stock of Westfield was €11,911.3 Mn, of which:

- €7,280.8 Mn represented by 38.3 million of URW's stapled securities issued on June 7, 2018; and
- €4,630.5 Mn of cash (net of the gain on the Euro/US\$ hedge entered into by UR prior to the closing of the Transaction).

The book value of Westfield's assets (net of debt) acquired amounted to €8,719.9 Mn as at June 7, 2018. These values are based on the accounting principles and methods defined in IFRS 3R applied by the Group requiring that the assets and liabilities are valued at their market value on the acquisition date. The investment properties and investments properties under construction have been appraised at fair market value by external appraisers in the US, the UK and Italy as at May 31, 2018.

Consequently, the goodwill before allocation (Initial Goodwill) amounted to €3,191.4 Mn, below the amount of €3,366.8 Mn disclosed in the Consolidated statement of financial position of the Group as at June 30, 2018. The difference between these two amounts is mainly due to adjustments on contingent liabilities and accruals.

The calculation of the goodwill will be finalized in 2019. However, barring unforeseen events, the Group does not expect any material change.

In €Mn (unless indicated)	As at May 31, 2018 and adjusted as at Dec. 31, 2018
Number of Westfield shares as at May 31, 2018 (a)	2,078,089,686
Exchange ratio (b)	0.01844
Number of Unibail-Rodamco SE shares issued (c = a x b)	38,319,974
Unibail-Rodamco SE stock share price (in euros) (d)	190.00
<b>Market value of the Unibail-Rodamco SE shares issued in exchange for Westfield shares (=c x d) (1)</b>	<b>7,280.8</b>
Cash consideration (a)	4,742.7
Cost of hedging (b)	47.4
Impact of hedging (c)	(159.6)
<b>Cash consideration net of hedging (=a + b + c) (2)</b>	<b>4,630.5</b>
<b>Total purchase consideration</b>	<b>11,911.3</b>
<b>Book value of net assets acquired</b>	<b>8,719.9</b>
<b>Initial Goodwill</b>	<b>3,191.4</b>

Figures may not add up due to rounding.

### Allocation of the Initial Goodwill in the Consolidated statement of financial position

PwC was appointed by the Group in 2018 to value the intangible assets and the workforce at the acquisition date and to assist the Group in its goodwill allocation.

The intangible assets arise from contracts with third parties related to:

- The Property Management (PM) business in the US and the UK;
- The Development, Design & Construction (DD&C) business in the US and the UK;
- The Airport activities in the US;
- And from the Westfield trademark for Flagships in the US and the UK.

PwC valued these activities and the trademark at €1,814.4 Mn for opening balance sheet purposes. Under IFRS, only €1,122.2 Mn were recognised as intangible assets in the Consolidated statement of financial position. The difference of €692.2 Mn relates to the value of internal contracts and future PM, DD&C and Airport activities to be generated, and is included in the remaining goodwill.

The deferred tax liabilities (DTL) related to the intangible assets in the US and the UK amount to €267.7 Mn, which were booked in the non-current DTL of the Consolidated statement of financial position as at May 31, 2018.

Consequently, the remaining goodwill related to the Westfield acquisition (WFD Goodwill) in the Consolidated statement of financial position, after the allocation of the Initial Goodwill and recognition of the DTL, amounted to €2,336.9 Mn.

#### **Allocation of the remaining goodwill per Cash Generating Unit (CGU)**

The remaining goodwill has been allocated to the different CGUs of URW as follows:

- The values attributable to the PM and DD&C businesses were allocated to the US and the UK and the value of the Airport activities was allocated to the US, based on the PwC valuation;
- The amount related to the value of the workforce acquired was allocated to the US and the UK;
- The remaining balance was allocated between the US, the UK, France Retail, Spain, Central Europe and the Nordics, based on a split of the cost and revenue synergies per CGU.

The allocation per CGU breaks down as follows:

<b>In €Mn</b>	<b>Goodwill per CGU as at May 31, 2018</b>
France Retail	728.8
Central Europe	145.2
Spain	103.8
Nordics	99.8
<b>Total Continental Europe</b>	<b>1,077.6</b>
US	818.7
UK	440.5
<b>WFD Goodwill</b>	<b>2,336.9</b>

Figures may not add up due to rounding.

The intangible assets and remaining goodwill allocated to the US and to the UK were converted into US\$ and £, respectively, at the exchange rates as at May 31, 2018, and were converted into euros at the closing rates as at December 31, 2018 in the year-end Consolidated statement of financial position. The remaining goodwill allocated to the CGUs located in Continental Europe was kept in euros.

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

#### **Impairment tests**

The Group performed preliminary impairment tests of the goodwill allocated to each CGU as per December 31, 2018, based on:

- The detailed 5-year BP per CGU, including detailed profit & loss statements, proposed capital expenditure and disposals;
- The discount rates per CGU;
- An allocation of the Group's corporate administrative expenses to the CGUs, as a percentage of their respective NRI;
- A discounted cash-flow calculation for each CGU.

The enterprise value calculated for each CGU was then compared to the net asset value of each CGU, including the intangible assets and goodwill allocated, as disclosed in the notes to the Consolidated financial statements as at December 31, 2018. Following these tests, the value of the goodwill reported as at December 31, 2018 was found to be justified.

## VII. CONSOLIDATED STATEMENT OF CASH FLOWS

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

Unless otherwise indicated, all references below relate to the period ended December 31, 2018, and comparisons relate to the same period in 2017.

### **Cash flow from operating activities**

The total cash flow from operating activities was +€1,794.0 Mn (+€1,486.5 Mn), an increase of +€307.5 Mn mainly due to the positive impact of the WFD acquisition, partially offset by the change in working capital requirement (-€104.0 Mn, of which -€96.0 Mn related to WFD).

### **Cash flow from investment activities**

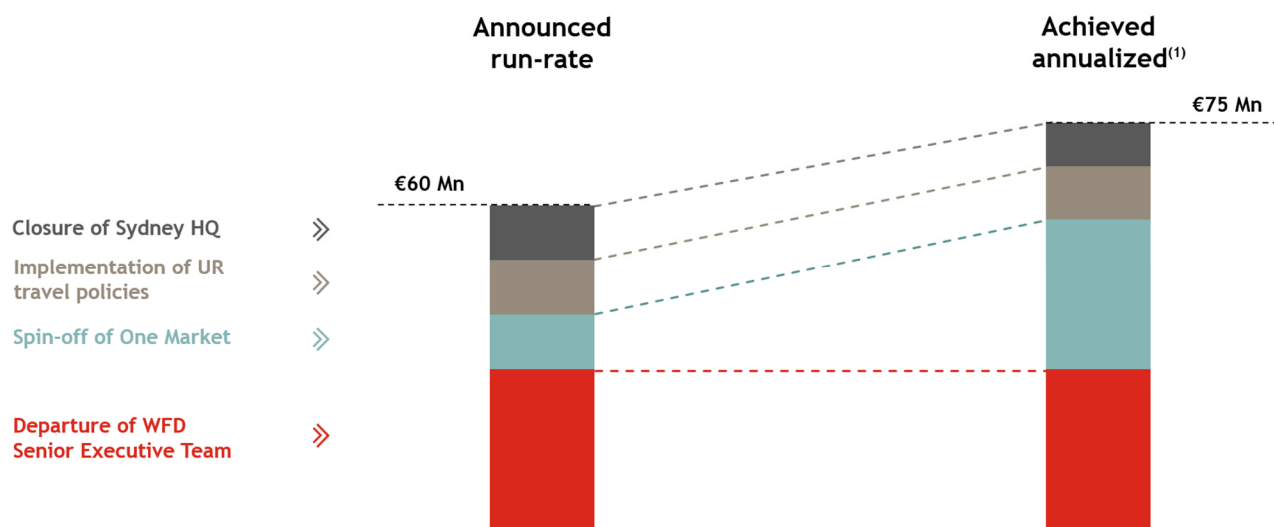
The cash flow from investment activities was -€4,271.1 Mn (-€1,024.9 Mn), mainly as a result of the cash component of the acquisition of WFD, partially offset by total disposal proceeds of €2,048.8 Mn (€212.3 Mn from repayment of property financing, €1,039.3 Mn from disposal of investment properties and €797.2 Mn from disposal of shares).

### **Cash flow from financing activities**

The total cash flow from financing activities amounted to +€2,252.0 Mn (-€293.4 Mn), an increase related to the financing of the acquisition of WFD (€1,989.0 Mn of Hybrid securities and €3,000 Mn of senior debt), partially offset by repayments of borrowings.

## VIII. SYNERGIES

Through December 31, 2018, URW has realized €75 Mn in cost synergies on a run-rate basis.



(1) As of December 31, 2018. OneMarket synergies based on the pro-forma 2017 statement of income.

## IX. POST-CLOSING EVENTS

None.

## X. DIVIDEND

For the fiscal year 2018, the Group expects to propose a cash dividend of €10.80 per stapled share for approval by the Annual General Meetings (AGMs) of Unibail-Rodamco SE to be held on May 17, 2019 and WFD Unibail-Rodamco NV to be held on June 11, 2019.

The dividend payment schedule is expected to be as follows:

- An interim dividend of €5.40 per stapled share on March 29, 2019 (ex-dividend date March 27, 2019) to be paid by Unibail-Rodamco SE; and
- A final dividend of €5.40 per stapled share, subject to approval of the AGMs, on July 5, 2019 (ex-dividend date July 3, 2019). The split of the final dividend will be described in the convening notices for the AGMs.

The total amount of dividends paid with respect to 2018 would be €1,493.5 Mn for the 138,288,601 stapled shares outstanding as at December 31, 2018. This represents a 94% pay-out ratio of the adjusted net recurring result of the Group, composed of the net recurring result of UR through May 31, 2018 and URW from June 1, 2018.

## XI. OUTLOOK

The macroeconomic environment was strong in the first half of 2018 but saw growth weakening towards the end of the year on the back of concerns about global trade as well as tapering by the US Federal Reserve and the European Central Bank. Consumer confidence generally remained positive, although on-line is taking an increasing share of retail spend. Looking ahead, Brexit and the response by the 27 other EU members, political uncertainty in the US, its trade policies, further responses thereto from its trading partners or adverse geopolitical events could affect economic growth. Furthermore, the retail environment is undergoing rapid change and many retailers are adapting their business models to manage this new reality by rightsizing their store portfolios and expanding only selectively, with more risk sharing for landlords. URW's high quality portfolio of shopping destinations in the wealthiest catchment areas is best positioned to face such challenges. The Group disposed of €2.0 Bn of offices and shopping centres in 2018 at a pace well ahead of its original expectations. The Group has decided to set a new Loan-to-Value ratio objective through the cycle of between 30 and 40%, down from between 35 and 45% previously. As part of its annual business plan exercise, URW has identified a further almost €3 Bn of non-core Continental European assets to be disposed of, in effect doubling the disposal target set in 2018.

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

- Reduce leverage;
- Review several development projects to optimize capital and returns;
- Join with strategic capital partners on select development projects;
- Continue the critically important work of integrating the Continental European, US and UK platforms;
- Roll-out the Westfield brand in Continental Europe; and
- Improve its cost base further and realize revenue synergies.

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

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

### Guidance

**The €2 Bn of disposals in 2018 and those planned for 2019 will further increase the average portfolio quality and reduce leverage. This is expected to have a short-term impact on the 2019 AREPS of approximately -90 cents.**

The full effect in 2019 of the consideration to fund the Westfield Transaction, mainly the shares issued, exceeds the benefit of the full year contribution from Westfield. Factors driving the weaker than anticipated contribution in 2019 are project delays which affect the timing of income, the current operating environment in the UK and the US (particularly in the Regional mall portfolio), and higher financial expenses (less capitalization) and taxes than anticipated. In all, this is estimated to have an impact of approximately -50 cents on the 2019 AREPS.

However, despite the challenging retail environment, the strong underlying operating income growth for URW of between +4% and +5% in 2019 is expected to offset this impact.

**As a result, the 2019 AREPS is expected to be in the range of €11.80-€12.00.**

Going forward and rebased for the disposals in the business plan, building on the strengths of its unique platform and portfolio, continued growth of its operations and planned delivery of development projects, URW expects the 2019-2023 compound annual growth rate of its AREPS to be between +5% and +7%.

The outlook is derived from the annual business plan process for URW's Continental European region and the initial exercise in the US and the UK regions. This exercise results in annual growth rates which vary from year to year. The key inputs in the Group's business plan, which is built on an asset by asset basis and based on economic conditions as at year-end 2018, are estimates and assumptions relating to indexation, rental uplifts, disposals of approximately €4 Bn over the next few years, timely delivery of pipeline projects, cost of debt, currency movements and taxation. Variations in these assumptions will also cause growth rates to vary from one plan to the next. The Group's current business plan does not assume any acquisitions.

### Dividend Outlook

**Going forward, the Group expects to maintain its dividend at a minimum of €10.80 and grow it broadly in line with the growth in AREPS.**

### 3. INVESTMENTS AND DIVESTMENTS

In 2018, URW invested €1,530.7 Mn<sup>74</sup>, Group share, in capital expenditures in assets and on construction, extension and refurbishment projects, compared to €1,239.6 Mn in 2017 for UR only. This amount included €298.5 Mn invested in US and UK assets since June 1, 2018.

#### 1. Total capital expenditure

The total investments breaks down as follows:

in € Mn	Proportionate				IFRS	
	2018		2017		2017	
	100%	Group Share	100%	Group Share	100%	Group Share
Shopping centres	1,240.7	1,161.1	1,118.6	1,036.9	1,101.1	1,020.8
Offices & Others	292.5	292.1	114.7	114.4	114.7	114.4
Convention & Exhibition	129.2	77.4	139.7	88.4	139.5	88.2
Services	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>1,662.4</b>	<b>1,530.7</b>	<b>1,373.0</b>	<b>1,239.6</b>	<b>1,355.3</b>	<b>1,223.4</b>

Figures may not add up due to rounding.

#### 2. Shopping Centres

URW invested €1,161.1 Mn<sup>75</sup> in its Shopping Centre portfolio in 2018:

- New acquisitions amounted to €196.3 Mn, mainly in Spain (Parquesur and La Vaguada) and France (Rosny 2);
- €400.9 Mn were invested in construction, extension and refurbishment projects, including mainly the Mall of The Netherlands, Vélizy 2 extension, Gaîté Montparnasse, Lyon Part-Dieu extension, Milan and Überseequartier projects (see also section “*Development projects*”);
- €277.0 Mn were invested in enhancement and improvement projects on standing assets, including mainly Westfield London, Shopping City Süd, Glòries and the US Flagships;
- Replacement Capex<sup>76</sup> amounted to €110.1 Mn;
- Financial, eviction and other costs were capitalized for €31.3 Mn, €82.7 Mn and €62.7 Mn, respectively.

#### 3. Offices and others

URW invested €292.1 Mn in its Office portfolio in 2018:

- New acquisitions amounted to €32.1 Mn, in Spain (La Vaguada offices) and France (Tour Rosny);
- €207.5 Mn were invested in construction and refurbishment projects, mainly in France (the Trinity, Shift and Versailles Chantiers projects), the UK (Westfield Stratford City and Westfield London) and Germany (Überseequartier offices) (see also section “*Development projects*”);
- €30.5 Mn were invested in enhancement and improvement projects on standing assets, mainly in the US and France;
- Replacement Capex amounted to €4.0 Mn;
- Financial and other costs capitalized amounted to €18.0 Mn.

<sup>74</sup> On a proportionate basis.

<sup>75</sup> Total capitalized amount in asset value, Group share.

<sup>76</sup> Replacement Capex relates to works either on equipment or the structure of a standing asset. The primary purpose of Replacement Capex is to ensure that the asset is in good working order and / or to make minor improvements. These investments can be triggered by obsolescence, maintaining technical performance at market levels or compliance with regulatory requirements. These amounts do not include Replacement Capex spent as part of the TIC of extension and / or renovation projects and on which the Group's standard Return On Investment (ROI) is expected.

## 4. Convention & Exhibition

URW invested €77.4 Mn in its Convention & Exhibition portfolio in 2018:

- €31.6 Mn were invested for works at Porte de Versailles and hotel construction at Porte de Versailles and the Pullman Montparnasse;
- €29.6 Mn were invested in enhancement and improvement projects on standing assets, mainly in Porte de Versailles;
- Replacement Capex amounted to €12.8 Mn;
- Financial and other costs capitalized amounted to €3.4 Mn.

The second phase (2017-2019) of renovation works on the Porte de Versailles site continued, with the construction of the new Pavilion 6 and two new hotels (Novotel and Mama Shelter) scheduled to open in H2-2019.

## 5. Disposals

In 2018, the Group disposed of a number of assets.

On July 2, 2018, URW disposed of the Örebro hotel.

On July 31, URW disposed of four shopping centres in Spain (El Faro, Bahia Sur, Los Arcos and Vallsur) for a Net Disposal Price (NDP)<sup>77</sup> of €449 Mn, representing a Buyer's Net Initial Yield (NIY)<sup>78</sup> of 5.6%.

On August 23, URW disposed of Horton Plaza in San Diego and generated a NDP of €83 Mn. The Total Acquisition Cost (TAC)<sup>79</sup> represented a discount of approximately -5% to the value at which UR had underwritten the asset.

On November 8, 2018, URW announced the completion of the disposal of the Capital 8 office building, located in the Paris CBD, to Invesco Real Estate, a global real estate investment manager. The NDP of the transaction was €789 Mn<sup>80</sup>.

On December 18, 2018, the Group disposed of the Tour Ariane office building, located in the heart of La Défense business district, to Singapore's sovereign wealth fund GIC. The NDP of the transaction was €465 Mn<sup>80</sup>.

On December 20, 2018, the Group completed the disposal of the Skylight and Lumen office buildings, located in the CBD of Warsaw, to Globalworth Poland. The TAC of the transaction was €190 Mn.

Since June 30, 2018, the Group has now disposed of 10 assets, representing a total NDP of €2.0 Bn, at a blended NIY of 4.6% and with a weighted average premium of +8.9% to the June 30, 2018 book value.

These disposals are part of the €3 Bn of disposals identified in UR's annual business plan exercise for the period 2018-2020 and announced previously. They were made at a pace well ahead of its original expectations. The Group has decided to set a new Loan-to-Value ratio objective through the cycle of between 30 and 40%, down from between 35 and 45% previously. As part of its annual business plan exercise, URW has identified a further almost €3 Bn of non-core Continental European assets to be disposed of, in effect doubling the disposal target set in 2018.

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<sup>77</sup> Net Disposal Price (NDP): Total Acquisition Cost (TAC) incurred by the acquirer minus all transfer taxes and transaction costs.

<sup>78</sup> Buyer's Net Initial Yield (NIY): annualized contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the TAC.

<sup>79</sup> Total Acquisition Cost (TAC): the total amount a buyer shall pay to acquire an asset or a company. TAC equals the price agreed between the seller and the buyer plus all transfer taxes and transaction costs.

<sup>80</sup> Before impact of rent incentives.



## 4. DEVELOPMENT PROJECTS AS AT DECEMBER 31, 2018

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As at December 31, 2018, the URW Expected Cost<sup>81</sup> of its development project pipeline amounted to €11.9 Bn, with a total of 2.4 million sqm of Gross Lettable Area (GLA<sup>82</sup>) to be re-developed or added to the Group's standing assets. The Group retains significant flexibility on its development portfolio (65% of the URW Expected Cost<sup>83</sup>).

### 1. Development projects portfolio overview

The Group's development portfolio, with the addition of the WFD projects in the UK, the US and Italy was estimated to be €13.0 Bn at year-end 2017. The Group's pipeline stood at €11.9 Bn<sup>84</sup> as at December 31, 2018, principally due to the following:

- The decision to dispose 75% of the Cherry Park residential project<sup>85</sup> to institutional parties (-€0.6 Bn);
- The reassessment of WFD projects under UR's methodology, the use of value at completion instead of costs at today's value, cost variances on projects, certain disposals and the removal of a project (-€0.5 Bn);
- The completion and delivery of Westfield London Phase 2 in H1, and the Westfield Garden State Plaza and Villeneuve 2 renovations in H2 (-€0.4 Bn);
- The addition of the Metropole Zličín, Villeneuve 2 and Centrum Cerny Most extensions, the Rosny 2 leisure extension and certain other projects (+€0.4 Bn).

The Group opened the 77,046 sqm extension of Westfield London in March (with the full inauguration in October), followed in September by the completion of the renovations of Villeneuve 2 and Westfield Garden State Plaza.

In addition, the Group successfully completed important phases of the Committed projects:

- The renovation of the Westfield Valley Fair shopping centre, one of three phases of the current development project, was completed in October (a second phase being delivered in January 2019 with the ICON Cinema opening);
- The inauguration of food market Fresh!, the first destination of the future Mall of The Netherlands, took place in November. The new 2,500 sqm market hall includes 24 shops and ten kiosks with a wide and high quality offer of the best local products, complemented with a programme of culinary events and food entertainment;
- A key milestone of the Gropius Passagen renovation was completed with the opening of the Karstadt store in October and the South Island, including new anchor tenants such as Peek & Cloppenburg, Media Markt and H&M, as well as the dining plaza, in November.

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

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<sup>81</sup> URW Expected Cost equals 100% Expected Cost multiplied by URW percentage of ownership of the project, plus specific own costs, if any. 100% Expected Cost is expressed in value at completion. It equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) tenants' lease incentives and opening marketing expenses. It excludes: (i) capitalized financial interests; (ii) overheads costs; (iii) early or lost Net Rental Income; and (iv) IFRS adjustments.

<sup>82</sup> GLA equals Gross Lettable Area of projects at 100%.

