

Unibail-Rodamco-Westfield SE

Société Européenne

7, Place du Chancelier Adenauer

75016 PARIS

Statutory auditors' report on the financial statements of the parent company only

Year ended 31 December 2019

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Statutory auditors' report on the financial statements of the parent company only

This is a translation into English of the statutory auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Unibail-Rodamco-Westfield SE,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Unibail-Rodamco-Westfield SE for the year ended December 31, 2019. These financial statements were prepared by the Management Board on February 10, 2020 based on available information up to this date, in the changing context of the Covid-19 related health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the audit committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements, prepared in the context mentioned above, as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Evaluation of investments in subsidiaries and related receivables

Key Audit Matter

As at December 31, 2019, Unibail-Rodamco-Westfield SE held investments in subsidiaries and related receivables, which have a gross value respectively of 19,849 M€ and 13,112 M€, impaired for an amount of 2,515 M€. The net book value of the investments in subsidiaries and related receivables represents 78% of assets.

Investments in subsidiaries are generally companies, which own one or several investment properties or holding companies, which indirectly own such companies.

As described in note 1.2.3. to the financial statements, an impairment is booked when the value in use of an investment in the subsidiary is lower than its acquisition cost plus any related technical loss related to said investments in subsidiaries.

The value in use of the investments in subsidiaries includes the unrealised capital gain on properties or assets held by the subsidiaries, such properties being valued at year-end by independent appraisers. These valuations take into account rentals, the last real estate transactions and their Net Initial Yield. The value in use also includes the valuation of the intangible assets made by independent appraisers, which are owned by the subsidiaries, and based on the Discounted Cash Flows of these activities. The value in use also includes the share of the goodwill, which is allocated in the consolidated accounts of the Group.

Consequently, the evaluation of the investments in subsidiaries and related receivables is considered to be a key audit matter due to the judgment required by management to evaluate the assets held by the subsidiaries and the importance of these balances to the financial statements.

Our response

We examined the company's controls over the process implemented to determine the value in use of investments in subsidiaries and related receivables.

Concerning the unrealised gains on the assets, we examined the coherence of the fair value of the assets held and ensured that these amounts were those determined by the appraisers. Our procedures on the fair value of the underlying assets principally consisted of:

- examining the fair value of the investment property process applied by management;
- examining procedures put in place by management to determine the recoverable value of the groups of cash generating units and intangible assets;
- attending meetings with the external experts in the presence of our valuation experts, during which the appraisals of the assets and the key hypothesis retained were challenged;

- examining on a sample basis the coherence of the rent and capital expenditure used by the independent appraisers to evaluate the investment property with the underlying lease agreements and budget;
- assessing the key hypothesis used to determine the recoverable value of the goodwill and the intangible assets, notably the discount rates and long term growth rates challenging their coherence with available market information;

We also verified the mathematical accuracy of the calculations of the value in use of the investments in subsidiaries and related receivables and the correct application of percentages of ownership of the net equity values of the subsidiaries. We also examined the provisions on the investments in subsidiaries and related receivables accounted for on this basis.

Accounting for financial debt and derivative financial instruments

Key Audit Matter

As at December 31, 2019, Unibail-Rodamco-Westfield SE has financial liabilities of €21,072 M€ described in note 15 "Borrowings and financial liabilities" to the financial statements.

Unibail-Rodamco-Westfield SE uses derivative financial instruments, mainly interest rate swaps and caps and cross-currency swaps, to hedge its exposure to fluctuations in interest and currency exchange rates. This portfolio of derivatives is described in note 28.1 "Financial instruments" to the financial statements.

Note 1.3.2 to the financial statements describes the main accounting policies retained by the company to account for the derivative financial instruments and specifically details that they are accounted for according to the intention with which the corresponding transactions were carried out.

During the year, Unibail-Rodamco-Westfield SE restructured part of its derivative financial instrument portfolio as described in note 2.1 "Significant events of the year". Notes 6 and 24 describe the impact on the accounts of this restructuring.

Accounting for financial debt and derivative financial instruments is considered as a key audit matter due to the significance of the balances to the financial statements as a whole and the complexity of the accounting for derivative financial instruments.

Our response

We examined the internal control procedures in place relating to accounting for financial debt and derivative financial instruments.

We analysed a representative sample of contracts in order to understand their terms and conditions. We also examined the characteristics of these loans in the financial statements and performed analytical procedures on the financial expenses.

On a sample basis, the carrying value of debt was agreed to third party confirmations.

We performed confirmation procedures directly with third parties of the derivative financial instruments and examined the completeness of the position of the derivatives presented in the off balance sheet disclosure. We also performed analytical procedures on the expenses and revenues related to the derivative financial instruments.

We examined the portfolio of the derivative financial instruments of the company to ensure that they had been correctly presented (hedging or isolated open position).

Additionally, we assess the appropriateness of the disclosures that had been made in the notes to the financial statements regarding the financial debt and derivative financial instruments.

Specific verifications

We also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the management board, prepared on February 10, 2020 and in the other documents provided to the shareholders with respect to the financial position and the financial statements. Regarding events that occurred and information known after the date of preparation of the financial statements in relation with the Covid-19 crisis, the management has confirmed to us that they will be communicated at the shareholders' meeting held to approve the financial statements for the year ended 31 December 2019.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits allocated or received by the members of the management board and of the supervisory board and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies included in the scope on consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information relating to the acquisition of participating and controlling interests and identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the statutory auditors

We were appointed as statutory auditors of Unibail-Rodamco-Westfield SE by your Annual General Meeting held on April 27, 2011 for Deloitte & Associés and on May 13, 1975 for ERNST & YOUNG Audit.

As at December 31, 2019, Deloitte & Associés was in its 15th consecutive year of mandate given the acquisitions or mergers with firms that have previously taken place, and ERNST & YOUNG Audit in its 45th consecutive year of mandate.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were prepared by the management board.

Statutory auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's

- ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

Report to the audit committee

We submit a report to the audit committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the audit committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 24, 2020

The Statutory Auditors

French original signed by

Deloitte & Associés

ERNST & YOUNG Audit

Emmanuel GADRET Emmanuel PROUDHON

Jean-Yves JEGOUREL

