



# RESET IS THE RIGHT PLAN FOR URW



UNIBAIL-RODAMCO-WESTFIELD

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# Unprecedented tough times demand the RESET plan

## We are facing unprecedented challenges

COVID-19 persists and is influencing all consumer, business and policymaker behaviours

Retailers are attempting to shift risk to landlords and creditors in response to extraordinarily tough trading conditions

The ongoing evolution in retail has increased the risk buffer demanded by equity investors, bond investors, rating agencies and other stakeholders



## The RESET plan is designed to protect shareholders and preserve value

**RESET and maintaining the rating allows URW to refinance its debts every year** and support the largest amount of debt (€27.4 Bn) in the sector globally

**Safeguard against potential negative financial spiral**

**Utilize a realistic and achievable amount of asset disposals** in a short timeframe

**Associate each shareholder to the new phase of URW's life** through the rights issue

**Act now** rather than later

**All options on the table**, agnostic review of portfolio options continues



# RESET is the only credible response

## RESET ...

- **Strengthens URW's capital structure today**
  - Financial strength restored with comprehensive and balanced plan: immediate €3.5 Bn capital raise, €4 Bn disposals by December 2021, €0.8 Bn additional capex reduction and €1.0 Bn cash dividend savings
- **Secures URW's access to credit markets**
  - Necessary access to capital markets secured with protection of strong investment grade rating
  - Injecting equity in leveraged environments has been a proven efficient strategy in multiple crises / businesses
- **Positions URW's strategy for the future**
  - Focus on most premium assets in the best catchment areas; disciplined, pragmatic and nimble approach towards asset rotation; and adaptation of portfolio to a changing environment
  - Preserves capacity to increase disposals when market allows
- **Capitalizes on best-in-class governance to quickly react to change**
  - URW prompt reaction to address new challenges evidences best-in-class governance

## REFOCUS ...

- **Fails to address immediate capital structure strengthening need**
  - Addressing capital structure issue with a hypothetical sale of the US portfolio in 2-3 years is reckless. This approach to risk is not in the interest of all shareholders
- **Risks leading to distressed liquidity in case of downside scenario**
  - Accepting multiple notch rating downgrade and proposing to consume liquidity pending sale of the US portfolio will risk leaving URW in distressed territory...
  - ... and may force asset sales or larger capital raise with less favourable terms down the road
- **Ignores the reality of a changing retail environment**
  - Retail is undergoing a [R]evolution, for which no response is suggested
- **Weakens governance and promotes risk taking that is not compatible with public markets**
  - Approving proposed resolutions would give disproportionate representation to a minority shareholder promoting a high risk "all or nothing" plan



**€3.5 BN CAPITAL RAISE:  
A PRUDENT AND RIGHT SIZED INITIATIVE,  
CRITICAL TO A €9+ BN DELEVERAGING PLAN**

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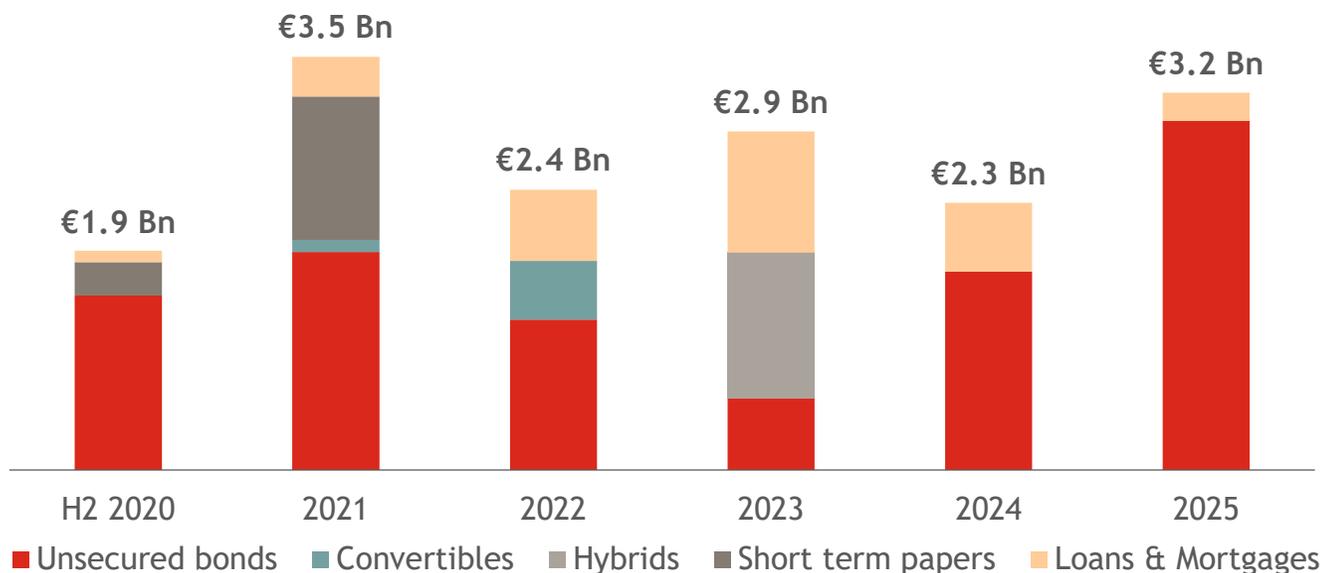