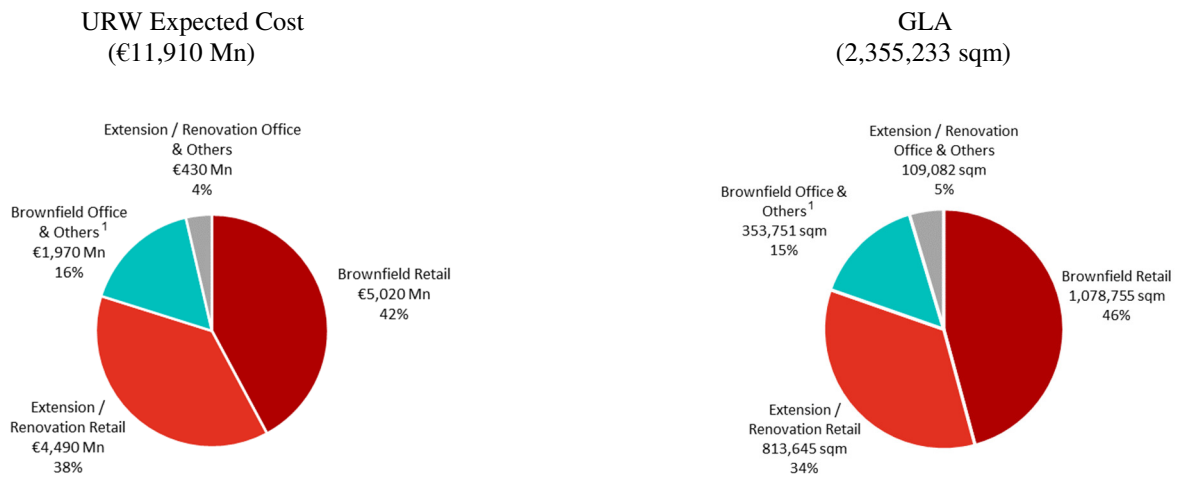
<sup>83</sup> In terms of URW Expected Cost to completion of "Controlled" and "Secured Exclusivity" projects, as a % of URW Expected Cost of the development portfolio.

<sup>84</sup> This includes the Group's share of projects fully consolidated and projects accounted under equity method, excluding Viparis projects.

<sup>85</sup> URW has decided to seek partners for this project and keep 25% of the project.

The pipeline categories are as follows:

### URW Development pipeline by category<sup>86</sup>

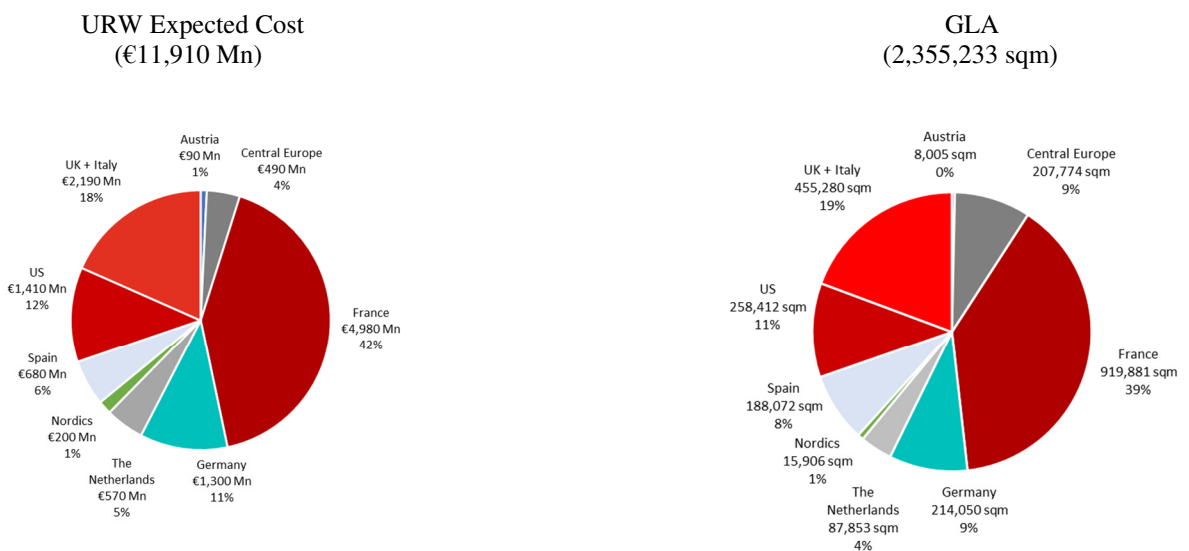


<sup>(1)</sup> Including Residential and Hotel units.

The €9.5 Bn Retail pipeline is split between brownfield projects (53%) and extensions and renovations (47%). The Group currently expects to add to its existing portfolio and redevelop or refurbish 1.9 million sqm of retail GLA, representing ca. 21% of the Group's existing retail GLA. €2.0 Bn (21%) of the Retail pipeline are committed.

Development projects in the Office & Others sector amount to €2.4 Bn. Brownfield projects represent 82% and correspond to approximately 354,000 sqm of new GLA, of which 49% are expected to be completed after 2023. The remainder will be invested in the redevelopment or refurbishment of 109,000 sqm GLA of existing assets. €900 Mn (38%) of the Office & Others pipeline are committed, of which 93% is scheduled to be delivered in 2019.

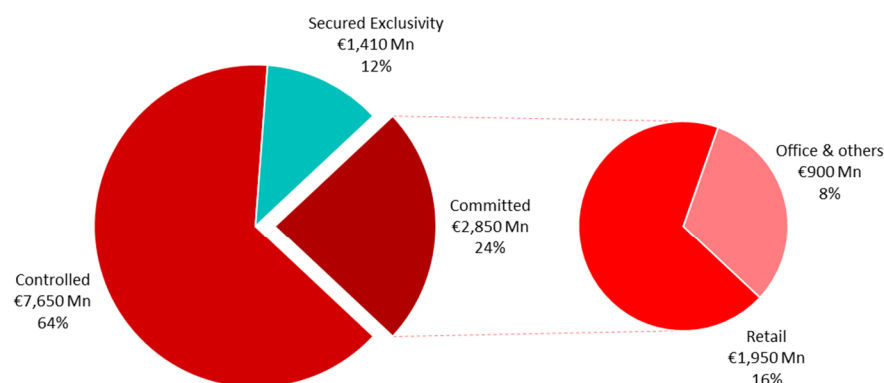
### URW Development pipeline by region<sup>86</sup>



<sup>86</sup> Figures may not add up due to rounding.

## 2. A secured and flexible development pipeline

URW Development pipeline by project phase<sup>87</sup>



The €2.9 Bn “Committed” development pipeline now includes the Carré Sénart leisure extension, following the start of construction works, and the following projects in the US:

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

€1.4 Bn have already been spent for Committed projects, €1.1 Bn for Controlled and €0.2 Bn for Secured Exclusivity projects. For Committed projects, €1.5 Bn are still to be invested over the next three years, of which €0.8 Bn have been contracted.

## 3. Variances in URW development pipeline projects in 2018

Since December 31, 2017, there have been changes in the URW Expected Cost and in the delivery dates of some projects, in particular:

- The 3 Pays development was delayed by 19 months due to modifications on the accessibility scheme, required for the filing of administrative authorizations;
- The Val Tolosa development was delayed by 16 months because of administrative procedures;
- The Sisters development was delayed by 16 months and its URW Expected Costs increased because of administrative procedures and change of conditions in the construction market;
- The Überseequartier project was delayed by 15 months and its URW Expected Cost increased due to changes to include a larger leisure and Food & Beverage component, to enlarge and upgrade the residential component and due to the impact of the booming German construction market on the first tenders. The disposal of the Residential blocks A and E3 building rights was signed at the end of the year;
- The URW Expected Cost of the Shift project increased as URW signed a lease contract with Nestlé for the entire building requiring additional construction works.

<sup>87</sup> “Committed” projects: projects currently under construction, for which URW owns the land or building rights and has obtained all necessary administrative authorizations and permits.

“Controlled” projects: projects in an advanced stage of studies, for which URW controls the land or building rights, but where not all administrative authorizations have been obtained yet.

“Secured exclusivity” projects: projects for which URW has the exclusivity but where negotiations for building rights or project definition are still underway.

#### **4. Investments in 2018**

See section “3. Investments and divestments”.

#### **5. Deliveries expected in the next 12 months**

12 projects representing a URW Expected Cost of ca. €1,560 Mn are to be delivered in 2019:

- Seven extension and renovation retail projects: the Carré Sénart and Vélizy 2 leisure extensions, the Westfield Topanga and Westfield Valencia renovations, and the Gropius Passagen, Parly 2 Cinema and Westfield Valley Fair projects;
- Two office redevelopment and extension projects: the Gaîté Montparnasse hotel and Shift;
- Two brownfield office projects: Versailles Chantiers and Trinity; and
- One brownfield residential project: Westfield UTC Residential.

The average pre-letting<sup>88</sup> of the retail and office deliveries stands at 88%<sup>89</sup> and 64%, respectively.

#### **6. Projects overview (See table next page)**

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<sup>88</sup> GLA signed, all agreed to be signed and financials agreed.

<sup>89</sup> Excluding renovation projects.

## DEVELOPMENT PROJECTS – December 31, 2018

Development Projects <sup>(1)</sup>	Business	Country	City	Type	URW Ownership	100% GLA (sqm)	100% Expected Cost (€Mn)	URW Expected Cost (€Mn)	Yield on cost <sup>(2)</sup>	Opening date <sup>(3)</sup>	Project Valuation
VELIZY 2 LEISURE EXTENSION	Shopping Centre	France	Paris region	Extension / Renovation	100%	19,637 sqm	140			H1 2019	Fair value
VERSAILLES CHANTIERS	Office & others	France	Paris region	Greenfield / Brownfield	100%	16,147 sqm	60			H1 2019	Fair value
WESTFIELD TOPANGA RENOVATION	Shopping Centre	US	Los Angeles region	Extension / Renovation	55%	0 sqm	50			H2 2019	Fair value
WESTFIELD UTC RESIDENTIAL	Office & others	US	San Diego	Greenfield / Brownfield	50%	26,845 sqm	140			H2 2019	Fair value
GROPIUS PASSAGEN	Shopping Centre	Germany	Berlin	Extension / Renovation	10%	471 sqm	130			H2 2019	Fair value
WESTFIELD VALLEY FAIR	Shopping Centre	US	San Jose	Extension / Renovation	50%	47,402 sqm	990			H2 2019	Fair value
SHIFT	Office & others	France	Paris region	Redevelopment / Extension	100%	46,709 sqm	210			H2 2019	Fair value
TRINITY	Office & others	France	Paris	Greenfield / Brownfield	100%	49,109 sqm	340			H2 2019	Fair value
LA PART-DIEU EXTENSION	Shopping Centre	France	Lyon	Extension / Renovation	100%	30,637 sqm	380			H1 2020	At Cost
MALL OF THE NETHERLANDS *	Shopping Centre	The Netherlands	The Hague region	Redevelopment / Extension	100%	87,853 sqm	570			H1 2020	At Cost
GAITE MONTPARNASSE RETAIL *	Shopping Centre	France	Paris	Redevelopment / Extension	100%	30,243 sqm	170			H2 2020	At Cost
GAITE MONTPARNASSE OTHERS *	Office & others	France	Paris	Redevelopment / Extension	100%	62,373 sqm	220			H2 2020	At Cost
WESTFIELD WORLD TRADE CENTER PHASE 2 <sup>(4)</sup>	Shopping Centre	US	New York	Extension / Renovation	100%	7,180 sqm	110			H2 2020	Fair value
OTHER						7,510 sqm	60				
Total Committed Projects								2,850	6.5%		
WESTFIELD OAKRIDGE RESTRUCTURING *	Shopping Centre	US	San Jose	Extension / Renovation	55%	15,230 sqm	50			H1 2020	At Cost
ALTAMAR <sup>(5)</sup>	Shopping Centre	Spain	Benidorm	Greenfield / Brownfield	100% <sup>(6)</sup>	58,341 sqm	220			H1 2021	At Cost
GARBERA EXTENSION	Shopping Centre	Spain	San Sebastián	Extension / Renovation	100%	19,596 sqm	130			H2 2021	At Cost
VAL TOLOSA	Shopping Centre	France	Toulouse region	Greenfield / Brownfield	60% <sup>(6)</sup>	65,308 sqm	290			H1 2022	At Cost
VELIZY 2 RETAIL EXTENSION	Shopping Centre	France	Paris region	Extension / Renovation	100%	19,038 sqm	200			H2 2022	At Cost
WESTFIELD MILANO	Shopping Centre	Italy	Milan	Greenfield / Brownfield	75%	184,854 sqm	1,500			H2 2021	Fair value
ÜBERSEEUQUARTIER	Shopping Centre	Germany	Hamburg	Greenfield / Brownfield	100%	188,868 sqm	1,220			H2 2022	At Cost
VILLENEUVE 2 EXTENSION	Shopping Centre	France	Lille region	Extension / Renovation	100%	17,741 sqm	140			H2 2022	At Cost
ROSNY 2 LEISURE EXTENSION	Shopping Centre	France	Paris region	Extension / Renovation	50%	7,691 sqm	60			H2 2022	At Cost
CROYDON *	Shopping Centre	UK	London	Greenfield / Brownfield	50%	162,116 sqm	1,550			2023	Fair value
SISTERS	Office & others	France	Paris	Greenfield / Brownfield	100%	89,348 sqm	710			H2 2023	At Cost
3 PAYS	Shopping Centre	France	Hésingue	Greenfield / Brownfield	100%	73,588 sqm	390			H2 2023	At Cost
NEO	Shopping Centre	Belgium	Brussels	Greenfield / Brownfield	86%	122,444 sqm	670			H2 2023	At Cost
TRIANGLE	Office & others	France	Paris	Greenfield / Brownfield	100%	85,140 sqm	600			Post 2023	At Cost
CHERRY PARK	Office & others	UK	London	Greenfield / Brownfield	25% <sup>(7)</sup>	87,163 sqm	750			Post 2023	Fair value
METROPOLE ZLICIN EXTENSION	Shopping Centre	Czech Rep.	Prague	Extension / Renovation	50%	24,261 sqm	150			Post 2023	At Cost
MAQUINEXT	Shopping Centre	Spain	Barcelona	Extension / Renovation	51%	37,570 sqm	200			Post 2023	At Cost
BUBNY	Shopping Centre	Czech Rep.	Prague	Greenfield / Brownfield	65%	55,114 sqm	250			Post 2023	At Cost
OTHER						328,911 sqm	1,300				
Total Controlled Projects								7,650	7-8% target		
WESTFIELD GARDEN STATE PLAZA RESTRUCTURING *	Shopping Centre	US	New York region	Extension / Renovation	50%	11,111 sqm	110			H2 2020	Fair value
WESTFIELD MISSION VALLEY *	Shopping Centre	US	San Diego	Extension / Renovation	42%	29,723 sqm	120			H1 2021	At Cost
WESTFIELD MONTGOMERY RESTRUCTURING PHASE 1 *	Shopping Centre	US	Washington region	Extension / Renovation	50%	35,024 sqm	250			H2 2021	Fair value
WESTFIELD TOPANGA RESTRUCTURING *	Shopping Centre	US	Los Angeles region	Extension / Renovation	55%	14,911 sqm	230			H2 2021	Fair value
WESTFIELD VALENCIA RESTRUCTURING *	Shopping Centre	US	Valencia	Extension / Renovation	50%	23,110 sqm	80			H1 2022	At Cost
WESTFIELD UTC PHASE 3	Shopping Centre	US	San Diego	Extension / Renovation	50%	11,893 sqm	160			H1 2022	At Cost
SCS WEST EXTENSION	Shopping Centre	Austria	Vienna	Extension / Renovation	100%	8,005 sqm	90			H2 2023	At Cost
WESTFIELD MONTGOMERY RESTRUCTURING PHASE 2 *	Shopping Centre	US	Washington region	Extension / Renovation	50%	12,235 sqm	140			Post 2023	Fair value
FISKETORVET EXTENSION	Shopping Centre	Denmark	Copenhagen	Extension / Renovation	100%	15,906 sqm	200			Post 2023	At Cost
VITAM	Shopping Centre	France	Neydens	Extension / Renovation	80%	76,582 sqm	430			Post 2023	At Cost
OTHER						42,295 sqm	410				
Total Secured Exclusivity Projects								1,410	7-8% target		
URW TOTAL PIPELINE								11,910	7-8% target		

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

(2) Stabilized expected net rental income divided by URW Expected Cost.

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

(4) Including Tower 3 and NTA and excluding Tower 2 which has not started yet.

(5) Previously Benidorm.

(6) % ownership after exercise of option rights.

(7) Assuming entry by one or more partners for 75% of the project.

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

## 5. PROPERTY PORTFOLIO AND NET ASSET VALUE AS AT DECEMBER 31, 2018

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URW's EPRA triple Net Asset Value (NNNAV)<sup>90</sup> amounted to €210.80 per share as at December 31, 2018, an increase of +5.1%, or +€10.30, from €200.50 as at December 31, 2017. This increase of +€10.30 is the result of: (i) +€18.78 per share representing the sum of: (a) the Recurring Earnings Per Share of +€13.15, (b) the revaluation of property and intangible assets and capital gains on disposals of +€1.68 per share, (c) foreign exchange movements and other items for -€2.01 per share, (d) the change of transfer taxes and deferred tax adjustments of +€7.42 per share, and (e) the dilutive effect of the instruments giving access to the Group's shares of -€1.46 per share; (ii) the impact of the payment of the dividend for 2017 of -€10.80 per share; and (iii) the positive impact of the mark-to-market of debt and financial instruments of +€2.32 per share.

The Going Concern NAV<sup>91</sup> (GMV based) came to €233.90 per share as at December 31, 2018, up by +6.7%, or +€14.70, compared to €219.20 as at December 31, 2017.

The Group's EPRA NAV per share increased by +5.1% to €221.80 as at December 31, 2018, compared to €211.00 as at December 31, 2017, and does not include the Group's Hybrid Securities. The EPRA NAV per share as at December 31, 2018 includes €12.90 of Westfield and UR Germany goodwill not justified by fee business.

### 1. PROPERTY PORTFOLIO

Unless otherwise indicated, the data presented in the property portfolio are on a proportionate<sup>92</sup> basis and as at December 31, 2018, and comparisons are with values as at December 31, 2017.

The total URW asset portfolio<sup>93</sup> amounted to €65.2 Bn compared to €63.7 Bn as at June 30, 2018.

#### 1.1. Continental Europe

Despite €1.8 Bn<sup>94</sup> of disposals during the year, the portfolio<sup>95</sup> remained stable at €43,662 Mn (€43,497 Mn). On a like-for-like basis, the GMV increased by +0.8%, or +€307 Mn, net of investments.

While there continued to be strong demand for real estate and the amount of dry powder targeting the asset class remained at record levels, the volume of assets traded in 2018 across Continental Europe<sup>96</sup> amounted to €200 Bn, down -19% from 2017.

#### Retail

Total retail investment volume in Continental Europe was €34.6 Bn. Shopping centre transactions accounted for 39% of the total.

Retail yields stabilized at historic lows. The spreads to bonds remains historically wide. Given low yields, investors continue to move up the risk curve. As a result, the length of due diligence periods is increasing. Due to the limited number of transactions for prime assets in 2018, appraisers kept the exit capitalization rates for prime assets stable.

UR's shopping centre portfolio GMV increased by +0.8% or +€278 Mn on a like-for-like basis. Shopping centres attracting ten million or more visits per annum experienced like-for-like GMV growth of +2.1%. The growth was driven by the rental impact (+2.4%), partly offset by a negative yield impact (-1.6%). The value of the Group's Spanish portfolio increased the most: +4.3% on a like-for-like basis, of which +3.8% driven by the rental impact and +0.6% driven by the yield impact. Like-for-like GMV growth of the Group's Central Europe, Austrian, Nordics and French shopping centres was +3.6%, +1.7%, +0.9% and +0.1%, respectively, while The Netherlands and Germany saw a like-for-like GMV decline of -7.2% and -0.7%, respectively.

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<sup>90</sup> EPRA NNNNAV (triple net asset value): corresponds to the Going concern NAV per share less the estimated transfer taxes and capital gain taxes.

<sup>91</sup> Going Concern NAV: the amount of equity per share needed to replicate the Group's portfolio with its current financial structure.

<sup>92</sup> The sum of the GMV for the assets fully consolidated, the ownership at share of the GMV of assets accounted for using the equity method and the equity values for assets not controlled (Zlote Tarasy, Ring-Center, Gropius Passagen and Blum/Centennial and Starwood Ventures entities).

<sup>93</sup> Including the Group's services business, the airport activities, the trademark, transfer taxes and transaction costs. Does not include the non-allocated goodwill for WFD.

<sup>94</sup> Value as at Dec. 31, 2017.

<sup>95</sup> Including transfer taxes and transaction costs.

<sup>96</sup> Source: Cushman & Wakefield, estimates.

## **Offices**

The value of UR's office portfolio increased by +5.1% on a like-for-like basis, primarily as a result of a positive yield impact (+4.8%) driven by reference transactions in the Paris region, where the Group's portfolio saw like-for-like GMV growth of +5.4%, of which +6.6% due to the yield impact.

## **Convention & Exhibition**

The Convention & Exhibition portfolio value decreased by -3.4% on a like-for-like basis as a result of an increase in the weighted average cost of capital.

### **1.2. Westfield's portfolio**

The WFD asset portfolio amounted to €21,539 Mn<sup>97</sup> compared to €21,382 Mn as at June 1, 2018, and represented 33% of URW's total portfolio.

## **United States (US)**

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

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

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

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

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

## **United Kingdom (UK)**

Investment volumes in UK real estate<sup>98</sup> amounted to €59 Bn in 2018, a decrease of -23% vs. 2017. Retail investment volumes accounted for 14% of total volumes, of which shopping centres represented 13%, or €1.0 Bn.

The number of UK shopping centre transactions was limited. Despite the resilient performance of the UK economy, 2018 was a particularly difficult year for UK retailers, as a number of structural factors, including business rates, over supply and fickle consumer demand has resulted in a very high number of bankruptcies and Company Voluntary Arrangements (CVAs). Investors have become wary of the consequences of Brexit, and transactions are taking longer to materialize. Investors are also more selective in terms of asset quality.

The best assets are still considered highly attractive, although their scarcity resulted in a limited number of transactions. In prime and super prime shopping centres, occupier demand remains strong and the impact of CVAs is less than in the rest of the market. Yields have expanded by between +5 bps and +25 bps in this category, although the Highcross shopping centre acquisition at a Net Initial Yield (NIY) of 5.5% provided some level of confidence to the market. Meanwhile, secondary asset

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<sup>97</sup> Including transfer taxes and transaction costs.

<sup>98</sup> Source: Cushman & Wakefield, estimates.

valuations remain under pressure, increasing the polarization in the shopping centre market. Investors will closely monitor the outcome of the Brexit process, as well as the news flow from the retail market prior to reassessing their capital allocation.

### 1.3. URW's portfolio

Asset portfolio valuation (including transfer taxes) (a)	Proportionate						IFRS	
	Dec. 31, 2018		Like-for-like change net of investment - 2018 (b)		Dec. 31, 2017		Dec. 31, 2017	
	€ Mn	%	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	36,763	56%	278	0.8%	35,851	82%	35,408	82%
Offices	3,191	5%	105	5.1%	4,171	10%	4,171	10%
Convention & Exhibition	3,222	5%	- 98	-3.4%	3,061	7%	3,063	7%
Services	486	1%	22	5.3%	415	1%	415	1%
<b>Subtotal UR</b>	<b>43,662</b>	<b>67 %</b>	<b>307</b>	<b>0.8 %</b>	<b>43,497</b>	<b>100 %</b>	<b>43,057</b>	<b>100 %</b>
Shopping centres	19,751	30%						
Offices & Others	733	1%						
Services	1,055	2%						
<b>Subtotal WFD</b>	<b>21,539</b>	<b>33 %</b>						
<b>Total URW</b>	<b>65,201</b>	<b>100 %</b>						

Figures may not add up due to rounding.

(a) On a proportionate basis, including transfer taxes and transaction costs (see §1.8 for IFRS and Group share figures).

The portfolio valuation includes:

- The acquisition of WFD for a total fair value (in GMV) of €21,382 Mn as at May 31, 2018;
- The appraised or at cost value of the entire property portfolio, whether fully consolidated or under joint operation;
- The equity value of URW's investments in assets not controlled (Zlote Tarasy, Ring-Center, Gropius Passagen and Blum/Centennial and Starwood Ventures entities). The equity value of URW's share investments in assets not controlled amounted to €1,057 Mn (€937 Mn).

The valuations take into account the negative cash flows related to rents paid on concessions or leaseholds, which are accounted for as financial debt on the consolidated balance sheet.

The portfolio does not include the remaining goodwill resulting from the acquisition of WFD, nor financial assets such as the €463 Mn of cash and cash equivalents on the Group's balance sheet as at Dec. 31, 2018.

(b) Excluding the currency effect, investment properties under construction, assets not controlled and changes in the scope (including acquisitions, disposals and deliveries of new projects) during 2018. Changes in scope consist mainly of the:

- Acquisition of WFD;
- Acquisition of office units in La Vaguada and in Tour Rosny;
- Acquisition of retail units in La Vaguada, in Parquesur, in Leidsenhage for the Mall of The Netherlands project, in Parly 2, in La Valentine and in La Part-Dieu;
- Acquisition of cinemas in Rosny 2 and Aupark;
- Disposals of offices: Capital 8, Tour Ariane and Zlote Tarasy Lumen and Skylight;
- Disposals of retail assets: four Spanish assets and a non-core asset in The Netherlands;
- Disposal of a Regional shopping centre in the US: Horton Plaza;
- Disposal of a hotel: Eurostop Örebro;
- Disposal of a land plot in L'Usine Mode et Maison;
- Disposal of an office project: Westfield Stratford City M7A; and
- Delivery of certain units to the tenants for which URW is still performing works: the cinema in Parly 2, the Vélizy 2 extension and the DEX & IMAX project in Carré Sénart.

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



	Proportionate	
<b>UR Valuation as at Dec. 31, 2017 (€ Mn)</b>	<b>43,497</b>	
Like-for-like revaluation	307	
Revaluation of non like-for-like assets	417	(a)
Revaluation of shares	36	(b)
Capex/ Acquisitions	1,361	
Disposals	- 1,848	(c)
Constant Currency Effect	- 108	(d)
<b>UR Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>43,662</b>	<b>1</b>
Acquisition of the Westfield portfolio on June 1, 2018	21,382	(e)
Revaluation of non like-for-like assets	- 257	(f)
Revaluation of shares	- 9	(g)
Capex/ Acquisitions / Disposals	195	(h)
Constant Currency Effect	229	(i)
<b>WFD Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>21,539</b>	<b>2</b>
<b>URW Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>65,201</b>	<b>1+2</b>

Figures may not add up due to rounding.

(a) Non like-for-like assets include IPUC valued at cost or at fair value, projects such as the Shift, Versailles Chantiers and Trinity offices, the hotel projects at Porte de Versailles and at Montparnasse and assets delivered in 2018 such as the cinema in Parly 2, the Vélizy 2 extension and the DEX & IMAX project in Carré Sénart.

(b) Revaluation of the shares in companies holding the assets not controlled (Zlote Tarasy, Ring-Center and Gropius Passagen).

(c) Value as at Dec. 31, 2017.

(d) Currency impact of -€108 Mn mainly in the Nordics, before offsets from foreign currency loans and hedging programs.

(e) Fair value of WFD's portfolio as at May 31, 2018 (on a proportionate basis vs. IFRS for the amount reported at the end of June 2018), including the services business, the trademark and the airport activities that were not valued at the end of June 2018.

(f) Revaluation of WFD's portfolio since June 1, 2018.

(g) Revaluation of the shares in companies holding the assets not controlled (Blum/Centennial and Starwood Ventures entities) since June 1, 2018.

(h) Capex spent since June 1, 2018, net of disposals.

(i) Currency impact of +€229 Mn in the US and the UK, before offsets from foreign currency loans and hedging programs.

## Appraisers

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

JLL and Cushman & Wakefield appraise the Continental European retail and office properties of the Group. France, being the largest region, is assessed by both firms. PwC assesses Convention & Exhibition venues as well as all of the Group's services activities, the trademark and the airport activities.

The Group's UK portfolio has been valued by Cushman & Wakefield. In Italy, the Westfield Milano development project has been valued by JLL. The Group's US portfolio has been valued by Cushman & Wakefield, Duff & Phelps and Altus.

Proportionate		
Appraiser	Property location	% of total portfolio
Cushman & Wakefield	France / The Netherlands / Central Europe / UK / US	50%
JLL	France / Germany / Nordics / Spain / Austria / Italy	28%
PwC	France / Germany / US / UK	8%
Altus	US	5%
Duff & Phelps	US	4%
Other appraisers	Central Europe	1%
At cost, under sale agreement or internal.		3%
		<b>100%</b>

Figures may not add up due to rounding.

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

### **Valuation methodology**

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

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

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

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

As the value of the assets is based on cashflows and exit capitalization rates (ECR), the NIY may be lower than the ECR for a number of reasons. The main reasons are: the vacancy as at the valuation date which the appraisers assume will be rented and the reversion which will be captured in the cashflows. The NIY is an output rather than an input.

### **Valuation scope**

97% of URW's portfolio was appraised by independent appraisers.

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

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

IPUC were valued using a discounted cash flow or yield method approach (in accordance with RICS and IVSC standards<sup>99</sup>) as deemed appropriate by the independent appraisers. In some cases, both methods were combined to validate and cross-check critical valuation parameters.

The Trinity offices and the hotel projects at Porte de Versailles have been carried at fair value since June 30, 2018.

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

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

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<sup>99</sup> RICS: Royal Institution of Chartered Surveyors; IVSC: International Valuation Standards Council.

The remaining assets of the portfolio (3%) were valued as follows:

- At cost for IPUC for which a reliable value could not yet be established. These include assets under development: Gaîté Montparnasse retail and office, Mall of The Netherlands and the La Part-Dieu extension, as well as the majority of development projects included in the “Controlled” and “Secured exclusivity” categories (see section “Development Projects” for more details);
- At bid value for assets subject to an agreement pursuant to which these will be disposed of: Bobigny 2;
- At acquisition price for assets acquired in 2018 that were not appraised.

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

#### 1.4. Shopping centre portfolio

The value of URW’s shopping centre portfolio is the addition of the value of each individual asset as determined by the Group’s appraisers, except as noted above. This approach does not include the “portfolio value”, which reflects the additional value of having a large group of unique assets in a single portfolio although it is certainly part of the appeal to the Group’s shareholders.

#### Evolution of URW’s shopping centre portfolio valuation

The value of the Group’s Continental European shopping centre portfolio grew to €36,763 Mn from €35,851 Mn.

The US and UK shopping centre portfolio<sup>100</sup> was valued at €19,751 Mn compared to €19,658 Mn as at June 1, 2018.

The total value of URW’s shopping centre portfolio amounted to €56,514 Mn.

	Proportionate	
<b>UR Valuation as at Dec. 31, 2017 (€ Mn)</b>	<b>35,851</b>	
Like-for-like revaluation	278	
Revaluation of non like-for-like assets	96	(a)
Revaluation of shares	36	(b)
Capex/ Acquisitions	1,044	
Disposals	- 440	(c)
Constant Currency Effect	- 102	(d)
<b>UR Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>36,763</b>	<b>1</b>
Acquisition of the Westfield portfolio on June 1, 2018	19,658	(e)
Revaluation of non like-for-like assets	- 206	(f)
Revaluation of shares	- 9	(g)
Capex/ Acquisitions / Disposals	79	(h)
Constant Currency Effect	229	(i)
<b>WFD Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>19,751</b>	<b>2</b>
<b>URW Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>56,514</b>	<b>1+2</b>

Figures may not add up due to rounding.

(a) Non like-for-like assets include IPUC valued at cost or at fair value and assets delivered in 2018 such as the cinema in Parly 2, the Vélizy 2 extension and the DEX & IMAX project in Carré Sénart.

(b) Revaluation of the shares in companies holding the assets not controlled (Zlote Tarasy, Ring-Center and Gropius Passagen).

(c) Value as at Dec. 31, 2017.

(d) Currency impact of -€102 Mn mainly in the Nordics, before offsets from foreign currency loans and hedging programs.

(e) Fair value of WFD’s portfolio as at May 31, 2018 (on a proportionate basis vs. IFRS for the amount reported at the end of June 2018), including the trademark and the airport activities that were not valued at the end of June 2018.

(f) Revaluation of WFD’s portfolio since June 1, 2018.

(g) Revaluation of the shares in companies holding the assets not controlled (Blum/Centennial and Starwood Ventures entities) since June 1, 2018.

(h) Capex spent since June 1, 2018, net of disposals.

(i) Currency impact of +€229 Mn in the US and the UK, before offsets from foreign currency loans and hedging programs.

<sup>100</sup> Including the airport activities for the US and the trademark for the US and the UK.

Based on an asset value excluding estimated transfer taxes and transaction costs, the Continental European shopping centre division's NIY is stable at 4.3%.

Shopping centre portfolio by region - Dec. 31, 2018	Proportionate			IFRS	
	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn	Net Initial Yield (a) Dec. 31, 2018	Net Initial Yield (a) Dec. 31, 2017	Net Initial Yield (b) Dec. 31, 2017
France (c)	16,282	15,656	4.0%	4.0%	4.0%
Central Europe (d)	5,321	5,275	4.9%	4.9%	4.9%
Spain	3,703	3,618	4.4%	4.7%	4.7%
Nordics	3,486	3,412	4.1%	4.3%	4.3%
Germany	3,756	3,562	4.4%	4.3%	4.5%
Austria	2,583	2,570	4.2%	4.2%	4.2%
The Netherlands	1,631	1,556	5.1%	5.0%	5.0%
<b>Subtotal UR</b>	<b>36,763</b>	<b>35,649</b>	<b>4.3%</b>	<b>4.3%</b>	<b>4.3%</b>
US	14,933	14,812	4.2%		
UK & Italy	4,818	4,593	4.3%		
<b>Subtotal WFD</b>	<b>19,751</b>	<b>19,405</b>	<b>4.3%</b>		
<b>Total URW</b>	<b>56,514</b>	<b>55,053</b>	<b>4.3%</b>		

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, the trademark and the airport activities are not included in the calculation.

(b) 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 held by companies accounted for using the equity method are not included in the calculation.

(c) The effect of including key money in the French region's NRI would increase the NIY of French shopping centres from 4.0% to 4.3%.

(d) Ring-Center is included in the Central Europe region.

US shopping centre portfolio by category - Dec. 31, 2018	Valuation including transfer taxes in € Mn	Valuation excluding estimated transfer taxes in € Mn	Net Initial Yield (a) Dec. 31, 2018
US Flagships (b)	12,587	12,471	3.9%
US Regionals	2,346	2,341	6.1%
<b>Total US</b>	<b>14,933</b>	<b>14,812</b>	<b>4.2%</b>

(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, the trademark and the airport activities are not included in the calculation of NIY.

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

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

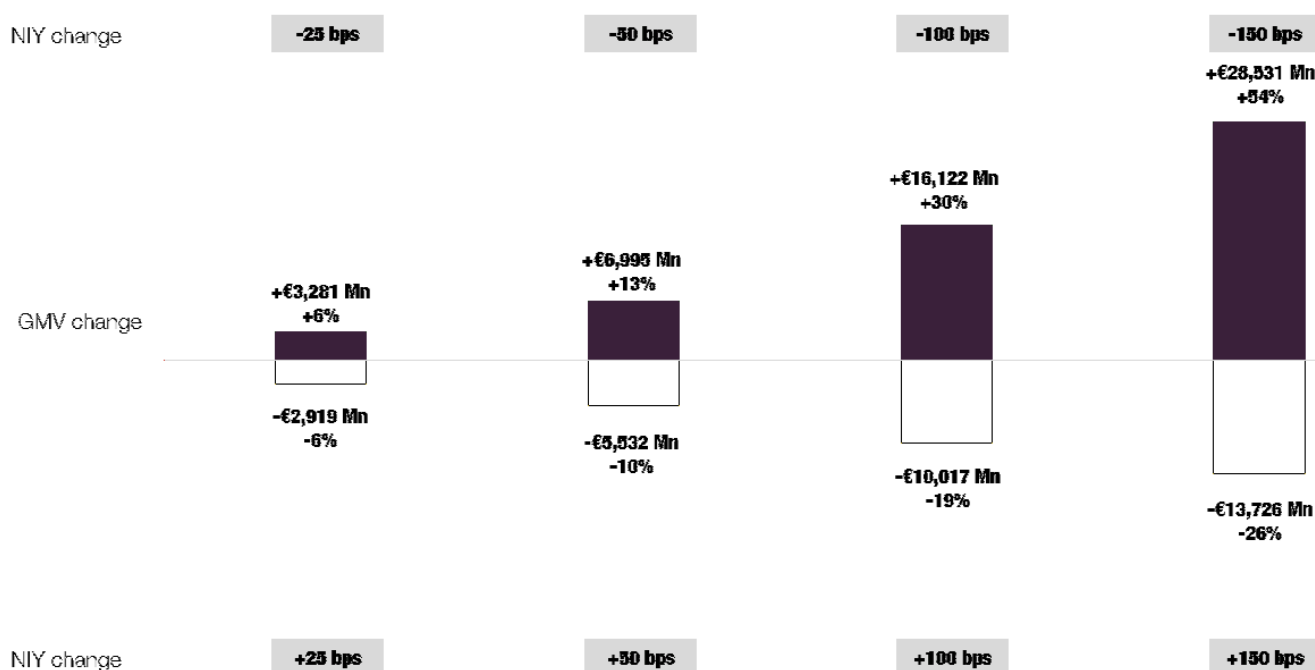
Valuation of shopping centre portfolio (including transfer taxes)	Proportionate				IFRS (a)	
	Dec. 31, 2018		Dec. 31, 2017		Dec. 31, 2017	
	€ Mn	%	€ Mn	%	€ Mn	%
France	16,282	29%	15,769	44%	15,752	44%
Central Europe	5,321	9%	5,098	14%	5,063	14%
Spain	3,703	7%	3,763	10%	3,764	11%
Nordics	3,486	6%	3,516	10%	3,516	10%
Germany	3,756	7%	3,601	10%	3,209	9%
Austria	2,583	5%	2,498	7%	2,498	7%
The Netherlands	1,631	3%	1,607	4%	1,607	5%
<b>Subtotal UR</b>	<b>36,763</b>	<b>65%</b>	<b>35,851</b>	<b>100%</b>	<b>35,408</b>	<b>100%</b>
US	14,933	26%				
UK & Italy	4,818	9%				
<b>Subtotal WFD</b>	<b>19,751</b>	<b>35%</b>				
<b>Total URW</b>	<b>56,514</b>	<b>100%</b>				

Figures may not add up due to rounding.

(a) Valuation amounts include the value of the Group's equity in assets accounted for using the equity method.

## Sensitivity

### Sensitivity to Net Initial Yield change



Figures may not add up due to rounding.

A change of +25 basis points (bps) in NIY, the main output of the appraisal models, would result in a downward adjustment of -€2,919 Mn (or -5.5%) of URW's shopping centre portfolio value (excluding assets under development, the trademark and the airport activities).

## Like-for-like analysis

On a like-for-like basis, the value of URW's Continental European shopping centre portfolio, after accounting for works, capitalized financial and leasing expenses and eviction costs, increased by +€278 Mn (+0.8%). This increase was the result of a rent impact of +2.4%, partly offset by a negative yield impact of -1.6%.

Proportionate				
Shopping centres - Like-for-like (LfL) change (a)				
2018	LfL change in € Mn	LfL change in %	LfL change - Rent impact	LfL change - Yield impact (b)
France	15	0.1%	3.2%	-3.1%
Central Europe	155	3.6%	3.2%	0.4%
Spain	139	4.3%	3.8%	0.6%
Nordics	31	0.9%	-1.1%	2.0%
Germany	- 22	-0.7%	1.0%	-1.7%
Austria	43	1.7%	3.5%	-1.8%
The Netherlands	- 84	-7.2%	-1.7%	-5.5%
<b>Total</b>	<b>278</b>	<b>0.8%</b>	<b>2.4%</b>	<b>-1.6%</b>

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from Dec. 31, 2017 to Dec. 31, 2018, excluding assets not controlled.

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

The changes in the exit yields and Discount Rates from December 31, 2017 to December 31, 2018 had an impact of +€16.5 Mn on the GMV of the like-for-like shopping centres.

Like-for-like revaluations illustrated the outperformance of Continental European assets attracting ten million or more visits per annum, which represent 80% of URW's Continental European's retail exposure (excluding assets under development).

Proportionate				
Shopping centres - Like- for-like (Lfl) change by footfall category (a)				
2018	Lfl change in € Mn	Lfl change in %	Lfl change - Rent impact	Lfl change - Yield impact (b)
10 Mn visits and above	550	2.1%	3.2%	-1.1%
Below 10 Mn visits	- 272	-4.1%	-0.1%	-4.0%
<b>Total</b>	<b>278</b>	<b>0.8%</b>	<b>2.4%</b>	<b>-1.6%</b>

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from Dec. 31, 2017 to Dec. 31, 2018, excluding assets not controlled.

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

## 1.5. Office portfolio

### Evolution of URW's office portfolio valuation

The value of URW's Continental European office portfolio decreased to €3,191 Mn from €4,171 Mn, primarily due to the active asset disposal programme.

The value of URW's US and UK office portfolio was €733 Mn compared to €671 Mn as at June 1, 2018.

The total value of URW's office portfolio amounted to €3,924 Mn.

	Proportionate	
<b>UR Valuation as at Dec. 31, 2017 (€ Mn)</b>	<b>4,171</b>	
Like-for-like revaluation	105	
Revaluation of non like-for-like assets	156	(a)
Capex/ Acquisitions	173	
Disposals	- 1,408	(b)
Constant Currency Effect	- 6	(c)
<b>UR Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>3,191</b>	<b>1</b>
Acquisition of the Westfield portfolio on June 1, 2018	671	(d)
Revaluation of non like-for-like assets	- 51	(e)
Capex/ Acquisitions / Disposals	116	(f)
Constant Currency Effect	- 2	(g)
<b>WFD Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>733</b>	<b>2</b>
<b>URW Valuation as at Dec. 31, 2018 (€ Mn)</b>	<b>3,924</b>	<b>1+2</b>

Figures may not add up due to rounding.

(a) Non like-for-like assets include IPUC valued at cost or at fair value, projects such as the Shift, Versailles Chantiers and Trinity offices.

(b) Value as at Dec. 31, 2017.

(c) Currency impact of -€6 Mn mainly in the Nordics, before offsets from foreign currency loans and hedging programs.

(d) Fair value of WFD's portfolio as at May 31, 2018 (on a proportionate basis vs. under IFRS for the amount reported at the end of June 2018).

(e) Revaluation of WFD's portfolio since June 1, 2018.

(f) Capex spent since June 1, 2018, net of disposals.

(g) Currency impact of -€2 Mn in the US and the UK, before offsets from foreign currency loans and hedging programs.

The split by region of the total office portfolio is the following:

Valuation of Office portfolio (including transfer taxes)	Proportionate				IFRS	
	Dec. 31, 2018		Dec. 31, 2017		Dec. 31, 2017	
	€ Mn	%	€ Mn	%	€ Mn	%
France	2,879	73%	3,738	90%	3,738	90%
Nordics	168	4%	173	4%	173	4%
Other countries	144	4%	260	6%	260	6%
<b>Subtotal UR</b>	<b>3,191</b>	<b>81 %</b>	<b>4,171</b>	<b>100 %</b>	<b>4,171</b>	<b>100 %</b>
US	302	8%				
UK & Italy	432	11%				
<b>Subtotal WFD</b>	<b>733</b>	<b>19 %</b>				
<b>Total URW</b>	<b>3,924</b>	<b>100 %</b>				

Figures may not add up due to rounding.

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Continental European office division's NIY increased by +22 bps to 5.8%. This increase is mainly due to the disposal of Capital 8 and the increase in NIY for offices in other countries.

Valuation of occupied office space - Dec. 31, 2018	Proportionate				IFRS
	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn (a)	Net Initial Yield (b) Dec. 31, 2018	Net Initial Yield (b) Dec. 31, 2017	Net Initial Yield (c) Dec. 31, 2017
France	1,843	1,783	5.6%	5.5%	5.5%
Nordics	135	132	7.9%	7.6%	7.6%
Other countries	118	116	7.1%	5.9%	5.9%
<b>Subtotal UR</b>	<b>2,096</b>	<b>2,030</b>	<b>5.8%</b>	<b>5.6%</b>	<b>5.6%</b>
US	217	211	5.8%		
UK & Italy	68	64	n.m.		
<b>Subtotal WFD</b>	<b>285</b>	<b>275</b>	<b>4.9%</b>		
<b>Total URW</b>	<b>2,381</b>	<b>2,305</b>	<b>5.7%</b>		

Figures may not add up due to rounding.