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# Access to bond and bank markets is critical in view of short-term amounts at stake. Cost of debt is not the issue

~€3 Bn of annual access to debt market needed from 2021 onwards

Debt maturities through H2 2020-2025 (as at June 2020)



Credit lines also need refinancing

- €9.3 Bn of credit lines as at June 2020
- Usually shorter maturities than bonds
- Need regular refinancing
- Refinancing depends on credit rating

In unprecedented tough times, RESET aims to:

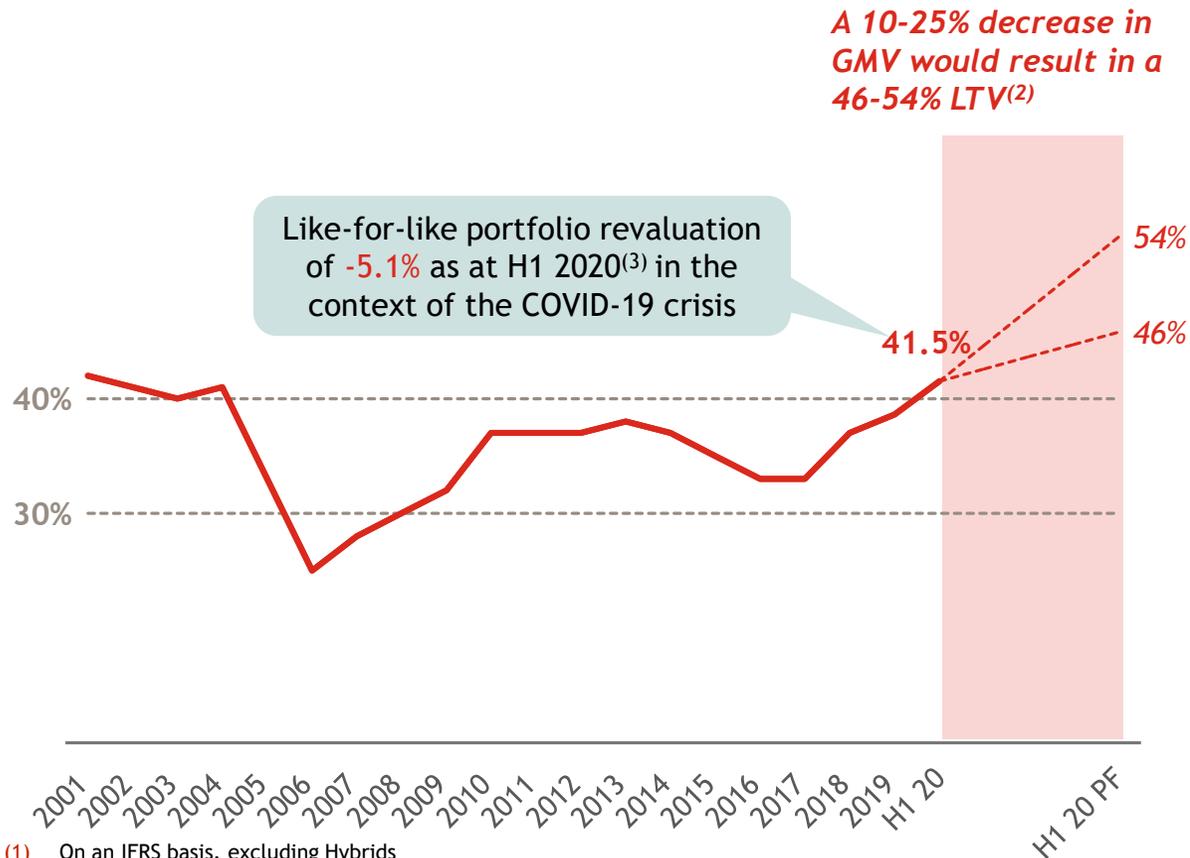
- Immediately secure uninterrupted access to credit markets
- Safeguard against potential negative financial spiral