(a) Valuation of occupied office space as at Dec. 31, 2018, based on the appraiser's allocation of value between occupied and vacant spaces.

(b) Annualized contracted rents (including latest indexation) and other income net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs. Assets under development or not controlled are not included in this calculation.

(c) Annualized contracted rents (including latest indexation) and other income net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs. Assets under development or held by companies accounted for using the equity method are not included in this calculation.

### **Sensitivity**

A change of +25 bps in NIY, the main output of the appraisal models, would result in a downward adjustment of -€110 Mn (-4.4%) of URW's office portfolio value (occupied and vacant spaces, excluding assets under development).

### Like-for-like analysis

The value of URW's Continental European office portfolio, after accounting for the impact of works and capitalized financial and leasing expenses, increased by +€105 Mn (+5.1%) on a like-for-like basis, due to a rent impact of +0.3% and a yield impact of +4.8%.

Proportionate				
Offices - Like for Like (LfL) change (a)				
2018	LfL change in € Mn	LfL change in %	LfL change - Rent impact	LfL change - Yield impact (b)
France	97	5.4%	-1.2%	6.6%
Nordics	6	3.4%	6.5%	-3.1%
Other countries	2	2.0%	8.4%	-6.4%
<b>Total</b>	<b>105</b>	<b>5.1 %</b>	<b>0.3%</b>	<b>4.8 %</b>

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from Dec. 31, 2017 to Dec. 31, 2018.

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

### French office portfolio

The French office portfolio split by sector is the following:

French office portfolio by sector - Dec. 31, 2018	Proportionate	
	Valuation (including transfer taxes)	
	€ Mn	%
La Défense	1,992	69%
Others	887	31%
<b>Total</b>	<b>2,879</b>	<b>100%</b>

Figures may not add up due to rounding.

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the French office division's NIY came to 5.6%, reflecting a +9 bps yield expansion during 2018.

Valuation of French occupied office space - Dec. 31, 2018	Proportionate			
	Valuation including transfer taxes in € Mn (a)	Valuation excluding estimated transfer taxes in € Mn	Net Initial Yield Dec. 31, 2018 (b)	Average price €/m <sup>2</sup> (c)
La Défense	1,571	1,521	5.7%	8,727
Others	272	262	5.2%	7,523
<b>Total</b>	<b>1,843</b>	<b>1,783</b>	<b>5.6 %</b>	<b>8,530</b>

Figures may not add up due to rounding.

(a) Valuation of occupied office space as at Dec. 31, 2018, based on the appraiser's allocation of value between occupied and vacant spaces.

(b) Annualized contracted rent (including latest indexation) net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs.

(c) Average price, excluding estimated transfer taxes and transaction costs, per square meter for occupied office space based on the appraiser's allocation of value between occupied and vacant spaces. The computation takes into account the areas allocated to company restaurants. Average prices were restated for car parks with an average of €16,939 per unit.



## 1.6. Convention & Exhibition portfolio

### Valuation methodology

The valuation methodology adopted by PwC for the venues is mainly based on a discounted cash flow model applied to the total net income projected over the life of the concession or leasehold (net of the amounts paid for the concession or leasehold) if it exists, or otherwise over a 10-year period, with an estimate of the asset value at the end of the given time period, based either on the residual contractual value for concessions or on capitalized cash flows over the last year, including the remaining capital expenditures to be spent on Porte de Versailles (€365 Mn).

The hotels at Porte de Versailles have been carried at fair value since June 30, 2018, using the same methodology.

The discounted cash flow methodology has also been used for the CNIT Hilton, the Novotel Confluence and the Pullman Montparnasse hotels.

### Evolution of the Convention & Exhibition valuation

The value of URW's Convention & Exhibition venues and hotels, including transfer taxes and transaction costs, grew to €3,222 Mn (€3,061 Mn).

	Proportionate	
Valuation Dec. 31, 2017 (€ Mn)	3,061	(a)
Like-for-like revaluation	- 98	
Revaluation of non like-for-like assets	116	
Capex/ Acquisitions	144	
Valuation Dec. 31, 2018 (€ Mn)	3,222	(b)

Figures may not add up due to rounding.

(a) Of which €2,781 Mn for Viparis (including Palais des Sports) and €280 Mn for hotels (including the hotel projects at Porte de Versailles). Excluding the Convention & Exhibition space in Carrousel du Louvre and CNIT, 100%-owned by URW, the valuation for Viparis (including Palais des Sports) is €2,622 Mn.

(b) Of which €2,778 Mn for Viparis (including Palais des Sports) and €443 Mn for hotels (including the hotel projects at Porte de Versailles). Excluding the Convention & Exhibition space in Carrousel du Louvre and CNIT, 100%-owned by URW, the valuation for Viparis (including Palais des Sports) is €2,631 Mn.

On a like-for-like basis, net of investments, the value of Convention & Exhibition venues and hotels decreased by -€98 Mn (-3.4%).

	Proportionate	
Convention & Exhibition - Like-for-like change (a)	2018	
	€ Mn	%
Viparis (b)	- 100	-3.6%
Hotels	1	1.9%
<b>Total</b>	<b>- 98</b>	<b>-3.4%</b>

Figures may not add up due to rounding.

(a) Like-for-like change net of investments from Dec. 31, 2017 to Dec. 31, 2018.

(b) Viparis includes all of the Group's Convention & Exhibition venues.

Based on these valuations, the average EBITDA yield (recurring earnings before interest, tax, depreciation and amortization divided by the value of assets, excluding estimated transfer taxes and transaction costs) of Viparis's venues increased by +5 bps to 5.3%.

## 1.7. Services

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

URW's services portfolio is appraised annually by PwC as at each year-end in order to include all significant fee business activities in the portfolio at their market value for the calculation of URW's NAV. In URW's Consolidated statement of financial position, intangible assets are not revalued but recognized at cost less any amortization charges and / or impairment losses booked.

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

The figures above are on a proportionate basis.

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

	Proportionate		IFRS		Group share	
	€ Mn	%	€ Mn	%	€ Mn	%
<b>UR Asset portfolio valuation - Dec. 31, 2018</b>						
Shopping centres	36,763	84%	36,270	84%	31,776	85%
Offices	3,191	7%	3,191	7%	3,166	9%
Convention & Exhibition	3,222	7%	3,223	7%	1,848	5%
Services	486	1%	486	1%	396	1%
<b>Total UR</b>	<b>43,662</b>	<b>100%</b>	<b>43,170</b>	<b>100%</b>	<b>37,185</b>	<b>100%</b>
<b>UR Asset portfolio valuation - Dec. 31, 2017</b>						
Shopping centres	35,851	82%	35,408	82%	31,018	83%
Offices	4,171	10%	4,171	10%	4,146	11%
Convention & Exhibition	3,061	7%	3,063	7%	1,747	5%
Services	415	1%	415	1%	329	1%
<b>Total UR</b>	<b>43,497</b>	<b>100%</b>	<b>43,057</b>	<b>100%</b>	<b>37,241</b>	<b>100%</b>
<b>UR Like-for-like change - net of Investments - 2018</b>						
Shopping centres	278	0.8%	277	0.9%	222	0.8%
Offices	105	5.1%	105	5.1%	105	5.1%
Convention & Exhibition	- 98	-3.4%	- 98	-3.4%	- 55	-3.6%
Services	22	5.3%	22	5.3%	17	5.3%
<b>Total UR</b>	<b>307</b>	<b>0.8%</b>	<b>306</b>	<b>0.8%</b>	<b>290</b>	<b>0.9%</b>
<b>UR Like-for-like change - net of Investments - 2018 - Split rent/yield impact</b>	Rent impact %	Yield impact %	Rent impact %	Yield impact %	Rent impact %	Yield impact %
Shopping centres	2.4%	-1.6%	2.4%	-1.6%	2.3%	-1.5%
Offices	0.3%	4.8%	0.3%	4.8%	0.2%	4.9%
<b>UR Net Initial Yield</b>	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Shopping centres (a)	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Offices - occupied space (b)	5.8%	5.6%	5.8%	5.6%	5.8%	5.6%

Figures may not add up due to rounding.

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

(b) Annualized contracted rents (including latest indexation) and other income net of expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs. Offices under development and offices not controlled (Zlote Tarasy Lumen and Skylight, sold in 2018) are not included in the calculation.

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

	Proportionate		IFRS		Group share	
<b>WFD Asset portfolio valuation - Dec. 31, 2018</b>	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	19,751	92%	17,764	91%	17,642	91%
Offices & Others	733	3%	704	4%	704	4%
Services	1,055	5%	1,055	5%	1,055	5%
<b>Total WFD</b>	<b>21,539</b>	<b>100%</b>	<b>19,523</b>	<b>100%</b>	<b>19,401</b>	<b>100%</b>

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

	Proportionate		IFRS		Group share	
<b>URW Asset portfolio valuation - Dec. 31, 2018</b>	€ Mn	%	€ Mn	%	€ Mn	%
Shopping centres	56,514	87%	54,034	86%	49,417	87%
Offices & Others	3,924	6%	3,894	6%	3,870	7%
Convention & Exhibition	3,222	5%	3,223	5%	1,848	3%
Services	1,541	2%	1,541	2%	1,451	3%
<b>Total URW</b>	<b>65,201</b>	<b>100%</b>	<b>62,693</b>	<b>100%</b>	<b>56,586</b>	<b>100%</b>

### 1.9. Additional Valuation parameters - IFRS 13

URW complies with the IFRS 13 fair value measurement and the position paper<sup>101</sup> on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

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

<sup>101</sup> EPRA Position Paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.

## Shopping centres

All shopping centres are valued using the discounted cash flow and / or yield methodologies.

Shopping centres - Dec. 31, 2018		Net Initial Yield	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
France	Max	7.6%	896	8.5%	7.4%	13.9%
	Min	2.3%	162	5.3%	3.5%	2.0%
	Weighted average	4.0%	514	5.7%	4.0%	4.1%
Central Europe	Max	7.2%	602	8.4%	7.7%	3.0%
	Min	4.4%	140	6.3%	4.7%	2.1%
	Weighted average	4.9%	384	6.8%	5.0%	2.6%
Spain	Max	7.4%	547	9.3%	6.5%	3.8%
	Min	4.0%	128	6.9%	4.3%	1.4%
	Weighted average	4.4%	346	7.1%	4.4%	3.3%
Nordics	Max	5.3%	468	8.3%	5.2%	3.6%
	Min	3.8%	184	6.2%	3.9%	2.6%
	Weighted average	4.1%	374	6.6%	4.2%	3.1%
Germany	Max	7.4%	480	8.0%	6.6%	3.8%
	Min	3.8%	159	6.0%	3.8%	2.0%
	Weighted average	4.4%	302	6.3%	4.3%	3.0%
Austria	Max	4.3%	406	6.2%	4.1%	3.0%
	Min	4.1%	376	6.1%	4.1%	2.4%
	Weighted average	4.2%	390	6.2%	4.1%	2.7%
The Netherlands	Max	6.6%	405	7.5%	6.7%	3.4%
	Min	4.3%	168	5.8%	4.2%	2.4%
	Weighted average	5.1%	270	6.5%	5.2%	2.6%
US	Max	20.4%	2,493	12.0%	10.5%	11.7%
	Min	3.2%	82	5.8%	4.3%	1.8%
	Weighted average	4.2%	419	6.4%	5.1%	4.6%
UK & Italy	Max	4.5%	692	5.8%	4.6%	3.6%
	Min	4.1%	678	5.7%	4.5%	2.4%
	Weighted average	4.3%	684	5.7%	4.6%	3.1%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled, the trademark and the airport activities are not included in this table.

(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per m<sup>2</sup>.

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

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

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

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

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

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled, the trademark and the airport activities are not included in this table.

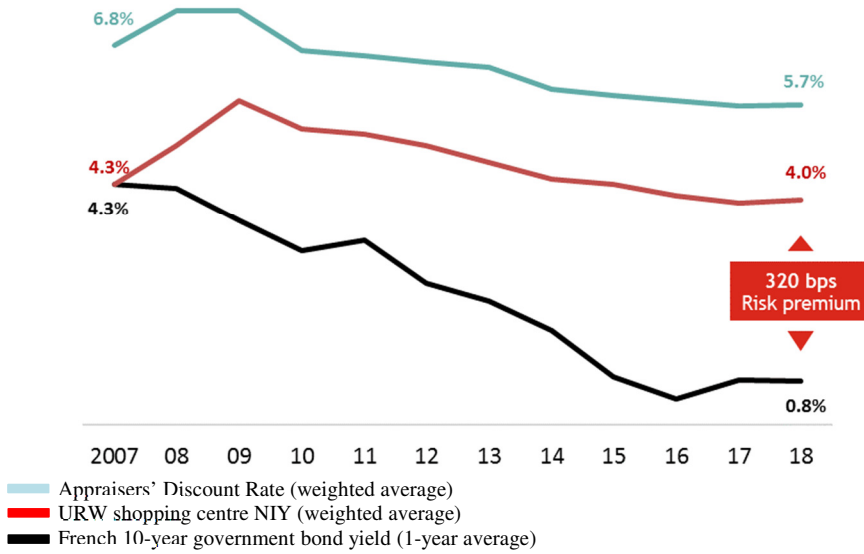
(a) Average annual rent (Minimum Guaranteed Rent + Sales Based Rent) per asset per m<sup>2</sup>.

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

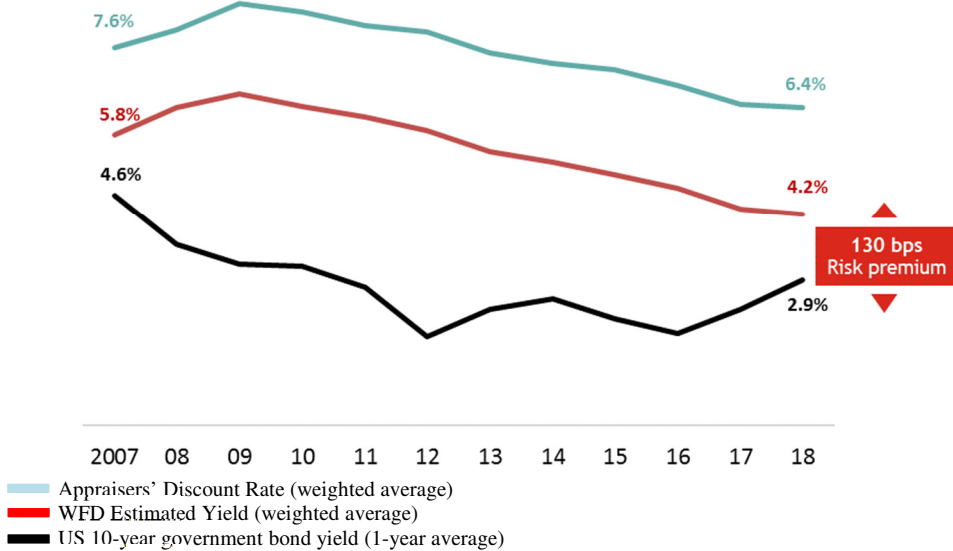
(c) Rate used to capitalize the exit rent to determine the exit value of an asset.

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

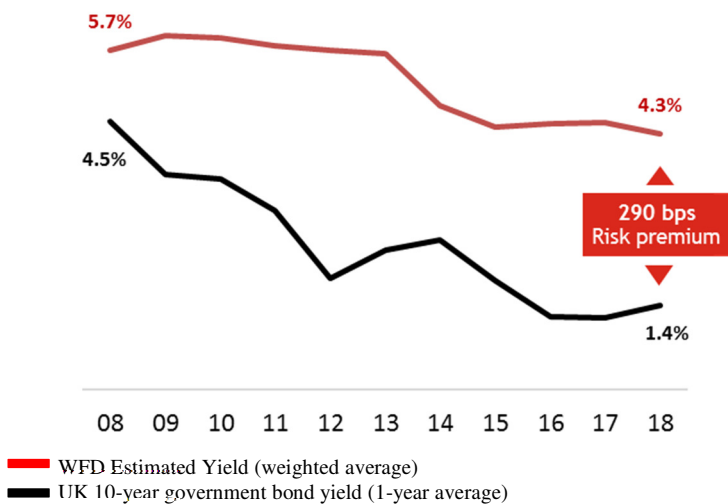
## France shopping centres



## US shopping centres



## UK shopping centres



## Offices

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

Offices - Dec. 31, 2018		Net Initial Yield on occupied space	Rent in € per sqm (a)	Discount Rate (b)	Exit yield (c)	CAGR of NRI (d)
France	Max	11.0%	554	9.0%	8.0%	2.2%
	Min	4.4%	108	5.0%	4.3%	-0.6%
	Weighted average	5.6%	473	5.6%	4.7%	1.2%
Nordics	Max	10.0%	221	9.4%	7.8%	3.7%
	Min	6.6%	172	7.1%	5.2%	2.4%
	Weighted average	7.9%	189	8.0%	6.4%	3.0%
Other countries	Max	13.0%	162	8.8%	8.8%	17.5%
	Min	4.7%	43	5.6%	4.0%	0.5%
	Weighted average	7.1%	94	5.9%	4.7%	2.0%
US	Max	8.8%	485	9.3%	8.5%	6.1%
	Min	4.5%	249	6.9%	5.8%	3.6%
	Weighted average	5.8%	382	7.2%	6.6%	5.4%

Net Initial Yield, Discount Rate and Exit yield weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development are not included in this table, as well as UK asset.

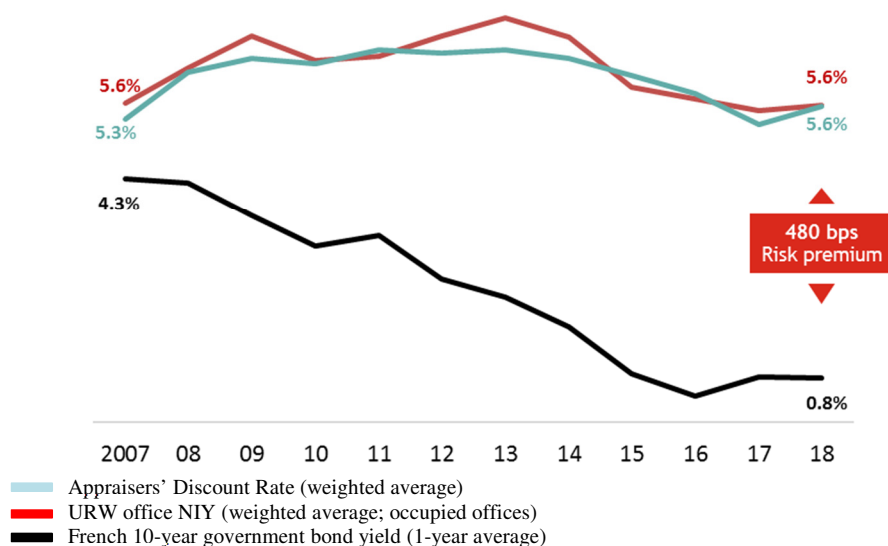
(a) Average annual rent (Minimum Guaranteed Rent) per asset per m<sup>2</sup>. The computation takes into account the areas allocated to company restaurants.

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

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

(d) Compounded Annual Growth Rate of Net Rental Income determined by the appraiser (between 3 and 10 years, depending on duration of DCF model used).

### France offices



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

## 2. EPRA TRIPLE NET ASSET VALUE CALCULATION

The EPRA triple Net Asset Value (NNNAV) is calculated by adding to the equity attributable to the holders of the Stapled Shares, as shown on the Consolidated statement of financial position (under IFRS), several items as described hereafter.

### 2.1. Equity attributable to the holders of the Stapled Shares

As at December 31, 2018, the equity attributable to the holders of the Stapled Shares (which includes neither the Hybrid securities nor the External non-controlling interests) came to €26,176 Mn.

The equity attributable to the holders of the Stapled Shares incorporated the net recurring profit of €1,609.8 Mn and the net negative impact of -€578.6 Mn of fair value adjustments on property assets and financial instruments, acquisition and related costs, as well as the capital gain on sales of properties.

A preliminary purchase price allocation of the WFD acquisition was performed as at December 31, 2018, as well as preliminary impairment tests of the remaining goodwill.

### 2.2. Impact of rights giving access to share capital

Dilution from securities giving access to share capital as at December 31, 2018, was computed for such instruments “in the money” and having fulfilled the performance conditions.

In accordance with IFRS, financial instruments and the ORNANES<sup>102</sup> were recorded on URW’s statement of financial position at their fair value with the impact of the change in fair value included in the income statement and thus in the equity attributable to the holders of the Stapled Shares.

The ORNANES issued in 2014 and 2015 were not restated for the NNNAV calculation as they are “out of the money” as at December 31, 2018, and therefore had no impact on the number of shares.

The exercise of “in the money” stock-options and performance shares with the performance conditions fulfilled as at December 31, 2018, would have led to a rise in the number of shares by +149,298, without any impact on the equity attributable to the holders of the Stapled Shares as they relate only to performance shares.

As at December 31, 2018, the fully-diluted number of shares taken into account for the NAV calculations was 138,445,448.

### 2.3. Unrealized capital gain on intangible and operating assets

The appraisal of property service companies in France and Germany, of the operating asset of URW (7 Adenauer, Paris 16) and of the operations (“*fonds de commerce*”) of Viparis Porte de Versailles, Paris Nord Villepinte, Palais des Congrès de Paris and Palais des Congrès d’Issy-les-Moulineaux, gave rise to an unrealized capital gain of +€582 Mn, which was added for the purpose of the NAV calculation.

### 2.4. Adjustment of deferred taxes on capital gains

In accordance with accounting standards, deferred tax on property assets was calculated on a theoretical basis on the consolidated statement of financial position as at December 31, 2018.

For the purpose of the EPRA NAV calculation, deferred taxes on unrealized capital gains on assets not qualifying for tax exemption (€3,797 Mn) were added back, including the deferred tax liabilities resulting from the acquisition of WFD.

Goodwill booked on the balance sheet as a result of deferred taxes was accordingly excluded from the NAV for a total amount of €256 Mn.

For the calculation of the EPRA NNNAV, estimated taxes actually payable should a disposal take place (€1,774 Mn) were deducted. For US and UK assets, this estimation is based on 50% of the deferred tax liabilities booked in the consolidated balance sheet.

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<sup>102</sup> Net share settled bonds convertible into new and/or existing shares (ORNANE) – see Financial resources note.

## **2.5. Mark-to-market value of debt and derivatives**

In accordance with IFRS, derivatives and ORNANes were recorded on URW's statement of financial position at their fair value.

The fair value adjustment (€409 Mn, excluding exchange rate hedging in accordance with the EPRA best practice recommendations) was added back for the EPRA NAV calculation and then deducted for the EPRA NNNAV calculation.

The value of the fixed-rate debt on the balance sheet of the Group is equal to the nominal value for the ex-Unibail debt, the fair value of the ex-Rodamco debt at the accounting combination date (June 30, 2007) and the value of the WFD debt at the accounting combination date (May 31, 2018). Taking fixed rate debt at its fair value would have had a positive impact of +€34 Mn. This impact was taken into account in the EPRA NNNAV calculation.

## **2.6. Restatement of transfer taxes and transaction costs**

Transfer taxes and transaction costs are estimated after taking into account the disposal scenario minimizing these costs: sale of the asset or of the company that owns it provided the anticipated method is achievable (which notably depends on the net book value of the asset). This estimation is carried out on a case-by-case basis on each individual asset, according to the local tax regime.

As at December 31, 2018, these estimated transfer taxes and other transaction costs compared to transfer taxes and costs already deducted from asset values on the statement of financial position (in accordance with IFRS) came to a positive net adjustment of €626 Mn.

## **2.7. EPRA Triple Net Asset Value**

URW's EPRA NNNAV stood at €29,185 Mn or €210.80 per share (fully-diluted) as at December 31, 2018.

The EPRA NNNAV per share increased by +3.2% (or +€6.60) compared to June 30, 2018 and increased by +5.1% (or +€10.30) compared to December 31, 2017.

The increase of +€10.30 compared to December 31, 2017 was the sum of: (i) the value increase of +€18.78 per share, (ii) the impact of the payment of the 2018 dividend of -€10.80, and (iii) the positive impact of the +€2.32 mark-to-market of the fixed-rate debt and derivatives.

## **3. GOING CONCERN NET ASSET VALUE**

URW adds to the EPRA NNNAV per share estimated transfer taxes and effective deferred capital gain taxes resulting in a Going Concern NAV. This corresponds to the amount of equity needed to replicate the Group's portfolio with its current financial structure.

Going Concern NAV stood at €233.90 per share as at December 31, 2018, an increase of +€14.70 (+6.7%) compared to December 31, 2017.

This increase was the sum of: (i) the value increase of +€23.18 per share, (ii) the impact of the payment of the 2018 dividend of -€10.80, and (iii) the positive impact of the +€2.32 mark-to-market of the fixed-rate debt and derivatives.

The following tables show the calculation presented in compliance with EPRA best practices recommendations. A bridge from December 31, 2017 to December 31, 2018 is also presented.



EPRA NNNAV calculation (All figures are Group share, in €Mn)	Dec. 31, 2017		June 30, 2018		Dec. 31, 2018	
	€Mn	€/share	€Mn	€/share	€Mn	€/share
Fully diluted number of shares	99,910,659		138,973,702		138,445,448	
Equity attributable to the holders of the Stapled Shares	18,916		25,699		26,176	
Amounts owed to shareholders	0		0		0	
ORA and ORNANE	0		0		0	
Effect of exercise of options	3		98		0	
Diluted NAV	18,919		25,797		26,176	
<i>Add</i>						
Revaluation of intangible and operating assets	406		447		582	
<i>Added back/deducted</i>						
Fair value of financial instruments	232		320		409	
Deferred taxes on balance sheet	1,776		3,720		3,797	
Goodwill as a result of deferred taxes	-256		-256		-256	
<b>EPRA NAV</b>	<b>21,078</b>	<b>211.00 €</b>	<b>30,027</b>	<b>216.10 €</b>	<b>30,709</b>	<b>221.80 €</b>
Fair value of financial instruments	-232		-320		-409	
Fair value of debt	-579		-206		34	
Effective deferred taxes	-823		-1,781		-1,774	
Impact of transfer taxes estimation	591		660		626	
<b>EPRA NNNAV</b>	<b>20,035</b>	<b>200.50 €</b>	<b>28,380</b>	<b>204.20 €</b>	<b>29,185</b>	<b>210.80 €</b>
<b>% of change over 6 months</b>		<b>2.7%</b>		<b>1.8%</b>		<b>3.2%</b>
<b>% of change over 1 year</b>		<b>9.1%</b>		<b>4.6%</b>		<b>5.1%</b>

URW also states the "Going concern NAV" = EPRA NNNAV per share adding back transfer taxes and deferred capital gain taxes. It corresponds to the amount of equity needed to replicate the Group's portfolio with its current financial structure - on the basis of fully diluted number of shares.

Going Concern NAV calculation (All figures are Group share, in €Mn)	Dec. 31, 2017		June 30, 2018		Dec. 31, 2018	
	€Mn	€/share	€Mn	€/share	€Mn	€/share
EPRA NNNAV	20,035		28,380		29,185	
Effective deferred capital gain taxes	823		1,781		1,774	
Estimated transfer taxes	1,040		1,404		1,418	
<b>GOING CONCERN NAV</b>	<b>21,898</b>	<b>219.20 €</b>	<b>31,565</b>	<b>227.10 €</b>	<b>32,376</b>	<b>233.90 €</b>
<b>% of change over 6 months</b>		<b>2.6%</b>		<b>3.6%</b>		<b>3.0%</b>
<b>% of change over 1 year</b>		<b>8.8%</b>		<b>6.3%</b>		<b>6.7%</b>

Figures may not add up due to rounding.

Evolution of EPRA NNNAV and Going concern NAV	EPRA NAV	EPRA NNNAV	Going concern NAV
<b>As at Dec. 31, 2017, per share (fully diluted)</b>	<b>211.00 €</b>	<b>200.50 €</b>	<b>219.20 €</b>
Revaluation of property assets *	0.21	0.21	0.21
<div> <div>Retail</div> <div>-</div> <div>0.80</div> </div>			
<div> <div>Offices &amp; Other</div> <div></div> <div>1.26</div> </div>			
<div> <div>Convention &amp; Exhibition</div> <div>-</div> <div>0.25</div> </div>			
Revaluation of intangible and operating assets	0.89	0.89	0.89
Capital gain on disposals	0.58	0.58	0.58
<b>Subtotal revaluations and capital gain on disposals</b>	<b>1.69</b>	<b>1.69</b>	<b>1.69</b>
<b>Recurring Net Result</b>	<b>13.15</b>	<b>13.15</b>	<b>13.15</b>
<b>Distribution</b>	<b>-10.80</b>	<b>-10.80</b>	<b>-10.80</b>
<b>Mark-to-market of debt and financial instruments</b>	<b>-0.82</b>	<b>2.32</b>	<b>2.32</b>
Variation in transfer taxes & deferred taxes adjustments	14.04	7.42	17.02
Variation in the fully diluted number of shares	-4.42	-1.46	-6.70
Other (including foreign exchange difference)	-2.04	-2.01	-1.97
<b>Subtotal other variations</b>	<b>7.58</b>	<b>3.96</b>	<b>8.35</b>
<b>As at Dec. 31, 2018, per share (fully diluted)</b>	<b>221.80 €</b>	<b>210.80 €</b>	<b>233.90 €</b>

Figures may not add up due to rounding.

(\*) Revaluation of property assets is +€0.16 per share on like-for-like basis, of which +€0.38 due to rental effect and -€0.22 due to yield effect.

## 6. FINANCIAL RESOURCES

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

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

This year was further characterized by the completion of the WFD acquisition on June 7, 2018. URW took advantage of attractive market windows to raise €7,883 Mn of new senior debt and €2 Bn of hybrid securities. Following these issuances, the bridge loan of €6.1 Bn put in place in January 2018 to finance the acquisition of WFD was cancelled, without having been drawn.

URW benefits from healthy financial ratios<sup>103</sup> as at December 31, 2018<sup>104</sup>:

- The Interest Coverage Ratio (ICR) was  $6.1 \times$ <sup>105</sup> (5.4 x on a proportionate basis) compared, to  $>5 \times$  on a 2017 proforma basis and 6.7x for UR in 2017 on a stand-alone basis;
- The Loan-to-Value (LTV) ratio<sup>106</sup> was 37.0%<sup>107</sup> (38.9%<sup>108</sup> as at June 30, 2018; 39.8% on a pro-forma basis and 33.2% for UR on a stand-alone basis, both as at December 31, 2017).

The average cost of debt for the period was 1.6% (1.4% for 2017) and includes seven months of financial expenses of WFD and the cost of the senior debt issued to finance the Westfield acquisition transaction.

### 1. Debt structure as at December 31, 2018

URW's IFRS financial debt<sup>109</sup> as at December 31, 2018, increased to €23,598 Mn from €14,864 Mn as at December 31, 2017 (€24,106 Mn as at December 31, 2017 on a pro-forma basis), but decreased from €25,133 Mn as of June 30, 2018, following disposals completed in H2-2018. Approximately €6,545 Mn of this increase occurred upon closing of the Westfield acquisition transaction.

Financial debt also includes €1,000 Mn of net share settled bonds convertible into new and/or existing URW stapled shares (ORNANE).

The total IFRS cash on-hand of the Group came to €370 Mn<sup>110</sup> as at December 31, 2018 (€575 Mn as at December 31, 2017).

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<sup>103</sup> The P&L takes into account seven months of activity for WFD, impacting financial expenses and EBITDA.

<sup>104</sup> Based on IFRS accounts, hybrid securities are accounted for as equity.

<sup>105</sup> On a 2018 pro-forma basis, an ICR ratio of 5.6x and a proportionate ICR ratio of 4.8x.

<sup>106</sup> Net financial debt as shown on the Group's IFRS balance sheet, restated for the impact of derivative instruments on debt raised in foreign currencies / total assets, including transfer taxes. 38.4% excluding transfer taxes. Proportionate LTV ratio of 38.9% as at December 31, 2018.

<sup>107</sup> Excluding €2,039 Mn of goodwill as per the Group's European leverage covenants.

<sup>108</sup> Same calculation methodology.

<sup>109</sup> After impact of derivative instruments on debt raised in foreign currencies.

<sup>110</sup> €464 Mn on a proportionate basis.

## 1.1. Debt breakdown

URW's IFRS nominal financial debt as at December 31, 2018, breaks down as follows<sup>111</sup>:

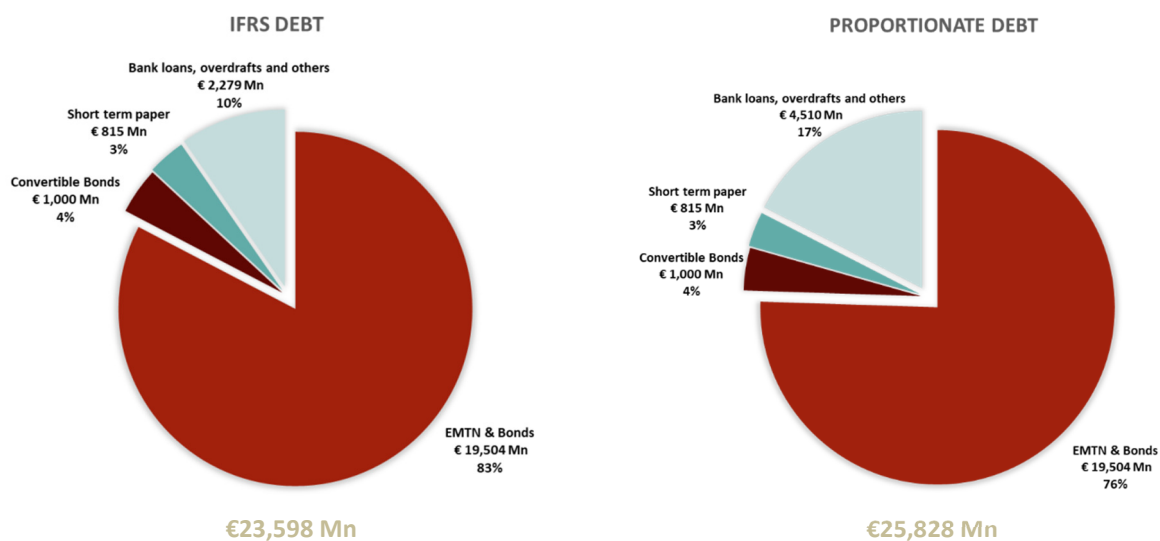
	UR (€ Mn)	WFD <sup>112</sup> (eq.€ Mn)	Total URW (€ Mn)
EMTN	14,017	-	14,017
Rule 144A and other Regulation S bonds	-	5,487	5,487
ORNANE	1,000	-	1,000
Short term paper	815	-	815
Bank loans and overdrafts	301	558	859
Mortgage loans	920	499	1,419
<b>Total</b>	<b>17,053</b>	<b>6,545</b>	<b>23,598</b>

The medium to long-term corporate debt issued by various entities of URW are cross guaranteed.

No loans are subject to prepayment clauses linked to the Group's ratings<sup>113</sup>.

On a proportionate basis, the Group's net debt stood at €25,828<sup>114</sup> Mn. The Group's share of non-consolidated debt and cash on hand of joint ventures amounts to €2,231 Mn and €93 Mn, respectively.

The Group's debt is well diversified with a predominant proportion of bond financing.



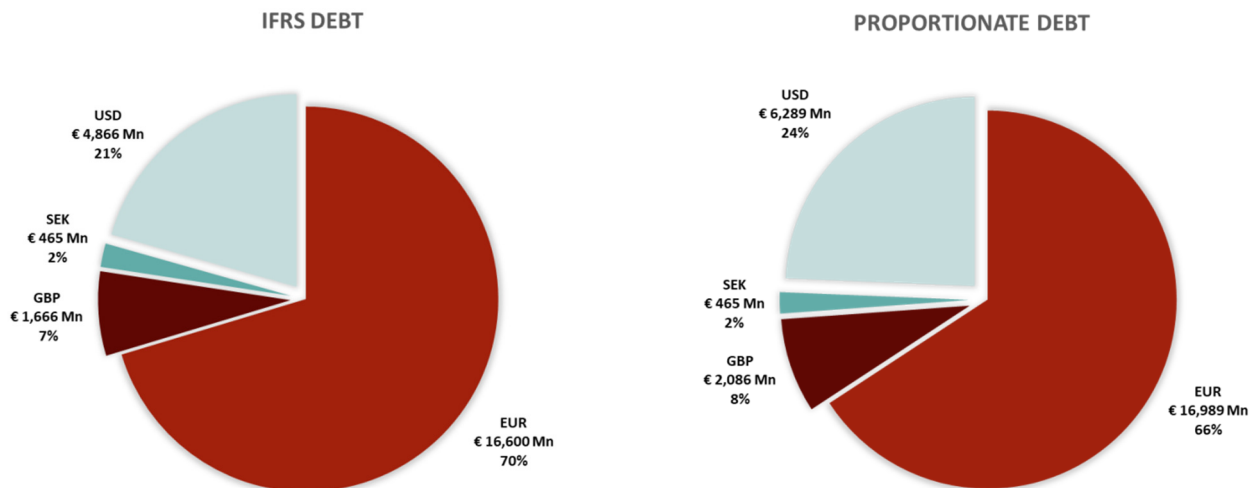
<sup>111</sup> Figures may not add up due to rounding.

<sup>112</sup> Based on EUR/USD exchange rate of 1.145.

<sup>113</sup> Barring exceptional circumstances (change in control).

<sup>114</sup> Is the sum of IFRS debt and the Group's share of debt at joint-venture accounted for under the equity method under IFRS.

The split of the debt by currency is as follows<sup>115</sup>:



## 1.2. Funds Raised

- Four public EMTN bonds were issued in May 2018 for a total amount of €3,000 Mn with the following features:

Amount	Maturity (years)	Coupon
€800 Mn	3.0	0.125%
€800 Mn	7.3	1.125%
€900 Mn	12.7	1.875%
€500 Mn	20.0	2.25%

The weighted average maturity, coupon and spread over mid-swaps were ca. 10 years, 1.27% and 50 bps, respectively.

- The first USD bonds for the Group were issued in September 2018 in two tranches:
  - ✓ \$500 Mn (eq. €437 Mn) with a 4.125% coupon and a 10-year maturity;
  - ✓ \$500 Mn (eq. €437 Mn) with a 4.625 % coupon and a 30-year maturity.
- Three private placements were issued under URW's EMTN programme for a total amount of €640 Mn:
  - ✓ A €500 Mn Floating Rate Note (FRN) with a 2-year maturity and a margin of 10 bps over 3-month Euribor<sup>116</sup>;
  - ✓ A €40 Mn indexed bond swapped back to floating, equivalent to 75 bps over 3-month Euribor with a 15-year maturity;
  - ✓ A €100 Mn private placement with a 15-year maturity and a margin of 80 bps over mid swap.

In total, €4,513 Mn of bonds were issued in 2018 with a weighted average maturity of 11 years and an average margin of 52 bps over mid-swaps (vs. an average of 62 bps for an average duration of 14 years in 2017).

In addition, €3,370 Mn of medium- to long-term bank financing transactions were completed in 2018, including the signing of:

- A €400 Mn "green" 5-year revolving credit facility with a margin of 35 bps<sup>117</sup>. The margin of the "green" facility depends on the achievement by the Group of three CSR objectives that are part of the Group's strategy;
- A \$3,000 Mn (€2,620 Mn) revolving credit facility, with a maturity of 4 years (and two 6-month extension options) and a margin of 87.5 bps based on the Group's credit ratings and drawn levels;
- A €200 Mn mortgage loan in Poland to refinance a maturing mortgage loan on Galeria Mokotow;
- A new €150 Mn 5-year credit facility.

<sup>115</sup> Figures may not add up due to rounding.

<sup>116</sup> With a coupon floored at 0%.

<sup>117</sup> Taking into account current rating and based on current utilization of these lines and the achievement of the Group's CSR targets set in the green revolving line.

URW also issued €2,000 Mn of deeply subordinated, perpetual hybrid securities on April 2018, at an average margin of 184 bps over mid swaps in two tranches:

- ✓ €1,250 Mn with a 2.125% coupon and callable after 5.5 years;
- ✓ €750 Mn with a 2.875% coupon and callable after 8 years.

The hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option<sup>118</sup> and are required to be classified as equity under IFRS.

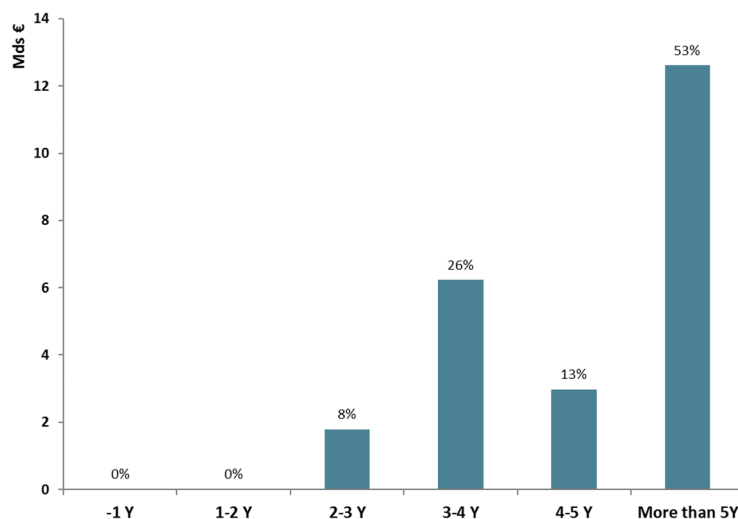
URW also accessed the money market by issuing short-term paper (Neu CP and Neu MTN). The average amount of short-term paper outstanding end of 2018 was €1,256 Mn (vs. €1,378 Mn on average in 2017) including €1,069 Mn Neu CP raised at 1 bp above Eonia on average (in line with 2017).

As at December 31, 2018, the total amount of undrawn credit lines came to €8,409 Mn (€6,203 Mn as at December, 2017) and cash on-hand came to €370 Mn (€575 Mn as at December 31, 2017). The undrawn credit lines include \$ 2,361 Mn (ca. €2,062 Mn) from the Group's USD revolving credit facility.

### 1.3. Debt maturity

The following chart illustrates URW's IFRS debt as at December 31, 2018 after the allocation of the committed credit lines (including the undrawn part of the revolving loans), by maturity date and based on the residual life of its facilities.

92% of the debt had a maturity of more than 3 years as at December 31, 2018 (after taking into account undrawn credit lines).



The average maturity of the Group's debt as at December 31, 2018, taking into account the unused credit lines, increased to 7.5 years (7.2 years as at December 2017) as a result of the inclusion of WFD's debt and issuances completed in 2018.

### Liquidity needs

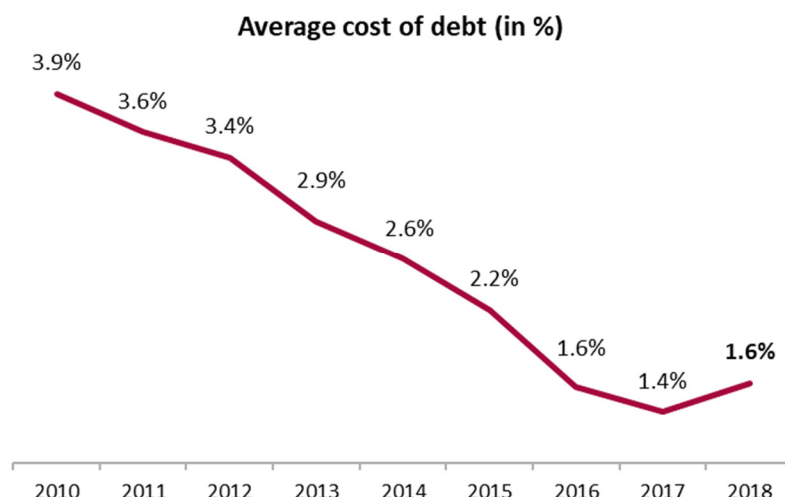
URW's IFRS debt repayment needs<sup>119</sup> for the next twelve months are covered by the available undrawn credit lines and cash on-hand. The amount of bonds and bank loans outstanding as at December 31, 2018, and maturing or amortising within a year is €2,071 Mn (including a total of €2,011 Mn of bonds) compared with €8,409 Mn of undrawn committed credit lines and €370 Mn of cash on-hand as at December 31, 2018.