# Leverage is trending higher...

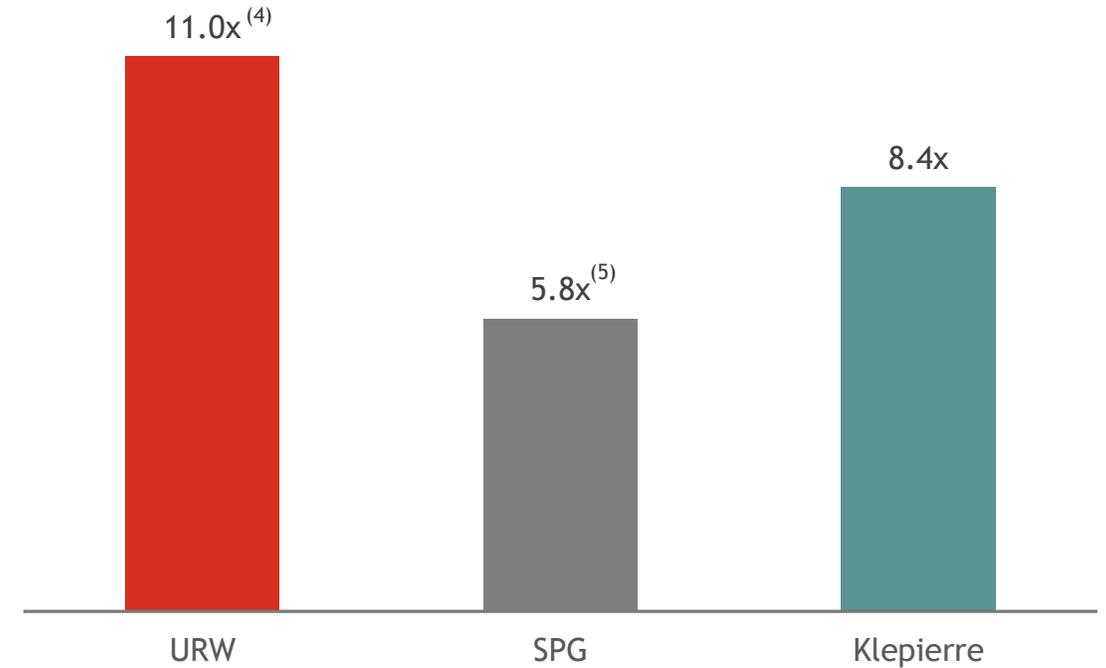
## LTV is trending higher

URW LTV<sup>(1)</sup> evolution (%)



## Net debt / EBITDA markedly higher than key peers

Net debt / EBITDA LTM (as at June 2020)



(1) On an IFRS basis, excluding Hybrids

(2) H1-2020 (IFRS) pro forma of GMV change applied to Shopping Centres, Convention & Exhibition and Services

(3) H1-2020 vs. FY-2019, on a proportionate basis

(4) Based on IFRS data

(5) Net debt to NOI

# ... putting credit rating under pressure, absent immediate action

RESET plan addresses downgrade risk...

*“We expect the announced capital measures to be executed, hence failure to do so would put pressure on the existing ratings.”*

*Moody’s, September 25, 2020*

*“Slower deleveraging as a result of difficulty to perform the disposal plan or to raise equity could also result in ratios staying below our downgrade thresholds.”*

*S&P, September 16, 2020*

*“We believe the disagreement adds some execution risks to the completion of the equity raise and we will continue to monitor the situation closely.*

*Our outlook on URW remains negative, mainly because of the current challenging operating environment in the retail sector stemming from the pandemic and efforts to curtail it, coupled with the execution risks related to the disposal plans and equity raise.”*

*S&P, October 16, 2020*

... and enables to maintain strong investment grade rating

Rating pro forma for RESET plan, including capital raise

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**S&P Global**

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**A-**

Negative outlook

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**MOODY’S**

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**Baa1**

Stable outlook



# Largest balance sheet in the sector requires unquestioned access to credit markets

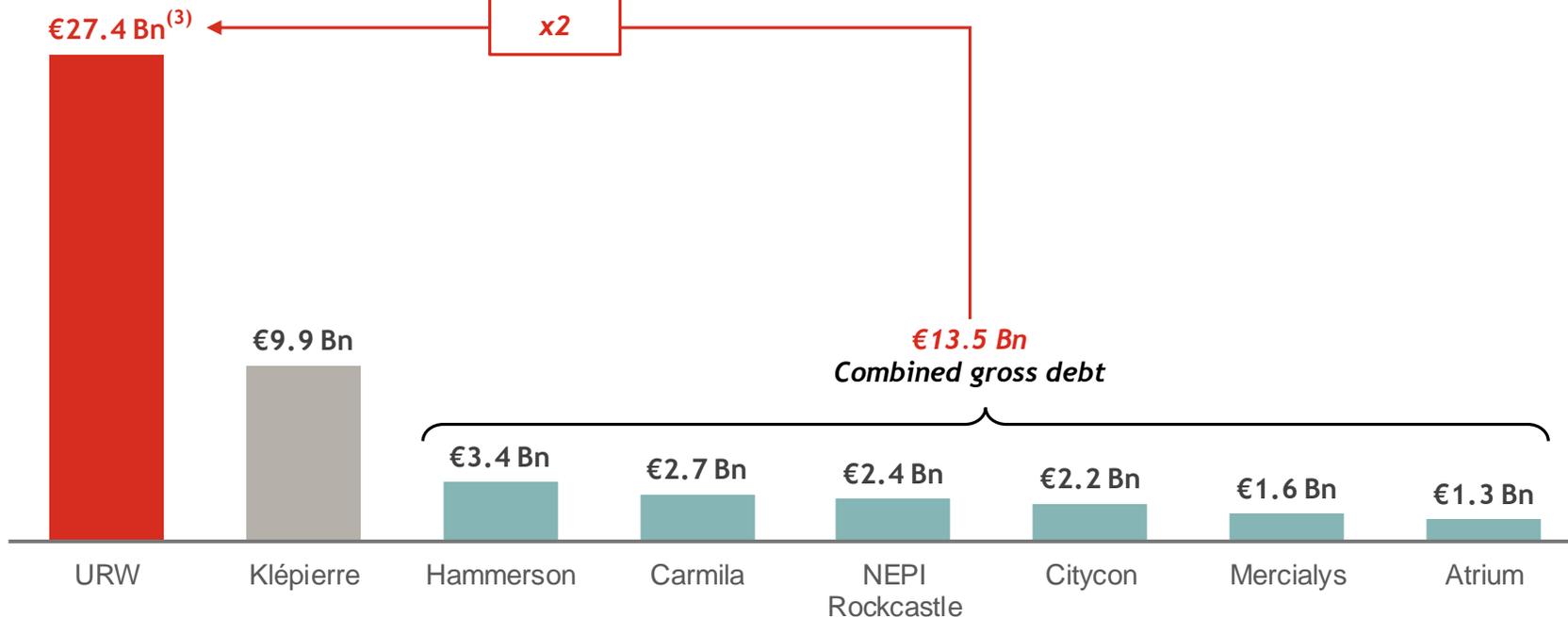
## URW and European BBB retail REITs gross debt<sup>(1)</sup> and rating

Credit rating (S&P / Moody's)<sup>(2)</sup>

A- / Baa1    A- / N.A.    N.A. / Baa3    BBB / N.A.    BBB / N.A.    BBB- / Baa3    BBB / N.A.    N.A. / Baa3

GMV

€60.4 Bn    €22.8 Bn    €8.5 Bn    €6.9 Bn    €5.7 Bn    €4.4 Bn    €3.5 Bn    €2.5 Bn