<sup>118</sup> Details on the hybrid securities at:

[https://www.urw.com/-/media/Corporate~o~Sites/Unibail-Rodamco-Corporate/Files/Homepage/INVESTORS/Financing-Activity/BOND~o~ISSUES/Prospectuses-Hybrid/2018\\_Prospectus-Hybrid.ashx](https://www.urw.com/-/media/Corporate~o~Sites/Unibail-Rodamco-Corporate/Files/Homepage/INVESTORS/Financing-Activity/BOND~o~ISSUES/Prospectuses-Hybrid/2018_Prospectus-Hybrid.ashx)

<sup>119</sup> Excluding Neu CP and Neu MTN maturing in 2019 (€593 Mn), overdrafts and drawdowns (€558 Mn).

## 1.4. Average cost of Debt



URW's average cost of debt (including seven months of WFD financial expenses) for the period was 1.6% (1.4% in 2017).

This average cost of debt results from:

- Low coupon levels the Group achieved during the last years on its fixed rate debt;
- The level of margins on existing borrowings;
- The Group's active balance sheet management through tender offer transactions;
- The hedging instruments in place;
- The cost of carry of the undrawn credit lines;
- The cost of debt to finance the Transaction;
- The cost of debt of WFD since its acquisition (3.4%), which is higher than that of URW due to:
  - ✓ WFD's "BBB+" rating before the completion of the acquisition;
  - ✓ Higher rates in the US and the UK.

The average cost of debt of UR on a standalone basis for the period would have been 1.2% (1.4% in 2017).

## 2. Ratings

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

In June 2018, both S&P and Moody's confirmed the Group's long-term rating at "A" and "A2", respectively, in each case with a stable outlook, and at "A-1", only from S&P, for its short term rating.

In July 2018, following the implementation of cross guarantees within the Group, the rating agencies also assigned an "A" and "A2" rating to WFD's debt securities.

In November 2018, Moody's published an update of its credit opinion on the Group, confirming its long-term rating at "A2".

The Group decided to keep only the S&P and Moody's rating and not to solicit a Fitch rating<sup>120</sup> as:

- Investors usually request two ratings;
- S&P and Moody's already rated WFD;
- S&P and Moody's is recognized in the US, where the Group intends to raise part of its funding for its US activity.

## 3. Market risk management

Market risks can generate losses resulting from fluctuations in interest rates, exchange rates, raw material prices and share prices. URW's risk mainly relates to interest rate fluctuations on the debt it has taken out to finance its investments and maintain the cash position it requires, and exchange rate fluctuations due to the Group's activities in countries outside the Eurozone, in particular in the US and the UK following the WFD acquisition.

<sup>120</sup> Last solicited rating: "A". Following the completion of the Westfield transaction Fitch assigned to the Group an "A- /stable" rating.

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

URW's exchange rate policy objective is to have a LTV ratio that is broadly consistent currency by currency. Thus, the Group raises debt in local currency, uses derivatives and buys or sells foreign currencies at spot or forward rates.

Due to its use of derivatives, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. The Group implemented IFRS 13 for the mark-to-market calculations of its derivative transactions.

<i>In millions*</i>	<b>Euros<sup>121</sup></b>	<b>USD</b>	<b>GBP</b>	<b>SEK</b>	<b>Total eq. EUR</b>
<b>Assets<sup>122</sup></b>	40,725	16,352	4,251	30,268	62,693
<b>Net Financial Debt<sup>123</sup></b>	16,290	5,515	1,481	4,800	23,228
<b>LTV<sup>124</sup></b>	40.0%	33.7%	34.8%	15.9%	37.0%

*\*In local currencies*

### 3.1. Interest rate risk management

The Group pursued its cautious hedging policy, putting in place caps and swaps to limit its interest rate exposure.

This includes the following macro hedges:

- EUR caps over the next five years with an average nominal amount of €6.9 Bn per year;
- USD caps and swaps for a nominal amount of \$ 2.0 Bn.

The Group also adjusted its hedging position in view of its anticipated debt, which is expected to decrease with its larger disposal plan. The cost to extend and adjust the hedges was €48 Mn.

In total, including the hedges above:

- The debt the Group expects to raise until 2021 is fully hedged;
- The debt the Group expects to raise in 2022 and 2023 is hedged at more than 80% and 70%, respectively.

<sup>121</sup> Assets valued in Euros and including Danish assets.

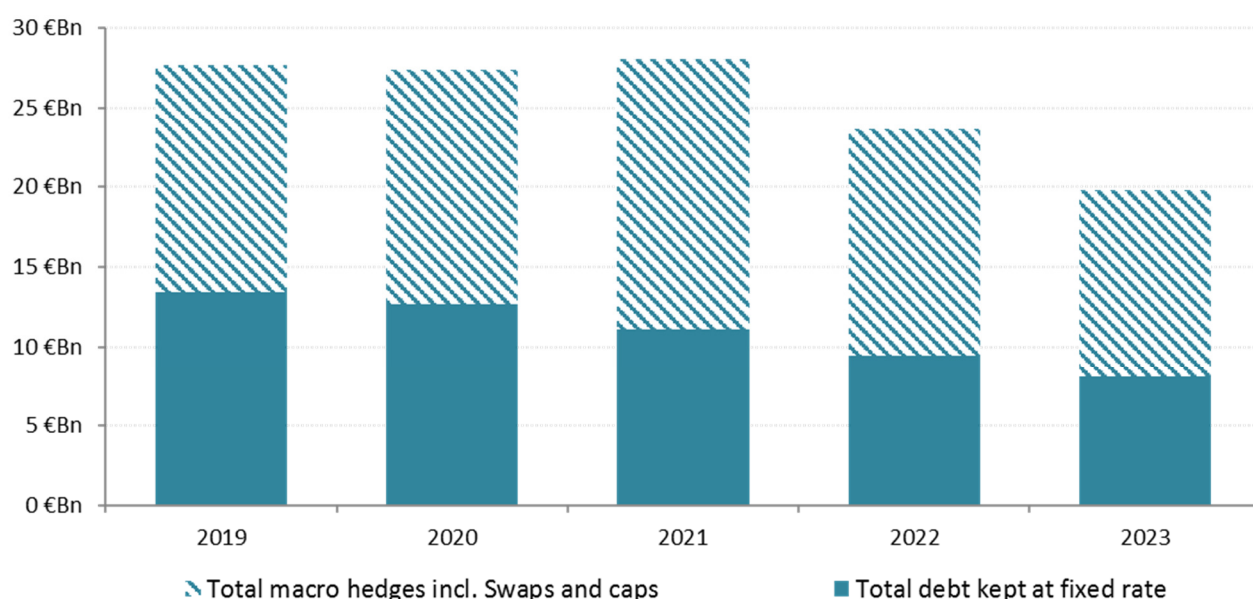
<sup>122</sup> On a IFRS basis, including transfer taxes and excluding goodwill.

<sup>123</sup> On a IFRS basis.

<sup>124</sup> On a IFRS basis. The LTV per currency, on a proportionate basis, is at 40.4%, 39.3%, 38.9% and 15.9% on EUR, USD, GBP and SEK, respectively.



**Annual projection of average hedging amounts and fixed rate debt up to 2023**  
**(€ Mn - as at December 31, 2018)**



The graph above shows:

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

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

### Measuring interest rate exposure

As at December 31, 2018 IFRS net financial debt stood at €23,228 Mn (vs. €14,289 Mn as at December 31, 2017), excluding partners' current accounts and after taking into account cash on hand of €370 Mn.

The outstanding debt was hedged at 100% as at December 31, 2018 through both:

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

Based on the estimated average debt position of URW in 2019, if interest rates (Euribor, Libor, Stibor or Pribor) were to rise by an average of +50 bps<sup>125</sup> during 2019, the estimated impact on financial expenses would be -€22.3 Mn:

- Euro financial expenses would decrease by €23.4 Mn;
- Dollar financial expenses would increase by \$2.3 Mn (€2.0 Mn);
- Sterling financial expenses would decrease by £0.8 Mn (€0.9 Mn).

An additional rise of +50 bps would increase financial expenses by a further -€4.0 Mn.

In total, a +100 bps increase in interest rates during 2019 would have a net negative impact on financial expenses of -€26.3 Mn:

- Euro financial expenses would decrease by €29.1 Mn;
- Dollar financial expenses would increase by \$4.6 Mn (€4.0 Mn);
- Sterling financial expenses would decrease by £1.0 Mn (€1.2 Mn).

A -50 bps drop in interest rates would reduce the financial expenses by €67.8 Mn:

- Euro financial expenses would increase by €59.1 Mn;
- Dollar financial expenses would increase by \$5.5Mn (€4.7 Mn);

<sup>125</sup> The impact on exchange rates due to this theoretical increase of +50 bps in interest rates is not taken into account.

The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at December 31, 2018: 3m Euribor (-0.31%), 3m USD Libor (2.81%) and 3m GBP Libor (0.91%).

- Sterling financial expenses would increase by £3.6Mn (€4.0 Mn).

### 3.2. Foreign exchange risk management

The Group has extended its activities and investments in countries outside the Eurozone following the WFD acquisition. When converted into euros, the income and value of the Group's investments may be influenced by fluctuations in exchange rates against the euro. The Group's policy objective is to apply a broadly consistent LTV by currency allowing it to match part of the foreign currency asset value and income with debt and financial expenses in the same currency, thus reducing the exchange rate effects on 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 the actual building contract.

*Measure of exposure to foreign exchange risks (€ Mn)<sup>126</sup>*

Currency	Assets	Liabilities	Net exposure	Hedging Instruments	Exposure net of hedges
USD	13,173	-7,328	5,845	611	6,456
GBP	4,420	-1,043	3,377	-619	2,758
SEK	2,790	-769	2,021	-77	1,943
Others	612	-838	-226	622	396
<b>Total</b>	<b>20,995</b>	<b>-9,978</b>	<b>11,017</b>	<b>537</b>	<b>11,553</b>

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

in €Mn	Impact on	
	Shareholder's Equity	Recurring Result
+10% in EUR/US\$	-586.9	-32.1
+10% in EUR/GBP	-250.7	-12.0
+10% in EUR/SEK	-176.7	-9.6

However, these impacts (or conversely a positive impact in case of a decrease of EUR vs. these currencies) would partly be neutralized by FX hedging that the Group put in place against EUR/US\$, EUR/GBP, EUR/SEK fluctuations.

As at December 31, 2018, the SEK 1,750 Mn credit line signed in December 2017 is undrawn and part (\$2,361 Mn) of the \$3,000 Mn revolving credit facility is undrawn.

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

<sup>126</sup> Liabilities include, but are not limited to, the debt raised in the given currencies, and include deferred tax liabilities.

## 4. Financial structure

As at December 31, 2018, URW's IFRS total assets amounted to €62,693 Mn.

### Debt ratio

As at December 31, 2018, the LTV ratio amounted to 37.0%<sup>127</sup>, (39.8% on a pro-forma basis and 33.2% for UR on a stand-alone basis, both as at December 31, 2017).

The LTV as at December 31, 2018 of 37.0% (vs. 38.9%<sup>128</sup> as of June 30, 2018) includes the reduction of debt through H2 disposals (ca. €2.0Bn), the increase in asset valuation from June to December 2018, partly offset by the exclusion of goodwill not justified by fee business.

The Group plans to dispose of an additional €4 Bn of Continental European assets during the next couple of years. Completion of these disposals will take the total disposals since January 1, 2018 to €6.0 Bn, double the amount the Group announced as part of the announcement of the Transaction in December 2017.

The Group has set itself the strategic objective of deleveraging and has set a new LTV ratio target trough the cycle of between 30-40%, down from between 35-45% previously.

### Interest coverage ratio

The Interest Coverage Ratio (ICR) stood at 6.1x<sup>129</sup> for 2018 (>5x in 2017 on a pro-forma basis and 6.7x for UR on a stand-alone basis) as a result of strong rental growth, a controlled cost of debt and the WFD acquisition.

Financial ratios	Dec. 31, 2018	Dec. 31, 2017
LTV <sup>130</sup>	37.0%	33.2%
ICR <sup>131</sup>	6.1x	6.7x

These ratios show ample headroom vis-à-vis the following bank covenants usually set at:

- For URW bank loans (in Europe):
  - a maximum loan-to-value of 60%;
  - a minimum ICR of 2x and;
- For the US revolving credit facility:
  - a maximum loan-to-value of 65%;
  - a minimum ICR of 1.5x;
  - a maximum of 50% for the Secured debt ratio<sup>132</sup>;
  - a minimum of 1.5x for the Unencumbered leveraged ratio<sup>133</sup>.

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

As at December 31, 2018, 94% of the Group's credit facilities and bank loans allowed loan-to-value of up to 60% for the Group or the borrowing entity, as the case may be. There are no financial covenants (such as loan-to-value or ICR) in the EMTN, the CP and the USCP programs of UR.

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

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

<sup>127</sup> Excluding €2,039 Mn of goodwill as per the Group's European leverage covenants. Proportionate LTV ratio of 38.9%.

<sup>128</sup> Same calculation methodology.

<sup>129</sup> Proportionate ICR ratio of 5.4x (>4.5x on a 2017 pro-forma basis).

<sup>130</sup> Loan-to-Value (LTV) = Net financial debt / Total assets excluding €2,039 Mn of goodwill as per the Group's European leverage covenants, including transfer taxes. As at December 31, 2018, total assets stood at €62,693 Mn (€43,057 Mn as at December 31, 2017). The LTV excluding transfer taxes is estimated at 38.4%.

<sup>131</sup> Interest Cover Ratio (ICR) = Recurring EBITDA / Recurring Net Financial Expenses (including capitalised interest); Recurring EBITDA is calculated as total recurring operating results and other income less general expenses, excluding depreciation and amortisation.

<sup>132</sup> Secured debt ratio = Secured debt / Total assets. 2.2% as at December 31, 2018, on a pro-forma basis.

<sup>133</sup> Unencumbered leverage ratio = unencumbered assets / unsecured debt. 2.2 as at December 31, 2018, on a pro-forma basis.

## 7. PRO FORMA STATEMENTS OF INCOME

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### **Basis of presentation**

The following unaudited Pro Forma Condensed Consolidated Financial Information contains unaudited Pro Forma condensed consolidated statements of income for the year ended December 31, 2018 and for the year ended December 31, 2017, with the related explanatory notes (together the “URW Pro Forma Financial Information”) as if the acquisition of Westfield Corporation Limited (the “Transaction”) and its direct consequences together with the financing of the cash consideration transferred to Westfield shareholders as part of the Transaction had occurred on January 1, 2017.

The acquisition of Westfield Corporation Limited (“WFD”) was effective as per June 7, 2018. As the impact was not deemed significant, WFD is consolidated from June 1, 2018 rather than from June 7, 2018. Thus, URW Consolidated Financial Statements for the year ended December 31, 2018 consolidate seven months of WFD’s operations.

The URW Pro Forma Financial Information has been derived from and should be read in conjunction with:

- The URW Consolidated Financial Statements for the year ended December 31, 2018;
- The audited 2017 UR Consolidated Financial Statements; and
- The audited 2017 WFD Consolidated Financial Statements.

The consolidated statement of income for the year ended December 31, 2018 of URW has been extracted from the 2018 URW Consolidated Financial Statements. The 2018 URW Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards and are currently being audited jointly by Ernst & Young Audit and Deloitte & Associés, statutory auditors of Unibail-Rodamco SE.

The consolidated statement of income of WFD for the period from January 1 to May 31, 2018 has been extracted from the accounting records of WFD. This consolidated statement of income of WFD has been prepared on the basis of measurement and presentation principles applied by WFD in the audited 2017 WFD Consolidated Financial Statements. This consolidated statement of income of WFD for the period from January 1 to May 31, 2018 has not been audited nor reviewed.

The consolidated statement of income for the year ended December 31, 2017 of UR has been extracted from the audited 2017 UR Consolidated Financial Statements. The audited 2017 UR Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards and were jointly audited by Ernst & Young Audit and Deloitte & Associés, statutory auditors of Unibail-Rodamco SE, as stated in their statutory auditors’ report on the Consolidated Financial Statements of UR dated March 27, 2018.

The consolidated statement of income for the year ended December 31, 2017 of WFD has been extracted from the audited 2017 WFD Consolidated Financial Statements. The audited 2017 WFD Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards issued by the IASB, and were audited by Ernst & Young, independent auditor, as stated in their independent auditor’s report on the Consolidated Financial Statements of WFD dated February 22, 2018.

The URW Pro Forma Financial Information has been presented for illustrative purposes only and because of its nature, addresses a hypothetical situation and is not necessarily indicative of the results of operations that would have been achieved had the Transaction been consummated on the date indicated above, or the future consolidated results of operations of URW.

The Pro Forma adjustments, which are presented below, are based on available information to date, certain assumptions and estimates that URW considers as reasonable, and the above-mentioned information provided by WFD. These adjustments are directly attributable to the business combination, factually supportable and can be estimated reliably.

The direct consequences of the Transaction reflected as pro forma adjustments in the URW Pro Forma Financial Information relate to:

- The demerger of OneMarket effective May 30, 2018, as detailed in Note 1;
- Acquisition and related costs in connection with the acquisition of WFD, as detailed in Note 2;
- Cost savings resulting from the termination of head-office employees and WFD senior management effective December 31, 2018 as provided between UR and WFD as part of the Implementation Agreement entered into on December 12, 2017, and the disposal of the corporate aircraft, as detailed in Note 3;
- Financial expenses and fair value adjustment of debt and derivatives, as detailed in Note 4.

Otherwise, the URW Pro Forma Financial Information does not reflect any revenue enhancements, other anticipated synergies or dis-synergies, operating efficiencies or cost savings that may be achieved nor the disposals URW has announced it expects to make.

The acquisition and related costs, including cost for closing and termination of the lease of the Sydney head-office and termination of WFD senior management effective at the Transaction date, have been recorded as fully incurred on January 1, 2017 in the “Pro Forma consolidated” column of the URW Pro Forma Financial Information and reversed in the “Pro Forma consolidated excluding non-continuing impact” column as non-continuing impact relating to the Transaction.

The financing of the cash consideration transferred to Westfield shareholders as part of the Transaction consisted of:

- The €2,000 Mn deeply subordinated, perpetual hybrid securities issued by UR on April 16, 2018; and
- The four-tranche of public Euro medium Term Notes for a total of €3,000 Mn issued in May 2018.

Consistent with the purchase accounting reflected in the URW Consolidated Financial Statements, the full year 2018, and full year 2017 reflect the depreciation impact related to intangible assets with definite useful life, as detailed in Note 5.

Furthermore, the change of URW credit spread related to the completion of the transaction is not reflected in the fair value of derivatives and ORNANE in the URW Pro Forma Financial Information for the year ended December 31, 2018 and for the year ended December 31, 2017.

The unaudited Pro Forma Condensed Consolidated Financial Information is presented in millions of euros, unless otherwise stated, rounded to the nearest hundred thousand and, as a result, slight differences between rounded figures may exist.

### Unaudited Pro Forma consolidated statement of income for the year ended December 31, 2018

Consolidated statement of income (€Mn)	2018 Published (URW)	5 months WFD (January to May 2018) (1)	Pro Forma adjustments	2018 Pro Forma Consolidated	Non-continuing impact	2018 Pro Forma Consolidated excluding non- continuing impact	Note
Gross rental income	2,211.3	229.8	-	2,441.1	-	2,441.1	
Operating expenses and net service charges	(370.9)	(110.7)	-	(481.6)	-	(481.6)	
<b>Net rental income</b>	<b>1,840.3</b>	<b>119.1</b>	-	<b>1,959.5</b>	-	<b>1,959.5</b>	
Property development and project management revenue	215.5	145.0	(1.4)	359.1	-	359.1	1
Property development and project management costs	(178.5)	(146.1)	31.3	(293.3)	-	(293.3)	1
<b>Net property development and project management income</b>	<b>37.0</b>	<b>(1.1)</b>	<b>29.9</b>	<b>65.8</b>	-	<b>65.8</b>	
Property services and other activities revenues	307.2	16.4	-	323.6	-	323.6	
Property services and other activities expenses	(198.9)	(8.2)	-	(207.1)	-	(207.1)	
<b>Net property services and other activities income</b>	<b>108.2</b>	<b>8.2</b>	-	<b>116.5</b>	-	<b>116.5</b>	
Share of the result of companies accounted for using the equity method	233.9	204.0	0.3	438.3	-	438.3	
Income on financial assets	32.1	-	-	32.1	-	32.1	
<b>Contribution of companies accounted for using the equity method</b>	<b>266.0</b>	<b>204.0</b>	<b>0.3</b>	<b>470.4</b>	-	<b>470.4</b>	
Corporate expenses	(141.4)	(67.0)	26.7	(181.7)	-	(181.7)	2
Development expenses	(2.1)	-	-	(2.1)	-	(2.1)	
Depreciation of other tangible assets	(1.9)	-	-	(1.9)	-	(1.9)	
<b>Administrative expenses</b>	<b>(145.5)</b>	<b>(67.0)</b>	<b>26.7</b>	<b>(185.7)</b>	-	<b>(185.7)</b>	
<b>Acquisition and related costs</b>	<b>(268.7)</b>	<b>(70.8)</b>	<b>289.8</b>	<b>(49.7)</b>	-	<b>(49.7)</b>	3
Proceeds from disposal of investment properties	985.4	-	-	985.4	-	985.4	
Carrying value of investment properties sold	(905.3)	-	-	(905.3)	-	(905.3)	
<b>Result on disposal of investment properties</b>	<b>80.1</b>	-	-	<b>80.1</b>	-	<b>80.1</b>	
Proceeds from disposal of shares	463.4	15.5	3.0	481.9	-	481.9	
Carrying value of disposed shares	(460.5)	(88.0)	88.0	(460.5)	-	(460.5)	1
<b>Result on disposal of shares</b>	<b>3.0</b>	<b>(72.5)</b>	<b>91.0</b>	<b>21.4</b>	-	<b>21.4</b>	
<b>Valuation movements on assets</b>	<b>62.2</b>	<b>37.4</b>	<b>(49.0)</b>	<b>50.6</b>	-	<b>50.6</b>	1,5
<b>Impairment of goodwill</b>	<b>(4.9)</b>	-	-	<b>(4.9)</b>	-	<b>(4.9)</b>	
<b>NET OPERATING RESULT</b>	<b>1,977.8</b>	<b>157.4</b>	<b>388.8</b>	<b>2,524.1</b>	-	<b>2,524.1</b>	
Result from non-consolidated companies	-	-	-	-	-	-	
Financial income	171.0	3.8	-	174.8	-	174.8	
Financial expenses	(502.6)	(61.0)	(2.8)	(566.4)	-	(566.4)	4
Net financing costs	(331.6)	(57.2)	(2.8)	(391.6)	-	(391.6)	
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	28.9	-	-	28.9	-	28.9	
Fair value adjustments of derivatives, debt and currency effect	(318.7)	(7.5)	50.5	(275.7)	-	(275.7)	4
<b>RESULT BEFORE TAX</b>	<b>1,356.5</b>	<b>92.8</b>	<b>436.5</b>	<b>1,885.7</b>	-	<b>1,885.7</b>	
Income tax expenses	(113.6)	(251.0)	10.1	(354.5)	-	(354.5)	2,5
<b>NET RESULT FOR THE PERIOD</b>	<b>1,242.8</b>	<b>(158.2)</b>	<b>446.6</b>	<b>1,531.2</b>	-	<b>1,531.2</b>	
<b>Net result for the period attributable to:</b>							
- The holders of the Stapled Shares	1,031.1	(158.2)	446.6	1,319.5	-	1,319.5	
- External non-controlling interests	211.7	-	-	211.7	-	211.7	
<b>NET RESULT FOR THE PERIOD</b>	<b>1,242.8</b>	<b>(158.2)</b>	<b>446.6</b>	<b>1,531.2</b>	-	<b>1,531.2</b>	
<b>Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:</b>							
- Unibail-Rodamco S.E. members	926.3	-	-	1,186.2	-	1,186.2	
- WFD Unibail-Rodamco N.V. members	104.8	-	-	133.3	-	133.3	
<b>NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES</b>	<b>1,031.1</b>			<b>1,319.5</b>	-	<b>1,319.5</b>	

(1) "Income tax expenses of WFD" for the five months ended May 31, 2018 have been amended to align with tax assets and liabilities reflected in the preliminary purchase accounting.