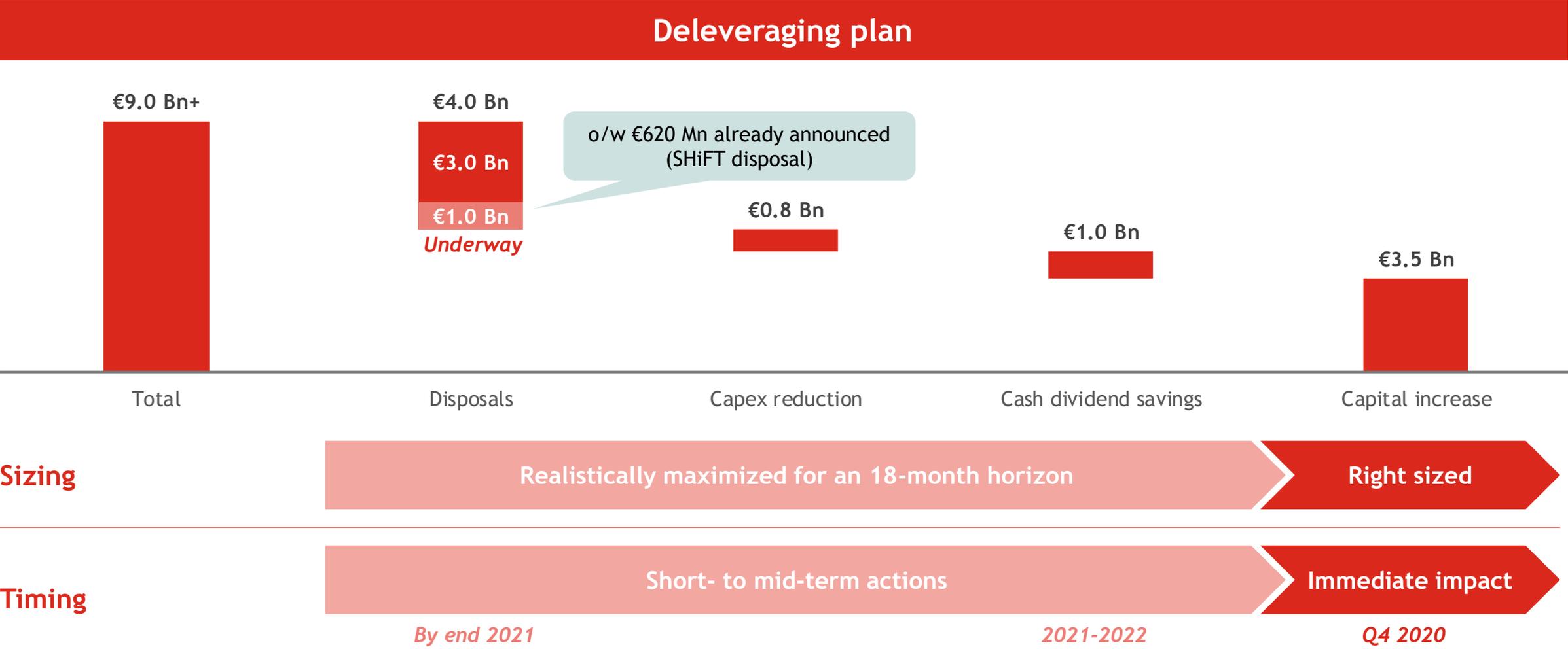


## Key highlights

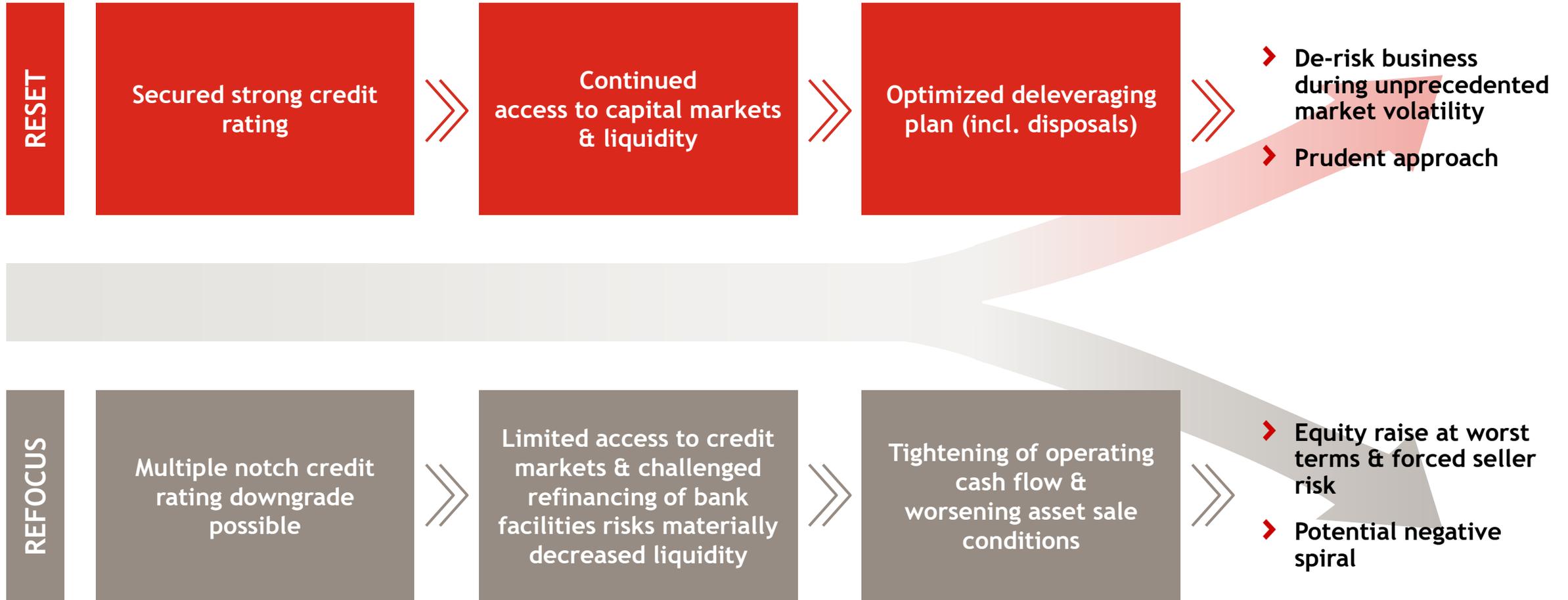
- €27.4 Bn of gross debt, reflecting the Group's scale
- Debt quantum equals more than twice that of the six largest BBB area-rated European retail REITs combined
- Such sizable balance sheet relies on absolute unquestioned confidence from the bank and bond markets
- Going down to BBB rating universe will be totally inadequate for URW balance sheet

(1) Latest reported figures  
 (2) Rating pro forma for URW RESET plan  
 (3) Excluding hybrids

# RESET is balanced between its pillars which have been independently right sized to deliver an optimized deleveraging plan



# In a worsening environment, the capital raise de-risks URW today



A UNIQUE, ACTIVELY MANAGED PLATFORM  
IN THE MOST ATTRACTIVE CITIES  
GLOBALLY

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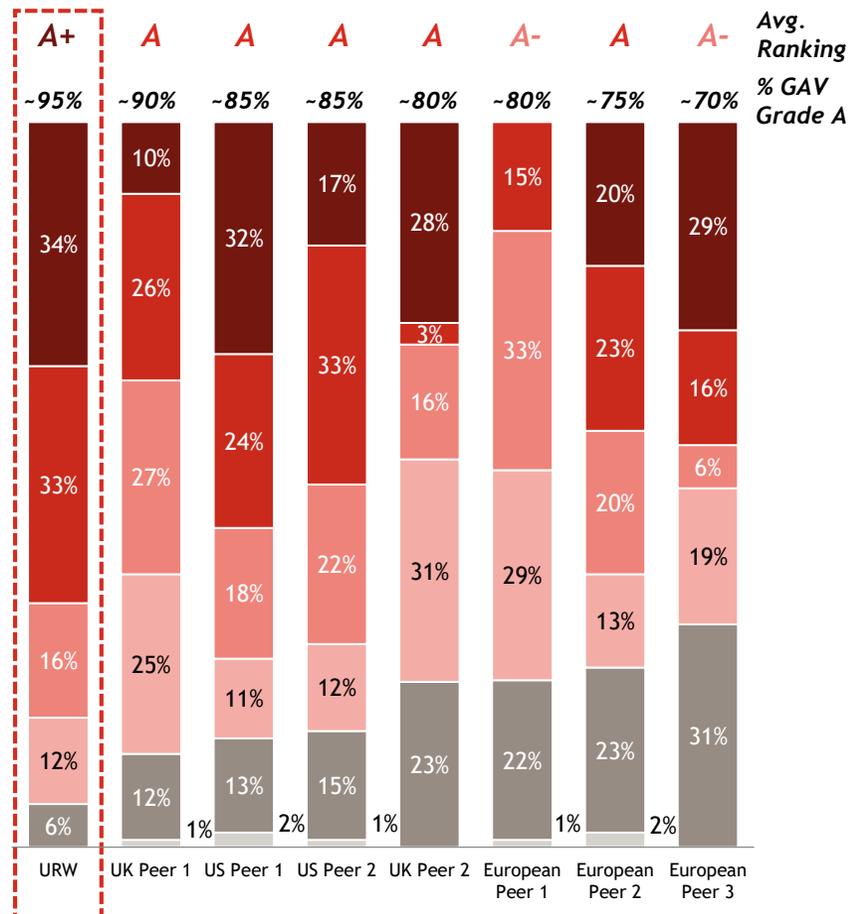
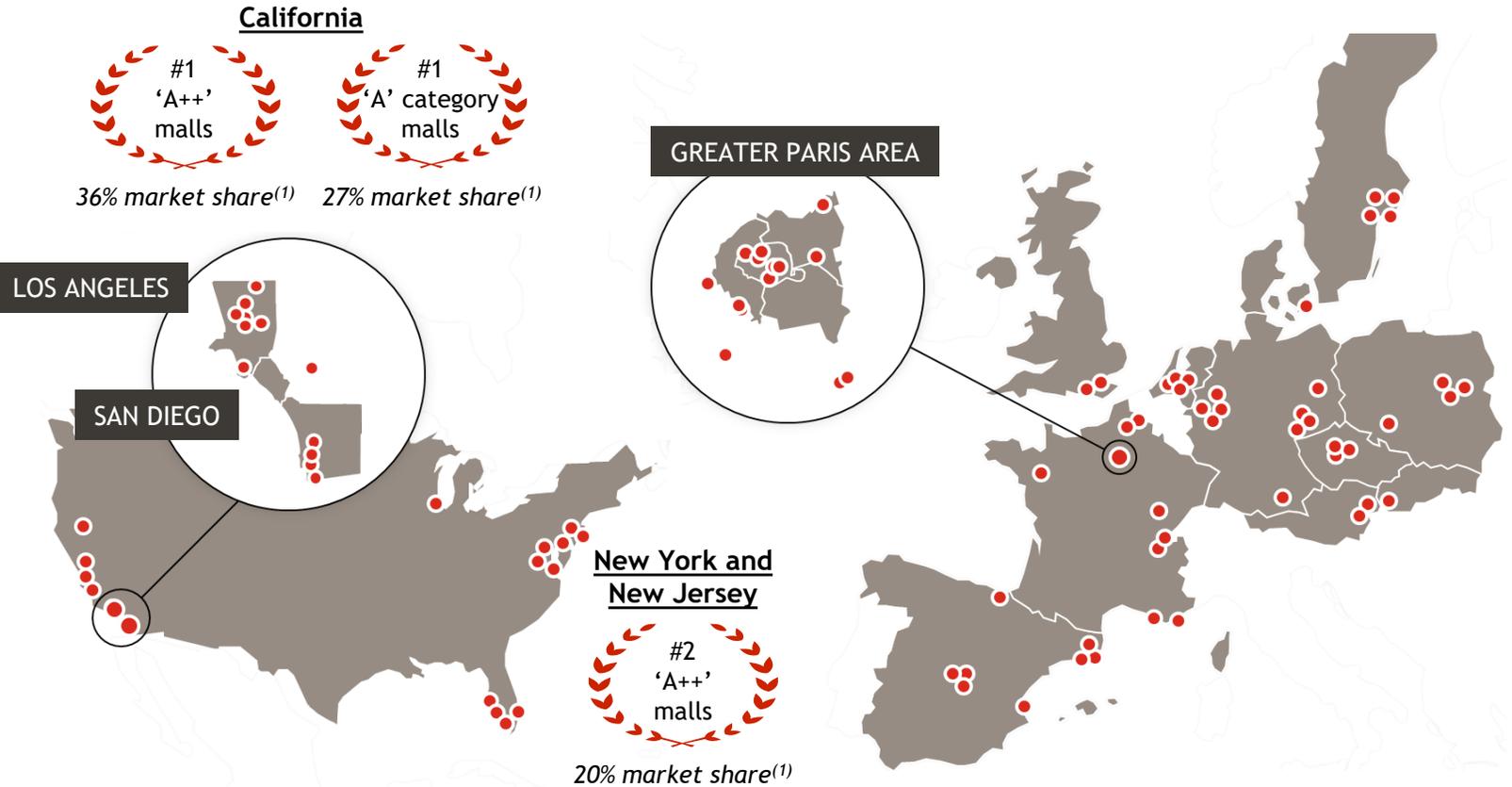
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# A unique portfolio of assets in the wealthiest metropolitan areas

A one-stop shop solution for global retailers looking for top quality, “must have” locations

Must-have destinations for global retailers in the best catchment areas

Superior asset quality<sup>(2)</sup>



(1) Source: GSA advisors market shares based on # of A++ / A rated malls.  
 (2) Green Street Advisors Report as at March 31, 2020. Quality rankings by spot asset value

# The right strategy to benefit from the accelerated retail polarisation post-COVID

## Concentration



A **focused and high-quality portfolio** concentrated around **flagship destination centres**



*Westfield Mall of Scandinavia*

## Differentiation



Differentiation by consistently **re-designing, re-tenanting, re-marketing** our assets to make **URW destinations more unique**



*Westfield London*

## Innovation



Innovation to **gradually rebalance and adapt** our shopping destinations to the **changing environment** and **unlock further value**