## Unaudited Pro Forma consolidated statement of income for the year ended December 31, 2017

Consolidated statement of income (€Mn)	2017 Published (UR)	2017 Published (WFD)	Pro Forma adjustments	2017 Pro Forma Consolidated	Non- continuing impact	2017 Pro Forma Consolidated excluding non- continuing impact	Note
Gross rental income	1,822.3	557.8	-	2,380.1	-	2,380.1	
Operating expenses and net service charges	(239.6)	(250.6)	-	(490.2)	-	(490.2)	
<b>Net rental income</b>	<b>1,582.6</b>	<b>307.2</b>	-	<b>1,889.8</b>	-	<b>1,889.8</b>	
Property development and project management revenue	-	649.0	(2.1)	646.9	-	646.9	1
Property development and project management costs	-	(557.5)	20.3	(537.2)	-	(537.2)	1
<b>Net property development and project management income</b>	<b>-</b>	<b>91.5</b>	<b>18.1</b>	<b>109.7</b>	-	<b>109.7</b>	
Property services and other activities revenues	256.1	49.8	-	305.9	-	305.9	
Property services and other activities expenses	(176.3)	(19.1)	-	(195.4)	-	(195.4)	
<b>Net property services and other activities income</b>	<b>79.8</b>	<b>30.7</b>	-	<b>110.5</b>	-	<b>110.5</b>	
Share of the result of companies accounted for using the equity method	91.6	594.5	(3.1)	683.1	-	683.1	
Income on financial assets	27.0	-	-	27.0	-	27.0	
<b>Contribution of companies accounted for using the equity method</b>	<b>118.6</b>	<b>594.5</b>	<b>(3.1)</b>	<b>710.0</b>	-	<b>710.0</b>	
Corporate expenses	(117.3)	(106.1)	50.3	(173.1)	-	(173.1)	2
Development expenses	(3.6)	-	-	(3.6)	-	(3.6)	
Depreciation of other tangible assets	(2.2)	-	-	(2.2)	-	(2.2)	
<b>Administrative expenses</b>	<b>(123.1)</b>	<b>(106.1)</b>	<b>50.3</b>	<b>(178.9)</b>	-	<b>(178.9)</b>	
<b>Acquisition and related costs</b>	<b>(62.4)</b>	<b>(9.1)</b>	<b>(235.3)</b>	<b>(306.9)</b>	<b>303.4</b>	<b>(3.5)</b>	3
Proceeds from disposal of investment properties	592.5	243.4	-	835.9	-	835.9	
Carrying value of investment properties sold	(518.7)	(255.1)	6.4	(767.5)	-	(767.5)	1
<b>Result on disposal of investment properties</b>	<b>73.8</b>	<b>(11.8)</b>	<b>6.4</b>	<b>68.4</b>	-	<b>68.4</b>	
Proceeds from disposal of shares	27.3	-	-	27.3	-	27.3	
Carrying value of disposed shares	(27.3)	-	-	(27.3)	-	(27.3)	
<b>Result on disposal of shares</b>	<b>0.0</b>	-	-	<b>0.0</b>	-	<b>0.0</b>	
<b>Valuation movements on assets</b>	<b>1,364.4</b>	<b>482.7</b>	<b>(68.1)</b>	<b>1,779.1</b>	-	<b>1,779.1</b>	1,5
<b>Impairment of goodwill</b>	<b>(9.2)</b>	-	-	<b>(9.2)</b>	-	<b>(9.2)</b>	
<b>NET OPERATING RESULT</b>	<b>3,024.6</b>	<b>1,379.7</b>	<b>(231.6)</b>	<b>4,172.7</b>	<b>303.4</b>	<b>4,476.1</b>	
Result from non-consolidated companies	0.9	-	-	0.9	-	0.9	
Financial income	119.5	11.7	-	131.2	-	131.2	
Financial expenses	(347.5)	(87.7)	(25.2)	(460.4)	-	(460.4)	4
Net financing costs	(228.0)	(76.0)	(25.2)	(329.2)	-	(329.2)	
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)	21.1	-	-	21.1	-	21.1	
Fair value adjustments of derivatives, debt and currency effect	(21.9)	(34.6)	(52.7)	(109.2)	-	(109.2)	4
<b>RESULT BEFORE TAX</b>	<b>2,796.7</b>	<b>1,269.0</b>	<b>(309.5)</b>	<b>3,756.2</b>	<b>303.4</b>	<b>4,059.6</b>	
Income tax expenses	(74.2)	104.2	7.4	37.5	-	37.5	1,2,5
<b>NET RESULT FOR THE PERIOD</b>	<b>2,722.5</b>	<b>1,373.2</b>	<b>(302.0)</b>	<b>3,793.7</b>	<b>303.4</b>	<b>4,097.1</b>	
<b>Net result for the period attributable to:</b>							
- The holders of the Stapled Shares	2,439.5	1,373.2	(302.0)	3,510.6	303.4	3,814.1	
- External non-controlling interests	283.0	-	-	283.0	-	283.0	
<b>NET RESULT FOR THE PERIOD</b>	<b>2,722.5</b>	<b>1,373.2</b>	<b>(302.0)</b>	<b>3,793.7</b>	<b>303.4</b>	<b>4,097.1</b>	
Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to:							
- Unibail-Rodamco SE members				3,062.9	283.7	3,346.6	
- WFD Unibail-Rodamco N.V. members				447.7	19.7	467.5	
<b>NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES</b>				<b>3,510.6</b>	<b>303.4</b>	<b>3,814.1</b>	

## Notes to the unaudited Pro Forma Condensed Consolidated Financial Information

The URW Pro Forma Financial Information is presented in euros, which is the presentation currency of the Group. The historical financial information of WFD is reported pursuant to IFRS and presented in USD. It has been translated from USD to EUR by applying the following average exchange rate to all income statement items:

- 0.8265 for the 5 months WFD (January to May 2018);
- 0.8853 for the year ended December 31, 2017.

The historical financial information of WFD for December 31, 2017 has been reclassified to conform to UR's presentation. The reconciliation between both formats is presented below:

	2017 US\$ million	2017 € million	Included in the following lines of the Consolidated statement of income :
<b>Revenue</b>			
Property revenue	630.1	557.8	Gross rental income
Property development and project management revenue	733.1	649.0	Property development and project management revenue
Property management income	56.3	49.8	Property services and other activities revenues
	<b>1,419.5</b>	<b>1,256.6</b>	
<b>Share of after tax profits of equity accounted entities</b>			
Property revenue	685.6	606.9	
Property revaluations	279.2	247.2	
Property expenses, outgoings and other costs	(229.9)	(203.5)	
Net interest expense	(62.7)	(55.5)	
Tax expense	(0.6)	(0.5)	
	<b>671.6</b>	<b>594.5</b>	Share of the result of companies accounted for using the equity method
<b>Expenses</b>			
Property expenses, outgoings and other costs	(283.1)	(250.6)	Operating expenses and net service charges
Property development and project management costs	(629.7)	(557.5)	Property development and project management costs
Property management costs	(21.6)	(19.1)	Property services and other activities expenses
Overheads	(119.9)	(106.1)	Corporate expenses
	<b>(1,054.3)</b>	<b>(933.3)</b>	
Interest income	13.2	11.7	Net financing costs
Currency gain/(loss)	(2.2)	(1.9)	Fair value adjustments of derivatives and debt
			A. Net financing costs for (99.1) US\$ million (Note 6 of Westfield 2017 Financial report)
Financing costs	(136.0)	(120.4)	B. Fair value adjustments of derivatives and debt for (36.9) US\$ million (Note 6 of Westfield 2017 Financial report)
			A. Result on disposal of investment properties for (13.3) US\$ million (Note 7 of Westfield 2017 Financial report)
Gain/(loss) in respect of capital transactions	(23.6)	(20.9)	B. Acquisition and related costs for (10.3) US\$ million (Note 7 of Westfield 2017 Financial report)
Property revaluations	568.2	503.0	Valuation movements on assets
Intangible amortisation and impairment	(22.9)	(20.3)	Valuation movements on assets
<b>Profit before tax and non controlling interests</b>	<b>1,433.5</b>	<b>1,269.0</b>	
Tax credit/(expense)	117.7	104.2	Income tax expenses
<b>Profit after tax for the period</b>	<b>1,551.2</b>	<b>1,373.2</b>	

The Pro Forma adjustments included in the pro forma condensed consolidated statement of income are the following:

## 1. OneMarket

As provided for in the Implementation Deed, WFD demerged on May 30, 2018 a 90% interest in OneMarket into a newly formed ASX listed entity held by WFD Securityholders, and with WFD retaining a 10% interest. Thus the demerger is reflected in the Pro Forma adjustments based on the estimated contribution of OneMarket as at December 31, 2018 and December 31, 2017.

URW kept a 10% participation in this company, and expects to keep this stake.

The financial results relating to OneMarket were reversed in the Pro Forma adjustments, and impacted the following lines:

- Property development and project management revenue by -€1.4 Mn in 2018 and -€2.1 Mn in 2017;
- Property development and project management costs by €31.3 Mn in 2018 and €20.3 Mn in 2017;
- Carrying value of investment properties sold by €6.4 Mn in 2017;
- The net loss of -€88.0 Mn following the demerger and classified on the line "Carrying value of disposed shares" in 2018 has been reversed in the Pro Forma adjustments posted in the Unaudited Pro Forma consolidated statement of income for the year ended December 31, 2018;
- Valuation movements on assets by €1.8 Mn in 2018 and €20.3 Mn in 2017;
- Income tax expenses by -€10.5 Mn in 2017.

## 2. Cost synergies and dis-synergies achieved as at December 31, 2018, as part of executing the Implementation Agreement of December 12, 2017

The cost synergies and dis-synergies included in the administrative expenses in the Pro Forma adjustments are those achieved as at December 31, 2018. They are mainly related to the termination costs of Sydney head office employees and WFD senior management, the disposal of the corporate aircraft and do not include savings related to the OneMarket demerger, as described in Note 1. They have been included in the Pro Forma adjustments as if they had occurred on January 1, 2017.

The net amount of cost synergies and dis-synergies included in the Pro Forma adjustments in the line administrative expenses is €26.7 Mn in 2018 and €50.3 Mn in 2017. The annual run-rate synergies as at December 31, 2018 amount to €75.0 Mn, including the impact of the OneMarket demerger<sup>134</sup>.

The underlying tax effect has been calculated according to the country of realization and included in the Pro Forma adjustments for -€2.4 Mn in 2018 and -€4.2 Mn in 2017.

### **3. Acquisition and related costs**

Acquisition and related costs were cancelled in 2018 for €289.8 Mn. An amount of -€209.9 Mn<sup>135</sup> was adjusted as incurred on January 1, 2017 for the full year 2017. These amounts do not include the integration costs incurred by the Group in 2018 and classified within the “acquisition and related costs”.

The amortization in employee share plan benefit accounted for in 2017 and until the acquisition date was also included in the “Acquisition and related costs” in the 2017 pro forma statements of income for an amount of -€25.4 Mn.

The total Westfield acquisition and related costs of €303.4 Mn was reversed in the “Non-continuing impact” column in the pro forma statement of income for year ended December 31, 2017.

### **4. Financial expenses and fair value adjustment of debt and derivatives**

- Financial expenses

To finance the Transaction, UR issued four public EMTN bonds for a total amount of €3,000 Mn in May 2018.

In addition, URW issued €2.0 Bn of hybrid securities on April 16, 2018. These hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option, and are accounted for as equity under IFRS.

The financing costs on the senior bonds net of the related hedging have been calculated as if the transaction had occurred on January 1, 2017, and the corresponding difference resulted in an increase of financing costs in 2018 of -€1.9 Mn and 2017 of -€1.9 Mn.

- Debt amortization & cancellation of amortization of borrowing costs

The amortization of the fair value of the WFD existing debt at the acquisition date was reflected from January 1, 2017, and amounted to -€1.5 Mn in 2018 and -€3.8 Mn in 2017, on the line “Fair value adjustments of derivatives and debt” of the Pro Forma adjustments.

The discount effect of the amortized cost method has been reversed, as a consequence of the valuation at fair value of the debt, on the line “Net financing costs” of the Pro Forma adjustments. The impact of this reversal amounted to €5.8 Mn in 2018 and €17.7 Mn in 2017.

- Capitalized financial expenses

The capitalized financial expenses of WFD were recomputed for 2018 and full year 2017 and using the UR accounting policies. The difference between both calculations was reflected accordingly in the line “Net financing costs” of Pro Forma adjustments for -€6.7 Mn in 2018 and -€41.0 Mn in 2017.

- Compound option and cash-settled equity swap

The cost related to the compound option implemented by UR at the announcement date to cover the EUR/USD foreign exchange risk of the Transaction, has been considered to be incurred as at January 1, 2017. Consequently, the mark-to-market of the instrument was adjusted on the line “Fair value adjustments of derivatives and debt” of the Pro Forma adjustments for €11.7 Mn in 2018 and -€11.7 Mn in 2017.

The change in the fair value of the cash-settled equity swap representing a 4.90% economic interest in Westfield Securities owned by UR was reversed on the line “Fair value adjustments of derivatives and debt” of the Pro Forma adjustments for €40.2 Mn in 2018 and -€37.1 Mn in 2017.

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<sup>134</sup> Based on 2017 expenses charged to WFD's 2017 income statement and do not include OneMarket expenses capitalized.

<sup>135</sup> This amount does not include the financial advisory and legal fees paid by WFD, as they were not incurred by the acquirer.



## **5. Depreciation impact related to intangible assets**

The depreciation relating to the intangible assets recognized in the consolidated balance sheet at the date of acquisition has been accounted for in the Pro Forma adjustments as follows:

- On the line “Valuation movements on assets” by -€50.8 Mn in 2018 and -€88.3 Mn in 2017 for 5 months depreciation in 2018 and 12 months in 2017;
- On the line “Income tax expenses” by €12.6 Mn in 2018 and €22.1 Mn in 2017 for the corresponding tax effect.

## 8. EPRA PERFORMANCE MEASURES

In compliance with the EPRA<sup>136</sup> best practices recommendations<sup>137</sup>, URW summarises the Key Performance Measures of 2018 and 2017 below.

### 1. EPRA earnings

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

		2018	2017
EPRA Earnings	€ Mn	1,609.8	1,202.1
EPRA Earnings / share	€ / share	13.15	12.05
Growth EPRA Earnings / share	%	9.1%	7.2%

### Bridge between Earnings per IFRS Statement of income and EPRA Recurring Earnings:

Recurring Earnings per share	2018	2017
<b>Net Result of the period attributable to the holders of the Stapled Shares (€ Mn)</b>	<b>1,031.1</b>	<b>2,439.5</b>
<i>Adjustments to calculate EPRA Recurring Earnings, exclude:</i>		
(i) Changes in value of investment properties, development properties held for investment and other interests	62.2	1,364.4
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	83.1	73.8
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0.0	0.0
(iv) Tax on profits or losses on disposals	-33.7	-12.8
(v) Goodwill impairment	-4.9	-9.2
(vi) Changes in fair value of financial instruments and associated close-out costs	-289.8	-0.9
(vii) Acquisition costs on share deals and non-controlling joint venture interests	-268.7	-62.4
(viii) Deferred tax in respect of EPRA adjustments	-53.4	-43.7
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	-65.2	34.1
(x) External non-controlling interests in respect of the above	-8.4	-106.0
<b>EPRA Recurring Earnings</b>	<b>1,609.8</b>	<b>1,202.1</b>
Average number of shares and ORA	122,412,784	99,752,597
<b>EPRA Recurring Earnings per Share (REPS)</b>	<b>13.15 €</b>	<b>12.05 €</b>
<b>EPRA Recurring Earnings per Share growth</b>	<b>9.1%</b>	<b>7.2%</b>

<sup>136</sup> EPRA: European Public Real estate Association.

<sup>137</sup> Best Practices Recommendations. See [www.epra.com](http://www.epra.com)

## 2. EPRA Net Asset Value and EPRA NNNAV

For a more detailed description of the EPRA NAV and triple NAV, please see the Net Asset Value section, included in this report.

		Dec. 31, 2018	Dec. 31, 2017
EPRA NAV	€ / share	221.80	211.00
EPRA NNNAV	€ / share	210.80	200.50
% change over 1 year	%	5.1%	9.1%

## 3. EPRA Net Initial Yields

The following table provides the Group yields according to the EPRA Net Initial Yield definitions per segment for UR's (Dec. 31, 2017) and URW's (Dec. 31, 2018) Net Initial Yields:

	Dec. 31, 2018		Dec. 31, 2017	
	Retail <sup>(3)</sup>	Offices <sup>(3)</sup>	Retail <sup>(3)</sup>	Offices <sup>(3)</sup>
<b>Unibail-Rodamco yields</b>	<b>4.3%</b>	<b>5.7%</b>	<b>4.3%</b>	<b>5.6%</b>
Effect of vacant units	0.0%	-0.3%	0.0%	-0.1%
Effect of EPRA adjustments on NRI	0.1%	0.0%	0.1%	0.0%
Effect of estimated transfer taxes and transaction costs	-0.1%	-0.2%	-0.1%	-0.2%
<b>EPRA topped-up yields <sup>(1)</sup></b>	<b>4.3%</b>	<b>5.3%</b>	<b>4.2%</b>	<b>5.3%</b>
Effect of lease incentives	-0.1%	-1.1%	-0.1%	-1.9%
<b>EPRA Net Initial Yields <sup>(2)</sup></b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.1%</b>	<b>3.4%</b>

### Notes:

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

## 4. EPRA Vacancy rate

The EPRA vacancy rate is defined as the Estimated Rental Value (ERV) of vacant spaces divided by the ERV of total space (let plus vacant). The vacancy in the US is calculated as the ERV of vacant units over the sum of existing MGR + ERV of vacant units.

	Dec. 31, 2018	Dec. 31, 2017
<b>Retail</b>		
France	2.6%	2.8%
Central Europe	1.2%	0.4%
Spain	0.9%	1.0%
Nordics	3.1%	4.2%
Austria	0.9%	1.0%
Germany	3.8%	4.0%
The Netherlands	5.1%	6.5%
<b>Total Retail</b>	<b>2.4%</b>	<b>2.6%</b>
<b>Offices</b>		
France	2.9%	3.3%
<b>Total Offices</b>	<b>4.4%</b>	<b>4.6%</b>
United States	8.3%	
United Kingdom	7.4%	

## 5. EPRA Cost ratios

EPRA references		Proportionate		IFRS
		2018	2017	2017
	<b>Include:</b>			
(i-1)	General expenses	-143.8	-120.8	-119.5
(i-2)	Development expenses	-2.1	-3.6	-3.6
(i-3)	Operating expenses	-307.0	-113.8	-111.6
(ii)	Net service charge costs/fees	-35.9	-24.4	-22.8
(iii)	Management fees less actual/estimated profit element	0.0	0.0	0.0
(iv)	Other operating income/recharges intended to cover overhead expenses	0.0	0.0	0.0
(v)	Share of Joint Ventures expenses	-10.0	-3.7	-10.0
	<b>Exclude (if part of the above):</b>			
(vi)	Investment Property Depreciation	0.0	0.0	0.0
(vii)	Ground rents costs	0.0	0.0	0.0
(viii)	Service charge costs recovered through rents but not separately invoiced	156.2	23.5	23.3
	<b>EPRA Costs (including direct vacancy costs) (A)</b>	<b>-342.6</b>	<b>-242.9</b>	<b>-244.2</b>
(ix)	Direct vacancy costs	-35.9	-24.4	-22.8
	<b>EPRA Costs (excluding direct vacancy costs) (B)</b>	<b>-306.7</b>	<b>-218.5</b>	<b>-221.4</b>
(x)	Gross Rental Income (GRI) less ground rents	2,408.7	1,691.0	1,633.8
(xi)	Less: service fee and service charge costs component of GRI (if relevant)	-156.2	-23.5	-23.3
(xii)	Add Share of Joint Ventures (Gross Rental Income less ground rents)	77.5	54.5	113.2
	<b>Gross Rental Income (C)</b>	<b>2,330.0</b>	<b>1,722.1</b>	<b>1,723.7</b>
	<b>EPRA Cost Ratio (including direct vacancy costs) (A/C)</b>	<b>14.7%</b>	<b>14.1%</b>	<b>14.2%</b>
	<b>EPRA Cost Ratio (excluding direct vacancy costs) (B/C)</b>	<b>13.2%</b>	<b>12.7%</b>	<b>12.8%</b>

### Note:

The calculation is based on the EPRA recommendations and is applied on shopping centres and offices sectors.

## 6. Capital expenditure

in € Mn	Proportionate				IFRS	
	2018		2017		2017	
	100%	Group Share	100%	Group Share	100%	Group Share
Acquisitions (1)	217.1	228.4	67.2	62.9	67.2	62.9
Development (2)	691.5	640.0	474.1	467.5	472.3	465.7
Like-for-like portfolio (3)	530.5	464.0	640.9	537.4	627.0	524.9
Other (4)	223.2	198.1	190.8	171.8	188.8	169.9
<b>Total Capital Expenditure</b>	<b>1,662.4</b>	<b>1,530.7</b>	<b>1,373.0</b>	<b>1,239.6</b>	<b>1,355.3</b>	<b>1,223.4</b>

### Notes:

1) In 2018, includes mainly the acquisitions in Spain (Parquesur and La Vaguada) and France (Rosny 2).

2) In 2018, includes mainly the capital expenditures related to investments in the Vélizy 2, Lyon Part-Dieu, Gaîté Montparnasse and Mall of The Netherlands extension projects and to the Milan, Überseequartier and Trinity new development projects.

3) In 2018, includes mainly the capital expenditures related to Westfield London, Shopping City Süd, Glòries, Viparis Porte de Versailles and the US Flagships.

4) Includes eviction costs and tenant incentives, capitalized interest relating to projects referenced above, letting fees and other capitalized expenses of €81.4 Mn, €51.9 Mn, €43.9 Mn and €20.9 Mn in 2018, respectively (amounts in group share).

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

### a) Under IFRS:

€ Mn	Dec. 31, 2018 IFRS	June 30, 2018 IFRS (restated)	June 30, 2018 IFRS (published)	Dec. 31, 2017 IFRS
<b>Amounts accounted for in B/S</b>	<b>62,251.7</b>	<b>62,694.4</b>	<b>62,694.4</b>	<b>41,348.5</b>
Investment properties at fair value	45,904.3	44,770.7	44,770.7	37,181.5
Investment properties at cost	1,557.8	2,347.0	2,347.0	1,342.8
Shares and investments in companies accounted for using the equity method	10,273.3	9,965.7	9,965.7	1,913.3
Other tangible assets	292.2	282.1	282.1	216.3
Goodwill	2,863.1	3,888.5	3,888.5	522.4
Intangible assets	1,294.8	185.4	185.4	172.2
Properties or shares held for sale	66.2	1,255.0	1,255.0	0.0
<b>Adjustments</b>	<b>441.0</b>	<b>421.5</b>	<b>1,973.9</b>	<b>1,708.5</b>
Transfer taxes	2,189.8	2,213.2	2,213.2	1,947.5
Goodwill not justified by fee business (1)	-2,038.9	-1,941.5	-389.1	-389.2
Revaluation intangible and operating assets	679.0	536.1	536.1	548.5
IFRS restatements, including	-388.9	-386.3	-386.3	-398.4
<i>Financial leases</i>	<i>-386.6</i>	<i>-387.5</i>	<i>-387.5</i>	<i>-355.2</i>
<i>Other</i>	<i>-2.3</i>	<i>1.2</i>	<i>1.2</i>	<i>-43.2</i>
<b>Total assets, including Transfer Taxes (=A)</b>	<b>62,692.7</b>	<b>63,115.9</b>	<b>64,668.3</b>	<b>43,057.0</b>
<b>Total assets, excluding Transfer Taxes (=B)</b>	<b>60,502.9</b>	<b>60,902.7</b>	<b>62,455.1</b>	<b>41,109.4</b>
<b>Amounts accounted for in B/S</b>				
Net share settled bonds convertible into new and/or existing shares (ORNANE)	991.6	991.5	991.5	1,020.5
Long-term bonds and borrowings	20,655.3	22,571.1	22,571.1	12,889.6
Current borrowings and amounts due to credit institutions	3,350.9	3,068.2	3,068.2	2,301.9
<b>Total financial liabilities</b>	<b>24,997.8</b>	<b>26,630.8</b>	<b>26,630.8</b>	<b>16,212.0</b>
<b>Adjustments</b>				
Mark-to-market of debt	27.8	30.0	30.0	-20.5
Current accounts with non-controlling interests	-1,282.7	-1,348.1	-1,348.1	-1,248.4
Impacts of derivatives instruments on debt raised in foreign currency	-44.6	-124.3	-124.3	-30.2
Accrued interest / issue fees	-100.8	-55.1	-55.1	-48.9
<b>Total financial liabilities (nominal value)</b>	<b>23,597.5</b>	<b>25,133.3</b>	<b>25,133.3</b>	<b>14,864.0</b>
Cash & cash equivalents	-369.9	-584.1	-584.1	-574.7
<b>Net financial debt (=C)</b>	<b>23,227.6</b>	<b>24,549.2</b>	<b>24,549.2</b>	<b>14,289.3</b>
<b>LTV ratio including Transfer Taxes (=C/A)</b>	<b>37.0%</b>	<b>38.9%</b>	<b>38.0%</b>	<b>33.2%</b>
<b>LTV ratio excluding Transfer Taxes (=C/B)</b>	<b>38.4%</b>	<b>40.3%</b>	<b>39.3%</b>	<b>34.8%</b>

(1) Adjustment of goodwill according to bank covenants.

b) On a proportionate basis:

€ Mn	Dec. 31, 2018 Proportionate	Dec. 31, 2017 Proportionate
<b>Amounts accounted for in B/S</b>	<b>64,538.2</b>	<b>41,856.6</b>
Investment properties at fair value	57,216.5	38,562.8
Investment properties at cost	1,656.0	1,354.2
Shares and investments in companies accounted for using the equity method	1,057.0	937.3
Other tangible assets	294.2	217.2
Goodwill	2,953.6	612.9
Intangible assets	1,294.8	172.2
Properties or shares held for sale	66.2	0.0
<b>Adjustments</b>	<b>662.6</b>	<b>1,640.7</b>
Transfer taxes	2,470.6	2,037.6
Goodwill not justified by fee business (1)	-2,129.3	-479.7
Revaluation intangible and operating assets	677.2	548.5
IFRS restatements, including	-355.9	-465.8
<i>Financial leases</i>	-395.8	-355.2
<i>Other</i>	39.9	-110.6
<b>Total assets, including Transfer Taxes (=A)</b>	<b>65,200.8</b>	<b>43,497.3</b>
<b>Total assets, excluding Transfer Taxes (=B)</b>	<b>62,730.2</b>	<b>41,459.6</b>
<b>Amounts accounted for in B/S</b>		
Net share settled bonds convertible into new and/or existing shares (ORNANE)	991.6	1,020.5
Long-term bonds and borrowings	22,446.5	13,283.7
Current borrowings and amounts due to credit institutions	3,783.0	2,325.4
<b>Total financial liabilities</b>	<b>27,221.1</b>	<b>16,629.6</b>
<b>Adjustments</b>		
Mark-to-market of debt	43.4	-20.5
Current accounts with non-controlling interests	-1,282.7	-1,248.4
Impacts of derivatives instruments on debt raised in foreign currency	-44.5	-30.2
Accrued interest / issue fees	-108.5	-48.9
<b>Total financial liabilities (nominal value)</b>	<b>25,828.8</b>	<b>15,281.6</b>
Cash & cash equivalents	-463.2	-600.9
<b>Net financial debt (=C)</b>	<b>25,365.6</b>	<b>14,680.7</b>
<b>LTV ratio including Transfer Taxes (=C/A)</b>	<b>38.9%</b>	<b>33.8%</b>
<b>LTV ratio excluding Transfer Taxes (=C/B)</b>	<b>40.4%</b>	<b>35.4%</b>

(1) Adjustment of goodwill according to bank covenants.



UNIBAIL-RODAMCO-WESTFIELD

**OTHER INFORMATION:**

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## 1. GLOSSARY

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

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

**Committed projects:** projects currently under construction, for which URW owns the land or building rights and has obtained all necessary administrative authorizations and permits.

**Controlled projects:** projects in an advanced stage of studies, for which URW controls the land or building rights, but where not all administrative authorizations have been obtained yet.

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

**EPRA:** European Public Real estate Association.

**EPRA NNNAV (triple net asset value):** corresponds to the Going concern NAV less the estimated transfer taxes and deferred capital gain taxes.

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

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

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

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

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

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

**4 Star label:** the "4 Star label" for a shopping centre is based on a 684-point quality referential and audited by SGS, the world leader in service certification.

**Going Concern Net Asset Value (NAV):** the amount of equity needed to replicate the Group's portfolio with its current financial structure.

**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.

**International Premium Retailer (IPR):** retailer with strong and international brand recognition, and a differentiating store design and product approach, which the Group believes will increase the appeal of the shopping centres.

**IVSC:** International Valuation Standards Council.

**Large malls:** standing shopping centres with more than six million visits per annum.



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

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

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

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

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

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

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

**ORA (Obligations Remboursables en Actions)**: bonds redeemable for shares.

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

**RICS**: Royal Institution of Chartered Surveyors.

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

**SBR**: Sales Based Rent.

**Secured exclusivity projects**: projects for which URW has the exclusivity but where negotiations for building rights or project definition are still underway.

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

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

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

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

**Yield on cost**: contracted rents for the 12 months following the opening (for the delivered projects) or annualized expected rents (for the on-going projects), net of expenses, divided by the Total Investment Cost.

## 2. LIST OF GROUP'S STANDING ASSETS

### 2.1. FRANCE: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex (sqm)	Consolidation method <sup>138</sup>
<b>SHOPPING CENTRES IN THE PARIS REGION</b>		
Carré Sénart (Lieusaint)	149,200	FC
Les Quatre Temps (La Défense)	141,200	FC
Parly 2 (Le Chesnay)	120,300	FC
Rosny 2 (Rosny-sous-Bois)	114,100	EM-JV
Vélizy 2 (Vélizy-Villacoublay)	100,200	FC
Aéroville (Roissy-en-France)	84,700	FC
Le Forum des Halles (Paris 1)	75,500	FC
So Ouest (Levallois-Perret)	57,100	FC
Ulis 2 (Les Ulis)	53,900	FC
CNIT (La Défense)	28,100	FC
L'Usine Mode et Maison (Vélizy-Villacoublay)	20,500	FC
Boutiques Palais des Congrès (Paris 17)	18,800	FC
Galerie Gaîté <sup>139</sup> (Paris 15)	n.a.	FC
Carrousel du Louvre (Paris 1)	13,500	FC
<b>SHOPPING CENTRES IN THE FRENCH PROVINCES</b>		
La Part-Dieu (Lyon)	127,400	FC
La Toison d'Or (Dijon)	78,100	FC
Polygone Riviera (Cagnes-sur-Mer)	74,900	FC
Euralille (Lille)	66,900	FC
Villeneuve 2 (Villeneuve-d'Ascq)	56,900	FC
Lyon Confluence (Lyon)	53,200	FC
Rennes Alma (Rennes)	46,400	FC
La Valentine (Marseille)	39,500	FC
<b>OTHER ASSETS</b>		
Bel-Est (Bagnolet)	48,800	FC
Aquaboulevard (Paris)	38,400	FC
Maine Montparnasse (Paris)	35,500	FC
Villabe (Corbeil)	35,300	FC
Bobigny 2 (Bobigny)	26,900	FC
Grigny 2 (Grigny)	10,700	FC
Go Sport (Saintes)	2,500	FC

<sup>138</sup> FC = Fully Consolidated; EM-JV = Joint Venture under the equity method; EM-A = Associates under the equity method; JO = Joint Operation.

<sup>139</sup> Under redevelopment.

## 2.2. FRANCE: CONVENTION & EXHIBITION

Portfolio as at Dec. 31, 2018	Total floor space of the asset (sqm)	Consolidation method
<b>PARIS REGION</b>		
<b>PROPERTY AND OPERATION</b>		
Paris Porte de Versailles (Paris 15)	202,000	FC
Paris Nord (Villepinte)	246,300	FC
Le Palais des Congrès de Paris	29,000	FC
CNIT (La Défense)	24,000	FC
Espace Grande Arche (La Défense)	5,000	FC
Espace Champerret (Paris 17)	8,500	FC
Carrousel du Louvre (Expos) (Paris 1)	6,500	FC
Hilton CNIT (La Défense)	10,800	FC
Pullman Paris-Montparnasse Hotel <sup>140</sup> (Paris 14)	n.a.	FC
<b>OPERATION</b>		
Paris, Le Bourget (Le Bourget)	79,700	FC
Palais des Congrès d'Issy-les-Moulineaux (Issy-les-Moulineaux)	3,000	FC
Hôtel Salomon de Rothschild (Paris 8)	1,300	FC
Palais des Sports (Paris 15)	n.a.	EM-JV
<b>OUTSIDE PARIS</b>		
Novotel Lyon Confluence (Lyon)	7,600	FC

## 2.3. FRANCE: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset (sqm)	Consolidation method
Le Sextant (Paris 15)	13,400	FC
7 Adenauer (Paris 16)	12,100	FC
Les Villages de l'Arche (La Défense)	41,900	FC
CNIT (Offices) (La Défense)	37,100	FC
Majunga (La Défense)	65,600	FC
Michelet-Galilée (La Défense)	33,100	FC
Shift <sup>140</sup> (Issy-les-Moulineaux)	n.a.	FC
Gaîté-Montparnasse <sup>140</sup> (Offices) (Paris 15)	n.a.	FC
Tour Rosny (Rosny-sous-bois)	13,100	FC
29, rue du Port (Nanterre)	10,300	FC
Le Blériot (Rueil Malmaison)	3,400	FC

<sup>140</sup> Under redevelopment.

## 2.4. CENTRAL EUROPE: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex (sqm)	Consolidation method
<b>CZECH REPUBLIC</b>		
Centrum Cerny Most (Prague)	107,700	FC
Centrum Chodov (Prague)	101,600	FC
Metropole Zlicin (Prague)	54,100	EM-JV
<b>POLAND</b>		
Arkadia (Warsaw)	117,800	FC
Wroclavia (Wroclaw)	72,400	FC
Galeria Mokotow (Warsaw)	68,300	FC
Zlote Tarasy <sup>141</sup> (Warsaw)	66,400	EM-A
CH Ursynow (Warsaw)	46,600	EM-JV
Wilenska (Warsaw)	39,900	FC
<b>SLOVAK REPUBLIC</b>		
Aupark (Bratislava)	60,300	FC

## 2.5. CENTRAL EUROPE: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset (sqm)	Consolidation method
Wilenska Offices (Warsaw)	13,400	FC
Wroclavia Offices (Wroclaw)	8,600	FC

## 2.6. SPAIN: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex (sqm)	Consolidation method
Parquesur (Madrid)	151,200	FC
Bonaire (Valencia)	135,000	FC
La Maquinista (Barcelona)	95,000	FC
La Vaguada (Madrid)	85,500	FC
Glòries (Barcelona)	68,800	FC
Splau (Barcelona)	55,500	FC
Garbera (San Sebastian)	40,000	FC
Equinoccio (Madrid)	36,800	FC

## 2.7. SPAIN: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset (sqm)	Consolidation method
La Vaguada Offices (Madrid)	10,300	FC

<sup>141</sup> Not managed by URW.

## 2.8. NORDICS: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex (sqm)	Consolidation method
<b>SWEDEN</b>		
Mall of Scandinavia (Greater Stockholm)	103,000	FC
Täby Centrum (Greater Stockholm)	84,000	FC
Nacka Forum (Greater Stockholm)	56,700	FC
Solna Centrum (Greater Stockholm)	50,900	FC
<b>DENMARK</b>		
Fisketorvet (Copenhagen)	58,800	FC
<b>FINLAND</b>		
Jumbo (Helsinki)	85,100	JO

## 2.9. NORDICS: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset (sqm)	Consolidation method
<b>SWEDEN</b>		
Solna Centrum (Greater Stockholm)	29,900	FC
Täby Centrum (Greater Stockholm)	21,700	FC
Nacka Forum (Greater Stockholm)	13,400	FC

## 2.10. AUSTRIA: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex (sqm)	Consolidation method
Shopping City Süd (SCS) (Vienna)	200,400	FC
Donau Zentrum (Vienna)	124,700	FC

## 2.11. AUSTRIA: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset (sqm)	Consolidation method
Donau Zentrum (Vienna)	9,600	FC
Shopping City Süd (SCS) (Vienna)	9,100	FC

## 2.12. GERMANY: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex (sqm)	Consolidation method
CentrO (Oberhausen)	242,600	EM-JV
Ruhr Park (Bochum)	117,400	FC
Paunsdorf Center (Leipzig)	113,600	EM-JV
Gropius Passagen (Berlin)	94,300	EM-A
Höfe am Brühl (Leipzig)	51,300	FC
Pasing Arcaden (Munich)	46,300	FC
Palais Vest (Recklinghausen)	45,900	FC
Minto (Mönchengladbach)	41,500	FC
Gera Arcaden (Gera)	33,400	FC
Ring-Center (Berlin)	20,600	EM-A

## 2.13. GERMANY: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset (sqm)	Consolidation method
Pasing Arcaden Offices (Munich)	6,800	FC
Gera Arcaden Offices (Gera)	5,000	FC
Höfe am Brühl Offices (Leipzig)	4,900	FC

## 2.14. THE NETHERLANDS: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex (sqm)	Consolidation method
<b>SHOPPING CENTRES</b>		
Stadshart Almere (Almere)	89,500	FC
Stadshart Amstelveen (Amstelveen)	81,300	FC
Stadshart Zoetermeer (Zoetermeer)	75,500	FC
Leidsenhage <sup>142</sup> (The Hague region)	n.a.	FC
<b>OTHER ASSETS</b>		
De Els (Waalwijk)	14,500	FC
Kerkstraat (Hilversum)	12,200	FC
In den Vijfhoek (Oldenzaal)	8,100	FC
Zoetelaarpassage (Almere)	6,500	FC
Oosterdijk (Sneek)	1,500	FC

## 2.15. THE NETHERLANDS: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset (sqm)	Consolidation method
Stadshart Zoetermeer (Zoetermeer)	11,500	FC
Stadshart Amstelveen (Amstelveen)	7,600	FC

<sup>142</sup> Undergoing a substantial extension and renovation in connection with the Mall of The Netherlands project.

## 2.16. UNITED STATES: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex (sqm)	Consolidation method
<b>FLAGSHIPS</b>		
Westfield Garden State Plaza (New York region)	186,400	EM-JV
Westfield Topanga <sup>143</sup> (Los Angeles region)	184,900	EM-JV
Westfield Southcenter (Seattle region)	157,000	EM-JV
Westfield Old Orchard (Chicago region)	149,000	FC
Westfield Santa Anita (Los Angeles region)	137,400	EM-JV
Westfield UTC (San Diego)	130,800	EM-JV
Westfield Annapolis (Washington region)	129,300	EM-JV
Westfield Valley Fair (San Francisco region)	128,800	EM-JV
Westfield Century City (Los Angeles)	124,000	FC
Westfield Galleria at Roseville (San Francisco region)	122,700	FC
Westfield San Francisco Centre (San Francisco)	111,200	FC & EM-JV
Westfield Culver City (Los Angeles region)	99,100	EM-JV
Westfield Montgomery (Washington region)	97,600	EM-JV
Westfield Fashion Square (Los Angeles region)	80,600	EM-JV
Westfield World Trade Center <sup>144</sup> (New York)	26,800	FC
<b>REGIONALS</b>		
Westfield Wheaton (Washington region)	139,700	EM-JV
Westfield North County (San Diego region)	118,400	EM-JV
Westfield Countryside (Tampa region)	117,500	EM-JV
Westfield Mission Valley (San Diego)	114,500	EM-JV
Westfield Brandon (Tampa region)	107,900	EM-JV
Westfield Citrus Park (Tampa region)	106,000	EM-JV
Westfield Trumbull (New York region)	105,100	EM-JV
Westfield Broward (Miami region)	97,400	EM-JV
Westfield Plaza Bonita (San Diego region)	96,400	EM-JV
Westfield Oakridge (San Francisco region)	92,700	EM-JV
Westfield South Shore (New York)	92,600	FC
Westfield Valencia Town Center (Los Angeles region)	91,800	EM-JV
Westfield Palm Desert (Los Angeles region)	91,400	EM-JV
Westfield Meriden (New York region)	83,900	FC
<b>OTHER ASSETS</b>		
Westfield Sunrise (New York region)	109,400	FC
Westfield Sarasota (Tampa region)	94,900	EM-JV
Westfield Siesta Key (Tampa region)	40,900	EM-JV

<sup>143</sup> Including “The Village”.

<sup>144</sup> Including Fulton.



## 2.17. UNITED STATES: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset ( <i>sqm</i> )	Consolidation method
San Francisco Centre (San Francisco)	32,200	FC
Wheaton (Washington)	19,800	EM-JV
Old Orchard (Chicago region)	7,400	FC
Fulton Center (New York)	7,000	FC
The Village at Topanga (Los Angeles region)	3,900	EM-JV

## 2.18. UNITED KINGDOM: SHOPPING CENTRES

Portfolio as at Dec. 31, 2018	GLA of the whole complex ( <i>sqm</i> )	Consolidation method
<b>SHOPPING CENTRES</b>		
Westfield London (London)	235,900	JO
Westfield Stratford City (London)	184,100	EM-JV
<b>OTHER ASSETS</b>		
Croydon (London region)	74,100	EM-JV

## 2.19. UNITED KINGDOM: OFFICES

Portfolio as at Dec. 31, 2018	Total floor space of the asset ( <i>sqm</i> )	Consolidation method
Westfield London (London)	13,400	JO