*Westfield London, AI powered Trending Store*

# A disciplined, pragmatic and nimble approach towards asset rotation

**€5.3 Bn**  
net proceeds since Jun-18<sup>(1)</sup>



- €5.3 Bn net disposal proceeds since June 2018 from selling mature assets at the right time
- Transaction of five French assets closed for €1.5 Bn net proceeds in the midst of the COVID-19 crisis

**€3.4 Bn left**  
of asset disposals by end 2021



- A credible and carefully thought through €4 Bn disposal programme as part of the RESET plan
- Announced €0.6 Bn disposal of SHiFT on Oct 12, 2020 (at premium to June 2020 book value)
- More disposals underway

**No sacred cows**  
in our portfolio



- Systematic review of all options to create value on any given asset, in each and every geography
- Opening the door as part of the RESET plan to JV stakes on URW's most liquid and mature assets

**US review**



- URW has been working for the last few months on the review of all strategic options for the US business
- Given market conditions, options being contemplated as actionable will be an addition, not an alternative, to the capital raise and the broader RESET plan

**Not being seen as forced seller, especially in difficult market conditions, is key to secure best execution and valuation**



URW GOVERNANCE HAS THE PROPER  
CHECKS, BALANCES AND SKILLS IN PLACE

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# URW is recognized as a corporate governance leader

ISS QualityScore	>>	1	> Best possible score
ISS ESG	>>	A-	> For Corporate Governance and Business Ethics - top of the sector
MSCI ESG RATINGS	>>	AAA	> Best possible rating for the 6 <sup>th</sup> consecutive year
vigeo eiris	>>	88	> For Corporate Governance > CAC40 Governance index - “Top 10 performers”
FTSE Russell FTSE4Good	>>	4.7	> Top decile rank
SUSTAINALYTICS	>>	13.1	> Rated “Low risk” > #1 out of 229 in the Real Estate Development sub-industry

# Supervisory Board structure promoting oversight and accountability and unanimously supporting RESET plan

## Open & Refreshed



- > **4.2 years average tenure**  
vs. 5.5 years CAC40 average<sup>(1)</sup>
- > **2/3<sup>rd</sup> refreshed**  
since 2017

## International & Diverse



- > **7 nationalities**  
relevant to the group's strategy and key geographies
- 
- > **44% women**

## Independent



- > **100% independent**  
Complete separation of powers vs. 68% independence CAC40 average<sup>(1)</sup>
- > **16 private sessions in 2020**  
Enabled SB independent deliberations in absence of Management Team

## Aligned



- > **SB members invested in URW**  
They are required to hold at least one year of attendance fees upon acquisition

## RESET plan



- > **Began assessment of all relevant options in April**
- > **Unanimously supports RESET plan** after months of rigorous deliberations of **all** alternatives

## Committed & Engaged



- > **Relentlessly performing its duty and overseeing strategy**
- > **40+ direct interactions**  
with investors in 2020
- > **28 SB meetings / calls in 2020**

(1) Spencer Stuart Board Index France 2019

# Supervisory Board composition has appropriate skillset and experience to oversee strategy and challenge management

## Real Estate & Asset Management



**3** with Primary Expertise  
**4** with Additional Relevant Experience

## Consumer Products



**2** with Primary Expertise  
**3** with Additional Relevant Experience

## Digital & E-Commerce



**1** with Primary Expertise  
**4** with Additional Relevant Experience

## Public Company Executive



**All** with Public Company Executive and/or Board Experience

## Retail & Hospitality



**2** with Primary Expertise  
**4** with Additional Relevant Experience

## Corporate Governance & Remuneration



**8** with Relevant Experience

## Finance & Investor Perspective



**4** with Primary Expertise  
**4** with Additional Relevant Experience

## US Operational Experience



**2** with Primary Expertise  
**4** with Additional Relevant Experience

## CSR & Sustainability



**4** with Relevant Experience



# CONCLUSION

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# RESET is the only credible response to address URW's challenges and protect the long-term interest of shareholders

## RESET:

- Strengthens URW's capital structure today
- Secures URW's access to capital markets
- Positions URW's strategy for the future
- Capitalizes on best-in-class governance to quickly react to change

## REFOCUS:

- Fails to address URW's immediate capital structure strengthening need
- Risks leading to distressed liquidity in case of downside scenario
- Ignores the reality of a changing retail environment
- Weakens governance and promotes risk taking that is not compatible with public markets

The Supervisory Board recommends unanimously to vote in favour of RESET and dismiss resolutions proposed by the activist shareholders